

ANNUAL REPORT 2001



www.koreaexim.go.kr



THE EXPORT-IMPORT BANK OF KOREA

Profile

The Export-Import Bank of Korea is an official export credit agency providing comprehensive export credit and project finance to support Korean exporters and investors. Since its establishment in 1976, the Bank has endeavored to facilitate the development of the national economy and enhance economic cooperation with foreign countries as a financial catalyst.

The Bank's financial service embraces export loan, trade finance and guarantee structured to the needs of various customers, complementing the client's utmost competitiveness in world market. The Bank also provides overseas investment credit, import credit and information services on business opportunities abroad. The potential projects are realized through the Bank's capability to cover risk and bridge the liquidity gap in overseas transactions.

Furthermore, the Bank administers two Government Funds, a Korean ODA program and a cooperation program with North Korea; the Economic Development Cooperation Fund and the South and North Korea Cooperation Fund, respectively.

The Bank boasts of the highest credit rating among Korean financial institutions and envisages "Creative Leader in Export Credit" trusted by Korean people and companies.

History

1976 Established by the Export-Import Bank of Korea Act

1977 Manages Export Insurance Fund

1987 Operates EDCF, a Korean ODA program

1988 Opens Overseas Economic Research Institute

1991 Administers SNKCF, a cooperation program with North Korea

1992 Relocates Export Insurance Business to KEIC

1995 Financing activities exceed US\$5 billion

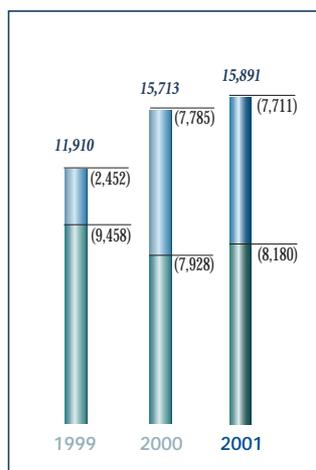
2000 Financing activities exceed US\$10 billion

CONTENTS Financial Highlights [1] Message from the Chairman and President [2] Bank's Program Outline [4] Major Events of the Year 2001 [6] Economic Situation in 2001 [9] Bank Operations [13] Government Account Business [19] Supporting Activities [23] Financial Report [27] Organization Chart [62] Board of Directors [63] Principal Officers & Domestic Branches [64] Overseas Network [65]

Financial Highlights

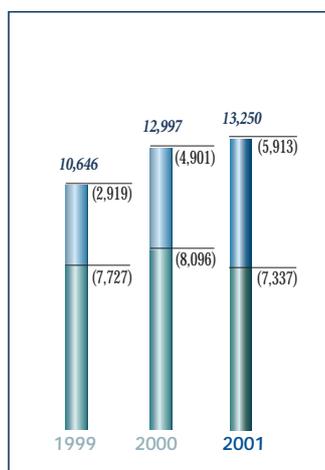
	KRW Billion		US\$ Million	
	2000	2001	2000	2001
For the Year				
Total Commitments	15,713	15,891	12,474	11,983
Loans	7,928	8,180	6,294	6,168
Guarantees	7,785	7,711	6,180	5,815
Total Disbursements	12,997	13,250	10,318	9,992
Loans	8,096	7,337	6,427	5,533
Guarantees	4,901	5,913	3,891	4,459
Net Income	14	18	11	14
At Year-end				
Loans Outstanding	8,293	8,197	6,583	6,181
Guarantees Outstanding	6,197	8,608	4,919	6,491
Total Assets	11,949	11,054	9,486	8,336
Paid-in Capital	2,676	2,676	2,124	2,018
BIS Capital Adequacy Ratio (%)	17.9	14.8	17.9	14.8
Converting Rates (KRW / US\$)			1,259.7	1,326.1

Total Commitments



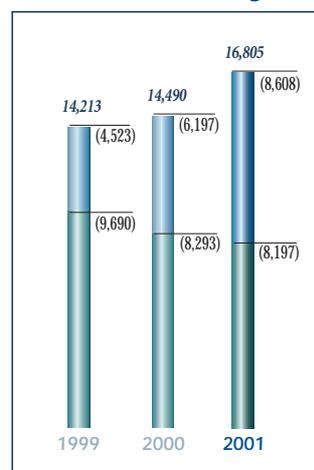
(KRW billion)

Total Disbursements



(KRW billion)

Year-end Outstanding



(KRW billion)

■ Guarantee ■ Loan

Message from the Chairman and President



Last year saw a major contraction in the world economy. The impact of the September 11 disaster, felt beyond the U.S., exacerbated an already sluggish world economy. Throughout 2001, developing countries suffered heavily as support from the OECD economies diminished. The Korean economy was affected by world events, of course, even though the slowdown was less severe than in most of Asia, thanks to the government's determined structural reform drive and surging domestic consumption. Korean exports, which represented 34% of the national GDP, were reduced 12.7% year on year, due to a shrinking world economy.

Despite a sharp decline in exports and sluggish trading activities, the Export-Import Bank of Korea surpassed its initial business target by 17% last year, providing KRW13 trillion (US\$9,977 million) in loans and guarantees. This performance was the result of sustained efforts to actively satisfy our client companies' requirements. In 2001, the Bank enhanced the medium- and long-term export financing facilities and developed new means to more smoothly support export transactions in an ever-changing market. We expanded loans to high-risk developing countries, introduced an interest rate support program, and promoted a Framework Agreement for offering comprehensive coverage for a greater variety of projects and transactions. Our trade promotion programs for developing countries, which includes a forfaiting and L/C confirmation facility, brought a positive response from Korean exporters. Also, we made every effort to support small and medium sized enterprises (SMEs), who are vital players in the national economy. These improvements created a favorable environment for both Korean exporters and foreign firms to transact with one another. Moreover, our strengthened risk management program reduced outstanding credit rated substandard or below from 9% of total outstanding credits at the end of 2000 to under 4% a year later.

Reflecting a high degree of confidence in the Korean economy and the Bank's creditworthiness, we raised US\$ 210 million in the international financial market with the best terms and conditions among Korean borrowings since the Asian financial crisis. The Bank also strove to strengthen ties with fellow institutions in the international community as an Export Credit Agency (ECA) as well as share experiences and knowledge with

developing countries in administering the government-entrusted Economic Development Cooperation Fund (EDCF). In this context, it was meaningful that the Bank hosted the 7th Annual Meeting of Asian ECAs last October in Seoul. Meanwhile, we developed a Next-generation Information System, established a cyber center for overseas economic information, restructured the organization, and innovated business processes to provide even better services in the future.

The world economy and trade volume are not expected to greatly improve this year, but the outlook seems positive for the Korean economy. Many optimists foresee a slow upturn worldwide this year, citing the expected recovery of the U.S. economy, debut of the Euro, growth of Chinese market, and recovery in the semiconductor industry. The Korean government expects over 5% growth along with an increase of 7.7% in exports in 2002.

In line with this, we aim to extend KRW14 trillion (US\$11 billion) in loans and guarantees in 2002, an 8 % increase year on year. We will support medium- and long-term financing, our basic service, to promote exports of plants, ships, and other major industrial projects. We will benefit from the various financing program refinements in 2001, and expect a substantial increase in ship financing owing to the conclusion of the revised Sector Understanding on Export Credits for Ships among OECD participants. Optimal financing and risk management will be explored to offer a better solution for customers in the face of the ever-changing market.

We will continue to innovate in supporting overseas investments by Korean companies, which have been inactive since the nation's financial crisis. We will also provide new financial facilities and information services where needed and strongly support the overseas operations of Korean high-tech small & medium venture companies.

On the other hand, expanding business and increasingly competitive financial markets require us to maintain a reliable risk and profit management system. Our relationship with international financial institutions and export related organizations will be broadened to better understand international finance and export market trends. At the same time we will continue to enrich our expertise by utilizing innovative export credit facilities. We are intent on being a creative ECA trusted by the people and companies of Korea, with a customer-oriented approach and an atmosphere where employees can be creative and dynamic professionals.

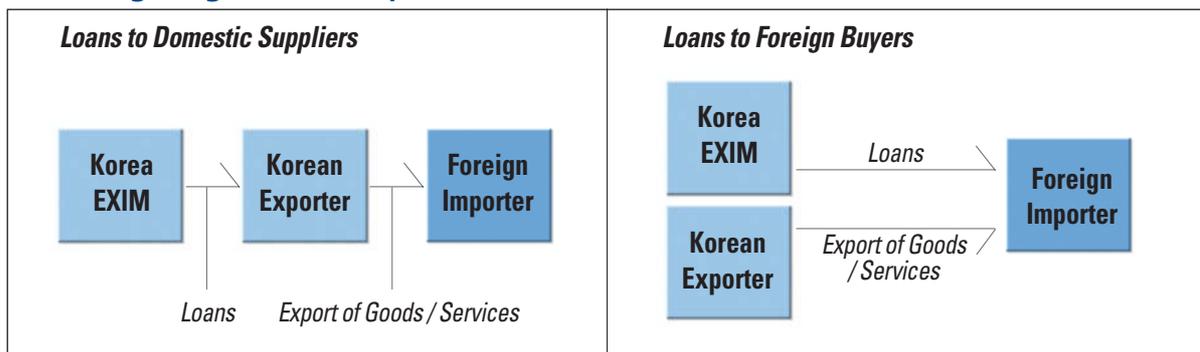


Lee, Young-Hoi

Chairman and President

Bank's Program Outline

Financing Programs for Export



Loans to Domestic Suppliers

Export Loans

Loans to Korean exporters that execute the export of capital goods such as industrial plants, ships and industrial machinery

Technical Service Credits

Credits to Korean companies that export technical services, including overseas construction projects

Small Business Export Credits

Credits to small & medium sized enterprises that manufacture exporting goods or supply materials to primary exporters

Rediscount on Trade Bills

Trade financing to domestic commercial banks in the form of rediscounting trade bills once discounted by commercial banks for exporters

Forfaiting

Trade financing to Korean exporters in the form of discounting trade bills from transactions with developing countries without recourse and additional collateral

Loans to Foreign Buyers

Direct Loans

Loans to foreign buyers that purchase Korean goods and services or technical services, including overseas construction projects: under this program, the Bank directly enters into loan agreements with foreign buyers.

Project Finance

Loans to a foreign project company that imports plants, equipment and technical services from Korea for the promotion of greenfield projects

Relending Facility

A line of credit to creditworthy banks in foreign countries to help foreign buyers obtain loans for the purchase of manufactured goods from Korea

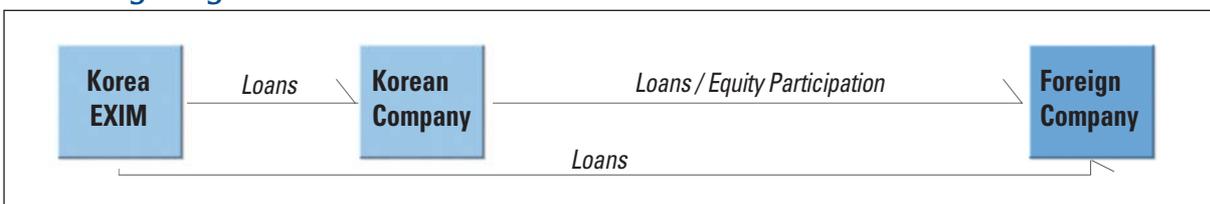
Financing Programs for Import



Import Credits

Credits to Korean importers that import essential materials and major resources, whose stable and timely supply is required for the national economy

Financing Programs for Overseas Investment



Overseas Investment Credits

Credits to Korean companies that invest abroad in the form of equity participation or long-term loan

Overseas Project Credits

Credits to Korean companies engaged in business abroad, to procure materials required for installing, expanding, and operating equipment or facilities

Overseas Business Credits

Credits to foreign companies, in which a Korean company has an equity share, in the form of funds for purchasing equipment or working capital

Major Resources Development Credits

Credits to Korean companies that explore natural resources and acquire mining rights abroad

Guarantees and Other Support



Financial Guarantees

Guarantees to cofinancing banks that provide a loan for the Bank's eligible transactions

Project Related Guarantees

Guarantees to foreign importer or exporter for the performance of the eligible project, in the forms of Bid Bond, Advance Payment Bond, Performance Bond, Retention Bond, etc

Interest Rate Support

Interest Rate Support to financial institutions that cofinance export credits with the Bank at CIRR, in accordance with the OECD Guidelines

L/C Confirmation Facility

Guarantees for foreign banks issuing L/C in favor of Korean exporters related to export transactions, in the form of confirmation of L/C

Major Events of the Year 2001

January

Online Banking Service Launched

Korea Eximbank launched an online cyber banking service that will enable potential clients to access the Bank's financing services via the Internet, and is designed to help clients find their custom-tailored financing product.

Korea Eximbank and BNDES Signed Agreement

Korea Eximbank and Banco Nacional de Desenvolvimento Economico e Social (BNDES) of Brazil signed an MOU aimed at promoting exchange of information and project cooperation. The two institutions will work together to find ways of exchanging information about technical, commercial, and financial aspects of specific projects being considered for potential cooperation that will be mutually beneficial. MOU was signed in conjunction with the official state visit of Brazilian President Fernando Henrique Cardoso.



February

Opening of Common Web Site for Asian ECAs

A common web site for Asian ECAs was launched under the domain name

of www.asia-eca.org. The web site was developed with a view to promoting further cooperation among member institutions. Korea Eximbank, in the role of the webmaster, is responsible for its general management.

March

One Stop Shop Set up with ECGD

Korea Eximbank entered a One Stop Shop Arrangement with Export Credits Guarantee Department (ECGD), UK's official ECA, to co-support joint projects in third countries. The arrangement is aimed at future consortiums of Korean and UK companies to be more competitive when bidding for a project in a third country.



April

Inauguration of 12th Chairman and President

Mr. Young-Hoi Lee was appointed the twelfth Chairman and President of Korea Eximbank. Prior to the appointment, Mr. Lee served as Deputy Minister at the Ministry of Finance and Economy since June 1999, and built his career as Executive Director at the World Bank from 1997 to 1999, and Advisor Executive Director at IMF from 1991 to 1994.

ECAS Began Operation

In an effort to bring about a larger share of overseas bidding, Korea Eximbank introduced Export Credit Advisory Service (ECAS), whereby ECAS provides the exporters with a wide range of knowledge on the industry, market, and finance situation of the importing country in the early stage of the tendering process or contract negotiations.

May

Daejeon Office Opened for Exporters in Central Region of Korea

The 7th branch of Korea Eximbank opened as part of an aggressive effort to meet the growing demand for export financing in the central region of Korea. The Daejeon office will cover the Chung Cheong province, one of the fastest growing areas for high technology industries in the nation.



Korea Eximbank and NBP Signed Agreement

Korea Eximbank and Natexis Banques Populaires (NBP) of France signed an agreement that will facilitate providing financial support through the exchange of information relevant to potential cooperation. In addition, both institutions will strive to identify

possible areas of cooperation and coordination in respect of joint financing, cofinancing, guarantees, relending facility, and consultation.

June

Seminar for Revision in Sector Understanding on Export Credits for Ships

Management staff from six shipbuilding companies in Korea, the Korea Shipbuilders' Association, and Korea Export Insurance Corporation were invited to the head office of Korea Eximbank for a seminar on "Revision in Sector Understanding on Export Credits for Ships among OECD Participants". There were extensive discussions and explanation of critical points such as Pure Cover, Market Window, and application of Safe Harbor to the Sector Understanding.

July

High Officials from Sri Lankan Ministry of Economy Visited Korea Eximbank

A Sri Lankan economic development team headed by Deputy Prime Minister V. K. Nanayakkara visited Korea Eximbank. The group was composed of high officials who are responsible for Sri Lankan economic policies, and came to Korea to learn strategies in economic development.

August

Cofinancing Framework Agreement with IBRD

Korea Eximbank made a Cofinancing Framework Agreement with IBRD to enlarge overseas bidding opportunities and strengthen competitiveness for Korean companies by diversifying means for financial support. The agreement was a result of IBRD's cofinancing presentation held at the Bank in October 2000. Terms and conditions for cofinancing and holding annual meetings to look for new projects are some of the items contained in the agreement.

September

Trade Promotion Program for Developing Countries Launched

Korea Eximbank launched a new program designed to help exporting companies whose bills of exchange related with transactions to developing countries are not readily accepted by domestic commercial banks due to risks incurred. The program will especially benefit SMEs experiencing difficulties in exporting to developing countries.

Consultation Meeting with JBIC

Korea Eximbank held the 1st Consultation Meeting with Japan Bank for International Cooperation (JBIC), setting up a business cooperation window and looking for eligible cofinancing projects. Continuous cooperation with JBIC is expected, for there are many areas

where the two institutions share interests.

October

Bank Hosted 7th Annual Meeting of Asian ECAs

Korea Eximbank hosted the 7th Annual Meeting of Asian ECAs in Seoul. Thirty-five members from nine regional ECAs including Australia, China, India, Indonesia, Japan, Korea, Malaysia, Thailand, and the Philippines attended the meeting. NBP of France and Asian Development Bank also participated as observers.



Workshop Held for China Eximbank Delegation

Korea Eximbank provided a tailored workshop for China Eximbank delegation, composed of seven bank officials from China Eximbank, including Vice President Yuhua Guo. There were extensive discussions about loan procedures and policies of the two institutions and relationship between Korea and China.

EDCF Workshop for Government Officials from Developing Countries

Korea Eximbank conducted the 5th Annual Economic Development

Cooperation Fund (EDCF) Workshop for government officials from developing countries. Government officials from 10 countries - Bangladesh, Bolivia, Cambodia, El Salvador, Indonesia, Kazakstan, the Philippines, Sri Lanka, Uzbekistan, and Vietnam - participated in a ten-day workshop, and were introduced to EDCF loan policies and procedures.



November

Workshop for DAF of Vietnam

Mr. Nguyen Quang Dung, Deputy General Director of Development Assistance Fund (DAF) of Vietnam, headed a delegation of DAF visiting Korea Eximbank for a week-long workshop to explore ways to promote cooperation between the two institutions. During the workshop, they signed an MOU, under which both parties stated their intention to cooperate in order to support the development of trade and investment between Vietnam and Korea.



Seminar for Commercial Counselors' Club in Seoul

Korea Eximbank held a seminar for the Commercial Counselors' Club in Seoul, which was attended by 20 commercial counselors mainly from developing countries' embassies. During the seminar, presentations were made on topics most helpful for facilitating areas of cooperation between Korea and its counterpart countries.



US\$210 million Syndicated Bank Loan Raised

Korea Eximbank signed a US\$210 million syndicated bank loan agreement in Hong Kong with 14 international financial institutions including Barclays, ABN Amro Bank, and Development Bank of Singapore. The financing terms are 3-year maturity with the lowest rate for any Korean borrower since the financial crisis in 1997.

December

Injection of KRW50 billion Additional Capital Decided

As the year 2002 national budget was passed in the National Assembly, the Government decided to inject additional capital of KRW50 billion into Korea Eximbank.



