

YOUR PARTNER FOR GLOBAL BUSINESS

ANNUAL REPORT 2008





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Your Partner for Global Business

The Export-Import Bank of Korea (Korea Eximbank) is an official export credit agency providing comprehensive export credit and guarantee programs to support Korean enterprises in conducting overseas business. ● Since its establishment in 1976, the Bank has actively supported Korea's export-led economy and facilitated economic cooperation with foreign countries. ● Korea Eximbank's primary services include export loans, trade finance, and guarantee programs structured to meet the needs of clients in a direct effort to both complement and strengthen the clients' competitiveness in global markets. ● The Bank also provides overseas investment credit, import credit, and information services related to business opportunities abroad. ● Furthermore, the Bank is responsible for the operation of two government funds: the Economic Development Cooperation Fund (EDCF), a Korean official development assistance program, and the Inter-Korean Cooperation Fund (IKCF), an economic cooperation program with North Korea. ● The Bank strives to become "Your Partner for Global Business" as reflected in its vision by continuously fostering innovation and development throughout its operations.

ABBREVIATION

Korea Eximbank or the Bank : The Export-Import Bank of Korea

EDCF : Economic Development Cooperation Fund

IKCF : Inter-Korean Cooperation Fund

ADB : Asian Development Bank

AfDB : African Development Bank

BIS : Bank for International Settlements

IFR : International Financing Review

KOAFEC : Korea-Africa Economic
Cooperation Conference

SME : Small and Medium sized Enterprise

VEB : Vnesheconombank, Bank for Development
and Foreign Economic Affairs

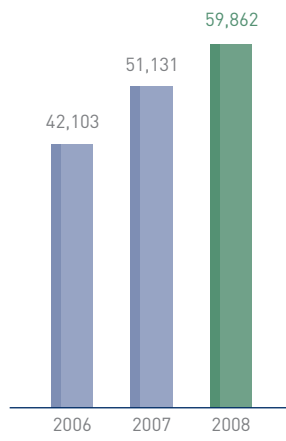
Financial Highlights

	2008		2007
	KRW billion	USD million	USD million
FOR THE YEAR			
Commitments			
Loans	27,215	21,642	24,456
Guarantees	32,647	25,962	30,043
Total	59,862	47,604	54,499
Disbursements			
Loans	25,269	20,095	20,745
Guarantees	30,987	24,642	21,872
Total	56,256	44,737	42,618
Net Income	94	75	196
AT YEAR-END			
Loans Outstanding	29,830	23,722	20,278
Guarantees Outstanding	48,635	38,676	34,112
Total Assets	35,982	28,614	25,196
Paid-in Capital	3,959	3,148	3,527
BIS RATIO (%)		8.70%	11.0
CONVERSION RATES (KRW/USD)		1257.5	938.2

—○— Percent of Loans

Total Commitments

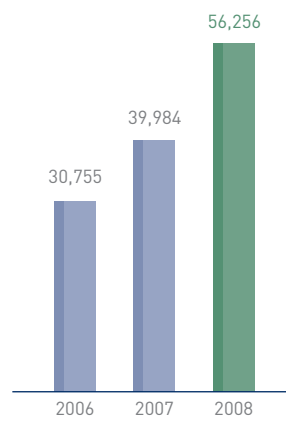
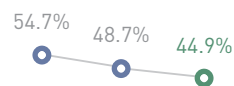
(KRW billion)



KRW **59,862** billion

Total Disbursements

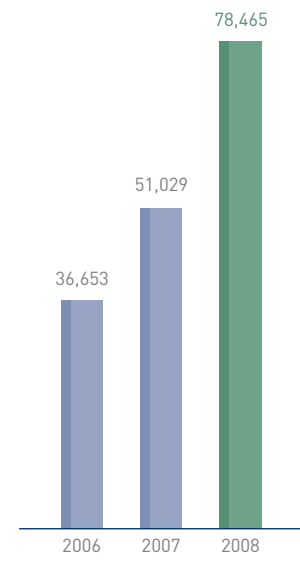
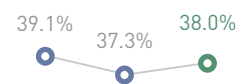
(KRW billion)



KRW **56,256** billion

Year-end Outstanding

(KRW billion)



KRW **78,465** billion

Message from the Chairman & President





In 2008, Korea began showing signs of an economic downturn due to the effects of global economic contractions. Despite modest growths in the first three quarters, the nation's GDP and export volume eventually shrank in the fourth quarter. Korean companies struggled as they faced daunting business environments aggravated by tight financial markets, volatile exchange rates, and dwindling consumption in main export markets such as China and the United States.

As an added measure to better assist Korean companies in such difficult conditions, Korea Eximbank intensified its efforts to provide more services and products geared to their needs. We surpassed our 2008 business target by 41%

guarantees in harmony with the country's strategy to nurture future growth engines.

Support was increased as well for small and medium sized enterprises (SMEs), which are critical contributors to the national economy. Loans to SMEs expanded by 33% over the previous year, accounting for 27% of total loans extended in 2008. Similarly, the number of SME clients steadily climbed and represented 68% of all our clients at year's end.

Other efforts include the enhancement of several existing programs for SMEs. The Special Export Loan Program was modified to address the needs of SMEs which are capable of fulfilling export sales orders but are not eligible for loans on

We surpassed our 2008 business target by 41% with loans and guarantees totaling KRW 56 trillion.

with loans and guarantees totaling KRW 56 trillion. Notably, support for industrial plants and shipbuilding, Korea's major export industries, grew by 44%.

In addition to these expansions in business volumes, Korea Eximbank broadened the scope of its activities. The Bank served as a vital safeguard for the country's financial market by providing Korean companies and commercial banks with foreign liquidity through rediscounting trade bills, factoring, and forfaiting. Moreover, service sectors such as the film, software, and game industries became eligible for loans and

credit. The Foreign Exchange Risk Management Service was upgraded by raising the ceiling of forward exchange transactions and providing diverse consulting services to help companies mitigate foreign exchange risks.

One of the greatest challenges in expanding the amount of loans in 2008 was securing necessary funds under grim financial conditions. Korea Eximbank, however, took a more aggressive stance amidst the international financial turmoil and successfully raised USD 7.4 billion in 2008 by utilizing the Bank's strong credit ratings and by tapping into new



non-core markets for bond issuance in currencies such as the Thailand Baht and Malaysia Ringgit. These efforts were highly recognized by the International Financing Review (IFR) Asia and earned the Bank the title of the Issuer of the Year.

Also in 2008, Korea Eximbank sought to demonstrate unwavering commitment to the efficient and reliable operation of two government entrusted funds, EDCF and IKCF.

EDCF loan commitments surged 68% from the previous year to KRW 1.2 trillion, marking the largest yearly EDCF commitment so far. The expansion was made possible through constant modifications to fund programs such as Compact Loans and co-financing with Multilateral Development Banks.

Likewise, the Bank continued its support for IKCF projects consisting mainly of humanitarian aid and projects promoting greater exchange with North Korea in the private sector. In addition, the IKCF Loss Insurance Program was greatly utilized as a hedge against political risks by companies conducting business with North Korean partners.

In 2009, ongoing contractions in the world economy are anticipated to stunt the growth rate in many countries, including Korea. As Korea is highly dependent on exports, the Bank is more than willing to take an aggressive role in propping up our export industries. Korea Eximbank will employ all financing instruments available to facilitate the export of large-scale industrial plants and high-value-added vessels.

Korea Eximbank will also prioritize support for SMEs in 2009, as SMEs play a crucial role in creating jobs and production in the Korean economy. As such, the Bank plans to introduce a variety of new financing programs exclusively for SMEs. Also, the Bank will offer comprehensive services such as international legal counseling and country information services tailored to individual customer's needs.

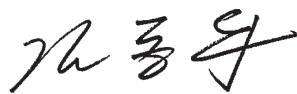
Furthermore, Korea Eximbank is committed to nurturing Green Growth industries in line with the Low Carbon Green Growth Policy of the Korean government. In recognition of the potential for growth in renewable energy and environmental industries, the Green Finance Department was recently established in support of exports and overseas investments of Korean Green Growth industries.

In addition, Korea Eximbank intends to channel funds into overseas development and acquisition of natural resources by Korean companies. To achieve successful implementation and operation of these projects, the Bank will cooperate with international financial institutions through diverse means such as project financing and loan guarantees.

At Korea Eximbank, projects dealing with critical issues such as climate change, energy depletion, and food shortages are of great importance. We will work in partnership with international organizations involved in such projects, while simultaneously striving to increase EDCF loan commitments.

At the same time, we will continue to streamline IKCF operating processes and develop more effective programs in order to respond efficiently to developments in inter-Korean relationships.

Throughout our 33 year history, we have been dedicated to helping Korean companies advance into the global market and to fostering key national industries. With Korean companies facing awesome challenges, we will take the lead in overcoming the current economic difficulties and do our utmost to accomplish our mission to serve as "Your Partner for Global Business."



Dongsoo Kim, Ph.D
Chairman & President

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2008 At a Glance

The IFR Asia, a world renowned finance magazine, recognized Korea Eximbank with the title of "2008 Issuer of the Year" for 2008. The magazine highlighted the Bank's success in overcoming the impacts of the subprime credit crunch by tapping into non-core markets such as Malaysia, Thailand, Mexico, and Brazil. The Bank was also praised for close monitoring of the global capital market, strong relationships with major investors, and quick decision-making processes. In the midst of the global financial market turmoil, Korea Eximbank has played a leading role in raising overseas capital, paving the way for Korean banks to attract much needed investment.

2008 KOAFEC MINISTERIAL CONFERENCE HELD IN SEOUL



The government of Korea and Korea Eximbank in collaboration with the African Development Bank Group (AfDB) jointly organized the "2008 Korea-Africa Economic Cooperation Conference (KOAFEC) Ministerial Conference" from October 27 ~ 30, 2008 in Seoul, Korea. The conference, which carried the theme of "Fostering Synergies between Korea and Africa" brought together 22 ministers and high-level officials from 21 African countries. The conference served as a platform to explore opportunities for mutually beneficial economic cooperation between Africa and Korea.



KOREA EXIMBANK SELECTED "2008 ISSUER OF THE YEAR" BY IFR ASIA

KOREA EXIMBANK CONCLUDED USD 1 BILLION FRAMEWORK AGREEMENT WITH VEB OF RUSSIA



On September 30, 2008, Korea Eximbank concluded a Framework Agreement worth USD 1 billion with Russia's VEB (Vnesheconombank, Bank for Development and Foreign Economic Affairs) to boost Korea-Russia financial cooperation in the presence of the President of Korea and the President of Russia at the Kremlin in Moscow, Russia. The Agreement primarily entails financing of large development projects for natural resources, aircrafts, and railways jointly participated by Korean and Russian enterprises.

Korea Eximbank provided financing of USD 400 million to support the export of two drill ships to DryShips, a Greek shipping company. The structured financing package was comprised of USD 300 million in loans and USD 100 million in guarantees. The drill ships built by Samsung Heavy Industries were high value-added vessels with each vessel valued at USD 700 million. Korea Eximbank is acclaimed for its simple yet swift procedures and effective structured financing and is emerging as one of the world's leading ship financing institutions.



USD 400 MILLION PROVIDED FOR THE EXPORT OF TWO DRILL SHIPS

KOREA EXIMBANK DONATED KRW 100 MILLION TO SOCIAL SOLIDARITY BANK



On March 18, 2008, Korea Eximbank donated KRW 100 million to Social Solidarity Bank as part of the Bank's efforts to assist multi-cultural families become better established in Korea. The fund will be used toward micro-credit facilities financing new business ventures and the operation of small businesses by multi-cultural families.

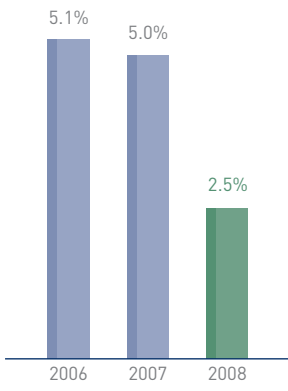
A ceremony marking the successful completion of the Luang Prabang National University Establishment Project was held on February 18 attended by Mr. Somsavat Lengsavad, Deputy Prime Minister of the Lao People's Democratic Republic, and Mr. Young-kook Kwon, Director General of EDCF Group. Mr. Kwon noted in his congratulatory address that the project is expected to play a pivotal role in developing human resources and contributing to the industrialization and the economic development of the Lao People's Democratic Republic.



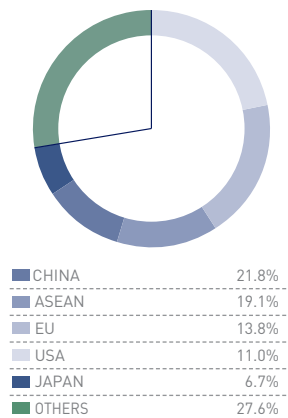
LUANG PRABANG NATIONAL UNIVERSITY OF LAOS CELEBRATES COMPLETION OF PROJECT FINANCED BY EDCF

Economic Situation & Outlook

REAL GDP GROWTH RATE



KEY EXPORT MARKETS



The Korean economy in 2008 grew at an annual rate of 2.5%, only half of the previous year's level. In the face of a global economic crisis triggered by burst housing prices in major advanced countries, the Korean economy experienced the unusually low growth rate as exports decreased sharply in the fourth quarter. In the same context, private consumption and facility investment remained locked in a downward trend. The unemployment rate, however, remained unchanged from the previous year with 3.2%.

EXPORT TRENDS IN 2008

Korea's annual exports (customs-clearance basis) expanded 13.6% to USD 422.0 billion in 2008. Through the third quarter, exports maintained growth rates of over 20% until September when the global financial market turmoil became much more severe. As global trade rapidly plummeted, Korea's exports started to drop as well. However, despite these unfavorable conditions, Korea managed to surpass the USD 400 billion mark in exports and recorded a double-digit growth rate for the sixth consecutive year.

By export categories, petroleum projects and shipbuilding led export growth, recording a year-on-year growth rate of 56.2% and 53.8% respectively. General machinery, steel manufacturing, and cellular phones also maintained high growth rates of 20.7%, 20.4%, and 18.1% respectively. However, semiconductors, computers, and passenger cars recorded negative growth rates of 16.0%, 22.5%, and 9.3% respectively, due to low global demand and sharp declines in prices.

Korea's exports to the Middle East and Latin America rose 35.1% and 29.0% respectively, while exports to the United States and EU recorded a single-digit growth rates of 1.3% and 4.3% due to a slowdown in the real economy.



IMPORT TRENDS IN 2008

Imports (customs-clearance basis) increased 22.0% to USD 435.3 billion in 2008. Due to soaring prices of raw materials such as crude oil, the first three quarters recorded a 34.1% growth rate but then grew at one-digit rates after the price of raw materials declined sharply and the economic downturn worsened. Imports of raw materials showed the highest growth rate with 33.2% and those of capital and consumer goods recorded relatively low rates of 7.2% and 8.1% respectively.

In 2008, due to the hike in raw material prices, Korea's trade balance decreased by USD 27.9 billion from the previous year and recorded a trade deficit of USD 13.3 billion.

OVERSEAS DIRECT INVESTMENT TRENDS IN 2008

Korea's overseas direct investment in 2008 rose 1.4% from the previous year to USD 21.7 billion. Due to the worldwide financial crisis, the growth rate for investment in 2008 slowed to 1.4% from that of the previous year (86.5%). The number of new enterprises established in foreign countries by direct investments totaled 3,998, a decrease of 29.7% from 2007 figures.

While investment destinations were further diversified worldwide, investment in the United States, China, and Hong Kong still amounted to 51.5% of the total investment in 2008. By industry, investment in the manufacturing sector was the greatest, followed by investments in wholesale, retail sales, and mining. Investment in wholesale and retail sales recorded an increase of 78.3%. Investment in mining also sharply increased, showing a double-digit growth rate of 70.2% driven by the trend of active investment in overseas resource development to acquire essential natural resources.

OVERSEAS DIRECT INVESTMENT (ANNUAL FLOW)

	2004	2005	2006	2007	2008
Amount (USD billion)	6.4	6.9	11.5	21.4	21.7
Change (%)	37.0	8.8	65.1	86.5	1.4

OUTLOOK FOR 2009

The Korean economy is projected to grow by a mere 0.7% in 2009 due to sharp declines in both domestic demand and exports in 2008. For export dependent Korea as well as Asia's newly industrializing economies, drastic declines in exports due to falling global demand are inevitable.

Private consumption is also expected to drop due to falling asset prices, lower income, and difficult employment conditions during the economic downturn. Construction investment, supported by a rise in SOC investment in the public sector, is expected to increase in public works by roughly 2%.

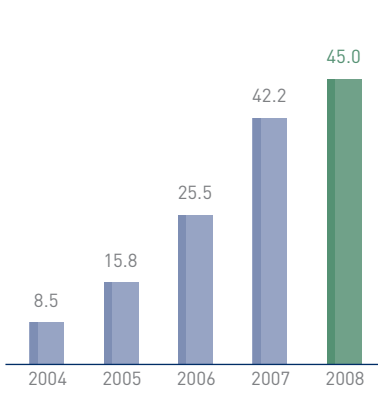
EXPORTS, IMPORTS & TRADE BALANCE

(USD billion)



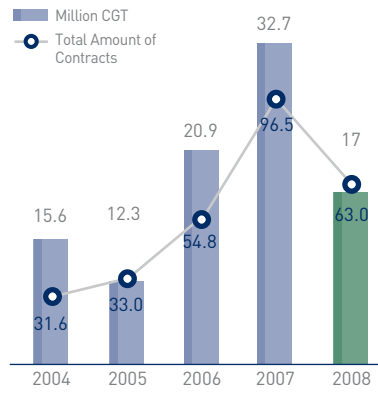
INDUSTRIAL PLANT CONTRACTS

(USD billion)



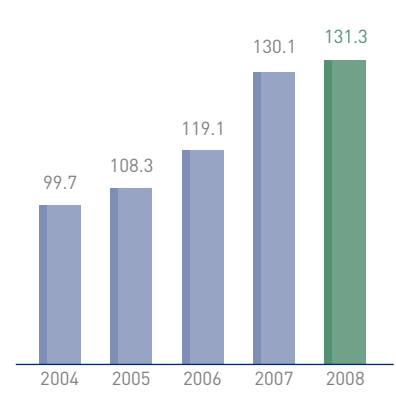
SHIPBUILDING CONTRACTS

(USD billion)



IT SECTOR EXPORTS

(USD billion)



Export growth (in USD terms) in 2009 is forecast to drop to -17% as global demand contracts and export unit prices fall due to decreasing prices of raw materials. Meanwhile, imports are projected to decline by approximately 1% due to downward stabilizations in oil and raw material prices as well as a domestic economic recession. However, Korea is predicted to record a slight trade surplus thanks to a decrease in imports.

INDUSTRY OUTLOOK FOR 2009

PLANT INDUSTRY

Overseas plant orders awarded to Korean builders in 2008 increased by 9.6% to reach USD 46.2 billion.

The growth was mainly attributed to growing demand for oil and gas development in the Middle East amidst high energy prices. The value of overseas orders secured by Korea's major construction companies grew two to three times the values of the previous year due to higher incomes from the sale of oil and development booms in the developing countries of Asia.

In 2009, overseas orders are projected to decrease by 28% to USD 32.5 billion due to sharp declines in crude oil prices and financing strains stemming from the global credit crunch.

SHIPBUILDING INDUSTRY

Hit by the global economic crisis, Korean shipbuilders saw a decrease of 47% or 17.5 million CGT (Compensated Gross Tons) in new shipbuilding orders. The number of orders also fell by 48.4% to record 629 and contract amounts totaled USD 64.8 billion, a decrease of 33.9% over the previous year. Due to a liquidity squeeze in the shipbuilding industry, new orders have not been received since October

2008 but Korea retained its top ranking in the global shipbuilding industry in terms of new orders, order backlogs, and volume of vessels built in 2008. Moreover, exports of ships in Korea, home to seven of the world's top ten shipyards, grew 55.4% to total USD 43.1 billion in 2008.

As the sharp downward trend in global ship orders is anticipated to continue, contract totals for Korean shipbuilders in 2009 are projected to decrease 46% to USD 35.0 billion.

IT INDUSTRY

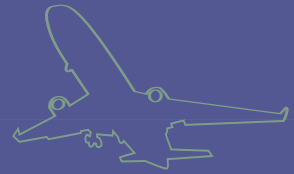
In 2008, Korea's IT exports rose 0.9% to USD 131.3 billion, similar to the previous year's total of USD 130.1 billion. Increased exports of cellular phones and panel displays offset a sharp decline in semiconductor exports and led to a trade surplus of USD 57.8 billion in the IT industry, a noteworthy achievement in consideration of the overall trade deficit of the Korean economy. By region, exports to India and the Middle East recorded remarkable growth rates of 51.5% and 16.3% respectively, indicating Korea's increasing market strength in emerging markets.

Despite such performances, exports in the Korean IT sector in 2009 are projected to experience unusual sluggish growth as the global economic downturn spreads. However, cellular phones, the largest export item among the IT products of Korea, are forecast to solidify their world-leading position with increasing new demand in emerging markets and replacement demand in existing markets.

¹⁾ "KDI Economic Outlook 2008-2nd Half [Revised]" published by the Korea Development Institute, January 20, 2009.

Review of Operations

- Bank Account Activities
- Government Account Activities - EDCF
- Government Account Activities - IKCF



Bank Account Activities

- In 2008, Korea Eximbank enhanced comprehensive support for Korean companies by increasing the customer orientation of Bank financing programs to better assist domestic organizations maintain competitiveness in the global marketplace. These efforts significantly increased the business performance of the Bank and contributed to the steady and stable growth of the Korean economy.

This year, the Bank provided the highest volume of loan in its history.



Bank Account Activities

The Bank provided a total credit amount of KRW 56,256 billion (KRW 25,269 billion in loans and KRW 30,987 billion in guarantees) equivalent to USD 44,737 million, a 40.7% increase from the previous year.

The Bank provided a total credit amount of KRW 56,256 billion (KRW 25,269 billion in loans and KRW 30,987 billion in guarantees) equivalent to USD 44,737 million, a 40.7% increase from the previous year. This was the highest loan volume since the establishment of Korea Eximbank in 1976.

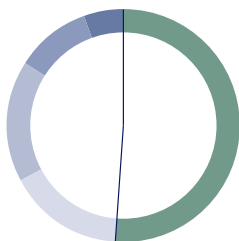
Export Credit accounted for the largest share of loan disbursements with KRW 16,470 billion (USD 13,097 million), or 65.2%. Overseas Investment Credit and Import Credit, two major financing programs, accounted for 20.9% and 13.9%, amounting to KRW 5,296 billion (USD 4,212 million) and KRW 3,503 billion (USD 2,786 million) respectively.

Overseas Investment Credit increased by 77.9% largely driven by the growing needs of Korean companies implementing global business strategies and developing natural resources.

Region-wise, countries in Asia received the largest share with 51.1% of the Bank's total loan disbursements, followed by countries in the Middle East (16.8%), Europe (16.1%), North America (10.5%), and other remaining regions (5.5%).

Guarantees issued by the Bank also recorded remarkable growth with the total approval amount reaching KRW 32,647 billion (USD 25,962 million), 82.6% of which was in the form of advance payment guarantees.

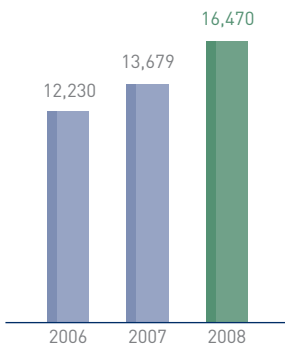
LOAN DISBURSEMENTS BY REGION



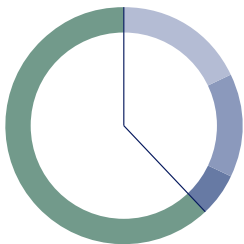
ASIA	51.1%
MIDDLE EAST	16.8%
EUROPE	16.1%
NORTH AMERICA	10.5%
OTHERS	5.5%

EXPORT CREDIT DISBURSEMENTS

(KRW billion)



LOAN DISBURSEMENTS BY ITEM (Export Credit)



SHIPS	17.9%
INDUSTRIAL PLANTS	14.1%
MACHINERY	5.9%
OTHERS	62.0%

EXPORT CREDIT

Export Credit continued to constitute the most significant portion of Korea Eximbank loan disbursements in 2008. Its share, however, declined to 65.2% of the Bank's total loan disbursements compared to 70.3% of the previous year due to the relatively strong performance of Overseas Investment Credit.

