

ANNUAL REPORT 2017  
KOREA TRADE INSURANCE CORPORATION

# LEAP FORWARD

ANNUAL REPORT 2017

KOREA TRADE INSURANCE CORPORATION



MAKE YOUR TRADE SURE

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**ANNUAL REPORT 2017**  
KOREA TRADE INSURANCE CORPORATION

# BRIEF HISTORY

## 1900's

1968-1996

### Dec. 1968

Export Insurance Act enacted

### Feb. 1969

Korean Reinsurance Company designated as export credit insurance agency

### Jan. 1977

Import-Export Bank of Korea designated as export credit insurance agency

### Jan. 1979

Export credit insurance management moves from Ministry of Finance to Ministry of Commerce and Industry

### July 1992

Korea Export Insurance Corporation (KEIC) established as sole export credit insurance agency

### Nov. 1992

Export Credit Guarantee system implemented

### Nov. 1994

Short Term Export Insurance, Agro-Fisheries Export Insurance and Market Development Insurance implemented

### Dec. 1996

KEIC participated in the OECD Export Credit Group (ECG) and Group of Participants (GOP) meetings for the first time

## 2000's

2000-2009

### Feb. 2000

Export credit insurance underwriting performance exceeded KRW 10 trillion

### Feb. 2000

Foreign Exchange Risk Insurance introduced

### July 2005

Knowledge Service Export Credit Insurance introduced

### Sept. 2005

Resource Development System Under Overseas Investment Insurance introduced

### Nov. 2006

Overseas Resources Development Fund Insurance introduced

### Dec. 2006

Overseas Business Financing Insurance introduced

### Dec. 2007

Cultural Contents Export Insurance introduced

### Dec. 2007

Overseas Marketing Insurance introduced

### Apr. 2008

SMEs Plus+ Insurance introduced

### July 2008

Agro-Fisheries Export Package Insurance introduced

### Sept. 2008

Export credit insurance underwriting performance exceeded KRW 100 trillion

### Dec. 2008

Comprehensive Overseas Resource Development Insurance introduced

### Apr. 2009

Export Financing Facility (EFF) introduced

### May 2009

Customer Service Center opened

## 2010's

2010-2017

### July 2010

KEIC newly established as Korea Trade Insurance Corporation (K-SURE) and NEW VISION 2020 proclaimed

### Jan. 2012

K-SURE named one of the most transparent institutions by Anti-Corruption & Civil Rights Commission

### Dec. 2012

Export credit insurance underwriting performance exceeded KRW 202 trillion

### Jan. 2013

Awarded the Global Multilateral of the Year 2012 from Project Finance International

### Mar. 2013

SMEs Plus+ Group Insurance introduced

### Sept. 2014

Marine Finance Department relocated to the Marine Finance Center in Busan

### Dec. 2014

Bond insurance for Capital Markets launched

### May 2015

Foreign Exchange Risk Management Support Center opened

### Jan. 2016

Became the first export credit agency to offer advance financing for exports

### Apr. 2016

Export Safety Net Insurance introduced

### June 2016

Mexico City branch office opened

### Oct. 2016

Dubai branch office opened

### Dec. 2017

SMEs support reaches KRW 47.9 trillion

### Dec. 2017

PowerPlus+ Insurance introduced

## MESSAGE FROM THE BOARD

The history of men is the history of trade – the exchange and spread of human wisdom in agriculture, industries, culture and institution enabled the rise of human civilization. In her best-selling book, “Day of Empire,” the author, Amy Chua stressed the power of tolerance and openness which drove the global dominance of the Roman Empire and the hyperpowers – such as Spain and the Netherlands - during later medieval times.

The power, brought by tolerance, openness and generosity, however, is waning today in the face of intensifying trade protectionism and changes in the international specialization thus adding extra pressure to the Korean economy as well as its exporters.

Hence, in 2017, K-SURE focused on finding new trade and export channels for Korean companies and SMEs, while, at the same time, contributing to creation of more jobs for the market and the national economy. First and foremost, given their significant portion in the Korean employment, which is as much as 88%, we put our priority on SME support. In specific, K-SURE has selected focused business targets – i.e. upgrade of SME support schemes and focused approaches on emerging markets and new industries – to facilitate their overseas business and job creation, and such endeavors led to more support to SMEs, marking a 8% of year on year increase to KRW 47.9 trillion.

In the process, K-SURE's mid and long-term financing support has been a strong back bone of Korean export, providing USD 10 billion of export credit annually to Korean companies across the industries such as petroleum facilities, power generation, infrastructure and ship building,

which are all flagships of the Korean economy. To further increase the global dominance of Korean companies and address the financing needs of their business counter parts, K-SURE has been active in forging strong cooperative ties with global commercial banks, multilateral development banks, and other peer institutions.

In specific, K-SURE signed a reinsurance agreement with Multilateral investment Guarantee Agency, securing a mutual platform for growth of less developed countries (LDCs) while enhancing the business prospect of Korean companies along the process. Also, respectively with the China Construction Bank and SINOSURE, a Chinese ECA, K-SURE forged a MOU and a Cooperative Agreement to promote Korean companies' business participation and opportunities in China's pursuit of Eurasia development through its adoption of “One Belt One Road Initiative” for regional infrastructure construction and development. At the same time, in a bid to help close the economic gap faced by less developed nations and ensure their sustainable economic development, K-SURE actively shared its trade insurance schemes and operational know-hows through hand-down knowledge sessions for government officials from Nigeria, Ethiopia and others.

As a trusted partner and member of Korean trade and export, K-SURE will continue to devote to its mission of providing strong financial support to Korean exporters while, at the same time, boosting the export competitiveness and job creation of the Korean economy. As a member of the global trade community, K-SURE will also continue to promote the sound and vibrant flow of international trade for a shared prosperity of the global economy.



# MEMBERS OF THE BOARD



**KANG BYUNG-TAE**  
Deputy President (Acting President)



**RYU JAE-SOP**  
Auditor



**LEE JAE-WON**  
Non-Executive Director



**NAM HYE-JEONG**  
Non-Executive Director



**LIM YANG-HYUN**  
Executive Director



**LEE MI-YOUNG**  
Executive Director



**LEE SUNG-MAN**  
Non-Executive Director



**SUN JONG-MOON**  
Non-Executive Director



**BAEK SEUNG-DAL**  
Executive Director



**LEE DO-YEOL**  
Executive Director

# WHO WE ARE

## SCOPE OF BUSINESS

The Korea Trade Insurance Corporation (K-SURE) is an official export credit agency under the Ministry of Trade, Industry and Energy of Korea. Our mission is to support Korean trade and exports, while promoting Korean companies' overseas investments, with the aim of enhancing the national competitiveness of Korea. Our businesses areas are as follows:

### Trade Insurance

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

### Credit Information and Debt Recovery service

We provide credit information services including credit research and management of information about buyers. We also perform debt collection and recovery services for exporters that fail to collect payment from overseas buyers.

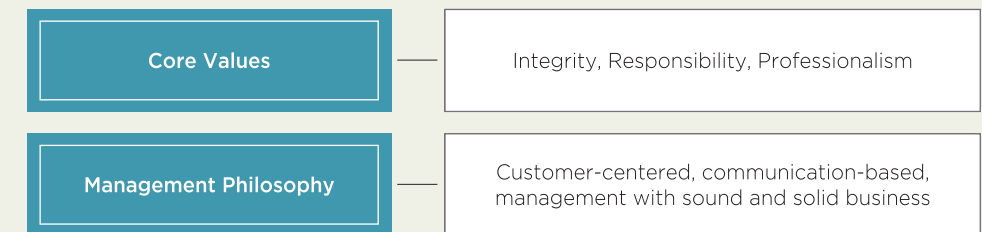


## OUR MISSION & VISION

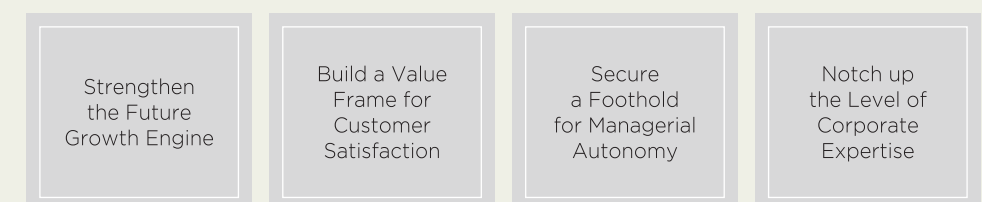
**Mission**  
Strengthen national competitiveness and develop the economy by promoting trade and overseas investment

### Vision

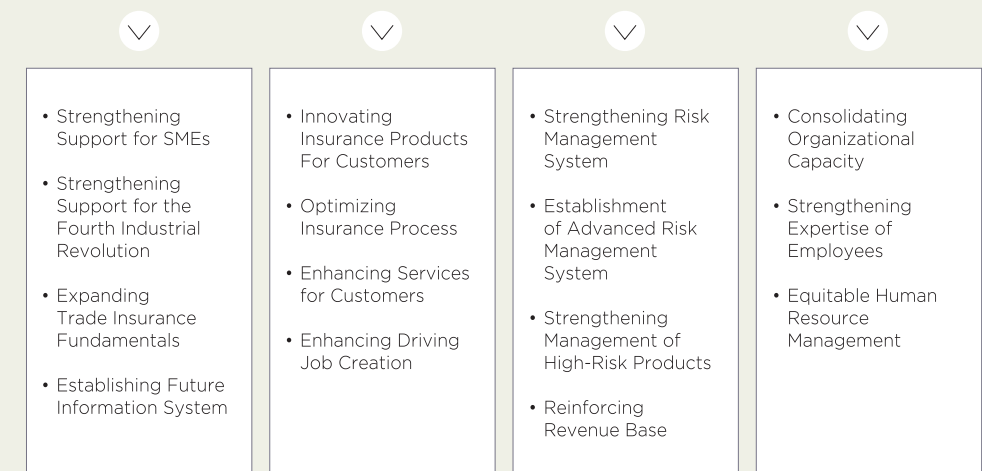
Trusted safety net for Korean trade, investment and finance



### Strategic Direction



### Strategic Tasks



# WHAT WE DID IN 2017

## Provided Total Export Credit Support of KRW 144.7 trillion, with KRW 47.9 trillion for SMEs



To facilitate Korean trade and overseas investment, K-SURE provided KRW 144.7 trillion of Export Credit Insurance to our customers in 2017. Most notably, by introducing exclusive products for SMEs, our SMEs support volume reached a record high of KRW 47.9 trillion.