THE EXPORT-IMPORT BANK OF KOREA

Continuous progress in economic restructuring resulted in Korea's sovereign credit ratings upgraded.

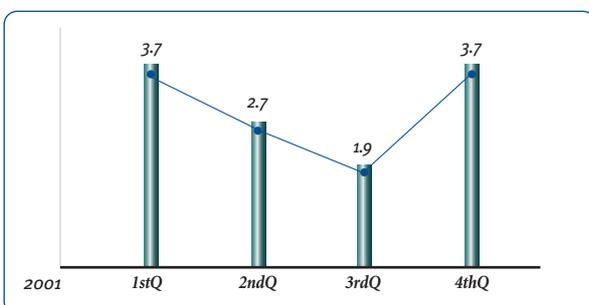
Economic Situation in 2001

In the midst of synchronization with the global economic downturn, particularly in IT industry, the Korean economy continued to linger more than expected in 2001. However, increased domestic spending and a diversified economic structure helped Korea maintain a relatively stable economic growth compared with regional competing countries. With the GDP growth of the fourth quarter estimated to mark around 3.7%, up 1.8% point from the third quarter, the economy seems to be recovering from the downward trend of its year on year GDP growth rate.

Along with economic growth, continuous progress in the economic system restructuring resulted in Korea's sovereign credit ratings upgraded by international credit rating agencies such as Standard & Poor's and Moody's. Among the leading factors were stabilized money market trends and improvement in companies' financial condition.

As the global economy is expected to pick up from the second half, the nation's economy is projected to post an annual growth rate of more than 5% for 2002.

Real GDP Growth (%)



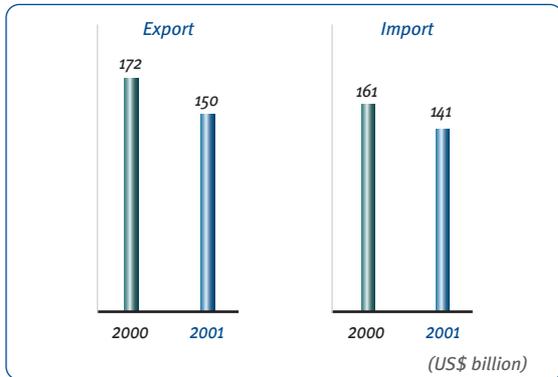
Export Trends in 2001

Exports have always played a very important role in the economy as one of the main engines of economic growth. A rapid increase in exports enabled Korea to repay its IMF loan in August 2001, three years ahead of schedule.

Throughout 2001, exports suffered largely from deterioration of external market conditions such as synchronization with the global economic slowdown and shrinking demand in IT industry.

Exports in 2001 recorded US\$150 billion, down 12.7% year-on-year. Exports of automobiles, ships, general machinery, and mobile communication equipment continued to be strong while those of semiconductors, computers, steel, and petrochemical products remained weak. The decrease in exports, however, was largely due to an exceptionally sharp fall in IT exports. Semiconductor and computer exports, in particular, decreased by 40% and 24%, reflecting decreases of US\$12 billion and US\$3 billion, respectively. Exports of ships and automobiles, in the meantime, stayed robust, reaching US\$10 billion and US\$13 billion, respectively. Due to sharp decreases in exports of semiconductors and computers, the share of the five major export products out of the total exports dropped from 41.5% in 2000 to 38.7%.

Exports to Korea's major trading partners such as the U.S., Japan, and EU decreased due to their unstable economic condition, while exports to developing countries showed a steady increase.



Import Trends in 2001

Contraction of facility investments caused by lower-than-expected exports played a major role in the import amount decreasing by 12.1%. A steady decline of the Korean Won and international oil prices also contributed to the decrease from US\$161 billion in 2000 to US\$141 billion the following year. Although reduced by more than 20% compared to that of the previous year, the trade surplus in 2001 reached US\$9 billion.

Trends of Major Industries in 2001

The Korea Eximbank's major target industries, also influenced by the worldwide economic downturn, experienced sweeping reductions. The trends of these industries are as follows:

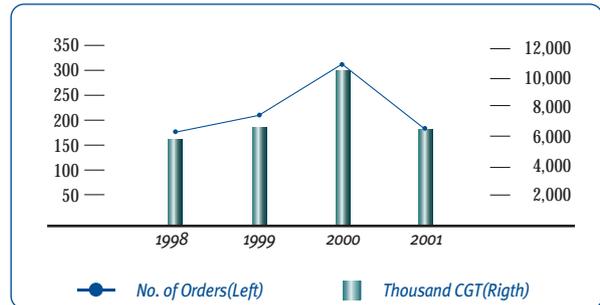
Shipbuilding Industry

Influenced by the worsened global economic downturn after the September disaster in the U.S., the world shipbuilding market experienced a decrease in new orders and fall of vessel prices. The shipping industry, however, was the least directly affected by the September disaster compared with other industries such as the airline industry. Worldwide, new shipbuilding orders shrank by more than 20% to 20 million Compensated Gross Tonnage (CGT) compared with that of the year 2000.

Korea maintained its competitive edge in both price and order acceptance in the global shipbuilding industry. Since domestic shipbuilders' order procurements reached a 2.5-3 year workload, they were selective in taking new orders,

focusing on highly profitable ones. In 2001, new orders for Korean shipbuilders marked 6,408 thousand CGT, falling 38.4% year-on-year. Meanwhile, ship exports reached US\$10 billion, a 17.7% increase from a year earlier. Ship exports in 2002 are expected to maintain the same level as the previous year.

New Orders Placed to Korean Shipbuilders



Industrial Plants Industry

In 2001, the overseas orders received by Korean companies amounted to US\$10 billion, a 20.7% increase compared with that of the year 2000. The increase was mainly attributed to their strenuous efforts to explore markets in Africa and Middle East.

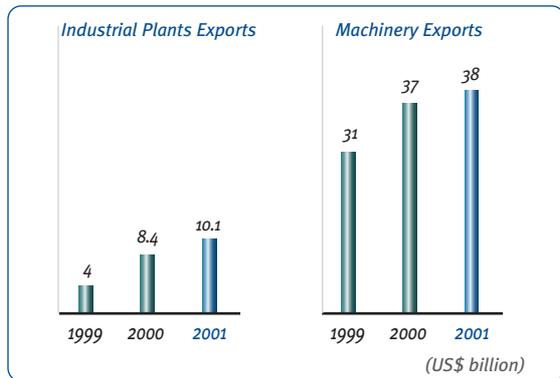
Orders for marine petroleum/gas and telecommunications facilities increased dramatically, while those for power generation and desalination facilities lagged. By region, orders from Asian and Latin American countries decreased due to the continued economic slowdown in these regions.

Orders in 2002 are expected to reach US\$12 billion, up 18.3% from 2001.

Machinery Industry

Exports of machinery in 2001 reached US\$38 billion, a 2.0% increase compared with the previous year.

While exports of electric and electronic machinery in 2001 reached US\$4 billion, an 8.3% increase from a year earlier, dominance by transportation and general machinery continued, taking about three-fourths of the total machinery exports.



Korean machinery exports in 2002 are expected to increase 6.9%, marking US\$40 billion.

IT Industry

Global downturn of IT industry, especially the severe contraction of the world semiconductor and computer markets, hit the Korean economy hard. IT industry has been one of the most important industrial sectors in the economy in terms of production, export, and employment. When it comes to exports, IT industry declined 20% to US\$41 billion in 2001, compared with US\$51 billion a year earlier, taking 27.3% of total national exports.

While exports of telecommunications devices including mobile phones and set-top boxes continually increased, those of semiconductors and computers suffered more than a 30% decrease.

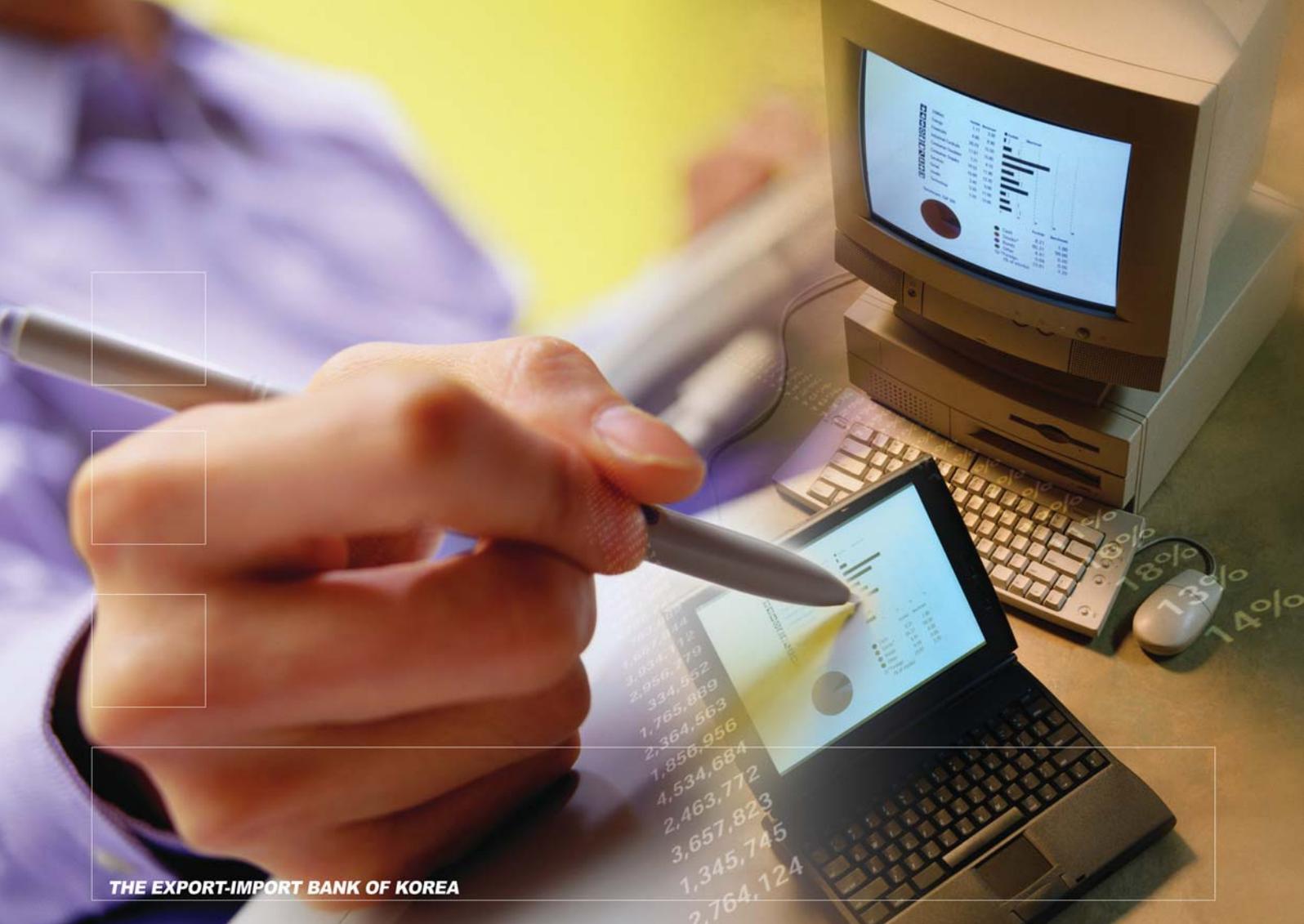
With an upturn of the U.S. economy and a cyclical IT boom expected in the middle of 2002, Korean IT exports are forecasted to reach US\$51 billion, up 24% from 2001.

Conclusion

The year 2001 saw that the September disaster impact on confidence, financial markets, and economic growth worldwide worsened the already weakened global economy, illustrating its weakness and vulnerability to adverse shocks.

What lies ahead in 2002 is a mixture of positive and negative perspectives. A stronger and more rapid recovery could emerge if confidence rebounds, though various factors such as energy prices and inventory cycle remain uncertain. Fortunately, as many indicators in the world economy show signs of rebounding in the recent period, the Korean economy is likely to get back on track earlier than expected.





THE EXPORT-IMPORT BANK OF KOREA

Not only were many of them refined, but several credit facilities such as interest rate support program and forfaiting were introduced.

Bank Operations

Overview

Although the economic situation in and out of Korea was not encouraging in 2001, the Bank was able to do business more actively than the previous year. Total credit provided by the Bank in 2001 was KRW13.25 trillion, of which KRW7.34 trillion was extended as loans and KRW5.91 trillion as guarantees.

The Bank's loan commitments in 2001 showed a moderate increase of 3.2% to KRW8,180 billion from the previous year's KRW7,928 billion. Loan disbursements, however, showed a sizable decrease of 9.4% to KRW7,337 billion from the previous year's KRW8,096 billion. The decrease of loan disbursements in 2001 was mainly due to a plunge of disbursements in the trade bill rediscount program, which took a large portion in the previous year's loan disbursements.

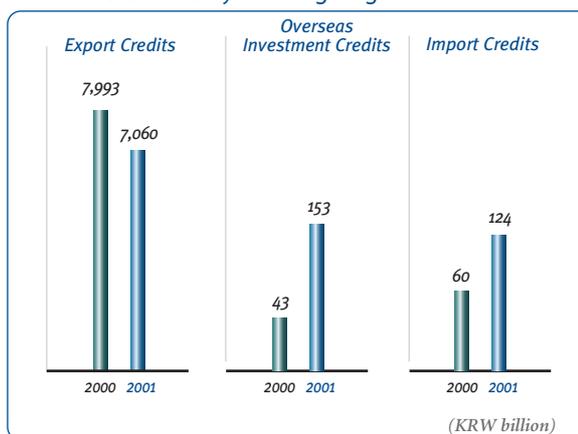


Despite a 12.7% decrease of Korea's export volume in 2001, the moderate increase in the Bank's loan commitments was attributed to its

efforts to improve financing programs. Not only were many of them refined, but several credit facilities such as interest rate support program and forfaiting were introduced and utilized during the year.

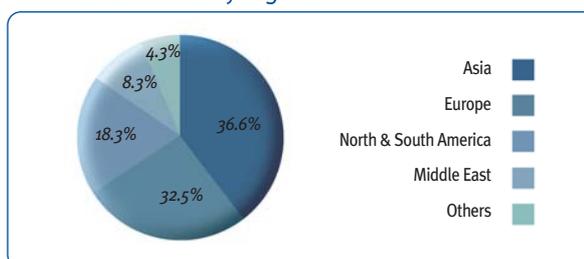
By type of financing program, export credits accounted for the largest share with KRW7,060 billion, or 96.2% of the total loan disbursements, an 11.7% decrease from the previous year. Overseas investment credits and import credits took 2.1% and 1.7% respectively, out of the total loan disbursements, amounting to KRW153 billion (258.1% increase) and KRW124 billion (106.5% increase), respectively.

Loan Disbursements by Financing Program



By region, loan disbursements were composed of 36.6% in Asia, 32.5% in Europe, 18.3% in North & South America, 8.3% in the Middle East, and 4.3% in other regions. Europe's share jumped by 9.3% and that of North & South America decreased by 8.8% from the previous year. The other regions' share remained about the same.

Loan Disbursements by Region



On the other hand, project related guarantee operations, which increased 20.6% on the basis of actual issuance from the previous year's KRW4,901 billion to KRW5,913 billion in 2001, made up for the downturn in loan operations of the Bank.

Export Credits

With the turnaround of SOC markets in the Middle East and Asia as well as signs of the nation's economic recovery, the Bank focused on increasing its credit portfolio especially in the medium- and long-term export financing facilities, which traditionally have been the Bank's primary financing tool.

As the first step, a special task force team was set up to carry out a comprehensive review of lending policies, paying particular attention to mitigating rigid terms and conditions of the credit programs and streamlining the due diligence procedure of the Bank.

In addition, new financing programs such as interest rate support program and framework agreement were recommended and adopted through the special task force team in 2001.

Export Loans to Korean Suppliers

The Bank mainly offers supplier credit to domestic suppliers who export capital goods such as ships, industrial plants, and other capital goods.

When it came to eligible items supported by the Bank's export credit, ships took the largest share. During 2001, shipbuilders received US\$11 billion of orders, a 26.7% decrease from the previous years' US\$15 billion. However, thanks to a backlog of the previous years' order and improved financing scheme for ships at the Bank, loan disbursements for ships reached KRW2,243 billion and loan approvals KRW2,689 billion, 0.05% and 23.3% increases over the previous year, respectively.

Some improvements in export credit such as introduction of revolving line of credit and expansion of eligible borrowers for the short-term loan, together with a boost in new orders of large industrial plants from overseas, contributed to the expanded amount of export loans for industrial plants and other capital goods in 2001. Compared to the previous year, loan disbursements to industrial plants and other capital goods jumped by 43.8% and 135.2%, KRW1,438 billion and KRW1,078 billion, respectively.

Direct Loans

Direct loan or buyer credit is an export credit facility that helps foreign buyers purchase Korean goods and services. Under this program, the Bank directly enters into a loan agreement with foreign buyers and provides them with loans that are needed to pay the Korean exporters when delivery is made.

The Bank provided KRW346 billion and approved KRW319 billion as direct loans to foreign buyers in 2001. The amount of disbursements and commitments recorded 236.1% and 68.1% increases over the previous year's performance.

A US\$20 million loan committed as buyer credit to the Dominican Republic Government to assist Hyundai Corporation's export of motor vehicles was structured with interest rate support and financial guarantee programs. With the participation of commercial banks such as ING Barings of Netherlands and Natexis Banque Populaires of France, the interest rate support program was successfully launched and utilized in the project for the first time.

Another direct loan of US\$34 million was extended to the Ministry of Finance of Sri Lanka. The project was awarded to the Kolon-Samsung Consortium of Korea from the National Water Supply & Drainage Board of Sri Lanka, which is a state-owned entity responsible for alleviating the acute water shortage.

Project Financing

With over five years of extensive experience, the Bank boasts of having global competitiveness in its project financing facility.



In 2001, the first disbursement for a project financing loan of US\$70 million was made to build a power plant for KEPCO Ilijan Co. in the Philippines. KEPCO Ilijan Co., a special purpose vehicle, will operate the US\$7.1 billion power plant.

Project financing is usually arranged through an international consortium to invest in large-scale construction or SOC projects. The Bank's close relations with international financial institutions such as World Bank, ADB, and other ECAs will promote project financing and help the Bank play a major role in the field.

Project Financing for a Power Plant in the Philippines

The Bank disbursed its first portion of a project financing loan of US\$70million for KEPCO Ilijan Co.(KEILCO) in May 2001. The construction of a power plant is part of an initiative by the Government of the Philippines to develop the sources of energy in the southern region. New electricity sources are required to support higher living standards and new businesses needed for economic development. The total project cost is estimated at US\$7.1billion.

The project company is KEILCO, a Filipino joint venture of project sponsors; Korea Electric Power Co. of Korea, Mitsubishi Corp. and Khusu Electric Power Co. of Japan, and Southern Energy of the U.S.. The project has met the World Bank's and Filipino's environmental guidelines.

