KOREA EXCHANGE BANK
CREDIT SERVICE CO., LTD.
935-34, Pangbae-dong, Seocho-gu,
Seoul 137-716, KOREA
Tel:82-2-524-8000 Fax:82-2-524-8053

Produced by UCC, Inc.

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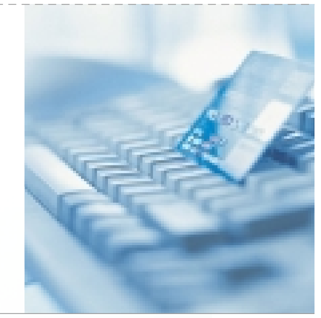
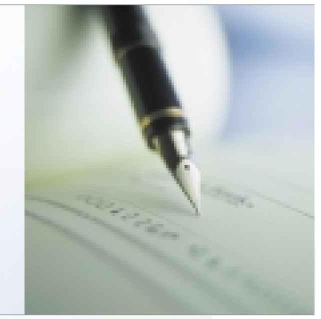
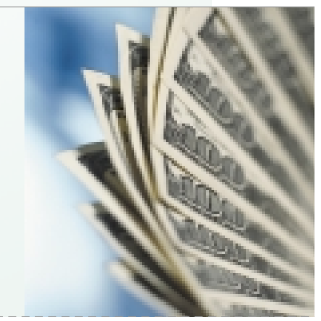




Annual Report 2002

Toward strong operating fundamentals.

KOREA EXCHANGE BANK
CREDIT SERVICE CO., LTD.

Contents

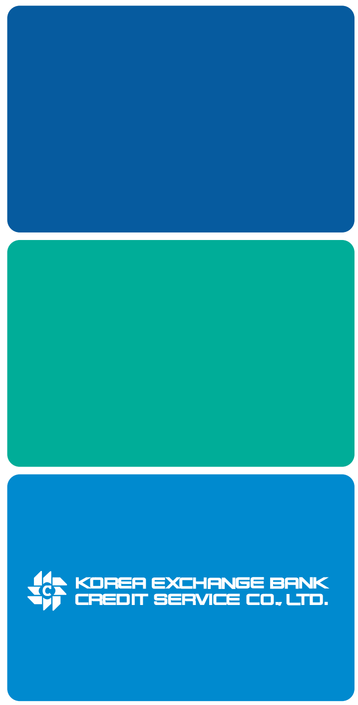
The Best Card

The Korea Exchange Bank Credit Service Co., Ltd., (KEBCS) was established as an independent business in 1988 following the spin-off of the credit card operations of the Korea Exchange Bank. KEBCS was the first company to introduce the revolving credit card to Korea, and since that milestone the Company has continued to expand its services and client base. Indeed, as of December 2002, the Company's cardholder base reached 7.5 million and its merchant network exceeded 2.2 million members.

In 1999, KEBCS took prudent steps to secure a stable funding base and became the first Korean credit card company to attract foreign investment, with a capital injection of US$ 120 million from Olympus Capital. This development testifies to the Company's sound growth and earnings potential and reaffirmed its credibility both domestically and overseas. In another industry first, at the end of 2000, KEBCS issued KRW 300 billion of asset-backed securities (ABS), thereby securing a diversified base of lower-cost financing.

On December 21, 2001, the KEBCS became the first credit card company listed on the Korea Composite Stock Price Index (KOSPI), widening its investor base and enhancing its corporate image and public trust.

The Company's success rests in its pioneering efforts. As leading industry innovator, it is certainly capable of further expansion in the future. The Company's dedication to employee development, coupled with its relentless drive to provide customer satisfaction through micro-segmentation and product customization, ensures the success KEBCS enjoys will continue into the future.



With our **accumulated expertise,**
dedicated personnel,
and innovative business structure,
KEBCS is the
credit card
company of the future.

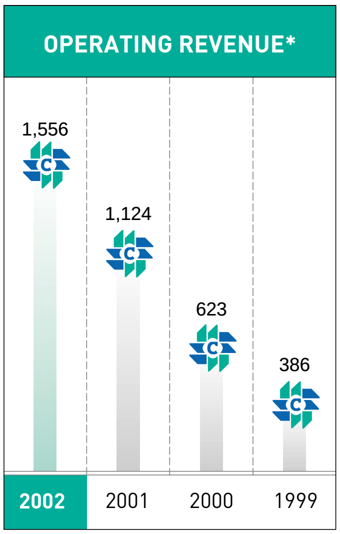
Financial Highlights

	(In billions of Korean won)				(In millions of US dollar)*	
	2002		2001		2002	2001
	Reported	Managed	Reported	Managed	Reported	Reported
Operating Results						
Operating revenue	1,419	1,556	1,069	1,124	1,182	891
Operating expenses	630	762	475	536	525	396
Sales & Adm. Expenses	817	839	271	278	681	226
Operating income	(28)	(45)	323	310	(23)	269
Non-operating income	17	17	4	4	14	3
Non-operating expenses	41	41	17	17	34	14
Net income	(52)	(52)	212	212	(43)	177
Balance Sheets at Year-End						
Card assets	4,031	7,219	3,706	5,601	3,358	3,087
(Allowance for losses)	(270)	(303)	(87)	(97)	(225)	(72)
Total assets	5,364	7,744	4,410	5,773	4,469	3,674
Borrowings	4,252	6,733	3,315	4,715	3,542	2,761
Total liabilities	4,789	7,168	3,782	5,146	3,990	3,151
Common stock	209	209	209	209	174	174
Total shareholders' equity	576	576	627	627	480	522
ABS assets	2,394		1,400		1,994	1,166
Financial Ratio						
Operating income growth	32.7%	38.4%	72.1%	78.1%		
Net income growth	-124.5%	-124.5%	92.7%	92.7%		
Earnings per share **	(1,253)	(1,253)	5,725	5,725	(1.04)	4.77
Book value per share **	13,782	13,433	15,017	15,017	11.48	12.51
Return on assets	-1.0%	-0.7%	4.8%	3.7%		
Return on equity	-9.0%	-9.0%	33.8%	33.8%		
Non-performing loan ratio	3.9%	2.7%	1.5%	1.1%		
Net interest spread	13.8%	13.8%	15.4%	15.4%		
Capital adequacy ratio	12.1%		14.6%			

** Accounts in Korean won have been translated into U.S. dollars, solely for the readers' convenience at KRW 1,200.40:USD 1.00, the prevailing rate on December 31, 2002.*

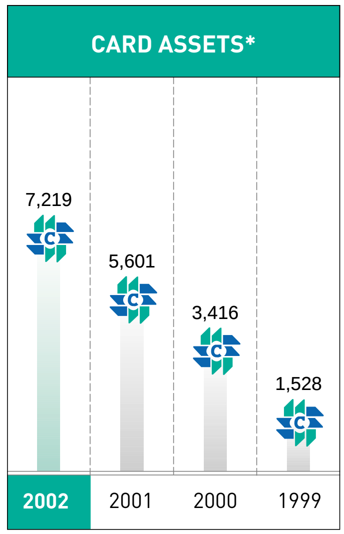
*** Unit: In Korean won and U.S. dollars*

(in billions of Korean won)



*managed basis

(in billions of Korean won)



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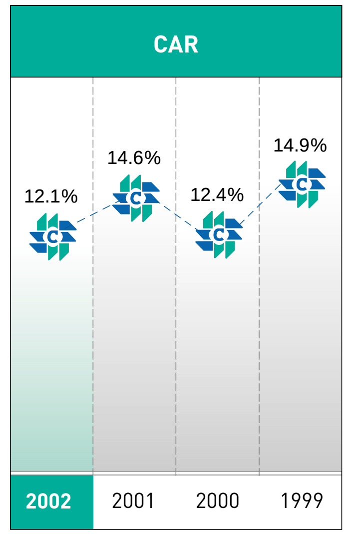

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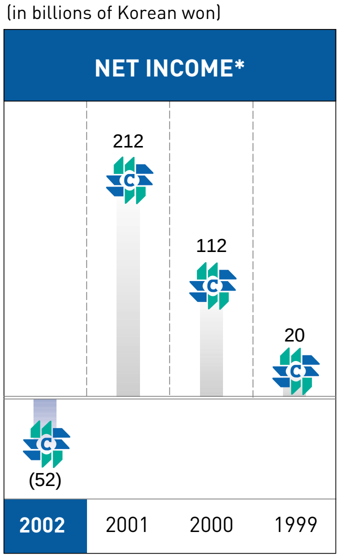

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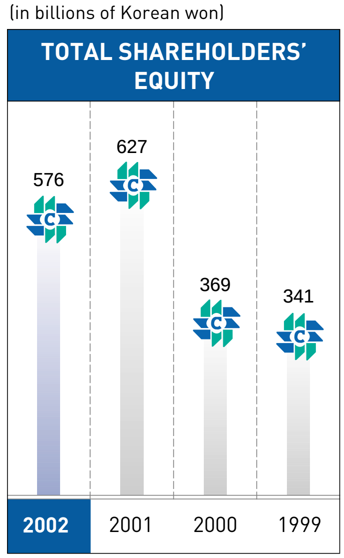
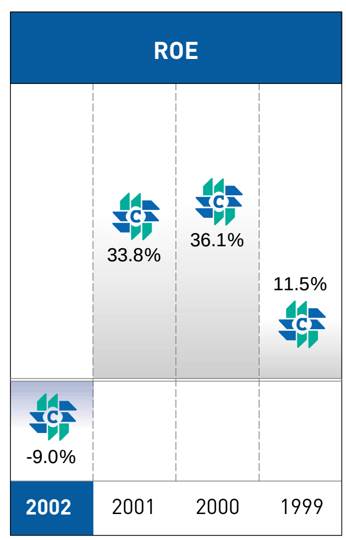
(in billions of Korean won)





In 2002, we

OVERCAME OBSTACLES

and once again enjoyed **another successful year.**

Dear Shareholders, Customers, and Employees

First of all, I would like to extend my warm thanks to all of our shareholders, customers, and employees who have shown us tremendous support throughout 2002.

The Year in Review

In retrospect, 2002 proved to be the most challenging year in our history. The entire management environment of credit card companies had to be transformed in order to comply with new industry regulations. The one-and-a-half month suspension on new acquisitions in March, coupled with heightened regulations, demanded creativity and flexibility from our Company.

Through the concerted efforts of our entire staff and executive team, we achieved a considerable amount of success while faced with many challenges. During the business suspension period, we examined our overall business and separated the screening process from the acquisition process. In September, we invoked emergency measures to strengthen collection of delinquent accounts. Furthermore, changes to the incidental ratio generated a great deal of controversy in 2002. Our ability to reach the ratio goal as determined by the FSS was a major achievement in 2002.

The rise in credit card delinquency stemming from household debt led to more stringent provisioning criteria. Unfortunately, this led to the Company incurring bad debt expenses. Despite garnering KRW 29 trillion in sales and KRW 1.5 million in new accounts in 2002, our Company suffered a net loss for the first time in our history. As a result of the strengthened regulations on bad debt expenses, we recorded a net loss of KRW 51.4 billion in 2002.

The Year Ahead

Some economic analysts cautiously predict that the economy will begin to gather momentum; however, these positive forecasts are shadowed by many global uncertainties. The war in Iraq, the political and financial crisis in Latin America, the simultaneous downturn of major world markets, and the possibility of deflation dampen the positive predictions.

Despite the sluggish global economy, the domestic markets demonstrated exceptional growth on the back of Korea's low interest rate policy and increasing domestic demands. However, its prosperity began to dwindle in the second half of 2002 as consumer spending fell and the debt crisis escalated. In response to this volatile market, we have been forced to

2002 at a glance

January 03, 2002
KEBCS announced its "Moral Code & Practice Methods for Officers and Employees" to ensure transparent management and customer satisfaction of customers. This was announced by CEO Kim, Sang-Chul at the New Year's celebration meeting.

February 27, 2002
KEBCS held road shows in New York, San Diego, and San Francisco between February 25 and March 2 to attract foreign investors.

March 25, 2002
The Financial Supervisory Commission (FSC) ordered KEBCS to partially suspend its operations for one-and-a-half months.

May 10, 2002
KEBCS resumed its issuance business. The Company was prevented from attracting customers for 45 days between March 27 and May 10 because the FSC suspended the Company's business.

July 03, 2002
In cooperation with Hyundai Information Technology, KEBCS completed the construction of the Disaster Recovery System (DRS) and had the system come into play in earnest. KEBCS held an opening ceremony for the 'KEBCS Disaster Recovery Center' at the Hyundai Information Technology Center in Youngin.

strengthen our business fundamentals to achieve stable growth independent of outside conditions. To this end, KEBCS will conduct an in-depth analysis of the changing economic environment in order to respond in a swift and flexible fashion.

Presently, the credit card market is saturated with competition. Moreover, many conglomerates and foreign financial institutions are preparing to enter the market. The intense competition that will result, coupled with the weak economy, demands that all credit card companies work hard in order to win and retain customers. The credit crunch is expanding from the lower-end of the credit ladder, and as such, there is an increased possibility of delinquency. However, restrictions for cash loan repression and consumer protection by the government are expected to remain as the government continues to tighten its supervision policies for the credit card industry. Spin-offs of credit card divisions from banks will continue to intensify as many financial institutions seek greater volume in size to survive the fierce market environment.

In order to increase customer loyalty and preserve our market share in 2003, we must strengthen our credit risk management to meet various regulatory requirements and improve asset soundness through profitability-oriented strategies. Moreover, we will aspire to regain the confidence of the market, enhance our competitiveness, and lay a solid foundation for the future. We will capitalize on the opportunity to transform these challenges into achievements. With our desire for success, we will fulfill our objectives and persevere in the midst of a difficult environment.

In order to achieve our goals, the KEBCS will focus on four areas

First, we will engage in an enterprise-wide campaign to solidify our assets. The Forward Looking Criteria that was introduced in November dictates that the adjusted capital ratio must be over 8%, the delinquency rate must be below 10%, and the incidental ratio must be met. In order to meet these three requirements, we will improve our delinquency management process and examine the operations of our business in order to introduce further improvements.

Second, we will put emphasis on creating a more systematic credit management system. The most troublesome factor currently plaguing credit card companies is the increase in bad debt expense resulting from delinquency. In response to this challenge, we intend to improve our internal operations; blaming external factors is futile. Household debt is being worsened by the implementation of stricter conditions regarding household loans. In response to this situation, we will

July 17, 2002
In preparation for the encroachment of foreign banks and Chaebol-line card companies into the Korean market, KEBCS launched a new solicitation organization as a pilot program. It realigned its existing DSA structure and activated a rewrite loan system to enable delinquent customers to pay back their debts .

July 18, 2002
KEBCS announced it would implement the individual work-out program in earnest, where a dedicated window for credit recovery support would be established, overdue interest would be cut significantly, and qualifications for rewrite loans would be relaxed.

August 01, 2002
KEBCS launched the Amfree Card that aims to meet people's growing interest in recreation combining many kinds of services such as travel, recreation, shopping, and restaurant discounts.

August 07, 2002
KEBCS successfully issued asset-backed securities (ABS) worth $500 million in New York against credit card and card loan receivables. Credit Swiss First Boston (CSFB) served as the lead manager of the ABS issuance, which was done in the form of a cross-currency public offering.

do our utmost to obviate non-performing accounts by strengthening the management and screening processes. Moreover, we will collect credits earlier and re-examine the creditworthiness of existing accounts.

Third, we will strengthen our efforts to enhance profitability. In the past few years the credit card industry enjoyed exceptional growth. However, fierce competition and a shift in the established profit structure are dampening profitability in the industry. As a result, we must focus on securing other sources of profit. The Company intends to review its business process to create a highly efficient, low-cost framework. Further, we expect profits to increase as we generate fresh ideas to maximize productivity and establish a futuristic corporate culture.

Last, we will solidify customer loyalty and secure VIP customers. In an effort to retain high quality customers in this competitive environment, we will continue to offer superior, tailor-made services. Following the Code of Ethics, our Company will be recognized as one that is devoted to its customers and society.

Only those who focus on the present and the future, rather than the past, will achieve success. Adversity has not brought us down; it has encouraged us to revise our goals and face new challenges. Courage is not a fearless state; rather, it is power that is used to conquer fear. Drawing on this courage, our entire staff is committed to accomplishing our objectives in 2003.

With the dedicated hard work of our valued staff and executives, we promise that 2003 will be another fruitful year. With strengthened competitiveness through customer diversification and product innovation, we look forward to celebrating the future as Korea's foremost comprehensive credit card enterprise.

Un-Chul, Bek
Chairman & President

September 06, 2002
KEBCS launched the new 'Amfree Club Balcony Card,' an upgraded version of the Amfree Card where existing services such as travel, leisure, shopping, and restaurant discounts are mixed with various cultural-services in affiliation with the entertainment agency "Credia."

September 24, 2002
KEBCS developed its Customer Relationship Management (CRM) system to maximize marketing capacity and to enhance the call center that KEBCS enlarged last year. The objective of this system was to raise its market share and profitability.

October 16, 2002
KEBCS was chosen as one of the "200 Best Under a Billion" by Forbes Magazine, one of the most respected financial magazines in the world. The "200 Best Under one Billion" list surveys small and medium sized companies outside of the US whose sales volume is under one billion dollars.

December 10, 2002
KEBCS entered into a strategic alliance with SK Telecom and SK Corp. for MONETA, a mobile payment service. This alliance allows KEBCS to offer better services to its customers and attract more new customers by securing a competitive edge in the mobile payment business.

ACTIONS IN PROGRESS

By identifying key areas in our operations and defining goals while outlining plans to improve upon these areas, we will remain at the top of the credit card industry.

