

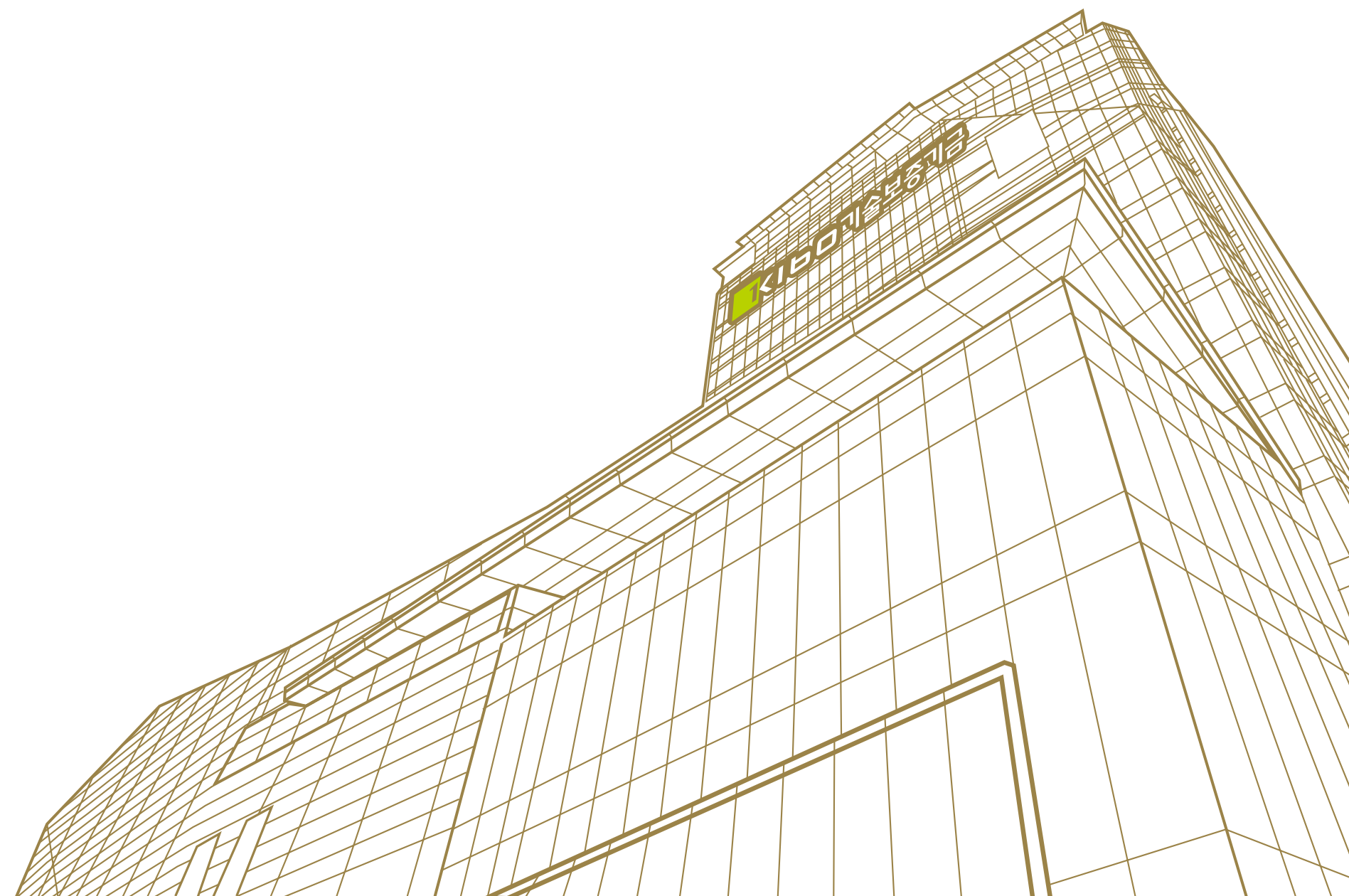




KOTEC is creating a world
where technology dreams become reality!

KOTEC believes the power of technology will propel the future of Korea.
It supports the passion of entrepreneurs and
cultivates the growth of promising tech companies.

KOTEC is the symbol of creativity, innovation and passion!
As the most reliable partner of SMEs,
we lay the foundation for technology growth in Korea.



A photograph of the Korea Technology Finance Corporation building, a modern skyscraper with a glass facade, set against a blue sky with clouds. The building is the central focus of the image, with a large staircase and a green hill in the foreground.

KOREA TECHNOLOGY FINANCE CORPORATION

Annual Report 2014

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CEO MESSAGE

It was a challenging year for many small and medium-sized enterprises (SMEs) in Korea as domestic consumption struggled to increase, while the global economy remained slow overall. Despite these difficult conditions, the number of newly-established entities hit a record high since 2000, and the number of domestic venture firms reached almost 30,000. These achievements were delivered on the back of the Creative Economy policy, which has brought new hopes and opportunities for our economy.

Financing was particularly highlighted as the pillar of Creative Economy during the year 2014, which led to strong demands for changes in the financial system. With the growing importance of financing, KOTEC's technology financing system was selected as the new evaluation mechanism for corporate financing. As the president of KOTEC, I am greatly honored and feel more accountable for the financial system overall.

Our evaluation tool was the first technology financing system introduced to the Korean financial sector. Thus, our efforts last year were concentrated on early settlement of the system, from developing a standard model for technology credit evaluation and building a technology information database to preparing and providing technology appraisal certificates. We were also proactively responding to requests for guarantee support in order to reignite the economy. As a result, our total guarantee provisions exceeded KRW 20 trillion for the first time in history.

We will continue to expand our guarantee support, particularly for startups, R&D firms, and new growth engine industries, to help them create more jobs for the young generation, so that we can serve as one of the main engines in promoting the stable growth of the national economy.

In addition, we will improve work efficiency and customer satisfaction by streamlining guarantee procedures and minimizing restrictions thereon. At the same time, we will enhance our appraisal system as well as our expertise in technology appraisal to solidify our standing as the leading policy institution for technology financing.

This annual report briefly but clearly demonstrates our efforts and their outcomes, including technology guarantee performance, advancement of technology appraisal, technology and management consulting services, and lectures-training for CEOs-experts in technology financing.

We hope that this report will help SMEs better understand policy financing programs and also help government officials gain knowledge on, develop, and implement SME financing policies.

We will continue to move forward as the policy institution to lead Korean technology financing, and ask for your continued support and interest.

Thank you.



April 2015

Chairman & President *Hancheul Kim*

KOTEC is leading the way behind a new “Korean wave in Finance.”

KOTEC has been the driving force behind the technology financial market in Korea for the past 26 years, dating to a time when few even knew the phrase “technology finance.” At a time when intangible asset-based technology finance is just beginning to emerge as a buzz word both at home and abroad, we at KOTEC have been already made great developments in penetrating the global market with our proprietary technology finance system, allowing us to become the leading player in the Creative Economy.

KRW 20,156 million

Guarantee provided in 2014: KRW 20.156 trillion
(Cumulative: KRW 250 trillion)

1

Economic Trends

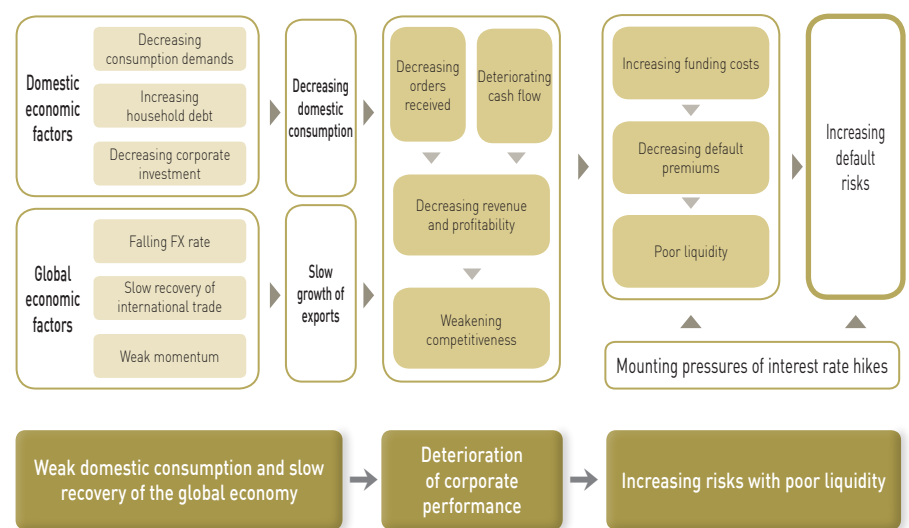
1. Overview
2. Global Economy
3. Domestic Economy
4. Global and Domestic Economic Outlook

1 Overview

The global economy shrank in the first half of 2014 and was deemed to make a slight recovery in the second half. Macroeconomic indicators improved for the US and Japan, while China resumed stable growth. With these upward trends, the US economy began to focus more on growth, which helped the global financial market remain stable. However, high growth of international trading and a massive influx of capital for emerging markets, as witnessed before the global financial crisis, are unlikely to come.

The Korean economy bottomed out in the first half of 2014, but the pace of growth is only half of what it had previously delivered. Korea was able to make moderate improvements in its economic recovery on the back of the global economic recovery that improved Korea's exports to some extent, helped stabilized the financial market, and was aided by the all-out stimulus package implemented by the Korean government. Meanwhile, SMEs still struggled from lingering challenges (including export, import, and FX rates) and the weak momentum of the global economy. Contracted orders, revenue, and investment issues further weakened their competitiveness, and weak domestic consumption and sluggish exports directly affected SMEs and suppressed their profitability and liquidity, thereby increasing default risks.

Ripple effect of macroeconomic instability



2 Global Economy

1. Overview

Unlike the rosy prospects of recovery led by the US economy, the global economy slowed down again in the second half as a result of sharp fluctuations in advanced economies and a continued slump in emerging markets. Among developed countries, the US and Japan were respectively hit by record low temperatures and snow and a consumption tax hike; and the Eurozone was affected by the persistent instability in Ukraine and the Middle East. The real economy indicators were about to turn around in the second half, but Japan and the Eurozone remained unstable. In the emerging markets, China delivered a lower economic growth rate than in the previous year as it drove fundamental reforms and refrained from using artificial economic stimuli.

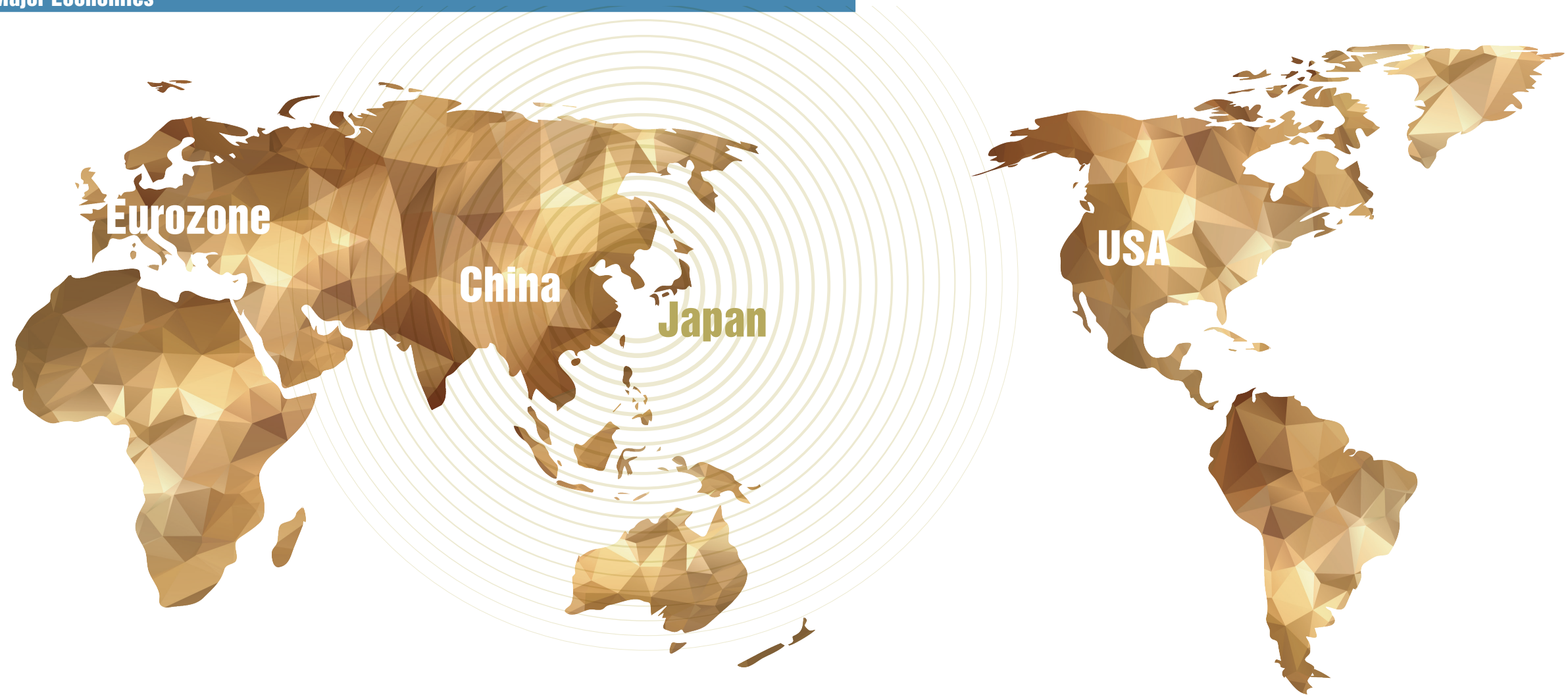
Growth Rates of Major Economies

Unit: %, YoY

	2014	2015	
		October 2014	January 2015
Global	3.1	3.5	3.4
USA	2.3	2.7	2.9
China	7.4	7.2	7.1
Japan	0.1	0.9	0.4
Germany	1.5	1.3	1.1
UK	2.6	2.6	2.6
Brazil	0.0	0.9	0.7
India	5.3	5.9	6.2

Source: Korea Institute for International Economic Policy (KIEP)

2. Major Economies



Eurozone

The Eurozone economy returned to positive growth in late 2013 and has maintained a moderate pace since then. However, the main street economy still lagged behind with a zero-level growth rate. In fact, the economic growth rate recorded a plus figure in the fourth quarter of 2013 for the first time in about 2 years and exceeded 1% in the first quarter of 2014. After that, the economy seemed to lose momentum. Domestic and overseas demands barely maintained positive figures in 2014, after both turning in positive numbers in the fourth quarter of 2013. While the only stimulus tools remain those of the monetary policies of the European Central Bank (ECB), such as ultra-low interest rates and quantitative easing, the handling of deflation and unemployment problems should be monitored. As the ECB's expansionary monetary stance is aimed at defeating deflation and boosting domestic consumption, these indicators may serve as milestones for economic recovery. The Greek variable will also be a critical factor in the Eurozone's economic recovery.

Japan

Following large fluctuations in economic growth in the first half of 2014, the economy has recorded negative growth since the second half as both domestic consumption and exports tanked. After the economic growth rate suddenly jumped to over 1% in the first quarter of 2014, it returned to negative territory in the second and third quarters. This declining trend is more prominent in a year-on-year (YoY) comparison. As for growth contributions by sector, domestic consumption is falling at an accelerating pace after recording steady recovery numbers of as high as 3%p YoY in the first quarter. Exports have remained at a level of zero, except during the first quarter. The economy presented a clear sign of instability when the consumption tax hike was implemented in April 2014, but it remains to be seen whether it will be able to break out of the long-term recession on the back of a weak Yen, which may accompany export improvements, capital investment, and business performance.

China

The economic growth rate went down in 2014 with moderate flows of production and consumption, while the trade surplus expanded through increasing exports. The growth rate fell to 7.4% in the first quarter of 2014, and increased slightly to 7.5% in the second quarter. In the third quarter, however, it slipped back to 7.3%, the lowest since the second quarter of 2009. Industrial production and retail sales grew 8% and 12%, respectively, but less than in the previous year. Its export growth rate slumped to as low as -3.5% YoY in the first quarter, but returned to double digits in the third quarter, expanding trade surplus. Considering its economic policy focused on structural reforms, along with weak current demands at home and abroad, the economy may not see a big leap in the growth rate any time soon.

Emerging Countries

Many emerging countries seem to have hit a threshold because of structural problems, notably trade deficits, and are expected to pursue differentiated paths according to their policies and reform commitments. Excluding China and some oil producers, most emerging economies have accumulated current account and fiscal deficits, and their exports have mostly relied on commodities and natural resources. Recently, the cost of investment into emerging markets has begun to draw attention, and their financial markets have become overly sensitive even to small shocks. Under the circumstances where the US is expected to hike its key interest rate, emerging countries' efforts to reform or improve their investment environments will differentiate their competitiveness. Among major developing countries, India and Indonesia are expected to regain their economic vitality, as promised political reforms are attracting investment. On the other hand, the Brazilian economy is likely to remain subdued as a result of sluggish investment and consumption.

USA

After a brief period of negative growth in January due to unexpected weather events, the US economy quickly rebounded and enjoyed sustained solid growth led by domestic consumption in the second half. The annualized economic growth rate plunged to -2.1% quarter-on-quarter (QoQ) in the first quarter of 2014, then rebounded to over 4% in the following quarter, while the year-on-year (YoY) growth rate for the same period remained over 2%. Domestic consumption contributed as much as 2%p to the annual growth with the solid growth of private consumption and capital investment, whereas weak exports and increasing imports made negative contributions to economic growth. It remains to be seen when the Federal Reserve will hike key rates, and whether domestic consumption-driven growth is sustainable. In addition, following the QE tapering, more experts are demanding the normalization of the ultra-low interest rate as soon as possible. Most industry analysts maintain their outlook for US economic growth at around 3% in 2015, and expect the interest hike to come at some point in the second half of 2015.

3

Domestic Economy

The domestic real economy maintained a steady pace of recovery, though weaker than expected. Although the growth of domestic consumption was subdued in the second quarter in the aftermath of the Sewol ferry incident, the overall economy sustained moderate growth. Since exports returned to positive growth in early 2014, they maintained a slightly accelerating growth pace throughout the year. Considering potential decreases in exports because of the slow recovery of the global economy and the weak momentum of domestic consumption despite the stimulus package, however, the economy is expected to deliver slower growth rates than in 2014.

1. Overview

Uncertainties will only continue to grow both at home and abroad. The US interest rate hike, the slowing growth of the Chinese economy, a sluggish Eurozone, and geopolitical inabilities will be critical risks abroad, while excessive household debt and weak effects of the stimulus package will be domestic downward risks.

Korean Economic Outlook by Major Institutions								Unit: %, USD billion
	Bank of Korea (April 2015)		KDI (May 2015)		LG Economic Research Institute (April 2015)		National Assembly Budget Office (May 2015)	
	2014	2015	2014	2015	2014	2015	2014	2015
Economic Growth Rate	3.3	3.1	3.3	3.0	3.3	3.0	3.3	3.0
Consumer Price Index	1.3	0.9	1.2	1.7	1.3	0.9	1.3	0.8
Current Account Balance	90.0	96.0	89.2	113.0	87.1	123.6	89.2	111.0
Unemployment Rate	3.5	3.5	3.6	3.6	3.5	3.7	3.5	3.6

Source: [] is the date of outlook announcement.

2. Key Indicators

Private Consumption

Private consumption grew by as much as 2.5% in the first quarter, but the growth rate was slashed to around 1% after the Sewol ferry incident in the second half and remained at similar levels. Retail sales growth also expanded in the first quarter of 2014 (2.5%) compared to the previous quarter (1.2%), but shrank from the second quarter on. Among the goods, durable goods consumption increased in the first half while semi-durables turned to a decline. Non-durable goods maintained a slight growth trend. The stabilization of international commodity prices, appreciation of the Korean Won (KRW), and domestic price stabilization improved purchasing power for households, supporting the growth of private consumption during the year. Cheaper oil and natural resources and a strong KRW changed favored trade terms for Korea, making GDI outgrow GDP. With lower import prices, the CPI inflation rate was stabilized at about 1%, while the expected

rate of inflation is also dropping, contributing to further improving the purchasing power of households. In addition, the number of new employees increased by 2% YoY during the third quarter, largely helped by private consumption growth backed by better purchasing power. On the other hand, weak exports and the slow pace of household income growth suppressed private consumption; and low rates of nominal wage increases and unstable real income also limited the scope of private consumption growth.

Capital Investment

Reinvigorated from the second half of 2013, capital investment remained vibrant for a year before its growth slowed in the third quarter of 2014. Declines in machinery investment, such as general and precision equipment, have continued to grow since June, and investments in transportation equipment, primarily other transportation equipment, also decreased by 12.9% in August. Meanwhile, leading indicators presented mixed signals with growing orders of machinery. Capital investments in manufacturing businesses turned negative from the second half of 2014 mostly due to pressures of correction. Precision equipment and car makers, as well as chemical companies, are under strong pressures of correction, and negative prospects on Capital Investment BSI are also prevalent among export players.

Construction Investment

Construction investment turned around in the third quarter of 2014, backed by the increased construction of residential buildings by the private sector, whereas the amount of construction completed decreased for four straight months starting in May. In general, construction leading indicators showed signs of recovery with increasing construction orders. Furthermore, both building permit areas and construction launching areas continued to expand. On the other hand, public works began to shrink in 2014, and the orders thereof declined.

Exports & Imports

Exports showed a slight recovery of 2.4% by November 2014, though much that was lower than expected because of the slowdown of emerging countries and the Eurozone. Despite growing imports for consumer goods, like cars, imports of capital goods and commodities increased only moderately as oil and commodity prices fell dramatically. With import growth limited, the accumulated trade surplus for January to November increased to USD 41.9 billion.

Foreign Exchange Rate

The foreign exchange (FX) rate of KRW/USD plummeted in early 2014, and then gradually went up as the US sustained economic recovery and signaled early interest hikes. The beginning rate was 1,050.3 KRW/USD, and the three-month average up to March was 1,069.1. However, it fell to below 1,050 in April and slipped to as low as 1,008 in July. It then rebounded as a result of strong fundamentals in the US economy and signals of interest hikes. On December 11, it was recorded at 1,100.9. Compared to the lowest rate of 1,008.5 in July, this represented a jump of 9.2% (KRW 92.4).

FX Rate Changes by Currency							Unit: KRW/USD
KRW/USD	FX Rate	2012	2013	2014	Jan. 2015	May 2015	
	Appreciation Rate (%)	1,070.6	1,055.4	1,099.3	1,093.5	1,108.2	
JPY/USD	FX Rate	7.6	1.4	-4	0.5	-0.8	
	Appreciation Rate (%)	86.5	105.3	120.4	117.8	123.9	
KRW/100 JPY	FX Rate	-10.1	-17.9	-12.5	2.2	-2.8	
	Appreciation Rate (%)	1,238.3	1,002.3	913	928.3	894.7	
	FX Rate	19.6	23.5	9.8	-1.6	2.1	
	Appreciation Rate (%)						

Note: The appreciation rate is calculated on the basis of the previous year-end rate.
Source: The Ministry of Strategy and Finance (FX statistics by currency)

4

Global and Domestic Economic Outlook

The global economy is expected to maintain moderate growth with each player going on differentiated paths. Uncertainties will linger, such as growing volatility in the global financial market, and weaker growth momentum in the Eurozone and some emerging countries. Global inflation is forecasted to remain low due to negative GDP gaps in advanced countries and falling oil prices. The Korean economy may go through difficult times, with the government's economic policies, the expected effect of fiscal expansion, and contracted consumption. Also expected are insufficient job creation to match growth, consistent low prices, current account surpluses, moderate increases in interest rates, and KRW appreciation. If external shocks occur, however, the economy may not be able to meet the forecast, disclosing structural problems lying in the base of the economy.

Growth-leading manufacturers may fall into the trap of low growth and low profitability, which may undermine economic growth. On the other hand, the service industry has long suffered from low productivity, dragging down the economy. While income growth is virtually stalled, household debt and corporate lending have continuously grown. What is more disturbing is that almost half of the household loans are used for living expenses or starting a business. As house rent prices go up with a slight rebound in the housing market, more people are expected to take out loans for housing rent. The FX rate, which tends to soar whenever the global financial market become unstable, remains relatively stable as foreign investors have changed their view toward Korea. However, a strong KRW may aggravate an exports slowdown, which poses one more risk to the economy. Also, the FX rate may go more volatile when the US hikes the Fed rate or as possibilities are cited over a crisis of resource export countries. Fiscal soundness, which has been regarded as a strength of the Korean economy, may be deteriorating. While the economic slowdown and worsening corporate profitability are expected to result in fiscal deficits for four consecutive years, fiscal expenditures, including pensions and welfare, continue to increase, adding yet another risk to the economy.



KOTEC serves as a stepping stone for venture businesses.

KOTEC has been a win-win partner for venture businesses for the last 26 years.
We have proactively founded and supported tech-innovative SMEs
to expedite the growth of the creative economy and to revitalize the economy at large.
We will continue to help technology start-ups in their journey to success
to serve the national economy.
As always, we will work with enterprises to help them achieve their true value.

KRW **9,193** billion

Technology Startup Support Guarantee in 2014
Technology Startup: New tech-business established less than 5 years prior

2

SME and Venture Business Trends

1. SMEs
2. Venture Businesses
3. Inno-Biz

Despite concerns over persistently weak growth since 2012, along with external uncertainties, the Korean economy has sustained a moderate recovery, backed by an upturn in exports and stable prices. KOTEC has played a pivotal role as a leading technology financing institution with its focus on tech-innovation companies (such as ventures, inno-biz, and tech-startups) to create new growth engines, continuously increasing technology appraisal guarantees, and proactively discovering and cultivating innovative SMEs.

1

SMEs

The production index and average operation rates delivered strong growth as the production index of manufacturing SMEs began to turn around in late 2009 thanks to a rapid recovery. However, it has recently stepped back a bit due to unfavorable macroeconomic circumstances, such as the Eurozone's sovereign debt crisis, and the economic slowdown of major economies, although it has stayed above pre-crisis levels. In particular, the number of corporations newly established for the year marked a 15-year record high of 84,697 (as of the end of 2014), growing 12.1% (9,119) from the previous year (75,578). This reflects the positive sentiment and expectations from the business sector for economic recovery, buoyed by the effect of expansionary fiscal policy.

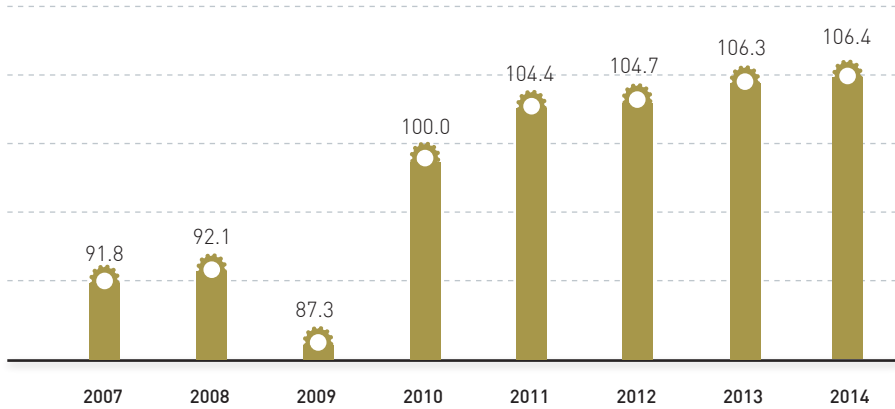
Key SME Indexes

Category	2007	2008	2009	2010	2011	2012	2013	2014
Production Index [%]	91.8	92.1	87.3	100.0	104.4	104.7	106.3	106.4
Average Operation Rate [%]	71.0	64.1	70.9	72.0	72.1	70.3	72.3	72.5
New Corporations Opened (monthly average)	53,483 (4,457)	50,855 (4,238)	56,830 (4,736)	60,312 (5,026)	65,110 (5,426)	74,162 (6,180)	75,578 (6,298)	84,697 (7,058)
No. of Bankruptcies (monthly average)	2,301 (191)	2,735 (228)	1,998 (166)	1,570 (131)	1,359 (113)	1,228 (102)	1,001 (83)	841 (70)
Note Default [%]	0.02	0.02	0.03	0.03	0.02	0.02	0.02	0.02
SME Exports (USD billion) (YoY growth rate, %)	113.5 (9.5)	130.5 (15.0)	76.8 (△41.1)	98.6 (28.4)	101.6 (3.0)	102.9 (1.3)	95.8 (△6.9)	-

* The production index is calculated based on 2010 as a base year of 100.