## Offered Customized Export Insurance for Export Companies in line with Business Growth Phase and Expanded Safety Net Insurance Services



K-SURE provided timely financing to our start-up customers in line with their business growth stage. And in addition, K-SURE expanded Safety Net Insurance Services for SMEs to cover risks caused by failure of payment.

## Supporting Tailored Trade Insurance Services



K-SURE provided tailored support for each emerging country, and expanded to provide the prior credit ceiling for excellent overseas ordering organizations to tide over the reduction of order quantity in the wake of continued low oil prices. In addition, to secure new growth engine by fostering promising export industries, we provided special support policies for promising commodities such as cosmetics, pharmaceuticals, and agricultural and marine products, as well as various benefits such as increasing credit ceilings and discounts on premiums.

## Securing Own Operating Revenue



K-SURE improved long-term revenue by restructuring insurance premium rates. K-SURE improved its debt recovery ratio by managing overseas debt collection team and focusing on collection of prime, newly occurring and large debts.

## Reorganization for Strengthening Export Support



We optimized our support for SMEs with the opening of an SME Office, which focuses on on-site underwriting. In addition, we introduced a CS strategy team to establish customer-oriented marketing and a Digital Innovation Department and New Industry Business Finance Department to prepare for the fourth industrial revolution.

## 2017 HIGHLIGHTS

JANUARY

17

6th Asia Pacific Regional Export Credit Agency (ECA) Practitioners Conference

OCTOBER

2

Cooperation agreement with Turk EXIM Bank

NOVEMBER

7

Job Creation Arrangement with Kia Motors

NOVEMBER

9

MOU with Credit Agricole Bank

NOVEMBER

22

Cooperation Agreement with Uzbekistan Reconstruction and Development Fund (UFRD)

DECEMBER

13

Cooperation Agreement for Overseas Projects with China Construction Bank (CCB)

DECEMBER

14

'One Belt, One Road' Trade insurance cooperation agreement with China Export & Credit Insurance Corporation

DECEMBER

19

Job Creation Agreement with Korea Plant Industries Association

# STRATEGY FOR 2018

K-SURE has set its 2018 management goal as "Advanced trade insurance support in a new trade environment" and earmarked KRW 145 trillion of total support target, with KRW 49 trillion of which dedicated to SMEs.

### MORE ACTIONS FOR JOB CREATION

- Offered more focused support to companies with strong effect on job creation or domestic manufacturers
- Provided business opportunities to Korean manufacturers through hosting of K-SURE Vendor Fair for overseas project

### CUSTOMIZED SME SUPPORT

- Reshuffled export financing scheme focusing on new export start-ups and innovative companies
- Offered SME exclusive debt collection and recovery programs for their overseas export transactions

### PROMOTED SERVICE, NEW INDUSTRY, EMERGING MARKET TARGETED EXPORT

- Stimulate infrastructure export in emerging countries through investment development type business
- Provided overseas investment financing programs to support infrastructure export towards emerging countries
- Supported the growth of new industries through provision of trade insurance incentives and revision of underwriting requirements

### PROACTIVE RISK MANAGEMENT

- Beefed up the industry research function and set maximum credit ceiling for each import country
- Advanced risk management of high-credit cases through on-site inspection and screening system
- Enhanced the level of risk control on high-risk underwriting cases by adopting the on-site fact finding review and stringent underwriting procedures

## MAJOR INSURANCE PRODUCTS

This insurance policy provides financial support and/or insurance coverage for financial contracts that are two years or longer in length. Mid- to Long-term Export Insurance and Overseas Business Financing Insurance are our two flagship products. The former covers the non-payment risk of the principal and interest for financial contracts, while the latter covers the same risk for Korean investments abroad.

This policy hedges against losses from foreign exchange risk that may occur during the course of international trading and overseas investment transactions. It is similar to forward exchange contracts offered by financial institutions such as foreign exchange bank. We compensate all foreign exchange losses of policyholders or claw foreign exchange gains back.



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 by 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.

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

Under this policy, through our overseas debt collection network we recover uncollected export account receivables (which are not covered by our Export Credit Insurance policy) on behalf of Korean exporters. Our overseas debt collection service is based on 30 years of debt collection experience. We have 15 overseas representative offices and 82 local agencies worldwide.



# 2017 BUSINESS PERFORMANCE

While preemptively responding to rapidly changing trading environments, we build strategies for Korean exporters to advance dependable trading and overseas investment activities forward, thereby contributing to the development of the Korean economy.

SHORT TERM EXPORT INSURANCE PROGRAM

MEDIUM AND LONG TERM EXPORT INSURANCE PROGRAM

EXPORT CREDIT GUARANTEE

**144.7**  
trillion  
2017 Business Volume

FOREIGN EXCHANGE RISK INSURANCE

CLAIMS AND RECOVERIES

**22.3**  
trillion

Asia

**19.7**  
trillion

Middle East

**15.0**  
trillion

Europe

**7.8**  
trillion

Latin America

**6.4**  
trillion

North America

**5.1**  
trillion

Africa

**6.2**  
trillion

Oceania

# OVERVIEW

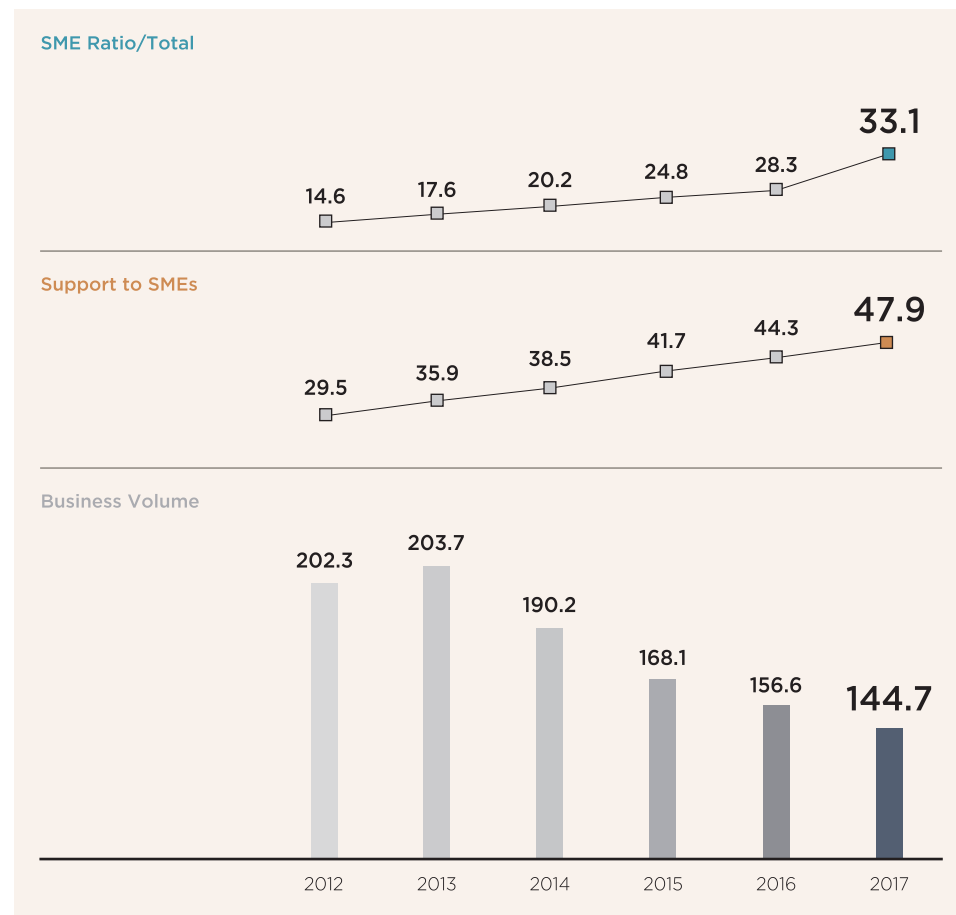
## BUSINESS VOLUME

In 2017, Korea's overall export volume reached a record high of USD 573.9 billion. The figure represented YoY growth of 15.8%, which was due mainly to a substantial boost in key products such as semi-conductors and petro-chemicals, as well as overall worldwide economic recovery.

