



Annual Report 2004

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A nighttime photograph of a cityscape featuring a prominent bridge with a decorative tower on the left and a multi-lane highway with light trails in the foreground. The city lights are reflected in a body of water in the middle ground.

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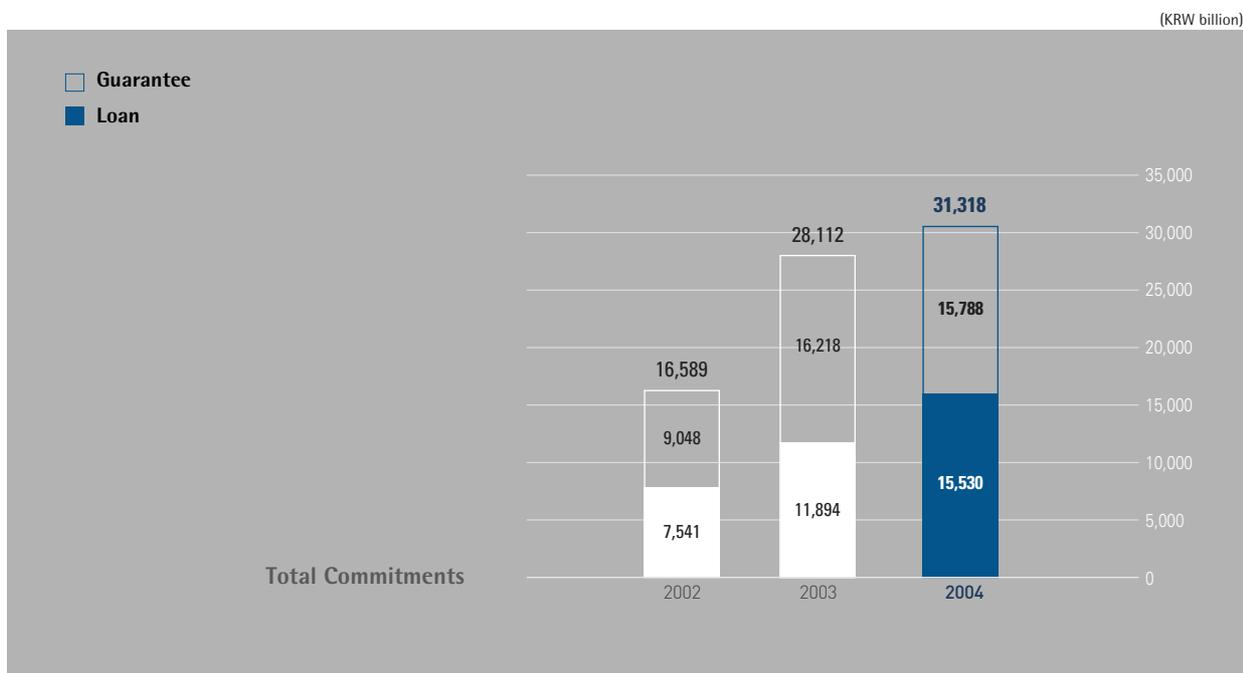
Profile

The Export-Import Bank of Korea is an official export credit agency providing comprehensive export credit and guarantee to support Korean enterprises in their business overseas. Since its establishment in 1976, the Bank has endeavored to facilitate the enrichment of Korea's export-led economy and enhance economic cooperation with foreign countries as a financial catalyst.

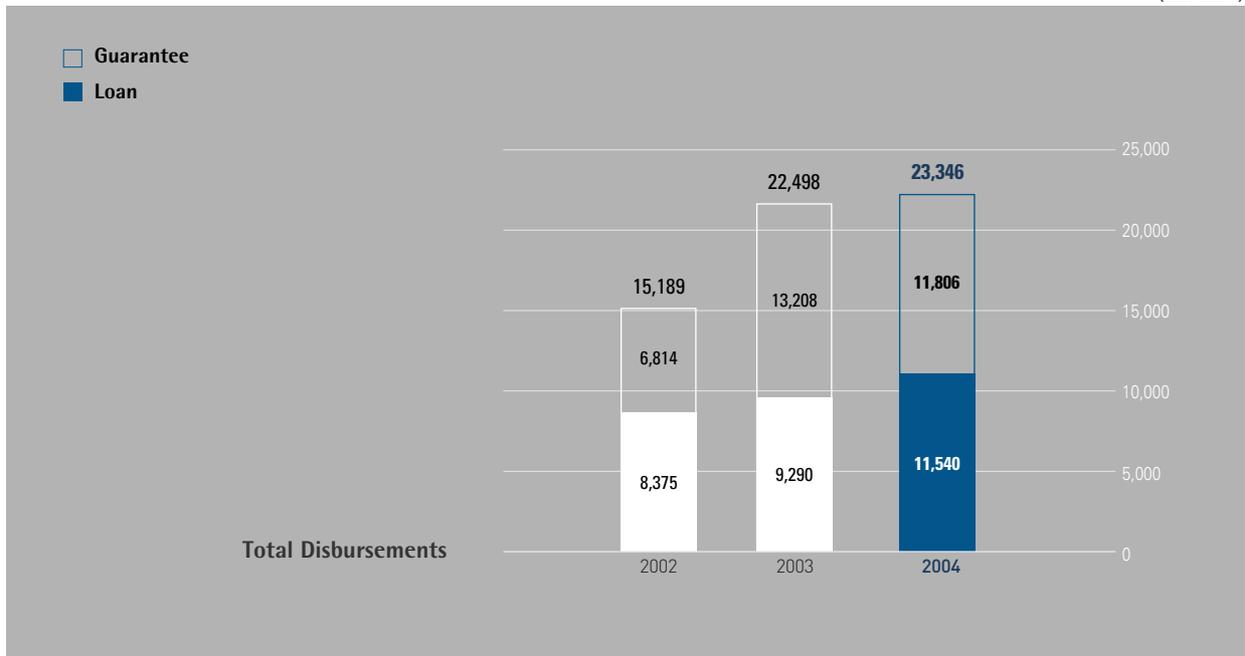
The Bank's financial service embraces export loan, trade finance, and guarantee structured to the needs of various customers, complementing the client's utmost competitiveness in the world market. The Bank also provides overseas investment credit, import credit, and information services on business opportunities abroad. Furthermore, the Bank administers two government funds, a Korean ODA program and a cooperation program with North Korea: Economic Development Cooperation Fund and Inter-Korean Cooperation Fund, respectively. The Bank's expertise in its main areas of operation as the "Core Bank for Global Business" is recognized by the highest credit rating among Korean financial institutions in the international community.

Financial Highlights

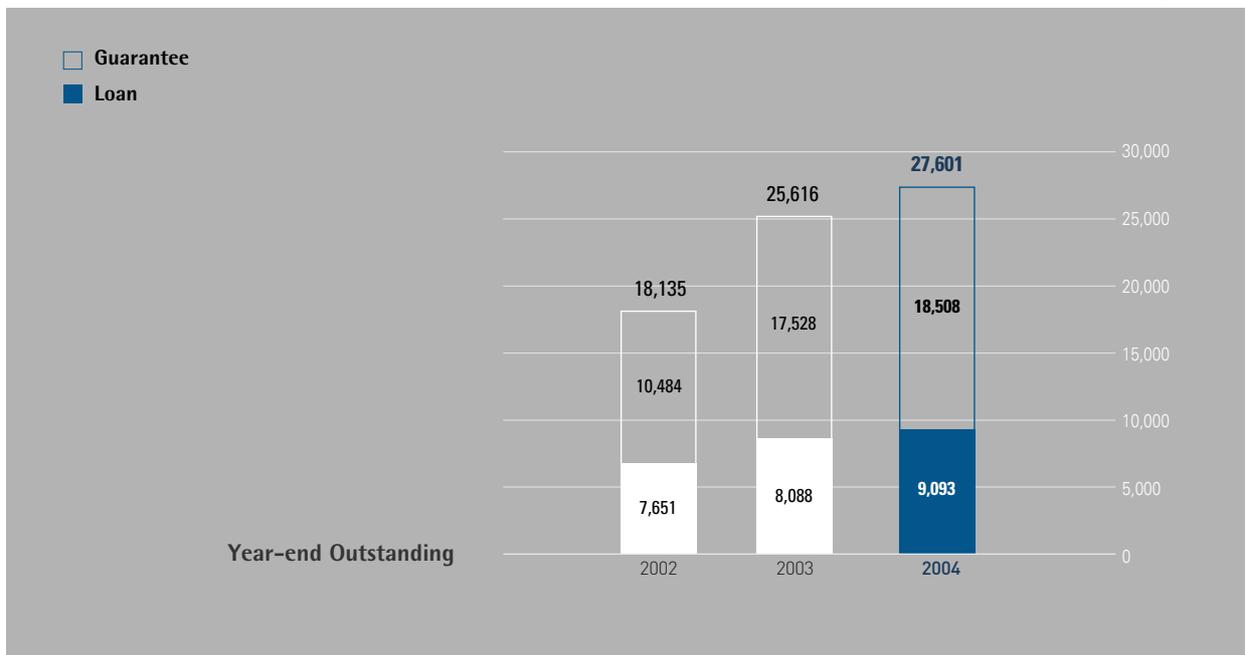
	2004	2003	2004	2003
	KRW billion		US\$ million	
For the Year				
Total Commitments	31,318	28,112	30,004	23,470
Loans	15,530	11,894	14,878	9,930
Guarantees	15,788	16,218	15,127	13,541
Total Disbursements	23,346	22,498	22,366	18,783
Loans	11,540	9,290	11,056	7,756
Guarantees	11,806	13,208	11,027	11,311
Net income	77	44	74	37
At Year-end				
Loans Outstanding	9,093	8,088	8,711	6,752
Guarantees Outstanding	18,508	17,528	17,731	14,633
Total Assets	12,171	11,282	11,660	9,419
Paid-in Capital	2,776	2,766	2,660	2,309
BIS Capital Adequacy Ratio(%)	12.6	14.2	12.6	14.2
Converting Rates (KRW/US\$)			1,043.8	1,197.8



(KRW billion)



(KRW billion)





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*The Bank's financing activities reached total credits of **KRW23.3** trillion, the largest amount in the Bank's history.*

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A handwritten signature in black ink, appearing to be '신동규' (Shin Dong-gyu).

Dong-Kyu Shin, Ph.D.
Chairman & President

Message from the Chairman & President

Korea saw an economic growth rate of 4.6% in 2004. This was mainly attributable to the 31.0% increase in export, a record high. The escalation of the export figure is meaningful not only because it represents the biggest in history, but also because the growth was attained despite many challenges including the oil price hike and the appreciation of the Korean Won.

Korea saw an economic growth rate of 4.6% in 2004. This was mainly attributable to the 31.0% increase in export, a record high. The escalation of the export figure is meaningful not only because it represents the biggest in history, but also because the growth was attained despite many challenges including the oil price hike and the appreciation of the Korean Won. The Export-Import Bank of Korea has played a key role in ensuring that Korean exports remain strong. The Bank's financing activities reached total credits of KRW23.3 trillion, the largest amount in the Bank's history.

Much of our efforts have been concentrated on ship financing as well as plant exports in supporting Korean exporters. The ship financing sector was particularly active last year approving US\$4,015 million of loans. A project especially notable was the structured financing of US\$288 million extended to a Greek shipping company for the construction of three LNG ships by a Korean shipbuilder. The project was awarded the "Deal of the Year 2004" by *Marine Money*, a leading magazine in the field of maritime finance, which recognized the Bank's simple yet swift loan procedure and effective structured financing scheme.

2004 at a Glance

Achieving the Biggest Financial Support since its Establishment

As a result of joint efforts of all employees, the Bank recorded the highest financial support amount since its establishment in 1976. The total loan and the total guarantee amounted to US\$11.5 billion and US\$11.8 billion, respectively at the year-end. The Bank's "Midterm Strategic Plan" facilitated the achievement, which assisted export industries enjoy unprecedented prosperities in 2004. The Bank is expected to play a vital role in supporting export industries in 2005 as well.

Making Inroads into BRICs Markets



The Bank actively ventured into BRICs, regarded as the world's fastest growing markets with great potentials. The Bank opened the Shanghai

Representative Office in China and KEXIM Asia Ltd. in Hong Kong, and has been carrying out a co-financing project of US\$150 million, providing US\$25 million of EDCF.

Furthermore, to help Korean companies win biddings for plant projects and develop natural resources in Russia and Brazil, the Bank signed an MoU with the Republic of Tatarstan and a Cooperation Agreement with Banco do Brasil, the largest public commercial bank in Brazil. The Bank also reopened its New Delhi Representative Office, and supported the Sipat Super Thermal Power Project worth US\$3.5 billion. Consequently, the Bank is now fully capable of meeting the increasing demand of Korean companies making inroads into the BRICs markets.

The Bank also supported the export of plants in the amount of US\$871 million last year. Among the financed projects, the "1,980MW Thermal Power Plant Project" in India deserves special attention. The project is to build the largest and most vital thermal power plant in India, providing power to three Midwest regional states.

The Bank also placed emphasis on offering efficient and reliable forfaiting services to support Korean companies exporting to developing countries. We became the first Korean bank to join the International Forfaiting Association (IFA). The forfaiting services are expected to provide Korean exporters with improved support in trade finance.

In line with the increase in our financing activities, the need for well-priced and sufficient funding also heightened in 2004. As a result, the Bank raised US\$3.4 billion from the international capital markets, setting a new record since its establishment. Expansion of the investor base through road shows and investor meetings in major international financial centers resulted in several rewards. The Bank's funding costs have been reduced as the outstanding

debentures were highly sought by international investors. The Bank was also awarded the "Borrower of the Year" by four major international financial magazines including *Euromoney*. Furthermore, the Bank's bonds are now liquid benchmarks for other Korean issuers.

The operation of the EDCF (Economic Development Cooperation Fund) and the IKCF (Inter-Korean Cooperation Fund) which are entrusted to the Bank by the Korean government, was also rewarding. A number of initiatives were carried out to promote better operation of the EDCF.

Among them are active policy dialogues with partner countries, increased effectiveness through simplified procedures and co-financing approaches with multilateral development institutions. We also improved the concessionality level and flexibility of terms and conditions to best suit the demands of the recipient countries. Meanwhile, the IKCF supported infrastructure projects such as construction of roads and railways connecting the two Koreas, while providing humanitarian

Strengthening its Status as a Leading Ship Financing Institution

The Bank was awarded the "Deal of the Year 2004" by *Marine Money*, a leading magazine in the field of ship financing, and thereby became a back-to-back winner of the award. According to *Marine Money*, the Bank's simple yet swift loan procedure and effective structured financing were most noteworthy. The Bank also contributed to the activation of a domestic ship fund market by vigorously supporting the ship industry. With its two consecutive awards and contribution to such activation, the Bank is emerging as one of the world-leading ship financing institutions.

Winning the "Best Borrower of the Year 2004"

The Bank has launched a US\$500 million global bond issue on August 5, 2004, jointly managed by Barclays Capital, Citigroup and UBS Warburg. At the time of pricing, the bond issue was substantially over subscribed, in excess of US\$3.7 billion. As a result, the Bank decided to issue global bonds US\$200 million more than initially planned. The Bank was also successful in issuing a domestic bond at the lowest additional interest rate among all domestic financial institutions. On the basis of these two successful issues, the Bank was awarded the "Best Borrower of the Year 2004 in Asia" by *Euromoney*, a leading magazine for the global capital market.

Actively Supporting EDCF Projects



The Bank supported various types of EDCF projects in many developing countries – Paddy Mechanization Project (US\$25 million, China), South Manila Commuter Rail Project and Laguindingan Airport Development Project (US\$68 million, the Philippines) and Solid Waste Management and Treatment Project (US\$21 million, Vietnam), etc. By effectively supporting EDCF projects, the Bank not only contributed to the economic growth of each recipient country, but also reinforced relationships between Korea and these developing countries.

aids to North Korea. The IKCF also provided loans to the South Korean companies involved in trade with North Korea.

The record-high operational results of 2004 are based on the Bank's Midterm Strategic Plan, which was put into practice last year. The new strategies place heavy emphasis on management schemes that focus on proactive and comprehensive financial services such as structured financing and customer-oriented financing programs. At the same time, the plan has been aimed at expanding domestic and international networks to better serve the Bank's customers.

During the same year, the Bank concluded several cooperation agreements with other Export Credit Agencies and international financial institutions, especially with the Export-Import Bank of the United States and the Inter-American Development Bank. Our continued efforts to build close business relationships with these institutions are expected to bring fruitful outcomes including co-financing opportunities, as well as information and personnel exchanges.

The global economy in 2005 is forecasted to be less bright than the previous year due to many uncertainties including high oil price and weakening US Dollar. Accordingly, Korea's export may grow much slower than last year. The Bank's role, therefore, has become ever more critical. In an effort to boost the Korean export, we have set an ambitious operating target for 2005 to extend KRW24 trillion of new credits.

To this end, we will make the best endeavors to specialize the main areas of our business, namely, Export Credit, Overseas Investment Credit and Overseas Resources Development Credit. Dedicated to further growth in the future, we will strengthen our role as the core bank for Korean exporters through innovative measures. "Exim Spirit 21," launched in the beginning of this year, is aimed at enhancing operational effectiveness and maximizing our client satisfaction. With the new perspectives, we will make our utmost efforts to solidify our status as a leading contributor to the sustained growth of the Korean economy.

Establishing Synthetic Supporting System for Inter-Korean Cooperation



Since its designation as the official Inter-Korean Settlement Bank in 2003, the Bank has continued its efforts to assist inter-Korean economic

cooperation. As a result, a Loss Compensation System was introduced to effectively support companies investing in North Korea, and a Cooperation Agreement was signed between the South and North Korean Settlement Banks to boost the time and monetary efficiency of companies engaging in inter-Korean business transactions. Moreover, for better understanding of North Korea, the Bank hosted an international symposium, and founded a magazine on the North Korean economy. The Bank's efforts are expected to improve relationships between the two Koreas, strengthening their cooperation.

Improving Work Environment for Customers' Satisfaction

The previous Human Resources Development Center went through a major transformation to become the EXIM Academy equipped with advanced facilities. The new institute focuses on training employees as financial experts, offering better educational environment. At the new institute, various training programs have been upgraded to ultimately maximize customers' satisfaction. The Bank's efforts to provide better services to customers resulted in not only transforming the previous Human Resources Development Center, but also reorganizing the Bank's website. The newly-organized homepage focuses on the customers' needs, and offers easy access to a variety of information. The new EXIM Academy and website are expected to enhance the quality of the Bank's services.

Expanding the Bank's Organization



The Bank opened a domestic branch in Suwon to assist SMEs more effectively. The Bank also opened its Representative Offices in Shanghai, New Delhi and Washington D.C., as well as KEXIM Asia Ltd. in Hong Kong to enter the BRICs markets and other major markets overseas. All these newly-opened organizations are expected to operate as key stations promoting economic cooperation, while actively supporting Korean companies seeking entry into related regional markets.





Bank Operations

Export Credit Activities 11

Government Account Activities 20

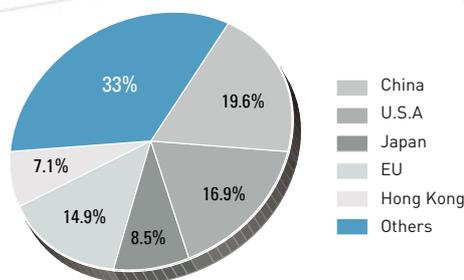
Export Credit Activities



Economic Situation in 2004 and Outlook for 2005

In 2004, the Korean economy made a slight recovery from the previous year due to strong export increase. The growth rate of gross domestic product (GDP) is estimated to be around 4.6% in 2004. Decline of private consumption continued since 2003 due to excessive household debts and the bad employment situation. Facilities investment recovered since second quarter of 2004, while the slowdown of construction investment deepened since first quarter of 2004.

• Shares of Korea's key Export Markets



Export Trends in 2004

Exports (customs-clearance basis) increased dramatically by 31.0% to US\$253.8 billion in 2004 to record the highest annual growth rate since 1987.