Actions in progress

In 2002, we will pursue an ambitious business strategy that is firmly focused on the goal of delivering value to shareholders and customers. Our strategy focuses on four key strategic areas and improvement to existing systems.

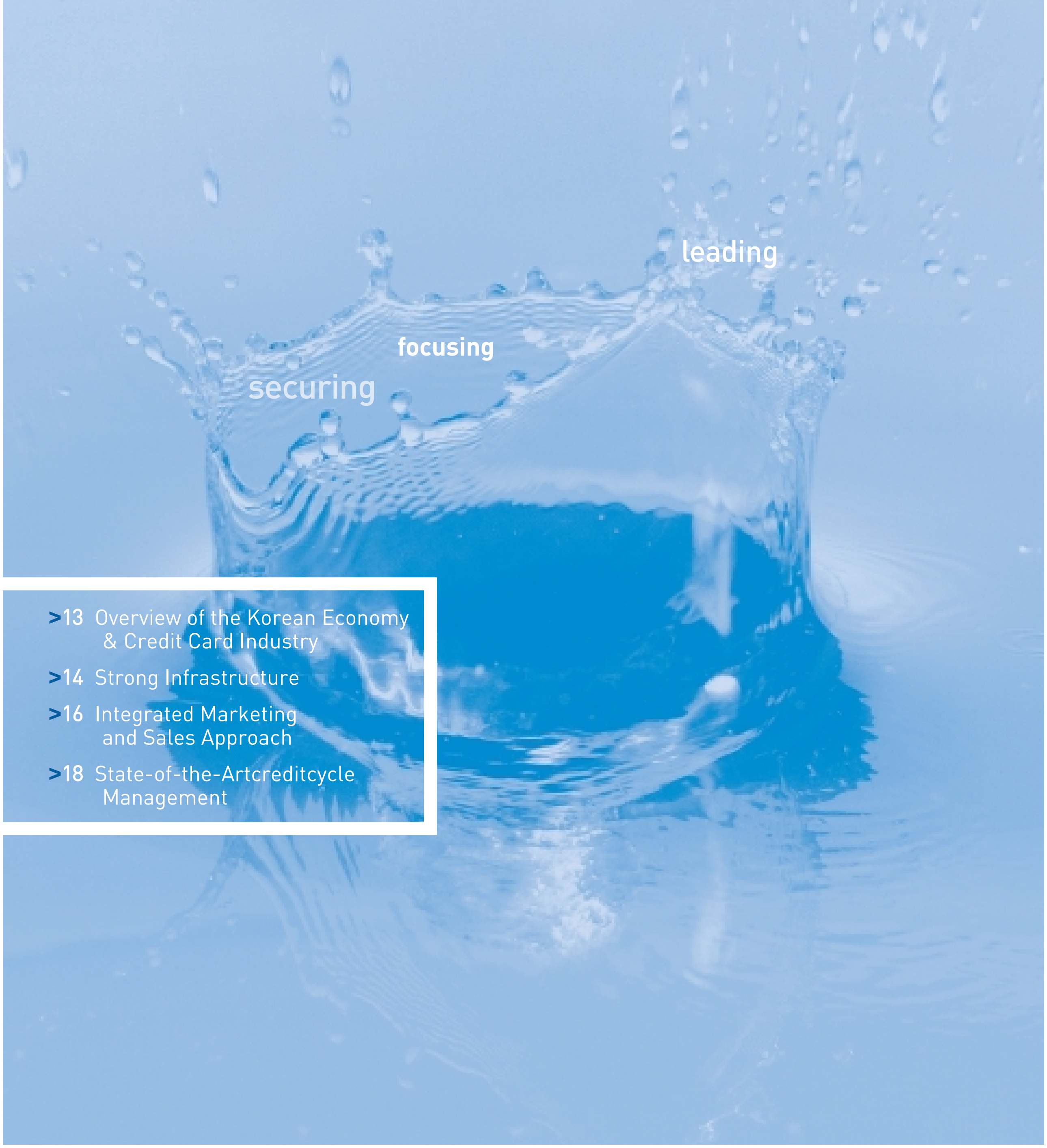
Business Strategies	Objectives	Detailed Plans
Strong Infrastructure	Efficiency and service quality improvements	- Develop an advanced next generation IT system - Continuous operational reengineering and centralization - Implement a financial management system that further enhances profitability management at micro-segment level
Integrated Marketing and Sales Approach	Enhance marketing competitiveness	- Upgrade to an integrated CRM system across all distribution and transaction channels - Leadership in Revolving Cards, Cross-selling and E-commerce activities - Expand innovative affinity relationships - Broaden multi-channel acquisition activities
State-of-the-Art Credit Cycle Management	Strengthen credit management and collection capability	- Upgrade to a completely computerized credit decision making system - Implement more advanced micro-segmentation techniques - Bring the best collection management technology to Korea
Superior Human Resources Management	Superior practices and enhancement of working conditions	- Maintain use of international expertise - Retain a productive labor-management relationship - Invest in employee development - Enhance performance-based compensation systems

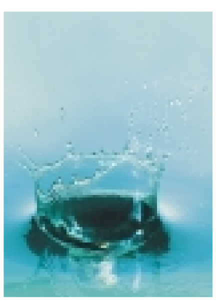
2002 Key Achievements	Key Initiatives in 2003
- Improved call center infrastructure Completed Disaster Recovery System (DRS)	- Develop CRM system and next generation IT system Establish a Biz. System Construction (BSC) - Produce NGS hard/software - Amend existing applications in preparation for the introduction of NGS - Upgrade the next generation terminal system
- Increased cardholders by 19.3% to total 7.5 million members - Developed new products and targeted different market segments - Maintained affinity relationships with many companies - Maximized cross-sales opportunities - Expanded large-scale call center	- Increase sales volume - Extend customer base and activate customers - Reinforce customer loyalty - Improve customer service - Revise business processes and systems - Reinforce marketing support
- Implemented strategic decision-making systems - Enhanced the efficiency of our customer screening process - Improved risk management system	- Strengthen credit risk management capability - Carry out proper credit policies by credit risk level - Enhance early collection capability - Prevent increase of delinquency
- Consistently improved complaint management system - Developed on-line trainings such as i-plaza and yes-book - Improved office environment of branches	- Improve personnel system - Improve working process efficiency - Improve office environment

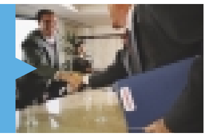
We are continuously reshaping our operations to deliver unparalleled service to our customers and profits to our shareholders. In 2002, we effectively responded to the volatile changes in the credit card market to achieve continued success.

REVIEW OF OPERATIONS

Enhancements and upgrades continued throughout all areas of the business during the year.







Overview of the Korean Economy & Credit Card Industry

2002 Review

In the first half of 2002, the strengthened U.S. economy prompted a slow global economic rebound. An increase in import and exports around the world revived the dampened world economy. As a result of an increase in imports, the EU and Asian economies also displayed encouraging results. This steady trend towards recovery continued into the second half of 2002, despite lingering uncertainties caused by the possibility of war in Iraq and the rapid decrease in U.S. stocks and dollar. The deescalated economy that characterized the end of 2002 will carry into the beginning of 2003; indeed, 2003 presents many challenges for Korean businesses.

Korean government policy has continuously supported the growth of credit card usage since the 1997 economic crisis. In 2002, the government began to regulate the industry by implementing measures such as the "Comprehensive Measures for the Credit Card Industry," "Incidental Ratio Reduction," "Enhanced Consumer Protection," and "Measures for Enhanced Soundness of Credit Card Companies." These regulations have greatly affected all participants in the credit card industry. Profitability of the entire industry is eroding due to the cap on high yield products while the delinquency ratio is rising as a result of weakened collection activity. These conditions, in tandem with tightened bad debt provisioning standards and elevated customer management costs, have resulted in a rapid deterioration of profitability in the industry.

2003 Outlook

Despite the slowdown of domestic consumption, the Korean economy is expected to grow 5.8% in 2003. Moreover, there should be a growth of exports and corporate investment as a result of a revitalized global economy. Despite these positive predictions, the consumption growth rate is expected to hit 5.6%, somewhat lower than 2002. Government policies such as the restriction of household debt, restoration of the special income tax, and restriction of real estate transactions all contribute to explaining the lower consumption growth rate. Exports will continue to increase with the recovery of the global economy, but profits will decrease due to an increase of imports and minus accounts in the service sector.

A clear vision is necessary to secure success for KEBCS in 2003. The new governmental guidelines demand that KEBCS focus on its incidental ratio, delinquency ratio, and adjust shareholders' capital accordingly. Moreover, competition in the credit card industry is expected to increase as banks spin-off credit card divisions and conglomerates and foreign financial institutions enter the market. In the mist of such rapid and demanding industry changes, KEBCS is committed to developing new products and services, competing for government projects, and maintaining affinity programs with its partners.

Rapidly increasing delinquency due to household debt in Korea had caused a growth of bad debt provisioning. Consequently, the profit margins for credit card companies has shrunk considerably. In response to this reality, the Company's credit risk management efforts have to be stepped-up. Methods to prevent delinquency of assets such as; repressing the increase of delinquency and enhancing the Company's early collection capabilities, coupled with strategies to enhance profitability such as; acquiring prime customers, developing alternative products, and improving the Company's financial structures and productivity, will ensure that KEBCS experiences success in 2003.

In 2003, the KEBCS is faced with a difficult situation where credit risk management must be strengthened to meet various regulatory requirements. Asset soundness must also be improved through profitability-oriented strategies that will improve our chances of success. At the same time, KEBCS must employ techniques that will increase customer loyalty in order to increase its market share. In order to overcome these difficulties, we must capitalize on opportunity. Armed with a sense of challenge, these obstacles will be transformed into achievements. We will regain the confidence of the market in 2003 as we concentrate all capabilities on enhancing competitiveness and prepare a solid foundation for our future.

Strong infrastructure

Strong Infrastructure

A strong infrastructure is the backbone of every credit card company. Building upon our already strong management structure, in 2002, we implemented new, innovative, and effective systems to enhance our competitive prowess.

Redesigning and redefining strong management principles

Sound support infrastructure is essential to building strong operations and generating growth and profit. Consequently, KEBCS is in the process of building a state-of-the-art platform to support our operations. In order to achieve this goal, the Company is upgrading the operations of our headquarters, the backbone of the Company, as well as upgrading and replacing equipment such as routers and HUBs in the branch offices.

A variety of improvements have been completed to support the marketing and sales operations, including improvements to our call center infrastructure. In cooperation with Hyundai Information Technology, KEBCS recently completed the construction of the Disaster Recovery System (DRS) that came into play in earnest in 2003. Moreover, numerous other improvement plans are in progress.

The DRS, which consumed approximately KRW 8 billion of the budget in 2002, was constructed 40 km away from the head office of KEBCS and its IT system. The DRS is designed to endure an earthquake with a magnitude of 7.7 on the Richter scale. If a failure takes place in the IT equipment at the head office, the 'full-mirroring in real time' method will be applied to the system enabling the recovery and continuation of all business operations. The system ensures that the operations of KEBCS continue in the event of disaster by providing online service for all KEBCS branches nationwide, as well as recovering information processed immediately before the disaster. Prior to the introduction of the DRS, it took 24 hours before operations resumed to a normal fashion; the system now allows KEBCS to provide seamless service. As such, the system is being constructed in Japan and other countries vulnerable to earthquakes. In addition to providing stability and a quick recovery system, the DRS satisfies FSS' requirements.

In 2003, we will continue to develop our CRM R/O system and next generation IT system to enhance our competitiveness. We will upgrade our IT system in the first half of 2003 by completing the development of the next generation IT. As part of our next generation system construction project, we will establish a Biz. System Construction (BSC), produce NGS hardware and software, amend existing applications in preparation for the introduction of NGS, and upgrade the next generation terminal system.

We will also continuously supplement the ERP system and enhance the efficiency of its accounting system. To strengthen the risk management functions, we will improve risk management systems such as CRMS and ALM systems. As such, we will spare no effort when strengthening our competitive edge in IT investment.

Integrated Sales and Marketing Approach

The year 2002

After a very positive first half of the year, the credit card industry experienced a significant slowdown in sales and receivables growth and a rapid increase in delinquency and loss ratios. This deterioration was triggered by numerous regulatory changes in various areas. These changes addressed the consumer segments that were highly indebted and had become insolvent as credit became scarce.

KEBCS was not immune to the regulatory developments. The Company absorbed a tightening of provisioning and write-off standards as well as additional provisions beyond the regulatory requirements. As a result, the Company reported a net loss for 2002 of KRW 52.4 billion.

However, the underlying operating performance of the business remained strong as the Company witnessed its number of cardholders grow by 19.3% year-on-year to 7.5 million and our merchant network grow by 33.4% year-on-year to total 2.2 million members. Credit card sales volume increased by 41% year-on-year to KRW 28.6 trillion and card assets climbed by 29% year-on-year to KRW 7.2 trillion. In particular, revolving assets and card loan assets performed well with increased rates of 33% and 30%, respectively. Operating revenue was up by 39% to KRW 1.6 trillion and ordinary income before provisioning increased by 61% to KRW 823 billion. Moreover, costs were kept at a lower level than expected.

Despite the difficult climate in the credit card industry in 2002, the Company made a great effort to increase new account acquisitions, promote usage of cards, and increase its sales revenue. To attract new customers and retain existing ones, the Company continued to research and develop new products and services targeting different market segments. These new products include the Amfree Card, which aims to meet people's growing interest in leisure time and the five-day workweek. It combines many kinds of services such as travel, recreation, shopping, and restaurant discounts. KEBCS also launched the new 'AMFREE Club Balcony Card,' an upgraded version of the Amfree Card. The Company made a concerted effort to reach more customers by offering incentives and strengthening its quality customer management through various initiatives.

KEBCS maintained a number of affinity relationships with companies such as airlines and insurance and security providers in order to offer customers a wide range of cards that provide extensive membership benefits. Notably, KEBCS forged a strategic alliance with SK Telecom in line with the launch of the MONETA service in December 2002. The Company developed the MONETA chip card, an IC chip-installed smart card, in cooperation with SK Telecom.

The Company maximized cross-sales opportunities by utilizing its management information system (MIS) including the data warehouse and data management system. This enabled KEBCS to target customers with the right products at the right time and enhance its sales opportunities. At the same time, KEBCS encouraged employee performance and boosted growth in new acquisitions through a performance-oriented reward system.

Our sales and marketing strategy is simple: KEBCS makes every effort to better serve its clients. To this end, we have forged a number of mutually beneficial partnerships with service companies such as airlines and security providers to offer our customers unmatched benefits.

Integrated Sales and Marketing Approach

Integrated Sales and Marketing Approach

In the readily changing credit environment, KEBCS responds by continuously redefining itself to better meet the needs of its customers. With the capabilities and services to satisfy the demands of a myriad clients, KEBCS is one of the premier credit card companies in Korea.

KEBCS expanded its large-scale call center, the crucial contact point for customers, to accommodate a total of 1,000 counselors. As a result, the customer service response rate at the call center jumped from 90% to 98%, and customers can now contact the center with greater ease.

The CRM Task Force Team (TFT) was set up in February 2002 to build up various corporate level marketing strategies and application techniques to meet diversified customer needs. In line with this, project to develop the next generation CRM system over the next two years was initiated with IBM Korea as part of the CRM application strategy.

In preparation for the encroachment of foreign banks and conglomerate credit card companies in the domestic credit card market, KEBCS initiated a new solicitation organization as a pilot program. The Company also realigned the existing DSA structure and activated its rewrite loan system so that delinquent customers can pay back their debts earlier. In the meantime, KEBCS reshaped its organization to concentrate more on collection activities. We also expanded the current individual work-out program.

The focus of the Company's marketing programs has been on high quality and high profit customer segments for quite some time and as such, KEBCS is the largest Platinum Card issuer in the market. A similar leadership position is envisaged for the Company's advanced chip card programs. The focus on these two areas will continue in 2003. In addition, the revolving credit service, which is also a market leader, will continuously be expanded as credit issues recede.

The year 2003

The primary focus for KEBCS in 2003 is to enhance its marketing competitiveness and reinforce its business operations through various key initiatives in each division. To enhance marketing competitiveness, the Company will establish a marketing strategy. KEBCS will extend its customer base and enforce the customer activation promotion. The Company will also reinforce customer loyalty. To this end, KEBCS will enhance its VIP customer management program and improve customer service by strengthening marketing channels, developing new products and technologies, and by improving existing products' service. To better serve our customers, we will revise our marketing processes and systems to better analyze customers' needs.

KEBCS is advancing an enriched set of marketing and investment plans to satisfy diversified customer needs and enhance customer loyalty.

e-Business

In 2003, the Company intends to increase new account acquisitions by using the Internet. In 2002, the Internet sales platform delivered promising results in terms of response, cost, quality, and activation. In 2003, KEBCS plans to launch a number of activities that would improve web-based customer service, such as enhancing E-branding, supporting effective Internet marketing, and operating stable systems to improve homepage users. We will also push forward with VISA mobile 3D secure in cooperation with information communication companies including SK Telecom. We already executed the second stage of the VISA 3D Secure Pilot project in 2002 following the first stage in 2001. The Company is also seeking to introduce WPKI and mobile e-Wallets. At the same time, we are focusing on expanding our M-commerce service. We will expand and activate the SMS service and push for integrated wire and wireless services. Furthermore, we will also introduce a variety of mobile payment solutions. By developing various kinds of payment services, KEBCS is capable of handling market changes while providing superior service to customers.

