

**PROSPECTUS SUPPLEMENT**  
**(To Prospectus Dated June 30, 2017)**



# The Export-Import Bank of Korea

(A statutory juridical entity established under The Export-Import Bank of Korea Act of 1969, as amended, in the Republic of Korea)

**US\$600,000,000 Floating Rate Notes due 2022**  
**US\$400,000,000 2.50% Notes due 2020**  
**US\$1,000,000,000 3.00% Notes due 2022**

Our US\$600,000,000 aggregate principal amount of floating rate notes due 2022 (the “Floating Rate Notes”) will bear interest at a rate equal to Three-Month USD LIBOR (as defined herein) plus 0.925% per annum. Interest on the Floating Rate Notes is payable quarterly in arrears on February 1, May 1, August 1 and November 1 of each year. The first interest payment on the Floating Rate Notes will be made on February 1, 2018 in respect of the period from (and including) November 1, 2017 to (but excluding) February 1, 2018. The Floating Rate Notes will mature on November 1, 2022.

Our US\$400,000,000 aggregate principal amount of notes due 2020 (the “2020 Notes”) will bear interest at a rate of 2.50% per annum, and our US\$1,000,000,000 aggregate principal amount of notes due 2022 (the “2022 Notes”, and together with the 2020 Notes, the “Fixed Rate Notes”) will bear interest at a rate of 3.00% per annum. Interest on the Fixed Rate Notes is payable semi-annually in arrears on May 1 and November 1 of each year. The first interest payment on the Fixed Rate Notes will be made on May 1, 2018 in respect of the period from (and including) November 1, 2017 to (but excluding) May 1, 2018. The 2020 Notes will mature on November 1, 2020, and the 2022 Notes will mature on November 1, 2022.

All references to the “Notes” are to the Floating Rate Notes, the 2020 Notes and the 2022 Notes, collectively.

The Notes will be issued in minimum denominations of US\$200,000 principal amount and integral multiples of US\$1,000 in excess thereof. The Notes will be represented by one or more global securities registered in the name of a nominee of The Depository Trust Company, as depository.

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

|                                 | Floating Rate Notes |                 | 2020 Notes |                 | 2022 Notes |                 |
|---------------------------------|---------------------|-----------------|------------|-----------------|------------|-----------------|
|                                 | Per Note            | Total           | Per Note   | Total           | Per Note   | Total           |
| Public offering price           | 100.000%            | US\$600,000,000 | 99.650%    | US\$398,600,000 | 99.853%    | US\$998,530,000 |
| Underwriting discounts          | 0.300%              | US\$ 1,800,000  | 0.250%     | US\$ 1,000,000  | 0.300%     | US\$ 3,000,000  |
| Proceeds to us, before expenses | 99.700%             | US\$598,200,000 | 99.400%    | US\$397,600,000 | 99.553%    | US\$995,530,000 |

In addition to the initial public offering price, you will have to pay for accrued interest, if any, from (and including) November 1, 2017.

Applications have been made to the Singapore Exchange Securities Trading Limited (the “SGX-ST”) for the listing and quotation of the Notes on the SGX-ST. There can be no assurance that such listing will be obtained for the Notes. The SGX-ST assumes no responsibility for the correctness of any statements made, opinions expressed or reports contained herein. Approval in-principle from, admission to the Official List of, and listing and quotation of any Notes on, the SGX-ST are not to be taken as an indication of the merits of the issuer or the Notes.

The underwriters expect to deliver the Notes to investors through the book-entry facilities of The Depository Trust Company on or about November 1, 2017.

*Joint Bookrunners and Lead Managers*

**BofA Merrill Lynch**

**BNP PARIBAS**

**Citigroup**

**Crédit Agricole CIB**

**MUF**

*Joint Lead Manager*

**Mirae Asset Daewoo**

*Co-Manager*

**KEXIM Asia Limited**

Prospectus Supplement Dated October 24, 2017

You should rely only on the information contained in or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not authorized anyone to provide you with different information. We are not making an offer of these securities in any state where the offer is not permitted.

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**CERTAIN DEFINED TERMS**

All references to “we” or “us” mean The Export-Import Bank of Korea. All references to “Korea” or the “Republic” contained in this prospectus supplement mean The Republic of Korea. All references to the “Government” mean the government of Korea. References to “?”, “Won” or “Korean won” are to the lawful currency of Korea and “US\$” or “U.S. dollars” are to the lawful currency of the United States. Terms used but not defined in this prospectus supplement shall have the same meanings given to them in the accompanying prospectus.

Unless otherwise indicated, all references to “Floating Rate Notes” contained in this prospectus supplement are to the US\$600,000,000 aggregate principal amount of floating rate notes due 2022, all references to “2020 Notes” are to the US\$400,000,000 aggregate principal amount of 2.50% notes due 2020, all references to “2022 Notes” are to the US\$1,000,000,000 aggregate principal amount of 3.00% notes due 2022 and all references to “Fixed Rate Notes” are to the 2020 Notes and the 2022 Notes, collectively. Unless otherwise indicated, all references to the “Notes” are to the Floating Rate Notes, the 2020 Notes and the 2022 Notes, collectively.

In this prospectus supplement and the accompanying prospectus, where information has been provided in units of thousands, millions or billions, such amounts have been rounded up or down. Accordingly, actual numbers may differ from those contained herein due to rounding. Any discrepancy between the stated total amount and the actual sum of the itemized amounts listed in a table, is due to rounding.

Our financial information included in this prospectus supplement was prepared under International Financial Reporting Standards as adopted by Korea (“Korean IFRS” or “K-IFRS”). References in this prospectus supplement to “separate” financial statements and information are to financial statements and information prepared on a non-consolidated basis. Unless specified otherwise, our financial and other information included in this prospectus supplement is presented on a separate basis in accordance with Korean IFRS and does not include such information with respect to our subsidiaries.

**ADDITIONAL INFORMATION**

The information in this prospectus supplement is in addition to the information contained in our accompanying prospectus dated June 30, 2017. The accompanying prospectus contains information regarding ourselves and Korea, as well as a description of some terms of the Notes. You can find further information regarding us, Korea, and the Notes in registration statement no. 333-217916, as amended, relating to our debt securities, with or without warrants, and guarantees, which is on file with the U.S. Securities and Exchange Commission.

**WE ARE RESPONSIBLE FOR THE ACCURACY OF THE INFORMATION IN THIS DOCUMENT**

We are responsible for the accuracy of the information in this document and confirm that to the best of our knowledge we have included all facts that should be included not to mislead potential investors. The address of our registered office is 38 Eunhaeng-ro, Yeongdeungpo-gu, Seoul 07242, The Republic of Korea. The SGX-ST assumes no responsibility for the contents of this prospectus supplement and the accompanying prospectus, and makes no representation as to liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus supplement and the accompanying prospectus. Approval in-principle from, admission to the Official List of, and listing and quotation of any Notes on, the SGX-ST are not to be taken as an indication of the merits of the issuer or the Notes.

**NOT AN OFFER IF PROHIBITED BY LAW**

The distribution of this prospectus supplement and the accompanying prospectus, and the offer of the Notes, may be legally restricted in some countries. If you wish to distribute this prospectus supplement or the

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accompanying prospectus, you should observe any restrictions. This prospectus supplement and the accompanying prospectus should not be considered an offer and it is prohibited to use them to make an offer, in any state or country which prohibits the offering.

**The Notes may not be offered or sold in Korea, directly or indirectly, or to any resident of Korea, except as permitted by Korean law. For more information, see “Underwriting—Foreign Selling Restrictions.”**

**INFORMATION PRESENTED ACCURATE AS OF DATE OF DOCUMENT**

This prospectus supplement and the accompanying prospectus are the only documents on which you should rely for information about the offering. This prospectus supplement may only be used for the purposes for which it has been published. We have authorized no one to provide you with different information. You should not assume that the information in this prospectus supplement or the accompanying prospectus is accurate as of any date other than the date on the front of each document.

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**SUMMARY OF THE OFFERING**

*This summary highlights selected information from this prospectus supplement and the accompanying prospectus and may not contain all of the information that is important to you. To understand the terms of our Notes, you should carefully read this prospectus supplement and the accompanying prospectus.*

**The Notes**

We are offering US\$600,000,000 aggregate principal amount of floating rate notes due November 1, 2022 (the “Floating Rate Notes”), US\$400,000,000 aggregate principal amount of 2.50% notes due November 1, 2020 (the “2020 Notes”) and US\$1,000,000,000 aggregate principal amount of 3.00% notes due November 1, 2022 (the “2022 Notes”, and together with the 2020 Notes, the “Fixed Rate Notes”). All references to the “Notes” are to the Floating Rate Notes, the 2020 Notes and the 2022 Notes, collectively.

The Notes will be issued in minimum denominations of US\$200,000 principal amount and integral multiples of US\$1,000 in excess thereof. The Notes will be represented by one or more global securities registered in the name of a nominee of The Depository Trust Company (“DTC”), as depository.

We do not have any right to redeem the Notes prior to maturity.

***Floating Rate Notes***

The Floating Rate Notes will bear interest for each Interest Period (as defined herein) at a rate equal to Three-Month USD LIBOR plus 0.925% per annum, payable quarterly in arrears on February 1, May 1, August 1 and November 1 of each year. The first interest payment on the Floating Rate Notes will be made on February 1, 2018 in respect of the period from (and including) November 1, 2017 to (but excluding) February 1, 2018. Interest on the Floating Rate Notes will accrue from November 1, 2017 and will be computed on the basis of the actual number of days in the applicable Interest Period divided by 360.

***Fixed Rate Notes***

The 2020 Notes will bear interest at a rate of 2.50% per annum, and the 2022 Notes will bear interest at a rate of 3.00% per annum, in each case payable semi-annually in arrears on May 1 and November 1 of each year. The first interest payment on the Fixed Rate Notes will be made on May 1, 2018 in respect of the period from (and including) November 1, 2017 to (but excluding) May 1, 2018. Interest on the Fixed Rate Notes will accrue from November 1, 2017 and will be computed based on a 360-day year consisting of twelve 30-day months.

See “Description of the Notes—Payment of Principal and Interest.”

***Listing***

Applications have been made to the SGX-ST for the listing and quotation of the Notes on the SGX-ST. Settlement of the Notes is not conditioned on obtaining the listing. There can be no assurance that such listing will be obtained for the Notes. For so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the Notes will be traded on the SGX-ST in a minimum board lot size of S\$200,000 (or its equivalent in foreign currencies). Accordingly, the Notes are expected to be traded in a minimum board lot size of US\$200,000.

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**Form and settlement**

We will issue each series of the Notes in the form of one or more fully registered global notes, registered in the name of a nominee of DTC. Except as described in the accompanying prospectus under “Description of the Securities—Description of Debt Securities—Global Securities,” the global notes will not be exchangeable for Notes in definitive registered form, and will not be issued in definitive registered form. Financial institutions, acting as direct and indirect participants in DTC, will represent your beneficial interests in the global notes. These financial institutions will record the ownership and transfer of your beneficial interest through book-entry accounts. You may hold your beneficial interests in the Notes through Euroclear Bank S.A./N.V. (“Euroclear”) or Clearstream Banking, *société anonyme* (“Clearstream”) if you are a participant in such systems, or indirectly through organizations that are participants in such systems. Any secondary market trading of book-entry interests in the Notes will take place through DTC participants, including Euroclear and Clearstream. See “Clearance and Settlement—Transfers Within and Between DTC, Euroclear and Clearstream.”

**Further Issues**

We may from time to time, without the consent of the holders of the Notes, create and issue additional debt securities with the same terms and conditions as any series of the Notes in all respects so that such further issue shall be consolidated and form a single series with the relevant series of the Notes. We will not issue any such additional debt securities unless the issuance would constitute a “qualified reopening” for U.S. federal income tax purposes or such additional debt securities would otherwise be part of the same “issue” for U.S. federal income tax purposes.

**Delivery of the Notes**

We expect to make delivery of the Notes, against payment in same-day funds on or about November 1, 2017, which we expect will be the sixth business day following the date of this prospectus supplement, referred to as “T+6.” You should note that initial trading of the Notes may be affected by the T+6 settlement. See “Underwriting—Delivery of the Notes.”

**Underwriting**

KEXIM Asia Limited, one of the underwriters, is our affiliate and has agreed to offer and sell the Notes only outside the United States to non-U.S. persons. See “Underwriting—Relationship with the Underwriters.”

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**USE OF PROCEEDS**

We will use the net proceeds from the sale of the Notes for our general operations, including extending foreign currency loans and repayment of our maturing debt and other obligations.

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**RECENT DEVELOPMENTS**

*This section provides information that supplements the information about our bank and the Republic included under the headings corresponding to the headings below in the accompanying prospectus dated June 30, 2017. Defined terms used in this section have the meanings given to them in the accompanying prospectus. If the information in this section differs from the information in the accompanying prospectus, you should rely on the information in this section.*

THE EXPORT-IMPORT BANK OF KOREA

Overview

As of June 30, 2017, we had ₩74,122 billion of outstanding loans, including ₩43,582 billion of outstanding export credits, ₩25,396 billion of outstanding overseas investment credits and ₩4,125 billion of outstanding import credits, as compared to ₩76,724 billion of outstanding loans, including ₩42,628 billion of outstanding export credits, ₩27,527 billion of outstanding overseas investment credits and ₩3,741 billion of outstanding import credits as of December 31, 2016.

Capitalization

As of June 30, 2017, our authorized capital was ₩15,000 billion and our capitalization was as follows:

|                                           | June 30, 2017 <sup>(1)</sup><br>(billions of Won)<br>(unaudited) |               |
|-------------------------------------------|------------------------------------------------------------------|---------------|
| Long-Term Debt <sup>(2)(3)(4)(5)</sup> :  |                                                                  |               |
| Borrowings in Korean Won                  | ?                                                                | —             |
| Borrowings in Foreign Currencies          |                                                                  | 5,289         |
| Export-Import Financing Debentures        |                                                                  | 44,889        |
| <b>Total Long-term Debt</b>               | <b>?</b>                                                         | <b>50,178</b> |
| Capital:                                  |                                                                  |               |
| Paid-in Capital <sup>(6)</sup>            | ?                                                                | 11,815        |
| Retained Earnings                         |                                                                  | 981           |
| Legal Reserve                             |                                                                  | 329           |
| Voluntary Reserve                         |                                                                  | —             |
| Reserve for Bad Loan <sup>(7)</sup>       |                                                                  | 206           |
| Unappropriated Retained Earnings          |                                                                  | 445           |
| Additional Paid-in Capital                |                                                                  | (124)         |
| Other Components of Equity <sup>(8)</sup> |                                                                  | 159           |
| <b>Total Capital</b>                      | <b>?</b>                                                         | <b>12,831</b> |
| <b>Total Capitalization</b>               | <b>?</b>                                                         | <b>63,009</b> |

- (1) Except as described in this prospectus supplement, there has been no material adverse change in our capitalization since June 30, 2017.
- (2) We have translated borrowings in foreign currencies as of June 30, 2017 into Won at the rate of ₩1,139.6 to US\$1.00, which was the market average exchange rate as announced by the Seoul Monetary Brokerage Services Ltd., on June 30, 2017.
- (3) As of June 30, 2017, we had contingent liabilities totaling ₩50,621 billion, which consisted of ₩46,016 billion under confirmed guarantees and ₩4,605 billion under unconfirmed guarantees issued on behalf of our clients.
- (4) As of June 30, 2017, we had entered into 406 interest rate related derivative contracts with a notional amount of ₩38,443 billion and 735 currency related derivative contracts with a notional amount of ₩34,723 billion in accordance with our policy to hedge interest rate and currency risks.

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- (5) All of our borrowings, whether domestic or international, are unsecured and unguaranteed.
- (6) As of June 30, 2017, authorized ordinary share capital was ₩15,000 billion and issued fully-paid ordinary share capital was ₩11,815 billion. See “—Business—Government Support and Supervision.”
- (7) If the estimated allowance for credit loss determined by K-IFRS for accounting purposes is lower than that for regulatory purposes as required by Supervisory Regulation of Banking Business, we reserve such difference as regulatory reserve for bad loans. See “—Financial Statements and the Auditors—Notes to Separate Financial Statements as of and for the six months ended June 30, 2017 and 2016—Note 24.”
- (8) See “—Financial Statements and the Auditors—Notes to Separate Financial Statements as of and for the six months ended June 30, 2017 and 2016—Note 22.”

Business

Government Support and Supervision

The Government contributed to our capital (i) ₩125 billion in the form of shares of Yeosu Gwangyang Port Authority and ₩125 billion in the form of shares of Incheon Port Authority in May 2017 and (ii) ₩1,167 billion in the form of shares of Korea Aerospace Industries Ltd. in June 2017. As of June 30, 2017, our paid-in capital was ₩11,815 billion compared to ₩10,398 billion as of December 31, 2016.

Selected Financial Statement Data

You should read the following financial statement data together with our separate financial statements and notes included in this prospectus

supplement. The following tables present selected separate financial information as of June 30, 2017 and December 31, 2016 and for the six months ended June 30, 2017 and 2016, which has been derived from our unaudited separate K-IFRS financial statements as of June 30, 2017 and for the six months ended June 30, 2017 and 2016 included in this prospectus supplement:

|                                   | Six Months Ended<br>June 30,             |                                              |
|-----------------------------------|------------------------------------------|----------------------------------------------|
|                                   | 2017                                     | 2016                                         |
|                                   | (billions of Won)<br>(unaudited)         |                                              |
| Income Statement Data             |                                          |                                              |
| Total Interest Income             | ? 1,303                                  | ? 1,083                                      |
| Total Interest Expense            | 785                                      | 680                                          |
| Net Interest Income (Expenses)    | 518                                      | 403                                          |
| Operating Income (Loss)           | 579                                      | (1,235)                                      |
| Income (Loss) before Income Tax   | 582                                      | (1,239)                                      |
| Income Tax Expense (Benefit)      | 137                                      | (301)                                        |
| Net Income (Loss)                 | 445                                      | (938)                                        |
|                                   | As of<br>June 30,<br>2017<br>(unaudited) | As of<br>December 31,<br>2016<br>(unaudited) |
|                                   | (billions of Won)                        |                                              |
| Balance Sheet Data                |                                          |                                              |
| Total Loan Credits <sup>(1)</sup> | ? 74,122                                 | ? 76,724                                     |
| Total Borrowings <sup>(2)</sup>   | 68,759                                   | 71,880                                       |
| Total Assets                      | 86,758                                   | 89,775                                       |
| Total Liabilities                 | 73,927                                   | 78,555                                       |
| Total Shareholders' Equity        | 12,831                                   | 11,220                                       |

- (1) Gross amount, which includes bills bought, foreign exchange bought, call loans, inter-bank loans in foreign currency advance for customers and others and before deducting valuation adjustment of loans in foreign currencies, allowance for loan losses and deferred loan origination fees.
- (2) Includes borrowings and debentures.

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For the six months ended June 30, 2017, we had net income of ₩445 billion compared to net loss of ₩938 billion for the six months ended June 30, 2016.

The principal factors for the net income of ₩445 billion in the first half of 2017 compared to the net loss of ₩938 billion in the corresponding period of 2016 included:

- reversal of impairment loss on guarantees of ₩656 billion in the first half of 2017 compared to impairment loss on guarantees of ₩788 billion in the corresponding period of 2016, primarily due to a decrease in guarantees as well as an improvement in guarantee quality;
- an increase in net interest income to ₩518 billion in the first half of 2017 from ₩403 billion in the corresponding period of 2016, primarily due to an increase in interest income resulting mainly from increased Loan Credits; and
- a decrease in impairment loss on loans to ₩756 billion in the first half of 2017 from ₩836 billion in the corresponding period of 2016, primarily due to an improvement in loan quality.

The above factors were partially offset by income tax expense of ₩137 billion in the first half of 2017 compared to income tax benefit of ₩301 billion in the corresponding period of 2016, primarily due to income before income tax of ₩582 billion in the first half of 2017 compared to loss before income tax of ₩1,239 billion in the corresponding period of 2016.

As of June 30, 2017, our total assets decreased to ₩86,758 billion from ₩89,775 billion as of December 31, 2016, primarily due to a decrease in Loan Credits to ₩74,122 billion as of June 30, 2017 from ₩76,724 billion as of December 31, 2016.

As of June 30, 2017, our total liabilities decreased to ₩73,927 billion from ₩78,555 billion as of December 31, 2016. The decrease in liabilities was primarily due to a decrease in debentures to ₩60,456 billion as of June 30, 2017 from ₩62,119 billion as of December 31, 2016 and a decrease in borrowings to ₩8,303 billion as of June 30, 2017 from ₩9,761 billion as of December 31, 2016.

The decrease in assets and liabilities was primarily due to a decrease in the volume of loans and debt, respectively. The appreciation of the Won against the U.S. dollar as of June 30, 2017 compared to December 31, 2016 magnified the effect of the decrease in the volume of loans and debt, as a



majority of our assets and liabilities consisted of foreign currency loans and debt (including a significant percentage in U.S. dollar).

As of June 30, 2017, our total shareholders' equity increased to ₩12,831 billion from ₩11,220 billion as of December 31, 2016, primarily due to an increase in paid-in capital to ₩11,815 billion as of June 30, 2017 from ₩10,398 billion as of December 31, 2016.

Operations

Loan Operations

In the first half of 2017, we provided total loans of ₩26,329 billion, a decrease of 8% from the corresponding period of 2016.

Export Credits

As of June 30, 2017, export credits in the amount of ₩43,582 billion represented 60% of our total outstanding Loan Credits. Our disbursements of export credits amounted to ₩17,640 billion in the first half of 2017, a decrease of 3% from the corresponding period of 2016, which was mainly due to decreased activity for construction of industrial plants. The appreciation of the Won against the U.S. dollar as of June 30, 2017

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compared to June 30, 2016 magnified the effect of the decrease in the volume of export credits in the first half of 2017, as a majority of our export credits consisted of foreign currency credits (including a significant percentage in U.S. dollars).

Overseas Investment Credits

As of June 30, 2017, overseas investment credits amounted to ₩25,396 billion, representing 35% of our total outstanding Loan Credits. Our disbursements of overseas investment credits in the first half 2017 decreased by 33% to ₩5,078 billion from the corresponding period of 2016, primarily due to decreased demand in overseas investment and project credits. The appreciation of the Won against the U.S. dollar as of June 30, 2017 compared to June 30, 2016 magnified the effect of the decrease in the volume of overseas investment credits in the first half of 2017, as a majority of our overseas investment credits consisted of foreign currency credits (including a significant percentage in U.S. dollars).

Import Credits

As of June 30, 2017, import credits in the amount of ₩4,125 billion represented 6% of our total outstanding Loan Credits. Our disbursements of import credits amounted to ₩3,611 billion in the first half of 2017, an increase of 15% over the corresponding period of 2016, which was mainly due to an increase in demand for financing for raw materials used for export and domestic consumption. The appreciation of the Won against the U.S. dollar as of June 30, 2017 compared to June 30, 2016 partially offset the effect of the increase in the volume of import credits in the first half of 2017, as a significant portion of our import credits consisted of foreign currency credits (including a significant percentage in U.S. dollars).

Guarantee Operations

Guarantee commitments as of June 30, 2017 decreased to ₩50,621 billion from ₩59,679 billion as of December 31, 2016. Guarantees we had confirmed as of June 30, 2017 decreased to ₩46,016 billion from ₩53,615 billion as of December 31, 2016.

For further information regarding our guarantee and letter of credit operations, see “Notes to Separate Financial Statements of June 30, 2017 and 2016—Note 36”.

Description of Assets and Liabilities

Total Credit Exposure

The following table sets out our Credit Exposure as of June 30, 2017, categorized by type of exposure extended:

|   |                                     | June 30, 2017                             |      |
|---|-------------------------------------|-------------------------------------------|------|
|   |                                     | (billions of Won, except for percentages) |      |
| A | Loans in Won                        | ₩ 17,785                                  | 15%  |
| B | Loans in Foreign Currencies         | 52,238                                    | 44   |
| C | Loans (A+B)                         | 70,023                                    | 60   |
| D | Other Loans <sup>(1)</sup>          | 4,098                                     | 3    |
| E | Loan Credits (C+D)                  | 74,122                                    | 63   |
| F | Allowances for Possible Loan Losses | (2,564)                                   | (2)  |
| G | Loan Credits including PVD (E-F)    | 71,557                                    | 61   |
| H | Guarantees                          | 46,016                                    | 39   |
| I | Credit Exposure (G+H)               | ₩ 117,573                                 | 100% |



(1) Includes call loans, inter-bank loans, other loans.

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Loan Credits by Geographic Area

The following table sets out the total amount of our outstanding Loan Credits (including call loans and inter-bank loans in foreign currency) as of June 30, 2017, categorized by geographic area<sup>(1)(2)</sup>:

|                     | June 30, 2017 <sup>(1)</sup>              | As % of<br>June 30, 2017<br>Total |
|---------------------|-------------------------------------------|-----------------------------------|
|                     | (billions of Won, except for percentages) |                                   |
| Asia <sup>(2)</sup> | ? 54,699                                  | 74%                               |
| Europe              | 5,004                                     | 7                                 |
| America             | 10,671                                    | 14                                |
| Africa              | 3,748                                     | 5                                 |
| Total               | ? 74,122                                  | 100%                              |

(1) For purposes of this table, export credits have been allocated to the geographic areas in which the foreign buyers of Korean exports are located; overseas investment credits have been allocated to the geographic areas in which the overseas investments being financed are located; and import credits have been allocated to the geographic areas in which the sellers of the imported goods are located.

(2) Includes Australia.

Individual Exposure

As of June 30, 2017, our largest Credit Exposure was to Daewoo Shipbuilding & Marine Engineering (“DSME”) in the amount of ?9,569 billion, a decrease from ?10,170 billion as of December 31, 2016, primarily due to a decrease in refund guarantees.

As of June 30, 2017, our second and third largest Credit Exposures were to Samsung Heavy Industries in the amount of ?4,349 billion and to Hyundai Heavy Industries in the amount of ?3,251 billion.

The following table sets out our five largest Credit Exposures as of June 30, 2017<sup>(1)</sup>:

| Rank | Name of Borrower                         | Loans             | Guarantees | Total |
|------|------------------------------------------|-------------------|------------|-------|
|      |                                          | (billions of Won) |            |       |
| 1    | Daewoo Shipbuilding & Marine Engineering | 2,914             | 6,655      | 9,569 |
| 2    | Samsung Heavy Industries                 | 1,005             | 3,344      | 4,349 |
| 3    | Hyundai Heavy Industries                 | 1,127             | 2,123      | 3,250 |
| 4    | Hanwha Engineering & Construction        | —                 | 2,666      | 2,666 |
| 5    | Doosan Heavy Industries & Construction   | 824               | 1,608      | 2,432 |

(1) Excludes loans and guarantees extended to affiliates.

Source: Internal accounting records.

As of June 30, 2017, our exposure to STX Offshore & Shipbuilding decreased to ?322 billion from ?531 billion as of December 31, 2016, primarily due to a decrease in refund guarantees. As of June 30, 2017, our exposure to Sungdong Shipbuilding & Marine Engineering decreased to ?2,390 billion from ?2,943 billion as of December 31, 2016, primarily due to a decrease in refund guarantees and the redemption of certain existing loans.

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Asset Quality

Asset Classifications

The following table provides information on our asset quality and loan loss reserves as of June 30, 2017:

|               | As of June 30, 2017        |                                  |
|---------------|----------------------------|----------------------------------|
|               | Loan Amount <sup>(1)</sup> | Loan Loss Reserve <sup>(2)</sup> |
| Normal        | ?104,074                   | ? 30                             |
| Precautionary | 10,211                     | 78                               |

|                |                  |               |
|----------------|------------------|---------------|
| Sub-standard   | 531              | 12            |
| Doubtful       | 2,479            | 93            |
| Estimated Loss | 1,824            | 1,34          |
| <b>Total</b>   | <b>?</b> 119,119 | <b>?</b> 3,49 |

- (1) These figures include loans (excluding interbank loans and call loans), domestic usance, bills bought, foreign exchange bought, advances for customers, and confirmed acceptances and guarantees.
- (2) These figures include present value discount.

*Reserves for Credit Losses*

As of June 30, 2017, the amount of our non-performing assets was ?4,833 billion, a decrease of 16% from ?5,778 billion as of December 31, 2016. As of June 30, 2017, our non-performing asset ratio was 4.1%, compared to 4.5% as of December 31, 2016.

We cannot provide any assurance that our current level of exposure to non-performing assets will not increase in the future or that any of our borrowers (including our largest borrowers as described above) is not currently facing, or in the future will not face, material financial difficulties.

The following table sets forth information regarding our loan loss reserves as of June 30, 2017:

|                        | <b>June 30, 2017</b><br>(billions of Won,<br>except for percentages) |        |
|------------------------|----------------------------------------------------------------------|--------|
| Loan Loss Reserve (A)  | ?                                                                    | 3,496  |
| NPA (B) <sup>(1)</sup> |                                                                      | 4,833  |
| Total Equity (C)       |                                                                      | 12,831 |
| Reserve to NPA (A/B)   |                                                                      | 72%    |
| Equity at Risk (B-A)/C |                                                                      | 10%    |

- (1) Non-performing assets, which are defined as (a) assets classified as doubtful and estimated loss, (b) assets for which principal or interest payments are delinquent by more than 3 months or (c) assets exempted from interest payments due to restructuring or rescheduling.

Source: Internal accounting records.

*Investments*

As of June 30, 2017, our total investment in securities amounted to ?9,110 billion, representing 11% of our total assets.

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The following table sets out the composition of our investment securities as of June 30, 2017:

| <u>Type of Investment Securities</u>       | <u>Amount</u><br>(billions of Won) | <u>%</u>           |
|--------------------------------------------|------------------------------------|--------------------|
| Available-for-Sale Securities              | ?6,442                             | 71%                |
| Held-to-Maturity Securities                | 89                                 | 1%                 |
| Investments in Associates and Subsidiaries | 2,580                              | 28%                |
| <b>Total</b>                               | <b><u>?9,110</u></b>               | <b><u>100%</u></b> |

For further information relating to the classification guidelines and methods of valuation of our financial instruments (including securities), see “Notes to Separate Financial Statements of June 30, 2017 and 2016—Note 5”.

*Guarantees and Acceptances and Contingent Liabilities*

As of June 30, 2017, we had issued a total amount of ?46,016 billion in confirmed guarantees and acceptances, of which ?38,494 billion, representing 84% of the total amount, was classified as normal and ?6,933 billion, representing 15% of the total amount, was classified as precautionary, and ? 589 billion, representing 1% of the total amount, was classified as substandard or below.

*Derivatives*

As of June 30, 2017, our outstanding loans made at floating rates of interest totaled approximately ?51,953 billion, whereas our outstanding borrowings made at floating rates of interest totaled approximately ?52,922 billion, including those raised in Australian dollar, Swiss franc, Hong Kong dollar, Brazil real, Thai baht, Czech koruna and Euro and swapped into U.S. dollar floating rate borrowings. As of June 30, 2017, we had entered into 406 interest rate related derivative contracts with a notional amount of ?38,443 billion and had entered into 735 currency related derivative contracts with a notional amount of ?34,723 billion. See “Notes to Separate Financial Statements of June 30, 2017 and 2016—Note 20”.

Sources of Funding

We raised a net total of ₩29,829 billion (new borrowings plus loan repayments by our clients less repayment of our existing debt) during the first half of 2017, a decrease of 4% from ₩31,222 billion in the corresponding period of 2016. The total loan repayments, including prepayments by our clients, during the first half of 2017 amounted to ₩24,263 billion, a decrease of 9% from ₩26,547 billion during the corresponding period of 2016.

As of June 30, 2017, we had no outstanding borrowings from the Government. We issued Won-denominated domestic bonds in the aggregate amount of ₩5,930 billion during the first half of 2017.

During the first half of 2017, we issued eurobonds in the aggregate principal amount of US\$3,403 million in various types of currencies under our existing global medium term notes program, a 28% increase from US\$2,668 million in the corresponding period of 2016. In addition, we issued global bonds during the first half of 2017 in the aggregate amount of US\$1,500 million under our U.S. shelf registration statement (the “U.S. Shelf Program”) compared with US\$2,900 million in the corresponding period of 2016. As of June 30, 2017, the outstanding amounts of our notes and debentures were US\$27,205 million, JPY 93,820 million, HKD 6,366 million, MYR 500 million, BRL 4,463 million, EUR 2,865 million, MXN 2,100 million, THB 23,800 million, CHF 150 million, AUD 3,351 million, INR 6,445 million, CNY 11,501 million, IDR 4,070,400 million, PEN 267 million, TRY 201 million, NZD 1,339 million, ZAR 654 million, NOK 2,750 million, CZK 700 million, GBP 360 million, CAD 690 million and SGD 421 million.

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We also borrow from foreign financial institutions in the form of loans that are principally made bilaterally or by syndicates of commercial banks at floating or fixed interest rates and in foreign currencies, with original maturities ranging from one to five years. As of June 30, 2017, the outstanding amount of such borrowings from foreign financial institutions was US\$2,850 million.

As of June 30, 2017, our total paid-in capital amounted to ₩11,815 billion, and the Government, The Bank of Korea and Korea Development Bank owned 66.3%, 9.8% and 23.9%, respectively, of our paid-in capital.

As of June 30, 2017, the aggregate outstanding principal amount of our borrowings (including export-import financing debentures), which was ₩68,169 billion, was equal to 18% of the authorized amount of ₩370,500 billion.

Debt

Debt Repayment Schedule

The following table sets out the principal repayment schedule for our debt outstanding as of June 30, 2017:

Debt Principal Repayment Schedule

| Currency <sup>(1)</sup> | Maturing on or before December 31, |         |         |        |            |
|-------------------------|------------------------------------|---------|---------|--------|------------|
|                         | 2017                               | 2018    | 2019    | 2020   | Thereafter |
|                         | (billions of won)                  |         |         |        |            |
| Won                     | ₩ 6,440                            | ₩ 4,080 | ₩ 690   | ₩ —    | ₩ 1,410    |
| Foreign <sup>(2)</sup>  | 3,980                              | 8,645   | 9,716   | 8,618  | 24,590     |
| Total Won Equivalent    | ₩10,420                            | ₩12,725 | ₩10,406 | ₩8,618 | ₩ 26,000   |

- (1) Borrowings in foreign currency have been translated into Won at the market average exchange rates on June 30, 2017, as announced by the Seoul Money Brokerage Services Ltd.
- (2) This figure includes debentures, bank loans, commercial papers and repurchase agreements.

As of June 30, 2017, our foreign currency assets maturing within three months, six months and one year exceeded our foreign currency liabilities coming due within such periods by US\$5,227 million, US\$7,058 million and US\$8,076 million, respectively. As of June 30, 2017, our total foreign currency assets exceeded our total foreign currency liabilities by US\$545 million.

Capital Adequacy

As of June 30, 2017, our capital adequacy ratio, on a consolidated basis, was 12.4%, an increase from 10.8% as of December 31, 2016, which was primarily due to an increase in paid-in capital.