By item, the heavy-chemical products led the export increasing by 34.6%. In particular exports of wireless telecommunications equipment grew by 40.3% to US\$26.2 billion and those of semiconductors grew by 35.7% to US\$26.5 billion. Exports of automobiles and parts recorded a 39.2% growth rate, reaching US\$32.5 billion. Consequently, Korea's export dependency on a few major products deepened once again in 2004.

By region, as export to China increased by 41.7% to US\$49.8 billion, China remained as Korea's largest export market in 2004. In addition, the emerging markets, notably the BRIC's, also expanded their demand for Korean products by an average of 41.1%.

Import Trends in 2004

Imports (customs-clearance basis) also increased by 25.5% to US\$224.5 billion in 2004 due to the continuous hikes in oil and international raw material prices over the year and the good performance of exports.

With the surge in exports, Korea's trade surplus doubled to US\$29.4 billion and current account surplus amounted to US\$27.6 billion, both of which recorded the highest levels since 1998.

Overseas Direct Investment Trend in 2004

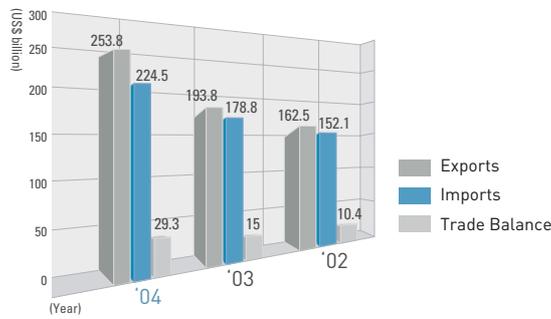
Korea's overseas direct investment increased by 36.0% to US\$7.9 billion in 2004. The number of investments went up 26.7% to 3,925 from 3,091 in the previous year. The increase was attributed mainly to the increasing investments in China and the rising demand for overseas investments.

China maintained its status as the largest recipient of direct investment from Korea by recording US\$3.6 billion, followed by the U.S. with US\$1.4 billion; the European Union, US\$0.7 billion; Vietnam, US\$0.4 billion; and Japan, US\$0.3 billion.

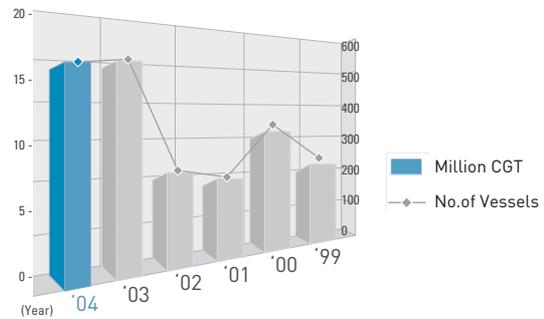
• Overseas Direct Investment

	2000	2001	2002	2003	2004
Amount(US\$ billion)	6.04	6.36	6.31	5.87	7.98
Change(%)	19.1	5.3	-0.8	-7.0	36.0

Exports, Imports & Trade Balance



Korean Shipbuilding Contracts



Outlook for 2005

In 2005, the Korean economy is forecasted to slow down due to the decelerating growth in exports and construction investment. The projected GDP growth rate is around 4%.

Private consumption is expected to recover gradually in 2005 as household debts are expected to decline. The facilities investment is likely to increase to around 8% over the year due to pickup of the domestic demand and the appreciation of the Korean Won. With regard to construction investment, it is likely to stagnate as the real estate market is to remain weak.

The growth rate of exports is predicted to fall to roughly 12% due to an expected global economic slowdown and the strengthening of the Korean Won, whereas that of imports will be 14.5%, driven by a slight recovery of domestic demand. Accordingly the trade surplus in 2005 is expected to decrease to US\$27 billion.

Trends of Major Industries of Interests in 2004 and Outlook for 2005

Plant Industry

In 2004, overseas plant contracts won by Korean firms amounted to US\$8.4 billion, increasing by 31.2%. The growth was attributable mainly to a rise in orders from the Middle Eastern and the emerging markets, notably India and Russia.

In 2005, overseas plant contracts are expected to amount to approximately US\$10 billion, assisted by strong economic growth in the Middle East and BRIC's.

Shipbuilding Industry

Korea's shipbuilding industry hit the record high in 2004 in terms of new orders in value. The new orders reached US\$30.2 billion, increasing by 25.8% from the previous year. This record was attributed mainly to the continuous rise in ship prices and an increasing demand for so-called value-added vessels, such as LNG carriers.

Ship exports also surged over the year posting a 38.1% increase to US\$15.7 billion. 6.2% of Korea's total exports were generated from the ship exports, which ranked fifth among the export items. Korea's shipyards constructed the total of 260 ships, 8.9 million CGT(compensated gross ton) in 2004. The industry is predicted to maintain its current favorable trend in 2005. However, as Korean shipbuilders have already secured enough orders for another couple of years, the new orders are likely to decrease in 2005.

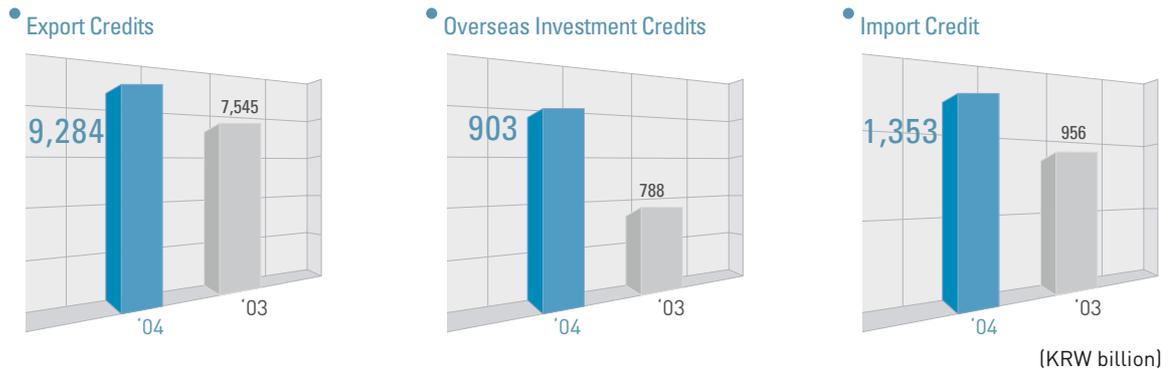
IT Industry

In 2004, Korea's exports in the IT sector recorded US\$74.7 billion, increasing by 31.7% from the previous year, taking approximately a 29.4% share out of the total exports. The IT industry recorded the largest exports in five years. Exports of wireless telecommunication equipments doubled in two years reaching US\$26.2 billion. Semiconductor exports increased by 35.7% to US\$26.5 billion.

In 2005, the IT industry is forecasted to experience a slowdown in exports, recording approximately US\$85 billion, rising by only 14% due to the unfavorable external factors, such as the appreciation of the Korean Won and the expected price cut of digital products.

Bank Operations

The Bank achieved greater competence through a variety of activities in 2004, launching new financing programs and restructuring the existing ones.



Overview

In 2004, the Bank helped the nation maintain its economic growth momentum by assisting Korean companies compete in the international market. The Bank achieved greater competence through a variety of activities in 2004, launching new financing programs and restructuring the existing ones.

During the same year, the Bank extended a total credit of KRW23,346 billion, equivalent to US\$22,366 million, up 19.1% from 2003. The Bank thereby achieved record-high operation results two years in a row, and this has become one of the greatest achievements of the Bank since its establishment in 1976.

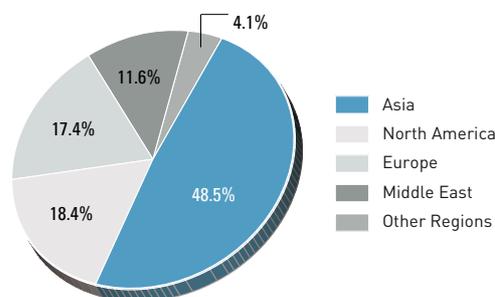
Export Credit, one of the three major financing programs of the Bank, took the biggest share with KRW9,284 billion, or 80.5% of the total loan disbursements. Overseas Investment Credit and Import Credit, the other two major financing programs accounted for 7.8% and 11.7%, respectively, amounting to KRW903 billion and KRW1,353 billion.

The 41.5% soar in Import Credit disbursement can be credited largely to the Bank's financing support for the civil aircraft imports first introduced in 2004. Disbursement of Export Credit also jumped by 23.1%. Overseas Investment Credit also showed a 14.6% annual increase.

The Bank's guarantees, recorded KRW11,806 billion with its largest share in the form of advance payment guarantees, which accounted for 84.1% of the total figure.

Regionally, Asia took the lion's share with 48.5% of the Bank's total loan disbursements, followed by North America, Europe, the Middle East and other regions taking 18.4%, 17.4%, 11.6% and 4.1%, respectively.

• Loan Disbursement by Region: Total Loan Disbursement



Export Credit

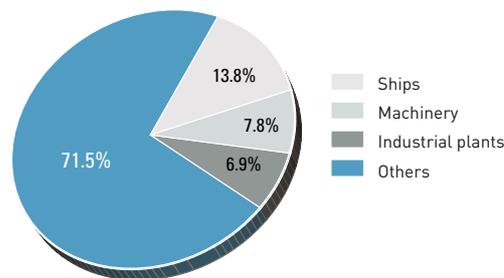
Export Credit has always been the biggest contributor to the Bank's loan disbursements comprising more than 90% of the total amount. In 2004, however, the share of Export Credit declined slightly to 80.5% due to the relatively strong increase in Overseas Credit and Import Credit.

Among the specific items supported under the name of Export Credit, ships took the largest portion with KRW1,596 billion, over 13.8% of the total Export Credit expenditure, followed by machinery with KRW896 billion (7.8%) and industrial plants with KRW795 billion (6.9%).

Thanks to the increase in authorizations for ship exports, the Bank's Export Credit commitment in 2004 grew 24.8% year-on-year from KRW10.153 to KRW12,676 billion.

As for the regional distribution of the Export Credit, Asia was the highest at 47%, followed by Europe at 20%, North America 17%, the Middle East 13%, and others 3%. In terms of commitments, Asia also came first at 41%, followed by Europe 33%, North America 16%, Middle East 8%, and others 2%.

• Loan Disbursement by Item: Export Credit



Direct Loans



Direct Loan (or Buyer Credit) is a type of export credit facility that helps foreign buyers purchase Korean goods and services. Under this program, the Bank directly enters into loan agreements with foreign buyers for the goods and services imported from Korean exporters. Exporters prefer Buyer Credit to Supplier Credit not only because they reduce debt ratios in their book keeping, but also because they are able to realize cash earnings by settling export transactions immediately upon performing their obligations.

One of the most memorable export projects supported by the Bank's Direct Loan in 2004 is the "1,980MW Thermal Power Plant Project," constructed by the National Thermal Power Corporation of India, amounting to US\$3.5 billion and awarded to Doosan Heavy Industries and Construction. This project is by far the largest one financed by the Bank to India.

Project & Structured Financing



Project Finance and Structured Finance are other forms of Direct Loans with which the Bank provides, on a limited recourse basis, loans to project companies that import industrial plants, equipments or technical services from Korea.

In 2004, the Bank's disbursement of Project & Structured Finance reached KRW778 billion, up 75% from the previous year. One of the most remarkable Structured Finance projects of the Bank in 2004 was the credit to CMA CGM Group, a French ship giant. This was the first loan provided to a French shipping company via structured financing

using a unique French Tax Lease technique.

Interbank Export Credit

Interbank Export Credit is a line of credit extended to creditworthy banks in other countries to help buyers receive loans from their local banks to finance purchase of manufactured goods from Korea.

The amount committed under the Interbank Export Credit increased 93% to KRW296 billion in 2004 from KRW153 billion in 2003. The amount financially supported through the facility totaled KRW215 billion, recording a 49% year-on-year increase. The total volume of credit lines outstanding as of the end of 2004 was US\$1,076 million for 16 countries.

In 2004, 11 credit lines were newly established for banks in six countries including Mongolia, namely the Trade & Development Bank of Mongolia, who established the credit line with the Bank for the first time. The amount of the new credit lines totaled US\$455 million.

Forfaiting

Forfaiting is designed to help Korean exporting companies, whose transactions with regard to bills of exchange in the developing countries, are not readily accepted by domestic commercial banks due to the high credit risks involved under this program. The Bank negotiates these bills of exchange issued under usance documentary Letters of Credit on a without recourse basis and exclusive of additional collateral.

The volume of the program has rapidly increased since its initiation in 2001. The total amount recorded KRW458.8 billion in 2004, and is expected to reach KRW7,000 billion in 2005 with the continuously rising demand.

Also, the Bank joined the International Forfaiting Association (IFA) in November 29, 2004. With its membership in the global forfaiting association, the bank is expected to reap much benefit from exchanging and accumulating information on the trade policies and credit risks of the developing countries.

Loans to SMEs

The Bank has steadily increased the volume of credit to Small & Medium-sized Enterprises (SMEs). In 2004, the Bank's total loan commitments and disbursements toward SMEs were KRW2,875 billion and KRW2,822 billion, respectively, up 33 % and 37 % from the previous year.

As a measure to enhance its important role in supporting SMEs, the Bank newly opened a local branch and four liaison offices in 2004, and plans to open three additional local branches and two overseas representative offices in 2005. The strengthened local network will fortify the Bank's ceaseless effort to meet the needs of customers.



(KRW Billion)

Import Credit

Import Credit is provided for the importation of essential materials and major resources, of which stable and timely supply is critical to the national economy.

Since its introduction in 1998, the volume of Import Credit has been on a dramatic rise. In the recent two years, the total disbursement reached KRW956 billion and KRW1,353 billion, respectively.

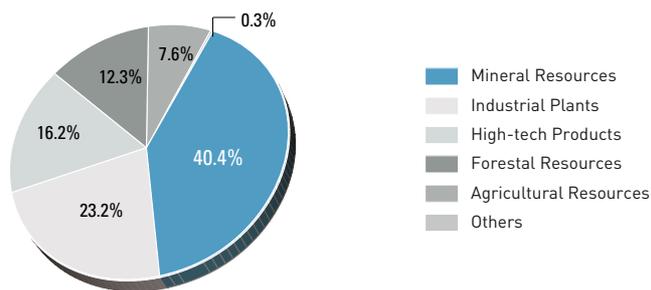


During the year, mineral resources accounted for 40% of the total disbursements with KRW547 billion, followed by industrial plants accounting for 23% with KRW314 billion, and high-tech products; 16% at KRW220 billion.

In August, the Bank extended US\$124 million in Import Credit to Korean Airlines Co., Ltd. (KAL) for the purchase of a cargo plane from the Boeing Company of the U.S. This particular project is regarded as an important starting point toward the Korean government's aim of making the Incheon International Airport the logistics hub of Northeast

Asia by contributing to enhancing KAL's competence in the international market.

• Loan Disbursement by Item : Import Credit



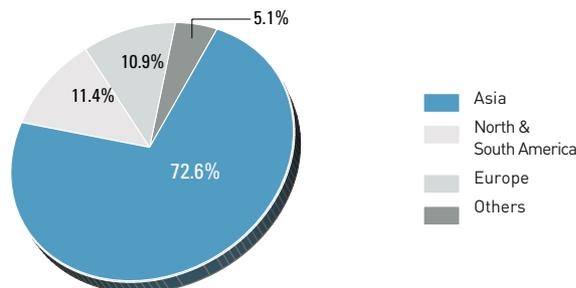
Overseas Investment Credit

Overseas Investment Credit in 2004 demonstrated an outstanding performance with commitments skyrocketing by 72% to KRW1,387 billion and disbursements increasing by 15% to KRW903 billion from 2003.

Asia took up the largest portion out of the total disbursements with 72.6% (KRW655 billion), followed by the North & South America and Europe with 11.4 % and 10.9%, respectively.

One of the largest supports in Overseas Investment Credit amounted to EUR28.8 million in loans to Kia Motors Company for its equity participation in the subsidiary Kia Motor Europe GmbH, the Kia Motors sales agency in Germany. The largest disbursement of US\$48 million went toward LG Philips LCD in December for the equipment installation of the TFT-LCD manufactory in China.

• Loan Disbursement by Region : Overseas Investment Credit



Guarantees

Guarantee operations has shown a steady increase since the Asian financial crisis. In 2004, the Bank committed KRW14,700 trillion for project related guarantees, and KRW264 billion in the form of financial guarantees.

The Bank also provides Interest Rate Support to domestic and foreign financial institutions that co-finance export credit with the Bank at CIRR, in accordance with the OECD Export Credit Arrangement. Under this program, the Bank compensates the institutions for the difference between CIRR and the interest rate that the co-financier provides for the related export credit.

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 KRW12,097 billion in 2004, a 23.3% rise from the previous year's KRW9,812 billion. Most of the funds raised during the year were self-generated from the repayments of the Bank's outstanding loans.

For its excellence in performance, the Bank in 2004 won several awards as the best borrower of the year in the Asia-Pacific region. Over the 12 months, the Bank raised from the international bond market over US\$3 billion, the largest amount in its history.

The Bank's funding year got off to an auspicious start in February with a US\$1 billion two-tranche issue of 5 and 10-year bonds. This was the Bank's first U.S.-targeted bond issue since the financial crisis. It also represents its largest international offering to date, and helped extend our yield curve out to 10 years. In April, the Bank was back, reopening the bonds for US\$150 million on the 5-year and US\$200 million on the 10-year. The Bank launched a US\$500 million 5-year SEC-registered global bond in August. Furthermore, the Bank issued its first public euro deal via EUR300 million 5-year in October.

The Bank also used private placements off the MTN Program in dollars, yen and euros in 2004 to raise cost-effective cash, and dipped back into Hong Kong and Singapore-dollar bonds, becoming that rare Asian borrower hitting another country's local bond market. This helped diversify the investor base, and the Bank reached aggressive funding targets by using small-sized Asian local bonds.

The bilateral loans borrowed from two European commercial banks contributed as additional sources of the Bank's funding in 2004 with a net increase of US\$150 million, JPY7,800 million and EUR40 million.

In addition, the capital injection of KRW10 billion from the government during the year enabled the total paid-in capital to reach KRW2,775.8 billion. As a result, the Bank's ownership as of the end of 2004 stands at 52.5% for the Korean government, 42.0% for the Bank of Korea, and 5.5% for Korea Development Bank.

Financial Status

Assets and Liabilities

At the end of 2004, the Bank recorded KRW12,171 billion in total assets, up 7.9% from the previous year's KRW11,282 billion due to the increase of loans in foreign currency. Total liabilities amounted to KRW 8,627 billion, up 6.5% from the previous year's KRW8,103 billion, due to the increase of financing debentures in foreign currency.

Meanwhile, the net asset figure marked KRW3,544 billion, up 11.5% from the previous year's KRW3,179 billion. Worth noting are the increase in paid-in capital from the government by KRW10 billion and a KRW77 billion increase in retained earnings, as well as a gain on the valuation of available-for-sale securities of KRW278 billion.

Revenues and Expenses

The Bank's total revenues during the year posted KRW911 billion, while total expenses and net income recorded KRW834 billion and KRW77 billion, respectively. The net income showed a remarkable leap of 75.8% from the previous year's KRW44 billion. In spite of the bigger burden from the interest expense on borrowings, the net income figure undoubtedly increased thanks to greater income from the guarantee and loan operations.

Supporting Activities

The Bank concentrated on establishing institutional ties with banks and ECAs of BRICs (Brazil-Russia-India-China) in 2004.

Cooperation with Other Agencies



The Bank endeavors to seek common interest and strengthen mutual ties with various agencies through cooperation agreements and Memorandums of Understandings (MoUs).

In February, the Bank signed an MoU with the Export-Import Bank of the United States, focusing on strengthening cooperative ties, general information exchange and promotion of co-financing. This MoU is expected to serve as a framework for enhanced cooperation between the two ECAs.

