



Beyond
all you can
bank

WOORI BANK 2012 ANNUAL REPORT

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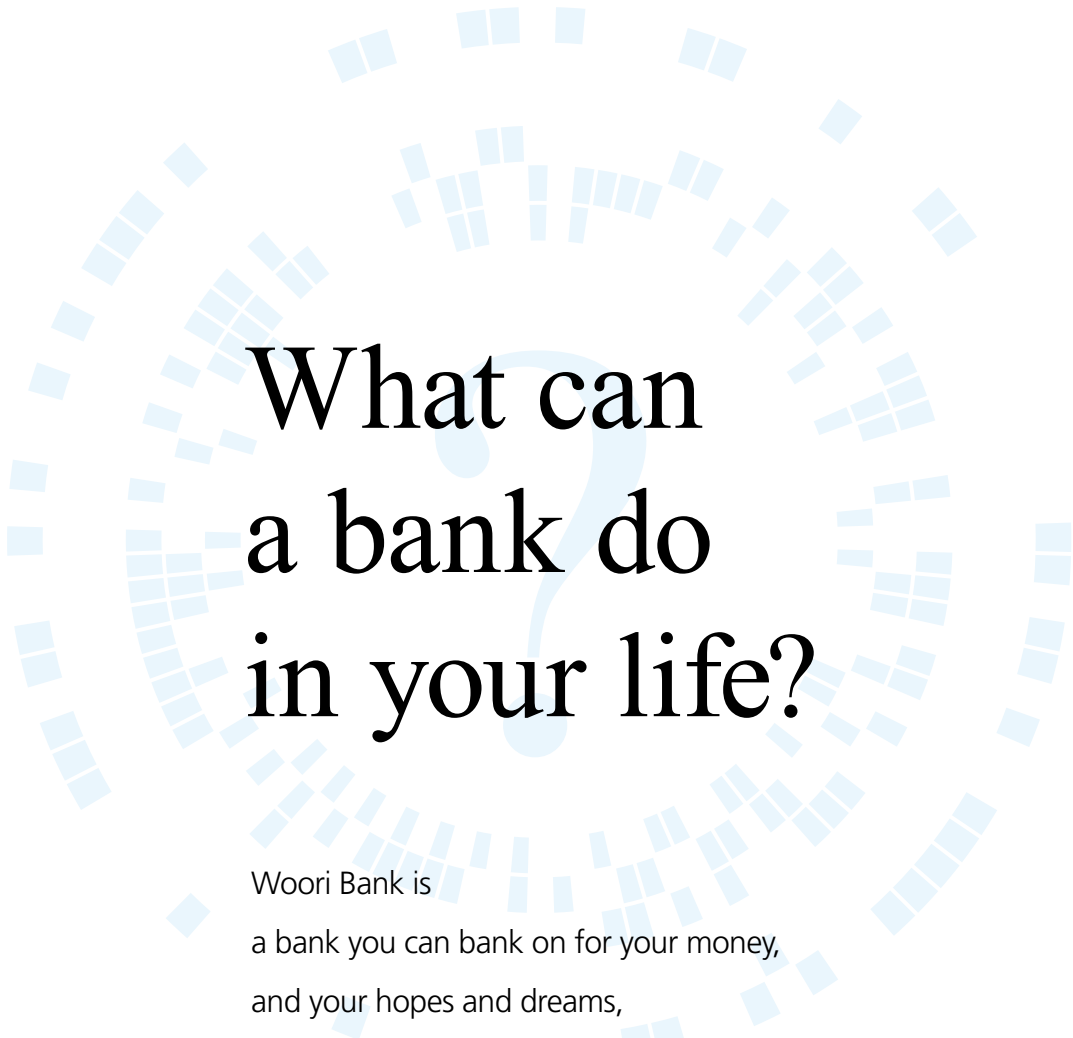
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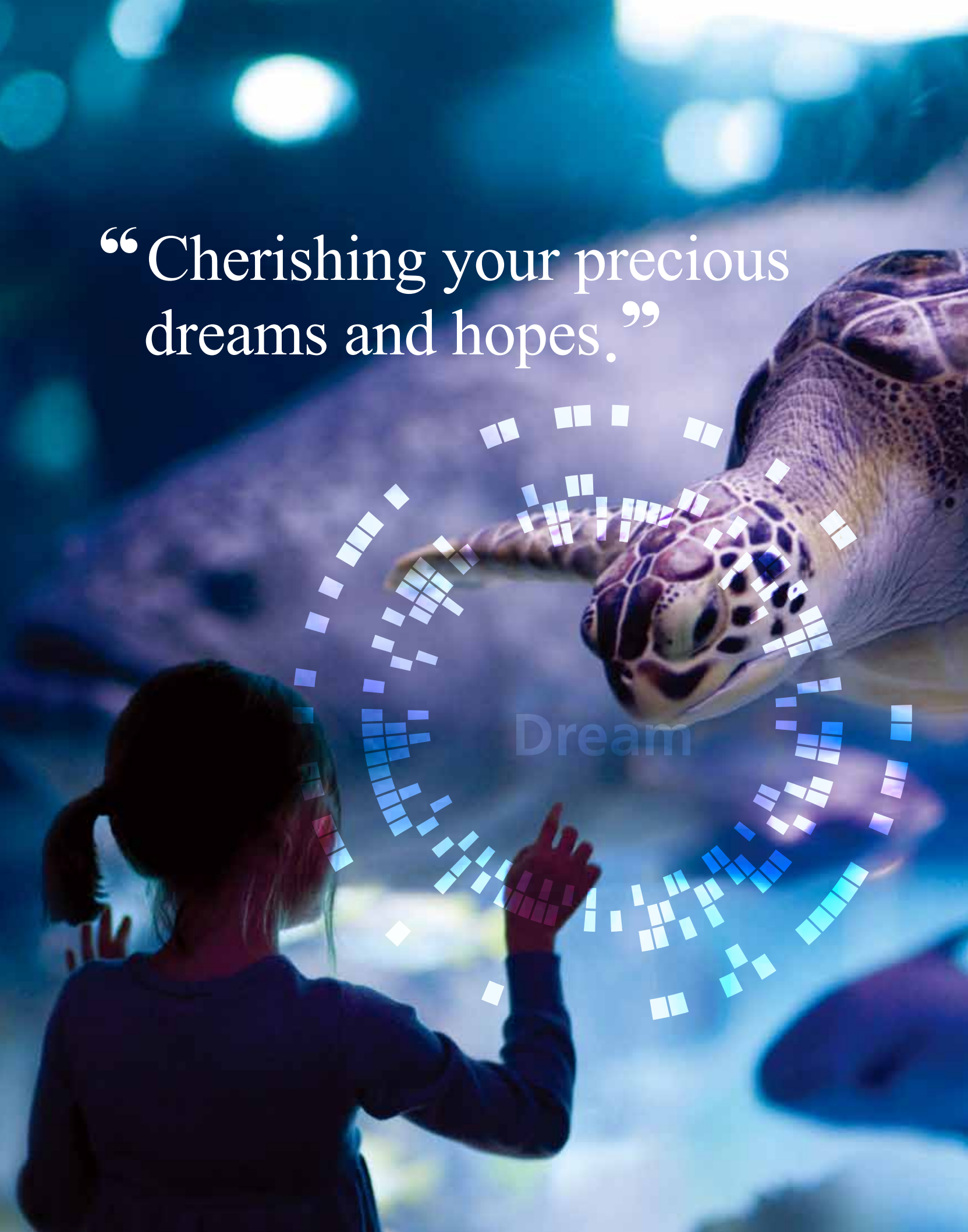


What can a bank do in your life?

Woori Bank is
a bank you can bank on for your money,
and your hopes and dreams,
a bank that consistently charts the course first,
a bank that extends a helping hand
in times of trouble as a partner in life, and
a bank that helps you plan your future.

“Cherishing your precious
dreams and hopes.”

Dream





Q : There must be a bank my child can use for the first time that can foster his/her habit to save and open the door of hopes and dreams for a better future.

A : Woori Bank will achieve the ability to finance dreams and convey hopes for all. Woori Bank is committed to become a financial mentor that brightens the future by cherishing the hopes and dreams of our individual customers.





“I want to experience advanced banking services.”

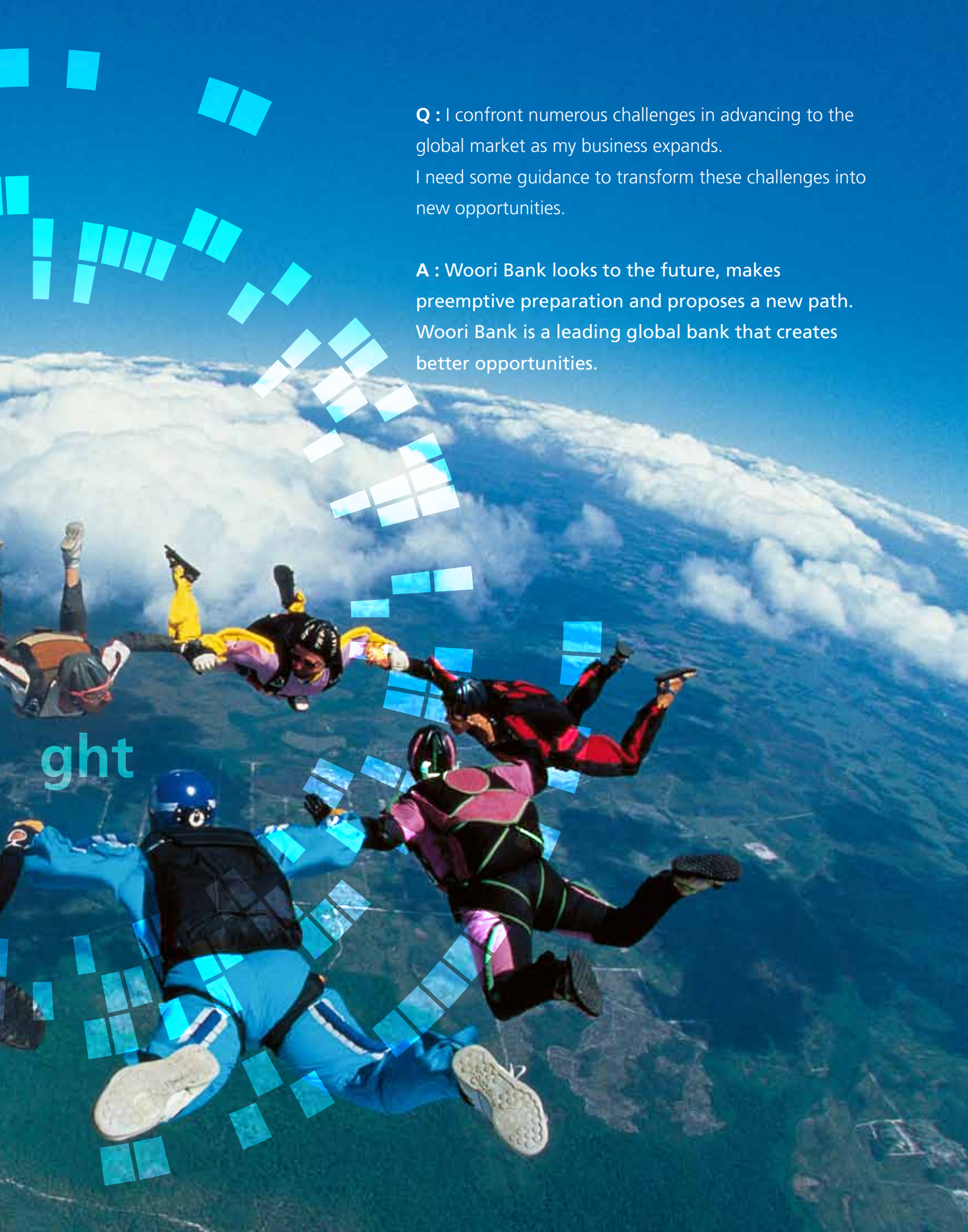
Q : How can I access daily banking services in an easier, faster and smarter way?

A : Woori Bank leads the smart banking service revolution and is making every effort to improve necessary services and promptly provide customized products and services.

“I need insightful advice to set my course for the future.”

Insi





Q : I confront numerous challenges in advancing to the global market as my business expands. I need some guidance to transform these challenges into new opportunities.

A : Woori Bank looks to the future, makes preemptive preparation and proposes a new path. Woori Bank is a leading global bank that creates better opportunities.

ght

A person is climbing a rope on a cliff face. The person is wearing a dark blue jacket, a white shirt, and a red and black climbing harness. The background is a bright, overcast sky. The rope is a thick, dark blue rope. The person's legs are visible, wearing tan pants and a blue strap. The person's feet are wearing black and red climbing shoes. The person is looking down at the rope.

“I need help in moments of trouble.”

Q : In managing a company, I confront moments of financial constraints. Would there be a warm-hearted bank that extends a helping hand in moments of crises?


A : Woori Bank is a warm-hearted bank that prioritizes the benefits of our customers. We will serve as a reliable financial partner that offers practical solutions to our corporate customers.



Protection




Comfort

A photograph of a sailboat on the ocean. The white sail is on the left, and a hand is visible near the bottom edge of the sail. The sea is a deep blue, and the sky is a clear, light blue. The text is overlaid on the right side of the image.

“I need to brace for
stability in the future.”

Q : Long-term preparation is essential in securing a post-retirement life of comfort and affluence. Receiving a safe and reliable banking services for a sound future is also essential.

A : Woori Bank is a reliable bank that safely protects and fosters the precious assets of our customers. We do our utmost to secure your comfortable and affluent post-retirement life.



Woori Bank
pioneers to play
genuine roles
in finance.

Amid the global economic downturn, the economic situation is challenging, both at home and abroad. The roles and responsibilities of finance are critical in times of trouble. Playing a genuine financial role as a robust partner in the real economy is what a bank should do.

In 1899, Woori Bank embarked on a journey for renewed hopes and dreams, which was driven by the domestic capital in a place of financial barrenness. For the past 114 years, the Bank has helped spearhead the industrialization and modernization of the national economy, and played a pivotal role in fostering and supporting companies as Korea's top bank in corporate banking. Carrying on the solemn founding principle, "Development in finance is the basis for economic development", we seek to play a genuine role in finance by recovering companies in need, empowering customers and imbuing vibrancy to the public and the national economy through mutual growth and sharing.

In 2013, Woori Bank will reaffirm its presence beyond its number 1 ranking in Korea, to one of 'Asia's Top 10 Banks'.

Based on our ever-strong profit-oriented management and customer trust (under the goal of becoming 'a beloved bank that crystalizes hopes'), we will reinforce profitability and competitiveness.

Message from the CEO

I would like to extend my sincere appreciation to all our customers for giving Woori Bank your trust and commitment over these past years.

Woori, means 'we' in Korean, and our bank is a socially responsive participant, working hand-in-hand with people from all works of life, thereby contributing to the economic development of Korea.

As Korea's indigenous bank, Woori grew with Korean people and corporations for the past 114 years. During the long history, together with our customers we went through all the highs and lows of our nation's remarkable development, during which the bank has come to be recognized as the country's icon 'responsible bank' that stands together with its customers and the economy in building wealth and a comfortable life.

Since the downturn after the global crisis in 2008, Woori Bank has also taken a major role to assist in the workout process for companies undergoing temporary liquidity problems, support corporate clients in overcoming financial crisis by offering urgent funding, and provide customized consulting services for the normalization of financial statements.

With the reminiscence of the past market turbulence, many changes are expected in the Korean banking sector such as continuing uncertainties of the global financial crisis, regulatory reform on business models and rising competition in the domestic market.

However, Woori Bank reaffirmed our competitiveness and generated a stable profit by recording a net income that surpassed KRW 1 trillion for three straight years from 2010 and marking KRW 1,449 billion in 2012.

Moreover, other profitability indicators such as ROA and ROE reached satisfactory levels of 0.49% and 6.89% respectively, and the capital efficiency of our bank the BIS capital adequacy ratio posted a positive level 14.70%.



“

As Korea's indigenous bank, Woori grew with Korean people and corporations for the past 114 years.

”



Although unfavorable economic circumstances inevitably caused bad debts to increase, our exceptional efforts to minimize the increase of the Non Performing Loan (NPL) ratio was positively realized by marking 1.66% as of year-end 2012, a similar level from the previous year. This remarkable outcome was due to our strengthening of the fundamental by focusing on high-yield driven assets and also our cleaning up of the balance sheet by strategically selling and writing-off our bad debts.

In addition, in 2012 Woori Bank successfully achieved the two major objectives of positively achieving intrinsic growth and actively fulfilling our social duty. Our bank stood at the forefront to rightfully protect our consumers' rights and provide Microcredit loans to SMEs in need. As a recognition of our painstaking efforts, backed up by the unyielding support and unsparing encouragement of our staff and our customers, we won the grand 'Financial Consumer Protection Award' and 'Microcredit Award' prizes.

Distinguished customers,

While the national economy in 2013 is expected to undergo an unprecedentedly elongated phase of low-growth and low-interest rate environment, banks are likely to confront the three major challenges: low growth, low margins and high risks.

As a consequence, like other Korean banks Woori Bank will inevitably face a slowdown in growth with squeezed profit margins and an increase of NPL level that may lead to weaker asset quality.

However, we will conduct thorough risk management, maximize cost efficiency and optimize revenue structures to generate long-term stable growth, and thereby turn each crisis into new opportunities and take a greater leap from the year 2013.

We will especially take care to ensure that Woori Bank becomes a 'Clean Bank' by improving our risk management system and establishing a sound credit culture.

“
By sharing hearts
and practicing
Cham(responsible)
Keumyung(finance)
harmoniously, we
will continue to
work hard and
become Korea's No.
1 bank that gives
hopes and dreams
to our customers
throughout the year.
”



In preparation for low-income prolonging structures, Woori Bank will aim for higher productivity by focusing on low-cost and high efficiency schemes to improve cost efficiency and work processes.

The Net Interest Margin (NIM) will be maintained at an optimum level, and the non-interest income will be scaled-up for a stable profit base, along with profit oriented growth that targets high-yield customers and assets.

We will secure future growth engines by pushing ourselves further to explore emerging markets through the exploration of cutting-edge projects and overseas advancements. Furthermore, the expertise of individual staff members, as well as the quality of all our products and services, will be upgraded to meet our customers' unique financial needs.

Lastly, Woori Bank will continue to take a leadership role in stabilizing people's livelihood as a treasury bank of the National Housing Fund.

With the support of our customers, we have been for the last 114 years, and will continue to be the 'representative traditional bank' of Korea. By sharing hearts and practicing Cham(responsible) Keumyung(finance) harmoniously, we will continue to work hard and become Korea's No. 1 bank that gives hopes and dreams to our customers throughout the year.

As we strive to present greater profits and happiness to our customers, I sincerely ask for your continuous encouragement and support to fulfill our vision in becoming Korea's No.1 bank.

Please accept my warm wishes for your health, happiness and prosperity throughout the year.

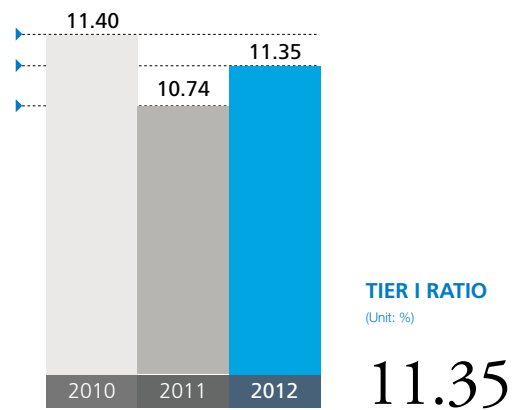
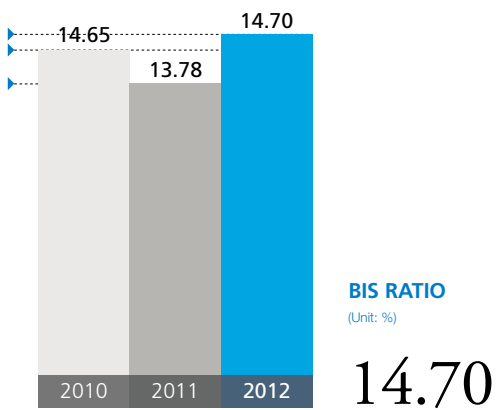
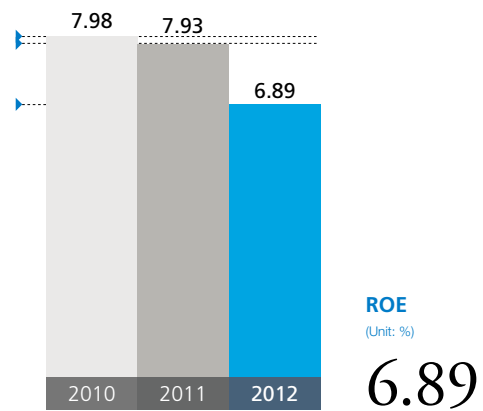
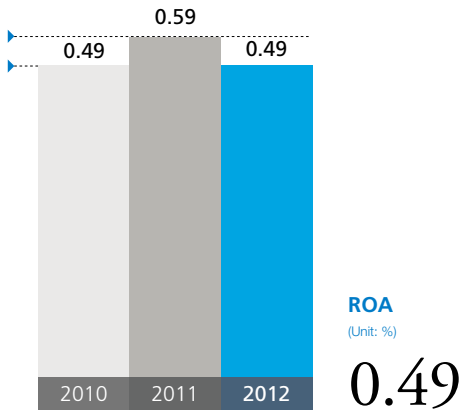
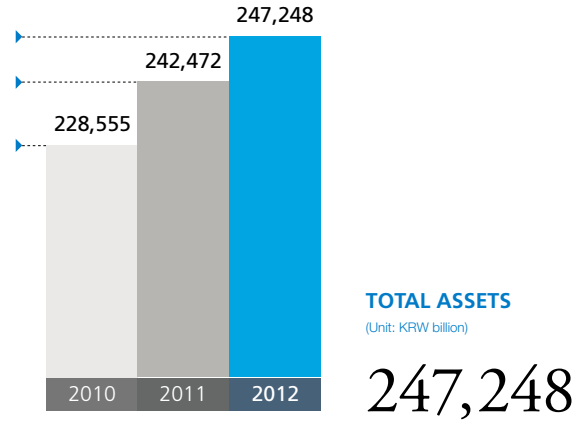
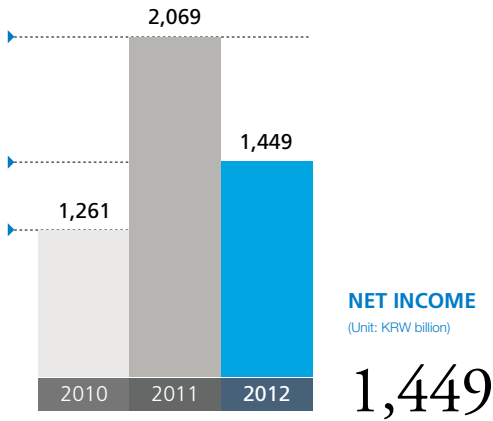
Thank you.



Lee, Soon Woo
President and Chief Executive Officer



Financial Highlights



BALANCE SHEET (Unit: KRW billion)

	2012	2011
Total Assets	247,248	242,472
Cash and Due from banks	4,593	5,389
Financial assets at fair value through profit or loss	9,856	11,318
Available for sale financial assets	14,485	14,671
Held to maturity financial assets	14,342	15,400
Loans and receivables	200,049	191,909
Other assets	3,925	3,785
Total liabilities	228,682	224,346
Deposits due to customers	168,008	164,092
Borrowings	17,446	19,175
Other Liabilities	43,228	41,079
Equity ownership of controlled entity	18,558	18,118
Capital Stock	3,830	3,830
Hybrid equity securities	1,682	1,682
Capital Surplus	812	812
Other equity	12,104	11,256
Retained earnings (Planned regulatory reserve for credit loss)	-259	-1,124
Non-controlling entity	8	8
Total Stockholders' Equity	18,566	18,126
Total Liabilities and Stockholders' Equity	247,248	242,472

* K-IFRS(Korean International Financing Reporting Standards)

INCOME STATEMENT (Unit: KRW billion)

	2012	2011
Operating income	1,699	2,593
Net interest income	5,612	5,728
Net fee income	499	508
SG&A Expense	2,728	2,549
Other operating income (expense)	-1,684	-1,094
Non-operating income	76	66
Income before income tax	1,775	2,659
Income tax expense	327	590
Net income	1,449	2,069

* K-IFRS(Korean International Financing Reporting Standards)

News Highlights



Hansae Basketball Team on Winning Spree

In April, the Woori Bank Hansae Basketball Team completely reshuffled its coaching group to make Wi, Sung Woo the new manager(head coach) and Chun, Joo Won and Park, Sung Bae the new assistant coaches. This helped the team turn over a new leaf and rebuild its prestige as a big name in women's professional basketball league.

Under the leadership of the new coach troupe, players concentrated intensely on training throughout the whole summer. Even when players were struggling with physically challenging conditions, the team never wavered in conducting trainings, and adhered to the motto: "Sweat never betrays us." The players' physical strength and defense caliber excelled after steady tests of endurance, and in time, they confidently rid themselves of their notoriety for 'being bottom in the ranks'. For the first time in the team's history since it had begun as a single league, it dominated the first rank by winning eight consecutive times.

Their strategy this season was to minimize point losses with a 'suffocating defense' that was driven by strong physical strength. The Hansae Basketball Team recorded the fewest points losses among six women's professional basketball league teams, ranking second in the points it obtained. Yet, perhaps the biggest difference in the team, is in the attitude of the players, who have shed

off defeatism and gained confidence by obtaining their victory.

It is now a thing of the past to see the team collapse due to lack of confidence especially near the end of each game after a successful performance. Woori Bank's Hansae Basketball Team imbues high hopes for its path forward by transforming from a losing team to a winning team with confident plays and suffocating defenses and thereby causing a stir in the field.

Winning the Grand Prize in the Comprehensive Sector at the 1st Financial Consumer Protection Awards

Woori Bank received the Grand Prize in the comprehensive sector at the 1st First Consumer Protection Awards (presented by the chairman of the Financial Services Commission(FSC)).

The award was designed by the FSC, the Financial Supervisory Service(FSS) and the Korean Federation of Banks to recognize the efforts of financial institutions or banks that stood at the forefront in protecting and empowering the rights of financial consumers and boosting their social interest.

Such an outstanding achievement is a result of our efforts to protect consumer rights and benefits by establishing the Consumer Protection Center, a first-of-its-kind independent unit (governed right under the President/CEO and Deputy President/Director) for swiftly address-

ing customer complaints in the financial sector and also appointing the Chief Customer Officer(CCO) in charge to manage this independent unit effectively.

In 2012, Woori Bank suggested the 'Ten Critical Tasks for Cham(responsible) Keumyung(finance)' to protect the rights of financial consumers and to fulfill its social responsibilities. This created a big positive stir in the financial sector, as their key focus is to support the underprivileged.

The First Korean Bank to Expand the Sales Network to All of the BRICs as the First Bank in Korea

Woori Bank's zeal for global management gained momentum through the establishment of a business network in BRICs (Brazil, Russia, India and China).

Starting with the Chengdu Branch in Chengdu City in the Sichuan Province in China on January 16, Woori Bank opened the Chennai Branch in India, where many Korean companies have made inroads into India in April. Banking operations kicked off in full swing at the subsidiary in Brazil (Woori Bank Brazil) in September, enabling us to stretch our network to each country in BRICs, as the first Korean bank.

Our global presence stretch from China, India, Brazil and expand further to Myanmar, where we opened the Woori Bank Yangon Representative Office in Myanmar.



With the Yangon Representative Office in place, Woori Bank established the South-eastern Belt covering India(Chennai), Bangladesh(Dhaka, Chittagong), Myanmar(Yangon), Vietnam(Hanoi, Ho Chi Minh), Indonesia(Jakarta), and Malaysia(Kuala Lumpur).

With a robust sales network in Southeast Asia following those in BRICs, Woori Bank has 59 networks in 16 countries as of 2012. This prepared us to bolster international business through the active expansion of networks and M&As to become one of the top ten banks in Asia.

Designated as an Entrusted Bank for South Chungcheong Province's Fund Management and a Treasury Bank for Sejong City

Last January, Woori Bank came up with a springboard to expand public funds in Chungcheong Province.

We were designated as an entrusted bank for the South Chungcheong Provincial Office last January until 2015 for a total of 12 funds, including the SME Development Fund and the Disaster Management Fund, worth KRW 330.8 billion. It was also fortunate that, after a fierce competition last June, Woori Bank was proudly selected as the first treasury bank of a newly transferred administrative capital, Sejong Special Self-Governing City. Because of the symbolic importance of being designated as the treasury bank for the new administrative

capital city, six commercial banks were engaged in a heated competition. Woori Bank by emphasizing our unyielding driving force and our strength in serving as a treasury bank for the Seoul Metropolitan Government over 100 years, won the bid and was designated as the first treasury bank for the Sejong Special Self-Governing City.

Opened Smart Branches - Woori for the Twenties

Woori Bank opened Smart Branches No.1(in Korea University) and No.2(in Ewha Woman's University) in conjunction with the scheme of establishing 'Woori for the Twenties' branches last September. 'Woori for the Twenties' is a next-generation branch with a greater focus on non-face-to-face channels and the addition of a new step, allowing 'pre-entry' of required information for banking so that customers can handle various tasks on their own.

The Smart Branch is divided into different parts: 'Media Façade' offering promotional videos, Facebook and bus arrival information; 'Media Table', a space for the recommendation of financial items and events; and 'Imaging Zone' to print photos from smart devices.

For increased convenience, customers who pre-enter transaction information at the 'Start Zone' can comfortably search for information and have fun at the Media Table during their waiting time after

taking out a queuing ticket and thereby shorten their sense of time waiting for attendance. At the Play Zone, customers can complete their transactions through the authentication of name and data input with the Smart ATM. At the Consulting Zone, various programs and financial consulting, such as student loans, are provided. The Smart Branch No.2 (in Ewha Woman's University), has a powder room installed for the convenience of women in their 20's and 30's. As such, services fit for youthful customers, with various emotional marketing, are available.



Board of Directors & Management



Kim, Yong Woo

Lee, Soon Woo

Kim, Yang Jin

STANDING DIRECTORS

Lee, Soon Woo

President & Chief Executive Officer

- Deputy President / Director
- Deputy President & Head, Consumer Banking Business Unit, Woori Bank
- Executive Vice President, Consumer Banking Business Unit, Woori Bank
- Executive Vice President, Management Support Unit, Woori Bank
- Head, Corporate Financial Unit, Hanvit Bank
- MBA, Korea University Business School
- B.A. in Law, Sungkyunkwan University

Kim, Yang Jin

Deputy President / Director

- Executive Vice President, Operation & Support Unit, Woori Bank
- Compliance Officer, Woori Bank
- Senior Relationship Manager, Jung-ang Corporate Banking Center, Woori Bank
- Head, Synergy Promotion Dept, Woori Bank
- B.A. in Agricultural Education, Seoul National University

Kim, Yong Woo

Standing Audit Committee Member / Director

- 2nd Deputy Secretary General, The Board of Audit and Inspection of Korea
- Deputy Director, The Board of Audit and Inspection of Korea
- Passed the 23rd National Administrative Examination
- M.A. in Public Administration, Syracuse University
- B.A. in Economics, Yonsei University

NON-STANDING DIRECTOR

Lee, Pal Seung

- Current) Chairman & CEO, Woori Financial Group
- Current) 5th Chairman of the Board, Korea Foundation for International Culture Exchange
- Current) President, Woori Multicultural Scholarship Foundation
- CEO, Seoul Philharmonic Orchestra
- President & CEO, Woori Investment & Securities
- Managing Director, Hanil Bank
- AIM(Advanced Information Management) Program, KAIST
- MBA, Korea University
- B.A. in Law, Korea University

OUTSIDE DIRECTORS

Lee, Yong Keun

- Adviser, Korea Anderson Group
- 2nd President, Financial Supervisory Commission and President of Financial Supervisory Service
- Executive Director, Asia Development Bank
- Passed the 9th National Administrative Examination, Division of Finance and Economy
- Ph.D in Public Administration, Han Yang University
- B.A. in Economics, Korea University

Yoo, Kwan Hee

- Current) Professor, Business Administration and Management, Korea University
- Current) Chairman, Korean Academic Society of Business Administration
- Chairman, Korean Association of Small Business Studies
- Ph.D in Business Administration and Management, Indiana State University
- B.A. in Business Administration and Management, Seoul National University

Chung, Wook Ho

- Current) Head, Department of Special Asset Management, Korea Deposit Insurance Corporation (KDIC)
- Head, Department of Risk Management II, KDIC
- Head, Department of Asset Recovery Department, KDIC
- B.A. in Law, Sungkyunkwan University

Lee, Kwi Nam

- Current) Attorney, LKN Law Institute
- 61st Minister, Ministry of Justice Republic of Korea
- Vice Minister, Ministry of Justice Republic of Korea
- Passed the 22nd National Bar Exam
- B.A. in Public Administration, Korea University

Kim, Jung Sik

- Current) Dean, College of Business & Economics, Yonsei University
- Current) Dean, Graduate School of Economics, Yonsei University
- Managing Director, Korea Money & Finance Association
- Professor, College of Business & Economics, Yonsei University
- Ph.D. in Economics, Claremont Graduate University
- B.A. in Economics, Yonsei University

Chang, Min

- Senior Research Fellow / Director, Research Coordination Division, Korea Institute of Finance
- Adviser of the Chairman, Financial Services Commission
- Senior Manager, Policy Coordination Supervisory Team, Policy Planning & Coordination Department, Bank of Korea
- Ph.D. in Economics, Michigan State University
- B.A. in Economics, Seoul National University

EXECUTIVE VICE PRESIDENT

Jung, Hwa Young

- Human Resources Unit

Baeg, Goog Jong

- Corporate Banking Business Unit

Lee, Dong Gun

- Credit Support Unit

Kwon, Ki Hyung

- Financial Market Business Unit

Kim, Jang Hag

- Small & Medium Corporate Banking Business Unit

Kim, Byung Hyo

- Finance & Management Planning Unit

Huh, Jong Hee

- Institutional Banking Business Unit

Kim, Jin Seok

- Card Business Unit
(set to spin-off in April 1, 2013 as a new subsidiary of Woori Financial Group)

Lee, Kwang Goo

- Consumer Banking Business Unit

Rhee, Young Tae

- Risk Management Unit

Park, Tae Yong

- Global Business Unit

Corporate Governance

ORGANIZATION OF THE BOARD OF DIRECTORS

As of the end of March 2013, Woori Bank's Board of Directors consisted of 10 executive directors: one non-standing director, three standing directors and six outside directors, appointed to increase the relevant expertise and independence of the Board. The six outside directors were selected based on their experience in the fields of finance, management, law, accounting and public relations; many are also well-known public figures. They support and monitor the Bank's strategic decision-making and overall business affairs on a regular basis.

MAJOR ACTIVITIES FOR 2012

The Board held 14 meetings in 2012 to discuss a total of 49 pending issues and 53 briefings for decision-making and deliberation, and the overall attendance rate of outside directors was 92%.

Directors from various fields collected information from the Bank through internal and external activities, and then offered site-oriented advice based on these activities and their expertise. This made a significant contribution to improving management. The directors who were experts in economics and law managed the Board by discussions and feedbacks. In so doing, they promoted effective bank management and maximized shareholder value.

In 2012, the Board found consensus in the quarterly management records at each meeting, and held general discussions and communication regarding various matters. The agenda of these various meetings included: reports on the submission of plans for the implementation of the Memorandum of Understanding(MOU) signed with the Financial Supervisory Service(FSS); the results and details of the MOU implementation with Korea Deposit Insurance Corporation(KDIC); plans to issue foreign currency-denominated bonds; comprehensive briefings regarding major loans; briefings on NPLs; a review of the orders implemented by the Board of Directors, as well as a discussion concerning the outcome of the reviews and a rundown of the activities of the various committees under the Board of Directors. At the December meeting, the Board also confirmed its 2012 draft management plan, following in-depth discussions on several issues facing the Bank amid continuing market changes.

COMMITTEES UNDER THE BOARD OF DIRECTORS

To support the efficient operation of the Board of Directors, Woori Bank has established the Board Governance Committee, Board Risk Management Committee, Board Audit Committee, Board Compensation Committee, and Board Audit Committee Member Recommendation Committee.

Type of Meeting	No. of Agenda Issues	No. of Briefings	Major Issues
Shareholders' Meeting, BOD and Corporate Governance, etc	20	16	Holding regular shareholders' meeting, operating the Board of Directors / Board of Directors' Management Committee, discussing corporate governance issues, setting and implementing management plans and strategies(launching and realigning divisions)
Accounting/ Financial Management	11	12	Approving and modifying the settlement of financial statements, reporting and planning financial records, briefing on results and actions for reviewing the MOU, planning for issuing bonds (including foreign currency bonds), and managing credit limits
Portfolio & Risk Management/ Investment/ Audit & Inspection/ Gov't Regulation	2	14	Briefing comprehensively on major loans, investing in private equity funds, selling off NPLs, briefing on the status of NPLs, Appraising the commitments of investment companies to invest, dealing with audit and internal control issues, and managing and supporting special guarantee contributions of institutions for SMEs
HR/Organizational Management	3	3	Carrying out performance evaluations / compensation, appointing staff, and addressing issues related to labor-management relations
Others	13	8	
Total	49	53	

- **Board Governance Committee**

The Committee actively supports the Board of Directors by studying/reviewing the overall function & operation of the Board and also by deciding/examining management schemes regarding handover & training issues. The Committee also acts as the Outside Director Candidate Recommendation Committee, pursuant to Article 22-3 of the Bank Act.