Business alliance

KECBS maintains a vast array of affinity relationships with various companies in order to provide expanded services to its customers. The Company has partnerships with various companies such as IT corporations, airlines, and insurance providers. The MONETA Card, ASIANA Card, YES OK Card, MOBILO Card, and the Hyundai Insu Card are among the major affinity relationships that KEBCS will focus on in 2003. With sales promotions, cross-selling, and database marketing activities, we will continue to increase the number of cardholders in 2003. Moreover, we will continue to expand our affiliated card network by improving the services of the LG Telecom Card and the SK N-TRACK Card. While the LG Telecom Card is similar to the MONETA Card, we are differentiating the two by enhancing their respective benefits. The existing cards including the SKYPASS Card, will also be enhanced to better serve our customers. In order to strengthen the Company's affinity card services, we will continue to review and liquidate inactive or unprofitable card relationships.

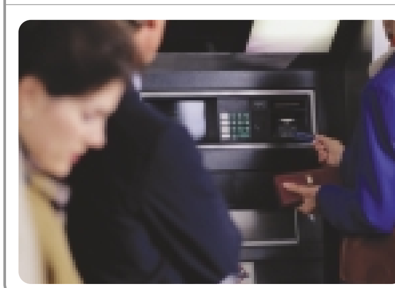
Revolving card program expansion

KEBCS holds a strong lead in the revolving credit card segment and we seek to increase our lead and experience in this field to garner further growth in 2003. Under the revolving card system, the cardholder pays a fixed percentage of the outstanding amount at one time. The revolving card system is a new paradigm in card payment that offers recession-resilient revenues and has low dormancy rates. We intend to build on our lead in this product area by launching special cards programs aimed at specific segments. Meanwhile, KEBCS will maintain strict credit line management to ensure we create an optimal balance of risk and reward in this area.

Implementing CRM to maximize our services, retention, and profit

CRM, the collection of customer information and the scientific analysis of that information, is a key tool in effective marketing. In 2003, we will effectively utilize our data warehouse, a key component of the CRM system, to predict customer behavior and identify cross-selling opportunities, as well as use it to analyze customer profitability and the effectiveness of our loyalty programs and sales channels. In 2003, we will continue to push forward with the first stage of the CRM implementation project that began in December 2001. In the first stage, we will develop and improve the customer model through analysis. We are committed to establishing a company wide CRM KPI. We will specifically design, improve, and finally implement the campaign system. With the upgraded next generation CRM System, we are now expected to assume a more powerful position in the credit card service market in terms of competitiveness, attracting prospective customers, and enhancing corporate image.

While KEBCS boasts a commanding lead in the revolving credit card market, it will not sit complacently in this position; rather, KEBCS will continue to work tirelessly to ensure that its current market leadership is maintained.



State-of-the-Art Credit Risk Management

A variety of analysis tools have allowed KBECS to better evaluate the creditworthiness of its customers. This ensures a more stable credit environment for the Company and its clients. Furthermore, these efforts will strengthen the credit card industry for all of Korea.
State-of-the-art Credit Risk Management

The asset quality of KEBCS' portfolio is a function of our approval criteria, the competitive situation, and the collection management activities that we employ. The age of accounts is also an important factor as accounts exhibit lower levels of delinquency and loss as they mature. As a result of the reduced credit supply, the Company experienced an overall delinquency ratio increase to 7.3% compared to 5.6% in the previous year. Total provisions increased by 200% year-on-year to KRW 309 billion. Write-offs also increased rapidly by 365% year-on-year to KRW 669 billion. Aggressive reduction of credit limits has led to short-term increases in delinquency levels, however, will benefit the Company in the medium-term. The same is expected from the aggressive collection initiatives and the very notable tightening of credit approval standards over the past few months.

An overview of the customer credit rating System

The Company's objective is to optimize the profitability of each customer segment within acceptable risk brackets. Therefore, the approval of new customers involves using a sophisticated matrix that evaluates customers based on occupation, income levels, demographic data, and information provided by external credit information systems. The external information KEBCS uses includes delinquency data, usage information, card holdings, and loan information. Additionally, sophisticated application scores developed by an international vendor are used for certain segments.

In 2002, the Company implemented strategic decision-making systems such as the sophisticated customer relationship management system and the improved risk management system (TRIAD). We also enhanced the existing scoring system and improved the MIS in order to maximize its utility. KEBCS has been able to adjust credit policies in a timely fashion based on the improved analysis of MIS. As well, we managed to curb credit risk increases by prudently controlling credit card limits and by introducing an elastic requirement standard that responds to changes in the market environment.

In 2002, we enhanced the efficiency of our customer screening process with the full-scale implementation of the Credit Application Scoring System (CASS). CASS consists of a behavior scoring system, an application scoring system, and a credit risk management scoring system. Brief explanations on these three systems follow.

Behavior Scoring System

KEBCS introduced the first Behavior Scoring System (BSS) in the domestic credit card industry in 1994, in cooperation with a US company, FICO, a recognized world leader in developing credit risk management systems. The behavior score is based on trends in card usage such as usage records, accounts outstanding, and records of overdue loans. This information is statistically analyzed to estimate the customer's credit worthiness and is recalculated for each customer on a monthly basis. The behavior score is central to a number of credit risk management practices such as determining increases or decreases in credit limits, authorizing special transactions, approving card loans and limits, identifying quality customers such as VIP customers, and accessing risk-based pricing for most product lines.

Application Scoring System

The Application Scoring System (ASS) was developed in conjunction with Statistical Decisions (SD), a UK credit risk management system development company. The system has been fully operational since February 2001. The application score is calculated using external credit information, records of overdue amounts at other credit card companies, and customer information acquired at the time of a new customer's application such as age, occupation, and income. KEBCS uses the ASS when approving or denying customer applications and when deciding on cross-selling of credit products. The system is currently being applied to the Revolving Card and in the future KEBCS plans to gradually expand the sphere of its application to encompass other products.

Credit Risk Management System (CRMS)

This system went into operation at the end of 2001. The system is designed to effectively estimate credit risk by not only predicting changes in credit risk by customer, product, and organization while calculating estimated loss, but also by estimating unanticipated losses stemming from changes in the market environment. We are now able to estimate overall credit risk and promptly respond to changes in the external environment by changing credit policies in a flexible and appropriate manner.

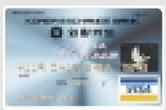
In 2003, we will implement a variety of business initiatives. We will adjust our credit policies to comply with the revised regulations. KEBCS will examine the requirements for new customers as well as the methods of setting credit limits for new and existing customers. To this end, we will fully implement CASS and revise the credit grant method for existing customers.

The Company will also strengthen the preliminary credit risk management system in order to effectively manage customers' credit risk. We will reinforce the automatic credit limit reduction standard.Furthermore, KEBCS will strive to reduce the collective credit limit of high-risk customers such as those who have delinquent accounts with KEBCS or other companies, and customers who currently have four active credit cards. In the meantime, we will prepare to establish a scenario system of a credit limit policy that considers the economic situation and profitability. Our extensive efforts in 2003 will enhance our state-of-the-art risk management practices and ensure that we maximize our profit.

With a solid understanding of the present market conditions and a clear vision for the future, KEBCS will elevate its current market position to become the undisputed leader in the Korean credit card industry.

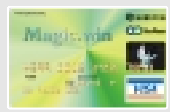
KEBCS has a diverse range of products targeting different customer segments.

Platinum Card



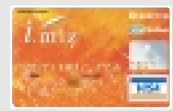
Our VIP customers enjoy a wealth of benefits and privileges with the Platinum Card. Discounted airline tickets and hotel rates, as well as free access to private waiting lounges at major airports around the world are just a few of the perks Platinum Card customers enjoy. The Card also offers comprehensive insurance that covers medical examinations.

Magic. win Card



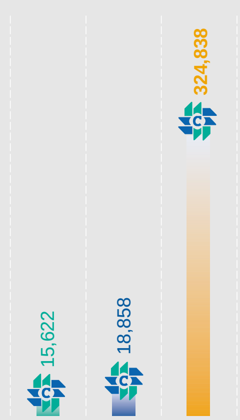
Targeted at salaried employees in their 20s and 30s, the Magic.win Card delivers a diverse range of membership benefits. Cardholders are entitled to discounted or free admission to amusement parts and sporting events, as well as receiving coupons for popular restaurant chains across Korea. Further, members receive discounts at LG Petrol stations.

I.Miz Card

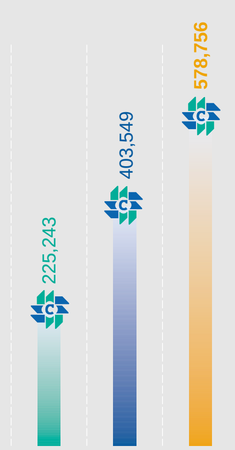


The I.Miz Card is aimed at women in their 20s and 30s. In addition to free insurance and an interest-free installment purchase service for famous fashion brands, I.Miz Card customers are privy to the same bonuses that Magic.win Card clients enjoy.

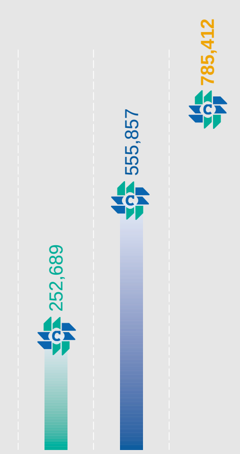
2000
2001
2002



NUMBER OF CARD HOLDERS



NUMBER OF CARD HOLDERS

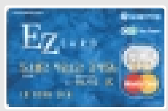


NUMBER OF CARD HOLDERS

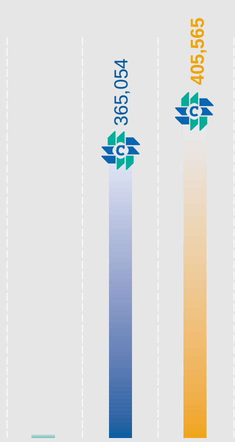
KEBCS cards offer diverse benefits through the affinity relationships the Company maintains with top brand companies.

STRENGTH IN DIVERSITY

YES EZ Card

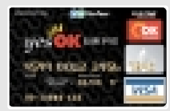


As our signature revolving credit card, the Yes EZ Card allows members to freely adjust their repayment schedule. Cardholders have the option of repaying any amount between 10% and 100%. When customers use their Cards, they collect Yes Points that can be used for future purchases. This card also carries free insurance coverage ranging from unemployment to accident insurance.

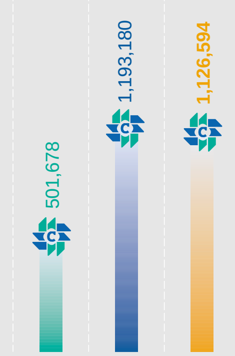


NUMBER OF CARD HOLDERS

YES OK Card



The Yes OK Card offers all of the services that an ordinary credit card provides, as well as providing OK Cashbag and SK Enclean membership services. Yes OK Card members also receive points at a variety of stores and restaurants. Benefits such as free holiday traffic insurance, discounts on medical examinations, car rentals, and house relocation services all combine to ensure that Yes OK cardholders are satisfied.

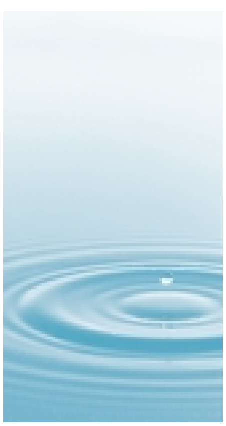


NUMBER OF CARD HOLDERS

2000
2001
2002

FINANCIAL SECTION

Underlying Business performance was strong in an industry hit hard by adversity upheaval



Selected Financial Data

In billions of Korean won

	2002		2001	
	Reported	Managed	Reported	Managed
Operating Results				
Operating revenue	1,419	1,556	1,069	1,124
Operating expenses	630	762	475	536
Selling, general & administrative expenses	817	839	271	278
Operating income	(28)	(45)	323	310
Net income	(52)	(52)	212	212
Balance Sheets				
Card assets	4,031	7,219	3,706	5,601
[allowance]	(270)	(303)	(87)	(97)
Total assets	5,364	7,744	4,410	5,773
Borrowing	4,252	6,733	3,315	4,715
Total liabilities	4,789	7,168	3,782	5,146
Common stock	209	209	209	209
Total shareholders' equity	576	576	627	627
ABS assets	2,394		1,400	
Financial Ratio				
Operating revenue growth	32.7%	38.4%	72.1%	78.1%
Net income growth	-124.5%	-124.5%	92.7%	92.7%
ROA	-1.0%	-0.7%	4.8%	3.7%
ROE	-9.0%	-9.0%	33.8%	33.8%
NPL ratio	3.9%	2.7%	1.5%	1.1%
Net interest spread	13.8%	13.8%	15.4%	15.4%
CAR	12.1%		14.6%	

The financial information and related discussion are based on "managed" data, except where noted otherwise, and has been classified in accordance with accounting principles generally accepted in Korea (Korean GAAP). Amounts are presented in billions of Korean Won except where stated otherwise. The term "the Company" used here without any other qualifying description will refer to "Korea Exchange Bank Credit Service (KEBCS)." The section also contains forward-looking statements with respect to the financial condition, results of operations and business of KEBCS, and plans and objectives of the management of KEBCS. Statements that are not historical facts, including statements involving known and unknown risks, uncertainties and other factors which may cause the actual results or performance of KEBCS to be materially different from any future results or performance expressed or implied by such forward-looking statements. KEBCS does not make any representation or warranty, expressed or implied, as to the accuracy or completeness of the information contained in this section, and nothing contained herein is, or shall be relied upon as, a promise, whether as to the past or the future. Such forward-looking statements are based on current plans, estimates, and projections of KEBCS and the political and economic environment in which KEBCS will operate in the future, and therefore you should not place undue reliance on them. Forward-looking statements speak only to conditions as of the date they are made, and KEBCS undertakes no obligation to update publicly any of them in light of new information of future events.

MARKET OVERVIEW

The Korean economic situation in 2002 was characterized by an increase in household debt and consumers with bad credit. The government introduced stricter regulations on consumer loans to control excessive personal consumption growth and lower profitability amidst rising delinquency rate and rises in the mandatory provisioning rate.

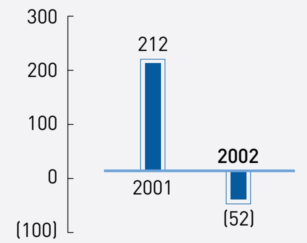
As a result of the unfavorable conditions in the credit card industry in 2002, KEBCS recorded a net loss of W52.4 billion. This result was derived primarily from a significant increase in the provisioning rate based on more stringent provisioning standard of Financial Supervisory Service (FSS). However, credit card sales volume and ordinary income before provisioning of the Company were up by 41.0% and 61.0%, respectively.

RESULTS OF OPERATIONS

Net loss for the year ended December 31, 2002, was W52.4 billion, a decrease of W264.3 billion from net income of W211.9 billion for the year ended December 31, 2001. The decrease in net income was due primarily to an increase in provision for possible credit loss of W673.2 billion. This increase was mainly derived from the FSS' stricter provisioning standard introduced in 2002 *(Table 1)*. If the provisioning standard of the previous year were applied in 2002, the net loss would have been a net income of W257.9 billion, a 21.7% increase from 2001.

Net Income (Loss)

(In billions of Korean won)



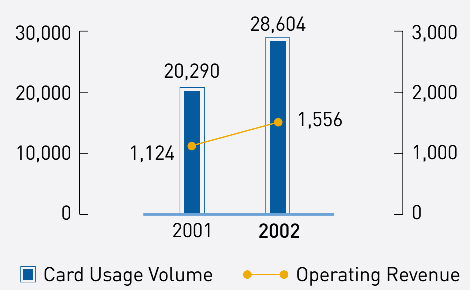
(Table 1) **Change of FSS' provisioning standard**

Classification	December 2001	December 2002
Normal (Under 1 month)	0.5%	1.0%
Precautionary (1-3 months)	5.0%	12.0%
Doubtful (3-6 months)	15.0%	60.0%
Estimated loss (Over 6 months)	25.0%	100.0%

Operating revenue on a managed basis consisted of interests and fees from credit card operations and totaled to W1,556.0 billion in 2002, up from W1,123.8 billion in 2001. Card usage volume reached W28,603.5 billion in 2002, rising 41.0% from W20,290.1 billion in 2001, despite tighter regulations regarding credit card usage, such as stricter rules for collecting new customers and permitting card loans. This relatively high growth was driven by the Company's efforts to boost installment payments and revolving credits. Interest earned from installments increased W40.2 billion to W121.3 billion in 2002, up 49.6% from W81.1 billion in 2001, while interest retained from cash advances increased W72.1 billion, or 21.8%, to W403.0 billion from W330.9 billion in 2001. Interest from card loans increased 42.8% from W217.0 billion to W309.9 billion in 2002, and merchant fees increased W62.3 billion, up 23.0%, to W333.4 billion. Outstanding interest earned from revolving credit was recorded at W257.9 billion in 2002, a 155.9% increase over the previous year. As a leader in the revolving card market, the Company increased customer satisfaction with respect to this area, therefore, revolving card products contributed to the stable profit structure of the Company.

Card Usage Volume & Operating Revenue

(In billions of Korean won)



In 2002, **operating expenses, and selling, general & administrative expenses** on a managed basis rose significanlty, reflecting the large increase in net provisions, interest expenses, and fees & commissions. At the year-end, operating expenses increased W225.1 billion to W761.5 billion, which represents a 42.0% increase compared to the previous year. By category, interest expenses increased W139.9 billion to W432.1 billion, up 47.9%, while fees & commissions were up W63.0 billion to W279.1 billion in 2002 from W216.1 billion in 2001. Selling, general & administrative expenses increased by 202.3% from W277.7 billion to W839.4 billion in 2002, mainly due to a 308.5% increase of net provisions compared to the previous year. With the newly adopted tighter provisioning standard, net provisions in 2002 reached W676.5 billion, a W510.9 billion increase from W165.6 billion in 2001.

