

	KRW Million		US\$ Thousand (Note 2)	
	2002	2001	2002	2001
Assets				
Cash and due from banks (Notes 3, 19, 20, and 21)	₩ 44,579	₩ 34,192	US\$ 37,136	US\$ 28,484
Trading securities (Note 4)	13,191	34,480	10,989	28,724
Investment securities (Notes 5, 20 and 21)	1,487,238	1,909,728	1,238,952	1,590,910
Loans (Notes 6, 7, 8, 19, 20, 21 and 24)	7,651,024	8,228,396	6,373,729	6,854,712
Allowance for possible loan losses (Note 8)	(455,772)	(463,356)	(379,683)	(386,001)
Present value discounts for loans (Note 7)	(24,017)	(11,049)	(20,007)	(9,205)
	7,171,235	7,753,991	5,974,039	6,459,506
Call loans (Notes 6, 19, 20, 21 and 24)	559,882	931,339	466,413	775,857
Foreign currency loans to banks (Notes 6, 20, 21 and 24)	1,070,757	122,001	892,000	101,633
Fixed assets (Notes 9 and 10)	33,916	19,456	28,254	16,208
Other assets (Notes 11, 21, 23, 24, 25 and 26)	225,735	265,688	188,050	221,333
Total assets	₩ 10,606,533	₩ 11,070,875	US\$ 8,835,833	US\$ 9,222,655
Liabilities and shareholders' equity				
Borrowings (Notes 12, 19, 20, and 21)	₩ 4,654,203	₩ 4,449,289	US\$ 3,877,210	US\$ 3,706,505
Call money (Notes 13, 19, 20, and 21)	237,721	280,000	198,035	233,256
Debentures (Notes 14, 19, 20, 21 and 24)	2,663,815	3,134,650	2,219,106	2,611,338
Other liabilities (Notes 15, 16, 17, 21, 24 and 26)	241,155	436,986	200,896	364,033
Total liabilities	7,796,894	8,300,925	6,495,247	6,915,132
Commitments and contingencies (Note 25)				
Shareholders' equity (Note 18):				
Capital	2,725,755	2,675,755	2,270,706	2,229,053
Retained earnings				
Legal reserve	107,406	104,110	89,475	86,729
Voluntary reserve	235,121	221,936	195,869	184,885
Unappropriated retained earnings (undisposed accumulated deficit)	-	(37,806)	-	(31,494)
Total retained earnings	342,527	288,240	285,344	240,120
Capital adjustments (Note 5)	(258,643)	(194,045)	(215,464)	(161,650)
Total shareholders' equity	2,809,639	2,769,950	2,340,586	2,307,523
Total liabilities and shareholders' equity	₩ 10,606,533	₩ 11,070,875	US\$ 8,835,833	US\$ 9,222,655

	KRW Million		US\$ Thousand (Note 2)	
	2002	2001	2002	2001
Interest income:				
Due from banks	₩ 1,919	₩ 70,126	US\$ 1,599	US\$ 58,419
Investment securities	5,472	10,211	4,558	8,506
Loans	422,017	487,144	351,564	405,818
Call loans	9,297	22,632	7,745	18,854
Foreign currency loans to banks	8,922	6,299	7,432	5,247
Other	-	1,571	-	1,309
	447,627	597,983	372,898	498,153
Other operating income:				
Guarantee fees and commissions	71,550	53,775	59,605	44,797
Foreign exchange gain	27,440	8,244	22,859	6,868
Gain on disposal of trading securities	2,602	195	2,168	162
Gain on redemption of trading securities	-	629	-	524
Gain on valuation of trading securities (Note 4)	214	1,445	178	1,204
Dividends on trading securities	869	948	724	790
Dividends on investment securities	21,432	15,977	17,854	13,310
Gain on valuation of derivative instruments (Note 26)	55,942	38,092	46,603	31,733
Gain on valuation of fair value hedged items	-	56,801	-	47,318
Other	24	-	20	-
	180,073	176,106	150,011	146,706
Total operating income	627,700	774,089	522,909	644,859
Interest expense:				
Borrowings	143,087	235,441	119,199	196,135
Call money	15,222	10,794	12,681	8,992
Debentures	140,784	227,953	117,281	189,898
Other	-	2,125	-	1,770
	299,093	476,313	249,161	396,795
Other operating expenses:				
Commissions	2,029	2,331	1,690	1,942
Provision for loan losses	88,243	132,913	73,511	110,724
Foreign exchange loss	2,579	10,817	2,149	9,011
Loss on valuation of trading securities (Note 4)	3,109	5,362	2,590	4,467
Loss on disposal of trading securities	2,483	178	2,069	148
Administrative expenses (Note 22)	58,630	51,558	48,842	42,951
Loss on valuation of derivative instruments (Note 26)	66,089	76,416	55,056	63,659
Loss on valuation of fair value hedged items	18,155	2,537	15,124	2,113
Other	23	-	19	-
	241,340	282,112	201,050	235,015
Total operating expenses	540,433	758,425	450,211	631,810
Net operating income	87,267	15,664	72,698	13,049
Non-operating income (Notes 5 and 27)	14,018	9,074	11,678	7,559
Non-operating expenses (Notes 5 and 27)	(30,413)	(15,378)	(25,336)	(12,811)
Ordinary income	70,872	9,360	59,040	7,797
Extraordinary items	-	-	-	-
Income before income tax expense	70,872	9,360	59,040	7,797
Income tax benefit (expense) (Note 23)	(16,586)	422	(13,817)	352
Net income	₩ 54,286	₩ 9,782	US\$ 45,223	US\$ 8,149

STATEMENTS OF APPROPRIATIONS OF UNAPPROPRIATED RETAINED EARNINGS

Years ended December 31, 2002 and 2001

	KRW Million		US\$ Thousand (Note 2)	
	2002	2001	2002	2001
Retained earnings before appropriations				
(accumulated deficit before disposition):				
Accumulated deficit at January 1	₩ (37,806)	₩ (29,381)	US\$ (31,494)	US\$ (24,476)
Net income for the year	54,286	9,782	45,223	8,149
	16,480	(19,599)	13,729	(16,327)
Appropriations:				
Legal reserve	3,296	3,642	2,746	3,034
Voluntary reserve	13,184	14,565	10,983	12,133
	16,480	18,207	13,729	15,167
Unappropriated retained earnings				
(undisposed accumulated deficit) at December 31	₩ -	₩ (37,806)	US\$ -	US\$ (31,494)

STATEMENTS OF CASH FLOWS

Years ended December 31, 2002 and 2001

	KRW Million		US\$ Thousand (Note 2)	
	2002	2001	2002	2001
Cash flows from operating activities:				
Net income	₩ 54,286	₩ 9,782	US\$ 45,223	US\$ 8,149
Adjustments to reconcile net income to net cash provided by (used in) operating activities:				
Interest on debentures (amortization of discounts)	11,196	2,583	9,327	2,152
Loss on disposal of trading securities	2,483	178	2,069	148
Loss on valuation of trading securities	3,109	5,362	2,590	4,467
Provision for loan losses	88,243	132,913	73,511	110,724
Provision for severance retirement benefits	3,545	2,891	2,953	2,408
Depreciation	2,085	1,439	1,737	1,199
Loss on sale of loans	-	249	-	207
Loss on valuation of derivative instruments	45,428	56,996	37,844	47,481
Loss on valuation of fair value hedged items	18,155	2,537	15,124	2,113
Loss on disposal of fixed assets	192	142	160	118
Loss on impairment of investments	6,154	4,810	5,127	4,007
Loss on disposal of investment securities	22,324	1,474	18,597	1,228
Equity loss	-	7,077	-	5,896
Gain on disposal of trading securities	(2,602)	(195)	(2,168)	(162)
Gain on redemption of trading securities	(427)	(629)	(356)	(524)
Gain on valuation of trading securities	(214)	(1,445)	(178)	(1,204)
Gain on sale of loans	-	(144)	-	(120)
Gain on valuation of derivative instruments	(33,742)	(10,882)	(28,109)	(9,065)
Gain on valuation of fair value hedged items	-	(56,801)	-	(47,318)
Gain on disposal of fixed assets	(129)	(35)	(107)	(29)
Gain on disposal of investment securities	(11,887)	(7,446)	(9,903)	(6,203)
Equity gain	(792)	-	(660)	-
Changes in operating assets and liabilities, net	242,214	(316,996)	201,778	(264,076)
Net cash provided by (used in) operating activities	449,621	(166,140)	374,559	(138,404)
Cash flows from investing activities:				
Disposal of trading securities	28,283	13,526	23,561	11,268
Disposal of investment securities	528,173	532,236	439,998	443,382
Acquisitions of trading securities	-	(10,422)	-	(8,682)
Acquisitions of investment securities	-	(517,176)	-	(430,836)
Decrease in call loans	371,457	9,410	309,444	7,839
Increase in foreign currency loans to banks	(948,756)	(122,001)	(790,367)	(101,634)
Acquisition of fixed assets	(16,557)	(3,294)	(13,793)	(2,744)
Disposal of fixed assets	9	42	8	35
Net cash used in investing activities	(37,391)	(97,679)	(31,149)	(81,372)
Cash flows from financing activities:				
Decrease (increase) in derivative assets	(11,536)	21,662	(9,610)	18,046
Decrease in derivative liabilities	(139,803)	(17,546)	(116,464)	(14,617)
Decrease in borrowings	(4,936,292)	(17,067,386)	(4,112,206)	(14,218,082)
Increase in borrowings	5,149,067	17,491,218	4,289,459	14,571,158
Decrease in call money	(42,279)	(783,611)	(35,221)	(652,792)
Issuance of debentures	953,443	-	794,271	-
Repayments of debentures	(1,424,443)	(629,961)	(1,186,640)	(524,793)
Increase in capital	50,000	-	41,653	-
Net cash used in financing activities	(401,843)	(985,624)	(334,758)	(821,080)
Net increase (decrease) in cash and cash equivalents	10,387	(1,249,443)	8,652	(1,040,856)
Cash and cash equivalents at the beginning of the year	34,192	1,283,635	28,484	1,069,340
Cash and cash equivalents at the end of the year	₩ 44,579	₩ 34,192	US\$ 37,136	US\$ 28,484