Our total business volume amounted to KRW 144.7 trillion, a 7.6% reduction from a year earlier. At the same time, support provided to SMEs rose by 8.1% to KRW 47.9 trillion, maintaining growth for a sixth consecutive year.

### Annual Business Volume

(Unit: In KRW trillion, %)



## OUTSTANDING COMMITMENTS

As of the end of 2017, outstanding commitments edged down by 2.7% from the previous year to KRW 85.0 trillion. By region, Asia accounted for the largest amount, followed by the Middle East and Europe respectively. Outstanding commitments declined in most regions, except for the Middle East.

### Outstanding Commitments by Region

(Unit: In KRW trillion, %)



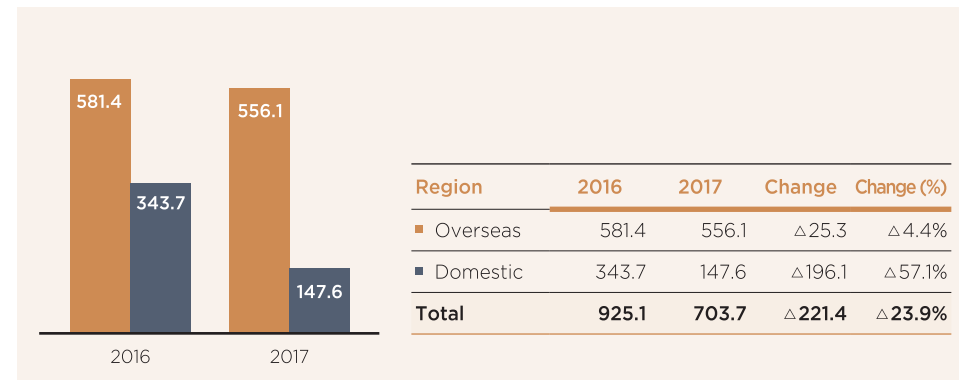
Region	Outstanding Commitments	Ratio	YoY Change (%)
Asia	22.3	26.2	Δ1.2
Middle East	19.7	23.2	12.3
Europe	15.0	17.7	Δ3.2
Latin America	7.8	9.2	Δ20.3
North America	6.4	7.5	Δ5.0
Africa	5.1	5.9	Δ9.0
Oceania	6.2	7.3	Δ5.4
Others	2.6	3.0	Δ18.9
<b>Total</b>	<b>85.0</b>	<b>100.0</b>	<b>Δ2.7</b>

# OVERVIEW

## OVERVIEW OF CLAIMS

Claims paid in 2017 amounted to KRW 703.7 billion, a decline of 23.9% over the previous year. The total of overseas claims paid fell by 4.4% to KRW 581.4 billion, while domestic claims paid declined 57.1% YoY to KRW 147.6 billion.

Claims Paid (Unit: In KRW billion)

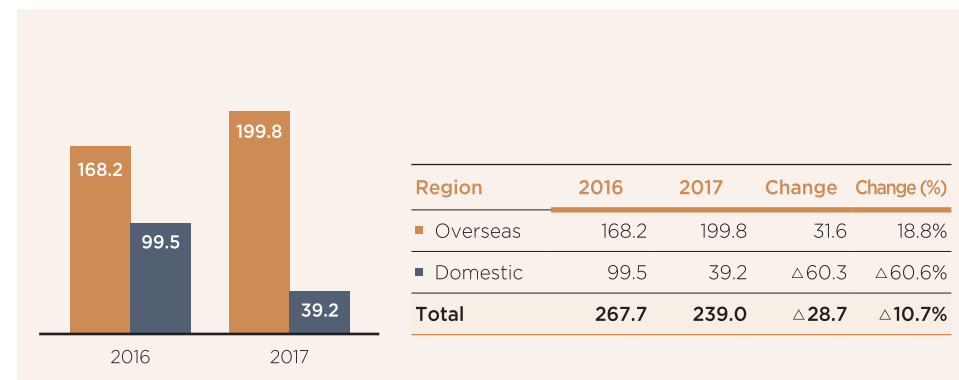


Claims Paid  
KRW **703.7** billion  
(As of the end of 2017)

## OVERVIEW OF RECOVERIES

Total recoveries in 2017 amounted to KRW 239 billion, a fall of 10.7% from 2016. Overseas recoveries rose by 18.8% to KRW 199.8 billion, while domestic recoveries fell 60.6% from a year earlier to KRW 39.2 billion.

Recoveries (Unit: In KRW billion)



Recoveries  
KRW **239** billion  
(As of the end of 2017)

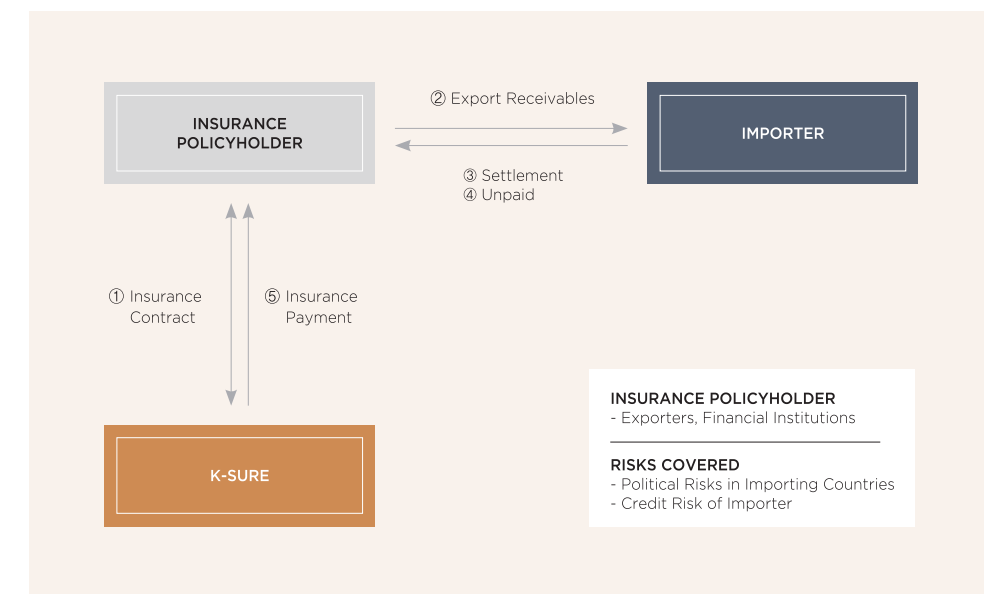
Note) Excludes derivative products (Foreign Exchange Risk Insurance and Interest Rate Risk Insurance)

# SHORT TERM EXPORT INSURANCE PROGRAM

## OVERVIEW

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

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



# SHORT TERM EXPORT INSURANCE PROGRAM

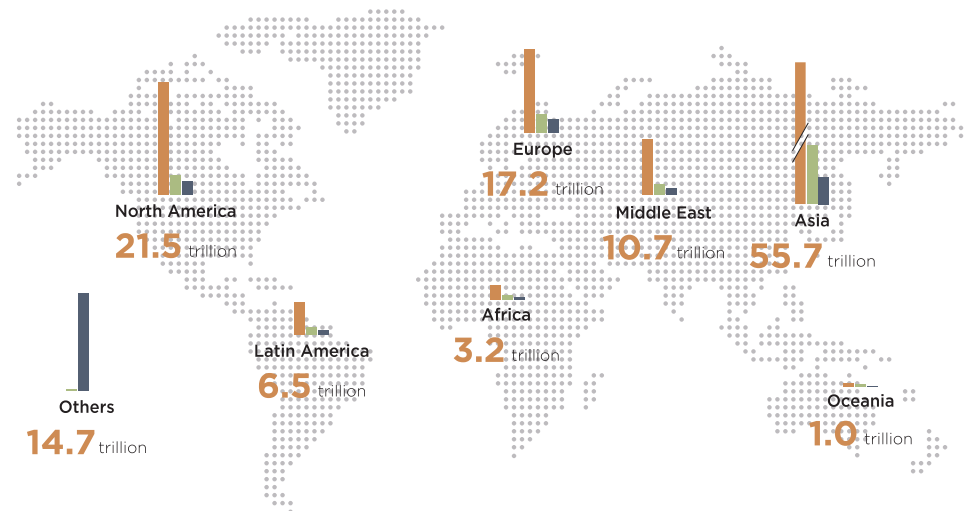
## 2017 PERFORMANCE & ANALYSIS

Short Term Export Insurance business volume in 2017 fell by 5% YoY to KRW 130 trillion. However, with worsening trade conditions triggered by protectionist sentiment in major markets, Short Term Export Insurance provided to SMEs jumped by 21.2% compared to 2016.

### Performance by Region/Company Size

(Unit: In KRW trillion)

Company Size/Region	Asia	North America	Europe	Middle East	Latin America	Africa	Oceania	Others	Total
Large	43.0	16.6	12.4	8.2	4.8	2.1	0.5	-	87.5
Medium	8.7	2.9	2.8	1.5	1.1	0.7	0.4	0.2	18.3
Small	4.0	2.0	2.0	1.0	0.6	0.4	0.1	14.5	24.5
<b>Total</b>	<b>55.7</b>	<b>21.5</b>	<b>17.2</b>	<b>10.7</b>	<b>6.5</b>	<b>3.2</b>	<b>1.0</b>	<b>14.7</b>	<b>130.3</b>



### Performance by Region/Company Size

KRW **130.3** trillion  
(As of the end of 2017)

By region, Short Term Export Insurance business volume in Europe and Oceania rose by 1.5% and 17.8% respectively, while in the Middle East and Latin America it declined by 25% and 20% respectively for risk management over importers in emerging market.