■ Effect of securitization

KEBCS securitizes card assets in the normal course of business. By the securitization of card assets, operating revenue on a managed basis is adjusted based on the figures before the asset securitization, and the Company reallocates the revenue generated from such securitization through interest and fee income categories by product. As a result of the asset securitization, the operating revenue on a managed basis was W136.7 billion higher than the operating revenue on a reported basis, which was W1,419.3 billion in 2002. Also, the operating expenses on a managed basis were up W131.3 billion compared to the operating expenses on a reporting basis. These differences in the figures between the managed basis and reporting basis were offset by revenues and expenses related to asset securitization; therefore, they had no material impact on net income/loss in any year.

On a GAAP reporting basis, the operating revenues included fees from managing securitized assets of W63.0 billion in 2002, and W81.1 billion in 2001.

In 2002, the Company managed its credit card operations slightly less efficiently compared to the previous year, as its cost-income ratio was measured at 43.7%, up 0.9%p over the previous year. The cost-income ratio that considers operating revenue, operating expenses, and selling, general & administrative expenses excluding net provisions and interest expenses demonstrates efficient management. In this manner, the cost-income ratio measures the efficiency of controllable factors by management, since the net provisions and interests are more sensitive to external factors, such as fluctuation of interest rates and changes in regulations. This higher cost-income ratio in 2002 was mainly attributed to the government reducing its commission rate and the Company's aggressive marketing activities to maintain its market share and boost its credit card usage volume. In line with the marketing activities such as a non-interest period on installment sales and a reward program based on accumulated credit card usage points, the credit card usage volume expanded and, as such, contributed to the increased operating income in 2002.

FINANCIAL CONDITION

The **card assets** of KEBCS on a reported basis increased 16.2% from W3,874.7 billion in 2001 to W4,502.5 billion in 2002 *(Table 2)*. This increase was due mainly to a 30.3%, 21.2%, and a 22.1% increase in installment receivables, cash advance receivables, and revolving receivables, respectively. In order to enlarge the card assets and improve the liquidity, the Company securitized W2,716.0 billion of the card assets including repurchased receivables valued at W302.2 billion in 2002. Accordingly, the Company's card assets on a managed basis stood at W7,218.5 billion, a 28.9% increase from W5,601.4 billion in 2001.

(Table 2) **Credit card assets**

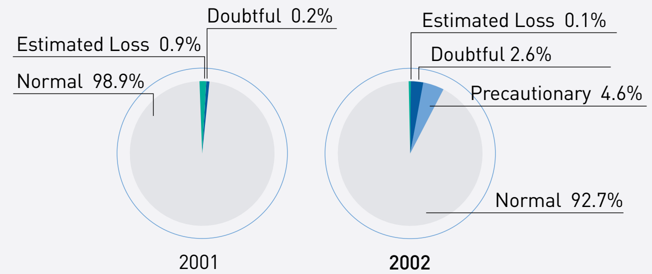
(In billions of Korean won)

December 31, 2002

Classification	Reported basis	Securitization	Managed basis
Lump-sum	W 427.1	W 192.1	W 619.2
Installment	934.8	283.0	1,217.7
Cash advance	1,017.3	934.9	1,952.2
Revolving	937.6	490.9	1,428.5
Card loan	865.3	1,117.3	1,982.6
Other processing	18.2	-	18.3
Repurchased receivables	302.2	(302.2)	-
Total	**W 4,502.5**	**W 2,716.0**	**W 7,218.5**

Of total credit card assets on a managed basis, receivables from credit cards accounted for 72.5% and receivables from card loans accounted for 27.5% in 2002 *(Table 3)*. The company classified 92.7% of the total card assets as normal receivables, which represented W6,688.3 billion of receivables from credit cards and card loans. The proportion of total normal receivables in 2002 declined by 6.2%p from 98.9% in 2001, mainly due to the regulatory standard regarding the new floor limitation of possible delinquencies. The precautionary receivables represented 4.6% of the total receivables, which were composed mostly of receivables from credit cards and card loans. The receivables classified as doubtful and estimated loss accounted for 2.6% and 0.1%, respectively. A significant change in 2002 regarding the classification of receivables was noticed in those categories set aside as precautionary and doubtful receivables from credit cards and card loans, neither of which existed in 2001. Due to a 7.0%p increase in those portion of receivables, the Company's normal receivable portion was reduced by 6.2%p.

Asset Quality



(Table 3) **Asset Quality** *(managed basis)*

(In billions of Korean won)

	Credit Cards and Card Loans		Others		Total	
	2001	**2002**	2001	**2002**	2001	**2002**
Normal	5,550.4	6,688.3	17.9	141.9	5,568.3	6,830.2
Precautionary	-	338.3	0.2	0.1	0.2	338.4
Substandard	-	-	0.9	0.3	0.9	0.3
Doubtful	-	187.1	10.6	6.5	10.6	193.6
Estimated loss	51.0	4.8	0.3	0.1	51.3	4.9
Total	5,601.4	7,218.5	29.9	148.9	5,631.3	7,367.4

The credit card assets are highly affected by **delinquencies** having the potential to impact net income and asset quality in the form of net credit losses. In 2002, KEBCS recorded W1,721.2 billion in total delinquencies including unbilled amounts on a managed basis.

In general, the highly increased delinquency rate in 2002 was a result of five factors: First, household loans became more difficult to obtain from financial institutions because of newly imposed restrictions. Second, the government reduced the limit on cash advance and loan service of credit card companies to a maximum of 50% of their total card assets; as a result, it became more difficult for customers to pay off one credit card with another. Third, the restrictions on acquisition of new customers and debt collection methods are, in part, responsible for the higher delinquency rate in 2002. Fourth, since July 2002, information regarding delinquent customers can be shared among credit card operators; therefore multiple debtors found it increasingly difficult to obtain loans. Fifth, the Company's stringent credit risk management policy also contributed to the increased delinquent amount.

The 1-month delinquency rate at KEBCS in 2002 stood at 7.3%, a 1.7%p increase from 5.6% in 2001. This result was attributed to the raised delinquency rate of card loan receivables, which represented 36.0% of 1-day overdue receivables and 12.2% of 1-month overdue receivables. The 1-day overdue receivables of card loans rose by 19.6%p from 16.4% in 2001, and those from credit card increased by 4.3%p to 19.2% from 14.9%. On the other hand, the 1-month overdue receivables from card loans was up by 6.9%p compared to the previous year, while those from credit cards declined slightly by 0.2%p from 5.7% in 2001 to 5.5% in 2002 *(Table 4)*. The significant increase in overdue receivables from card loans was primarily due to an increase in rewrite loans totaling W691.9 billion.

(Table 4) **Delinquencies** *(including unbilled amount, managed basis)*

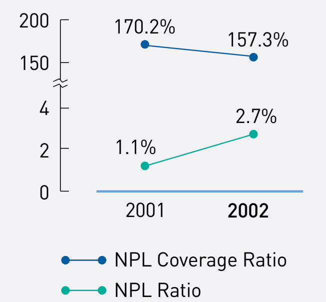
(In billions of Korean won)

	Total	
	2001	**2002**
Under 1 month	544.0	1,191.0
1-3 months	120.6	338.3
3-6 months	93.0	187.1
More than 6 months	101.2	4.8
Total of more than 1 month	314.8	530.2
Delinquency rate - Over 1 day	15.3%	23.8%
Delinquency rate - Over 1 month	5.6%	7.3%
Total delinquencies	**858.8**	**1,721.2**
Total receivables	**5,601.4**	**7,218.5**

By product category, the delinquency rate (over 1-month) from general purchase, installment, and cash advance receivables improved compared to the previous year by lowering 1.8%p, 0.8%p, and 1.4%p, respectively. The delinquency rate from revolving and card loans climbed since the previous year. The delinquency rate from revolving credit increased to 6.6%, up 1.9%p from 4.7% in 2001, primary due to a significant 33.0% increase in revolving receivables from W1,074.3 billion to W1,428.5 billion in 2002. Card loans' delinquency rate increased by 6.9%p to 12.2% in 2002 from 5.3% in 2001.

Reflecting the FSS' stricter provisioning standard, **provision for possible credit losses** of KEBCS in 2002 skyrocketed by W673.2 billion to W875.0 billion from W201.8 billion in 2001 *(Table 5)*. Furthermore, the Company reserved W3.6 billion of allowance for loan losses additional to the required provision for credit losses. With the recoveries from write-offs of W198.5 billion, KEBCS recorded W309.2 billion in reserve balance at the end of 2002, a 199.9% increase from W103.1 billion at the end of 2001. The NPL ratio of the Company increased by 1.5%p from 1.1% to 2.7% in 2002 and the NPL coverage ratio decreased by 13.1%p from 170.2% to 157.3%. These results were mainly due to a 216.6% increase of substandard & below credit receivables compared to the previous year.

NPL Ratio & NPL Coverage Ratio



(Table 5) **Provisioning & Allowance for Loan Losses** *(managed basis)*

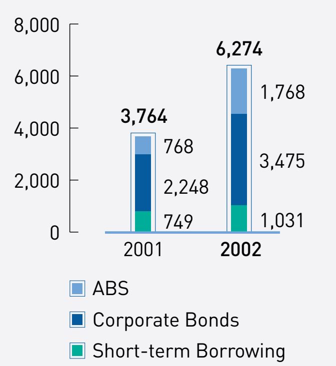
(In billions of Korean won, %)

	2001	2002
Reserve balance, beginning of period	45.9	103.1
Write-offs	144.6	668.9
Provision for possible credit losses	201.8	875.0
Recoveries	36.2	198.5
Reserve balance, end of period	103.1	309.2
Additional allowance for loan losses *(Present value discounted account)*	3.7	3.6
Substandard & Below	62.8	198.8
Total credit assets	5,361.2	7,367.5
NPL ratio	1.1%	2.7%
NPL coverage ratio	170.2%	157.3%

The Company uses several financial instruments as its **funding** sources, such as short-term borrowings, corporate bonds, and asset-backed securities (ABS) *(Table 6)*. In 2002, the average amount from those funding sources totaled W6,274.1 billion with an average interest rate of 6.8%, down 0.9%p from the year earlier. This result was primarily derived from the lower average interest rate in corporate bonds and ABS compared to the previous year, along with the stabilization of the Company's credit rating to A+ and the continuous decline in domestic interest rate since 2001. In order to take advantage of the declined interest rate, KEBCS enlarged corporate bonds and ABS to 83.6% of the total average funding amount from 80.1%, totaling W5,243.5 billion in 2002. The average amount of corporate bonds posted W3,475.3 billion, a 54.6% increase from W2,247.5 billion in 2001, while the average amount of ABS was up by 130.2% from W767.9 billion to W1,768.2 billion in 2002. Those funding sources had an average interest rate of 7.3% and 7.2%, respectively.

Funding Structure *

(In billions of Korean won)



*Average balance

(Table 6) **Funding Structure**

(In billions of Korean won, %)

	2001		**2002**	
	Average amount (%)	Average interest rate	Average amount (%)	Average interest rate
Short-term borrowing	748.8 (19.9%)	5.8%	1,030.6 (16.4%)	6.5%
Corporate bonds	2,247.5 (59.7%)	8.4%	3,475.3 (55.4%)	7.3%
ABS	767.9 (20.4%)	7.8%	1,768.2 (28.2%)	7.2%
Total	**3,764.2 (100.0%)**	**7.7%**	**6,274.1 (100.0%)**	**6.8%**

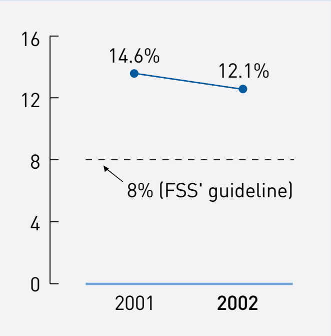
The Company's yield rate on interest earning assets declined by 2.5%p from 23.1% to 20.7% in 2002. As a result, the **net interest spread** fell by 1.6%p to 13.8% in 2002 from 15.4% in 2001 *(Table 7)*. However, the reduced interest rate on interest earning assets and interest bearing liabilities offset each other; therefore, there was no significant difference in net interest income in 2002 compared to the previous year.

(Table 7) **Net Interest Spread**

(Unit: %)	2001	**2002**
Yield	23.1%	20.2%
Funding cost	7.7%	6.8%
NIS	**15.4%**	**13.8%**

KEBCS is subject to adjusted-based capital guidelines adopted by the FSS. Under these requirements, the FSS has established quantitative measures to ensure that the minimum threshold (8%) for **capital adequacy ratio (CAR)** is maintained. The Company's adjusted shareholders' equity in 2002 stood at W610.6 billion, reduced from W637.7 billion in 2001. This reduction was mainly due to lowered retained earnings by W52.4 billion compared to the previous year. On the other hand, adjusted assets increased by 15.4% from W4,376.0 billion to W5,051.8 billion in 2002. The increase in adjusted assets and the decrease in adjusted shareholders' equity resulted in lower a CAR of 12.1%, compared to 14.6% in 2001 *(Table 8)*. Although the CAR declined by 2.5%p from the previous year, this CAR of 12.1% was substantially higher than the FSS requirement of 8%.

Capital Adequacy



(Table 8) **Capital Adequacy** *(reported basis)*

(In billions of Korean won)

	2001	2002
Capital stock	208.9	208.9
Capital surplus	133.2	133.2
Retained earnings	283.0	230.6
Capital adjustment	2.3	3.1
Others	10.3	34.8
Adjusted Shareholders' equity (A)	**637.7**	**610.7**
Total assets	4,409.8	5,362.3
Cash		
Others	(33.8)	(310.5)
Adjusted Assets (B)	**4,376.0**	**5,051.8**
CAR (A/B)	**14.6%**	**12.1%**

CREDIT RISK MANAGEMENT

As the Korean economy showed a downturn in 2002, consumer spending declined, the unemployment rate escalated, and the Korean stock market slumped. In order to control the delinquency rate, KEBCS has initiated a tighter credit risk management policy in 2002.

The Company changed its credit limit for active personal customers as well as new personal customers *(Table 9)*. The average credit limit for active personal customers was reduced by W1.0 million from W6.3 million in 2001 to W5.3 million in 2002. The average cash advance limit for that customer group also declined from W2.4 million to W1.9 million in 2002. However, the credit limit for new personal customers remained relatively stable while the Company adopted more stringent authorization for issuing new card. Since the Company is able to control new customers' credit risk through this stricter authorization process, the credit limit for new customers was set at W2.2 million in 2002, a decrease of approximately W200 thousand from W2.4 million in 2001.

(Table 9) **Change of Credit Limit**

(In millions of Korean won)

Classification		2001	2002
Total customer (personal)	Total limit	4.3	3.8
	Cash advance limit	1.6	1.4
Active customer (personal)	Total limit	6.3	5.3
	Cash advance limit	2.4	1.9
New customer (personal)	Total limit	2.4	2.2
	Cash advance limit	0.8	0.6

Furthermore, KEBCS took aggressive action towards a credit limit cut in the second half of 2002 *(Table 10)*. The regular credit management (Automatic credit cut system) targets customers in the risky customer groups based on delinquency pattern analysis. Additional limit cut actions were conducted to approximately 35% of the customers base during that period to reduce further exposure.

The Company was able to cut an extra W567.5 billion of credit limit in addition to regular credit limit cuts. Through the enhanced risk management, KEBCS will keep its financial soundness strong against worsening credit risk.

(Table 10) **Credit limit cut of 2nd half 2002**

(In billions of Korean won, %)

	Regular credit management (Automatic credit cut system)	August 2002 Extraordinary limit cut	December 2002 Extraordinary limit cut
Target customers	Risky customer group based on delinquency pattern analysis (July ~ December 2002)	Delinquent customers (KEBCS and other companies)	Multi C/A user group
No. of target customers	306,832 (monthly average)	375,552	419,893
Target assets	1,231.1 (monthly average)	934.5	1,089.4
Credit limit cut	204.2 (monthly average)	375.2	192.3
Cut rate on (vs. asset)	16.6%	40.1%	17.6%

OUTLOOK FOR 2003

The year 2002, characterized by household insolvency, higher delinquency rates, and various restrictions imposed by the government, was a challenging period for many companies in Korea. It is expected that the credit card companies continue to be affected by these problems in 2003. KEBCS will reinforce its profitability using its strong, basic fundamentals; (1) approximately 7 million cardholders, (2) W28.6 trillion of credit card usage volume, and (3) 2,200 thousand of merchant network. In order to control profitability, KEBCS began reducing value-added services to general cardholders, which will result in lower operating expenses, and a higher net operating income. KEBCS also reduced its special no interest added period in case of installment. As well, the Company's enhanced risk management towards potential delinquent customers will mitigate the overdue receivables, and will prove to be a significant factor in improving its profitability in 2003.

To the Board of Directors and Shareholders of
Korea Exchange Bank Credit Service Co., Ltd.

We have audited the accompanying balance sheets of Korea Exchange Bank Credit Service Co., Ltd. (the "Company") as of December 31, 2002 and 2001, and the related statements of income, dispositions of accumulated deficits (appropriations of retained earnings) and cash flows for the years then ended, expressed in Korean Won. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the Republic of Korea. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Korea Exchange Bank Credit Service Co., Ltd. as of December 31, 2002 and 2001, and the results of its operations, the changes in its accumulated deficits (retained earnings), and its cash flows for the years then ended, in conformity with financial accounting standards generally accepted in the Republic of Korea.