Among items supported under Export Credit, ships comprised the largest portion with KRW 2,951 billion (USD 2,347 million, 17.9%) of the total amount, followed by industrial plants with KRW 2,326 billion (USD 1,850 million, 14.1%), and machinery with KRW 975 billion (USD 775 million, 5.9%).

Owing to the significant increase in approvals for the export of plants and ships, the Bank's Export Credit commitments in 2008 also grew 19.9% year-on-year from KRW 16,368 billion (USD 17,446 million) to KRW 19,622 billion (USD 15,604 million). By region, Asia took the lead with 50.3%, followed by the Middle East (18.9%), Europe (18.8%), North America (9.7%), and other remaining regions (2.3%).

DIRECT LOAN

Direct Loan (Buyer Credit) is a type of export credit facility which assists foreign buyers purchase Korean goods and services. Under this program, the Bank directly enters into loan agreements with foreign buyers and provides them with loans in order to facilitate payments to Korean exporters when shipping schedules are fixed.

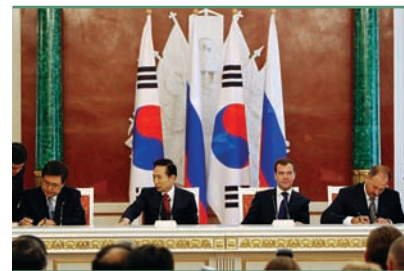
Exporters tend to prefer Buyer Credit over Supplier Credit mainly because they can realize cash earnings upon performing their export transactions without incurring debts. In 2008, Bank disbursements of Direct Loans reached KRW 2,648 billion (USD 2,106 million), a 13.3% increase from the previous year.



Aromatics Project in Oman



Liquefied Natural Gas Project in Peru



Framework Agreement Signing with VEB

PROJECT FINANCING & STRUCTURED FINANCING

In 2008, Bank disbursements of Project Financing (P/F) and Structured Financing (S/F) amounted to KRW 4,156 billion (USD 3,305 million), a 47.1% increase from the previous year.

A noteworthy project supported under P/F by the Bank in 2008 was the 4,000 MW Mundra Ultra Mega Power Project (UMPP), the world's largest coal fired power project (total project cost is estimated at USD 4.3 billion), launched by the Indian government and carried out by the Tata Power Company in India. The financing package was composed of USD 3.2 billion of debt and USD 1.1 billion of equity. Together with the Asian Development Bank (ADB), Korea Export Insurance Corporation, and BNP Paribas (total financing USD 1 billion), the Bank will provide USD 500 million in Direct Loans and USD 200 million in Guarantees in order to support the Korean EPC contract.

The remaining debt requirement was split between the local tranche and the tranche from IFC. The Mundra Project was awarded the title of "Power Deal of the Year" by Project Finance International (PFI) and promoted in several P/F based magazines.

INTERBANK EXPORT CREDIT

Interbank Export Credit is a line of credit extended to creditworthy banks in foreign countries to help foreign buyers obtain loans from their local banks for the purchase of goods and services from Korea.

The amount disbursed under Interbank Export Credit rose 73.8% to KRW 942 billion (USD 749 million) in 2008 from KRW 542 billion (USD 578 million) in 2007. The total volume of credit at the end of 2008 stood at USD 2,038 million for 21 countries. Major clients of this program include creditworthy banks in emerging countries such as Russia, Kazakhstan, Brazil, and Turkey.

In 2008, five credit lines totaling USD 310 million were newly established for banks in four countries including VEB in Russia.

FORFAITING & EXPORT FACTORING

Forfaiting is designed to assist exporting companies whose transactions with buyers in developing countries are not readily financed by domestic commercial banks due to the high credit risks involved. The Bank negotiates the bills of exchange issued under relevant documentary letters of credit on a non-recourse basis, without the need for additional collateral. The forfaiting volume has sharply increased since its establishment in 2001, reaching KRW 1,074 billion (USD 854 million) in 2008.

Export Factoring is a form of trade finance provided by purchasing, on a non-recourse basis, trade receivables occurring from open-account export transactions on credit. The Bank initiated the program in 2005, marking the first introduction of the service to Korea on a non-recourse basis. In 2008, the Bank extended a total of KRW 1,323 billion (USD 1,052 million) in Export Factoring, a 4.0% increase from the previous year.

LOANS TO SMEs

The Bank steadily increased financial support for SMEs so that loans outstanding towards SMEs reached 12.1% of total loans outstanding by the end of 2008. In 2008, the Bank's total loan commitments and disbursements for SMEs amounted to KRW 8,069 billion (USD 6,417 million) and KRW 6,726 billion (USD 5,349 million), an increase of 11.9% and 24.2%, respectively, from the previous year.

The Bank strengthened non-financial support for SMEs as well. In 2008, the Bank held Export Credit Academies in order to educate SMEs about the management of exchange-rate risk, trade financing, and international contracts. The Bank also enhanced consulting services related to overseas investment and international law provided through the Overseas Investment Consulting Center.

IMPORT CREDIT

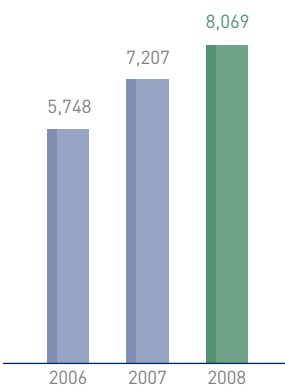
Import Credit facilitates the stable and timely import of essential materials and resources crucial to the national economy.

Since its introduction in 1988, the volume of Import Credit has increased substantially. In the past two years, total disbursements reached KRW 2,808 billion (USD 2,993 million) and KRW 3,503 billion (USD 2,786 million), respectively.

In 2008, mineral resources accounted for 62.3% of total disbursements with KRW 2,184 billion (USD 1,737 million), followed by high-tech products at 17.3% with KRW 606 billion (USD 482 million), agricultural resources at 10.0% with KRW 352 billion (USD 280 million), and forestry resources at 6.8% with KRW 237 billion (USD 188 million).

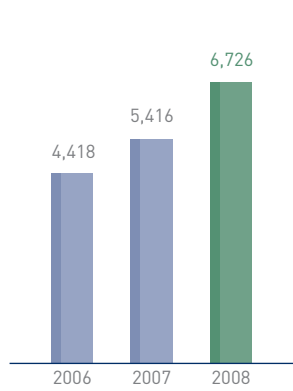
COMMITMENTS TO SMEs

(KRW billion)



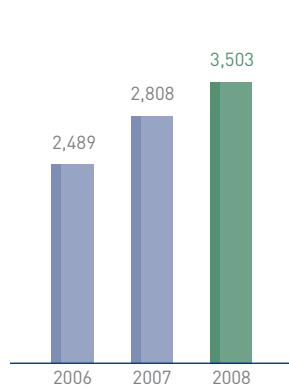
DISBURSEMENTS TO SMEs

(KRW billion)

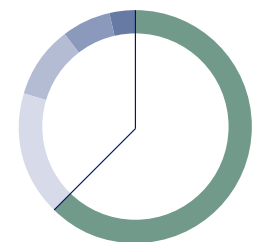


IMPORT CREDIT DISBURSEMENTS

(KRW billion)



LOAN DISBURSEMENTS BY ITEM (Import Credit)



MINERAL RESOURCES	62.3%
HIGH-TECH PRODUCTS	17.3%
AGRICULTURAL RESOURCES	10.0%
FORESTRY RESOURCES	6.8%
OTHERS	3.6%



Doosan Rubber Tyred Grantry Crane in Vietnam



Loan Facility Agreement Signing with POSCO Vietnam Co., Ltd.



MOU Signing with CVRD

By region, the greatest amount of Import Credit was distributed to Asia with 50.8%, followed by North America (19.9%), the Middle East (11.4%), Latin America (8.6%), and other remaining regions (9.3%).

OVERSEAS INVESTMENT CREDIT

In 2008, Overseas Investment Credit demonstrated outstanding performance to support the global expansion of Korean business operations. Commitments rose by 8.8% to KRW 4,098 billion (USD 3,259 million), and disbursements also increased by 78.0% to KRW 5,297 billion (USD 4,212 million) in 2008. Of total disbursements, Asia received the largest portion with 53.7%, followed by Europe (14.8%), and the Middle East (13.9%).

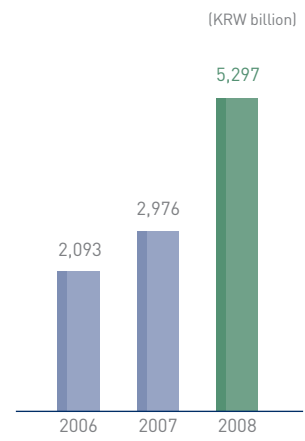
The Bank is increasing financial support to overseas natural resources development projects in response to the urgent need to secure and natural resources for Korea.

GUARANTEES

In 2008, the Bank approved financial support of USD 300 million to the LNG Project in Peru through Project Financing. The project entails joint development of a 10.6Tcf LNG gas field by the energy companies of Korea, US, Spain, and Japan. This project was recognized with the title of "Oil & Gas Deal of 2008" by PFI, a world-renowned publication specializing in Project Financing.

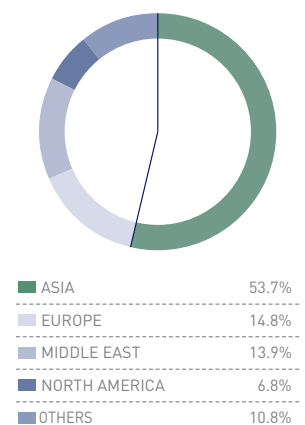
In 2008, the Bank's authorizations of advance payment guarantees and performance guarantees totaled KRW 26,957 billion (USD 21,437 million) and KRW 2,094 billion (USD 1,665 million), respectively, an increase of 6.9% and 147.1% from the previous year. These two types of guarantees accounted for approximately 97.4% of total project related guarantee commitments.

OVERSEAS INVESTMENT CREDIT DISBURSEMENTS



LOAN DISBURSEMENTS BY REGION

(Overseas Investment Credit)



Among the items supported under advance payment guarantees, ships comprised the largest portion with KRW 23,724 billion (USD 18,866 million, 88.0%), representing a 4.2% increase from the previous year owing to the increase of shipbuilding contracts by Korean shipbuilders in 2008.

In addition, the Bank authorized KRW 1,225 billion (USD 974 million) in the form of financial guarantees and KRW 1,609 billion (USD 1,280 million) in other trade related guarantees.

SOURCES OF FUNDS

The Bank raised a net total (new borrowings plus loan repayments by the Bank's clients less repayment of the Bank's existing debt) of KRW 26,199 billion in 2008, a 25.8% increase compared with the previous year's KRW 20,831 billion. A large portion of the funds raised over the year was self-generated from the repayments of the Bank's outstanding loans.

The Bank, a benchmark issuer in the international bond market, successfully issued a five-year global bond of EUR 750 million (worth USD 1.2 billion) in May to reopen public offshore debt markets by Asian issuers. The Bank also issued other public offshore bonds worth USD 1.1 billion in non-USD currencies such as the Swiss Franc, Malaysia Ringgit, Mexico Peso, Thai Baht, etc., despite serious liquidity problems in the international bond market resulting from the US sub-prime mortgage crisis and bankruptcy of major financial institutions such as Lehman Brothers. Through such issuance activities, the Bank achieved favorable pricing and conditions for Korean borrowers.

The Bank also used private placements off the MTN Program in various currencies such as the Euro, Hong Kong Dollar, Singapore Dollar, and Brazilian Real. Such diversification helped the Bank expand its investor base and raise funds cost effectively.

In addition, the Bank expanded its presence in the domestic bond market in order to meet increasing demand for KRW denominated loans. The Bank tapped into the market eighty five times in 2008, raising a total of KRW 3,250 billion.

A capital injection of KRW 650 billion from the government during the year enabled the Bank to achieve a total paid-in capital of KRW 3,959 billion (USD 3,148 million). As a result, Bank ownership as of the end of 2008 stood at 66.7% held by the Korean government, 29.4% held by the Bank of Korea, and 3.9% held by Korea Development Bank.

FINANCIAL STATUS 2008

At the end of 2008, the Bank's total assets reached KRW 35,982 billion (USD 28,614 million), a 52.2% increase from the previous year's total of KRW 23,639 billion (USD 25,196 million). This increase was mostly due to an expansion in loan activities.

Total liabilities amounted to KRW 30,892 billion, up 65.2% from the previous year's total of KRW 18,704 billion, due to an increase in borrowings and debentures.

Korea Eximbank stockholder equity rose 3.1% from the previous year's total of KRW 4,936 billion to stand at KRW 5,090 billion. There was an increase in capital stock from the government of KRW 650 billion and an increase in retained earnings of KRW 69 billion, but accumulated other comprehensive income, which included gains on valuation of available-for-sale securities, decreased by KRW 565 billion.

REVENUES AND EXPENSES

The Bank's net interest income for 2008 stood at KRW 342 billion, up 17.9% from the previous year's total of KRW 290 billion while net income recorded KRW 94 billion, down KRW 90 billion from the previous year's total of KRW 184



Cooperation Agreement Signing with the Government of the State of Mexico



Supplemental MOU Signing with ADB

billion. The decline on net income was caused by lower gains from sales of available-for-sale securities and higher income taxes.

SUPPORTING ACTIVITIES

overseas networks with various institutions and concluded five agreements toward greater mutual cooperation and information exchange.

ENHANCING PARTNERSHIPS

In an effort to seek business opportunities throughout the world, the Bank broadened its

The first agreement concluded in 2008 by Korea Eximbank was a Cooperation Agreement with the government of the State of Mexico, which has ambitious plans to launch infrastructure projects including the construction of a highway. The Cooperation Agreement established a solid foundation for partnership in efforts to identify viable projects, share information, and extend opportunities to Korean companies actively seeking to take part in large-scale infrastructure projects in Mexico.

In May, the Bank signed an MOU promoting Interbank Export Credit with the State Bank for Foreign Economic Affairs of Turkmenistan (SBFEAT) in order to finance the purchase of Korean goods and services in Turkmenistan.

In addition, the Bank concluded a Supplemental MOU with the ADB to enhance collaboration efforts initiated through an MOU signed in 2005. In line with the goals of the Supplemental MOU, both institutions will provide greater support for infrastructure projects in developing Asian countries by extending co-financing opportunities totaling USD 2.5 billion.

At the end of 2008, the Bank's total assets reached KRW 35,982 billion, a 52.2% increase from the previous year's total of KRW 23,639 billion.



2008 KOAFEC Ministerial Conference



ADB Business Opportunity Seminar

For greater access to growing economies, Korea Eximbank signed a Framework Agreement with VEB of Russia to provide USD 1 billion in co-financing for long-term projects and to establish a credit line of USD 200 million.

Lastly, the Bank concluded an MOU with Companhia Vale do Rio Doce(CVRD), one of Brazil's biggest mining companies, to promote the participation of Korean companies in natural resources development projects.

KNOWLEDGE SHARING ACTIVITIES

Since establishment, Korea Eximbank has made it a priority to share the development experience of Korea with developing countries around the world so that other countries may also benefit from learning advanced financing techniques from developed countries as Korea had. By sharing development experiences and knowledge, the Bank hopes to enhance the capacity for economic growth in developing countries.

In accordance with this effort, the Bank has continuously provided training programs to the Vietnam Development Bank (VDB) since 2005 and furnished consulting services for the establishment and operation of the VDB. As an extension of this program in April, the Bank prepared a customized training session for the VDB delegation on export finance, risk management and operation, as well as the management system.

Throughout the year, the Bank worked in collaboration with related institutions such as KOTRA to hold a series of informative programs about the Bank's structure and operations for government officials of developing countries. The first presentation sponsored by the Bank was titled the Economic Delegate Program for African Countries and was

organized by UNIDO. The goal of the programs was to educate delegations from emerging countries such as Russia, Jordan, Colombia, and South Africa about the importance of the Bank's support for Korea's export and import industries to achieving Korea's economic development.

CONFERENCES AND SEMINARS

Korea Eximbank hosted and organized a number of successful conferences and seminars this year. One of the most notable events of the year was the 2nd Ministerial Conference for KOAFEC. The conference was co-hosted by the Ministry of Finance, AfDB, and Korea Eximbank. Attended by 130 government officials from 24 countries, including President Donald Kaberuka of the AfDB and Executive Secretary Abdoulie Janneh of the United Nations Economic Commission for Africa (ECA), the conference was the largest Africa-related event held in Korea. The delegation in attendance was comprised of personnel representing varied sectors of economy, finance, energy, IT, and international organizations. The diverse background of participants and a 50% increase in participation from the first conference held in 2006 demonstrated the increasing significance of the conference among African countries. In addition, the participation of over 250 Korean companies in the conference seminars and business meetings indicated great interest in the African region as well.

Another notable event was the ADB Business Opportunity Seminar organized by Korea Eximbank in October. Before a large audience of Korean business representatives, two members from ADB provided presentations on the subject of searching for new business opportunities in which ADB would participate as contractors and consultants.



Regional Seminar for Commercial Counselors in Latin America

The seminar proved highly successful with more than 100 people in attendance and over 30 follow-up individual business meetings being held.

Korea Eximbank also hosted the 12th EDCF workshop in October. 20 government officials from 17 developing countries including Indonesia, Vietnam, and Senegal discussed policies encouraging foreign direct investment in recipient countries and the socio-economic effects of EDCF assistance in recipient countries.

In an effort to further promote mutual cooperation in trade and investment activities, the Bank hosted a round of seminars for commercial counselors by region this year. Seminars were held quarterly to tailor to regional interests in various financing programs and enhance understanding of the Bank's international transactions. As a result, 34 counselors attended the 8th Annual Seminar for Commercial Counselors in December, a 47% increase in attendance from the previous year.

RESEARCH & INFORMATION

The Bank continued to provide in-depth research and statistical information about developing countries and respective foreign direct investment in 2008. Numerous country risk assessments were conducted as well. The Bank also published country reports on Brazil, Peru, Poland, Cambodia, Indonesia, and India.

Government Account Activities - EDCF

EDCF was established by the Korean government in 1987 as a bilateral Official Development Assistance (ODA) loan program to support developing countries spur industrial growth and improve economic stability. Korean Eximbank has been entrusted with the operations and management of EDCF by the Korean government.

The year 2008 signified a milestone in EDCF history, as loan commitments and disbursements reached record levels and the largest financing for a single project was provided. Total EDCF loan commitments and disbursements for the year reached USD 967.8 million and USD 188.6 million, respectively, recording the highest amount since establishment. EDCF also extended a USD 100 million loan facility, the largest amount for one project, towards the Construction of Hanoi-Haiphong Expressway Project in Vietnam.

Several measures were also instituted to improve aid effectiveness and quality. Partner countries received softened terms and conditions, more grant-based technical assistance for feasibility studies, compact loan programs, and framework arrangements. Additionally, in alignment with the commitments of the Paris Declaration for aid effectiveness, co-financing activities with MDBs were increased to "harmonization" and external evaluators were adopted to enhance "managing for development results."



Government Account Activities - EDCF

The year 2008 signified a milestone in EDCF history, as loan commitments and disbursements reached record levels and the largest financing for a single project was provided.

LOAN COMMITMENTS

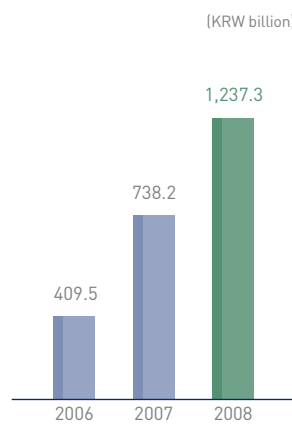
LARGEST COMMITMENTS SINCE EDCF ESTABLISHMENT

In 2008, EDCF provided new loan commitments totaling KRW 1,237.3 billion (USD 967.8 million) to 28 projects in 13 countries, an increase of 68% over the previous year. This was the largest amount since its foundation. Of 13 partner countries, Mozambique and Cameroon were first time recipients. As of the end of 2008, total EDCF commitments reached KRW 4,761.7 billion (USD 4.3 billion) for 200 projects in 45 countries.

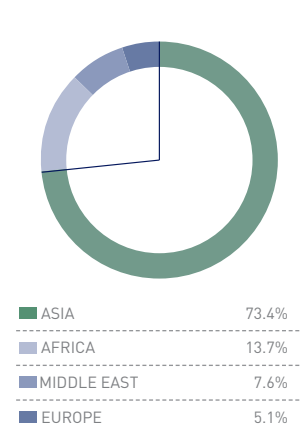
LOAN COMMITMENTS BY REGION AND COUNTRY

The largest portion of new commitments made in 2008 was extended to Asia, reflecting Korea's close economic and diplomatic ties with many Asian countries. Loan commitments to Asian countries accounted for 73.4% of new EDCF loans for the year. It is no wonder that all of the top 3 recipient countries are Asian countries. Vietnam was the largest recipient as an individual partner country for 2 consecutive years with a total commitment of KRW 298.3 billion. Sri Lanka ranked second largest with KRW 175 billion and Bangladesh third with KRW 174.2 billion.

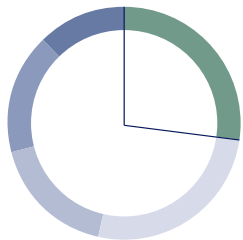
EDCF LOAN COMMITMENTS



LOAN COMMITMENTS BY REGION



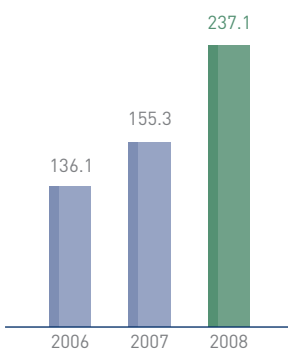
LOAN COMMITMENTS BY SECTOR



TRANSPORT & STORAGE	27.3%
OTHERS	12.3%
ENERGY	16.7%
HEALTH	17.4%
WATER SUPPLY & SANITATION	26.3%

EDCF LOAN DISBURSEMENTS

(KRW billion)



In terms of regional distribution, Africa ranked second, receiving 13.7% of new commitments in 2008. The substantial loan commitment to Africa demonstrated EDCF efforts to expand into that continent. In other regions, such as Eastern Europe and the Middle East, EDCF commitments were focused on stronghold countries.

LOAN COMMITMENTS BY SECTOR

New commitments for economic infrastructure such as transportation, energy, and communications, continued in 2008. At the same time, in line with the international community's commitment to the Millennium Development Goals (MDGs), new commitments were also made to social infrastructure projects including water supplies and sanitation, education, and public health. In the future, EDCF plans to allocate a significant portion of financial resources to sectors related to the environment and agriculture in response to increasing global concerns and increasing demands in partner countries. EDCF will also continue to support economic and social infrastructure.

LOAN DISBURSEMENTS

LARGEST DISBURSEMENTS SINCE EDCF'S ESTABLISHMENT

Based on the recent rapid increase in commitments, EDCF also reached a record level in loan disbursements. In 2008, loan disbursements totaled KRW 237.1 billion (USD 187 million) for 48 projects in 19 countries, a 52.7% increase from the previous year.

Cumulative EDCF loan disbursements totaled KRW 2,010.3 billion, or 42.2% of total commitments. Of 200 committed projects, 150 projects received disbursements. At the end of 2008, the outstanding balance for EDCF totaled KRW 1,732.2 billion, approximately 12.2% higher than the KRW 1,554.1 billion recorded at the end of 2007.