** Source: SMBA, BOK, K-Biz, Statistics Korea

production index



2

Venture Businesses

As per the Act on Special Measures for the Promotion of Venture Businesses, the government has designated companies with strong technology competitiveness and growth potential as venture businesses, and provided tangible and intangible benefits, including funding, technology, human resources, and business location. The number of certified ventures exceeded 10,000 in July 2001 for the first time since the number was first recorded in 1998, and then decreased after 2002, with the bursting of the IT bubble in Korea. Driven by the government's venture promotion policy in April 2004 and reforms in the venture business certification system in June 2006, the main contents of which included delegation of venture certification authority to the private sector, such as KOTEC, the Small & Medium Business Corporation (SBC), and Korean Venture Capital Association (KVCA), the number of certified ventures in the market grew to 15,000 in 2008.

In April 2010, the Korean government eliminated the requirements for technology appraisal guarantees from financially sound firms. Under the new system, they are allowed to apply for venture certification based only on the estimated amount of technology guarantees to be given, instead of the actual guarantee provisions. With this revision, the number continued to grow to reach 29,910 at the end of 2014, after hitting 20,000 in May 2010. Despite the domestic economic downturn in the midst of a series of turbulent events, including the Eurozone crisis and sluggish major economies following the global financial crisis, ventures continued to proliferate on the back of KOTEC's efforts to provide guarantees centered on technological competence. Such efforts contributed to enhancing SMEs' capabilities in technology innovation and encouraged demands for certification with which they can apply for government support, such as policy funds for companies applying for appraisal guarantees.

Annual Growth of Venture Businesses

	2008	2009	2010	2011	2012	2013	2014
No. of Businesses	15,401	18,893	24,645	26,148	28,193	29,135	29,910





* Source: Venture-In

Among the venture firms, 71.2% belong to the manufacturing sector and 16.4% to S/W.

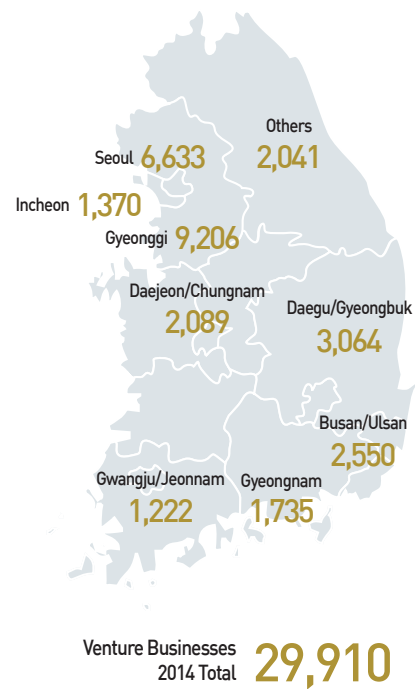
Breakdown of Venture Business

	Manufacturing	IT Processing and S/W	R&D and Service	Others	Total
No. of Businesses[%]	21,282 (71.2%)	4,906 (16.4%)	325 (1.1%)	3,398 (11.3%)	29,910 (100%)

* Source: Venture-In, as of 2014 year-end

 Manufacturing 21,282	 IT Processing and S/W 4,906	 R&D and Service 325	 Others 3,398	Total 29,910
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In terms of regional distribution, 57.5% of venture businesses are based in the Seoul metropolitan area (Seoul, Gyeonggi, and Incheon), demonstrating that companies with strong technological competence are still concentrated in the area.



Regional Distribution of Venture Businesses

	Gyeonggi	Seoul	Daegu/ Gyeongbuk	Busan/ Ulsan	Daejeon/ Chungnam	Gyeongnam	Incheon	Gwangju/ Jeonnam	Others	Total
No. of Businesses	9,206 (30.8%)	6,633 (22.2%)	3,064 (10.2%)	2,550 (8.5%)	2,089 (7.0%)	1,735 (5.8%)	1,370 (4.6%)	1,222 (4.1%)	2,041 (6.8%)	29,910 (100%)

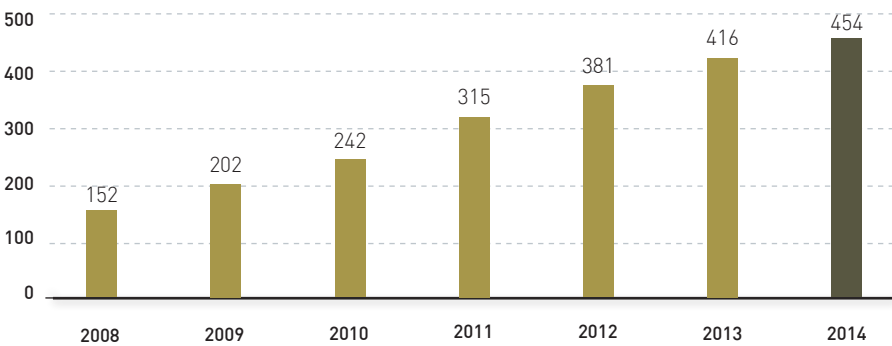
* Source: Venture-In, as of 2014 year-end

Venture firms grew not only in quantity but also in quality. Despite the global pandemic of economic downturn, 454 venture firms delivered KRW 100 billion plus in sales in 2014 (based on the 2013 financial closing), up 9.1% from the previous year (38 firms).

Growth of KRW 100 billion Plus Venture Firms

Year (Fiscal year)	2008 (2007)	2009 (2008)	2010 (2009)	2011 (2010)	2012 (2011)	2013 (2012)	2014 (2013)
No. of Businesses	152	202	242	315	381	416	454

Among the 454 venture firms with KRW 100 billion plus in sales as of 2014 (according to the SMBA), KOTEC provided 347 ventures with KRW 2,569.2 billion in new guarantees, with 293 entities (75.9%) already having graduated from the guarantee program and 93 (24.1%) maintaining KRW 223.8 billion in guarantee balances. Among the KOTEC-guaranteed firms, 133 are publicly listed: 30 had already been listed at the time of initial guarantee provision, 133 went public during the guarantee period, and 31 went IPO after the guarantee was cleared. This is a clear picture of how much KOTEC guarantees contribute to the growth and maturity of venture firms.



Guarantee Support for KRW 100 billion Plus Venture Firms

Unit: No. of businesses, KRW 100 million

	Graduated from Guarantee		Businesses under Guarantee		Total	
	No. of Businesses	New Guarantee Provided	No. of Businesses	New Guarantee Provided	No. of Businesses	New Guarantee Provided
Guarantee [%]	293 (75.9%)	18,397 (71.6%)	93 (24.1%)	7,295(2,238)* (28.4%)	386 (100%)	25,692 (100%)

* { } * refers to guarantee balances.

KOTEC will continue to do its utmost to provide technology financing to identify and cultivate new ventures with the potential to form part of the economy's new growth engine and to ensure their sustainable growth.

3

Inno-Biz

Emerging as an imminent challenge is the task of fostering tech-oriented and innovative SMEs to lead the national economy and help it to proactively cope with rapidly-changing technology trends in the era of globalization. In 2001, the government established the "Plan for Identifying and Cultivating Innovative SMEs" under the SME Technology Innovation Promotion Act and implemented supplementary policies to designate SMEs equipped with strong technological capabilities and growth potential as Inno-Biz enterprises. This was done with the aim to provide them with comprehensive support through technology funding and marketing in order to turn them into competitive global players.

With unwavering care and support from the government and relevant institutions, 16,878 Korean SMEs have been certified as Inno-Biz enterprises through KOTEC's technology appraisal, as of the end of 2014.

Annual Trends in Inno-Biz. Certification

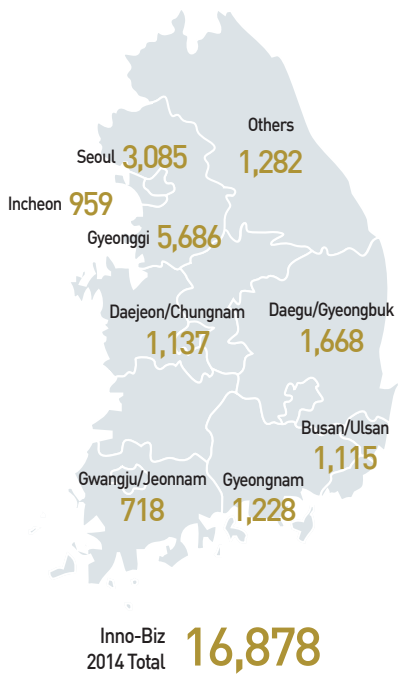
	2008	2009	2010	2011	2012	2013	2014
No. of Firms	14,626	15,939	16,243	16,944	17,298	17,080	16,878

* Source: SMBA

Breakdown of Business Categories

	Machinery	Electronics & Electricity	S/W	IT	Chemical	Others	Total
No. of Firms	4,515 (26.8%)	3,338 (19.8%)	1,257 (7.4%)	1,048 (6.2%)	1,174 (7.0%)	5,546 (32.8%)	16,878 (100%)

* Source: SMBA, as of 2014 year-end



Regional Distribution

	Gyeonggi	Seoul	Daegu/ Gyeongbuk	Busan/ Ulsan	Daejeon/ Chungnam	Gyeongnam	Incheon	Gwangju/ Jeonnam	Others	Total
No. of Firms (%)	5,686 (33.7%)	3,085 (18.3%)	1,668 (9.9%)	1,115 (6.6%)	1,137 (6.7%)	1,228 (7.3%)	959 (5.7%)	718 (4.2%)	1,282 (7.6%)	16,878 (100%)

* Source: SMBA, as of 2014 year-end

KOTEC will continue to serve as
the best partner to technology enterprises.

KOTEC leads the technology finance industry with
its robust technology appraisal system and top-notch expertise.
We have constantly developed and grown our technology appraisal organization
in order to proactively respond to the rapid and extensive technology evolution and convergence.
We have worked passionately to identify and support technology startups and SMEs
that do not have sufficient collateral or credit records to benefit from primary financial institutions.
As the most reliable partner in the industry, we strive to broaden the paths
where technology startups and venture businesses secure investments and realize their dreams.

454,097 cases

Cumulative number of technology appraisal cases

3

KOTEC's Business

- 1. SMEs
- 2. General Information
- 3. Performance of Major Operations

1

Overview

1. Roles and Responsibilities

Since being founded in 1989, KOTEC has played a pivotal role over the last 26 years in providing more than KRW 250 trillion (cumulative) in technology guarantees for tech-oriented SMEs with significant business potential but lacking sufficient financial capacities. KOTEC has built a comprehensive financing platform for technology startups, ventures, and Inno-Biz enterprises in an effort to enhance the technological competitiveness of SMEs, and has extended its service coverage to technology and management consulting as well as equity investment in conjunction with technology appraisal.

Furthermore, KOTEC has focused on companies that are technologically competent but financially vulnerable by incorporating future-oriented evaluation criteria in the technology appraisal system. This system has helped KOTEC to effectively support promising tech startups and boost their growth momentum and job creation abilities.

In particular, KOTEC increased financing for R&D and commercialization activities, proactively unearthed excellent technology SMEs to facilitate industrial transformation oriented to technology and innovation, implemented the Guarantee with Investment Option system that combines guarantees and investments to proactively contribute to the comprehensive finance policy from financing to investment, collected and managed national R&D performance, established the KOTEC Technology Matching System (KTMS) to link technology supply and demands and provide customized financing support, and participated in the Tech Credit Bureau (TCB) as the sole member from the public sector. All of these efforts contributed to creating and enhancing the new growth engine of the national economy and advancing the technological competitiveness of Korean SMEs.

Going forward, KOTEC will continue to back tech-oriented SMEs to help them grow into competitive players in the global market by sharpening, deepening, and broadening its platform to support SMEs at different growth stages. It will also provide demand-driven customized services so that its technology assessment information becomes widely utilized by both the public and private sectors, and lay the groundwork for the creative economy by stepping up its financial support for high-risk new-growth areas.

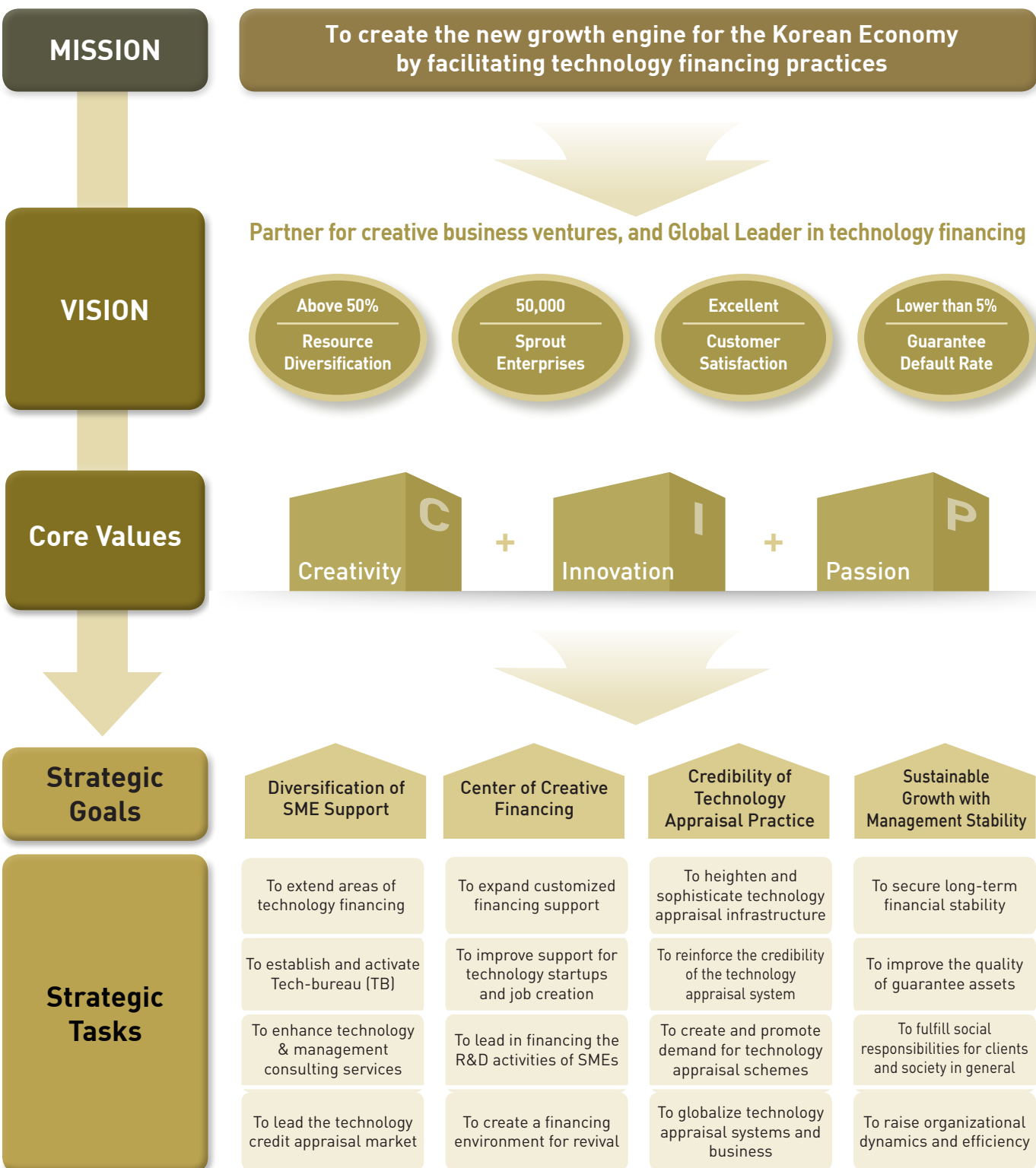
2. Purpose of Establishment

- ① To facilitate the financing of new technology business and further contribute to the development of the national economy by stabilizing and developing the technology credit guarantee system. (The Korea Technology Credit Guarantee Fund Act Article 1)
- ② To provide debt guarantees for companies that are not financially strong enough to afford the collateral to facilitate financing. (The Korea Technology Credit Guarantee Fund Act Article 12)

3. Major History

1980	1989.	4.	Korea Technology Finance Corporation (KOTEC) was founded (The fund was first established in December, 1986)
1990	1994.	2.	Implemented Technology-preferred guarantee system
	1997.	3.	Opened Technology Appraisal Center (the first in Korea)
	1998.	11.	Awarded with the 1998 Presidential Award for supporting Ventures
	1999.	2.	Technology appraisal system implemented
2000	2002.	8.	Legislated Technological Appraisal practice and technology business consulting guide as due parts of KOTEC's primary business
	2004.	8.	Hit KRW 100 trillion in total guarantee support offered
	2005.	4.	Opened Central Technological Appraisal Center
	2005.	7.	Developed KOTEC Technology Rating System (KTRS)
	2006.	5.	Established "NEW CI"
	2006.	6.	Designated as an institution to certify venture businesses
	2006.	10.	Awarded with 2006 Presidential Award for supporting Ventures
	2007.	1.	Integrated guarantee process to be based on technology appraisal
	2007.	4.	Patented KTRS (KOTEC Technology Rating System) in Korea
	2007.	6.	Ranked No.1 in public sector assessment
	2008.	1.	Transformed all branches into technology appraisal centers
2010	2010.	6.	Designated as an "Agency of Excellence" in public agency management assessment for four consecutive years
	2011.	5.	Relocated Headquarters to Munhyeon International Financial Complex in Busan
	2011.	12.	Designated as an "Agency of Excellence" in public agency transparency assessment for six consecutive years
	2011.	12.	Hit KRW 200 trillion in total guarantee provided
	2012.	6.	Legislated guarantee-linked equity investment as a proprietary business
	2014.	6.	Designated as a Tech Credit Bureau (TCB); the only participant in the public sector
	2014.	12.	Hit KRW 250 trillion in total guarantee provided, KRW 20 trillion in guarantee balance and 66,000 firms in guarantee provided

4. Vision and Strategy



2

General Information

KOTEC is a special-purpose financial institution specialized in technology financing. The institution was established with an aim to help create the growth engine for the national economy by supplementing financing primarily in the form of credit guarantees based on technology appraisals for new technology businesses that have little or no collateral to provide. Its capital funds can be characterized as reserves for subrogation and come primarily from financial institutions. Funding sporadically comes from the government, when necessary, and other entities may pitch in to meet their various purposes.

1. Capital Funds and Leverage Ratio

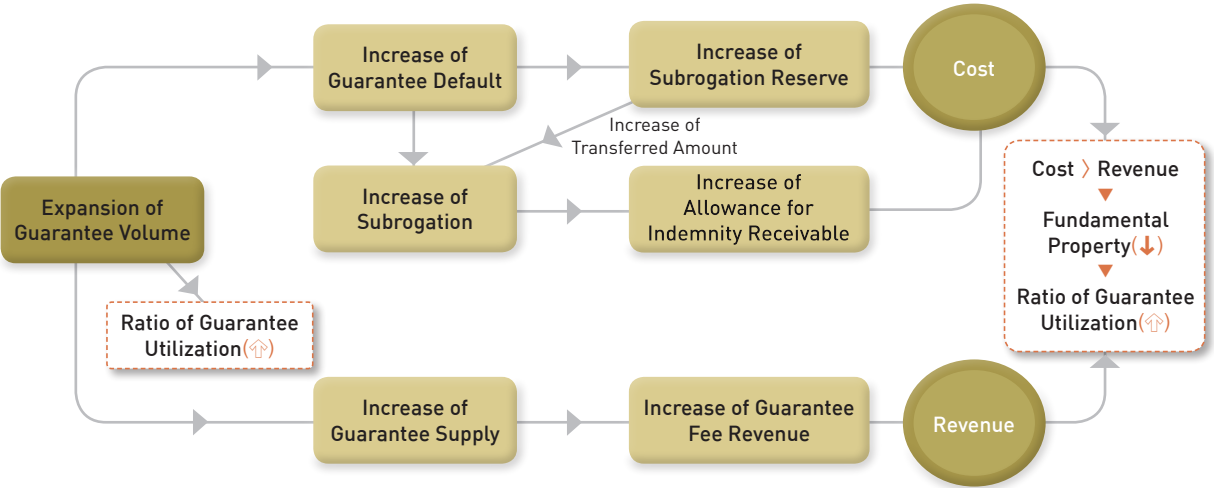
Article 13 (Acquisition of Fundamental Property) of the Korea Technology Credit Guarantee Fund Act

- ① The fundamental property of the Fund shall be derived from
1. Contributions from finance companies
 2. Contributions from the government, and
 3. Contributions from persons other than those prescribed in subparagraphs 1 and 2

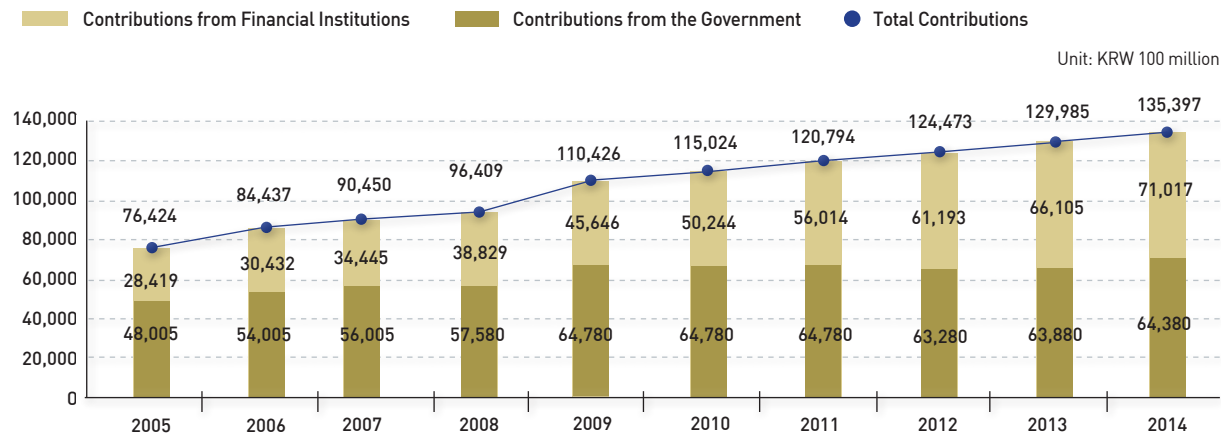
The contributions from the government are provided to enable KOTEC to smoothly supply funds to technology-innovative SMEs with weak collateral capabilities. The contributions are provided to KOTEC every year from the government's fiscal budget (KRW 60 billion transfer-out to the government's General Account in 2013 and KRW 50 billion transfer-in in 2014) as a type of public goods assigned to protect and foster technology startups and SMEs. Financial institutions are providing their contributions to save on the costs required to investigate on technology information and the credit status of technology-innovative SMEs, eliminate the risks accompanied with supplying funds, and secure the collection of debts by using the technology guarantee system. It is a type of cost for using guarantees based on the benefits principle and a sort of share of the expenses they provide as the direct beneficiary of technology guarantees entitled to the principal and interest of the loan KOTEC provides in subrogation in case the technology-innovative SMEs become unable to repay their debts. Financial institutions contribute the amount calculated by $1.35 \pm$ differential rates over 1,000 of the average monthly balance of their corporate loans, and new technology financing companies contribute 3/1000 of the average quarterly balance, while financial institutions under special agreements with KOTEC intensifying the benefit principle make special contributions. The capital funds are for ensuring guarantee capabilities to meet guarantee demands and secure capabilities to provide continuous guarantee support by securing public credibility that implicates timely response to the needs of subrogation. It is stated that the capital funds raised by contributions and profits made through guarantee fees, penalties, and interest should first be spent to make subrogation payments and operate KOTEC, while the rest should be managed by means

of a deposit with financial institutions, purchasing state bonds, local government bonds, or other bonds guaranteed by the central government, local governments, or financial institutions, stocks (including investment certificates), debentures or other securities, and by other manners necessary to achieve KOTEC's purposes. (Article 44 of the Korea Technology Credit Guarantee Fund Act) In 2014, KOTEC managed to maintain financial soundness thanks to decreasing subrogation cases with the overall default rate declining. However, the capital funds decreased to KRW 2,258 trillion, down 120.4 billion from the previous year, because KOTEC has gradually accumulated guarantee provisions for all guarantee balances since 2011 as required by newly enacted and implemented regulations on guarantee accounting. The ratio of guarantee utilization is calculated by dividing the technology guarantee volume by the fundamental property at a certain point and is used as the main indicator for measuring the capability to cope with the request for subrogation and the guarantee supply capability to cope with government policy and the demand for guarantees. It changes according to the guarantee balance, default rate, subrogation, and fluctuations in contributions from the government and financial institutions. Also, the ratio of guarantee utilization plays a role in controlling the soundness of the guaranteed institution by setting guarantee limits, as well as reflecting the multiplier effect, which is the greatest advantage of the guarantee system. Article 23 of the Enforcement Decree of the Korea Technology Credit Guarantee Fund Act limits the ratio of guarantee utilization to up to 20 times the sum of fundamental property and retained earnings, and KOTEC maintained the ratio at the level of 8.9 times in 2014.

