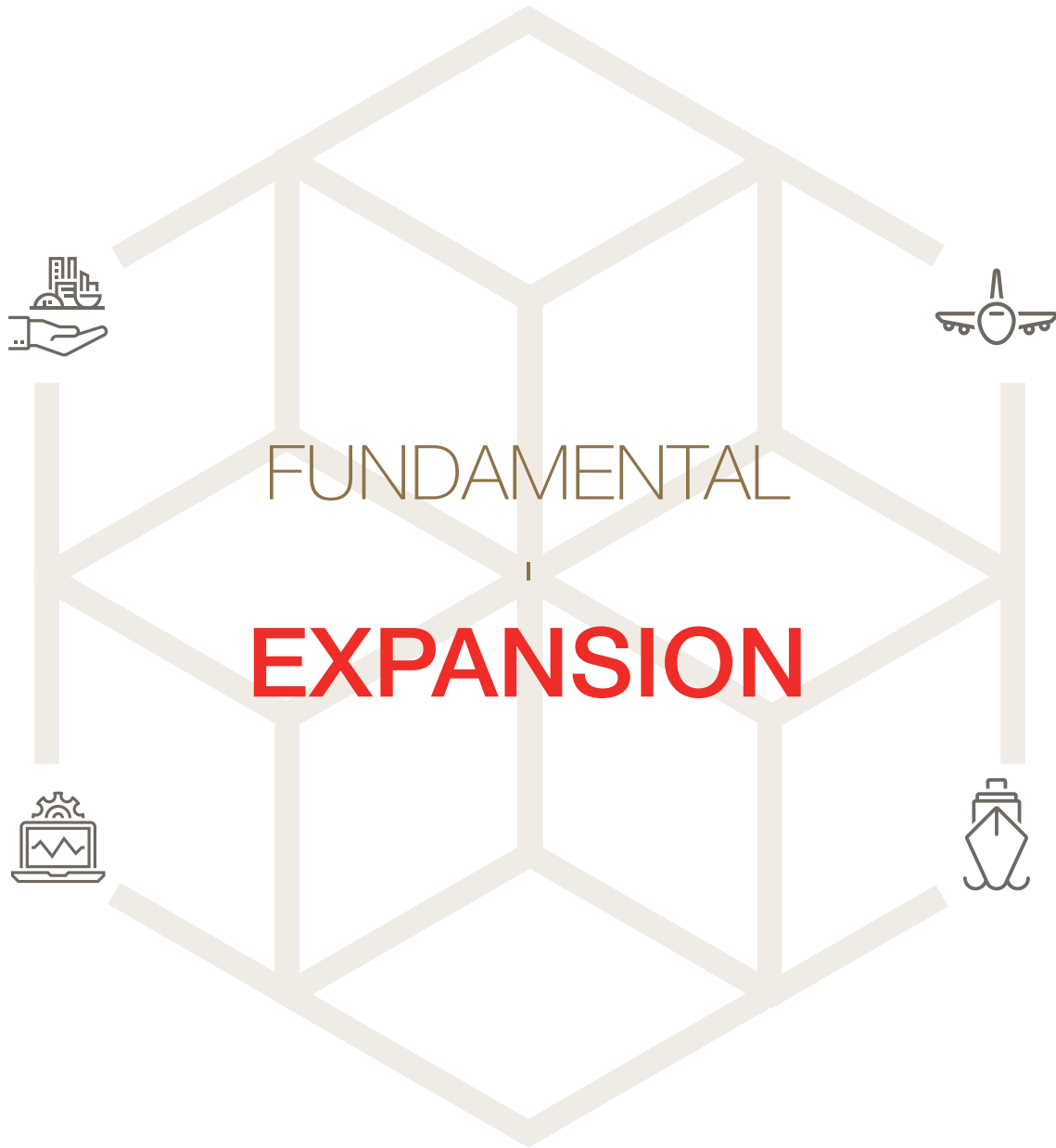




Korea Trade Insurance Corporation  
14 Jongno, Jongno-Gu, Seoul, 03187, South Korea  
Tel : 82-2-399-6800 <http://www.ksure.or.kr>



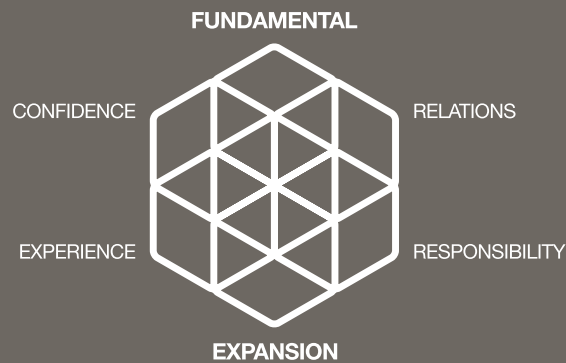
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# FUNDAMENTAL

■

# EXPANSION



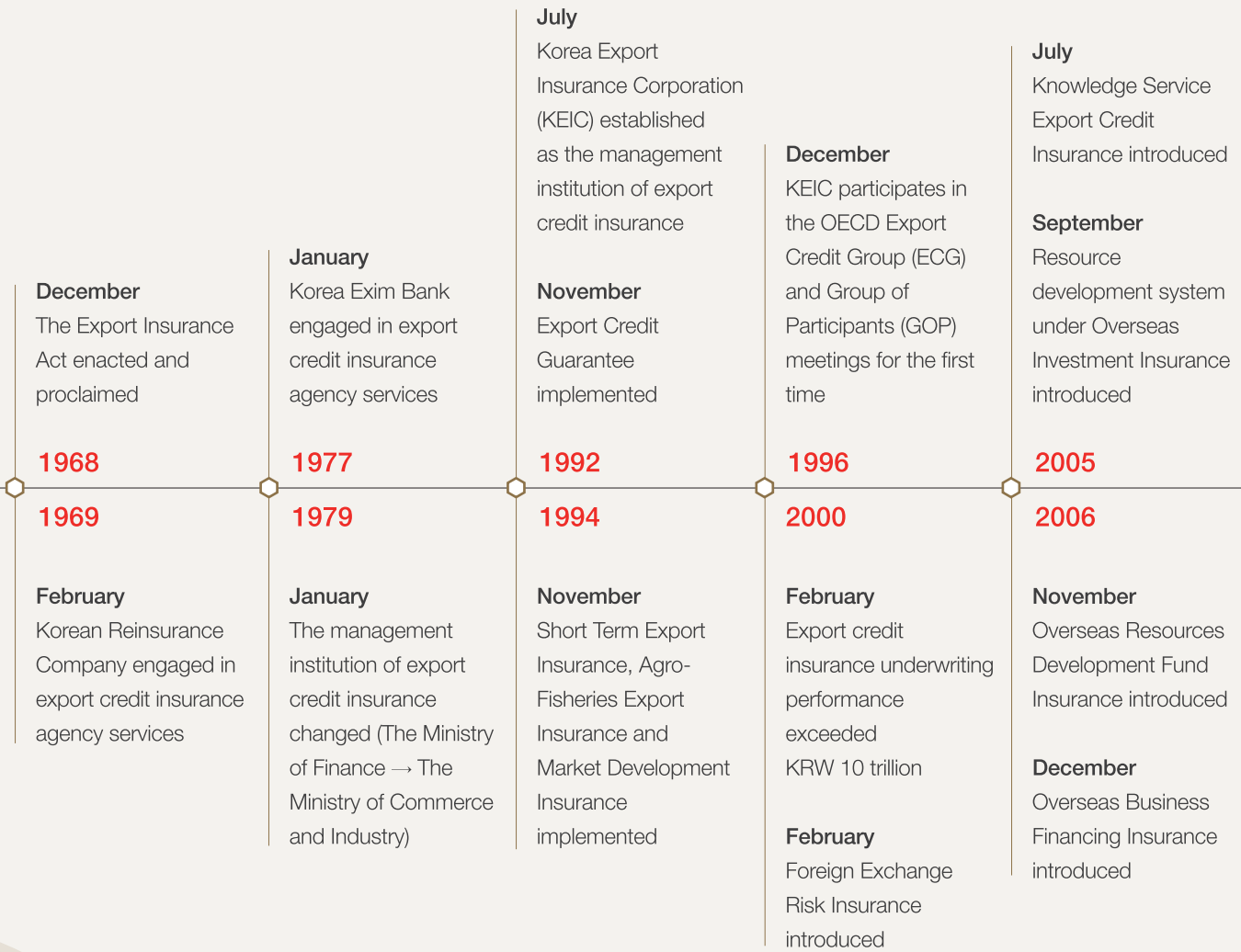
**Korea Trade Insurance Corporation (hereinafter referred to as “K-sure”) was established in July 1992 pursuant to the Trade Insurance Act. K-sure is an institute providing insurance for trade investment established under the Ministry of Trade, Industry & Energy (MOTIE). The objective of K-sure is to reinforce the national competitiveness of Korea by promoting trade and overseas investment as well as being responsible for the following roles:**

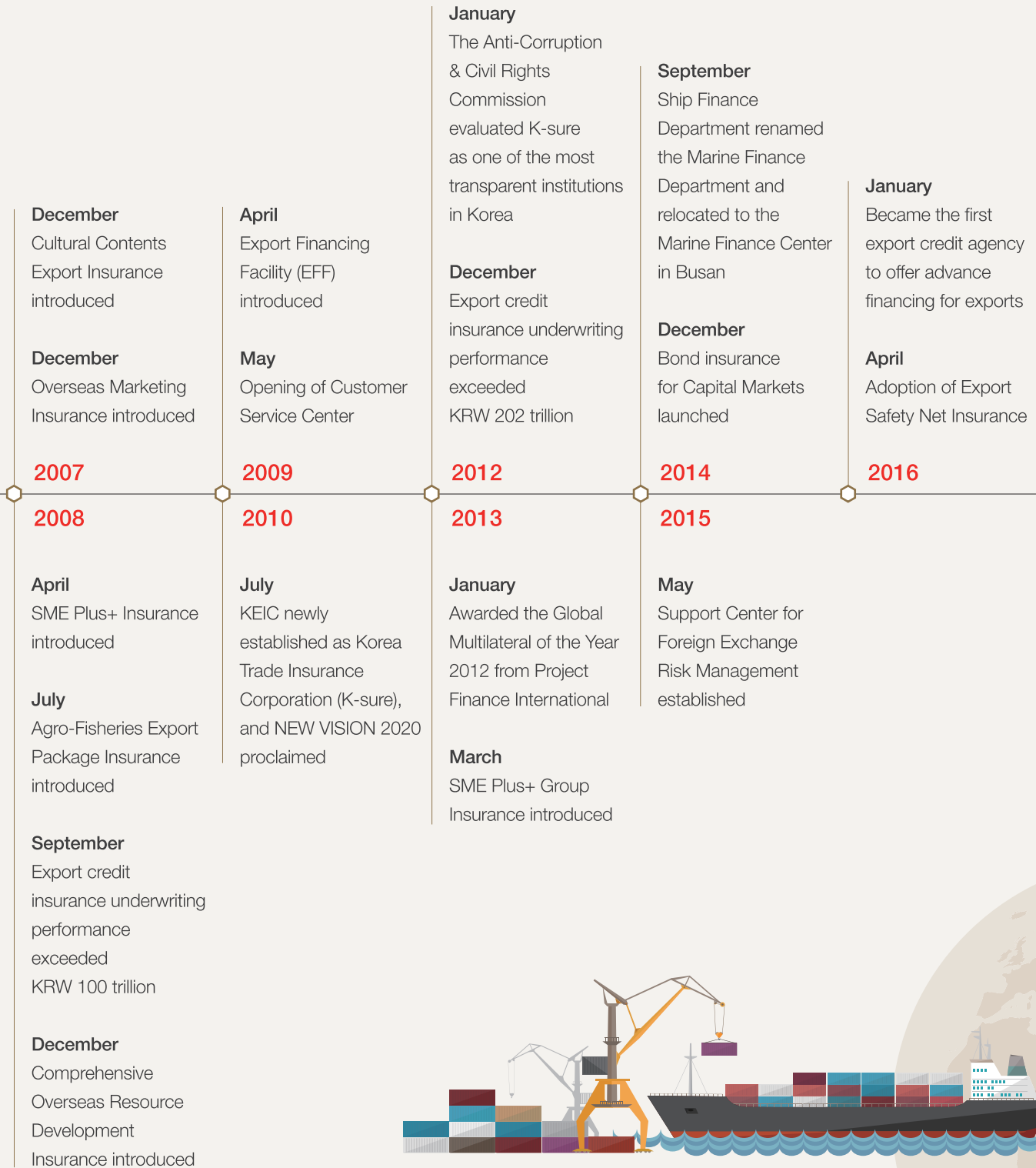
- Operation of various trade insurance to guarantee risks arising from the export and import of goods and capital goods, overseas construction works and investment, foreign exchange risk management, export of cultural contents and services and other international transactions
- Provision of credit information services including credit research management and uncollected export account receivables recovery service for Korean enterprises
- Realization of “a public corporation that Korean citizens trust” with the emphasis on the management of customer satisfaction through ethical management and innovative management such as integrity, transparency, sharing, and communications

- Underwriting of trade insurance within the limit of the agreement signed determined by the National Assembly annually based on the government's contribution amount with regards to the ‘Trade Insurance Fund’ and sound operation of the fund under the responsibility of the Corporation
- Expansion in the role of trade insurance that leads the stable trade and overseas investment, reinforces national competitiveness and develops the national economy through trade promotion

**K-sure endeavors to develop various trade insurance products and high value-added services in order to contribute to Korea’s exports and furthermore, to the vitalization of global trade by actively adapting to the changes in the international trade environment. As of the end of 2016, K-sure’s 585 employees are working hard at the head office in Seoul, 16 domestic branches and 2 local offices across Korea as well as 14 overseas representative offices and 3 overseas representatives in Korea’s export hub cities worldwide.**

# BRIEF HISTORY





-  
**MESSAGE  
FROM  
CHAIRMAN  
AND  
PRESIDENT**



## SUPPORTING KOREAN EXPORTS TO OVERCOME A CHALLENGING WORLD ECONOMY

### Dear customers,

It was a challenging year for the Korean economy in 2016. Falling oil prices, a slowing Chinese economy and the aftermath of the Brexit referendum collectively hurt Korea's trade flow, with a series of unfavorable global events leading to negative growth for Korean exports. However, harmonious efforts between the government and businesses set our exports back on track for a successful rebound, and we played a key role through several supportive measures to pull Korean companies back from the brink of an "export cliff".