- **Board Risk Management Committee**

The Committee decides on risk-related policies and strategies in response to the changes in the financial environment. The Committee meets at least quarterly and on an ad hoc basis to deliberate on risk management strategies and policies, risk tolerance levels and transactions or exposures, and thereby discern, measure and monitor overall risks in a timely manner.

- **Board Audit Committee**

The Committee establishes and executes internal audit plans, implements outcome evaluations, and implements ex-post audit measures to improve the already adequate internal control system and effectively evaluate management performance measures.

- **Board Compensation Committee**

The Committee is independent from the Bank's management, and is in charge of establishing compensation policies, and monitoring the design and operation of the Bank's performance-based compensation systems.

- **Board Audit Committee Member Recommendation Committee**

The Committee recommends candidates for the Audit Committee.

PLANS FOR 2013

In 2013, the Board will make significant contributions to the Bank's management by discussing major issues at regular meetings. By end-March 2013, the Board of Directors had already met seven times, with agendas that included such issues as, the approval of financial statements as of year-end 2012. After March, the Board meetings will continue to focus on issues such as the analysis of management performance and the 2014 management plan. Meetings will also be held on an ad-hoc basis whenever needed, dealing with issues such as management goals, organization and financing.

In 2013, Woori Bank will serve as a reliable partner bank that excels and grows through transparent and efficient management innovation.



114 years of history tells

雲
根
凍
竹

Overcome the harsh environment and grow stronger(雲根凍竹)
: Winter bamboo grow its roots deep into the frozen rock crevices

Woori Bank being the longest-running bank in Korea has devoted its utmost endeavors everlastingly for 114 years to serve as the Korea's leading iconic bank. Since being designated as Korea's **Bank of Highest Excellence** in 2011, we are determined to make greatest achievements again in the future.

Some would say that with such achievements, we might take a pause and keep our composure. However, our passionate journey will continue throughout 2013 driven by our customers' trust and confidence. We are No.1 bank in Korea with the highest customer convenience - a leading global bank to represent Korea.



▶ 'The Bank of the Year in Korea' by The Banker 5 times since 2004.

Woori Bank's Awards 2012



The Leading Counterparty Bank in South Korea



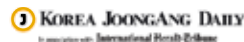
Gold Prize of LACP
(League of American Communications Professionals)
Annual Report Competition



Bronze Prize of ARC
(Annual Report Competition)



Most Valuable Product of 2012
THE PROUD 100 Products of Korea



'TWO CHAIRS'
- Grand Prize of 2012 Korean Customer Satisfaction Award



Asian Economies
2012 Asia PB
(Private Banking) Awards



1st Prize in the Competition for Best AML(Anti-Money Laundering) Practice in 2012



The Presidential Citation for AML(Anti-Money Laundering) Merit in 2012



SME Banking Support Prize of the 17th Best SME Banking Awards



2012 Grand Prize in Microfinance



Commendation of the Minister of Health and Welfare



Grand Prize of the 1st 2012 Mobile Brand Awards



One of the Top 50 Banks in Indonesia in 2012
No.1 Bank among Asset Groups



Grand Prize in the Financial Service of the 2012 Korea Mobile App Award



Korea Smart App Assessment Index (KSAAI) - Highest Excellence Award in the Banking App of the Year (ranking No.1 in the banking sector)



Grand Prize in the comprehensive sector of 2012 1st Financial Consumer Protection Awards

2012 Grand Prize of Customer Delight Award (in the banking sector for five consecutive years)

'TWO CHAIRS' - Grand Prize in PB Finance of 2012 Korea Luxury Brand Award




No.1 in Korean Standard Service Quality Index(KS-SQI) Banking Sector for Customer Satisfaction 2012 (for two consecutive years)



We will
always be
with you.





“We foster customers’
dreams and hopes.”

Woori Bank’s ‘Aga(Baby) Sarang(Love) Project’ is an installment saving/deposit product for infants and babies (our future potential customers) that helps them prepare for their happy future. Many more products and services are being developed to foster the hopes and dreams of our individual customers.

Consumer Banking



The Consumer Banking Business Unit is Woori Bank's highest-level department in Consumer Banking that offers financial products and services to retail customers.

It is in charge of conducting overall business strategies for retail customers, finding new markets, managing the Consumer Banking Business Unit and setting business channel strategies. We run a separate Division within the Consumer Banking Business Unit for wealth management and housing finance that require more specialized services.

As of 2012-end, we offer our top-notch products and services to about 18 million customers in 993 branches. The Consumer Banking Business Unit strives to offer as many products and services possible to our current and future customers by continuously tapping into new markets and engaging in CRM(Customer Relationship Management) activities.



REVIEW OF 2012

In 2012, the Consumer Banking Business Unit focused on providing the best service to as many customers as possible. As a consequence, about 1.01 million additional new customers have recently joined Woori Bank. Under the 'Aga(Baby) Sarang(Love) Project', we ended up expanding potential customers from students to infants and babies, while raising conveniences for foreign customers living in Korea by setting up a new banking process in conjunction with the Ministry of Justice. We also took the lead in playing the social role of finance

and contributed to promoting the culture of giving by launching the 'Woori Sarang(Love) Nanumi(Sharing) Bankbook', a bankbook to manage donations. Moreover, we opened 51 branches to enhance customer convenience, due to the relocation of corporate and administrative cities.

Aga(Baby) Sarang(Love) Project

At a time when competition of marketing for students as future customers becomes fierce, Woori Bank initiated the 'Aga(Baby) Sarang(Love) Project' to prepare banking services for the future of infants and babies over the long run. This was done in conjunction with public agencies in Korea that are initiating projects to enhance the birth rate. The project is to provide vouchers at the national level by producing and selling the 'Woori Aga(Baby) Sarang(Love) Thomas Package', an installment saving/deposit to prepare for student loans and funds to purchase homes. Woori Bank has 180,000 infants and babies as new customers as of 2012-end and helps them embrace a happy future, through the 'Aga(Baby) Sarang(Love) Project' that kicked off in August 2012.

Establishing a Channel for Foreigners Living in Korea

The number of foreigners living in Korea has increased by 100,000 people per year, attributing to a greater spotlight on this niche market. Thus, Woori Bank signed an agreement with the Immigration Office under the Ministry of Justice for vicarious fee collection and financial services. The Immigration Office is the first location foreigners visit in hopes of finding work in Korea. Woori Bank has provided financial services, such as account-opening in Korea and overseas remittance since November 2012 and serve as a customer contact point for foreign workers. We also developed an ATM for receipt which is capable of reading passports, thus enabling the efficient receipt of fees for institutions. It is developing as a model to raise the benefits for public agencies, customers and the Bank, whose coverage is expected to expand nationwide.

Creating a Culture of Sharing – Woori Sarang(Love) Nanumi(Sharing) Bankbook

Even under the prolonged economic downturn, Woori Bank stood at the forefront of expanding the culture of sharing along with its customers and raising its transparency. For religious organizations and retail customers,

we launched the 'Woori Sarang(Love) Nanumi(Sharing) Bankbook', a product that enables customers to donate whole or part of financial transactions for installment saving or deposit to charity organizations. The product began selling in March 2012, and as of 2012-end, 2,639 religious organizations and 57,000 retail customers used the bankbook. These numbers are expected to rise as the culture of giving spreads even more.

Opening 51 Branches

With a 114 year corporate history, Woori Bank has operated channels to maintain customer loyalty comparatively better than our competitors. Nevertheless, we made a bold step in opening even more branches to minimize customer inconvenience. This was especially relevant with the transfer of the administrative capital in 2012, which led to a mass influx of customers in public agencies to local regions and the opening of industrial complexes there. We opened 51 branches in regions with high customer demands, especially in Sejong City, major new cities and industrial complexes.

PLANS FOR 2013

In 2013, the Consumer Banking Business Unit will approach customers with financial services befitting the new trend in an aging society with low growth. Of particular note, we plan to increase channels and services as contact points with Woori Bank's potential customers, that is, infants/babies, and high school students. Meanwhile, we will strengthen products and services for non-profit organizations such as schools and hospitals, as well as those for foreigners and the workforce in companies and institutions. Moreover, under the elongated economic downturn and launch of the new government, corporate roles and social responsibilities are in the spotlight now more than ever. We will lead the endeavors in extending financial services and in playing social roles for retired customers amid an aging population, while opening branches and windows exclusively for microcredit services.

KEY PRODUCTS

Woori Aga(Baby) Sarang(Love) Thomas Package (August 14, 2012~)

- A product for installment saving or deposit for sub-

scription to support the Planned Population Federation of Korea under the Ministry of Health and Welfare

- Providing a KRW 10,000 voucher for customers subscribing to installment savings/deposit in the name of infants or babies under the age of five

Woori Sarang(Love) Nanumi(Sharing) Bankbook (Installment Saving/Deposit)

(March 19, 2012~)

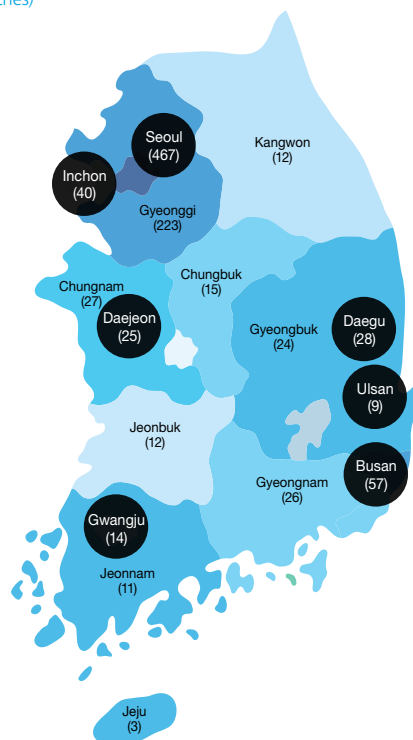
- A bankbook that automatically donates to the pre-designated charity organization upon engaging in financial transactions of installment saving or deposit
- Donating whole or part of the amount of the beneficial interest rates (or at maturity) to charity organizations

Woori Worker Money Management Bankbook (September 21, 2012~)

- An optional product for customers with payroll transfers, reflecting their needs for interest rates and fees
- There are beneficial interest rate type (offering beneficial interest rates), and beneficial fee type (exempting the fee for cash withdrawals from other banks' CD/ATMs)

Nationwide Branch Networks-end 2012

(993 Branches)



Housing Finance



Woori Bank's Housing Finance Division is in charge of services related to housing finance and the National Housing Fund.

For systematic and specific management of real estate-related financial issues, Woori Bank operates the Housing Finance Division within the Consumer Banking Business Unit. We also manage the National Housing Fund of the Ministry of Land, Infrastructure and Transport as a treasury bank.

We try and cater to various customer needs by providing products of our bank account, and also products of National Housing Fund available for our low-income consumers.

REVIEW OF 2012

In 2012, the Housing Finance Division provided the highest volume of National Housing Funds in Korea. Excellence in the business, not only in 2012, but also for the past five years, has put us in the spotlight to be re-elected as a treasury bank for the National Housing Fund. This would enhance our capability in providing a greater diversity of housing finance products to our customers. We also made preemptive responses to the financial environment even in the elongated real estate economic downturn leading the efforts to generate the demand for housing finance in Korea with new products and services.



Re-elected as a Treasury Bank of the National Housing Fund

The National Housing Fund project is important in broadening the options of products for consumers (including the socially vulnerable), of housing finance. Woori Bank has taken the lead in seamlessly procuring and executing funds as a treasury bank of the National Housing Fund. As of 2012-end, Woori Bank had a market share of 49.3% in loans for subscribers and 40.7% in savings for housing subscriptions. Throughout 2012, 1.32 million new customers braced themselves for a dream to own a house with savings for housing subscriptions. After a fierce competition, Woori Bank was consequently re-elected as a treasury bank to manage funds worth KRW 89 trillion. Beginning in 2013, we laid the foundation for more customers to encounter the products of the National Housing Fund for the next five years.

Stably managing housing finance-related assets

At a time when the negative real estate market has been elongated and the housing-related assets of customers and the Bank are under threat, we are fundamentally driven to preemptively better manage the current uncertain situation. We strove to enhance the fundamentals of loan assets, while reducing risks, by actively inducing non-deferred installment loan repayments, instead of deferring balloon repayments in a lump sum. In 2012, the amount of guarantee-secured mortgage loans increased by KRW 5.3 trillion compared to 2011. In so doing, we managed housing finance assets in consideration of soundness and profitability even under the economic downturn.

Leading the Domestic Housing Finance Market

The Housing Finance Division spearheaded its efforts to develop products and reform the system in order to make preemptive responses to changes in the financial



market in 2012. We are actively engaged in supporting the soft landing of household debts and the house-poor, which are spotlighted as social issues. This is done for the first time in the Korean financial sector, by conducting a rental scheme following trust services. In order to make preemptive responses to the financial environment where the demand for small houses is rising amid increases in one to two strong households, we contributed to facilitating the supply of city-type residential housing, by proposing various deregulatory measures to the Ministry of Land, Infrastructure and Transport.

PLANS FOR 2013

2013 is expected to witness a sluggish real estate market and low interest rates trend in the financial market. Thus, competitions over interest rates among banks in the housing finance market will become fiercer, while the profitability of banks in the housing finance asset sector weakens. Despite such challenges in the financial environment, we will make qualitative improvements in the assets on end, while leading housing finance with a variety of product portfolios.

The Housing Finance Division will continue to dominate the market share by ranking the 1st in the National Housing Fund. We will strive to attract new loans for subscribers and savings for housing subscriptions, including rental deposit loans and first-buyer housing loans. Moreover, we will actively support housing welfare projects for citizens and make continuous efforts to facilitate national housing in a righteous leading way through our seasoned experience in financing/operating funds and computer systems. We will also jump on the bandwagon of the government's housing finance measures, while actively plan to extend funds to those who want to purchase their own houses by securing optimal profitability and a lowest-risk asset structure. This will enable our division to expand mortgage loans to KRW 3.5 trillion, which will play a robust role in attracting Consumer Banking assets in times of economic downturn.

KEY PRODUCTS

Smart Jingumdari(steping stone) Loan for down payment online

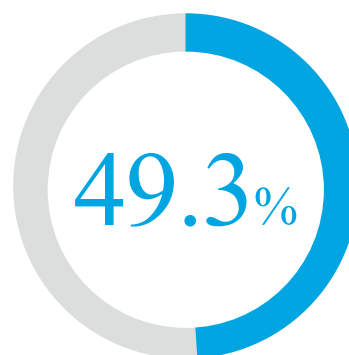
We are the first financial institution to enhance customers' convenience by introducing a loan product for down payment available on the internet. This product is sold as

a package with other products such as credit card, deposit, and foreign exchange to maximize synergies and create a new business model.

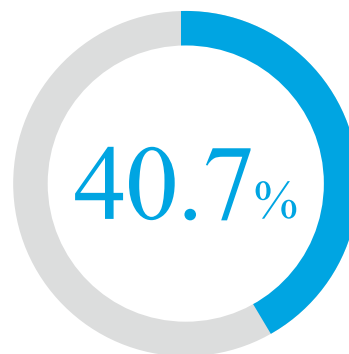
Housing Maintenance Loan of Korea Housing Guarantee(KHG)

We provide a housing finance related to re-development, re-construction, moving expenses, operating expenses, and down payment ensuring 100% repayment security guaranteed by KHG based on a reciprocal priority agreement with our bank valid for two years.

National Housing Fund-end 2012
(ranking No.1 among domestic banks)



Demand-side Housing Subscription Loans M/S-end 2012



Housing Subscription Savings M/S-end 2012

“Woori Bank is a pioneer in providing innovative smart financial services.”

Under our slogan “The Bank for Customer Convenience”, we have strengthened Internet Banking and Smart Banking services to enable fast and convenient financial transactions anytime anywhere, and provide financial services befitting the changing environment. Woori Bank’s Smart Branch is a new type of space where customers can independently handle their banking services and experience various types of content.

U-Banking



The U-Banking Business Unit is the highest-level division of future banking services at Woori Bank and it enables access to financial services for customers anytime, anywhere, through various media in the ubiquitous era.

The unit is in charge of Woori Bank's Smart Banking, Ubiquitous Banking & e-Banking strategy setup, as well as the exploration of new markets. Particularly notable is the operation of the Smart Banking Department that began in 2012 in order to preemptively respond to the Smart Banking market that has grown exponentially.

As of 2012-end, 11.37 million customers have subscribed to and utilized Internet Banking & Smart Banking services. Along with 7,000 ATMs that enable the convenient subscription and usage of Woori Bank products for retail and corporate customers, we created 'Woori Bank in My Hands' by securing state-of-the-art technologies utilized in the smart phone and the Internet.



REVIEW OF 2012

In 2012, the U-Banking Business Unit led the market by promptly providing services that utilized rapidly changing advanced technologies. For the first time in Korea, we kicked off Internet loan services for real estate and implemented payment services using smart devices. Moreover, the opening of smart branches paved the way for us to expand our contact points with young customers who are familiar with new technologies. We beefed up the existing product line-ups by launching new prod-

ucts that cater to customer demand in the corporate e-banking sector, where Woori Bank dominates the No.1 market share.

Leading the Smart Banking Market

At a time when 4G mobile communications services have proliferated and the number of smart phone users has exceeded 30 million, customers expect faster and more convenient services. In 2012, Woori Bank improved the existing real estate-related process, which had formerly been handled only in branches offline, and initiated the loan services related to real estate via Internet Banking, for the first time in the financial sector. We also launched 'Danggeun(of course) Easy Banking', which enables prompt financial transactions in the form of a pattern. As such, we have steadily developed systems that are convenient for customers. Furthermore, Woori Bank has provided the 'Woori M-POS(Mobile Point of Sales) Service' since November 2012. This service dramatically lowered entry fees by leveraging smart devices, which were rarely used due to their high prices, for mobile payment services. As a result, Woori Bank's U-Banking Business Unit currently is ranked the 1st in Smart Banking subscription rates (surpassed 4 million in total, 25%) vis-à-vis its total number of customers, in addition to being awarded as No.1 in Korea Smart App Evaluation Index (measuring customer's needs of easiness and convenience) for three times, thus leading the Smart Banking market into full swing.

Opening Smart Branches

Woori Bank strives to expand contact points with potential workers who are newly graduated (and who may be future customers), by securing transactions with the highest number of universities in Korea. Considering the tendencies of the newer generations, who are interested in current devices and promptly adapt themselves to new environments, we opened smart branches in September 2012. There, customers can directly handle banking tasks via their smart device. Customers can utilize the banking services while experiencing various types of content at smart branches that cater to their specific needs, including the brand 'Woori for the Twenties', the information of bus arrival times, the promotion of student clubs and photo printing services. These customer oriented services are available on a pilot basis at the Korea University Branch and at the Ewha Womans University Branch, before being expanded to a greater scale.

Providing Customized Corporate e-Banking Services

Woori Bank provides market-leading services in the e-Banking sector, befitting the title of a leader in Corporate Banking. In 2012, we focused on providing customized services. Besides 'WIN-CMS'(Woori Internet Cash Management Services) and 'Woori ERP(Enterprise Resource Planning)' that are the existing services for corporate customers, we began 'Woori Moa(collecting) Dream', a service specializing in fund collection service from April 2012. We also launched 'Woori Win Square', a multi-purpose service for the self-employed, providing them essential services and information, through various applications co-produced by Woori Bank and related companies. We steadily maintained our edge in the corporate e-Banking market by continuing to develop new services, thus maintaining the No.1 market share for the number of corporate fund management customers.

PLANS FOR 2013

In 2013, the U-Banking Business Unit aims to provide No.1 banking services, in terms of customer satisfaction, by further developing services that can be used via all devices and in all sorts of environments. We will strive to block risks for customers by developing a greater amount of accident prevention services for phishing prevention and GPS services for smart phones, etc., while realigning Internet Banking systems in the ever-changing financial environment. We will provide services that satisfy our entire customer base, by adopting sign language-based counseling services for the socially-vulnerable, as we fully leverage the available ITC(Independent Television Com-

mission). Moreover, in order to explore new markets, we will continue to explore a new business model based on convergence with heterogeneous industries.

KEY PRODUCTS & SERVICES

Woori Moa(collecting) Dream (April 30, 2012~)

'Woori Moa(collecting) Dream' is a payment-exclusive service using a virtual account, which is appropriate for kindergartens, nurseries, academic institutes and shopping arcades, where payment transactions are frequent.

Danggeun(of course) Easy Banking - Quick Banking Service (June 15, 2012~)

'Danggeun(of course) Easy Banking' is a fast and convenient service exclusively for inquiries and transfers. To use the service, frequently used transfer data is pre-registered, and a pattern-based transfer function is offered, whereby a pattern is used and brought in for easy transfers. Since its launch in June, 380,000 customers have been using the service as of December 2012. Photo-shooting and image-editing functions are also available on the main screen so that users can configure their screen according to their preferences.

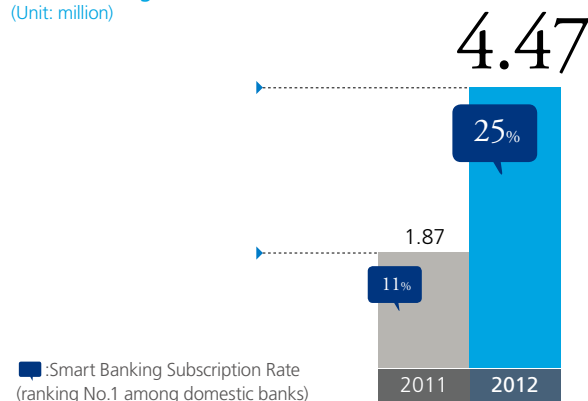
Woori Win Square Service (July 2, 2012~)

'Woori Win Square' is a comprehensive service for the self-employed, providing services essential for and information beneficial to the self-employed in succeeding via an app that is co-created by Woori Bank and specialists in different fields.

Woori M-POS(Mobile Point of Sales) Service - Mobile Payment System (November 15, 2012~)

'Woori M-POS Service' is a service connected with Mobile Point of Sales(M-POS), and is a new concept that uses the smart phone or tablet PC to provide the credit card payment and sales information of affiliated stores. As a mobile card payment device is attached to smart devices (such as the smart phone), it offers high mobility and convenience.

Total number of customers subscribed to Smart Banking-end 2012
(Unit: million)



Card Business



The Card Business Unit is the highest-level division that offers card-related services for retail/corporate customers of Woori Bank. Woori Card, a previous independent subsidiary, merged with Woori Bank in March 2004, to become the Card Business Unit of Woori Bank. The unit is engaged in card-related business strategies, the service affiliation & management of card receivables and membership.

As of 2012-end, the unit accounted for 7.26% of the market share, in terms of credit card sales. Strong performance is shown in product development as in Woori V Card series, a steady seller in the credit card sector and in profitable project-seeking, in alignment with companies and public agencies.



REVIEW OF 2012

In 2012, the Card Business Unit focused on attracting new customers. Alignment with public agencies was advantageous in that services could be provided to a specific customer group, for which we could improve our efforts to increase our competitive edge. Moreover, we are expanding customer targets by tapping onto new markets, such as the market for medical/pharmaceutical payments. In 2012, we launched a new card system to raise the satisfaction of our existing Woori Card customers, while attracting new customers as well.

Expanding Services Aligned with Public Agencies

Amid a fierce environment to attract new customers in the domestic credit card market, the Card Business Unit has steadily increased its number of customers with its services that are aligned with public agencies. Woori Bank is engaged in the 'Woori Ahi(children) Sarang(love) Card' program with the Ministry of Health and Welfare to support nursery fees for infants and babies, and the card to purchase oil for cargo vehicles (a project of the Ministry of Land, Transport and Maritime Affairs), supports oil subsidies for the vehicles.

Through the 'Woori Ahi(children) Sarang(love) Card' program that we began engaging in from the second half of 2011, we achieved 330,000 new accounts and a sales volume of KRW 1.4 trillion throughout 2012. From the oil-purchasing card for cargo vehicles (which we took part in from November 2009), we posted a market share of 24.7%, up 3.6% from the previous year, as of 2012-end.

Strengthening the Services for New Markets

We strengthened services for new markets by preemptively adapting ourselves to the changes in the financial market amid institutional amendments. The Card Business Unit launched a credit card exclusively for medical payments in July 2011, focusing on our capacity in the market that year. As a consequence, we attracted Korea's large-scale hospitals, including St. Mary's Hospital (KRW 350 billion a year) and Yonsei Medical Center (KRW 300 billion a year), while passionately continuing to expand the transaction network and search for new clients.

Raising Satisfaction of the Existing Customers

In 2012, the Card Business Unit focused on strengthened services for our existing customers, while also attracting new customers. With the adoption of a new card system, which is an upgraded version of the existing one, more thorough customer analysis can be achieved.

As a result of intensive marketing on automatic transfers of communications fees and attracting payment accounts that catered to customer needs, we ended up securing 710,000 subscribers for automatic transfers, and customers came to enjoy a greater scope of Woori card services. As of 2012-end, the usage rate of private credit cards posted 61.1%, up 8.3% from 2011-end.

PLANS FOR 2013

In 2013, the Card Business Unit plans to focus on expanding customer targets. We will further strengthen check card services for various targets: the governmental voucher program that is to be newly adopted; middle & high school and university students as the future customer base; and foreign customers whose numbers are significantly rising. Moreover, a variety of efforts will be extended to establish a smart infrastructure: facilitating smart phone-exclusive products and integrated marketing for the website, improving ATMs and the SNS; complementing transportation functions; and scaling up infrastructure, which will start at schools and nearby affiliated stores where mobile infrastructure can flourish.

KEY PRODUCTS & SERVICES

Woori Ahi(children) Sarang(love) Card

It is a card to extend the governmental subsidies in paying for nursery or kindergarten fees, in conjunction with the government's childcare fee support. It is a standard discount card and encompasses the benefits to be found at gas stations and restaurants.

Money-saving in Gas Stations Woori V Card

It is a card specialized for usage in gas stations, offering discounts of up to KRW 150 per liter in pumped gas. This card was designed to be especially appropriate in times when the price of oil is high.

Pop Woori V Check Card

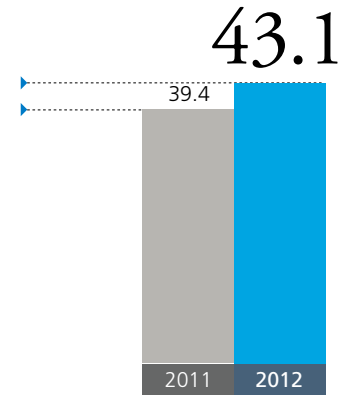
It is a card that offers discounts in various locations such as: GS25, T Money charging points, restaurants, coffee shops and gas stations. It is Woori Bank's iconic check card that came after the Woori V Check Card.



Major Highlights of Card Business-end 2012

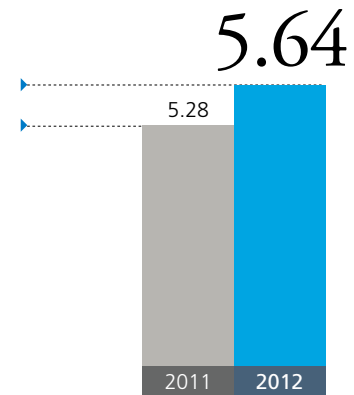
Total Sales Volume

(Unit: KRW trillion)



Total number of Paid Subscribers

(Unit: million)



“Woori Bank looks
into the future.”

As a leading global bank, Woori Bank expands its global financial services (not only for Korean corporate customers in foreign countries), but also for the local customers in those countries. Our global competitiveness was beefed up as we completed the setup of sales networks in BRICs and the South-eastern Belt. With our 60 global networks in 16 countries, we will empower Korean and local companies to advance to new markets worldwide.

Global Business

—

The Global Business Unit is the highest-level division in charge of initiating overseas business strategies and supporting overseas branches.

Woori Bank has continued to expand the targeted services to include local retail/corporate customers, centering on subsidiaries in the U.S. and China, and thereby transcending the limitations of providing services to Korean corporate clients who made inroads into overseas markets.

As of 2012-end, Woori Bank held a total of 60 networks in 16 countries where it performed well, with total assets worth USD 11.1 billion, loans worth USD 5.2 billion and an operating income of USD 268 million.



REVIEW OF 2012

In 2012, Woori Bank launched a total of 7 networks, centering on emerging regions to secure new growth engines. In particular, we established a branch network to provide services to all BRICs, for the first time, as a domestic bank by launching a subsidiary in Brazil and opening a representative office in Myanmar. Moreover, the Global Business Unit has put more efforts to supply more stable and diverse foreign currency funds. We focused on diversifying lenders of foreign currencies by strengthening the marketing for and the relationships with overseas financial institutions, as well as soundly managing funds in foreign currencies at home and abroad.

Strengthening Overseas Networks

Starting with the launching of the Chengdu Branch under Woori Bank China in January 2012, we opened the

Chennai Branch of India, Sabah CSC(Customer Service Center) of Bangladesh and the Chittagong Representative Office. In September 2012, we established Woori Bank Brazil as a subsidiary in Brazil, kicking off operations in full swing. With the launching of Woori Bank Brazil, we ended up with sales networks in all BRICs, for the first time as a Korean bank. In October 2012, we were the first Korean bank to open Yangon Representative Office in Myanmar, which enabled us to establish a business foundation in the Southeastern Asian Belt, stretching around India, Bangladesh, Myanmar, Vietnam, Indonesia and Malaysia. Woori Bank's 60 global networks in 16 countries serve as the springboard for customers to make inroads into overseas markets.

Bolstering Relationships with Overseas Financial Institutions

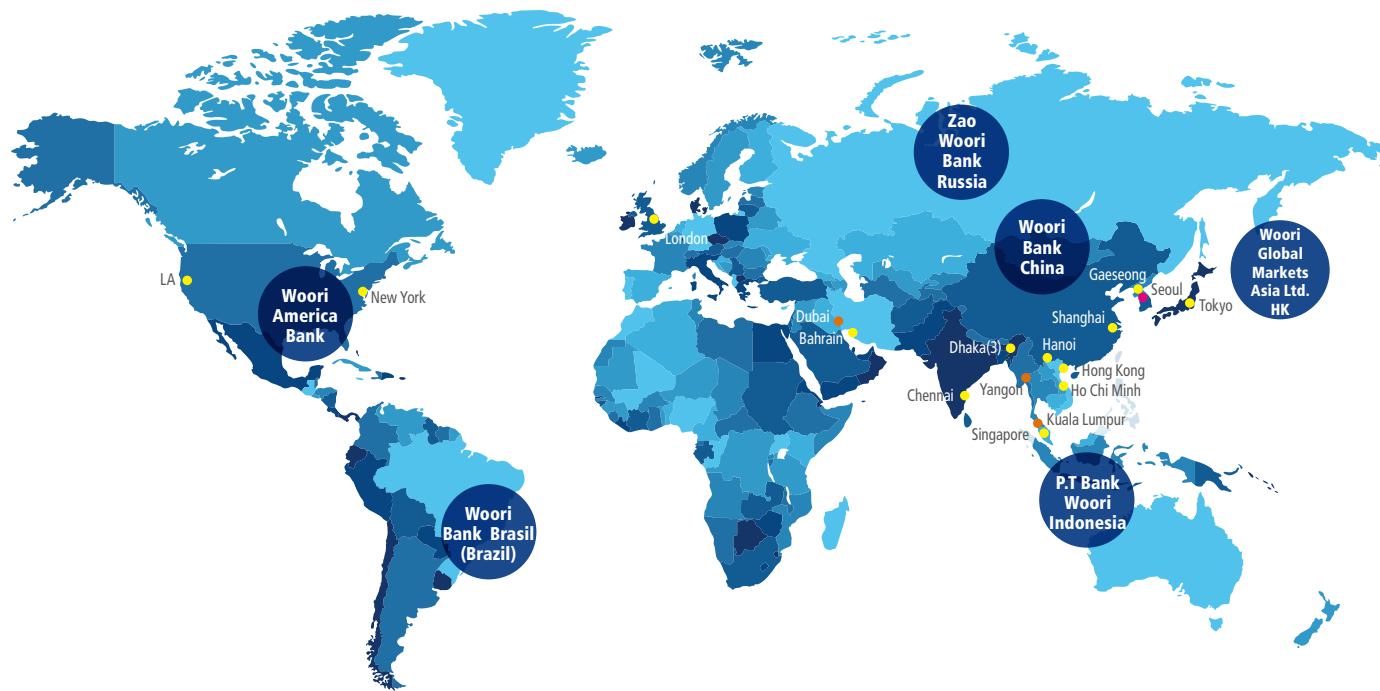
As the elongation of the global economic downturn continued, the Global Business Unit focused on bolstering closer relationships with overseas financial institutions, which serve as major financing sources. We expanded global business opportunities through cooperative alliances with prestigious overseas financial institutions. Particularly notable was our creation of new business opportunities through various specific efforts: expanding trade transactions by opening accounts in RMB of China (along with major Chinese banks, including Bank of China); extending mutual financial support to our customers and counterparties; and signing cooperation agreements on cooperative development in the card business. The unit played a pivotal role as a window in extending Woori Bank's advanced Consumer Banking and IT Banking services to overseas financial institutions.

PLANS FOR 2013

We plan to launch new overseas networks in 2013 to bolster our global competitiveness. In particular, our edge in Consumer/Corporate Banking services within Southeastern Asia (a high-growth region) will be beefed up by additionally launching branches there. New financial services will be offered to more customers through various cooperative human/physical exchanges among countries and banks. These will be driven by stronger alliances with overseas institutions, where Woori Bank has yet to make inroads. Stable liquidity management and stronger internal controls will be established, thus minimizing the side effects resulting from the expansion of global networks.

Worldwide Branch Network

(60 Networks in 16 Countries)



- Head Office
- Overseas Branch (13) & Sub-Branch (2)
- Overseas Representative Office (3)
- Overseas Subsidiary (6)

* Number of Branches(42) under Overseas Subsidiary(6) : Woori Bank America(17), Woori Bank China(15), P.T Bank Woori Indonesia(6), Zao Woori Bank Russia(2), Woori Bank Brasil(1) and Woori Global Markets Asia Ltd HK(1)

** The first local bank to establish overseas corporation in China (November 2007), and Russia (January 2008)

Major Highlights of Global Business-end 2012

Net Income

(Unit: USD million)

122 (ranking No.1 among domestic banks)

Delinquency Rate

(Unit: %)

0.54

NPL Ratio

(Unit: %)

0.76

Liquidity Ratio

(Unit: %)

114.3

International Trade Business

The International Trade Business Division is the highest-level division in charge of foreign exchange and trade related services for both retail/corporate customers in Korea and foreigners. The unit is engaged in setting and supporting Woori Bank's FX and trade related marketing strategies and operates the International Trade Service Center, a BPR(Business Process Reengineering)-specific department to help customers accomplish banking tasks promptly and efficiently. Moreover, the FDI(Foreign Direct Investment) Center, within the International Trade Business Division, is up and running. Being aware of the growing needs this center specializes in providing consulting services of foreign investments to our customers due to their increases at home and abroad.

In 2012, in the world's eighth economy of Korea, we generated USD 294.4 billion in export/import volume and USD 90.1 billion in FX/remittance transfers. We provide insights on export/import volume and investments at home and abroad, based on our Corporate Banking expertise that we have accumulated over the past 114 years, and transact with the highest number of affiliates of large enterprises.



REVIEW OF 2012

The International Trade Business Division generated export/import volume of USD 38.5 billion, up from 2011 by fostering FX/int'l trade specialists, and strengthening the quality of FX/int'l trade services, thus intensifying the competitiveness of export/import banking services. We operate a money exchange center in major locations throughout Seoul, and opened FX Remittance Centers for foreign workers. As such, we expanded channels specialized in foreign currencies to cater to the customer demand for FX. Moreover, we launched FX deposit products in 2012 to minimize FX rate-fluctuation risks for customers. Moreover, we stood at the forefront of disseminating KRW clearing systems, so as to ensure that KRW becomes a global currency.

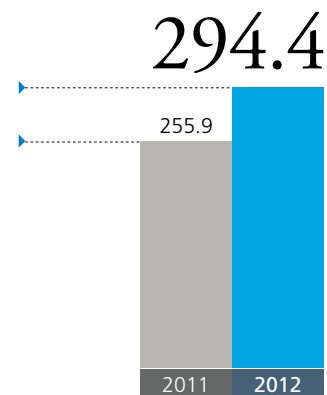
Bolstering Competitiveness in Export/Import Banking Services

Leveraging our strength from being Korea's No.1 bank in Corporate Banking, we achieved export/import volume records of USD 294.4 billion in 2012, taking up the market share of 29.5% among Korea's top five banks. This was a direct result of our seasoned expertise in corporate financing and in the development of a specialized workforce for the past 114 years. We are beefing up our competitiveness of export/import banking services, not only for Korea's top 5,000 larger enterprises in export/import, but also for SMEs.