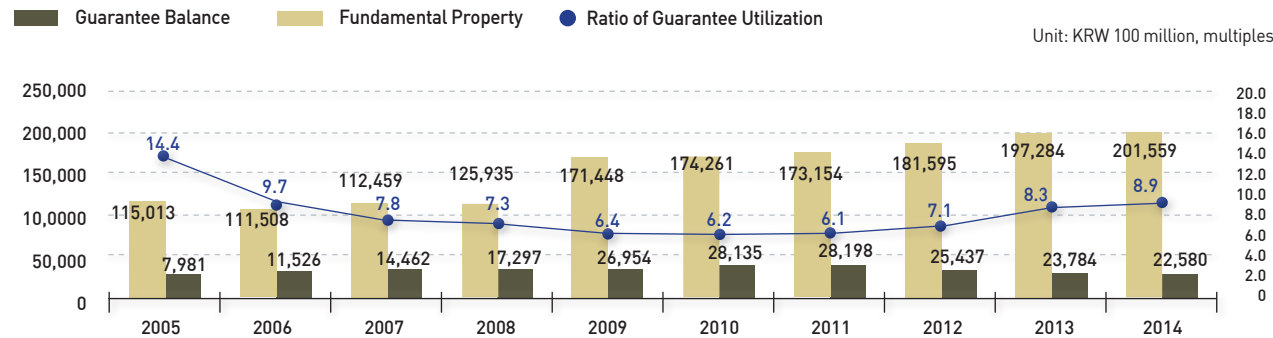
Changes in Fundamental Property and Ratio of Guarantee Utilization following Increased Guarantee Volume



Accumulated Contributions over the Last Decade



Key Operating Figures of the Last Decade



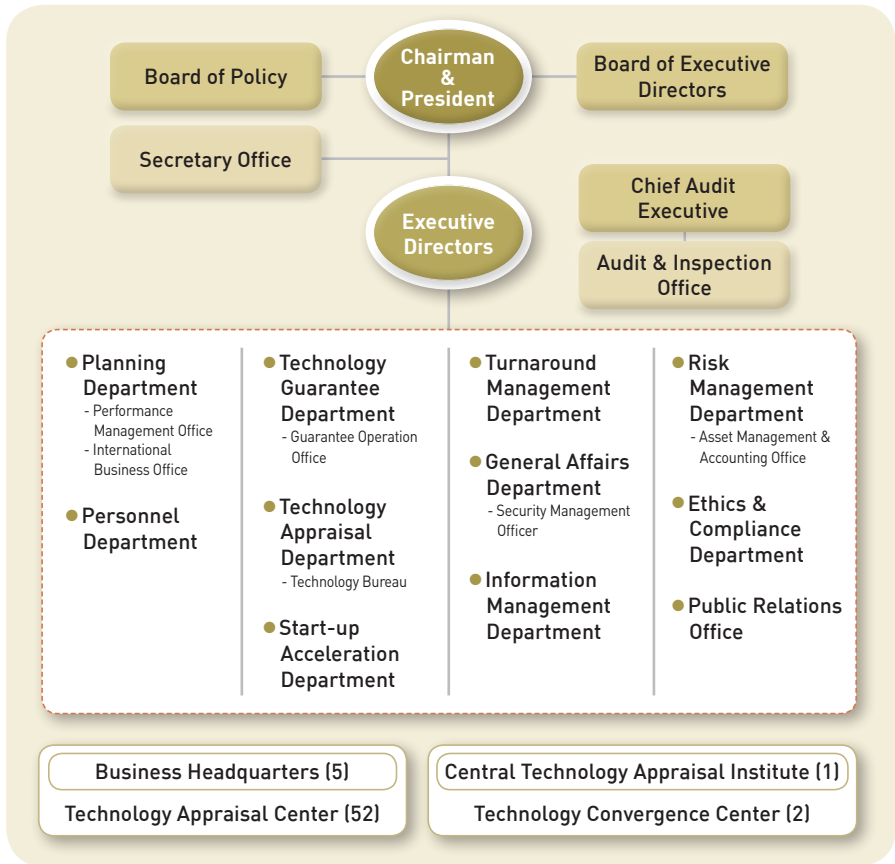
2. Organization and Human Resources

KOTEC reorganized its head office to strengthen its functional adequacy and enhance efficiency to be more in line with the government policy directions (including ethical management and information security) of leading initiatives in a creative economy.

◀ Head Office reorganization : 11 Departments, 2 Offices, 4 Sub-offices in 2013
→ 10 Departments, 2 Offices, and 6 Sub-offices in 2014 ▶

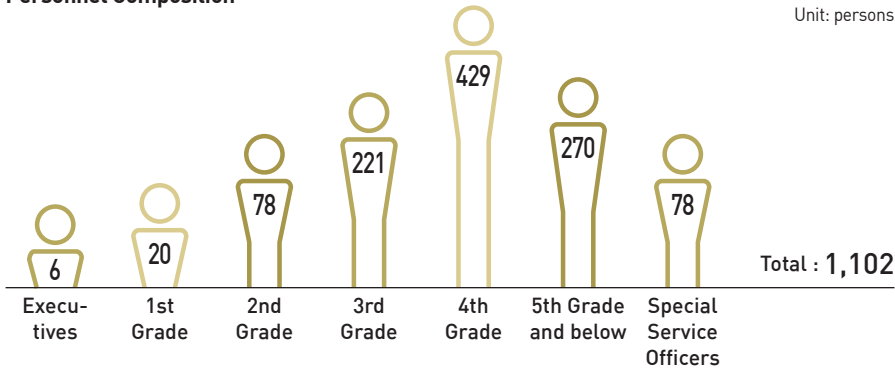
To reinforce on-site management and increase support for business startups as well as technology transfer and commercialization, KOTEC now operates five Business Headquarters and two Technology Convergence Centers.

Organizational Chart



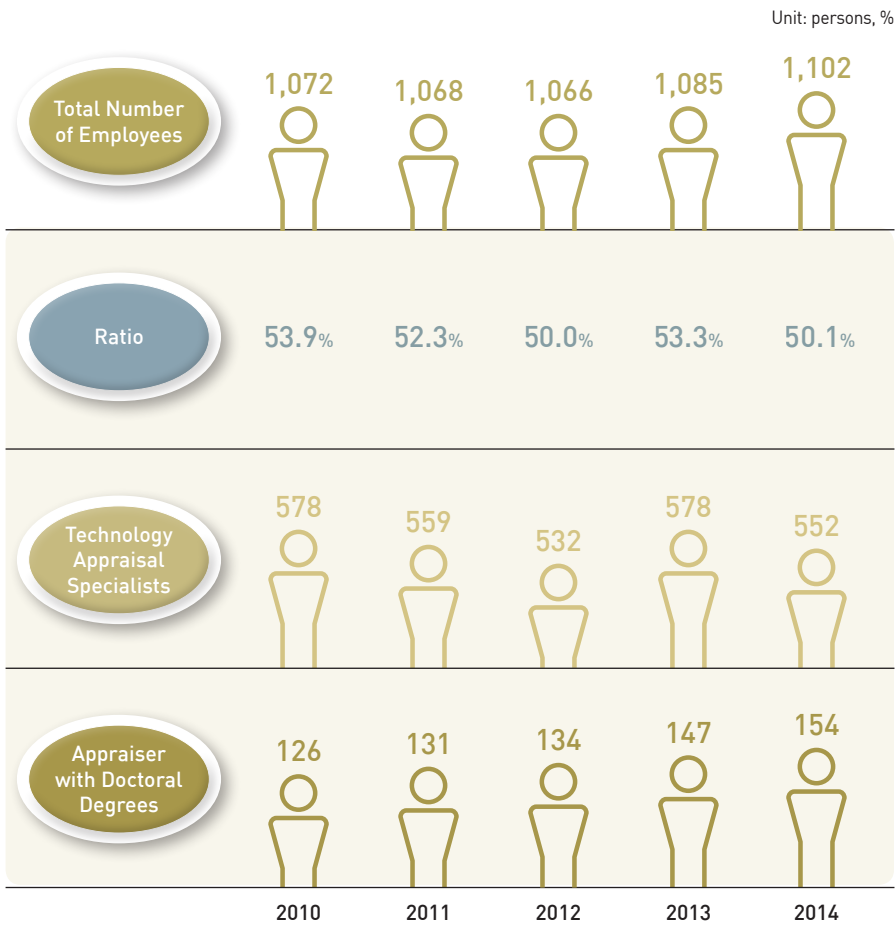
At 2014 year-end, KOTEC consisted of its head office (10 departments and 2 offices) and branch network (1 Central Technology Appraisal Institute, 2 Technology Convergence Centers, 5 Business Headquarters, and 52 Technology Appraisal Centers) and its manpower was comprised of 1,102 people, including 6 executives and 78 special service officer members under separate contracts.

Personnel Composition



In particular, in order to secure reliable technology appraisal capabilities, KOTEC operates with 552 technology appraisal specialists (154 with doctoral degrees) including internally certified technology appraisal practitioners. KOTEC is also continuously recruiting technology appraisers and appraisers with doctoral degrees or equivalent qualifications.

Personnel Changes Related to Technology Appraisal



Note) Appraiser with Doctoral Degrees include Class 1 Technology Appraisal Engineers.

3. Major Operations, etc.

The major services are comprised of core services, i.e., technology guarantees, technology appraisals, guarantee-linked equity investment, and right to indemnity management; and supplementary services, i.e., business consulting and technology innovation support; and the details are as follows.

Major Operations

Major Operations	
Technology Guarantee	<p>Guarantees for loans that technology-based SMEs, including new technology businesses, borrow from financial institutions to start their businesses and develop and/or commercialize their technology</p> <p>* New guarantees are no longer provided to companies that do not fall under the category of new technology businesses (from Aug. 2004)</p> <p>Technology Startup Guarantee ▶▶ Guarantees for technology startups less than five years old</p> <p>Technology Innovation Guarantee ▶▶ Guarantees for SMEs with excellent technologies such as venture and Inno-biz enterprises, green and knowledge-based service industry, 10 next-generation growth engine industries, and promising industries for future growth (6T)</p> <p>Technology Appraisal Guarantee ▶▶ Guarantees for companies with excellent technologies based on the technology appraisal of intangible technology and knowledge that the company retains</p>
Technology Appraisal	<p>Appraises future values of the technology that a company retains, such as technological competency, marketability and business values, and uses the appraisal results for various purposes in technology financing support</p> <p>Technology Value Appraisal ▶▶ Appraisal of values that are being realized or can be realized in the future by the corresponding technology</p> <p>Technology Business Feasibility Test ▶▶ Appraisal of technological competence and feasibility of the corresponding business when a company is commercializing a specific technology or idea or expanding investment into current technology business</p> <p>Comprehensive Technology Appraisal ▶▶ Comprehensive appraisal of all the technologies that the company retains in connection with the company's nature, such as the management environment and business prospects</p>
Guaratee Linked Inv.	<p>Provides direct equity investment in conjunction with a credit guarantee program for early-stage technology firms with distinguished business competency</p> <p>- Purchase of Common Stocks, Preferred Stocks, CB, BW</p>
Indemnity Mgt.	<p>Exercises right to indemnity against credit guarantee debtor</p> <p>- Recovery of indemnity rights (including asset investigations), indemnity right protection measures (auctions, lawsuits, and induced redemptions)</p>

Supplementary

- | | |
|---------------|---|
| Consulting | <p>Management and technology consulting to improve efficiency and competitiveness</p> <p>- Business and technology diagnosis and consulting, startup education and training, sales channel development, mentoring, restructuring and M&A, etc.</p> |
| Certification | <p>Certification of Ventures & Inno-Biz</p> <p>Certification of Green Technology & Green Enterprise</p> |

KOTEC provides guarantees preferentially for technology-innovative enterprises with technology leadership and growth potential; and specifically designates venture and Inno-Biz enterprises, technology startup enterprises, and excellent technology enterprises producing new growth engines, providing them with preferential technology financing. KOTEC also establishes specific goals (quota) for four key sectors (green growth enterprises, export enterprises, venture startups, and excellent technology enterprises), and provides intensive support for promising players in these sectors so that they can lead economic growth for the future.

Key Clients

- **Venture enterprises** with high-risk and high-return, unlike traditional SMEs
- **Inno-Biz enterprises** with competitive strengths based on their technological edge
- Technology startups with the capacity to create jobs and expand growth potential
- R&D enterprises with excellent technologies and pursuing commercialization
- Enterprises retaining excellent technologies such as **new growth engine industries** including green technology and advanced convergence industries, **promising future industries (6T)**, and the knowledge-based service industry

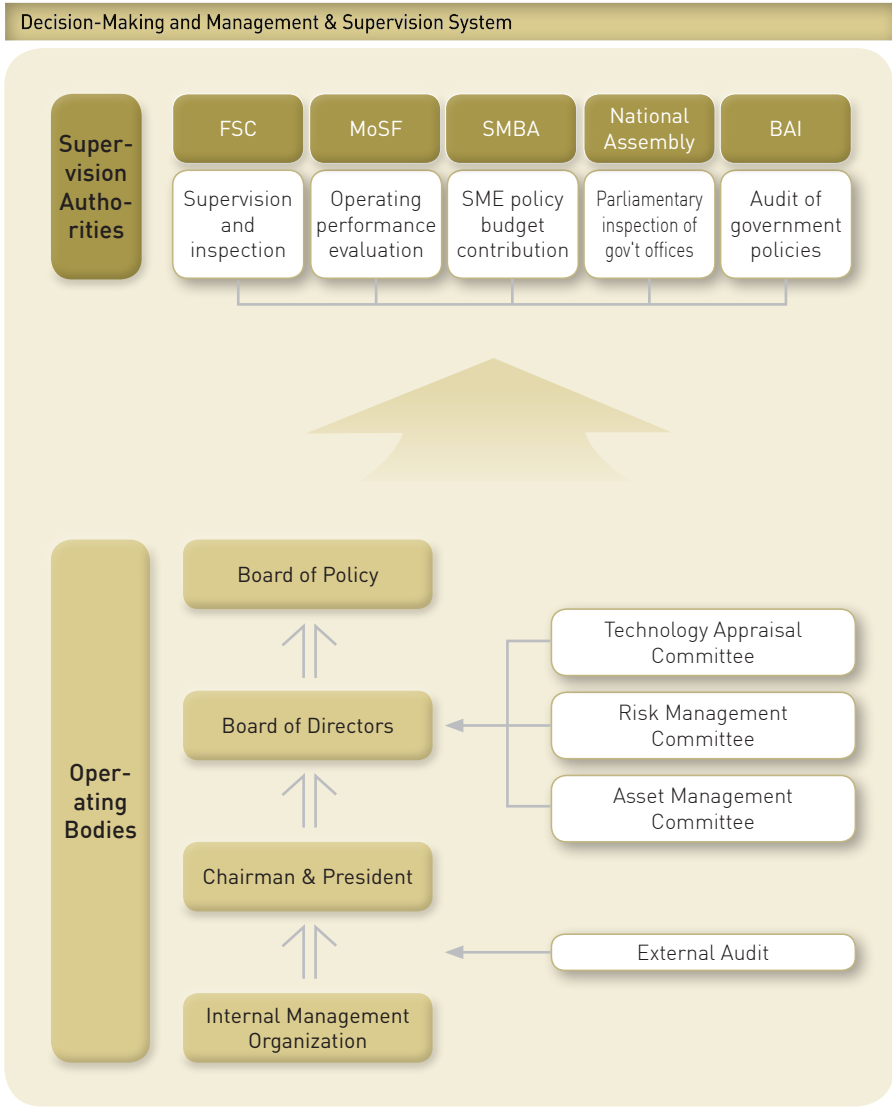
Venture Enterprises

- Technology-intensive SMEs seeking business opportunities with new and advanced technologies and ideas
- Types of Venture Enterprises
 - Technology appraisal guarantee enterprises or technology appraisal financing enterprises
 - R&D enterprises
 - Enterprises invested in by venture capitals

Inno-Biz Enterprise

- Inno-Biz is coined from "Innovation" and "Business," and refers to a company that retains competitive strengths based on their technological edge
- Conditions to be qualified as an Inno-biz enterprise:
 - Enterprises that have been in operation for no less than three years, obtained at least 700 points in the technology innovation system evaluation, and achieved a grade of B or higher in the business evaluation

KOTEC has a number of internal decision-making organizations, including the Board of Policy and Board of Directors, and is also under the management and supervision of various external organizations such as the Financial Services Commission (FSC), the Ministry of Strategy and Finance (MoSF), the National Assembly, and the Board of Audit and Inspection (BAI) in accordance with fundamental laws such as the Korea Technology Credit Guarantee Fund Act, the National Finance Act, the Act on the Management of Public Institutions, the Board of Audit and Inspection Act, and the National Assembly Act.



3

Performance of Major Operations

Both global and domestic economies remained uncertain in 2014 due mainly to external conditions, including the slowing growth of emerging economies, a sluggish Eurozone, and turnaround in US monetary policy. However, KOTEC has remained committed to its role as a specialized technology financing institution in order to promote economic vitality, such as in the creation of new jobs and new growth engines. In particular, KOTEC expanded its role with limited guarantee resources by enhancing the technological competitiveness of SMEs and providing intensive support for the expansion of future growth engines; encouraged credit loans and investment for technology firms by advancing its technology appraisal infrastructure and appraisal specialities and techniques; and tightened risk management practices and systematically exercised indemnity rights to solidify its business fundamentals.

1. Overview

Technology Guarantee

Since its establishment, KOTEC has served as a partner for technology-innovative SMEs by providing technology guarantees worth over KRW 250 trillion in total for SMEs with excellent technological strengths and outstanding business potential. KOTEC pushed forward with structural improvements for marginal businesses and enterprises that received long-term guarantees in large amounts in order to prevent the deterioration of guarantees expanded in the course of overcoming the financial crisis of 2009, and to more efficiently distribute guarantee resources while intensifying guarantee support for technology startups and new growth engine industries. The volume of total guarantees provided amounted to KRW 20.2 trillion in 2014, about a 400 billion increase from the previous year.

Size of Technology Guarantees

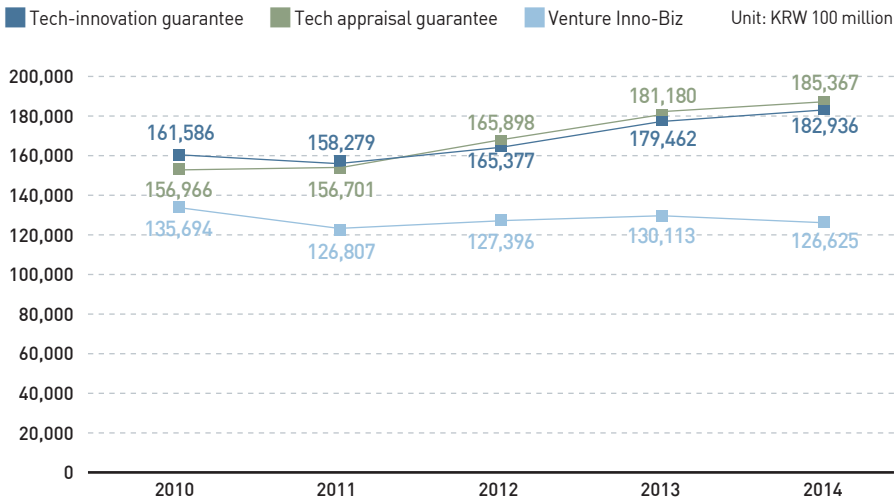


Year	2010	2011	2012	2013	2014
Guarantee balance	174,261	173,154	181,595	197,284	201,559
Guarantees offered	169,336	169,173	180,775	196,591	200,781
New guarantees	42,860	41,396	52,354	60,184	53,489

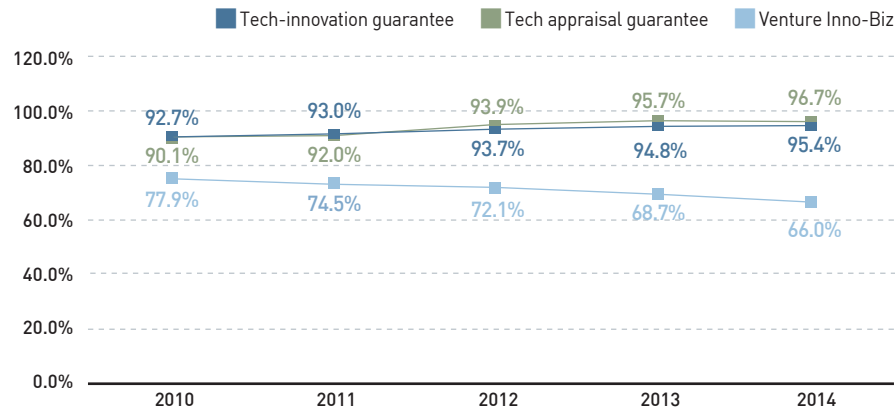
Since June 2005, departing from the quantitative approach of increasing the volume of guarantees, KOTEC designated Inno-Biz firms associated with greater risks but also higher potential value-adding and job creation as the target sector for guarantee offers. It also implemented a specialized technology appraisal system (KTRS) on which to base its appraisals not on past financial records, but on future potential, such as technology competitiveness and commercialization potential, with an aim to focus on guarantee expansion.

Technology Guarantee Status

Guarantee Size



Guarantee Ratio Change



In addition, KOTEC appointed three pillar areas with great job creation effects-technology startups, new growth engine industries, and R&D financing and concentrated its guarantee support on these areas. It funded KRW 36.7 billion for startups and tech-ventures in order to attract further private investment; provided KRW 474.9 billion in guarantees for Primary-CBOs securitized for tech-intensive SMEs with credit ratings not strong enough to be issued corporate bonds.

Technology Startups

Businesses based on new technology within a five-year span since foundation

New Growth Engine Industries

Companies to manufacture or have relevant technology for 17 leading items in 3 areas designated by the government

R&D Financing

Providing tailored support to specific stages of R&D(Development - Pre-commercialization - Commercialization)



Technology Appraisal

Guarantee Supply for Three Major Support Areas

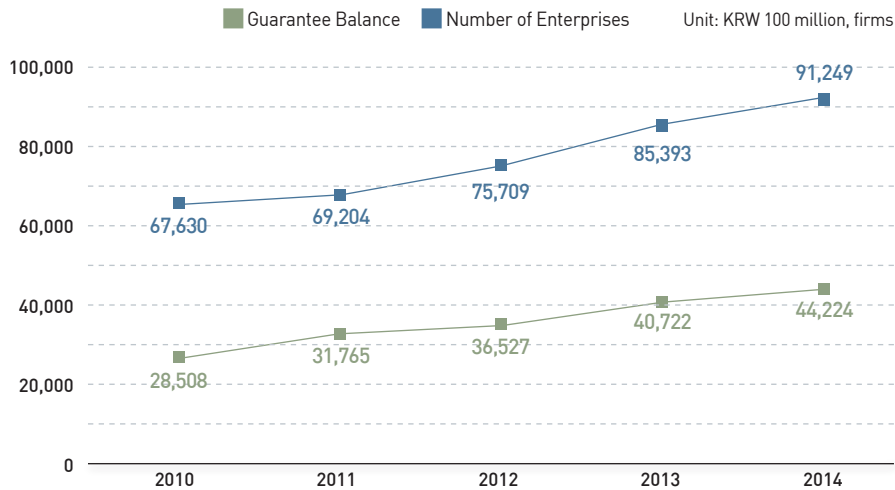
Unit: KRW 100 million

	2012	2013	2014	
			Plan	Actual
Technology Startups	76,244	87,142	73,000	91,928
New Growth Engine Industries	44,921	57,742	52,000	61,046
R&D Financing	16,340	24,022	24,000	29,515

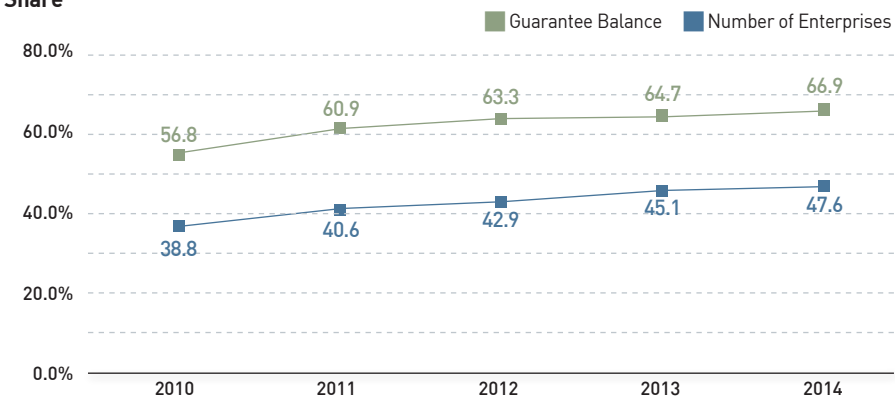
Notably, KOTEC has extended its support for technology startups and increased their guarantee balances from KRW 6.8 trillion in 2010 to KRW 9.1 trillion as of the end of 2014; and continues to drive its guarantee policy to increase the portion out of the total balance.

Guarantee Supply for Technology Startups

Guarantee Balance and Number of Enterprises



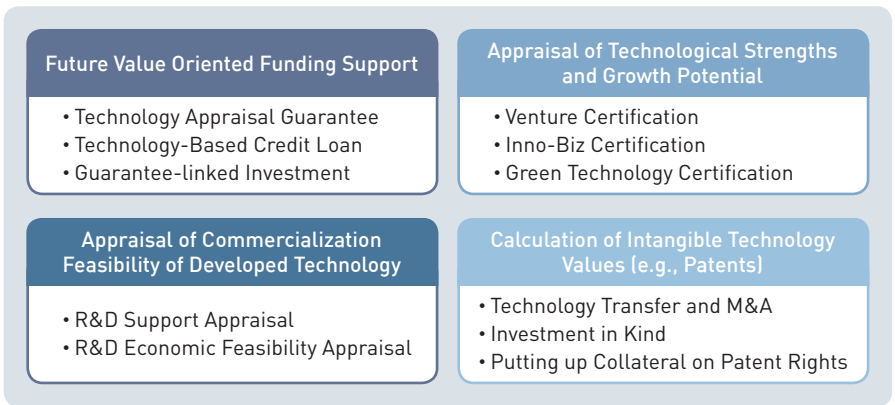
Share



Technology appraisal involves the activity of comprehensively reviewing the prospects of technology, marketability, and business with regard to intangible technologies and expressing the results in amounts, grades, points, and opinions.

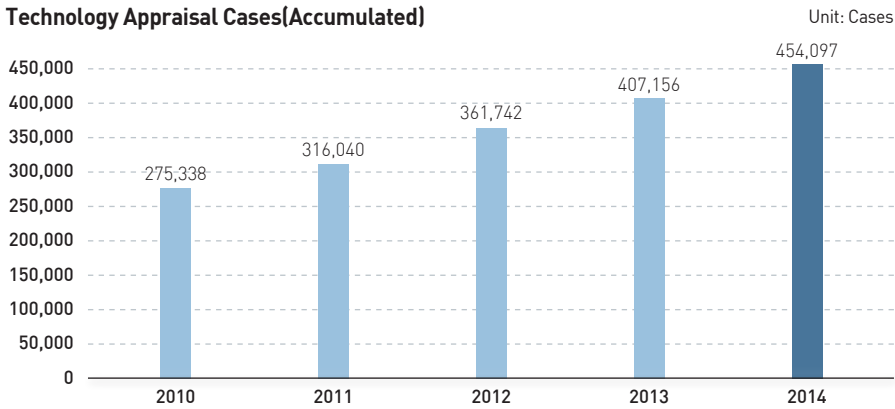
Since its first technology appraisal, carried out in March 1997, KOTEC's appraisal cases have steadily increased every year to total 454,097 in 2014, with the accumulated appraisal fees amounting to KRW 249.2 billion. KOTEC's technology rating system (KTRS) has served as a tool to assess the future value of technology, technological strengths and growth potential, feasibility of commercializing developed technologies, and intangible asset values to effectively support the government's SME technology innovation policy.

Scope of Application for KOTEC's Technology Appraisal System

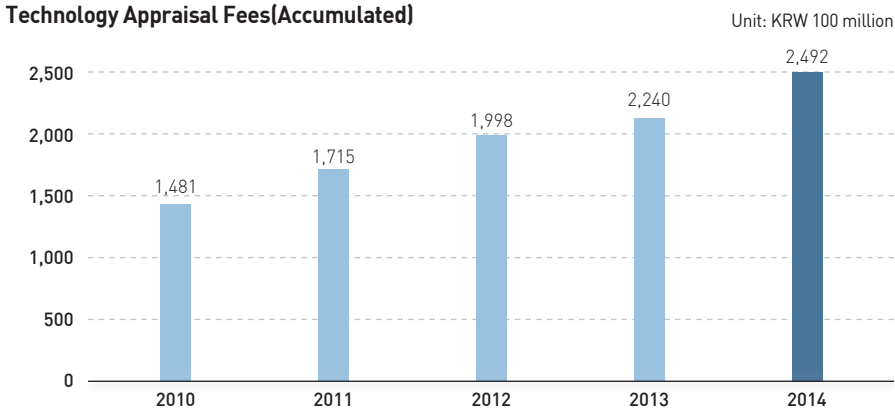


Technology Appraisal Status

Technology Appraisal Cases(Accumulated)



Technology Appraisal Fees(Accumulated)



Default and Indemnity Rights Management

Unit: Cases, KRW 100 million

	2010	2011	2012	2013	2014
Technology Appraisal Cases	39,968	40,702	45,702	45,414	46,941
Accumulated	275,338	316,040	361,742	407,156	454,097
Technology Appraisal Fees	228	235	283	242	252
Accumulated	1,481	1,715	1,998	2,240	2,492

The rate of insolvency-driven default, such as delays in the payment of principal and interest for a guaranteed loan, expanded during the venture crisis period, peaked at 12.9% in 2004, and then stabilized at 4.4% in 2014.