First of all, we reinforced our SME support through the Export Safety Net Insurance Program and Special Underwriting Program, resulting in a record-high amount of KRW 44.3 trillion being extended to more than 17,000 beneficiaries.

Secondly, our next focus over the past year was on securing new growth engines that would help safely navigate Korean exporters in the world market.

Geographically, we strengthened our support in emerging markets as an alternative to sagging demand in advanced markets. By concluding an interbank agreement with the Commercial Bank of Ethiopia and opening local branch offices in Dubai and Mexico City, our trade insurance volume in African and Middle East markets rose by 19.6 percent and 15.9 percent year on year, respectively, to reach KRW 17 trillion and KRW 6.8 trillion. We also expanded our global network through new partnerships with international export credit agencies such as Kazakhstan's KazExportGarant and Mexico's Bancomext so as to better serve Korean companies in the region.

Furthermore, our special trade insurance service for "Korean Wave" exports and introduction of a new Service Industry Team consolidated our foundation for boosting next-generation growth engines.

Thirdly, our overseas project financing programs helped Korean companies enhance their competencies for winning contract bids. In step with the market trend of providing funding solutions when bidding, we established advanced financing programs for Korean exporters. In addition, the launch of our Supply Chain Guarantee (SCG) program increased the number and amount of guaranteed benefits to small-scale equipment exporters.


Lastly, we brought about fundamental business innovation to heighten our competitiveness. While promoting sound and fair competition practices across the board and among all employees, we strengthened our business ethics by establishing "K-sure Principles of Business Integrity".

In 2017, we will continue to support Korean exporters in their efforts to weather the economic storm in today's challenging world trade market.

Thank you.

**Moon Jae-do**

Chairman and President  
Korea Trade Insurance Corporation





-

# MEMBERS OF THE BOARD

K-sure management is dedicated to support trade.  
Each member of the management at K-sure gives the best to extend  
solid support to Korean companies striving for success.



**Lee Dae-yong**  
Auditor



**Kang Byung-tae**  
Deputy President



**Lim Yang-hyun**  
Executive Director



**Yoo Je-nam**  
Executive Director



**Hyung Nam-doo**  
Executive Director



**Lee Mi-young**  
Executive Director



**Moon Jae-do**  
Chairman & President



**Kim Sook**  
Non-Executive Director



**Oh Kwang-hee**  
Non-Executive Director



**Park Young-ok**  
Non-Executive Director



**Lee Kyu-min**  
Non-Executive Director



# WHO WE ARE

## OUR WORK

We, the Korea Trade Insurance Corporation, are an official export credit agency under the Ministry of Trade, Industry and Energy of Korea. It is our mission to support Korean trade and exports, while promoting Korean companies' overseas investments, with the aim of enhancing the national competitiveness of Korea. The areas of our business include:

### Trade insurance

We provide coverage against risks from international trade such as exports and imports of products, capital goods, cultural products and services, contracts on overseas projects and foreign currency exchange.

### Credit information and Debt recovery service

For the convenience of our customers, we conduct research and management on buyers' credit information. We also perform debt collection and recovery service for export cases failing to collect payments from overseas buyers.



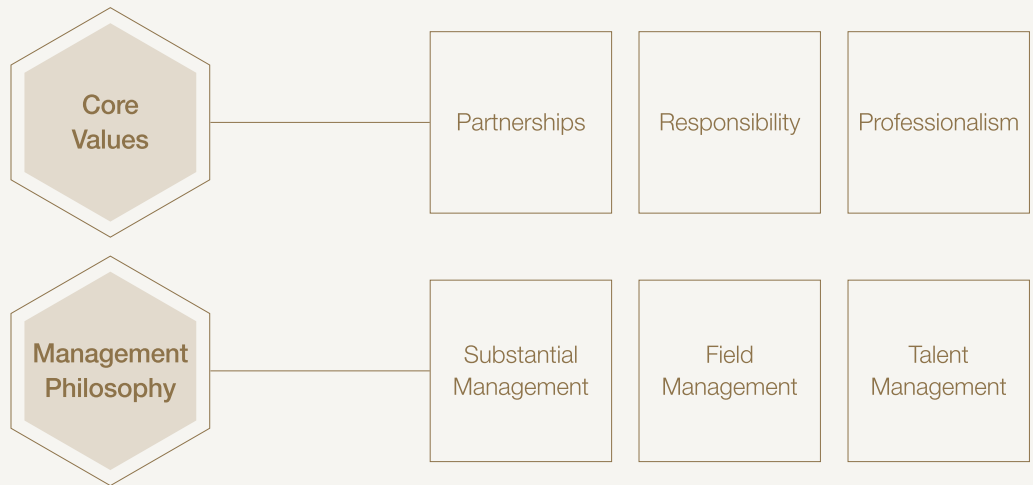
## OUR MISSION & VISION

### MISSION

**Strengthen the national competitiveness and develop the economy  
by promoting trade and overseas investment**

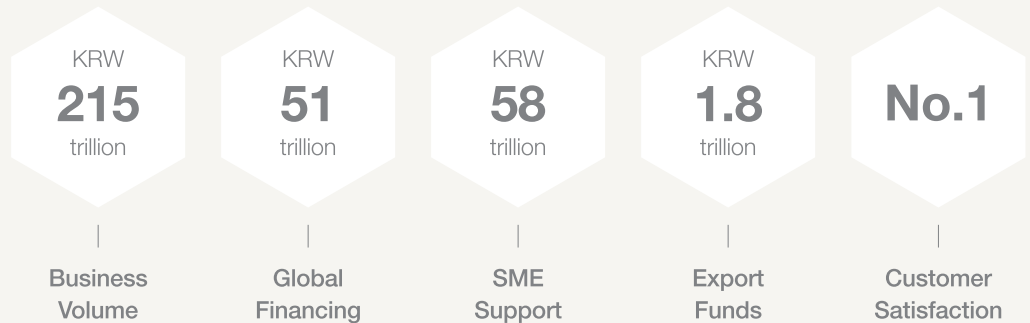
#### VISION >>

**Hope for Trade and Foreign Investment, Smart K-sure**



#### OBJECTIVES >>

**Secure a competitive edge as a trade and investment finance promoting agency**



#### STRATEGIC >> DIRECTION

- Carry out Korean trade investment policies
- Provide globally competitive trade investment finance
- Expand the business horizon of Korean SMEs
- Enhance professional competence and build a solid organizational structure
- Increase customer satisfaction and brand value

# WHAT WE DID IN 2016



## Contributed to Korea trade surplus and the world's 8th largest exporter

By supporting KRW 156.6 trillion of export credit in 2016 to promote export and overseas investment, we assisted Korea in achieving KRW 89.4 billion of trade surplus and the 8th largest export volume in the global economy.



## Securing an entry into Iran for Korean companies

We signed EUR 5 billion of co-financing MOU with the Iranian government. In May 2016, securing a meaningful foot-step for Korean exporters to advance into the highly promising Iranian market.



## Enhancing our risk management system

In 2016, we improved our integrated risk management system and the process of corporate credit assessment process by adopting a Financial Outlier Detecting System and a special monitoring system of large exposure transactions.



## Strengthening our claim and recovery capacity

By enforcing information-sharing networks between overseas representative offices and debt collection agencies, we achieved a 10-year record high recovery performance of KRW 267.5 billion in 2016.



## Reshuffling our corporate structure with a forward vision

To provide close assistance to local SME exporters facing unfavorable trade conditions, we opened two new local offices in Cheonan and Sihwa as well as overseas representative offices in Mexico and Dubai for tight management of risks from overseas trade.

## 2016 HIGHLIGHTS

- **28** MOU with the Ministry of Finance and Economic Affairs of Iran on comprehensive financial cooperation
- FEBRUARY**
- **23** MOU with the Bank of China
- MARCH**
- **04** MOU with Banco Santander of Mexico on financial cooperation for overseas projects
- **05** MOU with Banco Nacional de Comercio Exterior, S.N.C. on trade insurance partnership
- APRIL**
- **14** Debt recovery service contract with BMS Law Firm of Russia
- **20** MOU with Ministerio de Finanzas del Ecuador on business alliance
- MAY**
- **02** MOU with the Export Guarantee Fund of Iran on business alliance
- **27** MOU with the Commercial Bank of Ethiopia on interbank finance
- JUNE**
- **02** MOU with Banca de Export Import a Romania-EXIMBANK S.A. on a business alliance
- JULY**
- **05** Hosted The 8th RCG CEO Meeting for promotion of export credit cooperation in the Asia-Pacific region
- **26** Four-party MOU on exploration and development of overseas natural gas infrastructure projects
- OCTOBER**
- **25** A Framework Reinsurance Agreement with the Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC)
- **25** MOU with the Development Bank of Kazakhstan
- NOVEMBER**
- **10** MOU with KazExportGarant JSC of Kazakhstan
- DECEMBER**
- **19** Hope T Campaign, a joint social volunteering program among Korean public institutions

# STRATEGY FOR 2017

In our business strategy for this year, trade insurance support volume has been earmarked KRW 165 trillion under the prime value of 'NEXT STEP to the New Challenges'.

At the same time, we also have plans to reorganize our business portfolio by considering risk of each insurance scheme, to foster sound business fundamental.

## Operational Innovation for the Short Term Export Insurance



## Fortifying the Overseas Bid-Winning Competitiveness of Korean Export Companies



# MAJOR INSURANCE PRODUCTS



## Short Term Export Insurance

This insurance policy covers risks associated with not being paid according to export contracts in which the payment period falls within a period of two years. The policy provides indemnification to the exporter against non-payment of buyers or L/C issuing banks. The risks covered under this policy are commercial risks caused by the insolvency of a buyer and a buyer's failure to pay any amount due under an export contract. Political risks including civil disturbances and economic events that prevent payment from buyers are also covered.



## Medium and Long Term Export Insurance

This insurance policy provides financial support and/or insurance coverage for financial contracts that are two years or longer in length.

MLT Export Insurance and Overseas Business Financing Insurance are our two flagship products. The former is used to cover the non-payment risk of the principal and interest for financial contracts, while the latter also covers the same risk but for Korean investments abroad.



## Export Credit Guarantee

Under this policy, we provide a joint guarantee to financial institutions that provide export financing to Korean manufacturers.



## Foreign Exchange Risk Insurance

This policy hedges against losses from foreign exchange risk which may occur during the course of international trading and overseas investment transactions.

It is similar to futures exchange contracts offered by other financial institutions such as banks. We compensate all foreign exchange losses of policyholders or claws foreign exchange gains back.



## Overseas Debt Collection and Recovery Service

Under this policy, we recover uncollected export account receivables (which are not covered by our Export Credit Insurance policy ) on behalf of Korean exporters through our overseas debt collection network. In fact, we offer an overseas debt collection service based on our 30 years of debt collection experience, with 14 representative offices and 82 local agencies worldwide as of 2016.



# BUSINESS PERFORMANCE



SHORT TERM  
EXPORT INSURANCE  
PROGRAM



MEDIUM AND LONG TERM EXPORT  
INSURANCE PROGRAM

**We stand by Korean companies with respect to their trading initiatives and overseas investment activities in today's challenging global market environment.**

While preemptively responding to rapidly changing trading environments, we build strategies for Korean exporters to advance into overseas markets. Our constant efforts to innovate trading insurance products and high value-added services will drive our highly dependable trading and overseas investment activities forward, thereby contributing to the development of the Korean economy.