Under the agreement, KEILCO will build, own, and operate a 1,200 megawatt(MW) gas-fired power plant at Bantagas in Ilijan province on Luzon Island. KEILCO will sell the electricity to the National Power Corporation(NPC), the state-owned utility, for a period of 20 years, at the end of which the plant will be transferred to NPC.

The power plant will use natural gas as its primary fuel, but will also be able to burn diesel as a back-up fuel. NPC is responsible for providing both fuels to the project. The project will provide a long-term source of low cost power for the Philippine's consumers and industries at a time of growing electricity needs. In addition, the Philippines is moving out of dependence on oil as a means of power generation and turning to domestic energy resources including geothermal, natural gas, and hydroelectric power. In this context, the project has major significance in terms of supporting effective use of domestic energy resources as it exploits natural gas, which will make up a major portion of domestic energy.

Three ECAs are participating in the financing : Korea Eximbank, US Ex-Im Bank, and JBIC.

Relending Facility

Relending facility, another type of buyer credit provided by the Bank, is a line of credit extended to creditworthy banks in foreign countries to help foreign buyers obtain loans for the purchase of manufactured goods and services from Korea.

The credit line substantially increased in volume in 2001. With 16 lines of credit newly signed, it expanded by US\$327 million, a 58.7% jump over the previous year.

Relending facility actively supported small and medium sized enterprises (SMEs), comprising 51.8% of the total loans disbursed for SMEs. The amount disbursed in 2001 was KRW34 billion, a significant 165.6% increase over the previous year.

New Program for Short-term Export to Developing Countries

The Bank launched a new program in early September 2001 targeted at promoting short-term exports to developing countries, to particularly enhance Korean exporting companies' competitiveness in the global market.

Forfaiting, a major service provided through the program, is designed to help exporting companies whose bills of exchange related to transactions with developing countries are not readily accepted by domestic commercial banks due to credit risks. The Bank negotiates the bills of exchange issued under usance L/Cs without recourse and additional collateral.

The first forfaiting project for the SMEs was for Daewon Industrial Co., which exported a US\$4 million rice processing unit to a state-owned enterprise in Kutai, Indonesia. The L/C issuing bank was PT Bank Mandiri in Indonesia. The total forfaiting volume amounted to US\$18 million from September to December in 2001.

L/C confirmation and guarantee, other services of the program, contributed to enhancing the short-term export transactions through more stable financial support from domestic commercial banks to exporting companies. The Bank signed contracts with twelve banks from eight different developing countries for L/C confirmation and guarantee facility in 2001.

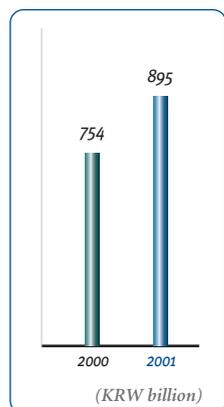
The Bank expects that the new program will especially benefit SMEs experiencing difficulties in exporting to developing countries. Until now, SMEs have failed to fully benefit from the forfaiting service, currently dominated by major foreign banks. The program will enable exporters to collect their export proceeds earlier and safeguard them from the default risk of L/C issuing banks. Also, it will act as a catalyst for other Korean commercial banks entering the new market.

Loans to SMEs

In order to discover promising SMEs and help them grow as major companies in global markets, the Bank continues to support SMEs with various financing schemes.

Small business export credit, a type of loan based on past export performance in producing or exporting goods and services, is one of the important export credit programs for SMEs. In 2001, the Bank actively marketed the facility by participating in many trade fairs such as Trade Service Show 2001 and by means of mail, e-mail, telemarketing, and on-spot loan negotiations. As a result, 207 new SMEs started business with the Bank and KRW895 billion was disbursed in loans, an 18.7% increase over the previous year's performance.

Small Business Export Credit



As for all types of loans to SMEs including export credit, overseas investment credit, and import credit, the disbursed amount reached KRW1,337 billion in 2001.

Overseas Investment Credits

Reflecting a recovery of overseas investments by Korean enterprises, loan commitments and disbursements of overseas investment credit for the year went up to KRW148 billion and KRW153 billion, a remarkable surge of 603.8% and 258.1%, respectively.

Regionally, Asia still topped the list with 60.4% (KRW89 billion) of loan commitments and Europe listed second with

17.2% (KRW26 billion).

The online banking service, along with active promotion of the facility, also contributed to a drastic increase in the year's performance. There were 17 projects and KRW148 billion approved, of which 12 projects and KRW131 billion were initiated by the internet banking system.

The Bank's online banking service was initiated in January 2001. Registration as a customer in the Bank's web site will give potential clients access to a wide range of services from free consultations on the project to final loan commitment. It is also designed to help clients find their custom-tailored financing product by filling out a simple form on the web. The current services being offered include loans to SMEs and overseas investment credit, but the Bank is planning to make all its financing services available electronically in the near future to build a wider customer base.

Import Credits

Import credit is provided to Korean importers for importation of essential materials and major resources. In 2001, the Bank made loan disbursements of KRW124 billion, a huge 106.5% increase over the previous year's performance.

Improvement of the program attracted many new clients and applicable trades. With the introduction of Korean Won denominated import credit and a revolving line of credit system, import loans of KRW182 billion were approved for 32 companies. Eligible items for the loan expanded from 84 items to 580 in the year.

A project for importing nuclear energy resources by Korea Hydro & Nuclear Power Co. accounted for 43.6% of total import credit commitments. Mineral resources and crops accounted for 28.6% and 20.2%, respectively.

Regionally, North America took the largest portion with 49.0%, followed by Asia with 26.2%, Oceania 11.1%, and others 13.7% on a commitment basis.

Project Related Guarantees

During 2001, commitments for project related guarantees

amounted to KRW7,711 billion, a 0.9% decrease from a year before. Actual issuance of guarantees, however, recorded the Bank's historic high of KRW5,913 billion, up 20.7% over the previous year's performance.

With a boost in new orders for industrial plants along with the Bank's enhanced procedure in providing guarantees, the demand was augmented.

A change in the Bank's policy to fully support overseas construction projects carried out by sound companies on a pure credit basis also helped guarantee operations reach a record high.

By type of guarantee, advance payment guarantee of KRW5,114 billion took the lion's share of 86.5% of total issuance of guarantees, a 15.7% increase over the previous year. Performance guarantee of KRW539 billion took 9.1%, 65.6% higher than 2000. Other project related guarantees such as bid bond took the remaining portion.

By region, the balance toward Africa took first place with 24.9%, Europe and the Middle East followed second and third with 23.2% and 19.8%, respectively.

The total outstanding balance of guarantee issuance also reached the Bank's record high of KRW8,608 billion at the end of 2001.

Sources of Funds

Korea Eximbank raised a net total (new borrowings plus loan repayments by the Bank's clients less repayment of the Bank's existing debt) of KRW7,784 billion during 2001, a 17.1% decrease compared with the previous year's KRW9,388 billion. Most funds raised during the year were self-generated from repayment of the Bank's outstanding loans.

The total loan repayments, including prepayments by the Bank's clients during 2001, reached KRW8,025 billion, down 29.9% from KRW11,444 billion during 2000. The Bank maintained high liquidity throughout the year due to a considerable amount of loan repayments, allowing it to repay loans in the amount of KRW1,270 billion, including prepayment of KRW140 billion Government loan.

However, loan demands by the Bank's clients increased during the second half of the year due to positive outlooks for the Korean economy and enforcement of active loan policies on the Bank's part. This led the Bank to tap the international financial market in November through a syndicated loan agreement amounting to US\$210 million, followed by the issuance of domestic debentures amounting to KRW200 billion in December.

Revenues and Expenses

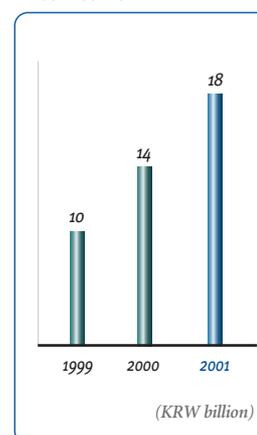
The Bank's total revenues during the year posted KRW793 billion, total expenses KRW775 billion, and net income KRW18 billion. The net income increased 34.3% from the previous year's KRW14 billion. Though there was a decrease in interest income on loans with a fall in interest rates, the income from guarantee fees and commissions, a huge repayment in borrowings, and a decrease in interest expense on borrowings contributed to the increase in net income.

At the end of 2001, the Bank showed KRW11,054 billion in total assets, down 7.5% from the previous year's KRW11,949 billion, due to a decrease in money deposit. With strenuous efforts in providing loans to clients, the ratio of total loans to total assets increased 5.0% point from the previous year's 69.4% to 74.4%.

Meantime, the net assets marked KRW2,808 billion, up 4.7% from the previous year's KRW2,681 billion, resulting from an increase in retained earnings by KRW18 billion and a decrease in loss on valuation of investment securities by KRW109 billion.

The total liabilities amounted to KRW8,246 billion, down 11.0% from the previous year's KRW9,268 billion, for repayments of call money and debentures.

Net Income





THE EXPORT-IMPORT BANK OF KOREA

Bank administers two Government Funds ; Economic Development Cooperation Fund (EDCF) and South and North Korea Cooperation Fund (SNKCF).

Government Account Business

EDCF Operations

Since the financial crisis in 1997, the Korean government has pursued international cooperation by opening its doors to foreign investors through deregulation and liberalization. This came from the realization that to survive the challenges of global market, Korea should faithfully cooperate with international institutions such as the IMF and World Bank, as well as play an active role in regional and international forums, including ASEAN, APEC and WTO. The government, likewise, has striven to expand the operation and volume of Economic Development Cooperation Fund (EDCF) to strengthen its economic cooperation efforts toward other developing countries. As a result, EDCF's volume of disbursements increased significantly in 2001 compared with the previous year, but commitments slightly decreased, for some projects were either cancelled or delayed while in process due to economic and political changes in recipient countries and lack of project preparation.

Development Assistance Activities

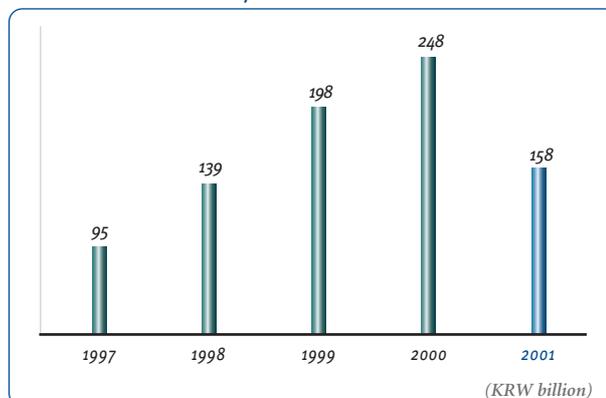
Loan commitments decreased in 2001 from the previous year due to project delays. However, loan disbursements greatly increased, which was attributed to the continuous growth of loan commitments made in previous years.

Loan Commitments

The loan commitment amount in 2001 was KRW158 billion for 8 projects, 36% below the previous year's KRW248 billion. The largest recipient was Bangladesh with a total amount of KRW39 billion for one project. The second largest recipient was El Salvador with two projects (KRW36 billion). Other recipient countries included China for three projects (KRW32 billion), Cambodia (KRW26 billion) and Vietnam (KRW25 billion). It is notable that El Salvador and Cambodia were first-time recipient countries of EDCF loan in 2001.

Among the total commitments of KRW158 billion in 2001, more than two-thirds were made to Asia (77.5%), followed by South and Central America (22.5%). As for sectoral distribution, telecommunications took the major share (41.2%), followed by health (22.5%), transportation (18.5%), environment (16.1%) and education (1.7%). As the figures indicate, loans for economic infrastructures such as telecommunications and transportation dominated with more than half of the total.

Annual Commitments of EDCF



With respect to the destination of EDCF loans by income group, the least developed countries (LLDCs) received KRW65 billion on a commitment basis, representing 41.2% of the total. Another KRW25 billion or 16.1% went to low-income countries (LICs) excluding LLDCs, and KRW68 billion or 42.7% was made to lower middle-income countries (LMICs).

Loan Disbursements

Loan disbursements during the year amounted to a record of KRW165 billion for 28 projects in 16 countries, breaking the previous high of KRW143 billion in 1998, mainly because of

the continuous growth of loan commitments made in previous years.

As a result, the outstanding balance of EDCF loans at the end of 2001 stood at KRW736 billion, up 25.7% from a year earlier. Taking into account that the outstanding balance was 47.3% of the accumulated commitments, there is still room to further accelerate disbursements in light of both the accumulated commitments and volume of the Fund.



Funding Activities

Since its establishment in 1987, EDCF has depended solely on public resources to support its activities. Contributions from the general budget account and borrowings from the special budget account of the government have been the major sources of funds. Actually, there have been no contributions from the general budget account or borrowings from the special budget account since the financial crisis in 1997, though a small increase was seen in 2001 mainly through interest earnings from the Fund.

With a net income of KRW47 billion, the total volume of the Fund at the end of the year stood at KRW1,454 billion. Of the total accumulated amount since 1987, 36.4% came from contributions from the general budget account, 17.6% from borrowings from the special budget account, and the remaining 46.0% from reserves.

Workshop for Government Officials from Partner Countries

The 5th EDCF Workshop was held to acquaint government officials from developing countries with Korea's development assistance policy and loan program to carry out EDCF loan projects more efficiently and swiftly.

The workshop convened from October 17 to 24, 2001 at the Bank's head office in Seoul and its training center in Yongin. The ten participants, who hold positions of joint-secretary and director-level or above and are in charge of official borrowings in their respective Ministries of Finance, came from Bangladesh, Bolivia, Cambodia, El Salvador, Indonesia, Kazakhstan, the Phillipines, Sri Lanka, Uzbekistan, and Vietnam.

During the workshop, the participants were informed of Korea's bilateral economic cooperation policy and development experience, and took field trips to industrial sites and historical areas of cultural events. The program gave them an opportunity to better understand Korea's development experience.

SNKCF Operations

Overview

The Bank has administered the South and North Korea Cooperation Fund (SNKCF) since March 20, 1991. The primary function of the SNKCF, which was established by and operated under the initiative and policy coordination of the Ministry of Unification, is to promote mutual exchanges and cooperation with North Korea. Since its start, the SNKCF has maintained consistent growth, and the year 2001 was no exception as its annual performance showed much progress in both funding and financing activities.

Inter-Korean Development

After the historic South-North Summit held in 2000, inter-Korean relations entered a phase where reconciliation and cooperation seemed possible. However, the year 2001 wound up as a sort of transitional period moderating the pace of inter-Korean dialogue, due to a change of international circumstances such as anti-terrorism campaign and the North's position of being less active in resuming the dialogue.

Nevertheless, economic cooperation and socio-cultural exchange in the private sector continued. The food and fertilizer aids for improvement in the North's livelihood were similar in volume as former years. The South-North trade activities and some economic cooperation projects also

showed steady improvement with marked progress in the scope of participants and business items.

The total volume of inter-Korean trade recorded US\$403 million, a slight decrease from US\$425 million in 2000, which maintained a rising trend of over US\$400 million. The number of South Korean visitors to the North reached 8,551, exceeding 7,280 in the previous year. At the same time, the number of North Korean visitors to the South decreased from 706 to 191, mainly as the fourth round of the exchange visit by separated families was postponed. In addition, the government approved 11 cooperation projects during the year, five in economic and six in socio-cultural fields.

Assistance Activities

As a part of follow-up measures to the June 2000 Inter-Korean Summit, the SNKCF continued assisting humanitarian and fertilizer aid projects during 2001. Fertilizer aid was provided through the Republic of Korea National Red Cross in the form of a KRW64 billion grant for enhancing agricultural productivity. Most of the humanitarian aid during the year was food. The Fund disbursed KRW22 billion to provide 100 thousand tons of maize through the international organization, the World Food Program. Also the Fund disbursed KRW19 billion, the remaining portion of a loan which was committed to the Foreign Trade Bank of North Korea in the previous year to provide 500 thousand tons of rice and corn.

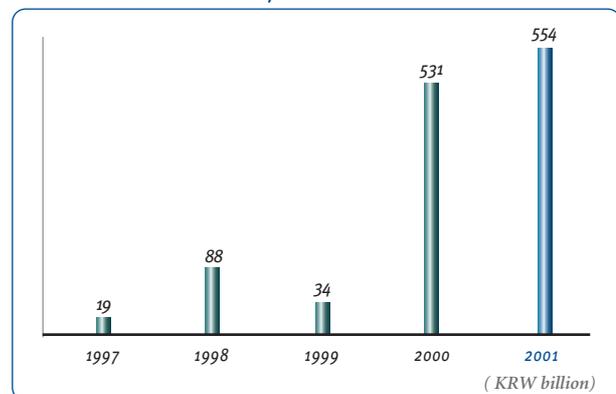
In furtherance of the government's initiative to enhance economic ties by building up the infrastructure, the construction cost to re-connect the Seoul-Shinuiju railway, a future transport link to the Eurasian continent, and the building cost for a connecting highway between Munsan and Kaesung were supported. These aid disbursements reached KRW90 billion. In addition, KRW45 billion for revitalizing the Mt. Kungang tourism project was financed to the Korea National Tourism Organization, and KRW300 billion was disbursed to Korean Peninsula Energy Development Organization (KEDO) for the Light Water Reactor project on the basis of progress payment.

As a result, SNKCF disbursements during the year amounted to KRW554 billion for 46 projects, and cumulative total

disbursements at the end of 2001 stood at KRW1,421 billion, up 63.9 % from KRW867 billion at the end of 2000.

In 2001, the government revised the Guidelines for SNKCF loans. The revision streamlines the lending procedures and improves its terms and conditions so that private sector firms seeking business opportunities in the North are now able to facilitate their funding. Further growth of inter-Korean economic cooperation is expected in the following year as a result of this procedural convenience.

Annual Disbursements of SNKCF



Funding Activities

The major funding sources of the SNKCF are contributions from the general budget account and private sources, borrowings from the Public Capital Management Fund, and reserves and financial returns on the SNKCF's portfolio investment.

In 2001, there was an increase of 37% in funding. The total accumulated resources of SNKCF stood at KRW2,055 billion, mostly through contributions by the government. Of the accumulated amount since its inception, 55.2% came from contributions by the general budget account, 34.8% from borrowings from the Public Capital Management Fund, and 10.0% from reserves and financial returns. Also, the net resources of SNKCF fund for its operation, less KRW778 billion of loans outstanding at the end of the year, amounted to KRW624 billion.



THE EXPORT-IMPORT BANK OF KOREA

The Bank provides various and useful information on many countries worldwide by operating OEIS on the Bank's web site.

Supporting Activities

Advisory Services to Clients

ECAS in Operation

To ensure achievement of its goal to provide the best service to its clients, the Bank introduced Export Credit Advisory Service (ECAS) in April 2001. Aimed at bringing about a larger share of overseas bidding, ECAS gives the exporter a wide range of knowledge on the country, industry, market, and finance situation of the importing country in the early stage of the tendering process or contract negotiations. The service is available for such facilities as direct loans to foreign buyers or governments, project finance and structured finance related transactions, or other transactions requested by clients.