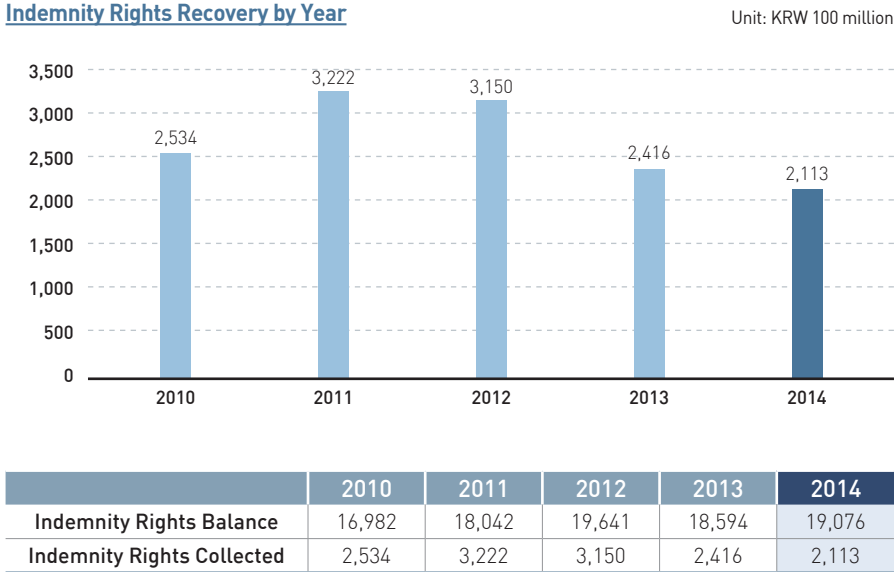
Incremental Default Amount & Default Rate

Unit: KRW 100 million, %

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Incremental default amount	11,659	6,791	6,050	7,679	7,420	8,184	8,715	9,026	7,551	8,802
Default rate	10.1	6.1	5.4	6.1	4.3	4.7	5.0	5.0	4.0	4.4

Accommodating a new government policy for startups, KOTEC strengthened its default prevention and rehabilitation programs. As the environment for indemnity recovery is worsening due to increasing liability exemptions, such as petitions for bankruptcy and reductions in joint surety systems, KOTEC has pursued maximizing indemnity recovery by intensifying its efforts to discover new resources of indemnity recovery, executing collectability strategies differentiated by debtors, using information held by public institutions, and tapping into available legal procedures. It also sold long-delinquent receivables to the Korea Asset Management Corporation in order to improve the efficiency of receivable management and help debtor rehabilitation.

Indemnity Rights Recovery by Year



2. Technology Guarantee

Technology Guarantee Support

Total Technology Guarantee Support

KOTEC provided stable support for technology financing for SMEs to fulfill its role as a public guarantee institution specializing in technology enterprises, and to help technology-innovative SMEs effectively secure their strong competitiveness to prepare for economic uncertainties and thrive in the future. KOTEC provided KRW 19.603 trillion in guarantees to timely satisfy the financial needs of SMEs, and its guarantee balance amounted to 20.156 trillion, up 427.5 billion from the previous year. In pursuit of reinvigorating the economy and creating jobs, KOTEC concentrated its support on SMEs with strong job creation capabilities, technology-innovative enterprises capable of creating new growth engines, and export-oriented SMEs; and its support for them accounted for 95.3%, up 0.4%p from 2013, of the total guarantees provided in 2014. KOTEC issued P-CBOs worth KRW 4.749 trillion to divert SME loans from the indirect financing market to the direct financing market.

Enhancing the guarantee support system for technology startups and venture enterprises

KOTEC has concentrated its guarantee support capabilities on technology startups and venture enterprises, both expected to propel the future growth engine of the national economy and to have a significant impact on job creation, based on the principle of selective focus. Its guarantee volume for startups and new growth engine industries is continuously increasing.

Annual Guarantee Support

Unit: KRW 100 million, %

	2012	%	2013	%	2014	%
Total Guarantee Supply	178,588	100.0	193,539	100.0	196,032	100.0
Tech Innovative SMEs	167,512	93.8	183,727	94.9	186,756	95.3
Venture Enterprises	111,459	62.4	115,860	59.9	111,718	57.0
Inno-Biz	83,730	46.9	78,123	40.4	70,867	36.2
Startups	76,244	42.7	87,142	45.0	91,928	46.9
Tech Appraisal Guarantee	167,008	93.5	184,625	95.4	188,832	96.3
Knowledge & Culture Industry	25,402	14.2	30,843	15.9	31,519	16.1
Job-Creating SMEs	37,301	20.9	44,887	23.2	41,827	21.3
New Growth Engine	44,921	25.2	57,742	29.8	61,046	31.1
P-CBO Guarantee	2,187	1.2	3,052	1.6	4,749	2.4
Total Guarantee Balance	181,595	-	197,284	-	201,559	-

Guarantees for Technology-Innovative Enterprises

To actively support government policy, guarantees for tech-innovative firms increased to KRW 18.676 trillion in 2014, up KRW 372.7 billion from 2013, and its share of the total guarantees provided also expanded to 95.3%, up 0.4%p from the previous year.

Guarantees for Startups

KOTEC continued to provide guarantees for startups, no more than five years old, in order to enhance the vitality of the national economy and to create more jobs, and gradually expanded the share provided from 7.624 trillion won [42.7%] in 2012 to 8.714 trillion won [45.0%] in 2013 and then 9.193 trillion won [46.9%] in 2014.

Technology Appraisal Guarantee

As a key player in technology financing, KOTEC established a robust technology appraisal system optimized for financing tech-innovative enterprises, and increasingly utilized it to provide KRW 18.883 [96.3%] trillion in technology appraisal guarantees, up KRW 420.7 billion [2.1%p] from the previous year's number of KRW 18.463 trillion [95.4%].

Promoting a win-win relationship to lead the creative economy

KOTEC is leading the efforts to provide technology financing based on technology competency and growth potential to successfully back creative economy initiatives and efficiently distribute limited resources. To improve the growth potential of the national economy, KOTEC has consolidated its cooperative network for the new and renewable energy sector and increased guarantee support, thus promoting a win-win relationship.

Leading the new and renewable energy industry by cooperating with relevant organizations

To foster the new and renewable energy industry as a new growth engine to encourage the potential growth of the economy, the New Renewable Energy Shared Development Guarantee has been continuously put into action according to the recommendations of the New Renewable Energy Shared Growth Fund (co-created by 18 conglomerates and power suppliers, 3 commercial banks, and 3 relevant associations). This program provided KRW 72.8 billion in guarantees for 111 companies in 2014. Since KOTEC became entitled to recommend candidates as guarantee recipients in September 2012, it has proactively discovered and recommended excellent candidates, while significantly increasing the guarantee amounts and contributing to the creation of new national growth engines.

Guarantees offered for new and renewable energy businesses

Unit: KRW 100 million

	2012	2013	2014
Guarantee amount	353	734	728

Operating a systematic support system pertaining to startup growth stages

In order to help Pre-entrepreneurs with excellent technology and business ideas predict their financing capacities, "Pre-Guarantees for To-be Founders" were implemented to promise a definite funding amount along with relevant information and also provide the promised funding immediately once they start a business. Under this program, 957 Pre-entrepreneurs were promised for KRW 114.9 billion, and 870 firms were actually founded and received a total of KRW 96.4 billion in 2014. This year, KOTEC monitored the performance of this program and listened to users' opinions, amending the program thereupon in order to support the stable settlement of startups through post-management mentoring.

**Increasing Support for
New Growth Industries
to Secure Future
Growth Engines**

Expanding guarantee support for startups to foster entrepreneurship

As it becomes more important to explore and nurture tech-oriented startups to build the grounds for future growth and to tackle growth without employment, KOTEC has been expanding guarantee support for tech-oriented startups within five years of their foundation.

The "Customized Startup Growth Program" was implemented for startups in seven designated categories, including green growth startups, knowledge and culture startups, engineering startups, high-tech & root industry startups, one-man startups, startups established by people in their 40s & 50s, and intellectual property-based (IP-based) startups, to provide focused support. Under this program, KRW 2.253 trillion was provided for 10,240 startups. In particular, guarantee support was expanded for those within two years of foundation, younger generation startups, and those with no sales records. With these various programs, KRW 2.280 trillion (54.5% of the total new guarantees of KRW 5.58 trillion) was provided for 11,967 startups.

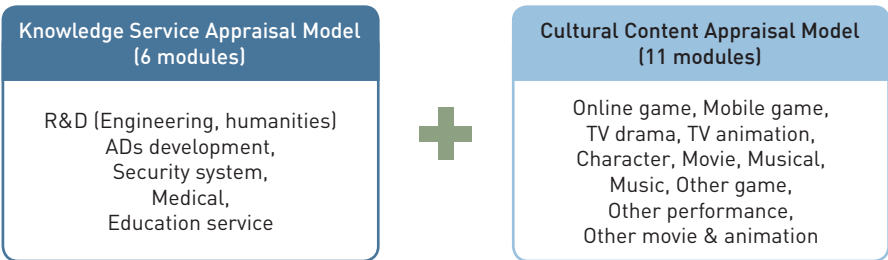
Extending guarantee support for the knowledge and culture industry

With the economic paradigm shifting towards the era of knowledge and information, KOTEC selectively designated the "knowledge service and cultural content sector" as a post-manufacturing growth engine. KOTEC plans to expand the guarantee balance for the industry to 15% by 2015. In 2014, guarantee coverage for the industry had already reached 16.1% (exceeding the planned 15.0%), as KOTEC enhanced its proactive system to accommodate the knowledge & culture sectors in the targeted subject of technology financing and to increase the volume of guarantees for these sectors.

Strengthening expertise in technology appraisal for the knowledge service and cultural content industry

To build a sustainable support system for the new targeted area, we significantly enhanced field application capabilities and relevant technology appraisal skills for the industry by having education and training seminars to learn about the nature of the industry and by segmenting technology appraisal modules to enable appraisal practices tailored to the industry and its objectives.

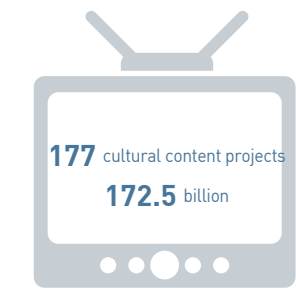
Knowledge & Culture Industry Appraisal Model



In addition, KOTEC implemented the "Guarantee for high value-added service project" program in earnest this year to enhance support for knowledge services and cultural content industries. This new program helps in closing the gap between funding demands and actual payment, which has long been a problem in the contract of such businesses, so that it can provide a better environment to produce high-quality projects.



**Fostering Job Creation and
Entrepreneurship Through
Technology Financing**



문화콘텐츠 제작자금 지원(2009~2014)

Operating Special Win-Win Guarantee Programs for Shared Growth

Expanding funding for culture content production by introducing culture content completion guarantees

After KOTEC implemented a cultural industry completion guarantee program for the cultural content development of games, dramas, animations, and movies in September 2009 to facilitate cultural content development and encourage investment, it increased the support limits up to KRW 5 billion for high value-added content (games, dramas, animations, convergence CGs, etc.) and export content (so-called "Hallyu" or "Korean Wave" content) to invigorate the system by improving customers' access. It also introduced "Achievement Sharing Completion Guarantees" to exempt content developers with strong business cases from early repayment and to share their achievements. Since its first implementation, the program has extended KRW 172.5 billion for 177 cultural content projects, including the dramas "Deep-rooted Tree" (aired on SBS), "Light and Shadow" (aired on MBC), and "Wang's family" (aired on KBS), along with the musical projects "The Sound of Music" and "Wicked."

Cultural Content Completion Guarantee Provisions (accumulated)

Unit: KRW 100 million

	Game	Animation	TV Programs	Movie	Digital Content	Performance	Character	Total
No. of Projects	52	14	75	6	1	27	2	177
Guarantee Amount	579	90	739	40	7	258	12	1,725

To effectively provide technology finance support for tech-innovative firms, various shared growth guarantee programs have been implemented, based on a cooperative framework with financial institutions and large conglomerates.

Guarantees based on special contributions by financial institutions

"Guarantees based on special contributions by financial institutions" were first introduced in 2009 (amidst the global financial crisis) by signing agreements with 11 financial institutions, including IBK, and expanded in 2011 with the signing of a second round of agreements with 10 additional financial institutions, including Shinhan Bank. The third agreement was entered into with KB Kookmin Bank in the first half of 2013. To encourage technology startups and create jobs, KB entered into an agreement with KOTEC in 1H 2013 to provide contributions for to-be founders. As such, KOTEC continues to build and consolidate its cooperation with financial institutions to bolster guarantee support for new growth engine industries.

Guarantees based on Special Contributions by Financial Institutions

Unit: KRW 100 million

	2010	2011	2012	2013	2014	Total
Special Contributions	60	880	289	50	50	3,222
Guarantee Support	3,674	10,450	4,101	1,375	1,236	39,537

* These amounts are for after cancellation of post-acquisition of facility funding collateral.

Large, Medium, and Small Shared Development Guarantee

The "Large, Medium and Small Shared Development Guarantee" was first launched in February 2009 for the purpose of the shared growth of large, medium, and small enterprises with three major conglomerates, including Hyundai Motors, and two financial institutions. It later expanded to include nine conglomerates in total, including Samsung Electronics, and three financial institutions, to provide preferential guarantee rates for partners recommended by the conglomerates participating in the program.

Developing Customer-Oriented Technology Financing Infrastructure

Large, Medium, and Small Shared Development Guarantee Provisions

Unit: KRW 100 million

	2010	2011	2012	2013	2014	Total
Special Contributions	1.6	3.2	7.2	28.5	19.8	184.8
Guarantee Support	19	58	318	352	124	2,838

To help technology companies that are denied guarantee support even before a technology appraisal because of poor credit standing, etc., KOTEC performs on-site inspections and technology appraisals in the initial consultation stage for such businesses and makes a decision on potential guarantee support. This new process improved the transparency of guarantee procedures. KOTEC also established a new IT system to expedite the guarantee support process from application to consultation, screening, and re-evaluation, which is expected to improve customer satisfaction.

KOTEC enhanced customer convenience by allowing enterprises to renew loan maturities through the call center recording system without physically visiting branches. To mitigate the heavy pressures from joint guarantees and encourage startups, as well as improve the financing environment, KOTEC virtually abolished joint guarantees for individual business owners. For institutional businesses, only one actual management party shall be held liable.

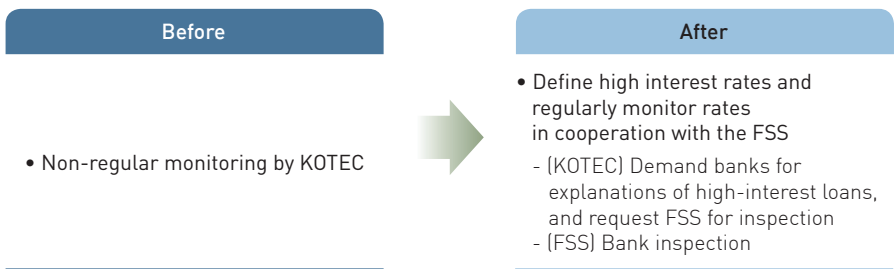
In an effort to streamline the document submission procedures, KOTEC opened a web channel to verify mandatory payments of four public insurances, and a cyber branch to collect tax payment certificates.

Monitoring of guaranteed loan interest rates and mitigation of guarantee fees charging process

To establish the institutional framework to lower SME loan rates, KOTEC renewed the terms and conditions for guaranteed loans making banks prohibited from arbitrarily imposing additional rates; and built an interest rate notification system that allows users to check guaranteed loan rates over the last three months and compare their rates with others.

Furthermore, KOTEC defined the threshold of high interest rates and reinforced the monitoring system to discourage financial institutions from imposing excessive rates on guaranteed loans. For high-rate guarantee loans, KOTEC requests for the lending bank to provide prima facie evidence of the reason and submit it to the Financial Supervisory Service (FSS) for review.

Enhancement of the regular monitoring system on guaranteed loan interest rates



Meanwhile, some companies used to pay guarantee fees for the period during which they received a guarantee certificate but did not use it. To address this problem, KOTEC amended its policy to fully refund the guarantee fees if a customer cancels an unused guarantee certificate, and provides partial refunds to customers with loan dates later than their guarantee certificate date.

Mitigation of guarantee fees by amending the fee charging process

Before	After
<ul style="list-style-type: none">• No fee refund for used day (when taking out loans)• Partial refund for guarantee cancellation without loan acquisition (only for the days after cancellation)	<ul style="list-style-type: none">• Fee refund for the unused days after issuing a guarantee certificate• Full refund for guarantee cancellation without loan acquisition

Improvement on joint guarantee issue

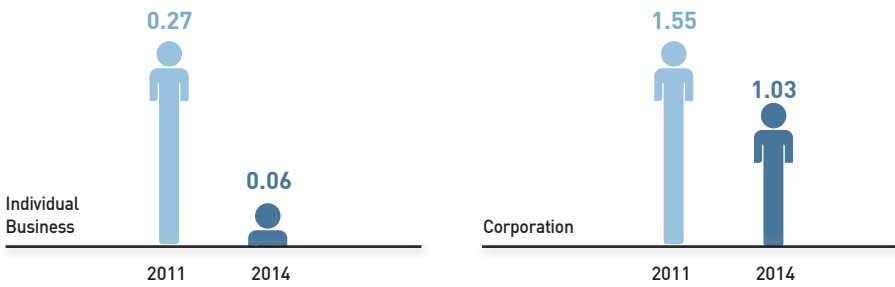
To promote business startups and maintain economic resilience, the joint guarantee system was reformed in May 2012. It abolished joint guarantees in principle for individual business owners, and in cases where a designated business runner is named, only the actual runner is held responsible for the joint guarantee. For institutions, the principle was formed to hold only the representative liable. The system was reformed once again in July 2013 to legalize grey markets and establish a fair trade order, while guarantee liabilities held by unofficial actual runners were abolished. Accordingly, only the joint owner/actual business runner of an individual business, as per the registration certificate, and one actual member of management (such as the CEO or largest shareholder) of the institution shall be held liable for a joint guarantee. With this system in place, the number of joint guarantee holders significantly declined compared to before system implementation. In addition, KOTEC implemented a special measure for liability exemption for excellent startups in February 2014. This waives companies with a certain level of technology and ethics from the joint guarantee obligations for five years to lower the burden of failure while encouraging business startups.

Category	Before	After
Joint Guarantee for an Individual Business	Actual business runner	• Business owner/actual business runner
Joint Guarantee for an Corporation		• Official* actual business management <small>* CEO, unlimited-liabilities employee, largest shareholder, shareholder with 30% or more shares, shareholder with 30% or more shares including those of related parties</small>

No. of Average Joint Guarantee Holders for New Guarantees

Unit: persons

Category	2011 (Before)	2012 (After 1st improvement)	2013 (After 2nd improvement)	2014
Individual Business	0.27	0.17	0.09	0.06
Corporation	1.55	1.14	1.07	1.03



3. Technology Appraisal

Technology Appraisal Overview

Concept

Technology appraisal is the process of making an in-depth evaluation of the technological competence, business feasibility, marketability, and so forth of an intangible technology, with a focus on future values. The evaluation results are then expressed in amounts, grades, points, and opinions.

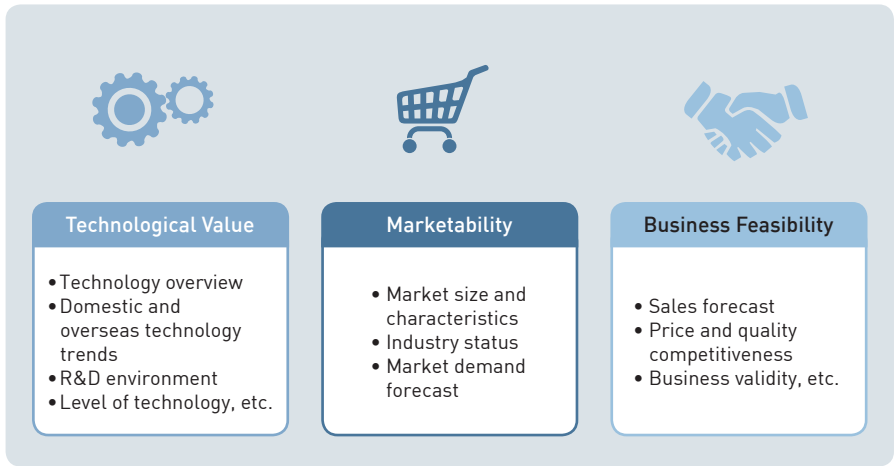
Types of technology appraisal

Technology appraisals are categorized into technology monetary valuation, business feasibility assessment, and comprehensive technology assessment, in accordance with the purpose and objectives of each appraisal.

Category	Definition
Technology Monetary Valuation	Appraise the value of the technology currently being manifested or to be manifested in the future, and express the results of the appraisal in a monetary value
Technology Business Feasibility Appraisal	Evaluate the values and feasibility of a certain technology and express it in a rating, in the case of an enterprise hoping to commercialize a specific technology or idea, or to expand the investment to currently promoting technology business
Comprehensive Technology Appraisal	Comprehensively appraise all technologies enterprise has in connection with the nature of the enterprise, such as the management environment and business prospects

Scope of technology appraisal

The technology appraisal comprehensively reviews the technological value, marketability, and business feasibility of the target technology.



Operation of Technology
Appraisal Business

Progress

Since first introducing the Technology Appraisal Center and initiating technology appraisal to Korea in February 1997, KOTEC has led the market as the leading appraisal institution which implements technology appraisal -based guarantees, develops new technology appraisal system (KTRS), and serves as the institution to issue venture certificates and green certificates.

1990

1997.

3.

Opened technology appraisal center
1997.

5.

Agency for the appraisal of the technological value and business feasibility of patent technology (Invention Promotion Act)
1997.

10.

Designated as an appraisal agency for evaluating the industrial properties of venture enterprises as investment in-kind (Act on the Special Measures for the Promotion of Venture Businesses)

1998.

8.

Designated as an appraisal agency for identifying venture enterprises (Act on the Special Measures for the Promotion of Venture Businesses)
1998.

11.

Designated as a technology appraisal agency for the industrial properties of foreigners as investment in-kind (Foreign Investment Promotion Act)

2000

1999.

2.

Implementation of technology appraisal guarantee system
2001.

4.

Designated as a professional agency specializing in technology appraisal and transaction of technology under consideration for technology transfer and commercialization (Technology Transfer Promotion Act)

2001.

7.

Designated as a technology appraisal agency for the reference of venture enterprises' listed on the KOSDAQ (Korea Securities and Dealers Association)

2001.

8.

A technology appraisal agency for the selection of INNO-BIZ (technology-innovative SME) (Small and Medium Business Association)

2004.

9.

Implemented a technology appraisal certification system (for internal use)
2005.

7.

Implemented the new KIBO (KOTEC) Technology Rating System (KTRS)
2007.

4.

KTRS acquired domestic BM patent

2008.

4.

Applied a patent registration of the international patent (PCT) of technology appraisal system (KTRS) to other countries (Japan, China, and Singapore)

2009.

10.

Acquired a Korean patent for a technology appraisal model (KTRS-Startup) for use by venture businesses

2010

2010.

4.

Designated as the appraisal agency for green certification by the government
2010.

10.

KTRS feedback system acquired domestic patent (two cases)

2011.

1.

Applied and implemented the research results for the advancement of KTRS (KTRS-V2.0)

2012.

11.

Developed Green Technology Rating Model (GTRS) for better assessment of Green Technology and its related industries

2013.

12.

Improved KTRS models and redefined the system (by applying the results of commissioned research)

2014.

6.

Designated as a Tech Credit Bureau (TCB) institute

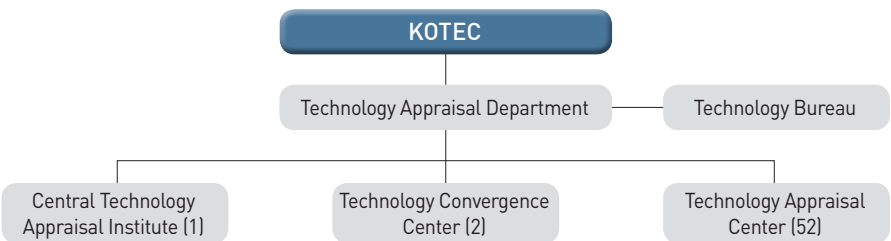
2014.

9.

Applied for a BM patent on technology appraisal methods and know-how

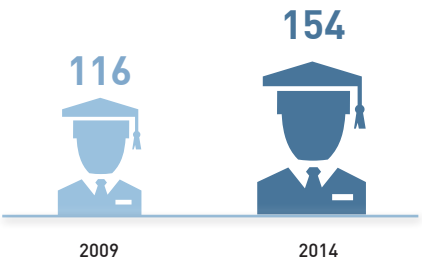
Technology appraisal organization and Manpower

To meet growing the demands for appraisal and to secure a sustainable finance sales network, KOTEC restructured and optimized its technology appraisal business into a central technology appraisal institute, 2 technology convergence centers, 5 business headquarters, and 52 technology appraisal centers as of 2014.



Organization	Roles	Key Responsibilities
Central Technology Appraisal Institute	Key appraisal institution to perform highly sophisticated appraisals	<ul style="list-style-type: none">Highly sophisticated technology appraisal (technology appraisal for investment in-kind, etc.)Technology appraisal quality controlSupport for technology appraisal centers and technology convergence centers
Technology Convergence Center	Specialized organization to support technology transfer and commercialization	<ul style="list-style-type: none">Specialized technology appraisal regarding technology deals and M&A (including accompanied guarantees)Identification of technology deal demands, intermediaries, and marketing functionsTechnology information collection and processing, networking with relevant institutions
Business Headquarter	Support for technology appraisal centers in the region	<ul style="list-style-type: none">Support for technology appraisal centersNon-guarantee technology appraisal, non-guarantee technology certification
Technology Appraisal Center	Standardized technology appraisal works	<ul style="list-style-type: none">Technology appraisal guarantee (IP guarantee, R&D guarantee, etc.)Technology business feasibility test (e.g., feasibility test on government R&D projects)Tech-credit appraisal, venture/inno-biz evaluation, etc.,

Ph.D Degree holders (or equivalent)



KOTEC continues to nurture qualified and competent technology appraisal experts to ensure opportunities to learn new theories and knowledge for technology appraisals in general and to gain actual field experience in appraisals.

(Unit: persons)

	2009	2010	2011	2012	2013	2014
Total Employees	1,056	1,072	1,068	1,066	1,085	1,102
Technology appraisal experts	586	578	559	532	578	552
Ph.D Degree holders (or equivalent)	116	126	131	134	147	154

To overcome the limitations of in-house appraisal resources and to enhance our appraisal expertise, we established a pool of external advisors from the industry, academia, and research fields to perform swift and reliable technology appraisals.