Without qualifying our opinion we draw your attention to the following matters. As discussed in Note 2 to the accompanying financial statements, for the year ended December 31, 2002, the Company adopted the revised guidelines to calculate its allowance for doubtful accounts, as prescribed by the regulatory authorities for the financial institutions in the Republic of Korea. The effect of the change increased the allowance as of December 31, 2002, and decreased income before income taxes for the year ended December 31, 2002, by W190,754 million. In addition, as discussed in Note 18 to the accompanying financial statements, on December 5, 2002, the Company entered into an agreement to sell its amounts due from cardholders and loans to cardholders amounting to W530,244 million, which was previously written off, and the resulting gains of W140,199 million were recognized as subsequent recoveries and added to allowance for doubtful accounts.

As discussed in Note 18 to the accompanying financial statements, effective December 13, 2002, the Company has entered into a trust agreement with Kookmin Bank's trust account (the "Trust") to transfer amounts due from cardholdrs arising from cash advances and revolving purchases amounting to W403,804 million, and future cash advances and revolving purchases from certain 180,763 cardholders up to April 21, 2006. According to the agreement, the cash advances and revolving purchases were transferred to the Trust as of January 13, 2003.

Seoul, Korea, January 30, 2003

December 31, 2002 and 2001

	2002		2001	
ASSETS:				
Current assets:				
Cash and cash equivalents (Note 3)	W	305,703,836,076	W	27,991,085,441
Short-term loans (Note 5)		117,122,933,234		195,474,320,220
Other accounts receivable		138,203,833,425		9,952,061,371
Accrued income (Note 6)		103,819,211,103		62,677,028,301
Due from cardholders, net (Note 7)		2,999,590,605,477		2,563,328,188,693
Loans to cardholders, net (Note 8)		761,821,716,286		1,055,750,186,667
Installment purchase loans, net (Note 9)		3,015,414,171		7,710,185,067
Other loans, net (Note 10)		1,424,335,712		1,408,555,080
Others		44,401,939,767		18,353,782,849
Total current assets		4,475,103,825,251		3,942,645,393,689
Premises and equipment, net (Note 11)		81,193,802,771		57,874,143,804
Long-term financial instruments (Note 3)		5,000,000		8,000,000
Investment securities (Note 4)		706,492,894,287		331,662,070,123
Lease deposits		68,552,140,796		42,190,837,416
Deferred tax assets (Note 24)		3,919,649,889		3,919,649,889
Intangible assets		913,740,316		1,827,480,631
Other assets		28,221,143,834		29,628,316,526
TOTAL ASSETS	**W**	**5,364,402,197,144**	**W**	**4,409,755,892,078**

The accompanying notes are an integral part of these financial statements.

Continued;

	2002	2001
LIABILITIES AND SHAREHOLDERS' EQUITY:		
Current liabilities:		
Short-term borrowings (Note 12)	W 541,520,544,668	W 585,000,000,000
Credit card business borrowings (Note 13)	2,248,350,280	1,457,564,276
Call money (Note 14)	-	55,000,000,000
Current maturities of debentures, net (Notes 12 and 15)	1,634,323,794,463	1,073,848,903,191
Other accounts payable	222,879,935,206	124,736,258,841
Accrued expenses	239,613,514,535	178,213,225,206
Income taxes payable	702,255,941	69,442,539,181
Dividends payable (Note 26)	-	52,217,552,500
Others	61,822,321,933	36,311,575,193
Total current liabilities	2,703,110,717,026	2,176,227,618,388
Debentures, less current maturities (Note 15)	2,074,141,818,662	1,599,467,883,039
Accrued severance benefits, net (Note 16)	11,416,313,608	6,726,581,719
Total liabilities	**4,788,668,849,296**	**3,782,422,083,146**
Commitments and contingencies (Note 18)		
Shareholders' equity : (Notes 1 and 19)		
Common stock of W 5,000 par value;		
Authorized : 100,000,000 shares,		
Issued and outstanding : 41,774,042 shares	208,870,210,000	208,870,210,000
Capital surplus	133,192,721,760	133,192,721,760
Retained earnings (Note 20)	230,617,393,900	282,975,279,676
Capital adjustment (Notes 21 and 22)	3,053,022,188	2,295,597,496
Total shareholders' equity	**575,733,347,848**	**627,333,808,932**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**W 5,364,402,197,144**	**W 4,409,755,892,078**

The accompanying notes are an integral part of these financial statements.

For the years ended December 31, 2002 and 2001

	2002		2001	
Operating revenues				
Fees from cardholders (Note 23)	W	1,216,569,220,826	W	877,347,284,730
Interest and fees on loans		200,905,688,678		190,206,549,152
Others		1,828,764,195		1,574,734,133
		1,419,303,673,699		**1,069,128,568,015**
Operating expenses				
Commissions (Note 23)		303,536,496,912		227,269,702,061
Interest expenses		302,050,736,923		231,611,192,823
Provision for doubtful accounts		642,069,275,849		159,396,384,505
Other selling and administrative expenses		162,858,933,058		111,951,196,490
Others		24,611,187,497		16,361,386,586
		1,435,126,630,239		**746,589,862,465**
Operating income (loss)		**(15,822,956,540)**		**322,538,705,550**
Non-operating income (expenses)				
Interest income		4,317,784,810		1,620,962,973
Service charges for recovering written-off or delinquent receivables		(37,386,069,576)		(13,937,088,843)
Donations		(3,081,408,042)		(915,818,811)
Others, net		(385,236,428)		(184,069,349)
		(36,534,929,236)		**(13,416,014,030)**
Ordinary income (loss)		**(52,357,885,776)**		**309,122,691,520**
Extraordinary gains		-		-
Extraordinary losses		-		-
Income (loss) before income taxes		**(52,357,885,776)**		**309,122,691,520**
Income tax expenses (Note 24)		-		**97,173,744,313**
Net income (loss)	**W**	**(52,357,885,776)**	**W**	**211,948,947,207**
Ordinary income (loss) and earnings (loss) per share (Note 25)	**W**	**(1,253)**	**W**	**5,725**
Diluted ordinary income (loss) and earnings (loss) per share (Note 25)	**W**	**(1,253)**	**W**	**5,704**

The accompanying notes are an integral part of these financial statements.

Statements of Dispositions of Accumulated Deficits

For the years ended December 31, 2002 and 2001

Dates of disposition (appropriations) : March 31, 2003 and March 30, 2002
For the years ended December 31, 2002 and 2001, respectively

	2002	2001
Retained earnings (deficits)		
before appropriations (dispositions) :		
Unappropriated retained earnings		
carried over from prior years	W -	W -
Net income (loss)	(52,357,885,776)	211,948,947,207
	(52,357,885,776)	**211,948,947,207**
Disposition :		
Transfer from voluntary reserves	52,357,885,776	-
Appropriations of retained earnings :		
Legal reserve (Note 20)	-	12,500,000,000
Reserve for business rationalization (Note 20)	-	139,035,823
Voluntary reserve (Note 20)	-	147,092,358,884
Cash dividends (Note 26)	-	52,217,552,500
	-	**211,948,947,207**
Unappropriated retained earnings to be		
carried forward to subsequent year	**W -**	**W -**

The accompanying notes are an integral part of these financial statements.

For the years ended December 31, 2002 and 2001

	2002		2001	
Cash flows from operating activities:				
Net income (loss)	W	(52,357,885,776)	W	211,948,947,207
Adjustments to reconcile net income (loss) to net cash provided by operating activities:				
Loss on disposal of investment securities, net		432,774,928		-
Gain on disposal of premises and equipment, net		(241,769)		(10,819,841)
Loss on redemption of debentures		51,002,700		-
Gain on disposal of membership rights		(86,800,000)		-
Provision for doubtful accounts		642,069,275,849		159,396,384,505
Depreciation		28,131,246,699		20,124,658,630
Amortization of goodwill		913,740,315		913,740,315
Amortization of present value discounts		882,163,168		456,031,907
Provision for severance benefits		7,340,392,109		5,335,403,736
Stock option costs		376,424,692		254,521,138
Changes in operating assets and liabilities:				
Decrease in deferred tax assets		-		2,093,023,836
Increase in other accounts payable		98,143,676,365		55,562,400,158
Increase in accrued expenses		61,400,289,329		80,715,180,338
Increase (decrease) in income taxes payable		(68,740,283,240)		21,012,845,897
Payment of severance benefits		(3,200,515,790)		(538,436,911)
Others, net		(174,657,348,391)		(28,397,201,641)
Net cash provided by operating activities	W	540,697,911,188	W	528,866,679,274

The accompanying notes are an integral part of these financial statements.

Continued;

		2002		2001
Cash flows from investing activities:				
Collection of installment purchase loans, net	W	3,759,930,249	W	15,562,375,269
Disposal of investment securities		620,572,065		6,396,000
Disposal of premises and equipment		3,120,000		206,468,960
Lending of due from cardholders, net		(1,168,215,581,268)		(771,446,203,236)
Collection (lending) of loans to cardholders, net		78,820,139,421		(309,387,777,597)
Acquisition of investment securities		(65,455,354,417)		(244,649,362)
Payment of lease deposits		(38,723,646,729)		(21,781,156,368)
Acquisition of premises and equipment		(51,453,783,897)		(35,257,630,321)
Collection (lending) of short-term loans, net		78,351,386,986		(133,625,781,461)
Others, net		15,332,902,898		(23,005,411,736)
Net cash used in investing activities		(1,146,960,314,692)		(1,278,973,369,852)
Cash flows from financing activities:				
Redemption of short-term borrowings, net		(43,479,455,332)		(19,600,000,000)
Issuance of common stock		-		97,198,338,700
Issuance of debentures		2,208,070,358,300		1,764,183,300,000
Borrowing (redemption) of credit card business borrowings, net		790,786,004		(12,938,978,710)
Borrowing of call money, net		(55,000,000,000)		(228,000,000,000)
Redemption of dividends		(52,217,552,500)		(22,000,000,000)
Redemption of debentures		(1,174,000,000,000)		(808,000,000,000)
Others, net		(188,982,333)		(1,082,342,861)
Net cash provided by financing activities		883,975,154,139		769,760,317,129
Net increase in cash and cash equivalents		**277,712,750,635**		**19,653,626,551**
Cash and cash equivalents at the beginning of the year (Note 28)		**27,991,085,441**		**8,337,458,890**
Cash and cash equivalents at the end of the year (Note 28)	**W**	**305,703,836,076**	**W**	**27,991,085,441**

The accompanying notes are an integral part of these financial statements.

1. The Company :

Korea Exchange Bank Credit Service Co., Ltd. (the "Company") was established in 1988 under the Commercial Code of Korea as a subsidiary of Korea Exchange Bank. The Company was approved by the Ministry of Finance and Economy to conduct credit card service business, including providing consumer installment financing, factoring and payment guarantees, under the Act for Financial Companies Specializing in Loan Business. On January 1, 1999, the Company merged with KEB Finance Co., Ltd. ("KEBF"), one of its affiliated companies. As of December 21, 2001, the Company offered its shares for public ownership and all of the Company's shares were registered with the Korea Stock Exchange.

As of December 31, 2002, the Company's authorized number of shares (par value : W5,000) is 100,000,000 shares, of which 41,774,042 shares of common stock were issued and outstanding as of December 31, 2002.

The Company's shareholders as of December 31, 2002 and 2001 are as follows:

	2002		2001	
	Number of shares owned	Ownership ratio (%)	Number of shares owned	Ownership ratio (%)
Korea Exchange Bank	18,795,000	45.0	18,795,000	45.0
Olympus Capital KEB Cards Ltd.	8,165,072	19.5	8,165,072	19.5
Olympus Capital (CRT) KEB Cards Ltd.	4,459,606	10.7	4,459,606	10.7
ADP Investment Subsidiary III L.L.C	3,140,028	7.5	3,140,028	7.5
Employees Stock Ownership Association	983,991	2.4	1,591,493	3.8
Others	6,230,345	14.9	5,622,843	13.5
	41,774,042	100.0	41,774,042	100.0

The Company has approximately 7,484 thousand members, 2,223 thousand merchants, and 32 domestic branches as of December 31, 2002.

2. Summary of Significant Accounting Policies :

The significant accounting policies followed by the Company in the preparation of its financial statements in accordance with generally accepted accounting principles of the Republic of Korea are summarized below:

Basis of Financial Statement Presentation -

The official accounting records of the Company are maintained in Korean Won in accordance with the laws and regulations of the Republic of Korea. The financial statements are prepared in accordance with generally accepted financial accounting standards of the Republic of Korea.

The Company maintains its official accounting records in Korean Won and prepares statutory financial statements in the Korean language in conformity with the accounting principles generally accepted in the Republic of Korea. The accompanying financial statements have been condensed, restructured and translated into English from the Korean language financial statements. Certain accounting principles applied by the Company that conform with financial accounting standards and accounting principles in the Republic of Korea may not conform with generally accepted accounting principles in other countries. Accordingly, these financial statements are intended for use by those who are informed about Korean accounting principles and practices. Certain information attached to the Korean language financial statements, but not required for a fair presentation of the Company's financial position and results of operations, is not presented in the accompanying financial statements.

The preparation of financial statements requires management to make estimates and assumptions that effect amounts reported therein. Due to the inherent uncertainty involved in making estimates, actual results reported in future periods may differ from those estimates.

Revenue Recognition -

The Company recognizes fees and interest income from cardholders on an accrual basis. However, the Company recognizes fees and interest income from delinquent cardholders on a cash basis.

Allowance for Doubtful Accounts -

The Company provides an allowance for doubtful accounts based on historical collection experience and the aggregate estimated collectibility of the receivable.

For the year ended December 31, 2002, the Company adopted the revised guidelines to calculate its allowance for doubtful accounts, prescribed by the regulatory authorities for financial institutions in the Republic of Korea. According to the revised guidelines, the collectibility of receivables are estimated by applying certain percentages to the various credit risk classifications, as follows:

Classifications	Percentages
Normal	1%
Special attention	12%
Substandard	20%
Doubtful	60%
Loss	100%

In addition, according to the revised guidelines, the Company down-graded the credit risk classification of it's rewritten loans to "lower-than-normal" and provided additional allowances for doubtful accounts for the unused cash advance credit limits of certain cardholders with poor credit ratings.

Implementation of the revised guidelines increased the Company's allowance for doubtful accounts as of December 31, 2002 and decreased income before income taxes for the year ended December 31, 2002 by W190,754 million.

Marketable Securities, Investment Securities and Other Investments -

Marketable securities and investments in equity and debt securities are initially carried at cost, using the moving average method. The following paragraphs describe the subsequent accounting for securities by the type of security.

Marketable securities held for short-term trading purposes are stated at fair market value, and valuation gains or losses are reported in current operations.

Investments in marketable equity securities held for investment purposes are reported at fair market value with unrealized gains or losses reported as a capital adjustment in shareholder's equity until realized.

Investments in non-marketable equity securities of non-controlled investees are reported at cost, except for declines in the Company's proportionate equity of the underlying book value of the investees which are anticipated to be permanent, which are recorded as valuation losses in current operations.

Premiums or discounts on debt securities are amortized over the life of the debt securities using the effective interest rate method. Investments in debt securities which the Company has the intent and ability to hold to maturity are generally carried at acquisition cost, adjusted for the amortization of discounts or premiums. Declines in the fair value of debt securities, which are anticipated to be permanent are recorded as valuation losses in current operations.

Premises and Equipment -

Premises and equipment are stated at cost net of accumulated depreciation. Depreciation is computed using the declining-balance method (straight-line method for buildings) over the estimated useful lives of the related assets as described below:

	Estimated Useful Lives
Buildings	40 years
Office equipment	4 years
Vehicles	4 years
Tools and furnitures	4 years

Routine maintenance and repairs are charged to current operations as incurred. Betterments and renewals, enhancing the value or materially extending the useful lives of the related assets, are capitalized.

Intangible Assets -

Intangible assets, consisting of goodwill acquired in the Company's merger with KEBF, are recorded at cost and amortized over five years using the straight-line method.

Discounts on Debentures -

Discounts on debentures, including debenture issuance costs, are amortized over the term of the debenture using the effective interest rate method. Such amortization is included in interest expenses.

Accrued Severance Benefits -

Employees and directors with one year or more of service with the Company are entitled to receive a lump-sum payment upon termination of their employment with the Company, based on their length of service and rate of pay at the time of termination. Accrued severance benefits represent the amount which would be payable assuming all eligible employees and directors were to terminate their employment as of the balance sheet date.

In accordance with the National Pension Act, a certain portion of accrued severance benefits is transferred to the National Pension Fund and deducted from the accrued severance benefit liability (see Note 16).

In addition, accrued severance benefits are funded approximately 47.8% and 60.1% as of December 31, 2002 and 2001, through a group severance insurance plan and are presented as a deduction from accrued severance benefits (see Note 16).

Foreign Currency Translation -

Monetary assets and liabilities denominated in foreign currencies are translated into Korean Won at the basic rates in effect at the balance sheet date. Resulting exchange losses and gains are recognized in current operations.

Income Taxes -

The Company accounts for income taxes under the Financial Accounting Standards which requires the recognition of deferred tax assets and liabilities arising from temporary differences between the financial and tax bases of assets and liabilities. Deferred tax assets and liabilities are measured using enacted tax rates expected to be applied to taxable income in the years in which those temporary differences are expected to be reversed or settled. Tax credits are recognized as a reduction of income tax expenses in the year they are incurred for tax return purposes.