Joint Appraisal Mission in Thanh Hoa City,
Vietnam with ADB



Construction of Quelimane Central Hospital
Project in Mozambique

LOAN DISBURSEMENTS BY REGION AND COUNTRY

By region, Asia (57.0%) was the largest borrower for the year, followed by Latin America (16.4%) and Africa (13.1%). By country, Vietnam was the largest borrower (with KRW 50.5 billion), followed by Angola, Cambodia, and the Philippines.

LOAN DISBURSEMENTS BY SECTOR

In response to the international community's commitment to the MDGs, loan disbursements were balanced between economic and social infrastructure. Of total loan disbursements made in 2008, the transportation sector accounted for 38.1%, followed by government and civil society (19.5%), water supply and sanitation (16.9%), and agriculture (13.3%). These loan disbursements provided support for economic development and helped to enhance the quality of life in partner countries.

OTHER ACTIVITIES REVISION OF TERMS AND CONDITIONS FOR MORE CONCESSIONAL LENDING

EDCF strives to maximize effectiveness of loan provisions through creation and enhancement of various tools. In line with such efforts, EDCF improved its terms and conditions for more concessional lending in 2008. Interest rates have been lowered from 0.5~3.0% to 0.01~2.5% per annum, while the maximum repayment period which was 30 years with a 10 year grace period is now 40 years with a 15 year grace period.

The highest grant element possible is now 91.0%, up from the previous 78.9%, which means that developing countries will be provided with funding for development with lower financial burdens.

The revised terms and conditions will vary upon the developing country's per capita income level, economic development phase, and other various factors.

In addition to revised interest rates and repayment periods, EDCF now extends loans up to the total project cost.¹⁾ In the past, only 80% of the total project cost could be financed through EDCF loans²⁾. Many partner countries are anticipated to benefit from the extended loan ceiling.

FOCUS ON ENVIRONMENTAL PROTECTION, CLIMATE CHANGE, AND AGRICULTURE

EDCF has recently changed its focus to environment related sectors and agriculture. In consideration of the importance of sustainable development and increased international awareness about climate change, EDCF now prioritizes assistance for environment related areas such as renewable energy development, climate change mitigation, and water resources management. Following international efforts to assist developing countries facing food price surges and insufficient food supplies, EDCF will also expand involvement in agriculture related projects such as infrastructure development for greater food production, agricultural research, education and training, and provision of agricultural equipment.

¹⁾ Total project cost excludes general management expenses, taxes, utilities, land acquisition costs, compensation costs, and other indirect costs.

²⁾ The maximum coverage ratio for untied loans provided to countries other than Least Developed Countries is 85% of the total project cost.



Kilimanjaro-Arusha Transmission Line Project
in Tanzania co-financed with the World Bank



MOU Signing with AfDB

STRENGTHENING COOPERATION WITH MDBs

Following the remarkable quantitative growth of co-financing with Multilateral Development Banks (MDBs) in 2007, EDCF pursued qualitative enhancements in aid during 2008. One major achievement in such efforts is the Thanh Hoa City Socio-Economic Development Project in Vietnam, which is the first untied loan from among 5 loans co-financed with ADB.

Additionally, EDCF established co-operational channels by signing MOUs with ADB and AfDB for mutually beneficial collaboration in regional development. Over the next three years beginning in 2008, USD 500 million and USD 200 million will be earmarked for co-financing with ADB and AfDB, respectively.

Simultaneously, EDCF has also maintained deep and close relationships with the World Bank, the Inter-American Development Bank (IDB), and the European Bank for Reconstruction and Development (EBRD).

With greater contributions through strengthened cooperation with MDBs, EDCF is expected to play a more pivotal role in the international aid society.

BUDGET DOUBLED FOR PROJECT PREPARATION FACILITY

The Project Preparation Facility (PPF) is a grant based technical assistance program which helps partner countries to prepare EDCF loan applications. Through the PPF, partner countries are able to establish project scopes accurately, estimate project costs appropriately, and conduct feasibility studies for economic, financial, and technical aspects. Probable economic and social impacts of a project can be anticipated more comprehensively through the PPF.

Since its adoption in 2005, the PPF has greatly contributed to the successful implementation of projects while at the same time assisting partner countries to identify and formulate new projects. As of the end of 2008, the PPF has been extended towards 29 projects in 15 partner countries. Of these projects, 17 projects in 10 countries were approved for EDCF financing.

In line with efforts to expand the PPF, EDCF has allocated a total of KRW 2.2 billion for the PPF in 2008, more than double the amount of KRW 0.9 billion in 2007. For 2009, KRW 6.6 billion has been earmarked for the PPF. With the increased annual commitment volume by EDCF, the PPF will undoubtedly serve a great role in the future development of EDCF and partner countries.

ACTIVATION OF THE COMPACT LOAN PROGRAM

The Compact Loan Program was introduced in 2007 in line with EDCF's continuous efforts to maximize effectiveness and enhance efficiency. EDCF streamlined loan procedures applicable to compact loans by simplifying the project cycle such as appraisal and approval stages.

In 2008, the program was actively promoted by EDCF through bilateral policy dialogues, missions for project appraisals, and official letters. As a result of greater awareness about the program, EDCF supported 3 compact loan projects in Vietnam in 2008.

All 3 projects were equipment loans supporting the provision of medical equipment or vocational training equipment. Equipment loans are suitable for the Compact Loan Program because equipment must be supplied in a timely manner and usually do not require the employment of consultants.



The 12th EDCF Workshop

A standard form of feasibility studies applicable to various sectors was also prepared for partner countries to identify prospective projects and prepare loan applications more easily. EDCF will continue to develop innovative aid tools to meet the various needs of partner countries.

IMPROVED EFFICIENCY THROUGH FRAMEWORK ARRANGEMENTS

During 2008 alone, 7 Framework Arrangements (FAs) totaling USD 1.4 billion were signed between the Korean government and the respective governments of 7 partner countries. Considering that only 3 FAs totaling USD 1.1 billion were completed in 2007, the increase in the number of FAs in 2008 was quite impressive.

The FA replaces multiple government arrangements which must be signed for each and every EDCF project. Arrangements normally take several months to be concluded so timely project implementation is often hampered. Introduced in 2007, the FA improved the efficiency of inter-governmental administrative works by greatly reducing the time consumed in such processes. The FA will undoubtedly help both Korea and partner countries forecast and plan future commitments within the framework.

EDCF has plans for 8 more FAs in 2009. With yearly commitments of USD 1.1 billion for the next 4 years, the FA will significantly contribute to improving the efficiency of EDCF operations.

INTRODUCTION OF EXTERNAL EVALUATORS IN EX-POST EVALUATIONS

In 2008, external evaluators carried out ex-post evaluations as a follow-up measure after EDCF streamlined the evaluation system in 2007. The ex-post evaluation may be conducted by an external evaluator when the loan amount is significant or the project is viewed to have considerable socio-economic impacts under the newly formulated evaluation guidelines.

External evaluators ensure greater objectivity and transparency of evaluations as they are less likely to be swayed by a conflict of interests. They assign project ratings on the five criteria of relevance, efficiency, effectiveness, impact, and sustainability by consulting with the government of the recipient country, collecting data from beneficiaries, and conducting site surveys.

In 2008, researchers and engineers from research institutes and industrial associations assumed the role of external evaluators and conducted ex-post evaluations for the Thien-Tan Water Wupply Project in Vietnam, the Ratnapura-Bandarawela Road Rehabilitation Project in Sri Lanka, and the Olympic Stadium Construction Project in Tunisia. To increase accountability, these evaluation reports will soon be disclosed to the public through the EDCF website. EDCF will consistently employ external evaluators for unbiased reviews and for enhanced credibility of ex-post evaluations.

Government Account Activities - IKCF

IKCF was established in 1990 under the IKCF Act to promote mutual understanding and socio-economic interactions between North and South Korea.

Entrusted by the Korean government, the Bank assumed responsibility of operating IKCF in January 1991, and has since strived to facilitate inter-Korean relations by pursuing projects of economic, social, and humanitarian concern under the initiative and policy coordination of the Korean government.

The Bank conducts various IKCF operations including aid and loan provisions and the Insurance Program for Trade and Economic Cooperation.



Government Account Activities - IKCF

The accumulated disbursement of IKCF since its establishment stood at KRW 5,410 billion as of the end of 2008, up 4.5% from the previous year total of KRW 5,179 billion.

INTER-KOREAN DEVELOPMENT

The year 2000 marked a major watershed in the South-North relationship. A historic summit was held between the two Koreas and the "June 15 Joint Declaration" was signed in which North Korea expressed its official agreement to engage in economic cooperation with the South. The Declaration has since constituted the very principle in social and economic interaction between the two Koreas.

In 2007, the South-North relationship took a leap forward when the six-party talks successfully reached an accord on North Korea's nuclear issues. In accordance with the harmonious mood in the Korean peninsula, 400,000 tons of rice was shipped to the North through IKCF loans. In addition, 50,000 tons of fuel was provided to the North in return for the shutdown of the Yongbyon nuclear power plant. The two Koreas also agreed to open freight rail services between Munsan and Bongdong.



Kaesong Industrial Complex



Aerial View of Kaesong



Factory in Kaesong



Family Reunion Center



Unification Bridge in Kaesong

2008 has been a transition period for the two Koreas as the Lee Myung Bak Administration came into power. The Lee Administration's policy toward North Korea is known as the "Policy of Mutual Benefits and Common Prosperity." The policy implies that the process and the methods of the new policy will be based on the firm principle of denuclearization of North Korea, rather than unilateral support. The Lee Administration also promotes "Vision 3000 - Denuclearization and Openness," a strategic initiative to encourage the North to renounce its nuclear programs in exchange for tangible benefits. According to Vision 3000, in step with North Korea's denuclearization, South Korea and the international community will provide substantial socio-economic support to raise North Korea's annual per capita income to USD 3,000 within ten years.

Although a series of recent measures carried out by the North in 2008 have tightened political tensions between the two Koreas, IKCF has continued ongoing efforts to provide assistance and institutional support.

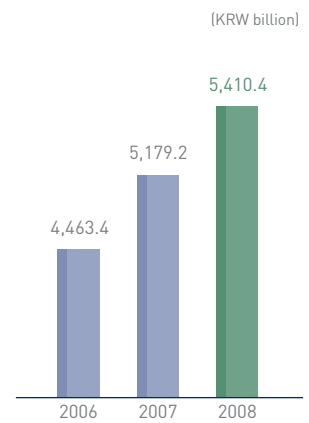
ASSISTANCE ACTIVITIES

In 2008, IKCF provided KRW 231.2 billion in assistance for 132 projects. Of this amount, KRW 10.8 billion in loans were extended to South Korean companies involved in bilateral trade and cooperative economic projects and KRW 110.1 billion was extended to infrastructure construction projects facilitating economic cooperation. From the latter amount, KRW 43.9 billion was disbursed for energy supplies as part of the Initial Actions for the Implementation of the September 19, 2005 Joint Statement. For the Implementation Statement, the six parties agreed on economic, energy, and humanitarian assistance equivalent to 1 million tons of heavy fuel oil in return for the dismantlement of the North's nuclear facilities. As of the end of 2008, energy resources

equivalent to 144,000 tons of heavy fuel oil have been provided to North Korea.

Humanitarian assistance still continues to help improve the quality of life for North Koreans. IKCF extended KRW 59.7 billion to projects run by NGOs distributing food and medicine. IKCF also disbursed KRW 18.2 billion for projects supporting family reunions. In July 2008, a family reunion center was established at Mt. Geumgang to better facilitate annual reunion events for separated families. In 2008, grants for visits to North Korea showed a sizable increase of 60% from 2007's KRW 1.7 billion to KRW 2.7 billion. This increase is mainly attributed to IKCF grants for field study programs for South Korean students and teachers. IKCF also provided KRW 3.8 billion for projects promoting cultural exchange. The accumulated disbursement of IKCF since its establishment stood at KRW 5,410 billion as of the end of 2008, up 4.5% from the previous year total of KRW 5,179 billion.

ACCUMULATED IKCF DISBURSEMENTS





Unloading Energy Supplies at Nampo Harbor

Contrary to the decline in aid and loans, the Insurance Program for Trade and Economic Cooperation has recorded its highest levels since establishment in 2004. The program is designed to support companies investing in and trading with the North by partially compensating for losses caused by emergency situations such as political conflicts or unexpected turmoil. The contracted amount total KRW 336.5 billion as of the end of 2008, an increase of 198% over the 2007 total of KRW 113 billion. The dramatic increase is due to the rise in country risk of North Korea as the South-North relationship intensified in 2008.

IKCF actively issued the insurance to companies to help boost investments in North Korea despite the tight political situation between North and South Korea. The significant increase in 2008 implies that the Insurance Program has effectively provided the necessary institutional support for investors and entrepreneurs.

FUNDING ACTIVITIES

Major funding sources for IKCF include contributions from the Korean government, loans from the Public Capital Management Fund, and reserves and financial returns on IKCF's investment portfolio.

Total accumulated IKCF resources stood at KRW 9,484 billion as of December 2008, of which KRW 866.4 billion was raised in 2008. Of the accrued amount, 46.4% (KRW 4,396.4 billion) was sourced through government contributions, 47.3% (KRW 4,484.8 billion) from the Public Capital Management Fund, and 6.3% (KRW 603 billion) from financial and miscellaneous returns.

Corporate Social Responsibility

GREEN MANAGEMENT

GREEN GROWTH

Although global climate change threatens all of our development gains, it also poses new economic opportunities which we can benefit from if we tackle climate change with well-designed and well-implemented strategies and policies. In line with such strategies, the Korean government declared a "Low Carbon, Green Growth" strategy for sustainable development harmonizing economic development and environment conservation. On behalf of the government, Korea Eximbank is working toward the realization of this strategy and making every effort to enhance the competitiveness of Korean firms in "green" sectors such as renewable energy, improvement of energy efficiency, waste gas/heat utilization, etc., in the global market.

The Green Finance Department was newly established within Korea Eximbank in order to increase financing specialization for green industry projects. The Green Finance Department is devoted to mitigating global warming and provides projects in this sector with various financial tools such as export-import credits, overseas investment credits, project financing, and guarantees. With the green industry growing faster than ever, this department ensures that overseas projects of Korean firms are provided with timely and innovative financing frameworks and favorable financing conditions. In addition, to support the efforts of developing countries to develop sustainably, Korea Eximbank works with Multilateral Development Banks to

assist and co-finance eco-friendly projects within developing countries and provides them with Korean ODA loans (the Economic Development Cooperation Fund) when necessary.

Korea Eximbank also places a top priority on CDM projects to assist developing countries achieve sustainable development and to prepare for the Post-Kyoto Regime, considered as an extension of the Kyoto Protocol with a new set of rules, which will likely oblige Korea to reduce greenhouse gases. As such, Korea Eximbank utilizes its solid network with the governments of developing countries to facilitate the development of CDM projects by Korean firms. Furthermore, Korea Eximbank uses a diversity of financial instruments to provide optimized financial solutions for projects.

In the near future, Korea Eximbank plans to establish a Carbon Fund to purchase emission reductions from CDM projects (CERs)¹⁾ developed and implemented by Korean entities. The fund will also provide grants to help Project Design Document (PDD) preparations and feasibility studies so that CDM projects can be realized.

Korea Eximbank will continue to address climate change by devoting significant resources to environmental conservation and improvement projects. Simultaneously, Korea Eximbank will support global expansion efforts by Korea's green industries to help secure new growth engines for sustainable development.

¹⁾ Greenhouse gas emission allowances within the Kyoto Protocol's Clean Development Mechanism allow industrial countries to undertake joint projects with developing countries. Industrial countries may use the emission reductions, called Certified Emission Reductions (CERs), generated from such projects to meet their own emissions reduction targets.

Korea Eximbank strives to fulfill its social responsibilities and obligations as a corporate citizen and contributes to the overall welfare of our society through various activities. As the official export credit agency of Korea, we believe our international and public social responsibilities are as important as our financial performances and achievements.

THE BANK AND THE ENVIRONMENT

ENVIRONMENTAL REVIEW

Korea Eximbank extends financial support for mid to long-term projects to assist domestic enterprises expand exports to greater parts of the world. While these projects bring economic benefits to importing countries, they may also incur negative impacts in the respective country's environment and society.

Thus, in consideration of the environmental and social impacts of some projects, we offer host countries comprehensive guidance to assess environmental and social impacts of related projects and prepare mitigation measures. We also conduct post monitoring on such projects. Through these measures, we contribute to sustainable development by preventing, minimizing, or mitigating the negative environmental and social impacts of the projects.

In addition to these efforts, we have established internal policies and have been operating environmental review procedures in accordance with OECD Recommendations on Common Approaches on the Environment and Officially Supported Export Credits.



As such, we refrain from approving loans for projects found to have severe environmental risks and insufficient mitigation measures through the environmental review. In addition, loan agreements specify environmental obligations of the exporters, sponsors, or borrowers such as implementation of mitigation measures and environmental monitoring.

In addition to these efforts, we have established internal policies and have been operating environmental review procedures in accordance with OECD "Recommendation on Common Approaches on the Environment and Officially Supported Export Credits." As such, we refrain from approving loans for projects found to have severe environmental risks and insufficient mitigation measures through the environmental review. In addition, loan agreements specify the obligations of the exporters, sponsors, or borrowers such as implementation of mitigation measures and environmental monitoring.

UNEP FI KOREA GROUP ACTIVITIES

UNEP FI is a global partnership between UNEP and the financial sector. Over 170 institutions including banks, insurers, and fund managers, work with UNEP to understand the impacts of environmental and social considerations on financial performance. The UNEP FI Korea Group has held regular council meetings to discuss CDM, climate change, and related opportunities for financial institutions.

Korea Eximbank has shared information related to sustainable activities and business models with other institutions through the UNEP FI Korea Group since October 2005.

ENERGY, WATER, AND GREENHOUSE GAS EMISSIONS

ENERGY: ELECTRICITY

Commercially produced electricity is a primary source of energy for Korea Eximbank and generators are available for accidental power failures. The following table lists the annual amount of electricity consumption over the last three years in our headquarters.

	(Unit: MWh)		
	2006	2007	2008
Electricity Consumption	4,186	4,399	4,279

ENERGY: NATURAL GAS

For heating purposes, boilers powered by natural gas are used. The following table lists the annual amount of natural gas consumption over the last three years in our headquarters.

	(Unit: m ³)		
	2006	2007	2008
Natural Gas Consumption	223,029	213,745	238,571

ENERGY: VEHICLE FUEL

Vehicles are mainly powered by unleaded gasoline and diesel fuel. Vehicles are mainly used for work related short-distance trips. The following table lists the annual amount of gasoline and diesel consumption over the last three years in our headquarters.

	(Unit: Liter)		
	2006	2007	2008
Gasoline Consumption	28,420	43,562	46,172
Diesel Consumption	13,078	12,566	13,850

On behalf of the government, Korea Eximbank is working toward the realization of this strategy and making every effort to enhance the competitiveness of Korean firms in green sectors such as renewable energy, improvement of energy efficiency, waste gas/heat utilization, etc., in the global market.

WATER

The Bank does not have its own separate water source. Water from the city water company is used for general purposes and landscaping. All water is disposed of through the public sewer system. The following table lists the annual amount of water consumption over the last three years in our headquarters.

	[Unit: m ³]		
	2006	2007	2008
Water Consumption	223,029	213,745	238,571

GREENHOUSE GAS EMISSIONS

Calculations based on site specific data were used for the calculation of direct and indirect greenhouse gas emissions. Through this method, the amount of direct greenhouse gas emissions is assessed by calculating the amount of natural oil and gasoline burned for heating and vehicle operation purposes. Indirect greenhouse gas emissions are assessed by taking into account the generation of purchased electricity.

	[Unit: CO ₂ -ton]		
	2006	2007	2008
Direct Emissions	631	630	700
Indirect Emissions	1,775	1,865	1,814
Total Emissions	2,406	2,495	2,514



SERVING THE COMMUNITY

HELPING OUR NEIGHBORS

We value the virtue of helping others, especially those in need. At Korea Eximbank, a culture of voluntary participation in a wide range of social causes is promoted. This year alone, 1,051 employees volunteered in 134 programs at 81 social welfare facilities such as orphanages, nursing homes, homeless centers, and primary schools. The employees of Korea Eximbank contributed much of their time to perform a variety of services such as cleaning facilities, bathing children and the disabled, distributing food and supplies, and even teaching economics to children.

DONATING TO THOSE IN NEED

In 2007, Korea Eximbank donated about KRW 1,113 million to a variety of charitable events and organizations. These donations have continued to grow each year and we annually earmark 1% of net profits for this target. Employees also donate a portion of their salaries for donation drives. The donations are used to support various volunteer activities and domestic social welfare institutions such as orphanages, nursing homes, a hospital for foreign workers, a school for students escaping from North Korea, and an organization assisting multi-cultural families.

Volunteer Groups	Activities
Departments and Branch Offices	Departments and Branch Offices within the Bank organize diverse volunteer activities.
In-house Clubs	Sports clubs frequently visit organizations for children to play games with the kids or donate sports equipment. Some clubs hold cultural events such as cookie baking events and musical attendance programs.
New Recruits	New recruits are encouraged to volunteer at facilities for the disabled upon joining the Bank. Through such activities, they are naturally exposed to the Bank's values in corporate responsibility.
Mountain Preservation	The employees of the Bank frequently visit Mt. Mani at Kanghwa-do to help pick up litter and preserve nature.
Holiday Volunteers	The Bank encourages the families of employees to participate in volunteer activities through the Holiday Volunteer Service Program.
Educating Economics	Volunteers introduce primary school students the basic principles of economics in collaboration with Junior Achievement Korea, a branch of the world-renown, non-profit education provider.

Korea Eximbank is also working to expand corporate responsibility practices beyond Korea to address global issues.



Ribbon Cutting for the Ansan Multi-cultural Library



Feeding the Homeless



Home Improvement Efforts

International Relief Organization	Amount (KRW million)	Activities
World Vision	50	Donated food worth KRW 50 million to assist people living in poverty in the Kokang Province of Myanmar.
STEP Foundation	100	Donated KRW 100 million to the STEP Foundation for the construction of 3 "Thank You Small Libraries" in Tanzania.
Good Neighbors International,	50	In collaboration with Good Neighbors International, the Bank donated relief supplies worth KRW 100 million to those
UNICEF	100	Donated KRW 100 million to UNICEF for the construction of primary schools in Gambia as part of a pilot project for KOAFEC, an organization formed to strengthen ties between Korea and the African continent.
Korea Federation of Banks	35	Donated relief supplies worth KRW 35 million to those affected by a devastating earthquake in May 2008 in Sichuan, China.

PROVIDING EDUCATIONAL OPPORTUNITIES

Motivating and educating students to become active members of society is an essential component of our social responsibility values, and we demonstrate our beliefs by sharing our knowledge and experiences. As an example, seminars on global business and economy, targeting undergraduate and graduate students, are frequently held. We also provide scholarships to students requiring financial assistance so that they may

complete their education. Beginning in 2007, we expanded the scope of scholarship beneficiaries from students in rural areas to the children of our SME partners. Educational equipment and supplies were also provided to 3 high schools located in remote rural areas. Since 2007, we have donated KRW 150 million each to 3 high schools. In total, 11 projects amounting to KRW 468 million were carried out to help those in need obtain a quality education.

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COMMUNITY OUTREACH THROUGH SISTER-COMMUNITY PROGRAMS

The Bank has maintained close relations with the rural community of Seongsu-Ri in Kangwon Province since 2005. To enhance our ties and better serve this area, we have introduced new programs providing medical services for the residents in collaboration with Seong-Mo Hospital in Yeoui-do. In addition, we have initiated a program to make kimchi together for distribution to the elderly living alone in the area. The Bank helped build a community facility in 2007 and members of the Bank joined residents in local gatherings and outings. Our support for the sister-community amounted to KRW 7 million for 7 projects in 2008.



ETHICS MANAGEMENT

Ethics Management in Korea Eximbank is more than a method to prevent irregularities and corruption. Ethics Management signifies the Bank's responsibility as the official export credit agency of Korea towards the national economy and society.

Ethics Management policies have been established by the Bank to increase competitiveness and transparency so that we may enhance public trust in our institution. The policies are an important factor in how employees conduct everyday operations and contribute to building the Bank's reputation as a sound financial institution.