Unit: persons

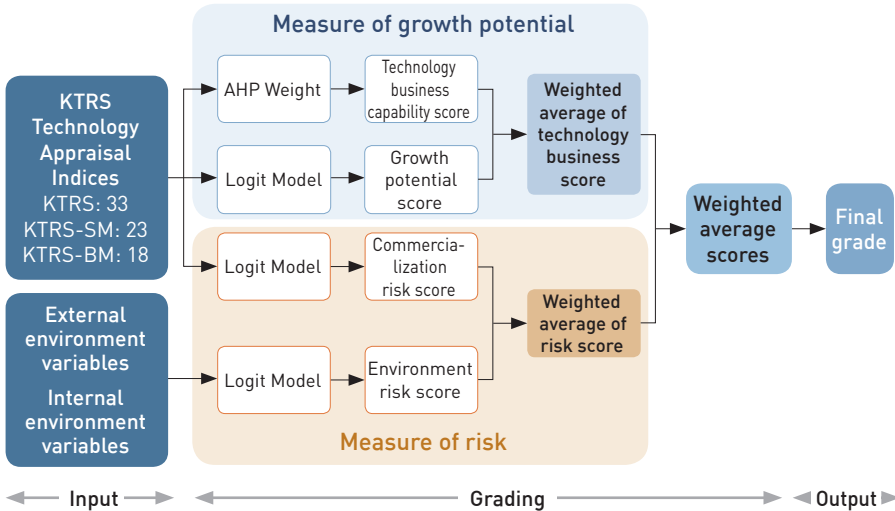
Machinery	ITC	Electronics & Electricity	Materials & metals	Chemical	Textile	BIO	Envi-ronment	Financial Accounting	Patent Law	Culture & contents	Others	Total
173	129	132	89	83	13	97	36	156	48	52	66	1,074



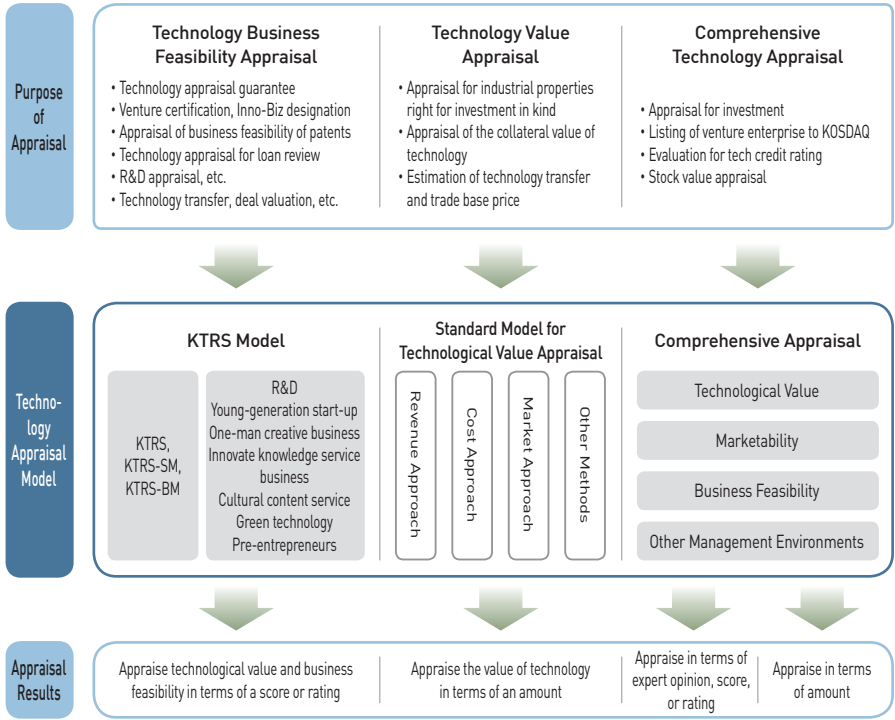
Technology Appraisal System

KOTEC developed and operates its proprietary technology appraisal system, the KOTEC Technology Rating System (KTRS), to assess and grade intangible technologies and knowledge on the grounds of technological competence, business feasibility, and marketability, which have been hard to evaluate with a finance-based credit rating system.

Optimized for technology finance, KTRS takes into account the future potential and risks of a technology-based business. Since its introduction in July 2005, it has been proven to deliver stable performance in forecasting incident rates and risks with continuous verification and improvements.



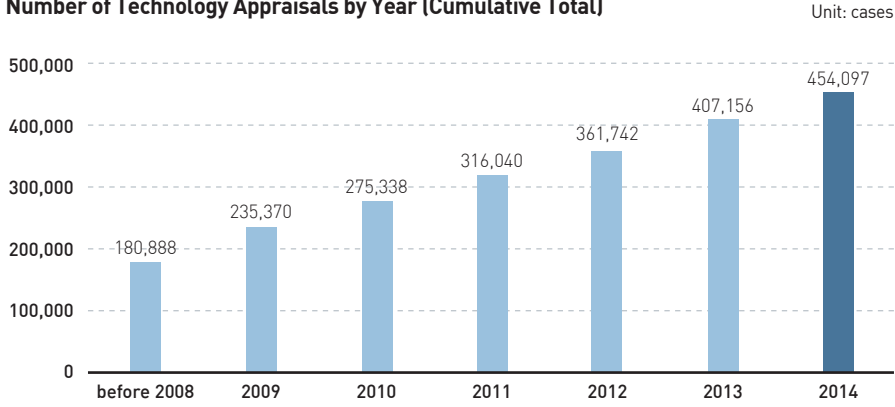
KOTEC has also developed a variety of technology appraisal models to meet different appraisal purposes and diversified consumer demands.



Technology appraisal performance

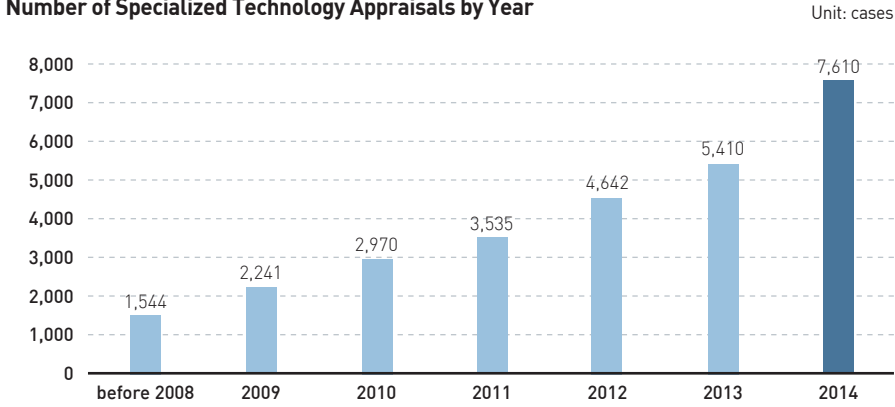
Since the launch of its technology appraisal business in February 1997, KOTEC has completed a total of 450,000 cases as of year-end 2014, making its status secure as the best technology appraisal institution in Korea.

Number of Technology Appraisals by Year (Cumulative Total)



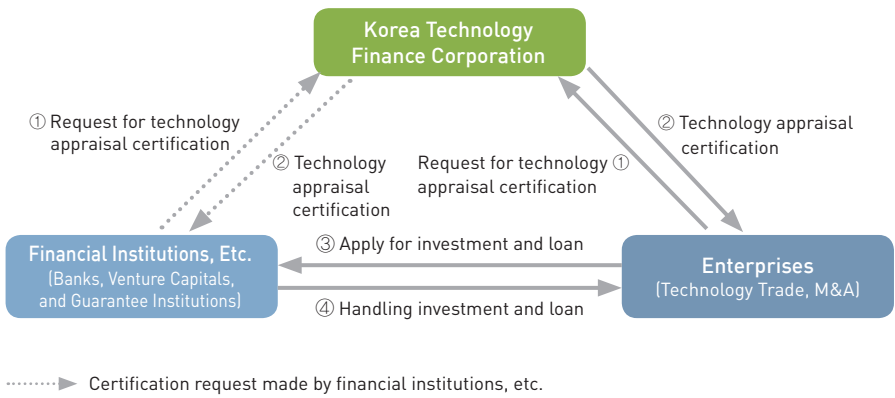
"Technology appraisal for the government or public sector" and "Technology appraisal for the private sector with fees higher than KRW 2 million for each case" are more challenging than other technology appraisals. They require more sophisticated expertise and objectiveness and greatly contribute to expanding the domestic market for technology appraisal and promoting technology financing.

Number of Specialized Technology Appraisals by Year

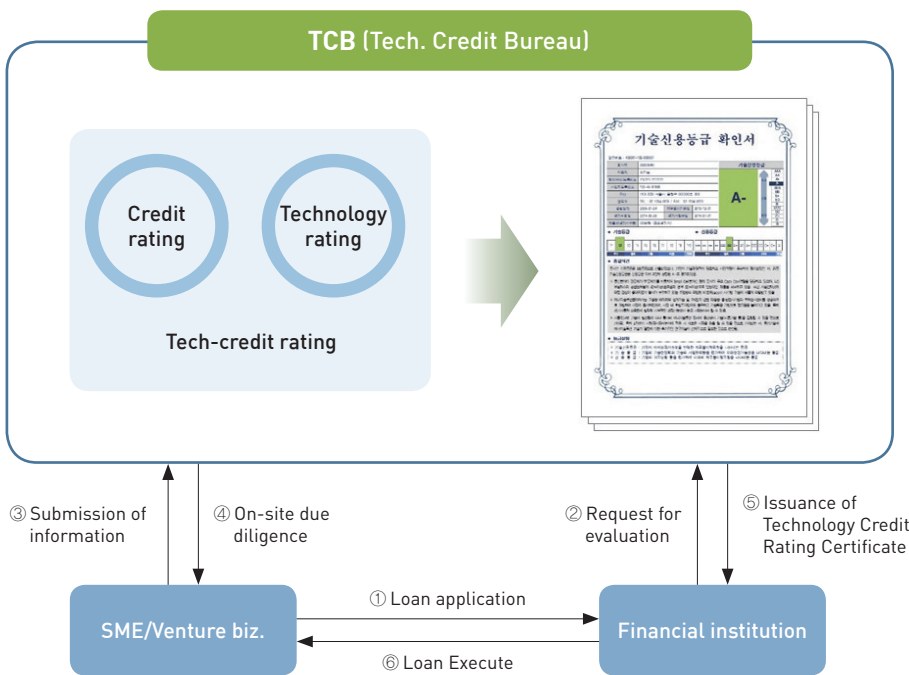


KOTEC also introduced the "Technology Appraisal Certification System" in February 2005, which is used not only for its own guarantees but also for credit loans, investments, and technology trades by financial institutions to issue technology appraisal certificates centering on domestic financial institutions. Because of this certification system, KOTEC could lead the transformation of the collateral-oriented financial practice into a technology- and credit-oriented practice in financial market of Korea. KOTEC had provided some KRW 1.9 trillion in credit loans through some 14,000 appraisal certificates by 2014, firmly cementing the program as the best tool to promote technology financing.

Technology Appraisal Certification Procedure and Performance



KOTEC was designated as one of TCB (Tech. Credit Bureau) institutes in July 2014 for the government project to build a technology credit rating system, and proactively supports the efforts to invigorate technology financing in cooperation with banks and private sector TCBs.



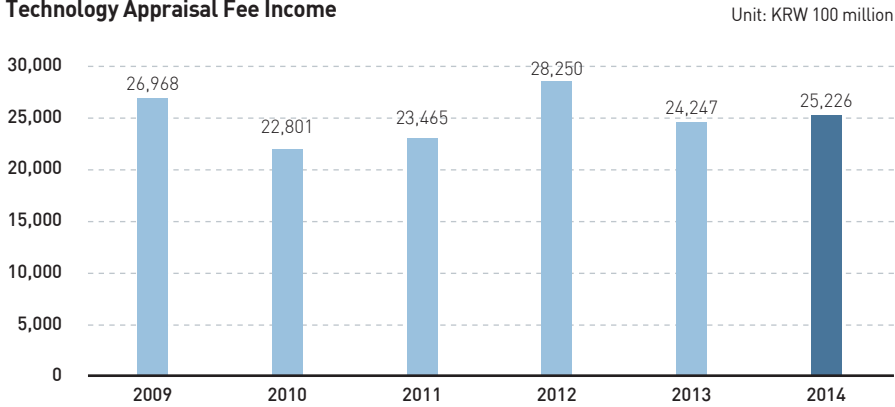
In addition, KOTEC adopted the TCB certificate in lieu of technology appraisal certificates provided for financial institutions for their loan review. In August 2014, it implemented a 'Partial Interest Support System' (1~3%p) for TCB-linked credit loans in order to promote settlement of the TCB system and alleviate user interest burdens.

TCB-linked Support Provided in 2014

TCB Provided (cases)	TCB-linked Loans (KRW 100 million) / CreditLoan	Partial Interest Support (KRW million)
4,360	17,892 / 604	932.6

Meanwhile, technology appraisal fees are decided on the consolidated basis of staffing, period, appraisal scope, and complexity of the tasks. The fees have remained at reasonable levels backed by the public use of technology appraisals and demand from the private sector, but are subject to change due to government policy directions and fee reduction measures for customers.

Technology Appraisal Fee Income



Major Initiatives' Progress and Achievements in 2014

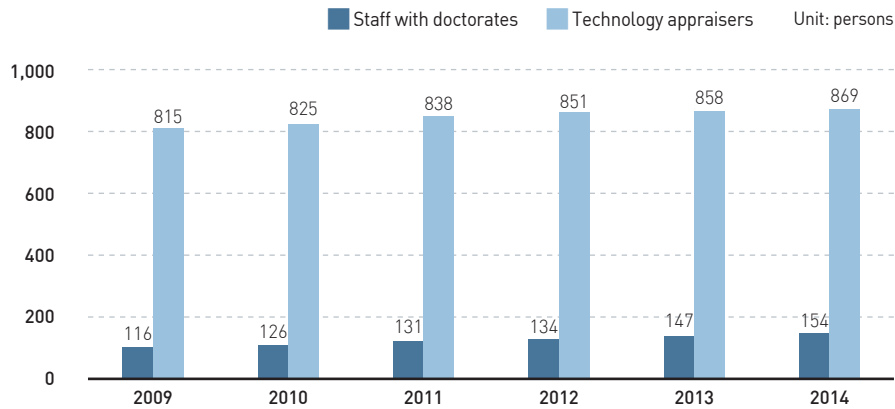
Upgrading expertise in technology appraisal organization & resources

Restructuring the organization and resources for creative financing

As technology appraisal emerges as a critical approaches to realize a creative economy, KOTEC reorganized its technology appraisal functions focusing on its key initiatives to enhance expertise and reliability. The Central Technology Appraisal Institute transferred settlement-stage projects and ancillary works to branch centers, and shifted its focus to high-end specialized technology appraisal. KOTEC also founded Technology Convergence Centers, which are dedicated to identifying demands for technology deals and matching, and technology appraisal specialized for technology transfer.

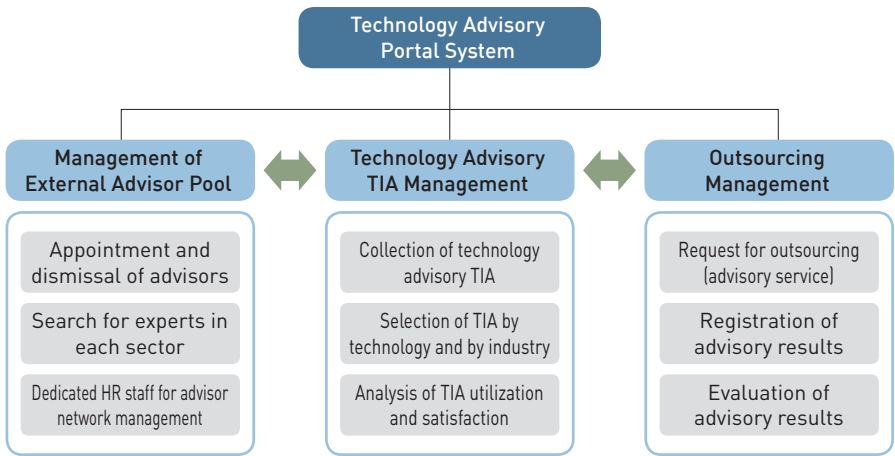
In addition, KOTEC has continued to recruit and cultivate 1st Grade technology appraisers and assigns doctoral-degree experts to more branch centers so that these appraisal centers can play a leading role in financing for a creative economy.

Internal Technology Appraiser Operations



Expanding and facilitating an external advisor network

As both pace and frequency of new technology development are accelerating, KOTEC developed the Technology Advisory Portal System to better tap into its external advisory network and to promptly address appraisal demands with stronger expertise.



To enhance the quality of technology appraisal certification and to better utilize technology appraisal information, KOTEC has signed agreements with 20 specialized institutions in different sectors, including the Korea Electronics Technology Institute, Korea Culture and Contents Agency, PWC Korea, and Daeae Law and IP Firm. Additionally, to proactively respond to new technology and industry trends, the institution has broadened its external advisor pool and professional information providers (IP).

Strengthening the credibility of the technology appraisal system

Enhancement of the KTRS and development of new appraisal models

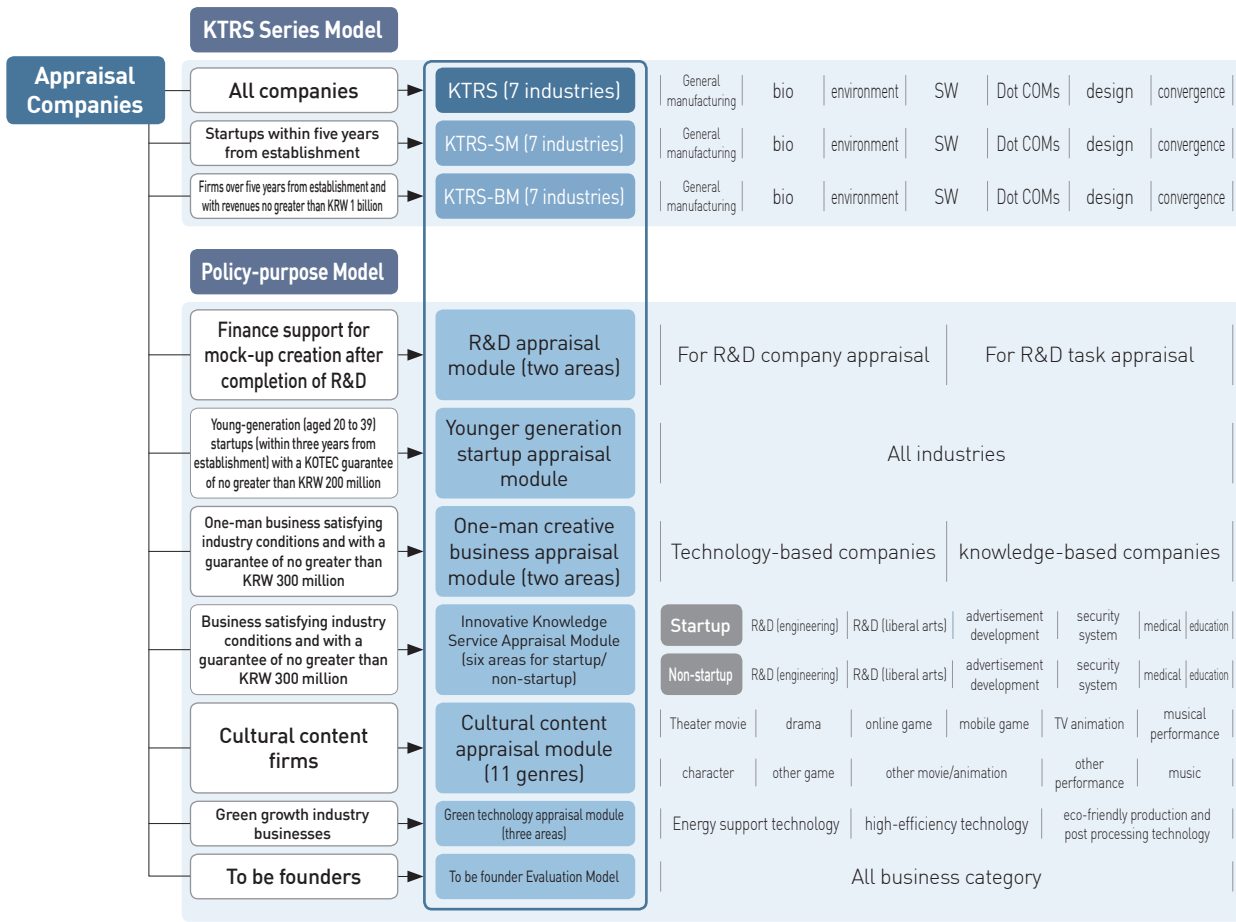
KOTEC is putting ceaseless efforts into its enhancing technology appraisal models. Its proprietary model, the KTRS, is divided into broader modules, KTRS-series groups and policy-purpose groups in accordance with the different purposes and uses of an appraisal. The formerly single module of KTRS-BM was specified into 7 industry categories to advance the system, resulting in 10 modules for 53 sectors.

In 2014, KOTEC's newly developed Pre-startup Appraisal Module, a specialized model to support entrepreneurs with nothing more tangible than their ideas and business plans. As a result, the KTRS is now suited for each growth stage, and the support for would-be entrepreneurs has increased significantly.

* (Before) To-be Founder Model → (Startup) KTRS-SM → (Small business) KTRS-BM
→ (Medium business and beyond) KTRS

Unit: firms, KRW 100 million

	2013		2014	
	No. of Firms	Amount	No. of Firms	Amount
Pre-Guarantees for To-be Founders	421	533	957	1,149



Under a creative economy with the commercialization of IPs, including patents, software, and copyrights, the development of non-profit organizations (such as universities or research centers) becomes critical. KOTEC continues to develop technology value appraisal models to accommodate the different aspects of diverse IPs, improving the efficiency of the appraisal work and integrity and credibility of the results. The customized appraisal methodologies are expected to facilitate the commercialization of excellent R&D results delivered by universities and research centers.

Newly developed Valuation Methodology

Revenue Approach	Dynamic revenue approach to value technology in consideration of probability and selective uncertainties of future cash flow
Cost Approach	Adjusted reproduction cost method and software cost approach that combine historic cost, reproduction cost, and alternative depreciation cost methods on top of the standard cost approach
Market Approach	Royalty reference method that estimates technology value by referring to the royalty rate of similar technology license deals without regard for third party licensing
Simplified Approach	A simplified methodology to appraise technology based on R&D costs, technology contributions, and adjustment factors

Improving quality control in technology appraisal

To be recognized as a leading technology appraiser, KOTEC needs to establish a systematic quality control process on top of fair technology appraisal based on accurate information about technology and the market. To render fair and objective appraisals of creativity assets, such as IPs and technology, KOTEC implemented a well-organized quality control process that consists of a self-evaluation system, pre-verification system, review of technology value statements, and post-evaluation system. KOTEC also improved the KTRS by adding a technology appraisal feedback system that allows for comparing and monitoring different appraisers' results to screen an abnormal deviation and ensure consistency, thereby enhancing the credibility and integrity of the KTRS.

Quality Control of a Technology Value Appraisal



In particular, KOTEC established a technology appraisal team within the Central Technology Appraisal Institute, dedicated to technology appraisal quality control, in order to reinforce the pre-examination procedure. The double examination performed by a dedicated team improved quality control and work efficiency.

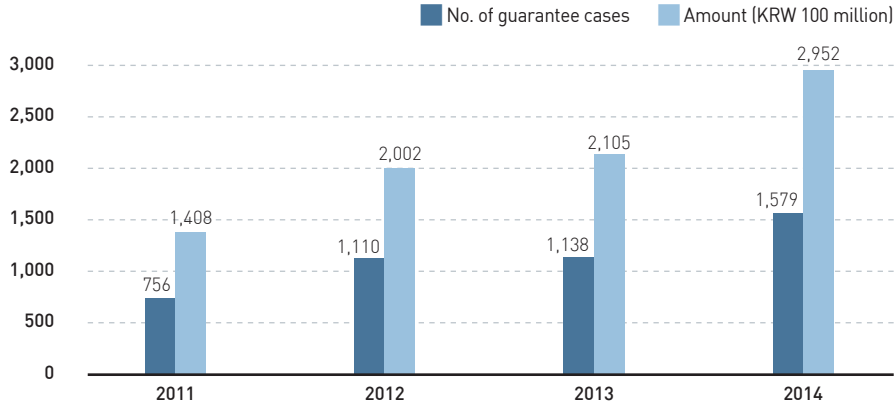


Expanding Technology Appraisal Demands

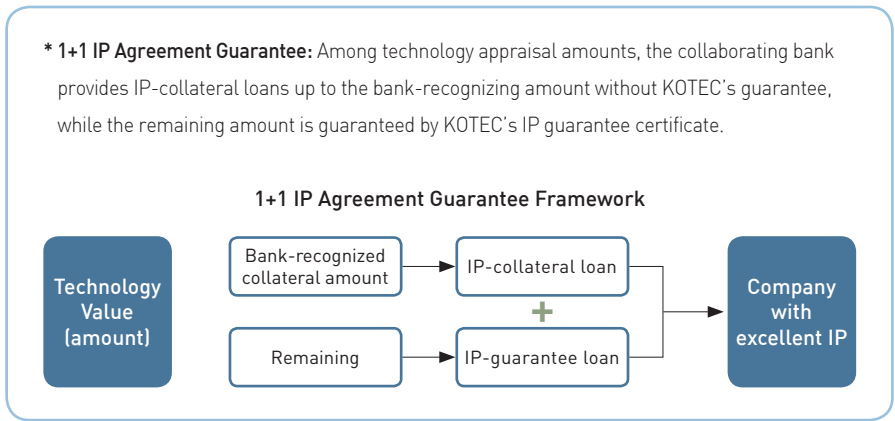
Expanding support for IP- and technology-based financing

Equipped with the best technology appraisal infrastructure in the country, KOTEC stands at the heart of driving IP and technology utilization and commercialization, which is one of the top priorities of the creative economy. In addition to the IP-based guarantee services, such as IP Technology Value Appraisal Guarantees, Technology Value-linked Guarantees, and Technology Transfer Guarantees, KOTEC introduced IP and technology-based customized guarantee services that offer the preferential treatment of performance guarantee fees, guarantee fees, and guarantee ratios, such as IP Appraisal Guarantees, IP Acquisition Guarantees, and Guarantees based on IP Agreements with Financial Institutions, to proactively expand the financial support necessary to realize a creative economy.

Trends in IP Guarantees by Year



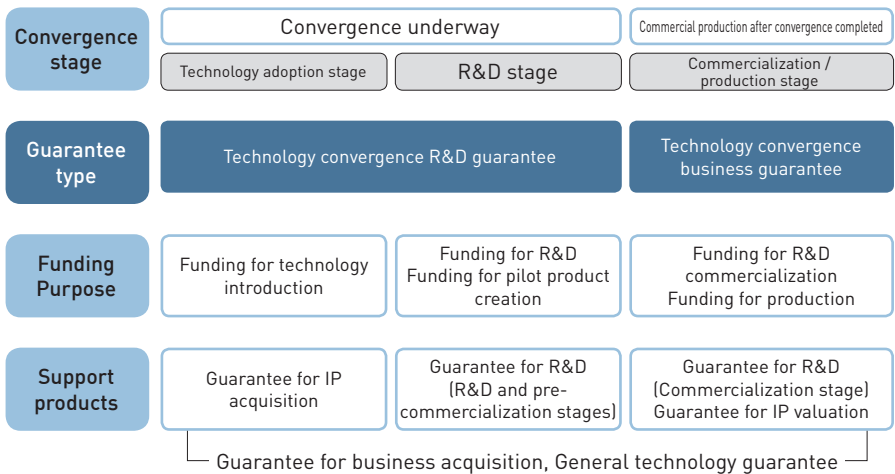
In 2014, KOTEC launched a one-stop IP guarantee service by expanding the scope of the IP Acquisition Guarantee, which was previously limited to acquisition funding, to additional R&D for IPs and production thereof. It also introduced new products, such as the 1+1 IP Agreement Guarantee* and IP Investment Guarantee, to promote IP financing.