The Bank concentrated on establishing institutional ties with banks and ECAs of BRICs (Brazil-Russia-India-China) in 2004, which are rapidly expanding their presence in the global market, gifted with large territories, enormous labor markets and abundant natural resources.

In line with such efforts, the Bank signed a Bilateral L/C Confirmation Facility Agreement with the Export-Import Bank of India in August. Under the facility, the two ECAs confirm L/Cs opened by commercial banks of the two countries, facilitating intra-regional trade and development. Also, the Bank completed its overseas networking of the BRICs countries by opening the New Delhi Representative Office, along with the already established São Paulo, Moscow, Beijing and Shanghai Representative Offices. Through the network, the Bank will be able to better understand the local situation and serve the needs of the Korean companies seeking to launch into the booming markets.

Furthermore, in November, the Bank entered into a comprehensive cooperation agreement with Banco do Brasil S.A., the largest public commercial bank in Brazil. The agreement aims at promoting project cooperation and information exchange, and is expected to promote trade and investment in the region through co-financing large-scale development projects carried out by Korean enterprises, mutually benefiting the two countries.

Workshops and Seminars



The Bank continued to host various workshops and seminars, effectively expanding awareness of its activities and facilitating information and personnel exchange.

In May, the Bank invited President Enriqu e Iglesias of the Inter-American Development Bank (IDB) for a general address under the title of "Invitation to Latin America and IDB" on the investing environment and potential areas of project cooperation in Latin America. The invitees, mainly composed of government officials, ambassadors from Latin America, leading experts on Latin America and heads of major

financial institutions, actively shared their opinions during the event, prepared jointly by the Ministry of Finance and Economy (MOFE) and the Federation of the Korean Industries (FKI).

Twenty-three staffs from China Eximbank were invited to visit the Bank in October. The invitation was initiated as part of an exchange program, which coincides with the Bank's efforts to create a financial hub among the Northeast Asian countries, e.g. China and Japan. Programs pre-arranged for the Chinese delegation included introduction of the Bank's financial programs and exposure to the Korean culture through visiting industrial facilities-Kia Motors, Samsung Electronics and Hyundai Heavy Industries, as well as cultural excursions in Gyeongju and Busan. In addition, table tennis competitions and a soccer match took place during this period, which served as a great opportunity of strengthening the friendship between the staffs of the two banks.

The Bank provided seminars for the delegation of the Sri Lankan government as part of the Human Resource

Development Services of Korea's training program in June, and also for researchers from Development Research Center of the State Council of the Peoples' Republic of China in November. Such occasions covered mostly the Bank's administration, loan programs, risk management and the Economic Development Cooperation Fund (EDCF), substantially enhancing mutual understanding between the two countries.

The Bank hosted the 4th Seminar for the Commercial Counselors' Club in November. Around thirty ambassadors or commercial counselors, mostly from developing countries, attended the seminar and strengthened their network for potential economic collaboration. It was a successful forum promoting the Bank's roles through presentations on its financial services and EDCF program, and providing a general analysis on the Korean economy and its future prospects.

Research and Information



The Bank seeks to pursue in-depth researches on country study, country risk evaluation, foreign direct investment and other economic issues related to the Bank's loan programs and management policies.

To meet the increasing need for information on the BRICs markets, the Bank published "Current Situation of the BRICs countries and its Implications to the Korean Companies" in February, forecasting continued growth of investment in the region. The publication explains the current political and economic situation and the general foreign investing environment of the four countries, as well as the effective strategies for the Korean companies to venture into these promising

markets.

In August, the Bank released a special report titled "The Northeast Asia and the Inter-Korean Economic Cooperation," dealing with the current status of the inter-Korean economic exchange and its future prospects under the ever-changing and sensitive geopolitical situation of the Korean peninsula. The report further expanded its scope of discussion to peace in the region and the promotion of economic cooperation in Northeast Asia. This report, a compilation of thirteen theses on the issue, will serve as a reliable source of information for the Korean government in establishing policies on the inter-Korean relations and the interested companies willing to start business with North Korea.

The Bank focused its research scope on the countries with great potential for economic growth in the future. In September, "Current Situation of Russia & Kazakhstan and its Implications to the Korean Companies" and "Current Situation of India & Vietnam and its Implications to the Korean Companies" were published. They provide essential reference data to companies mapping out future investment scheme in these regions.

Restructuring of the Bank's website was completed in September. The newly opened homepage focuses on emphasizing the three core business areas of the Bank, namely Export Credit, EDCF and IKCF, and seeks to provide a user-friendly "total financial solution" as a one-stop center with introduction to the Bank's financial services and the relevant information on overseas investment.





Government Account Activities

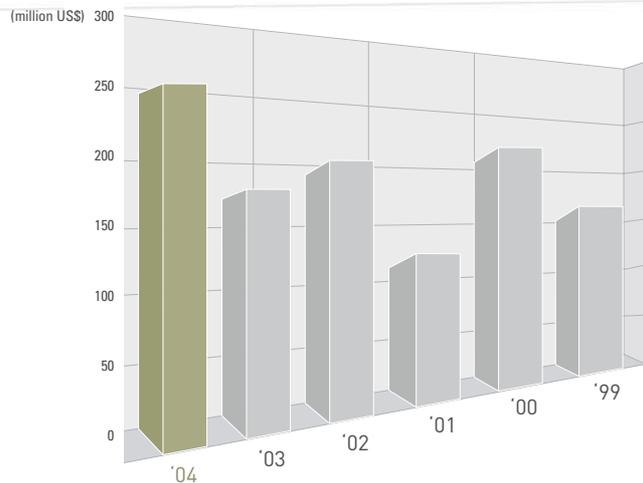
EDCF Activities in 2004

The Economic Development Cooperation Fund (EDCF) has assumed a key role in Korea's bilateral ODA assistance's efforts, providing concessional loans to developing countries. The Ministry of Finance and Economy has entrusted the operational authority to the Export-Import Bank of Korea since its inception in 1987.

In 2004, EDCF focused on two major initiatives: One was to maximize the impact of our assistance toward developing countries by improving implementation procedure and strengthening the evaluation activities. The other was to meet the diverse aid needs of the partner countries through revising the terms and conditions of the loan.

The year 2004 was an important year in getting out from the long recession since the financial crisis.

EDCF Loan Commitment



Operational Results

Loan Commitments



The commitments of new loans in 2004 were KRW 274.7 billion (US\$242.4 million) for 13 projects in 12 developing countries, up 31.5% over the previous year. In 2004, support for the sectors other than the traditionally strongly supported sectors such as education, environment, water supply & sanitation, and government & civil society increased.

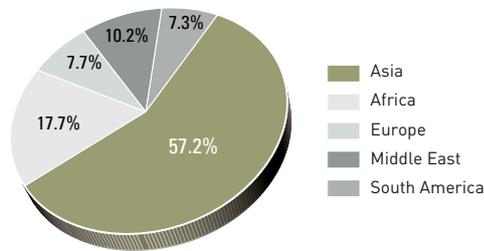
The largest recipient was Kenya with a total commitment amount of KRW29.4 billion (US\$25.0 million) for repair and rehabilitation of the primary national road network. The other major recipients of EDCF for

2004 included Jordan (KRW28.0 billion), Mongolia (KRW27.8 billion), and Vietnam (KRW24.5 billion). Bosnia-Herzegovina, Lao PDR and Tanzania became first-time recipient countries of an EDCF loan in 2004.

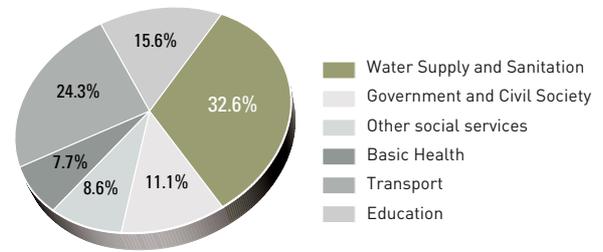
The total commitments reached KRW2,203.2 billion (US\$2,148.9 million) for 126 projects in 39 countries. Asia (65%) accounted for the largest share of commitments, followed by Europe (13%), and America (13%). In terms of sector distribution, transport took the major share (26%), followed by communications (19%), energy (12%), education (12%) and water supply & sanitation (8%).

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• Loan Commitments by Region



• Loan Commitments by Sector



Loan Disbursements

Loan disbursements in 2004 increased to KRW155 billion (US\$150.2 million) from KRW 137 billion (US\$114.4 million), up 13.5% from the previous year. Such increase in disbursements is attributed to expediting the process through the mid-term review of on-going projects and efforts to improve the loan procedure by shortening the time lag required in each stage of the project cycle.

Ex-post Evaluation

The ex-post evaluation is becoming increasingly important with increase in the number of completed EDCF projects and the interest in the effectiveness of the EDCF projects among the public. In 2004, the evaluations were conducted at two different levels. Five projects including the wastewater treatment project in Jordan were evaluated to see whether the project had achieved the intended project objective. Meanwhile, the evaluation on four projects that have been completed for more than three years was carried out in Sri Lanka including the Colombo-Galle Road Rehabilitation project. The ex-post evaluation was conducted to measure the project's overall development impact in the project area and in the recipient country.

The result from these evaluation activities will be utilized for feedback into future EDCF projects to further enhance its effectiveness.

Funding Activities

EDCF has depended solely on public resources to finance its projects since it was established in 1987. More specifically, contributions from the general budget account and borrowing from the government's special budget account have been the major sources of funding.

At the end of 2004, the total size of the fund stood at KRW1,650.5 billion. Of the total amount, 41.2% arose from the general account budget, 12.0% from the special account budget, and the remaining 46.8% from operation profit and reserves.

The 8th EDCF Workshop



EDCF holds annual workshops for government officials of developing countries in order to familiarize the participants with EDCF policies and loan procedures. In 2004, the 8th EDCF workshop was held for 17 participants from 14 countries.

During the 10-day workshop schedule, the participants were busily engaged attending lectures on Korea's ODA policy and development experience and visiting the major industrial sites and historical places in the country. Such collaboration has increased information sharing and improved understanding of commonalities and differences between

EDCF and its partner government officials.

The EDCF will continue to deepen this collaboration in the future, serving as an important venue for government officials from beneficiary countries to understand Korea's ODA goals and processes, improving the shared belief in mutual economic cooperation.

Other Activities

Improvement of the Terms and Conditions

EDCF revised the loan terms and conditions to make its loan more concessional and provide the recipient countries with diverse option to meet the characteristics of the sectors in question.

Furthermore, the EDCF has made efforts to relieve the financial burden of the partner countries by lowering the interest rate by an average of 1.0 percent point. Moreover, it introduced a flexible loan condition whereby the recipient country can choose the interest rate and maturity among three different terms to best suit their demand.

Raising Public Awareness

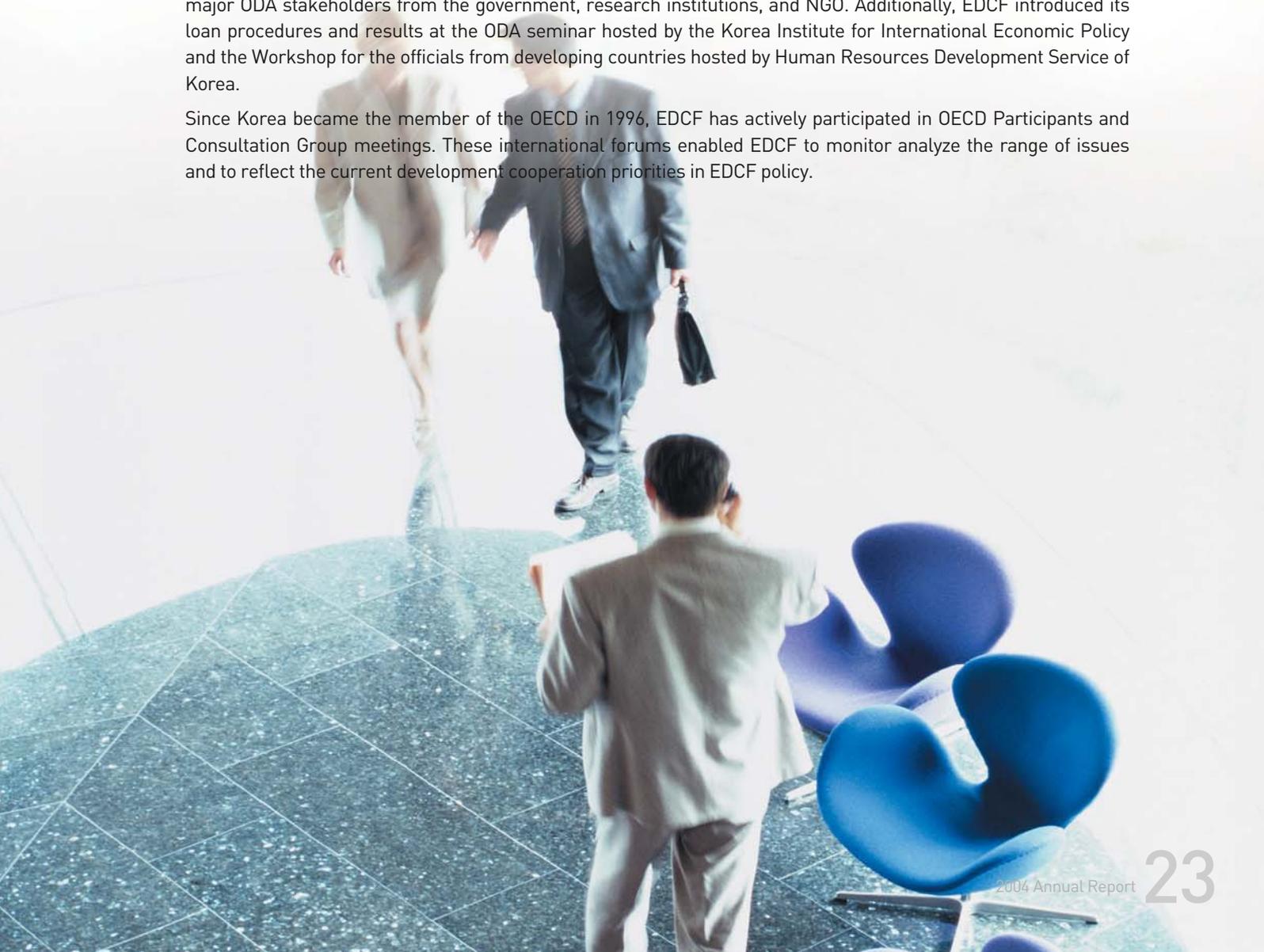
In recent years, the public has shown increasing interest in ODA, and in particular, bilateral programs. EDCF has also given an increasing attention to the importance of its relationships with its stakeholders. Against this background, a documentary on EDCF activities was produced to raise the public awareness of EDCF by KBS, the national broadcaster. The documentary was publicly aired on the national channel and received very positive response from a wide range of viewers interested in the EDCF.

EDCF website is another important channel for promoting EDCF's activities. EDCF strengthened the transparency of its activities by updating on a regular basis the statistics and bidding information on its website.

Workshops and Seminars

EDCF has continued to actively promote its functions and roles through various channels to help build support for EDCF. In November 2004, EDCF participated in the ODA workshop organized by the Presidential Commission on Sustainable Development of Korea. It was a valuable opportunity to discuss the overall context of aid with other major ODA stakeholders from the government, research institutions, and NGO. Additionally, EDCF introduced its loan procedures and results at the ODA seminar hosted by the Korea Institute for International Economic Policy and the Workshop for the officials from developing countries hosted by Human Resources Development Service of Korea.

Since Korea became the member of the OECD in 1996, EDCF has actively participated in OECD Participants and Consultation Group meetings. These international forums enabled EDCF to monitor analyze the range of issues and to reflect the current development cooperation priorities in EDCF policy.



IKCF Activities in 2004

The IKCF was established in 1990 under the South-North Korea Cooperation Fund Law to boost exchanges and cooperation between the two Koreas. Ever since its establishment, the IKCF has made consistent efforts to meet its goals.

Overview

The Bank has operated the government-entrusted Inter-Korean Cooperation Fund (IKCF) since March 20, 1991. The IKCF was established in 1990 under the South-North Korea Cooperation Fund Law to boost exchanges and cooperation between the two Koreas. Ever since its establishment, the IKCF has made consistent efforts to meet its goals.

In 2003, the Bank took on a new role in clearing settlement operations with the Foreign Trade Bank of North Korea as the counterpart representative.



Inter-Korean Development

Since the historic South-North Korea Summit and the Joint Declaration on June 15, 2000, the two Koreas have seen substantial progress in their economic cooperation. They agreed on four aspects, providing an institutional framework of economic cooperation; investment protection, prevention of double taxation, clearing settlement and commercial dispute settlement. Such agreements finally took effect in August 2003. In addition, the South and the North initiated joint projects such as Mt. Geumgang tourism development, Seoul-Shinuiju railway, Munsan-Gaesong highway and Gaesong Industrial Complex.

The trade volume between the two Koreas increased by 64% from US\$425 million in 2000 to US\$697 million in 2004. Starting with the first permit given to Daewoo in 1992, 68 companies have been allowed by the government to form cooperation partnerships with the North. The number of visitors to North Korea has consistently grown to reach 81,470 as of the end of 2004, excluding the tourists to Mt. Geumgang.

Although the Inter-Korean government-level dialogue has come to a halt since the latter half of 2004, joint projects have been carried out relatively well. The Munsan-Gaesong highway and the East Coast highway construction was completed and fully opened to traffic in November 2004. The Seoul-Shinuiju railway and the East Coast railway are to go into operation by 2005. Upon completion, the roads and railways are expected to generate tremendous economic benefits, including a reduction in transportation costs over inter-Korean trade.

The Gaesong Industrial Complex project, combining the capital and technological know-how of South Korea with the labor force of North Korea, was realized in full scale in 2004, as North Korea established and officially announced regulations governing the complex. In June 2004, the construction of the pilot complex was successfully completed, and in December 2004, the very first product was manufactured by LivingArt Co.

The tourism industry in North Korea expanded at a remarkable pace in both its volume and quality in 2004, thanks to the introduction of bus-tour packages in line with the cruise tour. The total number of tourists from South Korea to Mt. Geumgang reached 860,000 by the end of 2004, in merely six years since the tour's launch in 1998. The number of visitors to Mt. Geumgang exceeded 30,000 every month for the first time in July 2004.

Despite the remarkable progress in the cooperation projects such as the Mt. Geumgang tour and the Gaesong Industrial Complex construction, the trade volume in 2004 dropped by 3.8% to US\$697 million from US\$724 million in the previous year, largely due to the sluggish domestic economy in the South.

Assistance Activities

In 2004, the IKCF assisted KRW476.3 billion for 161 projects. The Fund provided KRW37.4 billion in loans to South Korean companies involved in trade and economic cooperative projects, and disbursed KRW 76.1 billion for the construction of railways and highways.

The IKCF assisted humanitarian projects as well as economic ones. It extended KRW122.5 billion to projects conducted by NGOs such as those giving out food and medicine aids. In addition, the IKCF disbursed US\$91 million out of the US\$124 million loan commitment to the Foreign Trade Bank of North Korea in purchasing 400,000 tons of rice. The Fund provided KRW7.4 billion in grants for family reunions, cultural events, academic seminars and visits to North Korea.

The accumulated disbursement stood at KRW3,318 billion as of the end of 2004, up 16.8% from KRW2,841 billion in the previous year.

Furthermore, the IKCF introduced its Loss Insurance Program for Trade and Economic Cooperation in 2004. The Program is designed to support companies investing in and trading with the North by partly compensating their losses caused by emergency situations such as a breakout of political conflicts or unexpected turmoil.