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The following table sets forth our capital base and capital adequacy ratios (on a consolidated basis) reported as of June 30, 2017:

|                                                                                         | June 30, 2017<br>(billions of Won,<br>except for percentages) |
|-----------------------------------------------------------------------------------------|---------------------------------------------------------------|
| <b>Tier I</b>                                                                           | ?                                                             |
| Paid-in Capital (including additional paid-in capital)                                  | 11,691                                                        |
| Retained Earnings <sup>(1)</sup>                                                        | 971                                                           |
| Accumulated other comprehensive income                                                  | 239                                                           |
| Common shares issued by consolidated subsidiaries of the bank and held by third parties | 2                                                             |
| Deductions from Tier I Capital                                                          | (48)                                                          |
| Capital Adjustments                                                                     | —                                                             |
| Deferred Tax Asset                                                                      | —                                                             |
| Others                                                                                  | (48)                                                          |
| <b>Tier II (General Loan Loss Reserves)</b>                                             | 1,769                                                         |
| <b>Total Capital</b>                                                                    | 14,625                                                        |
| <b>Risk Adjusted Assets</b>                                                             | 117,596                                                       |
| <b>Capital Adequacy Ratios</b>                                                          |                                                               |
| Tier I common equity                                                                    | 11.0%                                                         |
| Tier I                                                                                  | 11.0%                                                         |
| Tier I and Tier II                                                                      | 12.4%                                                         |

(1) Net amount after deducting regulatory reserve for bad loans.  
Source: Internal accounting records.

Financial Statements and the Auditors

Our interim separate financial statements as of June 30, 2017 and December 31, 2016 and for the six months ended June 30, 2017 and 2016 appearing in this prospectus supplement were prepared in conformity with Korean IFRS, as summarized in Note 2 of the notes to our separate financial statements included in this prospectus supplement.

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THE EXPORT-IMPORT BANK OF KOREA  
SEPARATE INTERIM STATEMENTS OF FINANCIAL POSITION  
AS OF JUNE 30, 2017, AND DECEMBER 31, 2016

|                                                                                        | Korean won         |                     |
|----------------------------------------------------------------------------------------|--------------------|---------------------|
|                                                                                        | June 30, 2017      | December 31, 2016   |
|                                                                                        | (In millions)      |                     |
| <b>ASSETS:</b>                                                                         |                    |                     |
| Cash and due from financial institutions (Notes 4, 5 and 7)                            | ? 2,569,272        | ? 3,863,272         |
| Financial assets at fair value through profit or loss (“FVTPL”) (Notes 4, 5, 8 and 20) | 1,134,923          | 1,899,062           |
| Hedging derivative assets (Notes 4, 5 and 20)                                          | 265,973            | 168,412             |
| Loans (Notes 4, 5, 10 and 37)                                                          | 71,202,736         | 73,418,782          |
| Financial investments (Notes 4, 5 and 9)                                               | 6,530,890          | 7,138,782           |
| Investments in associates and subsidiaries (Note 11)                                   | 2,579,790          | 766,082             |
| Tangible assets, net (Note 12)                                                         | 269,596            | 273,132             |
| Intangible assets, net (Note 13)                                                       | 48,498             | 42,592              |
| Deferred tax assets (Note 34)                                                          | 1,032,609          | 1,159,372           |
| Other assets (Notes 4, 5, 14 and 37)                                                   | 1,124,132          | 1,045,762           |
|                                                                                        | <u>?86,758,419</u> | <u>? 89,775,292</u> |
| <b>LIABILITIES AND STOCKHOLDERS’ EQUITY</b>                                            |                    |                     |
| <b>LIABILITIES:</b>                                                                    |                    |                     |
| Financial liabilities at FVTPL (Notes 4, 5 and 20)                                     | ? 664,839          | ? 852,692           |
| Hedging derivative liabilities (Notes 4, 5 and 20)                                     | 1,488,655          | 2,335,532           |
| Borrowings (Notes 4, 5 and 15)                                                         | 8,302,544          | 9,761,382           |
| Debentures (Notes 4, 5 and 16)                                                         | 60,456,251         | 62,119,012          |
| Provisions (Note 17)                                                                   | 973,200            | 1,651,942           |
| Retirement benefit obligation, net (Note 18)                                           | 7,483              | 2,092               |

|                                                                                                                      |                    |                    |
|----------------------------------------------------------------------------------------------------------------------|--------------------|--------------------|
| Other liabilities (Notes 4, 5, 19 and 37)                                                                            | 2,034,512          | 1,832,64           |
|                                                                                                                      | <u>₩73,927,484</u> | <u>₩ 78,555,31</u> |
| <b>STOCKHOLDERS' EQUITY:</b>                                                                                         |                    |                    |
| Capital stock (Note 21)                                                                                              | ₩11,814,963        | ₩ 10,398,05        |
| Additional paid-in capital                                                                                           | (123,732)          | 6,72               |
| Other components of equity (Notes 20 and 22)                                                                         | 159,178            | 280,01             |
| Retained earnings (Note 23)                                                                                          |                    |                    |
| (Regulatory reserve for bad loans as of June 30, 2017, and December 31, 2016: ₩206,330 million and ₩476,882 million) | 980,526            | 535,18             |
|                                                                                                                      | <u>12,830,935</u>  | <u>11,219,98</u>   |
|                                                                                                                      | <u>₩86,758,419</u> | <u>₩ 89,775,29</u> |

See accompanying notes to separate interim financial statements.

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**THE EXPORT-IMPORT BANK OF KOREA**  
**SEPARATE INTERIM STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2017 AND 2016**

|                                                                                                                                                           | Korean won                        |                                   |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|-----------------------------------|
|                                                                                                                                                           | Six months ended<br>June 30, 2017 | Six months ended<br>June 30, 2016 |
|                                                                                                                                                           | (In millions)                     |                                   |
| OPERATING INCOME:                                                                                                                                         |                                   |                                   |
| Net interest income (Notes 24 and 37):                                                                                                                    |                                   |                                   |
| Interest income                                                                                                                                           | ? 1,302,693                       | ? 1,082,633                       |
| Interest expenses                                                                                                                                         | (784,940)                         | (680,081)                         |
|                                                                                                                                                           | <u>517,753</u>                    | <u>402,552</u>                    |
| Net commission income (Notes 25 and 37):                                                                                                                  |                                   |                                   |
| Commission income                                                                                                                                         | 205,492                           | 199,499                           |
| Commission expenses                                                                                                                                       | (2,749)                           | (4,713)                           |
|                                                                                                                                                           | <u>202,743</u>                    | <u>194,786</u>                    |
| Dividend income (Note 26)                                                                                                                                 | 33,184                            | 21,583                            |
| Gain on financial assets at FVTPL (Note 27)                                                                                                               | 138,818                           | 245,751                           |
| Gain on hedging derivative assets (Notes 20 and 28)                                                                                                       | 768,671                           | 1,151,966                         |
| Gain on financial investments (Note 29)                                                                                                                   | 15,539                            | 1,014                             |
| Loss on foreign exchange transaction                                                                                                                      | (702,210)                         | (477,168)                         |
| Other net operating expenses (Note 30)                                                                                                                    | (172,509)                         | (866,530)                         |
| Impairment loss on credit (Note 31)                                                                                                                       | (121,691)                         | (1,792,215)                       |
| General and administrative expenses (Note 32)                                                                                                             | (100,847)                         | (116,966)                         |
| Total operating income (loss)                                                                                                                             | <u>579,451</u>                    | <u>(1,235,227)</u>                |
| NON-OPERATING INCOME (EXPENSES) (Note 33):                                                                                                                |                                   |                                   |
| Net gain on investments in associates and subsidiaries                                                                                                    | 9,670                             | 4,090                             |
| Net other non-operating expenses                                                                                                                          | (6,882)                           | (8,048)                           |
|                                                                                                                                                           | <u>2,788</u>                      | <u>(3,958)</u>                    |
| INCOME (LOSS) BEFORE INCOME TAX                                                                                                                           | 582,239                           | (1,239,185)                       |
| INCOME TAX BENEFITS (EXPENSES) (Note 34)                                                                                                                  | (136,899)                         | 301,253                           |
| NET INCOME (LOSS)                                                                                                                                         | <u>445,340</u>                    | <u>(937,932)</u>                  |
| (Adjusted income (loss) after reserve for bad loans for the six months ended June 30, 2017 and 2016: ₩221,137 million and ₩(1,129,507) million) (Note 23) |                                   |                                   |
| OTHER COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD (Note 22)                                                                                                |                                   |                                   |

|                                                                       |                  |                    |
|-----------------------------------------------------------------------|------------------|--------------------|
| Items not reclassified subsequently to profit or loss:                | —                | —                  |
| Items that are or may be reclassified subsequently to profit or loss: |                  |                    |
| Valuation on available-for-sale (“AFS”) securities                    | (129,103)        | 146,851            |
| Cash flow hedging gains or losses                                     | (1,904)          | (1,332)            |
| Income tax effect                                                     | 10,168           | (35,217)           |
|                                                                       | <u>(120,839)</u> | <u>110,302</u>     |
| TOTAL COMPREHENSIVE INCOME (LOSS)                                     | ? <u>324,501</u> | ? <u>(827,630)</u> |

See accompanying notes to separate interim financial statements.

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THE EXPORT-IMPORT BANK OF KOREA  
SEPARATE INTERIM STATEMENTS OF CHANGES IN STOCKHOLDERS’ EQUITY  
FOR THE SIX MONTHS ENDED JUNE 30, 2017 AND 2016

|                                                  | Other components of equity |                            |                             |                                   |                                                 |                   |             | Total     |
|--------------------------------------------------|----------------------------|----------------------------|-----------------------------|-----------------------------------|-------------------------------------------------|-------------------|-------------|-----------|
|                                                  | Capital stock              | Additional paid-in capital | Valuation on AFS securities | Cash flow hedging gains or losses | Remeasurement elements of defined benefit plans | Retained earnings |             |           |
|                                                  |                            |                            |                             |                                   |                                                 |                   |             |           |
|                                                  | (Korean won in millions)   |                            |                             |                                   |                                                 |                   |             |           |
| January 1, 2016                                  | ? 8,878,055                | ? —                        | ? 116,369                   | ? (131)                           | ? 3,742                                         | ?2,027,863        | ?11,025,898 |           |
| Dividends                                        | —                          | —                          | —                           | —                                 | —                                               | (5,388)           | (5,388)     |           |
| Paid-in capital increase                         | 500,000                    | 18,854                     | —                           | —                                 | —                                               | —                 | 518,854     |           |
| Net loss                                         | —                          | —                          | —                           | —                                 | —                                               | (937,932)         | (937,932)   |           |
| Other comprehensive income:                      |                            |                            |                             |                                   |                                                 |                   |             | 110,302   |
| Gain on valuation of AFS securities, net of tax  | —                          | —                          | 111,311                     | —                                 | —                                               | —                 | 111,311     |           |
| Loss on valuation of cash flow hedge, net of tax | —                          | —                          | —                           | (1,009)                           | —                                               | —                 | (1,009)     |           |
| June 30, 2016                                    | ? 9,378,055                | ? 18,854                   | ? 227,680                   | ? (1,140)                         | ? 3,742                                         | ?1,084,543        | ?10,711,734 |           |
| January 1, 2017                                  | ?10,398,055                | ? 6,723                    | ? 259,564                   | ? 854                             | ? 19,599                                        | ? 535,186         | ?11,219,981 |           |
| Paid-in capital increase                         | 1,416,908                  | (130,455)                  | —                           | —                                 | —                                               | —                 | 1,286,453   |           |
| Net income                                       | —                          | —                          | —                           | —                                 | —                                               | 445,340           | 445,340     |           |
| Other comprehensive income:                      |                            |                            |                             |                                   |                                                 |                   |             | (120,839) |
| Loss on valuation of AFS securities, net of tax  | —                          | —                          | (119,396)                   | —                                 | —                                               | —                 | (119,396)   |           |
| Loss on valuation of cash flow hedge, net of tax | —                          | —                          | —                           | (1,443)                           | —                                               | —                 | (1,443)     |           |
| June 30, 2017                                    | ?11,814,963                | ? (123,732)                | ? 140,168                   | ? (589)                           | ? 19,599                                        | ? 980,526         | ?12,830,935 |           |

See accompanying notes to separate interim financial statements.

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SEPARATE INTERIM STATEMENTS OF CASH FLOWS  
FOR THE SIX MONTHS ENDED JUNE 30, 2017 AND 2016

|                                                                                      | Korean won    |               |
|--------------------------------------------------------------------------------------|---------------|---------------|
|                                                                                      | Six months    | Six months    |
|                                                                                      | June 30, 2017 | June 30, 2016 |
|                                                                                      | (In millions) |               |
| CASH FLOWS FROM OPERATING ACTIVITIES:                                                |               |               |
| Net income (loss)                                                                    | ? 445,340     | ? (937,932)   |
| Adjustments to reconcile net income (loss) to net cash used in operating activities: |               |               |
| Income tax expense (benefit)                                                         | 136,899       | (301,253)     |
| Interest income                                                                      | (1,302,693)   | (1,082,633)   |
| Interest expenses                                                                    | 784,940       | 680,081       |
| Dividend income                                                                      | (33,184)      | (21,583)      |
| Dividend received from subsidiaries and associates                                   | (9,905)       | (7,999)       |
| Loss on financial assets held for trading                                            | 336           | 498           |
| Loss on AFS financial assets                                                         | 3,389         | 3,465         |
| Transfer to derivatives' credit risk provision                                       | 28,731        | 32,303        |
| Loss on foreign exchange transactions                                                | 928,824       | 1,489,137     |
| Impairment loss on credit                                                            | 121,691       | 1,792,216     |
| Impairment loss of investments in subsidiaries and associates                        | 235           | 3,910         |
| Loss on fair value hedged items                                                      | 227,884       | 882,368       |
| Depreciation and amortization                                                        | 8,034         | 9,663         |
| Loss on disposals of tangible, intangible and other assets                           | 21            | 1             |
| Impairment loss on tangible, intangible and other assets                             | —             | 538           |
| Loss on valuation of derivative assets                                               | 537,015       | 305,246       |
| Retirement benefits                                                                  | 4,488         | 6,157         |
| Loss on redemption of debentures                                                     | 1,680         | 10            |
| Provision for others                                                                 | —             | 16,316        |
| Gain on financial assets held for trading                                            | (1,876)       | (5,830)       |
| Gain on AFS financial assets                                                         | (18,929)      | (4,479)       |
| Reversal of derivatives' credit risk provision                                       | (5,806)       | (14,188)      |
| Gain on foreign exchange transactions                                                | (198,244)     | (1,011,969)   |
| Gain on fair value hedged items                                                      | (82,136)      | (52,317)      |
| Gain on valuation of derivative assets                                               | (1,345,693)   | (1,599,383)   |
| Gain on disposals of tangible assets, intangible assets and other assets             | (22)          | (33)          |
| Changes in operating assets and liabilities:                                         |               |               |
| Due from financial institutions                                                      | 930,596       | 1,502,441     |
| Financial assets at FVTPL                                                            | 675,633       | (312,923)     |
| Hedging derivative net assets                                                        | (241,182)     | (418,835)     |
| Loans                                                                                | (661,559)     | (4,622,151)   |
| Other assets                                                                         | 32,063        | 9,313         |
| Provisions                                                                           | (957,692)     | 68,783        |
| Payment of retirement benefits                                                       | 903           | 1,768         |
| Other liabilities                                                                    | 137,333       | (171,657)     |
| Other provisions                                                                     | (380)         | (1,120)       |
| Payment (refund) of income tax                                                       | (121,838)     | 5,324         |

(Continued)

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THE EXPORT-IMPORT BANK OF KOREA  
SEPARATE INTERIM STATEMENTS OF CASH FLOWS  
FOR THE SIX MONTHS ENDED JUNE 30, 2017 AND 2016

|                   | Korean won    |               |
|-------------------|---------------|---------------|
|                   | Six months    | Six months    |
|                   | June 30, 2017 | June 30, 2016 |
|                   | (In millions) |               |
| Interest received | 1,145,299     | 1,018,541     |
| Interest paid     | (701,737)     | (582,805)     |



|                                                                                                            |              |             |
|------------------------------------------------------------------------------------------------------------|--------------|-------------|
| Dividend received                                                                                          | 43,089       | 29,582      |
| Net cash used in operating activities                                                                      | 511,547      | (3,291,429) |
| CASH FLOWS FROM INVESTING ACTIVITIES:                                                                      |              |             |
| Disposal of AFS and HTM financial assets                                                                   | ? 692,007    | ? 187,538   |
| Disposals of tangible assets                                                                               | 22           | 33          |
| Disposals of intangible assets                                                                             | 120          | —           |
| Acquisitions of AFS and HTM financial assets                                                               | (415,012)    | (290,372)   |
| Investments in subsidiaries and associates                                                                 | (346,422)    | (4,217)     |
| Acquisitions of tangible assets                                                                            | (960)        | (3,158)     |
| Acquisitions of intangible assets                                                                          | (9,573)      | (5,811)     |
| Net cash used in investing activities                                                                      | (79,818)     | (115,987)   |
| CASH FLOWS FROM FINANCING ACTIVITIES:                                                                      |              |             |
| Increase in call money                                                                                     | 710,000      | —           |
| Proceeds from borrowings                                                                                   | 2,726,364    | 4,674,094   |
| Proceeds from debentures                                                                                   | 11,643,149   | 12,628,446  |
| Repayment of borrowings                                                                                    | (4,300,299)  | (7,419,187) |
| Repayment of debentures                                                                                    | (11,420,822) | (7,523,494) |
| Decrease in call money                                                                                     | —            | (103,923)   |
| Expense related to issuance of capital                                                                     | (1,203)      | —           |
| Payment of dividends                                                                                       | —            | (5,388)     |
| Net cash provided by (used in) financing activities                                                        | (642,811)    | 2,250,548   |
| NET DECREASE IN CASH AND CASH EQUIVALENTS                                                                  | (211,082)    | (1,156,868) |
| CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD                                                         | 1,354,694    | 2,455,307   |
| EFFECTS OF FOREIGN EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS IN FOREIGN CURRENCIES |              |             |
|                                                                                                            | (32,656)     | 121,329     |
| CASH AND CASH EQUIVALENTS, END OF THE PERIOD (Note 7, 35)                                                  | ? 1,110,956  | ? 1,419,768 |

(Concluded)

See accompanying notes to separate interim financial statements.

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THE EXPORT-IMPORT BANK OF KOREA  
NOTES TO THE SEPARATE INTERIM FINANCIAL STATEMENTS  
AS OF JUNE 30, 2017, AND DECEMBER 31, 2016,  
AND FOR THE SIX MONTHS ENDED JUNE 30, 2017 AND 2016

1. GENERAL:

(1) Summary of The Export-Import Bank of Korea

The Export-Import Bank of Korea (the “Bank” or the “Company”) was established in 1976 as a special financial institution under The Export-Import Bank of Korea Act (the “EXIM Bank Act”) to grant financial facilities for overseas trade (i.e., export and import), investments and resources development activities. As of June 30, 2017, the Bank operates 10 domestic branches, three domestic offices, four overseas subsidiaries and 24 overseas offices.

The Bank’s authorized capital is ?15,000,000 million, and through numerous capital increases since the establishment, its paid-in capital is ? 11,814,963 million as of June 30, 2017. The Government of the Republic of Korea (the “Government”), the Bank of Korea (“BOK”), and the Korea Development Bank hold 66.27%, 9.86%, and 23.87%, respectively, of the ownership of the Bank as of June 30, 2017.

The Bank, as a trustee of the Government, has managed the Economic Development Cooperation Fund (“EDCF”) since June 1987 and the Inter-Korean Cooperation Fund (“IKCF”) since March 1991. These funds are accounted for separately and are not included in the Bank’s separate interim

financial statements. The Bank receives fees from the Government for the trustee services.

(2) Summary of subsidiaries and associates

1) Subsidiaries of the Bank as of June 30, 2017, and December 31, 2016, are as follows (Korean won in millions):

(Jun. 30, 2017)

| Subsidiaries                 | Location       | Capital stock   | Main business | Number of shares owned | Percentage of owner-ship (%) | Financial statements as of |
|------------------------------|----------------|-----------------|---------------|------------------------|------------------------------|----------------------------|
| KEXIM Bank UK Limited        | United Kingdom | GBP 20 mil.     | Finance       | 20,000,000             | 100.00                       | Jun. 30, 2017              |
| KEXIM Vietnam Leasing Co (*) | Vietnam        | USD 13 mil.     | Finance       | —                      | 100.00                       | Jun. 30, 2017              |
| PT.KOEXIM Mandiri Finance    | Indonesia      | IDR 52,000 mil. | Finance       | 442                    | 85.00                        | Jun. 30, 2017              |
| KEXIM Asia Limited           | Hong Kong      | USD 20 mil.     | Finance       | 30,000,000             | 100.00                       | Jun. 30, 2017              |

(\*) This entity does not issue share certificates.

(Dec. 31, 2016)

| Subsidiaries                 | Location       | Capital stock   | Main business | Number of shares owned | Percentage of owner-ship (%) | Financial statements as of |
|------------------------------|----------------|-----------------|---------------|------------------------|------------------------------|----------------------------|
| KEXIM Bank UK Limited        | United Kingdom | GBP 20 mil.     | Finance       | 20,000,000             | 100.00                       | Dec. 31, 2016              |
| KEXIM Vietnam Leasing Co (*) | Vietnam        | USD 13 mil.     | Finance       | —                      | 100.00                       | Dec. 31, 2016              |
| PT.KOEXIM Mandiri Finance    | Indonesia      | IDR 52,000 mil. | Finance       | 442                    | 85.00                        | Dec. 31, 2016              |
| KEXIM Asia Limited           | Hong Kong      | USD 20 mil.     | Finance       | 30,000,000             | 100.00                       | Dec. 31, 2016              |

(\*) This entity does not issue share certificates.

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2) Associates of the Bank as of June 30, 2017, and December 31, 2016, are as follows:

(Jun. 30, 2017)

| Associates                                            | Location    | Capital stock      | Main business     | Number of shares owned | Percentage of owner-ship (%) | Financial statements as of |
|-------------------------------------------------------|-------------|--------------------|-------------------|------------------------|------------------------------|----------------------------|
| Korea Asset Management Corporation                    | Korea       | KRW 860,000 mil.   | Financial service | 44,482,396             | 25.86                        | Jun. 30, 2017              |
| Credit Guarantee and Investment Fund                  | Philippines | USD 700 mil.       | Financial service | 100,000,000            | 14.29                        | Jun. 30, 2017              |
| Korea Marine Guarantee Incorporated Company           | Korea       | KRW 262,826 mil.   | Financial service | 26,999,999             | 51.36                        | Jun. 30, 2017              |
| SUNG Dong Shipbuilding & Marine Engineering Co., Ltd. | Korea       | KRW 1,319,693 mil. | Shipbuilding      | 93,294,100             | 67.04                        | Dec. 31, 2016              |
| DAESUN Shipbuilding & Engineering Co., Ltd.           | Korea       | KRW 7,730 mil.     | Shipbuilding      | 1,040,000              | 67.27                        | Jun. 30, 2017              |
| KTb Newlake Global Healthcare PEF                     | Korea       | KRW 4,610 mil.     | Financial service | 1,250,000,000          | 25.00                        | Jun. 30, 2017              |
| KBS-KDB Private Equity Fund                           | Korea       | KRW 6,561 mil.     | Financial service | 1,366,875,000          | 20.83                        | Jun. 30, 2017              |
| Korea Shipping and Maritime Transportation            | Korea       | KRW 863,648 mil.   | Financial service | 345,600 mil            | 40.00                        | Jun. 30, 2017              |
| Korea Aerospace Industries. LTD.                      | Korea       | KRW 487,376 mil.   | Manufacturing     | 25,745,964             | 26.41                        | Jun. 30, 2017              |

(Dec. 31, 2016)

| Associates                         | Location | Capital stock    | Main business     | Number of shares owned | Percentage of owner-ship (%) | Financial statements as of |
|------------------------------------|----------|------------------|-------------------|------------------------|------------------------------|----------------------------|
| Korea Asset Management Corporation | Korea    | KRW 860,000 mil. | Financial service | 44,482,396             | 25.86                        | Dec. 31, 2016              |

|                                                      |             |     |                |                   |               |       |               |
|------------------------------------------------------|-------------|-----|----------------|-------------------|---------------|-------|---------------|
| Credit Guarantee and Investment Fund                 | Philippines | USD | 700 mil.       | Financial service | 100,000,000   | 14.28 | Sep. 30, 2016 |
| Korea Marine Guarantee Incorporated Company          | Korea       | KRW | 256,620 mil.   | Financial service | 26,999,999    | 52.63 | Dec. 31, 2016 |
| SUNGdong Shipbuilding & Marine Engineering Co., Ltd. | Korea       | KRW | 1,319,376 mil. | Shipbuilding      | 93,294,100    | 70.71 | Sep. 30, 2016 |
| DAESUN Shipbuilding & Engineering Co., Ltd.          | Korea       | KRW | 7,730 mil.     | Shipbuilding      | 1,040,000     | 67.27 | Sep. 30, 2016 |
| EQP Global Energy Infrastructure PEF                 | Korea       | KRW | 1,235 mil.     | Financial service | 279,610,108   | 22.64 | Dec. 31, 2016 |
| KTB Newlake Global Healthcare PEF                    | Korea       | KRW | 4,610 mil.     | Financial service | 1,152,500,000 | 25.00 | Dec. 31, 2016 |
| KBS-KDB Private Equity Fund                          | Korea       | KRW | 2,406 mil.     | Financial service | 501,250,000   | 20.83 | Dec. 31, 2016 |

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2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES:

(1) Basis of condensed separate financial statement preparation

These condensed separate interim financial statements were prepared in accordance with K-IFRS No. 1034, ‘Interim Financial Reporting’ as part of the period covered by the Bank’s K-IFRS annual financial statements. These condensed separate interim financial statements do not include all of the disclosures required for full annual financial statements.

These financial statements are separate financial statements prepared in accordance with K-IFRS No.1027, ‘Separate Financial Statements’ presented by a parent, an investor with joint control of, or significant influence over, an investee, in which the investments are accounted for at cost.

The Bank’s accounting policies applied for the accompanying condensed separate interim financial statements are the same as the policies applied for the preparation of separate financial statements as of and for the year ended December 31, 2016, except for the effects from the introduction of new and revised accounting standards or interpretations as described below.

Accounting standards and interpretations that were newly applied for the six months ended June 30, 2017, and changes in the Bank’s accounting policies are as follows:

Amendments to K-IFRS 1007—*Statement of Cash Flows*

These amendments are effective for annual periods beginning on or after January 1, 2017. An entity shall provide a classification of changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash flows. The adoption of the amendments has no significant impact on the Bank’s interim financial statements.

Amendments to K-IFRS 1012—*Income Taxes*

These amendments are effective for annual periods beginning on or after January 1, 2017. The amendments clarify the concept of temporary differences on unrealized gain and loss, in condition that debt instruments, which are measured on fair values, are under tax base amount. The adoption of the amendments has no significant impact on the Bank’s interim financial statements.

(2) Functional Currency

Items included in the separate financial statements of each entity in the Bank are measured using the currency of the primary economic environment in which the entity operates (the functional currency).

3. SIGNIFICANT ESTIMATES AND JUDGMENTS:

The preparation of separate financial statements requires the application of accounting policies, especially certain critical accounting estimates and assumptions that may have a significant impact on assets (liabilities) and income (expenses). The management’s estimate of outcome may differ from an actual outcome if the management’s estimate and assumption based on its best judgment at the reporting date are different from the actual environment.

Estimates and assumptions are continually evaluated and the change in an accounting estimate is recognized prospectively by including it in profit or loss in the period of the change, if the change affects that period only, or the period of the change and future periods, if the change affects both. Significant judgments are the same as those applied in preparation of the annual consolidated financial statements for the year ended December 31, 2016.

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4. RISK MANAGEMENT:

4-1. Summary

(1) Overview of Risk Management Policy

The financial risks that the Bank is exposed to are credit risk, market risk, liquidity risk, operational risk, interest risk, credit concentration risk, strategy/reputational risk, outsourcing risk, settlement risk and others. Credit risk, market risk, liquidity risk, and operational risk have been recognized as the Bank’s key risks.

The Bank’s risk management system focuses on increasing transparency, developing risk management environment and preemptive response to risk due to rapid changes in financial environment to support the Bank’s long-term strategy and business decision efficiently.

The note regarding financial risk management provides information about the risks that the Bank is exposed to, the objective, policies and process for managing the risk, the methods used to measure the risk and capital adequacy. Additional quantitative information is disclosed throughout the separate financial statements.

(2) Risk Management Group

1) Risk Management Committee

The Risk Management Committee establishes risk management strategies in accordance with the directives of the board of directors and determines the Bank’s target risk appetite, approves significant risk matters and reviews the level of risks that the Bank is exposed to and the appropriateness of the Bank’s risk management operations as an ultimate decision-making authority.

2) Risk Management Council

The Risk Management Council is a consultative group that reviews and makes decisions on matters delegated by the Risk Management Committee and discusses the detailed issues relating to the Bank’s risk management.

3) Risk Management Practices Committee

The Risk Management Practices Committee assists the Risk Management Committee and the Risk Management Council. It performs practical work process relating to risk management plan, including targeted Bank for International Settlements (“BIS”) ratio, risk management strategy, risk measurement, risk analysis, economic capital limit and others.

4-2. Credit risk

(1) Overview of Credit Risk

Credit risk is the risk of possible losses in an asset portfolio in the events of counterparty’s default, breach of contract and deterioration in the credit quality of the counterparty. For the risk management reporting purposes, the individual borrower’s default risk, country risk, specific risks and other credit risk exposure components are considered as a whole.

(2) Credit Risk Management

The Bank controls the credit concentration risk exposure by applying and managing total exposure limits to prevent the excessive risk concentration to specific industry and specific borrowers. The Bank maintains allowances for loan losses associated with credit risk on loans and receivables to manage its credit risk.

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The Bank recognizes impairment loss on loans with carrying amount at amortized cost when there is any objective indication of impairment. Under K-IFRS, impairment loss is based on losses incurred at the end of the reporting period and the Bank should not recognize expected losses that are probable due to future events. The Bank measures inherent incurred losses on financial assets classified as loans and receivables and present it in the separate financial statements through the use of an allowances account that is charged against the related financial assets.

(3) Maximum exposure to credit risk

The Bank’s maximum exposure of financial instruments to credit risk as of June 30, 2017, and December 31, 2016, is as follows (Korean won in millions):

|  | Jun. 30, 2017 | Dec. 31, 2016 |
|--|---------------|---------------|
|--|---------------|---------------|

|                                          |                     |                     |
|------------------------------------------|---------------------|---------------------|
| Cash and due from financial institutions | ? 2,569,272         | ? 3,863,279         |
| Financial assets at FVTPL                | 614,693             | 688,542             |
| Hedging derivative assets                | 265,973             | 168,417             |
| Loans (*1)                               | 73,729,304          | 76,297,120          |
| Financial investments                    | 716,396             | 1,049,010           |
| Other financial assets                   | 1,122,244           | 1,034,020           |
| Acceptances and guarantee contracts      | 50,621,241          | 59,679,043          |
| Commitments (*2)                         | 21,335,732          | 20,209,143          |
|                                          | <u>?150,974,855</u> | <u>?162,988,599</u> |

(\*1) Loans exclude loans valuation adjustment related to fair value hedging.  
(\*2) Commitments exclude commitments on purchase of beneficiary certificates which are included in other commitments in Note 36.

(4) Credit risk of loans

The Bank maintains allowances for loan losses associated with credit risk on loans to manage its credit risk. The Bank recognizes impairment loss on loans with carrying amount at amortized cost when there is any objective indication of impairment. Under K-IFRS, impairment loss is based on losses incurred at the end of the reporting period and the Bank should not recognize expected losses that are probable due to future events. The Bank measures inherent incurred losses on financial assets classified as loans and present them in the separate financial statements through the use of an allowances account that is charged against the related financial assets.

The Bank writes off on non-profitable loans, non-recoverable loans, loans classified as estimated loss by asset quality category, loans requested to be written off by Financial Supervisory Service (“FSS”) and others upon approval of Loan Management Committee.

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Loans are categorized as follows (Korean won in millions):  
(Jun. 30, 2017)

|                                               | Individual<br>assessment | Collective<br>assessment | Total              | Ratio (%)     |
|-----------------------------------------------|--------------------------|--------------------------|--------------------|---------------|
| Loans:                                        |                          |                          |                    |               |
| Normal                                        |                          |                          |                    |               |
| Not past due                                  | ? 1,728,949              | ?67,765,586              | ?69,494,535        | 93.7%         |
| Past due                                      | —                        | 867                      | 867                | 0.0%          |
| Impaired                                      | 4,499,197                | 127,293                  | 4,626,490          | 6.2%          |
| Subtotal                                      | <u>6,228,146</u>         | <u>67,893,746</u>        | <u>74,121,892</u>  | <u>100.0%</u> |
| Net deferred origination fees and costs:      |                          |                          |                    |               |
| Normal                                        |                          |                          |                    |               |
| Not past due                                  | (7)                      | (383,752)                | (383,759)          | 97.7%         |
| Past due                                      | —                        | (1)                      | (1)                | 0.0%          |
| Impaired                                      | (8,845)                  | 17                       | (8,828)            | 2.2%          |
| Subtotal                                      | <u>(8,852)</u>           | <u>(383,736)</u>         | <u>(392,588)</u>   | <u>100.0%</u> |
| Carrying amounts before deducting allowances: |                          |                          |                    |               |
| Normal                                        |                          |                          |                    |               |
| Not past due                                  | 1,728,942                | 67,381,834               | 69,110,776         | 93.7%         |
| Past due                                      | —                        | 866                      | 866                | 0.0%          |
| Impaired                                      | 4,490,352                | 127,310                  | 4,617,662          | 6.2%          |
| Subtotal                                      | <u>6,219,294</u>         | <u>67,510,010</u>        | <u>73,729,304</u>  | <u>100.0%</u> |
| Allowances:                                   |                          |                          |                    |               |
| Normal                                        |                          |                          |                    |               |
| Not past due                                  | (247,406)                | (258,729)                | (506,135)          | 19.7%         |
| Percentage (%)                                | 14.31                    | 0.38                     | 0.73               |               |
| Past due                                      | —                        | (81)                     | (81)               | 0.0%          |
| Percentage (%)                                | —                        | 9.35                     | 9.35               |               |
| Impaired                                      | (1,998,455)              | (58,852)                 | (2,057,307)        | 80.2%         |
| Percentage (%)                                | 44.51                    | 46.23                    | 44.55              |               |
| Subtotal                                      | <u>(2,245,861)</u>       | <u>(317,662)</u>         | <u>(2,563,523)</u> | <u>100.0%</u> |
| Percentage (%)                                | 36.11                    | 0.47                     | 3.48               |               |

|                   |  |                  |                   |                   |              |
|-------------------|--|------------------|-------------------|-------------------|--------------|
| Carrying amounts: |  |                  |                   |                   |              |
| Normal            |  |                  |                   |                   |              |
| Not past due      |  | 1,481,536        | 67,123,105        | 68,604,641        | 96.3         |
| Past due          |  | —                | 785               | 785               | 0.0          |
| Impaired          |  | 2,491,897        | 68,458            | 2,560,355         | 3.6          |
| Total             |  | <u>3,973,433</u> | <u>67,192,348</u> | <u>71,165,781</u> | <u>100.0</u> |

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(Dec. 31, 2016)

|                                               | Individual<br>assessment | Collective<br>assessment | Total              | Ratio (%)    |
|-----------------------------------------------|--------------------------|--------------------------|--------------------|--------------|
| Loans:                                        |                          |                          |                    |              |
| Normal                                        |                          |                          |                    |              |
| Not past due                                  | 241,823                  | 69,339,999               | 69,581,822         | 90.6         |
| Past due                                      | —                        | 653                      | 653                | 0.0          |
| Impaired                                      | 4,817,339                | 2,324,247                | 7,141,586          | 9.3          |
| Subtotal                                      | <u>5,059,162</u>         | <u>71,664,899</u>        | <u>76,724,061</u>  | <u>100.0</u> |
| Net deferred origination fees and costs:      |                          |                          |                    |              |
| Normal                                        |                          |                          |                    |              |
| Not past due                                  | (330)                    | (417,549)                | (417,879)          | 97.8         |
| Past due                                      | —                        | —                        | —                  | —            |
| Impaired                                      | (9,097)                  | 41                       | (9,056)            | 2.1          |
| Subtotal                                      | <u>(9,427)</u>           | <u>(417,508)</u>         | <u>(426,935)</u>   | <u>100.0</u> |
| Carrying amounts before deducting allowances: |                          |                          |                    |              |
| Normal                                        |                          |                          |                    |              |
| Not past due                                  | 241,493                  | 68,922,450               | 69,163,943         | 90.6         |
| Past due                                      | —                        | 653                      | 653                | 0.0          |
| Impaired                                      | 4,808,242                | 2,324,288                | 7,132,530          | 9.3          |
| Subtotal                                      | <u>5,049,735</u>         | <u>71,247,391</u>        | <u>76,297,126</u>  | <u>100.0</u> |
| Allowances:                                   |                          |                          |                    |              |
| Normal                                        |                          |                          |                    |              |
| Not past due                                  | (17,998)                 | (271,919)                | (289,917)          | 9.9          |
| Percentage (%)                                | 7.44                     | 0.39                     | 0.42               |              |
| Past due                                      | —                        | (12)                     | (12)               | 0.0          |
| Percentage (%)                                | —                        | 1.84                     | 1.84               |              |
| Impaired                                      | (2,210,717)              | (425,089)                | (2,635,806)        | 90.0         |
| Percentage (%)                                | 45.98                    | 18.29                    | 36.95              |              |
| Subtotal                                      | <u>(2,228,715)</u>       | <u>(697,020)</u>         | <u>(2,925,735)</u> | <u>100.0</u> |
| Percentage (%)                                | 44.14                    | 0.98                     | 3.83               |              |
| Carrying amounts:                             |                          |                          |                    |              |
| Normal                                        |                          |                          |                    |              |
| Not past due                                  | 223,495                  | 68,650,531               | 68,874,026         | 93.8         |
| Past due                                      | —                        | 641                      | 641                | 0.0          |
| Impaired                                      | 2,597,525                | 1,899,199                | 4,496,724          | 6.1          |
| Total                                         | <u>2,821,020</u>         | <u>70,550,371</u>        | <u>73,371,391</u>  | <u>100.0</u> |

The above carrying amounts exclude loan valuation adjustment related to fair value hedging amounting to ₩36,955 million and ₩47,397 million as of June 30, 2017, and December 31, 2016, respectively.