EXPORT CREDIT  
GUARANTEE



FOREIGN EXCHANGE  
RISK INSURANCE



CLAIMS AND RECOVERIES

# OVERVIEW

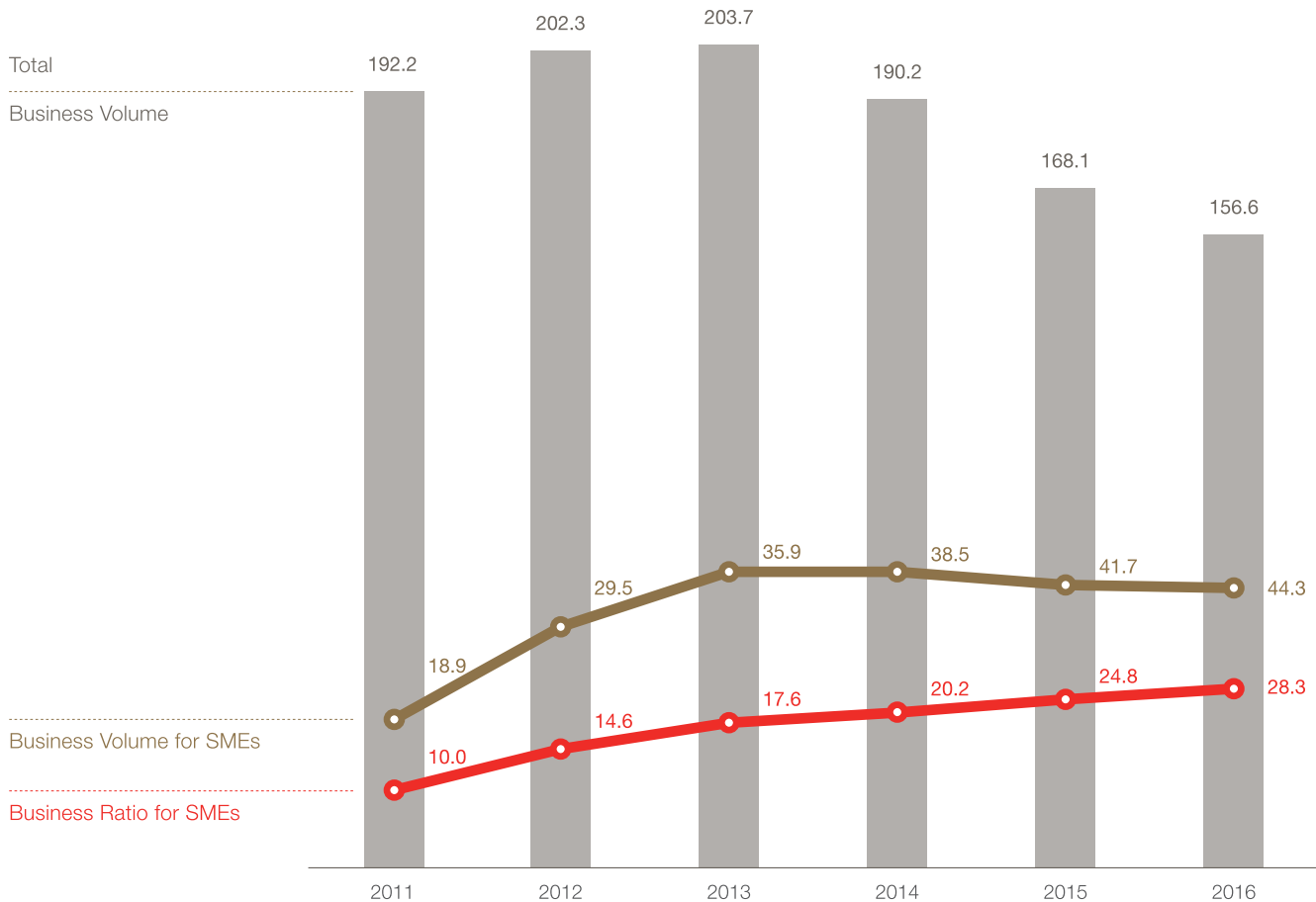
## BUSINESS VOLUME

The total exports of Korea fell by 5.9% YoY to USD 495.5 billion at the end of 2016, mainly due to a slowing global economy and trade growth. Despite unfavorable market conditions, we took an aggressive strategy through collective insurance, Export Hope Guarantee and Export Startup Hope Insurance in support of SME exporters' globalization and market expansion.

As a result, our SME support record continued growth for the eleventh consecutive year to reach KRW 44.3 trillion at the end of 2016, up 6.3% YoY, while the overall business volume fell by 6.9% YoY to KRW 156.6 trillion.

Business Volume by Year

(Unit: KRW trillion, %)



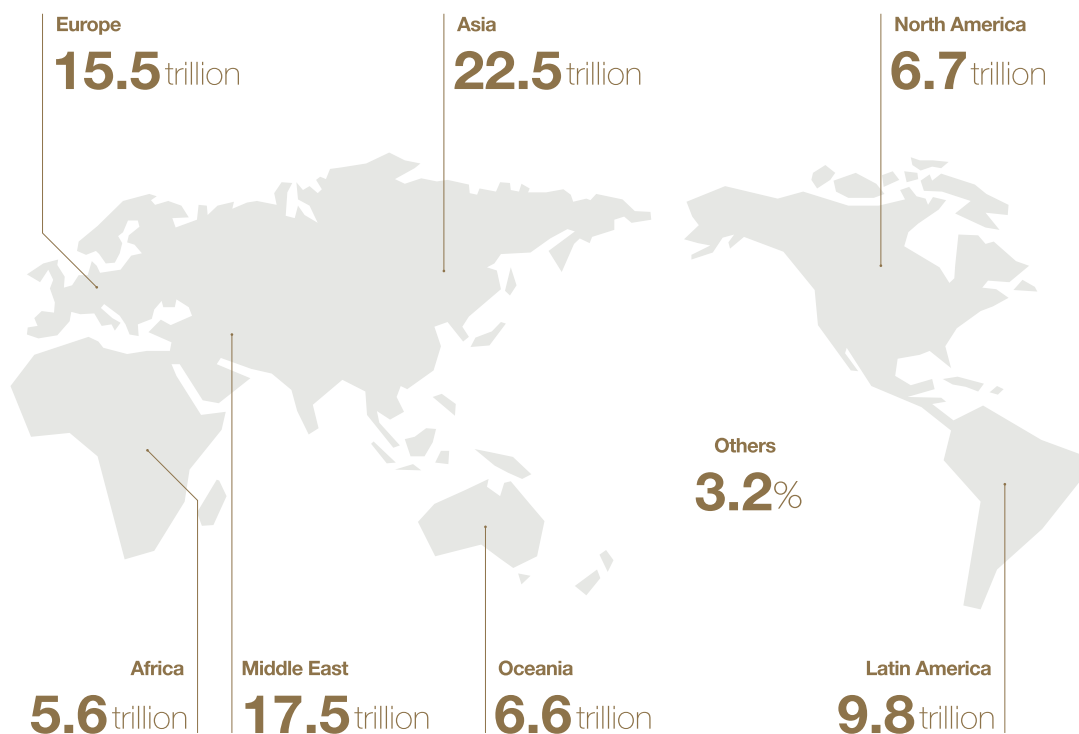
## OUTSTANDING COMMITMENTS

As of the end of 2016, outstanding commitments edged down by 2.5% YoY to KRW 87.4 trillion. By region, Asia had the highest outstanding commitments, followed by the Middle East and Europe in order of amount. Notably, outstanding commitments declined in most regions, except for the Middle East and Africa.

### Outstanding Commitments by Region

(Unit: KRW trillion, %)

Region	Outstanding Commitments	Ratio	Rate of change (%) ('16/'15)
Asia	22.5	25.8	△3.0
Middle East	17.5	20.1	0.4
Europe	15.5	17.7	△3.5
North America	6.7	7.7	△4.2
Latin America	9.8	11.2	△9.8
Africa	5.6	6.4	20.6
Oceania	6.6	7.5	△1.2
Others	3.2	3.6	△14.3
<b>Total</b>	<b>87.4</b>	<b>100.0</b>	<b>△2.5</b>



Total of 100%, As of the end of 2016

## OVERVIEW OF CLAIMS

In 2016, the total amount of claims paid was KRW 925.1 billion, 81.4% increase from KRW 510.0 billion in 2015.

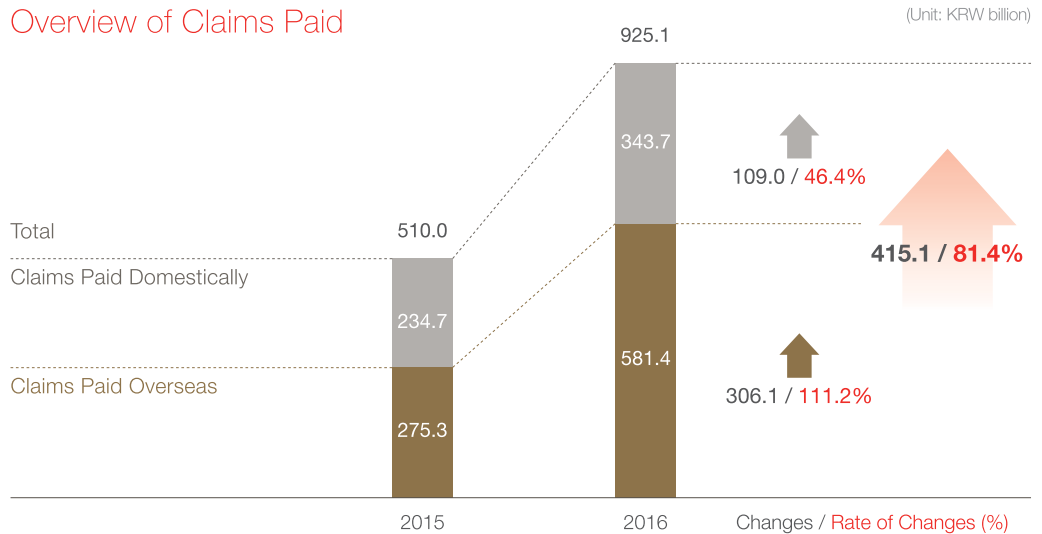
Claims paid overseas for the same period amounted to KRW 581.4 billion, up 111.2% YoY from KRW 275.3 billion in 2015, while claims paid domestically surged 46.4% from KRW 234.7 billion in 2015 to reach KRW 343.7 billion in 2016.

Claims Paid Growth Rate

# 81.4

As of the end of 2016  
(Unit: %)

### Overview of Claims Paid



## OVERVIEW OF RECOVERIES

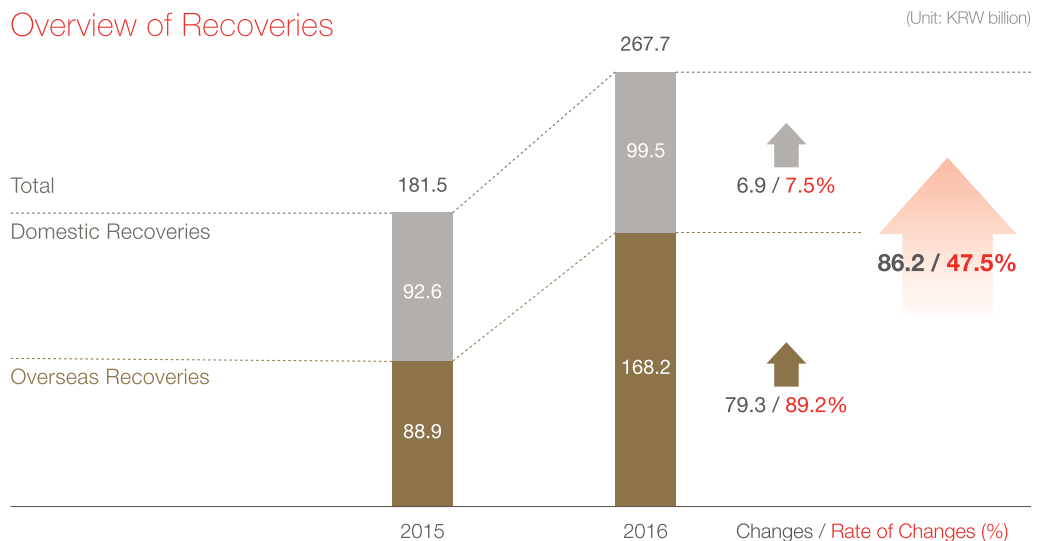
In 2016, the total amount of recoveries was KRW 267.7 billion, up 47.5% from KRW 181.5 billion in 2015. Overseas recoveries jumped 89.2% from KRW 88.9 billion in 2015 to KRW 168.2 billion in 2016, while domestic recoveries edged up by 7.5% from KRW 92.6 billion in 2015 to KRW 99.5 billion in 2016.