Expanding Specialized Channels for FX

In 2012, the International Trade Business Division fo-

Total Export/Import Volume-end 2012
(Unit: USD billion)



cused on intensifying FX transaction contact points to cater to customer demand and raise conveniences associated with branches, such as extending the opening hours. In highly populated areas around Seoul such as Seoul Station, Korea City Air Terminal and Myeongdong round-the-clock money exchange centers were installed. This responded to the needs for money exchange among domestic and international tourists. Moreover, FX services are even available on the weekends in areas with a high population of foreigners. This enhances the convenience of their transactions in such locations as Hyehe-dong, Gwanghi-dong and Uijeongbu. WongokDong even has a FX Remittance Center open to provide specialized services for foreign workers.

Developing FX-related products and Enabling KRW to Lead International Transactions

With a greater spotlight on FX risks resulting from the increasing range of economic, domestic and international fluctuations, Woori Bank launched the 'FX Rate Care Deposit to Accumulate Foreign Currencies', with which a certain amount of money in a foreign currency can be purchased/reserved automatically according to FX rates. Moreover, the KRW Clearing Service is up and running among countries for trade settlement transactions in KRW. Due to the expansion of trade with China, we launched international off-bound settlement services for foreign currencies in KRW and Chinese Yuan, thus spearheading the efforts to make KRW a global currency. As of 2012-end, Woori Bank held the highest number of depositary accounts among overseas financial institutions in KRW, while it led to facilitate international transactions of KRW that befit the trade volume of Korea.



PLANS FOR 2013

In 2013, we will endeavor to expand the FX customer base and explore new markets with potential in sustainable growth. Just as we did in 2012, we will continue to provide customer-specific distinctive services in export/import banking services, while expanding our market share. We will further bolster our services and channels to satisfy foreign demand for FX/remittances. Moreover, we plan to expand the scope of our FX services by tapping into new markets, as we focus on medical tourism for foreigners and FDI.

KEY PRODUCTS & SERVICES

KRW Clearing Service

The KRW Clearing Service, among countries, is up and running for trade settlement services in KRW.

Woori Bank is a leading bank in KRW international transactions, holding the highest number of depositary accounts of overseas financial institutions in KRW.

FX Rate Care Deposit to Accumulate Foreign Currencies'

A deposit product with flexible installments where purchasing and accumulation is possible by automatically adjusting the amount in a foreign currency to be transferred according to fluctuations in FX rates

Woori ONE Overseas Remittance Service

A one-stop service where money is automatically withdrawn from an ordinary demand deposit in KRW and remitted overseas

FX-end 2012
(Unit: USD billion)

2.9

Remittance(inward/ outward) Transfers-end 2012
(Unit: USD billion)

87.2

Financial Market Business

—

The Financial Market Business Unit oversees the bank's treasury, FX, derivatives, and securities investments in KRW and foreign currencies.

The unit is comprised of four departments, Treasury that manages the bank-wide liquidity, Trading that deals foreign currencies and derivatives, Securities Trading that trades bonds and equities, and Settlement Support that performs back office and settlement roles. Trading Department is a solid market leader among Korean banks with its active derivatives transactions in interest rates, currencies, equities and commodities.



REVIEW OF 2012

As the bank's controller in funding and investment, the Financial Market Business Unit has focused on making adequate preemptive actions to market uncertainties in 2012 by diversifying funding currencies and increasing committed line. Through these measures, we are well above the required liquidity standard set by the regulatory agency. We also strengthened our competitiveness in FX and derivatives trading through diversification of trading products and increased activities, including running of 24 hour night desk on commodity derivatives.

Preemptive Financing

In 2012, the Financial Market Business Unit successfully issued unsubordinated bonds worth KRW 3.4 trillion and subordinated bonds worth KRW 1.3 trillion, contributing to the stable BIS ratio through preemptive financing. Amid the continuum of the financial crisis in the Euro zone and uncertainties in global liquidity in particular, Woori Bank strengthened its stability in foreign currency borrowing by funding in varieties of currencies and markets to new investors. Our foreign currency bond issuing activities include 20 billion Samurai Bond, 285 million Malaysian Ringgit Bond, and 5 billion Thai Baht Bond. This enabled us to decrease dependency on USD funding, strengthen liquidity risks, and surpass the minimum regulatory standards on liquidity. As of 2012-end, KRW and FC liquidity ratios stand at 134% and 111% respectively.

Strengthening Competitiveness in FX Trading and Derivatives

In 2012, the Financial Market Business Unit strove to strengthen its competitiveness against market volatility. In FX Trading, Woori Bank has developed a fully diversified portfolio of foreign currency derivatives, including the Mexican Peso (MXN), South African Rand (ZAR), Polish Zloty (PLN), Russian Ruble (RUB) and Chinese Yuan (CNY), aside from other major currencies like the USD, JPY and EUR. As such, we made a proactive response to market volatility and diversified profit sources.

Moreover, we strengthened derivative trading by leveraging arbitrage trading through the preemptive operation of positions. This was achieved by predicting market variables, such as domestic & international policies, and fluctuations in demand and supply.

Providing 24 hours Customer Services for Commodity Derivatives

The Night Desk for commodity derivatives is up and running. We provide products to hedge risks 24 hours for customers exposed to the price fluctuations of raw materials. Also, by opening our London Desk when our Korean foreign exchange desk closes, we offer services to cover overnight exchange rate risks.

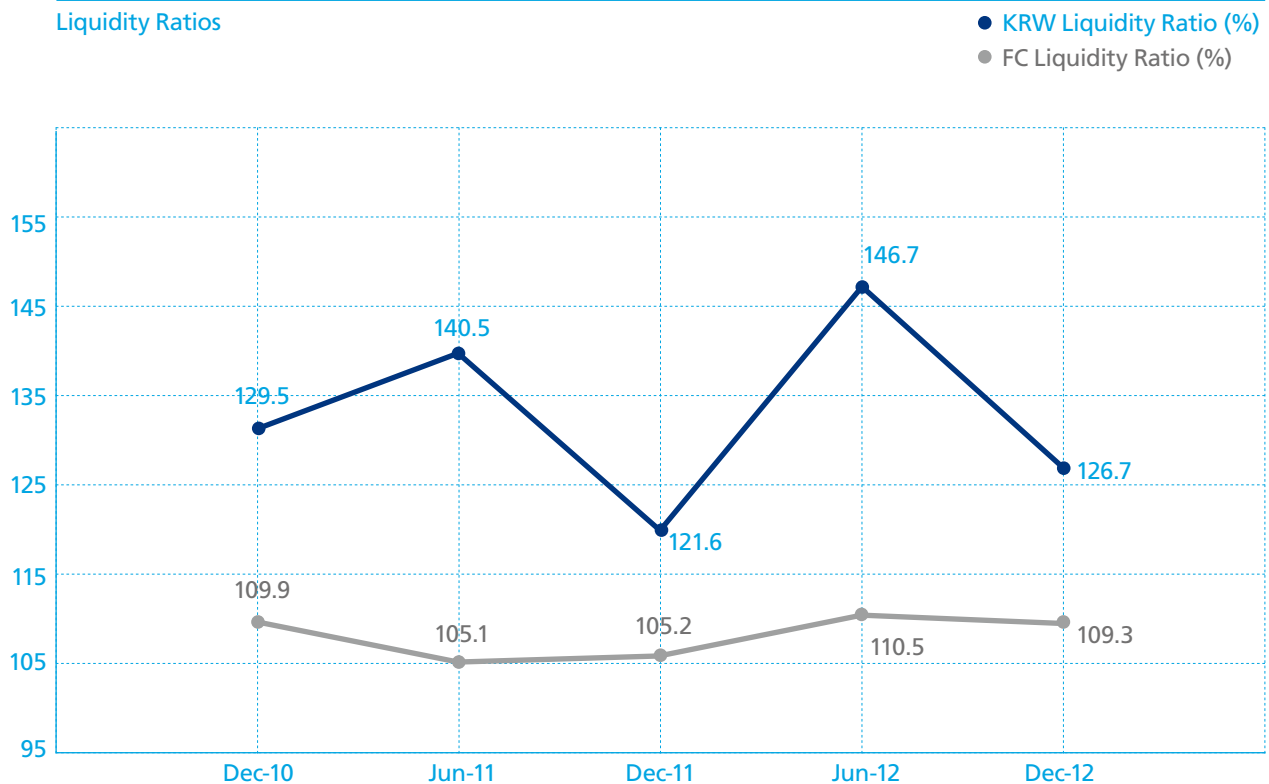


PLANS FOR 2013

In 2013, the Financial Market Business Unit will focus on higher efficiency in its funding and investment activities. We will maintain square positions for funds in KRW by adjusting deposits and optimizing the loan-deposit ratio. We will also diversify short-term investments instruments to manage surplus liquidity. We will maintain stable foreign currency liquidity through the optimal ALM(Asset Liability Management). The volume of funding and investment by maturity will be optimized, and consistent monitoring will take place to maintain the sound liquidity ratios and be prepared for uncertain market conditions and changing regulatory environment.

In trading, we plan to continue to build the integrated trading systems at the Financial Market Business Unit in 2013. Through the system, one-stop services will be offered, where front-middle-back offices are aligned to enable high-level internal controls, as well as prompt product development.

Liquidity Ratios



“A reliable financial partner that empowers customers in challenging times!”

Under the belief in field-oriented management that places top priority on our customers, we believe that “We can find answers from customers, and solutions can be found on-site.” Accordingly, we provide solutions to struggling companies on-site, which can enable their development and success. We support the mutual growth of large enterprises and SMEs, and provide customized services specializing in SMEs, lowering interest rates and providing consulting services befitting each enterprise.

Corporate Banking

—

The Corporate Banking Business Unit is in charge of services for corporate customers, including a group of Korea's top large enterprises (such as: Samsung, LG and POSCO).

The unit caters to the diverse financial needs of corporate customers in a timely manner by managing the branch heads of each company as Corporate Banking specialists who enabled Woori Bank to be No.1 in Korean Corporate Banking and by operating the IB Business Unit to cover project financing.

As of 2012-end, we provided exceptional services to the largest groups of large enterprises in Korea. The Corporate Banking Business Unit feels confident to have provided the best financial services to our corporate customers so that they were able to become global players for the past 114 years. Greater efforts have been made to extend more of our expertise to a larger number of customers.

REVIEW OF 2012

In 2012, the Corporate Banking Business Unit strove to satisfy the financial needs of large enterprise customers. Currently, various financial needs are explored and the relationships with the largest corporate customers are strengthened through the Woori Diamond Club, a meeting of the heads of the country's largest multinationals. New product development continued apace for companies to enjoy shared growth, and a culture of cooperation has been spread as corporate social responsibilities and roles gain a greater spotlight.

As of 2012-end, the unit posted total assets of KRW 24.3 trillion, a net income of KRW 68.8 billion and an export/import volume of USD 253.4 billion.

Continuously Strengthening Relationships

As corporate customers grow into global players, their financial needs have promptly and diversely changed. The Woori Diamond Club, a meeting of the heads of the country's largest multinationals, has been up and running since 2003. The club's 10th anniversary marks a time to strengthen our relationships with our corporate customers, and provide services to respond to changes in the environment by identifying the financial needs of our customers in a timely manner.

Extending Support for Large Enterprises/SMEs

At a time when CSR(Corporate Social Responsibility) is emphasized, Woori Bank signed cooperation agreements with large enterprise customers, and developed product packages to extend funds to SMEs with low interest rates. Through the Partnership Loan for Large Enterprises and Partnership Guarantee Loan for Large Enterprises launched in August 2008, funds worth KRW 517.7 billion have been extended to 587 companies in total, as of 2012-end. Serving the largest number of large enterprise customers in Korea, we utilize a broad customer network and contribute to the shared growth of large enterprises and SMEs.

Developing Products to Improve Financial Soundness

With the adoption of the IFRS, companies are required to record bills bought in foreign currencies as debts, implying that exporters with a large volume of such bills would be subject to poorer financial soundness. As such, we developed a customized product for exporting customers by buying out export account receivables D/A(Document against Acceptance) for high-yield large enterprises and overseas subsidiaries in main debtor groups on a Non-Recourse Condition (before acceptance of the shipping document and fix maturity date by the importer). With this in place, corporate customers can avoid recording the liability for bills bought account (resulting from the adoption of the IFRS), and improve their financial soundness.

PLANS FOR 2013

In 2013, the Corporate Banking Business Unit will focus on facilitating transactions with not only corporate customers, but also with their executives, by leveraging corporate customer networks. We plan to continue opera-

tions aligned with the Consumer Banking Business Unit. As corporate customers are expected to struggle from the sluggish economic recovery, we will concentrate on their preemptive risk management.

We have always contributed to market stabilization, while adopting field-oriented and customer-centric management by fostering and managing a highly competent workforce in Corporate Banking. Along with our stronger roles, differentiated loan products, in particular, will be created for the cooperation between large enterprises and SMEs, along with consistent support for our partner SMEs. We will create a new paradigm for Corporate Banking by exploring high-yield partner companies in 2013.

KEY PRODUCTS & SERVICES

B2B Loan / B2B Plus Loan

These are corporate loan products that can be provided in installment loans, with accounts receivable being used as collateral, without the need for additional collateral or the guarantee of a partner company. Such loans are designed to facilitate a company's e-settlements.

Partnership Loan for Large Enterprises / Partnership Guarantee Loan for Large Enterprises / Settlement Fund Loan for Partner Companies

These are corporate loan products offered at a low interest rates under a business agreement between the Bank and a large company, to encourage cooperation between large enterprises and SMEs.

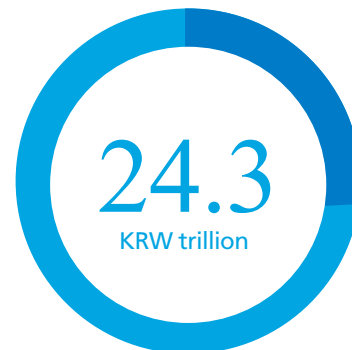
D/A Factoring for Foreign Currencies

With the adoption of IFRS, there is a stronger need for the improvement of corporate financial soundness. This leads to a higher demand for factoring.

The D/A is a product for exporting customers by buying out export account receivables for D/A(Document against Acceptance) for high-yield large enterprises and overseas subsidiaries in main debtor groups on a Non-Recourse Condition (before acceptance of the shipping document and fix maturity date by the importer). With this in place, exporters can avoid recording the debts for bills bought account (that resulted from the adoption of the IFRS), and improve their financial soundness.



Total Assets of Corporate Banking-end 2012



Woori Bank is the major creditor bank of 11 large enterprises (Total number of large enterprises under major creditor bank management: 30)



POSCO



HYOSUNG



DAELIM



SME Banking

The SME Banking Business Unit is in charge of financial services for corporate customers, especially SME customers. The work scope of this unit includes the supervision of SME business strategies, the exploration of new markets and the management of business departments. We also operate the SME RM(Relationship Manager) system, a channel of SME Banking pool specialists, in order to foster SME Banking experts and provide the best financial services for our aptness in Corporate Banking. Along with the Corporate Banking Business Unit that is equipped with numerous, large-enterprise customer channels, the SME Banking Business Unit strives to support financially struggling SMEs in various ways amid the unstable economic environment, both domestically and abroad.

There were approximately 820,000 SME customers as of 2012-end, whose total assets under management amounted to KRW 56.5 trillion.



REVIEW OF 2012

In 2012, the SME Banking Business Unit focused on policy financing and public agency-related markets. Particularly notable was the fact that the scale of on-lending products rose 1,104% year-on-year, which was driven by a strong edge in interest rates. We signed agreements to intensify SME Banking support with public agencies (including the Korea Credit Guarantee Fund), and stood at the front line to increase letter of guarantee issuances for SME customers. We led the market by developing

distinctive customer-specific products, including customers such as franchise business operators and tenant companies in industrial complexes.

As a result, the number of new SME customers stood at 55,000 and assets increased by KRW 776 billion in 2012.

Focusing on Policy Financing and Public Agency-related Markets

In 2012, the SME Banking Business Unit placed priority on markets for policy financing and public agencies. Intensive marketing was established, along with strengthened competitiveness in interest rates, to facilitate the sales of indirect loans(on-lending), whose sales were sluggish until 2011. As a result, their sales volume increased by 1,104%, and we newly launched on-lending for foreign currencies in 2012. Moreover, we strove to increase the volume of letter of guarantee issuances for SMEs through special contributions. We did this by signing cooperative agreements with public agencies, such as the Korea Credit Guarantee Fund and the Korea Technology Credit Guarantee Fund, so as to strengthen financial support for SMEs.

Initiating Distinctive Customer-specific Services

In February 2012, the SME Banking Business Unit launched the 'Woori Franchise Loan' for franchise business operators with marketing that specialized in SOHO customers. In September 2012, we launched the 'Woori Industrial Complex Loan', a specialized product created to strengthen our competitiveness in targeting SME-clustered areas. And we also expanded the number of Block Marketing Branches (BMB) by 19 (from 75 to 94), which led the efforts in offering differentiated services. As a result of focusing on the cross-enterprise settlement market, we were able to maintain No.1 in market shares (following 2011), in the Account Receivable Collateral Loan, which accounts for the largest portion in settlement loans.

Intensifying SME Consulting and Preferential Services

Woori Bank's corporate consulting services has the longest history in the domestic banking sector. In 2012, we launched the 'Green Consulting Service', a specialized service for companies involved in the green business, by bolstering the green industry-related consulting functions. We extended a total of 74 consulting services (in-

cluding 16 green-related services) in 2012. 'Woori Best Members' was launched as an upgraded version of the existing preferential system for SME customers, which offers services with five different themes in order to better satisfy our customers according to their preferences.

PLANS FOR 2013

In 2013, the SME Banking Business Unit will do its utmost for field-oriented operations that are closely aligned with customers. We plan to adopt 'proposal-based operations' through utilizing customized proposals, and initiate 'road marketing', where the CEO of Woori Bank personally visits high-yield customers. The 'Customer Churning Signal System, used to identify customers whom are expected to churn, and the 'Customer Retention Program', will be launched in order to consistently manage our existing customers.

Moreover, we plan to introduce promising SMEs to governmental investment projects perhaps related to local governmental institutions, while fulfilling our social responsibilities by providing specialized consulting services to social enterprises certified by the governments.

KEY PRODUCTS & SERVICES

Woori Industrial Complex Loan

A product specialized for companies in industrial complexes to intensively target SME-clustered areas

A product that provides preferential services to phase by phase financial support, when lotting-out building of subscriptions, by giving preferential terms of interest rates, loan ceilings and costs.

This amount reached KRW 240.4 billion since its launch on September 10, 2012 (as of the 2012-end balance)

Woori Best Members - Preferential System for Prestigious SME Customers

A system offering preferential benefits befitting corporate features, through the remodeling of the existing partner company scheme. We provide services to 409 companies as of 2012-end, after careful selection according to five themes. We offer various benefits, such as free ERP services, benefits in fees, consulting services, congratulatory services on anniversaries, small-group gatherings, etc.

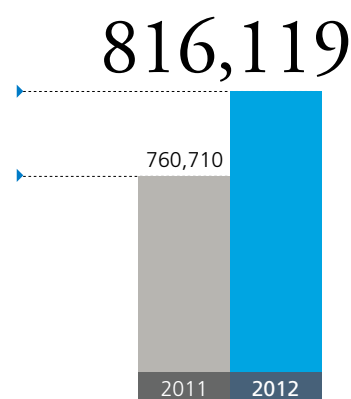
Woori Franchise Loan

A product specialized for SOHO customers that operate franchise businesses An integrated packaged product providing preferential terms of interest rates, loan ceilings, credit/deposits, and cards etc.

Sales of KRW 3.4 billion since its launch on February 24, 2012 (as of the 2012-end balance)

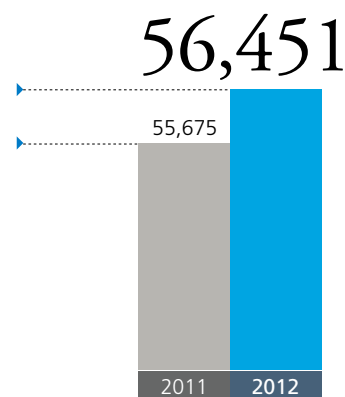


Total number of SME customers-end 2012



Total Assets of SME Banking-end 2012

(Unit: billion)



Institutional Banking

—

The Institutional Banking Business Unit is in charge of financial services for the central government, local governments and public agencies.

The unit encompasses business operations and strategies for institutional customers, equipping them with the Public Fund Sales Department, to systematically manage the municipal and provincial treasuries of local governments. Moreover, the Institutional Banking Business Unit provides top-notch financial services to institutional customers by being the only unit in the banking sector to utilize specialists in institutional operations.

As of 2012, our institutional customers included the Seoul Metropolitan Government and its 25 district offices, the Korea Rail Corporation and the Korea Student Aid Foundation. The presence of such customers proves to endorse our position as Korea's largest primary bank for public agencies.

REVIEW OF 2012

In 2012, the Institutional Banking Business Unit successfully won the bid contributing to Woori bank's success in becoming the treasury bank for Sejong City, a new multifunctional administrative city, as well as one for South Chungcheong Province, by striving to attract treasuries of local governments. We fulfilled our role as a channel for financing, by actively attracting recipient institutions of the government's R&D funds and new public agencies. Moreover, we strove to explore new projects and facilitate related business operations by attracting government-initiated projects. As of 2012-end, the Institutional Banking Business Unit operated deposits totaling KRW 19.6 trillion and loans worth KRW 70 million, while managing the number of new institutional customers (101 customers) in 2012.

Attracting Treasuries for New Local Governments

Managing treasuries on behalf of local governments requires extensive experience. Possessing the expertise to soundly manage the Seoul Metropolitan Government treasury for over 100 years generated much recognition. Thus, it came as no surprise when Woori Bank was designated as a treasury bank for Sejong Special City, where the construction of an administrative capital is currently underway, or when Woori attracted deposits amounting to KRW 51.8 billion in nine special accounts. We were also able to impress the provincial treasury of South Chungcheong Province and 13 other funds with deposit increases of KRW 200 billion and loans worth KRW 650 billion. In 2012, we paved the way to strengthen our edge in services for the Chungcheong region by attracting the provincial treasury in South Chungcheong Province, and in Sejong City.

Attracting Recipient Agencies of the Government's R&D Funds and New Public Agencies

The Institutional Banking Business Unit serves as a window of financing for Woori Bank. The unit provides the best-of-its-kind financial services to major institutions where there is governmental financial administration, so that institutions can more efficiently manage and administer funds. In 2012, Woori Bank strengthened its services for recipient agencies of the government's R&D funds. With the completion of R&D WIN-CMS+(Woori Internet Cash Management System), an R&D fund management system, transparent and efficient fund management has become available. As a result, 32 companies joined Woori Bank as new institutional customers, and we ended up securing KRW 424.7 billion in R&D funds. Woori Bank was designated as a primary bank for new public agencies—including the Institute for Basic Science, the Korea Medical Dispute Mediation & Arbitration Agency and the Korea Institute of Drug Safety & Risk Management.



Exploring New Projects by Attracting Government-Led Projects

As the numbers of new public agency and local government-led projects increased, the role of the Institutional Banking Business Unit gained greater importance. The focus is on providing financial services by exploring new markets, e.g. business alignment in government-led projects that extend beyond our role of financing, by acquiring institutional funds. In 2012, we attracted the Next-Generation e-Voucher Program of the Ministry of Health and Welfare, and transactions of service providers thereof. Moreover, we secured the transactions of childcare instructors, as well as settlement accounts for the Childcare Service Center, under a childcare service project.

PLANS FOR 2013

In 2013, the Institutional Banking Business Unit will focus on expanding its customer base through the exploration of new markets. Our market share will increase in the military sector as we continue to explore new institutional customers and enhance our competitiveness. Transactions will scale up with sub-agencies of the Seoul Metropolitan Government, as we tap into projects jointly. In 2013, our goal is to increase low-cost deposits and income by attracting recipient institutions of governmental R&D funds.

The year 2013 is a critical period for securing our customer basis such as signing a renewal contract with the treasury of district offices for the Seoul Metropolitan Government, whose maturity comes in 2014. We will continue to provide financial services, not only to institutions, but also to local residents by strengthening our cooperation with the Seoul Metropolitan Government and its sub-agencies, and by also tapping into new aligned projects.

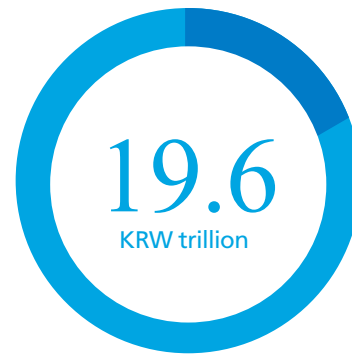
KEY PRODUCTS & SERVICES

Integrated R&D Fund Management System (R&D WIN-CMS+:Woori Internet Cash Management System)

It is a management system of the government's R&D projects and funds, whereby the management process of R&D funds are established as an advanced fund management system to present transparency in administration, convenience in usage and efficiency in management.

Woori Bank's systems can easily be connected to both the Internet and to mobile devices. This allows the real-time and uniform management of all accounts for funds administered, thus enabling excellent mobility and work efficiency.

Total Deposits of Institutional Banking-end 2012



Major Institutional Customers of Institutional Banking

• Local Government



• Public Agency



Investment Banking

—

In 2002, the IB Division was launched in order to open a new chapter in the history of Investment Banking. Until it was reshuffled into the IB Business (under the Corporate Banking Business Unit in 2012), it played a pioneering role that led the flow of the domestic IB market. The IB Division provides a variety of IB services including syndicated loans (M&A, SOC, etc.), security investments (collective investment securities, equity-linked securities, etc.), and the granting of credit.

With the longest history in Corporate Banking among domestic banks, Woori Bank leverages strong ties with corporate customers, offering them customized financial structures that cater to the needs of the project funds they pursue. Moreover, we initiate the efforts for globalization by tapping into the overseas IB market. We did so by launching the Woori Global Markets Asia Ltd. in October 2006, which specialized in the Hong Kong IB, for the first time as a domestic bank.



REVIEW OF 2012

As the financial crisis in the Euro zone continues to aggravate in the aftermath of the 2011 fiscal environment, the global economic situation worsened and risks in the construction and shipbuilding sectors within the domestic economy, remained rampant. As such, the IB Division selectively initiated business operations in consideration of stability and profitability. First of all, efforts were implemented to bolster ties with financial institutions, governmental agencies and companies that were related to the IB business. Strong performance was achieved in M&A acquisition finance, power generation/energy

and SOC, etc. The proactive management of low-profit assets and potentially insolvent assets enabled the rebalancing of asset portfolios, and raised asset soundness. The profitability of the assets held, rose, by increasing the volume of loans in KRW, especially in cases of high-profit projects.

The IB Division holds assets of KRW 12.5 trillion (including off-balance sheet items) as of 2012-end, consisting of loans of KRW 6 trillion, securities of KRW 2 trillion and off-balance sheet items of KRW 4.3 trillion. Recently, invested high yield loans and securities have been recovered, which enabled us to receive sizeable amounts of dividends and profits on sale.

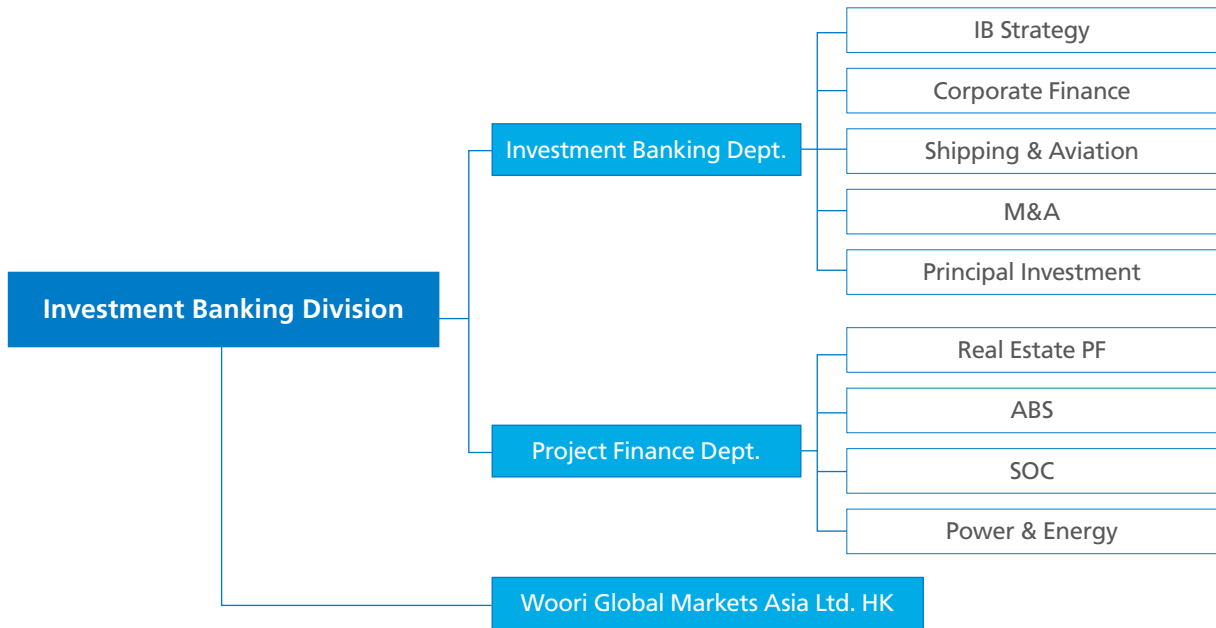
PLANS FOR 2013

In 2013, uncertainties in the international financial market due to the side effects from the European financial crisis will lead to conservative business operations. Because of such structural setbacks in the domestic economy, the domestic IB market is expected to witness sluggish growth, with rare signs of improvement, in the economic and financial environment. Therefore, several trends are projected to be dominant: public corporations will be privatized by the government; assets will be sold off under the goal of corporate restructuring to liquidate non-core projects; and M&A acquisition financing of companies will flourish among companies seeking to tap into new projects to diversify portfolios and pursue mid-to long-term growth. SOC projects to secure social infrastructure facilities, as well as power generation/energy projects, to improve the governmental-driven power demand/supply are expected to emerge in the market.

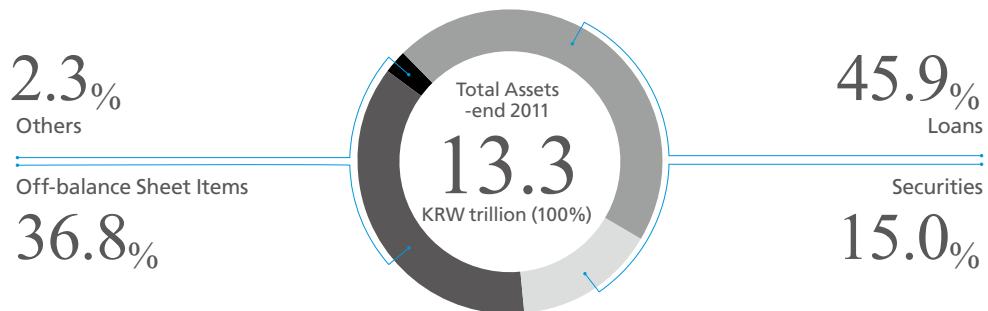
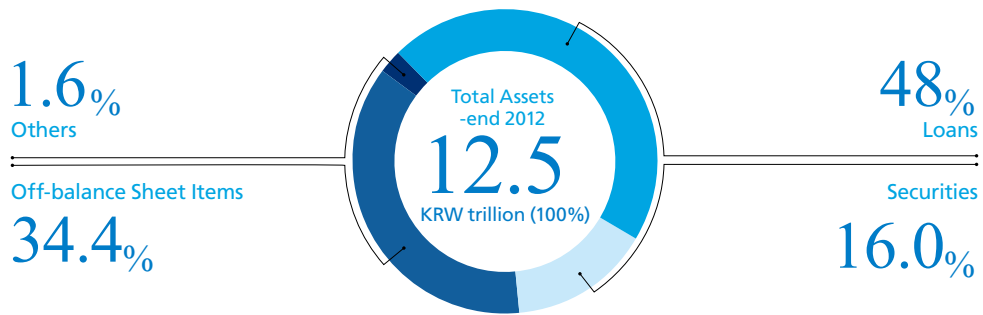
In 2013, the IB Division plans to continuously expand financial arrangements for infrastructure finance such as power generation/energy and M&A acquisition finance as well as traditional business sectors, including loans for facility funds for high-yield corporate customers to secure high-yield assets. Moreover, we will endeavor to increase our fee income by participating in the BTO (Built-Transfer-Operate) market, as well as alternative energy projects such as offshore wind farms, to make inroads into new IB markets.

The IB Division will grow into Korea's iconic IB player that implements the Commercial and Investment Bank(CIB) model, an alternative to the U.S. version of 'Investment Banking' through a positively balanced localized combination of Corporate and Investment Banking.

Investment Banking Organization



Total Assets of Investment Banking





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“We will guide customers for their comfortable elderly life.”

Woori Bank provides customized retirement pension products catering to the investment attributes of our customers. By extending optimal product portfolios through the advice of seasoned investment analysts & processes management, and offering total financial services, we provide distinctive customized retirement pension services. As such, we will help customers prepare for stability in their golden years.

Pension & Trust Business

—

The Pension & Trust Business Division oversees Woori Bank's trust and pension services. As the retirement pension market has been expanding, the Pension & Trust Business Division was launched in 2009 to support the efficient management of the retirement life of our retail customers. From the initial stage of adopting the retirement pension system, distinctive customized services have been provided through comprehensive retirement pension consulting. We lead the retirement pension market through multifaceted efforts: providing optimal products suitable for our customers' investment tendencies; having seasoned investment specialists available; extending customized optimal products through specific processes; and providing total financial services. As of 2012, the amount of retirement pension assets stood at KRW 6.03 trillion, while 23,000 companies and 948,000 employees enjoyed Woori Bank's retirement pension services.



REVIEW OF 2012

In order to guarantee a stable retirement life for the workforce and prepare for shifting trends in the labor market (such as a rapid aging population), we conducted customer-oriented business with a long-term perspec-

ive. We launched the 'Happy Life Lifetime Bankbook' for the retirement pension of subscribers. The product enables subscribers to conveniently access their retirement annuities as they accumulate their pensions, allowing them to check their bankbook to see how their funds are managed. We developed and manage a 'Maturity Designated Time Deposit', which enables customers to designate their individualized maturity, depending on their financial schedule. The 'System for Installment Buying of Fund', is also up and running, whereby retirement benefits that are paid in a lump sum upon retirement pension subscriptions, are divided into installments to be invested in funds.

Our retirement pension systems were upgraded to reflect the major amendments in the Employee Retirement Income Security Act. We also ensure that all product sales are appropriate, by providing updates and notifications to subscribers through the Bank's 'Happy Call System'. Moreover, differentiated services are offered as we extend training through the additional development of the 'Retirement Pension Training Management System'.

In 2012, the amount of retirement pension assets stood at KRW 6.03 trillion, up KRW 1.70 trillion from the previous year. The number of retirement pension subscribed companies increased by 5,381, that is, 30.3% to 23,135 as of December-end, 2012. The number of subscribed employees increased by 278,734, that is, 41.6%, to 948,221 year-on-year.

PLANS FOR 2013

Having recognized retirement pensions as core growth industries of the future, we are engaged in active marketing. We do so by responding to market changes to secure a stable customer base and long-term profitability so we can dominate the retirement pension market early on. In 2013, the Pension & Trust Business Division plans to expand its status in the retirement pension market by establishing a foundation for sustainable growth and strengthening its business competency for continuous growth. To this end, we plan to intensify distinctive, customer group-specific marketing and ex-post management thereof, expanding our competitiveness in asset management services, and efficiently supporting business operations for asset management. We will lay the foundation for sustainable growth and lead the retirement pension market that will be driven by an abundant specialized workforce, supportive training systems, various customized products and up-to-date management expertise.