Funding Activities

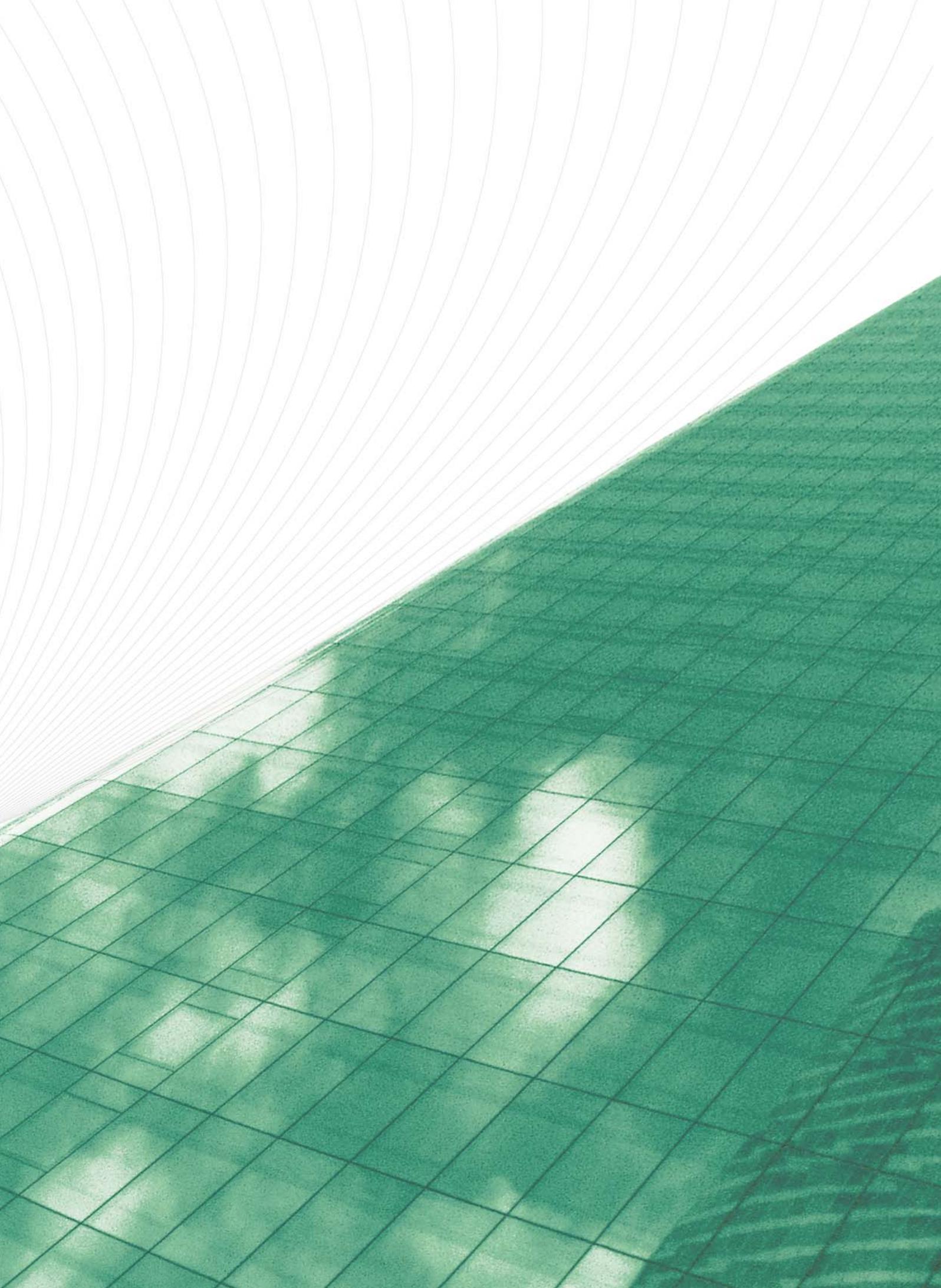
Major funding sources of the IKCF include contributions from the government, borrowings from the Public Capital Management Fund, and reserves and financial returns on the IKCF's portfolio investment.

The total accumulated IKCF resources stood at KRW4,781.7 billion as of December 2004, of which KRW519.8 billion was raised in 2004. Of the accrued amount, 43.8% (KRW2,096 billion) originated from the governmental contributions, 49.2% (KRW2,353 billion) from the Public Capital Management Fund, and 6.9% (KRW330 billion) from the reserves and financial returns.

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Report of Independent Auditors

To the Board of Directors and Shareholders of the Export-Import Bank of Korea

We have audited the accompanying non-consolidated balance sheets of the Export-Import Bank of Korea ("the Bank") as of December 31, 2004 and 2003, and the related non-consolidated statements of income, appropriations of retained earnings and cash flows for the years then ended, expressed in Korean Won. These financial statements are the responsibility of the Company'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 non-consolidated 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, 2004 and 2003, and the results of its operations, the changes in its retained earnings and its cash flows for the years then ended in conformity with accounting principles generally accepted in the Republic of Korea.

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

As discussed in Note 2 to the financial statements, the Bank determined that the increase in volume and duration of loans and guarantees and acceptances expose the Bank to larger risks and accordingly modified its rates for allowances for loan losses and allowances for losses on guarantees and acceptances.

This accounting change was accounted for prospectively, and as a result of the additional allowances for loan losses and the allowances for losses on guarantees and acceptances of ₩75,522 million and ₩153,206 million, respectively, the current year's net income before income tax expenses decreased ₩228,728 million.

As discussed in Note 15 to the financial statements, the Bank sold 30,865,792 shares of Korean Exchange Bank ("KEB") common stocks to LSF-KEB Holdings, SCA ("LSF") on October 30, 2003 at 5,400 KRW per share.

	Classification	Allowance rates before modification	Allowance rates after modification	
			Duration	Allowance rates
Loans	Normal	0.75%	Due in 1year or less	1.50%
		(Small companies 1.90%)	Due after 1year through 3years	1.75%
	Precautionary	10.0% or more	Due after 3years	1.90%
			Small companies	1.90%
			15.0% or more	
Guarantees and acceptances outstanding	Normal	0.5% or more	Due in 1year or less	0.75%
			Due after 1year through 3years	1.50%
	Precautionary	2% or more	Due after 3years	1.75%
				15.0%

According to the call option written by the Bank in the course of the transaction, LSF has the right to purchase the Bank's remaining interest in KEB of 49,134,208 shares within 3 years from the transaction date at a formula-determined price. The ultimate effect of this agreement on the financial position of the Bank as of the balance sheet date cannot be presently determined, and accordingly, no adjustments related to such uncertainties have been recorded in the accompanying non-consolidated financial statements.

Additionally, upon sale of KEB shares by LSF after two years from the transaction date, the Bank and LSF may, with other conditions to the sale satisfied, exercise its rights against the other party to sell or cause to sell any of the Bank's remaining interest in KEB shares under the same conditions as LSF. Under the mutual agreement between the Bank and LSF, the KEB shares held by the Bank are restricted from sale until October 31, 2005.

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 conformity with accounting principles and practices generally accepted in countries and jurisdictions other than the Republic of Korea. In addition, the procedures and practices used 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 non-consolidated financial statements are for use by those who are knowledgeable about Korean accounting principles or auditing standards and their application in practice.

Seoul, Korea
January 21, 2005



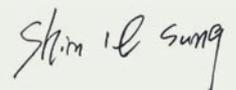
This report is effective as of January 21, 2005, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying non-consolidated financial statements and notes thereto. 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.

Auditor's Statement

I have audited the accompanying balance sheets of The Export-Import Bank of Korea as of December 31, 2004 and 2003, and the related statements of income, 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, 2004 and 2003, and the result of its operation 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 21, 2005



Shin, Il-Sung
Auditor

Non-Consolidated Balance Sheets

[December 31, 2004 and 2003]

	(in millions of Korean Won)	
	2004	2003
Assets		
Cash and due from banks (Note 3, 27)	₩ 69,504	₩ 108,328
Available-for-sale securities (Note 4, 23)	1,835,756	1,556,521
Held-to-maturity securities (Note 4, 23, 25)	78,617	23,985
Investments in associates (Note 4, 23)	91,677	60,731
Loans, net (Note 5, 6, 23, 24, 25)	9,690,668	9,292,610
Fixed assets (Note 7)	47,110	44,215
Other assets (Note 8, 24)	357,291	195,246
Total assets	₩ 12,170,623	₩ 11,281,636
Liabilities and Shareholders' Equity		
Borrowings (Note 9, 23, 25)	1,098,591	3,461,340
Debentures (Note 10, 23, 24)	6,744,001	4,279,590
Other liabilities (Note 12)	783,951	362,172
Total liabilities	₩ 8,626,543	₩ 8,103,102
Commitments and contingencies (Notes 13, 15)		
Capital (Note 16)	2,775,755	2,765,755
Retained earnings (Note 17)	464,086	386,610
Capital adjustments (Note 18)	304,239	26,169
Total shareholders' equity	3,544,080	3,178,534
Total liabilities and shareholders' equity	₩ 12,170,623	₩ 11,281,636

Non-Consolidated Statements of Income

[Years ended December 31, 2004 and 2003]

(in millions of Korean Won)

	2004	2003
Interest income (Note 26)		
Interest on due from banks	₩ 2,145	₩ 1,648
Interest on available-for-sale securities	1,367	1,618
Interest on held-to-maturity securities	1,236	2,049
Interest on loans	406,399	365,321
	411,147	370,636
Interest expenses (Note 26)		
Interest on borrowings	35,532	79,834
Interest on call money	4,283	3,592
Interest on debentures	279,464	176,584
	319,279	260,010
Net interest income	91,868	110,626
Provision for (reversal of) loan losses (Note 6)	(57,057)	53,629
Net interest income after provision for (reversal of) loan losses	148,925	56,997
Non-interest income		
Fees & commission income	149,445	102,710
Dividends on trading securities	-	570
Dividends on available-for-sale securities	9,830	10,549
Gain on foreign currency transactions	10,202	35,948
Gain on derivatives transactions	81,216	57,812
Others (Note 20)	97,115	60,752
	347,808	268,341
Non-interest expenses		
Fees & commission expenses	3,078	2,364
Loss from guarantees and acceptances (Note 13)	181,034	91,430
General and administrative expenses (Note 19)	83,130	72,142
Loss on foreign currency transactions	75,767	16,993
Loss on derivatives transactions	24,445	29,125
Others (Note 20)	45,832	67,046
	413,286	279,100
Operating income	83,447	46,238
Non-operating income, net (Note 21)	22,849	15,243
Net income before income tax expense	106,296	61,481
Income tax expense (Note 22)	28,820	17,398
Net income	₩ 77,476	₩ 44,083

Non-Consolidated Statements of Appropriations of Retained Earnings

[Years ended December 31, 2004 and 2003]

(Date of Appropriation : February 28, 2005 and February 25, 2004
for the year ended December 31, 2004 and 2003, respectively)

	(in millions of Korean Won)	
	2004	2003
Retained earnings before appropriations		
Unappropriated retained earnings carried over from prior year	₩ —	₩ —
Net income	77,476	44,083
	77,476	44,083
Appropriations (Note 17)		
Legal appropriated retained earnings	15,495	8,817
Other reserves	60,431	35,266
Cash dividends	1,550	—
	77,476	44,083
Unappropriated retained earnings carried over to the subsequent year	₩ —	₩ —

Non-Consolidated Statements of Cash Flows

[Years ended December 31, 2004 and 2003]

(in millions of Korean Won)

	2004	2003
Cash flows from operating activities		
Net income	₩ 77,476	₩ 44,083
Adjustments to reconcile net income to net cash used in operating activities		
Realized gain on trading securities, net	-	(975)
Loss (gain) on foreign currency transactions, net	65,565	(18,955)
Provision for (reversal of) loan losses	(57,057)	53,629
Gain on derivatives transactions, net	(56,771)	(28,687)
Loss (gain) on valuation of derivatives, net	(5,763)	16,970
Gain on fair value hedged items, net	(45,323)	(9,436)
Retirement benefits	5,801	6,718
Depreciation and amortization	5,112	5,438
Loss on disposal of fixed assets, net	530	322
Realized gain on available-for-sale securities, net	(9,578)	(50,369)
Impairment loss on available-for-sale securities, net	-	5,721
Unrealized loss (gain) on investment in associates, net	183	(1,086)
Provision for guarantee allowance	181,034	91,430
Other non-operating expense	2,587	27,565
Others, net	(10,706)	(2,648)
Changes in assets and liabilities resulting from operations, net		
Loans	(425,041)	(683,620)
Payment of retirement benefits	(1,230)	(1,311)
Guarantee deposits	(2,753)	(2,465)
Accounts receivable	222	8,869
Accrued income	(36,376)	(6,500)
Prepaid expenses	279	9,082
Deferred tax assets	(78,174)	(32,353)
Other assets	(2,788)	52,480
Domestic exchange payables	143,525	37,333
Accounts payable	8,707	(40,024)
Accrued expenses	46,854	(797)
Unearned income	30,761	(1,341)
Guarantee deposits received	-	(863)
Other liabilities	1,397	4,530
Net cash used in operating activities	(161,527)	(517,260)

Non-Consolidated Statements of Cash Flows

[Years ended December 31, 2004 and 2003]

	(in millions of Korean Won)	
	2004	2003
Cash flows from investing activities		
Decrease in trading securities	₩ -	₩ 16,200
Decrease in available-for-sale securities	38,639	323,343
Decrease (increase) in held-to-maturity securities	(54,632)	13,314
Acquisition of investment in associates	(36,961)	-
Dividend from investment in associates	-	143
Proceeds from disposal of fixed assets	243	72
Acquisition of fixed assets	(7,671)	(12,762)
Acquisition of intangible assets	(1,109)	(3,229)
Decrease in net derivative assets	45,703	10,731
Net cash provided by (used in) investing activities	(15,788)	347,812
Cash flows from financing activities		
Decrease in borrowings, net	(2,767,228)	(1,201,044)
Increase (decrease) in call money, net	406,594	(237,721)
Increase in debentures, net	2,489,125	1,631,962
Increase in capital	10,000	40,000
Net cash provided by financing activities	138,491	233,197
Net (decrease) increase in cash and cash equivalents	(38,824)	63,749
Cash and cash equivalents, Beginning of year	108,328	44,579
End of year (Note 27)	₩ 69,504	₩ 108,328

Notes to Non-Consolidated Financial Statements

[December 31, 2004 and 2003]

1. The Bank

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 eight domestic branches, four overseas subsidiaries, and ten overseas offices as of December 31, 2004.

As of December 31, 2004, the Bank has ₩4,000,000 million of authorized capital, of which ₩2,775,755 million has been paid-in. The Bank is 52.50%, 41.97% and 5.53% 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, 2004.

The Bank, as an agent of the Government, has managed The Economic Development Cooperation Fund and the Inter-Korean 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. The Bank receives fees from the government for the management of these funds.

2. Summary of Significant Accounting Policies

The significant accounting policies followed by the Bank in the preparation of its non-consolidated financial statements are summarized below.

Basis of Financial Statement Presentation

The Bank maintains its 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. 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. The accompanying financial statements have been condensed, restructured and translated into English from the Korean language non-consolidated financial statements. Certain information attached to the Korean language financial statements, but not required for a fair presentation of the Company’s financial position, results of operations, or cash flows, is not presented in the accompanying non-consolidated financial statements.

Application of the Statements of Korean Financial Accounting Standards

The Bank has adopted statements of Korean Financial Accounting Standards (“SKFAS”) No.1 through 10, 12 and 13 (SKFAS No. 10, 12 and 13 have been effective as of January 1, 2004) in the preparation of its financial statements. Except for the adoption of these SKFAS, the same accounting policies are applied for the financial statements as of and for the year ended December 31, 2004 and as of and for the year ended December 31, 2003.

Notes to Non-Consolidated Financial Statements

[December 31, 2004 and 2003]

Recognition of Interest Income

The Bank recognizes interest income on loans on an accrual basis. However, interest income on delinquent and dishonored loans, other than those collateralized with security deposits or guaranteed by financial institutions, is recognized on a cash basis. Interest accrued but not recognized amounted to ₩6,529 million and ₩5,494 million as of December 31, 2004 and 2003.

Foreign Currency Translation

All assets and liabilities denominated in foreign currencies are translated into Korean won at the rates in effect at the balance sheet date (2004: ₩1,043.8:US\$1, 2003: ₩1,197.8:US\$1), and resulting translation gains and losses are recognized in the current period.

Securities

Securities that are bought and held principally for the purpose of generating profits on short-term differences in price, and which are actively and frequently bought and sold, are classified as trading securities. Debt securities with fixed or determinable payments and fixed maturity, and which the Bank has the positive intent and ability to hold to maturity are classified as held-to-maturity securities. Investments neither classified as trading securities nor held-to-maturity securities are classified as available-for-sale securities.

Securities are recognized initially at their fair value plus transaction costs that are directly attributable to the acquisition. The Bank uses the moving average method and specific identification method for determining the carrying value of equity securities and debt securities, respectively.

Trading and available-for-sale debt securities are carried at fair value using the quoted prices provided by bond pricing service institutions. Held-to-maturity debt securities are carried at amortized cost.

Marketable equity securities are carried at market prices provided by the beneficiary certificate dealers. However, non-marketable equity securities are carried at fair value only if the fair value is reasonably measurable. Otherwise, they are carried at cost.

Unrealized gains or losses on trading securities are charged to current operations and those resulting from available-for-sale securities are recorded as capital adjustments. Premiums and discounts on debt securities are amortized over the maturity period of the debt securities using the effective interest method.

Impairment losses are recognized in the current operations when there is evidence of impairment and recoverable amounts of available-for-sale securities or held-to-maturity securities are less than either the acquisition cost of equity securities or the amortized cost of debt securities. Unrealized gains or losses on available-for-sale or held-to-maturity securities that had not been recognized through income are realized when the related securities are disposed of.

Investments in Associates

Investments in associates, over which the Bank exercises significant control or influence, are accounted for using the equity method. Under the equity method, the Bank records changes in its proportionate ownership of the associate in the current operations either as capital adjustments, adjustments to retained earnings or charges to net

Notes to Non-Consolidated Financial Statements

[December 31, 2004 and 2003]

income(loss), depending on the nature of the underlying change in the book value of the investment in associate.

The Bank discontinues the equity method of accounting for investments in associates when the Bank's share of accumulated losses of the associates equals the costs of the investments and until the subsequent cumulative changes in its proportionate net income of the associate equal its cumulative proportionate net losses not recognized during the periods when the equity method was suspended.

Differences between the initial purchase price and the Bank's initial proportionate ownership of the net book value of the associate are amortized or accreted using an appropriate method and the resulting amortization is charged to current operations.

Gains and losses recorded by the Bank from inter-company transactions with associates are fully eliminated. Gains and losses recorded by the associates from these transactions are proportionately eliminated, based on the Bank's percentage of ownership.

Allowances for Loan Losses

The Bank determines the credit risk classification of corporate loans using a certain scale based on the Bank's internal credit rating system, the Forward Looking Criteria (FLC), and other factors such as days in arrears, insolvency and result of financial transactions. Allowances are determined by applying the rates of each credit risk classification. This credit rating model considers financial and non-financial factors of borrowers and classifies the borrowers' credit risk. Provisions are determined by applying the following percentages to the various credit ratings.

	Credit Ratings	Provision Percentage
Normal	P1 ~ P6	1.5% ~ 1.9%
Precautionary	SM	15% or more
Sub-standard	S	20% or more
Doubtful	D	50% or more
Estimated loss	F	100%

Provisions are applied to all loans except for call loans and inter-bank loans, which are classified as "Normal".

The Bank determined that the increase in volume and duration of loans expose the Bank to larger risks and accordingly modified its rates for allowances for loan losses.

Classification	Allowance rates before modification	Allowance rates after modification	
		Duration	Allowance rates
Normal	0.75% (Small companies 1.90%)	Due in 1year or less	1.50%
		Due after 1year through 3years	1.75%
		Due after 3years	1.90%
		Small companies	1.90%
Precautionary	10.0% or more		15.0% or more

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This accounting change was accounted for prospectively, and as a result of the additional allowances for loan losses of ₩74,780 million and ₩742 million have been provided for normal and pre-cautionary loans, respectively, and the current year's net income before income tax expense decreased by ₩75,522 million.