Recoveries Growth Rate

# 47.5

As of the end of 2016  
(Unit: %)

### Overview of Recoveries



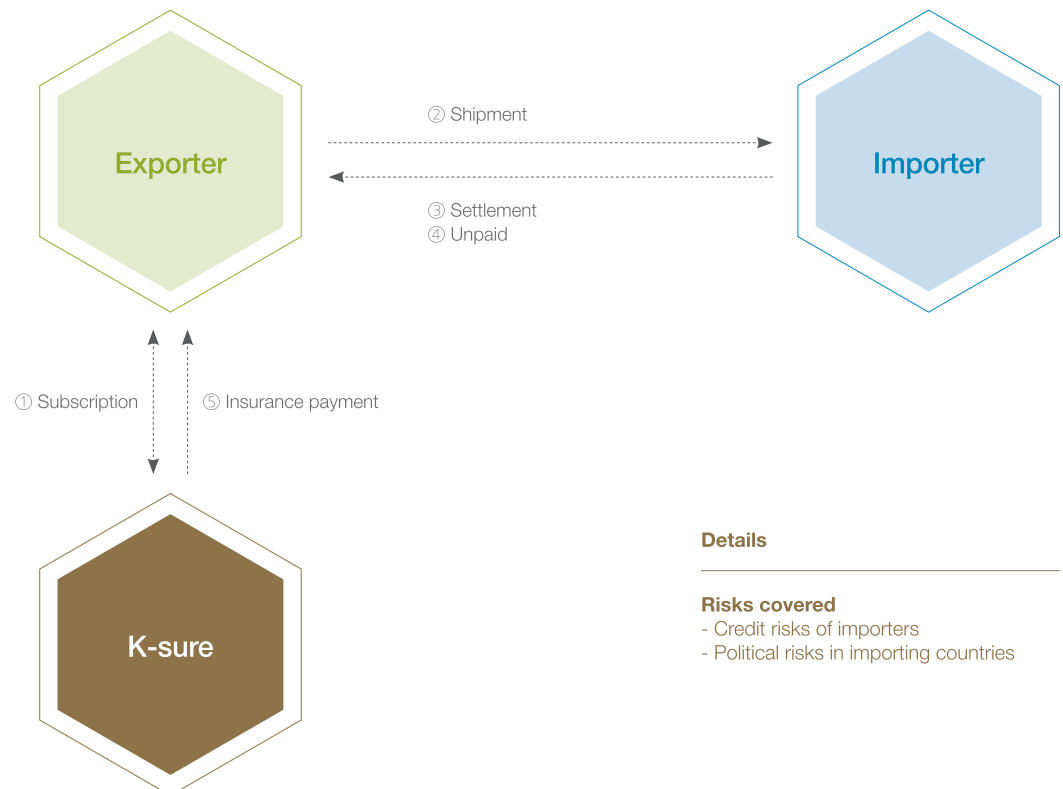
\* Derivative products (foreign exchange risk insurance and interest rate risk insurance) are excluded.

# SHORT TERM EXPORT INSURANCE PROGRAM

## PROGRAM OUTLINE

The Short Term Export Insurance Program covers losses of exporters or financial institutions that provide export credits but cannot recover their export proceeds from importers (issuing banks in the case of L/C-based transactions) in those export transactions with two years or less repayment periods. The risks covered include credit risks posed by importers such as export contract cancellation, bankruptcy, payment default, or payment refusal. Political risks in the importing countries, including war, riots, currency inconvertibility and other risks are also covered.

### Structure of Short Term Export Insurance (Post-Shipment)



#### Details

##### Risks covered

- Credit risks of importers
- Political risks in importing countries

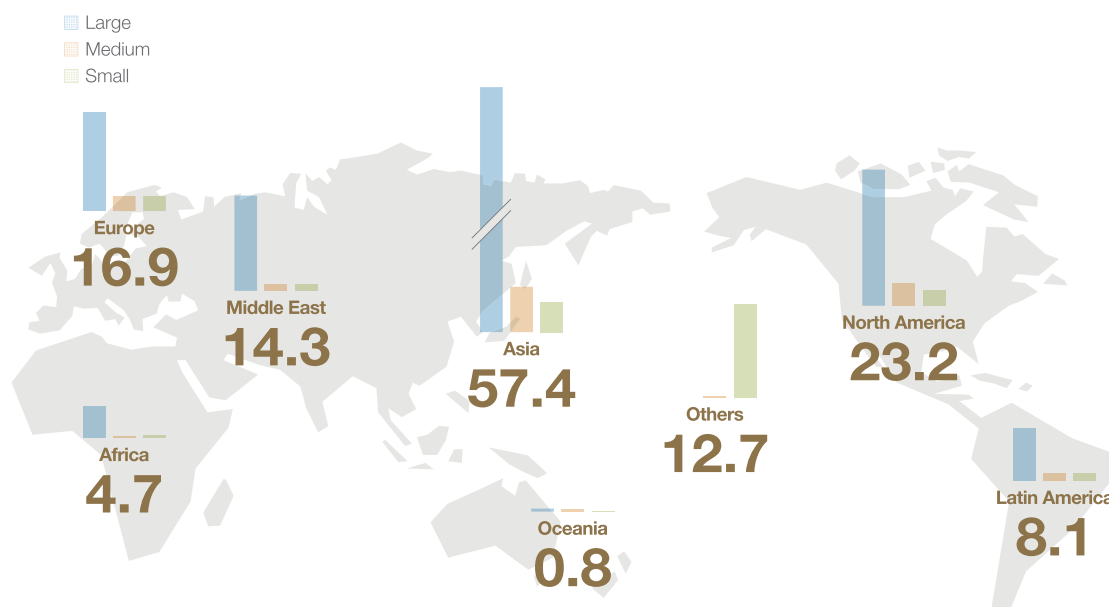
## 2016 PERFORMANCE & REVIEW

Korea's overall export volume declined over the previous year due to the global economic recession caused by protracted low oil prices, slowing Chinese economic growth and ongoing political instability in European markets. On top of that, deteriorating economic conditions in emerging markets, especially in Latin American countries and CIS members, led to adjusting the limits in our risk management.

Business volume of the Short Term Export Insurance program fell by 7% YoY to KRW 138 trillion in 2016. Despite challenging export market conditions, the business volume of SMEs increased 9% YoY as an increasing number of SME exporters are relying on our Short Term Export Insurance Program.

### Short Term Business Volume by Region/Exporter's Size

(Unit: KRW trillion)



ST Export Insurance  
Business Volume

# 138.1

As of the end of 2016  
(Unit: KRW trillion)

Size/Region	North America	Europe	Latin America	Asia	Oceania	Middle East	Africa	Others	Total
Large	18.2	13.1	6.6	47.9	0.4	12.6	4.2	-	103.0
Medium	2.8	1.9	0.8	5.6	0.3	0.8	0.2	0.2	12.6
Small	2.2	1.9	0.7	3.9	0.1	0.9	0.3	12.5	22.5
<b>Total</b>	<b>23.2</b>	<b>16.9</b>	<b>8.1</b>	<b>57.4</b>	<b>0.8</b>	<b>14.3</b>	<b>4.7</b>	<b>12.7</b>	<b>138.1</b>

By region, Short Term business volume decreased by 13% in Latin America due to rising uncertainties and a slowing growth rate in emerging markets; 15% in European markets as a result of political and economic instabilities; and 10% in Asia because of slowing Chinese economic growth and the resultant sagging demand.

By industry, metal product businesses saw the largest drop in YoY business volume change (24%), followed by machinery (16%), chemicals (15%), and electric and electronic goods (6%) in order of volume.

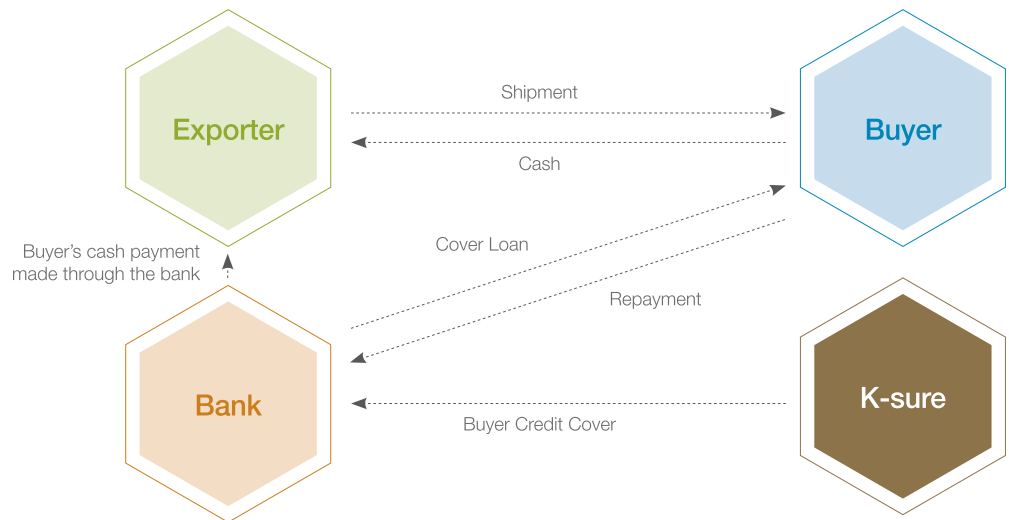
# MEDIUM AND LONG TERM EXPORT INSURANCE PROGRAM

## PROGRAM OVERVIEW

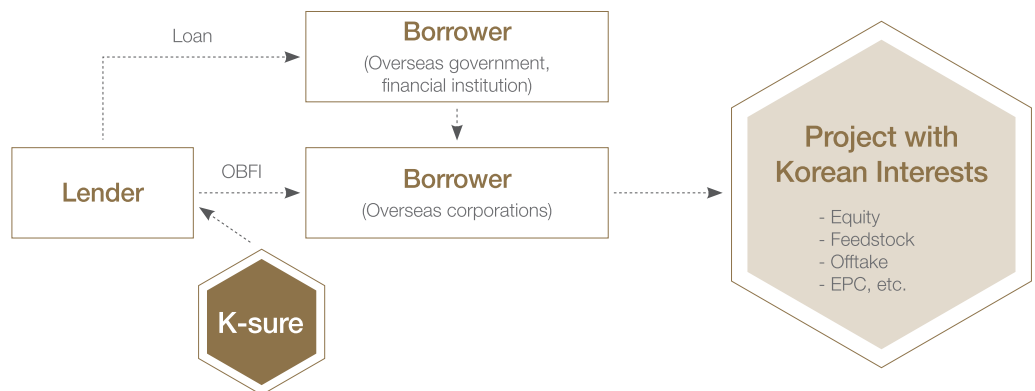
The Medium and Long Term Export Insurance Program finances and covers losses of exporters or financial institutions that provide export credits but cannot recover their export proceeds from importers in those export transactions with longer than two years of repayment periods.

The main products are Medium and Long Term Export Insurance and Overseas Business Financing Insurance, which cover the risks of unpaid principles and interest concerning export transactions of capital goods or the risks of unpaid principles and interests associated with financial contracts for overseas businesses.

### Structure of Medium and Long Term Export Insurance (Buyer's Credit)



### Structure of Overseas Business Financing Insurance





## 2016 PERFORMANCE & REVIEW

Despite the unfavorable economic conditions arising from falling oil prices in 2016, the Medium and Long Term Export Insurance Program support decreased by only 0.8% YoY in outstanding commitments thanks to our adherence to active support policy. As of the end of 2016, out of KRW 61.2 trillion in total outstanding commitments under the Medium and Long Term Export Insurance program, Medium and Long Term Export Insurance amounted to KRW 38.8 trillion and Overseas Business Financing Insurance amounted to KRW 12.6 trillion, increasing 0.9% and 11.7% YoY, respectively.

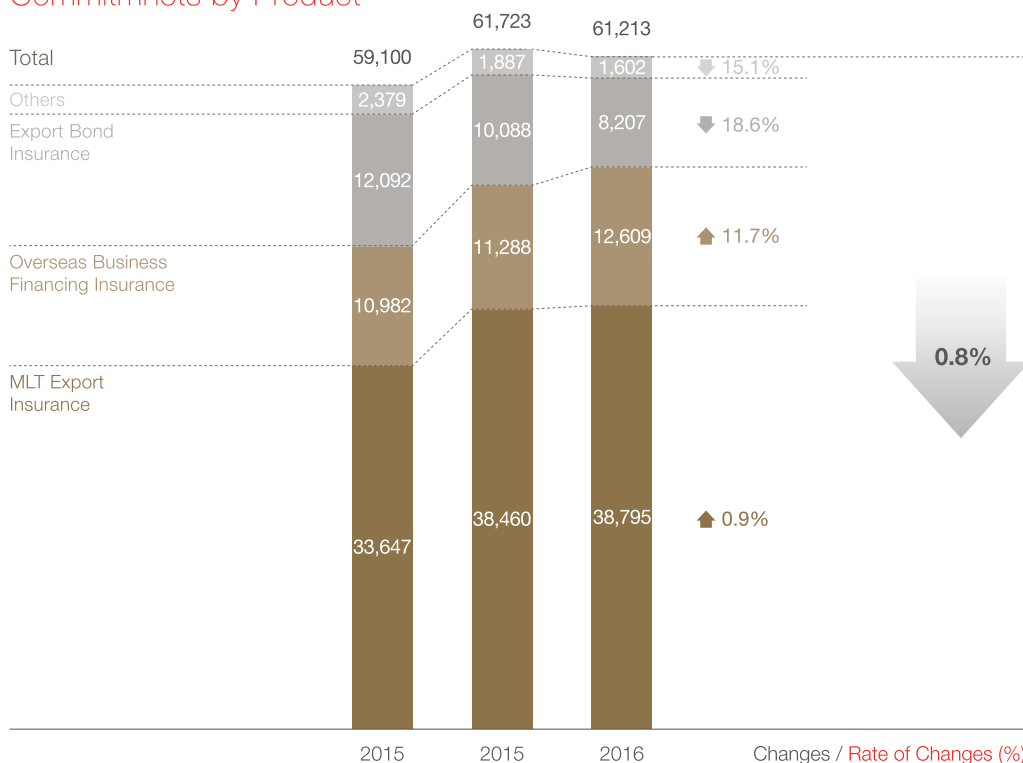
MLT Outstanding  
Commitments

# 61,213

As of the end of 2016  
(Unit: KRW billion)

### MLT Outstanding Commitments by Product

(Unit: KRW billion)



## MAJOR CASE STUDIES OF SUPPORT

The representative of our MLT Export Insurance support in 2016 was the Shuqaiq Heavy Oil-fired Thermal Power Plant project ordered by Saudi Arabia's state-run Saudi Electricity Company (SEC) and the LIWA project ordered by Oman's state-run oil company, the Oman Oil Refineries and Petroleum Industries Company SAOC (ORPIC).