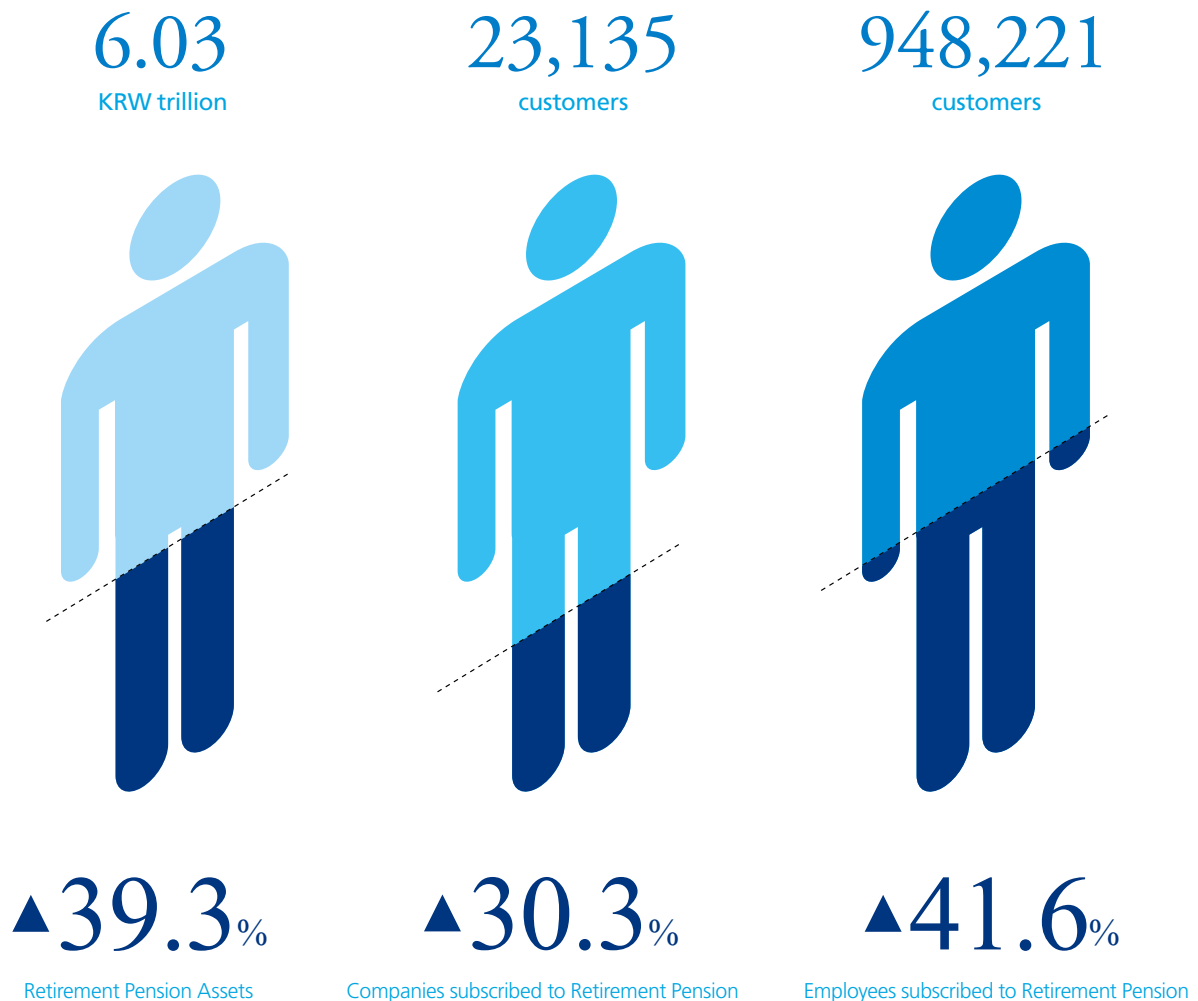
KEY PRODUCTS & SERVICES

Happy Life IRP(Individual Retirement Pension) Time Deposit

It is a time deposit product providing fixed interest rates to depositors of Individual Retirement Pensions (IRP). Upon making a special termination for pension payments, the agreed interest rate at the time of subscription/re-deposit is offered to ease customer burden resulting from termination before maturity. It is a five year-maturity product exclusive for pension payments, and can be re-deposited when customers choose to do so.



Major Highlights of Pensions & Trust Business-end 2012



Wealth Management(WM)

The WM Division, under the Consumer Banking Business Unit, is in charge of managing & encompassing Private Banking(PB) services and targeting High Net Wealth (HNW) customers. The WM Division consists of the WM Strategy Department providing strategies for Private Banking services as well as supporting business operations thereof, and the Affiliation Product Department managing Woori Bank's funds and bancassurance.

As of 2012, a total of 351 private bankers presented Korea's top-notch services in comprehensive asset management and consulting services under an independent Private Banking(PB) brand of 'Two Chairs' to 130,000 HNW customers.



REVIEW OF 2012

In 2012, the Wealth Management(WM) Division globalized Private Banking(PB) services through Woori Bank's overseas networks, and further strengthening the functions of advisory centers, which are Korea's most prestigious consulting service center. We launched the '100 Years of Age Research Team' as we brace for the effects of an aging population, and focused on developing exclusive product packages and fostering related specialists. As a result, we won the 'Korea Premium Brand Award' and the 'Asia PB Award' for three consecutive years. Despite the challenging financial environment both domestically and abroad (including the continuum of low interest rates and the Europe-originated financial crisis in 2012), our annual average growth rate has been maintained at approximately 8.5% since 2008, generating about 10,000 HNW customers.

Globalizing Private Banking(PB) Services

As of 2012, we provided customized Private Banking(PB) services, catering to customer needs in approximately 340 PB branches as well as 6 PB centers. We conducted asset management consulting services and real estate seminars for potential local customers leveraging overseas networks. We will strive to globalize PB services as we continue to expand overseas networks.

Intensifying Service Competitiveness in Advisory Centers

Our Private Banking advisory centers, with more than 20 specialists in taxation, real estate, overseas study, migration and investment, are located in every major Korean city. Consulting services regarding donation/inheritance, succession of family businesses and taxation are available, along with total services for real estate investments, market outlooks, overseas investments and study abroad programs. Woori Bank's advisory centers are now established as Korea's No.1 financial consulting service.

Launching '100 Years of Age Research Team' Bracing For the Aging Trend

We launched the '100 Years of Age Research Team' in June 2012 as we brace for the shift of an aging population. The team conducts R&D on processes and products to preemptively prepare for the financial demands of the elderly population, which are likely to increase in scale.

In 2012, we completed the development of a product package exclusively for retirees to prepare them for a stable post-retirement life. '100 Years of Age Elderly Partners', experts catering to comprehensive post-retirement life style, are available to provide due services.

Fostering Specialized Private Bankers Continuously

We also operate the PB Academy, with the industry's best curriculum for fostering competitive private bankers from 2010. The Academy has had several graduates over the past five years. These specialists are trained not only on the financial knowledge required to serve as professional private bankers, but also in the fundamental mindset required in providing services suitable for HNW customers. As of 2012-end, the Academy has generated 155 graduates, further enabling us to provide top-notch, on-site comprehensive asset management services.

PLANS FOR 2013

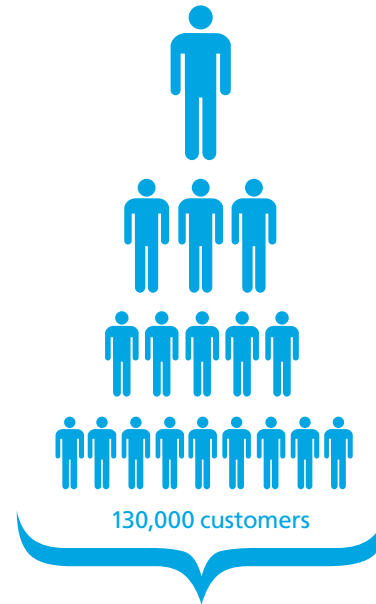
In 2013, we plan to solidify distinctive specialized services and comprehensive asset management services for PB customers. By providing a platform for comprehensive asset management through the Wealth Management (WM) Team, such services covering those for individuals, families and corporate management services for CEOs will be up and running. 'Woori PB Specialized Real Estate Service', an unprecedented banking service where the management of architecture processes and fund management services are combined, will maximize the convenience in real estate management for HNW customers. In order to secure a competitive edge through top-notch, comprehensive asset management services, the PB Academy will be expanded into the 'Asset Management Specialist Course' so that specialists with in-depth knowledge and a proper mindset/character can further develop their expertise in wealth management.

KEY SERVICES

Providing professional consulting services with top-notch expertise

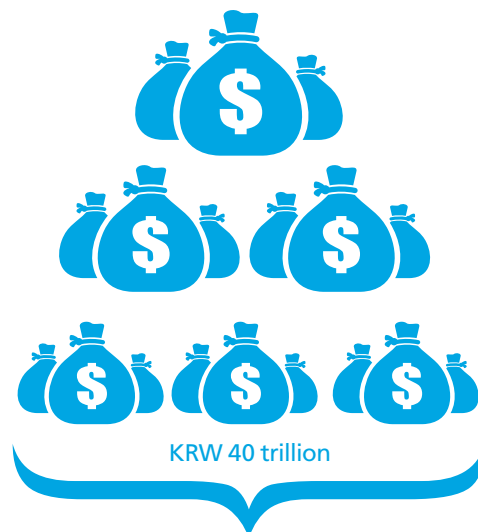
- 11 tax specialists, 4 real estate specialists, 1 overseas study/migration specialist
- 5 wealth management specialists
- Analysts and product analysis specialists

Total number of WM customers-end 2012



▲ 10,000 customers
increase of new WM customers year-on-year

Total Financial Deposits of WM Banking-end 2012



▲ 2.7 trillion
increase of Financial Deposits year-on-year

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Fulfilling genuine roles in finance

Woori Bank supports SMEs to fulfill their roles in finance for economic recovery, practices 'genuine finance' to take closer steps to the public, conducts community-focused social contribution activities to reach out to the socially vulnerable & neglected, and practices a sharing spirit through voluntary work. We will serve as a bank that fosters dreams and hopes for our customers, while striving to assist the turnaround of the national economy. We will become a trusted, beloved, kind-hearted bank that shoulders greater social responsibility and leads the efforts in creating a better world.

As we believe that a happy work life for our staff is a prerequisite to offer the best services and satisfaction to our customers, we do our utmost to achieve staff satisfaction and labor-management harmony.

Consumer Protection

-Cham(responsible) Keumyung(finance)

We have always endeavored to become 'the best asset for our customers'. At a time when the market is rapidly changing and the work scope of a bank diversifies, the importance of protecting customer rights has become increasingly important. As such, we launched the Consumer Protection Center for the first time in the banking industry in November 2010, which was headed by the Deputy President, an independent division in charge of consumer complaints. A total of 34 seasoned employees with over ten years of experience are at the forefront of protecting consumers, monitoring our systems on the invasion of customer rights and benefits and planning services for financial conveniences.

Woori Bank enables management principles that put the priority on its people: 'A Bank pursuing exceptional Customer Conveniences and Field Management by placing "our Customers" as No.1 Priority'. Through various efforts, we focus all our competencies on the management of our business fields, namely our customer contact points, and consumer rights protection. Specifically, a task force team was formed for innovative field-oriented management to pursue the top priority of our marketing strategy which is 'satisfying our customers to the fullest'. Field-oriented sales supporting systems were therefore put in place. Other efforts for field-oriented management include 'CEO Field Focus', where our CEO meets the staff in branches on a monthly basis. To current date, our CEO, has visited over 250 number of fields/customers to actively listen to our customers voice since his appointment as CEO.

Through the 'Autonomous Management of Consumer Satisfaction Program' that is based on Consumer Centered Management(CCM), we operate and manage systematic

and prompt processes for preemptive and ex-post consumer protection. By operating the Customer Mania(CM) group that is consisted of branch heads, customer happiness managers and CS leaders in fields (all of which are at the forefront of customer contact points), we systematically carried out consumer protection activities. As a result, we seek to maximize the competency of consumer protection in the organization, through systematized cooperation between the HQ and our branches.

Declaration of 'Cham(responsible) Keumyung(finance)'

In 2012, we proposed the new paradigm of 'Cham(responsible) Keumyung(finance)' and upgraded the consumer protection culture by sharing the paradigm within the organization. The idea is to fulfill our CSR for the socially vulnerable and neglected, and improve irrational work practices (from the customer's perspective), in order to become a feasibly conducive bank for sufficiently fulfilling customer satisfaction, and positioning ourselves in the forefront of creating a consumer protection culture.

'Ten Critical Tasks for Cham(responsible) Keumyung(finance)', includes the launching of the 'Hope Dream Installment Deposit' with an interest rate of 7.5% for the socially vulnerable (including basic livelihood support recipients and multicultural families), and reducing the Keun-Mortgage collateral establishing rate that was announced last August. As these were novel ideas, the tasks caused a stir in the banking sector. These paved the way to herald the commitment and passion of Woori Bank to practice 'Cham(responsible) Keumyung(finance)'.



- **The Grand Prize of the 2012 Customer Delight Award for five consecutive years**
- **The Grand Prize of the 1st Financial Consumer Protection Award**

As the CEO's philosophy in consumer protection is rooted as a critical axis in corporate culture, Woori Bank has been highly recognized in the objective assessment of various agencies at home and abroad. We won the Korea Customer Satisfaction Management Award for five consecutive years and were inducted into the Customer Service Hall of Fame (KMAC: Korea Management Association Consulting). Woori Financial Group(WFG) was designated as the world's 72nd group and Korea's No.1 financial group in 2011 (The Banker Magazine of Financial Times). Woori Bank was awarded the No.1 Korean Bank, Bank of the Year for five years from 2004 to 2011 (The Banker Magazine of Financial Times), we also won the Grand Prize of the 2012 Customer Delight Award for five consecutive years (Korea Economic Daily), and the Grand Prize of the 1st Financial Consumer Protection Award.

Plans for 2013

In 2013, we will resolve customer complaints according to their perspective and strive to place our top priority on customers by practicing 'Cham(responsible) Keumyung(finance)'.

Only when financial institutions do their utmost in CSR and financial consumer protection, can we be welcomed into the market. In this sense, we will soundly implement the new management paradigm 'Cham(responsible) Keumyung(finance)' in our organization, thus playing a pivotal role as a leading bank in financial consumer protection.



Financial
Consumer
Protection

Social Contribution Activities

Woori Bank has always walked hand-in-hand with the growth of the nation, society and its customers for 114 years. Even in the midst of war and economic crisis, Woori Bank has practiced the spirit of sharing. Particularly notable is its social roles and responsibilities in finance that emphasize humanity, happiness and hopefulness, which are the three major missions under the vision of 'Sharing Love, Having a Dream, and Raising Hope and Growing Love'. The practices we conduct are not stand-alone incidents, and they are performed in conjunction with the entire staff at Woori Bank, as well as their families.

Introduction of Woori Bank's Major Social Contribution Activities

Woori Happiness Society Program

Our 'Woori Happiness Society Program' sponsors the socially vulnerable in the community. This volunteer program is closely aligned with the community on a regular basis, forging sisterhood relationships with social welfare organizations and local childcare centers near our HQ and branches nationwide. In August 2012, we invited 300 children from local childcare centers to join a two-day summer camp that conducted a bubble show, a K-Pop dance lesson, a treasure hunt games and also endowed scholarships. In October 2012, we purchased agricultural product that was harvested through an autumn volunteering harvest under the 'One Company One Village' campaign, and distributed the product to 94 sisterhood childcare centers in partnership nationwide.

Hosting the Sports Festival and Marathon for the Disabled

In order to facilitate the disabled to exercise more in their daily life and create a location where the disabled and the able-bodied can jointly play recreational sports together, we hold annual rope jumping events. The staff at Woori Bank (including the CEO and the disabled), form a team for such sports events. Their success as a team has broken down walls and forged social integration. Building on these successes, we will continue to hold the 5th Sports Festival and Marathon for the Disabled in 2013.

Conducting 'One Company, One Village' Sponsorship Program

Our 'One Company, One Village' sponsorship program encourages the active exchange and shared growth between urban and rural regions. The program marked its 8th anniversary in April 2013 by supporting Yubyeolnan(Unusual/Peculiar) Village in Anseong City, in Korea's Gyeonggi Province. We offer support in the way of volunteering during harvests, creating markets for the direct sale of agricultural products, rural village experiences for our staff and customers, village refurbishment and income-generating activities in rural villages. We also forged the 'One Company One Fishing Village' program with Mongsan-ri in South Chungcheong Province, and the 'One Company One Mountain' program with Namsan Mountain in Seoul for environmental preservation and natural protection. To pay tribute to our heritage, we have signed a contract



to protect Hongyuneung under our 'One Company One Cultural Property' program. Hongyuneung is a Historic Site No.207 and a UNESCO-designated World Cultural Heritage site. It is the tomb of Korea's Emperor Gojong, and also of King Sunjong, who paved the way for Daehan Cheonil Bank, the forerunner of Woori Bank, to be established, sponsoring it with imperial funds so that a national bank could take root. We regularly conduct activities to protect Hongyuneung, and include a tribute ceremony as part of our new recruiting orientation, so as to enhance their appreciation of our company history. During every opening ceremony, the CEO and the management take part in a commitment event to practice 'Cham(responsible) Keumyung(finance)' by paying tribute to the deceased there.

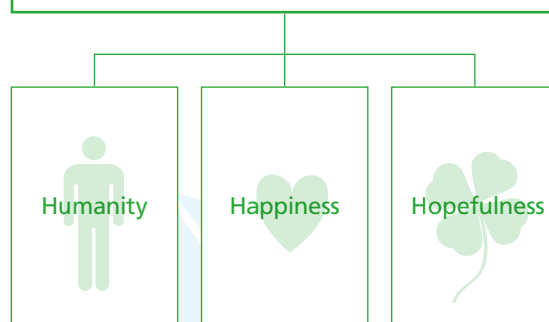
Woori Art Contest

In 2012, the Woori Art Contest celebrated its 18th anniversary, as Korea's top art contest for artistically inclined children and youth, and a total of 45,000 kindergarten, elementary, middle and high school students took part. We also invited children from the earthquake-hit Sichuan Province in China to exert their artistic talents. We are also active in promoting educational and social programs such as children's classes in economics and our basic money management classes for North Korean defectors. The children's class of economics includes a field trip to the Woori Bank Museum and given the opportunity to open a new account, so that the children can enjoy a hands-on, money-based experience.

Building Up the 'Woori Sarang(Love) Fund' and the 'Woori Ahi(Children) Sarang(Love) Fund'

Our staff is the driving force for increasing Woori Bank's culture of donation. They voluntarily offer a portion of their monthly wages to the 'Woori Sarang(Love) Fund' and the 'Woori Ahi(Children) Sarang(Love) Fund'. Since October 2010, we have been operating the 'Woori Sarang(Love) e-Sharing Shelter', whereby customers can donate by transferring money via Internet Banking, thus encouraging a culture of small-scale donations. We operate the 'Woori Sarang(Love) e-Sharing', a point-based donation program that donates some of the points accumulated when using credit cards.

Sharing Love, Having a Dream, and Raising Hope and Growing Love



Woori Found

Woori Smile Microcredit

Performances in 2012 included cases of

1,101

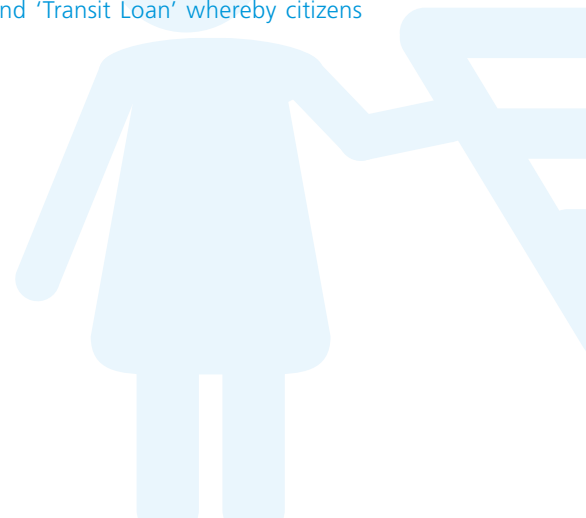
Microcredit services in 2012 worth
(KRW billion)

15.1

Woori Bank is engaged in Microcredit(Miso-credit) to spearhead the efforts in practicing socially responsible banking by supporting the financially struggling and the socially vulnerable & neglected customers. Woori Bank's Miso-credit is a Korean-style Microcredit that helps those who cannot access institutional financial funds, and also helps companies in starting up businesses or managing their funds on a non-collateral/guarantee basis. Woori Bank led the founding of the Woori Smile Microcredit Bank with contributions from affiliates of Woori Financial Group that contributed KRW 10 billion a year for five years. The purpose of This Bank is to support those with low incomes and limited credit to be financially self-sufficient, thus enhancing the stability and comfort of their lives. This Bank has prestigious figures in the religious, academic and social welfare sectors as outside executive directors, in order to observe fairness. It has 9 branches nationwide with 29 employees to enable the active support of citizens.

Major Track Records of Woori Smile Microcredit Bank

By extending support for the financially vulnerable, the socially neglected and those who lack financial access, we extended Microcredit worth KRW 412 billion in 2012, leading the way in practicing socially responsible financing. Microcredit services were presented with several products: 'Woori New Hope Seed' for low-credit low-income customers; and 'Transit Loan' whereby citizens



Miso Financial ation

suffering from high-interest rate loans could make the transition to low-interest loans.

We extended approximately KRW 22.2 billion to 1,413 cases until 2011 through Microcredit services. In 2012, under our goal of 'Microcredit to give hopes and dreams', we dramatically increased the performance for Microcredit by developing Microcredit services and customized products. Performances in 2012 included 1,101 cases worth KRW 15.1 billion (2,514 cases in total worth KRW 37.3 billion). We provide support for recipients to be competent in rehabilitation through our volunteer work that includes consultation and the extending of practical on-site support.

Key Products

Business Start-up Loan: A loan for small-scale registered entrepreneurs to start a new business

Working Capital Loan: A loan for individual entrepreneurs (who have already been in business for over a year at an established site) to purchase products, raw materials, etc.

Loan for Unregistered Entrepreneurs: A loan for small-scale unregistered entrepreneurs to do business

Loan for Traditional Market Merchants for Self-Sufficiency: A loan for small-scale merchants, such as the self-employed in traditional flea markets

Single Parent and Multi-cultural Family Support Fund: A loan for single-parent and heads or spouses of multi-cultural families that came recommended by a social welfare center to do business

The goal of Microcredit in 2013 is 'to practice the genuine roles in Microcredit, giving dreams and hopes to the public'. We plan to expand support by exploring low-income industries with high vulnerability and to sign agreements with traditional market merchant councils and associations. Meanwhile, we will secure exclusive channels for better accessibility to Microcredit. Lastly, we will stand at the forefront to share the genuine role and directions of Microcredit, cohere with society, and spread these roles and directions by exploring and promoting the best practices, imbuing confidence among recipients.



Ethical Management

Due to complications in the financial environment such as the recent global financial crisis and the expansion of the scope in banking operations, the likelihood of various forms of market and legal risks are on the rise. Ethical management at Woori Bank serves as the foundation for sustainable growth despite the challenging environment. The goal of ethical management seeks to fulfill its social roles for all stakeholders. This includes customers, shareholders, our staff, the nation and our society. In this way, we are contributing to the national economy and to social development. This is why we established the 'Woori Code of Ethics', which are the principles involved in making proper decisions & actions and the entire staff is required to abide by these principles. We also established 'principles-based management', 'Woori's Promises' and 'Job-specific Guidelines', thus growing as an exemplary ethical player.

Key Points in Ethical Management at Woori Bank in 2012

In 2012, we strove for each staff member to perceive and practice our belief in ethical management. By strengthening the continuous internal control and staff training, we implemented practices of 'ethical management' and made improvements in legal on-site difficulties by operating '119 (the Korean version of 911) site-oriented legal services'. We ensured to further strengthen ethical management by sharing various practices of ethical management.

Acting out the Code of Ethics

Various programs are up and running to raise awareness regarding the Code of Ethics among our staff and to ensure we keep our actions in line with our ethics amid legal and institutional changes. The staff was trained by producing cyber training programs with the enactment of the Personal Information Protection Act, thus raising awareness about the importance of protecting personal information. By facilitating staff reporting and having the freedom to blow the whistle regarding ethical management, we operate the reporting and whistleblower protection systems necessary to practice ethical management and prevent related incidences. The Ethical Management Support Council is held on a monthly basis, which led to the exploration of a total of 2,699 excellent cases of practicing the Code of Ethics in 2012.

Strengthening the Field Support System

We have extended active support for field management to shut off possible legal risks. With the 119 (the Korean version of 911) site-oriented legal services in place, we provide legal assistance from in-house lawyers to any staff member requiring legal help in civic, criminal and household matters. A total of 59 legal complaints were resolved through legal consultation, accompaniment to investigative and criminal agencies and advice on litigations from in-house lawyers. A bulletin board is available for the staff to propose any ideas on legal advice and submit requests for improvement. In this way, the submitted ideas can be reflected in the Bank's systems. This enables a strengthened utilization of regulations, while making them practical and conducive to work.

Ethical Management



Number of Excellent Cases in practicing the Code of Ethics in 2012

2,699

Providing Various Ethical Management Training Materials and Conducting Related Training

We encouraged our staff to practice autonomous ethical management through practical training such as the '100 Questions and Answers on Ethical Management', and the distributed 'Ethical Compliance Practices' manual. It is a specific course offered through case analyses. Ad-hoc training was intensified for the staff members who required additional support in better understanding ethical management, including new hires.

Woori Bank's Major Plans in Ethical Management for 2013

In 2013, we will strengthen the ethical awareness of our staff. For this reason, we designated the first day of each month as 'Check & Clean Day' (the day of ethical compliance at Woori Bank) to enable our entire staff to perform a self-assessment covering 20 items. Moreover, field-oriented legal services will be bolstered. Online support systems will be made more intensive (such as legal portal systems and litigation management systems), while specific and clear compliance and deliberation procedures will be proposed to the Product Engineering Department, thus promptly launching products that cater to customer demand. Lastly, we will lead the way in ethical management to support 'Cham(responsible) Keumyung(finance)'. In other words, the protection of our financial consumers will be bolstered when we remove difficult jargon and unfavorable or irrational terms and conditions for our customers, in addition to preventing the collection of unnecessary personal information.



Risk Management

As financial techniques have turned more complicated and the global economic volatility has become more aggravated for the past decade, risk management has become the key element in determining a bank's competitiveness. Woori Bank aims to 'stably maintain customer assets through optimal portfolios' based on the accumulated expertise in overcoming the past crises in risk management. To this end, losses are minimized by identifying the causes for risks quickly and accurately through differentiated risk management programs and by believing that 'risks could turn into revenues'. As such, we continue to serve as the most robust and reliable No.1 bank.

Key Points in Risk Management in 2012

In 2012, we implemented various risk management strategies to preemptively respond to higher uncertainties in the financial environment (such as the possibility of a recurring global financial crisis and concerns over the economic downturn) and to form optimal asset portfolios that are robust enough in the face of any crisis. By managing large-amount credit concentrations, and bolstering contingency plans, we enhanced the portfolio compositions and competitiveness of the related system for corporate loans. Moreover, we put in place a mid-to long-term basis for the Bank by preemptively managing operational risks, loan-to-deposit ratios, and by establishing mid-to long-term risk portfolio strategies.

Managing Loans Concentrated in Large Amounts and Strengthening Contingency Plans

Woori Bank is Korea's top-notch bank in Corporate Banking. At a time when the financial crisis prolongs, preemptive risk management in Corporate Banking is emphasized. Thus, we implemented a standard to manage loans concentrated in large amounts for preventing asset imbalances and raise the asset quality, thus strate-

gically reducing such problematic loans. By establishing well-managed monitoring systems for asset growth and volatility increases, monitoring practice have become more sophisticated, and preemptive management measures were better implemented, such as putting a halt on products that were believed to shoulder heavier risks and recommending down-grades from the standard in professional service industries.

Not only the Bank-wide contingency plans, but also risk-specific (credit, market, liquidity etc.) contingency plans, were put in place separately according to intensifying attention needed in responses to crises. Particularly notable was the fact that leading indicators for risks were developed for the early recognition of crises which included potentially risky household insolvencies and the shipbuilding and construction industries, while also establishing pre-emptive contingency plans, thus timely response scheme was effectively established.

Management of Operating Risks and Loan-to-Deposit Ratio

We implemented an operational risk monitoring system, whereby items that were conducive to managing daily operational risks among Key Risk Indicators were selected, and elements of operational risks that occurred on a certain day were transferred to branch heads and risk managers in branches via SMS. It proved to be a practical and preemptive operational risk management process.

The loan-to-deposit ratio is managed at a favorable level, according to evaluation standards and compared to other banks. Bracing for the adoption of the liquidity management ratios (LCR: Liquidity Coverage Ratio and NSFR: Net Stable Funding Ratio) and establishing the system to calculate the liquidity regulation ratio in accordance with Basel III requirements, we enhanced the timeliness and accuracy of calculating the risk related



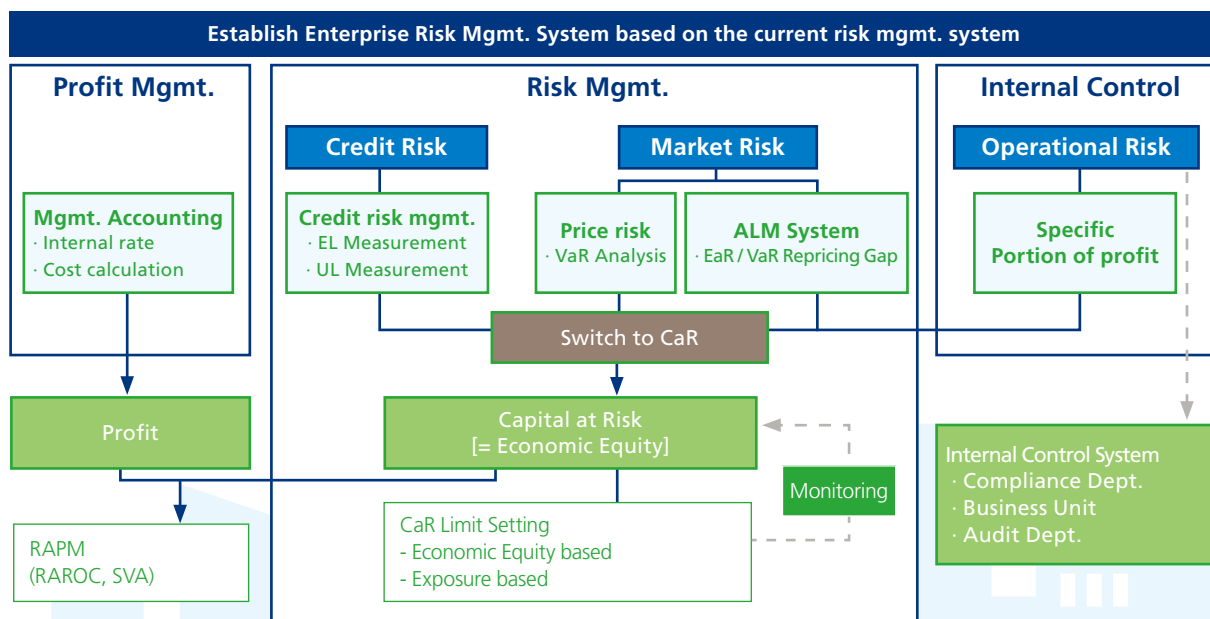
ratios. We adopted the real-time ceiling and collateral management system called MUREX Limit Control, to intensify credit risk management for counterparties in derivatives trading.

Setting Mid-to Long-term Portfolio Optimization Strategies

We established mid-to long-term portfolio optimization strategies to maximize the bank-wide RAROC(Risk Adjusted Return on Capital), and set mid-to long-term asset growth targets for each strategy direction unit. We laid the foundation to maintain stability over the mid-to long-term, by developing and operating 'Portfolio Assessment Analysis' tools to identify risks, profitability and concentration in handling loans in the Credit Analysis & Approval Department and branches.

Woori Bank's Major Risk Management Plans for 2013

Economic uncertainties are expected to accrue due to the economic downturn and concerns over the recurrence of a global financial crisis in 2013. We plan to improve corporate credit assessment models to strengthen economic predictability and better distinguish the credit ratings of borrowers. We will also focus on rejecting failing loans by intensifying early warning systems for our portfolios. Moreover, we plan to enhance the fundamentals in risk management in order to initiate integrated risk management for our overseas networks and thus be capable of preemptively responding to the expansion of overseas markets.



* RAPM : Risk Adjusted Performance Measurement * SVA : Shareholder's Value Added * EL : Expected Loss
 * RAROC : Risk Adjusted Return on Capital * VaR : Value at Risk * UL : Unexpected Loss

Employee Satisfaction

We believe that a work life where the staff is happy and satisfied is the foundation that will provide the top services to customers. As such, we launched the Staff Satisfaction Center in 2008, developing and operating various programs to enhance our staff members' satisfaction in their work place. Our advanced labor-management culture is a benchmark model in the banking sector and throughout the society.

Major Activities for Woori Bank's Employee Satisfaction and Labor-Management Relations

In 2012, we operated dynamic and interesting programs for employee satisfaction. By supporting not only workshop programs where the staff participated, but also various pastime activities, we catered to the cultural needs of our staff and endeavored to assist them in the formation of networks. In particular, we strive to practice our belief that the happiness of the families of our staff is Woori Bank's competitive edge. Therefore, we develop numerous fun programs for our staff and their families to participate in together.

Let's Go! Empathy Expedition Fun Program for better Communication

Let's Go! Empathy Expedition Fun Program for better Communication is Woori Bank's most representative fun program to make the workplace fun by facilitating communication among its staff through interesting work-

shop experiences, thus generating mutual synergy and enhancing the level of immersion in work. The program avoids the clichéd types of workshops oriented towards mountaineering and eating out. The program rebuilds staff competency in organization through active outdoor programs including survival games, ATV(All Terrain Vehical) boarding, rafting, building domino blocks and horse riding. Since its commencement in March until November 2012, 2,553 staff members from 166 branches have taken part in the program. The satisfaction from our staff was significant enough to plan Season II of the program, which will be ready for 2013.

Woori Sarang(Love) in Harmony

Cultural programs are up and running to cater to cultural interest/demand for art, musicals and classical music, as a way to help our staff and their families to better enjoy their leisure time. In 2012, we watched Mamma Mia!, (a renowned musical) listened to the lecture of art critic Lee, Ju Heon, and visited the exhibition of Louvre Museum. Our staff can now enjoy a more vibrant and interesting work life, thanks to the various cultural programs that enable efficient and satisfying leisure time and thereby boost their interest in culture and the arts. At a time when the quality of life is ever more spotlighted, 'Harmony in Woori Sarang(Love)' is Woori Bank's iconic cultural voucher program that fully reflects this current trend.

A Family Weekend Journey

As Woori Bank's iconic family care program, it started under the belief that staff satisfaction comes from satisfaction in the family. Held on the fourth Saturday of every month, participants take part in nature-experience programs to practice their love for their families and recharge their body and mind. In January 2012, starting from ice fishing and snow sleighing, to cheering at the games of 'Hansae Basketball Team', the female basketball team of Woori Bank, the program took place 11 times. The participation rate among our staff is very high as it is the most popular program of interest.

The purpose of the 'Family Weekend Journey', starting from July 2011, is to encourage love within families and allow a happy time with them, providing opportunities to staff members to look back on the preciousness of their families, which can be neglected due to hectic work schedules.

Establishing an Advanced Labor-Management Culture that Creates Values

We formed and operated a labor-management task force team to enhance the HR/training systems, as well as a joint labor-management training, in order to facilitate the official communication channel between the two groups and strengthen professional competencies in their relations. As a result of encouraging the channels, we held the 'Woori Family Hanmadang(get together

as 'One') Festival', joint labor-management workshops and the 2012 Q1 Labor-Management Council meeting. Fruitful results were borne from the joint program to strengthen the competency in the labor-management relations: benchmarking the HR system of overseas financial institutions for the labor-management; and conducting 'Joongang Economy HR Training Institute', a master course for the labor union. Moreover, we formed a joint labor-management task force to improve the HR/training systems, thus spearheading the efforts to establish a harmonious culture of the labor-management.

Plans for 2013

Believing that staff satisfaction leads to customer satisfaction, various staff member satisfaction programs and labor-management harmony models, are sought after. We will continue to develop programs conducive to form self-realization, while satisfy the various interests of our staff who seek a better life. The quality of customer service and the value of Woori Bank will drastically improve whenever our staff is satisfied. In order to satisfy every staff members' happiness (which will ultimately lead to customer happiness), we will stand in the forefront and ensure the timely realization of our staff's satisfaction and the harmonious labor-management.



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faction

The background is a solid blue color. It features several abstract geometric patterns. On the right side, there are concentric, semi-circular patterns made of small squares, resembling a stylized sunburst or a data visualization. On the left side, there are several dark blue squares and rectangles of various sizes, some of which are arranged in a diagonal line. The text 'Financial Review' is centered in the middle of the page in a white, sans-serif font.

Financial Review

84 Management's Discussion and Analysis

88 Independent Auditor's Report

Management's Discussion And Analysis

FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

This Management Discussion and Analysis (MD&A) and accompanying financial statements comply with Korean financial reporting standards ("K-IFRS", consolidated financial statements). The term 'the Bank', as used in this MD&A, refers to Woori Bank, unless otherwise indicated.

Summary of Management Performance

2012 was a year of tremendous and rapid change in the financial environment. Due to financial issues in the U.S. and Eurozone crisis, global economic recovery slowed down. The domestic economy entered a low-growth phase: high household debts; price drops in real estate; decreases in domestic demand and exports; and insolvencies of the self-employed. The Bank's 2012 net income decreased 30.0% to KRW 1,449 billion. This was primarily due to a drop in the profit of year-on-year investment security sales. Despite the challenging business environment, the net income stood at a comparable level to last years', and the operating income (aside from the cases of temporary impacts), has remained robust since 2010.

(Unit: KRW Billion)	2012	2011	Change	
			Amount	(%)
Operating income	1,699	2,593	-894	-34.5
Net interest income	5,612	5,728	-116	-2.0
Net fee income	499	508	-9	-1.8
SG&A Expense	2,728	2,549	179	7.0
Other operating income (expense)	-1,684	-1,094	-590	53.9
Non-operating income	76	66	10	15.2
Income before income tax	1,775	2,659	-884	-33.2
Income tax expense	327	590	-263	-44.6
Net income	1,449	2,069	-620	-30.0

Interest Income and Expenses

The Bank's 2012 interest income was KRW 11,436 billion, down 1.9% from the previous year. Despite the growth in loan assets, the slowdown in the financial market and the decreasing trend in the interest rate resulted in a drop in the interest on loans by 2.4% year-on-year, and also on securities. Due to a higher drop in interest income than the drop in interest expense by 1.8% year-on-year, net interest income reached KRW 5,612 billion, down 2.0% from the previous year.