Troubled Debt Structuring

The equity interest in the debtors, net of real estates and/or other assets received as full or partial satisfaction of the Bank's loans, collected through reorganization proceedings, court mediation, or debt restructuring agreements of parties concerned, are recorded at their fair value at the time of the restructuring. In cases where the fair value of the assets received are less than the book value of the loan (book value before allowances), the Bank offsets the book value against allowances for loans first and then recognizes provisions for loans.

Impairment losses for loans, which were restructured in a troubled debt restructuring involving modification of terms, are computed using the difference between the present value of future cash flows under debt restructuring agreements discounted at effective interest rates at the time when loans are originated, and the book value before allowances for loans. If the amount of allowances already established is less than the impairment losses under the workout plans, the Bank establishes additional allowances for the difference. Otherwise, the Bank reverses the excess allowances for loan losses.

After the above adjustments to loans from troubled debt structuring, the Bank separately establishes additional allowances for its loans based on the present value of loans considering the credit status of the borrower.

Before the adoption of SKFAS No. 13, Troubled Debt Structuring, the difference between the nominal value and the present value of loan under troubled debt structuring agreements was recorded as present value discounts and was presented separately as a deduction from the loan nominal value. However, in accordance with the Bank's adoption of SKFAS No. 13, unamortized present value discounts as of the beginning of the previous period were reclassified into allowances for loan losses.

Fixed Assets and Related Depreciation

Tangible assets are recorded at cost, except for upward revaluation of certain assets in accordance with the Korean Asset Revaluation Law. 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, and is presented as accumulated depreciation, which is a contra account of tangible assets in the financial statements.

Tangible Assets	Depreciation Method	Estimated Useful Life
Buildings	Straight-line method	10~60years
Vehicles	Declining balance	4 years
Furniture and fixtures	Declining balance	4~20 years

Expenditures that enhance the value or extend the useful life of the related assets are capitalized as additions to tangible assets. Routine maintenance and repairs are recognized as expenses when incurred.

Intangible assets consist of manufacturing or purchasing costs and acquisition costs, which are amortized based on a straight-line method with estimated useful lives of 5 years and are presented in the financial statements, net of accumulated amortization.

Notes to Non-Consolidated Financial Statements

[December 31, 2004 and 2003]

The Bank adjusts the book value of a fixed asset to its recoverable amount and recognizes the difference as an impairment loss when the recoverable amount is significantly below the book value due to obsolescence or decline in market value. The subsequent increase in recoverable amount in excess of the book value is recognized, to the extent of the original book value before impairment, as reversal of fixed asset impairment losses.

Debenture Issuance Costs

Debenture issuance costs are recorded as discounts on debentures and amortized over the maturity period of the debentures using the effective interest method.

Accrued Retirement Benefits

Employees and directors with more than one year of service as of the balance sheet date are entitled to receive a lump-sum payment upon termination of their employment with the Bank, based on their length of service and rate of pay at the time of termination. Additionally, the Bank records the contributions to pension funds, which grant the payment rights to its employees, and contributions to the National Pension Fund, as contra accounts of accrued severance benefits.

Outstanding Guarantees and Acceptances and Allowances for Losses on Guarantees and Acceptances

Up to December 31, 2003, the Bank applied the credit risk classification used for loans to outstanding guarantees and acceptances, and provided allowances for losses of 0.5%, 2%, 20%, 50% and 100% on outstanding guarantees and acceptances classified as normal, precautionary, sub-standard, doubtful, and estimated loss, respectively.

The Bank determined that the increase in volume and duration of guarantees and acceptances expose the Bank to larger risks and accordingly modified its rates for allowances for losses on guarantees and acceptances.

Classification	Allowance rates before modification	Allowance rates after modification	
		Duration	Allowance rates
Normal	0.5% or more	Due in 1year or less	0.75%
		Due after 1year through 3years	1.50%
		Due after 3years	1.75%
Precautionary	2% or more		15.0%

This accounting change was accounted for prospectively, and as a result of the additional allowances for losses on guarantees and acceptances of ₩122,758 million and ₩30,448 million have been provided for normal and precautionary guarantees and acceptances, respectively, and the current year's net income before income tax expense decreased by ₩153,206 million.

Deferred Income Taxes

The Bank recognizes deferred income taxes for anticipated future tax consequences resulting from temporary differences between amounts reported for financial reporting and income tax purposes. By directly adjusting of retained earnings, the Bank records the tax effects of temporary differences arising from the cumulative effects of accounting changes or that arising from adjusting losses and profits on prior period to prior year's unappropriated retained earnings.

Notes to Non-Consolidated Financial Statements

[December 31, 2004 and 2003]

Derivative Instruments

Derivative instruments for trading or hedging purpose are recorded at fair value and the resulting unrealized gains and losses are recognized in the current operations, except for the effective portion of derivative transactions entered into for the purpose of cash-flow hedges, which is recorded as an adjustment to shareholders' equity.

The Bank applied fair value hedge accounting to a derivative instruments with the purposes of hedging the exposure to changes in the fair value of assets or a liabilities or a firm commitments that is attributable to the particular risk. The gain or loss, both on the hedging derivative instrument and on the hedged item attributable to the hedged risk, is reflected in the current operations.

Cash flow hedge accounting is applied to a derivative instrument with the purpose of hedging the exposure to variability in expected future cash flows of an asset or a liability or a forecasted transaction that is attributable to a particular risk. The effective portion of the gain or loss on a derivative instrument designated as a cash flow hedge is recorded as a capital adjustment and the ineffective portion is recognized in the current operations. The effective portion of the gain or loss recorded as a capital adjustment is reclassified to current operations in the same period during which the hedged forecasted transaction affects earnings. If the hedged transaction results in the acquisition of an asset or the incurrence of a liability, the gain or loss recognized as a capital adjustment is added to or deducted from the asset or the liability.

Statement of Cash Flows

In the preparation of the statement of cash flows, the Bank has presented net amounts of cash inflows and cash outflows for items where the turnover is quick and the amounts are large.

Earnings Per Share

Earnings per share is not computed because the capital of the Bank does not stem from stock issuance.

3. Due from Banks

Due from banks as of December 31, 2004 and 2003 are as follows (in millions of Korean won):

Due from banks in won		2004.12.31	2003.12.31
Current deposits	Kookmin Bank and others	₩ 1,081	₩ 1,230
Certificates of Deposits	-	-	59,403
Other deposits	Industrial Bank of Korea	4,300	6,257
Due from banks in foreign currencies		5,381	66,890
Current deposits	Korea Exchange Bank	24,746	31,881
Demand deposits	Commerzbank and others	36,867	9,247
Off-shore due from banks on demand	Deutsche Bank and others	2,510	310
		64,123	41,438
		₩ 69,504	₩ 108,328

The maturities of due from banks as of December 31, 2004 are less than 3 months.

Notes to Non-Consolidated Financial Statements

[December 31, 2004 and 2003]

4. Securities

Available-for-sale and held-to-maturity securities as of December 31, 2004 are as follows:

(in millions of Korean Won)

Available-for-sale	Impairment		Capital adjustments		Book value
	Reversal of	Loss	Gain	Loss	
Equity securities	₩ -	₩ -	₩ 302,776	₩ 10	₩ 1,822,674
Investment in funds	-	-	-	-	656
Government and municipal Bonds	-	-	-	-	1
Corporate bonds	-	-	1,303	-	12,425
	₩ -	₩ -	₩ 304,079	₩ 10	₩ 1,835,756

(in millions of Korean Won)

Held-to-maturity	Impairment		Unrealized		Book value
	Reversal of	Loss	Gain	Loss	
Government and municipal	-	-	-	-	-
Bonds	₩ -	₩ -	₩ -	₩ -	₩ 63,300
Corporate bonds	-	-	-	-	15,317
	₩ -	₩ -	₩ -	₩ -	₩ 78,617

Available-for-sale and held-to-maturity securities as of December 31, 2003 are as follows:

(in millions of Korean Won)

Available-for-sale	Impairment		Capital adjustments		Book value
	Reversal of	Loss	Gain	Loss	
Equity securities	₩ -	₩ 5,721	₩ 123,149	₩ 99,346	₩ 1,527,796
Investment in funds	-	-	-	-	1,056
Corporate bonds	-	-	2,366	-	27,669
	₩ -	₩ 5,721	₩ 125,515	₩ 99,346	₩ 1,556,521

(in millions of Korean Won)

Held-to-maturity	Impairment		Unrealized		Book value
	Reversal of	Loss	Gain	Loss	
Corporate bonds	₩ -	₩ -	₩ -	₩ -	₩ 23,985
	₩ -	₩ -	₩ -	₩ -	₩ 23,985

Notes to Non-Consolidated Financial Statements

[December 31, 2004 and 2003]

As of December 31, 2004 and 2003 available-for-sale securities (equity securities and investment in funds) are as follows :

(in millions of Korean Won)

	Companies	Number of shares	2004.12.31		2003.12.31	
Marketable	Korea Exchange Bank ^{2*}	89,448,595	₩	769,258	₩	565,315
	Industrial Bank of Korea	40,501,153		294,038		267,307
	Hyundai Corporation ^{2*}	798,200		2,746		2,410
	Daewoo International Corporation ^{2*}	10,996,400		114,363		80,274
	SK Networks Co., Ltd. ^{2*}	12,891,100		86,834		54,783
	SK Networks Co., Ltd. (Preferred Stock) ^{2*}	1,077,804		59,562		50,478
	Daewoo Precision Industries Co., Ltd.	23,100		398		358
	Others	50,873		307		15,042
				1,327,506		1,035,967
Non-marketable	Industrial Bank of Korea (Preferred Stock)	6,210,000		42,830		40,986
	Daewoo Electronics Corp ^{2*}	224,580		1,024		791
	Korea Highway Corporation ^{1*}	45,000,000		450,000		450,000
	Korea Asset Management Corporation	120,000		600		600
	Korea Ship Finance Co., Ltd.	254,000		1,270		-
	Koryo	3,312		-		-
	Orion Electric Co., Ltd.	435,410		-		-
	Daewoo Precision Industries Co., Ltd. (Preferred Stock)	7,700		39		39
	Korea Money Broker Corp.	-		56		56
	Korea Data Systems Co., Ltd.	27,323		5		13
	Others	-		-		400
				495,824		492,885
				₩	1,823,330	₩

1* Acquisition cost of equity invested by Korean government is recorded at the larger of the denomination amount and the fair value at acquisition in accordance with the Investment in Kind of National Property Act §4. 6

2* As of December 31, 2004, the above investment securities are restricted from sale

Available-for-sale equity securities of which the fair value cannot be reasonably measured as of December 31, 2004 are as follows:

(in millions of Korean Won)

	Acquisition cost		Book value	
Korea Highway Corporation	₩	450,000	₩	450,000
Korea Asset Management Corporation		600		600
Korea Ship Finance Co., Ltd.		1,270		1,270
Koryo		500		-
Daewoo Precision Industries Co., Ltd. (Preferred Stock)		39		39
Korea Money Broker Corp.		56		56
Others.		4,293		-
	₩	456,758	₩	451,965

Notes to Non-Consolidated Financial Statements

[December 31, 2004 and 2003]

As of December 31, 2004 and 2003, investments in associates are as follows:

(in millions of Korean Won)

	Owner-ship(%)	Acquisition cost	Beginning balance ^{1*}	Equity method			Book value ^{2*}	
				Net income	Retained earnings	Capital adjustments	2004.12.31	2003.12.31
KEXIM Bank UK Limited	100.00	₩ 42,585	₩ 42,267	₩ 1,778	₩ -	₩ -	₩ 44,045	₩ 44,798
KEXIM Vietnam Leasing Co.	100.00	15,109	9,313	(2,278)	-	-	7,035	7,093
PT. KOEXIM Mandiri Finance	85.00	5,779	8,796	749	-	-	9,545	8,840
KEXIM Asia Limited	100.00	31,314	31,314	(432)	-	170	31,052	-
		₩ 94,787	₩ 91,690	₩ (183)	₩ -	₩ 170	₩ 91,677	₩ 60,731

1* The beginning balance is the prior year's book value adjusted by dividends and changes in foreign exchange rates.

2* The book value as of December 31, 2004 and 2003 is based on unaudited financial statements.

As of December 31, 2004, differences between the initial purchase price and the Bank's initial proportionate ownership of the net book value of the associates are as follows:

(in millions of Korean Won)

	Beginning balance	Increase	Reversal of amortization	Book value
PT. KOEXIM Mandiri Finance	₩ -	₩ (391)	₩ -	₩ (391)

Investment securities risk concentrations as of December 31, 2004 and 2003 are as follows:

(in millions of Korean Won)

	2004.12.31		2003.12.31	
	Book value	Ratio(%)	Book value	Ratio(%)
By Country				
Korea	₩ 1,899,413	94.68%	₩ 1,556,807	94.86%
England	44,045	2.20%	44,798	2.73%
Indonesia	9,544	0.48%	8,840	0.54%
Malaysia	5,923	0.30%	7,276	0.44%
Vietnam	7,035	0.35%	7,093	0.43%
India	5,671	0.28%	6,562	0.40%
Philippines	-	0.00%	6,049	0.37%
Hongkong	34,419	1.71%	3,812	0.23%
	₩ 2,006,050	100.00%	₩ 1,641,237	100.00
By Type				
Fixed rate bonds	₩ 20,776	1.03%	₩ 36,011	2.19%
Floating rate bonds	6,966	0.35%	14,403	0.88%
Equity securities	1,915,007	95.46%	1,589,583	96.85%
Convertible bonds	-	0.00%	1,240	0.08%
Government and municipal bonds	63,301	3.16%	-	0.00%
	₩ 2,006,050	100.00%	₩ 1,641,237	100.00
By Industry				
Financial institutions	₩ 1,214,842	60.56%	₩ 961,371	58.58%
Public companies	513,956	25.62%	450,656	27.45%
Wholesale or retail industries	263,662	13.14%	188,045	11.46%
Manufacturing industries	10,218	0.51%	23,154	1.41%
Construction industries	-	0.00%	13,786	0.84%
Service industries	3,372	0.17%	4,225	0.26%
	₩ 2,006,050	100.00%	₩ 1,641,237	100.00%

Notes to Non-Consolidated Financial Statements

[December 31, 2004 and 2003]

The maturities of the available-for-sale and held-to-maturity securities, excluding equity securities and investment in funds, as of December 31, 2004 are summarized as follows:

(in millions of Korean Won)

Maturities	Available-for-sale		Held-to-maturity	
	Book value	Fair value	Book value	Fair value
Due in 1 year or less	₩ -	₩ -	₩ 70,267	₩ 70,267
Due after 1 year through 5 years	12,426	12,426	8,350	8,350
Due after 5 years through 10 years	-	-	-	-
Due after 10 years	-	-	-	-
	₩ 12,426	₩ 12,426	₩ 78,617	₩ 78,617

5. Loans

Loans as of December 31, 2004 and 2003 are as follows:

(in millions of Korean Won)

		2004.12.31	2003.12.31
Loans in won	Loans for exporting funds	₩ 1,089,989	₩ 828,000
	Loans for overseas investments	17,172	10,061
	Loans for importing funds	474,313	340,288
	Others	216,983	239,674
	Privately placed debentures	7,770	7,770
	Loans for debt-equity swap ^{2*}	11,952	49,611
		1,818,179	1,475,404
Loans in foreign currencies	Loans for exporting funds	3,540,519	3,330,688
	Loans for overseas investments	1,494,029	1,248,638
	Loans with trade bill rediscounts	632,570	489,898
	Loans for importing funds	635,935	347,641
	Off-shore loans in foreign currency	484,521	658,262
	Domestic import usance bills	95,847	81,955
	Privately placed debentures	41,752	9,582
	Inter-bank loans in foreign currency	66,726	480,229
	Others	11,887	27,734
		7,003,786	6,674,627
	Adjustment on loans in foreign currencies ^{1*}	20,410	-
		7,024,196	6,674,627
Bills bought in won		300,432	473,912
Bills bought in foreign currencies		384,368	360,530
Advances for customers		869	15,666
Call loans	In won	100,800	197,000
	In foreign currencies	518,769	582,730
		619,569	779,730
Allowances for loan losses(Note6)		(456,945)	(487,259)
		₩ 9,690,668	₩ 9,292,610

1* The Bank entered into interest rate swap contracts to hedge fair value changes of fixed rate foreign loan commitments and recognized the effective portion of the valuation gain/loss on the commitments as adjustment on loans in foreign currencies.

2* The loans, or portions thereof, that are approved for debt restructuring by issuance or grant of equity are separately classified as loans for debt-equity swap as of the agreement date. The loans for debt-equity swap are stated at the lower of nominal amount or the fair value of the to-be-converted equity. The difference between the nominal amount and the fair value of the equity is adjusted in the related allowance for loan losses.

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[December 31, 2004 and 2003]

Loan risk concentrations by industry as of December 31, 2004 are as follows:

(in millions of Korean Won)

	Loans in won	Loans in foreign currencies ^{1*}	Others	Total	Percentage(%)
Corporate					
Manufacturing industries	₩ 1,562,958	₩ 2,605,389	₩ 291,506	₩ 4,459,853	44.04
Financial institutions	1,801	1,640,405	757,624	2,399,830	23.70
Transport industries	-	1,151,039	195,714	1,346,753	13.30
Wholesale or retail industries	250,630	400,337	29,993	680,960	6.72
Construction industries	-	213,604	-	213,604	2.11
Real estate activities	-	227,398	-	227,398	2.25
Others	2,790	611,461	30,401	644,652	6.36
	1,818,179	6,849,633	1,305,238	9,973,050	98.48
Public and others	-	154,153	-	154,153	1.52
	₩ 1,818,179	₩ 7,003,786	₩ 1,305,238	₩ 10,127,203	100.00

1* The adjustment on loans in foreign currencies is not included.