1. ORGANIZATION AND BUSINESS

The Export-Import Bank of Korea (the "Bank") was established in 1976 as a special financial institution under the Export-Import Bank of Korea Act (the "EXIM Bank Act") to facilitate export and import transactions, overseas investments and overseas resources development through the extension of loans and other financial facilities. The Bank has seven domestic branches, seven overseas offices and three overseas subsidiaries as of December 31, 2002. As of December 31, 2002, the Bank has KRW4,000,000 million of authorized capital, of which KRW2,725,755 million has been paid-in. The Bank is 51.6%, 42.8% and 5.6% owned by the Government of the Republic of Korea (the Government), the Bank of Korea (BOK) and Korea Development Bank, respectively, as of December 31, 2002. The Bank, as an agent of the Government, has managed the Economic Development Cooperation Fund and the Inter-Korea Cooperation Fund (the "Funds") since June 1987 and March 1991, respectively. The Funds are managed under separate accounts from the Bank's own accounts and are not included in the accompanying non-consolidated financial statements. Government contributions constitute the primary source of revenues of the Funds.

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

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

For the convenience of the reader, in preparing the accompanying financial statements, certain reclassifications, and changes in statement format and extent of disclosures have been made to the financial statements issued in the Korean language for domestic statutory purposes. Certain supplementary information attached to the statutory Korean language financial statements, but not required for a fair presentation of the Bank's financial position, results of operations and cash flows, is not presented in the accompanying financial statements

FOREIGN CURRENCY TRANSLATION AND TRANSACTIONS - Assets and liabilities denominated in foreign currencies and financial statements of foreign branches are translated into Korean won using applicable exchange rates in effect as of December 31, 2002 and 2001. Foreign currency transactions in the domestic banking branches are accounted for at the exchange rates prevailing on the dates of the transactions except for spot and forward exchange contracts which are valued at the rates specified in the contracts. Resulting translation gains or losses are credited or charged to current operations.

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

CASH AND CASH EQUIVALENTS - The Bank considers cash on hand and in banks to be cash and cash equivalents in the statement of cash flows.

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

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

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

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

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

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

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

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

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

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

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

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

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

Classification	Description
Normal	Assets extended to customers who, in light of their management, financial position and future cash flows, are determined to pose no risk to the Bank's ability to collect the full amount of principal and interest as they become due.
Precautionary	Assets extended to customers who, in light of their management, financial position and future cash flows, are determined to have potential weaknesses that may lead to an inability to repay the full principal and interest as they become due in the near future, and have delinquent loans from 1 month to 3 months.
Substandard	Assets extended to customers who, in light of their management, financial position and future cash flows, are determined to pose a considerable risk to the Bank's ability to collect the full principal and interest due to revealed weaknesses that may have diminished the customer's capacity to repay the loans in a satisfactory manner. Portion of assets in the amount expected to be collected from customers who are classified as "Doubtful" and "Expected loss".
Doubtful	Portion of assets in excess of the amount expected to be collected from customers who, in light of their management, financial position and future cash flows, are determined to pose a significant risk to the Bank's ability to collect principal and interest due to a considerably weakened capacity to repay the loans in a satisfactory manner, and have delinquent loans from 3 to 12 months.
Estimated Loss	Portion of assets in excess of the amount expected to be collected from customers whose credit must be accounted for as a loss, because, in light of their management, financial position and future cash flows, the Bank's collection of principal and interest is not probable in the foreseeable future due to a serious weakening of such customers' ability to repay the loan in a satisfactory manner, and have delinquent loans for 12 months.

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

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

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

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

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

SEVERANCE AND RETIREMENT BENEFITS - In accordance with the Korean Labor Standards Law and the Bank's policies, employees terminating their employment with more than one year of service are entitled to severance and retirement benefits, based on the rates of pay in effect at the time of termination, years of service and certain other factors. The provision for the years ended December 31, 2002 and 2001 is sufficient to state the liability under the Korean Labor Standards Law and the Bank's policies at the estimated obligation arising from services performed to and at rates of pay in effect at December 31, 2002 and 2001. Funding of this liability is not required by Korean law.

RESERVE FOR ACCEPTANCES AND GUARANTEES - Acceptances and guarantees outstanding do not appear on the balance sheet, but are presented as off-balance sheet items in the notes to the financial statements. The Bank provides a minimum allowance percentage on confirmed guarantees of 20% for companies classified as "substandard", 50% for "doubtful" and 100% for "estimated loss." No allowance for confirmed acceptances and guarantees outstanding as of December 31, 2002 and 2001 was provided because no confirmed acceptances and guarantees were classified as "substandard" or below.

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

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

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

CONTINGENT LIABILITIES - Performance guarantees of contracts, repayment guarantees of advances from customers, etc. are classified as confirmed acceptances and guarantees. Both confirmed acceptances and guarantees, and contingent acceptances and guarantees are presented as off-balance sheet items. The notional amount of derivative contracts, written-off loans, etc. are also presented as off-balance sheet items.

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

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

UNITED STATES DOLLAR AMOUNTS - The Bank operates primarily in Korean won and its official accounting records are maintained in Korean won. The U. S. dollar amounts are provided herein as supplementary information solely for the convenience of the reader. All won amounts expressed in U. S. dollars are at the rate of KRW1,200.40 : US\$1, the basic exchange rate on December 31, 2002. This presentation is not required by or in accordance with Korean or United States generally accepted accounting principles, and should not be construed as a representation that the won amounts shown could be converted in or settled in U. S. dollars at this or any other rate.

The 2001 U.S. dollar amounts, which were previously expressed at KRW1,326.10: US\$1, the rate prevailing at December 31, 2001 have been restated to reflect the exchange rate in effect at December 31, 2002.

KOREAN GAAP REVISIONS FROM 2003 - In 2002, the Korean Accounting Standards Board issued certain new accounting statements with the intention to revise Korean GAAP and disclosure rules to meet international practices. The revised accounting standards will apply to Korean companies for the first fiscal year starting after December 31, 2002. Early adoption of the revised accounting standards is allowed. The cumulative effect on prior years of the changes in accounting policies will be charged or credited to either opening retained earnings or capital adjustment accounts, as required, with disclosures made on the effect of the changes. The revisions include changes in the areas of revenue recognition, intangible assets, property and equipment, interest capitalization, marketable and investment securities, convertible bonds and warrants, and events and transactions occurring after the balance sheet date.

The Bank elected to adopt in 2002 one of the new accounting standards for the revenue recognition. As required, the 2001 financial statements were restated to reflect the impact of adopting the new accounting standard, as further discussed in Note 15. Also, the Bank plans to adopt the other new accounting standards from January 1, 2003. The Bank is currently evaluating the impact that adoption of the other new accounting standards will have on its financial position and results of operations.

RECLASSIFICATION OF THE 2001 FINANCIAL STATEMENTS - Certain accounts in the 2001 financial statements were reclassified to conform with the 2002 presentation. Such reclassifications had no effect on the 2001 net income and net assets, as previously reported.

3. CASH AND DUE FROM BANKS

Cash and due from banks as of December 31, 2002 and 2001 are summarized as follows (Korean won in millions):

	Financial institution	2002	2001
Due from banks in Korean won:			
Current deposits	Koram Bank and other	₩ 1,483	₩ 1,174
Others	Industrial Bank of Korea and others	31,000	17,901
		32,483	19,075
Due from banks in foreign currencies:			
Current deposits	Korea Exchange Bank	9,644	4,352
Nostro accounts	Deutsche Bank, N.Y. and others	1,763	9,403
Other deposits	Painewebber Inc. and others	-	788
Off-shore nostro accounts	JP Morgan Chase Bank, NY	689	574
		12,096	15,117
		₩ 44,579	₩ 34,192

Restricted balances in due from banks as of December 31, 2002 and 2001 are as follows (Korean won in millions):

	Financial institution	2002	2001
Other deposits in Korean won	Resolution & Finance Corp.	₩ -	₩ 3,201

Above other deposits in Korean won were restricted in connection with a subrogation payment for a guarantee to a bankrupt merchant bank.