PRACTICING ETHICS MANAGEMENT

ETHICS CHARTER, CODE OF CONDUCT, ETHICS MANAGEMENT HANDBOOK

The Ethics Charter of Korea Eximbank declares the Bank's resolutions to respect and protect the values of our clients, conduct operations in full compliance with Bank principles, promote fair and ethical employee relations, ensure the soundness of financial transactions, and fulfill our social responsibilities.

Together with the Charter, the Bank's Code of Conduct states specific standards governing the every day operations within the Bank, thus promoting ethical behavior and awareness. The Ethics Management Handbook offers easy access to guidelines for ethical dilemmas and helps to further enhance understanding of ethics management by employees.

INTEGRITY PLEDGE SYSTEM FOR MEMBERS OF THE BOARD

The Integrity Pledge System was adopted to reinforce the commitment to transparency and ethics management by members of the board. Every board member is to sign the integrity pledge within a month of their appointment and the pledge is valid until the end of their term. The pledge details integrity obligations, sanctions against any breaches of the pledge, and procedures for the sanctions. Currently, all eight members of the board, including the Chairman & President, have signed the pledge.

CYBER SELF-TESTING SYSTEM OF ETHICS AWARENESS

The Cyber Self-testing System of Ethics Awareness is a computerized program made available through the Bank's intranet system to help employees better determine their level of compliance with Bank policies. Every quarter, employees answer a brief set of questions about the Bank's ethics management policies as an on-going measure to strengthen the ethical values of the entire staff.

INTEGRITY EDUCATION

Every year, Korea Eximbank selects a number of employees to attend an integrity education seminar offered by the Anti-corruption & Civil Rights Commission. The seminar is offered to promote general understanding on various policies related to anti-corruption and integrity as well as to strengthen integrity.

ETHICS MANAGEMENT REFLECTED ON THE PERFORMANCE EVALUATION SYSTEM

The performance evaluation system includes an index on ethics management as an added measure to induce employee participation in ethics management and highlight Bank values. The index influences the overall results of the performance evaluations of each employee thus encouraging active participation in ethics management.

USAGE OF THE "CLEAN CARD"

Korea Eximbank introduced the "Clean Card" system to strengthen transparency in expenditures related to business activities. Under this system, the Bank pre-screens the settlement of corporate card accounts as a measure to avoid inappropriate spending. The introduction of the "Clean Card" is in line with our efforts to ensure transparency of operations within the Bank.

CYBER REPORT CENTER

The Cyber Report Center was established to assist employees report and resolve any ethical issues one may face. Consultations with staff members specializing in ethics management are highly accessible and available via the hotline or the intranet.



Financial Report

Independent Auditors' Report

THE BOARD OF DIRECTORS AND STOCKHOLDERS THE EXPORT-IMPORT BANK OF KOREA:

We have audited the accompanying non-consolidated balance sheet of The Export-Import Bank of Korea (the "Bank") as of December 31, 2008, and the related non-consolidated statements of income, appropriation of retained earnings, changes in stockholders' equity and cash flows for the year then ended. These non-consolidated financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these non-consolidated financial statements based on our audit. The accompanying non-consolidated financial statements of the Bank as of December 31, 2007, were audited by other auditors, whose report thereon dated February 25, 2008, expressed an unqualified opinion on those statements.

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 audits provide a reasonable basis for our opinion.

In our opinion, the non-consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Bank as of December 31, 2008 and the results of its operations, the appropriation of its retained earnings, the changes in its stockholders' equity and its cash flows for the year then ended in conformity with accounting principles generally accepted in the Republic of Korea.

Without qualifying our opinion, we draw attention to the following matters:

As discussed in note 2 to the non-consolidated financial statements, accounting principles and auditing standards and their application in practice vary among countries. The accompanying non-consolidated financial statements are not intended to present the financial position, results of operations, changes in equity 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 non-consolidated financial statements may differ from those generally accepted and applied in other countries. Accordingly, this report and the accompanying non-consolidated financial statements are for use by those knowledgeable about Korean accounting procedures and auditing standards and their application in practice.

As discussed in note 2 to the non-consolidated financial statements, effective from January 1, 2008, the Bank changed its accounting estimates for the allowance for normal loans to the expected loss method, from using average reserve rates of local commercial banks or credit risk criteria model.

As discussed in note 25 to the non-consolidated financial statements, The Korean government invested ₩40 billion and ₩260 billion of cash in the Bank on January 2, and January 30, 2009, respectively. As a result, the Korean government's ownership interest in the Bank increased from 66.69% to 69.04%.

KPMG Samjong Accounting Corp.
Seoul, Korea
February 19, 2009

This report is effective as of February 19, 2009, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying non-consolidated financial statements and notes thereto. Accordingly, the readers of the audit report should understand that there is a possibility that the above audit report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

FINANCIAL STATEMENTS

Non-Consolidated Balance Sheets

December 31, 2008 and 2007

(In millions of Won)

	2008	2007
ASSETS		
Due from banks (notes 3, 15, 18 and 22)	₩ 231,679	109,364
Securities (notes 4, 15, and 18)	2,396,462	2,534,777
Loans, net (notes 5, 6, 15, 18 and 21)	31,885,044	20,099,300
Property and equipment (note 7)	36,127	36,880
Other assets (notes 8 and 14)	1,432,625	859,088
Total assets	35,981,937	23,639,409
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES:		
Borrowings and debentures (notes 9, 15, 18 and 22)	27,770,920	17,412,228
Other liabilities (notes 10, 11, 12 and 14)	3,120,663	1,291,642
Total liabilities	30,891,583	18,703,870
STOCKHOLDERS' EQUITY:		
Capital stock (note 13)	3,958,755	3,308,755
Accumulated other comprehensive income (note 19)	53,220	617,762
Retained earnings (note 13)	1,078,379	1,009,022
Total stockholders' equity	5,090,354	4,935,539
Total liabilities and stockholders' equity	₩ 35,981,937	23,639,409

See accompanying notes to non-consolidated financial statements.

Non-Consolidated Statements of Income

For the years ended December 31, 2008 and 2007

(In millions of Won)

	2008	2007
Interest income (notes 15 and 21):		
Interest on due from banks	₩ 17,181	7,646
Interest and dividends on securities	40,962	52,598
Interest on loans	1,390,238	1,033,906
Total interest and dividend income	1,448,381	1,094,150
Interest expense (notes 15 and 21):		
Interest on call money	17,171	20,944
Interest on borrowings	172,408	70,730
Interest on debentures	917,272	712,144
Other interest expenses	-	12
Total interest expense	1,106,851	803,830
Net interest income	341,530	290,320
Provision for loan losses (note 6)	93,010	59,351
Net interest income after provision for loan losses	248,520	230,969
Non-interest income:		
Fee and commission income (note 21)	185,564	146,526
Gain on sale of available-for-sale securities (note 4)	13,498	70,800
Gain from equity method accounted investment securities (note 4)	2,284	3,356
Gain on sale of loans	-	3,568
Gain on foreign currency transactions	2,158,480	87,790
Gain on derivatives trading	356,796	161,866
Gain on valuation of derivatives (note 14)	473,353	435,633
Gain on valuation of fair value hedged items	470,166	117,704
Other	13,753	1,505
Total non-interest income	₩ 3,673,894	1,028,748

(Continued)

FINANCIAL STATEMENTS

(In millions of Won)

	2008	2007
Non-interest expense:		
Fee and commission expense	₩ 3,123	4,166
General and administrative expense (note 16)	122,958	107,340
Loss on sale of available-for-sale securities (note 4)	2,293	250
Impairment loss on available-for-sale securities (note 4)	2	-
Loss on foreign currency transactions	1,063,790	605,171
Loss on derivatives trading	904,090	65,156
Loss on valuation of derivatives (note 14)	1,211,389	100,387
Loss on valuation of fair value hedged items	351,573	69,522
Contribution to fund	2,796	1,086
Other	64,941	58,104
Total non-interest expense	3,726,955	1,011,182
Net non-interest income	(53,061)	17,566
Income before income taxes	195,459	248,535
Income taxes (note 17)	101,485	64,253
Net income	₩ 93,974	184,282

See accompanying notes to non-consolidated financial statements.

Non-Consolidated Statements of Appropriation of Retained Earnings

For the years ended December 31, 2008 and 2007

(In millions of Won)

	2008	2007
Unappropriated retained earnings:		
Balance at beginning of year	₩ -	-
Net income	93,974	184,282
Total	93,974	184,282
Appropriation of retained earnings:		
Legal reserve	18,795	36,857
Other reserve	75,179	122,808
Dividends (note 20)	-	24,617
	93,974	184,282
Unappropriated retained earnings to be carried over to subsequent year	₩ -	-

See accompanying notes to non-consolidated financial statements.

FINANCIAL STATEMENTS

Non-Consolidated Statements of
Changes in Stockholders' Equity

For the years ended December 31, 2008 and 2007

(In millions of Won)

	Capital stock	Accumulated other comprehensive income (loss)	Retained earnings	Total
January 1, 2007	₩ 3,305,755	612,607	841,572	4,759,934
Dividends	-	-	(16,832)	(16,832)
Balance after appropriations	3,305,755	612,607	824,740	4,743,102
Issuance of common stock	3,000	-	-	3,000
Net income	-	-	184,282	184,282
Gain on valuation of available-for- sale securities	-	6,547	-	6,547
Gain on valuation of securities using equity method	-	(1,392)	-	(1,392)
December 31, 2007	3,308,755	617,762	1,009,022	4,935,539
January 1, 2008	3,308,755	617,762	1,009,022	4,935,539
Dividends	-	-	(24,617)	(24,617)
Balance after appropriations	3,308,755	617,762	984,405	4,910,922
Issuance of common stock	650,000	-	-	650,000
Net income	-	-	93,974	93,974
Gain on valuation of available-for- sale securities	-	(560,154)	-	(560,154)
Gain on valuation of securities using equity method	-	(4,388)	-	(4,388)
December 31, 2008	₩ 3,958,755	53,220	1,078,379	5,090,354

See accompanying notes to non-consolidated financial statements.

Non-Consolidated Statements of Cash Flows

December 31, 2008 and 2007

(In millions of Won)

	2008	2007
Cash flows from operating activities:		
Net income	₩ 93,974	184,282
Adjustments to reconcile net income to net cash used in operating activities:		
Amortization of discounts on debentures	79,836	61,158
Provision for loan losses	93,010	59,351
Loss on foreign currency transactions	1,063,790	605,171
Impairment loss on available-for-sale securities	2	-
Loss on valuation of derivatives	1,211,389	100,387
Loss on valuation of fair value hedged items	351,573	69,522
Depreciation	3,325	3,593
Amortization	2,352	2,040
Provision for severance benefits	5,972	5,930
Amortization of present value discount	(4,970)	(6,459)
Accreditation on premium on debentures	(2,161)	(2,055)
Gain on disposal of loans	-	(3,568)
Foreign exchange trading gain	(2,158,480)	(87,790)
Gain on valuation of derivatives	(473,353)	(435,633)
Gain on valuation of fair value hedged items	(470,166)	(117,704)
Gain on valuation of securities using the equity method	(2,284)	(3,356)
Others, net	49,952	54,292
Changes in assets and liabilities:		
Net decrease in available-for-sale securities	19,257	42,928
Net increase in loans	(9,538,693)	(6,273,958)
Net decrease (increase) in other assets	111,821	(155,481)
Net increase in other liabilities	459,963	339,324
Payment of severance benefits	(5,133)	(3,343)
Dividend received from equity method investments	203	196
Net cash used in operating activities	₩ (9,108,821)	(5,561,173)

[Continued]

FINANCIAL STATEMENTS

Non-Consolidated Statements of Cash Flows

For the years ended December 31, 2008 and 2007

(In millions of Won)

	2008	2007
Cash flows from investing activities:		
Proceeds from sale of due from banks	₩ 2,577	-
Proceeds from sale of property and equipment	43	76
Proceeds from sale of other assets	1,955	-
Acquisition of due from banks	-	(116)
Acquisition of property and equipment	(2,576)	(1,474)
Acquisition of intangible assets	(399)	(1,476)
Acquisition of other assets	(818)	(2,422)
Net cash provided by investing activities	782	(5,412)
Cash flows from financing activities:		
Proceeds from borrowings	2,990,060	458,959
Proceeds from debentures	6,267,487	5,393,888
Proceeds from common stock	-	3,000
Repayment of borrowings	-	(297,676)
Dividends paid	(24,617)	(16,832)
Net cash provided by financing activities	9,232,930	5,541,339
Net increase (decrease) in cash and due from banks	124,891	(25,246)
Cash and due from banks at beginning of period	106,788	132,034
Cash and due from banks at end of period (note 22)	₩ 231,679	106,788

See accompanying notes to non-consolidated financial statements.

Notes to Non-Consolidated Financial Statements

December 31, 2008 and 2007

1. Organization and Description of 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 grant financial facilities for overseas trade (i.e. import and export), investments and resources development activities. As of December 31, 2008, the Bank operates 11 domestic branches, 4 overseas subsidiaries and 13 overseas offices as of December 31, 2008.

The Bank's authorized capital is ₩4,000,000 million, and, through numerous capital increases since the establishment, its paid-in capital is ₩3,958,755 million as of December 31, 2008. The Government of the Republic of Korea (the "Government"), the Bank of Korea ("BOK") and Korea Development Bank hold 66.69%, 29.43% and 3.88% of the ownership of the Bank, respectively, as of December 31, 2008.

The Bank, as a trustee of the Government, has managed The Economic Development Cooperation Fund, the Inter-Korean Cooperation Fund and Exchange Equalization Fund (the "Funds") since June 1987, March 1991 and November 2008, respectively. The Funds are accounted independently and not included in the Bank's financial statements. The Bank receives a fee from the Government for the trustee service.

2. Summary of Significant Accounting Policies and Basis of Presenting Financial Statements

(A) BASIS OF PRESENTING FINANCIAL STATEMENTS

The Bank maintains its accounting records in Korean Won and prepares non-consolidated financial statements in the Korean language in conformity with accounting principles generally accepted in the Republic of Korea. 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 solely for use by only those who are informed about Korean accounting principles and practices. The accompanying non-consolidated financial statements have been condensed, restructured and translated into English from the Korean language non-consolidated financial statements.

Effective January 1, 2008, the Bank recorded amounts received (paid) on currency interest swaps, which were previously accounted as gains (losses) on derivatives, as interest revenue (expense). This change in accounting policy resulted in an increase of ₩4,962 million in interest revenue, and decreases of ₩146,419 million, ₩13,067 million and ₩128,390 million in gain from derivatives transactions, interest expense and loss from derivatives transactions, respectively.

(B) REVENUE RECOGNITION

The Bank recognizes interest income from deposits, loans and securities on an accrual basis. However, the Bank recognizes interest income when payments are received for on the loans which principal or interest payments are overdue without guarantee of payment by financial institutions and of which repayment is significantly uncertain. The interest is accrued but not recognized on such loans amounted to ₩9,774 million and ₩50,099 million, respectively, as of December 31, 2008 and 2007. Any unpaid interest previously accrued on such loans is reversed and recorded as deduction of current period's interest income.

FINANCIAL STATEMENTS

(C) INVESTMENTS IN SECURITIES (EXCLUDING INVESTMENTS IN ASSOCIATE AND SUBSIDIARIES)

| CLASSIFICATION |

Upon acquisition, the Bank classifies debt and equity securities (excluding investments in subsidiaries) into the following categories: held-to-maturity, available-for-sale or trading securities. The Bank reevaluates appropriateness of categorization at each of balance sheet dates.

Investments in debt securities that the Bank has the positive intent and ability to hold to maturity are classified as held-to-maturity. Securities that are acquired principally for the purpose of selling in the short term are classified as trading securities. Investments not classified as either held-to-maturity or trading securities are classified as available-for-sale securities.

| INITIAL RECOGNITION |

Investments in securities (excluding investments in subsidiaries) are initially recognized at cost.

| SUBSEQUENT MEASUREMENT AND INCOME RECOGNITION |

Trading securities are subsequently carried at fair value. Gains and losses arising from changes in the fair value of trading securities are included in the income statement in the period in which they arise. Available-for-sale securities are subsequently carried at fair value. Gains and losses arising from changes in the fair value of available-for-sale securities are recognized as accumulated other comprehensive income, net of tax, directly in equity. Such gains or losses are recognized in the income statement in the period of disposition or recognition of impairment losses on available-for-sale securities. Investments in available-for-sale securities that do not have readily determinable fair values are recognized at cost less impairment, if any. Held-to-maturity investments are carried at amortized cost with interest income and expense recognized in the income statement using the effective interest method.

| FAIR VALUE INFORMATION |

The fair value of marketable securities is determined using quoted market prices as of the period end. Non-marketable equity securities are fair valued using the estimated value provided by independent external experts whose valuations models and judgments are reasonable and appropriate.

| IMPAIRMENT |

Impairment losses are recognized when the reasonably estimated recoverable amounts are less than the carrying amount and it is not obviously evidenced that impairment is unnecessary.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized and a reversal of an impairment loss shall not exceed the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized in the asset in prior period. Such reversal is recognized in profit or loss.

(D) INVESTMENTS IN ASSOCIATES AND SUBSIDIARIES

Associates are entities of the Bank and its subsidiaries that have the ability to significantly influence the financial and operating policies. It is presumed to have significant influence if the Bank holds directly or indirectly 20 percent or more of the voting power unless it can be clearly demonstrated that this is not the case. Subsidiaries are entities controlled by the Bank.

Investments in associates and subsidiaries are accounted for using the equity method of accounting and are initially recognized at cost.

Notes to Non-Consolidated Financial Statements

December 31, 2008 and 2007

The Bank's investments in associates and subsidiaries include goodwill identified on the acquisition date (net of any accumulated impairment loss). Goodwill is calculated as the excess of the acquisition cost of an investment in an associate or subsidiary over the Bank's share of the fair value of the identifiable net assets acquired. Goodwill is amortized using the straight-line method over its estimated useful life. Amortization of goodwill is recorded together with equity income (losses).

When events or circumstances indicate that the carrying value of goodwill may not be recoverable, the Bank reviews goodwill for impairment and records any impairment loss immediately in the statement of income.

The Bank's share of its post-acquisition profits or losses in investments in associates and subsidiaries is recognized in the income statement, and its share of post-acquisition movements in equity is recognized in equity. The cumulative post-acquisition movements are adjusted against the carrying amount of each investment. Changes in the carrying amount of an investment resulting from dividends by an associate or subsidiary are recognized when the associate or subsidiary declares the dividend. When the Bank's share of losses in an associate or subsidiary equals or exceeds its interest in the associate or subsidiary, including preferred stock or other long term loans and receivables issued by the associate or subsidiary, the Bank does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate or subsidiary.

If the investee is a subsidiary, net income and net assets of the parent company's separate financial statements should agree with the parent company's share in the net income and net assets of the consolidated financial statements, except when the Company discontinues the application of the equity method due to its investment in a subsidiary being reduced to zero.

Unrealized gains on transactions between the Company and its associates or subsidiaries are eliminated to the extent of the Company's interest in each associate or subsidiary.

(E) ALLOWANCE FOR LOAN LOSSES

Based on future loan repayment capacity of the borrower and past repayment history, the Bank classifies loans into five categories, "normal", "precautionary", "substandard", "doubtful" and "estimated loss", in accordance with the banking regulation in the Republic of Korea. Except for call loans and inter-bank loans with "normal" classification, the Bank provides allowance by each loan classification with the amount greater of using the expected loss method or the prescribed minimum levels of reserves in accordance with the Financial Supervisory Service Guideline ("FSS Guideline").

Expected Loss Method

The allowance for normal loans is calculated by multiplying each outstanding loan balance by probability of default ("PD") and loss given default ("LGD"). The Bank provides additional allowance for considering risks associated with a certain industry and country concentration. The allowances for loans classified other than "normal" are estimated based on expected future cash flows.

FSS Guideline

The prescribed minimum levels of reserves in the Regulations for the Supervision of Banks guide are as follows:

Normal (*)	0.85%
Precautionary	7%
Substandard	20%
Doubtful	50%
Estimated loss	100%

(*) 0.9% for market sensitive sectors including construction, real estate and rental services, retail and wholesale, lodging and restaurant

FINANCIAL STATEMENTS

Effective from January 1, 2008, the Bank changed its accounting estimates for the allowance for normal loans to the expected loss method, which is considered to be more objective and reasonable, from using average reserve rates of local commercial banks or credit risk criteria model.

(F) TROUBLED DEBT RESTRUCTURING

A loan the contract terms of which are modified in a trouble debt restructuring program is accounted for at the present value of the expected future cash flows of the modified loan discounted at the effective interest rate of the original loan. The excess of the carrying amount over the present value of expected cash flows is recorded in allowance for loan loss in the current period. The present value discounts are recorded in allowance for loan loss and reflected as a deduction from the nominal value of the loans. If the previously recognized allowance for loan loss is greater than the present value discount, the difference is recorded as reversal of allowance for loan loss.

(G) DEFERRED LOAN ORIGATION FEES

Certain fees associated with lending activities, which meet specified criteria, are deferred and amortized over the life of the loan as an adjustment to the carrying amount of the loan using the effective yield method and recognized as interest income.

(H) PROPERTY AND EQUIPMENT

Property and equipment are stated at cost, except for the items revalued in accordance with the Asset Revaluation Law. Assets acquired through investment in kind or donation are recorded at fair value upon acquisition. The fair value of the asset given up is measured and used as the cost of the asset received. The fair value of the asset received is measured and used as the cost if more clearly evident.

Property and equipment are depreciated over the estimated useful lives of the assets using the following methods:

	Useful lives years	Depreciation method
Buildings	10~60	Straight-line (*)
Vehicles	4	Declining balance
Equipment	4 ~ 20	Declining balance

(*) Buildings acquired and related improvements made prior to January 1, 1995 are depreciated using the declining-balance method.

Significant additions or improvements extending useful lives of assets are capitalized. Normal maintenance and repairs are charged to expense as incurred.

Property and equipment is subject to an impairment review if there are events or changes in circumstances which indicate that the carrying amount may not be recoverable. An impairment loss is recognized when the expected estimated undiscounted future net cash flows from the use of the asset and its eventual disposal are less than its carrying amount.

Notes to Non-Consolidated Financial Statements

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(I) INTANGIBLE ASSETS

Intangible assets are stated at the production or purchase cost, plus incidental expenses and capital expenditures. Amortization is computed using the straight-line method over five years, and directly reduced from intangible assets.

Intangible assets are subject to an impairment review if there are events or changes in circumstances which indicate that the carrying amount may not be recoverable. An impairment loss is recognized by reducing the carrying amount to the recoverable amount.

(J) DISCOUNT (PREMIUM) ON DEBENTURES

Discount (premium) on debentures issued is amortized (accrued) using the effective interest method over the life of the debentures. The amount amortized (accrued) is recognized as interest expense (income).

(K) RETIREMENT AND SEVERANCE BENEFITS

The Bank accrues severance benefits for employees and directors with more than one year of employment. The Bank's estimated liability under the plan, which would be payable if all employees left on the balance sheet date, is compared to the amount calculated in accordance with the Labor Law, and the greater amount is accrued in the accompanying non-consolidated balance sheet. Under the National Pension Scheme of Korea, the Bank had transferred a certain portion of retirement allowances for employees to the National Pension Fund. The amount transferred is reducing the liability for retirement and severance benefits.

(L) ALLOWANCE FOR ACCEPTANCES AND GUARANTEES

The Bank provides allowance for outstanding acceptances and guarantees, the amount after considering the credit conversion factors (CCF), using the same allowance methodology used for estimating allowance for loan loss. However, the Bank does not provide the additional allowance for risks associated with a certain industry and country concentration for unconfirmed acceptances and guarantees.

(M) ALLOWANCE FOR UNUSED LOAN COMMITMENTS

The Bank provides allowance for unused loan commitments, the amount after considering the credit conversion factors (CCF), using the same allowance methodology used for estimating allowance for loan loss. However, the Bank does not provide the additional allowance for risks associated with a certain industry and country concentration for unused loan commitments.