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1) Credit quality of loans that are neither past due nor impaired

Credit quality of loans that are neither past due nor impaired as of June 30, 2017, and December 31, 2016, are as follows (Korean won in

millions):  
(Jun. 30, 2017)

| Criteria     | Loans                   |                             |                   |                    |               | Deferred loan origination fees and costs | Allowances         | Carrying amount   |
|--------------|-------------------------|-----------------------------|-------------------|--------------------|---------------|------------------------------------------|--------------------|-------------------|
|              | Loans in local currency | Loans in foreign currencies | Others            | Total              | Ratio (%)     |                                          |                    |                   |
| Best         | ? 2,286,905             | ?11,408,730                 | ? 959,563         | ?14,655,198        | 21.09         | ? (67,602)                               | ? (10,216)         | ?14,577,38        |
| Outstanding  | 5,295,126               | 30,992,158                  | 1,044,990         | 37,332,274         | 53.72         | (302,937)                                | (75,604)           | 36,953,73         |
| Good         | 5,396,952               | 8,404,244                   | 1,759,971         | 15,561,167         | 22.39         | (12,070)                                 | (167,166)          | 15,381,93         |
| Below normal | 1,368,893               | 576,549                     | 454               | 1,945,896          | 2.80          | (1,150)                                  | (253,149)          | 1,691,59          |
| Total        | <u>?14,347,876</u>      | <u>?51,381,681</u>          | <u>?3,764,978</u> | <u>?69,494,535</u> | <u>100.00</u> | <u>? (383,759)</u>                       | <u>? (506,135)</u> | <u>?68,604,64</u> |

(Dec. 31, 2016)

| Criteria     | Loans                   |                             |                   |                    |               | Deferred loan origination fees and costs | Allowances         | Carrying amount   |
|--------------|-------------------------|-----------------------------|-------------------|--------------------|---------------|------------------------------------------|--------------------|-------------------|
|              | Loans in local currency | Loans in foreign currencies | Others            | Total              | Ratio (%)     |                                          |                    |                   |
| Best         | ? 924,617               | ? 6,333,727                 | ?1,131,151        | ? 8,389,495        | 12.06         | ? (27,901)                               | ? (3,452)          | ? 8,358,14        |
| Outstanding  | 5,397,037               | 37,044,358                  | 2,423,723         | 44,865,118         | 64.48         | (366,295)                                | (89,116)           | 44,409,70         |
| Good         | 5,281,579               | 9,713,537                   | 1,114,213         | 16,109,329         | 23.15         | (23,141)                                 | (181,360)          | 15,904,82         |
| Below normal | 56,897                  | 160,983                     | —                 | 217,880            | 0.31          | (542)                                    | (15,989)           | 201,34            |
| Total        | <u>?11,660,130</u>      | <u>?53,252,605</u>          | <u>?4,669,087</u> | <u>?69,581,822</u> | <u>100.00</u> | <u>? (417,879)</u>                       | <u>? (289,917)</u> | <u>?68,874,02</u> |

2) Aging analysis of loans that are past due but not impaired

Aging analysis of loans that are past due but not impaired as of June 30, 2017, and December 31, 2016, are as follows (Korean won in millions):

(Jun. 30, 2017)

|                     | Loans                   |                             |            |             |               | Deferred loan origination fees and costs | Allowances    | Carrying amount |
|---------------------|-------------------------|-----------------------------|------------|-------------|---------------|------------------------------------------|---------------|-----------------|
|                     | Loans in local currency | Loans in foreign currencies | Others     | Total       | Ratio (%)     |                                          |               |                 |
| Within one month    | ? 400                   | ? 467                       | ? —        | ?867        | 100.00        | ? (1)                                    | ? (80)        | ? 78            |
| Within two months   | —                       | —                           | —          | —           | —             | —                                        | —             | —               |
| Within three months | —                       | —                           | —          | —           | —             | —                                        | —             | —               |
| Over three months   | —                       | —                           | —          | —           | —             | —                                        | —             | —               |
| Total               | <u>? 400</u>            | <u>? 467</u>                | <u>? —</u> | <u>?867</u> | <u>100.00</u> | <u>? (1)</u>                             | <u>? (80)</u> | <u>? 78</u>     |

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(Dec. 31, 2016)

|                     | Loans                   |                             |            |             |               | Deferred loan origination fees and costs | Allowances    | Carrying amount |
|---------------------|-------------------------|-----------------------------|------------|-------------|---------------|------------------------------------------|---------------|-----------------|
|                     | Loans in local currency | Loans in foreign currencies | Others     | Total       | Ratio (%)     |                                          |               |                 |
| Within one month    | ? —                     | ? 653                       | ? —        | ?653        | 100.00        | ? —                                      | ? (12)        | ? 64            |
| Within two months   | —                       | —                           | —          | —           | —             | —                                        | —             | —               |
| Within three months | —                       | —                           | —          | —           | —             | —                                        | —             | —               |
| Over three months   | —                       | —                           | —          | —           | —             | —                                        | —             | —               |
| Total               | <u>? —</u>              | <u>? 653</u>                | <u>? —</u> | <u>?653</u> | <u>100.00</u> | <u>? —</u>                               | <u>? (12)</u> | <u>? 64</u>     |

3) Loans assessed for impairment on individual basis

Loans assessed for impairment on individual basis by country and industry of the Bank’s counterparties, as of June 30, 2017, and December 31, 2016, are as follows (Korean won in millions):

(Jun. 30, 2017)

| Loans | Impairment | Impairment ratio (%) |
|-------|------------|----------------------|
|-------|------------|----------------------|



|                | Domestic   | Foreign    | Total      | Domestic     | Foreign    | Total        | Domestic | Foreign | Total |
|----------------|------------|------------|------------|--------------|------------|--------------|----------|---------|-------|
| Manufacturing  | ₩3,436,750 | ₩ 753,122  | ₩4,189,872 | ₩(1,544,765) | ₩(312,135) | ₩(1,856,900) | 44.95    | 41.45   | 44.33 |
| Transportation | —          | 299,293    | 299,293    | —            | (140,597)  | (140,597)    | —        | 46.98   | 46.98 |
| Construction   | 1,187      | —          | 1,187      | (958)        | —          | (958)        | 80.71    | —       | 80.71 |
| Total          | ₩3,437,937 | ₩1,052,415 | ₩4,490,352 | ₩(1,545,723) | ₩(452,732) | ₩(1,998,455) | 44.96    | 43.02   | 44.50 |

(Dec. 31, 2016)

|                | Loans      |            |            | Impairment   |            |              | Impairment ratio (%) |         |       |
|----------------|------------|------------|------------|--------------|------------|--------------|----------------------|---------|-------|
|                | Domestic   | Foreign    | Total      | Domestic     | Foreign    | Total        | Domestic             | Foreign | Total |
| Manufacturing  | ₩3,623,910 | ₩ 793,121  | ₩4,417,031 | ₩(1,732,272) | ₩(324,327) | ₩(2,056,599) | 47.80                | 40.89   | 46.50 |
| Transportation | —          | 390,023    | 390,023    | —            | (153,153)  | (153,153)    | —                    | 39.27   | 39.27 |
| Construction   | 1,188      | —          | 1,188      | (965)        | —          | (965)        | 81.23                | —       | 81.23 |
| Total          | ₩3,625,098 | ₩1,183,144 | ₩4,808,242 | ₩(1,733,237) | ₩(477,480) | ₩(2,210,717) | 47.81                | 40.36   | 45.90 |

(5) Credit quality of securities (debt securities)

1) Securities (debt securities) exposed to credit risk as of June 30, 2017, and December 31, 2016, are as follows (Korean won in millions):

|                                                   | Jun. 30, 2017 | Dec. 31, 2016 |
|---------------------------------------------------|---------------|---------------|
| Securities that are neither past due nor impaired | ₩ 750,573     | ₩1,090,209    |

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2) Credit quality of securities (debt securities) that are neither past due nor impaired as of June 30, 2017, and December 31, 2016, are as follows (Korean won in millions):

(Jun. 30, 2017)

|                           | Credit quality (*) |         |         |         |         | Total    |
|---------------------------|--------------------|---------|---------|---------|---------|----------|
|                           | Grade 1            | Grade 2 | Grade 3 | Grade 4 | Grade 5 |          |
| Financial assets at FVTPL | ₩ 34,177           | ₩ —     | ₩ —     | ₩ —     | ₩ —     | ₩ 34,177 |
| AFS financial assets      | 627,558            | —       | —       | —       | —       | 627,558  |
| HTM financial assets      | 88,838             | —       | —       | —       | —       | 88,838   |
| Total                     | ₩750,573           | ₩ —     | ₩ —     | ₩ —     | ₩ —     | ₩750,573 |

(Dec. 31, 2016)

|                           | Credit quality (*) |         |         |         |         | Total      |
|---------------------------|--------------------|---------|---------|---------|---------|------------|
|                           | Grade 1            | Grade 2 | Grade 3 | Grade 4 | Grade 5 |            |
| Financial assets at FVTPL | ₩ 41,193           | ₩ —     | ₩ —     | ₩ —     | ₩ —     | ₩ 41,193   |
| AFS financial assets      | 937,682            | —       | —       | —       | —       | 937,682    |
| HTM financial assets      | 111,334            | —       | —       | —       | —       | 111,334    |
| Total                     | ₩1,090,209         | ₩ —     | ₩ —     | ₩ —     | ₩ —     | ₩1,090,209 |

(\*) Credit quality is classified based on internal credit quality grade as below:

|         | Credit rating |
|---------|---------------|
| Grade 1 | AAA ~ BBB     |
| Grade 2 | BBB- ~ BB     |
| Grade 3 | BB- ~ B       |
| Grade 4 | B- ~ C        |
| Grade 5 | D             |

(6) Concentration of credit risk

The amounts disclosed below exclude loan valuation adjustment related to fair value hedging amounting to ₩36,955 million and ₩47,397 million as of June 30, 2017, and December 31, 2016, respectively.

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1) Loans by country where the credit risk belongs to as of June 30, 2017, and December 31, 2016, are as follows (Korean won in millions):  
(Jun. 30, 2017)

|                            | Loans in<br>local currency | Loans in<br>foreign<br>currencies | Others     | Total       | Ratio<br>(%) | Deferred<br>loan<br>origination<br>fees | Allowances   |
|----------------------------|----------------------------|-----------------------------------|------------|-------------|--------------|-----------------------------------------|--------------|
| Asia:                      |                            |                                   |            |             |              |                                         |              |
| Korea                      | ₩17,785,345                | ₩ 7,170,598                       | ₩ 980,186  | ₩25,936,129 | 34.99        | ₩ (6,245)                               | ₩(1,942,996) |
| China                      | —                          | 1,858,697                         | 483,268    | 2,341,965   | 3.16         | (308)                                   | (37,950)     |
| Saudi Arabia               | —                          | 4,055,165                         | 23,405     | 4,078,570   | 5.50         | (56,542)                                | (8,666)      |
| India                      | —                          | 2,700,315                         | 43,171     | 2,743,486   | 3.70         | (24,750)                                | (4,172)      |
| Indonesia                  | —                          | 3,532,596                         | 5,942      | 3,538,538   | 4.77         | (75,131)                                | (11,112)     |
| Vietnam                    | —                          | 3,411,009                         | 14,951     | 3,425,960   | 4.62         | (23,392)                                | (21,048)     |
| Australia                  | —                          | 2,353,897                         | 553        | 2,354,450   | 3.18         | (21,008)                                | (4,662)      |
| Philippines                | —                          | 295,291                           | 1,170      | 296,461     | 0.40         | (61)                                    | (10,782)     |
| Qatar                      | —                          | 747,623                           | —          | 747,623     | 1.01         | (2,971)                                 | (2,463)      |
| Singapore                  | —                          | 538,942                           | 395,218    | 934,160     | 1.26         | (7,324)                                 | (273,253)    |
| Oman                       | —                          | 979,161                           | 22         | 979,183     | 1.32         | (12,084)                                | (3,185)      |
| Hong Kong                  | —                          | 1,024,137                         | 274,408    | 1,298,545   | 1.75         | (2,254)                                 | (2,430)      |
| The United Arab Emirates   | —                          | 2,815,061                         | 6,649      | 2,821,710   | 3.81         | (29,218)                                | (6,864)      |
| Others                     | —                          | 1,970,581                         | 1,231,380  | 3,201,961   | 4.33         | (16,076)                                | (34,860)     |
| Subtotal                   | 17,785,345                 | 33,453,073                        | 3,460,323  | 54,698,741  | 73.80        | (277,364)                               | (2,364,443)  |
| Europe:                    |                            |                                   |            |             |              |                                         |              |
| Russia                     | —                          | 341,067                           | —          | 341,067     | 0.46         | (21)                                    | (1,393)      |
| United Kingdom             | —                          | 475,650                           | 130,509    | 606,159     | 0.82         | (1,633)                                 | (678)        |
| France                     | —                          | 217,485                           | 104,516    | 322,001     | 0.43         | (3,230)                                 | (70)         |
| Netherlands                | —                          | 2,811                             | 18,231     | 21,042      | 0.03         | —                                       | (60)         |
| Malta                      | —                          | 144,362                           | —          | 144,362     | 0.19         | (1,390)                                 | —            |
| Uzbekistan                 | —                          | 727,953                           | 150,663    | 878,616     | 1.19         | (6,496)                                 | (4,722)      |
| Greece                     | —                          | 405,631                           | —          | 405,631     | 0.55         | (2,423)                                 | (149)        |
| Turkey                     | —                          | 605,838                           | 781        | 606,619     | 0.82         | (9,860)                                 | (1,788)      |
| Germany                    | —                          | 295,684                           | 682        | 296,366     | 0.40         | (545)                                   | (713)        |
| Ukraine                    | —                          | 147,797                           | —          | 147,797     | 0.20         | (4,141)                                 | (151)        |
| Cyprus                     | —                          | 271,259                           | —          | 271,259     | 0.37         | (2,637)                                 | —            |
| Hungary                    | —                          | 171,025                           | 2,002      | 173,027     | 0.23         | (1,177)                                 | (431)        |
| Others                     | —                          | 625,255                           | 164,757    | 790,012     | 1.05         | (4,386)                                 | (2,686)      |
| Subtotal                   | —                          | 4,431,817                         | 572,141    | 5,003,958   | 6.74         | (37,939)                                | (12,841)     |
| America:                   |                            |                                   |            |             |              |                                         |              |
| Panama                     | —                          | 1,609,714                         | —          | 1,609,714   | 2.17         | (5,593)                                 | (151,198)    |
| United States              | —                          | 2,501,868                         | 53,492     | 2,555,360   | 3.45         | (8,257)                                 | (8,879)      |
| The British Virgin Islands | —                          | 255,275                           | —          | 255,275     | 0.34         | (2,499)                                 | (63)         |
| Mexico                     | —                          | 896,701                           | —          | 896,701     | 1.21         | (6,440)                                 | (2,270)      |
| Bermuda                    | —                          | 1,557,645                         | —          | 1,557,645   | 2.10         | (11,241)                                | (1,396)      |
| Brazil                     | —                          | 2,263,889                         | —          | 2,263,889   | 3.05         | (5,969)                                 | (4,830)      |
| Others                     | —                          | 1,530,115                         | 2,285      | 1,532,400   | 2.08         | (6,095)                                 | (3,442)      |
| Subtotal                   | —                          | 10,615,207                        | 55,777     | 10,670,984  | 14.40        | (46,094)                                | (172,078)    |
| Africa:                    |                            |                                   |            |             |              |                                         |              |
| Marshall Islands           | —                          | 2,101,027                         | —          | 2,101,027   | 2.83         | (13,095)                                | (9,769)      |
| Liberia                    | —                          | 499,177                           | —          | 499,177     | 0.67         | (3,586)                                 | (364)        |
| Madagascar                 | —                          | 395,344                           | —          | 395,344     | 0.53         | (1,974)                                 | (1,303)      |
| Others                     | —                          | 742,441                           | 10,220     | 752,661     | 1.03         | (12,536)                                | (2,725)      |
| Subtotal                   | —                          | 3,737,989                         | 10,220     | 3,748,209   | 5.06         | (31,191)                                | (14,161)     |
| Total                      | ₩17,785,345                | ₩52,238,086                       | ₩4,098,461 | ₩74,121,892 | 100.00       | ₩(392,588)                              | ₩(2,563,523) |

(Dec. 31, 2016)

|                            | Loans in<br>local<br>currency | Loans in<br>foreign<br>currencies | Others     | Total       | Ratio<br>(%) | Deferred<br>loan<br>origination<br>fees | Allowances   |
|----------------------------|-------------------------------|-----------------------------------|------------|-------------|--------------|-----------------------------------------|--------------|
| Asia:                      |                               |                                   |            |             |              |                                         |              |
| Korea                      | ₩16,178,355                   | ₩ 7,433,406                       | ₩ 675,959  | ₩24,287,720 | 31.66        | ₩ (6,044)                               | ₩(2,255,609) |
| China                      | —                             | 2,147,381                         | 536,056    | 2,683,437   | 3.50         | (375)                                   | (41,352)     |
| Saudi Arabia               | —                             | 4,451,009                         | 114,817    | 4,565,826   | 5.95         | (57,984)                                | (8,827)      |
| India                      | —                             | 3,170,986                         | 23,457     | 3,194,443   | 4.16         | (40,039)                                | (4,729)      |
| Indonesia                  | —                             | 3,904,200                         | 8,598      | 3,912,798   | 5.10         | (75,269)                                | (12,155)     |
| Vietnam                    | —                             | 3,604,195                         | 5,322      | 3,609,517   | 4.70         | (24,334)                                | (19,593)     |
| Australia                  | —                             | 2,512,815                         | 687        | 2,513,502   | 3.28         | (22,004)                                | (5,088)      |
| Philippines                | —                             | 396,781                           | 119,642    | 516,423     | 0.67         | (342)                                   | (17,603)     |
| Qatar                      | —                             | 819,726                           | —          | 819,726     | 1.07         | (3,108)                                 | (2,696)      |
| Singapore                  | —                             | 565,149                           | 859,666    | 1,424,815   | 1.86         | (7,331)                                 | (282,355)    |
| Oman                       | —                             | 1,015,439                         | 499        | 1,015,938   | 1.32         | (12,493)                                | (3,300)      |
| Hong Kong                  | —                             | 818,417                           | 452,790    | 1,271,207   | 1.66         | (2,011)                                 | (2,383)      |
| The United Arab Emirates   | —                             | 2,762,836                         | 1,255      | 2,764,091   | 3.60         | (31,206)                                | (6,773)      |
| Others                     | —                             | 1,960,112                         | 1,472,634  | 3,432,746   | 4.47         | (17,173)                                | (31,064)     |
| Subtotal                   | 16,178,355                    | 35,562,452                        | 4,271,382  | 56,012,189  | 73.00        | (299,713)                               | (2,693,527)  |
| Europe:                    |                               |                                   |            |             |              |                                         |              |
| Russia                     | —                             | 300,311                           | —          | 300,311     | 0.39         | (30)                                    | (1,215)      |
| United Kingdom             | —                             | 273,722                           | 47,954     | 321,676     | 0.42         | (1,788)                                 | (529)        |
| France                     | —                             | 203,346                           | 2,964      | 206,310     | 0.27         | (3,323)                                 | (56)         |
| Netherlands                | —                             | 56,519                            | 17,993     | 74,512      | 0.10         | (58)                                    | (72)         |
| Malta                      | —                             | 164,505                           | —          | 164,505     | 0.21         | (1,578)                                 | —            |
| Uzbekistan                 | —                             | 792,432                           | —          | 792,432     | 1.03         | (6,755)                                 | (3,605)      |
| Greece                     | —                             | 393,479                           | —          | 393,479     | 0.51         | (2,546)                                 | (161)        |
| Ireland                    | —                             | 483,400                           | —          | 483,400     | 0.63         | (120)                                   | (9,200)      |
| Turkey                     | —                             | 551,139                           | 129        | 551,268     | 0.72         | (8,749)                                 | (1,912)      |
| Germany                    | —                             | 256,316                           | 10,802     | 267,118     | 0.35         | (639)                                   | (854)        |
| Ukraine                    | —                             | 179,123                           | —          | 179,123     | 0.23         | (5,439)                                 | (3,955)      |
| Cyprus                     | —                             | 308,763                           | —          | 308,763     | 0.40         | (2,901)                                 | —            |
| Hungary                    | —                             | 188,796                           | 981        | 189,777     | 0.25         | (1,207)                                 | (208)        |
| Others                     | —                             | 680,658                           | 549,512    | 1,230,170   | 1.60         | (4,664)                                 | (1,733)      |
| Subtotal                   | —                             | 4,832,509                         | 630,335    | 5,462,844   | 7.11         | (39,797)                                | (23,500)     |
| America:                   |                               |                                   |            |             |              |                                         |              |
| Panama                     | —                             | 2,023,831                         | —          | 2,023,831   | 2.64         | (7,066)                                 | (165,235)    |
| United States              | —                             | 2,511,557                         | 114,805    | 2,626,362   | 3.43         | (14,093)                                | (9,299)      |
| The British Virgin Islands | —                             | 556,399                           | —          | 556,399     | 0.73         | (2,633)                                 | (132)        |
| Mexico                     | —                             | 975,627                           | —          | 975,627     | 1.27         | (6,773)                                 | (2,361)      |
| Bermuda                    | —                             | 1,574,929                         | —          | 1,574,929   | 2.05         | (11,823)                                | (1,571)      |
| Brazil                     | —                             | 2,310,664                         | —          | 2,310,664   | 3.02         | (6,320)                                 | (7,023)      |
| Others                     | —                             | 1,119,823                         | 2,617      | 1,122,440   | 1.46         | (5,800)                                 | (4,214)      |
| Subtotal                   | —                             | 11,072,830                        | 117,422    | 11,190,252  | 14.60        | (54,508)                                | (189,835)    |
| Africa:                    |                               |                                   |            |             |              |                                         |              |
| Marshall Islands           | —                             | 2,311,812                         | —          | 2,311,812   | 3.01         | (13,978)                                | (13,869)     |
| Liberia                    | —                             | 553,247                           | —          | 553,247     | 0.72         | (3,828)                                 | (423)        |
| Madagascar                 | —                             | 419,247                           | —          | 419,247     | 0.55         | (2,114)                                 | (1,381)      |
| Others                     | —                             | 770,904                           | 3,566      | 774,470     | 1.01         | (12,997)                                | (3,200)      |
| Subtotal                   | —                             | 4,055,210                         | 3,566      | 4,058,776   | 5.29         | (32,917)                                | (18,873)     |
| Total                      | ₩16,178,355                   | ₩55,523,001                       | ₩5,022,705 | ₩76,724,061 | 100.00       | ₩(426,935)                              | ₩(2,925,735) |

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2) Loans by industry as of June 30, 2017, and December 31, 2016, are as follows (Korean won in millions):

(Jun. 30, 2017)

|                          | Loans                   |                             |             |              |           | Deferred loan origination fees | Allowances    |
|--------------------------|-------------------------|-----------------------------|-------------|--------------|-----------|--------------------------------|---------------|
|                          | Loans in local currency | Loans in foreign currencies | Others      | Total        | Ratio (%) |                                |               |
| Manufacturing            | ? 13,747,018            | ? 23,450,276                | ? 623,590   | ? 37,820,884 | 51.03     | ? (136,476)                    | ? (2,295,360) |
| Transportation           | 118,180                 | 8,032,466                   | —           | 8,150,646    | 11.00     | (47,604)                       | (175,280)     |
| Financial institutions   | 1,875,418               | 5,707,537                   | 3,436,445   | 11,019,400   | 14.87     | (5,527)                        | (16,510)      |
| Wholesale and retail     | 599,288                 | 1,175,893                   | 36,800      | 1,811,981    | 2.44      | (3,408)                        | (7,211)       |
| Real estate              | 9,000                   | 488,349                     | —           | 497,349      | 0.67      | (4,276)                        | (414)         |
| Construction             | 898,217                 | 519,533                     | 446         | 1,418,196    | 1.91      | (704)                          | (10,447)      |
| Public sector and others | 538,224                 | 12,864,032                  | 1,180       | 13,403,436   | 18.08     | (194,593)                      | (58,301)      |
| Total                    | ? 17,785,345            | ? 52,238,086                | ? 4,098,461 | ? 74,121,892 | 100.00    | ? (392,588)                    | ? (2,563,523) |

(Dec. 31, 2016)

|                          | Loans                   |                             |             |              |           | Deferred loan origination fees | Allowances    |
|--------------------------|-------------------------|-----------------------------|-------------|--------------|-----------|--------------------------------|---------------|
|                          | Loans in local currency | Loans in foreign currencies | Others      | Total        | Ratio (%) |                                |               |
| Manufacturing            | ? 12,877,156            | ? 26,376,000                | ? 682,688   | ? 39,935,844 | 52.05     | ? (140,372)                    | ? (2,638,379) |
| Transportation           | 118,280                 | 8,544,474                   | 5,349       | 8,668,103    | 11.30     | (54,707)                       | (193,863)     |
| Financial institutions   | 1,083,455               | 5,029,908                   | 4,247,297   | 10,360,660   | 13.50     | (6,363)                        | (22,269)      |
| Wholesale and retail     | 587,628                 | 1,298,182                   | 86,383      | 1,972,193    | 2.57      | (3,686)                        | (6,897)       |
| Real estate              | 14,000                  | 479,473                     | —           | 493,473      | 0.64      | (2,339)                        | (351)         |
| Construction             | 914,316                 | 556,976                     | 447         | 1,471,739    | 1.92      | (501)                          | (9,079)       |
| Public sector and others | 583,520                 | 13,237,988                  | 541         | 13,822,049   | 18.02     | (218,967)                      | (54,897)      |
|                          | ? 16,178,355            | ? 55,523,001                | ? 5,022,705 | ? 76,724,061 | 100.00    | ? (426,935)                    | ? (2,925,735) |

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3) Concentration of credit risk of securities (debt securities) by industry as of June 30, 2017, and December 31, 2016, are as follows (Korean won in millions):

|                                                  | Jun. 30, 2017 |           | Dec. 31, 2016 |           |
|--------------------------------------------------|---------------|-----------|---------------|-----------|
|                                                  | Amount        | Ratio (%) | Amount        | Ratio (%) |
| Financial assets at FVTPL                        |               |           |               |           |
| Government and government-sponsored institutions | ? 5,674       | 16.60     | ? 1           | 0.0       |
| Banking and insurance                            | 17,097        | 50.03     | 18,431        | 44.7      |
| Others                                           | 11,406        | 33.37     | 22,761        | 55.2      |
| Subtotal                                         | 34,177        | 100.00    | 41,193        | 100.0     |
| AFS financial assets                             |               |           |               |           |
| Government and government-sponsored institutions | 69,357        | 11.05     | 57,881        | 6.1       |
| Banking and insurance                            | 207,844       | 33.12     | 521,069       | 55.5      |
| Others                                           | 350,357       | 55.83     | 358,732       | 38.2      |
| Subtotal                                         | 627,558       | 100.00    | 937,682       | 100.0     |
| HTM financial assets                             |               |           |               |           |
| Government and government-sponsored institutions | 5,693         | 6.41      | 12,107        | 10.8      |
| Banking and insurance                            | 55,695        | 62.69     | 63,995        | 57.4      |
| Others                                           | 27,450        | 30.90     | 35,232        | 31.6      |
| Subtotal                                         | 88,838        | 100.00    | 111,334       | 100.0     |
| Total                                            | ?750,573      |           | ?1,090,209    |           |

4) Concentration of credit risk of securities (debt securities) by country as of June 30, 2017, and December 31, 2016, are as follows (Korean won in millions):

|                           | Jun. 30, 2017 |           | Dec. 31, 2016 |           |
|---------------------------|---------------|-----------|---------------|-----------|
|                           | Amount        | Ratio (%) | Amount        | Ratio (%) |
| Financial assets at FVTPL |               |           |               |           |
| Korea                     | ? 5,674       | 16.60     | ? —           | —         |
| United States             | 22,769        | 66.62     | 14,805        | 35.9      |

|                      |          |        |            |        |
|----------------------|----------|--------|------------|--------|
| Others               | 5,734    | 16.78  | 26,388     | 64.00  |
| Subtotal             | 34,177   | 100.00 | 41,193     | 100.00 |
| AFS financial assets |          |        |            |        |
| Korea                | 136,112  | 21.69  | 490,004    | 52.20  |
| United States        | 361,798  | 57.65  | 312,020    | 33.20  |
| Japan                | 31,732   | 5.06   | 23,560     | 2.50   |
| France               | 20,874   | 3.33   | 12,507     | 1.30   |
| Others               | 77,042   | 12.27  | 99,591     | 10.60  |
| Subtotal             | 627,558  | 100.00 | 937,682    | 100.00 |
| HTM financial assets |          |        |            |        |
| Korea                | 18,272   | 20.57  | 30,305     | 27.20  |
| China                | 18,298   | 20.60  | 19,435     | 17.40  |
| Singapore            | 16,225   | 18.26  | 17,228     | 15.40  |
| Others               | 36,043   | 40.57  | 44,366     | 39.80  |
| Subtotal             | 88,838   | 100.00 | 111,334    | 100.00 |
| Total                | 7750,573 |        | 71,090,209 |        |

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5) Credit enhancement and its financial effect as of June 30, 2017, and December 31, 2016, are as follows (Korean won in millions):

(Jun. 30, 2017)

|                                                            | Loans (*1)  | Acceptances and guarantees | Unused loan commitments | Total        | Ratio (%) |
|------------------------------------------------------------|-------------|----------------------------|-------------------------|--------------|-----------|
| Maximum exposure to credit risk                            | 773,729,304 | 750,621,241                | 721,335,732             | 7145,686,277 | 100.00    |
| Credit enhancement:                                        |             |                            |                         |              |           |
| Deposits and savings                                       | 115,041     | 197,604                    | 5,489                   | 318,134      | 0.20      |
| Export guarantee insurance                                 | —           | 894,780                    | —                       | 894,780      | 0.60      |
| Guarantee                                                  | 3,812,165   | 2,098,770                  | 1,761,094               | 7,672,029    | 5.20      |
| Securities                                                 | 105,087     | 456,532                    | 838                     | 562,457      | 0.30      |
| Real estate                                                | 2,024,298   | 959,158                    | 469,138                 | 3,452,594    | 2.30      |
| Ships                                                      | 852,528     | 144,996                    | 59,829                  | 1,057,353    | 0.70      |
| Others                                                     | 1,690,576   | 48,517                     | 11,106                  | 1,750,199    | 1.20      |
| Subtotal                                                   | 8,599,695   | 4,800,357                  | 2,307,494               | 15,707,546   | 10.70     |
| Exposure to credit risk after deducting credit enhancement | 765,129,609 | 745,820,884                | 719,028,238             | 7129,978,731 | 89.20     |

(\*1) Loans exclude loans valuation adjustment related to fair value hedging.

(Dec. 31, 2016)

|                                                            | Loans (*1)  | Acceptances and guarantees | Unused loan commitments | Total        | Ratio (%) |
|------------------------------------------------------------|-------------|----------------------------|-------------------------|--------------|-----------|
| Maximum exposure to credit risk                            | 776,297,126 | 759,679,048                | 720,209,143             | 7156,185,317 | 100.00    |
| Credit enhancement:                                        |             |                            |                         |              |           |
| Deposits and savings                                       | 69,923      | 153,399                    | 6,399                   | 229,721      | 0.10      |
| Export guarantee insurance                                 | 83,570      | 1,426,227                  | —                       | 1,509,797    | 0.90      |
| Guarantee                                                  | 3,534,868   | 1,609,041                  | 1,946,773               | 7,090,682    | 4.50      |
| Securities                                                 | 102,084     | 462,146                    | 3,188                   | 567,418      | 0.30      |
| Real estate                                                | 1,606,953   | 1,026,476                  | 162,671                 | 2,796,100    | 1.70      |
| Ships                                                      | 964,495     | 142,389                    | 61,996                  | 1,168,880    | 0.70      |
| Others                                                     | 1,710,137   | —                          | 9,207                   | 1,719,344    | 1.10      |
| Subtotal                                                   | 8,072,030   | 4,819,678                  | 2,190,234               | 15,081,942   | 9.60      |
| Exposure to credit risk after deducting credit enhancement | 768,225,096 | 754,859,370                | 718,018,909             | 7141,103,375 | 90.30     |

(\*1) Loans exclude loans valuation adjustment related to fair value hedging.