4. TRADING SECURITIES

Trading securities as of December 31, 2002 and 2001 are listed stocks on the Korea Stock Exchange and are summarized as follows (Korean won in millions):

<2002>

	Number of shares	Acquisition cost	Fair market value
Korea Electric Power Corporation	712,319	₩ 14,585	₩ 13,000
Shinwon	495,410	488	191
		₩ 15,073	₩ 13,191

<2001>

	Number of shares	Acquisition cost	Fair market value
Korea Electric Power Corporation	1,579,839	₩ 32,347	₩ 34,283
Maxon Telecomm	403,000	1,112	197
		₩ 33,459	₩ 34,480

5. INVESTMENT SECURITIES

Investment securities as of December 31, 2002 and 2001 are summarized as follows (Korean won in millions):

	2002	2001
Equity securities	₩ 1,365,502	₩ 1,678,695
Equity investments	1,055	1,055
Bonds	-	27
Investment securities in foreign currencies	120,681	229,951
	₩ 1,487,238	₩ 1,909,728

Equity securities as of December 31, 2002 consist of the following (Korean won in millions):

	Number of shares	Percentage of ownership (%)	Acquisition cost	Fair market value	Book value
Marketable:					
Korea Exchange Bank	40,314,387	18.15	₩ 418,184	₩ 153,598	₩ 153,598
Industrial Bank of Korea	7,301,153	2.41	36,506	41,836	41,836
Daewoo E&C Co., Ltd.	845,636	0.51	2,418	2,199	2,199
Shin Dong Bang	2,683,033	4.28	3,327	1,516	1,516
KEP Chemical	87,857	0.09	439	268	268
Daewoo International Corp.	140,189	0.33	377	321	321
Daewoo Precision Industries	23,100	1.68	347	341	341
			461,598	200,079	200,079
Non-marketable:					
Korea Exchange Bank (preferred stock)	80,000,000	(*)	400,000	(*)	400,000
Industrial Bank of Korea (preferred stock)	62,410,000	(*)	312,050	(*)	312,050
Korea Highway Corporation	45,000,000	3.21	450,000	462,387	450,000
Orion Electronics CRV	435,410	5.50	2,177	2,030	2,177
Daewoo Electronics	224,580	8.64	1,123	1,792	1,123
Daewoo Precision Industries (preferred stock)	7,700	(*)	38	(*)	38
Koryo	35,283	0.74	35	280	35
Daewoo Electronics (old)	911,428	1.02	4,293	-	-
			1,169,716		1,165,423
			₩ 1,631,314		₩ 1,365,502

(*) The preferred stock has no voting rights. Accordingly, the percentage of ownership and net asset value are not disclosed.

The difference of KRW258,643 million between acquisition cost and book value of marketable equity securities, net of gain on valuation of investment debt securities of KRW2,876 million, is recorded as a loss on valuation of investment securities in the capital adjustment account.

Equity securities as of December 31, 2001 consist of the following (Korean won in millions):

	Number of shares	Percentage of ownership (%)	Acquisition cost	Fair market value	Book value
Marketable:					
Korea Exchange Bank	40,314,387	18.15	₩ 418,184	₩ 157,025	₩ 157,025
Korea Tobacco & Ginseng Corporation	13,434,534	7.03	225,096	260,630	260,630
Industrial Bank of Korea	10,417,190	3.90	52,086	83,233	83,233
Daewoo E&C Co., Ltd.	845,636	0.69	2,417	2,359	2,359
KTF	6,910	-	236	296	296
Shinsegi Telecomm	4,016	-	37	37	37
Daewoo International Corp.	140,189	0.45	377	233	233
Daewoo Electronics	911,428	1.02	4,293	3,327	3,327
			702,726	507,140	507,140
Non-marketable:					
Korea Exchange Bank (preferred stock)	80,000,000	(*)	400,000	(*)	400,000
Industrial Bank of Korea (preferred stock)	62,410,000	(*)	312,050	(*)	312,050
Korea Highway Corporation	45,000,000	3.21	450,000	419,943	450,000
Samho Heavy Industrial Co., Ltd.	1,894,028	9.5	9,470	5,111	9,470
Koryo	35,283	0.74	35	271	35
			1,171,555		1,171,555
			₩ 1,874,281		₩ 1,678,695

(*) The preferred stock has no voting rights. Accordingly, the percentage of ownership and net asset value are not disclosed.

The difference of KRW194,045 million between acquisition cost and book value of marketable equity securities, net of gain on valuation of investment debt securities of KRW1,541 million, is recorded as a loss on valuation of investment securities in the capital adjustment account.

Equity investments as of December 31, 2002 and 2001 consist of the following (Korean won in millions):

	Percentage of ownership (%)	Acquisition cost	Net asset value (*1)		Book value (2002 & 2001)
			2002	2001	
Korea Asset Management Corporation	0.40	₩ 600	₩ 925	₩ 688	₩ 600
Korea Money Intermediary Co., Ltd.	0.60	55	233	217	55
NICE	1.70	400	912	803	400
		₩ 1,055	₩ 2,070	₩ 1,708	₩ 1,055

(*1) Net asset value was calculated using the recent financial statements of the companies.

Investment securities in foreign currencies as of December 31, 2002 and 2001 consist of the following (Korean won in millions):

Type	2002	2001
Bonds	₩ 65,540	₩ 175,603
Overseas equity investments	₩ 55,141	₩ 54,348
	₩ 120,681	₩ 229,951

Overseas equity investments as of December 31, 2002 and 2001 are accounted for using the equity method and are summarized as follows (Korean won in millions):

<2002>

	Percentage of ownership (%)	Book value before applying equity method	Book Value
KEXIM Bank UK Limited	100.00	₩ 38,865	₩ 39,938
KEXIM Vietnam Leasing Co., Ltd.	100.00	6,756	8,181
PT KOEXIM Mandiri Finance	78.33	8,728	7,022
		₩ 54,349	₩ 55,141

<2001>

	Percentage of ownership (%)	Book value before applying equity method	Book Value(*1)
KEXIM Bank UK Limited	100.00	₩ 40,740	₩ 38,865
KEXIM Vietnam Leasing Co., Ltd.	100.00	11,497	6,755
PT KOEXIM Mandiri Finance	78.33	7,571	8,728
		₩ 59,808	₩ 54,348

At December 31, 2002 and 2001, information about investment securities excluding equity investments and bonds in Korean won by industry are summarized as follows (Korean won in millions):

By Industry	Securities in Korean won	Securities in foreign currency	Total	Composition (%)
<2002>				
Public	₩ 450,000	₩ 9,612	₩ 459,612	32.12
Financial business	907,484	31,110	938,594	65.59
Manufacturing	5,498	24,818	30,316	2.12
Wholesale and retail	321	-	321	0.02
Construction	2,199	-	2,199	0.15
	₩ 1,365,502	₩ 65,540	₩ 1,431,042	100.00
<2001>				
Public	₩ 710,630	₩ 12,151	₩ 722,781	38.98
Financial business	952,308	118,330	1,070,639	57.74
Manufacturing	13,164	45,121	58,285	3.14
Wholesale and retail	233	-	233	0.01
Construction	2,359	-	2,359	0.13
	₩ 1,678,695	₩ 175,602	₩ 1,854,297	100.00

The portfolio of investment securities (excluding overseas equity investments) in foreign currencies by geography as of December 31, 2002 and 2001 is as follows (Korean won in millions):

<2002>

	Amount	Composition(%)
South Korea	₩ 41,505	63.32
China	3,939	6.01
Philippines	5,850	8.93
Malaysia	7,413	11.31
India	6,833	10.42
	₩ 65,540	100.00

<2001>

	Amount	Composition(%)
Asia:		
South Korea	₩ 128,607	73.24
Malaysia	6,631	3.78
India	6,725	3.83
Cayman Islands	8,635	4.92
Indonesia and others	23,484	13.36
	174,082	99.13
The Americas:		
Columbia	1,520	0.87
	₩ 175,602	100.00

The portfolio of investment securities (excluding overseas equity investments) in foreign currencies by product type as of December 31, 2002 and 2001 is as follows:

<2002>

Currencies	Type	Amounts		Composition (%)
		Balance of original currency in thousands	Korean won equivalent in millions	
U. S. dollars	FRN	US\$ 12,065	₩ 14,482	22.10
	Medium-term notes	4,873	5,850	8.93
	Euro bonds	5,000	6,002	9.16
	Global bonds	19,448	23,346	35.61
	Yankee bonds	12,247	14,701	22.43
	Convertible bonds	965	1,159	1.77
		US\$ 54,598	₩ 65,540	100.00