We financed USD 420 million to the USD 3.3 billion project for SEC's Shuqaiq Heavy Oil-fired Thermal Power Plant that was projected to construct a 2,640 MW-class power plant to meet the exploding demand for electricity in tandem with Saudi Arabia's burgeoning population.

By region, the outstanding commitments allocated to the Middle East projects continued to remain the largest amount of KRW 14.4 trillion, a 1.3% YoY decrease. After the Middle East, the amount of Asia's outstanding commitments was KRW 12.9 trillion, and support for emerging markets such as Africa increased significantly. The combined volume of outstanding commitments in the Middle East, Europe and Asia still account for 64.2% of total commitments, but the portion is on the decrease for a third consecutive year, lessening alleviation of regional concentration.

### MLT Export Insurance Outstanding Commitments by Region

(Unit: KRW billion)

Region	2014	2015	2016	Rate of change (%) ('16/'15)
Asia	11,435	13,317	12,917	△3.0%
Middle East	16,216	14,639	14,452	△1.3%
Europe	12,399	12,301	11,932	△3.0%
North America	2,631	2,780	2,811	1.1%
Latin America	6,754	8,710	8,087	△7.2%
Africa	3,231	3,487	4,587	31.5%
Oceania	6,434	6,489	6,427	△1.0%
<b>Total</b>	<b>59,100</b>	<b>61,723</b>	<b>61,213</b>	<b>△0.8%</b>

Oman's LIWA Project is aimed at constructing a petrochemical plant in the Sohar Industrial Port Complex by state-owned oil company ORPIC. As Oman's largest project, total project expenses amount to USD 6.3 billion.

In addition to the projects mentioned above, we offered trade insurance coverage for a variety of business projects such as LNG and ships, contributing to the enhanced competitiveness of Korean exporters and financial institutions.

# EXPORT CREDIT GUARANTEE

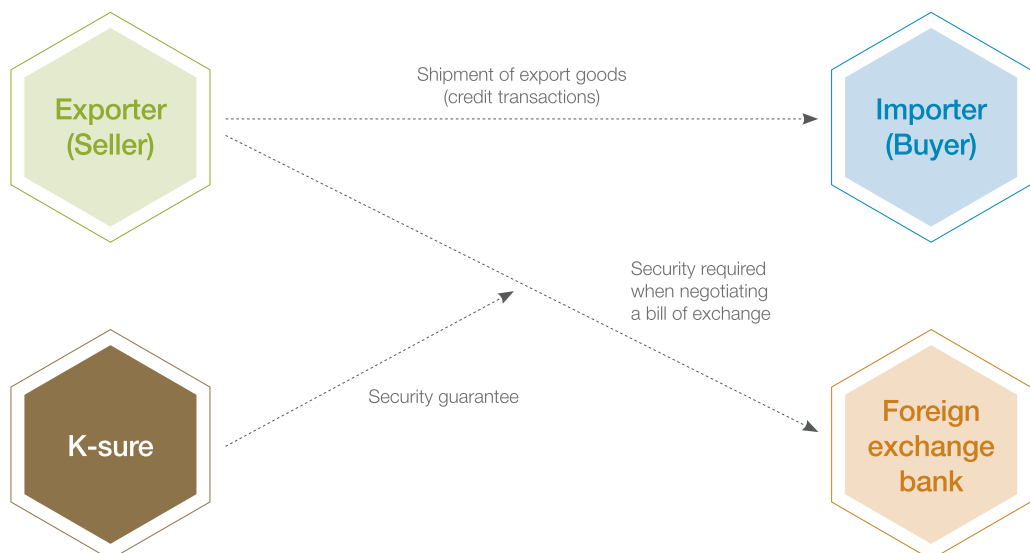
## OVERVIEW

Under the Export Credit Guarantee Program, we support joint guarantee for an exporter's repayment liabilities through the provision of guarantee to financial institution that provide export financing to domestic exporters.

### Structure of Export Credit Guarantee (Pre-Shipment)



### Structure of Export Credit Guarantee (Post-Shipment)



## 2016 PERFORMANCE & REVIEW

The business volume of Export Credit Guarantee (pre-shipment) has shown a downward trend since 2013, when it stood at KRW 3.3 trillion, which continued decreasing to KRW 3.0 trillion in 2014, KRW 2.7 trillion in 2015 and to KRW 2.3 trillion in 2016. Still, we continue with Export Credit Guarantee Program for SMEs in support of their exporting activities such as Export Hope Guarantee and special support to startup and rising exporters.

With the Export Credit Guarantee (post-shipment), the business volume dropped by 18.0% YoY to KRW 2.4 trillion in 2016. This was attributable to a decrease in Korea's overall export volume and to our stricter underwriting scheme as part of our risk management effort. Going forward, we will continue to support with this program by reorganizing our insurance terms and systems, and by strengthening cooperation with commercial banks.

### Export Credit Guarantee (Pre- and Post-Shipment) Business Volume by Year

(Unit: KRW billion)

Program	2011	2012	2013	2014	2015	2016
Export Credit guarantee (pre-shipment)	3,320	2,832	3,289	2,991	2,655	2,289
Export Credit guarantee (post-shipment)	2,598	3,296	3,436	3,502	2,974	2,439
<b>Total</b>	<b>5,918</b>	<b>6,128</b>	<b>6,725</b>	<b>6,493</b>	<b>5,629</b>	<b>4,728</b>

Export Credit Guarantee  
Business Volume

# 4,728

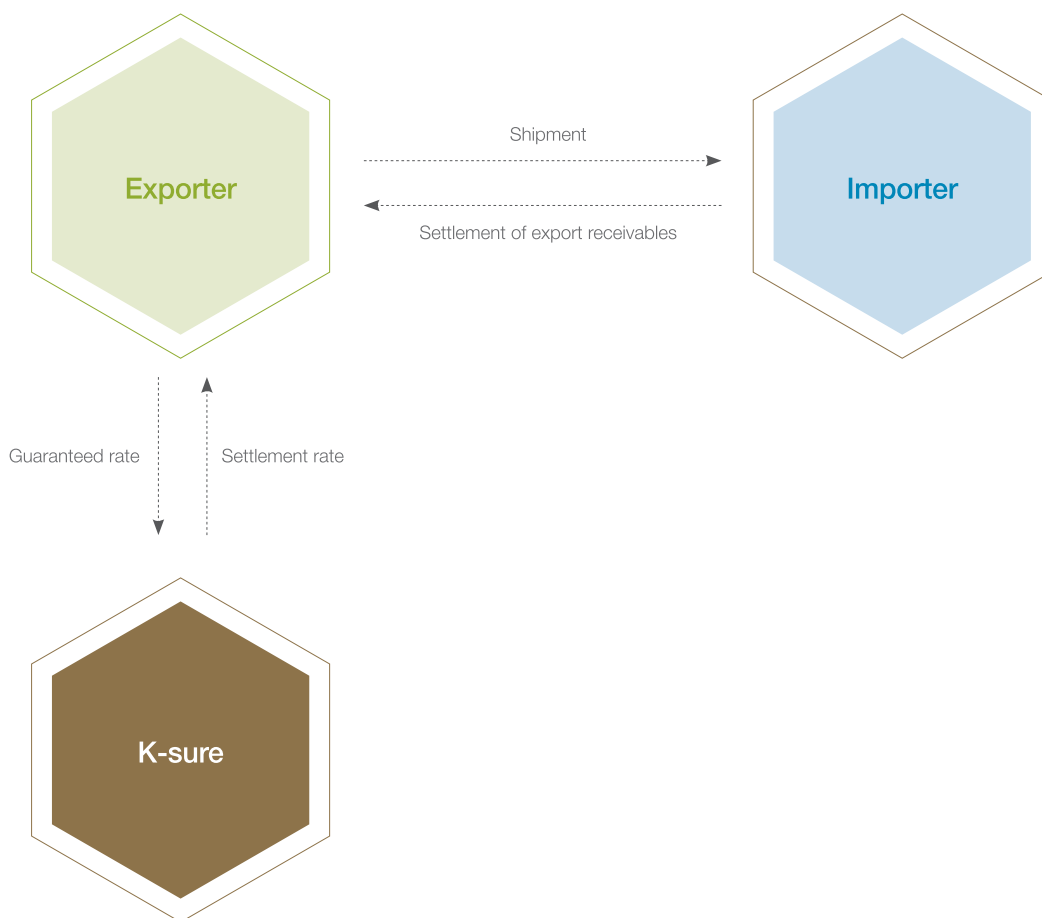
As of the end of 2016  
(Unit: KRW billion)

# FOREIGN EXCHANGE RISK INSURANCE

## OVERVIEW

Foreign Exchange Risk Insurance hedges against losses from exchange rate fluctuations in the course of international trading and overseas investment transactions. We indemnify the losses of foreign exchanges which may occur following changes in the foreign exchange rate in the process of securing or paying foreign currencies and recovers the gains from foreign exchange disparity. The mechanism is similar to that of forward exchange transactions by financial institutions.

### Structure of Foreign Exchange Risk Insurance



## 2016 PERFORMANCE & REVIEW

Despite the relatively good performance results in the first half of the year, the abrupt fall in the exchange rate in the latter half of the year led to a 9.8% YoY drop in our business volume, which stood at KRW 1.1 trillion for 2016, with the number of users also dropping by 13% YoY to 366 companies.

### Foreign Exchange Risk Insurance Business Volume by Year

(Unit: KRW billion, companies)

Foreign Exchange Risk  
Insurance Business Volume

# 1,106

As of the end of 2016  
(Unit: KRW billion)

Volume/Number	2012	2013	2014	2015	2016
Business volume	1,147	1,720	1,510	1,226	1,106
No. of companies	368	518	500	420	366

\* Excluding the business volume and users of terminated programs

## 2016 REFORM REVIEW

We have consistently improved its systems to support SMEs in their exchange rate risk management efforts, and in 2016 we made the following three revisions to our systems.

First, we adopted the one-to-one CEO consulting service to help exporters raise their competencies in hedging foreign exchange risks.

Second, in addition to semi-annual seminars, we also conducted the exchange rate forecast seminars in response to the occurrence of international financial market events.

Finally, we offered a special discount on our Foreign Exchange Insurance premium on Japanese yen and Euro currencies. In addition, we expanded the scope of insurance premium discount to our subsidiaries in partnership with related organizations to lessen the burden of premiums for SMEs.

# CLAIMS AND RECOVERIES

## CLAIMS

Claims Paid Growth Rate

# 81.4

As of the end of 2016  
(Unit: %)

## OVERVIEW OF CLAIMS

In 2016, the total amount of claims paid was KRW 925.1 billion, up 81.4% from KRW 510.0 billion in 2015. Claims paid overseas for the same period amounted to KRW 581.4 billion, up 111.2% YoY from KRW 275.3 billion in 2015, while claims paid domestically surged 46.4% from KRW 234.7 billion in 2015 to reach KRW 343.7 billion in 2016.

### Overview of Claims Paid

(Unit: KRW billion)

Region	2015	2016	Change	Rate of change (%)
Claims paid overseas	275.3	581.4	306.1	111.2%
Claims paid domestically	234.7	343.7	109.0	46.4%
<b>Total</b>	<b>510.0</b>	<b>925.1</b>	<b>415.1</b>	<b>81.4%</b>

## CLAIMS PAID BY PROGRAM

In 2016, the total amount of claims paid in Short Term Programs doubled to KRW 777.7 billion from KRW 376.6 billion in 2015 (up 106.5% YoY), while KRW 147.4 billion was paid in claims for Medium and Long Term Programs in 2016, up 10.4% YoY from KRW 133.5 billion in 2015.