4-3. Liquidity risk

(1) Overview of liquidity risk

Liquidity risk is the risk that the Bank is unable to meet its payment obligations arising from financial liabilities as they become due. The Bank discloses all financial asset, financial liabilities and off-balance-sheet items, such as loan commitments and analysis of the contractual maturity, which are related to liquidity risk, into seven categories. The cash flows disclosed in the maturity analysis are undiscounted contractual amounts, including principal and future interest, which resulted in disagreement with the discounted cash flows included in the separate statements of financial position. However, for derivatives, each discounted cash flow consisting of current fair value is presented.

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(2) Principles of the liquidity risk management

- 1) Liquidity risk is managed with integration. The Bank measures, reports and controls liquidity risk by quantification with reasonable method.
- 2) Liquidity risk reflects financing plans and fund-using plans, and the Bank reports the liquidity risk with preciseness, timeliness and consistency.
- 3) The Bank establishes liquidity risk management strategy by analyzing liquidity maturity, liquidity gap structure and market environment.

(3) Liquidity risk management

Risk management department monitors changes by liquidity risk sources and compliance of risk limits. It notifies related departments to prepare countermeasures in case the measured liquidity risk is close to risk limits. Also, it analyzes crisis situations and effects of the crisis situations and reports to the Risk Management Committee on a regular basis. Each related department monitors changes of liquidity risk sources and compliance of risk limits by itself and if exposure to new risk is expected, it discusses the matter with the head of risk management department.

(4) Measurement of liquidity risk

The Bank measures liquidity ratio, liquidity gap ratio and others for local currency and foreign currencies and simulates analysis reflecting market environment, product features and the Bank’s strategies.

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(5) Analysis on remaining contractual maturity of financial liabilities and off-balance-sheet items

Remaining contractual maturity and amount of financial liabilities and off-balance-sheet items as of June 30, 2017, and December 31, 2016, are as follows (Korean won in millions):

(Jun. 30, 2017)

|                                | On demand    | Within one month | One month to three months | Three to six months | Six to twelve months | One year to five years | More than five years | Total        |
|--------------------------------|--------------|------------------|---------------------------|---------------------|----------------------|------------------------|----------------------|--------------|
| Financial liabilities:         |              |                  |                           |                     |                      |                        |                      |              |
| Financial liabilities at FVTPL | ? 664,839    | ? —              | ? —                       | ? —                 | ? —                  | ? —                    | ? —                  | ? 664,839    |
| Hedging derivative liabilities | —            | 291              | 66,589                    | 322,431             | 185,661              | 545,667                | 368,016              | 1,488,655    |
| Borrowings                     | —            | 787,357          | 342,926                   | 911,424             | 1,083,629            | 4,866,719              | 646,186              | 8,638,241    |
| Debentures                     | —            | 1,007,331        | 3,040,090                 | 5,552,666           | 7,341,305            | 34,574,256             | 16,483,967           | 67,999,615   |
| Other financial liabilities    | —            | 791,377          | 21                        | 189,383             | 1,302                | 81,099                 | 722,243              | 1,785,425    |
| Total                          | ? 664,839    | ? 2,586,356      | ? 3,449,626               | ? 6,975,904         | ? 8,611,897          | ? 40,067,741           | ? 18,220,412         | ? 80,576,770 |
| Off-balance-sheet items (*1):  |              |                  |                           |                     |                      |                        |                      |              |
| Commitments                    | ? 21,335,732 | ? —              | ? —                       | ? —                 | ? —                  | ? —                    | ? —                  | ? 21,335,732 |
| Financial guarantee contracts  | 14,832,277   | —                | —                         | —                   | —                    | —                      | —                    | 14,832,277   |
| Total                          | ? 36,168,009 | ? —              | ? —                       | ? —                 | ? —                  | ? —                    | ? —                  | ? 36,168,009 |

(\*1) Guarantees and loan commitments and other credit facilities provided by the Bank have maturities. However, if the counterparty requests the payment immediately, the payment must be fulfilled.

(Dec. 31, 2016)

|                                | On demand | Within one month | One month to three months | Three to six months | Six to twelve months | One year to five years | More than five years | Total      |
|--------------------------------|-----------|------------------|---------------------------|---------------------|----------------------|------------------------|----------------------|------------|
| Financial liabilities:         |           |                  |                           |                     |                      |                        |                      |            |
| Financial liabilities at FVTPL | ? 852,699 | ? —              | ? —                       | ? —                 | ? —                  | ? —                    | ? —                  | ? 852,699  |
| Hedging derivative liabilities | —         | 77,926           | 140,842                   | 23,318              | 492,940              | 1,129,531              | 470,973              | 2,335,530  |
| Borrowings                     | —         | 35,518           | 939,079                   | 2,242,728           | 590,711              | 5,421,887              | 849,677              | 10,079,602 |
| Debentures                     | —         | 3,314,357        | 4,216,493                 | 3,650,867           | 8,342,283            | 32,336,081             | 17,993,116           | 69,853,197 |

|                               |              |             |             |             |             |              |              |             |
|-------------------------------|--------------|-------------|-------------|-------------|-------------|--------------|--------------|-------------|
| Other financial liabilities   | —            | 674,028     | 358         | —           | 191,671     | 57,685       | 717,276      | 1,641,01    |
| Total                         | ? 852,699    | ? 4,101,829 | ? 5,296,772 | ? 5,916,913 | ? 9,617,605 | ? 38,945,184 | ? 20,031,042 | ? 84,762,04 |
| Off-balance-sheet items (*1): |              |             |             |             |             |              |              |             |
| Commitments                   | ? 20,209,143 | ? —         | ? —         | ? —         | ? —         | ? —          | ? —          | ? 20,209,14 |
| Financial guarantee contracts | 15,663,910   | —           | —           | —           | —           | —            | —            | 15,663,91   |
| Total                         | ? 35,873,053 | ? —         | ? —         | ? —         | ? —         | ? —          | ? —          | ? 35,873,05 |

(\*1) Guarantees and loan commitments and other credit facilities provided by the Bank have maturities. However, if the counterparty requests the payment immediately, the payment must be fulfilled.

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4-4. Market risk

(1) Overview of market risk

1) Definition of market risk

Market risk is the risk of possible losses that arise from the changes of market factors, such as interest rate, stock price, foreign exchange rate, commodity value and other market factors related to the fair value or future cash flows of the financial instruments. The Bank classifies exposures to market risk into either foreign exchange rate risk or interest rate risk. Foreign exchange risk means that possible losses on assets and liabilities denominated in foreign currencies due to changes of foreign exchange rate. Interest rate risk means that possible losses on assets and liabilities due to changes of interest rate.

2) Market risk management group

The Bank operates the Risk Management Committee and the Risk Management Council for managing risks and risk limits. The Risk Management Practices Committee assists the Risk Management Committee and the Risk Management Council for practical matters, such as managing adequate assets and liabilities by analyzing foreign exchange risk, interest rate risk, liquidity risk, money balance plan and effects by initiating new product. Market risk is managed by product and currency for minimizing segments exposed to changes of foreign exchange, interest rate and securities' price. Foreign exchange risk is measured by definite method and probabilistic method and definite method is used for limits management. Interest rate value at risk ("VaR") and interest rate earning at risk ("EaR") are measured by BIS standards, definite method and probabilistic method and definite method is used for limits management. Meanwhile, the Bank performs financial crisis analysis supposing exceptional, but possible events for evaluating latent weakness. The analysis is used for important decision making, such as risk mitigation, emergency plan development and limit setup. The results of the analysis are reported to the board of directors and management on a quarterly basis.

(2) Foreign exchange risk

1) Management of foreign exchange risk

Foreign exchange risk management limit is set up and included in internal capital management limit. A risk management division head monitors changes of foreign exchange risk by source and compliance of risk limits regularly. A finance division head also monitors changes of foreign exchange risk by source and compliance of risk limits. The finance division head needs to cooperate with the risk management division head in case it is expected that the Bank will be exposed to a new risk. The risk management division head orders related divisions to prepare countermeasures in case it is apprehended that foreign exchange risk exceeds risk limit. If foreign exchange risk exceeds the risk limit, the risk management division head orders related divisions to prepare countermeasures and reports to Risk Management Committee after resolving the exceeded limit problem.

2) Measurement of foreign exchange risk

Foreign exchange risk is managed by foreign exchange VaR and foreign exchange position. Foreign exchange VaR is measured on a monthly basis and foreign exchange position is measured on a daily basis. It is measured separately by currency for assets and liabilities denominated in foreign currencies exceeding 5% of total assets and liabilities denominated in foreign currencies.

3) Measurement method

? VaR

The Bank uses a yearly VaR to measure market risk. The yearly VaR is a statistically estimated maximum amount of loss that could occur in one year under normal distribution of financial variables. The Bank calculates

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VaR using equal weighted-average method based on historical changes in market rates, prices and volatilities over the previous five years data and measures VaR at a 99% single tail confidence level. VaR is a commonly used market risk management technique. However, the method has some shortcomings.

VaR estimates possible losses over a certain period at a particular confidence level using past market movement data. Past market movement, however, is not necessarily a good indicator of future events, as there may be conditions and circumstances in the future that the model does not anticipate. As a result, the timing and magnitude of the actual losses can be different, depending on the assumptions made at the time of calculation. In addition, the time periods used for the model, generally one day or 10 days, are assumed to be a sufficient holding period before liquidating the relevant underlying positions. If these holding periods are not sufficient, or too long, the VaR results may understate or overstate the potential loss.

? Stress testing

The stress testing is carried out to analyze the abnormal market situation reflecting intrinsic volatility of foreign exchange that has significant influence on the value of portfolio. The Bank mainly uses historical scenario tool and also uses hypothetical scenario tool for the analysis of an abnormal market situation. Stress testing is performed at least once in every quarter.

? Results of measurement

Results of foreign exchange VaR as of June 30, 2017, and December 31, 2016, are as follows (Korean won in millions):

|                       | Jun. 30, 2017 |         |          |         | Dec. 31, 2016 |         |          |         |
|-----------------------|---------------|---------|----------|---------|---------------|---------|----------|---------|
|                       | Average       | Minimum | Maximum  | Ending  | Average       | Minimum | Maximum  | Ending  |
| Foreign exchange risk | ₩47,408       | ₩ 6,117 | ₩111,035 | ₩40,705 | ₩64,770       | ₩39,693 | ₩102,371 | ₩39,693 |

(3) Interest rate risk

1) Management of interest rate risk

Interest rate risk management limit is set up and included in internal capital management limit. A risk management division head monitors changes of interest rate risk by source and compliance of risk limits regularly. A finance division head also monitors changes of interest rate risk by source and compliance of risk limits. The finance division head needs to cooperate with the risk management division head in case it is expected that the Bank will be exposed to a new risk. The risk management division head orders related divisions to prepare countermeasures in case it is apprehended that interest rate risk exceeds risk limit. If interest rate risk exceeds the risk limit, the risk management division head orders related divisions to prepare countermeasures and reports to Risk Management Committee after resolving the exceeded limit problem.

2) Measurement of interest rate risk

Interest rate risk is managed by measuring interest rate EaR and interest rate VaR and uses interest rate sensitivity gap and duration gap as supplementary index. Interest rate EaR and interest rate VaR are measured on a monthly basis, and interest rate sensitivity gap and duration gap are measured on a daily basis. The Bank simulates analysis reflecting market environment, product features and the Bank's strategies.

3) Measurement method

? VaR

The Bank uses a yearly VaR to measure market risk. The yearly VaR is a statistically estimated maximum amount of loss that could occur in one year under normal distribution of financial variables. The Bank calculates

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VaR using equal weighted-average method based on historical changes in market rates, prices and volatilities over the previous five years data and measures VaR at a 99% single tail confidence level. This means the actual amount of loss may exceed the VaR, on average, once out of 100 business days. VaR is a commonly used market risk management technique. However, the method has some limitations.

VaR estimates possible losses over a certain period at a particular confidence level using past market movement data. Past market movement, however, is not necessarily a good indicator of future events, as there may be conditions and circumstances in the future that the model does not anticipate. As a result, the timing and magnitude of the actual losses can be different depending on the assumptions made at the time of calculation. In addition, the time periods used for the model, generally one day or 10 days, are assumed to be a sufficient holding period before liquidating the relevant underlying positions. If these holding periods are not sufficient or too long, the VaR results may understate or overstate the potential loss.

? Stress testing

The stress testing is carried out to analyze the abnormal market situation reflecting intrinsic volatility of interest rate that has significant influence on the value of portfolio. The Bank mainly uses historical scenario tool and also uses hypothetical scenario tool for the analysis of an abnormal market situation. Stress testing is performed at least once in every quarter.

? Results of measurement

Results of interest rate VaR as of June 30, 2017, and December 31, 2016, are as follows (Korean won in millions):

|                    | Jun. 30, 2017 |         |          |         | Dec. 31, 2016 |         |          |         |
|--------------------|---------------|---------|----------|---------|---------------|---------|----------|---------|
|                    | Average       | Minimum | Maximum  | Ending  | Average       | Minimum | Maximum  | Ending  |
| Interest rate risk | ₩140,212      | ₩51,038 | ₩179,886 | ₩51,038 | ₩105,424      | ₩92,314 | ₩155,703 | ₩97,980 |

4-5. Capital risk

The Bank follows the standard of capital adequacy established by the Financial Services Commission. The standard is based on Basel III, which was established by Basel Committee on Banking Supervision in BIS. In Korea, this standard has been followed since December 2013. According to the standard, domestic banks should maintain at least 8% or above of BIS capital ratio for risk-weighted asset, and quarterly report BIS capital ratio to the FSC.

According to Korean Banking Supervision rules for operations, the Bank’s capitals are mainly divided into two categories:

1) Tier 1 capital (basic capital): Basic capital is composed of capital stock-common and other basic capital. Capital stock-common includes common stock satisfied with qualifications, capital surplus, retained earnings, accumulated other comprehensive income, other reserves and non-controlling interests among the common stock of consolidated subsidiaries. Other basic capital includes securities and capital surplus satisfied with qualifications

2) Tier 2 capital (supplementary capital): Supplementary capital is composed of the securities and capital surplus satisfied with qualifications, non-controlling interests among the securities of consolidated subsidiaries and the amounts of less than below 1.25% of credit risk-weighted asset like allowance for credit losses in respect of credits classified as normal or precautionary.

The risk-weighted asset includes intrinsic risks in total assets, errors of internal operation processes and loss risk from external events. It indicates a size of assets reflecting the level of risks that the Bank bears. The Bank

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computes the risk-weighted asset by risks (credit risk, market risk and operational risk) and uses it for calculation of BIS capital ratio.

5. FINANCIAL ASSETS AND FINANCIAL LIABILITIES:

5-1. Classification and fair value

(1) Carrying amounts and fair values of financial instruments as of June 30, 2017, and December 31, 2016, are as follows (Korean won in millions):

|                                          |                | Jun. 30, 2017      |                    | Dec. 31, 2016       |                     |
|------------------------------------------|----------------|--------------------|--------------------|---------------------|---------------------|
|                                          | Classification | Carrying amount    | Fair value         | Carrying amount     | Fair value          |
| Financial assets:                        |                |                    |                    |                     |                     |
| Cash and due from financial institutions | Non-recurring  | ? 2,569,272        | ? 2,569,251        | ? 3,863,279         | ? 3,863,240         |
| Financial assets at FVTPL                | Recurring      | 1,134,923          | 1,134,923          | 1,899,065           | 1,899,065           |
| Hedging derivative assets                | Recurring      | 265,973            | 265,973            | 168,417             | 168,417             |
| Loans                                    | Non-recurring  | 71,202,736         | 72,719,548         | 73,418,788          | 75,098,070          |
| AFS financial assets                     | Recurring      | 6,442,052          | 6,442,052          | 7,027,451           | 7,027,451           |
| HTM financial assets                     | Non-recurring  | 88,838             | 88,047             | 111,334             | 111,130             |
| Other financial assets                   | Non-recurring  | 1,067,994          | 1,067,994          | 983,090             | 983,090             |
| Total                                    |                | <u>?82,771,788</u> | <u>?84,287,788</u> | <u>? 87,471,424</u> | <u>? 89,150,470</u> |
| Financial liabilities:                   |                |                    |                    |                     |                     |
| Financial liabilities at FVTPL           | Recurring      | ? 664,839          | ? 664,839          | ? 852,699           | ? 852,699           |
| Hedging derivative liabilities           | Recurring      | 1,488,655          | 1,488,655          | 2,335,530           | 2,335,530           |
| Borrowings                               | Non-recurring  | 8,302,544          | 8,287,870          | 9,761,389           | 9,762,890           |
| Debentures                               | Non-recurring  | 60,456,251         | 61,181,426         | 62,119,016          | 62,917,870          |
| Other financial liabilities              | Non-recurring  | 1,785,425          | 1,785,425          | 1,641,018           | 1,641,018           |
| Total                                    |                | <u>?72,697,714</u> | <u>?73,408,215</u> | <u>? 76,709,652</u> | <u>? 77,510,010</u> |

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. For each class of financial assets and financial liabilities, the Bank discloses the fair value of that class of assets and liabilities in a way that permits them to be compared with their carrying amount at the end of each reporting period. The best evidence of fair value of financial instruments is quoted price in an active market.

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Methods for measuring fair value of financial instruments are as follows:

| Financial instruments | Method of measuring fair value                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|-----------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Loans and receivables | As demand deposits and transferable deposits do not have maturity and are readily convertible to cash, the carrying amounts of these deposits approximate their fair values. Fair values of the deposits with the maturity of more than one year are determined by discounted cash flow model ("DCF model").<br><br>DCF model is also used to determine the fair value of loans. Fair value is determined by discounting the cash flows expected from the each contractual period by applying the discount rates for each period.                                                                       |
| Investment securities | Trading financial assets and liabilities and AFS financial assets are measured at fair value using a quoted market price in an active market. If a quoted market price is not available, they are measured by using a price quoted by a third party, such as a pricing service or broker or using the DCF model.                                                                                                                                                                                                                                                                                        |
| Derivatives           | For exchange traded derivative, quoted price in active market is used to determine fair value and for OTC derivative fair value is determined primarily using the DCF model. The Bank uses internally developed valuation models that are widely used by market participants to determine fair value of plain OTC derivatives including option, interest rate swap and currency swap based on observable market parameters. However, some complex financial instruments are valued using the results of independent pricing services, where part or all of the inputs are not observable in the market. |
| Borrowings            | Fair value is determined using DCF model discounting contractual future cash flows by appropriate discount rate.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| Debentures            | Fair value of debentures denominated in local currency is determined by using the valuation of independent third-party pricing services in accordance with the market prices that are quoted in active markets.<br><br>Fair value of debentures denominated in foreign currencies is determined by DCF model.                                                                                                                                                                                                                                                                                           |

Fair values of financial assets and financial liabilities classified as fair value Level 3 of the fair value hierarchy are determined by using the valuation of independent third-party pricing services. Meanwhile, carrying amounts of other financial assets and financial liabilities are regarded as an approximation of fair values.

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(2) Fair value hierarchy

Fair value hierarchy of financial assets and liabilities, which are not measured at fair value as of June 30, 2017, and December 31, 2016, is as follows (Korean won in millions):

(Jun. 30, 2017)

|                                          | Level 1  | Level 2     | Level 3     | Total       |
|------------------------------------------|----------|-------------|-------------|-------------|
| Financial assets:                        |          |             |             |             |
| Cash and due from financial institutions | ₩897,270 | ₩ —         | ₩ 1,671,981 | ₩ 2,569,251 |
| Loans                                    | —        | —           | 72,719,548  | 72,719,548  |
| HTM financial assets                     | —        | 88,047      | —           | 88,047      |
| Other financial assets                   | —        | —           | 1,067,994   | 1,067,994   |
| Total                                    | ₩897,270 | ₩ 88,047    | ₩75,459,523 | ₩76,444,844 |
| Financial liabilities:                   |          |             |             |             |
| Borrowings                               | ₩ —      | ₩ 8,287,870 | ₩ —         | ₩ 8,287,870 |
| Debentures                               | —        | 61,181,426  | —           | 61,181,426  |
| Other financial liabilities              | —        | —           | 1,785,425   | 1,785,425   |
| Total                                    | ₩ —      | ₩69,469,296 | ₩ 1,785,425 | ₩71,254,721 |

(Dec. 31, 2016)

|                                          | Level 1  | Level 2 | Level 3     | Total       |
|------------------------------------------|----------|---------|-------------|-------------|
| Financial assets:                        |          |         |             |             |
| Cash and due from financial institutions | ₩991,779 | ₩ —     | ₩ 2,871,468 | ₩ 3,863,247 |
| Loans                                    | —        | —       | 75,098,073  | 75,098,073  |

|                             |                 |                    |                    |                   |
|-----------------------------|-----------------|--------------------|--------------------|-------------------|
| HTM financial assets        | —               | 111,131            | —                  | 111,131           |
| Other financial assets      | —               | —                  | 983,090            | 983,090           |
| Total                       | <u>₩991,779</u> | <u>₩ 111,131</u>   | <u>₩78,952,631</u> | <u>₩80,055,54</u> |
| Financial liabilities:      |                 |                    |                    |                   |
| Borrowings                  | ₩ —             | ₩ 9,762,894        | ₩ —                | ₩ 9,762,89        |
| Debentures                  | —               | 62,917,874         | —                  | 62,917,87         |
| Other financial liabilities | —               | —                  | 1,641,018          | 1,641,01          |
| Total                       | <u>₩ —</u>      | <u>₩72,680,768</u> | <u>₩ 1,641,018</u> | <u>₩74,321,78</u> |

Fair value hierarchy of financial assets and liabilities measured at fair value as of June 30, 2017, and December 31 2016, is as follows (Korean won in millions):

(Jun. 30, 2017)

|                                | Level 1         | Level 2           | Level 3           | Total            |
|--------------------------------|-----------------|-------------------|-------------------|------------------|
| Financial assets:              |                 |                   |                   |                  |
| Financial assets at FVTPL      | ₩520,230        | ₩ 614,693         | ₩ —               | ₩1,134,92        |
| Hedging derivative assets      | —               | 265,973           | —                 | 265,97           |
| AFS financial assets           | 261,701         | 627,558           | 3,900,334         | 4,789,59         |
| Total                          | <u>₩781,931</u> | <u>₩1,508,224</u> | <u>₩3,900,334</u> | <u>₩6,190,48</u> |
| Financial liabilities:         |                 |                   |                   |                  |
| Financial liabilities at FVTPL | ₩ —             | ₩ 664,839         | ₩ —               | ₩ 664,83         |
| Hedging derivative liabilities | —               | 1,488,655         | —                 | 1,488,65         |
| Total                          | <u>₩ —</u>      | <u>₩2,153,494</u> | <u>₩ —</u>        | <u>₩2,153,49</u> |

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(Dec. 31, 2016)

|                                | Level 1           | Level 2           | Level 3           | Total            |
|--------------------------------|-------------------|-------------------|-------------------|------------------|
| Financial assets:              |                   |                   |                   |                  |
| Financial assets at FVTPL      | ₩1,210,523        | ₩ 688,542         | ₩ —               | ₩1,899,06        |
| Hedging derivative assets      | —                 | 168,417           | —                 | 168,41           |
| AFS financial assets           | 755,825           | 937,682           | 3,931,733         | 5,625,24         |
| Total                          | <u>₩1,966,348</u> | <u>₩1,794,641</u> | <u>₩3,931,733</u> | <u>₩7,692,72</u> |
| Financial liabilities:         |                   |                   |                   |                  |
| Financial liabilities at FVTPL | ₩ —               | ₩ 852,699         | ₩ —               | ₩ 852,69         |
| Hedging derivative liabilities | —                 | 2,335,530         | —                 | 2,335,53         |
| Total                          | <u>₩ —</u>        | <u>₩3,188,229</u> | <u>₩ —</u>        | <u>₩3,188,22</u> |

The Bank classifies financial instruments as three level of fair value hierarchy as below:

- Level 1: Financial instruments measured at quoted prices from active markets are classified as fair value Level 1. This level includes listed equity securities, derivatives, and government bonds traded in an active exchange market.
- Level 2: Financial instruments measured using valuation techniques where all significant inputs are observable market data are classified as Level 2. This level includes the majority of debt and general OTC derivatives such as swap, futures and options
- Level 3: Financial instruments measured using valuation techniques where one or more significant inputs are not based on observable market data are classified as Level 3. This level includes unlisted equity securities, structured bonds and OTC derivatives.

The valuation techniques and input variables of Level 2 financial instruments subsequently not measured at fair value as of June 30, 2017 and December 31, 2016 are as follows (Korean won in millions):

(Jun. 30, 2017)

|                      | Fair value | Valuation techniques | Input variables |
|----------------------|------------|----------------------|-----------------|
| Financial assets     |            |                      |                 |
| HTM financial assets |            |                      |                 |
| Debt securities      | ₩ 88,047   | DCF Model            | Discount rat    |

|                       |                   |                             |                        |  |
|-----------------------|-------------------|-----------------------------|------------------------|--|
| Financial liabilities |                   |                             |                        |  |
| Borrowings            | 8,287,870         | DCF Model                   | Discount rate          |  |
| Debentures            | 61,181,426        | DCF Model                   | Discount rate          |  |
| (Dec. 31, 2016)       |                   |                             |                        |  |
|                       | <u>Fair value</u> | <u>Valuation techniques</u> | <u>Input variables</u> |  |
| Financial assets      |                   |                             |                        |  |
| HTM financial assets  |                   |                             |                        |  |
| Debt securities       | ? 111,131         | DCF Model                   | Discount rate          |  |
| Financial liabilities |                   |                             |                        |  |
| Borrowings            | 9,762,894         | DCF Model                   | Discount rate          |  |
| Debentures            | 62,917,874        | DCF Model                   | Discount rate          |  |

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The valuation techniques and input variables of Level 3 financial instruments subsequently not measured at fair value as of June 30, 2017 and December 31, 2016 are as follows (Korean won in millions):

(Jun. 30, 2017)

|                             | Fair value   | Valuation techniques | Input variables |
|-----------------------------|--------------|----------------------|-----------------|
| Financial assets            |              |                      |                 |
| Loans                       | ? 72,719,548 | DCF Model            | Discount rate   |
| Other financial assets      | 1,076,994    | DCF Model            | Discount rate   |
| Financial liabilities       |              |                      |                 |
| Other financial liabilities | 1,785,425    | DCF Model            | Discount rate   |
| (Dec. 31, 2016)             |              |                      |                 |

|                             | Fair value   | Valuation techniques | Input variables |
|-----------------------------|--------------|----------------------|-----------------|
| Financial assets            |              |                      |                 |
| Loans                       | ? 75,098,073 | DCF Model            | Discount rate   |
| Other financial assets      | 983,090      | DCF Model            | Discount rate   |
| Financial liabilities       |              |                      |                 |
| Other financial liabilities | 1,641,018    | DCF Model            | Discount rate   |

The valuation techniques and input variables of Level 2 financial instruments, measured at fair value after initial recognition, as of June 30, 2017 and December 31, 2016 are as follows (Korean won in millions):

(Jun. 30, 2017)

|                                    | <u>Fair value</u> | <u>Valuation techniques</u> | <u>Input variables</u> |
|------------------------------------|-------------------|-----------------------------|------------------------|
| Financial assets                   |                   |                             |                        |
| Financial assets at FVTPL:         |                   |                             |                        |
| Debt securities                    | ? 34,177          | DCF Model                   | Discount rat           |
| Derivative assets for trading      | 580,516           | DCF Model                   | Discount rat           |
| Hedging derivative assets          | 265,973           | DCF Model                   | Discount rat           |
| AFS financial assets:              |                   |                             |                        |
| Debt securities                    | 627,559           | DCF Model                   | Discount rat           |
| Financial liabilities              |                   |                             |                        |
| Financial liabilities at FVTPL:    |                   |                             |                        |
| Derivative liabilities for trading | 664,839           | DCF Model                   | Discount rat           |
| Hedging derivative liabilities     | 1,488,655         | DCF Model                   | Discount rat           |

(Dec. 31, 2016)

|                  |                   |                             |                        |
|------------------|-------------------|-----------------------------|------------------------|
|                  | <u>Fair value</u> | <u>Valuation techniques</u> | <u>Input variables</u> |
| Financial assets |                   |                             |                        |

|                                    |   |           |           |               |
|------------------------------------|---|-----------|-----------|---------------|
| Financial assets at FVTPL:         |   |           |           |               |
| Debt securities                    | ? | 41,193    | DCF Model | Discount rate |
| Derivative assets for trading      |   | 647,349   | DCF Model | Discount rate |
| Hedging derivative assets          |   | 168,417   | DCF Model | Discount rate |
| AFS financial assets:              |   |           |           |               |
| Debt securities                    |   | 937,683   | DCF Model | Discount rate |
| Financial liabilities              |   |           |           |               |
| Financial liabilities at FVTPL:    |   |           |           |               |
| Derivative liabilities for trading |   | 852,699   | DCF Model | Discount rate |
| Hedging derivative liabilities     |   | 2,335,530 | DCF Model | Discount rate |

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Below table accounts for quantitative information of fair value using input factor, which is significant but unobservable, and relation between unobservable input factor and estimate of fair value.

(Jun. 30, 2017)

|                       |   | Fair value (Korean won in million) | Valuation techniques | Significant unobservable input factors | Range        | Relationship between unobservable input factors and fair value estimates                                                |
|-----------------------|---|------------------------------------|----------------------|----------------------------------------|--------------|-------------------------------------------------------------------------------------------------------------------------|
|                       |   |                                    |                      |                                        |              |                                                                                                                         |
| AFS financial assets: |   |                                    |                      |                                        |              |                                                                                                                         |
| Unlisted stock        | ? | 3,900,334                          | DCF Model            | Discount rate                          | 4.50%~19.52% | If discount rate is decreased (increased)/ if growth rate is increased (decrease), fair value is increased (decreased). |
|                       |   |                                    | NAV Methods          | Growth rate                            | —            |                                                                                                                         |
|                       |   |                                    | CCA Methods          |                                        |              |                                                                                                                         |

(Dec. 31, 2016)

|                       |   | Fair value (Korean won in million) | Valuation techniques | Significant unobservable input factors | Range        | Relationship between unobservable input factors and fair value estimates                                                |
|-----------------------|---|------------------------------------|----------------------|----------------------------------------|--------------|-------------------------------------------------------------------------------------------------------------------------|
|                       |   |                                    |                      |                                        |              |                                                                                                                         |
| AFS financial assets: |   |                                    |                      |                                        |              |                                                                                                                         |
| Unlisted stock        | ? | 3,931,733                          | DCF Model            | Discount rate                          | 4.50%~20.04% | If discount rate is decreased (increased)/ if growth rate is increased (decrease), fair value is increased (decreased). |
|                       |   |                                    | NAV Methods          | Growth rate                            | —            |                                                                                                                         |
|                       |   |                                    | CCA Methods          |                                        |              |                                                                                                                         |

1) Changes in Level 3 financial assets that are measured at fair value for the six months ended June 30, 2017, and for the year ended December 31, 2016, are as follows (Korean won in millions):

(Jun. 30, 2017)

|                      | Beginning balance | Profit (loss) | Other comprehensive income | Purchases/ issues | Sales/ settlements | Transfers into Level 3 / Transfers out of Level 3 | Ending balance |
|----------------------|-------------------|---------------|----------------------------|-------------------|--------------------|---------------------------------------------------|----------------|
| Financial assets     |                   |               |                            |                   |                    |                                                   |                |
| AFS financial assets | ₩3,931,733        | ₩ (80)        | ₩ (78,865)                 | ₩ 48,254          | ₩ (708)            | ₩ —                                               | ₩3,900,334     |

(Dec. 31, 2016)

|                      | Beginning balance | Profit (loss) | Other comprehensive income | Purchases/ issues | Sales/ settlements | Transfers into Level 3 / Transfers out of Level 3 | Ending balance |
|----------------------|-------------------|---------------|----------------------------|-------------------|--------------------|---------------------------------------------------|----------------|
| Financial assets     |                   |               |                            |                   |                    |                                                   |                |
| AFS financial assets | ₩3,704,041        | ₩ (114)       | ₩ 192,185                  | ₩ 34,434          | ₩ (2,703)          | ₩ 3,890                                           | ₩3,931,733     |

2) In relation to changes in Level 3 of the fair value hierarchy, total gains or losses recognized in profit or loss for the period and total gains or losses for financial instruments held at the end of the reporting period in the separate statement of comprehensive income for the six months ended June 30, 2017, and for the year ended December 31, 2016, are as follows (Korean won in millions):

|                                                                               | Net income (loss) from financial investments |               |
|-------------------------------------------------------------------------------|----------------------------------------------|---------------|
|                                                                               | Jun. 30, 2017                                | Dec. 31, 2016 |
| Total losses on financial instruments held at the end of the reporting period | ₩ (80)                                       | ₩ (114)       |
| Total losses included in profit or loss for the period                        | ₩ (80)                                       | ₩ (114)       |

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3) The sensitivity of fair value analysis for the Level 3 financial instruments

The Bank performed the sensitivity analysis for the Level 3 financial instruments for which fair value would be measured differently upon reasonably possible alternative assumptions. The Bank classified the effect from changes upon the alternative assumptions into favorable effect and unfavorable effect and presented the most favorable effect or the most unfavorable effect in the table hereunder. Stocks are the financial instruments subject to sensitivity analysis, which are classified as Level 3 and of which changes in fair value are recognized as other comprehensive income. Meanwhile, equity instruments, which are recognized as cost among the financial instruments and are classified as Level 3 are excluded from the sensitivity analysis.

Sensitivity analysis details per market risk variable of each Level 3 financial instrument held and measured at fair value as of June 30, 2017, and December 31, 2016, are as follows (Korean won in millions):

(Jun. 30, 2017)

|                          | Net income (loss) |             | Other comprehensive income (loss) |               |
|--------------------------|-------------------|-------------|-----------------------------------|---------------|
|                          | Favorable         | Unfavorable | Favorable                         | Unfavorable   |
| Financial assets:        |                   |             |                                   |               |
| AFS financial assets (*) | ? —               | ? —         | ? 4,577,697                       | ? (1,115,022) |

(Dec. 31, 2016)

|                          | Net income (loss) |             | Other comprehensive income (loss) |               |
|--------------------------|-------------------|-------------|-----------------------------------|---------------|
|                          | Favorable         | Unfavorable | Favorable                         | Unfavorable   |
| Financial assets:        |                   |             |                                   |               |
| AFS financial assets (*) | ? —               | ? —         | ? 4,477,511                       | ? (1,106,192) |

(\*) Changes in fair value of stocks are computed along with the increases or decreases in either growth rate from nil to 1% and discount rate or liquidation value from negative 1% to 1% and discount rate, which are unobservable inputs.

(3) The table below provides the Bank’s financial assets and financial liabilities that are carried at cost since the fair values of the financial instruments are not readily determinable in the separate statements of financial position as of June 30, 2017 and December 31, 2016. (Korean won in millions):

|                                                    | Jun. 30, 2017     | Dec. 31, 2016     |
|----------------------------------------------------|-------------------|-------------------|
| AFS financial assets                               |                   |                   |
| Unlisted securities (*)                            | ?1,646,763        | ?1,396,763        |
| Equity investments to unincorporated entities. (*) | 5,696             | 5,441             |
|                                                    | <u>?1,652,459</u> | <u>?1,402,204</u> |

(\*) AFS financial assets are unlisted equity securities and equity investments and recorded as at cost since they do not have quoted prices in an active market and the fair values are not measured with reliability.