By industry, business volume in the petroleum & petrochemicals and semi-conductor sectors rose by 3.8% and 19.9% respectively, while the steel and machinery sectors had more support with 13.1% and 3.8% of increase respectively.

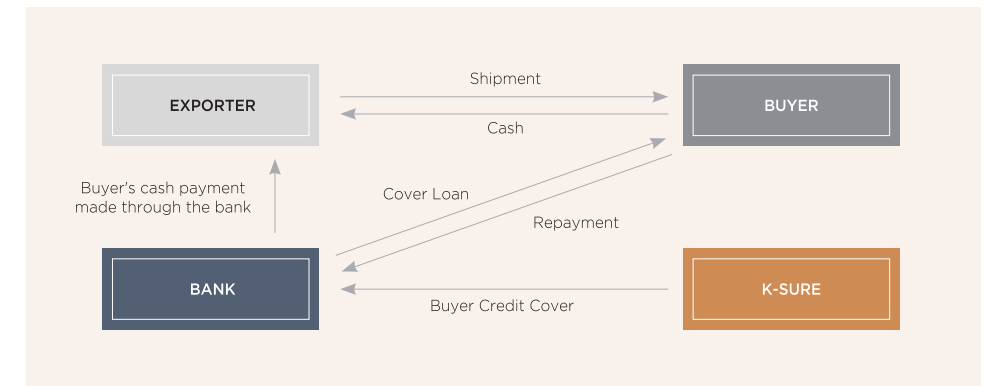
# MEDIUM AND LONG TERM EXPORT INSURANCE PROGRAM

## OVERVIEW

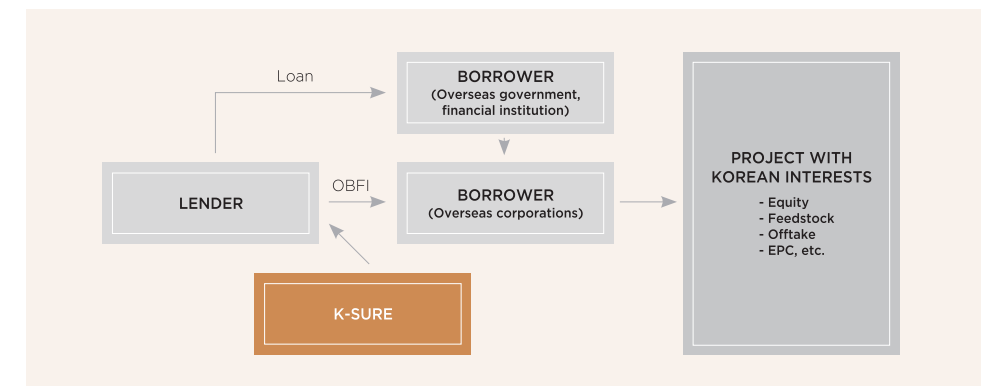
The Medium and Long Term Export Insurance Program finances and covers losses of exporters or financial institutions that provide export credit but cannot recover their export proceeds from importers in those export transactions with longer than two years of repayment periods.

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

### Buyer's Credit Insurance



### Overseas Business Financing Insurance



# MEDIUM AND LONG TERM EXPORT INSURANCE PROGRAM

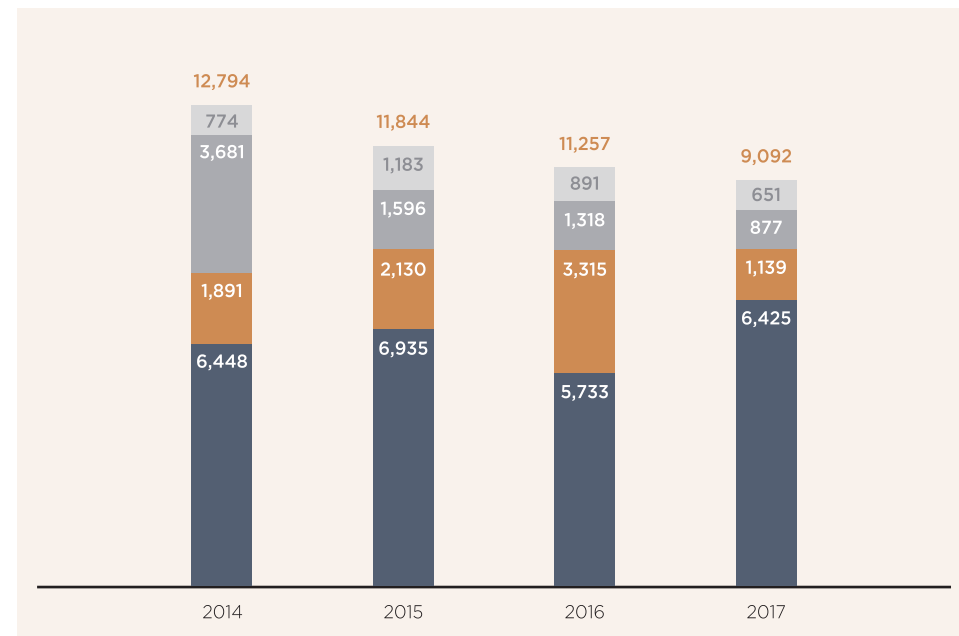
## 2017 PERFORMANCE & ANALYSIS

Despite K-SURE's aggressive efforts, Medium and Long Term Export Insurance coverage in 2017 fell by 19.2% YoY, largely due to external economic conditions and a decline in overseas orders. As of the end of 2017, total Medium and Long Term Export Insurance business volume stood at KRW 9.0 trillion. Medium and Long Term Export Insurance accounted for KRW 6.4 trillion, 12.1% up on a year earlier, while Overseas Business Financing Insurance fell by 65.6% to KRW 1.1 trillion compared to 2016.

Medium and Long Term Trade Insurance by Product (Unit: In KRW billion)

Region	2014	2015	2016	2017	YoY Change (%)
■ MLT Export Insurance	6,448	6,935	5,733	6,425	12.1%
■ Overseas BF Insurance	1,891	2,130	3,315	1,139	△65.6%
■ Export Bond Insurance	3,681	1,596	1,318	877	△33.5%
■ Others	774	1,183	891	651	△26.9%
<b>Total</b>	<b>12,794</b>	<b>11,844</b>	<b>11,257</b>	<b>9,092</b>	<b>△19.2%</b>

Medium and Long Term Trade Insurance  
**KRW 9,092 billion**  
 (As of the end of 2017)



By region, the total amount for the Middle East, which is a traditionally strong market for K-SURE, was highest for a second consecutive year and jumped to KRW 4.5 trillion, a 66.2% increase over the previous year. Asia and Europe followed with KRW 2.7 trillion and KRW 1.6 trillion respectively.

Medium and Long Term Trade Insurance by Region (Unit: In KRW billion)

Region	2014	2015	2016	2017	YoY Change (%)
Asia	1,933	4,298	2,639	2,714	2.8%
Middle East	2,386	681	2,705	4,495	66.2%
Europe	2,692	1,899	1,862	1,584	△14.9%
Latin America	1,448	2,780	422	7	△98.3%
North America	776	856	773	21	△97.3%
Africa	1,778	818	1,937	98	△94.9%
Oceania	1,781	512	919	173	△81.2%
<b>total</b>	<b>12,794</b>	<b>11,844</b>	<b>11,257</b>	<b>9,092</b>	<b>△19.2%</b>

## CASE STUDIES OF MAJOR SUPPORT

Two major projects supported by K-SURE's Medium and Long Term by in 2017 were the Kuwait National Petroleum Company's (KNPC) refinery upgrade and the Kandym gas processing plant project in Uzbekistan.

KNPC's refinery upgrade in Kuwait is a major national project with a total value of USD 14.6 billion and project financing of USD 10 billion. Assuming around USD 3 billion of the total financing, K-SURE also successfully attracted 10 international commercial banks to participate. As a result of our efforts, five domestic construction companies and 136 SMEs provided materials and plant equipment for this major project.

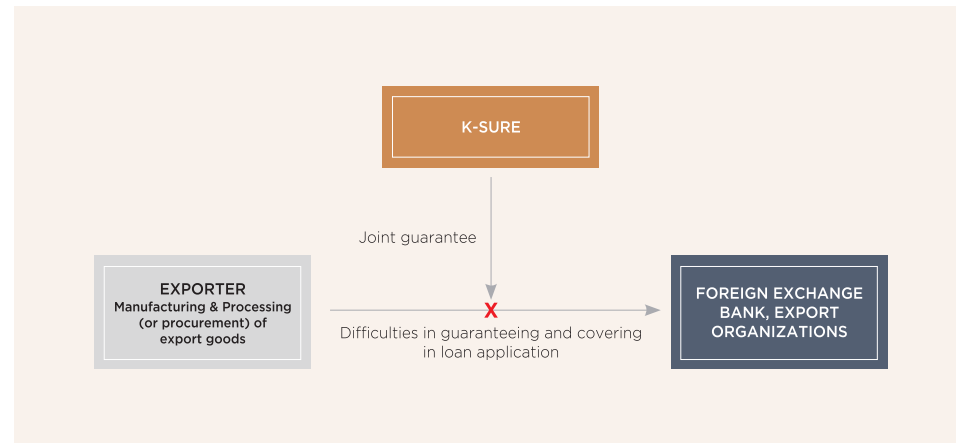
The Kandym project is a major project headed by Lukoil, Russia's largest private oil company, to build a natural gas processing plant in the Kandym gas field in Uzbekistan. It is the second time that K-SURE has provided project financing in the Uzbekistan region following its support of the Surgil Gas Chemical plant project in 2012.