### Claims Paid by Program

(Unit: KRW billion)

Program		Claims Paid			
		2015	2016	Change	Rate of change (%)
ST <sup>Note</sup>	ST export insurance	192.5	493.8	301.3	156.5%
	Export credit guarantee	161.3	271.6	110.3	68.4%
	Import insurance	22.8	12.3	△10.5	△46.1%
	ST subtotal	376.6	777.7	401.1	106.5%
MLT	MLT export insurance	69.7	82.1	12.4	17.8%
	Export bond insurance	54.8	65.3	10.5	19.2%
	Overseas business financing insurance	9.0	-	△9	△100.0%
	MLT subtotal	133.5	147.4	13.9	10.4%
<b>Total</b>		<b>510.0</b>	<b>925.1</b>	<b>415.1</b>	<b>81.4%</b>

Note) Short Term Export Insurance Products include Agro-Fisheries Export Insurance, Overseas Marketing Insurance and Reliability Insurance.

Export Credit Guarantee includes Cultural Content Export Insurance.

Derivative Products (Foreign Exchange Risk Insurance and Interest Rate Risk Insurance) are excluded.

## CLAIMS PAID BY COUNTRY (EXCLUDING FOR-DOMESTIC AND DERIVATIVE PRODUCTS)

In emerging markets, claims paid to Brazil and China escalated in the aftermath of drop in oil and other commodities prices as well as low currencies. Additionally the amount of claims paid to the U.S. increased due to the large-scale incident involving the liquidation on export receivables covered by our Short Term Export Insurance.

### Claims Paid by Country

(Unit: KRW billion)

Rank	2015			2016		
	Country	Claims Paid	Percentage	Country	Claims Paid	Percentage
1	Russia	51.4	18.7%	U.S.	172.7	29.7%
2	Liberia	37.6	13.6%	Brazil	66.1	11.4%
3	Iran	32.1	11.7%	China	61.3	10.6%
4	Brazil	27.3	9.9%	Singapore	48.4	8.3%
5	U.S.	14.9	5.4%	Russia	37.7	6.5%
6	China	13.2	4.8%	UAE	30.8	5.3%
7	Malaysia	9.6	3.5%	Iran	25.8	4.4%
8	Indonesia	7.8	2.8%	Liberia	9.9	1.7%
9	UAE	6.4	2.3%	Argentina	9.3	1.6%
10	Spain	6.1	2.2%	Turkey	9.3	1.6%
<b>Subtotal</b>	-	<b>206.4</b>	<b>74.9%</b>	-	<b>471.3</b>	<b>81.1%</b>
Others	-	68.9	25.1%	-	110.1	18.9%
<b>Total</b>	-	<b>275.3</b>	<b>100.0%</b>	-	<b>581.4</b>	<b>100.0%</b>

Note) For-Domestic (Export Bond Guarantees, Export Credit Guarantees (Pre-Shipments, NEGO, etc.) and Derivative Products (Foreign Exchange Risk Insurance, Interest Rate Risk Insurance, etc.) are excluded.



## RECOVERIES

### OVERVIEW OF RECOVERIES

In 2016, the total amount of recoveries recorded KRW 267.7 billion, up 47.5% from KRW 181.5 billion in 2015. Overseas recoveries jumped 89.2% from KRW 88.9 billion in 2015 to KRW 168.2 billion in 2016, while domestic recoveries increased by 7.5% from KRW 92.6 billion in 2015 to KRW 99.5 billion in 2016.

#### Overview of Recoveries

(Unit: KRW billion)

Recoveries Growth Rate

# 47.5

As of the end of 2016  
(Unit: %)

Region	2015	2016	Change	Change %
Overseas recoveries	88.9	168.2	79.3	89.2%
Domestic recoveries	92.6	99.5	6.9	7.5%
<b>Total</b>	<b>181.5</b>	<b>267.7</b>	<b>86.2</b>	<b>47.5%</b>

Note) Derivative Products (Foreign Exchange Risk Insurance and Interest Rate Risk Insurance) are excluded.

### RECOVERIES BY PROGRAM

In 2016, the total amount of recoveries from the Short Term Program was KRW 79.2 billion, down 13.6% from KRW 91.7 billion in 2015, while those from Medium and Long Term Program increased by 109.9% YoY to KRW 188.5 billion for the same period from KRW 89.8 billion in 2015.

#### Recoveries by Program

(Unit: KRW billion)

Program	Recoveries				
	2015	2016	Change	Change %	
ST <sup>Note</sup>	ST export insurance	47.9	45.8	△2.1	△4.4%
	Export credit guarantee	41.7	30.1	△11.6	△27.8%
	Others	2.1	3.3	1.2	57.1%
	<b>ST subtotal</b>	<b>91.7</b>	<b>79.2</b>	<b>△12.5</b>	<b>△13.6%</b>
MLT	MLT export insurance	18.7	93.7	75.0	401.1%
	Export bond insurance	50.4	69.1	18.7	37.1%
	Overseas construction works insurance	20.3	24.8	4.5	22.2%
	Overseas business financing insurance	0.4	0.9	0.5	125.0%
	<b>MLT subtotal</b>	<b>89.8</b>	<b>188.5</b>	<b>98.7</b>	<b>109.9%</b>
<b>Total</b>	<b>181.5</b>	<b>267.7</b>	<b>86.2</b>	<b>47.5%</b>	

Note) Short Term Export Insurance Products include Agro-Fisheries Export Insurance, Overseas Marketing Insurance and Reliability Insurance.

Export Credit Guarantee includes Cultural Content Export Insurance

Others include Import Insurance and Export Bill Insurance

Derivative Products (Foreign Exchange Risk Insurance and Interest Rate Risk Insurance) are excluded.

## RECOVERIES BY COUNTRY (EXCLUDING FOR-DOMESTIC AND DERIVATIVE PRODUCTS)

Recoveries from the top 10 countries including Iran, Pakistan, the U.S., Indonesia and UAE accounted for 91.3% of total recoveries at KRW 153.7 billion in 2016.

### Recoveries by Country

(Unit: KRW billion)

Rank	2015			2016		
	Country	Recoveries	Percentage	Country	Recoveries	Percentage
1	Pakistan	22.6	25.4%	Iran	91.9	54.6%
2	Iran	16.5	18.5%	Pakistan	27.6	16.4%
3	U.S.	15.8	17.8%	U.S.	10.8	6.4%
4	UK	4.2	4.7%	Indonesia	5.8	3.5%
5	Iraq	3.7	4.1%	UAE	4.3	2.5%
6	Russia	3.1	3.4%	Brazil	4.0	2.4%
7	Argentina	2.5	2.9%	Russia	3.1	1.8%
8	UAE	2.1	2.3%	Argentina	2.8	1.7%
9	Turkey	1.9	2.2%	Iraq	1.9	1.1%
10	China	1.7	1.9%	China	1.5	0.9%
<b>Subtotal</b>	-	<b>74.1</b>	<b>83.2%</b>	-	<b>153.7</b>	<b>91.3%</b>
Others	-	14.8	16.8%	-	14.5	8.7%
<b>Total</b>	-	<b>88.9</b>	<b>100.0%</b>	-	<b>168.2</b>	<b>100.0%</b>

Note) For-Domestic (Export Bond Guarantees, Export Credit Guarantees (Pre-Shipments, NEGO, etc.) and derivative products (Foreign Exchange Risk Insurance, Interest Rate Risk Insurance, etc.) are excluded.



INTERNATIONAL  
RELATIONS

# RELATIONS AND



CSR ACTIVITIES

**As a state-run corporation, we faithfully fulfill our corporate responsibilities and reinforce national cooperation efforts to ensure we maintain the trust of local communities and private companies.**

In addition, we pursue co-prosperity with local communities and promote a culture of social contribution throughout society. At the same time, we are working hard towards achieving the highest possible customer satisfaction management practices that are rooted in transparency in all of our operational activities. Furthermore, we collaborate with a variety of organizations to establish mutually beneficial partnerships, while constantly pushing ourselves to strengthen cooperation throughout our network of international export agencies. Going forward, we will continue to support local communities and private companies by maintaining their trust with greater satisfaction and value creation than ever before.



# RESPONSIBILITY



CUSTOMER  
SATISFACTION



ETHICAL MANAGEMENT

# INTERNATIONAL RELATIONS

## Strengthening its cooperative relations with global ECAs through the Berne Union (BU) membership

- As an active Berne Union member, we played a leading role in framing the union's agenda and making major decisions in 2016.

- The Berne Union, also known as the International Union of Credit & Investment Insurers, has 82 member agencies around the world and contributes to the coordination and maintenance of the global export credit and investment insurance industry.

- At the 2016 Annual General Meeting, there was much discussion among ECA members on issues such as world economic and export outlooks, major economic trends impacting the appetite of banks for long-term trade financing, and the economic outlook on Middle East and Latin American countries such as Iran, Turkey, Brazil and Argentina.

## Leading in-depth discussions on pending economic issues of the region among Asia Pacific ECAs as the host of the Berne Union Regional Cooperation Group CEO Meeting

- In July, we hosted the CEO meeting for the Berne Union Regional Cooperation Group, a regional cooperative body of the Berne Union for Asia-Pacific, which strengthened cooperative relations among local export credit agencies. Through the meeting, which we co-chaired alongside NEXI (Nippon Export and Investment Insurance) at this round, participants could exchange their in-depth knowledge and multidirectional perspectives about a wide-range of topics such as the current status and outlook of the oil and gas sector, joint support programs through the Multilateral Development Bank (MDB), and the medium and long term business vision of export credit agencies.

## Building a solid framework of international cooperation through bilateral meetings

- In 2016, we successfully held annual bilateral meetings with Japan, China, Germany and France, strengthening our strategic ties of mutual cooperation with global ECAs by deliberating on trade insurance policies and expanding information exchanges.

- Meetings with Germany's Euler Hermes were held in March in Berlin, Germany; China's Sinosure in April in Seoul, Korea; and Japan's NEXI and France's COFACE both in September in Gyeongju and Jeju Island, respectively. We, along with our respective counterparties, sought measures to increase the bilateral flow of export credit support through in-depth discussions.



### Discussions at the International Working Group on Export Credits

- Initiated by the U.S. and China to reduce the institutional gap in the provision of official export credit support between participating and non-participating countries in the OECD Arrangement, the International Working Group on Export Credits (IWG) is a global consultative body for international export credit. The IWG pursues discussions on new norms and standards governing global export credit practices with 15 member countries, including Korea, the U.S. the EU, Japan, China, Brazil and Russia.
- As the official Korean delegation representative, we are a member of this group and have been making meaningful contributions to the international dialogue on export credit support.

### Active engagement in discussions on amending OECD Arrangements

- We represent the Korean government in meetings of the Participants to the Arrangement on Officially Supported Export Credits (OECD Arrangement), the Working Party on Export Credits and Credit Guarantees as the official representative of the Korean delegation to create and deliberate on various standard regulatory works concerning export credits at the OECD level.
- In 2015, we joined the global action initiative to adopt the Sector Understanding on Export Credits for Coal-Fired Electricity Generation Projects, and participated in the amendment of the Principles and Guidelines to Promote Sustainable Lending Practices in the Provision of Official Export Credits to Lower Income Countries in 2016. Apart from our international engagement in establishing institutional frameworks, we have also been active in sharing our knowledge and experiences in export credit-related issues such as official export credit support, insurance premium rates, and interest rates in the global arena in a comprehensive way.

### Active cooperation and exchanges with global ECAs and related institutions

- We strengthened our business capabilities and formed a close network of cooperation for information exchanges and knowledge sharing by expanding our channels with other ECAs.
  - Under the initiative of knowledge sharing, we continue to operate our Knowledge Sharing Program to impart our knowhow in trade insurance to less developed members of the global community. In 2016, we invited officials from the Egyptian government to Korea and held instructive sessions on trade insurance with an introduction to the programs and services we currently offer.
- Also, as a member of the economic delegation organized by the Korean government, we actively took part in delegation activities and contributed to building on Korea's economic cooperation capacity.
  - In 2016, we signed four MOUs on cooperation for export credit support with the Export-Import Bank of Romania, the Export Guarantee Fund of Iran, Bancorex, and Ecuador's Ministry of Finance, as well as a reinsurance contract with the Islamic Corporation for the Insurance of Investment and Export Credit, thereby expanding our strategic platform of cooperation with other organizations.

# SOCIAL RESPONSIBILITY

## CUSTOMER SATISFACTION (CS)

### OUR COMMITMENT TO CUSTOMER SATISFACTION

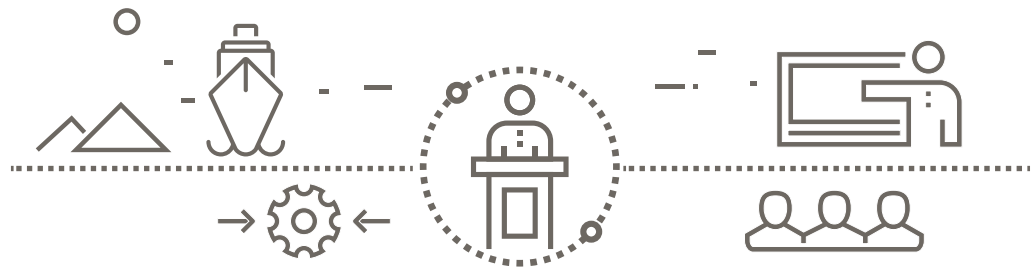
Our clients and their satisfaction are the foremost value we pursue. To provide better customer service, we have introduced a CS capacity building program, a Customer Advisory Board, a customer feedback program and a customized information system.