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5-2. Carrying amounts of financial instruments

Carrying amounts of financial instruments as of June 30, 2017, and December 31, 2016, are as follows (Korean won in millions):

(Jun. 30, 2017)

|                                          | Financial assets at FVTPL | Loans and receivables | AFS financial assets | HTM financial assets | Hedging derivative assets | Total               |
|------------------------------------------|---------------------------|-----------------------|----------------------|----------------------|---------------------------|---------------------|
| Cash and due from financial institutions | ? —                       | ? 2,569,272           | ? —                  | ? —                  | ? —                       | ? 2,569,272         |
| Financial assets at FVTPL                | 1,134,923                 | —                     | —                    | —                    | —                         | 1,134,923           |
| Hedging derivative assets                | —                         | —                     | —                    | —                    | 265,973                   | 265,973             |
| Loans                                    | —                         | 71,202,736            | —                    | —                    | —                         | 71,202,736          |
| Financial investments                    | —                         | —                     | 6,442,052            | 88,838               | —                         | 6,530,890           |
| Other financial assets                   | —                         | 1,067,994             | —                    | —                    | —                         | 1,067,994           |
| Total                                    | <u>? 1,134,923</u>        | <u>? 74,840,002</u>   | <u>? 6,442,052</u>   | <u>? 88,838</u>      | <u>? 265,973</u>          | <u>? 82,771,785</u> |



|                                | Financial liabilities at FVTPL | Financial liabilities at amortized cost | Hedging derivative liabilities | Total       |
|--------------------------------|--------------------------------|-----------------------------------------|--------------------------------|-------------|
| Financial liabilities at FVTPL | ₩664,839                       | ₩ —                                     | ₩ —                            | ₩ 664,839   |
| Hedging derivative liabilities | —                              | —                                       | 1,488,655                      | 1,488,655   |
| Borrowings                     | —                              | 8,302,544                               | —                              | 8,302,544   |
| Debentures                     | —                              | 60,456,251                              | —                              | 60,456,251  |
| Other financial liabilities    | —                              | 1,785,426                               | —                              | 1,785,426   |
| Total                          | ₩664,839                       | ₩70,544,221                             | ₩1,488,655                     | ₩72,697,715 |

(Dec. 31, 2016)

|                                          | Financial assets at FVTPL | Loans and receivables | AFS financial assets | HTM financial assets | Hedging derivative assets | Total        |
|------------------------------------------|---------------------------|-----------------------|----------------------|----------------------|---------------------------|--------------|
| Cash and due from financial institutions | ₩ —                       | ₩ 3,863,279           | ₩ —                  | ₩ —                  | ₩ —                       | ₩ 3,863,279  |
| Financial assets at FVTPL                | 1,899,065                 | —                     | —                    | —                    | —                         | 1,899,065    |
| Hedging derivative assets                | —                         | —                     | —                    | —                    | 168,417                   | 168,417      |
| Loans                                    | —                         | 73,418,788            | —                    | —                    | —                         | 73,418,788   |
| Financial investments                    | —                         | —                     | 7,027,451            | 111,334              | —                         | 7,138,785    |
| Other financial assets                   | —                         | 983,090               | —                    | —                    | —                         | 983,090      |
| Total                                    | ₩ 1,899,065               | ₩ 78,265,157          | ₩ 7,027,451          | ₩ 111,334            | ₩ 168,417                 | ₩ 87,471,424 |

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|                                | Financial liabilities at FVTPL | Financial liabilities at amortized cost | Hedging derivative liabilities | Total       |
|--------------------------------|--------------------------------|-----------------------------------------|--------------------------------|-------------|
| Financial liabilities at FVTPL | ₩852,699                       | ₩ —                                     | ₩ —                            | ₩ 852,699   |
| Hedging derivative liabilities | —                              | —                                       | 2,335,530                      | 2,335,530   |
| Borrowings                     | —                              | 9,761,389                               | —                              | 9,761,389   |
| Debentures                     | —                              | 62,119,016                              | —                              | 62,119,016  |
| Other financial liabilities    | —                              | 1,641,018                               | —                              | 1,641,018   |
| Total                          | ₩852,699                       | ₩73,521,423                             | ₩2,335,530                     | ₩76,709,652 |

5-3. Offset of financial instruments

The Bank has conditional rights of setoff that are enforceable and exercisable only in the events mentioned in agreements regardless of meeting some or all of the offsetting criteria in K-IFRS 1032 for financial instruments. Cash collaterals do not meet the offsetting criteria in K-IFRS 1032, but they can be set off with net amount of financial instruments.

The effects of netting agreements as of June 30, 2017, and December 31, 2016, are as follow (Korean won in millions):

(Jun. 30, 2017)

|                        | Gross amounts of recognized financial assets (liabilities) | Gross amounts of recognized financial liabilities (assets) to be setoff | Net amounts of financial assets (liabilities) presented in the separate statement of financial position | Amount that is not offset in the financial statements |            | Net amount |
|------------------------|------------------------------------------------------------|-------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------|-------------------------------------------------------|------------|------------|
| Financial assets:      |                                                            |                                                                         |                                                                                                         |                                                       |            |            |
| Derivatives            | ₩ 846,489                                                  | ₩ —                                                                     | ₩ 846,489                                                                                               | ₩(427,278)                                            | ₩ —        | ₩419,211   |
| Financial liabilities: |                                                            |                                                                         |                                                                                                         |                                                       |            |            |
| Derivatives            | ₩ 2,153,494                                                | ₩ —                                                                     | ₩ 2,153,494                                                                                             | ₩(427,278)                                            | ₩(917,697) | ₩808,519   |

(Dec. 31, 2016)

|  | Gross amounts | Gross amounts of recognized financial | Net amounts of financial assets (liabilities) presented in the | Amount that is not offset in the financial statements |  |
|--|---------------|---------------------------------------|----------------------------------------------------------------|-------------------------------------------------------|--|
|--|---------------|---------------------------------------|----------------------------------------------------------------|-------------------------------------------------------|--|

|                        | of recognized<br>financial<br>assets<br>(liabilities) | liabilities<br>(assets) to<br>be<br>setoff | separate<br>statement of<br>financial<br>position | Financial<br>instruments | Cash<br>collateral | Net<br>amount |
|------------------------|-------------------------------------------------------|--------------------------------------------|---------------------------------------------------|--------------------------|--------------------|---------------|
| Financial assets:      |                                                       |                                            |                                                   |                          |                    |               |
| Derivatives            | ? 815,766                                             | ? —                                        | ? 815,766                                         | ?(371,033)               | ? —                | ? 444,733     |
| Financial liabilities: |                                                       |                                            |                                                   |                          |                    |               |
| Derivatives            | ? 3,188,229                                           | ? —                                        | ? 3,188,229                                       | ?(371,033)               | ?(1,638,738)       | ?1,178,458    |

5-4. Transfer of financial assets

The Bank has securities sold under repurchase agreements (“RP”), and it refers to the financial assets that have been transferred, but presented in the separate financial statements since the assets do not meet the conditions of derecognition. In case of securities sold under the RP, securities are disposed, but the Bank agrees to repurchase at the fixed amount, so that the Bank retains substantially all the risks and rewards of ownership of the securities. There are no carrying amounts of transferred assets and relevant liabilities as of June 30, 2017 and December 31, 2016.

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6. OPERATING SEGMENT:

Though the Bank conducts business activities related to financial services, in accordance with relevant laws, such as the Export-Import Bank of Korea Act, it does not report separate segment information, as management considers the Bank to be operating under one core business.

7. CASH AND DUE FROM FINANCIAL INSTITUTIONS:

(1) Cash and cash equivalents as of June 30, 2017 and December 31, 2016 are as follows (Korean won in millions):

| Detail                                                                                                 | Jun. 30, 2017 | Dec. 31, 2016 |
|--------------------------------------------------------------------------------------------------------|---------------|---------------|
| Due from financial institutions in local currency                                                      | ? 123,625     | ? 441,618     |
| Due from financial institutions in foreign currencies                                                  | 2,445,647     | 3,421,661     |
| Subtotal                                                                                               | 2,569,272     | 3,863,279     |
| Restricted due from financial institutions                                                             | (1,348,316)   | (2,178,585)   |
| Due from financial institutions with original maturities of more than three months at acquisition date | (110,000)     | (330,000)     |
| Subtotal                                                                                               | (1,458,316)   | (2,508,585)   |
| Total                                                                                                  | ? 1,110,956   | ? 1,354,694   |

It is equal to the cash and due from financial institutions as presented on the separate statements of cash flows.

(2) Restricted due from financial institutions as of June 30, 2017 and December 31, 2016 are as follows (Korean won in millions):

| Detail | Financial Institution                              | Jun. 30, 2017 | Dec. 31, 2016 | Reason for restriction                             |
|--------|----------------------------------------------------|---------------|---------------|----------------------------------------------------|
| Others | DEUTSCHE BANK TRUST<br>COMPANY AMERICAS and others | ? 1,348,316   | ? 2,178,585   | Credit support annex for<br>derivative transaction |

8. FINANCIAL ASSETS AT FVTPL:

Details of financial assets at FVTPL as of June 30, 2017, and December 31, 2016, are as follows (Korean won in millions):

|                                       | Jun. 30, 2017 | Dec. 31, 2016 |
|---------------------------------------|---------------|---------------|
| Equity securities                     |               |               |
| Beneficiary certificates              | ? 520,230     | ?1,210,520    |
| Debt securities                       |               |               |
| Debt securities in foreign currencies | 34,177        | 41,190        |
| Derivative assets                     |               |               |
| Stock product                         | 375           | 2,150         |
| Interests product                     | 291,654       | 231,210       |
| Currency product                      | 288,466       | 413,970       |
| Others                                | 21            | —             |
| Subtotal                              | 580,516       | 647,340       |
| Total                                 | ?1,134,923    | ?1,899,060    |

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9. FINANCIAL INVESTMENTS:

Details of financial investments as of June 30, 2017, and December 31, 2016, are as follows (Korean won in millions):

|                                                   | Jun. 30, 2017 | Dec. 31, 2016 |
|---------------------------------------------------|---------------|---------------|
| AFS securities in local currency                  |               |               |
| Equity securities                                 |               |               |
| Marketable securities                             | ₩ 261,701     | ₩ 755,822     |
| Non-marketable securities                         | 5,420,566     | 5,248,766     |
| Equity investments in unincorporated entities     | 51,567        | 41,822        |
| Others                                            | 60,402        | 23,092        |
| Debt securities                                   |               |               |
| Debt securities                                   | —             | 353,466       |
| Subtotal                                          | 5,794,236     | 6,422,970     |
| AFS securities in foreign currencies              |               |               |
| Equity securities                                 |               |               |
| Paid-in capital                                   | 4,423         | 4,423         |
| Stocks                                            | 15,835        | 15,835        |
| Debt securities                                   |               |               |
| Debt securities (*1)                              | 627,558       | 584,213       |
| Subtotal                                          | 647,816       | 604,477       |
| Held-to-maturity securities in foreign currencies |               |               |
| Debt securities                                   |               |               |
| Debt securities                                   | 88,838        | 111,333       |
| Total                                             | ₩6,530,890    | ₩7,138,788    |

(\*1) It includes securities, which are pledged as collateral amounting to ₩22,206 million and ₩11,651 million as of June 30, 2017, and December 31, 2016, respectively.

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10. LOANS:

Loans as presented below exclude loan valuation adjustment related to fair value hedging amounting to ₩36,955 million and ₩47,397 million as of June 30, 2017, and December 31, 2016, respectively.

(1) Details of loans as of June 30, 2017 and December 31, 2016 are as follows (Korean won in millions):

|                             | Detail                                         | Jun. 30, 2017 | Dec. 31, 2016 |
|-----------------------------|------------------------------------------------|---------------|---------------|
| Loans in local currency     | Loans for export                               | ₩11,475,688   | ₩10,590,820   |
|                             | Loans for foreign investments                  | 758,598       | 798,796       |
|                             | Loans for import                               | 1,813,632     | 1,391,905     |
|                             | Troubled Debt Restructuring                    | 1,919,179     | 1,973,981     |
|                             | Others                                         | 1,818,248     | 1,422,853     |
|                             | Subtotal                                       | 17,785,345    | 16,178,355    |
| Loans in foreign currencies | Loans for export                               | 27,177,901    | 29,592,407    |
|                             | Loans for foreign investments                  | 20,916,089    | 22,709,442    |
|                             | Loans for rediscounted trading notes           | 1,105,412     | 84,595        |
|                             | Loans for import                               | 2,049,004     | 2,138,489     |
|                             | Overseas funding loans                         | 569,619       | 590,133       |
|                             | Domestic usance bills                          | 261,990       | 211,097       |
|                             | Others                                         | 158,071       | 196,838       |
|                             | Subtotal                                       | 52,238,086    | 55,523,001    |
| Others                      | Foreign-currency bills bought                  | 1,340,891     | 1,348,135     |
|                             | Advance payments on acceptances and guarantees | 333,483       | 353,618       |
|                             | Call loans                                     | 2,193,559     | 2,765,307     |
|                             | Interbank loans in foreign currencies          | 230,528       | 555,645       |

|                                         |                    |                    |
|-----------------------------------------|--------------------|--------------------|
| Subtotal                                | 4,098,461          | 5,022,705          |
| Total loan                              | 74,121,892         | 76,724,061         |
| Net deferred origination fees and costs | (392,588)          | (426,935)          |
| Allowance for loan losses               | (2,563,523)        | (2,925,735)        |
| Total                                   | <u>771,165,781</u> | <u>773,371,391</u> |

(2) Changes in allowance for loan losses for the six months ended June 30, 2017 and for the year ended December 31, 2016, are as follows (Korean won in millions):

(Jun. 30, 2017)

|                                                | Individual assessment | Collective assessment | Total             |
|------------------------------------------------|-----------------------|-----------------------|-------------------|
| Beginning balance                              | 72,228,715            | 7 697,020             | 72,925,735        |
| Written-off                                    | (6,590)               | (3,173)               | (9,763)           |
| Collection of written-off loans                | —                     | 10,783                | 10,783            |
| Loan-for-equity swap                           | (48,404)              | (4,093)               | (52,497)          |
| Others                                         | —                     | (978,082)             | (978,082)         |
| Unwinding effect                               | (39,031)              | (5,429)               | (44,460)          |
| Foreign exchange translation                   | (29,668)              | (14,067)              | (43,735)          |
| Additional provisions (Reversal of provisions) | (90,213)              | 845,755               | 755,542           |
| Transfer in(out)                               | 231,052               | (231,052)             | —                 |
| Ending balance                                 | <u>72,245,861</u>     | <u>7 317,662</u>      | <u>72,563,523</u> |

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(Dec. 31, 2016)

|                                                | Individual assessment | Collective assessment | Total             |
|------------------------------------------------|-----------------------|-----------------------|-------------------|
| Beginning balance                              | 71,994,753            | 7 410,543             | 72,405,296        |
| Written-off                                    | (458,272)             | (94,618)              | (552,890)         |
| Collection of written-off loans                | 48,043                | 16,971                | 65,014            |
| Loan-for-equity swap                           | (749,980)             | (2,646)               | (752,626)         |
| Others                                         | —                     | (124,729)             | (124,729)         |
| Unwinding effect                               | (39,148)              | (9,743)               | (48,891)          |
| Foreign exchange translation                   | 1,877                 | 4,087                 | 5,964             |
| Additional provisions (Reversal of provisions) | 1,077,240             | 851,357               | 1,928,597         |
| Transfer in(out)                               | 354,202               | (354,202)             | —                 |
| Ending balance                                 | <u>72,228,715</u>     | <u>7 697,020</u>      | <u>72,925,735</u> |

11. INVESTMENTS IN ASSOCIATES AND SUBSIDIARIES:

(1) Details of investments in associates and subsidiaries as of June 30, 2017 and December 31, 2016 are as follows (Korean won in millions):

(Jun. 30, 2017)

| Company (*1)                                                 | Detail     | Location       | Business          | Year-end | Ownership (%) | Net asset | Carrying amount |
|--------------------------------------------------------------|------------|----------------|-------------------|----------|---------------|-----------|-----------------|
| KEXIM Bank UK Limited                                        | Subsidiary | United Kingdom | Financial service | December | 100.00        | 7 45,565  | 7 48,461        |
| KEXIM Vietnam Leasing Co.                                    | Subsidiary | Vietnam        | Financial service | December | 100.00        | 15,669    | 10,271          |
| PT.KOEXIM Mandiri Finance                                    | Subsidiary | Indonesia      | Financial service | December | 85.00         | 28,142    | 25,271          |
| KEXIM Asia Limited                                           | Subsidiary | Hong Kong      | Financial service | December | 100.00        | 63,092    | 49,131          |
| Korea Asset Management Corporation                           | Associate  | Korea          | Financial service | December | 25.86         | 444,683   | 380,521         |
| Credit Guarantee and Investment Fund (*2)                    | Associate  | Philippines    | Financial service | December | 14.29         | 119,813   | 115,481         |
| Korea Marine Guarantee Incorporated Company (*4)             | Associate  | Korea          | Financial service | December | 51.36         | 130,430   | 135,001         |
| SUNG Dong Shipbuilding & Marine Engineering Co., Ltd. (*3,5) | Associate  | Korea          | Shipbuilding      | December | 67.04         | (955,120) | —               |
| DAESUN Shipbuilding & Engineering Co., Ltd. (*3)             | Associate  | Korea          | Shipbuilding      | December | 67.27         | (248,611) | —               |

|                                            |           |       |                   |          |       |         |           |
|--------------------------------------------|-----------|-------|-------------------|----------|-------|---------|-----------|
| KTB Newlake Global Healthcare PEF          | Associate | Korea | Financial service | December | 25.00 | 689     | 1,15      |
| KBS-KDB Private Equity Fund                | Associate | Korea | Financial service | December | 20.83 | 1,191   | 1,36      |
| Korea Shipping and Maritime Transportation | Associate | Korea | Financial service | December | 40.00 | 349,450 | 345,60    |
| Korea Aerospace Industries. LTD.           | Associate | Korea | Manufacturing     | December | 26.41 | 352,886 | 1,467,52  |
| Total                                      |           |       |                   |          |       |         | ??,579,79 |

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(Dec. 31, 2016)

| Company (*1)                                               | Detail     | Location       | Business          | Year-end | Ownership (%) | Net asset | Carrying amount |
|------------------------------------------------------------|------------|----------------|-------------------|----------|---------------|-----------|-----------------|
| KEXIM Bank UK Limited                                      | Subsidiary | United Kingdom | Financial service | December | 100.00        | ? 44,107  | ? 48,46         |
| KEXIM Vietnam Leasing Co.                                  | Subsidiary | Vietnam        | Financial service | December | 100.00        | 15,851    | 10,27           |
| PT.KOEXIM Mandiri Finance                                  | Subsidiary | Indonesia      | Financial service | December | 85.00         | 24,730    | 25,27           |
| KEXIM Asia Limited                                         | Subsidiary | Hong Kong      | Financial service | December | 100.00        | 65,709    | 49,13           |
| Korea Asset Management Corporation                         | Associate  | Korea          | Financial service | December | 25.86         | 446,956   | 380,52          |
| Credit Guarantee and Investment Fund (*2)                  | Associate  | Philippines    | Financial service | December | 14.29         | 127,209   | 115,48          |
| Korea Marine Guarantee Incorporated Company (*4)           | Associate  | Korea          | Financial service | December | 52.63         | 130,811   | 135,00          |
| SUNG Dong Shipbuilding & Marine Engineering Co., Ltd. (*3) | Associate  | Korea          | Shipbuilding      | December | 70.71         | (918,623) | —               |
| DAESUN Shipbuilding & Engineering Co., Ltd. (*3)           | Associate  | Korea          | Shipbuilding      | December | 67.27         | (262,593) | —               |
| EQP Global Energy Infrastructure PEF                       | Associate  | Korea          | Financial service | December | 22.64         | (417)     | 28              |
| KTB Newlake Global Healthcare PEF                          | Associate  | Korea          | Financial service | December | 25.00         | 760       | 1,15            |
| KBS-KDB Private Equity Fund                                | Associate  | Korea          | Financial service | December | 20.83         | 421       | 50              |
| Total                                                      |            |                |                   |          |               |           | ??66,08         |

- (\*1) In cases of associates, the amounts represent net asset after taking into account percentage of ownership.
- (\*2) As of June 30, 2017 and December 31, 2016, Credit Guarantee and Investment Fund is classified into an associate because the Bank has significant influence in the way of representation on the board of directors or equivalent governing body of the investee.
- (\*3) Those companies are under the creditor-led work out programs. The Bank should have at least 75% of the total creditor's loans to have substantive control based on the creditor's agreement. As the Bank has only 67.04% and 67.27%, respectively, of the total creditor's loans, those are classified into associates.
- (\*4) Based on the stockholders' agreement, the Bank does not have substantial control over the entity, thereby classifying the entity as an associate.
- (\*5) Financial statements as of December 31, 2016 are using (due to the unavailability of the ones as of June 30, 2017) in which the significant transactions or events, which occurred between the end of preceding reporting period of an associate and that of the Bank, had been reflected.

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(2) Changes in investments in associates and subsidiaries for the year ended December 31, 2016, are as follows (Korean won in millions):

(Jun. 30, 2017)

| Company                                               | Detail     | Beginning balance | Acquisition | Disposals | Impairment loss | Ending balance |
|-------------------------------------------------------|------------|-------------------|-------------|-----------|-----------------|----------------|
| KEXIM Bank UK Limited                                 | Subsidiary | ? 48,460          | ? —         | ? —       | ? —             | ? 48,46        |
| KEXIM Vietnam Leasing Co.                             | Subsidiary | 10,275            | —           | —         | —               | 10,27          |
| PT.KOEXIM Mandiri Finance                             | Subsidiary | 25,270            | —           | —         | —               | 25,27          |
| KEXIM Asia Limited                                    | Subsidiary | 49,139            | —           | —         | —               | 49,13          |
| Korea Asset Management Corporation                    | Associate  | 380,520           | —           | —         | —               | 380,52         |
| Credit Guarantee and Investment Fund                  | Associate  | 115,486           | —           | —         | —               | 115,48         |
| Korea Marine Guarantee Incorporated Company           | Associate  | 135,000           | —           | —         | —               | 135,00         |
| SUNG Dong Shipbuilding & Marine Engineering Co., Ltd. | Associate  | —                 | 236         | —         | (236)           | —              |
| DAESUN Shipbuilding & Engineering Co., Ltd.           | Associate  | —                 | —           | —         | —               | —              |
| EQP Global Energy Infrastructure PEF                  | Associate  | 280               | —           | (280)     | —               | —              |
| KTB Newlake Global Healthcare PEF                     | Associate  | 1,153             | —           | —         | —               | 1,15           |
| KBS-KDB Private Equity Fund                           | Associate  | 501               | 866         | —         | —               | 1,36           |

|                                            |           |                 |                   |                |                |                   |
|--------------------------------------------|-----------|-----------------|-------------------|----------------|----------------|-------------------|
| Korea Shipping and Maritime Transportation | Associate | —               | 345,600           | —              | —              | 345,600           |
| Korea Aerospace Industries. LTD.           | Associate | —               | 1,467,520         | —              | —              | 1,467,520         |
| Total                                      |           | <u>₩766,084</u> | <u>₩1,814,222</u> | <u>₩ (280)</u> | <u>₩ (236)</u> | <u>₩2,579,790</u> |

(Dec. 31, 2016)

| Company                                               | Detail     | Beginning balance | Acquisition     | Impairment loss  | Ending balance  |
|-------------------------------------------------------|------------|-------------------|-----------------|------------------|-----------------|
| KEXIM Bank UK Limited                                 | Subsidiary | ₩ 48,460          | ₩ —             | ₩ —              | ₩ 48,460        |
| KEXIM Vietnam Leasing Co.                             | Subsidiary | 10,275            | —               | —                | 10,275          |
| PT.KOEXIM Mandiri Finance                             | Subsidiary | 25,270            | —               | —                | 25,270          |
| KEXIM Asia Limited                                    | Subsidiary | 49,139            | —               | —                | 49,139          |
| Korea Asset Management Corporation                    | Associate  | 380,520           | —               | —                | 380,520         |
| Credit Guarantee and Investment Fund                  | Associate  | 115,486           | —               | —                | 115,486         |
| Korea Marine Guarantee Incorporated Company           | Associate  | 50,000            | 85,000          | —                | 135,000         |
| SUNG Dong Shipbuilding & Marine Engineering Co., Ltd. | Associate  | —                 | 3,382           | (3,382)          | —               |
| DAESUN Shipbuilding & Engineering Co., Ltd.           | Associate  | —                 | 1,033           | (1,033)          | —               |
| EQP Global Energy Infrastructure PEF                  | Associate  | 175               | 105             | —                | 280             |
| KT&B Newlake Global Healthcare PEF                    | Associate  | —                 | 1,153           | —                | 1,153           |
| KBS-KDB Private Equity Fund                           | Associate  | —                 | 501             | —                | 501             |
| Total                                                 |            | <u>₩679,325</u>   | <u>₩ 91,174</u> | <u>₩ (4,415)</u> | <u>₩766,084</u> |

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(3) Summarized financial information of associates and subsidiaries as of and for the six months ended June 30, 2017, and as of and for the year ended December 31, 2016, are as follows (Korean won in millions):

(Jun. 30, 2017)

| Company                                               | Assets    | Liabilities | Operating income (loss) | Net income (loss) | Total comprehensive income (loss) |
|-------------------------------------------------------|-----------|-------------|-------------------------|-------------------|-----------------------------------|
| KEXIM Bank UK Limited                                 | ₩ 452,927 | ₩ 407,362   | ₩ 1,606                 | ₩ 1,258           | ₩ 1,739                           |
| KEXIM Vietnam Leasing Co.                             | 152,668   | 136,999     | 857                     | 723               | (1,087)                           |
| PT.KOEXIM Mandiri Finance                             | 174,839   | 146,697     | 442                     | 442               | (2,345)                           |
| KEXIM Asia Limited                                    | 442,806   | 379,714     | 1,462                   | 1,335             | (6,799)                           |
| Korea Asset Management Corporation                    | 2,900,835 | 1,181,257   | 14,680                  | 16,482            | 15,015                            |
| Credit Guarantee and Investment Fund                  | 884,093   | 45,657      | 5,931                   | 6,015             | 9,373                             |
| Korea Marine Guarantee Incorporated Company           | 270,236   | 16,284      | (613)                   | (964)             | (884)                             |
| SUNG Dong Shipbuilding & Marine Engineering Co., Ltd. | 1,681,756 | 3,106,457   | 39,163                  | (86,991)          | (126,072)                         |
| DAESUN Shipbuilding & Engineering Co., Ltd.           | 399,959   | 769,531     | (6,737)                 | 5,055             | 5,055                             |
| KT&B Newlake Global Healthcare PEF                    | 3,158     | 403         | (286)                   | (286)             | (286)                             |
| KBS-KDB Private Equity Fund                           | 5,942     | 224         | (459)                   | (459)             | (459)                             |
| Korea Shipping and Maritime Transportation            | 874,181   | 556         | 9,938                   | 9,976             | 9,976                             |
| Korea Aerospace Industries. LTD.                      | 2,908,878 | 1,572,694   | (27,334)                | (43,163)          | (43,108)                          |

(Dec. 31, 2016)

| Company                                               | Assets    | Liabilities | Operating income (loss) | Net income (loss) | Total comprehensive income (loss) |
|-------------------------------------------------------|-----------|-------------|-------------------------|-------------------|-----------------------------------|
| KEXIM Bank UK Limited                                 | ₩ 525,225 | ₩ 481,117   | ₩ 2,881                 | ₩ 1,759           | ₩ (11,236)                        |
| KEXIM Vietnam Leasing Co.                             | 167,145   | 151,294     | 1,835                   | 1,515             | 2,504                             |
| PT.KOEXIM Mandiri Finance                             | 172,187   | 143,093     | 3,492                   | 3,419             | 6,177                             |
| KEXIM Asia Limited                                    | 422,804   | 357,094     | 3,284                   | 2,736             | 7,240                             |
| Korea Asset Management Corporation                    | 2,546,010 | 817,641     | 57,506                  | 97,236            | 98,095                            |
| Credit Guarantee and Investment Fund                  | 940,953   | 50,755      | 10,892                  | 10,805            | 13,531                            |
| Korea Marine Guarantee Incorporated Company           | 259,610   | 11,061      | (4,569)                 | (4,181)           | (4,327)                           |
| SUNG Dong Shipbuilding & Marine Engineering Co., Ltd. | 1,896,604 | 3,195,746   | 25,475                  | 154,866           | 151,407                           |
| DAESUN Shipbuilding & Engineering Co., Ltd.           | 387,613   | 777,970     | (25,466)                | 39,452            | 39,428                            |
| EQP Global Energy Infrastructure PEF                  | 1         | 1,845       | (1,846)                 | (1,846)           | (1,846)                           |

|                                   |       |     |         |         |         |
|-----------------------------------|-------|-----|---------|---------|---------|
| KTB Newlake Global Healthcare PEF | 3,327 | 286 | (1,002) | (1,002) | (1,002) |
| KBS-KDB Private Equity Fund       | 2,325 | 303 | (384)   | (384)   | (384)   |
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12. TANGIBLE ASSETS:

Changes in tangible assets for the six months ended June 30, 2017, and for the year ended December 31, 2016, are as follows (Korean won in millions):

(Jun. 30, 2017)

| Detail                | Beginning balance | Acquisitions | Disposals | Depreciation | Ending balance |
|-----------------------|-------------------|--------------|-----------|--------------|----------------|
| Lands                 | ?190,807          | ? —          | ? —       | ? —          | ?190,807       |
| Buildings             | 66,383            | —            | —         | (1,348)      | 65,035         |
| Vehicles              | 1,278             | 230          | —         | (301)        | 1,207          |
| Furniture and fixture | 14,669            | 730          | (2)       | (2,850)      | 12,547         |
| Total                 | ?273,137          | ? 960        | ? (2)     | ? (4,499)    | ?269,596       |

(Dec. 31, 2016)

| Detail                | Beginning balance | Acquisitions | Disposals | Depreciation | Ending balance |
|-----------------------|-------------------|--------------|-----------|--------------|----------------|
| Lands                 | ?191,193          | ? —          | ? (386)   | ? —          | ?190,807       |
| Buildings             | 69,268            | —            | (186)     | (2,699)      | 66,383         |
| Vehicles              | 1,355             | 538          | (12)      | (603)        | 1,278          |
| Furniture and fixture | 9,682             | 9,343        | (3)       | (4,353)      | 14,669         |
| Total                 | ?271,498          | ? 9,881      | ? (587)   | ? (7,655)    | ?273,137       |

13. INTANGIBLE ASSETS:

Changes in intangible assets for the six months ended June 30, 2017, and for the year ended December 31, 2016, are as follows (Korean won in millions):

(Jun. 30, 2017)

| Detail                  | Beginning balance | Acquisitions | Disposals | Amortization | Impairment | Ending balance |
|-------------------------|-------------------|--------------|-----------|--------------|------------|----------------|
| Computer software       | ? 12,400          | ? 844        | ? —       | ? (1,554)    | ? —        | ?11,690        |
| System development fees | 26,066            | 8,393        | —         | (1,981)      | —          | 32,478         |
| Memberships             | 4,133             | 336          | (139)     | —            | —          | 4,330          |
| Total                   | ? 42,599          | ? 9,573      | ? (139)   | ? (3,535)    | ? —        | ?48,498        |

(Dec. 31, 2016)

| Detail                  | Beginning balance | Acquisitions | Disposals | Amortization | Impairment | Ending balance |
|-------------------------|-------------------|--------------|-----------|--------------|------------|----------------|
| Computer software       | ? 5,419           | ? 8,766      | ? —       | ? (1,785)    | ? —        | ?12,400        |
| System development fees | 18,449            | 10,885       | —         | (3,268)      | —          | 26,066         |
| Memberships             | 4,671             | —            | —         | —            | (538)      | 4,133          |
| Total                   | ? 28,539          | ? 19,651     | ? —       | ? (5,053)    | ? (538)    | ?42,599        |

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14. OTHER ASSETS:

(1) Details of other assets as of June 30, 2017, and December 31, 2016, are as follows (Korean won in millions):

|  | Jun. 30, 2017 | Dec. 31, 2016 |
|--|---------------|---------------|
|--|---------------|---------------|



|                                            |            |            |
|--------------------------------------------|------------|------------|
| Other financial assets :                   |            |            |
| Guarantee deposits                         | ? 38,349   | ? 37,933   |
| Accounts receivable                        | 379,755    | 196,474    |
| Accrued income                             | 704,008    | 799,443    |
| Receivable spot exchange                   | 133        | 178        |
| Allowances for loan losses on other assets | (54,250)   | (50,938)   |
| Subtotal                                   | 1,067,995  | 983,090    |
| Other assets :                             |            |            |
| Advance payments                           | 6,047      | 14,843     |
| Prepaid expenses                           | 14,817     | 17,080     |
| Current income tax asset                   | 1,641      | 2,942      |
| Sundry assets                              | 33,632     | 27,813     |
| Subtotal                                   | 56,137     | 62,678     |
| Total                                      | ?1,124,132 | ?1,045,768 |

(2) Changes in allowances for loan losses on other assets for the six months ended June 30, 2017, and for the year ended December 31, 2016, are as follows (Korean won in millions):

|                                 |               |               |
|---------------------------------|---------------|---------------|
|                                 | Jun. 30, 2017 | Dec. 31, 2016 |
| Beginning balance               | ? 50,938      | ? 43,120      |
| Write-off                       | —             | (7,521)       |
| Collection of written-off loans | 1             | 58            |
| Foreign exchange translation    | (316)         | 2             |
| Additional provisions           | 3,629         | 7,815         |
| Others                          | (2)           | 7,464         |
| Ending balance                  | ? 54,250      | ? 50,938      |

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15. BORROWINGS:

Details of borrowings as of June 30, 2017, and December 31, 2016, are as follows (Korean won in millions):

(Jun. 30, 2017)

| Detail                                                   | Lender                                    | Interest rate (%)             | Amount      |
|----------------------------------------------------------|-------------------------------------------|-------------------------------|-------------|
| Call money                                               |                                           |                               |             |
| Call money in local currency                             | WOORI BANK                                | 1.28                          | ? 710,000   |
| Borrowings in foreign currencies:                        |                                           |                               |             |
| Borrowings from the Government                           | MINISTRY OF STRATEGY AND FINANCE          | LIBOR 3M+0.50 ~ LIBOR 3M+0.78 | 3,110,755   |
| Long term borrowings from foreign financial institutions | BANK OF AMERICA N.A. and others           | LIBOR 3M+0.40 ~ LIBOR 3M+1.10 | 3,247,860   |
| Discount on borrowings                                   | —                                         | —                             | (3,825)     |
| Foreign commercial papers (CP)                           | CITIBANK N.A., HONG KONG and others       | 1.02 ~ 2.01                   | 765,172     |
| Offshore CP in foreign currencies                        | CITIBANK N.A., HONG KONG and others       | -0.40 ~ 1.35                  | 140,040     |
| Others (foreign banks)                                   | DBS BANK LTD, SINGAPORE BRANCH and others | 0.00 ~ 0.20                   | 261,990     |
| Others (CSA)                                             | JP MORGAN CHASE and others                | —                             | 70,552      |
| Subtotal                                                 |                                           |                               | 7,592,544   |
| Total                                                    |                                           |                               | ? 8,302,544 |