Strengthening support for SME R&D

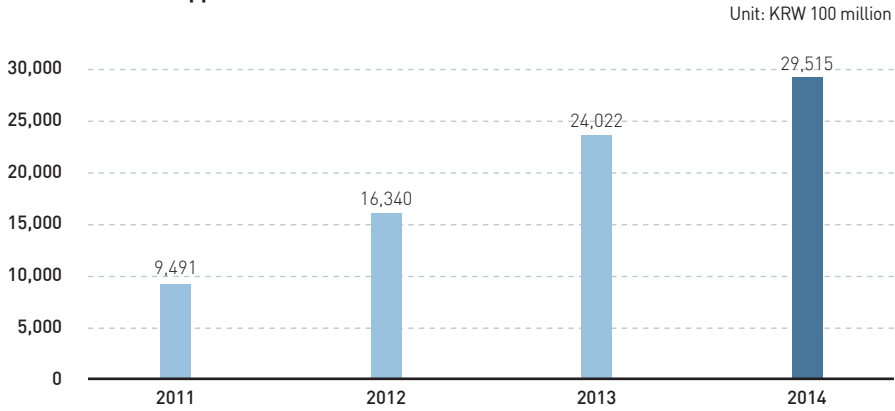
As technology convergence and R&D are emerging as new growth engines for the creative economy, KOTEC introduced Technology and Industry Convergence Guarantees to offer preferential treatment, such as the reduction of guarantee fees and ease of screening processes, to better support convergence between and across technologies and industries along with human imagination and creativity. This move is expected to create new industries and markets in combination with human imagination and creativity, and the program is currently supporting innovative SMEs that are developing, utilizing, or commercializing convergence technology.

Technology Industry Convergence Guarantee System



In addition, KOTEC is actively participating in government R&D projects requiring KOTEC's expertise and rich experiences, such as R&D feasibility tests, R&D mentoring, and R&D planning support, to upgrade the success rate of R&D commercialization, along with R&D Guarantees, which provide customized financing support for each R&D stage, to facilitate SMEs' R&D and commercialization efforts.

R&D Guarantee Support Offered



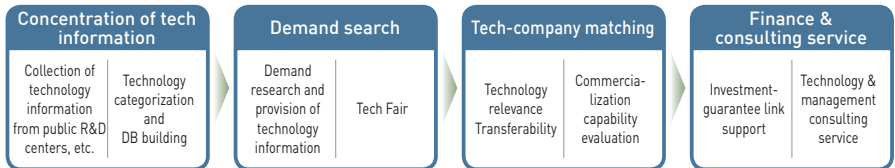
According to a recent study on R&D guarantee support performance, SMEs that received R&D guarantee support delivered higher-than average growth (approximately two times greater) and revenue as well as greater ownership of industrial property, employees, and affiliated R&D centers.

Technology Bureau (TB) Business

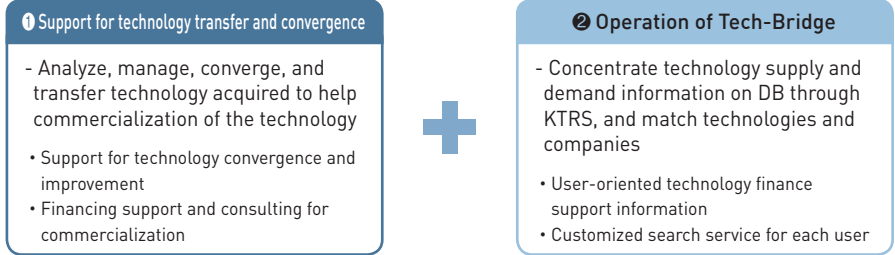
TB Business overview

TB Business is a service to manage technology information, technology demand information, and technology appraisal information for companies and research institutes (e.g., universities and research centers) in order to provide technology appraisal information for those seeking it (financial institutions, etc.) or to support technology transfer and convergence between and across companies and research institutes.

Support Process



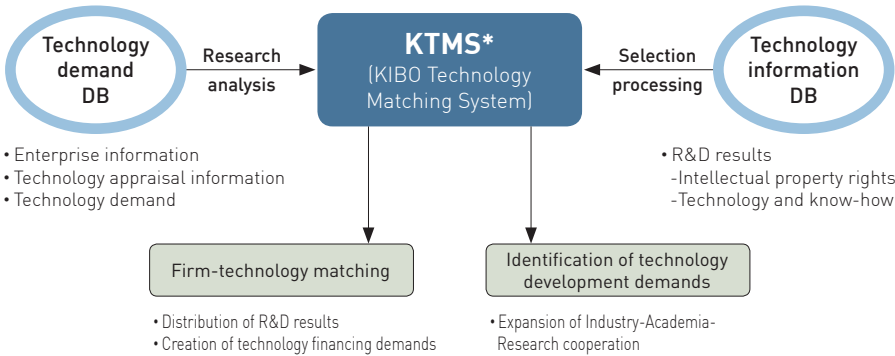
Key roles and responsibilities of TB



TB Business Performance

KOTEC established the TB Office within its headquarter in July 2013 and reorganized its business process in January 2014, allowing nationwide branch centers to handle TB works based on identified technology demands. It also created Technology Convergence Centers, dedicated TB organizations, in Seoul and Daejeon, in 2014, to be added in Busan and Daegu in 2015.

In September 2014, KOTEC fully implemented KTMS, a dedicated IT platform for TB, and began to provide services to promote national R&D efforts and improve the success rate of technology transfer and commercialization.



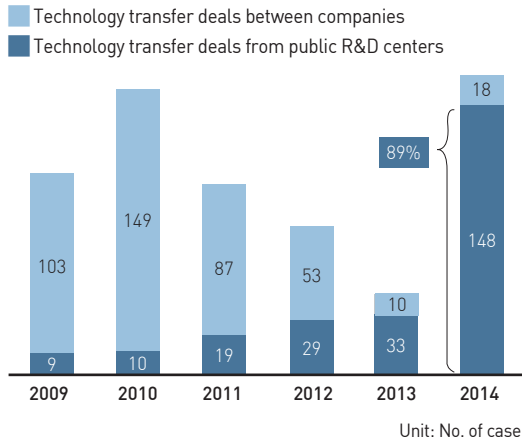
KOTEC has also expanded its information exchanges with relevant institutions to stably secure technology supplies, and signed MOUs with new partners.

TB 추진실적 및 성과

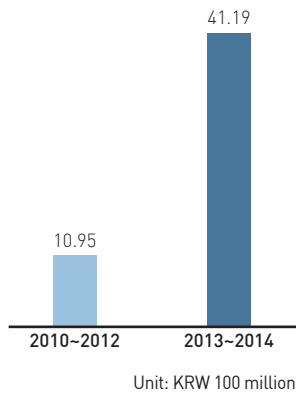
Support for technology transfer and convergence

KOTEC has engaged in 3,854 intermediary activities of technology transfer with 102 public R&D centers, etc., and enabled 254 cases of transfer with 166 contracts. This number of contracts is almost eight times higher than the average performance of public technology transaction institutions. Among transferred technologies, 89.2% came from public R&D centers. Over the last two years, the average transaction amount has jumped to almost four times that of previous years, testifying to both the qualitative growth and per-capita productivity of its dedicated staff. In addition, KOTEC provided IP Acquisition Support of KRW 22.2 billion for 106 technology demander firms.

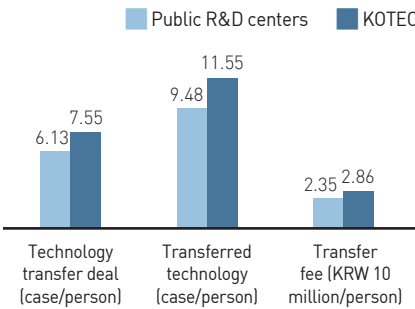
Increase in transactions of technology owned by public R&D centers



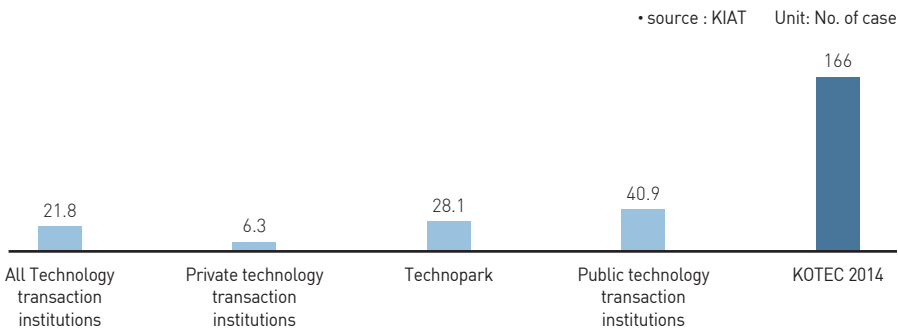
Increase in average transaction amounts



Technology transfer staff performance comparison



Performance comparison between technology transaction institutions



Tech-Bridge performance

Through collaboration with the government, public research centers, and universities, including the Korea Institute for Advancement of Technology (KIAT) and Electronics and Telecommunications Research Institute (ETRI), KOTEC has established a database comprising of 66,901 pieces of technology support information and 1,299 pieces of demand information. Tech-bridge has minimized the time needed for tech-business matching while maximizing performance by enabling information sharing and cooperation, resulting in an improvement in the performance of SMEs' technology commercialization and relevant institutions.

4. Guarantee-Linked Investment

(1) Guarantee-Linked Investment

Overview

KOTEC has operated a guarantee-linked investment program since January 2005 to enhance direct financing and financial restructuring support for tech-innovative SMEs. This was stipulated as the unique role of KOTEC in June 2012 through amendments to the Korea Technology Credit Guarantee Fund Act. In particular, the program is gradually advancing and expanding to promote policy directions for investment-oriented financing in the new government and to preemptively absorb market risks, leaving loan-centered financing practices and excessive risk-averse attitudes behind.

Investment Type

Applicable investment schemes are acquisition of stocks, convertible bonds (CBs), and bonds with warranties (BWs).

Investment Subjects

It must meet the following requirements

- ① Leading firms in technology innovation within five years of establishment
 - * If needed, firms in new growth engine or green growth industries, as well as R&D firms, may be exempted from this requirement.
- ② Firms that are under a guarantee as of the investment assessment date (or guarantee approved)
- ③ Firms with technology appraisal grades of BB or higher
 - * However, in the case where the investment amount exceeds KRW 1 billion or the integrated amount of investment and guarantees exceeds KRW 5 billion, the technology appraisal grade must be BBB or higher.
- ④ Venture firm by law (or Inno-Biz firms)

Investment Limit on Individual Enterprises

An investment in an individual firm shall be capped at KRW 3 billion, and the integrated limit (guarantee + investment) at KRW 10 billion, provided, however, that the investment amount shall not exceed the guarantee amount for the corresponding firm.

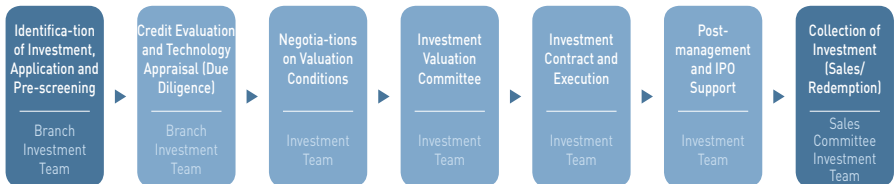
Technology Appraisal Grade	BB or higher	BBB or higher
Investment Limit on Individual Company	KRW 1 billion	KRW 3 billion
Integrated Limit on Individual Company(Guarantee+Investment)	KRW 5 billion	KRW 10 billion
Investment Limit on Related Party	KRW 3 billion	KRW 3 billion

* Investment Limit: KOTEC investment amount

* Integrated Limit: A gross amount of the guarantee and investment provided by KOTEC, KODIT, and KOREG

Investment Process

KOTEC comprehensively evaluates investments, taking into account technology competence, marketability, business feasibility, credit ratings, and ROI, based on well-established technology appraisal procedures.



Operating Performance

Since the first investment executed in 2005, KOTEC has invested KRW 133.5 billion in 115 companies, and posted an accumulated earning rate of 9.3%. The following table details the operating performance by year.

Annual Investment Amount and ROI

Unit: No. of companies, KRW 100 million

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Total	Balance
No. of companies	2	10	7	8	9	8	4	2	30	35	115	81
Investment amount	5.0	85.0	81.5	90.0	90.1	95.0	55.1	35.0	431.8	366.6	1,335.1	1,013.9
ROI	-	-	29.0	2.1	19.8	20.2	51.4	60.5	22.8	△4.3	201.5	123.6

(2) Guarantee with Investment Option

Overview

This program, implemented in April 2014, is a guarantee with an option that allows KOTEC to convert the corresponding guaranteed loan into an investment before the maturity of a guarantee (from a certain point on) after it has provided seed money (in the form of a guaranteed loan) for a startup with excellent technology.

Eligible Companies

A leading tech-innovative company less than three years since the establishment and with a technology appraisal grade of BBB or higher

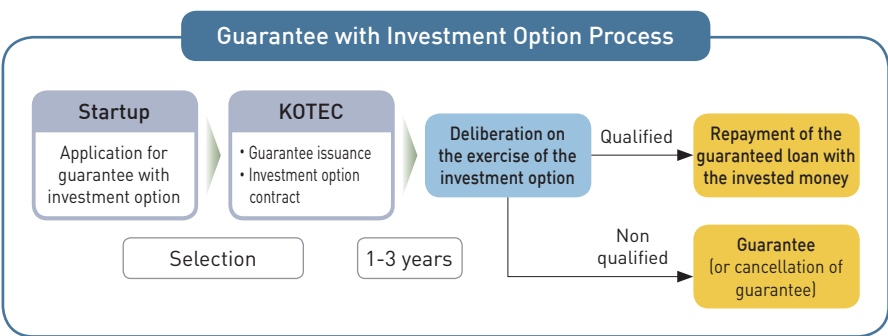
Eligible Loan

A working capital loan from financial institutions on the condition of lumpsum payment on maturity

Guarantee Limit and Period

Up to KRW 300 million per company and up to three years from loan acquisition

Guarantee Process



Preferential Conditions

Full guarantee (100%) and fixed guarantee fee rate (0.5%)

5. Enterprise Support

Venture Startups Class

For Pre-startups in their infant stage, KOTEC offers specialized and intensive courses to promote a venture boom with an aim to encourage business startups and create jobs, thereby contributing to regional economic development.

2014 Venture Startup Class Graduates

Unit: persons

Region	Seoul	Other Areas	Total
Graduates	104	87	191

Successful Business Startup Class for Sprout Entrepreneurship CEO

To help sprout enterprises (tech-oriented startups within two years of establishment and with less than KRW 100 million in new guarantees) settle on stable business grounds and succeed in their business, two-day sessions were provided free of charge to those desiring to take the course with a curriculum of best practices, funding, accounting, taxation, and marketing. By providing various types of education required for early-stage startups and sharing best practices, KOTEC helped these businesses successfully take root at an early stage, explore new business areas, and form partnerships and human networks through exchanges with other sprout enterprises.

Graduates of 2014 Sprout Entrepreneurship CEO Class

Unit: persons

Session	15th	16th	17th	18th	19th	20th	total
Graduates	55	44	33	62	43	112	349

Specialized Class for Growing Enterprise CEOs

This program is offered free of charge for the CEOs of KOTEC client companies with three to five years of business experience, excellent technology, and growth potential. Implemented in 2014, the three-day program aims at improving CEO's capabilities to promote growth in their business.

Graduates of 2014 Specialized Class for Growing Enterprise CEOs

Unit: persons

Session	1st	2nd	Total
Graduates	48	42	90

2014 Technology and Idea Business Startup Competition

To promote the creative economy by successfully helping and encouraging startups with excellent technology and ideas, KOTEC held a competition event from September to November (in 2014) with 215 Pre-startups participating. After a series of rigorous evaluation steps, KOTEC selected and awarded the final 10 people (or firms) with prize and gifts from KOTEC's CEO.

Unlike other startup competitions, this contest provides the winners with not only a prize, but also financial and non-financial support, such as guarantees, startup education, and specialized consulting.

2014 Competition Awards

Unit: persons, companies, KRW 100 million

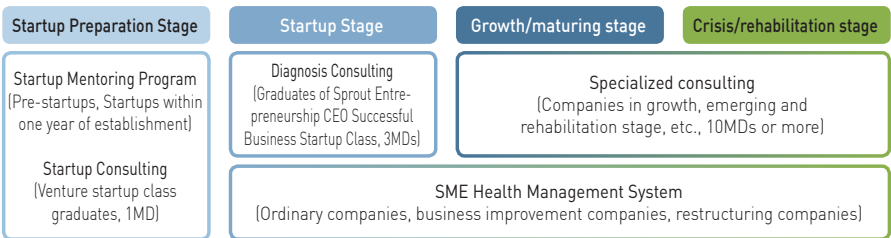
	No. of Winner	Prize Amount	Additional Gift	Total Amount
Grand Prix	1	10	4	14
Gold Prize	1	7	3	10
Silver Prize	1	5	3	8
Bronze Prize	7	21 [3 each]	7 [1 each]	28
Others	20 participants made into the presentation evaluation round	10 [0.5 each]		10
Total	10	43	27	70

Technology & Management Consulting

KOTEC operates a technology and management consulting program for the entire cycle of a business and provides a business diagnosis for management improvement and failure prevention, in order to help SMEs buttress their risk management capabilities. In particular, KOTEC provides free consulting services for would-be entrepreneurs and early-stage startups in order to help them successfully launch and settle a new business, and guides them onto the right path for a successful business based on KOTEC's insightful business analysis and various enterprise support systems.

In cooperation with the SMBA, KODIT, and K-Biz, KOTEC launched an "SME Health Management System" that provides a diagnosis, prescription, and customized treatment to help SMEs solve problems, prevent management crises, and ultimately support the sound growth and development of SMEs. In the second half of 2014, KOTEC launched a professional consulting business in each growth stage from startups, growing enterprises, to rehabilitation businesses, completing an entire business life cycle consulting framework.

Framework of Technology & Management Consulting



※ MD: Man-Day (the unit of consulting work performed by one professional for eight hours a day)

2014 Technology and Management Consulting Support

Unit: cases

Consulting Type	Startup Mentoring Program	Startup Consulting	Diagnosis Consulting	Specialized Consulting	SME Health Management System	Total
No. of support	1,251	40	208	45	1,521	3,065

To create sustainable growth momentum in the national economy, technology innovation support for Venture and Inno-Biz firms has been increased to KRW 13.858 trillion in guarantees, 65.2% of the total guarantees provided.

Venture & Inno-Biz Guarantee Support

Unit: KRW 100 million

	2008	2009	2010	2011	2012	2013	2014
Venture	76,444	118,128	109,967	109,895	111,459	115,860	111,718
Inno-Biz	66,783	95,746	89,697	85,102	83,730	78,123	70,867
Total*	93,204	140,220	132,619	128,650	131,778	135,258	130,858

*Excluding duplicate data for ventures and Inno-Biz (excluding re-guarantee)

KOTEC launched the "Venture-In" website to identify and nurture venturers, allowing them to grow into their role as the core future growth engine in addition to building a platform for interactive exchanges between investors and companies, thereby promoting venture investments. The effort was aimed at managing venture data more systematically and enhancing the transparency and credibility of the data. It also opened a call center dedicated to Venture-in (1544-1120) to provide 1:1 customized services in an effort to increase customer satisfaction and convenience.

Support System by Business Growth Stage

1. Preparation and Startup Stage

Support Program	Description
Pre-Guarantee for To-Be-Founders	Set a support limit (amount) for to-be founders and provide the support immediately after starting a business
Younger Generation Startups Preferential Guarantee	Support startups within five years from their foundation, and established and run by young owners (aged 17-39)
Growth Program Customized for Startups	Support qualifying* startups within five years of their foundation * Qualifications: one-person creative firm, green business, knowledge and culture business, high-tech root business, startups by science and engineer majors, or firms established by those in their 40s and 50s
Patent Startups Preferential Guarantee	Support startups within five years of their foundation and commercializing IPs (including patents)
R&D Guarantee	Provide systematic R&D finance for the entire R&D cycle (development, preparation for commercialization, and commercialization) through R&D finance matching schemes
Successful Business Class for Sprout Entrepreneurship CEO	Provide education (tax, accounting, marketing strategy, and best practices) for startups within two years of their foundation and on KOTEC guarantees of no greater than KRW 100 million
Venture Startup Class	Provide practical training regarding business (e.g., funding strategies, HR, law, and IP management) form to-be and infant-startup entrepreneurs

2. Growth Stage

Support Program	Description
Guarantee for High Value -added Service Projects	Provide guarantees for the entire project cycle of a contract, such as IT solution development, SI service outsourcing, and cultural content creation
Preferential Guarantee to Foster Star Venture Firms	Foster excellent ventures at their growth stage into a major pillar of the Korean economy
Guarantee for Technology & Industry Convergence	Provide guarantees for firms working on or utilizing technology & industry convergence
IP Finance Support	Provide funding support for the future value of IP and commercialization of IP
Support for Job-creating Firms	Provide preferential guarantees for firms with large job creation potential and funding for recruiting new employees
Cultural Industry Completion Guarantee	Support firms creating cultural content (movie, game, cartoon, animation, digital content, music, and broadcasting)
Guarantee-linked Investment	Invest in association with guarantees to improve SME financial conditions and invigorate direct financing for SMEs
Venture & INNO-BIZ Certification	Assess and confirm Ventures (technology appraisal guarantee firms, R&D firms, and to-be venture firms) and Inno-Biz firms governed by the SMBA
Technology Value Appraisal (Technology Transfer/Transaction)	Appraise technology for transfer or sales to objectively evaluate the value
Technology Appraisal Certification (Reference for Investments/Loans)	Furnish technology appraisal certifications that include a grade and opinion to financial institutions to promote investment and loan financing
Specialized Class for Growing Enterprises	Specialized training program (including management strategy simulation) for CEOs of growing enterprises (with high growth potential and excellent technology, three to five years)

3. Maturity Stage

Support Program	Description
Guarantee based on INNO-BIZ Financial Support	Provide preferential support for Inno-Biz firms through financial support agreements with banks * 15 banks: KDB, IBK, Woori, Hana, KB, etc.
Guarantee Based on Special Contributions by Financial Institutions	Financial institutions raise funding resources through special contributions and KOTEC provides partial guarantees and fee support.
Share-growth Guarantee	Provide guarantees for SMEs recommended by large corporations so that large corporations will pay matching contributions or special contributions
Preferential Guarantee for Equipment Loan	Provide CAPEX financing after preferential guarantee evaluation to encourage capital investment
Preferential Guarantee for Export SMEs	Provide export financing to SMEs for channel diversification, etc.
P-CBO	Acquire SME-issued corporate bonds to provide them with direct financing opportunities and improve their financial conditions
Technology Transfer and M&A Intermediary	Provide intermediary services to promote technology adoption for competitiveness and to restructure businesses for stable operation
Green Certification Appraisal	Verify and certify green technologies and businesses to support the green industry
R&D Project Feasibility Test	Test the technology and economic feasibilities of R&D or technology projects

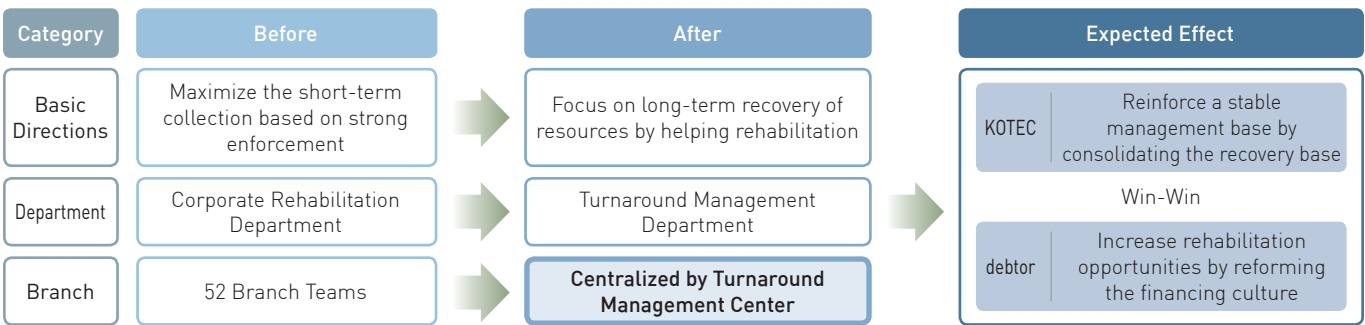
4. Crisis/Rehabilitation Stage

Support Program	Description
Urgent Management Stabilization Guarantee	Provide prompt and adequate guarantees for firms in urgent need of funding
Management Improvement Support Guarantee	Help the normalization of guaranteed firms that have technology and potential but are experiencing difficulties
Fast-Track Liquidity Guarantee	Provide liquidity in a timely manner for SMEs facing temporary liquidity stress
Guarantee for Co-workout firms	Provide guarantees for firms for which creditor banks have already established a normalization plan as per the Corporate Restructuring Promotion Act and bank agreement
Re-start Business Revival Support Guarantee	Provide support for credit rehabilitation and the restart of failed SMEs to prevent their technology and experience from dying out, and help with their rehabilitation
Rehabilitation Guarantee for Re-starting Business Owners	Provide both rehabilitation support guarantees and new guarantees for SME owners whose restart potential is promising
SME Health Management Program	Provide health checks and treatment (diagnosis→prescription→treatment) for SMEs in cooperation with other institutions (like SMBA)

6. Indemnity Rights Management & Rehabilitation Support

Establishment of Recovery Ecosystem

As a public promotional institution, KOTEC is looking to foster a paradigm change in the guarantee support system in order to fulfill its social responsibilities and create a sound culture for rehabilitation. In this regard, KOTEC released the "Re-start Business Revival Support Guarantee" as a significant leap forward from previous rehabilitation guarantee programs. With this new program, KOTEC will lay a cornerstone for "honorable-failure business owners" to restart, departing from the old practices focused on debt collection and indemnity rights management.



Efficiency Enhancement of Default and Indemnity Rights Management

KOTEC has launched enterprise-wide efforts in terms of default and indemnity rights management to improve its financial soundness, along with the recovery support.

Default Management

KOTEC calculated the risk rates of each branch centers and allocated an estimated annual risk amount to each according to their risk rate. This is a new framework that enables managing risk rates at the individual level for each center.