Restructuring of Receivables -

The Company recognized losses on troubled receivables restructured under work-out programs or other similar restructuring arrangements if the total discounted future cash flows specified by the modified terms of rescheduled receivables are less than the nominal amount of the troubled receivables. Such losses are reduced from the allowances for doubtful accounts.

The discount rate applied to calculate the present value of the restructured receivables is the appropriate discount rate prevailing at the original transaction date.

Compensation Costs for Stock Options -

Compensation costs for stock options granted to employees and executives are recognized on the basis of fair value. Under the fair value method, compensation costs for stock option plans are determined using an option-pricing model in which the Company assumes no volatility of the underlying stock prices at grant dates and recognizes compensation expense equally over the vesting period.

Transfers of Financial Assets -

Transfers of financial assets are accounted for as a sales of assets when control over the assets has been surrendered. Control over transferred assets is deemed to be surrendered when the assets have been isolated from the Company and the transferee obtains the right to pledge or exchange the transferred assets, and the Company does not maintain effective control over the transferred assets through an agreement to repurchase them before their maturity. The gains or losses from the sales of the receivables are recognized as subsequent recoveries or additional credit losses and added to or reduced from the allowance for doubtful accounts. Accordingly, the securitization of the Company's receivables, comprising of due from cardholders and loans to cardholders, are accounted for as a sale of the assets.

3. Cash and Cash equivalents :

Cash and cash equivalents and long-term financial instruments as of December 31, 2002 and 2001 are as follows:

	Annual Interest Rate (%)	In Millions	
	December 31, 2002	**2002**	2001
Cash and cash equivalents			
Cash on hand	-	W 107	W 93
Checking accounts	-	57	1,058
Passbook accounts	1%	27,540	6,838
Others	1%	278,000	20,002
		W 305,704	W 27,991
Long-term financial instruments			
Key money deposit for checking accounts	-	W 5	W 8

As of December 31, 2002, long-term financial instruments represent key money deposits required to maintain checking accounts and, accordingly, withdrawal is restricted.

4. Investment Securities :

Investment securities as of December 31, 2002 and 2001 comprise the following:

	Number of shares		Ownership Ratio (%)		In Millions: Acquisition Cost		Net Book Value		Market or Net Asset Value	
	2002	2001	**2002**	2001	**2002**	2001	**2002**	2001	**2002**	2001
Government bonds	-	-	-	-	W 379	W 326	W 379	W 326	W 379	W 326
Subordinated debentures										
SPC 1 (*1)	-	-	-	-	36,600	36,600	36,600	36,600	36,600	36,600
SPC 2 (*2)	-	-	-	-	46,429	46,429	46,429	46,429	46,429	46,429
SPC 4 (*3)	-	-	-	-	75,161	75,161	75,161	75,161	75,161	75,161
SPC 6 (*4)	-	-	-	-	68,269	-	68,269	-	68,269	-
Subordinated beneficiary certificates										
SPC 3 (*5)					168,535	169,061	168,535	169,061	168,535	169,061
SPC 5 (*6)					306,646	-	306,646	-	306,646	-
Convertible bonds	-	-	-	-	59	59	67	59	67	59
Stock										
CJ 39 shopping	60,000	60,000	0.73	0.73	300	300	2,538	2,157	2,538	2,157

(Continued)

	Number of shares		Ownership Ratio (%)		In Millions: Acquisition Cost		Net Book Value		Market or Net Asset Value	
	2002	2001	**2002**	2001	**2002**	2001	**2002**	2001	**2002**	2001
Other investments										
Korea Cyber Payment	92,000	92,000	6.48	6.48	W 552	W 552	W 552	W 552	W 543	W 527
KCESS (*7)	179,438	179,438	12.46	12.46	897	897	897	897	403	519
VISA cash	83,930	83,930	2.8	2.8	420	420	420	420	257	368
SPC 1 (*1)	20	20	2.0	2.0	-	-	-	-	-	-
SPC 2 (*2)	20	20	2.0	2.0	-	-	-	-	-	-
SPC 3 (*5)	20	20	2.0	2.0	-	-	-	-	-	-
SPC 4 (*3)	20	20	2.0	2.0	-	-	-	-	-	-
SPC 5 (*6)	20	-	2.0	-	-	-	-	-	-	-
SPC 6 (*4)	20	-	2.0	-	-	-	-	-	-	-
SPC 7 (*8)	20	-	2.0	-	-	-	-	-	-	-
					W704,247	W329,805	W706,493	W331,662	W705,827	W331,207

(*1) SPC 1: KEBCS Securitization 2000-1, L.L.C.
(*2) SPC 2: KEBCS Securitization 2001-1, L.L.C.
(*3) SPC 4: KEBCS Securitization 2001-4, L.L.C.
(*4) SPC 6: KEBCS Securitization 2002-7, L.L.C.
(*5) SPC 3: KEBCS Securitization 2001-3, L.L.C.
(*6) SPC 5: KEB Card International ABS 2001-1, Limited.
(*7) KCESS: Korea Creditcard Electronics Settlement Service
(*8) SPC 7: KEBCS Securitization 2002-7, L.L.C., which has been incorporated as of December 31, 2002, but the securitization assets has not been transferred (see Note 18).

With regard to the subordinated beneficiary certificates related to SPC 3 and SPC 5, the proceeds collected from the amounts due from cardholders and loans to cardholders are transferred to Kookmin Bank's trust accounts under a trust agreement between the Company and Kookmin Bank, are used to pay for the interest expenses of securitization bonds and for the operating expenses of the related Special Purpose Entities. Any excess in the amount of proceeds after deducting interest and operating expenses are transferred to the Company (see Note 18). Accordingly, the Company provides an allowance for doubtful accounts on the subordinated beneficiary certificates based on historical collection experience and the aggregate estimated collectibility of total securitization assets, which are summarized as follows:

In Millions

	2002		2001	
	Securitization Assets	Allowance for Doubtful Accounts	Securitization Assets	Allowance for Doubtful Accounts
3rd Asset-Backed Securitization				
Type1-1 beneficiary certificate	W 300,000	W 3,000	W 300,000	W 1,500
Type1-2 and type 2 beneficiary certificate	168,535	3,295	169,061	3,182
	468,535	6,295	469,061	4,682

(Continued)

	In Millions			
	2002		2001	
	Securitization Assets	Allowance for Doubtful Accounts	Securitization Assets	Allowance for Doubtful Accounts
5th Asset-Backed Securitization				
Investor interest beneficiary certificate	604,000	6,040	-	-
Seller interest and subordinated seller interest beneficiary certificate	306,646	11,963	-	-
	910,646	18,003	-	-
	W 1,379,181	W 24,298	W 469,061	W 4,682

5. Short-term Loans :

Short-term loans as of December 31, 2002 and 2001 comprise the following:

	Annual Interest Rate (%)	In Millions	
	December 31, 2002	2002	2001
Short-term loans	20.0	W 117,123	W 195,474
Less : Allowance for doubtful accounts		-	-
		W 117,123	W 195,474

The Company provides short-term loans to KEBCS Securitization 2000-1, L.L.C. and KEBCS Securitization 2001-1, L.L.C. with regard to the Asset Backed Securitization (see Note 18).

6. Accrued Income :

As of December 31, 2002 and 2001, the Company's accrued income of W71,017 million and W20,907 million, respectively, are related to the interest income form Special Purpose Entities established for the securitization of card receivables (see Note 18).

7. Due from Cardholders :

Due from cardholders as of December 31, 2002 and 2001 comprise the following:

	In Millions	
	2002	2001
Cardholder charges		
Lump-sum purchases	W 424,168	W 451,000
Installment purchases	934,760	717,510
Revolving purchases	937,607	768,056

(Continued)

	In Millions	
	2002	2001
Cash advances	848,771	670,361
Others	8,274	5,774
	3,153,580	2,612,701
Card charges from an affinity bank	12,952	20,003
	3,166,532	2,632,704
Less : allowance for doubtful accounts	(166,941)	(69,376)
	W 2,999,591	W 2,563,328

The Company provides merchants with financing by purchasing their accounts receivable for lump-sum and installment purchases at a fee of 4.5% of the related receivable amounts. The Company provides cardholders with cash advances, up to certain maximum amounts determined for each cardholder, bearing fees ranging from 0.8% to 3.7% depending on the cash advance amount. The Company provides cardholders with finance for installment purchases bearing fees at the rate from 9.9% to 16.5% per annum. The Company provides cardholders with finance for revolving purchases bearing fees at the rate from 17.9% to 22.4% per annum. Revolving purchases are collected monthly at the rate from 5% to 100% depending on the revolving agreement.

8. Loans to Cardholders :

Loans to cardholders as of December 31, 2002 and 2001 comprise the following:

	In Millions	
	2002	2001
Loans to cardholders	W 865,310	W 1,072,955
Less : allowance for doubtful accounts	(103,488)	(17,205)
	W 761,822	W 1,055,750

The Company provides loans to cardholders with maturities of three years or less bearing commissions from 0.5% to 4.0% and interest from 11% to 23% per annum.

The annual maturities in aggregate of the loans to cardholders outstanding as of December 31, 2002 are as follows:

For the year ended December 31,	In Millions
2003	W 643,666
2004	178,318
2005	43,326
	W 865,310

9. Installment Purchase Loans :

Installment purchase loans as of December 31, 2002 and 2001 comprise the following:

	In Millions					
	2002			2001		
	Loans	Allowance for Doubtful Accounts	Net Book Value	Loans	Allowance for Doubtful Accounts	Net Book Value
Loans for housing	W 3,264	W 667	W 2,597	W 6,331	W 1,035	W 5,296
Loans for general goods	424	6	418	1,547	75	1,472
Loans for consumer goods	-	-	-	947	5	942
	W 3,688	W 673	W 3,015	W 8,825	W 1,115	W 7,710

The Company provides consumers with loans for the purchase of general goods and for housing with maximum maturities of five years and twenty years, respectively.

The annual maturities in aggregate of installment purchase loans outstanding as of December 31, 2002 are as follows:

For the year ended December 31,	In Millions
2003	W 997
2004	591
2005	578
2006	562
2007 and thereafter	960
	W 3,688

10. Other Loans :

Other loans as of December 31, 2002 and 2001 comprise the following:

	In Millions							
	2002				2001			
	Loans	Present Value Discounts	Allowance for Doubtful Accounts	Net Book Value	Loans	Present Value Discounts	Allowance for Doubtful Accounts	Net Book Value
Factoring (notes)	W 8,463	W 3,583	W 3,660	W 1,220	W 8,468	W 3,720	W 3,561	W 1,187
General loans	817	-	613	204	886	-	665	221
	W 9,280	W 3,583	W 4,273	W 1,424	W 9,354	W 3,720	W 4,226	W 1,408

The Company provides loans to manufacturing, wholesale and retail enterprises, based on the amount of factored receivables.

As of December 31, 2002, the Company has restructured factoring loans amounting to W8,463 million of face value, of which present value discounts amounted to W3,583 million.

The annual maturities in aggregate of other loans outstanding as of December 31, 2002 are as follows:

For the year ended December 31,	In Millions
2003	W 608
2004	740
2005	730
2006	730
2007 and thereafter	6,472
	W 9,280

11. Premises and Equipment :

Premises and equipment as of December 31, 2002 and 2001 comprise the following:

	In Millions					
	2002			2001		
	Acquisition Cost	Accumulated Depreciation	Net Book Value	Acquisition Cost	Accumulated Depreciation	Net Book Value
Land	W 20,525	W -	W 20,525	W 20,525	W -	W 20,525
Buildings	12,238	2,597	9,641	11,779	2,291	9,488
Office equipment	2,929	1,825	1,104	1,875	1,075	800
Vehicles	815	629	186	723	431	292
Tools and furniture	121,861	72,123	49,738	72,501	45,732	26,769
	W 158,368	W 77,174	W 81,194	W 107,403	W 49,529	W 57,874

Buildings, office equipment and tools and furniture are insured for fire and other casualty losses up to approximately W67,323 million at December 31, 2002. Also, the Company carries automobile insurance on vehicles and transportation equipment.

Details of the appraised tax basis of lands, as determined by the local government of Korea for property tax assessment purposes, at December 31, 2002 and 2001 are as follows:

	In Millions			
	2002		2001	
	Book Value	Appraised Tax Basis	Book Value	Appraised Tax Basis
Head Office	W 18,534	W 16,618	W 18,534	W 16,096
Others	1,991	1,313	1,991	1,261
	W 20,525	W 17,931	W 20,525	W 17,357

As of December 31, 2002, a portion of the Company's land and buildings are pledged to Korea Exchange Bank as collateral for leasehold deposits received up to approximately W2,392 million.

12. Short-Term Borrowings :

Short-term borrowings as of December 31, 2002 and 2001 comprise the following:

	Name of Creditor	Annual Interest Rates (%) December 31, 2002	In Millions **2002**	In Millions 2001
Commercial paper	CHB Bank and others	5.06 - 6.13	W 491,521	W 555,000
General term borrowing	Koram Bank	5.9	50,000	30,000
			W 541,521	W 585,000

Current maturities of debentures as of December 31, 2002 and 2001 comprise the following:

	In Millions **2002**	In Millions 2001
Current maturities of debentures	W 1,635,000	W 1,074,000
Less : Discounts on debentures	(676)	(151)
	W 1,634,324	W 1,073,849

13. Credit Card Business Borrowings :

Credit card business borrowings as of December 31, 2002 and 2001 comprise the following (see Note 18):

	Name of Creditor	Annual Interest Rates (%) December 31, 2002	In Millions **2002**	In Millions 2001
Credit card business borrowings in foreign currency	Korea Exchange Bank	2.91	W 2,248	W 1,458

14. Call Money :

Call money as of December 31, 2002 and 2001 comprise the following:

	Annual Interest Rates (%)	In Millions	
	December 31, 2002	**2002**	2001
Hyundai Investment Trust Management	-	W -	W 55,000

15. Debentures :

Debentures as of December 31, 2002 and 2001 comprise the following:

	Annual Interest Rates (%)	In Millions	
Year of Issuance	December 31, 2002	**2002**	2001
1999	-	W -	W 110,000
2000	8.72 - 10.61	355,000	799,000
2001	5.21 - 8.42	1,245,000	1,765,000
2002	5.32 - 7.62	2,210,000	-
		3,810,000	2,674,000
Less : Current maturities		(1,635,000)	(1,074,000)
Treasury debentures		(100,000)	-
Discounts on debentures		(858)	(532)
		W 2,074,142	W 1,599,468

The Company holds treasury debentures amounting to W100,000 million as of December 31, 2002, and intends to sell or extinguish the debentures in the near future. The losses on the purchase of debentures amounting to W51 million are reported in current operations.

The annual maturities in aggregate of debentures outstanding as of December 31, 2002 are as follows:

For the year ended December 31,	In Millions
2003	W 1,735,000
2004	855,000
2005	1,050,000
2006 and thereafter	170,000
	W 3,810,000

16. Accrued Severance Benefit :

Accrued severance benefits as of December 31, 2002 and 2001 are as follows:

	In Millions	
	2002	2001
Balance at the beginning of the year	W 19,718	W 14,921
Provisions for severance benefits	7,340	5,335
Actual payments	(3,200)	(538)
	23,858	19,718
Deposits to National Pension Fund	(1,036)	(1,143)
Severance insurance deposits	(11,406)	(11,848)
Balance at the end of the year	W 11,416	W 6,727

17. Monetary Assets and Liabilities Denominated in Foreign Currencies :

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

	In Thousands of US$		In Millions of Korean Won	
	2002	2001	**2002**	2001
Due from cardholders	US$ 2,319	US$ 1,502	W 2,784	W 2,099
Credit card business borrowings	1,873	1,099	2,248	1,458
Other accounts payable	446	403	536	641

18. Commitments and Contingencies :

The Company has entered into an agreement with Korea Exchange Bank for credit card operating assistance in connection with managing cardholders through the nationwide network of Korea Exchange Bank. Under the agreement, the Company pays an annual operating assistance fee to Korea Exchange Bank. As of December 31, 2002, the Company has entered into borrowing agreements for borrowings up to W10,000 million with Korea Exchange Bank.

The Company has entered into trademark license (membership) agreements with Master Card International Incorporated in 1993, VISA International Service Association in 1988 and JCB International Service Association in 1997. Under the agreements, the Company is granted a non-exclusive, non-transferable, royalty-free license to use the trademarks in connection with the specific program identified in the agreements.

The Company has entered into credit card affinity agreements with Cheju Bank, Kwangju Bank, Jeonbuk Bank, Kookmin Bank, Chohung Bank, Hana Bank and KDB Capital. Under the agreement, the Company allocates fee income related to the credit card affinity.

The Company, through an agreement with Korea Computer Incorporated, is operating 24-hour cash service machine and providing 24-hour cash service to the cardholders. The Company pays operating assistance fees upon this agreement.

The Company has entered into note discounting agreements for borrowings up to W30,000~100,000 million per each agreement with SK Securities Co., and other seventeen financial institutions.

The Company has provided one blank check as a pledge for borrowing agreements with Koram Bank as of December 31, 2002.

The Company has entered into insurance agreements to compensate for air and travel accidents with Hyundai Marine and Fire Insurance and other insurance companies. As of December 31, 2002, the Company's insurance amounts for international cardholders are up to a maximum of W1.5 million to W1,200 million per person.