Services Offered

- 1. Information Service (INFOS) provides:*
comprehensive data on the importing country, industry and market information, and credit data on the contractor.
- 2. Korea Exim Financing Advisory Service (KEFAS) provides:*
consulting service about the financing products of Korea Eximbank.
- 3. Cofinancing Arranging Service (COFAS) helps:*
clients obtain funds by cofinancing arrangement with commercial banks through Korea Eximbank's guarantee program.
- 4. Integrated Financial Advisory Service (INFAS) provides:*
consulting service on the viability of the project, assistance in preparing business appraisal documents, assistance in mobilizing other financial institutions to participate in cofinancing projects with our clients, and management service during and after the life of the project.

Cooperation with Other Agencies

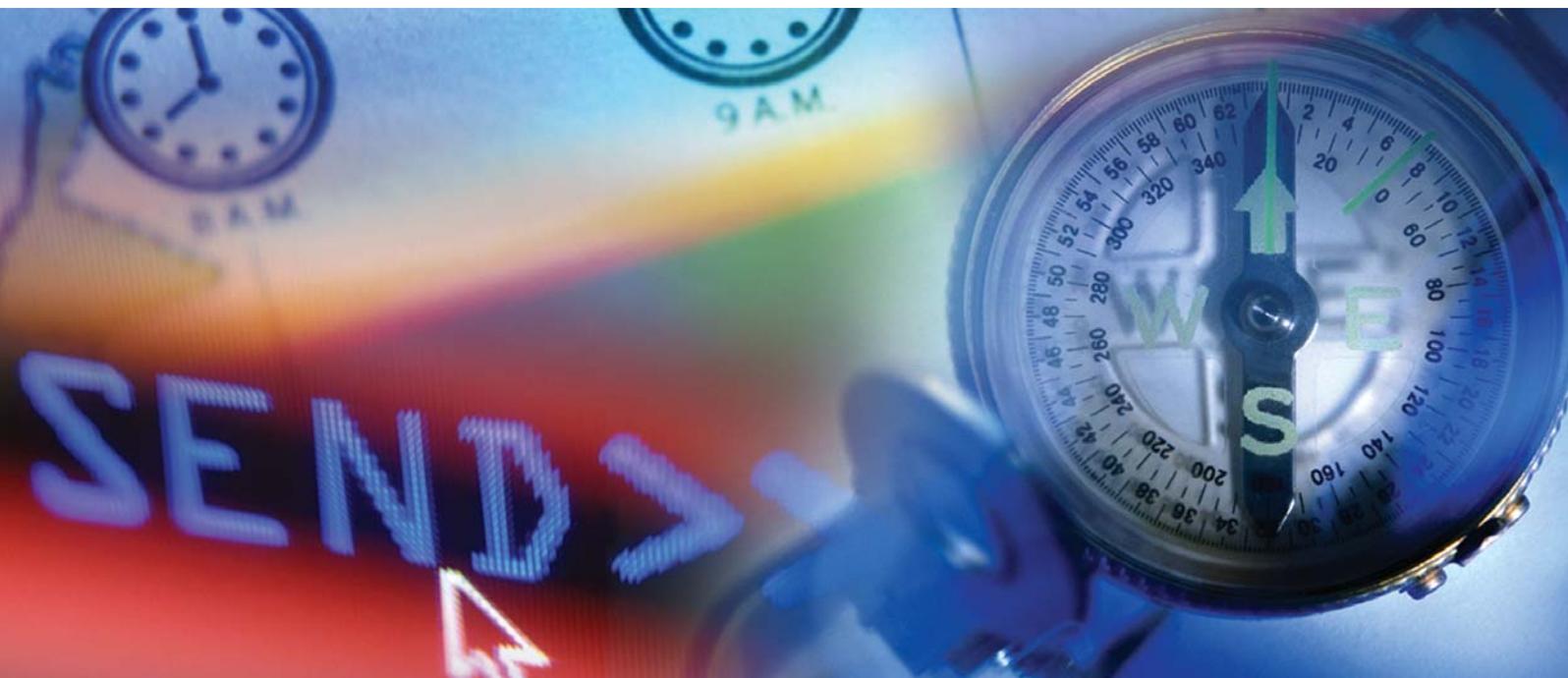
Annual Meeting of Asian ECAs

Korea Eximbank hosted the 7th Annual Meeting of Asian ECAs in October 2001. The Annual Meeting was first held in India in 1996 to discuss a wide range of issues focused on fostering common understanding as well as exchanging and sharing information among members in the region.



This year, the discussion revolved around how Asian ECAs can promote intra-regional trade under the main theme "Asian Trade Expansion through Regional Cooperation in Export Credit and Export Credit Guarantee". The conference featured original papers and commentaries on "Framework for Multilateral L/C Confirmation Facility" by Korea Eximbank and "A Note on Trade Refinancing/Reinsurance Alternatives" by India Eximbank.

One of the main accomplishments of the 7th meeting was the creation of a working-level task force to further study the proposal for a Multilateral L/C Confirmation Facility. Six member institutions will work together to come up with a way to implement the Facility, which will contribute to boosting intra-regional trade, considered to be the best method of overcoming unfavorable economic situations.



Additionally, Korea Eximbank set up a common web site for Asian ECAs under the domain name of www.asia-eca.org, with a view to promoting further cooperation among its member institutions, through the active exchange of opinions and ideas on matters of mutual interest.

International Partnerships

Korea Eximbank works with various agencies to effectively administer financing activities and share information in international markets. In 2001 alone, the Bank signed an MOU with four agencies (Banco Nacional de Desenvolvimento Economico e Social of Brazil, Natexis Banques Populaires of France, Bank Hapoalim B.M. of Israel, Development Assistance Fund of Vietnam), made a Cooperation Agreement with two agencies (Export Credits Guarantee Department of UK, Export-Import Bank of the Slovak Republic), and a Cofinancing Framework Agreement with one agency (IBRD). Additionally, the Bank has been actively cooperating with JBIC, EDC, ADB and EBRD since as early as May 1992.

Workshops and Seminars

Korea Eximbank constantly strives to share experiences by organizing various workshops and seminars for those related to or interested in the operations of an ECA.

Workshops with Foreign Financial Institutions

In September 2001, Korea Eximbank held the 1st Consultation Meeting with Japan Bank for International Cooperation (JBIC) setting up business cooperation window and looking for eligible cofinancing projects. There were broad discussions on setting agreements for cofinancing, setting up a cooperation channel between loan officers, sharing country risk rating methods, and cooperation at the OECD meetings.

The Bank provided tailored workshops for Sri Lankan economic development team in July, China Eximbank delegation in October, and Development Assistance Fund of Vietnam delegation in November. The workshops gave an overall introduction of the Bank's role and function, and

offered an opportunity to explore ways to promote cooperation between the respective institutions.

In addition, the Bank conducted the 5th Annual EDCF Workshop for government officials from developing countries in October, introducing EDCF loan policy and procedures. Since 1995, the workshop has promoted EDCF's profile, widened the scope of its availability, provided vital information on loans to key decision-makers of developing countries, and strengthened its relationship with participating countries.

Seminars to Expand Awareness of the Bank's Activities

In June, a seminar on "Revision in Sector Understanding on Export Credits for Ships among OECD Participants" was held for extensive discussions and explanation of critical points. Also, the Bank held a seminar for the Commercial Counselors' Club in Seoul in November, which was attended by 20 commercial counselors mainly from developing countries' embassies. Presentations were made on topics most helpful for facilitating area of cooperation between Korea and its counterpart countries.

There were many occasions throughout the year to inform SMEs of the Bank's financial programs which may be helpful in exporting goods, and these occasions gave the opportunity for the Bank to reform in any way to effectively support SMEs.

Additionally, the Bank is open to university students in and out of the country to introduce expertise in international financial environment and role and function of Korea Eximbank. In 2001, two seminars were held for students from City University of Hong Kong and students from various universities in Korea, respectively.

Research and Information

The Overseas Economic Research Institute (OERI) in Korea Eximbank plays a major role in research work and publication of reports. OERI conducts country study and country risk evaluation to ensure the efficient utilization of the Bank's financial resources. The service provided by OERI helps the Bank diversify its portfolio according to the creditworthiness of each country. OERI also studies important issues such as domestic and international economic situations that relate to the Bank's lending activities and management policies. The research often focuses on industries that the Bank mainly provides funds for such as ships, power plants, oil refineries, petrochemical plants, telecommunication facilities, steel mills, and automobile plants.

OEIS in Operation

The Bank provides various and useful information on many countries worldwide by operating Overseas Economic Information System (OEIS) on the Bank's web site. OEIS helps Korean enterprises expand their activities into overseas markets by providing up-to-date information on the economic performance and investment environment of developing countries, and statistics concerning overseas investments of Korean companies. As of 2001, information on as many as 233 countries is being provided and still growing.

Management of Korea's FDI Data Base

Since April 1999, Korea Eximbank has been collecting and managing the data of foreign direct investment (FDI) by Korean companies. The Bank posts Foreign Investment Information on its web site, which provides timely information on various kinds of Korea's FDI statistics to local companies.

It regularly publishes books concerning Korea's FDI statistics and provides relevant information service to its clients at home and abroad. "Foreign Direct Investment Statistics" and "Analysis of Financial Status of Korean Firms' Overseas Subsidiaries" are published annually, and "Analysis of Korean Overseas Investment Companies in China" was released based on FY2000 financial data, the first such report on an individual country. The Bank distributes the books to related institutions and companies free of charge to be utilized in setting up their overseas investment policy and strategy.





Financial Report

- Balance Sheets [28]
- Statements of Income [29]
- Statements of Appropriations of Unappropriated Retained Earnings [30]
- Statements of Cash Flows [31]
- Notes to Financial Statements [32]
- Independent Auditors' Report [60]

BALANCE SHEETS

December 31, 2001 and 2000

ASSETS	KRW Million		US\$ Thousand (Note 2)	
	2001	2000	2001	2000
Cash and due from banks (Notes 3, 18, 19 and 22)	₩ 34,192	₩ 1,283,635	US\$ 25,784	US\$ 967,978
Trading securities (Note 4)	34,480	40,855	26,001	30,808
Investment securities (Notes 5 and 19)	1,909,728	1,822,095	1,440,109	1,374,025
Loans (Notes 6, 7, 18, 19 and 22)	8,197,431	8,292,561	6,181,608	6,253,345
Allowance for possible loan losses (Note 8)	(463,356)	(664,988)	(349,413)	(501,461)
Present value discounts for loans (Note 7)	(11,049)	(27,540)	(8,332)	(20,768)
	<u>7,723,026</u>	<u>7,600,033</u>	<u>5,823,864</u>	<u>5,731,116</u>
Call loans (Notes 18, 19 and 22)	931,339	940,750	702,314	709,411
Foreign currency loans to banks (Note 19)	122,001	-	92,000	-
Fixed assets (Notes 9 and 10)	19,456	17,617	14,672	13,285
Other assets (Notes 11, 19, 22 and 24)	279,826	243,731	211,014	183,795
Total assets	<u>₩ 11,054,048</u>	<u>₩ 11,948,716</u>	<u>US\$ 8,335,757</u>	<u>US\$ 9,010,419</u>
LIABILITIES AND SHAREHOLDERS' EQUITY				
Borrowings (Notes 12, 18, 19 and 22)	₩ 4,449,289	₩ 4,045,708	US\$ 3,355,169	US\$ 3,050,832
Call money (Notes 13, 18, 19 and 22)	280,000	1,063,611	211,145	802,059
Debentures (Notes 14, 18, 19 and 22)	3,134,650	3,796,042	2,363,811	2,862,561
Other liabilities (Notes 15, 19, 22 and 24)	382,353	362,638	288,329	273,462
Total current liabilities	<u>8,246,292</u>	<u>9,267,999</u>	<u>6,218,454</u>	<u>6,988,914</u>
Commitments and contingencies (Note 23)				
Shareholders' equity (Note 16):				
Capital	2,675,755	2,675,755	2,017,763	2,017,763
Retained earnings				
Legal reserve	104,110	100,468	78,508	75,762
Voluntary reserve	221,936	207,371	167,360	156,377
Unappropriated retained earnings (deficit)	-	(225)	-	(170)
Total retained earnings	<u>326,046</u>	<u>307,614</u>	<u>245,868</u>	<u>231,969</u>
Capital adjustments (Note 5)	(194,045)	(302,652)	(146,328)	(228,227)
Total shareholders' equity	<u>2,807,756</u>	<u>2,680,717</u>	<u>2,117,303</u>	<u>2,021,504</u>
Total liabilities and shareholders' equity	<u>₩ 11,054,048</u>	<u>₩ 11,948,716</u>	<u>US\$ 8,335,757</u>	<u>US\$ 9,010,419</u>

STATEMENTS OF INCOME

Years ended December 31, 2001 and 2000

	KRW Million		US\$ Thousand (Note 2)	
	2001	2000	2001	2000
INTEREST INCOME:				
Due from banks	₩ 70,126	₩ 154,009	US\$ 52,881	US\$ 116,137
Investment securities	10,211	12,794	7,700	9,648
Loans	487,144	609,928	367,351	459,941
Call loans	22,632	26,888	17,067	20,276
Foreign currency loans to banks	6,299	-	4,750	-
Other	1,571	3,707	1,185	2,795
	597,983	807,326	450,934	608,797
OTHER OPERATING INCOME:				
Guarantee fees and commissions	63,649	53,152	47,997	40,081
Foreign exchange gain	8,244	16,669	6,217	12,570
Gain on disposal of trading securities	195	2,576	147	1,943
Gain on redemption of trading securities	629	402	474	303
Gain on valuation of trading securities	1,445	109	1,090	82
Dividends on trading securities	948	1,246	715	940
Dividends on investment securities	15,977	7,528	12,048	5,677
Miscellaneous income	-	24,717	-	18,639
Gain on valuation of derivative instruments (Note 24)	38,092	98,041	28,725	73,932
Gain on valuation of fair value hedge (Note 24)	56,801	132,142	42,833	99,647
	185,980	336,582	140,246	253,813
Total operating income	783,963	1,143,908	591,179	862,611
INTEREST EXPENSES:				
Borrowings	235,441	379,343	177,544	286,059
Call money	10,794	3,034	8,140	2,288
Debentures	227,953	259,202	171,897	195,462
Other	2,125	4,791	1,602	3,613
	476,313	646,370	359,183	487,422
OTHER OPERATING EXPENSES:				
Commissions	2,331	1,937	1,758	1,461
Foreign exchange loss	8,191	25,700	6,177	19,380
Loss on valuation of trading securities	5,362	18,326	4,043	13,819
Loss on redemption of trading securities	-	8	-	6
Loss on disposal of trading securities	178	5	134	4
Administrative expenses (Note 20)	51,558	45,482	38,879	34,298
Loss on valuation of derivative instruments (Note 24)	76,416	157,898	57,625	119,069
Loss on valuation of fair value hedge (Note 24)	2,537	111,656	1,913	84,199
Provision for doubtful accounts	132,913	172,011	100,228	129,712
	279,486	533,023	210,758	401,948
Total operating expenses	755,799	1,179,393	569,941	889,370
NET OPERATING INCOME (LOSS)	28,164	(35,485)	21,238	(26,759)
NON-OPERATING INCOME (NOTE 17)	9,074	70,613	6,843	53,249
NON-OPERATING EXPENSES (NOTE 17)	(15,378)	(22,730)	(11,596)	(17,140)
ORDINARY INCOME	21,860	12,398	16,484	9,349
EXTRAORDINARY ITEMS	-	-	-	-
INCOME BEFORE INCOME TAX EXPENSE	21,860	12,398	16,484	9,349
INCOME TAX BENEFITS (EXPENSE) (NOTE 21)	(3,428)	1,065	(2,585)	803
NET INCOME	₩ 18,432	₩ 13,463	US\$ 13,899	US\$ 10,152

**STATEMENTS OF APPROPRIATIONS (DISPOSITION) OF
UNAPPROPRIATED RETAINED EARNINGS (UNDISPOSED ACCUMULATED DEFICIT)**

Years ended December 31, 2001 and 2000

	KRW Million		US\$ Thousand (Note 2)	
	2001	2000	2001	2000
RETAINED EARNINGS (ACCUMULATED DEFICIT) BEFORE APPROPRIATIONS (DISPOSITION):				
Accumulated deficit at January 1	₩ (225)	₩ -	US\$ (170)	US\$ -
Cumulative effects of accounting changes	-	(108,743)	-	(82,002)
Loss on prior period error corrections	-	(491)	-	(370)
Net income for the year	18,432	13,463	13,899	10,152
	18,207	(95,771)	13,730	(72,220)
DISPOSITION:				
Transfer from voluntary reserve	-	95,546	-	72,050
APPROPRIATIONS:				
Legal reserve	3,642	-	2,746	-
Voluntary reserve	14,565	-	10,983	-
	18,207	-	13,730	-
UNAPPROPRIATED RETAINED EARNINGS (UNDISPOSED ACCUMULATED DEFICIT) AT DECEMBER 31	₩ -	₩ (225)	US\$ -	US\$ (170)