(N) CONTINGENT LIABILITIES

Provisions are recognized when all of the following are met: (1) the Bank has a present obligation as a result of a past event; (2) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and (3) a reliable estimate can be made of the amount of the obligation. Where the effect of the time value of money is material, a provision is recorded at the present value of the expenditures expected to be required to settle the obligation.

Where the expenditure required to settle a provision is expected to be reimbursed by third party, the reimbursement is recognized as a separate asset when, and only when, it is virtually certain that reimbursement will be received if the Company settles the obligation. The expense generated by the provision is presented net of the amount of expected reimbursement.

FINANCIAL STATEMENTS

(0) DERIVATIVES AND HEDGE ACCOUNTING

The Bank holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, and a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative.

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. Attributable transaction costs are recognized in profit or loss when incurred.

| HEDGE ACCOUNTING |

Where a derivative, which meets certain criteria, is used for hedging the exposure to changes in the fair value of a recognized asset, liability or firm commitment, it is designated as a fair value hedge. Where a derivative, which meets certain criteria, is used for hedging the exposure to the variability of the future cash flows of a forecasted transaction it is designated as a cash flow hedge.

The Bank documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Bank also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting the changes in fair values or cash flows of hedged items.

| FAIR VALUE HEDGE |

Changes in the fair value of derivatives that are designated and qualify as fair value are recorded in the statement of income, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

| CASH FLOW HEDGE |

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognized in equity. The gain or loss relating to any ineffective portion is recognized immediately in the statement of income. Amounts accumulated in equity are recycled to the income statement in the periods in which the hedged item will affect income or expense. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at the time remains in equity and is recognized when the forecast transaction is ultimately recognized in the statement of income. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the statement of income.

► DERIVATIVES THAT DO NOT QUALIFY FOR HEDGE ACCOUNTING

Changes in the fair value of derivative instruments that are not designated as fair value or cash flow hedges are recognized immediately in the statement of income.

► SEPARABLE EMBEDDED DERIVATIVES

Changes in the fair value of separable embedded derivatives are recognized immediately in the statement of income.

Notes to Non-Consolidated Financial Statements

December 31, 2008 and 2007

(P) INCOME TAXES

Income tax on the income or loss for the year comprises current and deferred tax. Income tax is recognized in the statement of income except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted.

Deferred tax is provided using the asset and liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable income will be available against which the unused tax losses and credits can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax assets and liabilities are classified as current or non-current based on the classification of the related asset or liability for financial reporting or the expected reversal date of the temporary difference for those with no related asset or liability such as loss carryforwards and tax credit carryforwards. The deferred tax amounts are presented as a net current asset or liability and a net non-current asset or liability.

(Q) FOREIGN CURRENCY TRANSLATION

Monetary assets and liabilities denominated in foreign currencies are translated into Korean Won at the foreign exchange rate at the balance sheet date, with the resulting gains or losses recognized in the income statement. Monetary assets and liabilities denominated in foreign currencies are translated into Korean Won at ₩ 1,257.50 and ₩ 938.20 to USD 1 based on the basic exchange rate and the cross exchange rate announced by the Seoul Monetary Brokerage Services Ltd. on December 31, 2008 and 2007. Financial statements of foreign-based operations, branches and companies accounted for using the equity method, are translated at the rate of exchange at the balance sheet date.

(R) USE OF ESTIMATES

The preparation of non-consolidated financial statements in accordance with accounting principles generally accepted in the Republic of Korea requires management to make estimates and assumptions that affect the amounts reported in the non-consolidated financial statements and related notes to the non-consolidated financial statements. The estimates include book value of property and equipment, and valuation of loans and deferred tax assets. Actual results could differ from those estimates.

FINANCIAL STATEMENTS

3. Due from Banks

(A) DUE FROM BANKS AS OF DECEMBER 31, 2008 AND 2007 ARE AS FOLLOWS:

(In millions of Won)

	Financial institution	Interest (%)	2008	2007
Due from banks in local currency:	Reserve deposit	-	₩ 2	4
	Demand deposits	-	1,674	1,676
	Time deposits	6.3~6.4	70,000	2,100
	Certificate of deposits	6.1~6.4	130,000	-
	Others	3.8	5,100	18,777
			206,776	22,557
Due from banks in foreign currency:	Demand deposits	-	24,903	49,279
	Time deposits	-	-	37,528
			24,903	86,807
			₩ 231,679	109,364

(B) RESTRICTED DUE FROM BANKS AS OF DECEMBER 31, 2008 AND 2007 ARE AS FOLLOWS:

(In millions of Won)

	Financial institution	Interest (%)	2008	2007
Due from bank in local currency:	Time deposits	-	₩ -	2,100
	Other	-	-	476
			₩ -	2,576

Notes to Non-Consolidated Financial Statements

December 31, 2008 and 2007

(C) DUE FROM BANKS BY FINANCIAL INSTITUTION AS OF DECEMBER 31, 2008 AND 2007 ARE AS FOLLOWS:

(In millions of Won)

	2008			2007		
	Due from banks in local currency	Due from banks in foreign currencies	Total	Due from banks in local currency	Due from banks in foreign currencies	Total
Bank of Korea	₩ 2	-	2	4	-	4
Banks	206,774	24,713	231,487	22,553	86,633	109,186
Others	-	190	190	-	174	174
	₩ 206,776	24,903	231,679	22,557	86,807	109,364

(D) THE MATURITIES OF DUE FROM BANKS AS OF DECEMBER 31, 2008 AND 2007 ARE AS FOLLOWS:

(In millions of Won)

	2008			
	Due in 3 months or less	Due after 3 months to 6 months	Due after 6 months to 1 year	Total
Due from bank in local currency	₩ 6,776	200,000	-	206,776
Due from bank in foreign currencies	24,903	-	-	24,903
	₩ 31,679	200,000	-	231,679

(In millions of Won)

	2007			
	Due in 3 months or less	Due after 3 months to 6 months	Due after 6 months to 1 year	Total
Due from bank in local currency	₩ 20,457	-	2,100	22,557
Due from bank in foreign currencies	86,807	-	-	86,807
	₩ 107,264	-	2,100	109,364

FINANCIAL STATEMENTS

4. Securities

(A) SECURITIES AS OF DECEMBER 31, 2008 AND 2007 ARE AS FOLLOWS:

(In millions of Won)

	2008	2007
Equity securities		
Marketable equity securities	₩ 645,220	1,363,124
Non-marketable equity securities	1,647,899	1,077,404
Equity investment	1,276	1,276
	2,294,395	2,441,804
Debt securities		
Government and public bonds	1	1
Equity method accounted investments	102,066	92,972
	₩ 2,396,462	2,534,777

(B) MARKETABLE EQUITY SECURITIES AS OF DECEMBER 31, 2008 AND 2007 ARE AS FOLLOWS:

(In millions of Won)

	2008			
	No. of shares	Ownership (%)	Book value before fair value adjustment	Fair value (book value)
KEB	₩ 40,314,387	6.25	584,558	255,190
Industrial Bank of Korea	8,501,153	1.92	149,620	65,374
Daewoo International Corporation (*)	10,996,400	11.58	385,028	225,096
SK Networks Co., Ltd. (*)	10,514,605	4.33	219,930	85,320
Hyundai Corporation (*)	1,031,600	4.62	21,060	14,166
SG Global Corporation	18,903	0.15	151	74
	₩		1,360,347	645,220

(*) These securities, except for 3,449,354 shares of SK Networks Co., Ltd. and 449,276 shares of Hyundai Corporation, are restricted for sale as of December 31, 2008.

Notes to Non-Consolidated Financial Statements

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(In millions of Won)

	2007			
	No. of shares	Ownership (%)	Book value before fair value adjustment	Fair value (book value)
KEB	₩ 40,314,387	6.25	518,040	584,558
Industrial Bank of Korea	8,501,153	2.10	145,795	149,620
Daewoo International Corporation (*)	10,996,400	11.58	369,006	385,028
SK Networks Co., Ltd. (*)	10,514,605	4.39	219,568	219,930
Hyundai Corporation (*)	1,031,600	4.62	19,695	21,060
Hyundai IT Corporation (*)	2,337,955	9.20	4,660	2,471
Choongnam Spinning Co., Ltd. (*)	57,173	0.45	286	457
	₩		1,277,050	1,363,124

(*) These securities, except for 985,581 shares of SK Networks Co., Ltd. and 449,276 shares of Hyundai Corporation, are restricted for sale as of 2007.

(C) NON-MARKETABLE EQUITY SECURITIES AS OF DECEMBER 31, 2008 AND 2007 ARE AS FOLLOWS:

(In millions of Won)

	2008			
	No. of shares	Ownership (%)	Book value before fair value adjustment	Book value
Korea Highway Corp.	₩ 131,134,051	6.21	1,311,341	1,311,341
Kyobo Life Insurance Co., Ltd.	1,199,001	5.85	288,659	288,659
Industrial Bank of Korea (preferred stock)	6,210,000	6.34	98,366	42,979
Korea Ship Finance	254,000	14.99	1,270	1,270
Daewoo Electronics Corp.	224,580	0.21	133	157
Pantech Co., Ltd.	19,944,000	7.13	319	419
Pantech & Curitel Co., Ltd.	11,160,000	2.20	1,205	2,734
Korea Data Systems Co., Ltd. (KDS)	320	0.24	11	2
SB telcom	420,984	3.29	210	210
Others	39,608	-	128	128
	₩		1,701,642	1,647,899

FINANCIAL STATEMENTS

As of December 31, 2008, the Bank recorded the fair value of the shares of Industrial Bank of Korea (preferred stock), Daewoo Electronics Corp., Pantech Co., Ltd., Pantech & Curitel Co., Ltd. and Korea Data Systems Co., Ltd. by using the fair value information from external evaluation agencies. The other securities were recorded at the acquisition costs since the fair value was difficult to be measured. The shares of Daewoo Electronics Corp., Pantech Co., Ltd. and Pantech & Curitel Co., Ltd. are restricted for sale as of December 31, 2008.

(In millions of Won)

	2007			
	No. of shares	Ownership (%)	Book value before fair value adjustment	Book value
Korea Highway Corp.	₩ 95,000,000	4.72	950,000	950,000
Industrial Bank of Korea (preferred stock)	6,210,000	11.69	101,179	98,366
SK Networks Co., Ltd. (preferred stock)	317,501	9.64	21,500	25,977
Korea Ship Finance	254,000	14.99	1,270	1,270
Daewoo Electronics Corp.	224,580	0.21	263	133
Pantech Co., Ltd.	19,944,000	7.13	2,732	319
Pantech & Curitel Co., Ltd.	11,160,000	2.20	603	1,205
Others	40,860	-	134	134
	₩		1,077,681	1,077,404

As of 2007, the Bank recorded the fair value of the shares of Industrial Bank of Korea (preferred stock), SK Networks Co., Ltd. (preferred stock), Daewoo Electronics Corp., Pantech Co., Ltd. and Pantech & Curitel Co., Ltd. by using the fair value information from external evaluation agencies. The other securities were recorded at acquisition costs since the fair value was difficult to be measured. The shares of SK Networks Co., Ltd. (preferred stock) and Daewoo Electronics Corp. are restricted for sale as of 2007.

(D) EQUITY INVESTMENTS AS OF DECEMBER 31, 2008 AND 2007 WERE AS FOLLOWS:

(In millions of Won)

	2008		
	Ownership (%)	Book value before fair value adjustment	Book value
Korea Asset Management Corporation	0.47	₩ 1,220	1,220
Korea Money Broker Corporation	0.56	56	56
		₩ 1,276	1,276

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(In millions of Won)

	2007		
	Ownership (%)	Book value before adjustment	Book value
Korea Asset Management Corporation	0.47	₩ 1,220	1,220
Korea Money Broker Corporation	0.56	56	56
		₩ 1,276	1,276

(E) DISPOSALS OF SECURITIES DURING THE YEARS ENDED DECEMBER 31, 2008 AND 2007, RESPECTIVELY, ARE AS FOLLOWS:

(In millions of Won)

	2008			
	No. of shares	Disposed price	Acquisition costs	Realized gain (loss)
SK Networks Co., Ltd.	₩ 317,501	27,781	14,406	13,375
Hyundai IT Corporation	2,337,955	2,367	4,660	(2,293)
SG Global Corporation	38,270	314	191	123
	₩	30,462	19,257	11,205

(In millions of Won)

	2007			
	No. of shares	Disposed price	Acquisition costs	Realized gain (loss)
SK Networks Co., Ltd.	₩ 2,846,427	103,144	33,085	70,059
Hanmi Capital Co., Ltd.	100,800	1,631	1,881	(250)
Daekyung Machinery & Engineering Co., Ltd.	6,200	364	31	333
Hyundai Motor Co., Ltd., etc.	-	10,224	9,816	408
	₩	115,363	44,813	70,550

FINANCIAL STATEMENTS

(F) DETAILS OF EQUITY METHOD INVESTMENTS SECURITIES AS OF DECEMBER 31, 2008 AND 2007 ARE AS FOLLOWS:

(In millions of Won)

	Ownership (%)	Acquisition costs	Book value	
			2008	2007
KEXIM Bank UK Limited	100.00	₩ 41,590	44,708	45,738
KEXIM Vietnam Leasing Co.	100.00	13,564	9,543	7,035
PT. KOEXIM Mandiri Finance	85.00	5,003	14,474	11,735
KEXIM Asia Limited	100.00	31,302	33,341	28,464
		₩ 91,459	102,066	92,972

(G) AS OF DECEMBER 31, 2008 AND 2007, THE VALUATION GAIN AND LOSS ON EQUITY METHOD ACCOUNTED INVESTMENT SECURITIES ARE AS FOLLOWS:

(In millions of Won)

	2008					
	Beginning balances	Dividend	Gain and Loss	Accumulated other comprehensive income (loss)	Others	Ending balances
KEXIM Bank UK Limited	₩ 45,738	(122)	455	-	(1,363)	44,708
KEXIM Vietnam Leasing Co.	7,035	-	113	-	2,395	9,543
PT. KOEXIM Mandiri Finance	11,735	(31)	1,022	-	1,748	14,474
KEXIM Asia Limited	28,464	(50)	694	(5,437)	9,670	33,341
	₩ 92,972	(203)	2,284	(5,437)	12,450	102,066

(In millions of Won)

	2007					
	Beginning balances	Dividend	Gain and Loss	Accumulated other comprehensive income (loss)	Others	Ending balances
KEXIM Bank UK Limited	₩ 43,029	(78)	1,610	-	1,177	45,738
KEXIM Vietnam Leasing Co.	6,777	-	195	-	63	7,035
PT. KOEXIM Mandiri Finance	11,477	(58)	649	-	(333)	11,735
KEXIM Asia Limited	29,273	(60)	902	(1,921)	270	28,464
	₩ 90,556	(196)	3,356	(1,921)	1,177	92,972

(*) Due to the time lag in obtaining audited or reviewed financial statements of the investees for the preparation of the Bank's financial statements, the financial statements prepared by the investees' management have been used for equity method accounting. The Bank performed additional procedures review the reliability of those financial statements prepared by the investees' management.

Notes to Non-Consolidated Financial Statements

December 31, 2008 and 2007

(H) CHANGES IN NEGATIVE GOODWILL FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007, RESPECTIVELY, ARE AS FOLLOWS:

(In millions of Won)

	2008			
	Beginning balances	Increases	Decreases	Ending balances
PT. KOEXIM Mandiri Finance	₩ (140)	-	(60)	(80)

(In millions of Won)

	2007			
	Beginning balances	Increases	Decreases	Ending balances
PT. KOEXIM Mandiri Finance	₩ (216)	-	(76)	(140)

(I) THE SUMMARY OF FINANCIAL POSITIONS AND OPERATION RESULTS OF THE EQUITY METHOD ACCOUNTED INVESTMENT SECURITIES AS OF DECEMBER 31, 2008 AND 2007 ARE AS FOLLOWS:

(In millions of Won)

	2008			
	Assets	Liabilities	Stockholders' equity	Net income
KEXIM Bank UK Limited	₩ 449,475	404,767	44,708	455
KEXIM Vietnam Leasing Co.	103,292	93,750	9,542	113
PT. KOEXIM Mandiri Finance	140,129	123,006	17,123	1,102
KEXIM Asia Limited	385,459	352,118	33,341	694
₩	1,078,355	973,641	104,714	2,364

(In millions of Won)

	2007			
	Assets	Liabilities	Stockholders' equity	Net income
KEXIM Bank UK Limited	₩ 348,076	302,338	45,738	1,518
KEXIM Vietnam Leasing Co.	73,386	66,351	7,035	195
PT. KOEXIM Mandiri Finance	109,561	95,591	13,970	681
KEXIM Asia Limited	255,521	227,057	28,464	909
₩	786,544	691,337	95,207	3,303

FINANCIAL STATEMENTS

(J) CHANGES IN VALUATION GAIN (LOSS) ON AVAILABLE-FOR-SALE SECURITIES AND EQUITY METHOD ACCOUNTED INVESTMENT SECURITIES FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007, RESPECTIVELY, ARE AS FOLLOWS:

(In millions of Won)

	2008				
	Beginning balance	Unrealized gain (loss)	Disposition	Others(*)	Ending balances
Equity method accounted investments	₩ (1,423)	(3,978)	-	(410)	(5,811)
Available-for-sale securities:					
Equity securities	619,185	(599,719)	(6,886)	46,451	59,031
	₩ 617,762	(603,697)	(6,886)	46,041	53,220

(*) Unrealized gain(loss) on available-for-sale securities and unrealized holding gain(loss) on equity method investment securities, both of which are included in accumulated other comprehensive income for the year ended December 31, 2008, are incurred due to the amendment of income tax rate in 2008.

(In millions of Won)

	2007			
	Beginning balance	Unrealized gain (loss)	Disposition	Ending balances
Equity method accounted investments	₩ (31)	(1,392)	-	(1,423)
Available-for-sale securities:				
Equity securities	612,252	(23,493)	30,426	619,185
Debt securities	386	-	(386)	-
	612,638	(23,493)	30,040	619,185
	₩ 612,607	(24,885)	30,040	617,762

Notes to Non-Consolidated Financial Statements

December 31, 2008 and 2007

5. Loans

(A) LOANS OUTSTANDING AS OF DECEMBER 31, 2008 AND 2007 ARE AS FOLLOWS:

(In millions of Won)

	2008	2007
Loans in local currency:		
Loans for export	₩ 4,501,138	2,724,886
Loans for overseas investment	76,616	60,207
Loans for import	1,253,214	747,227
Others	238,731	238,747
	6,069,699	3,771,067
Loans in foreign currencies:		
Loans for export	12,119,424	7,755,056
Loans for overseas investment	9,789,632	4,756,777
Trading note rediscount loans	568,893	922,161
Loans for import	1,073,219	802,940
Overseas funding loans	731,447	631,712
Domestic usance bills	67,148	114,623
Privately placed bonds	2,666	1,989
Inter-bank loans	71,615	100,801
Others	144	126
	24,424,188	15,086,185
Valuation adjustment of loans in foreign currencies (*1)	521,615	59,430
	24,945,803	15,145,615
Bills bought in local currency	74,324	82,209
Bills bought in foreign currencies	473,050	541,807
Advances for customers	2,527	782
Call loans:		
Call loans in local currency	-	210,000
Call loans in foreign currencies	1,345,805	1,046,484
	1,345,805	1,256,484
Total loans before allowances for loan loss	32,911,208	20,797,964
Deferred loan origination fees	(59,216)	(7,208)
Allowance for loan loss	(966,948)	(691,456)
Loans, net of allowance for loan loss	₩ 31,885,044	20,099,300

(*1) Interest rate swap was contracted to hedge the changes in the fair value of loan commitment in foreign currencies resulting from the volatility in the interest rate. The gain on valuation of loan commitment, which was confirmed, was recognized as valuation adjustment of loans in foreign currencies.

FINANCIAL STATEMENTS

(B) LOANS CLASSIFIED BY CUSTOMER AS OF DECEMBER 31, 2008 AND 2007 ARE AS FOLLOWS:

(In millions of Won)

	2008			
	Loans in local currency	Loans in foreign currencies (**)	Total	Ratio (%)
Large corporations	₩ 4,508,455	8,237,704	12,746,159	41.80
Small and medium company (*)	1,561,244	1,675,447	3,236,691	10.61
Public sector and others	₩ 6,069,699	24,424,188	30,493,887	100.00

(In millions of Won)

	2007			
	Loans in local currency	Loans in foreign currencies (**)	Total	Ratio (%)
Large corporations	₩ 2,601,548	4,279,257	6,880,805	36.49
Small and medium company (*)	1,169,519	920,539	2,090,058	11.08
Public sector and others	-	9,886,389	9,886,389	52.43
	₩ 3,771,067	15,086,185	18,857,252	100.00

(*) Small and medium company is defined in Paragraph 1 of Article 2 of the Small and Medium Company Law.

(**) The amounts of loans in foreign currencies in the above table exclude deferred loan origination fees and valuation adjustment of loans in foreign currencies.

(C) LOANS CLASSIFIED BY OTHER FINANCIAL INSTITUTION AS OF DECEMBER 31, 2008 AND 2007 ARE AS FOLLOWS:

(In millions of Won)

	2008			
	Bank of Korea	Other bank	Others	Total
Loans in foreign currencies	₩ -	2,461,538	590,208	3,051,746
Other	-	1,154,536	386,276	1,540,812
	₩ -	3,616,074	976,484	4,592,558

(In millions of Won)

	2007			
	Bank of Korea	Other bank	Others	Total
Loans in foreign currencies	₩ -	922,161	1,935,726	2,857,887
Other	-	782,302	731,411	1,513,713
	₩ -	1,704,463	2,667,137	4,371,600

Notes to Non-Consolidated Financial Statements

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(D) LOANS CLASSIFIED BY INDUSTRY AS OF DECEMBER 31, 2008 AND 2007 ARE AS FOLLOWS:

(In millions of Won)

	2008				
	Loans in local currency	Loans in foreign currencies (*)	Others	Total	Ratio (%)
Manufacturing	₩ 4,809,383	7,797,265	252,450	12,859,098	39.70
Transportation	146,360	8,577,035	12,840	8,736,235	26.97
Finance and insurance	-	3,051,746	1,540,812	4,592,558	14.18
Wholesale and retail	336,655	1,039,454	59,440	1,435,549	4.43
Real estate	-	92,141	-	92,141	0.28
Construction	746,851	112,923	-	859,774	2.65
Public sector and others	30,450	3,753,624	30,164	3,814,238	11.79
	₩ 6,069,699	24,424,188	1,895,706	32,389,593	100.00

(In millions of Won)

	2007				
	Loans in local currency	Loans in foreign currencies (*)	Others	Total	Ratio (%)
Manufacturing	₩ 3,205,393	4,783,882	253,774	8,243,049	39.75
Transportation	36,250	5,177,496	27,963	5,241,709	25.27
Finance and insurance	-	2,857,887	1,513,713	4,371,600	21.08
Wholesale and retail	302,839	396,945	85,832	785,616	3.79
Real estate	-	58,131	-	58,131	0.28
Construction	207,720	81,905	-	289,625	1.40
Public sector and others	18,865	1,729,939	-	1,748,804	8.43
	₩ 3,771,067	15,086,185	1,881,282	20,738,534	100.00

(*)The amounts of loans in foreign currencies in the above table exclude deferred loan origination fees and valuation adjustment of loans in foreign currencies.