(Unit: KRW Billion)	2012	2011	Change	
			Amount	(%)
Interest income	11,436	11,659	-223	-1.9
Interest on loans	10,001	10,247	-246	-2.4
Interest on securities	1,261	1,266	-5	-0.4
Other interest income	174	146	28	19.2
Interest expense	5,825	5,931	-106	-1.8
Interest on depository liabilities	4,476	4,477	-1	-0.0
Interest on borrowings	929	1,015	-86	-8.5
Interest on debentures issued	312	344	-32	-9.3
Other interest expense	108	95	13	13.7
Net interest income	5,612	5,728	-116	-2.0

Impairment Losses (for Loans, Other Receivables, Guarantees and Unused Commitments)

As for the impairment losses in 2012, the impairment losses on loans rose 5.1%, but losses on provisions plummeted by 100.9%. Thus, in overall impairment losses went down 1.0% to KRW 1,798 billion.

(Unit: KRW Billion)	2012	2011	Change	
			Amount	(%)
On loans	1,799	1,711	88	5.1
Bad debt expenses	1,841	1,788	53	3.0
Reversal of provision for loan losses and receivables	42	77	-35	-45.5
On provisions	-1	106	-107	-100.9
Loan loss provisions	79	149	-70	-47.7
Reversal of provision	80	43	37	86.0
Total	1,798	1,817	-19	-1.0

SG&A Expenses

Aside from a slight decrease in the salary for temporary employees, the 2012 expense items all rose with the SG&A expenses (recording KRW 2,728 billion), up 7.0% from the previous year. The Bank will do its utmost to maintain its overall SG&A expenses at an appropriate level through concerted efforts to reduce expenses and prioritize efficiency in corporate management.

(Unit: KRW Billion)	2012	2011	Change	
			Amount	(%)
Salaries	1,248	1,190	58	4.9
Salaries for temporary employees	1,038	1,044	-6	-0.6
Retirement benefits and termination benefits	210	146	64	43.8
Depreciation	132	123	9	7.3
General administrative expenses	1,348	1,236	112	9.1
Welfare expenses	298	260	38	14.6
Rental expenses	205	187	18	9.6
Computer & software	261	245	16	6.5
Others	584	544	40	7.4
Total	2,728	2,549	179	7.0

Non-operating Income

The Bank's 2012 non-operating income slightly rose by 2.2% year-on-year. In particular, there was a year-on-year increase of KRW 35 billion for gain on the valuation of investments for associates. Despite an increase of KRW 25 billion in donations, non-operating expenses dropped by 6.0% year-on-year, and the total non-operating income reached KRW 76 billion, up 15.2% year-on-year.

(Unit: KRW Billion)	2012	2011	Change	
			Amount	(%)
Non-operating income	186	182	4	2.2
Gain on valuation of investment for associates	39	4	35	875.0
Gain on disposal of investment in associates	25	26	-1	-3.8
Rental income	16	19	-3	-15.8
Other operating income	106	133	-27	-20.3

Management's Discussion And Analysis

FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

(Unit: KRW Billion)	2012	2011	Change	
			Amount	(%)
Non-operating expense	109	116	-7	-6.0
Donations	63	38	25	65.8
Depreciation in real estate properties	3	3	0	0.0
Others	43	75	-32	-42.7
Total non-operating income	76	66	10	15.2

Balance Sheet

The Bank's total assets as of end-2012 were recorded at KRW 247,248 billion, up 2.0% from the previous year. Loans and bonds receivable, which accounted for the largest portion of the assets, increased by KRW 8.1 trillion, up 4.2% year-on-year. Total liabilities accounted for KRW 228,682 billion, up 1.9% from the previous year, and depository liabilities increased by KRW 3.9 trillion, or 2.4%, year-on-year. Although the scope of increase slightly dropped, total shareholders' equity increased by 2.4% year-on-year, and the increase has been maintained since 2010

(Unit: KRW Billion)	2012	2011	Change	
			Amount	(%)
Assets	247,248	242,472	4,776	2.0
Cash and cash equivalents	4,593	5,389	-796	-14.8
Financial assets	38,682	41,389	-2,707	-6.5
Loans and bonds receivable	200,049	191,909	8,140	4.2
Investment assets of related companies	550	376	174	46.3
Tangible and other assets	3,374	3,409	-35	-1.0
Liabilities	228,682	224,346	4,336	1.9
Depository liabilities	168,008	164,092	3,916	2.4
Borrowings	17,446	19,175	-1,729	-9.0
Bonds issued	17,842	19,811	-1,969	-9.9
Other liabilities	25,386	21,268	4,118	19.4
Shareholders' equity	18,566	18,126	440	2.4

Loans/Depository Liabilities

In 2012, the Bank's loans rose by KRW 4.1 trillion up 2.4% from the previous year. This was primarily driven by the increase of loans in local currency, which accounted for the largest portion of the loans, by KRW 2.9 trillion, or 2.1%. Depository liabilities increased by KRW 3.9 trillion, or 2.4% from the previous year. In particular, depository liabilities in local currency, increased by KRW 2.8 trillion, or 1.9%. The Bank will continue to expand high-yield assets and its customer base, thus achieving higher profits and asset quality.

(Unit: KRW Billion)	2012	2011	Change	
			Amount	(%)
Loans	175,859	171,767	4,092	2.4
Loans in local currency	144,645	141,733	2,912	2.1
Loans in foreign currencies	9,505	12,024	-2,519	-20.9
Domestic usance bills	4,893	5,087	-194	-3.8
Credit card receivables	4,118	4,195	-77	-1.9
Bills bought in foreign currency	4,129	5,162	-1,033	-20.0

(Unit: KRW Billion)	2012	2011	Change	
			Amount	(%)
Others	11,517	6,534	4,983	76.3
(Provisions for bad debts)	-2,948	-2,968	-20	-0.7
Depository liabilities	168,008	164,092	3,916	2.4
Depository liabilities in local currency	151,349	148,549	2,800	1.9
CD	1,145	959	186	19.4
Other deposits	4,459	4,232	227	5.4
Depository liabilities in foreign currencies	11,065	10,371	694	6.7
(Present value discount account)	-10	-19	-9	-47.4

Capital Adequacy

In 2012, the Bank's BIS ratio remained at a stable level with increases in retained earnings, reaching 14.70%, up 0.92%p from the previous year, while the Tier 1 ratio remained stable at 11.35%, up 0.61%p year-on-year.

(Unit:%)	2012	2011	Change(%p)
BIS	14.70	13.78	0.92
Tier1	11.35	10.74	0.61

Asset Quality

As a representative asset quality indicator, the NPL ratio was maintained at a similar level 1.66% year-on-year although the delinquency ratio reached 1.20%, up 0.38% year-on-year thanks to management's emphasis on delinquent loan control and the Bank's effort to minimize the excessive increase of bad debts. Since the domestic economy is projected to confront a challenging environment, e.g. decrease in real estate prices and increase in household debts, the Bank will do its utmost to secure asset soundness through preemptive risk management.

(Unit:%)	2012	2011	Change(%p)
NPL ratio	1.66	1.65	0.01
Delinquency Ratio	1.20	0.82	0.38

Key Performance Indicators

Driven by the economic slowdown and a continuum of low interest rates, the Bank's Return on Assets (ROA) in 2012 was 0.49%, along with the Return on Equity (ROE) of 6.89% and a Net Interest Margin (NIM) of 2.35%. Below three profitability indicators decreased slightly from the previous year. Meanwhile, the SG&A expense ratio, increased slightly to 45.32% from the previous year. The Bank will strive to raise its profits and asset quality through preemptive risk management, increased managerial efficiency and future growth-engine driven strategies in preparation for a possible low-growth and low interest rate economic environment.

(Unit:%)	2012	2011	Change(%p)
Return on Assets (ROA)	0.49	0.59	-0.10
Return on Equity (ROE)	6.89	7.93	-1.04
Net Interest Margin (NIM)	2.35	2.46	-0.11
SG&A Expense Ratio	45.32	41.07	4.25

Independent Auditors' Report

English Translation of a Report Originally Issued in Korean



To the Shareholder and the Board of Directors of Woori Bank

We have audited the accompanying consolidated financial statements of Woori Bank and its subsidiaries (the "Group"). The financial statements consist of the consolidated statements of financial position as of December 31, 2012 and December 31, 2011, respectively, and the related consolidated statements of comprehensive income, changes in equity and cash flows, all expressed in Korean won, for the years ended December 31, 2012 and 2011, respectively. The Group's management is responsible for the preparation and fair presentation of the consolidated financial statements and our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Group as of December 31, 2012 and December 31, 2011, respectively, and the results of its operations and its cash flows for the years ended December 31, 2012 and 2011, respectively, in conformity with Korean International Financial Reporting Standards ("K-IFRS").

Accounting principles and auditing standards and their application in practice vary among countries. The accompanying consolidated financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries other than the Republic of Korea. In addition, the procedures and practices utilized in the Republic of Korea to audit such financial statements may differ from those generally accepted and applied in other countries. Accordingly, this report and the accompanying consolidated financial statements are for use by those knowledgeable about Korean accounting procedures and auditing standards and their application in practice.

February 25, 2013

A handwritten signature in black ink that reads "Deloitte Anjin Ltd C". The signature is written in a cursive, flowing style.

Notice to Readers

This report is effective as of February 25, 2013, the auditors' report date. Certain subsequent events or circumstances may have occurred between this auditors' report date and the time the report is read. Such events or circumstances could significantly affect the accompanying consolidated financial statements and may result modifications to the auditors' report.

woori bank and subsidiaries consolidated statements of financial position

AS OF DECEMBER 31, 2012 AND DECEMBER 31, 2011

(Unit : Korean Won In millions)	December 31, 2012		December 31, 2011	
ASSETS				
Cash and cash equivalents (Note 6)	₩	4,593,150	₩	5,389,267
Financial assets at fair value through profit or loss (Notes 7, 11 and 19)		9,855,553		11,317,845
Available-for-sale financial assets (Notes 8, 11 and 19)		14,484,530		14,670,607
Held-to-maturity financial assets (Notes 9, 11 and 19)		14,341,506		15,400,425
Loans and receivables (Notes 10, 11 and 19)		200,049,106		191,909,032
Investments in associates (Note 13)		550,332		376,337
Investment properties (Note 14)		346,182		349,459
Premises and equipment, net (Note 15)		2,385,680		2,345,960
Intangible assets, net (Note 16)		108,920		147,387
Other assets (Note 17)		178,460		225,530
Current tax assets (Note 42)		1,882		2,393
Deferred tax assets (Note 42)		82,397		9,249
Derivative assets (Notes 11 and 26)		269,414		326,413
Assets held for sale (Note 18)		1,239		2,258
Total assets	₩	247,248,351	₩	242,472,162
LIABILITIES				
Financial liabilities at fair value through profit or loss (Notes 11 and 20)		3,468,696		3,509,566
Deposits due to customers (Notes 11 and 21)		168,007,679		164,092,476
Borrowings (Notes 11 and 22)		17,445,898		19,174,642
Debentures (Notes 11 and 22)		17,841,978		19,811,813
Provisions (Notes 23 and 24)		645,378		607,612
Current tax liabilities (Note 42)		136,517		206,367
Other financial liabilities (Notes 11 and 25)		20,721,110		16,346,969
Other liabilities (Note 25)		383,677		444,549
Deferred tax liabilities (Note 42)		7,697		126,446
Derivative liabilities (Notes 11 and 26)		23,827		25,582
Total liabilities	₩	228,682,457	₩	224,346,022

(Continued)

woori bank and subsidiaries consolidated statements of financial position (continued)

AS OF DECEMBER 31, 2012 AND DECEMBER 31, 2011

(Unit : Korean Won In millions)	December 31, 2012		December 31, 2011	
EQUITY				
OWNER'S EQUITY:				
Capital stock (Note 28)	₩	3,829,783	₩	3,829,783
Hybrid equity securities (Note 28)		1,681,807		1,681,807
Capital surplus (Note 28)		812,016		812,016
Other equity (Note 29)		130,643		538,385
Retained earnings (Note 30)				
(Beginning balance of Regulatory reserve for credit loss as of December 31, 2012 is ₩1,123,866 million and amount estimated to be appropriated as of December 31, 2012 and December 31, 2011 were ₩259,055 million and ₩1,123,866 million, respectively) (Note 31)		12,104,034		11,256,207
		18,558,283		18,118,198
NON-CONTROLLING INTERESTS				
		7,611		7,942
Total equity		18,565,894		18,126,140
Total liabilities and equity	₩	247,248,351	₩	242,472,162

See accompanying notes to consolidated financial statements.

woori bank and subsidiaries

consolidated statements of comprehensive income

FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

(Unit : Korean Won In millions, except for income per share amount)	2012	2011
OPERATING INCOME		
Net interest income (Note 33):		
Interest income	₩ 11,436,460	₩ 11,659,258
Interest expense	(5,824,506)	(5,931,047)
	5,611,954	5,728,211
Net fees and commissions income (Note 34):		
Fees and commissions income	1,040,633	993,929
Fees and commissions expense	(541,886)	(485,938)
	498,747	507,991
Dividend income (Note 35)	94,847	123,150
Gain on financial instruments at fair value through profit or loss (Note 36)	(355,739)	106,682
Gain on available-for-sale financial assets (Note 37)	552,325	1,016,746
Impairment losses for loans, other receivables, guarantees and unused commitments (Note 39)	(1,797,702)	(1,816,603)
General and administrative expenses (Note 40) :		
Employee compensation and benefits	(1,247,956)	(1,189,959)
Depreciation	(131,970)	(123,307)
Other general and administrative expenses	(1,347,714)	(1,236,094)
	(2,727,640)	(2,549,360)
Net other operating income (expenses) (Note 40)	(177,835)	(523,629)
	1,698,957	2,593,188
NON-OPERATING INCOME (Note 41) :		
Share of profits(losses) of associates	27,426	(23,913)
Other non-operating income	48,902	89,896
	76,328	65,983
NET INCOME BEFORE INCOME TAX EXPENSE	1,775,285	2,659,171
INCOME TAX EXPENSE (Note 42)	(326,710)	(589,800)
NET INCOME (Note 31)		
(Net income after the planned reserves provided for the years ended December 31, 2012 and 2011 are ₩1,189,520 million and ₩1,459,181 million, respectively)	1,448,575	2,069,371
Net income attributable to owner	1,447,904	2,068,544
Net income attributable to the non-controlling interests	₩ 671	₩ 827

(Continued)

woori bank and subsidiaries

consolidated statements of comprehensive income (continued)

FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

(Unit : Korean Won In millions, except for income per share data)	2012		2011	
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX				
Loss on valuation of available-for-sale financial assets	₩	(335,825)	₩	(396,510)
Share of other comprehensive income(loss) on investment in associates		1,210		(22,348)
Gain(loss) on overseas business translation		(75,114)		12,152
Gain on valuation of cash flow hedge		983		6,868
		(408,746)		(399,838)
TOTAL COMPREHENSIVE INCOME	₩	1,039,829	₩	1,669,533
Comprehensive income attribute to owner		1,040,161		1,668,675
Comprehensive income attribute to the non-controlling interests		(332)		858
NET INCOME PER SHARE (In Korean Won) (Note 43)				
Basic earnings per common share	₩	1,826	₩	2,687
Diluted earnings per common share	₩	1,732	₩	2,514

See accompanying notes to consolidated financial statements.

woori bank and subsidiaries consolidated statements of changes in equity

FOR THE YEAR ENDED DECEMBER 31, 2012 AND 2011

(Unit: Korean Won in millions)	Capital stock	Hybrid equity securities	Capital surplus	Loss on valuation of available-for-sale financial assets	Gain on valuation of cash flow risk hedge	Gain (loss) on overseas business translation	Share of other comprehensive loss on associates	Other	Retained earnings	Controlling equity	Non-controlling equity	Total Equity
Balance as of January 1, 2011	₩ 3,829,783	₩ 2,181,806	₩ 811,421	₩ 939,938	₩ (9,298)	₩ (13,241)	₩ 20,857	₩ 4	₩ 9,718,577	₩ 17,479,847	₩ 7,084	₩ 17,486,931
Dividends	-	-	-	-	-	-	-	-	(530,273)	(530,273)	-	(530,273)
Redemption of hybrid equity securities	-	(499,999)	-	-	-	-	-	(1)	-	(500,000)	-	(500,000)
Net income	-	-	-	-	-	-	-	-	2,068,544	2,068,544	827	2,069,371
Valuation of available-for-sale financial assets	-	-	-	(396,510)	-	-	-	-	-	(396,510)	-	(396,510)
Translation of overseas business	-	-	-	-	-	12,121	-	-	-	12,121	31	12,152
Cash flow hedge	-	-	-	-	6,868	-	-	-	-	6,868	-	6,868
Changes in equity of investment in associate	-	-	-	-	-	-	(22,348)	-	-	(22,348)	-	(22,348)
Other	-	-	595	-	-	-	-	(5)	(641)	(51)	-	(51)
Balance as of December 31, 2011	₩ 3,829,783	₩ 1,681,807	₩ 812,016	₩ 543,428	₩ (2,430)	₩ (1,120)	₩ (1,491)	₩ (2)	₩ 11,256,207	₩ 18,118,198	₩ 7,942	₩ 18,126,140
Balance as of January 1, 2012	₩ 3,829,783	₩ 1,681,807	₩ 812,016	₩ 543,428	₩ (2,430)	₩ (1,120)	₩ (1,491)	₩ (2)	₩ 11,256,207	₩ 18,118,198	₩ 7,942	₩ 18,126,140
Dividends	-	-	-	-	-	-	-	-	(600,075)	(600,075)	-	(600,075)
Amortization of hybrid equity securities	-	-	-	-	-	-	-	-	(1)	(1)	-	(1)
Net income	-	-	-	-	-	-	-	-	1,447,904	1,447,904	671	1,448,575
Variation of available-for-sale financial assets	-	-	-	(335,825)	-	-	-	-	-	(335,825)	-	(335,825)
Translation of overseas business	-	-	-	-	-	(74,112)	-	-	-	(74,112)	(1,002)	(75,114)
Cash flow hedge	-	-	-	-	983	-	-	-	-	983	-	983
Changes in equity of investment in associate	-	-	-	-	-	-	1,210	-	-	1,210	-	1,210
Other	-	-	-	-	-	-	-	2	(1)	1	-	1
Balance as of December 31, 2012	₩ 3,829,783	₩ 1,681,807	₩ 812,016	₩ 207,603	₩ (1,447)	₩ (75,232)	₩ (281)	₩ -	₩ 12,104,034	₩ 18,558,283	₩ 7,611	₩ 18,565,894

See accompanying notes to consolidated financial statements.

woori bank and subsidiaries consolidated statements of cash flows

FOR THE YEAR ENDED DECEMBER 31, 2012 AND 2011

(Unit : Korean Won In millions)	2012		2011	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net income	₩	1,448,575	₩	2,069,371
Adjustment to net income:				
Interest income		(11,436,460)		(11,659,258)
Interest expense		5,824,506		5,931,047
Dividend income		(94,847)		(123,150)
Income tax expense		326,710		589,800
		(5,380,091)		(5,261,561)
Additions of expenses not involving cash outflows:				
Impairment losses for loans, other receivables, guarantees and unused commitments		1,797,702		1,816,603
Retirement benefits		152,920		100,582
Loss on derivatives for hedging		49,956		10,513
Loss on fair value hedged items		43,817		200,455
Loss on valuation of investment in associates		11,389		28,268
Loss on disposal of investment in associates		167		-
Loss on disposal of premises and equipment, intangible assets and investment properties		346		2,675
Depreciation and amortization of premises and equipment, intangible assets and investment properties		135,407		126,740
Impairment loss on premises and equipment, intangible assets and investment properties		1,776		4,614
Provisions		27,652		2,654
		2,221,132		2,293,104
Deductions of revenues not involving cash inflows:				
Gain on available-for-sale financial assets		552,325		1,016,746
Gain on derivatives for hedging		39,232		193,374
Gain on fair value hedged items		43,879		4,921
Gain on valuation of investment in associates		38,815		4,355
Gain on disposal of investment in associates		25,102		26,231
Gain on disposal of premises and equipment, intangible assets and investment properties		1,549		65,166
Reversal of impairment loss on premises and equipment, intangible assets and investment properties		2,175		321
Provisions		3,141		-
		706,218		1,311,114

(Continued)

(Unit : Korean Won In million)	2012	2011
Changes in operating assets and liabilities:		
Decrease (increase) in financial instruments at fair value through profit or loss	₩ 1,421,421	₩ (1,433,804)
(Increase) in loans and receivables	(9,338,844)	(15,971,167)
Decrease (increase) in other assets	33,735	(38,933)
Increase in deposits due to customers	3,912,425	6,778,167
(Decrease) in provisions	(143,743)	(122,730)
Increase in other financial liabilities	4,487,718	7,416,374
(Decrease)increase in other liabilities	(12,642)	182,271
	360,070	(3,189,822)
Interest income received	11,499,389	11,618,277
Interest expense paid	(5,917,345)	(5,813,790)
Dividend received	94,847	123,150
Income taxes paid	(444,888)	(361,384)
Net cash provided by operating activities	3,175,471	166,231
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash in-flows from investing activities:		
Disposal of available-for-sale financial assets	17,389,744	11,088,564
Disposal of held-to-maturity financial assets	9,795,378	5,761,763
Disposal of investment in associates	15,171	139,395
Disposal of investment properties	-	11,780
Disposal of premises and equipment	7,539	10,637
Disposal of intangible assets	566	1,466
Disposal of assets held for sale	1,725	5,644
	27,210,123	17,019,249
Cash out-flows from investing activities:		
Acquisition of available-for-sale financial assets	17,518,312	8,504,277
Acquisition of held-to-maturity financial assets	9,024,781	5,323,490
Acquisition of investment in associates	59,918	222,100
Acquisition of premises and equipment	131,849	92,538
Acquisition of intangible assets	9,423	157,454
Decrease in hedging derivatives	1,708	-
	26,745,991	14,299,859
Net cash provided by (used in) investing activities	464,132	2,719,390

(Continued)

woori bank and subsidiaries consolidated statements of cash flows (continued)

FOR THE YEAR ENDED DECEMBER 31, 2012 AND 2011

(Unit : Korean Won In million)	2012		2011	
CASH FLOWS FROM FINANCING ACTIVITIES:				
Cash in-flows from financing activities:				
Issue of borrowings	₩	3,977,649	₩	4,521,806
Issue of debentures		5,390,611		3,020,798
Increase in hedging derivatives		91,397		193,666
		9,459,657		7,736,270
Cash out-flows from financing activities:				
Repayment of borrowings		5,707,281		4,330,135
Repayment of debentures		7,367,677		3,590,090
Decrease in hedging derivatives		44,187		204,027
Repayment of hybrid securities		-		500,000
Dividends paid		609,251		521,892
		13,728,396		9,146,144
Net cash used in financing activities		(4,268,739)		(1,409,874)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		(166,981)		27,836
NET (DECREASE)INCREASE IN CASH AND CASH EQUIVALENTS		(796,117)		1,503,583
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR (Note 6)		5,389,267		3,885,684
CASH AND CASH EQUIVALENTS, END OF THE YEAR(Note 6)	₩	4,593,150	₩	5,389,267

See accompanying notes to consolidated financial statements.

woori bank and subsidiaries notes to consolidated financial statements

FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

1. GENERAL

(1) Woori Bank

Woori Bank (hereafter referred to as, the "Bank" or the "Parent" or the "Company") was established in 1899 and is engaged in the commercial banking business under the Banking Law, trust business under the Financial Investment Services and Capital Market Act and foreign exchange business with approval from the Bank of Korea ("BOK") and the Ministry of Finance and Economy ("MOFE").

On March 27, 2001, Korea Deposit Insurance Corporation ("KDIC") established Woori Finance Holdings Co., Ltd. ("WFH"). The Bank is a wholly owned subsidiary of WFH as of December 31, 2012. The Bank's common stock and preferred stock amount, expressed in Korean Won (the "KRW" or "₩"), to ₩3,479,783 million and ₩350,000 million, respectively, and the Bank's common and preferred shares issued and outstanding as of December 31, 2012 are 696 million shares and 70 million shares, respectively. The head office of the Bank is located in Seoul, Korea. The Bank has 993 branches and offices in Korea, and 16 branches and offices in overseas.

(2) Subsidiaries

1) The financial statements for the Bank and its subsidiaries (the "Group") include the following subsidiaries (Unit: Korean Won in millions, USD in thousands, RUB in 100 millions, IDR in millions, BRL in thousands):

Subsidiaries	Location	Capital stock	Main business	December 31, 2012		
				Number of Shares owned	Percentage of ownership (%)	Financial statements as of
Woori Credit Information Co., Ltd.	Korea	KRW 5,000	Credit information	1,008,000	100.0	December. 31
Woori America Bank	U.S.A	USD 122,500	Banking	24,500,000	100.0	December. 31
PT. Bank Woori Indonesia	Indonesia	IDR 170,000	Banking	1,618	95.2	December. 31
Woori Global Market Asia Limited	Hongkong	USD 50,000	Banking	39,000,000	100.0	December. 31
Woori Bank China Limited	China	USD 308,810	Banking	-	100.0	December. 31
ZAO Woori Bank	Russia	RUB 5	Banking	19,999,999	100.0	December. 31
Banco Woori Bank do Brasil	Brasil	BRL 40,000	Banking	39,999,999	100.0	December. 31
Korea BTL Infrastructure Fund	Korea	KRW 576,700	Financial service	115,332,541	100.0	December. 31
Woori Fund Service Co., Ltd.	Korea	KRW 3,000	Financial service	600,000	100.0	December. 31

Subsidiaries	Location	Capital stock	Main business	December 31, 2011		
				Number of Shares owned	Percentage of ownership (%)	Financial statements as of
Woori Credit Information Co., Ltd.	Korea	KRW 5,000	Credit information	1,008,000	100.0	December. 31
Woori America Bank	U.S.A	USD 122,500	Banking	24,500,000	100.0	December. 31
PT. Bank Woori Indonesia	Indonesia	IDR 170,000	Banking	1,618	95.2	December. 31
Woori Global Market Asia Limited	Hongkong	USD 50,000	Banking	39,000,000	100.0	December. 31

Subsidiaries	Location	Capital stock	Main business	December 31, 2011		Financial statements as of
				Number of Shares owned	Percentage of ownership (%)	
Woori Bank China Limited	China	USD 308,810	Banking	-	100.0	December. 31
ZAO Woori Bank	Russia	RUB 5	Banking	19,999,999	100.0	December. 31
Korea BTL Infrastructure Fund	Korea	KRW 467,000	Financial service	93,393,568	100.0	December. 31
Woori Fund Service Co., Ltd.	Korea	KRW 3,000	Financial service	600,000	100.0	December. 31

2) Subsidiaries newly added to consolidated financial statements for the year ended December 31, 2012 are as follows:

Subsidiaries	Reasons
Banco Woori Bank do Brasil	New establishment

3) For special purpose entities (“SPEs”), in accordance with Korean International Financial Reporting Standards (“K-IFRS”) 2012 ‘Consolidation-special purpose entities’, entities which the Group has decision making power and/or carries the benefits and risks of such entities, are included in the consolidation. Details of special purposes entities under consolidation are as follows:

<December 31, 2012>

Subsidiaries	Location	Main business	Percentage of ownership (%)	Financial statements as of
Kumho Trust 1 st Co., Ltd. (*1)	Korea	Asset Securitization	0.0	December. 31
Woori IB Global Bond Co., Ltd. (*1)	Korea	”	0.0	December. 31
Asiana Saigon Inc. (*1)	Korea	”	0.0	December. 31
An-Dong Raja 1 st Co., Ltd. (*1)	Korea	”	0.0	December. 31
KAMCO Value Recreation 1 st Securitization Specialty Co., Ltd. (*1)	Korea	”	15.0	December. 31
IB Global 1 st Co., Ltd. (*1)	Korea	”	0.0	December. 31
Hermes STX Co., Ltd. (*1)	Korea	”	0.0	December. 31
BWL 1 st Co., LLC. (*1)	Korea	”	0.0	December. 31
Consus 8 th Co., LLC. (*1)	Korea	”	0.0	December. 31
Woori Pungsan Inc. (*1)	Korea	”	0.0	December. 31
Pyeongtaek Ocean Sand Inc. (*1)	Korea	”	0.0	December. 31
Woori Bank Preservation Trust of principal and interest (*2)	Korea	Trust	0.0	December. 31
Haeoreum Short-term Bond 15 th (*3)	Korea	Securities investment	100.0	December. 31
G5 Pro Short-term 13 th (*3)	Korea	”	100.0	December. 31
G6 First Class Mid-term E-20 (*3)	Korea	”	100.0	December. 31
G15 First Class Mid-term C-1 (*3)	Korea	”	100.0	December. 31
D First Class Mid-term C-151 (*3)	Korea	”	100.0	December. 31

Subsidiaries	Location	Main business	Percentage of ownership (%)	Financial statements as of
Golden Bridge Sidus FNH video (*3)	Korea	"	58.8	December. 31
Golden Bridge NHN Online Private Equity Investment (*3)	Korea	"	60.0	December. 31
Woori CS Ocean Bridge 7 th (*3)	Korea	"	61.1	December. 31
Woori Milestone Private Real Estate Fund 1 st (*3)	Korea	"	94.8	December. 31
Consus Sakhalin Real Estate Investment Trust 1 st (*3)	Korea	"	75.0	December. 31
Woori Partner Plus Private Equity Securities 4 th (*3)	Korea	"	100.0	December. 31
Woori Partner Plus Private Equity Securities 9 th (*3)	Korea	"	100.0	December. 31
Hanwha Smart Private Trust 50 th (Bond) (*3)	Korea	"	100.0	December. 31
Samsung Plus Private Investment Trust 20 th (*3)	Korea	"	100.0	December. 31
KDB Private Equity Securities Investment Trust WB 3 rd (Bond) (*3)	Korea	"	100.0	December. 31
Shinhan BNPP Corporate Private Investment Trust 17 th (*3)	Korea	"	100.0	December. 31
Woori Partner Plus Private Equity Securities 10 th (*3)	Korea	"	100.0	December. 31
Yurie WB Private Investment Trust 4 th (Bond) (*3)	Korea	"	100.0	December. 31
Samsung Plus Private Investment Trust 21 th (*3)	Korea	"	100.0	December. 31
KDB Private Equity Securities Investment Trust WB 4 th (Bond) (*3)	Korea	"	100.0	December. 31
Kyobo Axa Tomorrow Private Trust 13 th (Bond) (*3)	Korea	"	100.0	December. 31
Say Private Investment Trust WB 1 st (*3)	Korea	"	100.0	December. 31
Hanwha Private Investment Trust 32 nd (*3)	Korea	"	100.0	December. 31
Eugene Pride Private Trust 28 th (*3)	Korea	"	100.0	December. 31
Hyundai Advantage Private Trust 15 th (*3)	Korea	"	100.0	December. 31
Woori Smart Investor Private Investment Trust 2 nd (*3)	Korea	"	100.0	December. 31
Hana USB Power Private Equity Securities 5 th (*3)	Korea	"	100.0	December. 31
Mirae Asset Korea Blue Chips Private Trust 3 th (*3)	Korea	"	100.0	December. 31
HDC New Star Private Equity Securities 15 th (*3)	Korea	"	100.0	December. 31
LS Leading Solution Private Equity Securities 118 th (*3)	Korea	"	100.0	December. 31
Hyundai Platinum Private Equity Securities W-1 (*3)	Korea	"	100.0	December. 31
Hana USB Power Private Equity Securities 15 th (*3)	Korea	"	100.0	December. 31
Phoenix Sky Private Equity Securities 11 th (*3)	Korea	"	100.0	December. 31
Woori Partner Plus Private Equity Securities 11 th (*3)	Korea	"	100.0	December. 31
Mirae Asset Triumph Private Securities 9 th (Bond) (*3)	Korea	"	100.0	December. 31
Kyobo Axa Tomorrow Private Trust 15 th (Bond) (*3)	Korea	"	100.0	December. 31
Meritz Prime Private Equity Securities 79 th (*3)	Korea	"	100.0	December. 31
HDC New Star Private Equity Securities 17 th (Balance Fund) (*3)	Korea	"	100.0	December. 31
Hyundai Advantage Private Trust 16 th (*3)	Korea	"	100.0	December. 31
Phoenix private placement Investment Trust 13 th (*3)	Korea	"	100.0	December. 31
Hanwha Private Investment Trust 43 rd (*3)	Korea	"	100.0	December. 31

<December 31, 2011>

Subsidiaries	Location	Main business	Percentage of ownership (%)	Financial statements as of
Kumho Trust 1 st Co., Ltd. (*1)	Korea	Asset Securitization	0.0	December. 31
Woori IB Global Bond Co., Ltd. (*1)	Korea	"	0.0	December. 31
Asiana Saigon Inc. (*1)	Korea	"	0.0	December. 31
An-Dong Raja 1 st Co., Ltd. (*1)	Korea	"	0.0	December. 31
KAMCO Value Recreation 1 st Securitization Specialty Co., Ltd. (*1)	Korea	"	15.0	December. 31
IB Global 1 st Co., Ltd. (*1)	Korea	"	0.0	December. 31
Hermes STX Co., Ltd. (*1)	Korea	"	0.0	December. 31
BWL 1 st Co., LLC. (*1)	Korea	"	0.0	December. 31
Consus 8 th Co., LLC. (*1)	Korea	"	0.0	December. 31
Real DW 2 nd Co., Ltd. (*1)	Korea	"	0.0	December. 31
Woori Pungsan Inc. (*1)	Korea	"	0.0	December. 31
Pyeongtaek Ocean Sand Inc. (*1)	Korea	"	0.0	December. 31
Woori Bank Preservation Trust of principal and interest (*2)	Korea	Trust	0.0	December. 31
Haeoreum Short-term Bond 15 th (*3)	Korea	Securities investment	100.0	December. 31
G5 Pro Short-term 13 th (*3)	Korea	"	100.0	December. 31
G6 First Class Mid-term E-20 (*3)	Korea	"	100.0	December. 31
G15 First Class Mid-term C-1 (*3)	Korea	"	100.0	December. 31
D First Class Mid-term C-151 (*3)	Korea	"	100.0	December. 31
Golden Bridge Sidus FNH video (*3)	Korea	"	58.8	December. 31
Golden Bridge NHN Online Private Equity Investment (*3)	Korea	"	60.0	December. 31
Woori CS Ocean Bridge 7 th (*3)	Korea	"	61.1	December. 31
Woori Milestone Private Real Estate Fund 1 st (*3)	Korea	"	94.8	December. 31
Woori Milestone China Real Estate Fund 1 st (*3)	Korea	"	80.7	December. 31
Consus Sakhalin Real Estate Investment Trust 1 st (*3)	Korea	"	75.0	December. 31
Woori Partner Plus Private Equity Securities 4 th (*3)	Korea	"	100.0	December. 31
Allianz Blue Ocean Private Trust 5 th (*3)	Korea	"	100.0	December. 31
Mirae Asset Maps Blue Chips Private Trust 2 nd (*3)	Korea	"	100.0	December. 31
Hyundai Advantage Private Trust 14 th (*3)	Korea	"	100.0	December. 31
Kyobo Axa Long Short Private Trust 2 nd (*3)	Korea	"	100.0	December. 31
Hanhwa Quant Long Short Private Equity 3 rd (*3)	Korea	"	100.0	December. 31
Woori Frontier Alpha Private Equity 8 th (*3)	Korea	"	100.0	December. 31
Midas Private investment Trust W-3 rd (*3)	Korea	"	100.0	December. 31
Consus Private Securities Investment Trust 54 th (*3)	Korea	"	100.0	December. 31
Woori Partner Plus Private Trust 7 th (*3)	Korea	"	100.0	December. 31
Yurie WB Private Investment Trust 3 rd (Bond) (*3)	Korea	"	100.0	December. 31

Subsidiaries	Location	Main business	Percentage of ownership (%)	Financial statements as of
KDB Private Equity Securities Investment Trust WB 2 nd (Bond) (*3)	Korea	"	100.0	December. 31
Samsung Plus Private Investment Trust 13 th (*3)	Korea	"	100.0	December. 31
Hanwha Smart Private Trust 43 rd (Bond) (*3)	Korea	"	100.0	December. 31
Eugene Pride Private Trust 21 st (Bond) (*3)	Korea	"	100.0	December. 31
Meritz Prime Private Trust 42 nd (Bond) (*3)	Korea	"	100.0	December. 31
Woori Partner Plus Private Equity Securities 8 th (*3)	Korea	"	100.0	December. 31
Woori Partner Plus Private Equity Securities 9 th (*3)	Korea	"	100.0	December. 31
Hanwha Smart Private Trust 50 th (Bond) (*3)	Korea	"	100.0	December. 31

(*1) Classified as SPEs for asset securitization and included in consolidation scope, considering the activities of the SPEs, decision-making power maintained by the Group, and the benefits and risks although the Group has less than majority ownership of the SPEs.

(*2) Classified as SPEs for money trust under Capital Market Integration Act and included in consolidation scope, considering the activities of the SPEs, decision-making power maintained by the Group and the benefits and risks carried by the Group although the Group has less than majority ownership for the SPEs.

(*3) Classified as SPEs for investing in securities and other and included in consolidation scope, considering the activities of the SPEs, decision-making power maintained by the Group, and the benefits and risks carried by the Group.