#### Enhancing Employees' CS Capabilities

- Regular CS training by external CS professionals enhance the customer satisfaction capacity of employees.
- Major cases registered through the Customer Care Center are shared company-wide to train employees on how to answer calls and make visits to customers.

#### On-site K-sure Customer Advisory Board

- The on-site K-sure Customer Advisory Board meets on a quarterly basis to encourage customer engagement and utilize customer suggestions to improve our service.



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### Better CS with the Voice of Clients (VOC) System

- We introduced the VOC system to ensure better organized customer management and closer inspection over our CS assessment on each process of credit research and underwriting.
- The assessment outcome of the VOC management system is shared company-wide and used to upgrade our programs and services.

### Nurturing Trade Specialists through the K-sure Trade Insurance Academy

- We have been running our Trade Insurance Academy since 2009 to foster export specialists and promote the general understanding of the trade insurance industry.
- In 2016, 32 Trading Academy sessions were held, with a trade insurance program, underwriting indemnification cases, FTA, and trading affairs included in the course.

### Opening a Customized Service Platform

- To better support our clients, we provide customized contents by country, as well as global trade trends and foreign exchange information on our website.
- We send out The K-sure Newsletter by e-mail to help our customers keep abreast of changes in trade insurance features and coverage policies by country throughout the year.





# SOCIAL RESPONSIBILITY

## CSR ACTIVITIES

### SPREADING THE VALUE OF OUR BUSINESS

In 2016, our CSR activities were focused on spreading the spirit of pro bono initiatives and reinforcing CSR partnerships based on the professional expertise of all our employees. We aimed to share our special knowledge in trade and trade insurance with our local communities to ensure greater specialized social contribution efforts. At the same time, to bring about additional synergies in social volunteering, we forged collaborative partnerships with public and private institutions, while spreading the value of business practices.

#### Job Experience and Education Programs for Youth

In 2016, we invited students from three local middle schools to a youth job experience program at our head office. We introduced them to the concept of trade and the business of trade insurance. During the sessions, students were offered a chance to visit our underwriting department, experience, how trade insurance is serviced, and what we are doing for Korean exports and trade.

Also, in partnership with Junior Achievement Korea, a global NGO for educational advancement, we ran the Proactive Trade Insurance Teacher Program as another one of our knowledge sharing activities. In the three sessions of the program, 34 of our employees volunteered to educate 300 students, nurturing future talents for Korean trade and exports.



### CSR Activities with Our Partners

We strive to promote the spirit of sharing and communicating with local communities through close collaboration with related public and private partners. In March 2016, we signed an MOU on a joint CSR program with the Korea Deposit Insurance Corporation, the Korea Broadcast Advertising Corporation, and the National Information Society Agency. Employees of the four signatories volunteered to join the Up-cycling Bracelet Campaign in which they donated bracelets that they made out of recycled materials and promoted the compassionate value of sharing.

We also worked with NGOs such as the Korean Red Cross and a branch office of the National Forestry Cooperative Federation, broadening the spectrum of our social outreach into various parts of society. At the same time, we continued our tradition of making kimchi through a company-wide annual social volunteering campaign whereby we give out kimchi made by our employees to less fortunate members of our communities. Furthermore, all the ingredients that go into the kimchi were directly purchased from rural countries which have sisterhood ties with our company.

### Overseas and CSR Customized to Local Communities

In 2016, it was particularly meaningful for us in terms of our CSR efforts because we were able to reach out beyond Korea and to global neighbors. We also sponsored the Shanghai Korean Library in China and joined the Hope T-Shirt campaign that was run by the Korean Disaster Relief Association, and whose mission is to help climate change refugees and children displaced by natural disasters.



# SOCIAL RESPONSIBILITY

## ETHICAL MANAGEMENT

### FULFILLING OUR SOCIAL RESPONSIBILITY AS A PUBLIC ENTITY

Under the ethical management vision of a “Clean K-sure,” with the aim of gaining the full trust of all Koreans, we strive to establish a culture of anti-corruption and integrity, while fulfilling our social and ethical responsibilities as a public institution.

To that end, we have set up an Ethical Management Committee chaired by our president to enforce our compliance with our ethical code of conduct in relation to all management activities. Also, by operating the Integrity Ombudsman Committee, which is composed of independent advisors, we have continued our efforts to reinforce external monitoring and checks to enhance ethical practices.

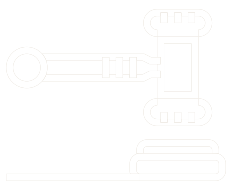
Furthermore, we have encouraged our clients to file reports on any infringement of our ethical management code of conduct, such as unfair practice, requests directly or indirectly experienced in the course of doing business with K-sure. That means that our client serve as another watchdog of our business to ensure that clean and transparent business operations are consistently carried out.

#### Initiating a campaign for corporate integrity and ethical business management

In order to prevent and combat any possible corruption in business operations, we have established an independent credit review underwriting body that is separate from the existing underwriting division. To maintain top management’s strong commitment to integrity and ethical management, we regularly offer tailored ethical training programs on integrity as well as anti-corruption initiatives that are conducted by external business ethics experts to all high-ranking executive members, including the president. Moreover, the signing of the Ethical Management Contract, something previously required only by our top executives, has been expanded to all executive members. To further augment our anti-corruption monitoring, we established a Red Whistle system that has been entrusted to an outside company as a tool to combat and identify unethical business misconduct and corporate malpractice with complete anonymity guaranteed to all whistle blowers.

#### Strengthening ethical standards with more rigorous government regulations

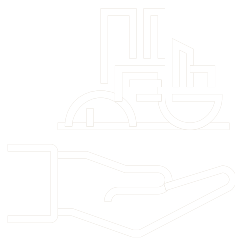
Since the Improper Solicitation and Graft Act came into force on September 28, 2016, we have refined and strengthened its rules and schemes for anti-corruption and ethical management. The focus of our approach is to truncate corruption-inducing factors from the get-go by applying more stringent guidelines than those required by the new law.



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We helped our entire workforce become familiar with the new law and required procedures, such as proper responses and reporting processes, by carrying out exercises related to bribery and graft. Similar to the Miranda warning administered by law enforcement authorities, we have drawn up and adopted our own K-sure Principles for Business Integrity as a preventative step against any unscrupulous business practices by requiring our employees to inform clients of our anti-bribery and solicitation rules before conducting any business consultations. In addition, all our personnel take an oath on business integrity for anti-corruption and anti-bribery, proclaiming their commitment toward business transparency. Along with running a company-wide idea contest for our anti-corruption campaigns, we provide intensive phase-by-phase lectures and seminars on different subjects for employees in order to help them comprehend the actual legal interpretation and application of the newly enacted law.

### Enhancing the transparency of business operations



Managerial information at K-sure is publicly disclosed in accordance with government guidelines, and as a trustworthy public institution we also voluntarily provide information pursued by our clients and the public in advance to uphold people's right to know. For instance, internal regulations that are highly relevant to people's everyday lives are open to the public to ensure the fairness and accountability of our business operations. In addition, information on general business and administration, such as the status of business contracts and general administrative spending by our executives, is also made available to the public, enhancing the operational transparency of our business.

As the official export credit agency of Korea, we comply with all international norms and standards on ethical management. To minimize the negative impact of transactions or projects supported by K-sure on the environment and society, we observe the OECD Recommendation of the Council on Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence as well as the OECD Recommendation on Bribery and Officially Supported Export Credit, contributing to the promotion of fair competition in international trade.



# AUDITORS' REPORT

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Korea Trade Insurance Corporation,

February 13, 2017

We, Samjung KPMG LLC, have audited the accompanying financial statements of Korea Trade Insurance Corporation, which comprise the Statement of Financial Position as of December 31, 2016 and December 31, 2015, and also the Statement of Comprehensive Income Statement, Statement of Changes in Capital and the Statement of Cash Flow for the years then ended, and summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flow of the Korea Trade Insurance Corporation in accordance with the accounting regulations of the fund.

This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards by the Korea Institute of Certified Public Accountants. Those Standards require that we comply with ethical requirements, and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Korea Trade Insurance Corporation as of December 31, 2015 and 2016, and the results of its operations, changes in equity and its cash flows for the years then ended in conformity with the accounting regulations of the fund.

# STATEMENT OF FINANCIAL POSITION

The 48<sup>th</sup> term as of December 31, 2016

The 47<sup>th</sup> term as of December 31, 2015

## Trade Insurance Fund

(Unit : KRW)

Account	The 48 <sup>th</sup> (current) term	The 47 <sup>th</sup> (previous) term
<b>Assets</b>		
Cash and deposits	1,083,283,804,875	1,068,414,968,040
Cash and cash equivalent	119,321,804,875	122,004,968,040
Deposits	963,962,000,000	946,410,000,000
Securities	1,938,912,132,449	1,928,775,774,284
Available-for-Sale securities	1,798,912,132,449	1,748,775,774,284
Held-to-Maturity securities	140,000,000,000	180,000,000,000
Tangible assets	84,059,351,060	88,065,941,528
Investment properties	17,197,818,801	15,291,413,743
Intangible assets	5,452,979,531	6,808,842,779
Other assets	1,144,812,335,396	786,037,452,784
Premium receivables	723,407,259,048	341,520,993,273
Allowance for bad debt	(11,734,540)	(11,734,540)
Others	421,416,810,888	444,528,194,051
<b>Total assets</b>	<b>4,273,718,422,112</b>	<b>3,893,394,393,158</b>
<b>Liabilities</b>		
Insurance contract liabilities	3,036,711,386,681	2,477,416,225,417
Unearned premium reserve	1,654,985,801,159	1,393,066,547,805
Reserve for outstanding claims	1,381,725,585,522	1,084,349,677,612
Other liabilities	73,765,079,589	76,612,521,898
Account payable	295,624,344	224,320,584
Accrued expenses	1,818,253,143	220,261,784
Unearned insurance premium	657,508,337	7,436,025,601
Withholdings	18,773,490,344	1,356,459,450
Derivatives liabilities	15,738,561,355	19,412,482,541
Others	36,481,642,066	47,962,971,938
<b>Total liabilities</b>	<b>3,110,476,466,270</b>	<b>2,554,028,747,315</b>
<b>Capital</b>		
Contributions	2,550,824,481,888	2,550,824,481,888
Government contributions	2,314,824,481,888	2,314,824,481,888
Other contributions	236,000,000,000	236,000,000,000
Accumulated other comprehensive income	(460,611,901)	7,571,107,149
Gains and losses on valuation of Available-for-Sale securities	(460,611,901)	7,571,107,149
Deficits	(1,387,121,914,145)	(1,219,029,943,194)
Accumulated other comprehensive deficits	(1,387,121,914,145)	(1,219,029,943,194)
<b>Total equity</b>	<b>1,163,241,955,842</b>	<b>1,339,365,645,843</b>
<b>Total equity and liabilities</b>	<b>4,273,718,422,112</b>	<b>3,893,394,393,158</b>

# INCOME STATEMENT

The 48<sup>th</sup> term from January 1, 2016 to December 31, 2016

The 47<sup>th</sup> term from January 1, 2015 to December 31, 2015

## Trade Insurance Fund

(Unit : KRW)

Account	The 48 <sup>th</sup> (current) term	The 47 <sup>th</sup> (previous) term
<b>Operating income</b>	<b>1,267,647,400,270</b>	<b>1,094,095,500,868</b>
Premium income	816,915,311,860	690,328,060,660
Recovery income	288,387,463,089	225,448,289,634
Reinsurance income	-	2,392,584,360
Other operating income	162,344,625,321	175,926,566,214
Interest income	59,541,091,385	81,204,289,637
Gains on derivatives transaction	32,175,239,331	17,126,699,395
Gains on foreign exchange transaction	35,535,012,966	26,271,140,919
Others	35,093,281,639	51,324,436,263
<b>Operating expenses</b>	<b>1,829,861,728,922</b>	<b>1,298,349,307,214</b>
Claim paid expenses	949,587,989,060	527,987,932,902
Premium refund expenses	117,996,179,360	126,031,057,750
Subrogation receivables deductions	14,380,764,545	30,743,818,724
Other operating expenses	647,738,457,478	516,157,955,812
Losses in Available-for-Sale securities	9,096,079,922	24,607,345,966
Losses on transaction of derivatives	28,920,722,690	39,360,919,692
Claim recovery expenses	12,002,651,994	11,615,961,229
Bad debt expenses	20,419,600	84,924,207
Others	597,698,583,272	440,488,804,718
Administration expenses	100,158,338,479	97,428,542,026
<b>Operating loss</b>	<b>(562,214,328,652)</b>	<b>(204,253,806,346)</b>
<b>Non-operating income</b>	<b>4,278,705,177</b>	<b>9,604,854,641</b>
<b>Non-operating expenses</b>	<b>156,347,476</b>	<b>1,251,144,448</b>
<b>Net income(loss) before tax</b>	<b>(558,091,970,951)</b>	<b>(195,900,096,153)</b>
<b>Tax expenses</b>	<b>-</b>	<b>-</b>
<b>Net income(loss)</b>	<b>(558,091,970,951)</b>	<b>(195,900,096,153)</b>