<2001>

Currencies	Type	Amounts		
		Balance of original currency in thousands	Korean won equivalent in millions	Composition (%)
U. S. dollars	FRN	US\$ 19,085	₩ 25,309	14.41
	VRN	5,000	6,631	3.78
	Medium-term notes	4,873	6,462	3.68
	Euro bonds	14,998	19,888	11.33
	Global bonds	14,412	19,112	10.88
	Yankee bonds	21,312	28,261	16.09
	Commercial paper	49,676	65,876	37.52
	Convertible bonds	3,064	4,063	2.31
		US\$ 132,420	₩ 175,602	100.00

6. LOANS

Loans as of December 31, 2002 and 2001 are summarized as follows (Korean won in millions):

	2002	2001
Loans in Korean won	₩ 1,814,450	₩ 2,146,415
Loans in foreign currencies	4,820,498	5,430,904
Bills bought	513,997	616,818
Bills purchased	485,811	33,155
Advances for customers	16,268	1,104
	7,651,024	8,228,396
Allowance for possible loan losses	(455,772)	(463,356)
Present value discounts	(24,017)	(11,049)
	₩ 7,171,235	₩ 7,753,991

Loans in Korean won as of December 31, 2002 and 2001 consist of the following (Korean won in millions):

	2002	2001
Export loans	₩ 1,640,346	₩ 2,056,740
Overseas investments	406	-
Import loans	132,403	54,398
Privately placed bonds	33,134	4,313
Debt-equity swap receivables	3,064	30,964
Others	5,097	-
	₩ 1,814,450	₩ 2,146,415

Loans in Korean won by industry as of December 31, 2002 and 2001 consist of the following:

	2002		2001	
	Amount	%	Amount	%
Manufacturing	₩ 1,771,573	97.64	₩ 1,990,840	92.75
Construction	7,905	0.43	6,905	0.32
Wholesale, retail and customer good repairs	29,158	1.61	140,590	6.55
Others	5,814	0.32	8,080	0.38
	₩ 1,814,450	100.00	₩ 2,146,415	100.00

Loans in foreign currencies as of December 31, 2002 and 2001 consist of the following (Korean won in millions):

	2002	2001
Export loans	₩ 3,051,265	₩ 3,289,153
Trade bill rediscount	403,703	460,612
Overseas investments	775,260	838,867
Import loans	225,256	275,699
Privately placed bonds	127,176	458,050
Off-shore	187,399	91,928
Others	50,439	16,595
	₩ 4,820,498	₩ 5,430,904

At December 31, 2002 and 2001, loans by borrower type are summarized as follows (Korean won in millions):

<2002>

Type	Loans in Korean won		Loans in foreign currencies		Total	
	Amount	%	Amount	%	Amount	%
Corporate	₩ 1,814,450	100.00	₩ 3,084,293	63.98	₩ 4,898,743	73.83
Public and others	-	-	1,736,205	36.02	1,736,205	26.17
	₩ 1,814,450	100.00	₩ 4,820,498	100.00	₩ 6,634,948	100.00

<2001>

Type	Loans in Korean won		Loans in foreign currencies		Total	
	Amount	%	Amount	%	Amount	%
Corporate	₩ 2,146,415	100.00	₩ 3,208,381	59.08	₩ 5,354,796	70.67
Public and others	-	-	2,222,523	40.92	2,222,523	29.33
	₩ 2,146,415	100.00	₩ 5,430,904	100.00	₩ 7,577,319	100.00

Daewoo Corporation and several companies which had been members of the Daewoo Group, are under a workout process that includes the rescheduling of interest and principal and conversion to equity securities. The Bank's outstanding loans, net of present value discount (including confirmed acceptances and guarantees), to those companies under workout as of December 31, 2002 amount to KRW3,065,927 million. These loans are classified as normal of KRW2,768,903 million, precautionary of KRW206,432 million, substandard of KRW9,289 million, doubtful of KRW81,094 million, and estimated loss of KRW209 million, for which an allowance for possible loan losses of KRW104,516 million was provided. Collectibility of these loans may be affected by the restructuring of companies under workout programs.

The Bank's outstanding loans, net of present value discount (including confirmed acceptances and guarantees), to companies (excluding the companies mentioned above) under court receivership, composition, and workout as of December 31, 2002 amount to KRW87,326 million. These loans are classified as normal of KRW9,869 million, precautionary of KRW22,253 million, substandard of KRW8,183 million, and doubtful of KRW47,021 million, for which an allowance for possible loan losses of KRW50,836 million was provided. Collectibility of these loans may be affected by such restructuring of companies.

The Bank extended loans of US\$465,504 thousand to the Bank for Foreign Affairs of the USSR in 1991 and 1992 with a guarantee of the Russian Government, which were scheduled to be repaid in 1993 and 1994. However, repayment of those loans and interest has been delayed due to the Russian economic crisis. During 2002, principal and interest totaling in US\$10,753 thousand and US\$59,400 thousand, respectively, were paid and charged off. As of December 31, 2002, US\$191,314 thousand of those loans had not been repaid and were outstanding. The Bank classified the above outstanding loans of US\$191,314 thousand as estimated loss and provided a full allowance for possible loan losses as of December 31, 2002. Collectibility of these loans may be affected by the repayment negotiation in process.

The Bank's outstanding loans (including confirmed acceptances and guarantees) to SK Global and its overseas subsidiaries, which are recently being investigated by the Korean regulator amount to KRW517,749 million as of December 31, 2002. The Bank's allowance for possible loan losses for the loans may be different from actual future losses. The accompanying financial statements do not reflect any adjustments due to this uncertainty.

Loans to financial institutions as of December 31, 2002 and 2001 consist of the following (Korean won in millions):

	2002		2001	
Call loans in Korean won	₩	134,100	₩	40,200
Call loans in foreign currencies		425,782		891,139
Loans to banks		1,070,757		122,001
Loans to banks in foreign currencies		1,159,772		1,333,561
	₩	2,790,411	₩	2,386,901

Loans in foreign currencies by geography as of December 31, 2002 and 2001 are as follows (Korean won in millions):

<2002>				
	Geography		Amount	Composition (%)
Asia	South Korea	₩	3,276,153	67.96
	China		271,788	5.64
	Indonesia		83,719	1.74
	India		81,312	1.69
	Vietnam		1,053	0.02
	Others		308,331	6.40
			4,022,356	83.45
Europe	Russia		229,654	4.76
	United Kingdom		36,012	0.75
	Netherlands		120,173	2.49
	Others		26,049	0.54
			411,888	8.54
The Americas	United States		6,002	0.12
	Mexico		264,596	5.49
	Dominica		66,574	1.38
	Others		49,082	1.02
			386,254	8.01
		₩	4,820,498	100.00
<2001>				
	Geography		Amount	Composition (%)
Asia	South Korea	₩	7,857	0.15
	China		669,398	12.32
	Japan		155,461	2.86
	Indonesia		449,602	8.28
	India		415,488	7.65
	Vietnam		175,450	3.23
	Others		815,280	15.01
			2,688,536	49.50
Europe	Russia		349,246	6.43
	Poland		205,637	3.79
	United Kingdom		37,642	0.69
	Netherlands		448,860	8.27
	Others		346,633	6.38
			1,388,018	25.56
The Americas	United States		513,876	9.46
	Mexico		298,407	5.49
	Others		372,833	6.87
			1,185,116	21.82
Others	Australia and others		169,234	3.12
			₩	5,430,904

7. RESTRUCTURING OF LOANS

Outstanding restructured loans as of December 31, 2002 and 2001 are as follows (Korean won in millions):

<2002>			
Type	Discount rate (%)	Amount	Present value discount
Court receivership and mediation	2.63 ~ 12.00	₩ 24,684	₩ 1,991
Workout programs	2.68 ~ 13.84	128,399	3,927
Individual agreements	5.30 ~ 7.05	68,637	18,099
		₩ 221,720	₩ 24,017
<2001>			
Type	Discount rate (%)	Amount	Present value discount
Court receivership and mediation	8.79 ~ 11.64	₩ 2,011	₩ 356
Workout programs	2.68 ~ 13.84	114,923	8,311
Individual agreements	8.77 ~ 11.99	18,793	2,382
		₩ 135,727	₩ 11,049

8. ALLOWANCE FOR POSSIBLE LOAN LOSSES

The classification and allowance for loan losses outstanding at December 31, 2002 are summarized as follows (Korean won in millions):