4) Details of special purpose entities newly included in consolidation scope for the year ended December 31, 2012 are as follows:

Special Purposed Entities	Reasons
Samsung Plus Private Investment Trust 20 th	Classified as SPEs for investing in securities and other. The activities of entities, decision-making powers and benefits and risks are considered when those SPEs are consolidated.
Dongbu Premium Private Investment Trust 7 th	
Woori Partner Plus Private Equity Securities 10 th	
Shinhan BNPP Corporate Private Investment Trust 17 th	
KDB Private Equity Securities Investment Trust WB 3 rd (Bond)	
Woori Smart Investor Private Investment Trust 1 st	
Yurie WB Private Investment Trust 4 th (Bond)	
Samsung Plus Private Investment Trust 21 th	
KDB Private Equity Securities Investment Trust WB 4 th (Bond)	
Kyobo Axa Tomorrow Private Trust 13 th (Bond)	
Say Private Investment Trust WB 1 st	
Hanwha Private Investment Trust 32 nd	
Eugene Pride Private Trust 28 th	
Woori Smart Investor Private Investment Trust 2 nd	
Consus Private Investment Trust 64 th	
Hyundai Advantage Private Trust 15 th	
Hana USB Power Private Equity Securities 5 th	
Mirae Asset Korea Blue Chips Private Trust 3 th	
HDC New Star Private Equity Securities 15 th	
LS Leading Solution Private Equity Securities 118 th	

Special Purposed Entities	Reasons
Hana USB Power Private Equity Securities 15 th	
Hyundai Platinum Private Equity Securities W-1	
Phoenix Sky Private Equity Securities 11 th	
Woori Partner Plus Private Equity Securities 11 th	
Mirae Asset Triumph Private Securities 9 th (Bond)	
Kyobo Axa Tomorrow Private Trust 15 th (Bond)	
Meritz Prime Private Equity Securities 79 th (Bond)	
HDC New Star Private Equity Securities 17 th (Balance Fund)	
Hyundai Advantage Private Trust 16 th	
Phoenix private placement Investment Trust 13 th	
Hanwha Private Investment Trust 43 rd	

5) Details of special purpose entities excluded from consolidation for the year ended December 31, 2012 are as follows:

Special Purposed Entities	Reasons
Real DW 2 nd Co., Ltd.	End of Liquidity Schedule
Woori Milestone China Real Estate Fund 1 st	Disposal and repayment of beneficiary certificates
Woori Partner Plus Private Trust 7 th	
Midas Private Investment Trust W-3 rd	
Allianz Blue Ocean Private Trust 5 th	
Yurie WB Private Investment Trust 3 rd (Bond)	
KDB Private Equity Securities Investment Trust WB 2 nd (Bond)	
Samsung Plus Private Investment Trust 13 th	
Woori Frontier Alpha Private Equity 8 th	
Kyobo Axa Long Short Private Trust 2 nd	
Hanwha Smart Private Trust 43 rd (Bond)	
Eugene Pride Private Trust 21 st (Bond)	
Consus Private Securities Investment Trust 54 th	
Hanhwa Quant Long Short Private Equity 3 rd	
Hyundai Advantage Private Trust 14 th	
Mirae Asset Maps Blue Chips Private Trust 2 nd	
Dongbu Premium Private Investment Trust 7 th	
Woori Smart Investor Private Investment Trust 1 st	
Woori Partner Plus Private Equity Securities 8 th	
Meritz Prime Private Trust 42 nd (Bond)	
Consus Private Investment Trust 64 th	

6) Details of special purpose entities newly included in consolidation scope for the year ended December 31, 2011 are as follows:

Special Purposed Entities	Reasons
Woori Pungsan Inc. Pyeongtaek Ocean Sand Inc.	Classified as a SPEs for asset securitization. The activities of entities, decision-making powers and benefits and risks are considered when those SPEs are consolidated even if the Group has less than majority ownership for them.
Allianz Blue Ocean Private 5 th Mirae Asset Maps Blue Chips Private 2 nd Hyundai Advantage Private 14 th Kyobo Axa Long Short Private Trust 2 nd Hanhwa Quant Long Short Private 3 rd Woori Frontier Alpha Private Equity 8 th Midas Private Investment Trust W 3 rd Consus Private Security Investment Trust 54 th Woori Partner Plus Private Equity Securities 7 th Yurie WB Private Investment Trust 3 rd (Bond) KDB Private Equity Securities Investment Trust WB 2 nd (Bond) Samsung Plus Private Investment Trust 13 th Hanhwa Smart Private Trust 43 rd (Bond) Eugene Pride Private Trust 21 st (Bond) Meritz Prime Private Trust 42 nd (Bond) Woori Partner Plus Private Equity Securities 8 th Woori Partner Plus Private Equity Securities 9 th Hanhwa Smart Private Trust 50 th (Bond)	Classified as SPEs for investing in securities and other. The activities of entities, decision-making powers and benefits and risks are considered when those SPEs are consolidated.

7) Details of special purpose entities excluded from consolidation for the year ended December 31, 2011 are as follows:

Special Purposed Entities	Reasons
Woori Moa Conduit Co., Ltd. Hyundai Glory 1 st Co., Ltd. KDB Capital 1 st Co., Ltd. Vivaldi HL 1 st Co., Ltd. Swan SF Co., Ltd.	Expiration of the contract or liquidation stopped from the Group from bearing the majority of the risk resulting from the operation of entities.
KTB Smart 90 Private Security 2 nd Hanvit Open-End High Yield HV 1 st Mid-term D-2 nd Hanhwa Smart Private Security 19 th My Asset Private Security Investment Trust W-1 st Eugene Pride Private Investment Security 12 th (Bond)	Disposal and repayment of beneficiary certificates

Special Purposed Entities	Reasons
Consus Private Security Investment Trust 29 th	
Hi-Smart Private Security 1 st	
Woori Frontier Short-term Private 2 nd	
Woori Frontier Alpha Quant Private Equity 3 rd	
Meritz Prime Private Trust 1 st	
Yurie WB Private Security Investment Trust 2 nd	
KDB Private Security Investment Trust WB-1 st	
Samsung Plus Private Investment Trust 7 th	
Eugene Pride Private Security Investment Trust 14 th (Bond)	
Hanhwa Smart Private Security 33 rd	
Taurus 1 st	
Brain 3 rd	
Meritz Prime Private Trust 5 th	
Woori Partner Plus Private Equity Securities 5 th	
Prudential Quant Long-Short Private Trust 1 st	
Prudential Quant Long-Short Private Trust 2 nd	
Woori Partner Plus Private Security Investment Trust 6 th	

8) Summarized statements of financial position as of December 31, 2012 and December 31, 2011, respectively, and comprehensive income statements for the year ended December 31, 2012 and 2011, respectively, of subsidiaries, whose financial information are included on the consolidated financial statements, are as follows (Unit: Korean Won in millions):

<December 31, 2012>

Subsidiaries	Assets	Liabilities	Equity	Operating income	Net income (loss)
Woori Credit Information Co., Ltd.	₩ 30,917	₩ 4,137	₩ 26,780	₩ 36,624	₩ 2,963
Woori America Bank	1,078,995	948,637	130,358	47,805	3,253
PT. Bank Woori Indonesia	662,720	503,895	158,825	82,658	16,133
Woori Global Market Asia Limited	181,104	130,798	50,306	8,100	1,082
Woori Bank China Limited	3,036,392	2,620,385	416,007	207,135	14,838
ZAO Woori Bank	214,258	190,941	23,317	10,960	2,631
Banco Woori Bank do Brasil	22,336	1,810	20,526	1,321	(424)
Korea BTL Infrastructure Fund	584,144	226	583,918	30,756	28,122
Woori Fund Service Co., Ltd.	2,952	520	2,432	4,592	75
Woori Bank Preservation Trust of principal and interest	6,727	6,727	-	1,730	-
SPEs under consolidation	708,728	921,907	(213,179)	37,596	(44,819)
Beneficiary Certificates under consolidation	2,145,059	92,364	2,052,695	77,464	57,088

<December 31, 2011>

Subsidiaries		Assets	Liabilities	Equity	Operating income	Net income (loss)
Woori Credit Information Co., Ltd.	₩	30,148 ₩	3,811 ₩	26,337 ₩	34,739 ₩	3,340
Woori America Bank		1,102,653	965,739	136,913	52,205	1,953
PT. Bank Woori Indonesia		643,915	479,247	164,667	186,122	17,149
Woori Global Market Asia Limited		189,541	136,536	53,005	7,198	(8,776)
Woori Bank China Limited		2,995,451	2,562,582	432,869	344,703	22,884
ZAO Woori Bank		350,235	329,099	21,136	9,520	1,590
Korea BTL Infrastructure Fund		473,983	186	473,796	26,391	24,637
Woori Fund Service Co., Ltd.		2,719	361	2,358	1,704	(596)
Woori Bank Preservation Trust of principal and interest		8,285	8,285	-	2,767	-
SPEs under consolidation		896,711	1,065,744	(169,034)	55,668	(10,522)
Beneficiary Certificates under consolidation		1,654,962	44,479	1,610,483	57,286	8,458

2. OPERATING SEGMENTS

The Group's reporting segments comprise the following customers: consumer banking, corporate banking, investment banking, capital market, and headquarters and others. The reportable segments are classified based on the target customers for whom the service is being provided.

	Scope of business
Consumer banking	Loans/deposits and financial services for individual customer
Corporate banking	Loans/deposits and export/import, financial services for corporations
Investment banking	Domestic/foreign investment, structured finance, M&A, equity & fund investment related business, venture advisory related tasks, real estate SOC development practices, etc
Capital market	Fund management, investment securities and derivatives business
Headquarter and others	Sector does not correspond to the above operating segments

The segment operating income, which differs from financial operating income, is evaluated regularly by the Group in deciding how to allocate resources and in assessing performance. The Group's income tax is not allocated to each segment because this is not directly attributable to the operating segments.

The details of assets and liabilities by each segment are as follows (Unit: Korean Won in millions):

	December 31, 2012							
	Consumer banking	Corporate banking	Investment banking	Capital market	Headquarters and others	Sub-total	Inter-segment transaction	Total
Assets	₩ 71,919,601	₩ 84,989,581	₩ 8,016,568	₩ 20,548,977	₩ 65,187,500	₩ 250,662,227	₩ (3,413,876)	₩ 247,248,351
Liabilities	41,262,437	129,294,513	111,792	18,346,591	38,460,860	227,476,193	1,206,264	228,682,457

	December 31, 2011							
	Consumer banking	Corporate banking	Investment banking	Capital market	Headquarters and others	Sub-total	Inter-segment transaction	Total
Assets	₩ 66,573,578	₩ 92,128,495	₩ 8,372,199	₩ 21,961,041	₩ 57,313,632	₩ 246,348,945	₩ (3,876,783)	₩ 242,472,162
Liabilities	66,410,452	99,911,272	94,973	13,594,388	41,031,547	221,042,632	3,303,390	224,346,022

The details of operating income by each segments are as follows (Unit: Korean Won in millions):

	For the year ended December 31, 2012							
	Consumer banking	Corporate banking	Investment banking	Capital market	Headquarters and others	Sub-total	Inter-segment transaction	Total
Net interest income:								
Interest income	₩ 4,090,920	₩ 4,688,083	₩ 337,363	₩ 288,608	₩ 1,750,083	₩ 11,155,057	₩ 281,403	₩ 11,436,460
Interest expense	(1,855,733)	(2,820,879)	(72)	(167,983)	(1,237,360)	(6,082,027)	257,521	(5,824,506)
Inter-segment	(134,749)	534,034	(331,460)	(32,769)	(35,055)	1	(1)	-
Sub-total	2,100,438	2,401,238	5,831	87,856	477,668	5,073,031	538,923	5,611,954
Non-interest income:								
Non-interest income	687,246	972,849	340,024	5,759,911	2,254,114	10,014,144	(110,825)	9,903,319
Non-interest expense	(472,581)	(525,046)	(250,453)	(5,777,549)	(1,743,975)	(8,769,604)	(490,958)	(9,260,562)
Inter-segment	13,573	20,515	-	-	(34,088)	-	-	-
Sub-total	228,238	468,318	89,571	(17,638)	476,051	1,244,540	(601,783)	642,757
Other expenses:								
Administrative expenses	(1,673,720)	(811,068)	(18,278)	(23,521)	(205,072)	(2,731,659)	4,019	(2,727,640)
Provisions	(118,449)	(1,484,228)	(77,748)	(64,678)	(133,103)	(1,878,206)	50,092	(1,828,114)
Sub-total	(1,792,169)	(2,295,296)	(96,026)	(88,199)	(338,175)	(4,609,865)	54,111	(4,555,754)
Operating income (loss)	₩ 536,507	₩ 574,260	₩ (624)	₩ (17,981)	₩ 615,544	₩ 1,707,706	₩ (8,749)	₩ 1,698,957

For the year ended December 31, 2011								
	Consumer banking	Corporate banking	Investment banking	Capital market	Headquarters and others	Sub-total	Inter-segment transaction	Total
Net interest income:								
Interest income	₩ 4,049,332	₩ 5,203,936	₩ 344,881	₩ 505,272	₩ 1,584,108	₩ 11,687,529	₩ (28,271)	₩ 11,659,258
Interest expense	(1,810,688)	(3,147,929)	(11,136)	(180,297)	(1,413,599)	(6,563,649)	632,602	(5,931,047)
Inter-segment	63,958	692,552	(308,245)	(316,579)	(119,634)	12,052	(12,052)	-
Sub-total	2,302,602	2,748,559	25,500	8,396	50,875	5,135,932	592,279	5,728,211
Non-interest income:								
Non-interest income	1,669,152	2,945,134	487,772	6,316,802	5,397,679	16,816,539	(383,218)	16,433,321
Non-interest expense	(1,420,772)	(2,528,459)	(480,901)	(6,205,221)	(4,556,095)	(15,191,448)	135,975	(15,055,473)
Inter-segment	12,788	34,909	(33,698)	5,475	(19,186)	288	(288)	-
Sub-total	261,168	451,584	(26,827)	117,056	822,398	1,625,379	(247,531)	1,377,848
Other expenses:								
Administrative expenses	(1,600,340)	(749,681)	(20,086)	(20,311)	(58,904)	(2,449,322)	(100,038)	(2,549,360)
Provisions	(146,632)	(707,900)	(366,505)	(6,159)	(565,486)	(1,792,682)	(170,829)	(1,963,511)
Sub-total	(1,746,972)	(1,457,581)	(386,591)	(26,470)	(624,390)	(4,242,004)	(270,867)	(4,512,871)
Operating income (loss)	₩ 816,798	₩ 1,742,562	₩ (387,918)	₩ 98,982	₩ 248,883	₩ 2,519,307	₩ 73,881	₩ 2,593,188

Information on financial products and services

The financial products of the Group are classified as interest, non-interest and other goods; however, since this classification has already been reflected in the component of the operating segments above, revenue from external customers is not separately disclosed.

Information on geographical areas

Details of the geographical revenues from external customers and non-current assets are as follows (Unit: Korean Won in millions):

	Revenues from external customers		Non-current assets	
	For the year ended December 31, 2012	For the year ended December 31, 2011	December 31, 2012	December 31, 2011
Domestic	₩ 20,785,391	₩ 27,257,696	₩ 3,359,216	₩ 3,188,702
Overseas	554,388	834,883	31,898	30,441
Total	₩ 21,339,779	₩ 28,092,579	₩ 3,391,114	₩ 3,219,143

Revenues from external customers consist of interest income and non-interest income. Non-current assets consist of investments in associates, investment properties, premises and equipment, and intangible assets.

3. CASH AND CASH EQUIVALENTS

(1) Details of cash and cash equivalents are as follows (Unit: Korean Won in millions):

	December 31, 2012		December 31, 2011	
Cash and checks	₩	2,551,530	₩	2,826,040
Foreign currencies		522,257		464,745
Demand deposits		1,078,519		1,853,893
Fixed deposits		440,844		244,589
Total	₩	4,593,150	₩	5,389,267

(2) Material transactions not involving cash inflows and outflows are as follows (Unit: Korean Won in millions):

	For the year ended December 31, 2012		For the year ended December 31, 2011	
Changes in investments in associates due to equity swap	₩	75,290	₩	-
Changes in other comprehensive income of investment in associates		1,210		(28,651)
Changes in other comprehensive income of overseas business translation		(74,111)		15,539

4. FINANCIAL ASSETS AT FVTPL

(1) Details of financial assets at FVTPL are as follows (Unit: Korean Won in millions):

	December 31, 2012		December 31, 2011	
Securities in local currency:				
Korean treasury and government agencies	₩	457,706	₩	588,452
Financial institutions		1,626,814		2,653,822
Corporates		-		3,977
Equity securities		276,280		282,889
Beneficiary certificates		5,679		-
Commercial Paper ("CP")		2,877,334		2,139,298
Loaned securities		26,165		19,876
Other securities		-		823
Sub-total		5,269,978		5,689,137
Derivatives instruments assets:				
Interest rate derivatives		1,573,332		1,422,915
Currency derivatives		1,297,208		1,867,416
Equity derivatives		57,918		53,706
Other derivatives		5,028		16,346

	December 31, 2012		December 31, 2011	
Sub-total		2,933,486		3,360,383
Other financial assets (Cash Management Account ("CMA") and CP)		1,646,507		2,268,325
Gold banking assets		5,582		-
Total	₩	9,855,553	₩	11,317,845

(2) Structured notes of financial assets at FVTPL are as follows (Unit: Korean Won in millions):

	December 31, 2012		
	Face value	Carrying value	Potential Risk
Structured notes relating to credit risk:			
Synthetic Collateralized Debt Obligation ("CDO")	₩ 32,133	₩ -	Credit risk of underlying assets

	December 31, 2011		
	Face value	Carrying value	Potential Risk
Structured notes relating to credit risk:			
Synthetic CDO	₩ 34,599	₩ -	Credit risk of underlying assets

5. AFS FINANCIAL ASSETS

(1) Details of AFS financial assets are as follows (Unit: Korean Won in millions):

	December 31, 2012		December 31, 2011	
AFS financial assets in local currency:				
Debt securities:				
Korean treasury and government agencies	₩	2,365,203	₩	2,478,265
Financial institutions		5,503,457		3,994,503
Corporates		2,330,567		2,390,187
Others		316		369
Sub-total		10,199,543		8,863,324
Equity securities:				
Listed stock		444,653		877,036
Unlisted stock		759,145		747,675
Capital contributions		238,055		252,002
Beneficiary certificates		2,451,465		3,511,812

	December 31, 2012	December 31, 2011
Sub-total	3,893,318	5,388,525
Sub-total	14,092,861	14,251,849
AFS financial assets in foreign currencies:		
Debt securities	262,302	199,049
Equity securities	108,954	139,516
Sub-total	371,256	338,565
Loaned securities	20,413	80,193
Total	₩ 14,484,530	₩ 14,670,607

(2) Details of unrealized gains or losses on AFS financial assets are as follows (Unit: Korean Won in millions):

	December 31, 2012			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
AFS financial assets in local currency:				
Debt securities:				
Korean treasury and government agencies	₩ 2,345,127	₩ 21,543	₩ (1,467)	₩ 2,365,203
Financial institutions	5,488,669	16,146	(1,358)	5,503,457
Corporates	2,315,031	30,286	(14,750)	2,330,567
Others	316	-	-	316
Sub-total	10,149,143	67,975	(17,575)	10,199,543
Equity securities:				
Listed stock	412,834	32,255	(436)	444,653
Unlisted stock	584,008	184,430	(9,293)	759,145
Capital contributions	255,448	2,416	(19,809)	238,055
Beneficiary certificates	2,441,735	14,959	(5,229)	2,451,465
Sub-total	3,694,025	234,060	(34,767)	3,893,318
Sub-total	13,843,168	302,035	(52,342)	14,092,861
AFS financial assets in foreign currencies:				
Debt securities	262,257	260	(215)	262,302
Equity securities	85,308	30,725	(7,079)	108,954
Sub-total	347,565	30,985	(7,294)	371,256
Loaned securities	19,930	483	-	20,413
Total	₩ 14,210,663	₩ 333,503	₩ (59,636)	₩ 14,484,530

	December 31, 2011			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
AFS financial assets in local currency:				
Debt securities:				
Korean treasury and government agencies	₩ 2,447,068	₩ 31,632	₩ (435)	2,478,265
Financial institutions	3,983,885	11,145	(527)	3,994,503
Corporates	2,384,008	17,271	(11,092)	2,390,187
Others	369	-	-	369
Sub-total	8,815,330	60,048	(12,054)	8,863,324
Equity securities:				
Listed stock	453,618	424,510	(1,092)	877,036
Unlisted stock	597,077	154,592	(3,994)	747,675
Capital contributions	252,675	6,219	(6,892)	252,002
Beneficiary certificates	3,443,689	70,705	(2,582)	3,511,812
Sub-total	4,747,059	656,026	(14,560)	5,388,525
Sub-total	13,562,389	716,074	(26,614)	14,251,849
AFS financial assets in foreign currencies:				
Debt securities	199,079	117	(147)	199,049
Equity securities	111,639	32,498	(4,621)	139,516
Sub-total	310,718	32,615	(4,768)	338,565
Loaned securities	79,990	203	-	80,193
Total	₩ 13,953,097	₩ 748,892	₩ (31,382)	14,670,607

(3) Structured notes of AFS financial assets are as follows (Unit: Korean Won in millions):

	December 31, 2012		
	Face value	Carrying value	Potential Risk
Structured notes relating to stock:			
Convertible bonds	₩ -	₩ -	Decrease in related stock price
Structured notes relating to credit risk:			
Cash CDO	140,112	-	Credit risk of underlying assets
Synthetic CDO	21,422	-	Credit risk of underlying assets
Total	₩ 161,534	₩ -	

	December 31, 2011		
	Face value	Carrying value	Potential Risk
Structured notes relating to stock:			
Convertible bonds	₩ 11,094 ₩	-	Decrease in related stock price
Structured notes relating to credit risk:			
Cash CDO	150,865	-	Credit risk of underlying assets
Synthetic CDO	23,066	-	Credit risk of underlying assets
Total	₩ 185,025 ₩	-	

6. HTM FINANCIAL ASSETS

(1) Details of HTM financial assets are as follows (Unit: Korean Won in millions):

	December 31, 2012		December 31, 2011	
In local currency:				
Korean treasury and government agencies	₩	5,527,699 ₩	₩	5,131,953
Financial institutions		3,242,394		5,193,115
Corporates		5,534,920		4,972,391
Sub-total		14,305,013		15,297,459
In foreign currencies:				
Debt securities		36,493		102,966
Total	₩	14,341,506 ₩	₩	15,400,425

2) Details of unrealized gains or losses on HTM financial assets are as follows (Unit: Korean Won in millions):

	December 31, 2012			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
In local currency:				
Korean treasury and government agencies	₩ 5,527,699 ₩	99,011 ₩	(5,691) ₩	5,621,019
Financial institutions	3,242,394	14,190	(300)	3,256,284
Corporates	5,534,920	96,855	(3,139)	5,628,636
Sub-total	14,305,013	210,056	(9,130)	14,505,939
In foreign currencies:				
Debt securities	36,493	-	-	36,493
Total	₩ 14,341,506 ₩	210,056 ₩	(9,130) ₩	14,542,432

		December 31, 2011			
		Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
In local currency:					
Korean treasury and government agencies	₩	5,131,953	₩ 61,079	₩ (1,382)	5,191,650
Financial institutions		5,193,115	11,249	(414)	5,203,950
Corporates		4,972,391	38,215	(4,256)	5,006,350
Sub-total		15,297,459	110,543	(6,052)	15,401,950
In foreign currencies:					
Debt securities		102,966	-	-	102,966
Total	₩	15,400,425	₩ 110,543	₩ (6,052)	15,504,916

7. LOANS AND RECEIVABLES

(1) Details of loans and receivables are as follows (Unit: Korean Won in millions):

	December 31, 2012		December 31, 2011	
Due from banks	₩	10,087,615	₩	11,860,545
Loans		175,858,518		171,767,085
Other loan and receivables		14,102,973		8,281,402
Total	₩	200,049,106	₩	191,909,032

(2) Details of due from banks are as follows (Unit: Korean Won in millions):

	December 31, 2012		December 31, 2011	
Due from banks in local currency:				
Due from the BOK	₩	8,624,062	₩	10,166,149
Due from depository institutions		4,216		14,972
Due from non-depository financial institutions		21,426		7,975
Due from Korea Exchange		167		5,659
Others		11,681		12,838
Provisions for credit losses		(1,943)		(2,363)
Sub-total		8,659,609		10,205,230
Due from banks in foreign currencies:				
Due from banks on demand in other financial institutions		610,699		618,766
Due from banks on time deposit		408,417		439,266
Others		410,571		599,351
Provisions for credit losses		(1,681)		(2,068)
Sub-total		1,428,006		1,655,315
Total	₩	10,087,615	₩	11,860,545

(3) Details of restricted due from banks are as follows (Unit: Korean Won in millions):

Financial institution	December 31, 2012		December 31, 2011		Reasons
In local currency:					
BOK	₩	8,624,062	₩	10,166,148	Reverse deposits on BOK Act and others
Korea Exchange		250		250	Joint compensation fund for loss incurred
Samsung Securities and others		8,105		7,617	Forward margin and others
Others		13		13	Pledged commission income
Sub-total		8,632,430		10,174,028	
In foreign currencies:					
BOK		458,990		321,959	Reverse deposits on BOK Act and others
State Bank of Vietnam and others		43,397		66,851	Reserve deposits in foreign branches and others
Central bank of China and others		361,845		499,348	Reserve deposits in foreign subsidiary and others
Central bank of Bangladesh and others		62,762		66,771	Installation deposits of financial institution and others
Macquarie bank		-		512	Collateral for overseas future trading
Sub-total		926,994		955,441	
Total	₩	9,559,424	₩	11,129,469	

(4) Details of loans are as follows (Unit: Korean Won in millions):

	December 31, 2012		December 31, 2011	
Loans in local currency	₩	144,644,933	₩	141,733,063
Loans in foreign currencies		9,505,325		12,024,482
Domestic banker's usance		4,892,884		5,086,592
Credit card accounts		4,117,401		4,194,926
Bills bought in foreign currencies		4,128,832		5,161,871
Bills bought in local currency		551,901		481,071
Factoring receivables		156,246		206,684
Advances for customers		125,841		33,809
Privately placed bonds		768,557		1,332,594
Loans for debt- equity swap		498		498
Backed loans		315,121		607,598
Call loans		5,217,329		3,099,061
Bonds purchased under repurchase agreements		4,130,934		592,000
Other loans		42,147		48,786
Deferred loan origination fees and costs		229,311		154,131

	December 31, 2012		December 31, 2011	
Present value discount		(20,772)		(22,297)
Fair value hedging adjustment		248		404
Provision for credit losses		(2,948,218)		(2,968,188)
Total	₩	175,858,518	₩	171,767,085

(5) Details of other receivables are as follows (Unit: Korean Won in millions):

	December 31, 2012		December 31, 2011	
Cash Management Account ("CMA")	₩	-	₩	20,000
Accounts receivables		11,432,796		6,149,759
Accrued income		951,616		973,880
Guarantee deposits		1,003,640		965,033
Other assets(*)		1,071,728		608,873
Present value discount of other assets		(53,231)		(57,362)
Provisions for credit losses		(303,576)		(378,781)
Total	₩	14,102,973	₩	8,281,402

(*) As of December 31, 2012, in accordance with the creditor financial institutions committee agreement the Group concluded, other assets include ₩ 91,308 million of receivables from other creditor financial institutions which is accounted for as other operating income. On the other hand, as of December 31, 2012, ₩ 94,205 million of other financial liabilities to be paid by the Group is accounted for as other operating expenses (Notes 25 and 40).

(6) Changes in provisions for credit losses on loans and receivables are as follows (Unit: Korean Won in millions):

	For the year ended December 31, 2012									
	Loans		Credit cards	Others	Total					
	Consumers	Corporates								
Beginning balance	₩	(191,447)	₩	(2,657,257)	₩	(119,484)	₩	(383,212)	₩	(3,351,400)
Provisions for credit losses		(171,031)		(1,462,452)		(143,965)		(21,644)		(1,799,092)
Recoveries of written-off loans		(40,997)		(145,140)		(31,498)		(32)		(217,667)
Charge-off		122,316		1,514,708		175,984		843		1,813,851
Sales of loans and receivables and others		8,522		120,764		-		963		130,249
Unwinding effect		13,725		71,754		311		296		86,086
Others		28		(13,538)		479		95,586		82,555
Ending balance	₩	(258,884)	₩	(2,517,161)	₩	(118,173)	₩	(307,200)	₩	(3,255,418)

	For the year ended December 31, 2011									
	Loans		Credit cards	Others	Total					
	Consumers	Corporates								
Beginning balance	₩	(171,623)	₩	(3,607,045)	₩	(113,206)	₩	(279,396)	₩	(4,171,270)
Provisions for credit losses		(82,897)		(1,423,443)		(108,995)		(95,318)		(1,710,653)
Recoveries of written-off loans		(26,677)		(1,531)		(31,412)		-		(59,620)
Charge-off		74,271		1,886,423		133,542		618		2,094,854
Sales of loans and receivables and others		8,376		474,404		-		1,296		484,076
Unwinding effect		7,368		124,876		75		6,722		139,041
Others		(265)		(110,941)		512		(17,134)		(127,828)
Ending balance	₩	(191,447)	₩	(2,657,257)	₩	(119,484)	₩	(383,212)	₩	(3,351,400)

(7) Changes in deferred loan origination fees and costs are as follows (Unit: Korean Won in millions):

	For the year ended December 31, 2012							
	Balance at January 1, 2012	Increase	Decrease	Balance at December 31, 2012				
Deferred loan origination fees	₩	(48,563)	₩	(22,396)	₩	34,739	₩	(36,220)
Deferred loan origination costs		202,694		181,999		(119,162)		265,531
	₩	154,131	₩	159,603	₩	(84,423)	₩	229,311

	For the year ended December 31, 2011							
	Balance at January 1, 2011	Increase	Decrease	Balance at December 31, 2011				
Deferred loan origination fees	₩	(62,619)	₩	(38,856)	₩	52,912	₩	(48,563)
Deferred loan origination costs		132,985		144,640		(74,931)		202,694
	₩	70,366	₩	105,784	₩	(22,019)	₩	154,131

8. THE FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The Group classified and discloses fair value of the financial instruments into the following three-level hierarchy:

- Level 1: fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. prices) or indirectly (i.e. derived from prices).
- Level 3: fair value measurements are those derived from valuation technique that include inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

(1) Fair value hierarchy of financial assets and liabilities measured at fair value is as follows (Korean Won in millions):

	December 31, 2012			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at FVTPL:				
Securities in local currency:				
Korean treasury and government agencies	₩ 457,369	₩ 337	₩ -	457,706
Financial institutions	-	1,626,814	-	1,626,814
Equity securities	276,280	-	-	276,280
Beneficiary certificates	-	5,679	-	5,679
CP	-	2,877,334	-	2,877,334
Loaned securities	26,165	-	-	26,165
Sub-total	759,814	4,510,164	-	5,269,978
Derivatives instruments assets (*):				
Interest rate derivatives	-	1,840,802	-	1,840,802
Currency derivatives	-	1,299,152	-	1,299,152
Equity derivatives	319	8,393	49,206	57,918
Other derivatives	-	5,028	-	5,028
Sub-total	319	3,153,375	49,206	3,202,900
Other financial assets (CMA CP)	-	1,646,507	-	1,646,507
Gold banking assets	5,582	-	-	5,582
Total	₩ 765,715	₩ 9,310,046	₩ 49,206	10,124,967
AFS financial assets:				
Securities in local currency:				
Debt securities:				
Korean treasury and government agencies	₩ 2,361,133	₩ 4,070	₩ -	2,365,203
Financial institutions	-	5,503,457	-	5,503,457
Corporates	-	2,330,567	-	2,330,567
Others	-	316	-	316
Sub-total	2,361,133	7,838,410	-	10,199,543
Equity securities:				
Listed stock	347,648	-	97,005	444,653
Unlisted stock	-	-	759,145	759,145
Capital contributions	-	-	238,055	238,055
Beneficiary certificates	-	2,295,203	156,262	2,451,465
Sub-total	347,648	2,295,203	1,250,467	3,893,318
Securities in local currency sub-total	2,708,781	10,133,613	1,250,467	14,092,861

	December 31, 2012			
	Level 1	Level 2	Level 3	Total
Securities in foreign currencies:				
Debt securities	₩ 19,143	₩ 243,159	₩ -	262,302
Equity securities	1,541	-	107,413	108,954
Sub-total	20,684	243,159	107,413	371,256
Loaned securities	20,413	-	-	20,413
Total	₩ 2,749,878	₩ 10,376,772	₩ 1,357,880	₩ 14,484,530
Financial liabilities:				
Financial liabilities at trading:				
Gold banking liabilities	5,582	-	-	5,582
Derivatives instruments liabilities (*):				
Interest rate derivatives	-	1,626,853	58	1,626,911
Currency derivatives	-	1,167,900	-	1,167,900
Equity derivatives	-	35,905	335,448	371,353
Other derivatives	-	5,323	-	5,323
Sub-total	-	2,835,981	335,506	3,171,487
Financial liabilities at trading-sub-total	5,582	2,835,981	335,506	3,177,069
Financial liability designated at FVTPL:				
Debentures in local currency	-	227,920	-	227,920
Debentures in foreign currencies	-	87,534	-	87,534
Sub-total	-	315,454	-	315,454
Total	₩ 5,582	₩ 3,151,435	₩ 335,506	₩ 3,492,523

	December 31, 2011			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets held for trading:				
Securities in local currency:				
Korean treasury and government agencies	₩ 588,094	₩ 358	₩ -	588,452
Financial institutions	-	2,653,822	-	2,653,822
Corporates	-	3,977	-	3,977
Equity securities	282,889	-	-	282,889
CP	-	2,139,298	-	2,139,298
Loaned securities	19,876	-	-	19,876
Other securities	-	823	-	823
Sub-total	890,859	4,798,278	-	5,689,137

	December 31, 2011			
	Level 1	Level 2	Level 3	Total
Derivatives instruments assets (*):				
Interest rate derivatives	-	1,749,328	-	1,749,328
Currency derivatives	-	1,867,416	-	1,867,416
Equity derivatives	644	21,871	31,191	53,706
Other derivatives	-	16,346	-	16,346
Sub-total	644	3,654,961	31,191	3,686,796
Other financial assets (CMA CP)	-	2,268,325	-	2,268,325
Total	₩ 891,503 ₩	₩ 10,721,564 ₩	₩ 31,191 ₩	₩ 11,644,258
AFS financial assets:				
Securities in local currency:				
Debt securities:				
Korean treasury and government agencies	₩ 2,468,525 ₩	₩ 9,740 ₩	₩ - ₩	₩ 2,478,265
Financial institutions	-	3,994,503	-	3,994,503
Corporates	-	2,390,187	-	2,390,187
Others	-	369	-	369
Sub-total	2,468,525	6,394,799	-	8,863,324
Equity securities:				
Listed stock	399,401	-	477,635	877,036
Unlisted stock	-	-	747,675	747,675
Capital contributions	-	-	252,002	252,002
Beneficiary certificates	-	3,298,460	213,352	3,511,812
Sub-total	399,401	3,298,460	1,690,664	5,388,525
Securities in local currency -sub-total	2,867,926	9,693,259	1,690,664	14,251,849
Securities in foreign currencies:				
Debt securities	9,116	189,933	-	199,049
Equity securities	3,449	-	136,067	139,516
Sub-total	12,565	189,933	136,067	338,565
Loaned securities	80,193	-	-	80,193
Total	₩ 2,960,684 ₩	₩ 9,883,192 ₩	₩ 1,826,731 ₩	₩ 14,670,607
Financial liabilities:				
Financial liabilities at trading:				
Borrowings (Securities in short position)	₩ 8,105 ₩	₩ - ₩	₩ - ₩	₩ 8,105
Derivatives instruments liabilities (*):				
Interest rate derivatives	-	1,523,437	43	1,523,480
Currency derivatives	-	1,336,230	-	1,336,230

	December 31, 2011			
	Level 1	Level 2	Level 3	Total
Equity derivatives	80	44,466	283,607	328,153
Other derivatives	-	16,972	-	16,972
Sub-total	80	2,921,105	283,650	3,204,835
Financial liabilities at trading -sub-total	8,185	2,921,105	283,650	3,212,940
Financial liability designated at FVTPL:				
Debentures in local currency	-	226,433	-	226,433
Debentures in foreign currencies	-	95,775	-	95,775
Sub-total	-	322,208	-	322,208
Total	₩ 8,185 ₩	₩ 3,243,313 ₩	₩ 283,650 ₩	₩ 3,535,148

(*) Derivative assets and liabilities held for trading and hedging are also included in derivative assets and liabilities.

The amounts of equity securities carried at cost which do not have a quoted market price in an active market and cannot be measured reliably at fair value are ₩36,864 million and ₩92,891 million as of December 31, 2012 and December 31, 2011, respectively. These securities are unmarketable or unquoted equity instruments which were invested to special purposed entity such as asset securitization specialty and are included in level 3 of unlisted stock and capital contributions. They are carried at cost because it is practically difficult to get financial information for valuation, or probabilities and range of cash flows of the unlisted equity securities cannot be measured reliably. The Group has no plan to sell these financial instruments in near future.

For the years ended December 31, 2012 and 2011, ₩11,752 million and ₩5,484 million respectively, were derecognized due to disposal. The related gains are ₩5,384 million and ₩139 million for the years ended December 31, 2012 and December 31, 2011 respectively.