# STATEMENT ON CHANGES IN CAPITAL

The 48<sup>th</sup> term from January 1, 2016 to December 31, 2016

The 47<sup>th</sup> term from January 1, 2015 to December 31, 2015

## Trade Insurance Fund

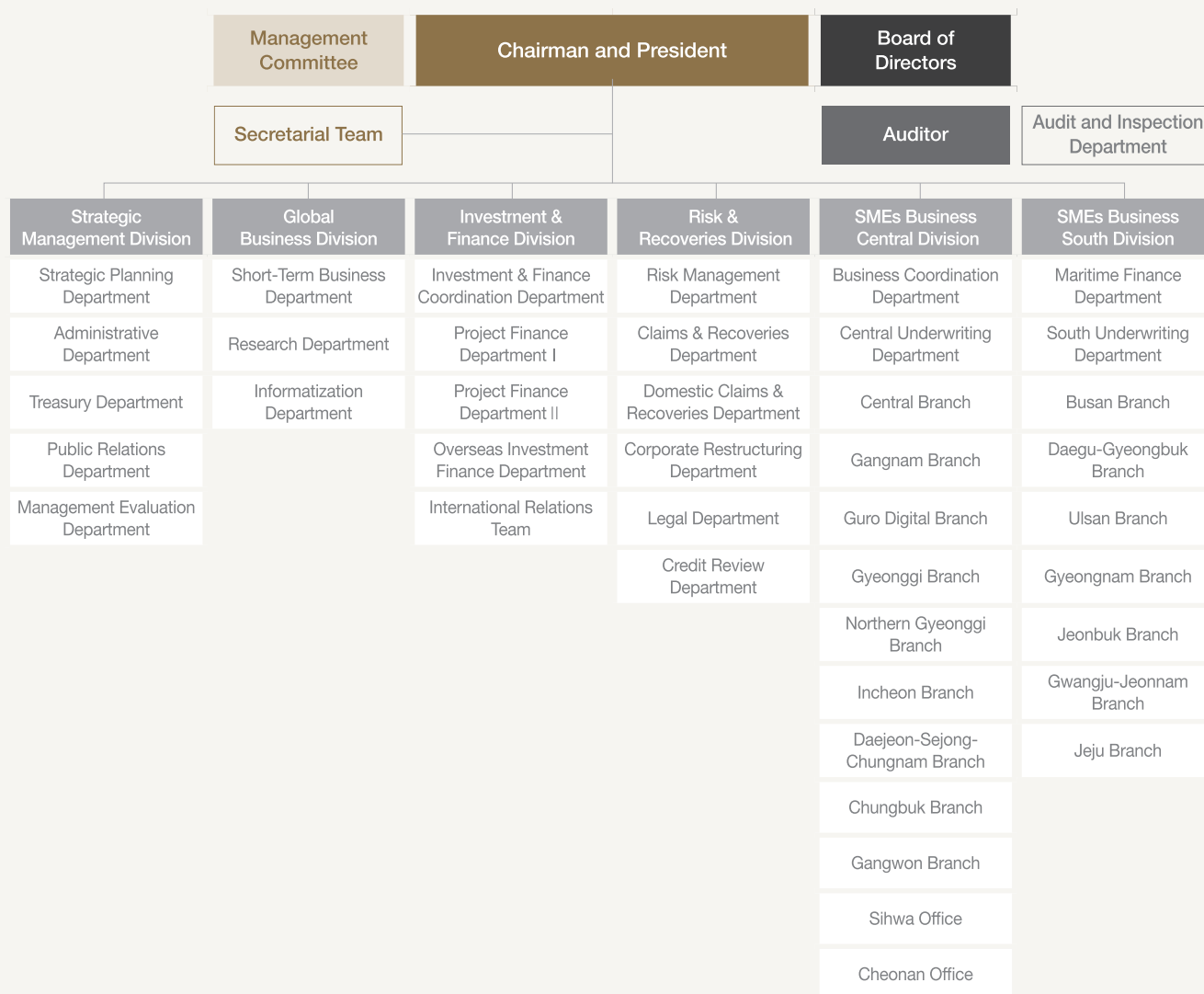
(Unit : KRW)

Account	Contributions	Other comprehensive income/loss total	Retained earnings (deficits)	Total
<b>2015.1.1(Beginning of previous year)</b>	2,540,824,481,888	3,374,823,858	(1,168,129,847,041)	1,376,069,458,705
Contribution	155,000,000,000	-	-	155,000,000,000
Loss protection	(145,000,000,000)	-	145,000,000,000	-
Gains and losses on valuation of Available-for-Sale securities	-	4,196,283,291	-	4,196,283,291
Net loss of the year	-	-	(195,900,096,153)	(195,900,096,153)
<b>2015.12.31(End of previous year)</b>	2,550,824,481,888	7,571,107,149	(1,219,029,943,194)	1,339,365,645,843
<b>2016.1.1(Beginning of current year)</b>	2,550,824,481,888	7,571,107,149	(1,219,029,943,194)	1,339,365,645,843
Contribution	390,000,000,000	-	-	390,000,000,000
Loss protection	(390,000,000,000)	-	390,000,000,000	-
Gains and losses on valuation of Available-for-Sale securities	-	(8,031,719,050)	-	(8,031,719,050)
Net loss of the current year	-	-	(558,091,970,951)	(558,091,970,951)
<b>2016.12.31(End of the current year)</b>	2,550,824,481,888	(460,611,901)	(1,387,121,914,145)	1,163,241,955,842

# GLOBAL NETWORK

As of the end of 2016, K-sure's 585 employees are working hard at the head office in Seoul, 16 domestic branches and 2 local offices across Korea as well as 14 overseas representative offices and 3 overseas representatives in Korea's export hub cities worldwide.

## ORGANIZATION CHART



### Overseas Representative Offices

- Los Angeles Representative Office
- Paris Representative Office
- New York Representative Office
- Panama Representative Office
- Tokyo Representative Office

- Beijing Representative Office
- Ho Chi Minh City Representative Office
- Jakarta Representative Office
- Moscow Representative Office
- Mexico City Representative Office

- Sao Paulo Representative Office
- Shanghai Representative Office
- New Delhi Representative Office
- Dubai Representative Office

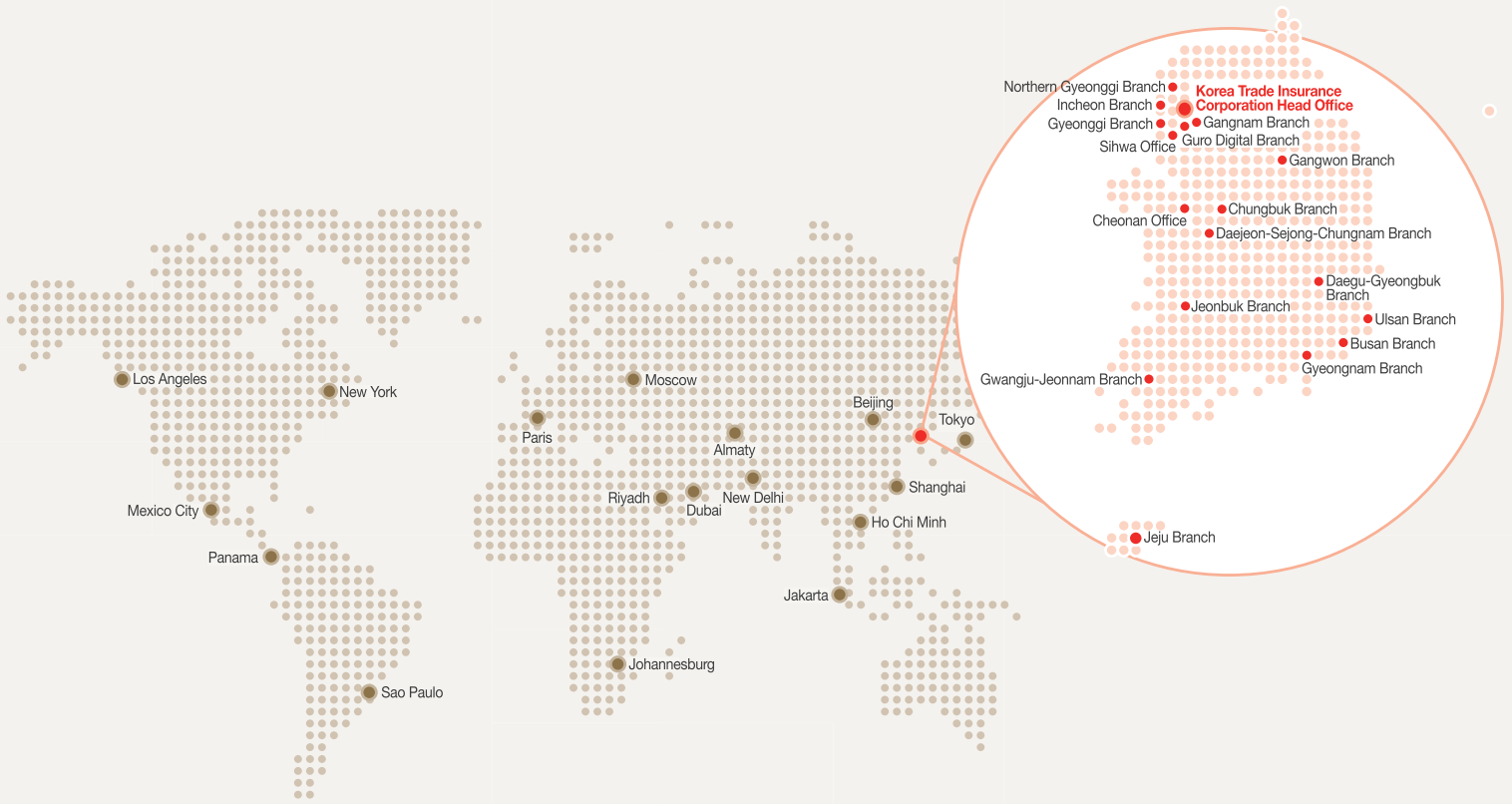
### Representatives

- Johannesburg, South Africa

- Almaty, Republic of Kazakhstan

- Riyadh, Kingdom of Saudi Arabia

## CONTACT INFORMATION



### Head Office

#### South Korea Trade Insurance Corporation

14 Jongro (Seorin-dong), Jongro-Gu, Seoul, 03187,  
South Korea  
Tel : (82-2)399-6800

### Domestic Department and Branches

#### Maritime Finance Department

21<sup>st</sup> Floor, Busan International Finance Center,  
40 Munhyeongeumyung-ro, Nam-gu, Busan, 48400,  
South Korea  
Tel : (82-51) 630-5410~5439  
Fax : (82-51) 630-5455

#### Central Branch

14 Jongro (Seorin-dong), Jongro-Gu, Seoul, 03187,  
South Korea  
Tel : (82-2)399-6596, 6964, 7056  
Fax : (82-2)399-6131

#### Gangnam Branch

Trade Tower Room # 1304, 511 Yeongdong-daero  
(Samsung-dong), Gangnam-gu, Seoul, 06164,  
South Korea  
Tel : (82-2) 551-0471~2, 4  
Fax : (82-2) 551-0487

#### Guro Digital Branch

14<sup>th</sup> Floor, KICOX Venture Center, Guro Digital 32-gil 29,  
Guro-gu, Seoul, 08379, South Korea  
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Fax : (82-2) 6300-6311

#### Gyeonggi Branch

8<sup>th</sup> Floor, Gyeonggi SME Support Center,  
107 Gwanggyo-ro (Leeeui-dong), Yeongtong-gu,  
Suwon-si, 16229, Gyeonggi-do, South Korea  
Tel : (82-31) 259-7600, 3~6  
Fax : (82-31) 259-7607

#### Northern Gyeonggi Branch

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Goyang-si, 10414, Gyeonggi-do, South Korea  
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#### Incheon Branch

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Fax : (82-32) 422-2718

#### Daejeon-Sejong-Chungnam Branch

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Fax : (82-42) 526-3295

#### Chungbuk Branch

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#### Gangwon Branch

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#### Daegu-Gyeongbuk Branch

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Fax : (82-53) 256-2684

#### Ulsan Branch

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(Dal-dong), Nam-gu, Ulsan, 44703, South Korea  
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Fax : (82-52) 261-1837

**Gyeongnam Branch**

5<sup>th</sup> Floor, Gyeongnam Trade Center,  
257 Jungang-daero (Yongho-dong), Uichang-gu,  
Changwon-si, 51430 Gyeongsangnam-do, South Korea  
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**Jeonbuk Branch**

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54949, South Korea  
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**Gwangju-Jeonnam Branch**

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Dong-gu Gwangju, 61470, South Korea  
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Fax : (82-62) 226-4824

**Jeju Branch**

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473 Yeonsam-ro (Edo-2-dong), Jeju-si, 63217,  
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Fax : (82-64) 751-6603

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**Cheonan Office**

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**Overseas Representative Offices****Los Angeles Representative Office**

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**Sao Paulo Representative Office**

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Fax : (001-84-8) 3824-6846

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Fax : (001-86-21) 5208-1186

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Fax : (001-7-495) 258-1542

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