	Normal	Precautionary	Substandard	Doubtful	Estimated loss	Total (*)	Allowance percentage
Loans in Korean won	₩ 1,764,004	₩ 37,565	₩ 2,484	₩ 10,157	₩ 240	₩1,814,450	
(Allowance)	(13,230)	(5,521)	(994)	(9,141)	(240)	(29,126)	1.60
Loans in foreign currencies	4,306,297	129,908	20,462	124,580	33,335	4,814,582	
(Allowance)	(32,297)	20,311	(8,411)	(113,836)	(233,335)	(408,190)	8.48
Notes bought	445,003	50,537	-	-	356	495,896	
(Allowance)	(3,338)	(8,591)	-	-	(356)	(12,285)	2.48
Bills bought	485,811	-	-	-	-	485,811	
(Allowance)	(3,644)	-	-	-	-	(3,644)	0.75
Advances to customers	1,598	14,670	-	-	-	16,268	
(Allowance)	(12)	(2,494)	-	-	-	(2,506)	15.40
Suspense receivables	9	-	53	-	-	62	
(Allowance)	-	-	(21)	-	-	(21)	33.87
Total loans	₩ 7,002,722	₩ 232,680	₩ 22,999	₩ 134,737	₩ 233,931	₩7,627,069	
(Total allowance)	₩ (52,521)	₩ (36,917)	₩ (9,426)	₩(122,977)	₩ (233,931)	₩ (455,772)	5.98
Allowance percentage	0.75	15.87	40.98	91.27	100.00	5.98	

The classification and allowance for loan losses outstanding at December 31, 2001 are summarized as follows (Korean won in millions):

	Normal	Precautionary	Substandard	Doubtful	Estimated loss	Total (*)	Allowance percentage
Loans in Korean won	₩2,131,731	₩ 2,646	₩ 1,537	₩ 7,456	₩ 3,000	₩2,146,370	
(Allowance)	(10,659)	(53)	(307)	(6,575)	(3,000)	(20,594)	0.96
Loans in foreign currencies	4,606,438	196,298	88,943	427,103	101,120	5,419,902	
(Allowance)	(23,032)	(10,440)	(17,789)	(276,355)	(101,120)	(428,736)	7.91
Notes bought	544,601	71,823	-	393	356	616,818	
(Allowance)	(2,723)	(10,774)	-	(334)	(356)	(13,831)	2.24
Bills bought	33,153	-	-	-	-	33,153	
(Allowance)	(166)	-	-	-	-	(166)	0.50
Advances to customers	1,104	-	-	-	-	1,104	
(Allowance)	(6)	-	-	-	-	(6)	0.50
Suspense receivables	-	-	3	-	23	26	
(Allowance)	-	-	-	-	(23)	(23)	88.50
Total loans	₩7,317,027	₩ 270,767	₩ 90,483	₩ 434,953	₩ 104,143	₩8,217,373	
(Total allowance)	₩ (36,586)	₩ (21,267)	₩ (18,096)	₩ (283,264)	₩ (104,143)	₩ (463,356)	5.64
Allowance percentage	0.50	7.90	20.00	65.10	100.00	5.64	

(*)As of December 31, 2002, KRW24,017 million of present value discount (KRW11,049 million in 2001) is excluded and KRW62 million of suspense receivables (KRW26 million in 2001) is included in the total loan balance.

Changes in allowance for loan losses for the years ended December 31, 2002 and 2001 are as follows (Korean won in millions):

	2002	2001
Beginning balance	₩ 463,356	₩ 664,988
Bad debt expense	88,243	132,913
Change of allowance due to exchange rate fluctuation	(48,396)	26,644
Charge-off	(47,431)	(361,189)
Ending balance	₩ 455,772	₩ 463,356

The classification for confirmed acceptances and guarantees as of December 31, 2002 and 2001 are summarized as follows and allowances for confirmed acceptances and guarantees were not provided since no confirmed acceptances and guarantees were classified as "substandard" or below (Korean won in millions):

<2002>						
	Normal	Precautionary	Substandard	Doubtful	Estimated loss	Total
	₩ 10,273,175	₩ 210,955	₩ -	₩ -	₩ -	₩ 10,484,130
<2001>						
	Normal	Precautionary	Substandard	Doubtful	Estimated loss	Total
	₩ 8,548,679	₩ 59,394	₩ -	₩ -	₩ -	₩ 8,608,073

Provisions for loan losses of the Bank for the latest 3 years are as follows (Korean won in millions):

	2002	2001	2000
Loans	₩ 7,627,069	₩ 8,217,373	₩ 8,265,349
Provision for loan losses	₩ 455,772	₩ 463,356	₩ 664,988
Provision ratio (%)	5.98%	5.64%	8.05%

9. FIXED ASSETS

Fixed assets as of December 31, 2002 and 2001 consist of the following (Korean won in millions):

<2002>

	Acquisition cost	Accumulated depreciation	Book value
Land	₩ 4,341	₩ -	₩ 4,341
Buildings	24,983	(15,189)	9,794
Vehicles	842	(643)	199
Furniture and fixtures	10,700	(7,820)	2,880
Construction in progress	12,120	-	12,120
	₩ 52,986	₩ (23,652)	₩ 29,334

<2001>

	Acquisition cost	Accumulated depreciation	Book value
Land	₩ 4,341	₩ -	₩ 4,341
Buildings	24,983	(14,705)	10,278
Vehicles	697	(561)	136
Furniture and fixtures	8,968	(7,771)	1,197
Construction in progress	1,332	-	1,332
	₩ 40,321	₩ (23,037)	₩ 17,284

As of December 31, 2002 and 2001, the government-posted prices of the Bank-owned land (57,233 square meters) used for tax assessment purposes are KRW48,001 million and KRW45,723 million, respectively.

10. INSURED ASSETS

As of December 31, 2002 and 2001, fixed assets are insured for up to KRW21,212 million and KRW19,614 million, respectively.

11. OTHER ASSETS

Other assets as of December 31, 2002 and 2001 consist of the following (Korean won in millions):

	2002	2001
Guarantee deposits	₩ 12,727	₩ 11,646
Accounts receivable - other	9,674	17,344
Accrued income	56,770	72,037
Prepaid expenses	9,738	1,060
Deferred income tax assets	53,727	75,317
Derivatives (assets)	19,329	19,480
Loan suspense receivables	62	26
Suspense receivables	387	447
Other loans	6,745	6,597
Long-term installment notes bought	54,287	59,972
Other	2,289	1,762
	₩ 225,735	₩ 265,688

12. BORROWINGS

Borrowings as of December 31, 2002 and 2001 consist of the following (Korean won in millions):

	2002	2001
Borrowings in Korean won	₩ 520,000	₩ 580,000
Borrowings in foreign currencies	4,134,203	3,869,289
	₩ 4,654,203	₩ 4,449,289

Borrowings in Korean won as of December 31, 2002 and 2001 consist of the following (Korean won in millions):

Borrowings from	Annual interest rate (%)	2002	2001
Korean Government	3.92	₩ 220,000	₩ 380,000
Industrial Bank of Korea	4.10	200,000	200,000
Hana Bank	4.85	100,000	-
		₩ 520,000	₩ 580,000

Borrowings in foreign currencies as of December 31, 2002 and 2001 consist of the following (Korean won in millions, U.S. dollars in thousands):

Borrowings from	Interest rate (%)	2002		2001	
		Foreign currencies (*)	Korean won	Foreign currencies (*)	Korean won
Korean Government	2.83	US\$ 2,277,551	₩ 2,733,972	US\$ 2,277,551	₩ 3,020,260
Domestic financial institutions	-	-	-	435,000	576,854
Foreign financial institutions	0.18-3.28	1,160,116	1,392,604	193,565	256,686
		3,437,667	4,126,576	2,906,116	3,853,800
Adjustments		6,354	7,627	11,679	15,489
		US\$ 3,444,021	₩ 4,134,203	US\$ 2,917,795	₩ 3,869,289

(*) Foreign currencies other than the U.S. dollar are translated into U.S. dollars using the exchange rates prevailing at the balance sheet date.

13. CALL MONEY

Call money as of December 31, 2002 and 2001 consist of the following (Korean won in millions):

<2002>			
	Financial institutions	Annual interest rate (%)	Amount
Call money in Korean won	Koram Bank	4.70	₩ 200,000
Call money in foreign currencies	Royal Bank of Scotland, Hong Kong	3.10	37,721
			₩ 237,721

<2001>			
	Financial institutions	Annual interest rate (%)	Amount
Call money in Korean won	Industrial Bank of Korea	3.90	₩ 130,000
	Hana Bank	4.50	100,000
	Shinhan Bank	4.50	50,000
			₩ 280,000

14. DEBENTURES

Debentures as of December 31, 2002 and 2001 consist of the following (Korean won in millions):

	2002	2001
Debentures in Korean won	₩ -	₩ 200,000
(Discount)	-	(10,080)
Debentures in foreign currencies	2,658,863	2,927,859
(Discount)	(3,489)	(2,600)
Adjustment	8,441	19,471
	₩ 2,663,815	₩ 3,134,650

Debentures in Korean won as of December 31, 2001 are as follows (Korean won in millions):

Issuance date	Annual interest rate (%)	Expiration date	Amount
December 11, 2001	5.68	December 11, 2002	₩ 100,000
December 12, 2001	5.62	December 12, 2002	50,000
December 18, 2001	5.49	December 18, 2002	50,000
			200,000
		Discount	(10,080)
			₩ 189,920

Debentures in foreign currencies as of December 31, 2002 are as follows:

Currencies	Issuance date	Annual interest rate (%)	Expiration date	Amount
U. S. dollars (in thousands)	February 15, 1996	6.38	February 15, 2006	US\$ 421
	November 20, 1996	6.50	November 15, 2003	340
	March 25, 1997	7.10	March 15, 2007	650
	November 27, 2002	4.25	November 27, 2007	700
			US\$ 2,111	
Japanese yen (in millions)	December 19, 1995	4.10	December 19, 2005	JP¥ 10,000
Hong Kong dollars (in thousands)	December 18, 2002	HIBOR 3M+0.2	December 17, 2003	HK\$ 156,000

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

Currencies	Issuance date	Annual interest rate (%)	Expiration date	Amount
U. S. dollars (in thousands)	February 15, 1996	6.38	February 15, 2006	US\$ 420,700
	November 20, 1996	6.50	November 15, 2003	340,000
	February 10, 1997	6.50	February 10, 2002	495,000
	March 25, 1997	7.10	March 15, 2002	650,000
			US\$ 1,905,700	
Japanese yen (in millions)	December 19, 1995	4.10	December 19, 2005	JP¥ 10,000
Deutsche marks (in thousands)	March 20, 1997	3.50	March 20, 2002	DEM 500,000

15. UNEARNED REVENUES

Unearned revenues as of December 31, 2002 and 2001 consist of the following (Korean won in millions):

	2002		2001	
Unearned interest income from loans	₩	13,447	₩	9,465
Exposure fees		47,199		54,632
	₩	60,646	₩	64,097

The Bank recognized exposure fees, which are included in fee income, on a cash basis. However, in 2002 the Bank applied accrual basis revenue recognition by early adopting one of the new accounting standards for revenue recognition which were issued by the Korean Accounting Standards Board in 2002, to meet international practices. As required, the 2001 financial statements were restated to reflect the impact of adopting the new accounting standard. Net income in 2001 decreased by KRW8,650 million and shareholders' equity decreased by KRW37,806 million and total liabilities (unearned revenues) increased by KRW54,632 million as of December 31, 2001, as a result of the restatement.

Also, net income in 2002 increased by KRW7,433 million and shareholder's equity as of December 31, 2002 decreased by KRW30,373 million under the new accounting standard.

16. ACCRUED SEVERANCE BENEFITS

The changes in accrued severance and retirement benefits for the years ended December 31, 2002 and 2001 are as follows (Korean won in millions):

	<2002>				
	Beginning balance	Increase	Decrease	Ending balance	
Accrued severance and retirement benefits	₩ 6,125	₩ 3,545	₩ 1,252	₩ 8,418	
Prepayments to National Pension Corp.	(37)	-	(7)	(30)	
Net	₩ 6,088	₩ 3,545	₩ 1,245	₩ 8,388	

	<2001>				
	Beginning balance	Increase	Decrease	Ending balance	
Accrued severance and retirement benefits	₩ 4,324	₩ 2,891	₩ 1,090	₩ 6,125	
Prepayments to National Pension Corp.	(52)	-	(15)	(37)	
Net	₩ 4,272	₩ 2,891	₩ 1,075	₩ 6,088	

17. OTHER LIABILITIES

Other liabilities as of December 31, 2002 and 2001 consist of the following (Korean won in millions):

	2002		2001	
Severance and retirement benefits	₩	8,418	₩	6,125
(Prepayment to KNPC)		(30)		(37)
Foreign exchange remittance pending		2,310		23,676
Accounts payable - other		53,524		89,814
Accrued expenses		66,787		97,101
Unearned revenues		60,646		64,097
Deposits for letter of guarantees and others		963		620
Derivatives (liabilities) (Note 24)		47,546		150,303
Suspense payable		282		4,676
Withholding taxes		709		611
	₩	241,155	₩	436,986

18. SHAREHOLDERS' EQUITY

CAPITAL - As of December 31, 2002 and 2001, the Bank has KRW4,000,000 million of authorized capital.

Changes of capital and ownership for the year ended December 31, 2002 are summarized as follows (Korean won in millions):

	January 1, 2002	%	Increase	December 31, 2002	%
Korean Government	₩ 1,357,169	50.7	₩ 50,000	₩ 1,407,169	51.6
Bank of Korea	1,165,000	43.5	-	1,165,000	42.8
Korea Development Bank	153,586	5.8	-	153,586	5.6
	₩ 2,675,755	100.0	₩ 50,000	₩ 2,725,755	100.0

LEGAL RESERVE AND VOLUNTARY RESERVE - The Export-Import Bank of Korea Act requires the Bank to annually appropriate 20% of unappropriated retained earnings as a legal reserve up to the amount of paid-in capital.

21. ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

Significant assets and liabilities denominated in foreign currencies as of December 31, 2002 and 2001 are as follows:

<2002>	US\$ Thousand		KRW Million	
Assets:				
Due from banks in foreign currencies	US\$	10,077	₩	12,096
Investment securities in foreign currencies		100,540		120,681
Loans in foreign currencies		4,015,744		4,820,499
Bills bought/bills purchased		832,896		999,808
Advances to customers		1,589		1,908
Call loans in foreign currencies		354,700		425,782
Loans to banks in foreign currencies		892,000		1,070,757
Other assets		45,905		55,105
	US\$	6,253,451	₩	7,506,635
Liabilities:				
Borrowings in foreign currencies (*)	US\$	3,437,667	₩	4,126,576
Call money in foreign currencies		31,424		37,721
Debentures in foreign currencies (*)		2,212,074		2,655,374
Other liabilities		86,187		103,459
	US\$	5,767,352	₩	6,923,130

Foreign currencies other than the U. S. dollar are translated into U. S. dollars using the exchange rate prevailing at the balance sheet date.

<2001>	US\$ Thousand		KRW Million	
Assets:				
Due from banks in foreign currencies	US\$	11,399	₩	15,117
Investment securities in foreign currencies		173,404		229,951
Loans in foreign currencies		4,095,396		5,430,904
Bills bought/bills purchased		490,138		649,972
Advances to customers		832		1,104
Call loans in foreign currencies		672,000		891,139
Loans to banks in foreign currencies		92,000		122,001
Other assets		51,928		68,863
	US\$	5,587,097	₩	7,409,051
Liabilities:				
Borrowings in foreign currencies (*)	US\$	2,906,119	₩	3,853,800
Debentures in foreign currencies (*)		2,205,911		2,925,259
Other liabilities		65,776		87,225
	US\$	5,177,806	₩	6,866,284

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

22. ADMINISTRATIVE EXPENSES

Administrative expenses for the years ended December 31, 2002 and 2001 consist of the following (Korean won in millions):

	2002		2001	
Financial management expenses:				
Salaries and wages	₩	33,543	₩	29,904
Others		18,164		15,430
		51,707		45,334
Economic cooperation management expenses				
		507		406
Other administrative expenses:				
Provision for severance and retirement benefits		3,545		2,892
Depreciation		2,085		1,439
Taxes and dues		786		1,487
		6,416		5,818
	₩	58,630	₩	51,558

23. INCOME TAX EXPENSE

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

Reconciliations of income before income taxes for financial reporting purposes and taxable income for corporate income tax reporting purposes for the years ended December 31, 2002 and 2001 are summarized as follows (Korean won in millions):

	2002	2001
Income before income tax expense	₩ 70,872	₩ 9,360
Permanent differences:		
Dividend income	(15,462)	(13,970)
Excess of meal & entertainment expenses limit	472	-
Loss on prior period error correction (accrued income)	-	(6,384)
Other	1,972	(17)
	(13,018)	(20,371)
Temporary differences (addition):		
Provision for severance and retirement benefits	1,363	1,111
Gain on valuation of trading securities at the end of 2001	1,021	5,243
Gain on valuation using equity method at the end of 2001	8,759	16,303
Loss on valuation of trading securities	1,882	-
Impairment loss on investment securities	2,211	-
Present value discount	1,632	-
Gain on valuation of derivative instruments at the end of 2001	151	-
Loss on valuation of derivative instruments	-	59,533
Allowance for possible loan losses	110,206	81,657
Gain on valuation using equity method	-	7,077
Investment securities	19,747	4,951
Debt-equity swap receivables	-	84,597
Others	172	942
	147,144	261,414
Temporary differences (deduction):		
Gain on valuation of trading securities	-	1,021
Allowance for possible loan losses at the end of 2001	81,640	127,701
Gain on valuation using equity method	9,551	-
Loss on valuation of prior year investment securities	13,084	-
Debt-equity swap receivables	20,824	-
Gain on valuation of derivative instruments	-	28,116
Loss on valuation of derivative instruments at the end of 2001	121,649	-
Others	4,534	33
	(251,282)	(156,871)
Taxable income (loss)	₩ (46,284)	₩ 93,532

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax reporting purposes. Significant changes in cumulative temporary differences for the year ended December 31, 2002 are as follows (Korean won in millions):

	Beginning balance	Increase (*1)	Decrease (*1)	Ending balance
Severance and retirement benefits	₩ 3,639	₩ 1,363	₩ -	₩ 5,002
Depreciation	227	214	-	441
Prepaid expenses	134	66	135	65
Allowance for loan losses	81,657	110,189	81,640	110,206
Trading securities	(1,021)	1,883	(1,020)	1,882
Impairment loss on investment securities	13,298	21,744	13,084	21,958
Loss (gain) on valuation using equity method	4,400	8,759	22,711	(9,552)
Loss (gain) on valuation of derivatives	66,677	143,391	165,783	44,285
Convertible securities	84,597	-	42,454	42,143
Present value discounts	-	6,031	4,399	1,632
Others	-	(7)	(7)	-
Sub total	253,608	293,633	329,179	218,062
Tax loss carryforwards	-	46,284	-	46,284
Total	253,608	₩ 339,917	₩ 329,179	264,346
Tax rate	29.7			29.7
Deferred income tax asset	₩ 75,317			78,511
Allowance				(24,784)
Net				₩ 53,727

(*1) The amounts include changes resulting from the 2001 final tax return filed in March 2002.