Effective November 25, 2000, the Company has entered into a card receivables sales agreement with KEBCS Securitization 2000-1, L.L.C. (the "SPC 1") to sell amounts due from cardholders amounting to W373,724 million and future receivables from certain 142,916 cardholders up to December 17, 2003. According to the agreement, amounts due from cardholders of W387,589 million were transferred to SPC 1 as of December 31, 2002. The sales agreement includes early amortization clauses which require the sales of future receivables as well as the early redemptions of principal and payments of interests of debentures issued by the SPC 1. The Company underwrote the subordinated debenture of the SPC 1 amounting to W36,600 million, and owned the shares of the SPC 1 amounting to W200,000. Additionally, the Company has provided the SPC 1 with short-term loans and has received interest income from the SPC 1 relating to such loans (see Notes 4 and 5). Servicing of the receivables sold is retained by the Company, and the Company is entitled to receive the related servicing fees from the SPC 1.

The Company repurchased the accounts of the following cardholders and the related card receivables from the SPC 1 in accordance with the sales agreement :

Repurchase date	Number of Cardholders	In Millions	
Jun. 1, 2001	7,161	W 43,617	Card contracts cancelled
Apr. 1, 2002	2,088	4,644	Delinquent for more than 90 days
May 11, 2002	16,629	76,828	Delinquent for more than 90 days
Nov. 11, 2002	1,699	5,969	Delinquent for more than 90 days
	27,577	W 131,058	

Effective February 22, 2001, the Company has entered into a card receivables sales agreement with KEBCS Securitization 2001-1, L.L.C. (the "SPC 2") to sell due from cardholders amounting to W496,399 million and future receivables from certain 226,123 cardholders up to June 27, 2004. According to the agreement, amounts due from cardholders of W510,685 million were transferred to the SPC 2 as of December 31, 2002. The sales agreement includes early amortization clauses which require the sales of future receivables and as well as the early redemptions of principal and payments of interests of debentures issued by the SPC 2. The Company underwrote the subordinated debenture of the SPC 2 amounting to W46,429 million, and owned the shares of the SPC 2 amounting to W200,000. Additionally, the Company has provided the

SPC 2 with short-term loan and has received interest income from the SPC 2 relating to such loans (see Notes 4 and 5). Servicing of the receivables sold is retained by the Company, and the Company is entitled to receive the related servicing fees from the SPC 2.

The Company sold the following additional cardholder accounts to SPC 2, the related card receivables, and future card receivables from the cardholders up to May 31, 2004, to supplement the outstanding card receivables balance required for securitization :

Sales date	Number of Cardholders	In Millions
Jul. 2, 2001	8,126	W 13,714
Nov. 1, 2001	28,938	38,692
	37,064	W 52,406

The Company repurchased the accounts of the following cardholders and the related card receivables from the SPC 2 in accordance with the sales agreement :

Repurchase date	Number of Cardholders	In Millions	
Nov. 1, 2001	4,537	W 9,047	Card contracts cancelled
Apr. 1, 2002	1,230	3,488	Delinquent for more than 90 days
May 11, 2002	37,220	98,420	Delinquent for more than 90 days
Nov. 1, 2002	2,333	7,057	Delinquent for more than 90 days
Dec. 4, 2002	20,839	62,851	Delinquent for more than 90 days
	66,159	W 180,863	

Effective June 11, 2001, the Company has entered into a cash advances trust agreement with Kookmin Bank's trust account (the "Trust") to transfer cash advances amounting to W408,678 million and future cash advances from certain 328,120 cardholders up to July 27, 2004. According to the agreement, cash advances amounting to W468,534 million were transferred to the Trust as of December 31, 2002. Based on the cash advances transferred to the Trust, the Trust issued three types of beneficiary certificates (type1-1, type1-2 and type 2) and KEBCS Securitization 2001-3, L.L.C. (the "SPC 3") underwrote the type1-1 beneficiary certificate and issued securitized debentures. The Company underwrote the type 1-2 beneficiary certificate of the Trust amounting to W34,000 million and the type 2 beneficiary certificate of the Trust, and owns the shares of the SPC 3 amounting to W200,000 (see Note 4). Proceeds from the cash advances transferred to the Trust are primarily used to fund interest expenses of securitized debentures and operating expenses of the SPC 3, and the remaining amounts are transferred to the Company. Servicing of the cash advances sold is retained by the Company, and the Company is entitled to receive the related servicing fees from the Trust. The sales agreement includes a clause which forces the additional transfer of cash advances from the Company to supplement the outstanding cash advances balance required for securitization when cash advances outstanding are lower than W347,360 million.

The Company transferred the following additional card advances and future cash advances from certain cardholders to the Trust up to September 30, 2004, to supplement the outstanding cash advances balance, required for securitization :

Transfer date	Number of Cardholders	In Millions
Aug. 1, 2001	63,310	W 93,849
Nov. 25, 2002	80,214	104,707
	143,524	W 198,556

The Company cancelled the trust agreement for the following cardholders whose cash advances had been converted to revolving purchases or who had defaulted their payments for more than three months, and, accordingly, the Company recognized those receivables as its assets :

Repurchase date	Number of Cardholders	In Millions	
Aug. 1, 2001	24,937	W 15	Trust agreement cancelled
Feb. 1, 2002	10,004	11,103	Delinquent for more than 90 days
Apr. 1, 2002	34,328	3,294	Delinquent for more than 90 days
May 11, 2002	30,193	98,568	Delinquent for more than 90 days
Nov. 1, 2002	8,765	13,409	Delinquent for more than 90 days
	108,227	W 126,389	

Effective November 16, 2001, the Company has entered into a loans to cardholders sales agreement with KEBCS Securitization 2001-4, L.L.C. (the "SPC 4"), to sell the loans to cardholders amounting to W475,161 million from 153,022 cardholders. According to the agreement, loans to cardholders amounting to W441,567 million were transferred to the SPC 4 as of December 31, 2002. The sales agreement includes early amortization clauses which require the sales of loans to cardholders as well as the early redemptions of principal and payments of interests of debentures issued by the SPC 4. The Company underwrote the subordinated debenture of the SPC 4 amounting to W75,161 million, and owns the shares of the SPC 4 amounting to W200,000 (see Note 4). Servicing of the loans to cardholders sold is retained by the Company, and the Company is entitled to receive the related servicing fees from the SPC 4.

According to the agreement, the Company is entitled to transfer additional loans to cardholders to SPC 4, under which the Company has transferred additional loans to cardholders since the first transfer date. The additional transfers up to January 15, 2003, are as follows:

Additional Transfer No.	Transfer Date	Number of Cardholders	Number of Loans	In Millions
No. 1	Dec. 15, 2001	4,487	4,802	W 13,433
No. 2	Jan. 15, 2002	9,256	9,565	25,040
No. 3	Feb. 19, 2002	9,500	9,988	27,812
No. 4	Mar. 16, 2002	6,830	7,000	26,889
No. 5	Apr. 16, 2002	8,507	8,600	30,748
No. 6	May 16, 2002	9,408	9,500	30,708
No. 7	Jun. 18, 2002	7,692	7,900	32,461

(Continued)

Additional Transfer No.	Transfer Date	Number of Cardholders	Number of Loans	In Millions
No. 8	Jul. 18, 2002	10,123	10,300	30,737
No. 9	Aug. 12, 2002	12,563	13,340	32,471
No. 10	Sep. 17, 2002	13,235	15,400	35,610
No. 11	Oct. 11, 2002	17,485	17,800	44,026
No. 12	Nov. 12, 2002	22,767	23,492	57,016
No. 13	Dec. 12, 2002	16,980	26,082	58,215
No. 14	Jan. 15, 2003	51,553	69,693	46,957

The Company repurchased the following cardholders and the related card receivables from SPC 4 in accordance with the sales agreement :

Repurchase Date	Number of Cardholders	Number of Loans	In Millions
Oct. 31, 2002	4,975	5,820	W 2,444

Effective June 30, 2002, the Company has entered into a trust agreement with Kookmin Bank's trust account (the "Trust") to transfer card receivables and loans to cardholders amounting to W845,771 million and future card receivables and loans to cardholders from 378,410 cardholders up to August 28, 2007. According to the agreement, card receivables and loans to cardholders of W906,167 million were transferred to the Trust as of December 31, 2002. Based on the card receivables and loans to cardholders transferred to the Trust, the Trust issued three types of beneficiary certificates (Investor Interest, Seller Interest and Subordinated Seller Interest) and KEB Card International ABS 2002-1 Limited (the "SPC 5") underwrote the Investor Interest beneficiary certificate and issued a securitized bond. The Company underwrote the Seller Interest and the Subordinated Seller Interest beneficiary certificate of the Trust, and owns the shares of the SPC 5 amounting to W200,000 (see Note 4). Proceeds from the card receivables and card loans transferred to the Trust are primarily used to fund interest expenses of securitized bonds and operating expenses of the SPC 5, and the remaining amounts are transferred to the Company. Servicing of the card receivables and card loans sold is retained by the Company, and the Company is entitled to receive the related servicing fees from the Trust. The servicing agreement includes a clause which requires early amortization when the aggregate amount of card receivables and loans to cardholders outstanding are equal to or lower than 106% of the aggregate amount of Investor Interest and Subordinated Seller Interest.

Effective August 31, 2002, the Company has entered into a sales agreement with KEBCS Securitization 2002-6 L.L.C. (the "SPC 6") to sell, loans to cardholders amounting to W760,907 million from certain 314,045 cardholders for W773,269 million. The Company recognized the resulting gains on the sale, which were added to the allowance for doubtful accounts. According to the agreement, loans to cardholders amounting to W472,156 million were transferred to the SPC 6 as of December 31, 2002. The Company underwrote the subordinated debenture of the SPC 6 amounting to W68,269 million, and owns the shares of the SPC 6 amounting to W200,000. Servicing of the loans to cardholders sold is retained by the Company, and the Company is entitled to receive the related servicing fees from the SPC 6. The sales agreement includes early amortization clause which requires the sales of loans to cardholders as well as the early redemptions of principal and payments of interest of debentures issued by the SPC 6.

The Company repurchased certain loans to cardholders from the SPC 6 in accordance with the sales agreement, as follows:

Repurchase date	Number of loans	In Millions	
Jan. 6, 2003	4,087	W 6,054	Delinquent for more than 90 days
Feb. 4, 2003	5,358	6,931	Delinquent for more than 90 days

Effective January 13, 2003, the company has entered into a trust agreement with Kookmin Bank's trust account (the "Trust") to transfer cash advances and amounts due from cardholders arising from revolving purchases amounting to W403,804 million and future cash advances and revolving purchases accounts from 180,763 cardholders up to April 21, 2006. According to the agreement, cash advances and revolving purchase accounts were transferred to the Trust as of January 13, 2003. Based on the cash advances and revolving purchase accounts transferred to the Trust, the Trust issued two types of beneficiary certificates (Type 1 and Type 2) and KEBCS Securitization 2002-7, L.L.C. (the "SPC 7") underwrote the Type 1 beneficiary certificate (Par value : W350,500 million) as of January 13, 2003 and issued a securitized bond based on the certificate, as of January 21, 2003. The Company underwrote the Type 2 beneficiary certificate (no par) as of January 13, 2003 and owns the shares of the SPC 7 amounting to W200,000. Proceeds from the cash advances and revolving purchase accounts transferred to the Trust, are primarily used to fund interest expenses of the securitized bond and operating. Expenses of the SPC 7, and the remaining amounts are transferred to the Company. Servicing of the cash advances and revolving purchase accounts sold is retained by the Company, and the Company is entitled to receive the related servicing fees from the Trust. The servicing agreement includes a clause which requires additional transfers of cash advances and revolving purchase accounts from the Company, to supplement outstanding cash advances and revolving purchase accounts balance, required for securitization, when cash advances and revolving purchase accounts are equal to or lower than 104% of the aggregate amounts of Type 1 beneficiary certificate and 4% of cash advances and revolving purchase accounts.

The Company receives additional servicing fees from, the SPC 1, SPC 2, SPC 4 and SPC 6 on the first payment date after the end of each settlement period. The additional servicing fees relating to the SPC 1, SPC 2, SPC 4 and SPC 6 are calculated by multiplying the assets of the SPC as of the first day of each settlement period by the servicing fees rate for the settlement period as determined by the manager of the SPC and the Company. The additional servicing fees relating to the SPC 3, SPC 5 and SPC 7 are calculated by deducting the expenses of the Trust, and the SPC 3, SPC 5 and SPC 7 from the profits of Trust for each settlement period.

On December 5, 2002, the Company has entered into an agreement with Shinhan M&A Co., Ltd. to sell its amounts due from cardholders and loans to cardholders amounting to W530,244 million as of November 8, 2002, which were previously written off, and the resulting gains of W140,199 million, were recognized as subsequent recoveries and added to the allowance for doubtful accounts.

The Company is named as the plaintiff or defendant in several legal actions arising from normal business activities. The Company believes that the outcome of these matters is uncertain, but, in any event, they would not result in material ultimate losses to the Company. Accordingly, no provision for potential losses arising from these claims is reflected in the accompanying financial statements.

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

19. Common Stock :

There has been no change in common stock for the year ended December 31, 2002. However, 5,000,000 stocks were issued as of December 14, 2001, accordingly, the Company's capital increased by W25,000 million and its capital surplus increased by W72,199 million for the year ended December 31, 2001.

20. Retained Earnings :

Retained earnings as of December 31, 2002 and 2001 comprise the following:

	In Millions	
	2002	2001
Legal reserve	W 104,435	W 104,435
Reserve for business development	31,217	31,217
Reserve for business rationalization	164	164
Voluntary reserve	94,801	147,159
Unappropriated retained earnings	-	-
	W 230,617	W 282,975

Legal Reserve -

The Commercial Code of the Republic of Korea requires the Company to appropriate a portion of retained earnings as a legal reserve in an amount equal to a minimum of 10% of its cash dividends until such reserve equals 50% of its capital stock. The reserve is not available for dividends but may be transferred to capital stock through an appropriate resolution by the Company's board of directors or used to reduce accumulated deficit, if any, through an appropriate resolution by the Company's shareholders.

Reserve for Business Development -

Pursuant to the Corporate Income Tax Law of Korea, the Company is allowed to appropriate retained earnings as a reserve for business development. This reserve is not available for dividends but may be transferred to capital stock through an appropriate resolution by the Company's board of directors or used to reduce accumulated deficit, if any, through an appropriate resolution by the Company's shareholders.

Reserve for Business Rationalization -

Pursuant to the Regulation of Tax Reduction and Exemption Act ("RTREA"), the Company is required to appropriate, as a reserve for business rationalization, amounts equal to the tax reduction arising under the RTREA. This reserve is not available for dividends, but may be transferred to common stock through an appropriate resolution by the Company's board of directors or may be used to reduce accumulated deficit, if any, through an appropriate resolution by the Company's shareholders.

Voluntary Reserve -

The Company appropriates a certain portion of retained earnings, pursuant to a shareholders' resolution, as a voluntary reserve. This reserve may be reversed and transferred to unappropriated retained earnings by the resolution of shareholders and may be distributed as dividends after reversal.

21. Capital Adjustments :

Capital adjustments as of December 31, 2002 and 2001 comprise the following:

	In Millions	
	2002	2001
Gains on valuation of investment securities	W 2,238	W 1,857
Stock options	815	438
	W 3,053	W 2,295

22. Stock Options :

As of December 31, 2002, the Company has implemented stock option plans for employees and executives, details of which are as follows:

Grant Date	Numbers of Common Shares to be Issued by Exercise	Exercise Period	Exercise Price
Mar. 28, 2000	100,000 shares	From June 21, 2003 to March 28, 2006	W 8,500
Sep. 14, 2000	140,000(*)	From September 14, 2003 to September 14, 2006	8,500
Mar. 30, 2002	60,000	From May 30, 2005 to May 30, 2008	37,740
	240,000 shares		

(*) There is a reduction of 120,000 shares from the number of shares granted of 260,000 during the prior year due to the retirment of employees.

The amounts recognized as compensation cost for the year ended December 31, 2002 and to be recognized hereafter are W377 million and W425 million, respectively.

Primary assumptions utilized to determine compensation costs under the fair value method, as allowed under generally accepted accounting principles, are as follows :

	Grant Date		
	Mar. 28, 2000	Sep. 14, 2000	Mar. 30, 2002
Risk-free interest rate	6.7%	6.7%	6.4%
Expected exercise period	3.25 years	3 years	3 years
Volatility of the underlying stock price (*1)	0.497	0.613	0.635
Expected dividend rate	0 (*2)	0 (*2)	4.4%

(*1) The volatility of similar industy stock price index during expecte excerise period.
(*2) The expected dividend rate was supposed to be 0% since the Company went public as of December 21, 2001.

The difference between measurements under the simplified discounted cash flow method and fair value method would be as follows:

	In Millions except per share amounts			
	2002		2001	
	Simplified Discounted Cash Flow Method	Fair Value Method	Simplified Discounted Cash Flow Method	Fair Value Method
Stock options	W 1,240	W 6,773	W 929	W 5,952
Compensation costs	377	2,127	255	1,626
Ordinary income (loss) before income taxes	(52,358)	(54,109)	309,123	307,752
Net income (loss)	(52,358)	(54,109)	211,949	210,578
Ordinary income (loss) per share	(1,253)	(1,295)	5,725	5,688
Earnings (loss) per share	(1,253)	(1,295)	5,725	5,688

23. Fees from Cardholders and Commissions :

Fees from cardholders and commissions for the years ended December 31, 2002 and 2001 comprise the following:

	In Millions	
	2002	2001
Fees from cardholders		
Interests from cash advances	W 183,962	W 173,938
Fees from installments	101,741	66,926
Interests from revolving receivables	178,164	70,043
Interests from delinquent receivables	48,489	42,433
Merchant discount fees	333,437	271,121
Fees from affinity banks	18,982	24,199
Fees from the settlement of international sales charges	6,310	7,858

(Continued)

	In Millions	
	2002	2001
Fees from affinity card companies	9,782	6,817
Annual fees	11,526	15,580
Fees from loans to cardholders	46,654	39,801
Fees from insurance companies	10,991	4,427
Sales commission from merchants	1,795	1,671
Fees from other services	102,637	16,926
Fees from SPC	145,574	122,475
Others	16,525	13,132
	W 1,216,569	W 877,347

	In Millions	
	2002	2001
Commissions		
Cardholder solicitation commissions	W 42,273	W 29,981
Merchant solicitation commissions	1,874	2,631
Commissions of delegated businesses	41,295	35,777
Business processing commissions	18,032	9,853
Authorization commissions	9,464	7,565
Commissions to affinity banks	83,166	76,784
Commissions to affinity card companies	17,278	12,221
Mileage service fees	18,367	17,654
Commissions to cardholder management	20,111	3,050
Commissions for other services	47,735	29,659
Others	3,941	2,095
	W 303,536	W 227,270

24. Income Taxes :

The statutory income tax rate ordinarily applicable to the Company for the years ended December 31, 2002 and 2001 is approximately 29.7% and 30.8%, respectively, including resident tax surcharge.