STATEMENTS OF CASH FLOWS

Years ended December 31, 2001 and 2000

	KRW Million		US\$ Thousand (Note 2)	
	2001	2000	2001	2000
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net income	₩ 18,432	₩ 13,463	US\$ 13,899	US\$ 10,152
Adjustments to reconcile net income to net cash provided by (used in) operating activities:				
Interest on debentures (amortization of discounts)	2,583	4,175	1,948	3,148
Loss on disposal of trading securities	178	5	134	4
Loss on valuation of trading securities	5,362	18,326	4,043	13,819
Loss on redemption of trading securities	-	8	-	6
Provision for loan losses	132,913	172,011	100,228	129,712
Provision for severance retirement benefits	2,891	2,402	2,180	1,811
Depreciation	1,439	1,383	1,085	1,043
Loss on sale of loans	249	8,581	188	6,471
Loss on valuation of derivative instruments	56,996	84,024	42,980	63,362
Loss on valuation of fair value hedge	2,537	111,656	1,913	84,199
Loss on disposal of fixed assets	142	128	107	97
Investment securities impairment loss	4,810	6,154	3,627	4,641
Loss on disposal of investment securities	1,474	6,821	1,112	5,144
Equity loss	7,077	-	5,337	-
Gain on disposal of trading securities	(195)	(2,576)	(147)	(1,943)
Gain on redemption of trading securities	(629)	(402)	(474)	(303)
Gain on valuation of trading securities	(1,445)	(109)	(1,090)	(82)
Reversal of allowance for guarantees	-	(24,717)	-	(18,639)
Gain on sale of loans	(144)	(9,665)	(109)	(7,288)
Gain on valuation of derivative instruments	(10,882)	(28,277)	(8,206)	(21,323)
Gain on valuation of fair value hedge	(56,801)	(132,142)	(42,833)	(99,647)
Gain on disposal of fixed assets	(35)	(6)	(26)	(5)
Equity gain	-	(18,980)	-	(14,313)
Gain on disposal of investment securities	(7,446)	(32,205)	(5,615)	(24,285)
Gain on redemption of trading securities	-	(241)	-	(182)
Changes in operating assets and liabilities, net	(325,646)	1,412,197	(245,567)	1,064,925
Net cash provided by (used in) operating activities	(166,140)	1,592,014	(125,285)	1,200,523
CASH FLOWS FROM INVESTING ACTIVITIES:				
Disposal of trading securities	13,526	42,879	10,200	32,335
Disposal of investment securities	532,236	27,179	401,354	20,495
Acquisitions of trading securities	(10,422)	-	(7,859)	-
Acquisitions of investment securities	(517,176)	-	(389,998)	-
Increase in call loans	-	(671,644)	-	(506,481)
Decrease in call loans	9,410	-	7,096	-
Increase in foreign currency loans to banks	(122,001)	-	(92,000)	-
Acquisition of fixed assets	(3,294)	(1,146)	(2,484)	(864)
Disposal of fixed assets	42	37	32	28
Net cash used in investing activities	(97,679)	(602,695)	(73,659)	(454,487)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Decrease in derivative assets	21,662	45,456	16,335	34,278
Decrease in derivative liabilities	(17,546)	(132,560)	(13,231)	(99,962)
Decrease in borrowings	(17,067,386)	(1,969,994)	(12,870,361)	(1,485,555)
Increase in borrowings	17,491,218	-	13,189,969	-
Increase in call money	-	1,063,611	-	802,059
Decrease in call money	(783,611)	-	(590,914)	-
Repayments of debentures	(629,961)	(1,095,133)	(475,048)	(825,830)
Increase in capital	-	200,000	-	150,818
Net cash used in financing activities	(985,624)	(1,888,620)	(743,250)	(1,424,191)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,249,443)	(899,301)	(942,194)	(678,155)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	1,283,635	2,182,936	967,978	1,646,132
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	₩ 34,192	₩ 1,283,635	US\$ 25,784	US\$ 967,978

NOTES TO FINANCIAL STATEMENTS

December 31, 2001 and 2000

1. ORGANIZATION AND BUSINESS

The Export-Import Bank of Korea ("the Bank") was established in 1976 as a special financial institution under the Export-Import Bank of Korea Act (the "EXIM Bank Act") to facilitate export and import transactions, overseas investments and overseas resources development through the extension of loans and other financial facilities. The Bank has seven domestic branches, six overseas offices and three overseas subsidiaries as of December 31, 2001. As of December 31, 2001, the Bank has KRW4,000,000 million (US\$3,016,364 thousand) of authorized capital, of which KRW2,675,755 million (US\$2,017,763 thousand) has been paid-in. The Bank is 50.7 percent, 43.5 percent and 5.8 percent owned by the Government of the Republic of Korea (the Government), the Bank of Korea (BOK) and Korea Development Bank, respectively, as of December 31, 2001. The Bank, as an agent of the Government, has managed the Economic Development Cooperation Fund and the South and North Korea Cooperation Fund (the "Funds") since June 1987 and March 1991, respectively. The Funds are managed under separate accounts from the Bank's own accounts and are not included in the accompanying non-consolidated financial statements. Government contributions constitute the primary source of revenues of the Funds.

2. BASIS OF FINANCIAL STATEMENTS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF FINANCIAL STATEMENTS - The Bank maintains its official accounting records in Korean Won and prepares statutory financial statements in the Korean language in conformity with accounting principles generally accepted in the Republic of Korea ("Korean GAAP"), Accounting Standards applicable to the Korean Banking Industry and the EXIM Bank Act. Certain accounting principles applied by the Bank that conform with financial accounting standards and accounting principles in the Republic of Korea may not conform with generally accepted accounting principles in other countries. Accordingly, these financial statements are intended for use by those who are informed about Korean accounting principles and practices.

For the convenience of the reader, in preparing the accompanying financial statements, certain reclassifications, and changes in statement format and extent of disclosures have been made to the financial statements issued in the Korean language for domestic statutory purposes. Certain reclassifications, and changes in statement format and extent of disclosures have also been made to the prior year financial statements and footnotes to conform to the current year's presentation.

Certain supplementary information attached to the statutory Korean language financial statements, but not required for a fair presentation of the Bank's financial position, results of operations and cash flows, is not presented in the accompanying financial statements.

FOREIGN CURRENCY TRANSLATION AND TRANSACTIONS - Assets and liabilities denominated in foreign currencies and financial statements of foreign branches are translated into Korean Won using applicable exchange rates in effect as of December 31, 2001 and 2000. Foreign currency transactions in the domestic banking branches are accounted for at the exchange rates prevailing on the dates of the transactions. Resulting translation gains or losses are credited or charged to current operations.

RECOGNITION OF INTEREST AND FEE INCOME - Interest income on loans and investments, is recognized on an accrual basis, while interest income on other overdue and dishonored loans, except for those secured and guaranteed by other financial institutions, is recognized on a cash basis.

MARKETABLE SECURITIES AND INVESTMENTS - Marketable equity securities held for short-term capital gain purposes are classified as trading securities. Other equity securities are classified as investment securities.

NOTES TO FINANCIAL STATEMENTS

December 31, 2001 and 2000

Equity securities held for trading are carried at fair value at the balance sheet date. Unrealized gains and losses on trading securities are included in current operations.

Marketable equity securities of non - controlled investees held for investment are carried at fair value. Temporary changes in fair value are accounted for as capital adjustments, a component of shareholders' equity. Declines in fair value which are anticipated to be permanent are recorded in current operations after eliminating any previously recorded capital adjustment for temporary changes. Subsequent recoveries or other future changes in fair value are recorded in the capital adjustment account.

Non-marketable equity securities of non-controlled investees held for investment are carried at cost, except for declines in the Bank's proportionate ownership of underlying book value of the investee that are anticipated to be permanent, which are recorded in current operations. Subsequent recoveries are also recorded in current operations up to the original cost of the investment.

Investments in equity securities of companies over which the Bank exerts significant control or influence, are recorded using the equity method of accounting. Under the equity method, the Bank records changes in its proportionate ownership of the net book value of the investee as current operations, capital adjustments and adjustments to retained earnings, depending on the nature of the underlying change in book value of the investee.

Debt securities are classified as trading or investment securities. Investment debt securities are further classified as available-for-sale or held-to-maturity. The cost of debt securities includes the premium paid or discount received at the time of purchase. Debt securities held for trading are stated at fair value with gains and losses recorded in income.

Available-for-sale debt securities are stated at fair value. Temporary differences between fair value and amortized cost are accounted for in the capital adjustment account. Declines in fair value which are anticipated to be permanent are recorded in current operations after eliminating any previously recorded capital adjustment for temporary changes. Subsequent recoveries or other future changes in fair value are recorded in the capital adjustment account.

Investments in debt securities which the Bank has the intent and ability to hold to maturity are generally carried at cost, adjusted for the amortization of discounts or premiums (amortized cost) using the effective interest method. Declines in the fair value of debt securities that are anticipated to be permanent are recorded in current operations. Subsequent recoveries are also recorded in current operations up to the amortized cost of the investment.

ALLOWANCE FOR POSSIBLE LOAN LOSSES - The Bank calculates the allowance for possible loan losses based on borrowers' future debt service capacity ("Forward Looking Criteria (FLC)"). This credit rating model includes financial and non-financial factors of borrowers.

Provisions are determined by applying the following minimum percentages to the various credit ratings:

Credit ratings	Loan classifications	Minimum provision percentages
P1 ~ P6	Normal	0.5% or above
SM	Precautionary	2% or above
S	Substandard	20% or above
D	Doubtful	50% or above
F	Estimated loss	100%

Loans which are deemed uncollectible are fully reserved by the allowance. However, charge-offs of actual loan balances may be delayed due to certain banking regulations governing the charge-off of loan balances.

NOTES TO FINANCIAL STATEMENTS

December 31, 2001 and 2000

The Bank's classification criteria for credit rating loans are as follows:

Classification	Description
Normal	Assets extended to customers who, in light of their management, financial position and future cash flows, are determined to pose no risk to the Bank's ability to collect the full amount of principal and interest as they become due.
Precautionary	Assets extended to customers who, in light of their management, financial position and future cash flows, are determined to have potential weaknesses that may lead to an inability to repay the full principal and interest as they become due in the near future.
Substandard	Assets extended to customers who, in light of their management, financial position and future cash flows, are determined to pose a considerable risk to the Bank's ability to collect the full principal and interest due to revealed weaknesses that may have diminished the customer's capacity to repay the loans in a satisfactory manner.
Doubtful	Portion of assets in excess of the amount expected to be collected from customers who, in light of their management, financial position and future cash flows, are determined to pose a significant risk to the Bank's ability to collect principal and interest due to a considerably weakened capacity to repay the loans in a satisfactory manner.
Estimated Loss	Portion of assets in excess of the amount expected to be collected from customers whose credit must be accounted for as a loss, because, in light of their management, financial position and future cash flows, the Bank's collection of principal and interest is not probable in the foreseeable future due to a serious weakening of such customers' ability to repay the loan in a satisfactory manner.

PRESENT VALUE DISCOUNTS - If the present value of a loan is different from its book value due to a rescheduling of terms as agreed by the related parties (as in the case of court receivership, composition or workout), the difference in present value of the loan and book value of the loan is offset against the allowance for possible loan losses, if available, or charged to current expense.

The difference between book value and present value is recorded as a present value discount in the balance sheet and amortized to current earnings over the related period using the effective interest method. The amortization is recorded as interest income.

FIXED ASSETS - Premises, equipment and intangible assets are recorded at cost. Routine maintenance and repairs are charged to expense as incurred. Expenditures which enhance the value or extend the useful life of the facilities involved are treated as additions to premises and equipment.

Depreciation is computed using the declining-balance method over the estimated useful lives of the assets except for buildings acquired after January 1, 1995, which are depreciated using the straight-line method.

	Estimated useful lives
Buildings	10 ~ 60 years
Vehicles	4 years
Furniture and fixtures	4 ~ 20 years

NOTES TO FINANCIAL STATEMENTS

December 31, 2001 and 2000

SEVERANCE AND RETIREMENT BENEFITS - In accordance with the Korean Labor Standards Law and the Bank's policies, employees terminating their employment with more than one year of service are entitled to severance and retirement benefits, based on the rates of pay in effect at the time of termination, years of service and certain other factors. The provision for the years ended December 31, 2001 and 2000 is sufficient to state the liability under the Korean Labor Standards Law and the Bank's policies at the estimated obligation arising from services performed to and at rates of pay in effect at December 31, 2001 and 2000. Funding of this liability is not required by Korean law.

RESERVE FOR ACCEPTANCES AND GUARANTEES - Pursuant to the revised financial accounting standards, acceptances and guarantees outstanding do not appear on the balance sheet, but are presented as off-balance sheet items in the notes to the financial statements. The Bank provides a minimum allowance percentage on confirmed guarantees of 20% for companies classified as "substandard", 50% for "doubtful" and 100% for "estimated loss."

INCOME TAX EXPENSES - Deferred income taxes are recognized for the tax consequences of differences between the tax and financial reporting amounts of assets and liabilities at each period-end based on enacted tax laws and statutory tax rates applicable to the periods in which the differences are expected to affect taxable income. Income tax expense consists of income tax payable for the period and the change during the period in deferred tax assets and liabilities.

DERIVATIVE FINANCIAL INSTRUMENTS - Derivative financial instruments include futures, forwards, option contracts and swap contracts, and are principally linked to interest rates and foreign exchange rates.

Derivative financial instruments, regardless of whether they are entered for trading or hedging purposes, are valued at fair value. Derivative contracts not meeting the requirements for hedge accounting treatment are classified as trading contracts with gains and losses included in current operations. Derivative contracts qualifying for hedge accounting treatment have unrealized valuation gains and losses recorded as capital adjustments (cash-flow-hedge derivatives) or as other revenues and expenses in current operations in conjunction with recording unrealized gains and losses for underlying assets or liabilities (fair-value-hedge derivatives).

PER SHARE AMOUNTS - Per share amounts are not computed since the Bank has not issued shares of stock.

USE OF ESTIMATES - The preparation of financial statements in conformity with financial accounting standards requires management to make estimates and assumptions that affect the amounts reported therein. Due to the inherent uncertainty involved in making estimates, actual results could differ from those estimates.

UNITED STATES DOLLAR AMOUNTS - The Bank operates primarily in Korean Won and its official accounting records are maintained in Korean Won. The U.S. Dollar amounts are provided herein as supplementary information solely for the convenience of the reader. All Korean Won amounts expressed in U.S. Dollars are at the rate of ₩1,326.10 : US\$1, the basic exchange rate on December 31, 2001. This presentation is not required by or in accordance with Korean or United States generally accepted accounting principles, and should not be construed as a representation that the Won amounts shown could be converted in or settled in U.S. Dollars at this or any other rate.

The 2000 U.S. Dollar amounts, which were previously expressed at ₩1,259.70 : US\$1, the rate prevailing at December 31, 2000 have been restated to reflect the exchange rate in effect at December 31, 2001.

NOTES TO FINANCIAL STATEMENTS

December 31, 2001 and 2000

3. CASH AND DUE FROM BANKS

Cash and due from banks as of December 31, 2001 and 2000 are summarized as follows:

	Financial institution	KRW Million		US\$ Thousand (Note 2)	
		2001	2000	2001	2000
Due from banks in Korean Won:					
Current deposits	KorAm Bank and other	₩ 1,174	₩ 423	US\$ 885	US\$ 319
Time deposits	KorAm Bank and other	-	140,000	-	105,573
Other	Industrial Bank of Korea and other	17,901	25,048	13,499	18,888
		19,075	165,471	14,384	124,780
Due from banks in foreign currencies:					
Current deposits	Korea Exchange Bank	4,352	3,361	3,282	2,535
Nostro accounts	Deutsche Bank, N.Y. and other	9,403	31,808	7,091	23,986
Time deposits	Shinhan Bank and other	-	1,063,923	-	802,295
Other deposits	Painewebber Inc. and other	788	750	594	566
Off-shore nostro accounts	JP Morgan Chase Bank	574	56	433	42
Off-shore time deposits	KorAm Bank	-	18,266	-	13,774
		15,117	1,118,164	11,400	843,198
		₩ 34,192	₩ 1,283,635	US\$ 25,784	US\$ 967,978

Restricted balance in due from banks as of December 31, 2001 and 2000 are as follows:

	Financial institution	KRW Million		US\$ Thousand (Note 2)	
		2001	2000	2001	2000
Other deposits in Korean Won	Resolution & Finance Corp.	₩ 3,201	₩ 7,648	US\$ 2,414	US\$ 5,767

Other deposits in local currency were restricted in connection with a subrogation payment for a guarantee to a bankrupt merchant bank.

4. TRADING SECURITIES

Trading securities as of December 2001 and 2000 are listed stocks in Korea Stock Exchange and are summarized as follows:

	KRW Million		US\$ Thousand (Note 2)	
	2001	2000	2001	2000
Korea Electric Power Corporation	₩ 34,283	₩ 37,284	US\$ 25,852	US\$ 28,115
CTI	-	451	-	340
Maxon Telecomm.	197	-	149	-
Kia Motors	-	3,120	-	2,353
	₩ 34,480	₩ 40,855	US\$ 26,001	US\$ 30,808

NOTES TO FINANCIAL STATEMENTS

December 31, 2001 and 2000

5. INVESTMENT SECURITIES

Investment securities as of December 31, 2001 and 2000 are summarized as follows:

	KRW Million		US\$ Thousand (Note 2)	
	2001	2000	2001	2000
Equity securities	₩ 1,678,695	₩ 1,567,464	US\$1,265,889	US\$1,182,010
Equity investments	1,055	1,055	796	796
Bonds	27	33	20	25
Investment securities in foreign currencies	229,951	253,393	173,404	191,081
Other	-	150	-	113
	₩ 1,909,728	₩ 1,822,095	US\$1,440,109	US\$1,374,025

Equity securities as of December 31, 2001 consist of the following:

	Percentage of ownership (%)	KRW Million		US\$ Thousand (Note 2)	
		Acquisition cost	Book value	Acquisition cost	Book value
Marketable:					
Korea Tobacco & Ginseng Corporation	7.03	₩ 225,096	₩ 260,630	US\$ 169,743	US\$ 196,540
Korea Exchange Bank	18.15	418,184	157,025	315,349	118,411
Industrial Bank of Korea	3.90	52,086	83,233	39,278	62,765
Daewoo E&C Co., Ltd.	0.69	2,417	2,359	1,823	1,779
KTF	-	236	296	178	223
Shinsegi Telecomm.	-	37	37	28	28
Daewoo International Corp.	0.45	377	233	284	176
Daewoo Electronics	1.02	4,293	3,327	3,273	2,509
		702,726	507,140	529,956	382,431
Non-marketable:					
Korea Exchange Bank (preferred stock)	N/A	400,000	400,000	301,636	301,636
Industrial Bank of Korea (preferred stock)	N/A	312,050	312,050	235,314	235,314
Korea Highway Corporation	4.15	450,000	450,000	339,341	339,341
Koryo	0.74	35	35	26	26
Samho Heavy Industrial Co., Ltd.	9.50	9,470	9,470	7,141	7,141
		1,171,555	1,171,555	883,458	883,458
		₩ 1,874,281	₩ 1,678,695	US\$1,413,414	US\$1,265,889

The difference of KRW194,045 million (US\$146,328 thousand) between acquisition cost and book value of marketable equity securities, net of gain on valuation of investment debt securities of KRW1,541 million (US\$1,162 thousand), is recorded as loss on valuation of investment securities in capital adjustment.

NOTES TO FINANCIAL STATEMENTS

December 31, 2001 and 2000

Equity securities as of December 31, 2000 consist of the following:

	Percentage of ownership (%)	KRW Million		US\$ Thousand (Note 2)	
		Acquisition cost	Book value	Acquisition cost	Book value
Marketable:					
Korea Tobacco & Ginseng Corporation	7.03	₩ 225,096	₩ 255,256	US\$ 169,743	US\$ 192,487
Korea Exchange Bank	18.15	418,184	99,980	315,349	75,394
Industrial Bank of Korea	4.00	54,650	40,660	41,211	30,661
Daewoo Corporation	-	73	48	55	36
		698,003	395,944	526,358	298,578
Non-marketable:					
Korea Exchange Bank (preferred stock)	N/A	400,000	400,000	301,636	301,636
Industrial Bank of Korea (preferred stock)	N/A	312,050	312,050	235,314	235,314
Korea Highway Corporation	4.15	450,000	450,000	339,341	339,341
Samho Heavy Industrial Co., Ltd.	9.50	9,470	9,470	7,141	7,141
		1,171,520	1,171,520	883,432	883,432
		₩ 1,869,523	₩ 1,567,464	US\$1,409,790	US\$1,182,010

The difference of KRW302,652 million (US\$228,227 thousand) between acquisition cost and book value of marketable equity securities, including the valuation loss of investment debt securities of KRW748 million (US\$564 thousand), is recorded as a loss on valuation of investment equity securities in the capital adjustments account.