Loan risk concentrations by industry as of December 31, 2003 are as follows:

(in millions of Korean Won)

	Loans in won	Loans in foreign currencies	Others	Total	Percentage(%)
Corporate					
Manufacturing industries	₩ 1,164,275	₩ 2,378,475	₩ 348,288	₩ 3,891,038	39.79
Financial institutions	1,801	1,925,254	815,105	2,742,160	28.04
Transport industries	-	209,456	321,717	531,173	5.43
Wholesale or retail industries	305,238	630,879	-	936,117	9.57
Construction industries	2,000	196,449	-	198,449	2.03
Real estate activities	-	472,187	-	472,187	4.83
Others	2,090	705,223	144,728	852,041	8.71
	1,475,404	6,517,923	1,629,838	9,623,165	98.40
Public and others	-	156,704	-	156,704	1.60
	₩ 1,475,404	₩ 6,674,627	₩ 1,629,838	₩ 9,779,869	100.00

Loan risk concentrations by industry as of December 31, 2004 are as follows:

(in millions of Korean Won)

	Loans in won	Loans in foreign currencies	Others	Total	Percentage(%)
Asia					
Korea	₩ 708,316	₩ 488,054	₩ 308,341	₩ 1,504,711	14.86
China	82,900	720,864	108,571	912,335	9.01
Iran	11,223	572,944	259,272	843,439	8.33
Indonesia	4,520	430,118	6,811	441,449	4.36
Japan	218,838	149,051	1,980	369,869	3.65
Vietnam	1,634	210,115	26,285	238,034	2.35
India	9,230	152,261	6,123	167,614	1.65
Others	153,004	571,399	138,280	862,683	8.52
	1,189,665	3,294,806	855,663	5,340,134	52.73

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[December 31, 2004 and 2003]

		Loans in won	Loans in foreign currencies	Others	Total	Percentage(%)
Europe	Russia	150	425,687	6,379	432,216	4.27
	Greece	63,000	242,147	1,982	307,129	3.03
	England	7,500	133,787	128,219	269,506	2.66
	Germany	17,053	52,435	114,324	183,812	1.82
	Others	1,550	289,634	159,380	450,564	4.45
		89,253	1,143,690	410,284	1,643,227	16.23
America	USA	459,441	884,128	26,704	1,370,273	13.53
	Mexico	67	476,829	356	477,252	4.71
	Canada	11,670	393,168	-	404,838	4.00
	Others	51,034	252,408	6,562	310,004	3.06
		522,212	2,006,533	33,622	2,562,367	25.30
Africa	South Africa Rep.	-	475,177	75	475,252	4.69
	Others	270	10,073	821	11,164	0.11
		270	485,250	896	486,416	4.80
Oceania	Australia, etc.	16,779	73,507	4,773	95,059	0.94
		₩ 1,818,179	₩ 7,003,786	₩ 1,305,238	₩ 10,127,203	100.00

Loan risk concentrations by country as of December 31, 2003 are as follows:

(in millions of Korean Won)

		Loans in won	Loans in foreign currencies	Others	Total	Percentage(%)
Asia	Korea	₩ 484,440	₩ 656,543	₩ 308,490	₩ 1,449,473	14.82
	China	62,145	613,947	133,212	809,304	8.28
	Iran	12,800	257,679	365,238	635,717	6.50
	Indonesia	3,420	404,689	7,486	415,595	4.25
	Japan	137,701	26,943	-	164,644	1.68
	Vietnam	5,551	296,279	9,567	311,397	3.18
	India	450	240,503	-	240,953	2.47
	Others	115,823	371,415	333,495	820,733	8.39
		822,330	2,867,998	1,157,488	4,847,816	49.57
Europe	Russia	1,970	214,070	-	216,040	2.21
	Greece	121,721	197,900	5,040	324,661	3.32
	England	3,000	255,054	-	258,054	2.64
	Germany	69,271	137,163	60,301	266,735	2.73
	Others	3,550	358,979	319,462	681,991	6.97
		199,512	1,163,166	384,803	1,747,481	17.87
America	USA	360,393	874,826	22,475	1,257,694	12.86
	Mexico	67	647,017	2,560	649,644	6.64
	Canada	2,120	324,817	34,421	361,358	3.70
	Others	42,849	431,514	320	474,683	4.85
		405,429	2,278,174	59,776	2,743,379	28.05
Africa	South Africa Rep.	13,716	95,326	-	109,042	1.12
	Others	6,867	200,742	22,519	230,128	2.35
		20,583	296,068	22,519	339,170	3.47
Oceania	Australia, etc.	27,550	69,221	5,252	102,023	1.04
		₩ 1,475,404	₩ 6,674,627	₩ 1,629,838	₩ 9,779,869	100.00

Notes to Non-Consolidated Financial Statements

[December 31, 2004 and 2003]

As of December 31, 2004, restructured loans due to workout plans or other similar restructuring programs are as follows:

(in millions of Korean Won)

	Period (in years)	Adjusted interest rate(%)	Balance	Present value discount
Court receivership and mediation	1~8	2.00~5.30	₩ 9,920	₩ 1,259
Workout	1	2.03	578	44
Individual agreements ¹	9~21	4.12~7.05	335,586	59,590
			₩ 346,084	₩ 60,893

1* The Bank has overdue Russian loans amounting to USD 422 million (the principal and interest amounting to USD 262 million and USD 160 million, respectively). In accordance with the agreement between the Republic of Korea and Russia, as of February 20, 2004, the Bank collected USD 52 million, partially exempted the interest of USD 123 million, and restructured the remaining loan balances of USD 247 million. As of December 31, 2004, among aforementioned restructured loan balances and present value discounts, the amounts related to the Russian loans are USD 257,656 million and USD 46,973 million, respectively.

As of December 31, 2003, restructured loans due to workout plans or other similar restructuring programs are as follows:

(in millions of Korean Won)

	Period (in years)	Adjusted interest rate(%)	Balance	Present value discount
Court receivership and mediation	2~9	2.63~12.00	₩ 13,174	₩ 1,834
Workout	1~2	2.68~13.84	52,206	2,531
Individual agreements	2~14	5.30~7.05	70,954	16,186
			₩ 136,334	₩ 20,551

The movements in allowance for loan losses(present value discounts) related restructured loans for the year ended December 31, 2004 are as follows :

(in millions of Korean Won)

	Beginning balance	Increase	Decrease	Ending balance
Allowance for loan losses (present value discounts)	₩ 20,551	₩ 49,259	₩ 8,917	₩ 60,893

The maturities of loans as of December 31, 2004 are summarized as follows:

(in millions of Korean Won)

	Loans in won	Loans in foreign currencies	Bills bought	Advances for customers	Call loans	Total
Due in 3 months or less	₩ 529,109	₩ 1,008,438	₩ 236,702	₩ 869	₩ 619,569	₩ 2,394,687
Due after 3 months to 6 months	740,076	874,347	104,544	-	-	1,718,967
Due after 6 months to 1 year	112,871	716,554	35,192	-	-	864,617
Due after 1 year to 2 years	89,705	609,076	24,689	-	-	723,470
Due after 2 years to 3 years	227,367	683,639	27,392	-	-	938,398
Due after 3 years to 4 years	58,700	337,603	108,911	-	-	505,214
Due after 4 years to 5 years	60,351	230,588	71,175	-	-	362,114
Due after 5 years	-	2,543,541	76,195	-	-	2,619,736
	₩ 1,818,179	₩ 7,003,786	₩ 684,800	₩ 869	₩ 619,569	₩ 10,127,203

Notes to Non-Consolidated Financial Statements

[December 31, 2004 and 2003]

6. Allowances for Loan Losses

As of December 31, 2004 and 2003, allowances for loan losses are as follows:

	(in millions of Korean Won)	
	2004.12.31	2003.12.31
Loans in won	₩ 160,324	₩ 161,492
Loans in foreign currencies	252,403	282,651
Bills bought in won and foreign currencies	44,204	40,585
Advances for customers	13	2,501
Suspense receivable as credit	1	30
Total	₩ 456,945	₩ 487,259

As of December 31, 2004, allowances for loan losses by credit risk classification are as follows :

		(in millions of Korean Won)					
		Normal	Precautionary	Substandard	Doubtful	Estimated loss	Total
Loans in won	Balance	₩ 1,561,883	₩ 7,222	₩ 225,145	₩ 15,130	₩ 8,799	₩ 1,818,179
	Allowance	25,892	1,350	110,208	14,075	8,799	160,324
	Ratio(%)	1.66	18.69	48.95	93.03	100.00	8.82
Loans in foreign currencies	Balance	6,579,667	308,955	6,807	40,650	981	6,937,060
	Allowance	114,502	95,518	2,887	38,515	981	252,403
	Ratio(%)	1.74	30.92	42.41	94.75	100.00	3.64
Bills bought	Balance	602,593	59,683	17,229	-	5,295	684,800
	Allowance	10,128	20,339	8,442	-	5,295	44,204
	Ratio(%)	1.68	34.08	49.00	-	100.00	6.46
Advances for customers	Balance	869	-	-	-	-	869
	Allowance	13	-	-	-	-	13
	Ratio(%)	1.50	-	-	-	-	1.50
Total ^{1*}	Balance	₩ 8,745,012	₩ 375,860	₩ 249,181	₩ 55,780	₩ 15,075	₩ 9,440,908
	Allowance	150,535	117,207	121,537	52,590	15,075	456,944
	Ratio(%)	1.72	31.18	48.77	94.28	100.00	4.84

1* The above amounts of loans are except for call loans, bonds purchased under resale agreements, inter-bank loans, adjustment on loans in foreign currencies

Notes to Non-Consolidated Financial Statements

[December 31, 2004 and 2003]

As of December 31, 2003, allowances for loan losses by credit risk classification are as follows :

		(in millions of Korean Won)					
		<u>Normal</u>	<u>Precautionary</u>	<u>Substandard</u>	<u>Doubtful</u>	<u>Estimated loss</u>	<u>Total</u>
Loans in won	Balance	₩1,175,655	₩ 5,691	₩ 283,674	₩ 10,309	₩ 75	₩ 1,475,404
	Allowance	12,414	620	138,888	9,495	75	161,492
	Ratio(%)	1.06	10.89	48.96	92.10	100.00	10.95
Loans in foreign currencies	Balance	5,689,264	209,764	38,212	257,158	-	6,194,398
	Allowance	48,867	25,402	17,450	190,932	-	282,651
	Ratio(%)	0.86	12.11	45.67	74.25	-	4.56
Bills bought	Balance	747,101	68,488	18,853	-	-	834,442
	Allowance	6,303	25,044	9,238	-	-	40,585
	Ratio(%)	0.84	36.57	49.00	-	-	4.86
Advances for customers	Balance	997	14,669	-	-	-	15,666
	Allowance	7	2,494	-	-	-	2,501
	Ratio(%)	0.70	17.00	-	-	-	15.96
Total ¹⁾	Balance	₩7,613,017	₩ 298,612	₩ 340,739	₩ 267,467	₩ 75	₩ 8,519,910
	Allowance	67,591	53,560	165,576	200,427	75	487,229
	Ratio(%)	0.89	17.94	48.59	74.94	100.00	5.72

¹⁾ The above amounts of loans are except for call loans, bonds purchased under resale agreements, inter-bank loans, adjustment on loans in foreign currencies

As of December 31, 2004 and 2003, allowances for loan losses by credit risk classification are as follows :

	(in millions of Korean Won)	
	2004.12.31	2003.12.31
Beginning balance	₩ 487,259	₩ 479,789
Provision for loan losses	-	53,629
Reversal of loan losses	(57,057)	-
Write-off of loans	-	(8,632)
Conversion of loans into equity securities	(17,560)	-
Increase in present value discounts	49,259	(3,466)
Decrease in present value discounts	(8,917)	-
Changes in exchange rates and others	3,961	(34,061)
Ending balance	₩ 456,945	₩ 487,259

Notes to Non-Consolidated Financial Statements

[December 31, 2004 and 2003]

7. Fixed Assets

Fixed assets as of December 31, 2004 and 2003 are as follows:

	(in millions of Korean Won)	
	2004.12.31	2003.12.31
Tangible assets	₩ 41,402	₩ 38,147
Intangible assets	5,708	6,068
	₩ 47,110	₩ 44,215

Movements in tangible assets for the year ended December 31, 2004 are as follows:

	(in millions of Korean Won)					
Acquisition cost	Land	Buildings	Vehicles	Equipments	Construction in-progress	Total
Beginning balances	₩ 4,341	₩ 39,939	₩ 988	₩ 10,128	₩ -	₩ 55,396
Acquisition/Capital	221	194	633	2,128	4,495	7,671
Transfer	-	4,495	-	-	(4,495)	-
Disposal	(78)	(1,630)	(332)	(1,204)	-	(3,244)
Ending balances	4,484	42,998	1,289	11,052	-	59,823
Accumulated						
Beginning balance	-	9,670	671	6,908	-	17,249
Depreciation expense	-	1,363	383	1,897	-	3,643
Disposal	-	(952)	(327)	(1,192)	-	(2,471)
Ending balances	-	10,081	727	7,613	-	18,421
Book value	₩ 4,484	₩ 32,917	₩ 562	₩ 3,439	₩ -	₩ 41,402

Movements in tangible assets for the year ended December 31, 2003 are as follows:

	(in millions of Korean Won)					
Acquisition cost	Land	Buildings	Vehicles	Equipments	Construction in-progress	Total
Beginning balances	₩ 4,341	₩ 4,983	₩ 842	₩ 10,700	₩ 12,120	₩ 52,986
Acquisition/Capital	-	873	301	2,048	9,540	12,762
Transfer	-	20,715	-	945	(21,660)	-
Disposal	-	(6,632)	(155)	(3,565)	-	(10,352)
Ending balances	4,341	39,939	988	10,128	-	55,396
Accumulated						
Beginning balance	-	15,189	643	7,820	-	23,652
Depreciation expense	-	913	182	2,600	-	3,695
Disposal	-	(6,432)	(154)	(3,512)	-	(10,098)
Ending balances	-	9,670	671	6,908	-	17,249
Book value	₩ 4,341	₩ 30,269	₩ 317	₩ 3,220	₩ -	₩ 38,147

Notes to Non-Consolidated Financial Statements

[December 31, 2004 and 2003]

Tangible assets covered by insurance policies as of December 31, 2004 and 2003 are as follows:

(in millions of Korean Won)

	Amount insured		Insurance company	Type of insurance
	2004.12.31	2003.12.31		
Buildings	₩ 3,517	₩ 28,578	LG Insurance Co., Ltd,etc	Fire insurance
Equipments	3,487	2,822	LG Insurance Co., Ltd,etc	Fire insurance/ General property insurance
	₩ 37,004	₩ 31,400		

The Bank's head office and the Global Human Resource Development Center are covered by gas insurance policy (₩60 million per employee and a maximum coverage of ₩300 million per accident) and all automobiles are insured.

Movements in intangible assets for the year ended December 31, 2004 are as follows:

(in millions of Korean Won)

	Beginning balance	Acquisition	Amortization	Ending balance
Development costs	₩ 6,068	₩ 489	₩ (1,420)	₩ 5,137
Software	-	620	(49)	571
	₩ 6,068	₩ 1,109	₩ (1,469)	₩ 5,708

Movements in intangible assets for the year ended December 31, 2003 are as follows:

(in millions of Korean Won)

	Beginning balance	Acquisition	Amortization	Ending balance
Development costs	₩ 4,582	₩ 3,229	₩ (1,743)	₩ 6,068

The total government-posted prices of land, used for tax imposition and compensation for confiscation, as of December 31, 2004 and 2003 are as follows:

(in millions of Korean Won)

	2004. 12. 31		2003. 12. 31	
	Book Value	Appraisal Value	Book Value	Appraisal Value
Lands	₩ 4,484	₩ 58,888	₩ 4,341	₩ 53,787

8. Other Assets

Other assets as of December 31, 2004 and 2003 are as follows:

(in millions of Korean Won)

	2004.12.31	2003.12.31
Guarantee deposits paid	₩ 17,945	₩ 15,192
Accounts receivable	583	805
Accrued income	99,646	63,270
Prepaid expenses	50	329
Deferred tax assets (Note 22)	164,254	86,080
Derivative assets (Note 14)	60,469	18,092
Others	14,344	11,478
	₩ 357,291	₩ 195,246

Notes to Non-Consolidated Financial Statements

[December 31, 2004 and 2003]

9. Borrowings

Borrowings as of December 31, 2004 and 2003 are as follows:

		(in millions of Korean Won)		
		Annual interest (%)		
		December 31, 2004	2004.12.31	2003.12.31
Borrowings in won				
Borrowings from governmental funds	Government	-	₩ -	₩ 110,000
			-	110,000
Borrowings in foreign currencies				
Borrowings from the Government	Government	-	-	1,078,020
Borrowings from foreign banks	ABNAMRO Bank, others	0.22-3.27	688,124	2,267,330
			688,124	3,345,350
Adjustments on borrowings			3,873	5,990
			691,997	3,351,340
Call money				
In won	Wooribank, others	3.15-3.35	300,000	-
In foreign currencies	Kookminbank, others	0.08-4.94	106,594	-
			406,594	-
			₩ 1,098,591	₩ 3,461,340

The maturities of borrowings as of December 31, 2004 are summarized as follows:

		(in millions of Korean Won)	
		Balance	
Due in 3 months or less	₩	500,336
Due after 3 months through 6 months		158,352
Due after 6 months through 1 year		271,462
Due after 1 year through 3 years		168,441
		₩	1,098,591

Notes to Non-Consolidated Financial Statements

[December 31, 2004 and 2003]

10. Debentures

Debentures as of December 31, 2004 and 2003 are as follows:

(in millions of Korean Won)

	Annual Interest(%)	2004.12.31		2003.12.31	
		In foreign currencies	In won	In foreign currencies	In won
Export-import finance debentures					
	USD	2.92~8.2	4,934,100	₩ 5,150,214	2,999,100
	HKD	0.75~0.91	1,617,000	217,050	1,317,000
	AUD	5.94	30,000	24,389	30,000
	JPY	0~4.1	23,000,000	232,776	11,000,000
	SGD	1.74~3.05	125,000	79,677	250,000
	EUR	2.51~2.61	425,000	604,758	-
				6,308,864	4,121,359
Off-shore export-import finance debentures	USD	0~7.7	455,135	475,070	150,000
	HKD	1.35	150,000	20,135	-
	EUR	2.33	25,000	35,574	-
				530,779	179,670
Adjustment on debentures				(39,580)	(20,106)
				6,800,063	4,280,923
Discount on bonds				(59,398)	(6,396)
Premium on bonds				3,336	5,063
				₩ 6,744,001	₩ 4,279,590

The debentures of \$ 89,300,000 which the bank acquired and holds as of December 31, 2004, as the part of the foreign currencies debentures which were issued in 1996 by the bank, are re-acquired high-interest issued bond from the market for the use of surplus capital in 2000 and 2001.

The maturities of debentures as of December 31, 2004 are summarized as follows:

(in millions of Korean Won)

	Balance
Due in 3 months or less	₩ 229,130
Due after 3 months through 6 months	50,604
Due after 6 months through 1 year	232,958
Due after 1 year through 3 years	2,970,202
Due after 3 years	3,261,107
	₩ 6,744,001

Notes to Non-Consolidated Financial Statements

[December 31, 2004 and 2003]

11. Accrued Retirement Benefits

The movements in accrued retirement benefits for the year ended December 31, 2004 are as follows:

	(in millions of Korean Won)			
	Beginning balance	Amounts provided	Amounts paid out	Ending balance
Accrued retirement benefits	₩ 13,810	₩ 5,801	₩ 1,232	₩ 18,379
Contribution to National Pension Fund	(15)	-	(2)	(13)
	₩ 13,795	₩ 5,801	₩ 1,230	₩ 18,366

The movements in accrued retirement benefits for the year ended December 31, 2003 are as follows:

	(in millions of Korean Won)			
	Beginning balance	Amounts provided	Amounts paid out	Ending balance
Accrued retirement benefits	₩ 8,418	₩ 6,718	₩ 1,326	₩ 13,810
Contribution to National Pension Fund	(30)	-	(15)	(15)
	₩ 8,388	₩ 6,718	₩ 1,311	₩ 13,795

12. Other Liabilities

Other liabilities as of December 31, 2004 and 2003 are as follows:

	(in millions of Korean Won)	
	2004.12.31	2003.12.31
Accrued retirement benefits (Note 11)	₩ 18,366	₩ 3,795
Allowance for losses on guarantees and acceptances (Note 13)	249,260	91,430
Other allowances (Note 15)	27,565	27,565
Unsettled domestic exchange liabilities	183,168	39,643
Accounts payable	22,207	13,500
Accrued expenses	112,844	65,990
Unearned income	90,067	59,305
Guarantee deposits received	100	100
Derivative liabilities (Note 14)	70,869	45,323
Others ¹	9,505	5,521
	₩ 783,951	₩ 362,172

1* Includes the liabilities amounting to ₩2,587 million as which the bank recognized the call option contract with the evaluation at the fair value at the moment when Korea Exchange Bank stock was sold to LSF (Note 15).