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(E) LOANS CLASSIFIED BY RISK-POSSESSIVE COUNTRY AS OF DECEMBER 31, 2008 AND 2007 ARE AS FOLLOWS:

(In millions of Won)

	2008				
	Loans in local currency	Loans in foreign currencies (*)	Others	Total	Ratio (%)
Asia:					
Korea	₩ 6,069,699	10,648,978	585,073	17,303,750	53.42
Iran	-	1,701,786	11,517	1,713,303	5.29
Qatar	-	1,119,965	910	1,120,875	3.46
Saudi Arabia	-	900,341	4,885	905,226	2.80
Singapore	-	870,973	7,591	878,564	2.71
Oman	-	535,695	2,815	538,510	1.66
Indonesia	-	384,186	2,652	386,838	1.19
India	-	345,196	9,509	354,705	1.10
Others	-	1,301,444	251,402	1,552,846	4.80
	6,069,699	17,808,564	876,354	24,754,617	76.43
Europe:					
England	-	957,174	249,085	1,206,259	3.72
Ireland	-	653,900	-	653,900	2.02
Russia	-	562,997	16,483	579,480	1.79
Sweden	-	552,614	-	552,614	1.71
Others	-	2,430,376	649,893	3,080,269	9.51
	-	5,157,061	915,461	6,072,522	18.75
America:					
Canada	-	533,970	433	534,402	1.65
Brazil	-	216,791	1,103	217,894	0.67
Mexico	-	178,592	1,043	179,635	0.55
Peru	-	98,748	-	98,748	0.30
Others	-	88,447	82,207	170,655	0.54
	-	1,116,548	84,786	1,201,334	3.71
Africa:					
Madagascar	-	291,715	-	291,715	0.90
Others	-	-	6,303	6,303	0.02
	-	291,715	6,303	298,018	0.92
Oceania:					
Australia	-	50,300	12,802	63,102	0.19
	₩ 6,069,699	24,424,188	1,895,706	32,389,593	100.00

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(In millions of Won)

	2007				
	Loans in local currency	Loans in foreign currencies (*)	Others	Total	Ratio (%)
Asia:					
Korea	₩ 3,771,067	6,693,160	1,072,704	11,536,931	55.63
Iran	-	1,042,572	109,028	1,151,600	5.55
Singapore	-	618,642	13,433	632,075	3.05
Qatar	-	511,000	-	511,000	2.46
Saudi Arabia	-	425,010	2,828	427,838	2.06
Indonesia	-	328,665	702	329,367	1.59
Hong Kong	-	170,228	65,127	235,355	1.14
India	-	194,915	1,007	195,922	0.95
Others	-	699,790	134,661	834,451	4.02
	3,771,067	10,683,982	1,399,490	15,854,539	76.45
Europe:					
England	-	621,355	238,488	859,843	4.15
Russia	-	543,755	15,793	559,548	2.70
Greece	-	557,818	-	557,818	2.69
Ireland	-	487,864	-	487,864	2.35
Others	-	1,429,795	201,061	1,630,856	7.86
	-	3,640,587	455,342	4,095,929	19.75
America:					
Canada	-	360,197	107	360,304	1.73
Brazil	-	171,252	-	171,252	0.83
Mexico	-	167,829	305	168,134	0.81
USA	-	11,098	25,128	36,226	0.17
Others	-	13,713	64	13,777	0.07
	-	724,089	25,604	749,693	3.61
Africa:					
South Africa	-	-	827	827	0.01
Oceania:					
Australia and others	-	37,527	19	37,546	0.18
	₩ 3,771,067	15,086,185	1,881,282	20,738,534	100.00

(*) The amounts of loans in foreign currencies in the above table exclude deferred loan origination fees and valuation adjustment of loans in foreign currencies.

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(F) RESTRUCTURED LOANS AS OF DECEMBER 31, 2008 ARE AS FOLLOWS:

(In millions of Won)			
	Company	Loan amount	Allowances
Work-out process and rearrangement	Hanam Electronics Co., Ltd. and another company	₩ 1,121	380
Individual agreements	Financial loan to Russia and 2 other companies	290,030	11,339
		₩ 291,151	11,719

(G) CHANGES IN THE PRESENT VALUE DISCOUNTS RELATING TO THE RESTRUCTURED LOANS FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007, ARE AS FOLLOWS:

(In millions of Won)							
	2008						
	Discount rate(%)	Term (years)	Beginning balance	Addition	Amortization	Changes in exchange rate	Ending balance
Work-out process and rearrangement	4.22~4.99	9~10	₩ 195	-	(36)	-	159
Individual agreements (*1)	4.12~5.30	9~18	37,581	-	(4,934)	12,218	44,865
			₩ 37,776	-	(4,970)	12,218	45,024

(In millions of Won)							
	2007						
	Discount rate(%)	Term (years)	Beginning balance	Addition	Amortization	Changes in exchange rate	Ending balance
Work-out process and composition	4.22~4.99	9~10	₩ 662	1,071	(1,547)	9	195
Individual agreements (*1)	4.12~5.30	9~18	42,140	-	(4,912)	353	37,581
			₩ 42,802	1,071	(6,459)	362	37,776

(*1) As of December 1, 2002, the Bank restructured the remaining loan balance of USD 299 million overdue loan to Russia (USD 422 million - the principal and interest amounting to USD 262 million and USD 160 million, respectively at the time of restructuring) after the reduction of unpaid interest of USD 123 million in accordance with the bilateral agreement between the Government and Russia. As of December 31, 2008, the balance of restructured loan to Russia was ₩226,088 million and the balance of present value discounts was ₩38,357 million.

(H) FOR THE YEAR ENDED DECEMBER 31, 2008, THE BANK CONVERTED ₩381 MILLION OF LOANS TO SB TELCOM CO., LTD. TO EQUITY, AND RECOGNIZED ₩171 MILLION AS PROVISION FOR LOAN LOSSES.

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December 31, 2008 and 2007

(I) THE MATURITIES OF LOANS AS OF DECEMBER 31, 2008 AND 2007 ARE AS FOLLOWS:

(In millions of Won, except ratio)

	2008				
	Loans in local currency	Loans in foreign currencies (*)	Others	Total	Ratio (%)
Due in 3 months or less	₩ 1,992,071	2,220,463	1,716,000	5,928,534	18.30
Due after 3 months to 6 months	2,523,852	2,184,469	110,878	4,819,199	14.88
Due after 6 months to 1 year	1,105,760	1,422,243	4,031	2,532,034	7.82
Due after 1 year to 2 years	157,367	1,687,862	-	1,845,229	5.70
Due after 2 years to 3 years	45,951	1,363,094	8,525	1,417,570	4.38
Due after 3 years to 4 years	3,254	763,185	-	766,439	2.37
Due after 4 years to 5 years	27,000	778,821	-	805,821	2.49
Due after 5 years	214,444	14,004,051	56,272	14,274,767	44.06
	₩ 6,069,699	24,424,188	1,895,706	32,389,593	100.00

(In millions of Won, except ratio)

	2007				
	Loans in local currency	Loans in foreign currencies (*)	Others	Total	Ratio (%)
Due in 3 months or less	₩ 1,085,544	1,805,489	1,635,305	4,526,338	21.83
Due after 3 months to 6 months	1,637,681	1,060,324	111,027	2,809,032	13.54
Due after 6 months to 1 year	691,062	1,181,812	58,496	1,931,370	9.31
Due after 1 year to 2 years	86,013	580,505	21,325	687,843	3.32
Due after 2 years to 3 years	22,627	1,063,403	-	1,086,030	5.24
Due after 3 years to 4 years	33,696	560,599	8,481	602,776	2.91
Due after 4 years to 5 years	-	566,257	-	566,257	2.73
Due after 5 years	214,444	8,267,796	46,648	8,528,888	41.12
	₩ 3,771,067	15,086,185	1,881,282	20,738,534	100.00

(*)The amounts of loans in foreign currencies in the above table exclude deferred loan origination fees and valuation adjustment of loans in foreign currencies.

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6. Allowances for Loan Losses

(A) THE ALLOWANCES FOR LOAN LOSSES AS OF DECEMBER 31, 2008 AND 2007 ARE AS FOLLOWS:

(In millions of Won)

	2008		2007	
Loans in local currency	₩	189,713		94,768
Loans in foreign currencies		748,033		564,233
Other loans		29,202		32,455
	₩	966,948		691,456

(B) AS OF DECEMBER 31, 2008 AND 2007, LOAN BALANCES AND ALLOWANCES FOR LOAN LOSSES BY CREDIT RISK CLASSIFICATION ARE AS FOLLOWS:

(In millions of Won, except provision ratio)

		2008		
		Balance	Allowance	Provision ratio (%)
Loans in local currency	Normal	₩ 5,939,603	84,657	1.43
	Precautionary	11,852	2,332	19.68
	Substandard	24,746	10,775	43.54
	Doubtful	29,065	27,516	94.67
	Estimated loss	64,433	64,433	100.00
		6,069,699	189,713	3.13
Loans in foreign currencies	Normal	24,255,772	685,622	2.83
	Precautionary	28,827	5,112	17.73
	Substandard	17,752	7,733	43.56
	Doubtful	12,248	11,592	94.64
	Estimated loss	37,974	37,974	100.00
		24,352,573	748,033	3.07
Other	Normal	469,512	6,861	1.46
	Precautionary	76,162	18,280	24.00
	Substandard	60	26	43.33
	Doubtful	3,598	3,406	94.66
	Estimated loss	629	629	100.00
		549,961	29,202	5.31
	₩ 30,972,233	966,948	3.12	

The loan balances stated in the above table do not include the present value discounts (fair value adjustments for hedged items). Inter-bank loans of ₩ 71,615 million and call loans of ₩ 1,345,805 million, which were classified as normal, are excluded from the loan balances stated in the above table. The valuation adjustment of loans in foreign currencies of ₩ 521,615 million and deferred loan origination fees of ₩ 59,216 million are also excluded from the loan balances stated in the above table.

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(In millions of Won, except provision ratio)

		2007		
		Balance	Allowance	Provision ratio (%)
Loans in local currency	Normal	₩ 3,708,024	60,188	1.62
	Precautionary	14,233	2,803	19.69
	Substandard	29,791	12,971	43.54
	Doubtful	4,088	3,875	94.79
	Estimated loss	14,931	14,931	100.00
			3,771,067	94,768
Loans in foreign currencies	Normal	14,751,318	499,264	3.38
	Precautionary	209,174	47,300	22.61
	Substandard	12,638	5,542	43.85
	Doubtful	2,343	2,216	94.58
	Estimated loss	9,911	9,911	100.00
			14,985,384	564,233
Other	Normal	556,823	16,136	2.90
	Precautionary	67,975	16,286	23.96
	Substandard	61	26	42.62
	Doubtful	-	-	-
	Estimated loss	7	7	100.00
			624,866	32,455
	Total	₩ 19,381,317	691,456	3.57

The loan balances stated in the above table do not include the present value discounts (fair value adjustments for hedged items). Inter-bank loans of ₩100,801 million and call loans of ₩1,256,484 million, which were classified as normal, are excluded from the loan balances stated in the above table. The valuation adjustment of loans in foreign currencies of ₩59,430 million and deferred loan origination fees of ₩7,208 million are also excluded from the loan balances stated in the above table.

FINANCIAL STATEMENTS

(C) CHANGES IN ALLOWANCES FOR LOAN LOSSES FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007, RESPECTIVELY, ARE AS FOLLOWS:

(In millions of Won)

	2008		2007	
Beginning balance	₩	691,456		643,400
Provision for loan losses		93,010		59,351
Write-off		(8,534)		(1,093)
Debt for equity swap		(171)		(15,706)
Decrease in present value discounts		(4,970)		(6,459)
Changes in exchange rates and others(*)		196,157		11,963
Ending balance	₩	966,948		691,456

(*)Changes in exchange rates and others were mainly derived from the adjustments in foreign currency translation on allowances for loan losses and recovery of written-off loans.

(D) AS OF DECEMBER 31, 2008, 2007 AND 2006 THE RATIO OF ALLOWANCES TO LOANS.

(In millions of Won, except ratio)

	2008		2007		2006	
Loans subject to allowance for loan losses	₩	30,972,233		19,381,317		14,671,861
Allowances for loan losses		966,948		691,456		643,400
Ratio (%)		3.12		3.57		4.39

7. Property and Equipment

(A) PROPERTY AND EQUIPMENT AND THE RELATED ACCUMULATED DEPRECIATION AS OF DECEMBER 31, 2008 AND 2007 ARE AS FOLLOWS:

(In millions of Won)

	2008			2007		
	Acquisition cost	Accumulated depreciation	Book value	Acquisition cost	Accumulated depreciation	Book value
Land	₩ 4,484	-	4,484	4,484	-	4,484
Buildings	44,439	15,783	28,656	43,633	14,296	29,337
Vehicles	2,155	1,571	584	1,828	1,375	453
Equipments	15,886	13,483	2,403	14,755	12,149	2,606
	₩ 66,964	30,837	36,127	64,700	27,820	36,880

(B) THE OFFICIALLY DECLARED VALUE OF LAND AT DECEMBER 31, 2008 AND 2007, AS ANNOUNCED BY THE MINISTER OF CONSTRUCTION AND TRANSPORTATION WAS ₩102,195 MILLION AND ₩113,540 MILLION, RESPECTIVELY. THE OFFICIALLY DECLARED VALUE, WHICH IS USED FOR GOVERNMENT PURPOSE, DOES NOT REPRESENT THE FAIR VALUE.

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(C) CHANGES IN BOOK VALUE OF PROPERTY AND EQUIPMENT FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007, RESPECTIVELY, ARE AS FOLLOWS:

(In millions of Won)

	2008				
	Beginning balances	Acquisitions	Disposals	Depreciation	Ending balances
Land	₩ 4,484	-	-	-	4,484
Buildings	29,337	806	-	1,487	28,656
Vehicles	453	525	1	393	584
Equipments	2,606	1,245	3	1,445	2,403
	₩ 36,880	2,576	4	3,325	36,127

(In millions of Won)

	2007				
	Beginning balances	Acquisitions	Disposals	Depreciation	Ending balances
Land	₩ 4,484	-	-	-	4,484
Buildings	30,833	-	-	1,496	29,337
Vehicles	415	347	5	304	453
Equipments	3,278	1,127	6	1,793	2,606
	₩ 39,010	1,474	11	3,593	36,880

(D) INSURED ASSETS AS OF DECEMBER 31, 2008 AND 2007 ARE AS FOLLOWS:

(In millions of Won)

	Insurance company	2008		2007	
		Book value	Insured amount	Book value	Insured amount
Buildings	LIG Insurance Co., Ltd. and others	₩ 28,656	24,891	29,337	26,128
Equipments	LIG Insurance Co., Ltd. and others	2,403	2,440	2,606	2,822
		₩ 31,059	27,331	31,943	28,950

In addition to the above, the Bank carries a commercial liability package, and a gas liability insurance with a maximum coverage of ₩80 million per accidental death and of ₩300 million per accidental property damage. All vehicles are covered by comprehensive auto insurance.

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8. Other Assets

(A) DETAILS OF OTHER ASSETS AS OF DECEMBER 31, 2008 AND 2007 ARE AS FOLLOWS:

	(In millions of Won)	
	2008	2007
Security deposits	₩ 21,636	22,634
Accrued income	468,038	356,319
Prepaid expenses	90,260	56,722
Deferred income tax assets (note 17)	207,040	-
Derivative assets (note 14)	628,224	404,070
Intangible assets	1,863	3,816
Sundry assets		
Other loans	7,528	8,154
Other suspense payments	1,469	1,185
Suspense payments on credit	60	68
Others	6,507	6,120
	₩ 1,432,625	859,088

(B) CHANGES IN INTANGIBLE ASSETS FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007, ARE AS FOLLOWS:

	(In millions of Won)	
	2008	2007
Beginning balance	₩ 3,816	4,380
Increase	399	1,476
Amortization	2,352	2,040
Ending balance	₩ 1,863	3,816

9. Borrowings and Debentures

(A) BORROWINGS AND DEBENTURES AS OF DECEMBER 31, 2008 AND 2007 CONSIST OF THE FOLLOWS:

	(In millions of Won)	
	2008	2007
Borrowings	₩ 5,024,299	1,948,259
Debentures in local currency	3,444,280	1,500,243
Debentures in foreign currencies	19,302,341	13,963,726
	₩ 27,770,920	17,412,228

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(B) DETAILS OF BORROWINGS OF DECEMBER 31, 2008 AND 2007 ARE AS FOLLOWS:

(In millions of Won)

	Interest rate [%]	2008	2007
Borrowings:			
Call money:			
Local currency	2.88~2.89	₩ 166,000	109,000
Foreign currencies	0.05~6.10	399,729	112,584
		565,729	221,584
Borrowings in foreign currencies:			
Borrowings from government	4.07~6.39	3,263,213	-
Borrowings from banks	1.85~6.18	334,271	787,009
Commercial papers	3.25~5.81	771,051	840,928
Off-shore commercial papers	3.72~3.77	22,887	-
Other borrowings	0.08~0.80	67,148	98,738
		4,458,570	1,726,675
		₩ 5,024,299	1,948,259

(C) DETAILS OF DEBENTURES OF DECEMBER 31, 2008 AND 2007 ARE AS FOLLOWS:

(In millions of Won)

	Interest rate [%]	2008	2007
Debentures:			
Local currency:			
Fixed rate debentures in local currency	4.91~6.70	₩ 3,520,000	1,530,000
Discount on debentures		[75,720]	[29,757]
		3,444,280	1,500,243
Foreign currencies:			
Floating rates debentures in foreign currencies	Libor3M + 0.98 and others	5,275,393	3,122,964
Fixed rates debentures in foreign currencies	1.58~15.83	13,761,407	10,921,621
		19,036,800	14,044,585
Loss [gain] on valuation of fair value hedged items, net		304,302	[32,946]
		19,341,102	14,011,639
Discounts on debentures, net		[38,761]	[47,913]
		₩ 19,302,341	13,963,726

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(D) CALL MONEY AND BORROWINGS IN FOREIGN CURRENCIES FROM FINANCIAL INSTITUTIONS AS OF DECEMBER 31, 2008 AND 2007 ARE AS FOLLOWS:

(In millions of Won)

	2008			2007		
	Call money	Borrowings in foreign currencies	Total	Call money	Borrowings in foreign currencies	Total
Banks	₩ 565,729	1,128,209	1,693,938	221,584	1,627,937	1,849,521
Others	-	3,330,361	3,330,361	-	98,738	98,738
	₩ 565,729	4,458,570	5,024,299	221,584	1,726,675	1,948,259

(E) THE MATURITIES OF BORROWINGS AND DEBENTURES BY REMAINING PERIODS AS OF DECEMBER 31, 2008 AND 2007 ARE AS FOLLOWS:

(In millions of Won)

	2008					
	Due in 3 months or less	Due after 3 months to 6 months	Due after 6 months to 1 year	Due after 1 year to 3 years	Due after 3 years	Total
Borrowings:						
Call money	₩ 565,729	-	-	-	-	565,729
Borrowings in foreign currencies	1,619,855	2,834,430	4,285	-	-	4,458,570
	2,185,584	2,834,430	4,285	-	-	5,024,299
Debentures:						
Debentures in local currency	930,000	1,410,000	990,000	190,000	-	3,520,000
Debentures in foreign currencies	1,290,725	845,611	2,462,329	4,512,048	9,926,087	19,036,800
	₩ 2,220,725	2,255,611	3,452,329	4,702,048	9,926,087	22,556,800

(In millions of Won)

	2007					
	Due in 3 months or less	Due after 3 months to 6 months	Due after 6 months to 1 year	Due after 1 months to 3 years	Due after 3 years	Total
Borrowings:						
Call money	₩ 221,584	-	-	-	-	221,584
Borrowings in foreign currencies	1,542,030	67,373	117,272	-	-	1,726,675
	1,763,614	67,373	117,272	-	-	5,024,299
Debentures:						
Debentures in local currency	250,000	590,000	420,000	270,000	-	1,530,000
Debentures in foreign currencies	478,134	363,453	3,159,875	3,413,911	6,629,212	14,044,585
	₩ 728,134	953,453	3,579,875	3,683,911	6,629,212	15,574,585

Notes to Non-Consolidated Financial Statements

December 31, 2008 and 2007

10. Other Liabilities

(A) DETAILS OF OTHER LIABILITIES AS OF DECEMBER 31, 2008 AND 2007 ARE AS FOLLOWS:

(In millions of Won)

	2008	2007
Accrued severance benefits (notes 12)	₩ 30,936	30,096
Less: Transfer to National Pension (note 12)	[5]	[8]
Allowance for acceptances and guarantees (note 11)	461,376	300,956
Allowance for unused loan commitments (note 11)	35,572	35,491
Allowance for others	1,678	881
Foreign exchange settlement account-credit	262,638	61,228
Accounts payables	151,119	50,107
Accrued expenses	519,216	412,321
Deferred income tax liabilities (note 17)	-	84,688
Unearned revenues	277,156	158,627
Guarantees deposits received	110	105
Derivative liabilities (note 14)	1,259,067	100,613
Sundry liabilities	121,800	56,537
	₩ 3,120,663	1,291,642

(B) DETAILS OF SUNDRY LIABILITIES AS OF DECEMBER 31, 2008 AND 2007 ARE AS FOLLOWS:

(In millions of Won)

	2008	2007
Suspense receipts	₩ 119,249	54,225
Taxes withheld	2,534	2,290
Others	17	22
	₩ 121,800	56,537

FINANCIAL STATEMENTS

11. Acceptances, Guarantees and Loan Commitments

(A) DETAILS OF ACCEPTANCES AND GUARANTEES AS OF DECEMBER 31, 2008 AND 2007 ARE AS FOLLOWS:

(In millions of Won)

	2008	2007
Confirmed acceptances and guarantees:		
Local currency:		
Guarantees for performance of contracts	₩ 36,203	28,685
Guarantees for repayment of advances	39,027	24,314
Others	102,175	111,924
	177,405	164,923
Foreign currencies:		
Guarantees for performance of contracts	4,743,427	2,598,285
Guarantees for repayment of advances	41,420,622	28,008,786
Acceptances for letters of guarantee for importers letter	8,531	8,109
Acceptances on import credit memorandum	79,664	87,610
Others	2,205,304	1,136,710
	48,457,548	31,839,500
	48,634,953	32,004,423
Unconfirmed acceptances and guarantees:		
Letters of credit	185,322	115,585
Guarantees for repayment of advances	41,127,003	30,186,672
Others	938,106	482,497
	₩ 42,250,431	30,784,754

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December 31, 2008 and 2007

(B) AS OF DECEMBER 31, 2008 AND 2007, DETAILS OF ALLOWANCE FOR ACCEPTANCES AND GUARANTEES OUTSTANDING ARE AS FOLLOWS:

(In millions of Won)

	2008			2007		
	Acceptances and guarantees	Allowance	Ratio (%)	Acceptances and guarantees	Allowance	Ratio (%)
Confirmed acceptances and guarantees:						
Normal	₩ 48,048,213	313,473	0.65	31,995,784	241,080	0.75
Precautionary	579,331	52,650	9.09	8,639	725	8.39
Doubtful	7,409	3,506	47.32	-	-	-
	48,634,953	369,629	0.76	32,004,423	241,805	0.76
Unconfirmed						
Normal	41,749,643	73,765	0.18	30,782,202	59,065	0.19
Precautionary	500,722	17,969	3.59	2,552	86	3.37
Doubtful	66	13	19.70	-	-	-
	42,250,431	91,747	0.22	30,784,754	59,151	0.19
	₩ 90,885,384	461,376	0.51	62,789,177	300,956	0.48

(C) CHANGES IN ALLOWANCE FOR ACCEPTANCES AND GUARANTEES FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007, ARE AS FOLLOWS:

(In millions of Won)

	2008	2007
Beginning balance	₩ 300,956	253,543
Provision for allowance for possible losses	59,489	44,164
Changes in foreign exchange rates and others	100,931	3,249
Ending balance	₩ 461,376	300,956

FINANCIAL STATEMENTS

(D) ACCEPTANCES AND GUARANTEES CLASSIFIED BY INDUSTRY AS OF DECEMBER 31, 2008 AND 2007 ARE AS FOLLOWS:

(In millions of Won)

	2008					
	Confirmed		Unconfirmed		Total	
	Acceptances and guarantees	Ratio (%)	Acceptances and guarantees	Ratio (%)	Acceptances and guarantees	Ratio (%)
Manufacturing	₩ 42,907,630	88.22	40,533,776	95.94	83,441,406	91.81
Construction	3,902,748	8.03	712,377	1.69	4,615,125	5.08
Finance and insurance	608,218	1.25	6,221	0.01	614,439	0.68
Wholesale and retail	292,720	0.60	21,064	0.05	313,784	0.34
Service	266,291	0.55	59,364	0.14	325,655	0.36
Others	657,346	1.35	917,629	2.17	1,574,975	1.73
	₩ 48,634,953	100.00	42,250,431	100.00	90,885,384	100.00