Equity investments as of December 31, 2001 and 2000 consist of the following:

	Percentage of ownership (%)	KRW Million		US\$ Thousand (Note 2)	
		2001	2000	2001	2000
Korea Asset Management Corporation	0.40	₩ 600	₩ 600	US\$ 452	US\$ 452
Korea Money Intermediary Co., Ltd.	0.60	55	55	42	42
NICE	1.70	400	400	302	302
		₩ 1,055	₩ 1,055	US\$ 796	US\$ 796

Investment securities in foreign currencies as of December 31, 2001 and 2000 consist of the following:

	Type	KRW Million		US\$ Thousand (Note 2)	
		2001	2000	2001	2000
Bonds	Floating rate notes (FRN) and other	₩ 175,603	₩ 160,498	US\$ 132,421	US\$ 121,030
Overseas equity investments	KEXIM Bank UK Limited and others	54,348	92,895	40,983	70,051
		₩ 229,951	₩ 253,393	US\$ 173,404	US\$ 191,081

NOTES TO FINANCIAL STATEMENTS

December 31, 2001 and 2000

Overseas equity investments as of December 31, 2001 and 2000 are accounted for using the equity method and are summarized as follows:

<2001>	Percentage of ownership (%)	KRW Million		US\$ Thousand (Note 2)	
		Acquisition cost	Book value	Acquisition cost	Book value
KEXIM Bank UK Limited	100.00	₩ 40,740	₩ 38,865	US\$ 30,722	US\$ 29,308
KEXIM Vietnam Leasing Co., Ltd.	100.00	11,497	6,755	8,670	5,094
PT KOEXIM BDN Finance	78.83	7,571	8,728	5,709	6,582
		₩ 59,808	₩ 54,348	US\$ 45,101	US\$ 40,984

In connection with the overseas equity investments, the Bank recorded an equity loss amounting to KRW7,077 million (US\$5,337 thousand) in 2001 and gain amounting to KRW18,980 million (US\$14,313 thousand) in 2000, and foreign currency translation gain amounting to KRW1,617 million (US\$1,219 thousand) in 2001.

<2000>	Percentage of ownership (%)	KRW Million		US\$ Thousand (Note 2)	
		Acquisition cost	Book value	Acquisition cost	Book value
KEXIM Bank UK Limited	100.00	₩ 39,709	₩ 40,740	US\$ 29,944	US\$ 30,722
KEXIM Asia Limited, HK	100.00	16,784	33,087	12,657	24,950
KEXIM Vietnam Leasing Co., Ltd.	100.00	9,913	11,497	7,475	8,670
PT KOEXIM BDN Finance	78.83	7,509	7,571	5,662	5,709
		₩ 73,915	₩ 92,895	US\$ 55,738	US\$ 70,051

The portfolio of investment securities (excluding overseas equity investments) in foreign currencies by country as of December 31, 2001 and 2000 is as follows:

<2001>	Amounts		
	KRW Million	US\$ Thousand (Note 2)	Composition (%)
Asia:			
South Korea	₩ 128,607	US\$ 96,981	73.24
Malaysia	6,631	5,000	3.78
India	6,725	5,071	3.83
Cayman Islands	8,635	6,512	4.92
Indonesia and others	23,484	17,709	13.36
	174,082	131,273	99.13
America:			
Columbia	1,521	1,147	0.87
	₩ 175,603	US\$ 132,420	100.00

NOTES TO FINANCIAL STATEMENTS

December 31, 2001 and 2000

<2000>	Amounts		
	KRW Million	US\$ Thousand (Note 2)	Composition (%)
Asia:			
South Korea	₩ 74,597	US\$ 56,253	46.48
China	10,057	7,584	6.26
Thailand	11,335	8,548	7.06
Malaysia	8,631	6,508	5.38
Indonesia and others	26,140	19,712	16.29
	130,760	98,605	81.47
Europe:			
Croatia and others	22,253	16,781	13.87
America:			
Columbia	7,485	5,644	4.66
	₩ 160,498	US\$ 121,030	100.00

The portfolio of investment securities (excluding overseas equity investments) in foreign currencies by product type as of December 31, 2001 and 2000 is as follows:

<2001>	Currencies	Type	Amounts		Composition (%)
			KRW Million	US\$ Thousand (Note 2)	
USD	FRN		₩ 25,309	US\$ 19,085	14.41
		VRN	6,631	5,000	3.78
		Medium-term notes	6,462	4,873	3.68
		Euro bonds	19,888	14,998	11.33
		Global bonds	19,112	14,412	10.88
		Yankee bonds	28,261	21,312	16.09
		Commercial paper	65,876	49,676	37.52
		Convertible bonds	4,064	3,064	2.31
			₩ 175,603	US\$ 132,420	100.00

<2000>	Currencies	Type	Amounts		Composition (%)
			KRW Million	US\$ Thousand (Note 2)	
USD	FRN		₩ 39,114	US\$ 31,050	24.37
		VRN	6,299	5,000	3.92
		Medium-term notes	6,299	5,000	3.92
		Euro bonds	41,141	32,659	25.63
		Global bonds	17,635	13,999	10.99
		Bonds	22,461	17,831	13.99
		Yankee bonds	15,777	12,525	9.83
		Convertible bonds	11,772	9,346	7.35
			₩ 160,498	US\$ 127,410	100.00

As of December 31, 2001 and 2000, bonds are national or public bonds including National Housing Bonds and are stated at acquisition cost.

NOTES TO FINANCIAL STATEMENTS

December 31, 2001 and 2000

6. LOANS

Loans as of December 31, 2001 and 2000 are summarized as follows:

	KRW Million		US\$ Thousand (Note 2)	
	2001	2000	2001	2000
Loans in Korean Won	₩ 2,115,451	₩ 1,748,577	US\$1,595,242	US\$1,318,586
Loans in foreign currencies	5,430,904	5,847,332	4,095,396	4,409,420
Bills bought	616,818	665,403	465,137	501,774
Bills purchased	33,154	-	25,001	-
Advances for customers	1,104	31,249	832	23,565
	8,197,431	8,292,561	6,181,608	6,253,345
Allowance for possible loan losses	(463,356)	(664,988)	(349,412)	(501,461)
Present value discounts	(11,049)	(27,540)	(8,332)	(20,768)
	₩ 7,723,026	₩ 7,600,033	US\$5,823,864	US\$5,731,116

Loans in Korean Won as of December 31, 2001 and 2000 consist of the following:

	KRW Million		US\$ Thousand (Note 2)	
	2001	2000	2001	2000
Exporting loans	₩ 2,056,740	₩ 1,727,237	US\$1,550,969	US\$1,302,494
Importing loans	54,398	840	41,021	633
Privately placed bonds	4,313	20,500	3,252	15,459
	₩ 2,115,451	₩ 1,748,577	US\$1,595,242	US\$1,318,586

Loans in Korean Won by industry as of December 31, 2001 and 2000 consist of the following:

	KRW Million		US\$ Thousand (Note 2)	
	2001	2000	2001	2000
Manufacturing	₩ 1,966,781	₩ 1,620,618	US\$1,483,132	US\$1,222,095
Construction	-	13,346	-	10,064
Wholesale, retail and customer good repairs	140,590	111,398	106,017	84,004
Real estate and renting	8,080	3,215	6,093	2,425
	₩ 2,115,451	₩ 1,748,577	US\$1,595,242	US\$1,318,586

NOTES TO FINANCIAL STATEMENTS

December 31, 2001 and 2000

Loans in foreign currencies as of December 31, 2001 and 2000 consist of the following:

	KRW Million		US\$ Thousand (Note 2)	
	2001	2000	2001	2000
Export	₩ 3,289,153	₩ 2,769,800	US\$2,480,321	US\$2,088,681
Trade bill rediscount	460,612	722,267	347,344	544,655
Overseas investment	838,867	1,227,139	632,582	925,374
Import	275,699	332,763	207,902	250,934
Domestic import usance	-	157	-	118
Privately placed bonds	458,050	585,209	345,411	441,301
Off-shore	91,928	160,164	69,322	120,778
Other	16,595	49,833	12,514	37,579
	₩ 5,430,904	₩ 5,847,332	US\$4,095,396	US\$4,409,420

Daewoo Corporation and several companies which have been members of Daewoo Group, are under a workout process that includes the rescheduling of interest and principal and conversion to equity securities. The Bank's outstanding loans, net of present value discount (including confirmed acceptances and guarantees), to those companies under workout as of December 31, 2001 amount to KRW2,829,745 million (US\$2,133,885 thousand). These loans are classified as normal of KRW2,511,052 million (US\$1,893,561 thousand), precautionary of KRW174,093 million (US\$131,282 thousand), substandard of KRW43,480 million (US\$32,788 thousand), and estimated loss of KRW101,120 million (US\$76,253 thousand), for which an allowance for possible loan losses of KRW131,106 million (US\$98,866 thousand) was provided. Collectibility of these loans may be affected by the restructuring of companies under workout programs.

The Bank's outstanding loans, net of present value discount (including confirmed acceptances and guarantees), to companies (excluding the companies mentioned above) under court receivership, composition, and workout as of December 31, 2001 amount to KRW376,212 million (US\$283,698 thousand). These loans are classified as normal of KRW279,295 million (US\$210,614 thousand), precautionary of KRW167 million (US\$127 thousand), substandard of KRW26,885 million (US\$20,273 thousand), and doubtful of KRW69,866 million (US\$52,685 thousand), for which an allowance for possible loan losses of KRW64,118 million (US\$48,351 thousand) was provided. Collectibility of these loans may be affected by such restructuring of companies.

The Bank extended loans of US\$465,504 thousand to the Bank for Foreign Affairs of the USSR in 1991 and 1992 with a guarantee of the Russian Government, which were scheduled to be repaid in 1993 and 1994. However, repayment of those loans and interest has been delayed due to the Russian economic crisis. Principal and interest paid during 2001 total US\$2,358 thousand. As of December 31, 2001, US\$261,467 thousand of those loans had not been repaid and were outstanding, net of an allowance for possible loan losses of KRW208,039 million (US\$156,880 thousand). Collectibility of these loans may be affected by the repayment negotiation in process.

NOTES TO FINANCIAL STATEMENTS

December 31, 2001 and 2000

Loans to financial institutions as of December 31, 2001 and 2000 consist of the following:

	KRW Million		US\$ Thousand (Note 2)	
	2001	2000	2001	2000
Loans with bills in foreign currencies	₩ 348,469	₩ 335,265	US\$ 262,777	US\$ 252,820
Loans in deeds in foreign currencies	381,834	381,441	287,938	287,641
Trade bill rediscount loans	347,084	722,267	261,733	544,655
Off-shore foreign currency loans	26,153	-	19,722	-
Other foreign currency loans	10,402	-	7,844	-
	₩ 1,113,942	₩ 1,438,973	US\$ 840,014	US\$1,085,116

Loans in foreign currencies by country as of December 31, 2001 are as follows:

Currencies	Countries of borrowers	KRW Million	Composition (%)	US\$ Thousand (Note 2)
Asia	South Korea	₩ 7,857	0.14	US\$ 5,925
	China	669,398	12.33	504,787
	Japan	155,461	2.86	117,232
	Indonesia	449,602	8.28	339,041
	India	415,488	7.65	313,316
	Vietnam	175,450	3.23	132,305
	Others	815,280	15.01	614,795
		2,688,536	49.50	2,027,401
Europe	Russia	349,246	6.43	263,363
	Poland	205,637	3.79	155,069
	United Kingdom	37,642	0.69	28,386
	Netherlands	448,860	8.26	338,481
	Others	346,633	6.38	261,393
		1,388,018	25.55	1,046,692
The Americas	United States	513,876	9.46	387,509
	Mexico	298,407	5.49	225,026
	Others	372,833	6.86	281,150
		1,185,116	21.81	893,685
Others	Australia and others	169,234	3.14	127,618
		₩ 5,430,904	100.00	US\$4,095,396

NOTES TO FINANCIAL STATEMENTS

December 31, 2001 and 2000

Loans in foreign currencies by country as of December 31, 2000 are as follows:

Currencies	Countries of borrowers	KRW Million	Composition (%)	US\$ Thousand (Note 2)
Asia	South Korea	₩ 800,345	13.69	US\$ 603,533
	China	714,947	12.23	539,135
	Thailand	154,205	2.64	116,284
	Indonesia	436,753	7.47	329,351
	India	534,630	9.14	403,160
	Iran	76,322	1.31	57,554
	Others	647,516	11.07	488,286
		3,364,718	57.55	2,537,303
Europe	Russia	332,340	5.68	250,615
	Poland	243,209	4.16	183,402
	United Kingdom	41,729	0.71	31,467
	Others	801,028	13.70	604,048
		1,418,306	24.25	1,069,532
The Americas	United States	469,928	8.04	354,368
	Mexico	141,348	2.42	106,589
	Others	288,010	4.93	217,186
		899,286	15.39	678,143
Others	Australia and others	165,022	2.81	124,442
		₩ 5,847,332	100.00	US\$4,409,420

Acceptances and guarantees issued in foreign currencies by country as of December 31, 2001 are as follows:

Currencies	Countries of borrowers	KRW Million	Composition (%)	US\$ Thousand (Note 2)
Asia	South Korea	₩ 188	0.00	US\$ 142
	China	686	0.01	517
	Japan	111,071	1.29	83,758
	Indonesia	37,012	0.43	27,910
	India	274,117	3.18	206,709
	Vietnam	46,884	0.54	35,355
	Others	2,218,269	25.77	1,672,777
			2,688,227	31.22
Europe	United Kingdom	356,816	4.15	269,071
	Netherlands	39,597	0.46	29,860
	Others	1,597,310	18.56	1,204,517
		1,993,723	23.17	1,503,448
The Americas	United States	9,377	0.11	7,071
	Mexico	127,306	1.48	96,000
	Bermuda	553,254	6.43	417,204
	Others	758,669	8.81	572,106
		1,448,606	16.83	1,092,381
Others	Australia and others	2,477,517	28.78	1,868,273
		₩ 8,608,073	100.00	US\$6,491,270

NOTES TO FINANCIAL STATEMENTS

December 31, 2001 and 2000

Acceptances and guarantees issued in foreign currencies by country as of December 31, 2000 are as follows:

Currencies	Countries of borrowers	KRW Million	Composition (%)	US\$ Thousand (Note 2)
Asia	South Korea	₩ 9,593	0.15	US\$ 7,234
	Thailand	13,667	0.22	10,306
	India	257,779	4.16	194,389
	Iran	330,771	5.34	249,431
	Others	966,825	15.60	729,074
		1,578,635	25.47	1,190,434
Europe	United Kingdom	73,867	1.19	55,702
	Norway	140,875	2.27	106,233
	Others	2,860,379	46.16	2,156,986
		3,075,121	49.62	2,318,921
The Americas	United States	38,685	0.62	29,172
	Mexico	120,931	1.95	91,193
	Bahamas	198,734	3.21	149,864
	Others	784,457	12.66	591,552
		1,142,807	18.44	861,780
Others	Australia and others	400,430	6.47	301,961
		₩ 6,196,993	100.0	US\$4,673,096

7. RESTRUCTURING OF LOANS

Outstanding restructured loans as of December 31, 2001 and 2000 are as follows:

<2001>

Type	Discount rate (%)	Loans		Present value discount
		KRW Million	US\$ Thousand (Note 2)	
Court receivership and court mediation	8.79 ~ 11.64	₩ 2,011	US\$ 1,516	₩ 356
Workout programs	2.68 ~ 13.84	114,923	86,662	8,311
Individual agreements	8.77 ~ 11.99	18,793	14,172	2,382
		₩ 135,727	US\$ 102,350	₩ 11,049

<2000>

Type	Discount rate (%)	Loans		Present value discount
		KRW Million	US\$ Thousand (Note 2)	
Court receivership and court mediation	8.71 - 10.07	₩ 42,856	US\$ 32,317	₩ 4,446
Workout programs	7.09 - 11.47	152,379	114,908	20,358
Individual agreements	8.64 - 11.87	70,315	53,024	2,736
		₩ 265,550	US\$ 200,249	₩ 27,540

NOTES TO FINANCIAL STATEMENTS

December 31, 2001 and 2000

8. ALLOWANCE FOR POSSIBLE LOAN LOSSES

Allowance for possible loan losses as of December 31, 2001 and 2000 is summarized as follows:

	KRW Million		US\$ Thousand (Note 2)	
	2001	2000	2001	2000
Loans in Korean Won	₩ 20,439	₩ 27,947	US\$ 15,413	US\$ 21,075
Loans in foreign currencies	428,736	611,424	323,306	461,069
Bills bought	13,997	15,786	10,555	11,904
Advances for customers	6	9,787	5	7,380
Other assets	178	44	134	33
	₩ 463,356	₩ 664,988	US\$ 349,413	US\$ 501,461

9. FIXED ASSETS

Fixed assets as of December 31, 2001 and 2000 consist of the following:

	KRW Million		US\$ Thousand (Note 2)	
	2001	2000	2001	2000
Buildings	₩ 24,984	₩ 24,984	US\$ 18,840	US\$ 18,840
Vehicles	697	715	525	539
Furniture and fixtures	8,968	8,442	6,763	6,366
	34,649	34,141	26,128	25,745
Less: Accumulated depreciation	(23,037)	(21,891)	(17,372)	(16,508)
	11,612	12,250	8,756	9,237
Intangible assets	2,172	-	1,638	-
Land	4,341	4,341	3,274	3,274
Construction in progress	1,331	1,026	1,004	774
	₩ 19,456	₩ 17,617	US\$ 14,672	US\$ 13,285

As of December 31, 2001 and 2000, the government - posted prices of the Bank-owned land (57,233 sq. meters) used for tax assessment purposes are KRW45,723 million (US\$34,479 thousand) and KRW42,014 million (US\$31,682 thousand), respectively.

10. INSURED ASSETS

As of December 31, 2001 and 2000, fixed assets are insured for KRW19,614 million (US\$14,790 thousand) and KRW19,425 million (US\$14,648 thousand), respectively.