Notes to Non-Consolidated Financial Statements

[December 31, 2004 and 2003]

13. Guarantees and Acceptances

Guarantees and acceptances as of December 31, 2004 and 2003 are as follows:

(in millions of Korean Won)

	2004.12.31		2003.12.31	
Guarantees and acceptances outstanding				
In won				
Contract performance	₩	16,997	₩	11,576
Repayment of advances from customers		17,577		20,123
Acceptances		-		-
Import L/C acceptances		-		-
Others		3,880		2,642
		38,454		34,341
In foreign currencies				
Contract performance		2,062,103		2,035,317
Repayment of advances from customers		15,554,008		14,700,208
Acceptances		12,510		4,503
Import L/C acceptances		26,023		45,167
Others		814,996		708,456
		18,469,640		17,493,651
		18,508,094		17,527,992
Contingent guarantees and acceptances				
Letters of credit		172,159		192,245
Others		11,656,937		8,368,442
		11,829,096		8,560,687
	₩	30,337,190	₩	26,088,679

As of December 31, 2004, the allowances for losses on guarantees and acceptances outstanding according to credit risk classifications are as follows :

(in millions of Korean Won)

		Normal	Precautionary	Substandard	Doubtful	Estimated loss	Total
In won	Balance	₩ 38,454	₩ -	₩ -	₩ -	₩ -	₩ 38,454
	Allowance	426	-	-	-	-	426
	Ratio(%)	1.11	-	-	-	-	1.11
In foreign currencies	Balance	18,235,425	234,215	-	-	-	18,469,640
	Allowance	213,702	35,132	-	-	-	248,834
	Ratio(%)	1.17	15.00	-	-	-	1.35
Total	Balance	₩18,273,879	₩ 234,215	₩ -	₩ -	₩ -	₩ 18,508,094
	Allowance	214,128	35,132	-	-	-	249,260
	Ratio(%)	1.17	15.00	-	-	-	1.35

Notes to Non-Consolidated Financial Statements

[December 31, 2004 and 2003]

As of December 31, 2003, the allowances for losses on guarantees and acceptances outstanding according to credit risk classifications are as follows :

		(in millions of Korean Won)					
		Normal	Precautionary	Substandard	Doubtful	Estimated loss	Total
In won	Balance	₩ 34,341	₩ -	₩ -	₩ -	₩ -	₩ 34,341
	Allowance	172	-	-	-	-	172
	Ratio(%)	0.50	-	-	-	-	0.50
In foreign currencies	Balance	17,240,975	252,676	-	-	-	17,493,651
	Allowance	86,205	5,053	-	-	-	91,258
	Ratio(%)	0.50	2.00	-	-	-	0.52
Total	Balance	₩17,275,316	₩ 252,676	₩ -	₩ -	₩ -	₩17,527,992
	Allowance	86,377	5,053	-	-	-	91,430
	Ratio(%)	0.50	2.00	-	-	-	0.52

For the years ended December 31, 2004 and 2003, the changes in allowances for losses on guarantees and acceptances outstanding are as follows:

		(in millions of Korean Won)	
		2004	2003
	Beginning balance	₩ 91,430	₩ -
	Loss from guarantees and acceptances	181,034	91,430
	Changes in foreign exchange rates, etc.	(23,204)	-
	Ending balance	₩ 249,260	₩ 91,430

The guarantees and acceptances risk concentration by country as of December 31, 2004 are as follows:

		(in millions of Korean Won)					
		Guarantees and acceptances outstanding		Contingent guarantees and acceptances		Total	
		Balance	Percentage (%)	Balance	Percentage (%)	Balance	Percentage (%)
Asia	India	₩ 235,543	1.27	₩ 242,108	2.05	₩ 477,651	1.57
	Japan	1,046,921	5.66	1,153,766	9.76	2,200,687	7.25
	Iran	461,580	2.50	118,779	1.00	580,359	1.91
	U.A.E	296,611	1.60	101,921	0.86	398,532	1.31
	Others	3,322,809	17.95	2,352,932	19.89	5,675,741	18.71
Europe	France	301,427	1.63	342,799	2.90	644,226	2.12
	Germany	4,714,706	25.47	897,073	7.59	5,611,779	18.50
	Malta	70,341	0.38	46,689	0.39	117,030	0.39
	Norway	599,806	3.24	224,077	1.89	823,883	2.72
	England	676,589	3.66	791,944	6.69	1,468,533	4.84
	Others	2,989,315	16.15	3,911,040	33.06	6,900,355	22.75
Americas	Bermuda	727,376	3.93	384,731	3.25	1,112,107	3.67
	Panama	295,381	1.60	51,149	0.43	346,530	1.14
	Others	830,033	4.48	397,052	3.36	1,227,085	4.04
Africa	Liberia	1,322,117	7.14	300,337	2.54	1,622,454	5.35
	Others	298,451	1.61	42,187	0.36	340,638	1.12
Oceania	Marshall Islands	319,088	1.73	464,918	3.93	784,006	2.59
	Others	-	-	5,594	0.05	5,594	0.02
		₩18,508,094	100.00	₩11,829,096	100.00	₩ 30,337,190	100.00

Notes to Non-Consolidated Financial Statements

[December 31, 2004 and 2003]

The guarantees and acceptances risk concentration by country as of December 31, 2003 are as follows:

(in millions of Korean Won)

		Guarantees and acceptances outstanding		Contingent guarantees and acceptances		Total	
		Balance	Percentage (%)	Balance	Percentage (%)	Balance	Percentage (%)
Asia	India	₩ 265,531	1.51	₩ 43,671	0.51	₩ 309,202	1.19
	Japan	739,858	4.22	41,615	0.49	781,473	3.00
	Iran	566,889	3.23	52,193	0.61	619,082	2.37
	U.A.E	348,575	1.99	-	-	348,575	1.34
	Others	1,503,688	8.58	5,822,333	68.01	7,326,021	28.08
Europe	France	733,639	4.19	19,067	0.22	752,706	2.89
	Germany	4,466,941	25.49	25,483	0.30	4,492,424	17.22
	Malta	-	-	83,932	0.98	83,932	0.32
	Norway	596,130	3.40	412,122	4.81	1,008,252	3.86
	England	438,432	2.50	36,865	0.43	475,297	1.82
	Others	2,528,423	14.43	553,896	6.47	3,082,319	11.81
Americas	Bermuda	649,260	3.70	594,678	6.95	1,243,938	4.77
	Panama	442,885	2.53	-	-	442,885	1.70
	Others	850,994	4.86	57,353	0.67	908,347	3.48
Africa	Liberia	2,362,699	13.48	569,519	6.65	2,932,218	11.24
	Others	631,826	3.60	-	-	631,826	2.42
Oceania	Marshall Islands	372,103	2.12	181,539	2.12	553,642	2.12
	Others	30,119	0.17	66,421	0.78	96,540	0.37
		₩17,527,992	100.00	₩ 8,560,687	100.00	₩26,088,679	100.00

The guarantees and acceptances risk concentration by industry as of December 31, 2004 are as follows:

(in millions of Korean Won)

		Guarantees and acceptances outstanding		Contingent guarantees and acceptances		Total	
		Balance	Percentage (%)	Balance	Percentage (%)	Balance	Percentage (%)
Manufacturing		₩ 16,641,239	89.91	₩ 11,438,101	96.69	₩ 28,079,340	92.56
Construction		1,247,231	6.74	85,860	0.73	1,333,091	4.39
Wholesale and retail		317,202	1.71	23,137	0.20	340,339	1.12
Service		130,668	0.71	-	-	130,668	0.43
Financial institutions		162,793	0.88	97,112	0.82	259,905	0.86
Others		8,961	0.05	184,886	1.56	193,847	0.64
		₩ 18,508,094	100.00	₩ 11,829,096	100.00	₩ 30,337,190	100.00

The guarantees and acceptances risk concentration by industry as of December 31, 2003 are as follows:

(in millions of Korean Won)

		Guarantees and acceptances outstanding		Contingent guarantees and acceptances		Total	
		Balance	Percentage (%)	Balance	Percentage (%)	Balance	Percentage (%)
Manufacturing		₩ 15,466,189	88.24	₩ 8,276,374	96.68	₩ 23,742,563	91.01
Construction		1,307,098	7.46	246,349	2.88	1,553,447	5.95
Wholesale and retail		252,814	1.44	15,042	0.17	267,856	1.03
Service		147,997	0.84	-	-	147,997	0.57
Financial institutions		100,623	0.57	22,922	0.27	123,545	0.47
Others		253,271	1.45	-	-	253,271	0.97
		₩ 17,527,992	100.00	₩ 8,560,687	100.00	₩ 26,088,679	100.00

Notes to Non-Consolidated Financial Statements

[December 31, 2004 and 2003]

14. Derivatives

The Bank's derivative instruments are divided into hedge derivatives and trading derivatives, based on the nature of the transaction. The Bank enters into hedge transactions mainly for purposes of hedging fair value risks related to its debentures.

Trading derivatives include forward contracts and swaps entered into by the Bank to gain profit from arbitrage transactions between customers and other banks. The Bank also uses derivative instruments in asset-liability management exposures to fluctuations in interest rates and foreign exchange rate risks which may be classified as trading derivatives when hedge accounting is not applied.

Hedge derivatives mainly consist of interest rate swaps and currency swaps to hedge the fair value changes of debentures and loans arising from the interest rate or currency rate fluctuations. On the other hand, some hedging transactions do not qualify for hedge accounting and are thus accounted for as trading derivatives. These transactions include the hedge relationships where the hedged item is an asset or liability that is re-measured with the changes in fair value attributable to the hedged risk reported in the current operations, or where the hedged item cannot be specifically identified.

The notional amounts outstanding for derivative contracts as of December 31, 2004 and 2003 are as follows:

(in millions of Korean Won)

	2004.12.31			2003.12.31		
	Trading	Hedge	Total	Trading	Hedge	Total
Interest related swap	₩ 822,514	₩ 4,626,917	₩ 5,449,431	₩ 488,702	₩ 1,437,360	₩ 1,926,062
Currency related swap	943,500	192,293	1,135,793	482,615	212,724	695,339
	₩ 1,766,014	₩ 4,819,210	₩ 6,585,224	₩ 971,317	₩ 1,650,084	₩ 2,621,401

The above notional amounts outstanding are classified by derivative products and the notional amounts in foreign currencies are translated into Korean won by applying the basic rate of exchange effective as of the balance sheet date. For derivative transactions between foreign currencies, the bought currency amount is translated into Korean won and included in the above notional amounts, and for derivative transactions between a foreign currency and Korean won, the foreign currency amount is translated into Korean won and included in the above notional amounts.

Gains and losses on derivatives for the year ended December 31, 2004 are as follows:

(in millions of Korean Won)

	Amount
Gain on derivatives	
Gain on derivative transactions	₩ 81,216
Gain on valuation of derivatives	50,094
Gain on fair value hedged items	46,750
	₩ 178,060
Loss on derivatives	
Loss on derivative transactions	₩ 24,445
Loss on valuation of derivatives	44,331
Loss on fair value hedged items	1,427
	₩ 70,203

Notes to Non-Consolidated Financial Statements

[December 31, 2004 and 2003]

The derivative transactions for the year ended December 31, 2004 are summarized as follows:

(in millions of Korean Won)

	Valuation gains (P/L)				Valuation losses (P/L)			
	Hedge				Hedge			
	Trading	Effective	Ineffective	Total	Trading	Effective	Ineffective	Total
Interest related swap	₩ 301	₩ 1,427	₩ 8	₩ 1,736	₩ 3,306	₩ 40,869	₩ 47	₩ 44,222
Currency related swap	46,406	1,952	-	48,358	109	-	-	109
	₩ 46,707	₩ 3,379	₩ 8	₩ 50,094	₩ 3,415	₩ 40,869	₩ 47	₩ 44,331

(in millions of Korean Won)

	Asset (B/S)			Liability(B/S)		
	Hedge			Hedge		
	Trading	Hedge	Total	Trading	Hedge	Total
Interest related swap	₩ 7	₩ 1,444	₩ 1,451	₩ 3,594	₩ 65,402	₩ 68,996
Currency related swap	47,595	11,423	59,018	1,873	-	1,873
	₩ 47,602	₩ 12,867	₩ 60,469	₩ 5,467	₩ 65,402	₩ 70,869

Hedge classification above represents the notional amounts outstanding and valuation gains(losses) on transactions that qualify for hedge accounting under Interpretation 53-70.

As of December 31, 2004, the Bank's hedged items include borrowings, loans, and debentures and the Bank uses interest rate swaps and currency swaps to hedge the change in fair value of these hedged items arising from fluctuations in interest rates and foreign exchange rates.

15. Commitments and Contingencies

As of December 31, 2004, the Bank faces 2 pending legal actions involving aggregate amount of damages of ₩28,665 million. On the other hand, the Bank also filed 4 lawsuits, which are still pending, with an aggregate amount of claims of ₩4,235 million. The management believes that the actions against the Bank are without merit and that the ultimate liability, if any, will not materially affect the Bank's financial position.

Daewoo Motors, as the plaintiff, filed a lawsuit against the Bank on November 2002, in relation to the Bank's settlement of the security interests in stocks collateralized for the Daewoo Motors bonds, denying its obligation on redemption of the related loans. The court returned a verdict in 2003 in favor of the plaintiff for which the Bank appealed the decision. As of December 31, 2004, the Bank recognized ₩27,565 million as 'other allowances' for the potential loss arising from this lawsuit (Note 12).

The Bank sold 30,865,792 shares of Korean Exchange Bank ("KEB") common stocks to LSF-KEB Holdings, SCA ("LSF") on October 30, 2003 at 5,400 KRW per share. According to the call option written by the Bank in the course of the transaction, LSF has the right to purchase the Bank's remaining interest in KEB of 49,134,208 shares within 3 years from the transaction date at a formula-determined price. The Bank recognized the fair value of the call option in other liabilities at the date of contract (Note 12). The ultimate effect of this agreement on the financial position of the Bank as of the balance sheet date cannot be presently determined, and accordingly, no adjustments related to such uncertainties have been recorded in the accompanying non-consolidated financial statements.

Notes to Non-Consolidated Financial Statements

[December 31, 2004 and 2003]

Additionally, upon sale of KEB shares by LSF after two years from the transaction date, the Bank and LSF may, with other conditions to the sale satisfied, exercise its rights against the other party to sell or cause to sell any of the Bank's remaining interest in KEB shares under the same conditions as LSF. Under the mutual agreement between the Bank and LSF, the KEB shares held by the Bank are restricted from sale until October 31, 2005.

As of December 31, 2004 and 2003, the Bank still holds ₩151,870 million and ₩259,889 million of unexpired rights to claim from borrowers or guarantors for loans written off in accordance with the relevant law.

The bank has overdraft agreements with Hana Bank with a maximum line of credit amounting to ₩100,000 million as of December 31, 2004. As of December 31, 2004, there is no outstanding balance on the overdraft agreements.

16. Capital Stock

As of December 31, 2004, the Bank has ₩4,000,000 million of authorized capital and ₩2,775,755 million (2003: ₩2,765,755 million) of capital stock. The ₩10,000 million increase of capital was paid in by the Korean government on August 27, 2004. The Bank does not issue share certificates.

17. Retained Earnings

The Export-Import Bank of Korea Act requires the Bank to annually appropriate 20 percent of unappropriated retained earnings as the legal reserve until the amount equals the paid-in capital.

The remaining balance, net of legal reserve and dividend payments, is appropriated to temporary reserve.

For the year ended December 31, 2004, cash dividends were declared as follows. There were no dividends declared for the year ended December 31, 2003.

		(in millions of Korean Won)	
		<u>Dividend amount</u>	
The Government	₩	812	
The Bank of Korea		652	
The Korea Development Bank		86	
		<u>₩</u>	<u>1,550</u>

Propensity to dividend (Total dividend/Net income) computed with the scheduled dividends is 2.00%. The dividends are computed by each shareholder's average balance of capital for the year ended December 31, 2004.

Notes to Non-Consolidated Financial Statements

[December 31, 2004 and 2003]

18. Capital Adjustments

The movements in capital adjustments for the year ended December 31, 2004 are as follows:

(in millions of Korean Won)

	Beginning balance	Increase/ Decrease	Disposal/ Realization	Ending balance
Unrealized gain on available-for-sale securities	₩ 26,169	₩ 263,596	₩ 14,304	₩ 304,069
Unrealized gain on investment in associates	-	170	-	170
	₩ 26,169	₩ 263,766	₩ 14,304	₩ 304,239

19. General and Administrative Expenses

General and administrative expenses for the year ended December 31, 2004 and 2003 are as follows:

(in millions of Korean Won)

	2004	2003
<u>Financial management expenses</u>		
Salaries and wages	₩ 46,945	₩ 40,069
Others	23,641	19,567
	70,586	59,636
<u>Economic cooperation management expenses</u>	694	501
<u>Other general and administrative expenses</u>		
Severance benefits	5,801	6,718
Depreciation	5,112	4,565
Taxes and dues	937	722
	11,850	12,005
	₩ 83,130	₩ 72,142

20. Other Non-Interest Income (Expenses)

Other non-interest income and expenses for the year ended December 31, 2004 and 2003 are as follows:

(in millions of Korean Won)

	2004	2003
Other non-interest income		
Realized gain on trading securities	₩ -	₩ 3,154
Gain on valuation of derivatives	50,094	26,549
Gain on fair value hedged items	46,750	30,720
Others	271	329
	97,115	60,752
Other non-interest expenses		
Realized loss on trading securities	-	2,179
Loss on valuation of derivatives	44,331	43,519
Loss on fair value hedged items	1,427	21,284
Others	74	64
	₩ 45,832	₩ 67,046

Notes to Non-Consolidated Financial Statements

[December 31, 2004 and 2003]

21. Non-Operating Income (Expenses)

Non-operating income (expenses) for the year ended December 31, 2004 and 2003 are as follows:

	(in millions of Korean Won)	
	2004	2003
Non-operating income		
Gain on disposal of fixed assets	₩ 158	₩ 45
Rent income	10	27
Realized gain on available-for-sale securities	10,238	50,376
Unrealized gain on investment in associates	-	1,086
Others	23,480	2,770
	33,886	54,304
Non-operation expenses		
Loss on disposal of fixed assets	688	367
Realized loss on available-for-sale securities	660	7
Impairment loss on available-for-sale securities	-	5,721
Unrealized loss on investment in associates	183	-
Others	9,506	32,966
	11,037	39,061
Non-operating income, net	₩ 22,849	₩ 15,243

22. Income Tax Expense

Income tax expense for the years ended December 31, 2004 and 2003 are as follows:

	(in millions of Korean Won)	
	2004	2003
Income taxes payable	₩ 86,477	₩ 49,750
Deferred income taxes from temporary difference	(57,657)	(46,098)
Deferred income taxes from accumulated deficit	-	13,746
Income tax expense	₩ 28,820	₩ 17,398

The statutory income tax rate applicable to the Bank, including resident tax surcharges, is 29.7% for the years ended December 31, 2004. However, due to tax adjustments, the effective tax rate for the years ended December 31, 2004 is 27.1%. The basis for calculating the effective tax rate is as follows:

	(in millions of Korean Won)	
	2004	
Net income before income taxes	₩	106,296
Income tax expense based on statutory tax rate		31,557
Tax effects on adjustments		
Adjustments to increase taxable income		938
Adjustments to decrease taxable income		(7,232)
Tax rate discount effect		3,557
Income tax expense per statements of income	₩	28,820

Notes to Non-Consolidated Financial Statements

[December 31, 2004 and 2003]

The significant changes in accumulated temporary differences and deferred income taxes for the year ended December 31, 2004 are as follows:

(in millions of Korean Won)

	Beginning balance	Increase ^{*2}	Decrease ^{*2}	Ending balance	Deferred income tax debit(credit) ^{*1}
Allowance for loan losses	₩ 221,959	₩ 254,169	₩ 221,959	₩ 254,169	₩ 69,897
Allowance for losses on acceptances and guarantees	91,430	249,126	91,430	249,126	68,510
Conversion of loans into equity securities	21,505	94,390	15,454	100,441	27,621
Loss on impairment of investment securities	5,862	-	2,594	3,268	899
Unrealized gain on investment in associates	(10,638)	(2,528)	(2,710)	(10,456)	(2,875)
Loss on valuation of derivatives	51,313	74,759	51,313	74,759	20,559
Gain on valuation of derivatives	(38,198)	(120,458)	(38,198)	(120,458)	(33,126)
Other allowances	27,565	-	-	27,565	7,580
Allowance for severance benefits	8,249	2,764	-	11,013	3,028
Others	4,640	(1,201)	(4,421)	7,860	2,161
	₩ 383,687	₩ 551,021	₩ 337,421	₩ 597,287	₩ 64,254

1* The statutory income tax rate of 27.5% is applied for deferred income tax assets (liabilities) that will be realized after 2005, reflecting the 2% corporate tax rate cut from 2005.

2* The above changes in accumulated temporary differences for the year ended December 31, 2004 include difference between the amount of accumulated temporary differences recorded in 2003 financial statements and the actual amount reported in 2003 tax returns.