(Dec. 31, 2016)

| Detail                            | Lender                           | Interest rate (%)             | Amount     |
|-----------------------------------|----------------------------------|-------------------------------|------------|
| Borrowings in foreign currencies: |                                  |                               |            |
| Borrowings from the Government    | MINISTRY OF STRATEGY AND FINANCE | LIBOR 3M+0.50 ~ LIBOR 3M+0.78 | ?3,199,262 |

|                                                          |                                           |                               |                  |
|----------------------------------------------------------|-------------------------------------------|-------------------------------|------------------|
| Long term borrowings from foreign financial institutions | BANK OF AMERICA N.A. and others           | LIBOR 3M+0.40 ~ LIBOR 3M+1.10 | 3,746,350        |
| Discount on borrowings                                   |                                           | —                             | (5,507)          |
| Foreign commercial papers (CP)                           | CITIBANK N.A., HONG KONG and others       | 0.27 ~ 2.00                   | 2,433,674        |
| Offshore CP in foreign currencies                        | BARCLAYS BANK PLC LONDON                  | 0.52 ~ 1.48                   | 164,646          |
| Others (Foreign banks)                                   | DBS BANK LTD, SINGAPORE BRANCH and others | 0.16 ~ 3.69                   | 211,097          |
| Others (CSA)                                             | JP MORGAN CHASE and others                | —                             | 11,867           |
| Total                                                    |                                           |                               | <u>9,761,389</u> |

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16. DEBENTURES:

Details of debentures as of June 30, 2017, and December 31, 2016, are as follows (Korean won in millions):

| Detail                           | Jun. 30, 2017           |                   | Dec. 31, 2016           |                  |
|----------------------------------|-------------------------|-------------------|-------------------------|------------------|
|                                  | Interest rate (%)       | Amount            | Interest rate (%)       | Amount           |
| Local currency:                  |                         |                   |                         |                  |
| Floating rate                    | 1.46 ~ 1.61             | ? 1,080,000       | 1.49 ~ 1.65             | ? 2,070,000      |
| Fixed rate                       | 1.27 ~ 4.50             | 11,540,000        | 1.26 ~ 4.50             | 10,010,000       |
| Balance                          |                         | 12,620,000        |                         | 12,080,000       |
| Fair value hedging loss          |                         | (66,791)          |                         | (48,530)         |
| Discount on debentures:          |                         | (46,385)          |                         | (47,354)         |
| Subtotal                         |                         | 12,506,824        |                         | 11,984,116       |
| Foreign currencies               |                         |                   |                         |                  |
| Floating rate                    | LIBOR+0.30 ~ LIBOR+1.00 | 8,153,835         | LIBOR+0.30 ~ LIBOR+1.00 | 9,427,017        |
| Fixed rate                       | 0.12 ~ 9.32             | 39,798,057        | 0.12 ~ 9.32             | 40,876,373       |
| Balance                          |                         | 47,951,892        |                         | 50,303,390       |
| Fair value hedging income (loss) |                         | 130,907           |                         | (27,290)         |
| Discount on debentures           |                         | (133,372)         |                         | (141,200)        |
| Subtotal                         |                         | 47,949,427        |                         | 50,134,900       |
| Total                            |                         | <u>60,456,251</u> |                         | <u>9,621,916</u> |

17. PROVISIONS:

(1) Details of provisions as of June 30, 2017, and December 31, 2016, are as follows (Korean won in millions):

|                                           | Jun. 30, 2017    | Dec. 31, 2016     |
|-------------------------------------------|------------------|-------------------|
| Provisions for acceptances and guarantees | ? 736,498        | ?1,407,910        |
| Provisions for unused loan commitments    | 221,885          | 228,839           |
| Provision for others                      | 14,817           | 15,199            |
| Total                                     | <u>? 973,200</u> | <u>?1,651,948</u> |

(2) Changes in provisions for the six months ended June 30, 2017, and for the year ended December 31, 2016, are as follows (Korean won in millions):

(Jun. 30, 2017)

| Detail                                        | Acceptances and guarantees |                       |                  | Unused loan commitments | Provision for others | Total            |
|-----------------------------------------------|----------------------------|-----------------------|------------------|-------------------------|----------------------|------------------|
|                                               | Individual assessment      | Collective assessment | Subtotal         |                         |                      |                  |
| Beginning balance                             | ? 403,504                  | ?1,004,406            | ?1,407,910       | ? 228,839               | ? 15,198             | ?1,651,947       |
| Foreign exchange translation                  | (6,468)                    | (9,413)               | (15,881)         | (57)                    | —                    | (15,938)         |
| Additional provisions (Reversal of provision) | (257,242)                  | (398,289)             | (655,531)        | (6,897)                 | 1,344                | (661,084)        |
| Transfers in (out)                            | 527,996                    | (527,996)             | —                | —                       | —                    | —                |
| Payment                                       | —                          | —                     | —                | —                       | (1,725)              | (1,725)          |
| Ending balance                                | <u>? 667,790</u>           | <u>? 68,708</u>       | <u>? 736,498</u> | <u>? 221,885</u>        | <u>? 14,817</u>      | <u>? 973,200</u> |

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(Dec. 31, 2016)

| Detail                                        | Acceptances and guarantees |                       |                   | Unused loan commitments | Provision for others | Total             |
|-----------------------------------------------|----------------------------|-----------------------|-------------------|-------------------------|----------------------|-------------------|
|                                               | Individual assessment      | Collective assessment | Subtotal          |                         |                      |                   |
| Beginning balance                             | ? 50,761                   | ? 190,958             | ? 241,719         | ? 151,618               | ? —                  | ? 393,337         |
| Foreign exchange translation                  | 876                        | 116                   | 992               | 51                      | —                    | 1,043             |
| Additional provisions (Reversal of provision) | 351,808                    | 813,391               | 1,165,199         | 77,170                  | 16,317               | 1,258,686         |
| Transfers in (out)                            | 59                         | (59)                  | —                 | —                       | —                    | —                 |
| Payment                                       | —                          | —                     | —                 | —                       | (1,119)              | (1,119)           |
| Ending balance                                | <u>?403,504</u>            | <u>?1,004,406</u>     | <u>?1,407,910</u> | <u>? 228,839</u>        | <u>? 15,198</u>      | <u>?1,651,947</u> |

18. RETIREMENT BENEFIT PLAN:

The Bank operates both defined benefit plan and defined contribution plan.

(1) Defined benefit plan

The Bank operates defined benefit plans, which have the following characteristics:

- The entity has the obligation to pay the agreed benefits to all its current and past employees.
- The entity is liable for actuarial risk (excess of actual payment against expected amount) and investment risk.

The present value of the defined benefit obligation recognized in the separate statements of financial position is calculated annually by independent actuaries in accordance with actuarial valuation method. The present value of the defined benefit obligation is calculated using the projected unit credit method (“PUC”). The data used in the PUC, such as interest rates, future salary increase rate, mortality rate, consumer price index and expected return on plan asset, are based on observable market data and historical data, which are annually updated.

Actuarial assumptions may differ from actual results due to change in the market, economic trend and mortality trend, which may affect defined benefit obligation liabilities and future payments. Actuarial gains and losses arising from changes in actuarial assumptions are recognized in the period incurred through other comprehensive income or loss.

(2) Details of defined benefit obligation as of June 30, 2017, and December 31, 2016, are as follows (Korean won in millions):

|                                              | Jun. 30, 2017  | Dec. 31, 2016  |
|----------------------------------------------|----------------|----------------|
| Present value of defined benefit obligations | ? 75,896       | ? 72,104       |
| Fair value of plan assets                    | (68,413)       | (70,012)       |
| Net defined benefit obligation               | <u>? 7,483</u> | <u>? 2,092</u> |

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(3) Changes in net defined benefit obligations for the six months ended June 30, 2017, and for the year ended December 31, 2016, are as follows (Korean won in millions):

(Jun. 30, 2017)

|                                                                          | Present value of the defined benefit obligation | Plan assets | Net defined benefit obligation |
|--------------------------------------------------------------------------|-------------------------------------------------|-------------|--------------------------------|
| Beginning balance                                                        | ? 72,105                                        | ? (70,013)  | ? 2,092                        |
| Contributions from the employer                                          | —                                               | —           | —                              |
| Current service cost                                                     | 4,456                                           | —           | 4,456                          |
| Interest expense (income)                                                | 1,306                                           | (1,274)     | 3                              |
| Return on plan assets, excluding the interest expense (income)           | —                                               | —           | —                              |
| Actuarial gains and losses arising from changes in financial assumptions | —                                               | —           | —                              |
| Actuarial gains and losses arising from experience adjustments           | —                                               | —           | —                              |
| Management fee on plan assets                                            | —                                               | —           | —                              |

|                |                 |                  |               |
|----------------|-----------------|------------------|---------------|
| Benefits paid  | (1,971)         | 2,874            | 90            |
| Ending balance | <u>? 75,896</u> | <u>?(68,413)</u> | <u>? 7,48</u> |

(Dec. 31, 2016)

|                                                                          | Present value of the<br>defined benefit<br>obligation | Plan<br>assets   | Net defined<br>benefit obligation |
|--------------------------------------------------------------------------|-------------------------------------------------------|------------------|-----------------------------------|
| Beginning balance                                                        | ? 82,504                                              | ?(34,716)        | ? 47,788                          |
| Contributions from the employer                                          | —                                                     | (37,693)         | (37,693)                          |
| Current service cost                                                     | 10,605                                                | —                | 10,605                            |
| Interest expense (income)                                                | 2,955                                                 | (1,246)          | 1,709                             |
| Return on plan assets,<br>excluding the interest expense (income)        | —                                                     | 622              | 622                               |
| Actuarial gains and losses arising from changes in financial assumptions | (5,127)                                               | —                | (5,127)                           |
| Actuarial gains and losses arising from experience adjustments           | (16,414)                                              | —                | (16,414)                          |
| Management fee on plan assets                                            | —                                                     | 76               | 76                                |
| Benefits paid                                                            | (2,418)                                               | 2,944            | 526                               |
| Ending balance                                                           | <u>? 72,105</u>                                       | <u>?(70,013)</u> | <u>? 2,092</u>                    |

(4) Details of plan assets as of June 30, 2017, and December 31, 2016, are as follows (Korean won in millions):

|                 | Jun. 30, 2017   | Dec. 31, 2016   |
|-----------------|-----------------|-----------------|
| Debt securities | ? 17,337        | ? 17,337        |
| Others          | 51,076          | 52,677          |
| Total           | <u>? 68,413</u> | <u>? 70,014</u> |

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(5) Retirement benefit costs incurred from the defined contribution plan for the six months ended June 30, 2017 and 2016, are as follows (Korean won in millions):

|                         | Jun. 30, 2017 | Jun. 30, 2016 |
|-------------------------|---------------|---------------|
| Retirement benefit cost | ? 211         | ? 19          |

**19. OTHER LIABILITIES:**

Details of other liabilities as of June 30, 2017, and December 31, 2016, are as follows (Korean won in millions):

|                                          | Jun. 30, 2017           | Dec. 31, 2016           |
|------------------------------------------|-------------------------|-------------------------|
| Other financial liabilities:             |                         |                         |
| Financial guarantee liabilities          | ? 993,886               | ? 969,767               |
| Foreign exchanges payable                | 27,571                  | 43,177                  |
| Accounts payable                         | 220,531                 | 18,467                  |
| Accrued expenses                         | 543,275                 | 609,447                 |
| Guarantee deposit received               | 163                     | 163                     |
| Subtotal                                 | <u>1,785,426</u>        | <u>1,641,011</u>        |
| Other liabilities:                       |                         |                         |
| Allowance for credit loss in derivatives | 61,157                  | 38,237                  |
| Unearned income                          | 172,244                 | 145,067                 |
| Sundry liabilities                       | 15,685                  | 8,337                   |
| Subtotal                                 | <u>249,086</u>          | <u>191,621</u>          |
| Total                                    | <u><u>2,034,512</u></u> | <u><u>1,832,632</u></u> |

**20. DERIVATIVES:**

The Bank operates derivatives both for trading and hedging purposes. Derivatives held for trading purpose are included in financial assets and liabilities at FVTPL.

(1) Fair value hedge

Fair value hedge is a hedge of the exposure to changes in fair value of a recognized asset or liability or an unrecognized firm commitment, or an identified portion of such an asset, liability or firm commitment, that is attributable to a particular risk and could affect profit or loss. When applying fair value hedge, the gain or loss on the hedged item attributable to the hedged risk shall adjust the carrying amount of the hedged item and be recognized in profit or loss.

The Bank shall discontinue prospectively the fair value hedge if the hedging instrument expires or is sold, terminated or exercised, the hedge no longer meets the criteria for hedge accounting or the Bank revokes the designation. Any adjustment arising from the gain or loss on the hedged item attributable to the hedged risk to the carrying amount of a hedged financial instrument for which the effective interest method is used shall be amortized to profit or loss.

The Bank uses interest rate swaps for hedging changes of fair values in hedged items arising from changes in interest rates. The Bank also uses currency swaps for hedging changes of fair values in hedged items arising from changes in foreign exchange rates.

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(2) Cash flow hedge

Cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognized asset or liability (such as all or some future interest payments on variable rate debt) or a highly probable forecast transaction and could affect profit or loss. When applying cash flow hedge, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge shall be recognized in other comprehensive income; and the ineffective portion of the gain or loss on the hedging instrument are recognized in profit or loss. If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains or losses that were recognized in other comprehensive income are reclassified from equity to profit or loss as a reclassification adjustment in the same period or periods during which the hedged forecast cash flows affect profit or loss.

The Bank shall discontinue prospectively the cash flow hedge if hedging instrument expires or is sold, terminated or exercised, the hedge no longer meets the criteria for hedge accounting or the Bank revokes the designation. The forecasted transaction is no longer expected to occur, any related cumulative gain or loss on the hedging instrument that has been recognized in other comprehensive income from the period when the hedge was effective are reclassified from equity to profit or loss as a reclassification adjustment.

The Bank uses interest rate swaps for hedging changes of cash flows in hedged items arising from changes in interest rates. The Bank also uses currency swaps for hedging changes of cash flows in hedged items arising from changes in foreign exchange.

(3) Details of derivative assets and liabilities as of June 30, 2017, and December 31, 2016, are as follows (Korean won in millions):

(Jun. 30, 2017)

| Detail              | Notional    | Derivative assets |                 |          |          |
|---------------------|-------------|-------------------|-----------------|----------|----------|
|                     |             | Fair value hedge  | Cash flow hedge | Trading  | Total    |
| Interest:           |             |                   |                 |          |          |
| Interest rate swaps | ₩38,442,670 | ₩172,853          | ₩ —             | ₩291,654 | ₩464,507 |
| Currency:           |             |                   |                 |          |          |
| Currency forwards   | 7,514,280   | —                 | —               | 91,862   | 91,862   |
| Currency swaps      | 27,208,820  | 93,120            | —               | 196,604  | 289,724  |
| Subtotal            | 34,723,100  | 93,120            | —               | 288,466  | 381,586  |
| Stock:              |             |                   |                 |          |          |
| Stock options       | —           | —                 | —               | 375      | 375      |
| Others:             |             |                   |                 |          |          |
| Other derivatives   | —           | —                 | —               | 21       | 21       |
| Total               | ₩73,165,770 | ₩265,973          | ₩ —             | ₩580,516 | ₩846,489 |

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| Detail              | Notional    | Derivative liabilities |                 |          |           |
|---------------------|-------------|------------------------|-----------------|----------|-----------|
|                     |             | Fair value hedge       | Cash flow hedge | Trading  | Total     |
| Interest:           |             |                        |                 |          |           |
| Interest rate swaps | ₩38,442,670 | ₩ 250,164              | ₩ —             | ₩280,050 | ₩ 530,214 |

|                   |            |           |   |         |           |
|-------------------|------------|-----------|---|---------|-----------|
| Currency:         |            |           |   |         |           |
| Currency forwards | 7,514,280  | —         | — | 91,790  | 91,790    |
| Currency swaps    | 27,208,820 | 1,238,491 | — | 292,988 | 1,531,470 |
| Subtotal          | 34,723,100 | 1,238,491 | — | 384,778 | 1,623,268 |
| Stock:            |            |           |   |         |           |
| Stock options     | —          | —         | — | —       | —         |
| Others:           |            |           |   |         |           |
| Other derivatives | —          | —         | — | 11      | 11        |
| Total             | 34,723,100 | 1,238,491 | — | 384,778 | 1,623,268 |

(Dec. 31, 2016)

| Detail              | Notional    | Derivative assets |                 |          |          |
|---------------------|-------------|-------------------|-----------------|----------|----------|
|                     |             | Fair value hedge  | Cash flow hedge | Trading  | Total    |
| Interest:           |             |                   |                 |          |          |
| Interest rate swaps | 234,406,712 | 2163,959          | 2 —             | 2231,219 | 2395,178 |
| Currency:           |             |                   |                 |          |          |
| Currency forwards   | 5,581,111   | —                 | —               | 145,185  | 145,185  |
| Currency swaps      | 23,132,311  | 4,458             | —               | 268,794  | 273,253  |
| Subtotal            | 28,713,422  | 4,458             | —               | 413,979  | 418,437  |
| Stock:              |             |                   |                 |          |          |
| Stock options       | —           | —                 | —               | 2,151    | 2,151    |
| Total               | 263,120,134 | 2168,417          | 2 —             | 2647,349 | 2815,766 |

| Detail              | Notional   | Derivative liabilities |                 |         |           |
|---------------------|------------|------------------------|-----------------|---------|-----------|
|                     |            | Fair value hedge       | Cash flow hedge | Trading | Total     |
| Interest:           |            |                        |                 |         |           |
| Interest rate swaps | 34,406,712 | 281,054                | —               | 249,051 | 530,105   |
| Currency:           |            |                        |                 |         |           |
| Currency forwards   | 5,581,111  | —                      | —               | 157,340 | 157,340   |
| Currency swaps      | 23,132,311 | 2,054,476              | —               | 446,308 | 2,500,784 |
| Subtotal            | 28,713,422 | 2,054,476              | —               | 603,648 | 2,658,120 |
| Stock:              |            |                        |                 |         |           |
| Stock options       | —          | —                      | —               | —       | —         |
| Total               | 34,406,712 | 2,335,530              | —               | 852,699 | 3,188,221 |

(4) Gains and losses from fair value hedging instruments and hedged items attributable to the hedged risk for the six months ended June 30, 2017 and 2016, are as follows (Korean won in millions):

|                                      | Jun. 30, 2017 | Jun. 30, 2016 |
|--------------------------------------|---------------|---------------|
| Fair value hedge—hedged items        | (145,748)     | (830,051)     |
| Fair value hedge—hedging instruments | 768,671       | 1,151,966     |

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(5) The Bank recognized (1,904) million and (1,331) million as other comprehensive income (loss) (before tax effect) for the six months ended June 30, 2017 and 2016, and cash flow hedge ineffectiveness recognized in earnings was nil for the six months ended June 30, 2017 and (95) thousand for the six months ended June 30, 2016.

21. CAPITAL STOCK:

As of June 30, 2017, the authorized capital and paid-in capital of the Bank are 15,000,000 million and 11,814,963 million, respectively. The Bank does not issue share certificates.

Changes in capital stock for the six months ended June 30, 2017, and for the year ended December 31, 2016, are as follows (Korean won in millions):

|                   | Jun. 30, 2017 | Dec. 31, 2016 |
|-------------------|---------------|---------------|
| Beginning balance | 10,398,055    | 8,878,055     |

|                                                 |                    |                   |
|-------------------------------------------------|--------------------|-------------------|
| Paid-in capital increase and investment in kind | 1,416,908          | 1,520,00          |
| Ending balance                                  | <u>₩11,814,963</u> | <u>₩10,398,05</u> |

22. OTHER COMPONENTS OF EQUITY:

(1) Details of other components of equity as of June 30, 2017, and December 31, 2016, are as follows (Korean won in millions):

|                                                         | Jun. 30,<br>2017 | Dec. 31,<br>2016 |
|---------------------------------------------------------|------------------|------------------|
| Gain on valuation of AFS securities                     | ₩140,168         | ₩259,56          |
| Gain (Loss) on valuation of cash flow hedge             | (589)            | 85               |
| Remeasurement elements of net defined benefit liability | 19,599           | 19,59            |
| Total                                                   | <u>₩159,178</u>  | <u>₩280,01</u>   |

(2) Changes in other components for the six months ended June 30, 2017, and for the year ended December 31, 2016, are as follows (Korean won in millions):

(Jun. 30, 2017)

|                                                 | Beginning<br>balance | Increase<br>(decrease) | Tax<br>effect  | Ending<br>balance |
|-------------------------------------------------|----------------------|------------------------|----------------|-------------------|
| Gain on valuation of AFS securities             | ₩259,564             | ₩(129,103)             | ₩ 9,707        | ₩140,168          |
| Gain (Loss) on valuation of cash flow hedge     | 854                  | (1,904)                | 461            | (589)             |
| Remeasurements of net defined benefit liability | 19,599               | —                      | —              | 19,599            |
| Total                                           | <u>₩280,017</u>      | <u>₩(131,007)</u>      | <u>₩10,168</u> | <u>₩159,178</u>   |

(Dec. 31, 2016)

|                                                 | Beginning<br>balance | Increase<br>(decrease) | Tax<br>effect    | Ending<br>balance |
|-------------------------------------------------|----------------------|------------------------|------------------|-------------------|
| Gain on valuation of AFS securities             | ₩116,369             | ₩188,914               | ₩(45,718)        | ₩259,56           |
| Gain (Loss) on valuation of cash flow hedge     | (131)                | 1,298                  | (314)            | 85                |
| Remeasurements of net defined benefit liability | 3,742                | 20,918                 | (5,061)          | 19,59             |
| Total                                           | <u>₩119,980</u>      | <u>₩211,130</u>        | <u>₩(51,093)</u> | <u>₩280,01</u>    |

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23. RETAINED EARNINGS:

(1) Details of retained earnings as of as of June 30, 2017, and December 31, 2016, are as follows (Korean won in millions):

|                                  | Jun. 30, 2017    | Dec. 31, 2016    |
|----------------------------------|------------------|------------------|
| Legal reserve (*1)               | ₩ 328,856        | ₩ 328,856        |
| Voluntary reserve (*2)           | —                | 1,216,737        |
| Reserve for bad loan             | 206,330          | 476,882          |
| Unappropriated retained earnings | 445,340          | (1,487,289)      |
| Total                            | <u>₩ 980,526</u> | <u>₩ 535,186</u> |

(\*1) Pursuant to the EXIM Bank Act, the Bank appropriates 10% of separate net income for each accounting period as legal reserve, until the accumulated reserve equals to its paid-in capital.

(\*2) The Bank appropriates the remaining balance of net income, after the appropriation of legal reserve and declaration of dividends, to voluntary reserve.

(2) Changes in retained earnings for the six months ended June 30, 2017, and for the year ended December 31, 2016, are as follows (Korean won in millions):

|                                  | Jun. 30, 2017    | Jun. 30, 2016    |
|----------------------------------|------------------|------------------|
| Beginning balance                | ₩ 535,186        | ₩ 2,027,863      |
| Net income (loss) for the period | 445,340          | (1,487,289)      |
| Dividends                        | —                | (5,388)          |
| Ending balance                   | <u>₩ 980,526</u> | <u>₩ 535,186</u> |



(3) Reserve for bad loans

Reserve for bad loans is calculated and disclosed according to Article 29 (1) and (2), *Regulation on Supervision of Banking Business*. In accordance with Regulation on Supervision of Banking Business, etc., if the estimated allowance for credit loss determined by K-IFRS for the accounting purpose is lower than those for the regulatory purpose required by Regulation on Supervision of Banking Business, the Bank should reserve such difference as the regulatory reserve for bad loans. Due to the fact that regulatory reserve for bad loans is a voluntary reserve, the amounts that exceed the existing reserve for bad loans over the compulsory reserve for bad loans at the period-end date are reversed in profit. In case of accumulated deficit, the Bank should recommence setting aside reserve for bad loans at the time when accumulated deficit is reduced to zero.

1) Reserve for bad loans

Details of reserve for bad loans as of June 30, 2017, and December 31, 2016, are as follows (Korean won in millions):

|                                   | Jun. 30,<br>2017 | Dec. 31,<br>2016 |
|-----------------------------------|------------------|------------------|
| Accumulated reserve for bad loans | ₩206,330         | ₩ 476,882        |
| Expected reserve for bad loans    | 400,806          | —                |
| Expected deficit recovery         | —                | (270,552)        |
| Reserve for bad loans             | ₩607,136         | ₩ 206,330        |

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2) Regulatory reserve for bad loans and net income after adjusting reserve for bad loans.

Details of regulatory reserve for bad loans and net income after adjusting the reserve for six months ended June 30, 2017 and 2016, are as follows (Korean won in millions):

|                                                                  | Jun. 30,<br>2017 | Jun. 30, 2016 |
|------------------------------------------------------------------|------------------|---------------|
| Net income (loss) for the period                                 | ₩ 445,340        | ₩ (937,932)   |
| Regulatory reserve for bad loans                                 | (224,203)        | (191,575)     |
| Net profit (loss) after adjusting the reserve for bad loans (*1) | ₩ 221,137        | ₩(1,129,507)  |

(\*1) Adjusted profit (loss) considering reserves for bad debt as above is calculated by assuming that the provision in reserves for bad debt before income tax is reflected in net income.

(4) Details of dividends for the six months ended June 30, 2017, and for the year ended December 31, 2016, are as follows (Korean won in millions)

|                        | Jun. 30, 2017 | Dec. 31, 2016 |
|------------------------|---------------|---------------|
| The Government         | ₩ —           | ₩ 3,98        |
| BOK                    | —             | 70            |
| Korea Development Bank | —             | 70            |
| Total                  | ₩ —           | ₩ 5,38        |

24. NET INTEREST INCOME:

Net interest income is the amount after deduction of interest expenses from interest income, and the details are as follows:

(1) Details of interest income for the six months ended June 30, 2017 and 2016, are as follows (Korean won in millions):

|                                                       | 2017    | 2016 |
|-------------------------------------------------------|---------|------|
| Interest of due from financial institutions:          |         |      |
| Due from financial institutions in local currency     | ₩ 1,899 | ₩ 83 |
| Due from financial institutions in foreign currencies | 7,784   | 5,35 |
| Subtotal                                              | 9,683   | 6,18 |
| Interest of financial assets at FVTPL:                |         |      |
| Interest of trading securities                        | 793     | 85   |
| Interest of investments:                              |         |      |
| Interest of AFS securities                            | 8,823   | 6,32 |
| Interest of HTM securities                            | 1,077   | 1,19 |
| Subtotal                                              | 9,900   | 7,52 |
| Interest of loans:                                    |         |      |

|                                         |           |           |
|-----------------------------------------|-----------|-----------|
| Interest of loans in local currency     | 321,521   | 242,511   |
| Interest of loans in foreign currencies | 934,790   | 807,100   |
| Interest of bills bought                | 11,878    | 6,460     |
| Interest of call loans                  | 10,557    | 7,000     |
| Interest of interbank loans             | 877       | 2,200     |
| Subtotal                                | 1,279,623 | 1,065,290 |
| Other interest income                   | 2,694     | 2,770     |
| Total                                   | 1,302,693 | 1,082,630 |

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(2) Details of interest expenses for the six months ended June 30, 2017 and 2016, are as follows (Korean won in millions):

|                                              | 2017    | 2016    |
|----------------------------------------------|---------|---------|
| Interest of borrowings:                      |         |         |
| Borrowings in foreign currencies             | 75,127  | 57,290  |
| Interest of call money                       | 3,185   | 2,140   |
| Interest of debentures:                      |         |         |
| Interest of debentures in local currency     | 93,724  | 98,040  |
| Interest of debentures in foreign currencies | 605,755 | 512,150 |
| Subtotal                                     | 699,479 | 610,200 |
| Other interest income                        | 7,149   | 10,440  |
| Total                                        | 784,940 | 768,080 |

25. NET COMMISSION INCOME:

Net commission income is the amount after deduction of commission expenses from commission income, and the details are as follows.

(1) Details of commission income for the six months ended June 30, 2017 and 2016, are as follows (Korean won in millions):

|                                                              | 2017    | 2016    |
|--------------------------------------------------------------|---------|---------|
| Commission income in local currency:                         |         |         |
| Commission income on management of EDCF                      | 7,692   | 7,320   |
| Commission income on management of IKCF                      | 1,138   | 1,130   |
| Other commission income in local currency                    | —       | —       |
| Subtotal                                                     | 8,830   | 8,460   |
| Commission income in foreign currencies:                     |         |         |
| Commission income on letter of credit                        | 1,233   | 1,100   |
| Commission income on confirmation on export letter of credit | 428     | —       |
| Commission income on loan commitments                        | 19,614  | 22,160  |
| Management fee                                               | —       | 60      |
| Arrangement fee                                              | 5,938   | 6,550   |
| Advisory fee                                                 | 61      | 760     |
| Cancellation fee                                             | 22      | —       |
| Prepayment fee                                               | 2,793   | 6,400   |
| Sundry commission income on foreign exchange                 | 77      | 190     |
| Structuring fee                                              | —       | 2,680   |
| Brokerage fee for foreign currencies exchange funds          | 1,409   | 1,400   |
| Other commission income in foreign currencies                | 3,116   | 190     |
| Subtotal                                                     | 34,691  | 41,530  |
| Others:                                                      |         |         |
| Other commission income                                      | 1,844   | 5,310   |
| Guarantee fees in local currency:                            |         |         |
| Guarantee fees in local currency                             | 21,795  | —       |
| Guarantee fees in foreign currencies:                        |         |         |
| Guarantee fees in foreign currencies                         | 108,326 | 111,910 |
| Premium for guarantee                                        | 30,006  | 32,260  |
| Subtotal                                                     | 138,332 | 144,180 |
| Total                                                        | 205,492 | 199,490 |

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(2) Details of commission expenses for the six months ended June 30, 2017 and 2016, are as follows (Korean won in millions):

|                                                     | 2017                 | 2016                |
|-----------------------------------------------------|----------------------|---------------------|
| Commission expenses in local currency:              |                      |                     |
| Commission expenses on domestic transaction         | ? 216                | ? 29                |
| Commission expenses in foreign currencies:          |                      |                     |
| Service fees paid to credit-rating agency           | 1,580                | 1,33                |
| Sundry commission expenses on foreign exchange      | 534                  | 40                  |
| Sundry commissions expenses on offshore transaction | 1                    |                     |
| Subtotal                                            | 2,115                | 1,74                |
| Others:                                             |                      |                     |
| Other commissions expenses                          | 418                  | 2,67                |
| Total                                               | <u><u>?2,749</u></u> | <u><u>?4,71</u></u> |

**26. DIVIDEND INCOME:**

Details of dividend income for six months ended June 30, 2017 and 2016, are as follows (Korean won in millions):

|                           | 2017                  | 2016                 |
|---------------------------|-----------------------|----------------------|
| AFS securities            | ?33,184               | ?21,58               |
| Investments in associates | 9,905                 | 7,99                 |
| Total                     | <u><u>?43,089</u></u> | <u><u>?29,58</u></u> |

**27. GAIN (LOSS) ON FINANCIAL ASSETS AT FVTPL:**

Details of gain (loss) on financial assets at FVTPL for the six months ended June 30, 2017 and 2016, are as follows (Korean won in millions):

|                      | 2017                    | 2016                    |
|----------------------|-------------------------|-------------------------|
| Trading securities:  |                         |                         |
| Gain on valuation    | ? 1,876                 | ? 5,830                 |
| Loss on valuation    | (336)                   | (498)                   |
| Gain on disposal     | 7,427                   | 6,355                   |
| Loss on disposal     | (171)                   | (682)                   |
| Subtotal             | 8,796                   | 11,005                  |
| Trading derivatives: |                         |                         |
| Gain on valuation    | 606,120                 | 410,340                 |
| Loss on valuation    | (502,614)               | (211,209)               |
| Gain on transaction  | 247,240                 | 461,267                 |
| Loss on transaction  | (220,724)               | (425,652)               |
| Subtotal             | 130,022                 | 234,746                 |
| Total                | <u><u>? 138,818</u></u> | <u><u>? 245,751</u></u> |

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**28. GAIN (LOSS) ON HEDGING DERIVATIVES:**

Details of gain (loss) on hedging derivatives for the six months ended June 30, 2017 and 2016, are as follows (Korean won in millions):

|                             | 2017                   | 2016                     |
|-----------------------------|------------------------|--------------------------|
| Gain on hedging derivatives | ?812,286               | ?1,247,119               |
| Loss on hedging derivatives | (43,615)               | (95,153)                 |
| Total                       | <u><u>?768,671</u></u> | <u><u>?1,151,966</u></u> |

**29. GAIN (LOSS) ON FINANCIAL INVESTMENTS:**

Details of gain (loss) on financial investments for the six months ended June 30, 2017 and 2016, are as follows (Korean won in millions):

|                   | 2017    | 2016    |
|-------------------|---------|---------|
| AFS securities:   |         |         |
| Gain on disposals | ₩18,929 | ₩4,479  |
| Loss on disposals | (92)    | —       |
| Impairment loss   | (3,298) | (3,465) |
| Total             | ₩15,539 | ₩1,014  |

30. OTHER OPERATING INCOME (EXPENSES):

Details of other operating income (expenses) for the six months ended June 30, 2017 and 2016, are as follows (Korean won in millions):

|                                                                            | 2017       | 2016       |
|----------------------------------------------------------------------------|------------|------------|
| Other operating income:                                                    |            |            |
| Gains on sale of loans                                                     | ₩1,655     | ₩—         |
| Gain on fair value hedged items                                            | 82,136     | 52,317     |
| Others                                                                     | 6,396      | 15,241     |
| Subtotal                                                                   | 90,187     | 67,558     |
| Other operating expenses:                                                  |            |            |
| Loss on fair value hedged items                                            | 227,884    | 882,368    |
| Contribution to Credit Guarantee Fund and Technology Credit Guarantee Fund | 2,641      | 2,678      |
| Others                                                                     | 32,171     | 49,042     |
| Subtotal                                                                   | 262,696    | 934,088    |
| Total                                                                      | ₩(172,509) | ₩(866,530) |

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31. (REVERSAL OF) IMPAIRMENT LOSS ON CREDIT:

Details of impairment loss (reversal) on credit for the six months ended June 30, 2017 and 2016, are as follows (Korean won in millions):

|                              | 2017      | 2016       |
|------------------------------|-----------|------------|
| Loans                        | ₩755,542  | ₩835,678   |
| Other financial assets       | 3,629     | 1,397      |
| Guarantees                   | (655,532) | 788,300    |
| Unused loan commitments      | (6,897)   | 42,841     |
| Financial guarantee contract | 24,949    | 124,000    |
| Total                        | ₩121,691  | ₩1,792,216 |

32. GENERAL AND ADMINISTRATIVE EXPENSES:

Details of general and administrative expenses for the six months ended June 30, 2017 and 2016, are as follows (Korean won in millions):

|                                        | Detail                                         | 2017     | 2016     |
|----------------------------------------|------------------------------------------------|----------|----------|
| General and administrative             | Short-term salaries                            | ₩46,574  | ₩58,341  |
| Other expenses in financing department | Office expenses                                | 24,528   | 26,091   |
|                                        | Subtotal                                       | 71,102   | 84,432   |
| Office expenses of EDCF                |                                                | 793      | 831      |
| General and administrative             | Postemployment benefit (defined contributions) | 211      | 191      |
| Others                                 | Postemployment benefit (defined benefits)      | 4,488    | 6,151    |
|                                        | Depreciation of tangible assets                | 4,499    | 7,231    |
|                                        | Amortization of intangible assets              | 3,535    | 2,421    |
|                                        | Taxes and dues                                 | 16,219   | 15,681   |
|                                        | Subtotal                                       | 28,952   | 31,695   |
|                                        | Total                                          | ₩100,847 | ₩116,960 |

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33. NON-OPERATING INCOME (EXPENSES):

Details of non-operating income (expenses) for the six months ended June 30, 2017 and 2016, are as follows (Korean won in millions):

|                                                          | Detail                               | 2017   | 2016      |
|----------------------------------------------------------|--------------------------------------|--------|-----------|
| Gain(Loss) on investments in associates and subsidiaries | Dividend income                      | ₩9,905 | ₩ 7,999   |
|                                                          | Impairment loss                      | (235)  | (3,909)   |
|                                                          | Subtotal                             | 9,670  | 4,090     |
| Others income                                            | Gain on disposals of tangible assets | 22     | 33        |
|                                                          | Rental income                        | 78     | 81        |
|                                                          | Damages paid for breach of contracts | 2      | —         |
|                                                          | Interest on other loans              | 40     | 44        |
|                                                          | Revenue on research project          | 22     | 2,027     |
|                                                          | Other miscellaneous income           | 1,240  | 295       |
|                                                          | Subtotal                             | 1,404  | 2,480     |
| Others expenses                                          | Loss on disposal of tangible assets  | 1      | 1         |
|                                                          | Impairment loss on intangible assets | 19     | 538       |
|                                                          | Expenses for contribution            | 2,460  | 2,401     |
|                                                          | Court cost                           | 1,166  | 1,541     |
|                                                          | Expenses on research project         | 3,585  | 2,022     |
|                                                          | Other miscellaneous expenses         | 1,055  | 4,025     |
|                                                          | Subtotal                             | 8,286  | 10,528    |
|                                                          | Total                                | ₩2,788 | ₩ (3,958) |

34. INCOME TAX EXPENSE (BENEFIT):

(1) Details of income tax expenses (benefit) for the six months ended June 30, 2017 and 2016, are as follows (Korean won in millions):

|                                                                      | 2017     | 2016       |
|----------------------------------------------------------------------|----------|------------|
| Current income tax payable                                           | ₩ —      | ₩ —        |
| Adjustment recognized in the period for current tax of prior periods | —        | (4,203)    |
| Changes in deferred income taxes due to temporary differences        | 126,767  | (261,835)  |
| Changes in deferred income taxes directly recognized in equity       | 10,132   | (35,215)   |
| Income tax expense (benefit)                                         | ₩136,899 | ₩(301,253) |

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(2) Details of the reconciliation between net income before income tax and income tax expense (benefit) for the six months ended June 30, 2017 and 2016, are as follows (Korean won in millions):

|                                                                                                                                                 | 2017     | 2016         |
|-------------------------------------------------------------------------------------------------------------------------------------------------|----------|--------------|
| Net income (loss) before income tax                                                                                                             | ₩582,239 | ₩(1,239,185) |
| Income tax (benefit) calculated at statutory tax rate (11% up to ₩200 million, 22% over ₩200 million to ₩20 billion and 24.2% over ₩20 billion) | 140,440  | (299,421)    |
| Adjustments:                                                                                                                                    |          |              |
| Effect on non-taxable income                                                                                                                    | (495)    | (852)        |
| Effect on non-deductible expense                                                                                                                | 324      | 2,680        |
| Unrecognized temporary differences                                                                                                              | 57       | 946          |
| Others                                                                                                                                          | 941      | 114          |
| Subtotal                                                                                                                                        | 827      | 2,888        |
| Adjustment recognized in the period for current tax of prior periods                                                                            | (4,368)  | (4,720)      |
| Income tax expense (benefit)                                                                                                                    | ₩136,899 | ₩ (301,253)  |
| Effective tax rate from operations (*1)                                                                                                         | 23.51%   | —            |

(\*1) The Bank had net loss before income tax during the six months ended June 30, 2016, hence the Bank did not calculate the effective tax rate from operation.