NOTES TO FINANCIAL STATEMENTS

December 31, 2001 and 2000

11. OTHER ASSETS

Other assets as of December 31, 2001 and 2000 consist of the following:

	KRW Million		US\$ Thousand (Note 2)	
	2001	2000	2001	2000
Guarantee deposits	₩ 11,646	₩ 10,936	US\$ 8,782	US\$ 8,247
Accounts receivable - other	517	1,266	390	955
Accrued income	72,037	90,373	54,322	68,149
Prepaid expenses	1,059	2,854	798	2,152
Deferred income tax assets (Note 21)	75,317	42,107	56,796	31,752
Derivative assets (Note 24)	19,480	30,260	14,690	22,819
Long-term installment notes bought	59,972	56,969	45,225	42,960
Debt-equity swap receivables	30,965	-	23,350	-
Other	99,770	8,966	75,236	49,721
	₩ 279,826	₩ 243,731	US\$ 211,014	US\$ 183,795

12. BORROWINGS

Borrowings as of December 31, 2001 and 2000 consist of the following:

	KRW Million		US\$ Thousand (Note 2)	
	2001	2000	2001	2000
Borrowings in Korean Won	₩ 580,000	₩ 723,668	US\$ 437,373	US\$ 545,712
Borrowings in foreign currencies	3,869,289	3,322,040	2,917,796	2,505,120
	₩ 4,449,289	₩ 4,045,708	US\$ 3,355,169	US\$ 3,050,832

Borrowings in Korean Won as of December 31, 2001 and 2000 consist of the following:

	Annual interest rate (%)	KRW Million		US\$ Thousand (Note 2)	
		2001	2000	2001	2000
Korean Government	6.50~7.00	₩ 380,000	₩ 520,000	US\$ 286,555	US\$ 392,127
Industrial Bank of Korea	6.20	200,000	60,000	150,818	45,246
Korea Exchange Bank	1.61	-	143,668	-	108,339
		₩ 580,000	₩ 723,668	US\$ 437,373	US\$ 545,712

NOTES TO FINANCIAL STATEMENTS

December 31, 2001 and 2000

Borrowings in foreign currencies as of December 31, 2001 and 2000 consist of the following:

	Annual interest rate (%)	KRW Million		US\$ Thousand (Note 2)	
		2001	2000	2001	2000
Korean Government	6.78	₩ 3,020,260	₩ -	US\$ 2,277,551	US\$ -
National Investment Fund	-	-	1,895	-	1,429
Domestic financial institutions	6.62~7.14	576,854	2,869,031	435,000	2,163,510
Foreign financial institutions	2.88~7.05	256,686	310,505	193,565	234,149
Foreign currency CP		-	125,970	-	94,993
		3,853,800	3,307,401	2,906,116	2,494,081
Adjustments		15,489	14,639	11,680	11,039
		₩ 3,869,289	₩ 3,322,040	US\$ 2,917,795	US\$ 2,505,120

13. CALL MONEY

Call money as of December 31, 2001 and 2000 consist of the following:

<2001>	Financial institutions	Annual interest rate (%)	KRW Million	US\$ Thousand (Note 2)
Call money in Korean Won	Industrial Bank of Korea	3.90	₩ 130,000	US\$ 98,032
	Hana Bank	4.50	100,000	75,409
	Shinhan Bank	4.50	50,000	37,704
			₩ 280,000	US\$ 211,145
<2000>	Financial institutions	Annual interest rate (%)	KRW Million	US\$ Thousand (Note 2)
Call money in Korean Won	Industrial Bank of Korea	5.10	₩ 200,000	US\$ 150,818
	KorAm Bank	5.80	70,000	52,786
			270,000	203,604
Call money in foreign currencies	BOK		793,611	598,455
			₩ 1,063,611	US\$ 802,059

NOTES TO FINANCIAL STATEMENTS

December 31, 2001 and 2000

14. DEBENTURES

Debentures as of December 31, 2001 and 2000 consist of the following:

	KRW Million		US\$ Thousand (Note 2)	
	2001	2000	2001	2000
Debentures in Korean Won	₩ 200,000	₩ -	US\$ 150,818	US\$ -
(Discount)	(10,080)	-	(7,601)	-
Debentures in foreign currencies	2,927,859	3,779,955	2,207,872	2,850,430
(Discount)	(2,600)	(5,456)	(1,961)	(4,114)
Adjustment	19,471	21,543	14,683	16,245
	₩ 3,134,650	₩ 3,796,042	US\$ 2,363,811	US\$ 2,862,561

Debentures in Korean Won as of December 31, 2001 are as follows:

Issuance date	Annual interest rate (%)	Expiration date	KRW Million	US\$ Thousand (Note 2)
December 11, 2001	5.68	December 11, 2002	₩ 100,000	US\$ 75,408
December 12, 2001	5.62	December 12, 2002	50,000	37,705
December 18, 2001	5.49	December 18, 2002	50,000	37,705
			200,000	150,818
			(10,080)	(7,601)
			₩ 189,920	US\$ 143,217

Debentures in foreign currencies as of December 31, 2001 are as follows:

Currencies	Issuance date	Annual interest rate (%)	Expiration date	Amount
U. S. Dollars (in thousands)	February 15, 1996	6.375	February 15, 2006	US\$ 420,700
	November 20, 1996	6.5	November 15, 2003	340,000
	February 10, 1997	6.5	February 10, 2002	495,000
	March 25, 1997	7.1	March 15, 2002	650,000
				US\$ 1,905,700
Japanese Yen (in millions)	December 19, 1995	4.1	December 19, 2005	JPY 10,000
Deutsche Marks (in thousands)	March 20, 1997	3.4975	March 20, 2002	DEM 500,000

NOTES TO FINANCIAL STATEMENTS

December 31, 2001 and 2000

Debentures in foreign currencies as of December 31, 2000 are as follows:

Currencies	Issuance date	Annual interest rate (%)	Expiration date	Amount
U. S. Dollars (in thousands)	February 15, 1996	6.375	February 15, 2006	US\$ 440,700
	June 25, 1996	7.25	June 25, 2001	200,000
	September 20, 1996	7.125	September 20, 2001	500,000
	November 20, 1996	6.5	November 15, 2003	340,000
	February 10, 1997	6.5	February 10, 2002	495,000
	March 25, 1997	7.1	March 15, 2002	650,000
				US\$ 2,625,700
Japanese Yen (in millions)	March 8, 1991	7.2	March 8, 2001	JPY 6,000
	December 19, 1995	4.1	December 19, 2005	10,000
				JPY 16,000
Deutsche Marks (in thousands)	March 20, 1997	6.0625	March 20, 2002	DEM 500,000

15. OTHER LIABILITIES

Other liabilities as of December 31, 2001 and 2000 consist of the following:

	KRW Million		US\$ Thousand (Note 2)	
	2001	2000	2001	2000
Severance and retirement benefits	₩ 6,125	₩ 4,324	US\$ 4,619	US\$ 3,261
(Prepayment to KNPC)	(37)	(52)	(28)	(39)
Foreign exchange remittance pending	23,676	1,323	17,854	998
Accounts payable - other	89,814	62,968	67,728	47,484
Accrued expenses	97,101	164,132	73,223	123,770
Unearned revenues	9,464	15,887	7,137	11,980
Deposits for letter of guarantees and others	620	397	467	299
Derivative liabilities (Note 24)	150,303	110,853	113,342	83,593
Sundry liabilities	5,287	2,806	3,987	2,116
	₩ 382,353	₩ 362,638	US\$ 288,329	US\$ 273,462

Sundry liabilities among other liabilities as of December 31, 2001 and 2000 consist of the following:

	KRW Million		US\$ Thousand (Note 2)	
	2001	2000	2001	2000
Suspense payable	₩ 4,676	₩ 1,750	US\$ 3,526	US\$ 1,320
Withholding taxes	611	1,056	461	796
	₩ 5,287	₩ 2,806	US\$ 3,987	US\$ 2,116

NOTES TO FINANCIAL STATEMENTS

December 31, 2001 and 2000

16. SHAREHOLDERS' EQUITY

CAPITAL - As of December 31, 2001 and 2000, the Bank has KRW4,000,000 million (US\$3,016,364 thousand) of authorized capital, of which KRW2,675,755 million (US\$2,017,763 thousand) has been paid-in. The Bank has not issued shares.

LEGAL RESERVE AND VOLUNTARY RESERVE - The Export-Import Bank of Korea Act requires the Bank to annually appropriate 20 percent of unappropriated retained earnings as a legal reserve up to the amount of paid in capital stock. The Bank appropriates the remaining amount of net income, net of legal reserve appropriation, as voluntary reserve.

17. NON-OPERATING INCOME AND EXPENSES

Non-operating income and expenses for the years ended December 31, 2001 and 2000 consist of the following:

	KRW Million		US\$ Thousand (Note 2)	
	2001	2000	2001	2000
Non-operating income:				
Equity gain	₩ -	₩ 18,980	US\$ -	US\$ 14,313
Gain on disposal of investment securities	7,446	32,205	5,615	24,285
Gain on disposal of fixed assets	179	9,671	135	7,293
Rental income	139	128	105	97
Gain on redemption of investment securities	-	241	-	182
Other	1,310	9,388	988	7,079
	₩ 9,074	₩ 70,613	US\$ 6,843	US\$ 53,249
Non-operating expenses:				
Equity loss	₩ 7,077	₩ -	US\$ 5,337	US\$ -
Loss on disposal of fixed assets	392	8,709	296	6,567
Impairment loss on investment securities	4,810	6,154	3,627	4,641
Loss on disposal of investment securities	1,474	6,821	1,112	5,144
Other	1,625	1,046	1,225	789
	₩ 15,378	₩ 22,730	US\$ 11,596	US\$ 17,140

NOTES TO FINANCIAL STATEMENTS

December 31, 2001 and 2000

18. TERM STRUCTURE OF SIGNIFICANT ASSETS AND LIABILITIES

The term structures of significant assets and liabilities as of December 31, 2001 and 2000 are summarized as follows (KRW million):

< 2001 >	Less than 3 months	Less than 6 months	Less than 1 year	Less than 3 years	More than 3 years	Total
Due from banks						
Korean Won	₩ 19,075	₩ -	₩ -	₩ -	₩ -	₩ 19,075
Foreign currencies	15,117	-	-	-	-	15,117
Loans						
Korean Won	443,467	1,116,601	524,144	14,209	17,030	2,115,451
Foreign currencies (*1)	728,867	718,864	735,271	1,157,428	2,697,347	6,037,777
Call loans						
Korean Won	40,200	-	-	-	-	40,200
Foreign currencies	891,139	-	-	-	-	891,139
	₩ 2,137,865	₩ 1,835,465	₩ 1,259,415	₩ 1,171,637	₩ 2,714,377	₩ 9,118,759
Borrowings						
Korean Won	₩ -	₩ 200,000	₩ 160,000	₩ 220,000	₩ -	₩ 580,000
Foreign currencies (*2)	-	692,220	-	-	3,161,580	3,853,800
Call money						
Korean Won	280,000	-	-	-	-	280,000
Debentures						
Korean Won	-	-	189,920	-	-	189,920
Foreign currencies (*2)	954,693	-	-	453,030	1,517,536	2,925,259
	₩ 1,234,693	₩ 892,220	₩ 349,920	₩ 673,030	₩ 4,679,116	₩ 7,828,979
< 2000 >						
Due from banks						
Korean Won	₩ 151,371	₩ 14,100	₩ -	₩ -	₩ -	₩ 165,471
Foreign currencies	1,118,164	-	-	-	-	1,118,164
Loans						
Korean Won	749,809	661,123	147,947	116,851	45,847	1,748,577
Foreign currencies (*1)	840,265	553,967	389,976	1,299,221	3,460,555	6,543,984
Call loans						
Korean Won	15,500	-	-	-	-	15,500
Foreign currencies	925,250	-	-	-	-	925,250
	₩ 3,800,359	₩ 1,229,190	₩ 564,923	₩ 1,416,072	₩ 3,506,402	₩ 10,516,946
Borrowings						
Korean Won	₩ 203,668	₩ -	₩ 140,000	₩ 270,000	₩ 110,000	₩ 723,668
Foreign currencies (*2)	284,167	640	261	260	3,022,073	3,307,401
Call money						
Korean Won	270,000	-	-	-	-	270,000
Foreign currencies (*2)	793,611	-	-	-	-	793,611
Debentures						
Foreign currencies (*2)	65,536	251,798	629,461	2,166,712	660,902	3,774,499
	₩ 1,616,982	₩ 252,438	₩ 769,722	₩ 2,436,972	₩ 3,793,065	₩ 8,869,179

(*1) Loans in foreign currencies include bills bought and subrogation payments for guaranty, net of present value discounts.

(*2) Valuation adjustments are excluded in the above amounts.

NOTES TO FINANCIAL STATEMENTS

December 31, 2001 and 2000

19. ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

Significant assets and liabilities denominated in foreign currencies as of December 31, 2001 and 2000 are as follows:

	KRW Million	US\$ Thousand (Note 2)
<2001>		
Assets:		
Due from banks - foreign currencies	₩ 15,117	US\$ 11,400
Investment securities - foreign currencies	229,951	173,404
Loans in foreign currencies	5,430,904	4,095,396
Bills bought/bills purchased	649,972	490,138
Advances for customers	1,104	832
Call loans	891,139	672,000
Foreign currency loans to banks	122,001	92,000
Other assets	68,863	51,928
	₩ 7,409,051	US\$ 5,587,098
Liabilities:		
Borrowings - foreign currencies (*)	₩ 3,853,800	US\$ 2,906,116
Debentures - foreign currencies (*)	2,925,259	2,205,911
Other liabilities	87,225	65,776
	₩ 6,866,284	US\$ 5,117,803
<2000>		
Assets		
Due from banks - foreign currencies	₩ 1,118,164	US\$ 843,198
Investment securities - foreign currencies	253,393	191,081
Loans in foreign currencies	5,847,332	4,409,420
Bills bought	665,403	501,774
Advances for customers	31,249	23,565
Call loans	925,250	697,723
Other assets	65,332	49,266
	₩ 8,906,123	US\$ 6,716,027
Liabilities		
Borrowings - foreign currencies (*)	₩ 3,307,401	US\$ 2,494,081
Call money - foreign currencies	793,611	598,455
Debentures - foreign currencies (*)	3,774,499	2,846,316
Other liabilities	66,369	50,048
	₩ 7,941,880	US\$ 5,988,900

(*) Valuation adjustments are excluded in the above amounts.

NOTES TO FINANCIAL STATEMENTS

December 31, 2001 and 2000

20. ADMINISTRATIVE EXPENSES

Administrative expenses for the years ended December 31, 2001 and 2000 consist of the following:

	KRW Million		US\$ Thousand (Note 2)	
	2001	2000	2001	2000
Financial management expenses:				
Salaries and wages	₩ 29,904	₩ 26,864	US\$ 22,550	US\$ 20,258
Other	15,430	13,976	11,636	10,539
	<u>45,334</u>	<u>40,840</u>	<u>34,186</u>	<u>30,797</u>
Economic cooperation management expenses	406	387	306	292
Other administrative expenses:				
Provision for severance and retirement benefits	2,892	2,402	2,181	1,811
Depreciation	1,439	1,383	1,085	1,043
Taxes and dues	1,487	470	1,121	355
	<u>5,818</u>	<u>4,255</u>	<u>4,387</u>	<u>3,209</u>
	₩ 51,558	₩ 45,482	US\$ 38,879	US\$ 34,298

21. INCOME TAX EXPENSE

Up to December 31, 2001, the Bank had been subject to corporate income taxes, including resident surtax, at aggregate rates of 17.6% on taxable income up to KRW100 million and 30.8% on taxable income in excess of KRW100 million. Starting on January 1, 2002, such corporate tax rates will be reduced by one percentage point resulting in revised aggregate rates of 16.5% and 29.7%, respectively.

NOTES TO FINANCIAL STATEMENTS

December 31, 2001 and 2000

A reconciliation of income before income taxes for financial reporting purposes and taxable income for corporate income tax reporting purposes for the year ended December 31, 2001 is summarized as follows:

	KRW Million	US\$ Thousand (Note 2)
Income before income tax expense	₩ 21,860	US\$ 16,484
Permanent differences:		
Dividends income	(13,970)	(10,534)
Recovery of allowance for possible loss on acceptances and guarantees	-	-
Loss on prior period error correction (accrued income)	(6,384)	(4,814)
Other	(17)	(13)
	(20,371)	(15,361)
Temporary differences:		
Addition:		
Severance and retirement benefits	1,111	838
Gain on valuation of trading securities at end of 2000	5,243	3,954
Gain on valuation using equity method at end of 2000	16,303	12,294
Loss on valuation of borrowings	1,708	1,288
Loss on valuation of debentures issued	829	625
Loss on valuation of derivative instruments	56,996	42,980
Allowance for possible loan losses	81,657	61,577
Debt-equity swap receivable	84,597	63,794
Other	13,748	10,367
	262,192	197,717
Deduction:		
Gain on valuation of trading securities	1,021	770
Allowance for possible loan losses at end of 2000	127,701	96,298
Gain on valuation of borrowings	858	647
Gain on valuation of debentures issued	2,294	1,730
Gain on valuation of derivative instruments	10,882	8,206
Other	14,893	11,231
	(157,649)	(118,882)
Taxable income	₩ 106,032	US\$ 79,958

NOTES TO FINANCIAL STATEMENTS

December 31, 2001 and 2000

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax reporting purposes. Significant changes in cumulative temporary differences for the year ended December 31, 2001 are as follows:

	KRW Million				US\$ Thousand
	Beginning of year(*)	Addition	Deduction	End of year	(Note 2) End of year
Severance and retirement benefits	₩ 2,528	₩ 1,111	₩ -	₩ 3,639	US\$ 2,744
Depreciation	227	-	-	227	171
Prepaid expenses	6	134	6	134	101
Allowance for possible loan losses	127,701	81,657	127,701	81,657	61,577
Not-used inventories	27	-	27	-	-
Accrued income	(2)	-	(2)	-	-
Trading securities	(5,243)	(1,021)	(5,243)	(1,021)	(770)
Impairment loss on investment securities	8,347	4,951	-	13,298	10,028
Equity gain	(18,980)	-	(16,303)	(2,677)	(2,019)
Allowance for possible loss on acceptances and guarantees					
Gain on valuation of borrowings	(36,600)	(858)	-	(37,458)	(28,247)
Gain on valuation of debentures issued	(95,542)	(2,294)	(778)	(97,058)	(73,191)
Gain on valuation of derivative instruments	(28,277)	(10,882)	-	(39,159)	(29,529)
Loss on valuation of borrowings	10,011	1,708	-	11,719	8,837
Loss on valuation of debentures issued	101,645	829	-	102,474	77,275
Loss on valuation of derivative instruments	84,023	56,996	14,860	126,159	95,135
Loss on valuation using equity method	-	7,077	-	7,077	5,337
Debt-equity swap receivables	-	84,597	-	84,597	63,794
Total	149,871	₩ 224,005	₩ 120,268	253,608	191,243
Tax rate	30.8%			29.7%	29.7%
Deferred income tax assets	₩ 46,101			₩ 75,317	US\$ 56,796

(*)The amounts are different from those in the prior year's audit report to reflect the 2000 final tax return filed in March 2001.