Notes to Non-Consolidated Financial Statements

[December 31, 2004 and 2003]

23. Assets and Liabilities Denominated in Foreign Currencies

Significant assets and liabilities denominated in foreign currencies as of December 31, 2004 are as follows:

(in millions of Korean Won)

Assets	In millions of Korean won	Thousands of US Dollars ^{1*}	Major denomination currencies		
			Thousands of US Dollars	Thousands of EC Euro	Thousands of Japanese Yen
Due from banks	₩ 64,123	USD 61,432	USD 29,608	EUR 8,468	JPY1,368,122
Available-for sale securities	12,426	11,904	11,904	-	-
Held-to-maturity securities	15,317	14,674	14,674	-	-
Investment in associates	91,677	87,830	36,489	-	-
Loans	7,003,786	6,709,893	6,399,144	64,816	20,165,866
Bills bought in foreign currencies	384,368	368,239	255,158	81,979	136,502
Advances for customers	869	832	832	-	-
Call loans	518,769	497,000	497,000	-	-
Liabilities					
Borrowings	688,124	659,248	350,000	40,000	7,800,000
Call money	106,594	102,121	-	53,000	500,000
Debentures	6,783,581	6,498,928	5,389,235	450,000	23,000,000

Significant assets and liabilities denominated in foreign currencies as of December 31, 2003 are as follows:

(in millions of Korean Won)

Assets	In millions of Korean won	Thousands of US Dollars ^{1*}	Major denomination currencies		
			Thousands of US Dollars	Thousands of EC Euro	Thousands of Japanese Yen
Due from banks	₩ 41,438	USD 34,595	USD 1,529	EUR 4,978	JPY1,382,438
Available-for sale securities	27,669	23,100	23,100	-	-
Held-to-maturity securities	23,985	20,024	20,024	-	-
Loans	6,674,627	5,572,405	5,247,124	94,162	19,585,548
Bills bought in foreign currencies	360,530	300,993	211,504	48,430	-
Advances for customers	1,306	1,090	1,090	-	-
Call loans	582,730	486,500	486,500	-	-
Liabilities					
Borrowings	3,345,350	2,792,913	2,391,201	95,700	21,900,000
Debentures	4,299,696	3,589,662	3,147,927	-	11,000,000
Unsettled foreign exchange liabilities	39,642	33,096	33,043	42	-

^{1*} Foreign currencies other than US dollars are converted into US dollar amounts using the exchange rates provided by Seoul Money Brokerage Services, Ltd. at the balance sheet date.

Notes to Non-Consolidated Financial Statements

[December 31, 2004 and 2003]

24. Related Party Transactions

Significant transactions with related parties for the year ended December 31, 2004 and 2003 are as follows:

Assets	2004		2003		
	Balances	Transactions	Balances	Transactions	
KEXIM Bank UK Limited	Loans in foreign currencies	₩ 71,945	₩ 525	₩ 158,110	₩ 2,867
	Call loans	20,876	37	-	148
	Other assets	58	-	358	7
	Other liabilities	-	-	6	-
	Debentures in foreign currencies	5,060	(172)	5,598	(201)
KEXIM Vietnam Leasing Co., Ltd	Loans in foreign currencies	44,883	855	37,482	468
	Advances for customers	-	-	-	3
	Other assets	-	18	86	26
PT KOEXIM Mandiri Finance	Loans in foreign currencies	73,066	1,319	81,627	924
	Call loans	-	-	269	48
	Other assets	533	-	-	1
KEXIM ASIA Ltd	Loans in foreign currencies	5,219	-	-	-
	Call loans	25,051	37	-	-
	Other assets	40	-	-	-

25. Transactions with Financial Institutions

The assets and liabilities arising from transactions with financial institutions as of December 31, 2004 are as follows:

Description	Other financial				
	Bank of Korea	Other banks	institutions	Total	
Due from banks	In won	₩ 7	₩ 5,374	₩ -	₩ 5,381
	In foreign currencies	-	64,123	-	64,123
		7	69,497	-	69,504
Securities	Available-for-sale	-	-	-	-
	Held-to-maturity	63,301	-	-	63,301
		63,301	-	-	63,301
Loans	In won	-	-	1,801	1,801
	In foreign currencies	-	1,570,550	69,855	1,640,405
	Others	-	746,786	10,838	757,624
	-	2,317,336	82,494	2,399,830	
Borrowings	In won	-	-	-	-
	In foreign currencies	-	587,803	104,380	692,183
		-	587,803	104,380	692,183

Notes to Non-Consolidated Financial Statements

[December 31, 2004 and 2003]

26. Interest Bearing Assets and Liabilities

Interest bearing assets and liabilities and the related interest income and interest expenses for the years ended December 31, 2004 and 2003 are as follows:

	2004			2003		
	Average balance	Interest income	Average yield(%)	Average balance	Interest income	Average yield(%)
Assets						
Due from banks in won	₩ 44,900	₩ 1,697	3.78	₩ 35,121	₩ 1,298	3.70
Due from banks in foreign currencies	45,238	448	0.99	26,685	350	1.31
Available-for-sale securities	20,991	1,367	6.51	27,801	1,618	5.82
Held-to-maturity securities	34,470	1,236	3.59	33,614	2,049	6.10
Loans in won	1,622,930	76,982	4.74	1,568,877	79,167	5.05
Loans in foreign currencies	7,590,644	276,621	3.64	5,623,951	224,990	4.00
Bills bought in won	393,170	27,875	7.09	455,889	34,101	7.48
Bill bought in Foreign currencies	399,043	10,900	2.73	479,227	9,835	2.05
Payment on guarantees	4,677	413	8.83	15,848	1,666	10.51
Call loans in won	213,988	8,261	3.86	219,926	8,903	4.05
Call loans in foreign currencies	385,731	5,347	1.39	548,796	6,659	1.21
	₩10,755,782	₩ 411,147		₩ 9,035,735	₩ 370,636	

	2004			2003		
	Average balance	Interest expense	Average yield(%)	Average balance	Interest expense	Average yield(%)
Liabilities						
Borrowings in won	₩ 106,393	₩ 3,064	2.88	₩ 382,740	₩ 13,613	3.56
Borrowings in foreign currencies	2,035,863	32,468	1.59	3,194,517	66,221	2.07
Call money in won	114,973	3,920	3.41	82,346	3,243	3.94
Call money in foreign currencies	23,073	363	1.57	24,426	349	1.43
Debentures in foreign currencies	6,190,932	279,464	4.51	3,364,963	176,584	5.25
	₩ 8,471,234	₩ 319,279		₩ 7,048,992	₩ 260,010	

27. Statement of Cash Flows

Cash and cash equivalents as of December 31, 2004 and 2003 as presented in the statements of cash flows are as follows:

	2004.12.31		2003.12.31	
	₩		₩	
Due from banks in won	₩	5,381	₩	66,890
Due from banks in foreign currencies		64,123		41,438
	₩	69,504	₩	108,328

Notes to Non-Consolidated Financial Statements

[December 31, 2004 and 2003]

Major transactions that do not involve cash inflows and cash outflows for the year ended December 31, 2004, and 2003 are as follows:

	(in millions of Korean Won)	
	2004	2003
Unrealized gains on available-for-sale securities	₩ 263,766	₩ 284,812
Conversion of loans into trading securities	-	2,035
Conversion of loans into available-for-sale securities	45,185	154,143
Write-off of loans	-	8,632

28. Employee Welfare

As part of its employee welfare program, the Bank extends housing loans, restaurant, scholarship, health care insurance, workmen's compensation, physical training facilities, recreational facilities to its employees.

Employee welfare expenses for the years ended December 31, 2004 and 2003 are as follows:

	(in millions of Korean Won)	
	2004	2003
Meal expenses	₩ 96	₩ 62
Medical expenses	172	153
Fringe benefits	3,600	2,946
Healthcare expenses	342	209
	₩ 4,210	₩ 3,370

29. Calculation of Added Value

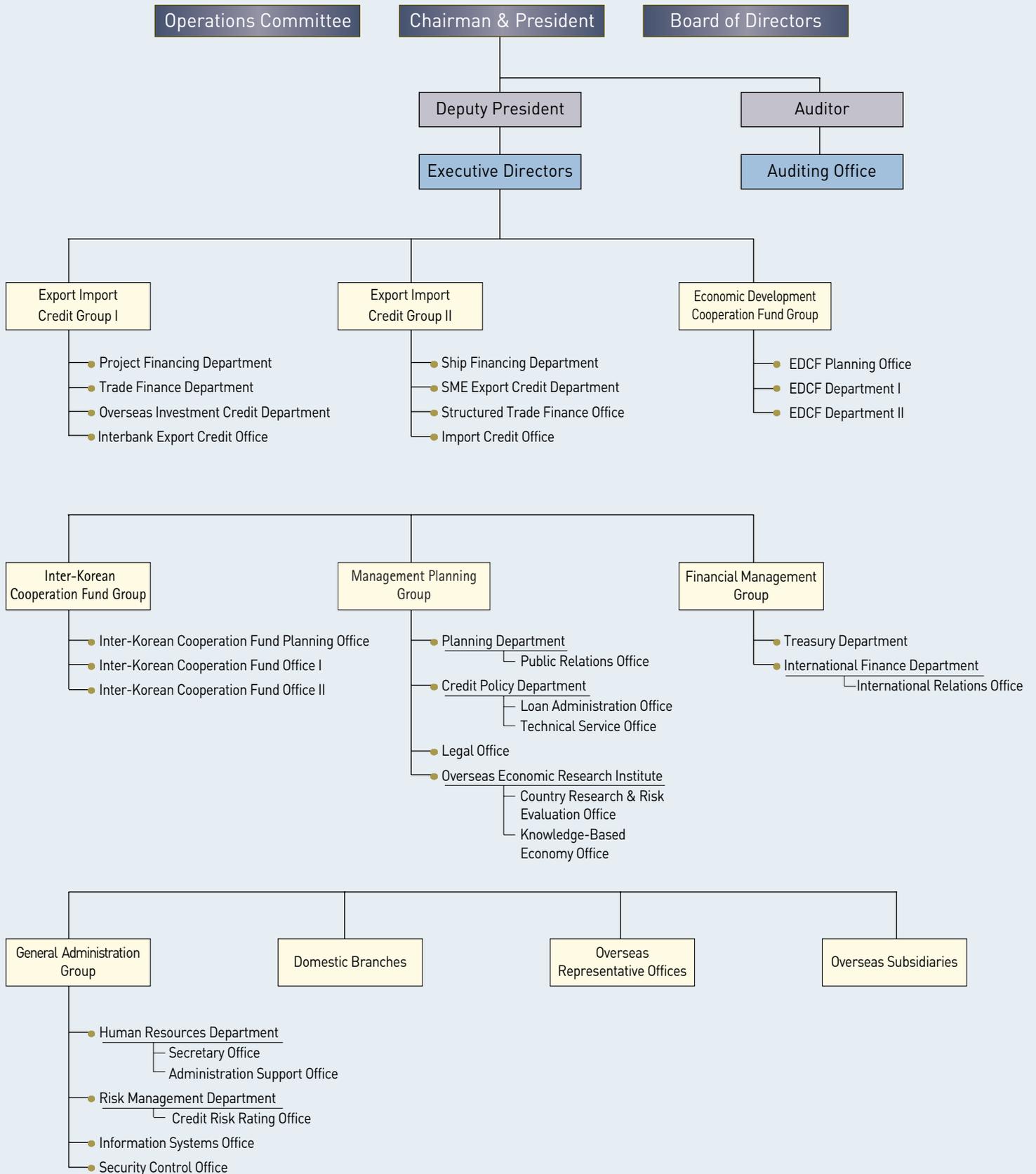
The accounts and amounts which are required to be disclosed in connection with the calculation of added value in relation to the Bank's operations for the years ended December 31, 2004 and 2003 are as follows:

	(in millions of Korean Won)	
	2004	2003
Salaries and wages	₩ 46,945	₩ 40,069
Provision for severance benefits	5,801	6,718
Fringe benefits	4,210	3,370
Rental fees	392	678
Depreciation	5,112	3,695
Withholding taxes	937	722
	₩ 63,397	₩ 55,252

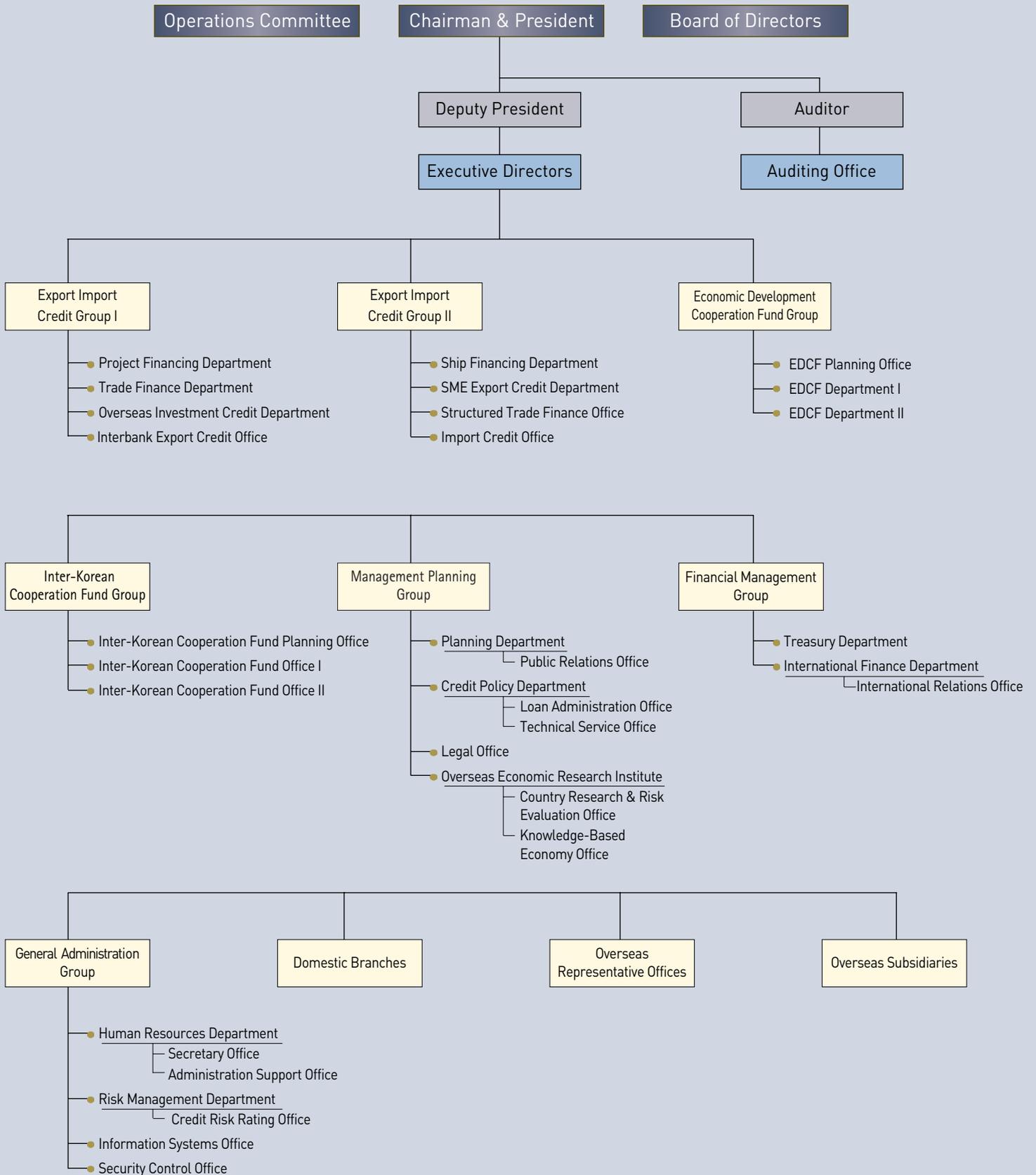
30. Approval of Financial Statements

The financial statements of the Bank, as of and for the year ended December 31, 2004, are expected to be approved by the board of directors on February 28, 2005.

Organization Chart



Organization Chart



Board of Directors



Chairman & President **Dong-Kyu Shin**



Deputy President **Jin-ho Kim**



Auditor **Jeong-sang Choi**



Executive Director
Joung-ouk Shin



Executive Director
Jung-jun Kim



Executive Director
Sung-uk Hong



Executive Director
Tae-sung Chung



Executive Director
Yong-An Choi



Bank's Program Outline

Financing Programs for Export

Loans to Domestic Suppliers

→ **Export Loan**

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

→ **Technical Service Credit**

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

→ **Small Business Export Credit**

Credit to SMEs that manufacture exporting goods or supply materials to primary exporters

→ **Rediscount on Trade Bills**

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

→ **Forfaiting / Factoring**

Trade financing to Korean exporters in the form of discounting trade bills/trade receivables without recourse or additional collateral

< Loans to Domestic Suppliers >



Loans to Foreign Buyers

→ **Direct Loan**

Loans to foreign buyers that purchase Korean goods or technical services, in which the Bank directly enters into loan agreements with foreign buyers

→ **Project Finance**

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

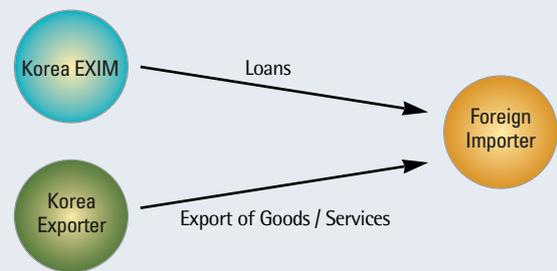
→ **Structured Finance for Ships**

Loans to foreign shipping companies, mainly special purpose companies which intend to buy ships from Korean shipyards

→ **Interbank Export Credit**

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

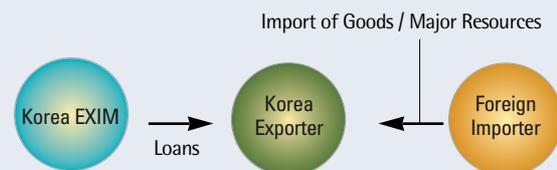
< Loans to Foreign Buyers >



Financing Programs for Import

→ **Import Credit**

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



Financing Programs for Overseas Investment

→ Overseas Investment Credit

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

→ Overseas Project Credit

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

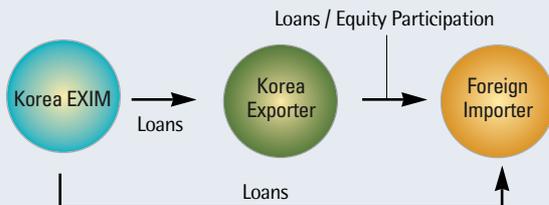
→ Overseas Business Credit

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

→ Major Resources Development Credit

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

< Loans to Domestic Suppliers >



Guarantees & Other Support

→ Financial Guarantee

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

→ Project Related Guarantee

Guarantees to foreign importers for the performance of the eligible projects, in the forms of bid bond, advance payment bond, performance bond, retention bond, etc

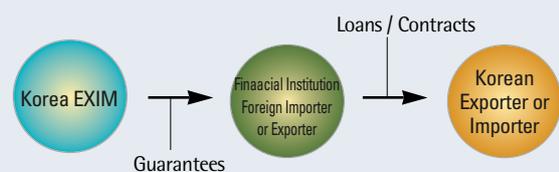
→ Interest Rate Support

Support to financial institutions that co-finance export credit with the Bank at CIRR in accordance with the OECD Arrangement

→ L/C Confirmation Facility

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

< Loans to Domestic Suppliers >



Non-financial Service Programs

→ Country Information Service

Service on diverse and timely economic information on many countries worldwide by operating Overseas Economic Information System (OEIS) on the Bank's web site

→ Export Credit Advisory Service (ECAS)

Financial consulting and information service on the country, industry, and market of the importing countries that are needed in the early stage of tendering process or contract negotiations

→ Legal Consulting Service

Legal consulting provided by in-house lawyers, such as reviewing international agreements and advising on legal issues related to financial transactions

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