35. STATEMENTS OF CASH FLOWS:

Details of significant noncash investing and financing transactions for the six months ended June 30, 2017 and 2016, are as follows (Korean won in millions):

|                                            | 2017      | 2016    |
|--------------------------------------------|-----------|---------|
| Loan-for-equity swap                       | ? —       | ? 35,00 |
| Gain (Loss) on valuation of AFS securities | (157,514) | 111,310 |
| Investment in kind                         | 1,416,907 | 518,85  |

36. CONTINGENT LIABILITIES AND COMMITMENTS:

(1) Details of contingent liabilities and commitments as of June 30, 2017, and December 31, 2016, are as follows (Korean won in millions):

| Detail           |                                                               | Jun. 30, 2017 | Dec. 31, 2016 |
|------------------|---------------------------------------------------------------|---------------|---------------|
| Guarantees       | Confirmed                                                     | ₩46,016,273   | ₩53,615,07    |
|                  | Unconfirmed                                                   | 4,604,968     | 6,063,97      |
|                  | Subtotal                                                      | 50,621,241    | 59,679,04     |
| Loan commitments | Local currency, foreign currencies, offshore loan commitments | 18,271,901    | 18,571,86     |
|                  | Others                                                        | 3,153,439     | 1,758,17      |
|                  | Subtotal                                                      | 21,425,340    | 20,330,04     |
| Total            |                                                               | ₩72,046,581   | ₩80,009,09    |

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(2) Details of guarantees that have been provided for others as of June 30, 2017, and December 31, 2016, are as follows (Korean won in millions):

| Detail                 |                                                   | Jun. 30, 2017 | Dec. 31, 2016 |
|------------------------|---------------------------------------------------|---------------|---------------|
| Confirmed guarantees   | Local currency:                                   |               |               |
|                        | Performance of contracts                          | ? 62,979      | ? 71,30       |
|                        | Repayment of advances                             | 28,531        | 43,53         |
|                        | Others                                            | 474,983       | 384,22        |
|                        | Subtotal                                          | 566,493       | 499,06        |
|                        | Foreign currencies:                               |               |               |
|                        | Performance of contracts                          | 12,154,579    | 13,989,70     |
|                        | Repayment of advances                             | 15,733,467    | 20,239,59     |
|                        | Acceptances of imported goods                     | 84            | 1,24          |
|                        | Acceptance of import letter of credit outstanding | 112,934       | 172,85        |
| Unconfirmed guarantees | Foreign liabilities                               | 11,127,490    | 11,547,14     |
|                        | Others                                            | 6,321,226     | 7,165,47      |
|                        | Subtotal                                          | 45,449,780    | 53,116,01     |
|                        | Foreign liabilities                               | 1,465,122     | 1,337,73      |
|                        | Repayment of advances                             | 3,027,591     | 4,549,89      |
|                        | Performance of contracts                          | 76,111        | 159,68        |
|                        | Underwriting of import credit                     | 36,109        | 16,61         |
|                        | Others                                            | 35            | 4             |
|                        | Subtotal                                          | 4,604,968     | 6,063,97      |
|                        | Total                                             | ₩59,621,241   | ₩59,679,04    |

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(3) Details of guarantees classified by country as of June 30, 2017, and December 31, 2016, are as follows (Korean won in millions):

(Jun. 30, 2017)

| Detail   |                  | Confirmed guarantees |           | Unconfirmed guarantees |           | Total        |           |
|----------|------------------|----------------------|-----------|------------------------|-----------|--------------|-----------|
|          |                  | Amount               | Ratio (%) | Amount                 | Ratio (%) | Amount       | Ratio (%) |
| Asia     | Korea            | ? 32,509,435         | 70.65     | ? 3,012,191            | 65.41     | ? 35,521,626 | 70.18     |
|          | Saudi Arabia     | 2,093,075            | 4.55      | —                      | —         | 2,093,075    | 4.14      |
|          | India            | 484,921              | 1.05      | 83,400                 | 1.81      | 568,321      | 1.13      |
|          | Indonesia        | 1,058,351            | 2.30      | 11,190                 | 0.24      | 1,069,541    | 2.13      |
|          | Vietnam          | 1,016,270            | 2.21      | 355,035                | 7.71      | 1,371,305    | 2.73      |
|          | Australia        | 771,887              | 1.68      | 53,891                 | 1.17      | 825,778      | 1.65      |
|          | Philippines      | 123,850              | 0.27      | 18,666                 | 0.41      | 142,516      | 0.29      |
|          | Qatar            | 320,410              | 0.70      | —                      | —         | 320,410      | 0.64      |
|          | Oman             | 309,228              | 0.67      | 128,165                | 2.78      | 437,393      | 0.88      |
|          | Others           | 553,317              | 1.20      | 131,197                | 2.85      | 684,514      | 1.37      |
|          | Subtotal         | 39,240,744           | 85.28     | 3,793,735              | 82.38     | 43,034,479   | 85.00     |
| Europe   | United Kingdom   | 359,297              | 0.78      | —                      | —         | 359,297      | 0.72      |
|          | France           | 486,942              | 1.06      | 60,535                 | 1.31      | 547,477      | 1.09      |
|          | Uzbekistan       | 310,528              | 0.67      | 67,887                 | 1.47      | 378,415      | 0.75      |
|          | Others           | 437,847              | 0.95      | 281,393                | 6.12      | 719,240      | 1.43      |
| Subtotal |                  | 1,594,614            | 3.46      | 409,815                | 8.90      | 2,004,429    | 3.99      |
| America  | U.S.A.           | 2,784,255            | 6.05      | 338,508                | 7.36      | 3,122,763    | 6.17      |
|          | Brazil           | 503,227              | 1.09      | —                      | —         | 503,227      | 0.99      |
|          | Mexico           | 289,927              | 0.63      | 2,066                  | 0.04      | 291,993      | 0.58      |
|          | Bermuda          | 211,450              | 0.46      | —                      | —         | 211,450      | 0.42      |
|          | Others           | 314,772              | 0.69      | 40,704                 | 0.88      | 355,476      | 0.70      |
| Subtotal |                  | 4,103,631            | 8.92      | 381,278                | 8.28      | 4,484,909    | 8.88      |
| Africa   | Madagascar       | 169,433              | 0.37      | —                      | —         | 169,433      | 0.33      |
|          | Marshall Islands | 613,624              | 1.33      | —                      | —         | 613,624      | 1.22      |
|          | Others           | 294,227              | 0.64      | 20,140                 | 0.44      | 314,367      | 0.62      |
| Subtotal |                  | 1,077,284            | 2.34      | 20,140                 | 0.44      | 1,097,424    | 2.19      |
| Total    |                  | ? 46,016,273         | 100.00    | ? 4,604,968            | 100.00    | ? 50,621,241 | 100.00    |

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(Dec. 31, 2016)

| Detail   |                | Confirmed guarantees |           | Unconfirmed guarantees |           | Total        |           |
|----------|----------------|----------------------|-----------|------------------------|-----------|--------------|-----------|
|          |                | Amount               | Ratio (%) | Amount                 | Ratio (%) | Amount       | Ratio (%) |
| Asia     | Korea          | ? 39,410,253         | 73.51     | ? 4,706,038            | 77.61     | ? 44,116,291 | 73.92     |
|          | Saudi Arabia   | 2,279,926            | 4.25      | —                      | —         | 2,279,926    | 3.81      |
|          | India          | 550,354              | 1.03      | 49,334                 | 0.81      | 599,688      | 1.00      |
|          | Indonesia      | 1,145,558            | 2.14      | 15,579                 | 0.26      | 1,161,137    | 1.93      |
|          | Vietnam        | 1,042,485            | 1.94      | 442,065                | 7.29      | 1,484,550    | 2.44      |
|          | Australia      | 839,002              | 1.56      | 57,149                 | 0.94      | 896,151      | 1.50      |
|          | Philippines    | 347,199              | 0.65      | 3,588                  | 0.06      | 350,787      | 0.57      |
|          | Qatar          | 351,311              | 0.66      | —                      | —         | 351,311      | 0.57      |
|          | Singapore      | 18,629               | 0.03      | —                      | —         | 18,629       | 0.03      |
|          | Oman           | 306,690              | 0.57      | 157,827                | 2.60      | 464,517      | 0.77      |
|          | Others         | 566,106              | 1.06      | 144,818                | 2.39      | 710,924      | 1.19      |
| Subtotal |                | 46,857,513           | 87.40     | 5,576,398              | 91.96     | 52,433,911   | 87.80     |
| Europe   | United Kingdom | 409,953              | 0.76      | —                      | —         | 409,953      | 0.69      |
|          | France         | 484,456              | 0.90      | 103,897                | 1.71      | 588,353      | 0.95      |
|          | Uzbekistan     | 397,164              | 0.74      | 50,318                 | 0.83      | 447,482      | 0.73      |
|          | Others         | 196,489              | 0.37      | 71,302                 | 1.18      | 267,791      | 0.43      |
| Subtotal |                | 1,488,062            | 2.77      | 225,517                | 3.72      | 1,713,579    | 2.83      |
| America  | U.S.A.         | 2,659,726            | 4.96      | 191,982                | 3.17      | 2,851,708    | 4.73      |
|          | Brazil         | 566,466              | 1.06      | 532                    | 0.01      | 566,998      | 0.93      |
|          | Mexico         | 315,010              | 0.59      | 2,191                  | 0.04      | 317,201      | 0.51      |
|          | Bermuda        | 235,275              | 0.44      | —                      | —         | 235,275      | 0.39      |



|        |                  |              |        |             |        |              |        |
|--------|------------------|--------------|--------|-------------|--------|--------------|--------|
|        | Others           | 347,805      | 0.65   | 45,998      | 0.76   | 393,803      | 0.6    |
|        | Subtotal         | 4,124,282    | 7.70   | 240,703     | 3.98   | 4,364,985    | 7.3    |
| Africa | Madagascar       | 179,677      | 0.33   | —           | —      | 179,677      | 0.3    |
|        | Marshall Islands | 657,903      | 1.23   | —           | —      | 657,903      | 1.1    |
|        | Others           | 307,636      | 0.57   | 21,357      | 0.34   | 328,993      | 0.5    |
|        | Subtotal         | 1,145,216    | 2.13   | 21,357      | 0.34   | 1,166,573    | 1.9    |
|        | Total            | ? 53,615,073 | 100.00 | ? 6,063,975 | 100.00 | ? 59,679,048 | 100.00 |

(4) Details of guarantees classified by industry as of June 30, 2017, and December 31, 2016, are as follows (Korean won in millions):  
(Jun. 30, 2017)

| Detail               | Confirmed guarantees |           | Unconfirmed guarantees |           | Total        |           |
|----------------------|----------------------|-----------|------------------------|-----------|--------------|-----------|
|                      | Amount               | Ratio (%) | Amount                 | Ratio (%) | Amount       | Ratio (%) |
| Manufacturing        | ? 22,332,891         | 48.53     | ? 3,666,612            | 79.63     | ? 25,999,503 | 51.3      |
| Transportation       | 2,103,234            | 4.57      | 112,938                | 2.45      | 2,216,172    | 4.3       |
| Finance              | 1,871,985            | 4.07      | 36,108                 | 0.78      | 1,908,093    | 3.7       |
| Wholesale and retail | 1,218,300            | 2.65      | 360,181                | 7.83      | 1,578,481    | 3.1       |
| Real estate          | 526,637              | 1.14      | 66,474                 | 1.44      | 593,111      | 1.1       |
| Construction         | 11,011,844           | 23.93     | 40,622                 | 0.88      | 11,052,466   | 21.8      |
| Public and others    | 6,951,382            | 15.11     | 322,033                | 6.99      | 7,273,415    | 14.3      |
| Total                | ? 46,016,273         | 100.00    | ? 4,604,968            | 100.00    | ? 50,621,241 | 100.00    |

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(Dec. 31, 2016)

| Detail               | Confirmed guarantees |           | Unconfirmed guarantees |           | Total        |           |
|----------------------|----------------------|-----------|------------------------|-----------|--------------|-----------|
|                      | Amount               | Ratio (%) | Amount                 | Ratio (%) | Amount       | Ratio (%) |
| Manufacturing        | ? 26,653,851         | 49.71     | ? 4,992,780            | 82.34     | ? 31,646,631 | 53.0      |
| Transportation       | 2,176,509            | 4.06      | 159,308                | 2.63      | 2,335,817    | 3.9       |
| Finance              | 2,166,443            | 4.04      | 16,777                 | 0.28      | 2,183,220    | 3.6       |
| Wholesale and retail | 1,593,684            | 2.97      | 61,393                 | 1.01      | 1,655,077    | 2.7       |
| Real estate          | 540,841              | 1.01      | —                      | —         | 540,841      | 0.9       |
| Construction         | 12,489,998           | 23.30     | 107,003                | 1.76      | 12,597,001   | 21.1      |
| Public and others    | 7,993,747            | 14.91     | 726,714                | 11.98     | 8,720,461    | 14.6      |
| Total                | ? 53,615,073         | 100.00    | ? 6,063,975            | 100.00    | ? 59,679,048 | 100.00    |

(5) Global Medium-Term Note Program and CP programs

The Bank has been establishing the following programs regarding the issue of foreign currencies bonds and CPs:

- 1) Established on August 1, 1991, initially, and annually renewed, U.S. Shelf Registration to issue foreign bonds under the Securities and Exchange Commission rule of the United States of America with an issuance limit of USD 50 billion.
- 2) Established on May 14, 1997, and May 16, 1997, initially, and annually renewed, CP program to issue CPs with issuance limits of USD 6 billion and USD 2 billion, respectively.
- 3) Established on November 6, 1997, initially, and annually renewed, Euro Medium-Term Note Program to issue mid-to-long-term foreign currencies bonds with an issuance limit of USD 25 billion.
- 4) Established on February 13, 2008, initially, and renewed every year, MYR MTN program to issue Malaysian Ringgit-denoted bonds with issuance limits of MYR 4 billion.
- 5) Established on June 20, 2008, initially, and annually renewed, Yen Shelf Registration to issue Samurai bond with an issuance limit of JPY 500 billion.
- 6) Established on May 31, 2010, Australian Domestic Debt Issuance Program to issue Kangaroo bond with limit of AUD 4 billion.
- 7) Established on January 17, 2011, and renewed every two years, Uridashi Shelf Registration to issue Uridashi bond with an issuance limit of JPY 500 billion.

(6) Litigations

Details of pending litigations as of June 30, 2017 and December 31, 2016, are as follows (Korean won in millions):

(Jun. 30, 2017)

|                             | Filed by<br>the<br>Bank | Filed<br>against th<br>Bank |
|-----------------------------|-------------------------|-----------------------------|
| Number of lawsuits          | 7                       | 1                           |
| Aggregated litigation value | ₩118,275                | ₩136,76                     |
| Provision for litigation    | ₩ —                     | ₩ 14,81                     |

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|                             | Filed by<br>the<br>Bank | Filed<br>against<br>the<br>Bank |
|-----------------------------|-------------------------|---------------------------------|
| Number of lawsuits          | 6                       | 9                               |
| Aggregated litigation value | ₩108,412                | ₩147,71                         |
| Provision for litigation    | ₩ —                     | ₩ 14,81                         |

(7) Written-off loans

The Bank manages written-off loans that have claims on debtors due to the statute of limitations, uncollected after write-off, etc. The written-off loans as of June 30, 2017, and December 31, 2016, are ₩1,183,383 million and ₩1,300,714 million, respectively.

37. TRANSACTIONS AND BALANCES WITH RELATED PARTIES:

Related parties consist of entities related to the Bank, postemployment benefits, a key management personnel and a close member of that person’s family, an entity controlled or jointly controlled and an entity influenced significantly.

(1) Details of related parties as of June 30, 2017, are as follows:

| Detail                                               | Relationship | Percentage of<br>ownership (%) |
|------------------------------------------------------|--------------|--------------------------------|
| Parent:                                              |              |                                |
| Korean government                                    | Parent       | 66.2                           |
| Subsidiaries and Associates:                         |              |                                |
| KEXIM Bank UK Limited                                | Subsidiary   | 100.0                          |
| PT.KOEXIM Mandiri Finance                            | Subsidiary   | 85.0                           |
| KEXIM Vietnam Leasing Co.                            | Subsidiary   | 100.0                          |
| KEXIM Asia Limited                                   | Subsidiary   | 100.0                          |
| Korea Asset Management Corporation                   | Associate    | 25.8                           |
| Credit Guarantee and Investment Fund                 | Associate    | 14.2                           |
| Korea Marine Guarantee Incorporated Company          | Associate    | 51.3                           |
| SUNGdong Shipbuilding & Marine Engineering Co., Ltd. | Associate    | 67.0                           |
| DAESUN Shipbuilding & Engineering Co., Ltd.          | Associate    | 67.2                           |
| KTb Newlake Global Healthcare PEF                    | Associate    | 25.0                           |
| KBS-KDB Private Equity Fund                          | Associate    | 20.8                           |
| Korea Shipping and Maritime Transportation           | Associate    | 40.0                           |
| Korea Aerospace Industries. LTD.                     | Associate    | 26.4                           |

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(2) Significant balances of receivables, payables and guarantees with the related parties

1) Significant balances of receivables and payables with the related parties as of June 30, 2017, and December 31, 2016, are as follows (Korean won in millions):

(Jun. 30, 2017)

| Detail                                               | Receivables       | Allowance/<br>provisions | Payable       |
|------------------------------------------------------|-------------------|--------------------------|---------------|
| Subsidiaries:                                        |                   |                          |               |
| KEXIM Bank UK Limited                                | ? 85,109          | ? —                      | ? 5           |
| PT.KOEXIM Mandiri Finance                            | 142,898           | 227                      | —             |
| KEXIM Vietnam Leasing Co.                            | 130,804           | 201                      | —             |
| KEXIM Asia Limited                                   | 185,104           | —                        | 11            |
| Associate:                                           |                   |                          |               |
| SUNGdong Shipbuilding & Marine Engineering Co., LTD. | 1,973,849         | 644,755                  | —             |
| DAESUN Shipbuilding & Engineering Co., Ltd.          | 387,688           | 189,090                  | 38,79         |
| Total                                                | <u>72,905,452</u> | <u>7834,273</u>          | <u>738,96</u> |

(Dec. 31, 2016)

| Detail                                               | Receivables       | Allowance/<br>Provisions | Payable       |
|------------------------------------------------------|-------------------|--------------------------|---------------|
| Subsidiaries:                                        |                   |                          |               |
| KEXIM Bank UK Limited                                | ? 146,398         | ? —                      | ? 1           |
| PT.KOEXIM Mandiri Finance                            | 139,349           | 231                      | —             |
| KEXIM Vietnam Leasing Co                             | 144,758           | 217                      | —             |
| KEXIM Asia Limited                                   | 139,390           | —                        | 5             |
| Associate:                                           |                   |                          |               |
| SUNGdong Shipbuilding & Marine Engineering Co., LTD. | 2,067,494         | 752,585                  | —             |
| DAESUN Shipbuilding & Engineering Co., Ltd.          | 387,691           | 239,280                  | 25,26         |
| Total                                                | <u>73,025,080</u> | <u>7992,313</u>          | <u>725,33</u> |

2) Guarantees provided to the related parties as of June 30, 2017, and December 31, 2016, are as follows (Korean won in millions):

(Jun. 30, 2017)

| Detail                                               | Confirmed<br>guarantees | Unconfirmed<br>guarantees | Loans<br>commitments | Other<br>commitment |
|------------------------------------------------------|-------------------------|---------------------------|----------------------|---------------------|
| Subsidiaries:                                        |                         |                           |                      |                     |
| KEXIM Bank UK Limited                                | ? —                     | ? —                       | ? 276,792            | ? 15,95             |
| PT.KOEXIM Mandiri Finance                            | —                       | —                         | 28,490               | —                   |
| KEXIM Vietnam Leasing Co.                            | —                       | —                         | 17,094               | —                   |
| KEXIM Asia Limited                                   | —                       | —                         | 44,591               | 31,33               |
| Associate:                                           |                         |                           |                      |                     |
| SUNGdong Shipbuilding & Marine Engineering Co., Ltd. | 277,694                 | 20,863                    | 160,000              | —                   |
| DAESUN Shipbuilding & Engineering Co., Ltd.          | 71,195                  | 50,505                    | —                    | —                   |
| Total                                                | <u>7348,889</u>         | <u>? 71,368</u>           | <u>? 526,967</u>     | <u>? 47,29</u>      |

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(Dec. 31, 2016)

| Detail                                               | Confirmed<br>guarantees | Unconfirmed<br>guarantees | Loans<br>commitments | Other<br>commitment |
|------------------------------------------------------|-------------------------|---------------------------|----------------------|---------------------|
| Subsidiaries:                                        |                         |                           |                      |                     |
| KEXIM Bank UK Limited                                | ? 24,170                | ? —                       | ? 238,075            | ? 16,91             |
| PT.KOEXIM Mandiri Finance                            | —                       | —                         | 42,298               | —                   |
| KEXIM Vietnam Leasing Co.                            | —                       | —                         | 12,085               | —                   |
| KEXIM Asia Limited                                   | —                       | —                         | 77,765               | 42,90               |
| Associate:                                           |                         |                           |                      |                     |
| SUNGdong Shipbuilding & Marine Engineering Co., Ltd. | 714,437                 | 144,446                   | 44,000               | —                   |
| DAESUN Shipbuilding & Engineering Co., Ltd.          | 88,731                  | 54,477                    | 13,671               | —                   |

|       |                 |                  |                  |                |
|-------|-----------------|------------------|------------------|----------------|
| Total | <u>₩827,338</u> | <u>₩ 198,923</u> | <u>₩ 427,894</u> | <u>₩ 59,82</u> |
|-------|-----------------|------------------|------------------|----------------|

(3) Profit and loss transactions with related parties

Profit and loss transactions with related parties for the six months ended June 30, 2017 and 2016, are as follows (Korean won in millions):

| Detail       | Related party                                       | 2017            |                   |                | 2016           |                   |             |
|--------------|-----------------------------------------------------|-----------------|-------------------|----------------|----------------|-------------------|-------------|
|              |                                                     | Revenue         | Bad debt expenses | Expenses       | Revenue        | Bad debt expenses | Expenses    |
| Subsidiaries | KEXIM Bank UK Limited                               | ₩ 1,047         | ₩ —               | ₩ 259          | ₩ 1,168        | ₩ —               | ₩ 11        |
|              | PT.KOEXIM Mandiri Finance                           | 1,048           | —                 | —              | 745            | (4)               | —           |
|              | KEXIM Vietnam Leasing Co.                           | 1,050           | —                 | —              | 805            | (7)               | —           |
|              | KEXIM Asia Limited                                  | 1,088           | —                 | 96             | 1,104          | —                 | 21          |
| Associate    | SUNGDOG Shipbuilding & Marine Engineering Co., Ltd. | 40,508          | (82,776)          | 1,133          | 13,876         | 101,983           | 10          |
|              | DAESUN Shipbuilding & Engineering Co., Ltd          | 2,803           | (48,578)          | 38             | 3,575          | (2,592)           | —           |
|              | Total                                               | <u>₩247,544</u> | <u>₩(131,354)</u> | <u>₩ 1,526</u> | <u>₩21,273</u> | <u>₩ 99,380</u>   | <u>₩ 42</u> |

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(4) Money dealing with related parties

Money dealing with related parties for six months ended June 30, 2017, and for the year ended December 31, 2016, is as follows (Korean won in millions):

| Detail       | Related party                                       | Jun. 30, 2017                 |                                     | Dec. 31, 2016                 |                                     |
|--------------|-----------------------------------------------------|-------------------------------|-------------------------------------|-------------------------------|-------------------------------------|
|              |                                                     | Financing transaction<br>Loan | Financing transaction<br>Collection | Financing transaction<br>Loan | Financing transaction<br>Collection |
| Subsidiaries | KEXIM Bank UK Limited                               | ₩ 90,397                      | ₩147,369                            | ₩ 304,543                     | ₩ 316,53                            |
|              | PT.KOEXIM Mandiri Finance                           | 145,187                       | 133,701                             | 268,612                       | 270,88                              |
|              | KEXIM Vietnam Leasing Co.                           | 125,940                       | 131,711                             | 355,063                       | 359,06                              |
|              | KEXIM Asia Limited                                  | 196,880                       | 145,642                             | 314,651                       | 314,85                              |
| Associate    | SUNGDOG Shipbuilding & Marine Engineering Co., Ltd. | 34,000                        | 150,008                             | 884,377                       | 10,00                               |
|              | DAESUN Shipbuilding & Engineering Co., Ltd.         | —                             | —                                   | 16,701                        | 12,81                               |
|              | Total                                               | <u>₩592,404</u>               | <u>₩708,431</u>                     | <u>₩2,143,947</u>             | <u>₩1,284,15</u>                    |

(5) Details of compensation for key executives for the six months ended June 30, 2017 and 2016, are as follows (Korean won in millions):

| Detail                            | 2017        | 2016         |
|-----------------------------------|-------------|--------------|
| Salaries                          | ₩949        | ₩1,00        |
| Severance and retirement benefits | 36          | 8            |
| Total                             | <u>₩985</u> | <u>₩1,09</u> |

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THE REPUBLIC OF KOREA

Government and Politics

*Relations with North Korea*

North Korea has continued to develop its nuclear and ballistic missile programs and has engaged in a series of missile tests, including four missiles that were launched in March 2017 and additional missiles launched in May 2017 and July 2017. In response, the United Nations Security Council issued unanimous sanctions on North Korea. On August 29, 2017, North Korea fired a ballistic missile over Japan’s northern island into the Pacific Ocean. In response, the United Nations Security Council condemned North Korea’s firing of the missile and demanded that North Korea cease firing additional missiles and abandon all nuclear weapons and programs. On September 3, 2017, North Korea announced that it successfully conducted its sixth nuclear test by detonating a hydrogen bomb designed to be mounted on an intercontinental ballistic missile, which resulted in increased tensions in the region. In

response, on September 11, 2017, the United Nations Security Council unanimously approved a new resolution to further expand economic sanctions against North Korea by imposing a ban on its textile exports and capping imports of crude oil, among others.

There can be no assurance that the level of tension on the Korean peninsula will not escalate in the future or that such escalation will not have a material adverse impact on the Republic’s economy. Any further increase in tension, which may occur, for example, if North Korea experiences a leadership crisis, high-level contacts between the Republic and North Korea break down or military hostilities occur, could have a material adverse effect on the Republic’s economy.

**The Economy**

*Gross Domestic Product*

Based on preliminary data, GDP growth in the first half of 2017 was 2.8% at chained 2010 year prices, as aggregate private and general government consumption expenditures increased by 2.3%, gross domestic fixed capital formation increased by 9.9% and exports of goods and services increased by 1.9%, each compared with the corresponding period of 2016.

*Prices, Wages and Employment*

The inflation rate was 2.1% in the first quarter of 2017 and 1.9% in the second quarter of 2017. The unemployment rate was 4.3% in the first quarter of 2017 and 3.9% in the second quarter of 2017.

**The Financial System**

*Securities Markets*

The Korea Composite Stock Price Index was 2,391.8 on June 30, 2017, 2,402.7 on July 31, 2017, 2,363.2 on August 31, 2017, 2,394.5 on September 29, 2017 and 2,490.1 on October 23, 2017.

**Monetary Policy**

*Foreign Exchange*

The market average exchange rate between the Won and the U.S. Dollar (in Won per one U.S. Dollar) as announced by the Seoul Money Brokerage Service Ltd. was Won 1,139.6 to US\$1.00 on June 30, 2017, Won 1,119.1 to US\$1.00 on July 31, 2017, Won 1,122.8 to US\$1.00 on August 31, 2017, Won 1,146.7 to US\$1.00 on September 29, 2017 and Won 1,131.9 to US\$1.00 on October 23, 2017.

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**Balance of Payments and Foreign Trade**

*Balance of Payments*

Based on preliminary data, the Republic recorded a current account surplus of approximately US\$36.3 billion in the first half of 2017. The current account surplus in the first half of 2017 decreased from the current account surplus of US\$51.7 billion in the corresponding period of 2016, primarily due to an increase in deficit from the services account and a decrease in surplus from the goods account.

*Trade Balance*

Based on preliminary data, the Republic recorded a trade surplus of US\$45.1 billion in the first half of 2017. Exports increased by 15.8% to US\$279.3 billion and imports increased by 21.3% to US\$234.2 billion from US\$241.2 billion of exports and US\$193.1 billion of imports, respectively, in the corresponding period of 2016.

*Foreign Currency Reserves*

The amount of the Government’s foreign currency reserves was US\$384.7 billion as of September 30, 2017.

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**DESCRIPTION OF THE NOTES**

The following is a description of some of the terms of the Notes we are offering. Since it is only a summary, we urge you to read the fiscal agency agreement described below and the form of global note before deciding whether to invest in the Notes. We have filed a copy of these documents with the

U.S. Securities and Exchange Commission as exhibits to the registration statement no. 333-217916.

The general terms of our Notes are described in the accompanying prospectus. The description in this prospectus supplement further adds to that description or, to the extent inconsistent with that description, replaces it.

**Governed by Fiscal Agency Agreement**

We will issue the Notes under the fiscal agency agreement, dated as of August 1, 1991, between us and The Bank of New York Mellon (formerly known as The Bank of New York) (as successor to JPMorgan Chase Bank, N.A.), as fiscal agent, as amended or supplemented from time to time (the “Fiscal Agency Agreement”). The fiscal agent will maintain a register for the Notes.

**Payment of Principal and Interest**

***Floating Rate Notes***

The Floating Rate Notes are initially limited to US\$600,000,000 aggregate principal amount. The Floating Rate Notes will mature on November 1, 2022 (the “Floating Rate Notes Maturity Date”). The Floating Rate Notes will bear interest for each Interest Period (as defined below) at the rate equal to Three-Month USD LIBOR plus 0.925% per annum, payable quarterly in arrears on February 1, May 1, August 1 and November 1 of each year (each a “Floating Rate Notes Interest Payment Date”). The first interest payment on the Floating Rate Notes will be made on February 1, 2018 in respect of the period from (and including) November 1, 2017 to (but excluding) February 1, 2018. Interest on the Floating Rate Notes will accrue from November 1, 2017. If any Floating Rate Notes Interest Payment Date or the Floating Rate Notes Maturity Date falls on a day that is not a business day (as defined below), such date will be adjusted in accordance with the Modified Following Business Day Convention. The term “Modified Following Business Day Convention” means that the relevant date shall be postponed to the first following day that is a business day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a business day. The term “business day” as used herein means a day other than a Saturday, a Sunday, or any other day on which banking institutions in The City of New York, London or Seoul are authorized or required by law or executive order to remain closed.

We will pay interest to the person who is registered as the owner of a Floating Rate Note at the close of business on the fifteenth day (whether or not a business day) preceding an Interest Payment Date for such Floating Rate Note. Interest on the Floating Rate Notes will be computed on the basis of the actual number of days in the applicable Interest Period (as defined herein) divided by 360. We will make principal and interest payments on the Floating Rate Notes in immediately available funds in U.S. dollars.