Management has elected to recognize a portion of the net operating loss carryforwards available and recorded a deferred tax asset of KRW53,727 million.

Significant changes in cumulative temporary differences for the year ended December 31, 2001 are as follows (Korean won in millions):

	Beginning of year (*)	Addition	Deduction	End of year
Severance and retirement benefits	₩ 2,528	₩ 1,111	₩ -	₩ 3,639
Depreciation	227	-	-	227
Prepaid expenses	6	134	6	134
Allowance for loan losses	127,701	81,657	127,701	81,657
Not-used inventories	27	-	27	-
Accrued income	(2)	-	(2)	-
Trading securities	(5,243)	(1,021)	(5,243)	(1,021)
Impairment loss on investment securities	8,347	4,951	-	13,298
Equity gain	(18,980)	7,077	(16,303)	4,400
Loss on valuation of derivatives	35,260	45,499	14,082	66,677
Debt-equity swap receivables	-	84,597	-	84,597
Total	149,871	₩ 224,005	₩ 120,268	253,608
Tax rate	30.8%			29.7%
Deferred income tax asset	₩ 46,101			₩ 75,317

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

Income tax expense for the years ended December 31, 2002 and 2001 is comprised of the following (Korean won in millions):

	2002	2001
Income tax payable	₩ -	₩ 28,794
Decrease (increase) in deferred income tax assets	21,590	(29,216)
Increase in income tax payable due to the prior year's tax return	(5,004)	-
Income tax expense	16,586	(422)
Income before income tax	70,872	9,360
Effective tax rate	23.4%	-

24. TRANSACTIONS WITH RELATED PARTIES

Significant transactions between the Bank and its controlled subsidiaries for the years ended December 31, 2002 and 2001 are as follows (Korean won in millions):

<2002>

	Assets and liabilities	Income	Expenses	
KEXIM Bank UK Limited	Due from banks in foreign currencies	₩ 160,854	₩ 1,517	₩ -
	Call loans in foreign currencies	6,002	71	-
	Loans in foreign currencies	12,004	-	-
	Other assets	227	-	-
	Debentures in foreign currencies	5,064	-	210
KEXIM Vietnam Leasing Co., Ltd.	Loans in foreign currencies	13,897	256	-
	Advance payments on acceptances and guarantees	599	-	-
	Other assets	62	9	-
PT KOEXIM Mandiri Finance	Due from banks in foreign currencies	69,623	1,371	-
	Loans in foreign currencies	12,004	361	-
	Other assets	269	-	-

<2001>

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

25. CONTINGENCIES AND COMMITMENTS

Acceptances and guarantees as of December 31, 2002 and 2001 consist of the following (Korean won in millions):

	2002	2001
Confirmed acceptances and guarantees:		
Contract performance	₩ 1,919,777	₩ 1,649,283
Repayment of advances from customers	8,265,603	6,728,268
Acceptances	600	188
Import L/C acceptances	9,018	-
Others in foreign currencies	289,132	230,334
	₩ 10,484,130	₩ 8,608,073
Contingent acceptances and guarantees:		
Customer's liability on letters of credit	₩ 124,285	₩ 1,416
Others	6,279,245	5,314,390
	₩ 6,403,530	₩ 5,315,806

Acceptances and guarantees by geography and borrower type as of December 31, 2002 and 2001 are as follows (Korean won in millions):

<2002>

By geography	Confirmed acceptances and guarantees				Contingent acceptances and guarantees				Total		
	Acceptances and guarantees in Korean won		Acceptances and guarantees in foreign currencies		Acceptances and guarantees in Korean won		Acceptances and guarantees in foreign currencies				
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	
Asia	India	₩ -	-	₩ 331,490	3.17	₩ -	-	₩ 151,380	2.36	₩ 482,870	2.86
	Japan	-	-	223,834	2.14	-	-	169,819	2.65	393,653	2.33
	Iran	-	-	451,768	4.32	-	-	47,566	0.74	499,334	2.96
	U. A. E	-	-	303,111	2.9	-	-	-	-	303,111	1.79
	Others	19,400	87.94	1,531,628	14.63	744	100.00	652,005	10.18	2,203,777	13.05
Europe	France	-	-	262,472	2.51	-	-	329,984	5.15	592,456	3.51
	Germany	-	-	652,701	6.24	-	-	197,948	3.09	850,649	5.04
	Malta	-	-	286,133	2.73	-	-	113,216	1.77	399,349	2.36
	Norway	-	-	658,941	6.3	-	-	640,308	10.00	1,299,249	7.69
	England	-	-	325,999	3.12	-	-	175,869	2.75	501,868	2.97
	Others	2,660	12.06	649,187	6.21	-	-	550,202	8.59	1,202,049	7.12
The Americas	Bermuda	-	-	540,515	5.17	-	-	821,872	12.84	1,362,387	8.07
	Panama	-	-	518,416	4.96	-	-	232,133	3.63	750,549	4.44
	Others	-	-	676,221	6.46	-	-	258,099	4.03	934,320	5.53
Africa	Liberia	-	-	2,338,957	22.35	-	-	1,615,329	25.23	3,954,286	23.42
	Others	-	-	436,036	4.17	-	-	46,506	0.73	482,542	2.86
Oceania	Marshall Islands	-	-	261,690	2.5	-	-	361,079	5.64	622,769	3.69
	Others	-	-	12,971	0.12	-	-	39,471	0.62	52,442	0.31
		₩ 22,060	100.00	₩10,462,070	100.00	₩ 744	100.00	₩6,402,786	100.00	₩16,887,660	100.00

By borrower	Confirmed acceptances and guarantees				Contingent acceptances and guarantees				Total	
	Acceptances and guarantees in Korean won		Acceptances and guarantees in foreign currencies		Acceptances and guarantees in Korean won		Acceptances and guarantees in foreign currencies			
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Corporate	₩ 22,060	100.00	₩ 10,444,814	99.84	₩ 744	100.00	₩ 6,402,786	100.00	₩ 16,870,404	99.90
Public and other	-	-	17,256	0.16	-	-	-	-	17,256	0.10
Total	₩ 22,060	100.00	₩ 10,462,070	100.00	₩ 744	100.00	₩ 6,402,786	100.00	₩ 16,887,660	100.00

<2001>

By geography		Confirmed acceptances and guarantees				Contingent acceptances and guarantees				Total	
		Acceptances and guarantees in Korean won		Acceptances and guarantees in foreign currencies		Acceptances and guarantees in Korean won		Acceptances and guarantees in foreign currencies		Amount	%
		Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Asia	India	₩ -	-	₩ 274,117	3.19	₩ -	-	₩ 128,957	2.43	₩ 403,074	2.89
	Japan	-	-	111,071	1.29	-	-	281,861	5.31	392,932	2.82
	Iran	-	-	310,823	3.62	-	-	8,474	0.16	319,297	2.29
	U. A. E	-	-	342,583	3.99	-	-	-	-	342,583	2.46
	Others	10,759	54.78	1,343,710	15.65	5,385	100.00	529,498	9.97	1,889,352	13.57
Europe	France	-	-	301,198	3.51	-	-	24,409	0.46	325,607	2.34
	Germany	-	-	282,231	3.29	-	-	105,696	1.99	387,927	2.79
	Malta	-	-	426,028	4.96	-	-	153,455	2.89	579,483	4.16
	Norway	-	-	380,241	4.43	-	-	314,806	5.93	695,047	4.99
	England	-	-	224,206	2.61	-	-	195,175	3.68	419,381	3.01
	Others	8,881	45.22	655,927	7.64	-	-	398,290	7.50	1,063,098	7.64
	The Americas	Bermuda	-	-	553,254	6.44	-	-	351,913	6.63	905,167
	Panama	-	-	487,448	5.68	-	-	522,867	9.85	1,010,315	7.26
	Others	-	-	407,904	4.75	-	-	171,416	3.23	579,320	4.16
Africa	Liberia	-	-	1,826,213	21.26	-	-	1,925,960	36.27	3,752,173	26.95
	Others	-	-	324,772	3.78	-	-	29,513	0.56	354,285	2.54
Oceania	Australia	-	-	6,276	0.07	-	-	-	-	6,276	0.05
	Marshall Islands	-	-	330,431	3.85	-	-	168,131	3.17	498,562	3.58
		₩ 19,640	100.00	₩ 8,588,433	100.00	₩ 5,385	100.00	₩ 5,310,421	100.00	₩ 13,923,879	100.00

By borrower		Confirmed acceptances and guarantees				Contingent acceptances and guarantees				Total	
		Acceptances and guarantees in Korean won		Acceptances and guarantees in foreign currencies		Acceptances and guarantees in Korean won		Acceptances and guarantees in foreign currencies		Amount	%
		Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Corporate		₩ 19,640	100.00	₩ 8,455,823	98.46	₩ 5,385	100.00	₩ 5,310,421	100.00	₩ 13,791,269	99.05
Public and other		-	-	132,610	1.54	-	-	-	-	132,610	0.95
Total		₩ 19,640	100.00	₩ 8,588,433	100.00	₩ 5,385	100.00	₩ 5,310,421	100.00	₩ 13,923,879	100.00

As of December 31, 2002, the Bank is plaintiff in six legal actions amounting to KRW2,912 million and US\$192,049 thousand. The outcome of these lawsuits cannot presently be determined.