# EXPORT CREDIT GUARANTEE

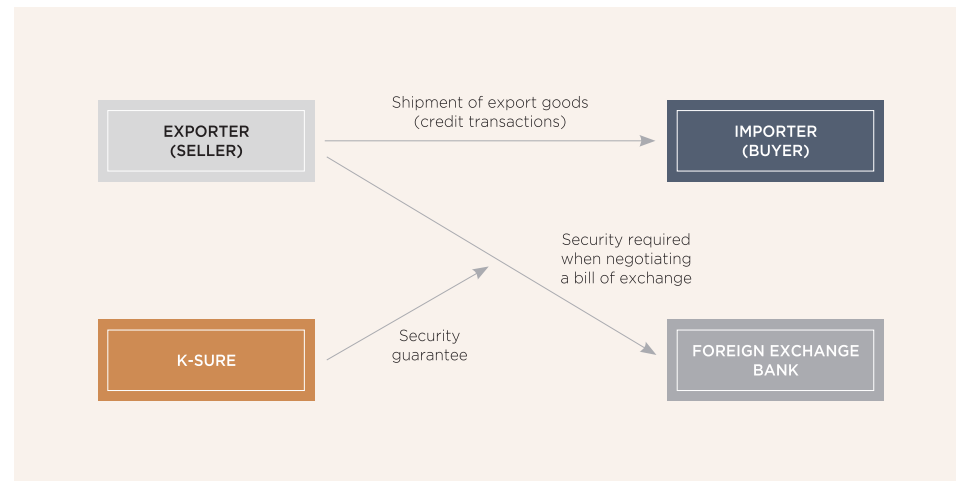
## OVERVIEW

Under the Export Credit Guarantee Program, K-SURE jointly guarantees exporters' repayment obligations through the provision of guarantees to financial institutions that provide export financing to domestic exporters.

### Export Credit Guarantee (Pre-shipment)



### Export Credit Guarantee (Post-shipment)



## 2017 PERFORMANCE & ANALYSIS

While performance has been declining since the beginning of 2013, our Export Credit Guarantee Program (pre-shipment) continues to provide support for SMEs through our Special Guarantee System for export start-up and growth companies.

Export Credit Guarantee (post-shipment) volume in 2017 amounted to KRW 1,119 trillion, a decrease of 54.1% from a year earlier.

Export Credit Guarantee Business (Pre- and Post-shipment) (Unit: In KRW billion)

Program	2012	2013	2014	2015	2016	2017
Export Credit Guarantee (pre-shipment)	2,832	3,289	2,991	2,655	2,289	1,981
Export Credit Guarantee (post-shipment)	3,296	3,436	3,502	2,974	2,439	1,119
<b>Total</b>	<b>6,128</b>	<b>6,725</b>	<b>6,493</b>	<b>5,629</b>	<b>4,728</b>	<b>3,100</b>

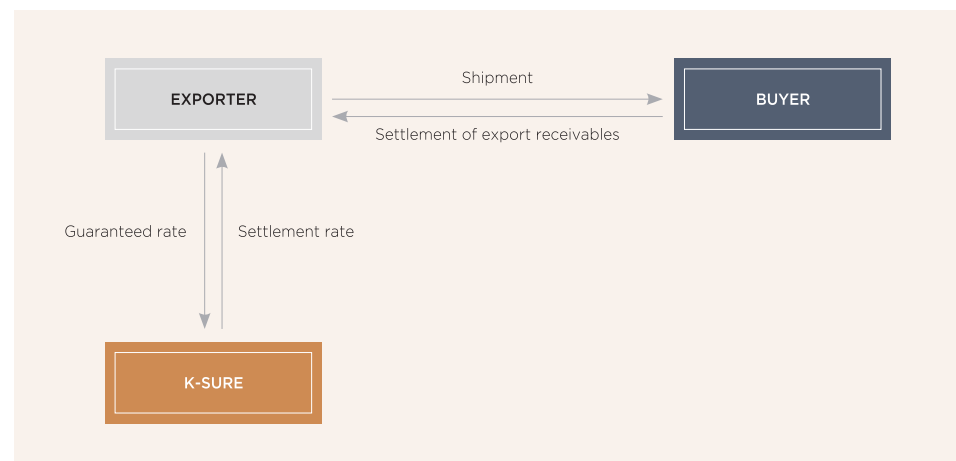
Export Credit Guarantee Business  
**KRW 3,100** billion  
 (As of the end of 2017)

# FOREIGN EXCHANGE RISK INSURANCE

## OVERVIEW

Foreign Exchange Risk Insurance hedges against losses from exchange rate fluctuations in the course of foreign trade 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 such as foreign exchange banks.

### Structure of Foreign Exchange Risk Insurance



## MAJOR IMPROVEMENTS

K-SURE has continually improved its internal system to support SMEs' exchange risk management. Improvements to the K-SURE system in 2017 were as follows.

First, the application time for exchange rate risk insurance was extended by one hour to 9:00 am to 1:00 pm from the existing 9:00 am to 12:00 pm for customer convenience.

Second, the ceiling on option-type exchange rate risk insurance was increased from USD 1 million to USD 3 million.

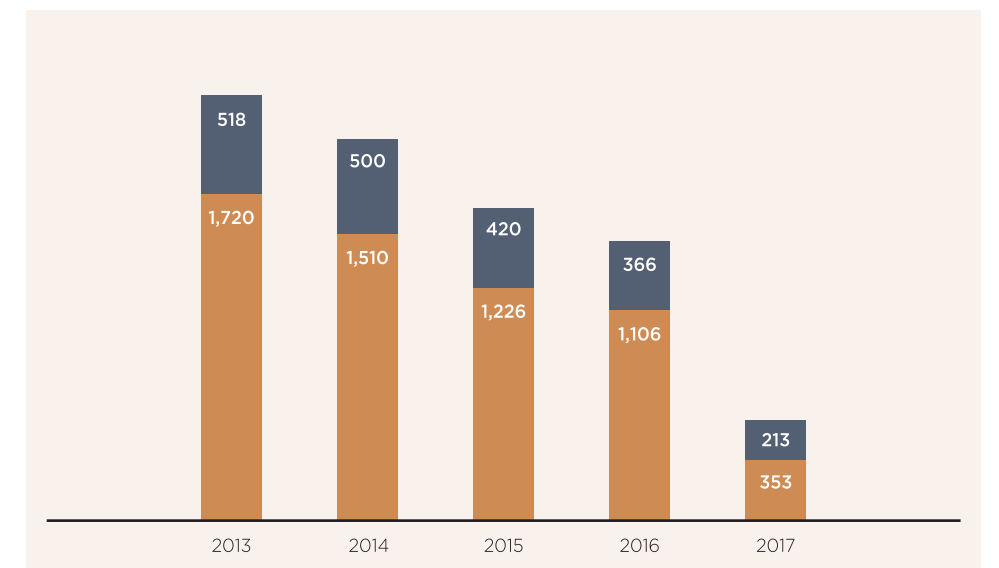
Third, insurance premium discount business with related organizations was expanded to minimize the premium burden on SMEs.

## 2017 PERFORMANCE & ANALYSIS

Business performance declined substantially largely due to negative exchange-rate swap positions since mid-2016 and stable exchange rates since the beginning of 2017 affecting customers attitude towards exchange rate hedge products.

Exchange Rate Risk Insurance volume over the last 5 Years (Unit: In KRW billion)

Classification / Year	2013	2014	2015	2016	2017
■ Volume	1,720	1,510	1,226	1,106	353
■ Number of Clients	518	500	420	366	213



Exchange Rate Risk Insurance volume  
**KRW 353 billion**  
 (As of the end of 2017)

# CLAIMS AND RECOVERIES

## CLAIMS

### Summary of Claims Paid

**23.9%**

(As of the end of 2017)

### Overview of Claim

The total amount of claims paid in 2017 reached KRW 703.7 billion, a reduction of 23.9% compared to 2016. The total amount of claims paid overseas in 2017 dropped to KRW 147.6 billion, a 57% reduction over the previous year, while KRW 556.1 billion was paid in domestic claims in the same period, a decrease of 4.4% YoY from KRW 581.4 billion in 2016.

### Summary of Claims Paid

(Unit: In KRW billion)

Classification	2016	2017	Change	Ratio
Overseas Claims	343.7	147.6	△196.1	△57.0%
Domestic Claims	581.4	556.1	△25.3	△4.4%
<b>Total</b>	<b>925.1</b>	<b>703.7</b>	<b>△221.4</b>	<b>△23.9%</b>

### Claims by Type

The total amount of claims paid in Short Term Programs in 2017 decreased substantially to KRW 396.4 billion, a 49% reduction over the previous year. On the other hand, KRW 307.3 billion was paid in claims for Medium and Long Term Programs in the same period, a jump of 108.5% YoY from KRW 147.4 billion in 2016.