Financial assets and liabilities at FVTPL, AFS financial assets, held-for-trading financial assets and liabilities and derivative assets and liabilities are recognized at fair value. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Financial instruments are measured at fair value using a quoted market price in active markets. If there is no active market for a financial instrument, the Group establishes the fair value using valuation techniques. Fair value measurement methods for each type of financial instruments are as follows:

	Fair value measurement technique
Financial assets and liabilities at FVTPL	Financial assets and liabilities at FVTPL are measured at fair value using a price quoted by a third party, such as a pricing service, or using valuation techniques.
Held-for-trading financial assets and liabilities and AFS financial assets	Held-for-trading financial assets and liabilities and AFS financial assets are measured at fair value using a quoted market price in an active market. If a quoted market price is not available, they are measured by using a price quoted by a third party, such as a pricing service or using valuation techniques.
HTM financial assets	HTM financial assets are measured by using a price quoted by a third party, such as a pricing service.
Loans and receivables	Loans and receivables are measured by discounting expected future cash flows at a market interest rate of other loans with similar condition.

	Fair value measurement technique
Derivative assets and liabilities	Derivatives are measured at fair value using a quoted market price in an active market. If a quoted market price is not available, they are measured at fair value using valuation techniques.
Deposits due to customers and borrowings	Deposits due to customers and borrowings are measured at fair value using discounting expected future cash flows at the interest rate of bond issued by the Group. However, if the carrying value is not significantly different from the fair value, it assumes that the carrying value is equal to the fair value.
Debentures	The fair value of issued bond shall be measured at the present value of cash flows using the swap interest rates. For some financial instruments, the fair value estimated by specialists, the third party, can be used.

(2) Changes in financial assets and liabilities classified into Level 3 are as follows (Unit: Korean Won in millions):

	Transfer into/out of level 3 for the year ended December 31, 2012							December 31, 2012
	January 1, 2012	Net income	Other comprehensive income (loss)	Purchases/ Issuances	Disposals/ Settlements	Transfer to or from level 3		
Financial assets:								
Financial assets at FVTPL:								
Financial assets held for trading								
Derivatives assets:								
Equity derivatives	₩ 31,191	₩ 18,015	₩ -	₩ -	₩ -	₩ -	₩ -	49,206
AFS financial assets:								
Listed stock in local currency	477,635	367,269	(370,282)	87,924	(466,199)	658		97,005
Unlisted stock in local currency	747,675	(138)	24,539	29,208	(42,139)	-		759,145
Capital contributions in local currency	252,002	(2,323)	(16,720)	31,484	(26,388)	-		238,055
Equity securities in foreign currencies	136,067	(6,771)	(4,167)	5,224	(22,940)	-		107,413
Beneficiary certificates	213,352	74,463	(38,521)	14,137	(111,887)	4,718		156,262
Sub-total	₩ 1,826,731	₩ 432,500	₩ (405,151)	₩ 167,977	₩ (669,553)	₩ 5,376		1,357,880
Financial liabilities:								
Financial liabilities at FVTPL:								
Derivative liabilities:								
Interest rate derivatives	₩ 43	₩ 232	₩ -	₩ -	₩ (217)	₩ -	₩ -	58
Equity derivatives	283,607	26,325	-	84,548	(59,032)	-		335,448
Sub-total	₩ 283,650	₩ 26,557	₩ -	₩ 84,548	₩ (59,249)	₩ -		335,506

Out of the amounts recognized in net income for the year ended December 31, 2012, the net loss of ₩61,608 million, which is included in gain or loss on financial instruments at fair value through profit or loss and gain or loss on available-for-sale financial assets in the comprehensive income statements, is included in profit or loss for financial instrument held as of December 31, 2012.

	Transfer into/out of level 3 for the year ended December 31, 2011							December 31, 2011
	January 1, 2011	Net income	Other comprehensive income (loss)	Purchases/ Issuances	Disposals/ Settlements	Transfer to or from level 3		
Financial assets:								
Financial assets at FVTPL:								
Financial assets held for trading:								
Derivatives assets:								
Equity derivatives	₩ 4,778	₩ 6,267	₩ -	₩ 22,915	₩ (2,769)	₩ -	₩ 31,191	
Credit derivatives	-	46	-	-	(46)	-	-	
Sub-total	4,778	6,313	-	22,915	(2,815)	-	31,191	
AFS financial assets:								
Listed stock in local currency	1,074,958	915,643	(479,974)	6,767	(1,039,759)	-	477,635	
Unlisted stock in local currency	640,966	15,115	23,577	136,645	(58,558)	(10,070)	747,675	
Capital contributions in local currency	209,976	1,352	15,696	83,536	(58,558)	-	252,002	
Equity securities in foreign currencies	138,628	(10,071)	13,270	6,978	(12,738)	-	136,067	
Beneficiary certificates	164,774	(477)	6,120	23,182	(927)	20,680	213,352	
Sub-total	2,229,302	921,562	(421,311)	257,108	(1,170,540)	10,610	1,826,731	
Financial liabilities:								
Financial liabilities at FVTPL:								
Derivative liabilities:								
Interest rate derivatives	-	24	-	20	(1)	-	43	
Equity derivatives	311,631	(51,281)	-	213,332	(190,075)	-	283,607	
Credit derivatives	1,600	(2,532)	-	-	932	-	-	
Sub-total	₩ 313,231	₩ (53,789)	₩ -	₩ 213,352	₩ (189,144)	₩ -	₩ 283,650	

Out of the amounts recognized in net income for the six month ended December 31, 2011, amounts related to assets and liabilities that the Group currently holds are the net loss of ₩20,254 million, which is included in gain or loss on financial instruments at fair value through profit or loss and gain or loss on available-for-sale financial assets in the comprehensive income statements, is included in profit or loss for financial instrument held as of December 31, 2011.

(3) The Group performed the sensitivity analysis for the level 3 financial instruments which fair value would be measured differently upon reasonably possible alternative assumptions. The Group classified the effect from changes upon the alternative assumptions into favorable effect and unfavorable effect and presented the most favorable effect or the most unfavorable effect in the table hereunder. Based on the types of the level 3 financial instruments, the changes upon the assumptions would affect either net income (loss) or other comprehensive income (loss). As such, the changes in the assumptions to measure fair value of equity derivatives and interest rate derivatives would affect current performance. On the other hand, the changes in the assumption for equity securities, equity investments, and beneficiary certificates would affect other comprehensive income.

The following table shows the sensitivity analysis to disclose the effect of reasonably possible alternative assumptions on the fair value of a level 3 financial instruments for the year ended December 31, 2012 (Unit: Korean Won in millions):

	For the year ended December 31, 2012			
	Net income (loss)		Other comprehensive income (loss)	
	Favorable	Unfavorable	Favorable	Unfavorable
Financial assets:				
Financial assets held for trading:				
Derivatives instruments assets (*1)	₩ 9,241	₩ (9,083)	₩ -	-
Financial assets designed at FVTPL:				
AFS Financial Assets:				
Equity securities (*2)	-	-	116,488	(47,998)
Beneficiary certificates (*3)	-	-	1,953	(1,896)
Total	9,241	(9,083)	118,441	(49,894)
Financial liabilities:				
Financial liabilities held for trading:				
Derivative liabilities (*1)	₩ 9,450	₩ (9,843)	₩ -	-

(*1) Fair value changes of equity derivatives and financial assets designed at FVTPL are calculated by increasing or decreasing historical fluctuation rate of stock price and correlation by 10%. The historical fluctuation rate of stock price and correlation are major unobservable variables.

(*2) Fair value changes of equity securities are calculated by increasing or decreasing growth rate (0~1%) and discount rate (-1~1%) or liquidation value (-1~1%) and discount rate (-1~1%). The growth rate, discount rate, and liquidation value are major unobservable variables.

(*3) Fair value changes of beneficiary certificates are calculated by increasing or decreasing price fluctuation of trust property and discount rate by 1%, respectively. The price fluctuation of trust property and discount rate are major unobservable variables.

(4) Fair value and carrying amount of financial assets and liabilities that are recorded at amortized cost are as follows (Unit: Korean Won in millions):

	December 31, 2012	
	Fair value	Carrying amount
Financial assets:		
HTM financial assets	₩ 14,542,432	₩ 14,341,506
Loans and receivables	201,980,659	200,049,106
Financial liabilities:		
Deposits due to customers	168,091,771	168,007,679
Borrowings	17,478,699	17,445,898
Debentures	18,875,761	17,841,978
Other financial liabilities	20,721,298	20,721,110

	December 31, 2011	
	Fair value	Carrying amount
Financial assets:		
HTM financial assets	₩ 15,504,916	₩ 15,400,425
Loans and receivables	193,429,738	191,909,032
Financial liabilities:		
Deposits due to customers	164,044,745	164,092,476
Borrowings	19,109,619	19,174,642
Debentures	20,094,790	19,811,813
Other financial liabilities	16,347,046	16,346,969

9. TRANSFER OF FINANCIAL INSTRUMENTS

The Group derecognized the transferred loans in the consolidated financial statements but has continuing participation in them. Nature of participation, book value and fair value of loans and maximum exposure of losses incurred from the continuous participation are as follows;

	Type of continuous involvement	Book value of continuous participation	Fair value of continuous participation	Maximum exposure on loss
KAMCO tenth Asset Securitization Specialty ("KAMCO specialty")	Acquisition of subordinated bonds issued by KAMCOspecialty	1,746	1,930	1,746
Conditional disposal of loans to KAMCO	Guarantee against loss on transferred assets by theGroup (*1)	-	-	709

(*1) The transferred assets are not settled yet as therefore the cash flow upon the settlement are not determinable as of December 31, 2012. The maximum exposure on loss presents the carrying amounts of assets at the date when they were transferred. The Group derecognized the transferred assets although the Group retains substantially all such risks and rewards since these assets were transferred before the date of the transition to K-IFRS.

In addition, Financial- instruments such as bond sold under repurchase agreements and loaned securities which is not eliminated entirely are described in Note 19.

10. INVESTMENTS IN ASSOCIATES

(1) Investments in associates are as follows (Unit: Korean Won in millions):

Investee	Location	Capital	Main business	December 31, 2012		
				Number of Shares owned	Percentage of ownership (%)	Financial statements as of
Kumho Tires Co., Ltd. (*1) (*2)	Korea	₩ 631,300	Manufacturing	22,514,800	17.8	December. 31
Woori Blackstone Korea Opportunity Private Equity Fund 1(*3)	Korea	421,000	Securities investment	90,297,987,131	21.4	December. 31
Woori Service Networks Co., Ltd. (*4) (*6)	Korea	500	Freight & staffing	4,704	4.9	November. 30
Woori Private Equity Fund	Korea	184,200	Securities investment	53,286	28.9	December. 31

Investee	Location	Capital	Main business	December 31, 2012		
				Number of Shares owned	Percentage of ownership (%)	Financial statements as of
Korea Credit Bureau Co., Ltd. (*4)	Korea	10,000	Credit information	144,000	7.2	December. 31
Korea Finance Security Co., Ltd. (*4) (*6)	Korea	6,000	Security service	183,870	15.3	November. 30
United PF 1st Corporate Financial Stability (*4)	Korea	1,081,400	Securities investment	190,650	18.0	December. 31
LIG E&C Co., Ltd.	Korea	16,500	Construction	755,946	23.2	-
Hyunjin Co., Ltd.	Korea	38,400	Construction	1,667,600	21.7	-
Chin Hung International Inc. (*2) (*6)	Korea	225,100	Construction	125,052,000	27.8	November. 30
Pi city co., Ltd	Korea	20,600	Construction	871,631	21.1	-
Orient Shipyard Co., Ltd	Korea	2,300	Shipbuilding Industry	465,050	23.0	-
Phoenix Digital Tech Co., Ltd (*5)	Korea	2,000	Manufacturing	73,160	18.3	December. 31
Poong Lim Industrial Co., Ltd	Korea	67,500	Construction	4,316,176	31.6	-
CNK Co.,Ltd	Korea	300	Manufacturing	74,261	30.8	-

Investee	December 31, 2011		
	Number of Shares owned	Percentage of ownership (%)	Financial statements as of
Kumho Tires Co., Ltd. (*1) (*2)	22,514,800	21.2	December. 31
Woori Blackstone Korea Opportunity Private Equity Fund 1st(*3)	75,400	21.4	December. 31
Woori Service Networks Co., Ltd. (*4) (*6)	4,704	4.9	December. 31
Woori Private Equity Fund	64,508	28.9	December. 31
Korea Credit Bureau Co., Ltd. (*4)	144,000	7.2	December. 31
Korea Finance Security Co., Ltd. (*4) (*6)	183,870	15.3	December. 31
United PF 1st Corporate Financial Stability (*4)	148,000	18.5	December. 31
LIG E&C Co., Ltd.	755,946	23.2	-
Hyunjin Co., Ltd.	1,667,600	21.7	-

The Group acquired 755,946 shares (equity: 23.2%) of LIG E&C Co., Ltd., 1,667,600 shares (equity: 21.7%) of Hyunjin Co. Ltd. for the year ended December 31, 2011 and 871,631 shares (equity: 21.1%) of Pi City Co. Ltd., 465,050 shares (equity: 23.0%) of Orient Shipyard Co., Ltd. and 74,261 shares (equity : 30.8%) of CNK Co.,Ltd. for the year December 31, 2012 by using debt to equity swap to reduce debts being written off. There was no investment as of December 31, 2011 and December 31, 2012. In addition, the Group holds 125,052,000 shares ownership: 27.8%) of Chin Hung International Inc. 73,160 shares(ownership : 18.3%) of Phoenix Digital Tech Co., Ltd and 4,316,126 shares(ownership : 31.6%) of Poong Lim Industrial Co., Ltd by using debt to equity swap for the year as of December 31, 2012.

(*1) The Group has significant influence on Kumho Tire Co., Inc. because it has potential voting rights which are estimated about 20.7% when exercised.

(*2) Besides Kumho Tire Co., Ltd. and Chin Hung International Inc., there are no other investments in associates for which there are published price quotations. The market price per share of Kumho Tire Co., Ltd. as of December 31, 2012 and December 31, 2011. is ₩13,000 and ₩10,400, respectively and the market price per share of Chin Hung International Inc. as of December 31, 2012 is ₩648, respectively.

(*3) As a result of stock split, the par value per share was decreased from ₩1,000,000 to ₩1 and the total number of outstanding shares is increased for the year ended December 31, 2012.

(*4) The Group can participate in decision making process and has the significant influence over the financial and operating policy decisions of Korea Credit Bureau Co., Ltd. and United PF 1st Corporate Financial Stability by business relationship. And, the majority of the important transactions of Korea Finance Security and Woori Service Networks Co., Ltd. are mainly arranged with the Group.

(*5) The Group has a significant influence on Phoenix Digital Tech Co., Ltd. because it has voting rights about 25.1%.

(*6) The fiscal year of the associate under equity method ends November 30 of each year. Any significant transactions or events that occurred between November 31, 2012 to December 31, 2012, the reporting period end date of investment company were appropriately reflected.

(2) Excluded entity from associates, although it's percentage of ownership is higher than 20% as of December 31, 2012, is as follows:

Associate	Number of shares owned	Percentage of ownership
Vogo 2-2 Special Purpose Entity (*)	24,187,282,362	34.6 %

(*) The entity is excluded from the associates because substantially the Group has no significant influence over the investee company although it's percentage of ownership on common share is higher than 20%.

(3) Changes in carrying value of investments in associates accounted for using the equity method are as follows (Unit: Korean Won in millions):

Investee	For the year ended December 31, 2012									
	Acquisition cost	January 1, 2012	Gain (loss) on valuation	Acquisition	Disposition and others	Dividends	Capital	Other changes	December 31, 2012	
Kumho Tires Co., Inc.	₩ 113,204	₩ 111,357	₩ 16,647	₩ -	₩ -	₩ -	₩ 3,323	₩ 24,702	₩ 156,029	
Woori Blackstone Korea Opportunity Private Equity Fund 1	90,298	76,828	9,883	16,301	(1,403)	(2,484)	-	-	99,125	
Woori Service Networks Co., Ltd.	24	98	38	-	-	(7)	-	-	129	
Woori Private Equity Fund	53,286	32,475	(7,286)	-	(11,222)	-	1,184	-	15,151	
Korea Credit Bureau Co., Ltd.	3,600	3,012	283	-	-	-	(264)	-	3,031	
Korea Finance Security Co., Ltd.	758	3,468	831	-	-	(55)	-	-	4,244	
United PF 1 st Corporate Financial Stability	191,617	149,099	8,815	43,617	-	-	-	(167)	201,364	
Chin Hung International Inc.	60,275	-	(4,103)	60,275	-	-	51	-	56,223	
Phoenix Digital Tech Co., Ltd.	538	-	2,319	538	-	-	(2,698)	400	559	
Poong Lim Industrial Co., Ltd.	14,477	-	-	14,477	-	-	-	-	14,477	
Total	₩ 528,077	₩ 376,337	₩ 27,427	₩ 135,208	₩ (12,625)	₩ (2,546)	₩ 1,596	₩ 24,935	₩ 550,332	

Investee	For the year ended December 31, 2011									
	Acquisition cost	January 1, 2011	Gain (loss) on valuation	Acquisition	Disposition and others	Dividends	Capital	Other changes	December 31, 2011	
Kumho Tire Co., Inc.	₩ 113,204	₩ 113,204	₩ (12,952)	₩ -	₩ -	₩ -	₩ (3,560)	₩ 14,665	₩ 111,357	
BC Card Co., Ltd.	10,876	136,270	-	-	(80,625)	-	(24,788)	(30,857)	-	
Woori Blackstone Korea Opportunity Private Equity Fund 1	75,400	24	2,704	74,100	-	-	-	-	76,828	
Woori Service Networks Co., Ltd.	24	104	6	-	-	(12)	-	-	98	
Woori Private Equity Fund	64,508	50,637	(15,315)	-	(2,487)	-	(360)	-	32,475	
Korea Credit Bureau Co., Ltd.	3,600	2,554	458	-	-	-	-	-	3,012	
Korea Finance Security Co., Ltd.	758	3,436	87	-	-	(55)	-	-	3,468	
United PF 1 st Corporate Financial Stability	148,000	-	1,099	148,000	-	-	-	-	149,099	
Total	₩ 416,370	₩ 306,229	₩ (23,913)	₩ 222,100	₩ (83,112)	₩ (67)	₩ (28,708)	₩ (16,192)	₩ 376,337	

(4) Financial information of investments in associates accounted for using the equity method is as follows (Unit: Korean Won in millions):

Investee	December 31, 2012			
	Assets	Liabilities	Operating revenue	Net income (Net loss)
Kumho Tire Co., Inc.	₩ 4,782,299	₩ 3,893,931	₩ 4,047,691	₩ 120,584
Woori Blackstone Korea Opportunity Private Equity Fund 1	463,839	1,687	51,321	44,918
Woori Service Networks Co., Ltd.	4,383	1,774	12,874	1,140
Woori Private Equity Fund	1,522,818	1,453,866	210,079	(25,189)
Korea Credit Bureau Co., Ltd.	55,944	13,834	47,660	5,019
Korea Finance Security Co., Ltd.	29,363	1,666	42,196	5,703
United PF 1 st Corporate Financial Stability	1,153,268	17,685	98,873	48,241
Phoenix Digital Tech Co., Ltd	24,435	21,388	18,497	7,328
Chin Hung International Inc.	581,766	456,016	480,238	(62,617)

Investee	December 31, 2011			
	Assets	Liabilities	Operating revenue	Net income (Net loss)
Kumho Tire Co., Inc.	₩ 4,634,196 ₩	4,112,068 ₩	3,946,765 ₩	(39,354)
Woori Blackstone Korea Opportunity Private Equity Fund 1	358,946	750	17,971	12,608
Woori Service Networks Co., Ltd.	3,541	1,552	11,492	697
Woori Private Equity Fund	1,540,494	1,394,267	376,243	(52,881)
Korea Credit Bureau Co., Ltd.	51,484	9,650	41,409	6,380
Korea Finance Security Co., Ltd.	24,446	1,812	42,790	1,069
United PF 1 st Corporate Financial Stability	836,104	30,162	48,117	5,942

As there is no investment amount on LIG E&C Co., Ltd, Hyunjin Co., Ltd., Pi city co., Ltd, Orient Shipyard Co., Ltd and Poong Lim Industrial Co., Ltd. as of December 31, 2012 and reliable financial information is not available, financial information of these associates is not included in summarized financial information.

11. INVESTMENT PROPERTIES

(1) Investment in properties are held by the Group to obtain rental income or profit through market value. The current status of investment in properties are as follows (Unit: Korean Won in millions):

	December 31, 2012		December 31, 2011	
Cost of purchases or appraised value	₩	357,347	₩	357,263
Accumulated depreciation		(11,165)		(7,804)
Net carrying value	₩	346,182	₩	349,459

(2) Changes in investment properties are as follows (Unit: Korean Won in millions):

	For the year ended December 31, 2012		For the year ended December 31, 2011	
Beginning balance	₩	349,459	₩	366,874
Disposition		-		(11,780)
Depreciation		(3,437)		(3,433)
Impairment loss		79		(2,212)
Transfer to properties for business use		147		-
Foreign currencies translation adjustment		(66)		11
Others		-		(1)
Ending balance	₩	346,182	₩	349,459

(3) Fair value of investment properties as of December 31, 2012 are as follows (Unit: Korean Won in millions):

Classification	The latest revaluation date	Land	Building	Total
Woori Finance Sangam Center and others	December 31, 2009 ₩	252,090 ₩	139,873 ₩	391,963

The fair value of investment properties is determined by the assessment performed by Korea Appraisal Board, the independent appraiser who has proper qualification and experience. In addition, the above appraised value includes the amount of portion used for business by the Group.

(4) For the year ended December 31, 2012 and 2011, the revenue occurred from investment properties is ₩13,468 million and ₩16,553 million, and the operating expenses directly related to the investment properties that generate rental fee amount to ₩1,882 million and ₩1,830 million, respectively.

12. PREMISES AND EQUIPMENT

(1) Details of premises and equipment are as follows (Unit: Korean Won in millions):

	December 31, 2012						Total
	Land	Building	Properties for business use	Structures in leased office	Construction in progress		
Cost of purchases or appraised value	₩ 1,517,728	₩ 772,646	₩ 393,929	₩ 317,088	₩ 3,680	₩ 3,005,071	
Accumulated depreciation	-	(68,084)	(291,259)	(260,048)	-	(619,391)	
Net carrying value	₩ 1,517,728	₩ 704,562	₩ 102,670	₩ 57,040	₩ 3,680	₩ 2,385,680	

	December 31, 2011						Total
	Land	Building	Properties for business use	Structures in leased office	Construction in progress		
Cost of purchases or appraised value	₩ 1,519,991	₩ 736,786	₩ 362,705	₩ 287,242	₩ 2,832	₩ 2,909,556	
Accumulated depreciation	-	(44,527)	(275,295)	(243,774)	-	(563,596)	
Net carrying value	₩ 1,519,991	₩ 692,259	₩ 87,410	₩ 43,468	₩ 2,832	₩ 2,345,960	

(2) Details of changes in premises and equipment are as follows (Unit: Korean Won in millions):

	For the year ended December 31, 2012						
	Land	Building	Properties for business use	Structures in leased office	Construction in progress	Total	
Beginning balance	₩ 1,519,991	₩ 692,259	₩ 87,410	₩ 43,468	₩ 2,832	₩ 2,345,960	
Foreign currencies translation adjustment	(95)	(248)	(842)	(443)	(37)	(1,665)	
Acquisition	2,742	30,710	54,201	35,361	8,835	131,849	
Disposition	(3,925)	(838)	(383)	(1,531)	-	(6,677)	
Depreciation	-	(24,041)	(38,115)	(23,249)	-	(85,405)	
Classified to assets held for sale	(937)	290	-	-	-	(647)	
Transfer (*1)	(48)	6,430	269	-	(7,950)	(1,299)	
Others	-	-	130	3,434	-	3,564	
Ending balance	₩ 1,517,728	₩ 704,562	₩ 102,670	₩ 57,040	₩ 3,680	₩ 2,385,680	

	For the year ended December 31, 2011						
	Land	Building	Properties for business use	Structures in leased office	Construction in progress	Total	
Beginning balance	₩ 1,520,737	₩ 690,814	₩ 79,910	₩ 41,474	₩ 1,451	₩ 2,334,386	
Foreign currencies translation adjustment	15	28	71	183	-	297	
Acquisition	3,449	24,776	40,797	20,704	2,812	92,538	
Disposition	(2,728)	(429)	(596)	(535)	-	(4,288)	
Depreciation	-	(21,748)	(32,772)	(19,685)	-	(74,205)	
Impairment loss	-	(59)	-	-	-	(59)	
Classified to assets held for sale	(1,482)	(1,123)	-	-	-	(2,605)	
Transfer (*1)	-	-	-	-	(1,431)	(1,431)	
Others	-	-	-	1,327	-	1,327	
Ending balance	₩ 1,519,991	₩ 692,259	₩ 87,410	₩ 43,468	₩ 2,832	₩ 2,345,960	

(*) ₩1,152 million and ₩1,431 million are transferred to other intangible assets, for the years ended December 31, 2012 and 2011, respectively. And ₩147 million is transferred to investment properties for the year ended December 31, 2012.

13. INTANGIBLE ASSETS

(1) Details of intangible assets are as follows (Unit: Korean Won in millions):

	December 31, 2012													
	Development costs		Software		Industrial property rights		Core deposits		Others		Membership Deposits (*)		Total	
Cost of purchases or appraised value	₩	14,619	₩	789	₩	287	₩	3,153	₩	346,617	₩	12,427	₩	377,892
Accumulated depreciation		(12,697)		(427)		(121)		(2,917)		(251,466)		-		(267,628)
Accumulated impairment losses		-		-		-		-		-		(1,344)		(1,344)
Net carrying value	₩	1,922	₩	362	₩	166	₩	236	₩	95,151	₩	11,083	₩	108,920

	December 31, 2011													
	Development costs		Software		Industrial property rights		Core deposits		Others		Membership Deposits (*)		Total	
Cost of purchases or appraised value	₩	14,590	₩	766	₩	239	₩	3,395	₩	338,311	₩	11,701	₩	369,002
Accumulated depreciation		(11,417)		(298)		(89)		(2,801)		(207,010)		-		(221,615)
Accumulated impairment losses	₩	3,173	₩	468	₩	150	₩	594	₩	131,301	₩	11,701	₩	147,387

(*) Membership deposits include golf clubs and condominium membership deposits and, for this intangible asset, the exact period of useful life cannot be measured. Therefore, the Group has recognized impairment loss for the membership deposits since the recoverable amount is lower than the carrying amount.

(2) Details of changes in intangible assets are as follows (Unit: Korean Won in millions):

	For the year ended December 31, 2012													
	Development costs		Software		Industrial property rights		Core deposits		Others		Membership deposit		Total	
Beginning balance	₩	3,173	₩	468	₩	150	₩	594	₩	131,301	₩	11,701	₩	147,387
Foreign currencies translation adjustment		(1)		-		-		(26)		(212)		(168)		(407)
Acquisition		76		23		48		-		7,722		1,554		9,423
Depreciation		(1,326)		(129)		(32)		(332)		(44,746)		-		(46,565)
Impairment loss		-		-		-		-		-		(1,771)		(1,771)
Reversal of impairment loss		-		-		-		-		-		110		110
Disposal		-		-		-		-		(66)		(343)		(409)
Transfer (*1)		-		-		-		-		1,152		-		1,152
Ending balance	₩	1,922	₩	362	₩	166	₩	236	₩	95,151	₩	11,083	₩	108,920

For the year ended December 31, 2011																
	Goodwill		Development cost		Software		Industrial property rights		Core deposit		Others		Membership deposit		Total	
Beginning balance	₩	209	₩	5,169	₩	157	₩	131	₩	922	₩	20,425	₩	12,353	₩	39,366
Foreign currencies translation adjustment		(6)		3		-		-		(2)		235		(124)		106
Acquisition		-		18		402		47		-		156,733		254		157,454
Depreciation		-		(1,999)		(91)		(28)		(326)		(46,658)		-		(49,102)
Impairment loss		(203)		-		-		-		-		-		-		(203)
Disposal		-		(18)		-		-		-		(865)		(782)		(1,665)
Transfer (*1)		-		-		-		-		-		1,431		-		1,431
Ending balance	₩	-	₩	3,173	₩	468	₩	150	₩	594	₩	131,301	₩	11,701	₩	147,387

(*) ₩1,152 million and ₩ 1,431 million are transferred from construction in progress for the year ended December 31, 2012 and 2011, respectively.

14. OTHER ASSETS

Details of other assets are as follows (Unit: Korean Won in millions):

	December 31, 2012		December 31, 2011	
Suspense receivables:	₩	-	₩	20,049
Suspense receivables in foreign currencies		-		20,049
Sub-total		407		-
Advance payments				
Prepaid expenses:				
Prepaid expenses in local currency		165,390		189,169
Prepaid expenses in foreign currencies		8,346		11,475
Unearned interest of prepaid expenses		153		188
Sub-total		173,889		200,832
Others:				
Supplies and others		3,576		4,094
Non-operative assets:				
Non-operative real properties		588		555
Total	₩	178,460	₩	225,530

15. ASSETS HELD FOR SALE

In accordance with K-IFRS No. 1105 'Non-current assets held for sale and discontinued operations', the Group reclassified certain assets into assets held for sale as of January 1, 2010. Assets held for sale of ₩1,239 million and ₩2,258 million are recorded as of December 31, 2012 and December 31, 2011, respectively.

16. ASSETS SUBJECTED TO LIEN AND ASSETS ACQUIRED THROUGH A FORECLOSURE

(1) Details of assets subjected to lien are as follows (Unit: Korean Won in millions):

		December 31, 2012		
		Collateral given to	Amount	Reason for collateral
Due from banks		Samsung Securities and others	₩ 5,989	Deposits for futures margin and others
Financial assets at FVTPL	Financial institutions debt securities and others	Merrill Lynch and others	353,818	Substitute securities and others
AFS financial assets	Korean treasury and government agencies bonds	Nomura Securities and others	291,504	Bonds sold under repurchase agreements(*)
	Financial institutions debt securities and others	BOK and others	1,334,106	Limitation on total loan exposure and others
HTM financial assets	Korean treasury and government agencies bonds	Nomura Securities and others	943,694	Bonds sold under repurchase agreements(*)
	Korean treasury and government agencies bonds and others	BOK and others	3,867,577	Limitation on total loan exposure and others
Loans		Postal Saving Bank of China	87,069	Collateral for borrowings
		Total	₩ 6,883,757	

		December 31, 2011		
		Collateral given to	Amount	Reason for collateral
Due from banks		Samsung Securities and others	₩ 12,965	Deposits for futures margin and others
Financial assets at FVTPL	Financial institutions debt securities and others	Merrill Lynch and others	395,019	Substitute securities and others
AFS financial assets	Korean treasury and government agencies bonds	Nomura Securities and others	251,509	Bonds sold under repurchase agreements(*)
	Financial institutions debt securities and others	BOK and others	589,562	Limitation on total loan exposure and others
HTM financial assets	Korean treasury and government agencies bonds	Nomura Securities and others	986,262	Bonds sold under repurchase agreements(*)
	Korean treasury and government agencies bonds and others	BOK and others	4,926,496	Limitation on total loan exposure and others
Loans		Postal Saving Bank of China	80,536	Collateral for borrowings
		Total	₩ 7,242,349	

(*) It's debt securities sold under the agreement that the seller repurchases those at the agreed price or the sale price plus additional amounts at specified rate. As such, the debt securities are not derecognized from the consolidated statements of financial position. The buyer of these debt securities has right to sell and pledge without constraints. As the debt securities are not derecognized, the related transferred amount are recorded as a liability, which is debt securities sold under repurchasement agreement.

(2) The building whose carrying amounts are ₩588 million and ₩555 million, respectively, as of December 31, 2012 and December 31, 2011, was acquired through a foreclosure.

(3) Details of loaned securities as of December 31, 2012 and December 31, 2011 are as follows (Unit: Korean Won in millions):

		December 31, 2012	December 31, 2011	Loaned to
Financial assets at FVTPL	Korean treasury and government agencies bonds	₩ -	₩ 19,876	Korea Securities Depository
	Listed stock	26,165	-	Samsung Securities
AFS financial assets	Korean treasury and government agencies bonds	20,413	80,193	Korea Securities Depository
Total		₩ 46,578	₩ 100,069	

Loaned securities are loans of specific securities to borrowers who agree to return a like quantity of the same security. As the Group does not derecognize these securities, there is no liabilities relates to loaned securities.

(4) Collaterals held with right to sell and pledge without constraints

Fair value of the collaterals held with right to sell and pledge without constraints as of December 31, 2012 and December 31, 2011 are as follows (Unit: Korean Won in millions):

	December 31, 2012	
	Fair value of Collaterals	Fair value of the collaterals held with right to sell and pledge without constraints
Securities	₩ 4,173,360	₩ -

	December 31, 2011	
	Fair value of Collaterals	Fair value of the collaterals held with right to sell and pledge without constraints
Securities	₩ 605,058	₩ -

17. FINANCIAL LIABILITIES AT FVTPL

(1) Financial liabilities at FVTPL are as follows (Unit: Korean Won in millions):

	December 31, 2012		December 31, 2011	
Financial liabilities held for trading	₩	3,153,242	₩	3,187,358
Financial liabilities designated at FVTPL		315,454		322,208
Total	₩	3,468,696	₩	3,509,566

(2) Details of financial liabilities held-for-trading are as follows (Unit: Korean Won in millions):

	December 31, 2012		December 31, 2011	
Borrowings:				
Securities in short position	₩	-	₩	8,105
Derivative liabilities:				
Interest rate derivatives		1,612,424		1,500,077
Currency derivatives		1,167,900		1,334,051
Stock derivatives		362,013		328,153
Other derivatives		5,323		16,972
Sub-total		3,147,660		3,179,253
Deposits				
Gold banking liabilities		5,582		-
Total	₩	3,153,242	₩	3,187,358

(3) Details of financial liabilities designated at FVTPL are as follows (Unit: Korean Won in millions):

	December 31, 2012		December 31, 2011	
Debtentures:				
Debtentures in local currency	₩	227,920	₩	226,433
Debtentures in foreign currencies		87,534		95,775
Total	₩	315,454	₩	322,208

A portion of liabilities which do not meet the definition of financial liabilities held for trading is designated as financial instrument at FVTPL by using fair value option to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise from recognizing assets and liabilities on a different basis.