26. DERIVATIVE INSTRUMENTS

Notional amounts, valuation gain and loss, and assets and liabilities of outstanding derivative instruments as of December 31, 2002 and 2001 are as follows (Korean won in millions):

<2002>

	Notional amounts		Valuation gain (loss), net	Accumulated valuation gain and loss	
	Trading transaction	Hedging transaction	Hedging transaction	Assets	Liabilities
	Currency swaps	₩ -	₩ 314,641	₩ 15,899	₩ 3,815
Interest rate swaps	-	1,450,083	(27,585)	15,514	32,582
	₩ -	₩ 1,764,724	₩ (11,686)	₩ 19,329	₩ 47,546

<2001>

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

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

27. NON-OPERATING INCOME AND EXPENSES

Non-operating income and expenses for the years ended December 31, 2002 and 2001 consist of the following (Korean won in millions):

	2002	2001
Non-operating income:		
Equity gain	₩ 792	₩ -
Gain on disposal of investment securities	11,887	7,446
Gain on disposal of fixed assets	129	179
Rental income	36	139
Reversal of impairment losses on investment securities	427	-
Others	747	1,310
	₩ 14,018	₩ 9,074
Non-operating expenses:		
Equity loss	₩ -	₩ 7,077
Loss on disposal of fixed assets	192	392
Impairment losses on investment securities	6,154	4,810
Loss on disposal of investment securities	22,324	1,474
Others	1,743	1,625
	₩ 30,413	₩ 15,378

28. EMPLOYEE WELFARE

Employee benefit expenses during the years ended December 31, 2002 and 2001 are as follows (Korean won in millions):

	2002	2001
Meal expenses	₩ 897	₩ 974
Medical expenses	91	92
Fringe benefits	3,157	2,954
Healthcare expenses	180	132
Clothing expenses	13	10
	₩ 4,338	₩ 4,162

29. TRAINING EXPENSES

For the years ended December 31, 2002 and 2001, the Bank paid KRW703 million and KRW512 million to local and foreign training institutes for employee training programs, respectively.

30. FINANCIAL DATA FOR CALCULATION OF ADDED VALUE

The accounts and amounts which are required to be disclosed in connection with the calculation of the added value of the Bank's operations for the years ended December 31, 2002 and 2001 are as follows (Korean won in millions):

	2002	2001
Salaries and wages	₩ 33,543	₩ 29,904
Provision for severance and retirement benefits	3,545	2,891
Fringe benefits	4,325	4,151
Rental expense	549	73
Depreciation	2,085	1,439
Taxes and dues	786	1,488
	₩ 44,833	₩ 39,946

31. THE KOREAN ECONOMY

In response to general unstable economic conditions, the Korean government and the private sector have been implementing structural reforms to historical business practices. Implementation of these reforms is progressing slowly, particularly in the areas of restructuring private enterprises and reforming the banking industry. The Korean government continues to apply pressure to Korean companies to restructure into more efficient and profitable firms. The Bank may be either directly or indirectly affected by these general unstable economic conditions and the reform program described above. The accompanying financial statements reflect management's assessment of the impact to date of the economic situation on the financial position of the Bank. Actual results may differ materially from management's current assessment.



7-14th Floors Bridge Securities Bldg. T el : 82(2) 3787-6600, 82(2) 3787-6800
 25-15, Yeouido-dong, Yeongdeungpo-gu, 82(2) 783-1100
 Seoul, Korea Fax : 82(2) 783-5890, 82(2) 785-6991
 82(2) 786-6956, 82(2) 786-6957
 82(2) 761-5084, 82(2) 783-4866

To The Export-Import Bank of Korea

We have audited the accompanying balance sheets of The Export-Import Bank of Korea ("the Bank") as of December 31, 2002 and 2001, and the related statements of income, appropriations of unappropriated retained earnings, and cash flows for the years then ended. These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 financial statements referred to above present fairly, in all material respects, the financial position of The Export-Import Bank of Korea as of December 31, 2002 and 2001, and the results of its operations, appropriations of unappropriated retained earnings, and cash flows for the years then ended in conformity with accounting principles generally accepted in the Republic of Korea.

As disclosed in Note 6 of the financial statements, Daewoo Corporation and several companies which had been members of the Daewoo Group, are under a workout process that includes the rescheduling of interest and principal and conversion of loan to equity securities. The Bank's outstanding loans, net of present value discount (including confirmed acceptances and guarantees), to those companies under workout as of December 31, 2002 amount to KRW3,065,927 million. These loans are classified as normal of KRW2,768,903 million, precautionary of KRW206,432 million, substandard of KRW9,289 million, doubtful of KRW81,094 million and estimated loss of KRW209 million, for which an allowance for possible loan losses of KRW104,516 million was provided. Collectibility of these loans may be affected by the restructuring of companies under workout programs.

As disclosed in Note 6 of the financial statements, the Bank's outstanding loans, net of present value discount (including confirmed acceptances and guarantees), to companies (excluding the companies mentioned above) under court receivership, composition, and workout as of December 31, 2002 amount to KRW87,326 million. These loans are classified as normal of KRW9,869 million, precautionary of KRW22,253 million, substandard of KRW8,183 million, and doubtful of KRW47,021 million for which an allowance for possible loan losses of KRW50,836 million was provided. Collectibility of these loans may be affected by such restructuring of companies.

As more fully discussed in Note 6 of the financial statements, the Bank extended loans of US\$465,504 thousand to the Bank for Foreign Affairs of the USSR in 1991 and 1992 with a guarantee of the Russian Government, which were scheduled to be repaid in 1993 and 1994. However, repayment of those loans and interest has been delayed due to the Russian economic crisis. As of December 31, 2002, US\$191,314 thousand of those loans had not been repaid and were outstanding. As of December 31, 2002, the Bank classified the above outstanding loans as estimated loss and provided a full allowance for possible loan losses. Collectibility of these loans may be affected by the repayment negotiation in process.

As disclosed in Note 6 of the financial statements, the Bank's outstanding loans (including confirmed acceptances and guarantees) to SK Global and its overseas subsidiaries, which are being investigated by the Korean regulator, amount to KRW517,749 million as of December 31, 2002. The Bank's allowance for possible loan losses for the loans may be different from actual future losses. The accompanying financial statements do not reflect any adjustments due to this uncertainty.

As mentioned in Notes 2 and 15, certain new accounting standards were issued by the Korean Accounting Standards Board (KASB) in 2002, to meet international practices. The new standards will apply to Korean companies for the first fiscal year starting after December 31, 2002 or earlier. The Bank, as allowed by the KASB, elected to adopt in 2002 one of the new accounting standards for the revenue recognition. As required, the 2001 financial statements were restated to reflect the impact of adoption of the revised accounting standard. Net income in 2001 decreased by KRW8,650 million,

shareholders' equity decreased by KRW37,806 million, and total liabilities increased by KRW54,632 million as of December 31, 2001, as a result of the restatement. Also, net income in 2002 increased by KRW7,433 million and shareholder's equity as of December 31, 2002 decreased by KRW30,373 million under the new accounting standard.

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

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

January 24, 2003

Auditor's Statement

I have audited the accompanying balance sheets of The Export-Import Bank of Korea as of December 31, 2002 and 2001, and the related statements of income, appropriations of unappropriated retained earnings, and cash flows for the years then ended. I have conducted my audit in accordance with The Export-Import Bank of Korea Act and its related regulations.

The accounting principles and practices followed by The Export-Import Bank of Korea are in conformity with The Export-Import Bank of Korea Act and its related regulations, and with generally accepted accounting principles prevailing in the Republic of Korea. In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Bank as of December 31, 2002 and 2001, and the result of its operation, appropriations of unappropriated retained earnings, and cash flows for the years then ended, in conformity with such accounting principles and accounting practices applicable to the Bank in the Republic of Korea.

February 19, 2003

Il-Sung Shin
Auditor