Income tax expenses for the years ended December 31, 2002 and 2001 comprise the following:

	In Millions	
	2002	2001
Current	W -	W 95,080
Deferred	-	2,093
Income tax expenses	W -	W 97,173

The components of differences between taxable income and accounting income for the years ended December 31, 2002 and 2001 are as follows:

	In Millions			
	2002		2001	
	Temporary Differences	Permanent Differences	Temporary Differences	Permanent Differences
Income tax expenses	W -	W -	W -	W 98,374
Investment securities	(4,919)	-	-	-
Unearned income	(23,693)	-	63	-
Accrued expenses	(5,621)	-	(6,533)	-
Stock options	-	31	-	2,436
Entertainment expenses	-	405	-	1,215
Interest income	-	833	-	1,144
Allowance for doubtful accounts	-	-	(203)	-
Accrued severance benefits	1,873	-	-	-
Interest expenses	-	761	-	1,026
Present value discounts	(137)	-	(122)	-
Donations	-	7,992	-	-
Others	-	572	-	-
	W(32,497)	W 10,594	W (6,795)	W 104,195

The details of the Company's tax credit for the years ended December 31, 2002 and 2001 are as follows:

	In Millions	
	2002	2001
Reduction for enhancing payment system	W -	W 191

The details of temporary differences and deferred tax assets for the years ended December 31, 2002 and 2001 are as follows:

	In Millions					
	2002			2001		
	Beginning Balance	Increase (Decrease)	Ending Balance	Beginning Balance	Increase (Decrease)	Ending Balance
Work-in process	W 31	W -	W 31	W 31	W -	W 31
Depreciation (Buildings)	20	-	20	20	-	20
Depreciation (Equipment)	908	-	908	908	-	908
Unearned income	-	(31,612)	(31,612)	-	-	-
Marketable securities	(150)	150	-	(214)	64	(150)
Investment securities	-	(4,887)	(4,887)	-	-	-
Accrued severance benefit	390	1,483	1,873	390	-	390

(Continued)

	In Millions					
	2002			2001		
	Beginning Balance	Increase (Decrease)	Ending Balance	Beginning Balance	Increase (Decrease)	Ending Balance
Loss on valuation of marketable securities	69	(69)	-	69	-	69
Accrued expense	7,634	(2,410)	5,224	14,168	(6,534)	7,634
Bad debt expense	-	-	-	203	(203)	-
Allowance for doubtful accounts	107	(107)	-	107	-	107
Present value discounts	3,720	(137)	3,583	3,842	(122)	3,720
Net operating loss carryforward	-	73,360	73,360	-	-	-
	W 12,729	W 35,771	W 48,500	W 19,524	W (6,795)	W 12,729
Deferred tax assets	W 3,920	W 10,485	W 14,405	W 6,013	W (2,093)	W 3,920
Less : Valuation allowance	-	-	(10,485)	-	-	-
	W 3,920	W 10,485	W 3,920	W 6,013	W (2,093)	W 3,920

The Company periodically assesses its ability to recover deferred tax assets. In the event of a significant uncertainty regarding the Company's ultimate ability to recover such assets, a valuation allowance is recorded to reduce the asset to its estimated net realizable value. As of December 31, 2002, the Company has unused operating loss carryforwards of W73,360 million, that may provide future tax benefits and that expire through 2007.

25. Earnings (Loss) Per Share :

The weighted average number of common shares outstanding for the year ended December 31, 2002 are calculated as follows:

	Number of Shares Issued	Number of Days Outstanding	Weighted Number of Shares
January 1, 2002	41,774,042	365	15,247,525,330

The weighted average number of common shares outstanding is computed by dividing the weighted number of shares for the year of 15,247,525,330 shares by 365 days.

Basic earnings (loss) per share and basic ordinary income (loss) per share for the years ended December 31, 2002 and 2001 are calculated as follows :

	In Millions	
	2002	2001
Net income (loss) allocated to common stock	W (52,357,885,776)	W 211,948,947,207
Weighted average number of common shares outstanding	41,774,042	37,020,617
Basic earnings (loss) per share and ordinary income (loss) per share (*)	W (1,253)	W 5,725

(*) Since there are no extraordinary gains or losses, basic ordinary earnings (loss) per share is the same with basic earnings (loss) per share.

Diluted earnings (loss) per share and diluted ordinary income (loss) per share are similarly computed by using the weighted average number of common shares outstanding, reflecting for the effects of dilutive securities such as stock options. Also, ordinary income (loss) was adjusted for compensation costs, net of taxes, on dilutive securities in calculating diluted ordinary income (loss) per share. For the calculation of the weighted average number of dilutive potential shares outstanding, dilutive potential shares, such as stock options granted during 2000 and 2002, were deemed to be converted at date of issuance.

Diluted loss per share and diluted ordinary loss per share for the year ended December 31, 2002 are calculated as follows :

	2002
Net loss allocated to common stock	W (52,357,885,776)
Add : Compensation costs	376,424,692
Weighted average number of common shares and dilutive potential shares outstanding	41,930,143
Diluted loss per share and ordinary loss per share (*)	W (1,240)

(*) Since there is no extraordinary gains or losses, diluted ordinary loss per share is the same with diluted loss per share.

Diluted ordinary loss per share and diluted loss per share were same as basic ordinary loss per share and basic loss per share for 2002 since there was no diluted effect.

Diluted earnings per share and ordinary income per share for the year ended December 31, 2001 were W5,704 won.

Details of dilutive potential shares as of December 31, 2002, are as follows :

	Exercise period	No. of common shares to be issued	Exercise price (in Won)
Stock option	from June 21, 2003 to March 28, 2006	100,000	W 8,500
Stock option	from September 14, 2003 to September 14, 2006	140,000	W 8,500
Stock option	form March 30, 2005 to March 30, 2008	60,000	W 37,740

26. Dividend Information:

Dividends for the year ended December 31, 2002 and 2001 are calculated as follows:

	2002	2001
Number of common shares	41,774,042	41,774,042
Par value (in Won)	W 5,000	W 5,000
Dividend ratio	0%	25.0%
Cash dividends (in Millions)	W -	W 52,218

Dividend payout ratio for the years ended December 31, 2002 and 2001, are as follows :

	In Millions	
	2002	2001
Dividend	W -	W 52,218
Net Income	-	211,949
Dividend Payout Ratio	-	24.6%

Dividend yield ratio for the years ended December 31, 2002 and 2001, are as follows :

	In Won	
	2002	2001
Dividend per share	W -	W 1,250
Market price as of year-end	-	28,400
Dividend Yield Ratio	-	4.4%

27. Transactions with Related Parties :

Significant transactions which occurred in the normal course of business with related companies for the years ended December 31, 2002 and 2001, and the related assets and liabilities as of December 31, 2002 and 2001 are summarized as follows:

	In Millions			
	Assets	Liabilities	Revenues	Expenses
Korea Exchange Bank	W 291,244	W 4,085	W 3,239	W 42,398
2002 Total	W 291,244	W 4,085	W 3,239	W 42,398
2001 Total	W 28,323	W 143,624	W 594	W 43,132

As of December 31, 2002, a portion of the Company's lands and buildings are pledged to Korea Exchange Bank as collateral for leasehold deposits received up to approximately W2,392 million (see Note 11). The Company has entered into borrowing agreements for borrowings up to W10,000 million with Korea Exchange Banks as of December 31, 2002.

28. Supplemental Cash Flow Information :

Significant transactions not affecting cash flows for the years ended December 31, 2002 and 2001 are as follows:

	In Millions	
	2002	2001
Current maturities of debentures	W 1,635,000	W 1,074,000
Current maturities of present value discoounts	676	151
Gains on valuation of investment securities	381	1,311
Underwriting beneficiary certificates	310,421	232,751
Disposition of accumulated deficits through a transfer from voluntary reserves	52,358	-
	W 1,998,836	W 1,308,213

29. Reclassification of 2001 Financial Statement Presentation :

Certain amounts in the 2001 financial statements have been reclassified to conform to the 2002 presentation. These reclassifications have had no effect on previously reported net income or retained earnings.

Organization Chart

- General Meeting of Shareholders
  - Board of Directors
    - CEO
      - Compliance Officer
        - Compliance Team
      - Auditor
        - Audit & Examination Department
      - Chief Operating Officer
        - Marketing & Sales Division
          - Marketing Planning Team
          - Product Development Team
          - E-Business Team
          - Affinity card Team
          - Tele-marketing Team
          - Advertising & Public Relations Team
          - Insurance Team
          - Travel & Entertainment Team
          - Merchandising Team
        - Credit Risk Management Division
          - Credit Administration Planning Team
          - Delinquency Management Team
          - Delinquency Consultation Team
          - Kangnam Collection Team
          - Kangbuk Collection Team
          - Kangseo Collection Team
          - Youngnam Collection Team
          - Honam Collection Team
          - Fraud Investigation & Settlement Team
        - Finance Division
          - Planning & Coordination Team
          - IR Team
          - Treasury & Accounting Team
          - Risk Management Team
        - Business Operation Division
          - Regional Business Promotion Team
          - Corporate Customer Team
          - Account Screening Team
          - Merchant Team
          - Personal Loan Team
          - Customer Service Team
          - Authorization Team
          - Card Issuance &
          - Billing Team
      - Vice President
        - Management Support Division
          - Customer Satisfaction Team
          - Information Technology Team
          - Information
          - Technology
          - Operation Team
          - Personnel Team
          - General Affairs Team
        - Regional Sales Division
          - Branches (32)

Board of Directors


1	2		
3	4	5	6
		7	8

Corporate officers

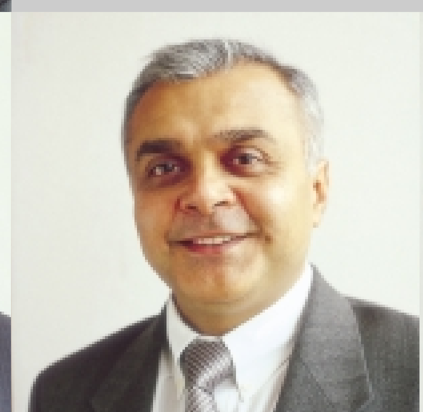
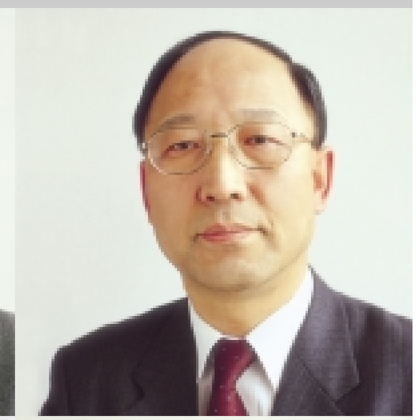
1. BEK, UN-CHUL
Chairman & President

2. LEE, JOO-HOON
Director & Executive Vice President

3. LEE, SANG-DUCK
Auditor

4. LEE, DAL-YONG
Director



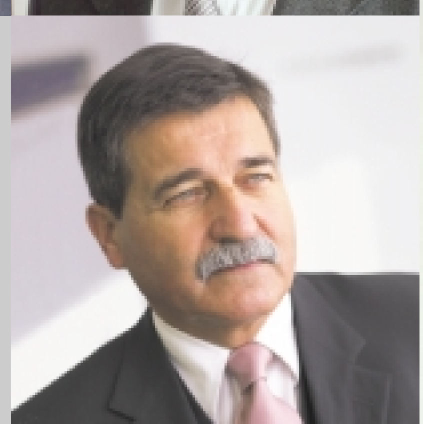



5. DILIP KOTHARI
Outside Director, Audit Committee

6. PARK, SANG-GI
Outside Director, Audit Committee

7. DANIEL MINTZ
Outside Director

8. JUNG, EUI-YON
Outside Director




Corporate Milestones

2002

December 12, 2002
KEBCS entered into a strategic alliance for mobile payment service with SK Telecom and SK Corporation
October 16, 2002
KEBCS was chosen as one of the "200 Best Under a Billion" by Forbes
September 24, 2002
KEBCS developed the/a CRM system
September 06, 2002
KEBCS launched the AMFREE Club Balcony Card
August 07, 2002
KEBCS issued ABS worth US$ 500 million

August 01, 2002
KEBCS launched a new product, the AMFREE Card, that combines travel, leisure, and shopping services
July 08, 2002
KEBCS extended time for C/A service
July 03, 2002
KEBCS completed construction of its Disaster Recovery System
May 10, 2002
KEB Card to resumed business Today
May 02, 2002
FSS panel blasted credit card firms for offering giveaways

April 26, 2002
FSS panel fined four credit card firms W23.35 billion for rigging fees KEBCS (KRW3.549 billion)
March 25, 2002
Card firms urged to set aside bank-level loan loss reserves
February 27, 2002
KEB Credit Card launched road show
January 08, 2002
KEB Credit tapped young consumers for more growth
January 03, 2002
KEBCS introduced its "Moral Code & Practice Methods for Officers and Employees"

2001

December 21, 2001
KEBCS was listed on the Korea Stock Exchange
September 06, 2001
KEBCS' credit rating was upgraded to 'AA' by KMCC
July 30, 2001
Reduced commission rates for cash advances and installments by 45%
July 14, 2001
New organizational structure for three regional divisions

June 06, 2001
Yes EZ Card (Master card) received the 'Best Program Launch AP Award'
June 01, 2001
Launched KEBCS' (Dacom) phone service
April 26, 2001
Launched the Red Devil's Affinity Card
April 6, 2001
Sponsored a charity festival for curing heart disease on the Internet

March 26, 2001
Launched the new Platinum Card
March 9, 2001
Launched the Business Card
February 1, 2001
Launched the Yes EZ Card (revolving credit card)

2000

August 12, 2000
Launched the Yes Cyber Card for the Internet
May 12, 2000
Launched the Magic.Win Card

February 12, 2000
Launched our "BEST 5" campaign (Aiming to be the best in (1) Customer Satisfaction, (2) Sales per employee, (3) Net income per employee, (4) Lowest delinquency volume, and (5))

February 1, 2000
New organizational structure for six Divisions (Marketing, Credit Risk Management, Finance, Business Operation, Non-Card, Management Support), thirty-one teams and one Department

1990's

January 1,1999
Merger between KEBCS and KEB Installment Finance increased equity capital from KRW 80 billion to KRW 92.5 billion. (An increase of KRW 4.3 billion.) Successfully attracted KRW 138 billion investment from Olympus Capital
October 1, 1998
Launched the YES BONUS CARD
September 15, 1998
Launched the VISA Platinum Card
December 22, 1997
Launched the VISA Card (Corporate Card and Purchasing Card)
December 19, 1997
Forged a business alliance with JCB International
August 18, 1997
Launched the credit plus debit One Card
July 22, 1997
Started the Photo Card instant issuance

May 26, 1997
Public Officials Pension Card selected as the "Smashing Hit of 2001" by the Korean Management Association
January 1, 1997
Signed a local tax card payment agreement with Uijongbu City
July 1, 1996
Initiated the POINT-UP(YES POINT) service for the first time in the history of the credit card industry
June 10, 1995
Launched the KEBCS SKYPASS Card
June 20, 1994
Launched the Photo Card for the first time in the history of the Korean credit card industry
December 30, 1993
2 million cardholders at KEBCS
July 26, 1993Relocated the head office to the Bangbae building

March 15, 1993
Launched the MASTER Card
March 2, 1993
Installed the new IT system (NCR--> IBM)
January 1, 1992
Renamed the Korea Exchange Credit Card Service Co. Ltd.
July 1, 1991
1million cardholders at KEBCS Launched the first co-branded card "For the Poor and Socially Disadvantaged Children"
June 10, 1991
Operation of 24 hour service on line tandem system Launch of VISA Card
May 25, 1990
Introduced Card Verification Value (CVV)

1980's

December 12, 1989
Hosted KEBCS Year-end Concert

July 1, 1988
KEBCS, established the Korea Exchange Bank Credit Service (KEBCS)

September 1, 1986
Selected KEB card as Olympic Card

1970's

April 10, 1979
Started VISA Card issuances

January 25, 1978
Registered as a principal member of VISA International

Corporate Data

Head Office
935-34, Pangbae-dong, Seocho-gu, Seoul 137-716, Korea
Tel: 82-2-524-8000
Fax: 82-2-524-8053
http://www.yescard.com

Established
May 19, 1988

Number of Employees
1,013

Network
32 Branches

Stock Listing
December 21, 2001
KEBCS Shares are listed on the Korea Stock Exchange

Number of Shares
41,774,042 Shares

General Meeting of Shareholders
March 30, 2002