### Claims by Type

(Unit: In KRW billion)

Claim Type	Claims paid				
	2016	2017	Change	Change (%)	
Short Term <sup>Note)</sup>	ST Export Insurance	493.8	252.5	△241.2	△48.9%
	Export Credit Guarantee	271.7	137.5	△134.2	△49.4%
	Import Insurance	12.3	6.4	△5.9	△47.9%
	<b>Subtotal</b>	<b>777.8</b>	<b>396.4</b>	<b>△381.3</b>	<b>△49.0%</b>
Medium and Long Term	MLT Export Insurance	82.1	264.8	182.7	222.7%
	Export Bond Insurance	65.3	24.7	△40.6	△62.1%
	Integrated Service Insurance	-	5.6	5.6	-
	Export Infrastructure Insurance	-	12.1	12.1	-
<b>Subtotal</b>	<b>147.4</b>	<b>307.3</b>	<b>159.9</b>	<b>108.5%</b>	
<b>Total</b>	<b>925.1</b>	<b>703.7</b>	<b>△221.4</b>	<b>△23.9%</b>	

Note) Short Term Export Insurance: Agro-fishery Export Insurance, Overseas Marketing Insurance, and Reliability Insurance.  
Export credit guarantee includes Cultural Content Export Insurance.  
Derivatives products (Foreign Exchange Risk Insurance, Interest Rate Risk Insurance) are excluded.

### Claims Paid by Country (excluding domestic and derivatives products)

Although the amount of claims paid to Singapore temporarily increased in 2017 by settlement of accrued amount, overall the amount of claims paid for Medium and Long Term Programs is on the decrease.

### Claims paid by Country

(Unit: In KRW billion)

Rank	2016			2017		
	Country	Claims paid	Ratio	Country	Claims paid	Ratio
1	USA	172.7	29.7%	Singapore	252.2	45.4%
2	Brazil	66.1	11.4%	USA	97.3	17.5%
3	China	61.3	10.5%	China	44.9	8.1%
4	Singapore	48.4	8.3%	Brazil	36.7	6.6%
5	Russia	37.7	6.5%	Saudi Arabia	11.3	2.0%
6	UAE	30.8	5.3%	Turkey	11.3	2.0%
7	Iran	25.8	4.4%	Azerbaijan	10.9	2.0%
8	Liberia	9.9	1.7%	Egypt	10.6	1.9%
9	Argentina	9.3	1.6%	Liberia	9.3	1.7%
10	Turkey	9.3	1.6%	UAE	9.0	1.6%
<b>Subtotal</b>	<b>-</b>	<b>471.5</b>	<b>81.1%</b>	<b>-</b>	<b>493.5</b>	<b>88.7%</b>
Other	-	109.9	18.9%	-	62.6	11.3%
<b>Total</b>	<b>-</b>	<b>581.4</b>	<b>100.0%</b>	<b>-</b>	<b>556.1</b>	<b>100.0%</b>

Note) Domestic (Export Bond Guarantees, Export Credit insurance (pre-shipment) etc.) and Derivatives Products (Exchange Rate Risk Insurance, Interest Rate Risk Insurance, etc.) are excluded.



# CLAIMS AND RECOVERIES

## RECOVERIES

Overview of Recoveries  
**10.7%**  
(As of the end of 2017)

### Overview of Recoveries

Overall Recoveries in 2017 amounted to KRW 239.1 billion, a 10.7% decline from the KRW 267.7 billion recorded in the previous year.

#### Overview of Recoveries

(Unit: In KRW billion)

Classification	2016	2017	Change	Ratio
Overseas recoveries	168.2	199.9	31.7	18.8%
Domestic recoveries	99.5	39.2	△60.3	△60.6%
<b>Total</b>	<b>267.7</b>	<b>239.1</b>	<b>△28.6</b>	<b>△10.7%</b>

Note) Derivative products (Exchange Rate Risk insurance and Interest Rate Risk Insurance) are excluded

### Recoveries by Type

The total amount of recoveries from Short Term Program in 2017 was KRW 85.6 billion, a 7.5% rise over the previous year, while the amount of recoveries from Medium and Long Term business reached KRW 153.5 billion, a 22.9% drop from a year earlier.

#### Recoveries by Type

(Unit: In KRW billion)

Type	Recoveries				
	2016	2017	Change	Change (%)	
Short Term <sup>Note)</sup>	ST Export Insurance	45.8	54.1	8.3	15.3%
	Export Credit Guarantee	30.0	25.1	△5.0	△19.7%
	Others	3.3	6.4	3.1	48.7%
	<b>Subtotal</b>	<b>79.1</b>	<b>85.6</b>	<b>6.5</b>	<b>7.5%</b>
Medium and Long Term	MLT Export Insurance	93.7	105.9	12.2	11.5%
	Export Bond Insurance	24.8	27.1	2.2	8.2%
	Overseas Construction Works Insurance	69.1	13.0	△56.1	△431.1%
	Overseas BF Insurance	0.9	7.5	6.6	87.9%
<b>Subtotal</b>	<b>188.6</b>	<b>153.5</b>	<b>△35.1</b>	<b>△22.9%</b>	
<b>Total</b>	<b>267.7</b>	<b>239.1</b>	<b>△28.7</b>	<b>△12.0%</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 includes Import Insurance and Export Bill Insurance.

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

### Recoveries by Country (Excluding domestic and derivatives products)

Recoveries from the top 10 countries, including Singapore, Pakistan, China, Hong Kong and the UAE, accounted for KRW 174.9 billion or 87.5% of total recoveries in 2017.

#### Recoveries by Country

(Unit: In KRW billion)

Rank	2016			2017		
	Country	Recoveries	Percentage	Country	Recoveries	Percentage
1	Iran	91.9	54.6%	Singapore	98.9	49.5%
2	Pakistan	27.6	16.4%	Pakistan	30.1	15.1%
3	USA	10.8	6.4%	China	8.7	4.3%
4	Indonesia	5.8	3.5%	Hong Kong	8.5	4.2%
5	UAE	4.3	2.5%	UAE	6.7	3.4%
6	Brazil	4.0	2.4%	Iraq	5.8	2.9%
7	Russia	3.1	1.8%	USA	4.5	2.2%
8	Argentina	2.8	1.7%	Gabon	4.1	2.0%
9	Iraq	1.9	1.1%	Nigeria	4.1	2.0%
10	China	1.5	0.9%	Russia	3.6	1.8%
<b>Subtotal</b>	<b>-</b>	<b>153.7</b>	<b>91.3%</b>	<b>-</b>	<b>174.9</b>	<b>87.5%</b>
Others	-	14.5	8.7%	-	24.9	12.5%
<b>Total</b>	<b>-</b>	<b>168.2</b>	<b>100.0%</b>	<b>-</b>	<b>199.8</b>	<b>100.0%</b>

Note) Domestic Products (Export Bond Guarantees, Export Credit Insurance (pre-shipment), etc.) and Derivatives Products (Exchange Rate Risk Insurance, Interest Rate Risk Insurance, etc.) are excluded.

# RELATIONS AND RESPONSIBILITY

**520**  
cases  
2017 Knowledge sharing  
program performance

SOCIAL  
RESPONSIBILITY

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 companies by maintaining their trust with greater satisfaction and value creation than ever before.



# INTERNATIONAL RELATIONS

## STRENGTHENING COOPERATIVE RELATIONS WITH GLOBAL ECAS THROUGH THE BERNE UNION MEMBERSHIP

- As a member of the Berne Union, K-SURE played a vital role in framing the union's agendas and making major decisions in 2017.
- Established in 1934, the Berne Union is the International Union of Credit and Investment Insurers. It currently comprises 82 export credit agencies around the world and actively facilitates cross-border trade by supporting international acceptance of sound principles in export credit and foreign investment.
- At the 2017 Annual General Meeting held in Belgrade, Serbia in October, members discussed the current status of and prospects for the export credit market, marketing and customer journey, infrastructure projects, and economic prospects in Middle East countries such as Iran, Turkey and Qatar.
- Elected as a member of the Management Committee, K-SURE will play an active role in implementing the Berne Union strategy for the two years from 2018.

## AS A CHAIR OF THE BERNE UNION REGIONAL COOPERATION GROUP, LEADING DISCUSSIONS ON ECONOMIC ISSUES WITH EXPORT CREDIT AGENCIES AROUND ASIA-PACIFIC REGION

- In 2017 K-SURE successfully strengthened relations with regional export credit agencies in its role as chair of the Berne Union Regional Cooperation Group, an association of export credit agencies in the Asia-Pacific region.
- In January 2017, K-SURE hosted the Capacity Building Program in Seoul to improve capacity among the Regional Cooperation Group. In June, K-SURE co-chaired the CEO meeting with TEBC held in Taipei, Taiwan. K-SURE shared key components in the credit rating models with participants. Among topics discussed were monitoring methods for high risk countries, industry analysis, global economic prospects, the blacklist system of buyers, and the challenges of increasing policy uncertainty.

## CONTRIBUTING TO AMENDING OECD EXPORT CREDIT REGULATION

- As one of the of the Participants to the Arrangement on Officially Supported Export Credits and the Working Party on Export Credits and Credit Guarantees, K-SURE played an active role in the discussion and creation of export credit standards within the OECD in 2017.
- At the meetings, K-SURE contributed to review of the OECD council recommendation on bribery and officially supported export credits, as well as export credit issues such as public export credit support, insurance premium rates, and interest rates.