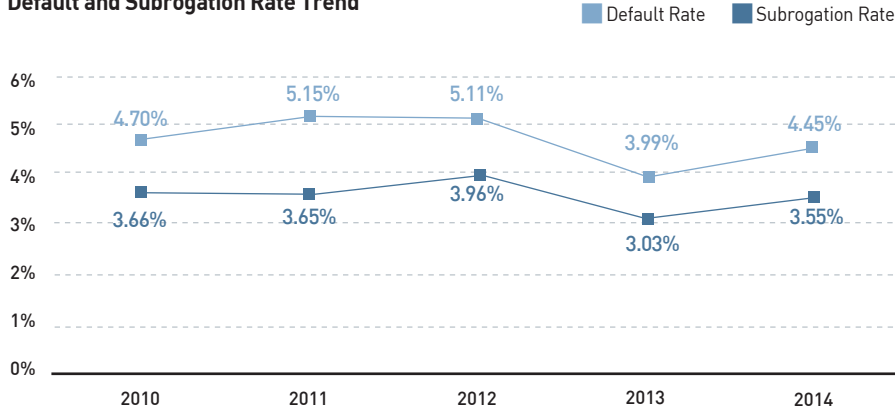
Category	Net Increase of Default		Gap
	Forecasted	Actual	
Amount	KRW 972.4 billion	KRW 854.1 billion	KRW 118.3 billion ▼
Default Rate	5.2%	4.5%	0.7%p ▼

Default and subrogation trends by year

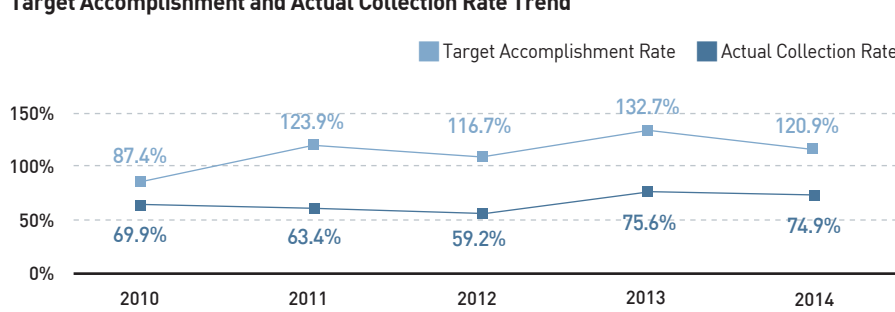
In this low interest rate environment, guarantee recipients have been somewhat relieved from interest payments, stabilizing KOTEC manage default and subrogation rates at a relatively stable level. The rates, however, went up in 2014 as a result of a prolonged economic slowdown. Exercise of debt-collection is also difficult because of co-surety waivers and the increasing adoption of debt rehabilitation program. KOTEC has, nonetheless, been able to maintain the actual collection rate at 75% since 2013 and is trying to improve the quality of such tasks.

Efforts to Support the Restart of Earnest-failure Business Owners

Default and Subrogation Rate Trend



Target Accomplishment and Actual Collection Rate Trend



Efficient management by selling special receivables

KOTEC has sold special receivables amounting to KRW 5.928 trillion since the first disposition in 2011 in order to enhance efficiency by eliminating uncollectable receivables and overcome the limit of rehabilitation procedure that prohibited writing-off. Through consultations with the Financial Services Commission (FSC) in July 2014, KOTEC gained permission to sell "indemnity rights that have passed a year or more since subrogation." In 2014 alone, KOTEC sold non-performing loans of KRW 359.6 billion to the Korea Asset Management Corporation (KAMCO).

Efficient management of indemnity rights by establishing the Turnaround Management Center

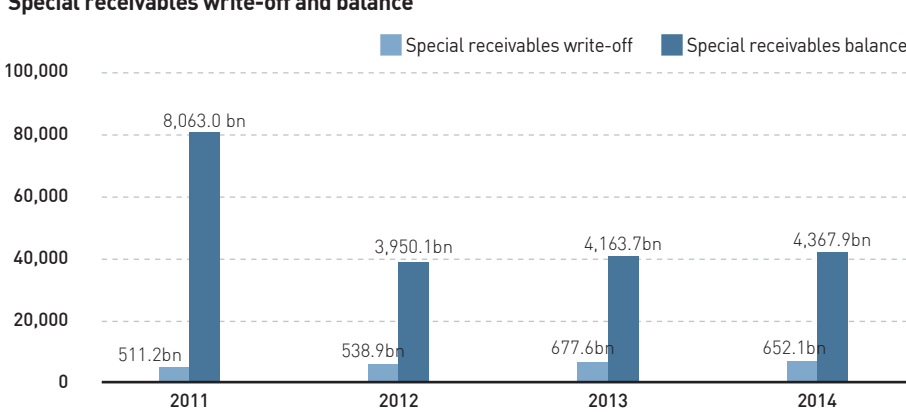
KOTEC established the Turnaround Management Center in July 2014, which centrally handles management works of 10 branch centers in Incheon and Daegu to improve productivity and accumulate management know-how, and will expand such centers nationwide in January 2015.

KOTEC provided rehabilitation opportunities and "Specialized Lectures for Restarting CEOs" for earnest-failure business owners, in addition to guarantee support and management consulting, to help with their restart attempts.

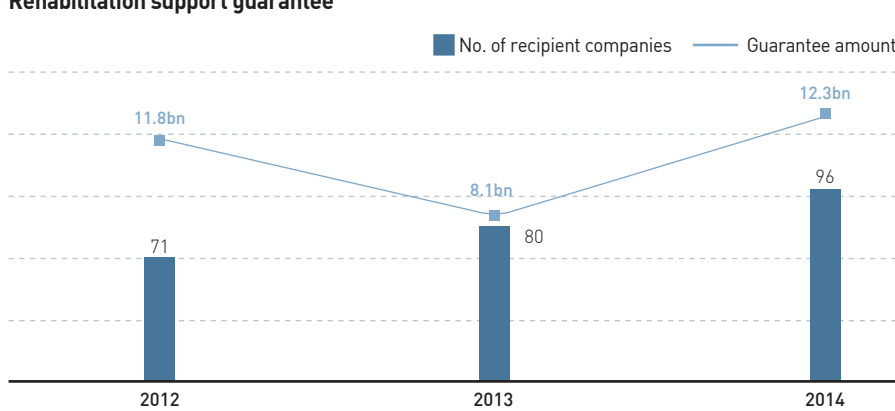
Annual performance trend of rehabilitation support guarantees

KOTEC has proactively responded to increasing demands for rehabilitation support guarantees and expanded its coverage since the implementation of the Rehabilitation Support Guarantee Program in April 2012, fulfilling its public responsibility.

Special receivables write-off and balance



Rehabilitation support guarantee



Simplification of the process for rehabilitation support guarantees

To meet the increasing demands for rehabilitation support guarantee, KOTEC simplified the support procedures: 1) allowing heads of branch centers to approve a new guarantee up to KRW 200 million; and 2) waiving the mandatory participation of technology appraisal advisers for a new guarantee up to KRW 100 million.

Proactive management support for business restarts

KOTEC opened specialized lectures for restarting CEOs in May 2014 as a support program to complement guarantee support. With these lectures, KOTEC completed a comprehensive support ecosystem from "identification of honorable-failure business owners → provision of rehabilitation support guarantees → post management and support activities (management consulting, specialized lectures for restarting CEOs) → restarts for success."

Specialized Lectures for Restarting CEOs

- Period: May 14-16, 2014 (three days)
- Venue: KOTEC HRD Center
- Participants: 29 rehabilitating business owners
- Key subjects: Specialized lectures on practical subjects (such as taxes and accounting), best practices, and sharing of difficulties

In addition, KOTEC has proactively identified and promoted successful cases of rehabilitation to raise social awareness of restarts and facilitate the successful settlement of the program.

7. Recruitment and Personnel Development

Recruitment

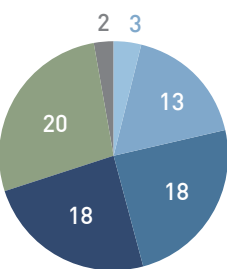
Based on the mid-to-long term management plan, KOTEC investigates the staffing gap to assess needs and implements a recruitment plan to take the lead in the government's job creation policy as a public institution enabling the institution to grow into a comprehensive technology support agency and support the government's efforts to address the problem of youth unemployment.

By launching new business projects (such as TCB) and creating new positions, KOTEC hired 44 new full-time employees in 2014. Committed to the government policy to raise employment rates and provide more opportunities to the less privileged, KOTEC hired new employees all under 34 years old, including two recent high school graduates as part-time workers in order to give them more time to prepare themselves for entry into college.

KOTEC particularly emphasized the importance of technology talents to promote and settle technology financing and implemented HR structures and recruiting approaches suitable for discovering, attracting, and maintaining technology appraisal experts. In 2014, KOTEC hired 6 new doctoral degree holders (13.6%), 20 science and engineering majors (45.5%), and 18 local talents (40.9%), presenting a high share of doctoral, science/engineering, and local talents.

In addition, KOTEC set up a quota for female talents in recruiting and young internships, and assigned female interviewers to encourage female employment. As a result, women accounted for over 40% (18 people, 40.9%) of the 44 newcomers in 2014, and over 70% (37, 78.7%) of the 47 young interns. Furthermore, KOTEC transferred 21 female temporary workers (who had been working for KOTEC for one year or longer) into permanent contracting positions in an attempt to improve their overall job security and decrease the number of non-regular workers.

New Full-time Employees in 2014



■ Employment Support
■ Young Intern
■ Local
■ Female
■ Engineers
■ High-school Graduates

New Full-time Employees in 2014

Unit: persons

	Total	Employment Support	Young Intern	Local	Female	Engineers	High-school Graduates
New Employees	44	3	13	18	18	20	2

Young Intern Employment Record

Unit: persons

Year	Total	Disabled	Local	Female	Engineers	High-school Graduates
2014	47	4	24	37	9	3
2013	74	27	51	48	8	14
Total	121	31	75	85	17	17

Human Resources Development

KOTEC believes that competent and creative talents capable of developing future value through imaginative thinking are the most precious of assets. Therefore, implemented various programs for employees to help them to become the best in their fields.

For efficient resources development, KOTEC established a Resources Development Team dedicated to HRD at the KOTEC headquarter and an in-house training center for HRD training in Yongin City, Gyeonggi-do.

KOTEC's HRD system is built with the hardware of an expert pool of in-house lecturers, the Cyber HRD Center, and Cyber Cultural Center, and the software of credit requirements for three categories of basic competencies for all employees: leadership competence, job skill competence, and corresponding credit earning systems. For each category, the system is composed of basic courses, professional courses, and advanced courses to provide a training road map tailored to the position and job responsibilities of each employee.

To better meet the needs of the digital era, minimize the gap from off-site training, and ensure that self-initiated learning throughout the year takes root, the Cyber HRD Center has been established to put many of the courses online and keep business running efficiently.

The 2014 resources development was performed on the basis of the resources management and development plan along with its mid-to-long term management plan. A comprehensive education training plan for 2014 was built upon feedback for the training and education of the previous year.

KOTEC particularly focused on training courses for practical work skills in 2014. It added an "IP Technology Appraisal Field Training" class to the basic curriculum for the supplementary technology appraiser program and the advanced management work program; and created a professional consulting program by establishing a consulting training course. To create a family-like and friendly corporate culture, KOTEC provided a wide range of training programs, including the Family Love Camp (209 participants, in January), cultural experience training by region (Ganghwado Island, Namsan Mountain in Gyeongju, 211 participants, in November), reinvigoration training for long-term employees (41 participants who have been working for KOTEC for 20 years, in October), technology and cultural experience training (58 participants), and Labor-Management Unification training (95 participants, in November). It also operates a leadership program for each level to improve their innovation capabilities and foster remarkable talents.

2014 Training Result

Unit: Persons

	2011	2012	2013	2014
In-House Off-Site Training	1,358	1,370	1,711	2,948
External Off-Site Training	657	535	535	699
Cyber Training	3,841	3,351	4,158	3,078
Technology & Culture Training	55	58	60	58
Total	5,911	5,314	6,464	6,783



2014 Training

6,783



In-House Off-Site Training

2,948



External Off-Site Training

699



Cyber Training

3,078



Technology & Culture Training

58

8. Customer Satisfaction

Overview

KOTEC's customer satisfaction (CS) initiatives of 2014 include more customer-centered services, better CS capabilities for frontline employees, and intensive management in poor-service areas. As a result, it delivered 89.9 (up by 0.2%p from the previous year) out of 100 in the Public CSI, as surveyed by the Ministry of Strategy and Finance.

Key Initiatives



CS Activities

Customer Greeting/Guide Services at branches

Launched Customer Greeting & Guide Services at branches to address any possible inconvenience

CS Leaders Workshop

Provided CS on-site workshops to 52 CS leaders from all branches to help them initiate CS activities and have them serve as the missionaries in CS management

CS off-site training for young interns

Provide CS off-site training for 39 young branch interns with the Kibo CS Manual Book, including basic manners and phone manners

CS Clinic

Provided customized training for branches that scored low in the CSI and mail CS surveys to improve CS services

CS education through CS Plaza

Inform on poor CS areas and best CS practices from other institutions to encourage customer-oriented service thinking and CS practices

Customer Proposal Festival to Identify and Address Restrictions

Encourage customer participation in pursuit of open management and promoting a better image

Branch manager's A/S Call

1,221 customers were called (or contacted in another way) by branch managers to hear customers' voices (VOC) and opinions to improve future service

Focus Group Interview (FGI)

Conducted FGI and sought opinions from 10 customers who expressed low satisfaction at the FGI

CS Survey Results Trend

VOC-based CS activities

Systematically analyze and manage VOCs received through various channels to improve the CS framework

Korean Standards (KS) Certified for Customer Centers

KS Certification received for customer centers (by Korean Standards Association, June 2014)

CS evaluation and reward

- Identify and reward the 10 Best CS-Men
- Reward the 10 Best Employees for Telephone Surveys
- Reward the 3 Best CRM Employees (at call centers)

2011

Self-surveyed CS	1H	89.9%
PCSI		90.5%

2012

Self-surveyed CS	1H	88.4%
	2H	89.2%
PCSI		89.4%

2013

Self-surveyed CS	1H	89.1%
	2H	88.1%
PCSI		89.7%

2014

Self-surveyed CS	1H	88.1%
	2H	88.7%
PCSI		89.9%

9. Ethical Management

Direction of Ethical Management

Specify action plans for the ethical management vision and systematically operate a "Plan-Do-Check-Act (PDCA)" cycle

Strengthen the ethical management infrastructure

Promote preventive ethical management activities by improving and observing the system

Eliminate corruption triggers by improving the system for ethical management

Action	Background of Revision	Improvement
Filing criminal suits against Employees Who Committed Corruption (May)	Only embezzlement was subject to criminal charges and the filing was not mandatory, which needs to be strengthened.	Include giving/receiving of goods, money, and entertainment in the criminal suit list and make the filing mandatory, establishing a zero tolerance policy.
Disclosure of Private Contract Cases (June)	Expand the scope of private contract disclosures to enhance transparency	Lower the minimum amount of deals to be disclosed from KRW 5 million to 3 million
Position Assignment Prohibition of a Person Who Committed Corruption (October)	Repeated crimes during guarantee-related work by a person who was punished for corruption	Strictly prohibit those people from being assigned to any position that has a relatively high likelihood of involving corruption

Deliver "zero" corruption by operating ethics programs

Program	Details
Clean Agreement	Signing into Clean Agreements with customers on every task (every contract case)
Work Integrity Survey	Surveying transparency levels of guarantee work, etc. (every week)
Ethical Management Day	Holding a "Clean Kibo" event (every month)
Clean Echo	Two-way online communication channel with customers (every month)
Ethics Quiz	Raising ethical awareness through quiz events
Ethics lectures by prominent people	Special lectures on ethics by professors
Anti-corruption & Clean Alio	Posting notices of anti-corruption activities from other institutions via Intranet
Internal Reporting Center	Operation of reporting channels (Clean Reporting Center, etc.)

Distribute and share best practices in ethical management

Share and promote anti-corruption & ethical management by sharing base practice cases

Cooperation Partner	KOTEC, Postal Savings & Insurance Development Institute (PoSID), Korea Environmental Industry Technology Institute (KEITI)
Details	<ul style="list-style-type: none">Sharing best examples of anti-corruption activities between institutions to discover new ideas and benchmark others.KOTEC's Clean Agreement and External Lecture & Meeting Reporting System, etc., adopted by PoSID

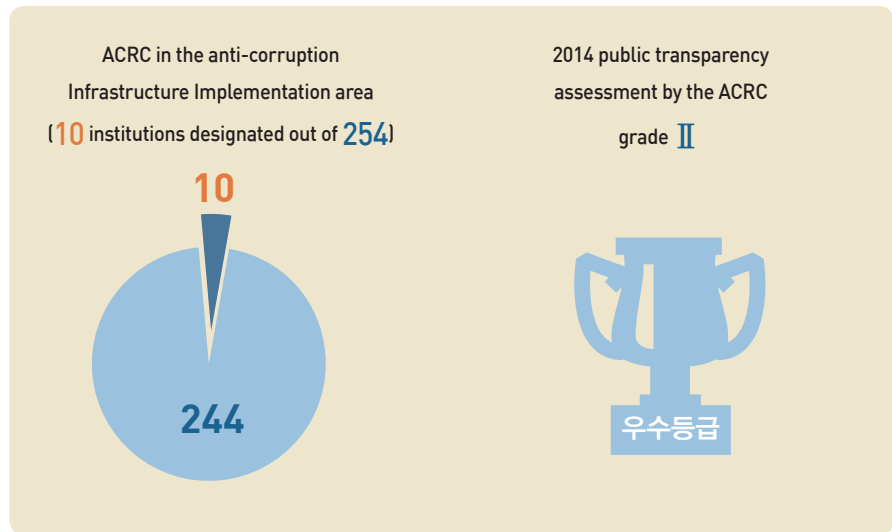
Ethical Management Performance

Best Practice PR

	Best Practice	PR Tools	Target	Period
Best Practice PR	Anti-corruption/Clean actions (73 cases)	Zero-me website of ACRC, KOTEC website	254 public institutions and the general public	All year
	Whistle-blower protection system, etc.	Posters, leaflets, company magazine, banners, etc.	General public	May, Sept.
	Code of Conduct, Clean Agreement, etc.	Clean Echo (two-way communication channel with customers)	Guarantee customers (appx. 660,000)	Every month

Designated as a "Good Agency" in the 2014 public transparency assessment by the Anti-Corruption and Civil Rights Commission (ACRC)

- Recognized as grade II by improving the previously weak area of Elimination/Improvement of Corruption Triggers (grade III in 2013)
- Designated for best practices by the ACRC in the anti-corruption Infrastructure Implementation area (10 institutions designated out of 254)



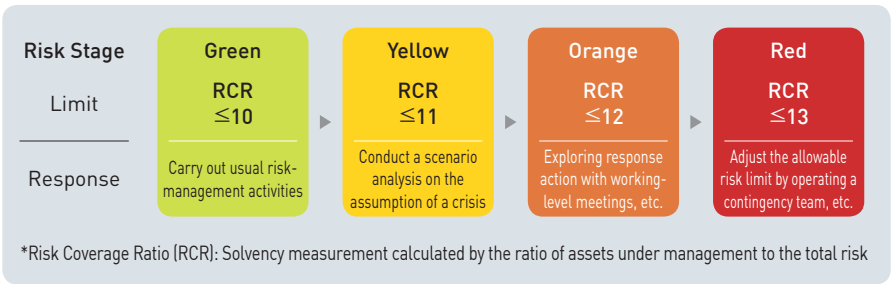
10. Risk Management

KOTEC implemented a comprehensive risk management framework to improve risk detection and response capabilities by organically associating credit risk, market risk, and operational risk. To preemptively manage risks arising from rapidly changing business environments, KOTEC adopted new risk management practices in 2014, including Exposure Management by Industry and New Product Risk Management, to improve asset quality. In addition, KOTEC managed total risk volumes within the target, notwithstanding the over-achievement of guarantee targets, consolidating the foundation of sustainable growth.

Risk Management Framework Against Liquidity Crises

To set up a truly comprehensive risk management framework under growing economic uncertainties at home and abroad, KOTEC performed liquidity stress tests in line with its long-term funding operation plan, and established RCR-linked contingency plans for each risk stage in order to swiftly respond to a liquidity crisis by strengthening liquidity risk management.

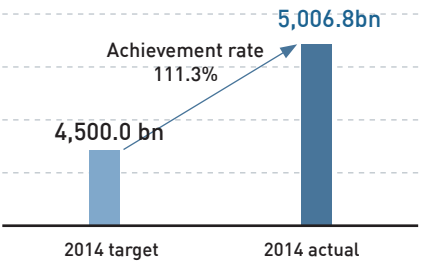
Operation of a Contingency Plan for each Crisis Stage



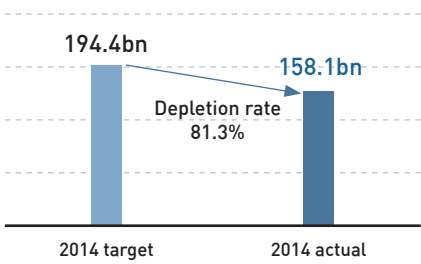
By focusing on policy guarantees that have greater growth potential and larger economic repercussions, KOTEC embarked on developing strategic and preemptive risk management solutions, which resulted in over-achieving on the guarantee provisions target. It also implemented a sophisticated risk management practice for branches, including differentiated risk management according to risk level and strategic portfolio operation.

Over-achievement of Guarantee and Risk Control Target by Systematic Risk Management

New guarantee provided



Risk from new guarantees (downward index)



11. IT Operation and Management

Re-establishing the Groupware System

KOTEC replaced the old Groupware System to enhance employee productivity. The newly-rebuilt system offers better features in electronic approval, document management and BBS, and better user convenience by introducing a policy manual and web hard solutions. This has contributed to improving the speed of work process, thereby helping overall productivity and efficiency.

Major Improvements

Subject	Improvement	Expected Effect
Portal Page	<ul style="list-style-type: none">Design and content improvementImprove the presentation of presence/absence	<ul style="list-style-type: none">Improve user convenience by effectively associating with each unit work/task system
Policy Management	<ul style="list-style-type: none">Add a search feature (similar to the website of the Korea Ministry of Government Legislation)Automatically create a comparison view when a policy is amended	<ul style="list-style-type: none">Improve the productivity of policy amendment & enactmentOffer more diversified and accurate search results
Electronic Document Approval	<ul style="list-style-type: none">Advance the approval processSupport the newest version of Hangul (software) document	<ul style="list-style-type: none">Improve user convenience by adding the newest features of Hangul software
Web Hard	<ul style="list-style-type: none">Provide web hard for each department, office, branch and team	<ul style="list-style-type: none">Establish a seamless environment for data sharing within a department, office, branch, team, or work unit

Establishing Electronic Fax Systems

KOTEC established an electronic fax system to systematically manage fax documents and improve productivity.

The system allows users to send electronic documents from their work PCs to an electronic fax and check fax details received at their number. It dramatically cut employees' time spent on fax work and improved the fax receiving process, thereby improving customer satisfaction.

Creating SME Websites

KOTEC created websites (or homepages), free of charge, for KOTEC-supporting SMEs with poor IT infrastructure.

KOTEC added 15 website creation templates to the existing 25, in order to better represent the business categories and sizes of different SMEs. Based on the templates, KOTEC created 100 websites to contribute to their company PR and market expansion.

SME Website Creation

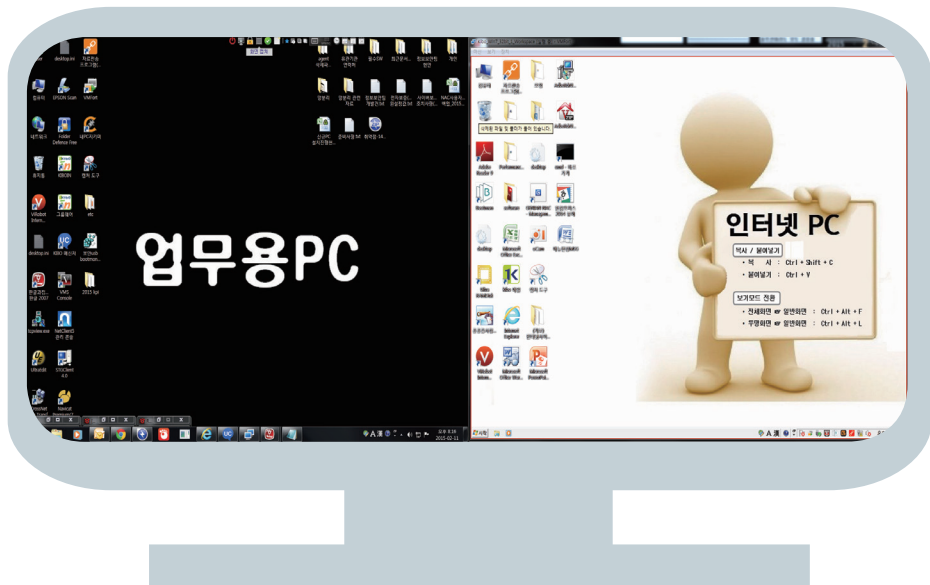
	2012	2013	2014	Total
No. of SMEs	95	120	100	315

Enhancing Anti-Cyber Terrorism Capabilities

A series of cyber terrorist attacks on public and financial institutions, including paralysis of banks and broadcasting networks, hacking into the Presidential Office website, and information leakages from credit card companies, have caused significant losses and anxiety throughout society. To preemptively protect our users and observe our social obligations as a public institution, KOTEC separated the networks between work and the public Internet to protect against potential cyber attacks or information leakages. The network separation is a strong preventive measure that segregates the network for work PCs from public Internet access in order to protect it from malicious code infections or personal information leakages. KOTEC implemented this system in 2014.

Armed with this new mechanism, KOTEC became better prepared to preemptively combat cyber terrorist attacks and upgraded its information security level.

Network Separation (separated user areas for work and public Internet network)



In addition, it tightened up administrator authentication to prevent unauthorized access or hacker infiltration. In the past, it had operated a combination access control system and log-in password. The upgraded system added a mobile authentication process that requires the administrator's key input on his/her mobile, perfecting the access control system with three-level authentications.



12. Corporate Social Responsibility(CSR)

Overview

KOTEC aims to fulfill its responsibilities as a leading public financial institution and build sustainable management grounds by sharing social responsibilities between and among all executives and employees, and supporting underprivileged and socially vulnerable people.

Directions and Performance

Directions

KOTEC's 2014 social contribution activities focused on social volunteer programs customized to the beneficiaries in line with its foundation goals and characteristic of business.