(In millions of Won)

	2007					
	Confirmed		Unconfirmed		Total	
	Acceptances and guarantees	Ratio (%)	Acceptances and guarantees	Ratio (%)	Acceptances and guarantees	Ratio (%)
Manufacturing	₩ 29,361,751	91.75	30,067,035	97.67	59,428,786	94.65
Construction	1,818,126	5.68	214,816	0.70	2,032,942	3.24
Finance and insurance	512,742	1.60	9,711	0.03	522,453	0.83
Wholesale and retail	147,280	0.46	30,845	0.10	178,125	0.28
Service	16,788	0.05	24,632	0.08	41,420	0.07
Others	147,736	0.46	437,715	1.42	585,451	0.93
	₩ 32,004,423	100.00	30,784,754	100.00	62,789,177	100.00

Notes to Non-Consolidated Financial Statements

December 31, 2008 and 2007

(E) ACCEPTANCES AND GUARANTEES CLASSIFIED BY RISK-POSSESSIVE COUNTRY AS OF DECEMBER 31, 2008 AND 2007 ARE AS FOLLOWS:

(In millions of Won)

	2008					
	Confirmed		Unconfirmed		Total	
	Acceptances and guarantees	Ratio (%)	Acceptances and guarantees	Ratio (%)	Acceptances and guarantees	Ratio (%)
Asia:						
Korea	₩ 47,628,026	97.93	41,316,534	97.79	88,944,560	97.86
India	177,661	0.37	289,703	0.69	467,364	0.51
Yemen	146,446	0.30	54,754	0.13	201,200	0.22
Hong Kong	100,600	0.21	-	-	100,600	0.12
Iran	62,599	0.12	1,845	0.00	64,444	0.07
Japan	8,961	0.02	-	-	8,961	0.01
Uzbekistan	-	-	650	0.00	650	0.00
	48,124,293	98.95	41,663,486	98.61	89,787,779	98.79
Europe:						
France	74,920	0.15	257,649	0.61	332,569	0.37
Greece	19,387	0.04	106,363	0.25	125,750	0.14
Turkey	53,093	0.11	-	-	53,093	0.06
England	24,740	0.05	-	-	24,740	0.02
Ukraine	-	-	13,606	0.03	13,606	0.01
	172,140	0.35	377,618	0.89	549,758	0.60
America:						
Peru	80,794	0.16	88,968	0.22	169,762	0.19
USA	80,937	0.17	-	-	80,937	0.09
Mexico	51,768	0.11	167	0.00	51,935	0.06
	213,499	0.44	89,135	0.22	302,634	0.34
Africa:						
Madagascar	125,021	0.26	120,192	0.28	245,213	0.27
	₩ 48,634,953	100.00	42,250,431	100.00	90,885,384	100.00

FINANCIAL STATEMENTS

(In millions of Won)

	2007					
	Confirmed		Unconfirmed		Total	
	Acceptances and guarantees	Ratio (%)	Acceptances and guarantees	Ratio (%)	Acceptances and guarantees	Ratio (%)
Asia:						
Korea	₩ 31,570,682	98.65	30,304,070	98.44	61,874,752	98.54
India	113,041	0.35	53,139	0.17	166,180	0.27
Iran	57,532	0.18	1,376	0.00	58,908	0.09
Hong Kong	56,292	0.18	-	-	56,292	0.09
Japan	13,897	0.04	-	-	13,897	0.02
Uzbekistan	-	-	2,503	0.01	2,503	0.01
Vietnam	-	-	1,597	0.01	1,597	0.00
	31,811,444	99.40	30,362,685	98.63	62,174,129	99.02
Europe:						
France	27,427	0.09	199,497	0.65	226,924	0.36
England	75,056	0.23	-	-	75,056	0.12
Turkey	41,049	0.13	3,473	0.01	44,522	0.07
Ukraine	-	-	20,875	0.07	20,875	0.03
Russia	-	-	15,151	0.05	15,151	0.03
	143,532	0.45	238,996	0.78	382,528	0.61
America:						
Mexico	49,447	0.15	124	0.00	49,571	0.08
Africa:						
Madagascar	-	-	182,949	0.59	182,949	0.29
	₩ 32,004,423	100.00	30,784,754	100.00	62,789,177	100.00

(F) THE RATIO OF ALLOWANCE FOR ACCEPTANCES AND GUARANTEES AS OF DECEMBER 31, 2008, 2007, AND 2006 ARE AS FOLLOWS:

(In millions of Won)

	2008	2007	2006
Acceptances and guarantees subject to allowances	₩ 90,885,384	62,789,177	45,707,794
Allowances	₩ 461,376	300,956	253,543
Ratio (%)	0.51	0.48	0.55

Notes to Non-Consolidated Financial Statements

December 31, 2008 and 2007

(G) DETAILS OF UNUSED LOAN COMMITMENTS AND RELATED ALLOWANCES AS OF DECEMBER 31, 2008 AND 2007 ARE AS FOLLOWS:

(In millions of Won)

	2008		2007	
Unused line of credit for loan commitments	₩	9,369,833		7,402,213
Allowances		35,572		35,491
Ratio (%)		0.38		0.48

(H) DETAILS OF UNUSED LOAN COMMITMENTS AND RELATED ALLOWANCES AS OF DECEMBER 31, 2008 AND 2007 ARE AS FOLLOWS:

(In millions of Won)

	2008		2007	
Beginning balance	₩	35,491		25,814
Provision for (reversal of) allowance		(11,081)		9,312
Changes in foreign exchange rates and others		11,162		365
Ending balance	₩	35,572		35,491

12. Retirement and Severance Benefits

CHANGES IN RETIREMENT AND SEVERANCE BENEFITS FOR YEARS ENDED DECEMBER 31, 2008 AND 2007, ARE AS FOLLOWS:

(In millions of Won)

	2008			
	Beginning balance	Provision	Payment	Ending balance
Retirement and severance benefits	₩ 30,096	5,972	5,132	30,936
National Pension Fund	(8)	-	(3)	(5)
	₩ 30,088	5,972	5,129	30,931

(In millions of Won)

	2007			
	Beginning balance	Provision	Payment	Ending balance
Retirement and severance benefits	₩ 27,509	5,930	3,343	30,096
National Pension Fund	(10)	-	(2)	(8)
	₩ 27,499	5,930	3,341	30,088

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13. Stockholders' Equity**(A) CAPITAL STOCK**

As of December 31, 2008, the authorized capital and paid-in capital of the Bank are ₩4,000,000 million and ₩3,958,755 million, respectively. The Bank's capital has increased by ₩650,000 million ₩3,000 million due to the Government's contributions on December 18, 2008 and July 5, 2007, respectively. The Bank does not issue physical share certificates.

(B) RETAINED EARNINGS**I. Legal Reserve**

Pursuant to the EXIM Bank Act, the Bank appropriates twenty percent of net earnings for each accounting period as legal reserve until the accumulated reserve equals to its paid-in capital.

II. Voluntary Reserve

The Bank appropriates the remaining balance of net earnings, after the appropriation of legal reserve and declaration of dividends, to voluntary reserve.

14. Commitments and Contingencies

(A) DETAILS OF OTHER COMMITMENTS AS OF DECEMBER 31, 2008 AND 2007 ARE AS FOLLOWS:

	(In millions of Won)	
	2008	2007
Confirmed acceptances and guarantees	₩ 48,634,953	32,004,423
Unconfirmed acceptances and guarantees	42,250,431	30,784,754
Unused loan commitments	9,061,278	7,402,213
Other commitments	308,555	-
Written-off loans	183,322	136,318
	₩ 100,438,539	70,327,616

(B) LITIGATIONS

As of December 31, 2008, six lawsuits were filed by the Bank with the aggregate claim amount of ₩166,590 million, and seven lawsuits were filed against the Bank seeking aggregate damages of ₩5,458 million. The Bank's management expects that the ultimate losses as a result of these lawsuits would not have a significant effect on the Bank's financial position or result of operation.

(C) SALE OF THE SHARES OF KOREA EXCHANGE BANK ("KEB")

The Bank sold 30,865,792 shares of Korea Exchange Bank ("KEB") to LSF-KEB Holdings, SCA ("LSF") on October 30, 2003 at ₩5,400 per share. LSF exercised its call option, which was issued by the Bank in relation to the aforementioned sales transaction, and additionally purchased 49,134,208 shares of KEB at ₩8,487.50 per share in the prior fiscal year.

In addition to the above transactions, under the mutual agreement between the Bank and LSF, the Bank has right to ask LSF (Tag) or be asked by LSF (Drag) for selling the Bank's remaining holding shares of KEB to a counterparty at the same condition of LSF's sale.

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December 31, 2008 and 2007

(D) MTN AND CP PROGRAMS

The Bank established a US\$15,000,000 thousand Global Medium Term Note Program (the "GMTN") on April 14, 2008, and US\$4,000,000 thousand and US\$2,000,000 thousand Commercial Paper programs on May 14, 1997 and May 16, 1997 respectively.

(E) RESTRUCTURING PROGRAM

The Bank reclassified the loan classification of the debtors included in the restructuring program, which were announced by the FSS(Financial Supervisory Service) on January 21, 2009, and recorded ₩39,530 million in allowance for acceptances and guarantees. Further losses due to the restructuring program are expected.

(F) DETAILS OF DERIVATIVE TRANSACTIONS AS OF, AND FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007 ARE AS FOLLOWS:

(In millions of Won)

	2008						
	Unsettled notional amount			Valuation gain (loss) - (I/S)			Fair value (B/S) - assets (liabilities)
	Total	Hedging purpose	Hedge accounting purpose	Total	Hedging purpose	Hedge accounting purpose	
Currency forwards	₩ 951,051	951,051	-	9,738	9,738	-	9,738
				[64,693]	[64,693]	-	[64,693]
Currency swaps	8,373,476	2,952,784	5,420,692	314,648	131,917	182,731	453,087
				[668,729]	[222,710]	[446,019]	[624,575]
Interest rate swaps	7,142,979	995,546	6,147,433	148,967	5,115	143,852	165,399
				[477,967]	[31,686]	[446,281]	[569,799]
	₩ 16,467,506	4,899,381	11,568,125	473,353	146,770	326,583	628,224
				[1,211,389]	[319,089]	[892,300]	[1,259,067]

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(In millions of Won)

	2007							Fair value (B/S) - assets (liabilities)
	Unsettled notional amount			Valuation gain (loss) - (I/S)				
	Total	Hedging purpose	Hedge accounting purpose	Total	Hedging purpose	Hedge accounting purpose		
Currency forwards	₩ 444,500	444,500	-	3,013	3,013	-	3,013	
				(6,489)	(6,489)	-	(6,489)	
Currency swaps	6,219,081	2,089,665	4,129,416	367,040	138,308	228,732	380,664	
				(16,273)	(8,201)	(8,072)	(16,068)	
Interest rate swaps	5,925,283	800,003	5,125,280	65,328	1,562	63,766	18,431	
				(77,625)	(6,641)	(70,984)	(78,056)	
Stock option	7,500	7,500	-	252	252	-	1,962	
	₩ 12,596,364	3,341,668	9,254,696	435,633	143,135	292,498	404,070	
				(100,387)	(21,331)	(79,056)	(100,613)	

The Bank holds derivative instruments to hedge the interest rate and foreign exchange risks derived from its loan, debentures and borrowing activities. The notional amounts of unsettled derivative contracts and valuation gain or loss for hedge accounting purpose in the above table represent the derivative instruments accounted for using hedge accounting pursuant to the Interpretations on Financial Accounting Standards 53-70 "Accounting for Derivatives."

Hedged items, for fair value hedge accounting purpose, consist of loans, debentures and borrowings. The Bank recognized gains of ₩441,959 million and ₩323,365 million from the hedged items, loans and debentures, in the income statement, respectively, for the years ended December 31, 2008.

Notes to Non-Consolidated Financial Statements

December 31, 2008 and 2007

15. Interest Income and Expense

AVERAGE BALANCES OF THE INTEREST BEARING ASSET AND LIABILITY, AND THE RELATED INTEREST INCOME AND EXPENSE AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007 ARE AS FOLLOWS:

(In millions of Won)

	2008		2007	
	Average balance	Interest income / expense	Average balance	Interest income / expense
Interest bearing assets:				
Loans	₩ 27,077,926	1,390,238	18,051,872	1,033,906
Due from banks	295,638	17,181	94,717	7,646
Securities	1	-	6,155	446
	27,373,565	1,407,419	18,152,744	1,041,998
Interest bearing liabilities:				
Borrowings	4,467,393	189,579	1,996,313	91,675
Debentures	19,716,909	917,272	12,667,425	712,143
	₩ 24,184,302	1,106,851	14,663,738	803,818

16. General and Administrative Expense

DETAILS OF GENERAL AND ADMINISTRATIVE EXPENSE FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007 ARE AS FOLLOWS:

(In millions of Won)

	2008	2007
Financial management expenses:		
Salaries and wages	₩ 63,049	60,266
Others	32,022	28,950
Sub total	95,071	89,216
Funds management expenses	584	885
Other general and administrative expenses:		
Severance benefits (note 12)	5,972	5,930
Special severance benefits	7,547	160
Depreciation (note 7)	3,325	3,593
Amortization expense of intangible assets (note 8)	2,352	2,040
Taxes and dues	3,583	1,893
Fund contributions	4,524	3,623
Sub total	27,303	17,239
Total general and administrative expenses	₩ 122,958	107,340

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17. Income Taxes

(A) THE COMPONENTS OF INCOME TAX EXPENSE FOR YEARS ENDED DECEMBER 31, 2008 AND 2007 ARE AS FOLLOWS:

	(In millions of Won)	
	2008	2007
Income tax - current	₩ 173,900	58,680
Changes in deferred tax arising from temporary differences	(291,728)	7,527
Deferred tax expense adjusted to equity	219,313	(1,954)
Income tax expense	₩ 101,485	64,253

(B) DEFERRED TAX ASSETS AND LIABILITIES ARE MEASURED USING THE TAX RATE TO BE APPLIED FOR THE YEAR IN WHICH TEMPORARY DIFFERENCES ARE EXPECTED TO BE REALIZED, AND THE CHANGE IN DEFERRED TAX ASSETS (LIABILITIES) DUE TO THE CHANGE IN THE INCOME TAX RATE AMOUNTING TO ₩45,367 MILLION OF WHICH ₩(3,753) MILLION WAS RECOGNIZED DIRECTLY TO EQUITY AND ₩49,120 MILLION WAS RECOGNIZED IN CURRENT INCOME TAX EXPENSE.

(C) THE RECONCILIATION OF INCOME BEFORE INCOME TAXES AND TAXABLE INCOME FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007 ARE AS FOLLOWS:

	(In millions of Won)	
	2008	2007
Net income before income tax	₩ 195,459	248,535
Tax liability according to applicable rates	53,720	68,275
Adjustment		
Tax-exempt benefits	(1,867)	(4,141)
Non-deduction expense	562	126
Tax effects of tax rate change	49,120	-
Adjustment of income tax final return	(50)	(7)
Income tax expense	₩ 101,485	64,253
Effective tax rate (%)	51.92	25.85

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(D) CHANGES IN SIGNIFICANT ACCUMULATED TEMPORARY DIFFERENCES AND TAX EFFECTS FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007 WERE AS FOLLOWS:

(In millions of Won)

	2008			
	Beginning balance	Decrease	Increase	Ending balance
Temporary differences:				
Loss (gain) on fair value hedges	₩ (92,376)	124,937	-	(217,313)
Depreciation	3,108	-	910	4,018
Retirement and severance benefits	19,244	-	2,313	21,557
Allowance for loan losses	268,000	-	35,380	303,380
Gain on valuation of equity method accounted investments	(22,032)	2,284	-	(24,316)
Loss on valuation of derivatives	77,850	-	552,993	630,843
Gain on valuation of derivatives	(33,667)	223,256	-	(256,923)
Available-for-sale securities (KEB)	(114,692)	4,293	-	(118,985)
Debt-to-equity swap	83,954	15,351	-	68,603
Allowance for acceptances and guarantees	300,956	-	160,419	461,375
Allowance for unused loan commitments	35,491	-	81	35,572
Others	18,295	-	59,970	78,265
Total temporary differences	₩ 544,131	370,121	812,066	986,076
Tax effects of temporary differences				222,051
The deferred tax effects that were directly charged to equity				(15,011)
Deferred income tax assets				207,040

FINANCIAL STATEMENTS

(In millions of Won)

	2007			
	Beginning balance	Decrease	Increase	Ending balance
Temporary differences:				
Loss (gain) on fair value hedges	₩ (64,118)	28,258	-	(92,376)
Depreciation	2,160	-	948	3,108
Retirement and severance benefits	16,241	-	3,003	19,244
Allowance for loan losses	308,736	40,736	-	268,000
Gain on valuation of equity method accounted investments	(18,675)	3,357	-	(22,032)
Loss on valuation of derivatives	86,751	8,901	-	77,850
Gain on valuation of derivatives	(43,119)	-	9,452	(33,667)
Available-for-sale securities (KEB)	(114,692)	-	-	(114,692)
Debt-to-equity swap	98,913	14,959	-	83,954
Allowance for acceptances and guarantees	253,543	-	47,413	300,956
Allowance for unused loan commitments	25,814	-	9,677	35,491
Others	12,352	-	5,943	18,295
Total temporary differences	₩ 563,906	96,211	76,436	544,131
Tax effects of temporary differences				149,636
The deferred tax effects that were directly charged to equity				(234,324)
Deferred income tax liabilities				(84,688)

(E) THE DEFERRED TAX ASSETS AND LIABILITIES THAT WERE DIRECTLY CHARGED OR CREDITED TO EQUITY FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007 ARE AS FOLLOWS:

(In millions of Won)

	2008		2007	
	Amount	Deferred income tax assets (Liabilities)	Amount	Deferred income tax assets (Liabilities)
Valuation gain on available-for-sale securities	₩ (778,368)	218,214	9,030	(2,483)
Valuation gain on equity securities accounted for by the equity method	(5,487)	1,099	(1,920)	528
	₩ (783,855)	219,313	7,110	(1,955)

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18. Foreign Currency Denominated Assets and Liabilities

(A) DETAILS OF ASSETS DENOMINATED IN FOREIGN CURRENCIES AS OF DECEMBER 31, 2008 AND 2007 ARE AS FOLLOWS:

(In thousands of USD and in millions of Won)

	2008		2007	
	In foreign currency (USD)	In local currency (Won)	In foreign currency (USD)	In local currency (Won)
Due from banks	₩ 19,804	24,903	92,525	86,807
Securities accounted for equity method	81,165	102,066	99,096	92,972
Call loans	1,070,223	1,345,805	1,115,417	1,046,484
Bills bought	376,183	473,050	577,496	541,807
Loans	19,422,814	24,424,188	16,079,924	15,086,185
Advance for customers	2,010	2,527	834	782
	₩ 20,972,199	26,372,539	17,965,292	16,855,037

(B) DETAILS OF LIABILITIES DENOMINATED IN FOREIGN CURRENCIES AS OF DECEMBER 31, 2008 AND 2007 ARE AS FOLLOWS:

(In thousands of USD and in millions of Won)

	2008		2007	
	In foreign currency (USD)	In local currency (Won)	In foreign currency (USD)	In local currency (Won)
Call money	₩ 317,876	399,729	120,000	112,584
Borrowings	3,545,583	4,458,570	1,840,412	1,726,675
Debentures	15,138,608	19,036,800	14,969,714	14,044,585
	₩ 19,002,067	23,895,099	16,930,126	15,883,844

Foreign currencies other than U.S. Dollar are translated into U.S. dollar equivalent amounts at the exchange rates published by Seoul Money Brokerage Services, Ltd. (see note 2).

FINANCIAL STATEMENTS

19. Accumulated Other Comprehensive Income

ACCUMULATED OTHER COMPREHENSIVE INCOME AS OF DECEMBER 31, 2008 AND 2007 ARE AS FOLLOWS:

	(In millions of Won)	
	2008	2007
Net income	₩ 93,974	184,282
Other comprehensive income:		
Unrealized gain (loss) on available-for-sale securities	(560,154)	6,547
Unrealized holding loss on equity method accounted investment securities.	(4,388)	(1,392)
Accumulated other comprehensive income	₩ (470,568)	189,437

20. Dividends

(A) DIVIDENDS FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007 ARE AS FOLLOWS:

	(In millions of Won)	
	2008	2007
Government of Korea	₩ -	14,807
The Bank of Korea	-	8,668
The Korea Development Bank	-	1,142
	₩	24,617

(B) PAYOUT RATIOS FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007 ARE CALCULATED AS FOLLOWS:

	(In millions of Won)	
	2008	2007
Dividends in Won	₩ -	24,617
Net earning in Won	93,974	184,282
Payout ratios (%)	0.00%	13.36%

Notes to Non-Consolidated Financial Statements

December 31, 2008 and 2007

21. Related Party Transactions

(A) THE BANK HAS THE FOLLOWING RELATED PARTIES, WHICH ARE ALL CONSOLIDATING SUBSIDIARIES, AS OF DECEMBER 31, 2008 AND 2007.

(In millions of Won)

	No. of shares	Ownership (%)	Capital	
			2008	2007
KEXIM Bank UK Limited	20,000,000	100.00	₩ 36,353	37,482
KEXIM Vietnam Leasing Co.	-	100.00	16,348	12,197
PT. KOEXIM Mandiri Finance	442	85.00	5,970	5,195
KEXIM Asia Limited	30,000,000	100.00	37,725	28,146

(B) SIGNIFICANT BALANCES AND TRANSACTIONS WITH THE RELATED PARTIES AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2008 ARE AS FOLLOWS:

(In millions of Won)

Assets	Loans in foreign currencies	Call loans	Total
KEXIM Bank UK Limited	₩ 12,575	243,955	256,530
KEXIM Vietnam Leasing Co.	84,253	-	84,253
PT. KOEXIM Mandiri Finance	122,229	-	122,229
KEXIM Asia Limited	106,888	82,199	189,087
	₩ 325,945	326,154	652,099

(In millions of Won)

Liabilities	Call money	Borrowing in foreign currencies	Debentures in foreign currencies	Total
KEXIM Bank UK Limited	₩ -	-	6,288	6,288
KEXIM Asia Limited	8,803	27,878	-	36,681
	₩ 8,803	27,878	6,288	42,969

(In millions of Won)

Transactions	Interest income	Interest expenses	Commission income
KEXIM Bank UK Limited	₩ 5,194	293	20
KEXIM Vietnam Leasing Co.	3,258	-	3
PT. KOEXIM Mandiri Finance	4,717	-	-
KEXIM Asia Limited	4,468	124	23
	₩ 17,637	417	46

FINANCIAL STATEMENTS

(C) SIGNIFICANT BALANCES AND TRANSACTIONS WITH THE RELATED PARTIES AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2007, RESPECTIVELY, ARE AS FOLLOWS:

(In millions of Won)

Assets	Loans in foreign currencies	Call loans	Total
KEXIM Bank UK Limited	₩ 113,522	4,144	117,666
KEXIM Vietnam Leasing Co.	57,699	-	57,699
PT. KOEXIM Mandiri Finance	93,820	-	93,820
KEXIM Asia Limited	95,172	-	95,172
	₩ 360,213	4,144	364,357

(In millions of Won)

Liabilities	Debentures in foreign currencies
KEXIM Bank UK Limited	₩ 4,691

(In millions of Won)

Transactions	Interest income	Interest expenses	Commission income
KEXIM Bank UK Limited	₩ 6,204	321	58
KEXIM Vietnam Leasing Co.	2,829	-	5
PT. KOEXIM Mandiri Finance	4,348	-	-
KEXIM Asia Limited	3,167	-	9
	₩ 16,548	321	72

22. Statements of Cash Flows

(A) THE BANK PREPARES THE STATEMENTS OF CASH FLOWS USING THE INDIRECT METHOD. THE CASH FLOWS FROM THE BANK'S MAJOR BUSINESS ACTIVITIES INCLUDING LOANS AND INVESTMENTS IN SECURITIES RELATED TRANSACTIONS ARE CLASSIFIED AS OPERATING ACTIVITIES WHILE THE CASH FLOWS FROM BORROWING ACTIVITIES ARE CLASSIFIED AS FINANCING ACTIVITIES.