## INTERNATIONAL WORKING GROUP (IWG) DISCUSSION ON EXPORT CREDIT

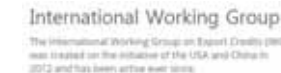
- The IWG was established by the United States and China to discuss new international export credit standards and to bridge the gap between participants and non-participants in OECD export credit support systems.
- Attending the meeting as a member of the Korean delegation, K-SURE participated in discussions on the scope of application and Sector Understanding on export credit for ships.

## STRENGTHENING CLOSER COOPERATION THROUGH BILATERAL MEETINGS

- In 2017, K-SURE successfully hosted several bilateral meetings, discussed current issues on trade insurance policies, and strengthened international cooperation with other ECAs, which contributed to expanding K-SURE's communication network.
- At meetings with Sinasure (Xuhuai, March 2017), the German government and Euler Hermes (Seoul, May 2017), Bpifrance (Bordeaux, June 2017), and NEXI (Tokyo, December 2017), K-SURE held in-depth discussions on the expansion of bilateral export credit support in China, Germany, France and Japan respectively.

## EXCHANGES AND COOPERATION WITH OTHER ECAS AND DFI RELATED ORGANIZATIONS

- K-SURE expanded channels for information exchange with other ECAs and related organizations to enhance cooperation and strengthen its business capabilities.
- We consolidated strategic cooperation with Development Finance Institutions (DFIs) including the Multilateral Investment Guarantee Agency (MIGA), a subsidiary of the World Bank, and the Asian Development Bank (ADB).
- Government officials from Nigeria and Ethiopia were invited to share K-SURE's know-how in the operation of trade insurance.
- We also established strategic business cooperation through the conclusion of a MOU on joint support for advancement into third countries.
- In 2017, we signed MOUs and business cooperation agreements for export credit support cooperation with Turk Eximbank (Turkey), UFRD (Uzbekistan), and Sinasure (China).



# SOCIAL RESPONSIBILITY

## Customer Satisfaction (CS)

### Lead the Way of Customer Satisfaction through Proactive Approaches

Under the banner of customer satisfaction value, we unfolded various CS measures to provide better service and support to our customers. To maximize our endeavor for building up the CS capacity, we runs the K-SURE Customer Advisory Group, and provides prompt feedbacks on customer inquiries and requests while offering tailored data service to meet each customer's needs.

#### Notch-up the Level of Customer Service

- Regular training from professional CS instructors to enhance the customer service skills.
- Every member of K-SURE shares the major CS inquiries or complaints received by Customer Center to share the communication and consultation skills with the every corporate member for better client reception.

#### On-site K-SURE Customer Advisory Group

- The K-SURE Customer Advisory Group holds quarterly meetings in Seoul and local cities to better reflect customers' voices and opinions in a way to provide better CS operations.

### Better CS with Prompted Feedback (Voice of Customer)

- We tries to offer improved customer service and management through our VOC system, which includes customer satisfaction surveys via multi channels of process (credit check, underwriting review, etc.).
- Assessment outcomes of Customer Satisfaction Survey, customer return calls, and Customer's voice (complaints, suggestions, compliments, etc.) are shared across the company and used as base data for CS system and service improvement.

### Providing Tailored Customer Information

- In order to meet customers' demands, we operates a mobile website (K-SURE Website and Cyber Branch Office) to provide information and data tailored to customer needs such as country data, trade trends, and exchange rate information.
- We have also enhanced our customer communication channel through K-SURE News Letter and email notices that help keep our customers up to date on trade insurance issues and country policies throughout the year.



# SOCIAL RESPONSIBILITY

## CSR Activities

We performs various activities to fulfill its social responsibilities as a public institution. In 2017, we strengthened our social contribution activities under the slogan of “Creating Shared Value”, which aims to help others via or based on the business of trade insurance. In particular, we has focused on utilizing our expertise in trade insurance in creating socio-economic value as a public institution.

### Sharing expertise with On-site Trade Insurance Academy

The K-SURE Trade Insurance Academy disseminates knowledge of trade practice and promotes the use of trade insurance. Through on-site trade insurance education sessions held at our clients' business site, the academy provided customized programs tailored to specific trade cases and business practices for each client's needs.

Also, years of successful operation of K-SURE Visit Program for Youngsters, we have settled the trade insurance education program targeting middle school students and expanded the scope of applicants. Through the program and the educational tool kit specifically designed to the program, we aimed to enhance the public understanding on the business of trade insurance. The young participants of the program could have the experience of credit limit setting by using the credit report, which was the highly credited part of the program by participating middle schoolers.



### Expanded Knowledge Sharing Program (KSP) for Emerging Markets

The history of economic success of Korea has been a benchmark for emerging and developing countries, and we has been offering various programs to share Korea's export growth experience through trade insurance. We invited governments' officials and policy researchers of the UAE, Nigeria, and Ethiopia to share our experience in trade insurance, strengthening the ground of mutual cooperation.

### Social Contribution Activities for Local Communities

We operates various volunteering programs for local communities and share its values with neighbors. Every month, K-SURE employees visit Teresa's Home (a child care facility) and Rafael's Home (for disabled children). Also in Dubai and Moscow, we have established social partnerships with local educational institutions and sponsored publication of trade insurance textbooks in the countries.



# SOCIAL RESPONSIBILITY

## Ethical Management

### “Ethics and Integrity” selected as one of K-SURE’s three core values

Celebrating its 25th year, we put “Ethics and Integrity” as one of its three core values for its mid- to long-term management plan (2018-22). With increased emphasis on the integrity of public institutions, exemplified by regulations such as the Anti-Graft Law, we selected ethical management as a core value in order to enhance its integrity and build the public trust.

### K-SURE President’s Commitment to Integrity

Upon his inauguration in March 2017, K-SURE President Moon Jae-do stated his strong commitment towards corporate integrity, emphasizing the zero-tolerance approach to graft, favoritism, sexual harassment, and other unethical acts. President Moon chairs the Ethical Management Committee, which conducts monthly reviews on ethical business management of the K-SURE. In addition, “One-Strike Out Rule” was introduced to root out any act of corruption and graft.

### Implementation of Anti-Corruption measures

We demonstrated its determination to enhance integrity not only by declaring its core values but also through anti-corruption programs for its staff and senior management. In particular, through various sessions to raise their anti-corruption awareness, We tried to prevent any possibility of corruption. First, we have strengthened the internal monitoring via Integrity Ombudsman System comprised of external experts and trade insurance customers. Also, board members were required to sign the Integrity Contract stipulating financial penalties for breach of integrity, and all employees were obligated to submit the “Pledge of Integrity”. In addition, employees can make anonymous report on corruptive acts through externally operated ‘Red Whistle’ program. At the same time, we have continued to implement ethical education for all employees in order to raise corporate awareness of integrity.

### Achievements

As a result of various anti-corruption measures and zero-tolerance policy, in 2017, We has made several notable achievements in ethical management. Above all, We has achieved the Clean K-SURE goal with zero incident of corruptive cases, being recognized as an outstanding institution for ethical management by the Anti-Corruption & Civil Rights Commission of the Republic of Korea.

### Enhanced Operational Transparency

We not only discloses management information in accordance with the government guidelines, but also ensures the people’s right to know through timely and accurate corporate disclosure. In addition, we regularly shares its internal regulations and guidelines for fair and accountable business operation while, at the same time, tries to improve its operational transparency.

# 2017 FINANCIAL REVIEW

## AUDITORS' REPORT

### INDEPENDENT AUDITORS' REPORT

The Board of Directors  
Korea Trade Insurance Corporation

We have audited the accompanying financial statements of the Korea Trade Insurance Corporation (hereinafter to be referred as "K-SURE"), which comprise the Statement of Financial Position as of December 31, 2017, the Statement of Comprehensive Income, Changes in Capital and Cash Flow for the year 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 and fair presentation of the financial statements in accordance with Korean International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audits. We conducted our audits in accordance with Korean Standards on Auditing. 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 our judgement,

including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness in the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of 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 present fairly, in all material respects, of the financial position of K-SURE as of December 31, 2017 and of its financial performance and its Changes in Capital and Cash Flow for the year then ended in accordance with Korean International Financial Reporting Standards.

#### Other Matters

Financial statements as of December 31, 2016 indicated for the comparison were audited by the KPMG Samjong Accounting Corp. and its Auditors' Report as of December 31, 2017 expressed the appropriate opinion.

This report is effective as of February 9, 2018, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying financial statements. Accordingly, this report may be revised due to the same reason.