Major Performance

Efforts to discover specialized CSR activities

Improve CSR programs by accommodating users' ideas

Program	Recipient	As-is	Monitoring/Feedback	To-be
Education programs	Pre-startups, SME CEOs	• Venture Startup Class → Sprout Entrepreneurship Class	• Need to provide education according to business life cycle • Need to identify popular lectures	• Venture Startup Class → Sprout Entrepreneurship Class → Growing Enterprise Class (new) → Restart Business Class (new) • Expanding programs (including Startup support system, accounting, economic trends)
4 Seasons 5 Senses	Children of SME employees	• Twice/year • Baseball, musical	• Request for more frequent and diverse activities	• Seven times/year • Expanding programs (including skiing, aquarium, zoo, and a theatrical play)
Soup Kitchen Volunteer	Elderly people living alone in the neighborhood	• Soup kitchen at Dolsan Park	• Unable to accommodate those with impaired mobility	• Visiting "Love Lunchbox" (March 2015)



Develop CSR programs in consideration of work relevance and local and social conditions

2014 Action Plan	Details
Share knowledge on technology financing	<ul style="list-style-type: none">• Venture Startup Class, Sprout Entrepreneurship Class, Growing Enterprise Class, and Restart Business Class• Workshops for college students on successful startup College student• Startup Contest
Promote sharing culture with local community	<ul style="list-style-type: none">• Volunteer activity at soup kitchen (to be replaced by "Love Lunchbox Delivery")• Opening of the HQ technology exhibition room to local residents• Visiting Science and Technology class• Preferred treatment for bidding
Support less privileged people	<ul style="list-style-type: none">• 4 Seasons 5 Senses program for children of SME employees• Volunteer activity in farming/fishing villages• Blood donation, fund raising for Sewol ferry victims and their families

KOTEC-unique CSR activities to represent its purpose and nature

Share technology financing knowledge by tapping into its core competitiveness
(i.e., technology appraisal infrastructure)

Event	Details	Result
Venture Startup Class, Sprout Entrepreneurship Class, Growing Enterprise Class, and Restart Business Class	<ul style="list-style-type: none">• Sharing knowledge on technology financing by providing differentiated classes for each business life cycle• Adding Emerging Enterprise Class and Restart Business Class	<ul style="list-style-type: none">• Venture Startup Class: two sessions, 191 graduates• Sprout Entrepreneurship Class: six sessions, 349 graduates• Growing Enterprise Class: two sessions, 90 graduates (new)• Restart Business Class: one session, 29 graduates (new)
Workshop for college students on successful startup College student (new)	<ul style="list-style-type: none">• Promoting college students' understanding of startups (and the process)	<ul style="list-style-type: none">• 27 Business Administration majors of Dongeui University:• 25 Economy and Science majors from Yeungnam University
Startup Competition (new)	<ul style="list-style-type: none">• Hosting a Startup Competition to support the successful starting of businesses by discovering excellent technology and ideas	<ul style="list-style-type: none">• Participants: 215 companies, prize money/gift: KRW 70 million, preferred guarantee support: KRW 1.05 billion



Workshop for College Students on Successful Starting of Business



Opening the Technology Exhibition Room of Headquarter to Local Residents

Promote the sharing of culture with local communities for balanced growth



Visiting Science and Technology Experience Class

Event	Details	Result
Volunteer activity at soup kitchen	<ul style="list-style-type: none">• Volunteering at the soup kitchen in Dolsan Park near the headquarter	<ul style="list-style-type: none">• Every second and third Tuesday• Serving about 400 people each time, on average
Opening of the HQ technology exhibition room to local residents	<ul style="list-style-type: none">• Providing a technology and science experience venue for the local residents• Providing quality education services by inviting specialized lecturers in cooperation with the Federation of Busan Science and Technology (FoBST)	<ul style="list-style-type: none">• 8,093 people visited during the year• 40.6% increase from the previous year (5,758 visitors)
Visiting Science and Technology class (new)	<ul style="list-style-type: none">• Providing science and technology experiences and education for future tech experts at a local children's center	<ul style="list-style-type: none">• 30 elementary school kids at Jigegol Children Center• For six months (Nov. 2014 to Apr. 2015)
Preferred treatment for bidding	<ul style="list-style-type: none">• Providing preferred treatment for local enterprises for bidding and partner selection	<ul style="list-style-type: none">• Selected a local consortium as the IT Recovery Center operator• Selected a local business as a sourcing partner

Support the less privileged through nationally & socially responsible management

Event	Details	Result
4 Seasons 5 Senses program for children of SME employees	<ul style="list-style-type: none">• Hosting cultural events for children of SME (i.e., KOTEC's customers) employees• Increasing the frequency and diversity of the program as requested by users (i.e., the children)	<ul style="list-style-type: none">• Seven times during the year (3.5 times more than the previous year)• Diversified programs, including skiing, aquarium, zoo, and a theatrical play
Volunteer activity in farming/fishing villages	<ul style="list-style-type: none">• Volunteering in farming and fishing villages to promote sharing culture	<ul style="list-style-type: none">• Four times during the year, total participants: 390 people
Fund Raising	<ul style="list-style-type: none">• Participating in social activities to fulfill its CSR - Blood donation, fund raising for Sewol Ferry Accident victims	<ul style="list-style-type: none">• Blood donation and donation of certificates to the Children's Hospital of Seoul National University• Fund raising for Sewol Ferry Accident victims (by labor and management together: KRW 50 million)



User-Labor, Co-sponsor of School Uniform and School Supplies for Children from Low-income Families



Volunteer Activities in a Fishing Village

13. Global Exchange and Cooperation

KOTEC has been proactively promoting the globalization of technology financing on the back of its excellent KTRS and good network with advanced financial institutions.

In particular, KOTEC has transferred its proprietary technology appraisal system, KTRS, to the Vietnam State Agency for Technology Innovation (SATI), and has made exchanges with relevant overseas institutions, contributing to creating a “Korean Wave *for Hallyu*” in financing.

It will continue to broaden and deepen its active international exchanges and cooperation to truly become the Global Technology Financing Leader.

Major Achievements



1. Taiwan Academy of Banking and Finance (TABF) and SME Credit Guarantee of Taiwan (SMEG) Workshop
- Studying KOTEC's technology appraisal system and Korea's financial support for creative cultural businesses

2. Transfer of technology appraisal indexes to Vietnam SATI (KSP)
- Transferring the technology appraisal model (KTRS) and helping SATI to build its own model (VTRS)

3. Technology appraisal system training for Thailand Credit Guarantee Corporation (TCG)
- Learning about KOTEC's technology financing system to support innovative SMEs



Global Exchange Activities

Overseas institutions that visited KOTEC during the year

Month	Institution	Exchange Details
Feb.	Venture Labo (Japanese technology appraisal institution)	Discussing how to cooperate and help tech firms from both countries with their overseas penetration
Feb.	A municipal government delegation of Tianjin, China	Discussing support for tech SMEs' overseas penetration
Mar.	Thailand Credit Guarantee Corporation (TCG)	Learning about technology appraisal, IT, and risk management systems
Apr.	Taiwan Academy of Banking and Finance (TABF)	Studying cultural industry completion guarantees and evaluation indexes
Aug.	Denmark Innovation Center	Discussing the usage of KTMS and international technology appraisal certification
Oct.	RVO of the Netherlands	Discussing ideas for matching global innovative companies
Oct.	Chinese Embassy (The Ministry of Science and Technology of China)	Training on KOTEC's cases of technology innovation capacity evaluation
Oct.	The World Intellectual Property Organization (WIPO)	Introducing KOTEC's technology appraisal system (KTRS) to the Asia Pacific Policy Officer of the WIPO during his visit to Korea
Oct.	Bancoldex delegation from Colombia	Learning about KSP and technology appraisal models
Dec.	Public officials from the Ministry of Science and Technology of Vietnam	Discussing how to establish a technology guarantee institution in Vietnam
Dec.	The Vice Minister of Finance of Thailand and TCG	Discussing how to promote technology financing and KSP

KOTEC's participation in international conferences and others

Month	Meetings/Conference	Exchange Details
Feb.	MOU with Korea Trade-Investment Promotion Agency (KOTRA)	Signing an MOU to help excellent tech firms with global penetration
Apr.	Chinese forum on SME investment and financing	Promoting technology financing and technology appraisal systems
Jul.	Declaration of Independence Day Ceremony, invited by the Columbian Embassy	Discussing the globalization of technology appraisal model
Aug.	24th ACSIC Training Program	Discussing how to innovate the ACSIC credit guarantee system
Oct.	Annual Conference of AECM	Increasing exchanges between consultation bodies of European guarantee institutions
Oct.	Annual Conference of IMF-World Bank	Increasing exchanges with global financial institutions
Oct.	MOU with Korea Institute for the Advancement of Technology (KIAT)	Signing an MOU to help excellent tech firms with global penetration
Oct.	Thailand Credit Guarantee Corporation (TCG) technology appraisal seminar	Introducing KOTEC's technology financing system to relevant agencies of Thailand
Nov.	Taiwan Academy of Banking and Finance (TABF) and Taiwan SMEG workshops	Introducing KOTEC's cultural business completion guarantee and KTRS
Nov.	Workshop for transfer of technology appraisal models, invited by ADBI	Introducing KTRS, etc.
Nov.	MOU with World Intellectual Property Organization (WIPO)	Building a cooperative network on global technology transfers and technology appraisal
Nov.	27th Asia Credit Supplementation Institution Confederation (ACSIC) Conference	Networking with Asian credit guarantee institutions
Nov.	FOGAPI International Conference of Peru	Introducing technology financing [guarantee] cases



KOREA TECHNOLOGY FINANCE CORPORATION

APPENDIX

1. Financial Statements
2. Executive/Non-executive Directors
3. Board of Policy Members
4. 2014 Highlights
5. Business Network

1. Financial Statements

Summary of 2014 Statement of Financial Position

(As of December 31, 2014)

(Unit: KRW million)

Assets		Liabilities and Net Assets	
Item	Amount	Item	Amount
I . Current Assets	2,065,244	I . Current Liabilities	137,700
Cash and Cash Equivalents	14,307	Deferred Revenue	132,714
Short-term Financial Instruments	1,161,608	Others	4,986
Short-term Investment Securities	853,257		
Others current assets	36,072	II . Long-term Liabilities	943,947
II . Investment Assets	659,476	Reserves for Subrogation	873,249
Long-term Financial Instruments	109,000	Reserves for P-CBO Guarantee Subrogation	47,577
Long-term Investment Securities	351,427	Accrued Liability for Retirement Allowance	21,592
Other Investment assets	199,049	Reserves for Litigations	1,529
III . Tangible Properties	131,749	III . Other Non-Current Liabilities	47
Land	40,528	Total Liabilities	1,081,694
Buildings	80,213	I . Basic Net Assets	10,360,891
Machinery	11,008	Basic Fund at the Time of Foundation	21,768
Assets Under Construction	0	Contributions	10,339,123
IV . Intangible Properties	17	II . Accumulated Reserves and Surpluses	(8,227,874)
Industrial Property Rights	17	Retained Earning Carried Over from the Previous Year	(8,076,768)
V . Other Non-Current Asset	483,231	Other Changes in Net Assets	50,000
Indemnity Rights	375,923	Financial Operation Results	(201,106)
Preservation Rights	563	III . Net Asset Adjustment	125,006
Deposits and others	106,745	Gain and Loss on Investment Valuation	125,006
Total Assets	3,339,717	Total Net Assets	2,258,023
		Total Liabilities and Net Assets	3,339,717

Summary of 2014 Statement of Financial Operation

[From January 1 to December 31, 2014]		[Unit: KRW million]	
Item	Amount		
	Total Cost	Income	Net Cost
I . Program Net Cost	983,426	(276,350)	707,076
Industrial Finance Support	983,426	(276,350)	707,076
II . Management Cost			43,566
Labor Cost			21,212
Expenses, others			22,354
III . Non Allocated Expenses			38,729
Asset Impairment Loss and others			38,729
IV . Non Allocated Income			97,094
Asset Operation Income and others			97,094
V . Net Operation Cost			692,277
(= I + II + III - IV)			
VI . Non Exchange Revenue			491,171
Contribution Revenue			475,401
Other Sourcing and Transfer			15,770
Operation Result (= V - VI)			201,106

Summary of 2014 Statement of Changes in Net Assets

[From January 1 to December 31, 2014]

[Unit: KRW million]

Item	Amount			
	Net Assets	Accumulated Reserve and Surplus	Net Asset Adjustment	Total
I . Basic Net Asset	10,360,891	(8,076,768)	96,305	2,380,428
Reported Amount	10,360,891	(8,076,768)	96,305	2,380,428
II . Statement of Operation		201,106		201,106
III . Adjustment Accounts		50,000	28,701	78,701
Gain and Loss on Investment Securities Valuation			28,702	28,702
Gain on Asset Revaluation			(1)	(1)
Other Gain and Loss on Net Asset		50,000		50,000
IV . Ending Balance of Net Asset (= I - II + III)	10,360,891	(8,227,874)	125,006	2,258,023

2. Executive/Non-executive Directors

EXECUTIVE DIRECTORS



Executive Director
Kang Rak-gyu

Executive Director
Park Jong-man

Executive Vice President
Kim Ki-hong

Chairman & President
Kim Han-chul



Chief Audit Executive
Park Dae-hae

Executive Director
Kang Seog-jin

Executive Director
Hong Sung-jea

NON-EXECUTIVE
DIRECTORS



Lee Don-hee



Yang Hee-gwan



Kim Eun-ho



Cha Wang-jo



Kim Man-doo



Song Kyung-soo



Han Hyun-ok

3. Board of Policy Members

KOTEC Board of Policy Members

[December 2014]		* Steering Committee established based on the Korea Technology Credit Guarantee Fund Act, Article 17		
Category		Committee Member		
Chair		KOTEC Chairman & President		
Members appointed (5)	Appointed by FSC (1 person)	FSC	Financial Policy Bureau Head	Kim, Yong-bum
	Appointed by the MOSF Minister (1)	MOSF	Economic Budget Review Office Head	Cho, Gyu-hong
	Appointed by SMBA head (1)	SMBA	Micro Enterprise Policy Bureau Head	Kim, Byeong-geun
	Appointed by Governor of IBK (1)	IBK	Senior Vice President	Park, Choon-hong
	Appointed by KB Governor (1)	KB	KB Vice President	Oh, Hyun-chul
Commis-sioned members (7)	Commissioned by FSC among executives of financial institution or executive management (3)	Shinhan Bank	Vice President	Choi, Byeong-hwa
		Busan Bank	Vice President	Lee, Doo-ho
		Hana Bank	Vice President	Kim, Byeong-ho
	Commissioned by KORACHAM chairman (1)	KORCHAM	Executive Vice Chairman	Lee, Dong-gen
	Commissioned by KBIZ Chairman (1)	KBIZ	Executive Vice Chairman	Song, Jae-hee
	Commissioned by KFS in discussion with the Minister of Education among technology experts (2)	KOITA	Vice President	Kim, Eui-whan
		KISTEP	Vice President	-

4. 2014 Highlights

일 자	주요내용
February 3	Implemented the liability exemption program for excellent startups
February 18	Provided school uniforms and supplies for children from low-income families through labor-union cooperation
March 10	Transferred KTRS to Thailand Credit Guarantee Corporation (TCG)
April 1	Celebrated its 25th anniversary
April 4	Signed a comprehensive MOU with Korea Development Bank (KDB)
April 16	Won silver medal from TRUE COMPANY (awarded by the Ministry of Employment and Labor)
May 12	Provided support for SMEs affected by the Sewol Ferry accident
June 20	Designated as the only public sector for Tech-Credit Bureau (TCB)
June 27	Established the technology & management consulting framework
July 1	Established Turnaround Management Centers in Incheon and Daegu
July 4	Re-implemented Groupware System to improve work productivity
July 14	Established Electronic Fax System to improve work efficiency
July 21	Opened "Clean Plaza" to raise ethical awareness
July 24	Awarded for its effort to improve women rights (the Ministry of Gender Equality and Family)
August 6	Helped Vietnam to establish its technology appraisal model (VTRS)
August 13	Rearranged the organization ([HQ] 11 departments 2 offices and 4 sub-offices → 10 departments 2 offices and 6 sub-offices; [Branch network] creation of Technology Convergence Center, regional hub → business headquarter)
August 13	Joined WIPO GREEN as a partner (the only Korean partner)
September 16	Held the "Technology & Idea Startup Competition"
September 18	Held a workshop to promote technology financing
September 25	Sold special receivables to KAMCO for efficient management
September 26	Applied for three BM patents regarding technology appraisal
October 1	Opened Tech-Bridge (KTMS)
October 29	Hired 44 new employees
October 30	Opened Ochang Technology Appraisal Center
November 2	Held a workshop with the Taiwan Academy of Banking and Finance(TABF) and Small and Medium Enterprise Credit Guarantee of Taiwan(Taiwan SMEG)
November 10	Held a technology finance seminar
November 25	Signed an MOU with The World Intellectual Property Organization(WIPO) on the "Cooperation on global technology transfers and technology appraisal"
December 18	Completed network separation for IT security

5. Business Network

Center	Address	Tel
Gyeonggi Business Headquarter	6th FL., Suwon Regional Office of National Pension Service, B/D, 19, Hyowon-ro 307beon-gil, Paldal-gu, Suwon-si, Gyeonggi-do	031)8006-1500
Daegu Business Headquarter	10th FL., S-Cube B/D, 2598 Dalgubeol Blvd., Suseong-gu, Daegu	053)251-5600
Busan Business Headquarter	7rd FL., KOTEC B/D, 33, Munhyeongeumyung-ro, Nam-gu, Busan	051)606-7433
Seoul Business Headquarter	41st FL., Korea Life Insurance 63 B/D, 63-ro, Yeongdeungpo-gu, Seoul	02)3215-5900
Incheon Business Headquarter	10th FL., Songdocentroad B B/D, 323, Incheontower-dero, Yeonsu-gu, Incheon	032)830-5600
Chungcheong-Honam Business Headquarter	2nd FL., KOTEC B/D, 141, Dunsanseo-ro, Seo-gu, Daejeon	043)610-2231
Gasam Technology Appraisal Center	Rm. 1906, STX-V Tower, 128, Gasan Digital-1-ro, Geumcheon-gu, Seoul	02)818-4300
Gangnam Technology Appraisal Center	5th FL., Dongwoo B/D, 328, Teheran-ro, Gangnam-gu, Seoul	02)2016-1300
Gangneung Technology Appraisal Center	8th FL., Donga B/D, 2110, Gyeonggang-ro, Gangreung-si, Gangwon-do	033)640-8700
Gwangju-Seo Technology Appraisal Center	3rd FL., Industrial Bank of Korea B/D, 240, Mujin Blvd., Gangsan-gu, Gwangju	062)941-6833
Gwangju Technology Appraisal Center	6th FL., Mudeungsantower, 80, Jukbong Blvd., Seo-gu, Gwangju	062)360-4600
Guro Technology Appraisal Center	Rm. 1801, JNK Digital tower, Digital-ro 26gil 111, Guro-gu, Seoul	02)6124-6400
Gumi Technology Appraisal Center	3rd FL., Industrial Bank of Korea, 124, Suchul Blvd., Gumi-si, Gyeongsangbuk-do	054)440-0730
Gimpo Technology Appraisal Center	Rm. 805, Shinhan Plaza, 113, Gimpohangang-4-ro, Gimpo-si, Gyeonggi-do	031)980-8600
Gimhae Technology Appraisal Center	4th FL., Industrial Bank of Korea B/D, 55, Naeoejungang-ro, Gimhae-si, Gyeongsangnam-do	055)330-2100
Noksan Technology Appraisal Center	3rd FL., Exchange Bank of Korea B/D, 20, Noksansandan-335-ro, Gangseo-gu, Busan	051)832-0460
Daegu Technology Appraisal Center	10th FL., S-Cube B/D, 2598 Dalgubeol Blvd., Suseong-gu, Daegu	053)251-5600
Daegu-Buk Technology Appraisal Center	5th FL., LH B/D, 130, Won Blvd., Buk-gu, Daegu	053)356-0421
Daegu-Seo Technology Appraisal Center	7th FL., Jisan B/D, 1690, Dalgubeol Blvd., Dalseo-gu, Daegu	053)652-1861
Daejeon Technology Appraisal Center	1st FL., KOTEC B/D, 141, Dunsanseo-ro, Seo-gu, Daejeon	042)610-2200
Daejeon-Dong Technology Appraisal Center	2nd FL., Dongyang Finance and Securities, 540, Daejong-ro, Jung-gu, Daejeon	042)250-0700
Dongnae Technology Appraisal Center	10th FL., Geumjeong Tower, 1925, Jungang Blvd., Geumjeong-gu, Busan	051)510-6900
Masan Technology Appraisal Center	2th FL., Industrial Bank of Korea B/D, 323 Haeandae-ro, Masanhappo-gu, Changwon-si, Gyeongsangnam-do	055)249-9799
Mokpo Technology Appraisal Center	2nd FL., Industrial Bank of Korea B/D, 25, Ogam-ro, Mokpo-si, Jeollanam-do	061)288-1500
Busan Technology Appraisal Center	3rd FL., KOTEC B/D, 33, Munhyeongeumyung-ro, Nam-gu, Busan	051)606-7674
Bucheon Technology Appraisal Center	#301-102, Bucheon Technopark, 345 Seokcheon-ro, Ojeong-gu, Bucheon-si, Gyeonggi-do	032)620-8800
Bupyeong Technology Appraisal Center	#A-303, Woorim Lions Valley, 283, Bupyeong Blvd., Bupyeong-gu, Incheon	032)623-6140
Sasang Technology Appraisal Center	2nd FL., Hana Bank B/D, 271, Hakgam Blvd., Sasang-gu, Busan	051)320-3400
Saha Technology Appraisal Center	3rd FL., Cius B/D, 336, Hasinjungang-ro, Saha-gu, Busan	051)250-7808
Seoul Technology Appraisal Center	41st FL., Korea Life Insurance 63 B/D, 50, 63-ro, Yeongdeungpo-gu, Seoul	02)3215-5900
Seocho Technology Appraisal Center	4th FL., Danwoo B/D, 181, Banggae-ro, Seocho-gu, Seoul	02)3476-7265
Seongnam Technology Appraisal Center	6th FL., Gaon Media B/D, 884-3, Seongnam Blvd., Bundang-gu, Seongnam-si, Gyeonggi-do	031)750-4800
Songpa Technology Appraisal Center	Rm. 601, IT Venter Tower East B/D, 135, Jung Blvd., Songpa-gu, Seoul	02)3400-7900
Suwon Technology Appraisal Center	6th FL., Suwon Regional Office of National Pension Service, B/D, 19, Hyowon-ro 307beon-gil, Paldal-gu, Suwon-si, Gyeonggi-do	031)8006-1500
Suncheon Technology Appraisal Center	6th FL., Industrial Bank of Korea B/D, 152, Chunghyo-ro, Suncheon-si, Jeollanam-do	061)729-9333
Siхва Technology Appraisal Center	3rd FL., KT&G Ansan Branch, 361, Okgugongwon-ro, Siheung-si, Gyeonggi-do	031)496-5911
Asan Technology Appraisal Center	3rd FL., Jangho B/D, 25, Baebang-ro, Baebang-eup, Asan-si, Chungcheongnam-do	041)538-5900
Ansan Technology Appraisal Center	9th FL., Kyobo B/D, 366, Hwarang-ro, Danwon-gu, Ansan-si, Gyeonggi-do	031)8084-5300

Center	Address	Tel
Anyang Technology Appraisal Center	2nd FL., National Health Insurance B/D, 182, Gwanpyeong-ro, Dongan-gu, Anyang-si, Gyeonggi-do	031)450-1600
Yangsan Technology Appraisal Center	3rd FL., Industrial Bank of Korea B/D, 216, Jungang-ro, Yangsan-si, Gyeongsangnam-do	055)387-6571
Yongin Technology Appraisal Center	2nd FL., 1349, Jungbu Blvd, Cheoin-gu, Yongin-si, Gyeonggi-do	031)8020-4000
Ulsan Technology Appraisal Center	2nd FL., Ulsan Economic Promotion Agency B/D, 915, Saneop-ro, Buk-gu, Ulsan	052)220-7900
Wonju Technology Appraisal Center	2nd FL., Wonju City Hall, 1, Sicheong-ro, Wonju-si, Gangwon-do	033)730-8300
Uijeongbu Technology Appraisal Center	4th FL., Seokcheon B/D, 44, Uigeong-ro, Uijeongbu-si, Gyeonggi-do	031)820-0300
Iksan Technology Appraisal Center	7th FL., SK B/D, 39, Iksan Blvd. 16gil, Iksan-si, Jeollabuk-do	063)840-3100
Incheon Technology Appraisal Center	10th FL., Songdocentroad B B/D, 323, Incheontower Blvd., Yeonsu-gu, Incheon	032)830-5600
Incheon-central Technology Appraisal Center	1st FL., 30, Yesul-ro 152gil, Namdong-gu, Incheon	032)420-3500
Ilsan Technology Appraisal Center	15th FL., M-City Tower, 195, Baekma-ro, Ilsandong-gu, Goyang-si, Gyeonggi-do	031)931-7200
Jeonju Technology Appraisal Center	11th FL., Jeonbuk B/D, 566, Baekje Blvd., Deokjin-gu, Jeonju-si, Jeollabuk-do	063)270-9800
Jongno Technology Appraisal Center	22nd FL., Samil B/D, 85, Cheonggyecheon-ro, Jongno-gu, Seoul	02)738-7980
Jinju Technology Appraisal Center	4th FL., Industrial Bank of Korea B/D, 310, Daesin-ro, Jinju-si, Gyeongsangnam-do	055)750-1111
Changwon Technology Appraisal Center	3rd FL., Industrial Bank of Korea B/D, 38, Yongji-ro, Seongsan-gu, Changwon-si, Gyeongsangnam-do	055)210-4099
Cheonan Technology Appraisal Center	Rm. 802, 215, Gwangjang-ro, Seobuk-gu, Cheonan-si, Chungcheongnam-do	041)629-5913
Cheongju Technology Appraisal Center	6th FL., Intem Plaza, 76, Sannam-ro, Heungdeok-gu,Cheongju-si, Chungcheongbuk-do	043)290-9513
Chuncheon Technology Appraisal Center	5th FL., Industrial Bank of Korea B/D, 45, Geumgang-ro, Chuncheon-si, Gangwon-do	033)240-2800
Chungju Technology Appraisal Center	3rd FL., Hyundai Motors B/D, 10, Aehyang-ro, Chungju-si, Chungcheongbuk-do	043)842-1591
Pyeongtaek Technology Appraisal Center	3rd FL., Vision Plaza, 48, Pyeongtake-1-ro, Pyeongtaek-si, Gyeonggi-do	031)659-8700
Pohang Technology Appraisal Center	3rd FL., Industrial Bank of Korea B/D, 369, POSCO Blvd., Buk-gu, Pohang-si, Gyeongsangbuk-do	054)271-4900
Hwaseong Technology Appraisal Center	#C-207, Urideul Distribution Town, 934-4, Sicheong-ro, Paltan-myeon, Hwaseong-si, Gyeonggi-do	031)299-8200
Yongin HRD Center	43, Sujeong-ro 6gil, Cheoin-gu, Yongin-si, Gyeonggi-do	031)8020-9800
Central Technology Appraisal Institute	11th FL., Living Tower of Highbrand B/D, 16, Maeheon-ro, Seocho-gu, Seoul	02)2155-3753
Gyeongsan Technology Appraisal Office	4th FL., City One B/D, 58 Damunho, Jinryang-eup, Gyeongsan-si, Gyeongsangbuk-do	053)859-9000
Gunsan Technology Appraisal Office	2nd FL., Kyobo B/D, 35, Daehak-ro, Gunsan-si, Jellabuk-do	063)460-2800
Ochang Technology Appraisal Office	Rm 301, Future Convergence Technology Tower of Chungbuk Technopark, 76, Research Complex Road, Cheongwon-gu, Cheongju-si, Chungcheonggbuk-do	043)251-1500
Gwangju Turnaround Management Center	6th FL., Mudeungsantower, 80, Jukbong Blvd., Seo-gu, Gwangju	062)360-4688
Daegu Turnaround Management Center	11th FL., S-Cube B/D, 2598, Dalgubeol Blvd., Dalseo-gu, Daegu	053)251-5650
Daejeon Turnaround Management Center	5th FL., 141, Dunsanseo-ro, Seo-gu, Daejeon	042)610-2255
Busan Turnaround Management Center	17th FL., Meritz Tower, 331, Choongang Blvd., Dong-gu, Busan	051)601-1900
Seoul-Dongbu Turnaround Management Center	Rm. 201, Jamsil I-space B/D, 58, Ogeum-ro, Songpa-gu, Seoul	02)3430-4733
Seoul-Seobu Turnaround Management Center	17th FL., DaeKyo Tower, Boramae-ro 3 gil, Gwanak-gu, Seoul	02)881-1611
Suwon Turnaround Management Center	10th FL., KIA Motors South Suwon B/D, 464, Gyeongsu Blvd., Paldal-gu, Suwon-si, Gyeonggi-do	031)899-9300
Incheon Turnaround Management Center	11th FL., Songdocentroad B B/D, 323, Incheontower-dero, Yeonsu-gu, Incheon	032)830-5700
Jeju Technology Appraisal Office	3rd FL., Small and Medium Business Support Center, 473, Yeonsam-ro Jeju	064)727-0271
Daejeon Technology Convergence Center	3rd FL., 141, Dunsanseo-ro, Seo-gu, Daejeon	042)610-2279
Seoul Technology Convergence Center	11th FL., Living Tower of Highbrand B/D, 16, Maeheon-ro, Seocho-gu, Seoul	02)2155-3652

KOREA TECHNOLOGY FINANCE CORPORATION

For the last 25 years,
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