(B) DUE FROM BANKS IN THE STATEMENTS OF CASH FLOWS AS OF DECEMBER 31, 2008 AND 2007 ARE AS FOLLOWS:

(In millions of Won)

	2008	2007
Due from banks in local currency	₩ 206,776	22,557
Restricted due from banks	-	[2,576]
Due from banks in foreign currencies	24,903	86,807
	₩ 231,679	106,788

Notes to Non-Consolidated Financial Statements

December 31, 2008 and 2007

(C) SIGNIFICANT TRANSACTIONS NOT INVOLVING CASH INFLOWS OR OUTFLOWS FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007 ARE AS FOLLOWS:

	(In millions of Won)	
	2008	2007
Change in gain on valuation of available-for-sale securities	₩ 560,154	6,547
Change in unrealized holding loss on equity method investment securities	4,388	1,392
Debt for equity swap	210	24,108
Capital injection by securities.	₩ 650,000	-

23. Employee Welfare

THE BANK PROVIDES EMPLOYEE WELFARE PROGRAMS INCLUDING HOUSING LOANS, CAFETERIA, SCHOLARSHIP, MEDICAL INSURANCE, WORKER'S COMPENSATION, GYM AND RECREATIONAL FACILITIES. THE BANK'S EXPENSES ON THE EMPLOYEE WELFARE PROGRAMS FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007 ARE AS FOLLOWS:

	(In millions of Won)	
	2008	2007
Meal expenses	₩ 115	106
Medical expenses	310	273
Fringe benefits	6,282	5,357
Healthcare expenses	366	342
	₩ 7,073	6,078

24. Computation of Value-added

INFORMATION REQUIRED FOR THE COMPUTATION OF VALUE-ADDED FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007 ARE AS FOLLOWS:

	(In millions of Won)	
	2008	2007
Salaries and wages	₩ 63,049	60,266
Rent expenses	678	583
Depreciation	3,325	3,593
Amortization expense for intangible assets	2,352	2,040
Taxes and dues	3,583	1,893
	₩ 72,987	68,375

FINANCIAL STATEMENTS

25. Events after the balance sheet date

ON JANUARY 2, 2009, KOREAN GOVERNMENT INVESTED ₩40,000 MILLION OF CASH IN THE BANK. ON JANUARY 30, 2009, THE BANK'S AUTHORIZED CAPITAL INCREASED FROM ₩4,000,000 MILLION WON TO ₩8,000,000 MILLION WON THROUGH THE AMENDMENT OF EXPORT-IMPORT BANK OF KOREA LAW, AND THE KOREAN GOVERNMENT CONTRIBUTED ADDITIONAL ₩260,000 MILLION OF CASH IN THE BANK. AS A RESULT, THE KOREAN GOVERNMENT'S OWNERSHIP INTEREST IN THE BANK INCREASED FROM 66.69% TO 69.04%.

26. Date of Authorization for Issue

THE 2008 FINANCIAL STATEMENTS WERE AUTHORIZED FOR ISSUE AT THE OPERATIONS COMMITTEE HELD ON FEBRUARY 27, 2009.

Board of Directors



Dongsoo Kim
Chairman & President



Jung-jun Kim
Deputy President



Dae-woo Lee
Auditor



Jung-ha Choi
Executive Director



Doo-hwan Kwon
Executive Director



Pyung-ku Lee
Executive Director



Dong-soo Park
Executive Director



Jin-kyung Kim
Executive Director

BOARD



BOARD OF DIRECTORS

Financial Services

EXPORT FINANCE

LOANS TO DOMESTIC SUPPLIERS

EXPORT LOANS

Loans provided to Korean exporters of capital goods such as industrial plants, ships, and industrial machinery

TECHNICAL SERVICES CREDIT

Credit extended towards Korean companies that export technical services including overseas construction projects

SMALL BUSINESS EXPORT CREDIT

Credit extended towards small & medium sized enterprises for export transactions or for the supply of parts or materials to primary exporters

REDISCOUNT ON TRADE BILLS

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

FORFAITING

Trade financing provided to Korean exporters conducting transactions with developing countries in the form of discounting trade bills on a without recourse basis or excluding additional collateral

EXPORT FACTORING

Trade financing provided to Korean exporters conducting export transactions on credit (including transaction on a D/A basis) in the form of discounting trade receivables on a without recourse basis

LOANS TO FOREIGN BUYERS

DIRECT LOANS

Loans provided to foreign buyers that purchase Korean goods and services or technical services

PROJECT FINANCE

Financing extended to greenfield projects with cash flows from the operation of the project as the main source of funds for repayment

STRUCTURED FINANCE

Financing provided for investment projects (including ships) to project companies or foreign companies with cash flows from the project and other assets as a security package

INTERBANK EXPORT LOANS

Line of credit provided to creditworthy banks in foreign countries to help foreign buyers obtain credit for the purchase of goods and services of Korean origin



FINANCIAL SERVICES

IMPORT FINANCE

IMPORT CREDIT

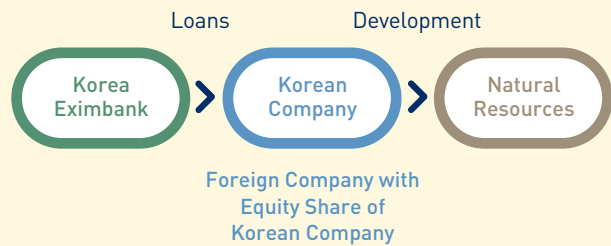
Credit extended towards Korean importers that import essential materials and major resources, whose stable and timely supply is required for the national economy



NATURAL RESOURCES DEVELOPMENT FINANCING

NATURAL RESOURCES DEVELOPMENT CREDIT

Credit to Korean companies (or foreign companies in which a Korean company has an equity share) conducting investment projects overseas for natural resources development



OVERSEAS INVESTMENT FINANCING

OVERSEAS INVESTMENT CREDIT

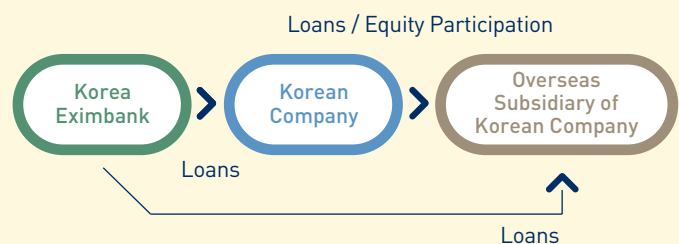
Credit in the form of equity participation or a long-term loan to Korean companies that invest in their overseas subsidiaries

OVERSEAS PROJECT CREDIT

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

OVERSEAS BUSINESS CREDIT

Credit in the form of funds for purchasing equipment or working capital to foreign companies, in which a Korean company has equities



Financial Services

FINANCIAL SERVICES

GUARANTEES AND OTHER SUPPORT

FINANCIAL GUARANTEES

Guarantees to co-financing banks that provide loans for eligible transactions

PROJECT RELATED GUARANTEES

Guarantees in the form of Bid Bond, Advance Payment Bond, Performance Bond, Retention Bond, etc., to foreign importers for the performance of an eligible project

INTEREST RATE SUPPORT

Support to financial institutions that co-finance export credits with Korea Eximbank at CIRR, in accordance with the OECD Guidelines

L / C CONFIRMATION FACILITY

Confirmation of L/Cs which are issued by foreign banks in developing countries, in favor of Korean exporters related to export transactions

NON-FINANCIAL SERVICES

COUNTRY INFORMATION SERVICE

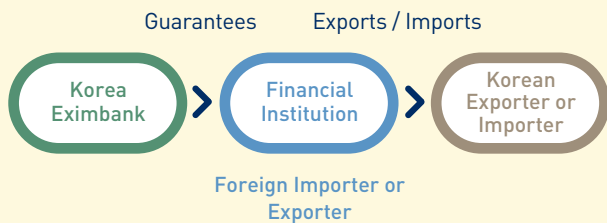
Diverse and timely economic information of countries worldwide provided through the Overseas Economic Information System (OEIS) on the Bank's website

CONSULTING SERVICE

Legal counseling provided by in-house lawyers on international contracts or transactions

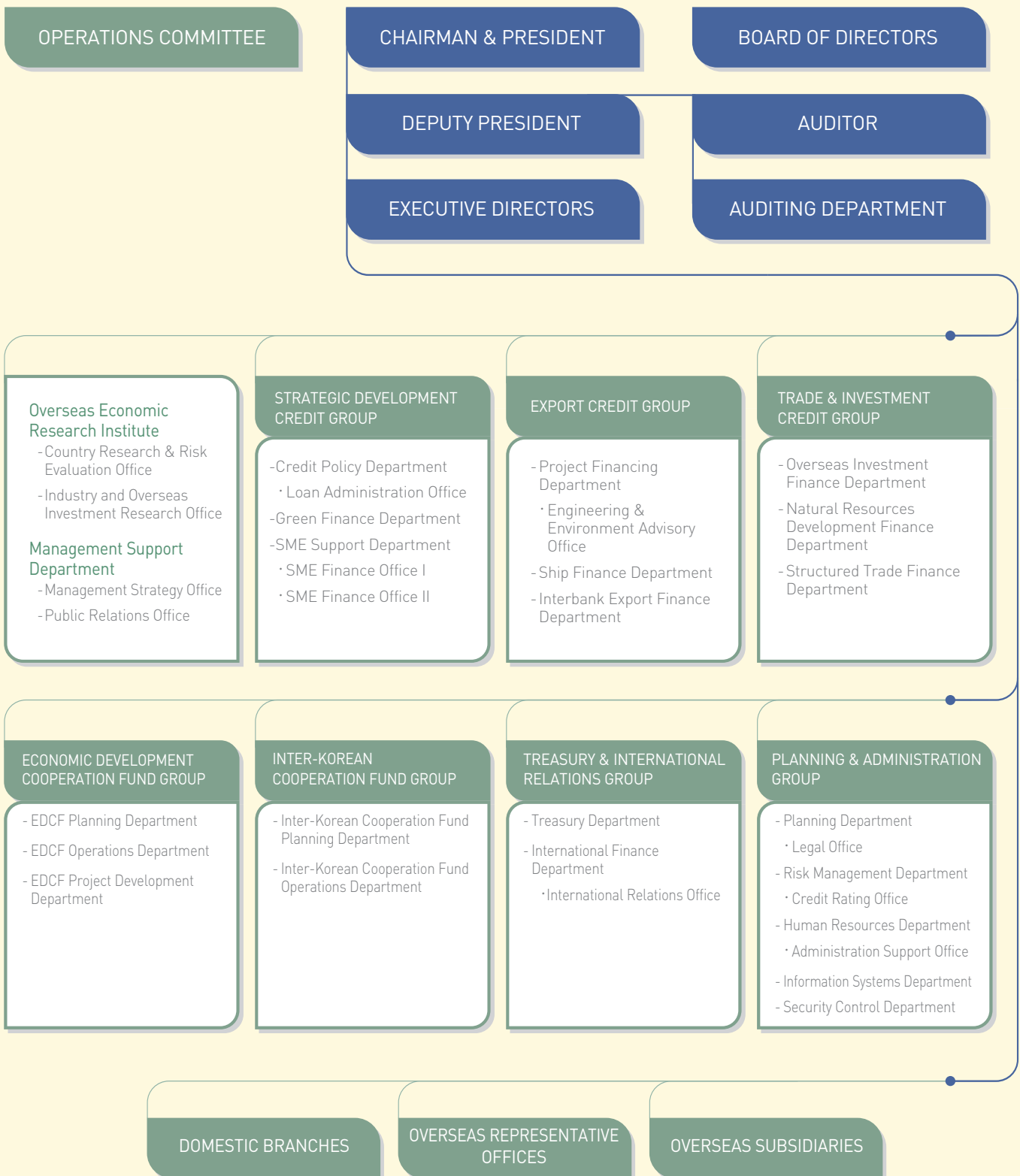
EXPORT CREDIT ADVISORY SERVICE (ECAS)

Financial consulting service supporting Korean exporters at the early stage of contract negotiations and information about the industry, market, and financial status of importing countries



Organization

SERVICES & ORGANIZATION



Domestic Branches

HEAD OFFICE AND DOMESTIC BRANCHES

HEAD OFFICE

16-1 Yeouido-dong, Yeongdeungpo-gu, Seoul
150-996, Korea
Telephone: (82-2) 3779-6114
Facsimile: (82-2) 784-1030
Telex: K26595 EXIMBK
Cable Address: EXIMKOREA
Website: www.koreaexim.go.kr

BUSAN BRANCH

6th Fl. Woori Bldg.
257-5 Bujeon 2-dong, Busanjin-gu, Busan 614-737
Telephone: (82-51) 817-5050
Facsimile: (82-51) 817-6060
E-mail: pusan@koreaexim.go.kr

DAEGU BRANCH

13th Fl. Samsung Securities Bldg.
190-5 Beomeo-dong, Suseong-gu, Daegu 706-742
Telephone: (82-53) 754-1021
Facsimile: (82-53) 754-1020
E-mail: daegu@koreaexim.go.kr

CHANGWON BRANCH

5th Fl. Gyeongnam Trade Center
7-4 Yongho-dong, Changwon 641-740
Telephone: (82-55) 287-6830
Facsimile: (82-55) 287-6831
E-mail: changwon@koreaexim.go.kr

GWANGJU BRANCH

7th Fl. Korea First Bank Bldg.
9-2 Geumnamro 3-ga, Dong-gu, Gwangju 501-719
Telephone: (82-62) 232-6944
Facsimile: (82-62) 232-6946
E-mail: gwangju@koreaexim.go.kr

INCHEON BRANCH

15th Fl. Citibank Bldg.
1127 Guwol-dong, Namdong-gu, Incheon 405-220
Telephone: (82-32) 235-6114
Facsimile: (82-32) 442-6121
E-mail: inchon@koreaexim.go.kr

DAEJEON BRANCH

16th Fl. Capital Tower Bldg.
931 Dunsan-dong, Seo-gu, Daejeon 302-828
Telephone: (82-42) 489-9715
Facsimile: (82-42) 489-9716
E-mail: daejeon@koreaexim.go.kr

SUWON BRANCH

9th Fl. Gyeonggi Small & Medium Business Center
906-5 Iui-dong, Yeongtong-gu, Suwon 443-766
Telephone: (82-31) 259-6600-7
Facsimile: (82-31) 259-6609
E-mail: suwon@koreaexim.go.kr

ULSAN BRANCH

5th Fl. Dongyang Investment Bank
1358-8 Dahl-dong, Nam-gu, Ulsan 680-727
Telephone: (82-52) 274-5272-6
Facsimile: (82-52) 274-5278
E-mail: ulsan@koreaexim.go.kr

CHEONGJU BRANCH

6th Fl. Small & Medium Business Center
1508-1 Gageong-dong, Heungduk-gu, Cheongju 361-802
Telephone: (82-43) 237-0475
Facsimile: (82-43) 237-0476
E-mail: cheongju@koreaexim.go.kr

JEONJU BRANCH

10th Fl. KTCU Jeonbuk Bldg.
769-1 Seosin-dong, Wansan-gu, Jeonju 560-720
Telephone: (82-63) 271-6134-8
Facsimile: (82-63) 271-6139
E-mail: jeonju@koreaexim.go.kr

CHES & OVERSEAS NETWORK

Overseas Network

ASIA

TOKYO REPRESENTATIVE OFFICE

Chief Representative: In-dae Song
Rm. 1904, 19th F. Hibiya Daibiru
1-2-2 Uchisaiwaicho, Chiyoda-ku,
Tokyo 100-0011, Japan
Telephone: [81-3] 3580-8702 / 3
Facsimile: [81-3] 3580-8705
E-mail: extokyo@hotmail.com

BEIJING REPRESENTATIVE OFFICE

Chief Representative: Hong-bum Kim
Office C-716 Beijing Lufthansa Centre
50 Liangmaqiao Road, Chaoyang
District, Beijing 100016, China
Telephone: [86-10] 6463-3371
Facsimile: [86-10] 6463-7116
E-mail: seryoung@koreaexim.go.kr

SHANGHAI REPRESENTATIVE OFFICE

Chief Representative: Man-ik Chang
1203 Aetna Tower No. 107,
Zunyi Road, Shanghai 200051, China
Telephone: [86-21] 6237-5561 / 2
Facsimile: [86-21] 6237-5563
E-mail: aaron@koreaexim.go.kr

NEW DELHI REPRESENTATIVE OFFICE

Chief Representative: Ki-yul Sung
901, 9th F. Eros Corporate Tower
Nehru Place, New Delhi 110019, India
Telephone: [91-11] 4168-8720
Facsimile: [91-11] 4168-8723
E-mail: kysung@koreaexim.go.kr

PT. KOEXIM MANDIRI FINANCE

President Director: Han-duk Chang
Menara Mulia Tower Suite 2007 JL
Jend Gatot Subroto Kav. 9-11, Jakarta
12930, Indonesia
Telephone: [62-21] 525-7261
Facsimile: [62-21] 525-7260
E-mail: jakarta@koreaexim.go.kr

KEXIM VIETNAM LEASING CO., LTD.

General Director: Young-pyo Hong
9th F. Diamond Plaza Bldg.
34 Le Duan Street, District 1, Ho Chi
Minh City, Vietnam
Telephone: [84-83] 825-7000
Facsimile: [84-83] 823-0854
E-mail: keximvt@hcm.vnn.vn

KEXIM ASIA LTD.

Managing Director: Chang-ju Kim
Suite 3501, 35th F. Jardine House
1 Connaught Place, Central, Hong Kong
Telephone: [852] 2810-0182
Facsimile: [852] 2810-4460
E-mail: webmaster@keximasia.com.hk

TASHKENT REPRESENTATIVE OFFICE

Chief Representative: Tae-kyoon Lee
14C-04, International Business Center
107-B, Amir Temur Street, Tashkent
100084, Uzbekistan
Telephone: [998-71] 238-9288
Facsimile: [998-71] 238-9218
E-mail: exim@dostlink.net

QINGDAO LIAISON OFFICER

Chung-hyun Woo
Room AHG 15th F. Qijian Tower No. 40
Hongkong Middle Road, Qingdao
266071, China
Telephone: [86-532] 8309-5896
Facsimile: [86-532] 8309-5897
E-mail: jhwoo@koreaexim.go.kr

MIDDLE EAST

DUBAI REPRESENTATIVE OFFICE

Chief Representative: Heung-sik Min
P.O. Box 120288, The Gate, 4th F. West
Tenancy A2, Dubai, UAE
Telephone: [971-4] 362-0852
Facsimile: [971-4] 362-0851
E-mail: keximdubai@hotmail.com

IRAN LIAISON OFFICER

Tae-yong Lee
No. 18 West Daneshvar St.,
Sheikhabahai Ave. Vanak Squ. Tehran
P.O. Box 11365/3581, Iran
Telephone: [98-21] 8806-5301
Facsimile: [98-21] 8806-5301
E-mail: waryong@koreaexim.go.kr

AMERICA

NEW YORK REPRESENTATIVE OFFICE

Chief Representative: Myung-hwan Han
460 Park Ave. 8th Fl.
New York, NY 10022, U.S.A.
Telephone: [1-212] 355-7280
Facsimile: [1-212] 308-6106
E-mail: keximny@yahoo.com

WASHINGTON REPRESENTATIVE OFFICE

Chief Representative: June-shik Moon
1300 L Street, N.W. Suite 825
Washington DC 20005, U.S.A.
Telephone: [1-202] 408-8838 / 9
Facsimile: [1-202] 408-7858
E-mail: keximdc@gmail.com

SAO PAULO REPRESENTATIVE OFFICE

Chief Representative: Hae-chang Lee
Av. Paulista, 1439 cj. 142, CEP 01311-200, C
Cesar - Sao Paulo, Brasil
Telephone: [55-11] 3283-3021
Facsimile: [55-11] 3287-0548
E-mail: expaulo@dialdata.com.br

MEXICO CITY REPRESENTATIVE OFFICE

Chief Representative: Young-hoo Byun
Hamburgo 213, Torre Summa piso 12,
Col. Juarez, Del.Cuauhtemoc,
Mexico D. F., C.P. 06600
Telephone: [52-55] 5511-8445
Facsimile: [52-55] 5511-8472
E-mail: exmexico@koreaexim.go.kr

EUROPE

FRANKFURT REPRESENTATIVE OFFICE

Chief Representative: Kwang-in Lee
Zeppelinallee 65-67, Ecke
Blanchardstrasse
60487 Frankfurt am Main, Germany
Telephone: [49-69] 97-78-320
Facsimile: [49-69] 97-78-316
E-mail: frankfurt@koreaexim.go.kr

PARIS REPRESENTATIVE OFFICE

Chief Representative: Joon-soo Kang
36 Avenue Hoche, 75008 Paris, France
Telephone: [33-1] 44-21-83-14 / 17
Facsimile: [33-1] 44-21-83-15
E-mail: eximparis@yahoo.com

MOSCOW REPRESENTATIVE OFFICE

Chief Representative: Dong-hoon Jung
Office Building 1704A World Trade Center, 12
Krasnopresnenskaya Nab., 123610,
Moscow, Russia
Telephone: [7-495] 258-23-66
Facsimile: [7-495] 258-23-68
E-mail: eximinfo@rambler.ru

KEXIM BANK (UK) LIMITED

Managing Director: Succ-young Kim
Boston House 63-64 New Broad St.
London EC2M 1JJ, United Kingdom
Telephone: [44-20] 7562-5500
Facsimile: [44-20] 7588-3642
E-mail: london@koreaexim.go.kr

POLAND LIAISON OFFICER

Byung-chul Won
Korea Trade Center, 21st Fl.
Warsaw Financial Center ul. Emilii
Plater 53 / 00-113, Warszawa, Poland
Telephone: [48-22] 520-6248
Facsimile: [48-22] 520-6249
E-mail: bcwon@koreaexim.go.kr

EDCF COUNTRY
RESIDENT MISSION

EDCF VIETNAM RESIDENT MISSION

8th F. Daeha Business Center
360 Kim Ma Street, Ba Dinh District,
Hanoi, Vietnam
Telephone: [84-43] 771-7009
Facsimile: [84-43] 771-7009
E-mail: changyh@koreaexim.go.kr
mjj01@koreaexim.go.kr

EDCF INDONESIA RESIDENT MISSION

Siduk Jun
Menara Mulia Tower Suite 2007 JL
Jend Gatot Subroto Kav. 9-11, Jakarta
12930, Indonesia
Telephone: [62-21] 525-7261
Facsimile: [62-21] 525-7260
E-mail: junsd@koreaexim.go.kr

EDCF PHILIPPINES RESIDENT MISSION

Man-hwan Park
5th F. Pacific Star Building
Gil Puyat Ave., Makati City 1226,
Philippines
Telephone: [63-2] 864-0624
Facsimile: [63-2] 864-0625
Cell: [63-917] 890-7275
E-mail: mhpark@koreaexim.go.kr

EDCF TANZANIA RESIDENT MISSION

Hye-kyung Lee
Embassy of the Republic of Korea
P.O.Box 1154, Dar es Salaam, Tanzania
Telephone: [255-22] 266-8788
Facsimile: [255-22] 266-7509
Cell: [255-765] 362-400
E-mail: hyekyung@koreaexim.go.kr

16-1 Yeouido-dong, Yeongdeungpo-gu, Seoul 150-996, Korea
Telephone: 82-2-3779-6114 / Facsimile: 82-2-784-1030
Telex: K26595 EXIMBK / Cable Address: EXIMKOREA
E-mail : iro@koreaexim.go.kr
www.koreaexim.go.kr