The income tax expense for the year ended December 31, 2001 is comprised of the following:

	KRW Million	US\$ Thousand (Note 2)
Income tax expense:		
Income tax payable	₩ 32,644	US\$ 24,617
Increase in deferred income tax assets	(29,216)	(22,032)
	₩ 3,428	US\$ 2,585
Income before income tax	₩ 21,860	US\$ 16,484
Effective tax rate	15.7%	

NOTES TO FINANCIAL STATEMENTS

December 31, 2001 and 2000

22. TRANSACTIONS WITH RELATED PARTIES

Significant transactions between the Bank and its controlled subsidiaries for the year ended December 31, 2001 and 2000 are as follows (KRW million):

<2001>		Asset and liabilities	Income	Expenses
KEXIM Bank UK Limited	Due from banks in foreign currencies	₩ 35,805	₩ 2,921	₩ -
	Call loans in foreign currencies	-	156	-
	Other assets	33	-	-
	Debentures in foreign currencies	5,477	-	411
KEXIM Vietnam Leasing Co., Ltd.	Loans in foreign currencies	5,286	415	-
	Other assets	113	-	-
PT KOEXIM BDN Finance	Due from banks in foreign currencies	72,936	2,848	-
	Other assets	350	-	-

<2000>		Asset and liabilities	Income	Expenses
KEXIM Bank UK Limited	Due from banks in foreign currencies	₩ 69,284	₩ 7,539	₩ -
	Call loans in foreign currencies	-	229	-
	Other assets	185	-	-
KEXIM Asia Limited, HK	Due from banks in foreign currencies	-	2,105	-
	Call loans in foreign currencies	-	96	-
	Borrowings in foreign currencies	31,493	-	83
	Call money in foreign currencies	-	-	11
	Other liabilities	83	-	-
KEXIM Vietnam Leasing Co., Ltd.	Loans in foreign currencies	3,817	99	-
PT KOEXIM BDN Finance	Due from banks in foreign currencies	54,797	3,563	-
	Other assets	271	-	-

23. CONTINGENCIES AND COMMITMENTS

Acceptances and guarantees as of December 31, 2001 and 2000 consist of the following:

	KRW Million		US\$ Thousand (Note 2)	
	2001	2000	2001	2000
Confirmed acceptances and guarantees:				
Acceptances	₩ 188	₩ -	US\$ 142	US\$ -
Others in foreign currencies	8,607,885	6,196,993	6,491,128	4,673,096
	<u>₩ 8,608,073</u>	<u>₩ 6,196,993</u>	<u>US\$6,491,270</u>	<u>US\$4,673,096</u>
Contingent acceptances and guarantees:				
Customer's liability on letters of credit	₩ 1,416	₩ 3,360	US\$ 1,068	US\$ 2,534
Others	5,314,390	4,214,762	4,007,533	3,178,314
	<u>₩ 5,315,806</u>	<u>₩ 4,218,122</u>	<u>US\$4,008,601</u>	<u>US\$3,180,848</u>

As of December 31, 2001, the Bank is plaintiff in four legal actions amounting to KRW265 million and US\$200 thousand. The outcome of these lawsuits cannot presently be determined.

NOTES TO FINANCIAL STATEMENTS

December 31, 2001 and 2000

24. DERIVATIVE INSTRUMENTS

Notional amounts, valuation gain and loss and assets and liabilities of outstanding derivative instruments as of December 31, 2001 and 2000 are as follows (KRW million):

	Notional amounts		Valuation gain (loss), net		Accumulated valuation gain and loss	
	Trading transaction	Hedging transaction	Hedging transaction		Assets	Liabilities
		₩	₩	₩	₩	₩
Currency swaps	-	542,026	(53,782)	-	-	148,260
Interest rate swaps	-	2,217,239	7,668	19,480	2,043	
	₩	₩ 2,759,265	₩ (46,114)	₩ 19,480	₩ 150,303	

	Notional amounts		Valuation gain (loss), net		Accumulated valuation gain and loss	
	Trading transaction	Hedging transaction	Trading transaction	Hedging transaction	Assets	Liabilities
		₩	₩	₩	₩	₩
Currency swaps	125,970	625,403	(6,919)	(61,166)	19,352	107,672
Interest rate swaps	-	1,487,706	-	12,338	10,908	3,181
	₩ 125,970	₩ 2,113,109	₩ (6,919)	₩ (48,828)	₩ 30,260	₩ 110,853

The Bank has entered into various derivative agreements with customers, including interest rate swap contracts and currency swap contracts to hedge the risk from rapid fluctuations of interest and foreign exchange rates relating to investment securities, borrowings in foreign currencies and debentures in foreign currencies.

25. EMPLOYEE WELFARE

Employee benefit expenses during the years ended December 31, 2001 and 2000 are as follows:

	KRW Million		US\$ Thousand (Note 2)	
	2001	2000	2001	2000
Meal expenses	₩ 974	₩ 1,119	US\$ 734	US\$ 844
Medical expenses	92	72	69	54
Fringe benefits	2,954	2,268	2,228	1,710
Healthcare expenses	132	185	100	140
Clothing expenses	10	12	8	9
	₩ 4,162	₩ 3,656	US\$ 3,139	US\$ 2,757

NOTES TO FINANCIAL STATEMENTS

December 31, 2001 and 2000

26. TRAINING EXPENSES

For the years ended December 31, 2001 and 2000, the Bank paid KRW512 million (US\$386 thousand) and KRW433 million (US\$327 thousand) to local and foreign training institutes for training programs, respectively.

27 FINANCIAL DATA FOR CALCULATION OF ADDED VALUE

The accounts and amounts which are required to be disclosed in connection with the calculation of the added value of the Bank's operations for the years ended December 31, 2001 and 2000 are as follows:

	KRW Million		US\$ Thousand (Note 2)	
	2001	2000	2001	2000
Salaries and wages	₩ 29,904	₩ 26,864	US\$ 22,551	US\$ 20,258
Provision for severance and retirement benefits	2,888	2,402	2,178	1,811
Fringe benefits	4,151	3,656	3,130	2,757
Rental expense	73	48	55	36
Depreciation	1,439	1,383	1,085	1,043
Taxes and dues	1,488	470	1,122	355
	₩ 39,943	₩ 34,823	US\$ 30,121	US\$ 26,260

28. THE KOREAN ECONOMY

Beginning in 1997, the Republic of Korea and other countries in the Asia Pacific region experienced a severe contraction in substantially all aspects of their economies. This situation is commonly referred to as the 1997 Asian financial crisis. In response to this situation, the Korean government and the private sector began implementing structural reforms to historical business practices.

The Korean economy continues to experience difficulties, particularly in the areas of restructuring private enterprises and reforming the banking and financial services industry. The Korean government continues to apply pressure to Korean companies to restructure into more efficient and profitable firms. The banking and financial services industry is currently undergoing consolidations and uncertainty exists with regard to the continued availability of financing. The Bank may be either directly or indirectly affected by the situation described above.

The accompanying financial statements reflect management's current assessment of the impact to date of the economic situation on the financial position of the Bank. Actual results may differ materially from management's current assessment.



7-14th Floors Bridge Securities Bldg. phone : 82(2) 3787-6600, 82(2) 3787-6800
 25-15, Yoido-Dong Youngdeungpo-gu, 82(2) 783-1100
 Seoul Korea Fax : 82(2) 783-5890, 82(2) 785-6991
 82(2) 786-6956, 82(2) 786-6957
 82(2) 761-5084, 82(2) 783-4866

To The Export-Import Bank of Korea

We have audited the accompanying balance sheet of The Export-Import Bank of Korea ("the Bank") as of December 31, 2001, and the related statements of income, appropriations of unappropriated retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the Bank for the year ended December 31, 2000, were audited by Ahn-Jin Accounting Corporation, who expressed their unqualified opinion thereon in their audit report dated January 20, 2001. The 2000 financial statements are presented for comparison purposes.

We conducted our audit in accordance with auditing standards generally accepted in the Republic of Korea. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Export-Import Bank of Korea as of December 31, 2001, and the results of its operations, appropriations of unappropriated retained earnings, and cash flows for the year then ended in conformity with accounting principles generally accepted in the Republic of Korea.

As disclosed in Note 6 of the financial statements, Daewoo Corporation and several companies which have been members of Daewoo Group, are under a workout process that includes the rescheduling of interest and principal and conversion of loan to equity securities. The Bank's outstanding loans, net of present value discount (including confirmed acceptances and guarantees), to those companies under workout as of December 31, 2001 amount to KRW2,829,745 million (US\$2,133,885 thousand). These loans are classified as normal of KRW2,511,052 million (US\$1,893,561 thousand), precautionary of KRW174,093 million (US\$131,282 thousand), substandard of KRW43,480 million (US\$32,788 thousand), and estimated loss of KRW101,120 million (US\$76,253 thousand), for which an allowance for possible loan losses of KRW131,106 million (US\$98,866 thousand) was provided. Collectibility of these loans may be affected by the restructuring of companies under workout programs.

As disclosed in Note 6 of the financial statements, the Bank's outstanding loans, net of present value discount (including confirmed acceptances and guarantees), to companies (excluding the companies mentioned above) under court receivership, composition, and workout as of December 31, 2001 amount to KRW376,212 million (US\$283,698 thousand). These loans are classified as normal of KRW279,295 million (US\$210,614 thousand), precautionary of KRW167 million (US\$127 thousand), substandard of KRW26,885 million (US\$20,273 thousand), and doubtful of KRW69,866 million (US\$52,685 thousand), for which an allowance for possible loan losses of KRW64,118 million (US\$48,351 thousand) was provided. Collectibility of these loans may be affected by such restructuring of companies.

As more fully discussed in Note 6 of the financial statements, the Bank extended loans of US\$465,504 thousand to the Bank for Foreign Affairs of the USSR in 1991 and 1992 with a guarantee of the Russian Government, which were scheduled to be repaid in 1993 and 1994. However, repayment of those loans and interest has been delayed due to the Russian economic crisis. Principal and interest paid during 2001 total US\$2,358 thousand. As of December 31, 2001, KRW346,731 million (US\$261,467 thousand) of those loans had not been repaid and were outstanding, net of an allowance for possible loan losses of KRW208,039 million (US\$156,880 thousand). Collectibility of these loans may be affected by the repayment negotiation in process.

Without qualifying our opinion, we draw attention to Note 28 of the financial statements which states that the operations of the Bank have been affected, and may continue to be affected for the foreseeable future, by the general unstable economic conditions in the Republic of Korea and in the Asia Pacific region. The ultimate effect of these uncertainties on the financial position of the Bank as of the balance sheet date cannot presently be determined.

The amounts expressed in U.S. Dollars, provided solely for the convenience of the reader, have been translated on the basis set forth in Note 2 to the accompanying financial statements.

Accounting principles and auditing standards and their application in practice vary among countries. The accompanying financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries other than the Republic of Korea. In addition, the procedures and practices utilized in the Republic of Korea to audit such financial statements may differ from those generally accepted and applied in other countries. Accordingly, this report and the accompanying financial statements are for use by those who are knowledgeable about Korean accounting principles and auditing standards and their application in practice.

January 25, 2002



Organization Chart



Board of Directors



*Chairman and President
Lee, Young-Hoi*



*Deputy President
Chung, Moon-Mo*



*Executive Director
Kim, Sung-Kyu*



*Auditor
Shin, Il-Sung*



*Executive Director
Lee, Gyu*



*Executive Director
Yoon, Ki-Hark*



*Executive Director
Kim, Jin-Ho*

Principal Officers & Domestic Branches

PRINCIPAL OFFICERS

Export Credit Group
Trade Finance Group
SME Export Credit Group
Overseas Investment Credit Group
Planning Department
Human Resources Department
Treasury Department
Credit Policy Department
Risk Management Department
Information Systems Office
Security Control Office
EDCF Department
SNKCF Department
Overseas Economic Research Institute
Auditing Office

Director General

Dong-kwan Kim
Joong-ouk Shin
Kyung-suk Hong
Tae-dong Park
Yong-an Choi
Sang-kyun Jo
Sung-uk Hong
Ji-ho Choi
Hee-sun Yoo
Jung-ha Choi
Jeong-boo Han
Sung-soo Lim
Sang-hun Lee
Jin-ho Kim
Yeon-soo Park

HEAD OFFICE AND DOMESTIC BRANCHES

Head Office

16-1, Yoido-dong, Youngdungpo-gu, Seoul 150-996
Postal Address : Yoido P. O. BOX 641, Seoul 150-606
Telephone : (82-2) 3779-6114
Facsimile : (82-2) 784-1030
Telex : K26595 EXIMBK
Cable Address : EXIMKOREA
Internet Homepage : www.koreaexim.go.kr

Pusan Branch (Youngnam Regional Headquarter)

Director General : Tae-hee Kim
4th Floor, Korea Development Bank Bldg., 44-1, 2-ga, Chungang-dong,
Chung-gu, Pusan 600-012
Telephone : (82-51) 255-8431
Facsimile : (82-51) 246-3810
E-mail : pusan@koreaexim.go.kr

Taegu Branch

Director General : Jae-yong Shin
13th Floor, Samsung Securities Bldg., 190-5, Beomeo-dong,
Sooseong-gu, Taegu 706-010
Telephone : (82-53) 754-1021
Facsimile : (82-53) 754-1020
E-mail : taegu@koreaexim.go.kr

Gwangju Branch

Director General : Pyung-ku Lee
7th Floor, Korea First Bank Bldg., 9-2, 3-ga, Keumnam-ro, Dong-gu,
Gwangju 501-023
Telephone : (82-62) 232-6944
Facsimile : (82-62) 232-6946
E-mail : gwangju@koreaexim.go.kr

Incheon Branch

Director General : Kwang-ha Ryu
15th Floor, KORAM Bank Bldg., 1127, Guwol-dong, Namdong-gu,
Incheon 405-220
Telephone : (82-32) 235-6114
Facsimile : (82-32) 235-6120
E-mail : inchon@koreaexim.go.kr

Kangnam Branch

Director General : Seung-kon Kim
14th Floor, Hongwoo Bldg., 945-1, Daechi-dong, Kangnam-gu,
Seoul 135-846
Telephone : (82-2) 6248-6114
Facsimile : (82-2) 6248-6119
E-mail : kangnam@koreaexim.go.kr

Changwon Branch

Director General : Wook Lee
3rd Floor, Shinhan Bank Bldg., 71-1, Sangnam-dong, Changwon 641-010
Telephone : (82-55) 287-6830
Facsimile : (82-55) 287-6831
E-mail : changwon@koreaexim.go.kr

Daejeon Branch

Director General : Jhong-ho Cho
SMB Support Center Rm.606, 23-14, Jang-dong, Yooseong-gu,
Daejeon 305-343
Telephone : (82-42) 862-1021
Facsimile : (82-42) 862-1030
E-mail : daejeon@koreaexim.go.kr

Contact

International Relations Office
Telephone : (82-2) 3779-6381~6
Facsimile : (82-2) 3779-6750
E-mail : iro@koreaexim.go.kr

Overseas Network



ASIA

Beijing Representative Office

Chief Representative : Kew-hyuk Byun

Office C-716, Beijing Lufthansa Centre, 50 Liangmaqiao Road, Chaoyang District, Beijing 100016, China
Telephone : (86-10) 6465-3371 / 3379
Facsimile : (86-10) 6463-7116
E-mail : exbjing@public3.bta.net.cn

Tokyo Representative Office

Chief Representative : Tae-sik Jung

9th Floor, Akasaka Tokyu Plaza, 2-14-3 Nagatacho, Chiyoda-ku, Tokyo 100-0014, Japan
Telephone : (81-3) 3580-8702 / 3
Facsimile : (81-3) 3580-8705
E-mail : extokyo@hotmail.com

P.T. Koexim Mandiri Finance

President Director : Tae-sung Chung

Menara Mulia Tower Suite 2007 JL. Jend Gatot Subroto Kav. 9-11, Jakarta 12930, Indonesia
Telephone : (62-21) 525-7261-4
Facsimile : (62-21) 525-7260
E-mail : jakarta@koreaexim.go.kr

Kexim Vietnam Leasing Co., Ltd.

General Director : Young-kook Kwon

9th Floor, Diamond Plaza Bldg., 34 Le Duan Street, Dist. 1, Ho Chi Minh City, Vietnam
Telephone : (84-8) 825-7000
Facsimile : (84-8) 823-0854
E-mail : keximvt@hcm.vnn.vn

Hong Kong Representative Office

Chief Representative : Sang-wan Byun

Suite 1515, 15th Floor, Jardine House, 1 Connaught Place, Central, Hong Kong
Telephone : (852) 2810-0182
Facsimile : (852) 2810-4460
E-mail : keximhk@netnavigator.com

Iran Liaison Officer : **Sang-hyung Kim**

No. 18, West Daneshvar St. Shaikhbahaee Ave, Vanak Squ, Tehran, Iran
Telephone : (98-21) 806-5301
Facsimile : (98-21) 805-4899
E-mail : k9603@tavana.net

Uzbekistan Liaison Officer : **Yong-kwon Choi**

14th Floor, Project Finance Centre, National Bank for Foreign Activity of Republic of Uzbekistan, 101, Amir Temur Str., Tashkent, 700084, Uzbekistan
Telephone : (998-71) 133-6070
Facsimile : (998-71) 137-6345
E-mail : exim@dostlink.net

AMERICA

New York Representative Office

Chief Representative : Jung-jun Kim

460 Park Ave. 8th Floor, New York, N. Y. 10022, U. S. A.
Telephone : (1-212) 355-7280 / 2
Facsimile : (1-212) 308-6106
E-mail : exnewyork@earthlink.net

Washington Liaison Officer : **Sung-hwan Choi**

2000 L Street, N. W. Suite 200, Washington D. C. 20036, U. S. A.
Telephone : (1-202) 416-1738
Facsimile : (1-202) 416-1739
E-mail : eximwstn@hotmail.com

Sao Paulo Representative Office

Chief Representative : Young-hwan Sul

Av. Paulista, 1439 cj. 142, CEP 01311-200, C, Cêsar - São Paulo, Brasil
Telephone : (55-11) 283-3021 / 285-3575
Facsimile : (55-11) 287-0548
E-mail : exspaulo@dialdata.com.br

EUROPE

Frankfurt Representative Office

Chief Representative : Jin-kyung Kim

Zeppelinallee 65-67 (Ecke Blanchardstrasse) 60487 Frankfurt am Main, Germany
Telephone : (49-69) 97-78-30
Facsimile : (49-69) 97-78-316
E-mail : eximff@t-online.de

Paris Liaison Officer : **Ki-sub Nam**

Room No.414-415, 116 Avenue des Champs-Élysées, 75008 Paris, France
Telephone : (33-1) 44-21-83-14 / 16 / 17
Facsimile : (33-1) 44-21-83-15
E-mail : keximparis@yahoo.fr

Kexim Bank(UK) Limited

Managing Director : Chang-un Lee

Boston House 63-64, New Broad St, London EC2M 1JJ, United Kingdom
Telephone : (44-20) 7562-5500
Facsimile : (44-20) 7588-3642
Telex : 8812140 EXIMBK
E-mail : london@koreaexim.go.kr

THE EXPORT-IMPORT BANK OF KOREA

16-1, Yoido-dong, Youngdungpo-gu, Seoul 150-996, KOREA

Telephone: (82-2)3779-6114

Facsimile: (82-2)784-1030

Telex: K26595 EXIMBK

Cable Address: EXIMKOREA

Internet Homepage: www.koreaexim.go.kr