## STATEMENTS OF FINANCIAL POSITIONS

### TRADE INSURANCE FUND (Unit: KRW)

The 49th Term as of December 31, 2017  
The 48th Term as of December 31, 2016

Account	The 49th(current) term		The 48th(previous) term	
<b>Assets</b>				
I. Current Asset	2,805,330,011,900		3,157,584,600,681	
1. Cash and cash equivalents	138,322,654,232		119,321,804,875	
2. Short term financial instruments	1,012,098,000,000		733,962,000,000	
3. Short term investment securities	1,214,670,102,556		1,511,511,731,169	
4. Other receivables	410,820,042,647		755,402,778,221	
Allowance for other accounts receivable	410,820,042,647	(11,734,540)	755,391,043,681	
5. Short term loans	60,145,740		66,276,930	
6. Other current assets	29,359,066,725		37,331,744,026	
II. Investments	932,683,228,807		687,085,428,921	
1. Long term financial instruments	752,000,000,000		370,000,000,000	
2. Long term investment securities	178,486,909,948		287,400,401,280	
3. Long term loans	647,030,960		801,360,358	
4. Other investments	1,549,287,899		28,883,667,283	
III. Tangible assets	134,601,369,107		110,502,631,283	
IV. Intangible assets	3,039,679,631		5,452,979,531	
V. Other non-current assets	289,024,095,440		339,536,057,923	
1. Long term receivables	234,371,816,107		234,371,816,107	
Allowance for long term receivable	(234,276,510,757)	95,305,350	(234,076,900,431)	294,915,676
2. Others	288,928,790,090		339,241,142,247	
<b>Total assets</b>	<b>4,164,678,384,885</b>		<b>4,300,161,698,339</b>	
<b>Liabilities</b>				
I. Current liabilities	109,534,564,629		37,173,684,893	
II. Long term provisions	1,240,784,846,843		1,396,125,536,221	
III. Other non-current liabilities	1,585,194,133,278		1,677,177,245,156	
<b>Total Liabilities</b>	<b>2,935,513,544,750</b>		<b>3,110,476,466,270</b>	
<b>Net assets</b>				
I. Basic net assets	1,780,134,804,021		1,780,134,804,021	
II. Reserve and surplus	(591,869,785,593)		(621,519,319,763)	
III. Net asset adjustments	40,899,821,707		31,069,747,811	
<b>Total net assets</b>	<b>1,229,164,840,135</b>		<b>1,189,685,232,069</b>	
<b>Total liabilities and net assets</b>	<b>4,164,678,384,885</b>		<b>4,300,161,698,339</b>	

## STATEMENTS OF FINANCIAL OPERATIONS

### TRADE INSURANCE FUND (Unit: KRW)

The 49th Term from January 1, 2017 to December 31, 2017  
The 48th Term from January 1, 2016 to December 31, 2016

Account	The 49th(current) term			The 48th(previous) term		
	Gross cost	Revenue	Net cost	Gross cost	Revenue	Net cost
I. Net program cost	1,019,246,156,405	(1,075,032,599,438)	(55,786,443,033)	1,778,716,498,432	(1,170,455,599,931)	608,260,898,501
1. Export insurance service	1,019,246,156,405	(1,075,032,599,438)	(55,786,443,033)	1,778,716,498,432	(1,170,455,599,931)	608,260,898,501
II. Management & operating expenses			38,053,486,985			34,401,694,300
III. Non-allocated expenses			111,904,860,440			16,744,354,626
1. Loss on valuations			57,537,083,358			1,000,367,288
2. Loss on disposition of assets			7,373,857,804			9,096,402,570
3. Assets impairment loss			-			-
4. Other expenses			46,993,919,278			6,647,584,768
IV. Non-allocated revenues			52,321,438,555			101,479,766,376
1. Interst income			39,698,241,988			59,730,105,518
2. Gain on disposition of assets			3,053,203,389			2,124,956,848
3. Gain on valuations			-			29,922,103,957
4. Other income			9,569,993,178			9,702,600,053
V. Net operating cost			41,850,465,830			557,927,181,051
VI. Non-exchange revenues			-			141,820,000
1. Other financing and transfer			-			141,820,000
VII. Net operating results			41,850,465,830			557,785,361,051



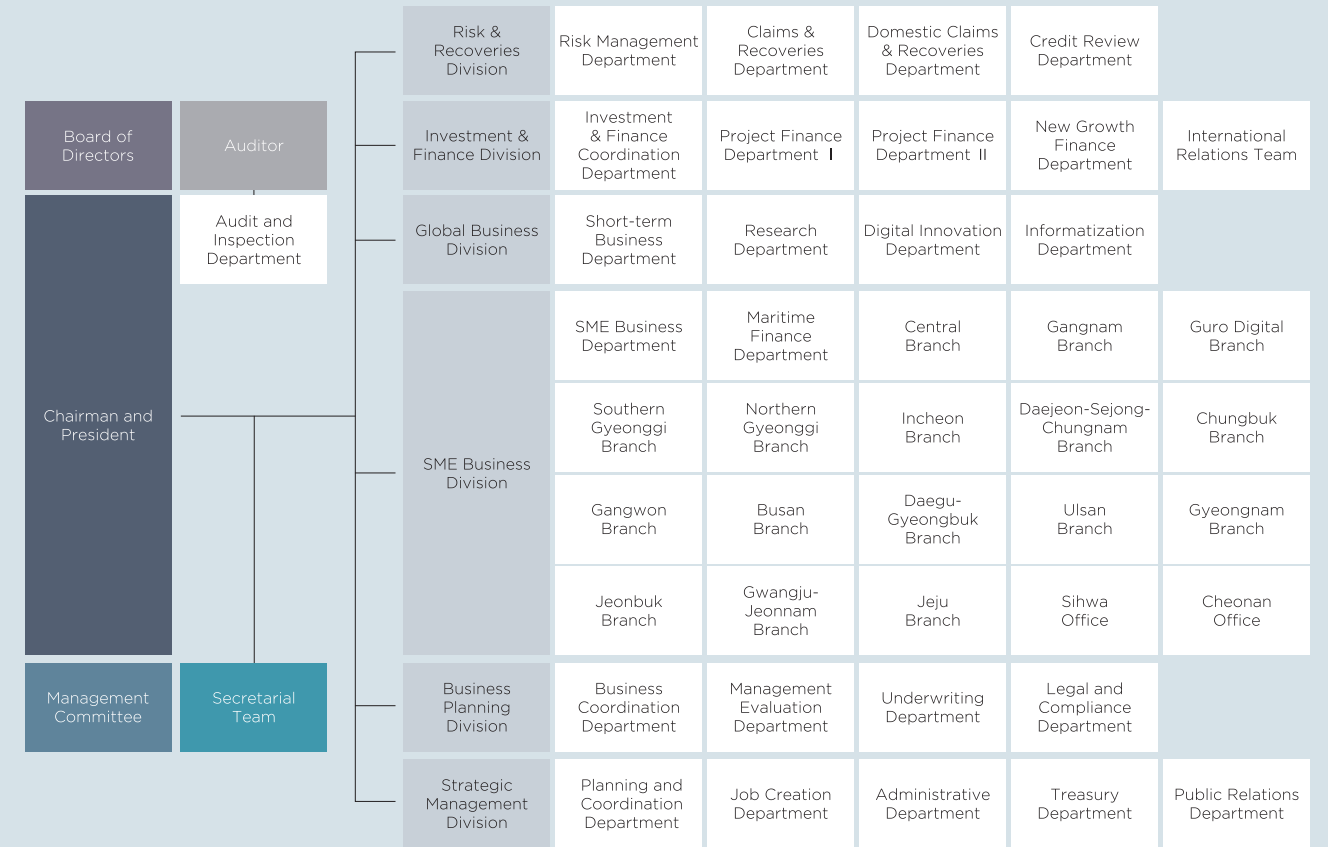
## STATEMENTS OF CHANGES IN NET ASSETS

### TRADE INSURANCE FUND (Unit: KRW)

The 49th Term from January 1, 2017 to December 31, 2017  
The 48th Term from January 1, 2016 to December 31, 2016

Account	Basic Net Assets	Reserve and Surplus	Net asset Adjustments	Total Net Assets
I. Net assets at January 1, 2016	1,780,134,804,021	(453,733,958,712)	25,066,165,804	1,351,467,011,113
II. Operating results	-	557,785,361,051	-	557,785,361,051
III. Adjustments	-	390,000,000,000	6,003,582,007	396,003,582,007
1. Gain on investment securities valuation	-	-	(8,031,719,050)	(8,031,719,050)
2. Gain on derivative valuation	-	-	14,035,301,057	14,035,301,057
3. Other increase in net assets	-	390,000,000,000	-	390,000,000,000
IV. Net assets at December 31, 2016	1,780,134,804,021	(621,519,319,763)	31,069,747,811	1,189,685,232,069
I. Net assets at January 1, 2017	1,780,134,804,021	(621,519,319,763)	31,069,747,811	1,189,685,232,069
II. Operating results	-	41,850,465,830	-	41,850,465,830
III. Adjustments	-	71,500,000,000	9,830,073,896	81,330,073,896
1. Gain on investment securities valuation	-	-	1,990,580,552	1,990,580,552
2. Gain on derivative valuation	-	-	7,839,493,344	7,839,493,344
3. Other increase in net assets	-	71,500,000,000	-	71,500,000,000
IV. Net assets at December 31, 2017	1,780,134,804,021	(591,869,785,593)	40,899,821,707	1,229,164,840,135

## ORGANIZATION CHART



### Overseas Representative Offices

Los Angeles Representative Office	Beijing Representative Office	Sao Paulo Representative Office	Paris Representative Office	Ho Chi Minh City Representative Office
Shanghai Representative Office	New York Representative Office	Jakarta Representative Office	New Delhi Representative Office	Panama Representative Office
Tokyo Representative Office	Moscow Representative Office	Dubai Representative Office	Mexico City Representative Office	Chengdu Representative Office

### Representatives

Johannesburg, South Africa	Almaty, Republic of Kazakhstan	Riyadh, Kingdom of Saudi Arabia	Singapore, Republic of Singapore	Tehran, Islamic Republic of Iran
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