The term “Three-Month USD LIBOR” means, with respect to any Interest Determination Date (as defined below):

- (a) the rate for three-month deposits in United States dollars commencing on the second London Banking Day (as defined below) succeeding the Interest Determination Date, that appears on the Reuters Page LIBOR01 (as defined below) as of 11:00 a.m., London time, on the Interest Determination Date; or
- (b) if no rate appears on the particular Interest Determination Date on the Reuters Page LIBOR01, the rate calculated by the Calculation Agent (as defined below) as the arithmetic mean of at least two offered quotations

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obtained by the Calculation Agent after requesting the principal London offices of each of four major reference banks in the London interbank market to provide the Calculation Agent with its offered quotation for deposits in United States dollars for the period of three months, commencing on the second London Banking Day (as defined below) succeeding the Interest Determination Date, to prime banks in the London interbank market at approximately 11:00 a.m., London time, on that Interest Determination Date and in a principal amount that is representative for a single transaction in United States dollars in that market at that time; or

- (c) if fewer than two offered quotations referred to in clause (b) are provided as requested, the rate calculated by the Calculation Agent as the arithmetic mean of the rates quoted at approximately 11:00 a.m., New York time, on the particular Interest Determination Date by three major banks in The City of New York selected by the Calculation Agent for loans in United States dollars to leading European banks for a period of three months commencing on the second London Banking Day succeeding the Interest Determination Date, and in a principal amount that is representative for a single transaction in United States dollars in that market at that time; or

- (d) if the banks so selected by the Calculation Agent are not quoting as mentioned in clause (c), Three-Month USD LIBOR in effect immediately prior to the particular Interest Determination Date.

“Reuters Page LIBOR01” means the display on Reuters (or any successor service) on such page (or any other page as may replace such page on such service) or such other service or services as may be nominated by the ICE Benchmark Administration Limited or any successor thereof as the information vendor for the purpose of displaying the London interbank rates of major banks for United States dollars.

“London Banking Day” means a day on which commercial banks are open for business, including dealings in United States dollars, in London,

England.

“Interest Determination Date” for any Interest Period will be the second London Banking Day preceding the first day of such Interest Period.

“Interest Period” refers to the period from (and including) November 1, 2017 to (but excluding) the first Floating Rate Notes Interest Payment Date and each successive period from (and including) a Floating Rate Notes Interest Payment Date to (but excluding) the next Floating Rate Notes Interest Payment Date.

The Bank of New York Mellon will serve as the “Calculation Agent” for the Floating Rate Notes. In the absence of willful default, bad faith or manifest error, the Calculation Agent’s determination of Three-Month USD LIBOR and its calculation of the applicable interest rate for each Interest Period will be final and binding. The Calculation Agent will make available the interest rates for current and preceding Interest Periods by delivery of such notice through such medium as is available to participants in DTC, Euroclear and Clearstream, or any successor thereof, and in accordance with such applicable rules and procedures as long as the Floating Rate Notes are held in global form. In the event that the Floating Rate Notes are held in certificated form, the interest rates for current and preceding Interest Periods will be published in the manner described below under “—Notices”. We have the right to replace the Calculation Agent with the London office of another leading commercial bank or investment bank in New York or London. If the appointed office of the Calculation Agent is unable or unwilling to continue to act as the Calculation Agent or fails to determine the interest rate for any Interest Period, we have a duty to appoint the London office of such other leading commercial bank or investment bank in New York or London as may be approved in writing by the fiscal agent.

**Fixed Rate Notes**

The 2020 Notes are initially limited to US\$400,000,000 aggregate principal amount, and the 2022 Notes are initially limited to US\$1,000,000,000 aggregate principal amount. The 2020 Notes will mature on November 1, 2020 (the “2020 Notes Maturity Date”), and the 2022 Notes will mature on November 1, 2022 (the “2022 Notes Maturity Date”, and together with the 2020 Notes Maturity Date, the “Fixed Rate Notes Maturity Dates”). The 2020 Notes will bear interest at a rate of 2.50% per annum, and the 2022 Notes will bear interest at a rate of

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3.00% per annum, in each case payable semi-annually in arrears on May 1 and November 1 of each year (each a “Fixed Rate Notes Interest Payment Date”). The first interest payment on the Fixed Rate Notes will be made on May 1, 2018 in respect of the period from (and including) November 1, 2017 to (but excluding) May 1, 2018.

Interest on the Fixed Rate Notes will accrue from November 1, 2017. If any Fixed Rate Notes Interest Payment Date or any Fixed Rate Notes Maturity Date falls on a day that is not a business day (as defined below), then payment will not be made on such date but will be made on the next succeeding day that is a business day, with the same force and effect as if made on the Fixed Rate Notes Interest Payment Date or the Fixed Rate Notes Maturity Date (as the case may be), and no interest shall be payable in respect of such delay. The term “business day” as used herein means a day other than a Saturday, a Sunday, or any other day on which banking institutions in The City of New York, London or Seoul are authorized or required by law or executive order to remain closed.

We will pay interest to the person who is registered as the owner of a Fixed Rate Note at the close of business on the fifteenth day (whether or not a business day) preceding such Fixed Rate Notes Interest Payment Date. Interest on the Fixed Rate Notes will be computed on the basis of a 360-day year consisting of twelve 30-day months. We will make principal and interest payments on the Fixed Rate Notes in immediately available funds in U.S. dollars.

**Denomination**

The Notes will be issued in minimum denominations of US\$200,000 principal amount and integral multiples of US\$1,000 in excess thereof.

**Redemption**

We may not redeem the Notes prior to maturity. At maturity, we will redeem the Notes at par.

**Form and Registration**

We will issue each series of the Notes in the form of one or more fully registered global notes, registered in the name of a nominee of and deposited with the custodian for DTC. Except as described in the accompanying prospectus under “Description of the Securities—Description of Debt Securities—Global Securities,” the global notes will not be exchangeable for Notes in definitive registered form, and will not be issued in definitive registered form. Financial institutions, acting as direct and indirect participants in DTC, will represent your beneficial interests in the global notes. These financial institutions will record the ownership and transfer of your beneficial interest through book-entry accounts. You may hold your beneficial interests in the Notes through Euroclear Bank S.A./N.V. (“Euroclear”) or Clearstream Banking, *société anonyme* (“Clearstream”) if you are a participant in such systems, or indirectly through organizations that are participants in such systems. Any secondary market trading of book-entry interests in the Notes will take place through DTC participants, including Euroclear and Clearstream. See “Clearance and Settlement—Transfers Within and Between DTC, Euroclear and Clearstream.”



The fiscal agent will not charge you any fees for the Notes, other than reasonable fees for the replacement of lost, stolen, mutilated or destroyed Notes. However, you may incur fees for the maintenance and operation of the book-entry accounts with the clearing systems in which your beneficial interests are held.

For so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, in the event that we issue the Notes in definitive form in the limited circumstances set forth in the accompanying prospectus, we will appoint and maintain a paying agent in Singapore, where the certificates representing Notes may be presented or surrendered for payment or redemption. In addition, in the event that we issue Notes in definitive form, an announcement of such issue will be made by or on behalf of us through the SGX-ST. Such announcement will include all material information with respect to the delivery of the definitive Notes, including details of the paying agent in Singapore.

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**Further Issues**

We may from time to time, without the consent of the holders of the Notes, create and issue additional debt securities with the same terms and conditions as any series of the Notes in all respects so that such further issue shall be consolidated and form a single series with the relevant series of the Notes. We will not issue any such additional debt securities unless the issuance would constitute a “qualified reopening” for U.S. federal income tax purposes or such additional debt securities would otherwise be part of the same “issue” for U.S. federal income tax purposes.

**Notices**

While the Notes are represented by the global note deposited with the custodian for DTC, notices to holders may be given by delivery to DTC, and such notices will be deemed to be given on the date of delivery to DTC. The fiscal agent may also mail notices by first-class mail, postage prepaid, to each registered holder’s last known address as it appears in the security register that the fiscal agent maintains. The fiscal agent will only mail these notices to the registered holder of the Notes. You will not receive notices regarding the Notes directly from us unless we reissue the Notes to you in fully certificated form.

Neither the failure to give any notice to a particular holder, nor any defect in a notice given to a particular holder, will affect the sufficiency of any notice given to another holder.

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**CLEARANCE AND SETTLEMENT**

*We have obtained the information in this section from sources we believe to be reliable, including DTC, Euroclear and Clearstream. We accept responsibility only for accurately extracting information from such sources. DTC, Euroclear and Clearstream are under no obligation to perform or continue to perform the procedures described below, and they may modify or discontinue them at any time. Neither we nor the registrar will be responsible for DTC’s, Euroclear’s or Clearstream’s performance of their obligations under their rules and procedures. Nor will we or the registrar be responsible for the performance by direct or indirect participants of their obligations under their rules and procedures.*

**Introduction**

***The Depository Trust Company***

DTC is:

- a limited-purpose trust company organized under the New York Banking Law;
- a “banking organization” under the New York Banking Law;
- a member of the Federal Reserve System;
- a “clearing corporation” under the New York Uniform Commercial Code; and
- a “clearing agency” registered under Section 17A of the Securities Exchange Act of 1934.

DTC was created to hold securities for its participants and facilitate the clearance and settlement of securities transactions between its participants. It does this through electronic book-entry changes in the accounts of its direct participants, eliminating the need for physical movement of securities certificates. DTC is owned by a number of its direct participants and by the New York Stock Exchange Inc., the American Stock Exchange, Inc. and the National Association of Securities Dealers Inc.

***Euroclear and Clearstream***

Like DTC, Euroclear and Clearstream hold securities for their participants and facilitate the clearance and settlement of securities transactions between their participants through electronic book-entry changes in their accounts. Euroclear and Clearstream provide various services to their participants including the safekeeping, administration, clearance and settlement and lending and borrowing of internationally traded securities. Participants in Euroclear and Clearstream are financial institutions such as underwriters, securities brokers and dealers, banks and trust companies. Some of the underwriters participating in this offering are participants in Euroclear or Clearstream. Other banks, brokers, dealers and trust companies have indirect access to Euroclear or Clearstream by clearing through or maintaining a custodial relationship with a Euroclear or Clearstream participant.

***Ownership of Notes through DTC, Euroclear and Clearstream***

We will issue each series of the Notes in the form of one or more fully registered global notes, registered in the name of a nominee of DTC. Financial institutions, acting as direct and indirect participants in DTC, will represent your beneficial interests in the Notes. These financial institutions will record the ownership and transfer of your beneficial interests through book-entry accounts. You may also hold your beneficial interests in the Notes through Euroclear or Clearstream, if you are a participant in such systems, or indirectly through organizations that are participants in such systems. Euroclear and Clearstream will hold their participants' beneficial interests in the global notes in their customers' securities accounts with their depositaries. These depositaries of Euroclear and Clearstream in turn will hold such interests in their customers' securities accounts with DTC.

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We and the fiscal agent generally will treat the registered holder of the Notes, initially Cede & Co., as the absolute owner of the Notes for all purposes. Once we and the fiscal agent make payments to the registered holder, we and the fiscal agent will no longer be liable on the Notes for the amounts so paid. Accordingly, if you own a beneficial interest in the global notes, you must rely on the procedures of the institutions through which you hold your interests in the Notes, including DTC, Euroclear, Clearstream and their respective participants, to exercise any of the rights granted to holders of Notes. Under existing industry practice, if you desire to take any action that Cede & Co., as the holder of the global notes, is entitled to take, then Cede & Co. would authorize the DTC participant through which you own your beneficial interest to take such action. The participant would then either authorize you to take the action or act for you on your instructions.

DTC may grant proxies or authorize its participants, or persons holding beneficial interests in the Notes through such participants, to exercise any rights of a holder or take any actions that a holder is entitled to take under the fiscal agency agreement or the Notes. Euroclear's or Clearstream's ability to take actions as holder under the Notes or the fiscal agency agreement will be limited by the ability of their respective depositaries to carry out such actions for them through DTC. Euroclear and Clearstream will take such actions only in accordance with their respective rules and procedures.

**Transfers Within and Between DTC, Euroclear and Clearstream**

***Trading Between DTC Purchasers and Sellers***

DTC participants will transfer interests in the Notes among themselves in the ordinary way according to DTC rules. Participants will pay for such transfers by wire transfer. The laws of some states require certain purchasers of securities to take physical delivery of the securities in definitive form. These laws may impair your ability to transfer beneficial interests in the global notes to such purchasers. DTC can act only on behalf of its direct participants, who in turn act on behalf of indirect participants and certain banks. Thus, your ability to pledge a beneficial interest in the global notes to persons that do not participate in the DTC system, and to take other actions, may be limited because you will not possess a physical certificate that represents your interest.

***Trading Between Euroclear and/or Clearstream Participants***

Participants in Euroclear and Clearstream will transfer interests in the Notes among themselves according to the rules and operating procedures of Euroclear and Clearstream.

***Trading Between a DTC Seller and a Euroclear or Clearstream Purchaser***

When the Notes are to be transferred from the account of a DTC participant to the account of a Euroclear or Clearstream participant, the purchaser must first send instructions to Euroclear or Clearstream through a participant at least one business day prior to the settlement date. Euroclear or Clearstream will then instruct its depositary to receive the Notes and make payment for them. On the settlement date, the depositary will make payment to the DTC participant's account and the Notes will be credited to the depositary's account. After settlement has been completed, DTC will credit the Notes to Euroclear or Clearstream, Euroclear or Clearstream will credit the Notes, in accordance with its usual procedures, to the participant's account, and the participant will then credit the purchaser's account. These securities credits will appear the next day (European time) after the settlement date. The cash debit from the account of Euroclear or Clearstream will be back-valued to the value date, which will be the preceding day if settlement occurs in New York. If settlement is not completed on the intended value date (i.e., the trade fails), the cash debit will instead be valued at the actual settlement date.

Participants in Euroclear and Clearstream will need to make funds available to Euroclear or Clearstream to pay for the Notes by wire transfer on the value date. The most direct way of doing this is to pre-position funds (i.e., have funds in place at Euroclear or Clearstream before the value date), either from cash on hand or existing lines of credit. Under this approach, however, participants may take on credit exposure to Euroclear and Clearstream until the Notes are credited to their accounts one day later.

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As an alternative, if Euroclear or Clearstream has extended a line of credit to a participant, the participant may decide not to pre-position funds, but to allow Euroclear or Clearstream to draw on the line of credit to finance settlement for the Notes. Under this procedure, Euroclear or Clearstream would charge the participant overdraft charges for one day, assuming that the overdraft would be cleared when the Notes were credited to the participant’s account. However, interest on the Notes would accrue from the value date. Therefore, in many cases the interest income on Notes which the participant earns during that one-day period will substantially reduce or offset the amount of the participant’s overdraft charges. Of course, this result will depend on the cost of funds (i.e., the interest rate that Euroclear or Clearstream charges) to each participant.

Since the settlement will occur during New York business hours, a DTC participant selling an interest in the Notes can use its usual procedures for transferring global securities to the depositories of Euroclear or Clearstream for the benefit of Euroclear or Clearstream participants. The DTC seller will receive the sale proceeds on the settlement date. Thus, to the DTC seller, a cross-market sale will settle no differently than a trade between two DTC participants.

Finally, day traders who use Euroclear or Clearstream and who purchase Notes from DTC participants for credit to Euroclear participants or Clearstream participants should note that these trades will automatically fail unless one of three steps is taken:

- borrowing through Euroclear or Clearstream for one day, until the purchase side of the day trade is reflected in the day trader’s Euroclear or Clearstream account, in accordance with the clearing system’s customary procedures;
- borrowing the Notes in the United States from DTC participants no later than one day prior to settlement, which would allow sufficient time for the Notes to be reflected in the Euroclear or Clearstream account in order to settle the sale side of the trade; or
- staggering the value dates for the buy and sell sides of the trade so that the value date for the purchase from the DTC participant is at least one day prior to the value date for the sale to the Euroclear or Clearstream participant.

***Trading Between a Euroclear or Clearstream Seller and a DTC Purchaser***

Due to time-zone differences in their favor, Euroclear and Clearstream participants can use their usual procedures to transfer Notes through their depositories to a DTC participant. The seller must first send instructions to Euroclear or Clearstream through a participant at least one business day prior to the settlement date. Euroclear or Clearstream will then instruct its depository to credit the Notes to the DTC participant’s account and receive payment. The payment will be credited in the account of the Euroclear or Clearstream participant on the following day, but the receipt of the cash proceeds will be back-valued to the value date, which will be the preceding day if settlement occurs in New York. If settlement is not completed on the intended value date (i.e., the trade fails), the receipt of the cash proceeds will instead be valued at the actual settlement date.

If the Euroclear or Clearstream participant selling the Notes has a line of credit with Euroclear or Clearstream and elects to be in debit for the Notes until it receives the sale proceeds in its account, then the back-valuation may substantially reduce or offset any overdraft charges that the participant incurs over that period.

Settlement in other currencies between DTC and Euroclear and Clearstream is possible using free-of-payment transfers to move the Notes, but fund movement will take place separately.

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**TAXATION**

**Korean Taxation**

For a discussion of Korean tax considerations that may be relevant to you if you invest in the Notes, please refer to the section “Taxation—Korean Taxation” in the accompanying prospectus as supplemented below.

***Tax on Interest Payments***

Under the Special Tax Treatment Control Law (the “STTCL”), when we make payments of interest to you on the debt securities, no amount will be withheld from such payments for, or on account of, taxes of any kind imposed, levied, withheld or assessed by Korea or any political subdivision or taxing authority thereof or therein; provided that the debt securities are deemed to be foreign currency denominated bonds issued outside of Korea for the purposes of the STTCL.

If the tax exemption under the STTCL referred to above were to cease to be in effect, the rate of income tax or corporation tax applicable to interest on the debt securities, for a non-resident or a foreign company without a permanent establishment in Korea, would be 14% of income. In addition, a local

income tax surcharge would be imposed at the rate of 10% of the income or corporation tax (raising the total tax rate to 15.4%). The tax rates may be reduced or exempted by an applicable tax treaty, convention or agreement between Korea and the residence country of the recipient of the interest income.

***Tax on Capital Gains***

You will not be subject to any Korean income or withholding taxes in connection with the sale, exchange or other disposition of a debt security, provided that the disposition does not involve a transfer of the debt security to a Korean resident or a Korean company (or the Korean permanent establishment of a non-resident or a foreign company). In addition, the STTCL exempts you from Korean taxation on any capital gains that you earn from the transfer of the debt securities outside of Korea; provided that the offering of the debt securities is deemed to be an overseas issuance for the purpose of the STTCL. If you sell or otherwise dispose of debt securities to a Korean resident or a Korean company and such disposition or sale is made within Korea, any gain realized on the transaction will be taxable at ordinary Korean withholding tax rates at the lower of 22% (including local income tax) of net gain (subject to the production of satisfactory evidence of the acquisition costs and certain direct transaction costs) or 11% (including local income tax) of gross sale proceeds with respect to transactions, unless an exemption is available under an applicable income tax treaty. For example, if you are a resident of the United States for the purposes of the income tax treaty currently in force between Korea and the United States, you are generally entitled to an exemption from Korean taxation in respect of any gain realized on a disposition of a debt security, regardless of whether the disposition is to a Korean resident. For more information regarding tax treaties, please refer to the heading “Tax Treaties” in the accompanying prospectus.

With respect to computing the above-mentioned 22% withholding taxes (including local income tax) on net gain, please note that there is no provision under relevant Korean law for offsetting gains and losses or otherwise aggregating transactions for the purpose of computing the net gain attributable to sales of the debt securities. The purchaser of the debt securities or, in the case of the sale of the debt securities through a securities company in Korea, the securities company through which such sale is effected, is required under Korean law to withhold the applicable amount of Korean tax and make payment thereof to the relevant Korean tax authority. Unless you, as the seller, can either claim the benefit of an exemption or a reduced rate of tax under an applicable tax treaty or produce satisfactory evidence of your acquisition cost and certain direct transaction costs in relation to the debt securities being sold, the purchaser or the securities company, as applicable, must withhold an amount equal to 11% of the gross sale proceeds. Any withheld tax must be paid no later than the tenth day of the month following the month in which the payment for the purchase of the relevant debt securities occurred. Failure to timely transmit the withheld tax to the Korean tax authorities technically subjects the purchaser or the securities company to penalties under Korean tax laws.

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***Inheritance Tax and Gift Tax***

If you die while domiciled in Korea or had resided in Korea continuously for at least 183 days immediately prior to the death, Korean inheritance tax will be imposed upon the transfer by succession of any of the debt securities, wherever located, that you own at the time of death. Furthermore, regardless of where you are domiciled or whether you have resided in Korea continuously for at least 183 days immediately prior to the death when you die, Korean inheritance tax will be imposed upon the transfer by succession of any of the debt securities you own that are located in Korea at the time of death. Similarly, if you give the debt securities as a gift to any other person, the donee will be subject to Korean gift tax, based on where the donee or you are domiciled or whether the donee or you have resided in Korea continuously for at least 183 days immediately prior to the gift or where the debt securities are located at the time that you make the gift. The amount, if any, of the applicable inheritance or gift tax imposed in specific cases depends on the value of the debt securities (or other property) and the identities of the parties involved.

Under Korean inheritance and gift tax laws, debt securities issued by Korean companies are deemed to be located in Korea irrespective of where they are physically located or by whom they are owned.

***Stamp Duty***

You will not be subject to any Korean stamp duty, registration duty or similar documentary tax (except for a nominal amount of stamp duty) in respect of or in connection with a transfer of any debt securities or in connection with the exercise of exchange rights or conversion rights that may be acquired with the debt securities.

***Tax Treaties***

Subject to certain exceptions, in order to receive the benefit of a tax exemption available under any applicable tax treaty, you may also be required to submit to the payer of such Korean source income an application for tax exemption under a tax treaty, together with a certificate as to your country of tax residence. Subject to certain exceptions, the Korean tax laws also require an overseas investment vehicle (which is defined as an organization established in a foreign jurisdiction that manages funds collected through investment solicitation by way of acquiring, disposing or otherwise investing in proprietary targets and then distributes the outcome of such management to investors) to obtain the application for tax exemption from the beneficial owners together with a certificate of tax residence of the beneficial owner and submit a report of overseas investment vehicle to the payer, together with a detailed statement on the beneficial owner of the income and the obtained application for exemption from the beneficial owner. The payer of such Korean source income, in turn, will be required to submit such exemption application to the relevant district tax office in Korea by the ninth day of the month following the date of the first payment of such income. Even if the beneficial owner was unable to receive the benefit of a tax exemption due to his or her failure to timely submit such application, the beneficial owner may still receive tax treaty benefits by submitting evidentiary documents to the relevant tax office within five

years of the last day of the month during which the payment of such income occurred. Furthermore, the Corporation Income Tax Law (the “CITL”) and Individual Income Tax Law (the “IITL”) require the beneficial owner to submit an application for entitlement to a preferential tax rate together with evidence of tax residence (including a certificate of tax residence of the beneficial owner issued by a competent authority of the country of tax residence of the beneficial owner) to a withholding obligor paying Korean source income in order to benefit from the available reduced tax rate pursuant to the relevant tax treaty. Subject to certain exceptions, the CITL and IITL also require an overseas investment vehicle to obtain the application for entitlement to a preferential tax rate from the beneficial owners and submit a report of overseas investment vehicle to the withholding obligor, together with a detailed statement on the beneficial owner of the income.

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United States Tax Considerations

Stated interest on the Notes will be treated as qualified stated interest for U.S. federal income tax purposes. Under certain circumstances as described under “Taxation—Korean Taxation” in this prospectus supplement and the accompanying prospectus, a U.S. holder may be subject to Korean withholding tax upon the sale or other disposition of Notes. A U.S. holder eligible for benefits of the Korea-U.S. tax treaty, which exempts capital gains from tax in Korea, would not be eligible to credit against its U.S. federal income tax liability any such Korean tax withheld. U.S. holders should consult their own tax advisers with respect to their eligibility for benefits under the Korea-U.S. tax treaty and, in the case of U.S. holders that are not eligible for treaty benefits, their ability to credit any Korean tax withheld upon sale of the Notes against their U.S. federal income tax liability.

For a discussion of additional U.S. federal income tax considerations that may be relevant to you if you invest in the Notes and are a U.S. holder, see “Taxation—United States Tax Considerations” in the accompanying prospectus.

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UNDERWRITING

Relationship with the Underwriters

We and the underwriters named below (the “Underwriters”) have entered into a Terms Agreement dated October 24, 2017 (the “Terms Agreement”) with respect to the Notes relating to the Underwriting Agreement—Standard Terms (together with the Terms Agreement, the “Underwriting Agreement”) filed as an exhibit to the registration statement. Subject to the terms and conditions set forth in the Underwriting Agreement, we have agreed to sell to each of the Underwriters, severally, and each of the Underwriters has severally agreed to purchase, the following principal amount of the Notes set out opposite its name below:

| Name of the Underwriters                              | Principal Amount<br>of Floating Rate Notes | Principal Amount<br>of 2020 Notes | Principal Amount<br>of 2022 Notes |
|-------------------------------------------------------|--------------------------------------------|-----------------------------------|-----------------------------------|
| BNP Paribas                                           | US\$113,983,517                            | US\$77,453,333                    | US\$193,792,488                   |
| Citigroup Global Markets Inc.                         | 113,983,517                                | 77,453,333                        | 193,792,488                       |
| Crédit Agricole Corporate and Investment Bank         | 113,983,517                                | 77,453,333                        | 193,792,488                       |
| Merrill Lynch, Pierce, Fenner & Smith<br>Incorporated | 113,983,517                                | 77,453,333                        | 193,792,488                       |
| MUFG Securities EMEA plc                              | 113,983,517                                | 77,453,333                        | 193,792,488                       |
| Mirae Asset Daewoo Co., Ltd.                          | 30,082,415                                 | 12,733,335                        | 31,037,588                        |
| KEXIM Asia Limited                                    | —                                          | —                                 | —                                 |
|                                                       | US\$ 600,000,000                           | US\$ 400,000,000                  | US\$ 1,000,000,000                |

KEXIM Asia Limited, one of the underwriters, is our affiliate and has agreed to offer and sell the Notes only outside the United States to non-U.S. persons.

Under the terms and conditions of the Underwriting Agreement, if the Underwriters take any Notes of a series, then the Underwriters are obligated to take and pay for all of the Notes of such series.

The Underwriters initially propose to offer the Notes directly to the public at the offering price described on the cover page. After the initial offering of the Notes, the Underwriters may from time to time vary the offering price and other selling terms.

If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Underwriters or any affiliate of the Underwriters is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by that Underwriter or its affiliate on behalf of us in such jurisdiction.

Each of the Floating Rate Notes, the 2020 Notes and the 2022 Notes are a new class of securities with no established trading market. Applications



have been made to the SGX-ST for the listing and quotation of the Notes on the SGX-ST. The Underwriters have advised us that they intend to make a market in the Notes. However, they are not obligated to do so and they may discontinue any market making activities with respect to the Notes at any time without notice. Accordingly, we cannot assure you as to the liquidity of any trading market for the Notes.

We have agreed to indemnify the Underwriters against certain liabilities, including liabilities under the Securities Act of 1933, as amended, or to contribute to payments which the Underwriters may be required to make in respect of any such liabilities.

In connection with this offering, each of BNP Paribas, Citigroup Global Markets Inc., Crédit Agricole Corporate and Investment Bank, Merrill Lynch, Pierce, Fenner & Smith Incorporated, MUFG Securities EMEA plc, Mirae Asset Daewoo Co., Ltd. and KEXIM Asia Limited (the “Stabilizing Managers”) or any person acting on their behalf may purchase and sell the Notes in the open market. These transactions may include over-allotment, covering transactions and stabilizing transactions. Over-allotment involves sales of the Notes in excess of the principal amount of the Notes to be purchased by the Underwriters in this offering, which creates a short position for the Underwriters. Covering transactions involve purchases of the Notes in the open market after the distribution has been completed in order to cover short positions. Stabilizing transactions consist of certain bids or purchases of the Notes made for the purpose of preventing or retarding a decline in the market price of the

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Notes while the offering is in progress. Any of these activities may have the effect of preventing or retarding a decline in the market price of the Notes. They may also cause the price of the Notes to be higher than the price that otherwise would exist in the open market in the absence of these transactions. The Stabilizing Managers may conduct these transactions in the over-the-counter market or otherwise. If the Stabilizing Managers commence any of these transactions, they may discontinue such transactions at any time, and must discontinue them after a limited period.

The amount of net proceeds from our Floating Rate Notes is US\$598,200,000 after deducting underwriting discounts but not estimated expenses. Our expenses associated with the Floating Rate Notes offering are estimated to be US\$100,000. The Underwriters have agreed to pay certain of our expenses incurred in connection with the offering of the Floating Rate Notes.

The amount of net proceeds from our 2020 Notes is US\$397,600,000 after deducting underwriting discounts but not estimated expenses. Our expenses associated with the 2020 Notes offering are estimated to be US\$100,000. The Underwriters have agreed to pay certain of our expenses incurred in connection with the offering of the 2020 Notes.

The amount of net proceeds from our 2022 Notes is US\$995,530,000 after deducting underwriting discounts but not estimated expenses. Our expenses associated with the 2022 Notes offering are estimated to be US\$100,000. The Underwriters have agreed to pay certain of our expenses incurred in connection with the offering of the 2022 Notes.

The Underwriters and certain of their affiliates may have performed certain commercial banking, investment banking and advisory services for us and/or our affiliates from time to time for which they have received customary fees and expenses and may, from time to time, engage in transactions with us and perform services for us and/or our affiliates in the ordinary course of their business.

The Underwriters or certain of their affiliates may purchase Notes and be allocated Notes for asset management and/or proprietary purposes but not with a view to distribution. The Underwriters or their respective affiliates may purchase Notes for its or their own account and enter into transactions, including credit derivatives, such as asset swaps, repackaging and credit default swaps relating to Notes and/or other securities of us or our subsidiaries or affiliates at the same time as the offer and sale of Notes or in secondary market transactions. Such transactions would be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of Notes to which this prospectus supplement relates (notwithstanding that such selected counterparties may also be purchasers of Notes).

**Delivery of the Notes**

We expect to make delivery of the Notes, against payment in same-day funds on or about November 1, 2017, which we expect will be the sixth business day following the date of this prospectus supplement. Under Rule 15c6-1 promulgated under the Securities Exchange Act of 1934, as amended, U.S. purchasers are generally required to settle trades in the secondary market in two business days, unless they and the other parties to any such trade expressly agree otherwise. Accordingly, if you wish to trade in the Notes on any day prior to the second business day before the settlement date, because the Notes will initially settle in T+6, you may be required to specify an alternate settlement cycle at the time of your trade to prevent a failed settlement. Purchasers in other countries should consult with their own advisors.

**Foreign Selling Restrictions**

Each Underwriter has agreed to the following selling restrictions in connection with the offering with respect to the following jurisdictions:

**Korea**

Each Underwriter has severally represented and agreed that (i) it has not offered, sold or delivered and will not offer, sell or deliver, directly or indirectly, any Notes in Korea or to, or for the account or benefit of, any

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resident of Korea, except as permitted by applicable Korean laws and regulations; and (ii) any securities dealer to whom it sells Notes will agree that it will not offer any Notes, directly or indirectly, in Korea or to any resident of Korea, except as permitted by applicable Korean laws and regulations, or to any dealer who does not so represent and agree.

***United Kingdom***

Each Underwriter has severally represented and agreed that (i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any of the Notes in circumstances in which section 21(1) of the FSMA does not apply to us; and (ii) it has complied and will comply with, all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes, from or otherwise involving the United Kingdom.

***Japan***

Each Underwriter has severally represented and agreed that the Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended); it will not offer or sell, directly or indirectly, any of the Notes in Japan or to, or for the account or benefit of, any resident of Japan or to, or for the account or benefit of, any resident for reoffering or resale, directly or indirectly, in Japan or to, or for the account or benefit of, any resident of Japan except (i) pursuant to an exemption from the registration requirements of, or otherwise in compliance with the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended) and (ii) in compliance with the other relevant laws and regulations of Japan.

***Hong Kong***

Each Underwriter has severally represented and agreed that:

- it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (i) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) and any rules made under that Ordinance; or (ii) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong) or which do not constitute an offer to the public within the meaning of that Ordinance; and
- it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) and any rules made under that Ordinance.

***Singapore***

Each Underwriter has severally represented and agreed that this prospectus supplement and the accompanying prospectus have not been and will not be registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act (Chapter 289 of Singapore) (the “SFA”).

Accordingly, each Underwriter severally represents, warrants and agrees that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer

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or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this prospectus supplement or the accompanying prospectus or any other document or material in connection with the offer or sale, invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor under Section 274 of the SFA, (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Each Underwriter further has severally represented and agreed to notify (whether through the distribution of this prospectus supplement and the accompanying prospectus or otherwise) each of the following relevant persons specified in Section 275 of the SFA which has subscribed or purchased Notes from or through that Underwriter, namely a person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

that securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within 6 months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law;
- (4) as specified in Section 276(7) of the SFA; or
- (5) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

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LEGAL MATTERS

The validity of the Notes is being passed upon for us by Cleary Gottlieb Steen & Hamilton LLP, New York, New York, and by Yulchon, Seoul, Korea. Certain legal matters will also be passed upon for the Underwriters by Davis Polk & Wardwell LLP, New York, New York. In giving their opinions, Cleary Gottlieb Steen & Hamilton LLP and Davis Polk & Wardwell LLP may rely as to matters of Korean law upon the opinion of Yulchon.

OFFICIAL STATEMENTS AND DOCUMENTS

Our Chairman and President, in his official capacity, has supplied the information set forth in this prospectus supplement under “Recent Developments—The Export-Import Bank of Korea.” Such information is stated on his authority. The documents identified in the portion of this prospectus supplement captioned “Recent Developments—The Republic of Korea” as the sources of financial or statistical data are derived from official public documents of the Republic and of its agencies and instrumentalities.

GENERAL INFORMATION

We were established in 1976 as a special governmental financial institution pursuant to the Export-Import Bank of Korea Act, as amended. Our corporate registry number is 111235-0000158. Our authorized share capital is ₩15,000 billion. As of June 30, 2017, our paid-in capital was ₩11,815 billion.

Our board of directors can be reached at the address of our registered office: c/o 38 Eunhaeng-ro, Yeongdeungpo-gu, Seoul 07242, The Republic of Korea.

The issue of the Notes has been authorized by our Chairman and President on October 23, 2017. On October 20, 2017, we filed our report on the proposed issuance of the Notes with the Ministry of Strategy and Finance of Korea.

The registration statement with respect to us and the Notes has been filed with the Securities and Exchange Commission in Washington, D.C. under the Securities Act of 1933, as amended. Additional information concerning us and the Notes is contained in the registration statement and post-effective amendments to such registration statement, including their various exhibits, which may be inspected at the public reference facilities maintained by the Securities and Exchange Commission at Room 1580, 100 F Street N.E., Washington, D.C. 20549, United States.

The Notes have been accepted for clearance through DTC, Euroclear and Clearstream:

|                     | CUSIP      | ISIN         |
|---------------------|------------|--------------|
| Floating Rate Notes | 302154 CN7 | US302154CN70 |
| 2020 Notes          | 302154 CP2 | US302154CP29 |
| 2022 Notes          | 302154 CQ0 | US302154CQ02 |

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*as to U.S. law*

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