(4) Credit risk adjustments to financial liabilities designated at FVTPL are as follows (Unit: Korean Won in millions):

	December 31, 2012		December 31, 2011	
Financial liabilities designated at FVTPL	₩	315,454	₩	322,208
Changes in fair value for credit risk adjustments		(23,142)		6,462
Accumulated changes in credit risk adjustments		(49,612)		(26,470)

(5) Differences of the financial liabilities at FVTPL's carrying amount and face amount at maturity are as follows (Unit: Korean Won in millions):

	December 31, 2012		December 31, 2011	
Carrying amount	₩	315,454	₩	322,208
Face amount at maturity		290,333		296,498
Difference	₩	25,121	₩	25,710

18. DEPOSITS DUE TO CUSTOMERS (“ DEPOSITS ”)**(1) Details of deposits by interest type are as follows (Unit: Korean Won in millions):**

	December 31, 2012		December 31, 2011	
Deposits in local currency:				
Deposits on demand:				
Interest bearing	₩	2,534,985	₩	2,450,041
Non-interest bearing		8,155,043		8,401,386
Sub-total		10,690,028		10,851,427
Money trust		898		892
Deposits at termination		140,593,204		137,613,700
Mutual installment		64,959		82,823
Sub-total		151,349,089		148,548,842

	December 31, 2012		December 31, 2011	
Certificate of deposits		1,144,569		959,458
Other deposits:				
Deposits on notes payable		2,940,580		2,479,546
Deposits on CMA		1,518,282		1,752,379
Sub-total		4,458,862		4,231,925
Deposits in foreign currencies:				
Interest bearing		10,071,993		9,178,643
Non-interest bearing		993,043		1,192,566
Sub-total		11,065,036		10,371,209
Present value discount		(9,877)		(18,958)
Total	₩	168,007,679	₩	164,092,476

(2) Details of deposits by customers are as follows (Unit: Korean Won in millions):

	December 31, 2012		December 31, 2011	
Individuals	₩	55,386,597	₩	53,634,183
Corporations		54,410,817		50,557,685
Other banks		21,490,959		22,427,121
Government agencies		14,142,455		12,938,301
Other financial institutions		8,123,948		7,337,791
Government		3,049,380		6,269,995
Non-profit corporations		4,275,326		4,204,331
Educational organizations		2,642,535		2,509,585
Foreign corporations		1,522,774		1,333,507
Others		2,972,765		2,898,935
Present value discount		(9,877)		(18,958)
Total	₩	168,007,679	₩	164,092,476

19. BORROWINGS AND DEBENTURES

(1) Details of borrowings are as follows (Unit: Korean Won in millions):

	December 31, 2012		
	Lender	Interest rate (%)	Amount
Borrowings in local currency:			
Borrowings from the BOK	BOK	1.3	₩ 519,965
Borrowing from government funds	Small & medium Business Corporation and others	0.0 ~ 3.5	1,843,071
Others	Seoul Metropolitan Government and others	0.0 ~ 3.8	2,144,822
	Sub-total		4,507,858

	December 31, 2012		
	Lender	Interest rate (%)	Amount
Borrowings in foreign currencies	Commerz Bank AG and others	0.0 ~ 10.5	6,966,540
Call-money	Banks and others	0.2 ~ 4.4	4,505,094
Bonds sold under repurchase agreements	Others	1.5 ~ 21.2	890,367
Bills sold	Others	0.0 ~ 3.5	82,624
Securitized borrowings	Others	2.7 ~ 4.8	494,600
Present value discount			(1,185)
Total			₩ 17,445,898

	December 31, 2011		
	Lender	Interest rate (%)	Amount
Borrowings in local currency:			
Borrowings from the BOK	BOK	1.5 ₩	651,854
Borrowing from government funds	Korea Environment Management Corporation and others	0.0 ~ 3.8	1,936,670
	Sub-total		2,588,524
Others	Korea Finance Corporation and others	0.8 ~ 3.7	2,090,819
Borrowings in foreign currencies	Wilshire State Bank and others	0.3 ~ 5.6	9,862,373
Call-money	Banks and others	0.2 ~ 4.7	2,908,505
Bonds sold under repurchase agreements	Others	2.2 ~ 21.2	985,141
Bills sold	Others	0.0 ~ 3.7	96,453
Securitized borrowings	Others	2.7 ~ 7.8	644,900
Present value discount			(2,073)
Total			₩ 19,174,642

(2) Details of other monetary organizations' borrowings are as follows (Unit: Korean Won in millions):

	December 31, 2012				
		BOK	General banks	Others	Total
Borrowings in local currency	₩	519,965 ₩	- ₩	- ₩	519,965
Borrowings in foreign currencies		-	6,961,979	-	6,961,979
Call-money		-	572,094	3,933,000	4,505,094
Bonds sold under repurchase agreements		-	32,133	856,009	888,142
Total	₩	519,965 ₩	7,566,206 ₩	4,789,009 ₩	12,875,180

	December 31, 2011				
		BOK	General banks	Others	Total
Borrowings in local currency	₩	651,854	₩ 2,350	₩ -	654,204
Borrowings in foreign currencies		-	9,785,599	76,177	9,861,776
Call-money		-	1,046,292	1,862,213	2,908,505
Bonds sold under repurchase agreements		-	-	982,530	982,530
Total	₩	651,854	₩ 10,834,241	₩ 2,920,920	14,407,015

(3) Details of debentures are as follows (Unit: Korean Won in millions):

	December 31, 2012		December 31, 2011	
	Interest rate (%)	Amount	Interest rate (%)	Amount
Carrying value of bond:				
Ordinary bonds	1.3 ~ 10.5	₩ 12,497,440	0.5 ~ 10.5	₩ 14,901,618
Subordinated bonds	3.4 ~ 10.3	5,380,317	4.7 ~ 10.3	4,950,864
Discount on bonds		(35,779)		(40,669)
Total		₩ 17,841,978		₩ 19,811,813

20. PROVISIONS

(1) Details of provisions are as follows (Unit: Korean Won in millions):

	December 31, 2012		December 31, 2011	
Provisions for guarantees (*)	₩	405,729	₩	437,557
Provisions for unused commitments		139,970		116,444
Provision for credit card points		6,416		701
Other provisions		13,899		19,603
Asset retirement obligation		13,427		11,080
Retirement benefit obligation		65,937		22,227
	₩	645,378	₩	607,612

(*) Provision for guarantee is including provision for financial guarantee of ₩95,049 million and ₩186,638 million as of December 31, 2012 and December 31, 2011, respectively.

(2) Changes in provisions except asset retirement obligation and retirement benefit obligation are as follows (Unit: Korean Won in millions):

	For the year ended December 31, 2012					Total
	Provisions for guarantees	Provisions for unused commitments	Provisions for credit card points	Other provisions		
Beginning balance	₩ 437,557	₩ 116,444	₩ 701	₩ 19,603	₩	574,305
Provisions provided	51,870	26,370	27,078	18		105,336
Provisions used and others	(41,202)	(150)	(21,363)	(3,051)		(65,766)
Others	34,426	-	-	-		34,426
Reversal of unused amount	(77,087)	(2,543)	-	(2,671)		(82,301)
Foreign exchange translation adjustment	165	(151)	-	-		14
Ending balance	₩ 405,729	₩ 139,970	₩ 6,416	₩ 13,899	₩	566,014

	For the year ended December 31, 2011					Total
	Provisions for guarantees	Provisions for unused commitments	Provisions for credit card points	Other provisions		
Beginning balance	₩ 284,599	₩ 152,355	₩ 10,721	₩ 30,879	₩	478,554
Provisions provided	147,120	2,391	9,339	1,379		160,229
Provisions used and others	(35,248)	1	(19,359)	(12,655)		(67,261)
Others	46,450	-	-	-		46,450
Reversal of unused amount	(5,251)	(38,310)	-	-		(43,561)
Foreign exchange translation adjustment	(113)	7	-	-		(106)
Ending balance	₩ 437,557	₩ 116,444	₩ 701	₩ 19,603	₩	574,305

(3) Changes in asset retirement obligation are as follows (Unit: Korean Won in millions):

	For the year ended December 31, 2012	For the year ended December 31, 2011
Beginning balance	₩ 11,080	₩ 18,159
Provisions provided	1,561	617
Provisions used	(847)	(342)
Discount rate adjustment	1,605	(7,377)
Amortization	28	23
Ending balance	₩ 13,427	₩ 11,080

21. RETIREMENT BENEFIT OBLIGATION

(1) Details of retirement benefit obligation are as follows (Unit: Korean Won in millions):

	December 31, 2012		December 31, 2011	
Present value of defined benefit obligation	₩	384,098	₩	234,663
Fair value of plan assets		(318,161)		(212,436)
Retirement benefit obligation	₩	65,937	₩	22,227

(2) Details of post-employee benefits recognized in net income are as follows (Unit: Korean Won in millions):

	For the year ended December 31, 2012		For the year ended December 31, 2011	
Current service cost	₩	89,374	₩	82,794
Interest cost		10,734		7,464
Expected return of plan assets		(11,124)		(5,697)
Actuarial loss (gain)		63,745		16,320
Past service cost		232		-
Losses on the curtailment or settlement		(41)		(299)
	₩	152,920	₩	100,582

For the years ended December 31, 2012 and 2011, the Group appropriate its contribution retirement benefit at the expense of ₩2,196 million and ₩2,439 million, respectively.

(3) Changes in present value of defined benefit obligation are as follows (Unit: Korean Won in millions):

	For the year ended December 31, 2012		For the year ended December 31, 2011	
Beginning balance	₩	234,663	₩	139,539
Service cost		89,374		82,794
Interest cost		10,734		7,464
Actuarial loss (gain)		62,301		15,361
Foreign currencies translation adjustments		2		104
Retirement benefit paid		(11,084)		(9,035)
Past service cost		232		-
Losses on the curtailment or settlement		(2,208)		(1,564)
Others		84		-
Ending balance	₩	384,098	₩	234,663

(4) Changes in the fair value of plan assets are as follows (Unit: Korean Won in millions):

	For the year ended December 31, 2012		For the year ended December 31, 2011	
Beginning balance	₩	212,436	₩	116,423
Expected return on plan assets		11,124		5,697
Actuarial loss (gain)		(1,444)		(959)
Employer's contributions		105,591		96,377
Retirement benefit paid		(7,107)		(3,643)
Curtailment or settlement		(2,055)		(1,265)
Others		(384)		(194)
Ending balance	₩	318,161	₩	212,436

(5) Actuarial assumptions used in retirement benefit obligation assessment are as follows:

	December 31, 2012	December 31, 2011
Discount rate	3.82%	4.76%
Inflation rate	2.35%	2.30%
Expected rate of return on plan assets	4.49%	4.49%
Future wage growth rate	5.66%	5.31%
Mortality ratio	Issued by Korea Insurance Development Institute	

Expected rate of return on plan assets as of December 31, 2012 and December 31, 2011, which were considered with the expect rate of return on retirement pension, retirement trust and retirement insurances, are calculated as 4.49%, respectively.

(6) Details of plan assets are as follows (Unit: Korean Won in millions):

	December 31, 2012		December 31, 2011	
Time deposits	₩	300,180	₩	205,432
Others		17,981		7,004
Total	₩	318,161	₩	212,436

(7) The realized returns on plan assets for the year ended in December 31, 2012 and 2011 are ₩9,680 million and ₩4,738 million, respectively.

(8) Details of retirement benefit obligation for recent 3 years are as follows (Unit: Korean Won in millions):

	December 31, 2012		December 31, 2011		December 31, 2010	
Retirement benefit obligation recognized	₩	65,937	₩	22,227	₩	23,116
Present value of retirement benefit obligation		384,098		234,663		139,539
Fair value of plan assets	₩	(318,161)	₩	(212,436)	₩	(116,423)

22. OTHER FINANCIAL LIABILITIES AND OTHER LIABILITIES

Other financial liabilities and other liabilities are as follows (Unit: Korean Won in millions):

	December 31, 2012		December 31, 2011	
Other financial liabilities:				
Accounts payable	₩	11,171,472	₩	6,112,868
Accrued expenses		2,543,730		2,651,400
Other financial liabilities(*)		122,563		59,377
Differences on discount for the present value of the other financial liabilities		(1,428)		(3,195)
Borrowing from trust accounts		3,549,776		2,381,862
Deposits		270,176		256,725
Agency business revenue		341,430		153,701
Domestic exchanges payable		161,620		2,968,232
Foreign exchanges payables		876,165		694,362
Others on credit cards		112,394		101,106
Agency and others		1,573,212		970,531
Sub-total		20,721,110		16,346,969
Other liabilities:				
Unearned income		154,572		209,026
Other miscellaneous liabilities		229,105		235,523
Sub-total		383,677		444,549
Total	₩	21,104,787	₩	16,791,518

(*) In accordance with the creditor financial institutions committee agreement, ₩94,205 million to be paid to other creditor financial institutions is included in other financial liabilities as of December 31, 2012 (Notes 10 and 40).

23. DERIVATIVES

(1) Details of derivative assets and derivative liabilities are as follows (Unit: Korean Won in millions):

	December 31, 2012							
	Assets				Liabilities			
	Notional amount	Fair value hedge	Cash flow hedge	For trading	Fair value hedge	Cash flow hedge	For trading	
Interest rate:								
Futures	₩ 152,098	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	
Swaps	144,578,001	267,470	-	1,547,622	6,158	8,329	1,591,188	
Long options	1,755,000	-	-	25,710	-	-	-	
Short options	1,532,297	-	-	-	-	-	21,236	
Currency:								
Futures	1,459,974	-	-	-	-	-	-	
Forwards	43,172,343	-	-	451,040	-	-	461,480	
Swaps	20,902,012	-	1,944	674,963	-	-	686,457	

	December 31, 2012							
	Notional amount	Assets			Liabilities			For trading
		Fair value hedge	Cash flow hedge	For trading	Fair value hedge	Cash flow hedge	For trading	
Long options	1,146,439	-	-	171,205	-	-	-	
Short options	1,144,362	-	-	-	-	-	19,963	
Equity:								
Futures	34,593	-	-	-	-	-	-	
Long options	637,892	-	-	57,918	-	-	-	
Short options	1,167,123	-	-	-	9,340	-	362,013	
Others:								
Forwards	14,897	-	-	139	-	-	285	
Swaps	56,388	-	-	3,042	-	-	2,964	
Long options	164,638	-	-	1,847	-	-	-	
Short options	180,594	-	-	-	-	-	2,074	
Total	₩ 218,098,651	₩ 267,470	₩ 1,944	₩ 2,933,486	₩ 15,498	₩ 8,329	₩ 3,147,660	

	December 31, 2011							
	Notional amount	Assets			Liabilities			For trading
		Fair value hedge	Cash flow hedge	For trading	Fair value hedge	Cash flow hedge	For trading	
Interest rate:								
Futures	₩ 298,253	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -	
Swaps	176,139,868	326,413	-	1,386,661	12,885	10,518	1,469,153	
Long options	2,445,000	-	-	36,254	-	-	-	
Short options	2,771,136	-	-	-	-	-	30,924	
Currency:								
Futures	1,065,618	-	-	-	-	-	-	
Forwards	35,359,148	-	-	749,082	-	-	311,625	
Swaps	27,243,579	-	-	722,915	-	2,179	995,488	
Long options	1,957,680	-	-	395,419	-	-	-	
Short options	1,890,912	-	-	-	-	-	26,938	
Equity:								
Futures	18,945	-	-	-	-	-	-	
Long options	591,620	-	-	53,706	-	-	-	
Short options	1,177,223	-	-	-	-	-	328,153	

	December 31, 2011							
	Notional amount	Assets			Liabilities			For trading
		Fair value hedge	Cash flow hedge	For trading	Fair value hedge	Cash flow hedge	For trading	
Others:								
Futures	300	-	-	-	-	-	-	-
Forwards	10,516	-	-	239	-	-	-	253
Swaps	157,938	-	-	4,424	-	-	-	4,926
Long options	234,408	-	-	11,683	-	-	-	-
Short options	239,000	-	-	-	-	-	-	11,793
Total	₩251,601,144	₩ 326,413	₩ -	₩ 3,360,383	₩ 12,885	₩ 12,697	₩ -	₩ 3,179,253

The above disclosure includes all derivatives regardless of the financial instrument categories. Derivatives held for trading purpose are classified into financial assets or liabilities at FVTPL (see notes 7 and 20) and derivatives for hedging are stated as a separate line item at the consolidated statements of financial position.

Fair value hedge is applied to avoid the risk of fluctuations in the fair value of financial assets and liabilities due to stock price and interest rate fluctuations. There are AFS financial assets for hedging of stock price fluctuations and AFS financial assets and debentures for hedging of interest rate fluctuations. Stock option is used to hedge for stock price fluctuations and interest rate swap is used to hedge for interest rate fluctuations when the risk is recognized specifically.

Cash flow hedge is applied to avoid the risk of fluctuations in the cash flow of financial assets and liabilities due to exchange rate and interest rate fluctuations. There is AFS financial assets and borrowings for hedging of exchange rate and interest rate. Currency swap is used to hedge for exchange rate fluctuations and interest rate swap is used to hedge for interest rate fluctuations when the risk is recognized specifically.

The amounts of credit value adjustment ("CVA") for the derivative assets as of December 31, 2012 and December 31, 2011 are as follows (Unit: Korean Won in millions):

	December 31, 2012		December 31, 2011	
Derivative assets before CVA	₩	3,397,920	₩	3,781,585
CVA		(195,020)		(94,789)
Fair value of derivative assets	₩	3,202,900	₩	3,686,796

(2) Gains or losses on valuation of derivatives are as follows (Unit: Korean Won in millions):

	For the year ended December 31, 2012		For the year ended December 31, 2011	
Hedged items:				
Gain on fair value hedges	₩	43,879	₩	4,921
Loss on fair value hedges		(43,817)		(200,455)
Total	₩	62	₩	(195,534)

	For the year ended December 31, 2012		For the year ended December 31, 2011	
Hedging instruments:				
Gain on derivatives	₩	39,232	₩	193,374
Loss on derivatives		(49,956)		(10,514)
Total	₩	(10,724)	₩	182,860

24. DAY 1 PROFITS AND LOSSES

Changes in deferred day 1 profits and losses are as follows (Unit: Korean Won in millions):

	For the year ended December 31			
	2012		2011	
Beginning balance	₩	4,570	₩	5,300
New transactions		1,817		4,580
Amounts recognized in net income		(3,209)		(5,310)
Ending balance	₩	3,178	₩	4,570

Although no observable elements were available in active market to determine fair value of the financial instruments, valuation techniques were utilized to determine fair value of such instruments. These financial instruments are recorded at fair values at the time of purchase even though there were differences noted on the transaction price and fair value obtained from valuation techniques. The table above shows the total amount of differences yet to be recognized in net income.

25. CAPITAL STOCK, HYBRID EQUITY SECURITIES AND CAPITAL SURPLUS

(1) Capital stock, hybrid equity securities and capital surplus are as follows (Unit: Korean Won in millions):

	For the year ended December 31, 2012		For the year ended December 31, 2011	
Capital stock:				
Common stock	₩	3,479,783	₩	3,479,783
Preferred stock		350,000		350,000
Hybrid equity securities		1,681,807		1,681,807
Capital Surplus:				
Capital in excess of par value		346,880		346,880
Other capital surplus		465,136		465,136
Total	₩	6,323,606	₩	6,323,606

(2) The number of authorized shares is as follows:

		December 31, 2012	December 31, 2011
Authorized shares of capital stock		3,000,000,000 shares	3,000,000,000 shares
Par value		₩ 5,000	₩ 5,000
Issued shares of	Common stock	695,956,580 shares	695,956,580 shares
	Preferred stock	70,000,000 shares	70,000,000 shares

(3) Hybrid equity securities classified as equity are as follows (Unit: Korean Won in millions):

	Issue date	Maturity	Interest Rates (%)	December 31, 2012	December 31, 2011
Local currency	2008. 6. 20.	2038. 6. 20.	7.7	₩ 254,632	₩ 254,632
	2009. 3. 31.	2039. 3. 31.	6.7	499,999	499,999
Foreign currency	2007. 5. 2.	2037. 5. 2.	6.2	927,176	927,176
				₩ 1,681,807	₩ 1,681,807

The Group can exercise its right to early repayment after five or ten years after issuing hybrid equity securities and, at the date of maturity, the contractual agreements allow the Group to indefinitely extend the maturity date with the same contractual terms. In addition, if the Group decides not to pay the dividends of common share at general shareholder's meeting, the Group may not pay interest on the hybrid equity securities.

(4) Details of capital surplus are as follows (Unit: Korean Won in millions):

		December 31, 2012	December 31, 2011
Capital in excess of par value	Capital in excess of par value and stock issue cost	₩ 346,880	₩ 346,880
Other capital surplus	Increase by acquisition of banking segment of formerly Peace Bank	31,903	31,903
	Gain on disposal of subsidiary stock (formerly Woori Investment Trust Management Co., Ltd.)	17,392	17,392
	Loss on disposal of subsidiary stock (formerly Woori Investment Securities Co., Ltd.)	(55,369)	(55,369)
	Increase by merger with formerly Woori Investment Bank Co., Ltd.	138,682	138,682
	Increase by merger with formerly Woori Card	330,395	330,395
	Increase by additional acquisition of interests in P.T. Bank Woori Indonesia	2,133	2,133
	Sub-total	465,136	465,136
Total	₩ 812,016	₩ 812,016	

26. OTHER EQUITY

Changes in other equity are as follows (Unit: Korean Won in millions):

	For the year ended December 31, 2012				
	Beginning balance	Increase (decrease) on valuation (*)	Reclassification adjustments(*)	Income tax effect	Ending balance
Gain (loss) on valuation of AFS financial assets	₩ 543,428	₩ 74,596	₩ (528,454)	₩ 118,033	₩ 207,603
Share of other comprehensive gain (loss) on associates	(1,491)	1,597	-	(387)	(281)
Gain (loss) on valuation of cash flow hedge	(2,430)	983	-	-	(1,447)
Gain (loss) on overseas business translation and others	(1,122)	(99,522)	-	25,412	(75,232)
Total	₩ 538,385	₩ (22,346)	₩ (528,454)	₩ 143,058	₩ 130,643

	For the year ended December 31, 2011				
	Beginning balance	Increase (decrease) on valuation (*)	Reclassification adjustments(*)	Income tax effect	Ending balance
Gain (loss) on valuation of AFS financial assets	₩ 939,938	₩ 100,304	₩ (581,215)	₩ 84,401	₩ 543,428
Share of other comprehensive gain (loss) on associates	20,857	(3,920)	(24,788)	6,360	(1,491)
Gain (loss) on valuation of cash flow hedge	(9,298)	7,617	(749)	-	(2,430)
Gain (loss) on overseas business translation and others	(13,237)	15,818	-	(3,703)	(1,122)
Total	₩ 938,260	₩ 119,819	₩ (606,752)	₩ 87,058	₩ 538,385

(*) For the change in gain or loss on valuation of AFS financial assets, increase (decrease) in valuation represents the change from the valuation for the period, and reclassification adjustments show disposal or recognition of impairment losses on AFS financial assets.

27. RETAINED EARNINGS

(1) Retained earnings as of December 31, 2012 and December 31, 2011 are as follows (Unit: Korean Won in millions):

		December 31, 2012		December 31, 2011	
Legal Reserve	Legal reserve	₩	1,406,364	₩	1,208,332
	Other legal reserve		63,016		59,595
	Sub-total		1,469,380		1,267,927
Voluntary Reserve	Business rationalization reserve		8,000		8,000
	Reserve for financial structure improvement		235,400		235,400
	Additional reserve		7,176,544		6,799,544
	Regulatory reserve for credit loss		1,123,866		-
	Revaluation reserve		761,650		-
	Other voluntary reserve		9,900		6,100
	Sub-total		9,315,360		7,049,044
Retained earnings before appropriation			1,319,294		2,939,236
Total		₩	12,104,034	₩	11,256,207

1) Legal reserve

In accordance with the Act of Banking Law, legal reserve are appropriated at least one tenth of the earnings after tax on every dividend declaration, not exceeding paid in capital. This reserve may not be used other than for offsetting a deficit or transferring to capital.

2) Other legal reserve

Other legal reserves were appropriated in the branches located in Japan, Vietnam and Bangladesh, according to the banking laws of Japan, Vietnam and Bangladesh, and may be used to offset any deficit incurred in those branches.

3) Business rationalization reserve

Pursuant to the Tax Exemption and Reduction Control Law, the Group was previously required to appropriate, as a reserve for business rationalization, amounts equal to tax reductions arising from tax exemptions and tax credits up to December 31, 2001. The requirement was no longer effective from 2002.

4) Reserve for financial structure improvement

In 2002, the Finance Supervisory Services recommended banks in Korea to appropriate at least ten percent of net income after accumulated deficit for financial structure improvement until simple capital ratio equals 5.5 percent. This reserve is not available for payment of cash dividends; however, it can be used to reduce a deficit or be transferred to capital.

5) Additional reserve and other voluntary reserve

Additional reserve and other voluntary reserve were appropriated for capital adequacy and other management purposes.

6) Regulatory reserve for credit loss

In accordance with Article 29 of the Regulation on Supervision of Banking Business (“RSBB”), if provisions for credit loss under K-IFRS for the accounting purpose are lower than provisions under RSBB, the Group discloses such short fall amount as regulatory reserve for credit loss.

7) revaluation reserve

Revaluation reserve is the amount of limited dividends set by the board of directors to be recognized as complementary capital when the gain or loss occurred in the property revaluation by adopting K-IFRS.

(2) The changes in retained earnings for the year ended December 31, 2012 and 2011 are as follows (Unit: Korean Won in millions):

	For the year ended December 31			
	2012		2011	
Beginning balance	₩	11,256,207	₩	9,718,577
Net income attributable to shareholder		1,447,904		2,068,544
Dividend and others		(600,077)		(530,914)
Ending balance	₩	12,104,034	₩	11,256,207

28. REGULATORY RESERVE FOR CREDIT LOSS

In accordance with Article 29 of the RSBB, if the estimated provisions for credit loss determined in accordance with K-IFRS 1039 ‘Financial instruments: Recognition and Measurement’ is lower than those in accordance with the provisions under RSBB, the Group shall disclose the difference as the regulatory reserve for credit loss.

(1) Balance of the regulatory reserve for credit losses is as follows (Unit: Korean Won in millions):

	December 31, 2012		December 31, 2011	
Beginning balance	₩	1,123,866	₩	-
Amount estimated to be appropriated		259,055		1,123,866
Ending balance	₩	1,382,921	₩	1,123,866

(2) Planned reserve provided, adjusted net income after the planned reserve provided and adjusted earnings per share after the planned reserve provided are as follows (Unit: Korean Won in millions, except for earning per share amount):

	For the year ended December 31, 2012		For the year ended December 31, 2011	
Net income	₩	1,448,575	₩	2,069,371
Planned reserves provided		259,055		610,190
Adjusted net income after the planned reserves provided		1,189,520		1,459,181
Adjusted Earnings per share after the planned reserves provided	₩	1,455	₩	1,811

29. DIVIDENDS

(1) Details of dividends and propensity to dividend are as follows (Unit: Korean Won in millions, except for per share amounts):

	December 31, 2012		December 31, 2011	
	Common stock	Preferred Stock (*1)	Common stock	Preferred Stock (*1)
Shares outstanding (million)	696	70	696	70
Par value per share(won)	₩ 5,000	₩ 5,000	₩ 5,000	₩ 5,000
Capital stock	₩ 3,479,783	₩ 350,000	₩ 3,479,783	₩ 350,000
Number of shares issued (million)	696	70	696	70
Dividend per share(won)	₩ 169	₩ 800	₩ 608	₩ 800
Total dividend	₩ 117,306	₩ 56,000	₩ 423,053	₩ 56,000
Dividend rate	3.4%	16%	12.2%	16%
Net income	₩ 1,448,575	₩ 1,448,575	₩ 2,069,371	₩ 2,069,371
Payout ratio(*2)	8.1%	3.9%	20.4%	2.7%

(*1) Preferred stock is non-cumulative and non-participating and its dividend rate is 8% on issuance price per share.

(*2) Payout ratio of common stock and preferred stock after reflecting planned regulatory reserve for credit loss for the year ended December 31, 2012 are 9.9% and 4.7%, respectively. And payout ratio of common stock and preferred stock after reflecting planned regulatory reserve for credit loss for the year ended December 31, 2011 are 29.0% and 3.8%, respectively.

30. NET INTEREST INCOME

(1) Details of interest income recognized are as follows (Unit: Korean Won in millions):

	For the year ended December 31, 2012	For the year ended December 31, 2011
Financial asset at FVTPL:		
Interest of securities:		
Securities in local currency	₩ 198,332	₩ 196,756
Interest of other assets	76,601	89,824
Sub-total	274,933	286,580
AFS financial asset:		
Interest of securities in local currency:		
Interest of government bonds	130,800	142,463
Interest of finance debentures	149,090	124,349
Interest of debentures	89,697	42,479
Interest of beneficiary certificate	555	712
Interest of other securities	1	1
Interest of securities in foreign currencies	7,279	5,461
Sub-total	377,422	315,465

	For the year ended December 31, 2012	For the year ended December 31, 2011
HTM financial asset:		
Interest of securities in local currency:		
Interest of government bonds	237,566	232,601
Interest of finance debentures	135,326	225,033
Interest of debentures	232,188	197,288
Others	-	709
Interest of securities in foreign currencies	3,466	8,305
Sub-total	608,546	663,936
Loans and receivables:		
Interest on due from banks:		
Interest on due from banks in local currency	54,325	29,136
Interest on due from banks in foreign currencies	45,195	18,116
Sub-total	99,520	47,252
Interest of loans:		
Interest on loans in local currency	8,117,357	8,218,926
Interest on loans in foreign currencies	411,106	438,327
Interest on domestic usance bills	55,711	49,049
Interest on off-shore loans	615	497
Interest on inter-bank loans	22,119	58,084
Interest on call loans	68,718	87,756
Interest on bills bought	12,229	14,160
Interest on foreign currencies	130,811	120,677
Interest on payment for acceptances and guarantees	2,277	4,292
Interest on bonds sold under repurchase agreements	125,381	100,061
Interest on privately placed bonds	66,752	119,723
Interest on credit card receivables	988,278	1,035,362
Sub-total	10,001,354	10,246,914
Interest of other assets	74,685	99,111
Sub-total	10,175,559	10,393,277
Total	₩ 11,436,460	₩ 11,659,258

Interest income accrued from impaired loan is ₩86,086 million and ₩139,041 million for the year ended December 31, 2012 and 2011, respectively.

(2) Interest expenses recognized are as follows (Unit: Korean Won in millions):

	For the year ended December 31, 2012		For the year ended December 31, 2011	
Interest of deposits:				
Interest on demand deposits in local currency	₩	26,894	₩	20,116
Interest on money trust		33		33
Interest on saving deposits in local currency		4,161,808		4,121,885
Interest on mutual installment		2,762		3,590
Interest on certificate of deposits		24,275		64,966
Interest on other deposits		149,259		175,043
Interest on deposits in foreign currencies		110,891		91,210
Sub-total		4,475,922		4,476,843
Interest of borrowings:				
Interest on borrowings in local currency		130,930		148,255
Interest on borrowings in foreign currencies		93,312		115,342
Interest on call money		60,532		57,627
Interest on bonds sold under repurchase agreements		24,480		19,992
Interest on bills sold		2,429		2,582
Sub-total		311,683		343,798
Interest of debentures:				
Interest on debentures in local currency		705,833		791,917
Interest on debentures in foreign currencies		223,266		223,042
Sub-total		929,099		1,014,959
Others		107,802		95,447
Total	₩	5,824,506	₩	5,931,047

31. NET FEE AND COMMISSION INCOME

Net commission income is the amount of commission expenses deducted from the amount of commission income, which details are as follows:

(1) Details of fee and commission income occurred are as follows (Unit: Korean Won in millions):

	For the year ended December 31, 2012		For the year ended December 31, 2011	
Commission received:				
Commission received in local currency	₩	548,213	₩	501,697
Commission received in foreign currencies		192,072		201,230
Sub-total		740,285		702,927
Commission fees		110,491		97,386
Commission received on project financing		23,510		22,847
Commission received on credit card:				
Credit card in local currency		11,975		12,800
Credit card in foreign currencies		23,428		21,113
Prepaid card		1,054		1,375
Debit card		862		777
Sub-total		37,319		36,065
CMA management charges		4,451		5,553
Commission received on securities		62,925		71,688
Other commission received		15,988		20,688
Commission received on trust business		45,664		36,775
Total	₩	1,040,633	₩	993,929

(2) Details of fees and commissions expenses occurred are as follows (Unit: Korean Won in millions):

	For the year ended December 31, 2012		For the year ended December 31, 2011	
Commission expenses:				
Commission expenses in local currency	₩	64,407	₩	61,909
Commission expenses in foreign currencies		28,510		22,722
Sub-total		92,917		84,631
Commission expenses on credit card:				
Credit card in local currency		390,055		337,794
Credit card in foreign currencies		2,124		2,715
Debit card		958		771
Sub-total		393,137		341,280

	For the year ended December 31, 2012	For the year ended December 31, 2011
Commission expenses on securities	33	140
Commission expenses on other	53,966	58,065
Commission expenses on trust business	1,833	1,822
Total	₩ 541,886	₩ 485,938

32. DIVIDEND INCOME

Details of dividend income recognized are as follows (Unit: Korean Won in millions):

	For the year ended December 31, 2012	For the year ended December 31, 2011
Financial assets at FVTPL:		
Dividend income in local currency	₩ 6,030	₩ 7,484
AFS financial assets:		
Dividend in local currency	85,149	111,595
Dividend in foreign currencies	3,668	4,071
Sub-total	88,817	115,666
Total	₩ 94,847	₩ 123,150

33. GAINS (LOSSES) ON FINANCIAL ASSETS AT FVTPL

(1) Details of gains (losses) related to financial assets at FVTPL are as follows (Unit: Korean Won in millions):

	For the year ended December 31, 2012	For the year ended December 31, 2011
Gains and losses on financial assets held for trading	₩ (355,666)	₩ 78,797
Gains and losses of financial assets designated at FVTPL	(73)	27,885
Total	₩ (355,739)	₩ 106,682

(2) Details of gain (loss) on financial assets held for trading are as follows (Unit: Korean Won in millions):

	For the year ended December 31, 2012		For the year ended December 31, 2011	
Gain (loss) on securities:				
Gain on retirement of securities in local currency	₩	16	₩	1
Loss on retirement of securities in local currency		(203)		(29)
Sub-total		(187)		(28)
Gain on transaction of securities in local currency		76,766		57,301
Loss on transaction of securities in local currency		(43,260)		(109,119)
Gain on transaction of securities in foreign currency		258		-
Sub-total		33,764		(51,818)
Gain on valuation of securities in local currency		12,544		15,598
Loss on valuation of securities in local currency		(9,152)		(18,559)
Sub-total		3,392		(2,961)
Gain (loss) on securities sub-total		36,969		(54,807)
Gain (loss) on derivatives (for trading):				
Gain on transaction and valuation of derivatives:				
Gain on interest rates derivatives		1,123,851		1,843,855
Loss on interest rates derivatives		(1,152,436)		(1,841,678)
Sub-total		(28,585)		2,177
Gain on currencies derivatives		4,172,714		3,557,210
Loss on currencies derivatives		(4,523,494)		(3,471,419)
Sub-total		(350,780)		85,791
Gain on equity derivatives		95,069		176,187
Loss on equity derivatives		(108,144)		(139,137)
Sub-total		(13,075)		37,050
Gain on other derivatives		46,858		83,429
Loss on other derivatives		(47,669)		(81,591)
Sub-total		(811)		1,838
Gain (loss) on derivatives sub-total		(393,251)		126,856
Gain (loss) on other financial instruments:				
Gain on transaction of other financial instruments		1,193		8,464
Loss on transaction of other financial instruments		(619)		(2,130)
Sub-total		574		6,334
Gain on valuation of other financial instruments		1,304		416
Loss on valuation of other financial instruments		(1,262)		(2)
Sub-total		42		414
Gain on other financial instruments sub-total		616		6,748
Total	₩	(355,666)	₩	78,797

(3) Details of gain (loss) on financial instrument at FVTPL are as follows (Unit: Korean Won in millions):

	For the year ended December 31, 2012		For the year ended December 31, 2011	
Gain (loss) on other financial instruments:				
Gain on disposition of other financial instruments	₩	-	₩	18,861
Gain (loss) on valuation of other financial instruments		(73)		9,024
Total	₩	(73)	₩	27,885

34. GAINS (LOSSES) ON AFS FINANCIAL ASSETS

Details of gains (losses) on AFS financial assets recognized are as follows (Unit: Korean Won in millions):

	For the year ended December 31, 2012		For the year ended December 31, 2011	
Gain on transaction of securities:				
Gain on redemption of securities in local currency	₩	76	₩	72
Gain on transaction of securities in local currency		649,799		1,194,274
Gain on transaction of securities in foreign currencies		513		5,715
Sub-total		650,388		1,200,061
Impairment loss:				
Securities in local currency		(92,017)		(163,529)
Securities in foreign currencies		(6,046)		(19,786)
Sub-total		(98,063)		(183,315)
Total	₩	552,325	₩	1,016,746

35. GAIN (LOSS) ON HTM FINANCIAL ASSETS

There is no gain or loss on HTM financial assets for the years ended December 31, 2012 and 2011, respectively. In addition, details of interest income of HTM financial assets are stated in note 33.

36. IMPAIRMENT LOSSES FOR LOANS, OTHER RECEIVABLES, GUARANTEES AND UNUSED COMMITMENTS

Impairment losses for loans, other receivables, guarantees and unused commitments are as follows (Unit: Korean Won in millions):

	For the year ended December 31, 2012		For the year ended December 31, 2011	
Loans:				
Bad debt expenses	₩	(1,841,402)	₩	(1,787,955)
Reversal of provision for loan losses and receivables		42,309		77,302
Sub-total		(1,799,093)		(1,710,653)
Guarantees:				
Provision for guarantee		(51,870)		(147,120)
Reversal of provision for guarantee		77,087		5,251
Total		25,217		(141,869)
Commitments:				
Provision for unused commitment		(26,369)		(2,391)
Reversal of provision for unused commitment		2,543		38,310
Total		(23,826)		35,919
Sub-total		1,391		(105,950)
Total	₩	(1,797,702)	₩	(1,816,603)

37. GENERAL AND ADMINISTRATIVE EXPENSES AND NET OTHER OPERATING INCOME (EXPENSES)

(1) Details of general and administrative expenses are as follows (Unit: Korean Won in millions):

		For the year ended December 31, 2012		For the year ended December 31, 2011	
Salaries	Short-term salaries	₩	1,037,944	₩	1,044,031
	Severance benefits-defined benefit		152,920		100,582
	Severance benefits- defined contribution		2,196		2,439
	Termination		54,896		42,907
	Sub-total		1,247,956		1,189,959
Depreciation			131,970		123,307
Other general and administrative expenses	Employee benefits		297,694		259,620
	Reimburse		68,731		61,198
	Travel		7,182		6,815
	Operating promotion expenses		47,971		42,245
	Rent		204,609		187,020
	Maintenance		13,034		12,004
	Advertising expenses		57,541		69,632
	Taxes and dues		107,119		109,188

	For the year ended December 31, 2012	For the year ended December 31, 2011
Insurance	3,126	3,108
Computer related expenses	260,526	245,111
Service fees	192,908	163,277
Communications	39,500	32,905
Printings	10,711	10,901
Water, light and heating	14,536	13,192
Supplies	6,668	6,025
Vehicle maintenance	10,878	9,479
Other expenses	523	134
Others	4,457	4,240
Sub-total	1,347,714	1,236,094
Total	₩ 2,727,640	₩ 2,549,360

(2) Details of net other operating income (expenses) recognized are as follows (Unit: Korean Won in millions):

	For the year ended December 31, 2012	For the year ended December 31, 2011
Other operating incomes	₩ 2,696,966	₩ 8,368,158
Other operation expenses	(2,874,801)	(8,891,787)
Net other operating expenses	₩ (177,835)	₩ (523,629)

(3) Details of other operating income recognized are as follows (Unit: Korean Won in millions):

	For the year ended December 31, 2012	For the year ended December 31, 2011
Gain on transaction of foreign exchange	₩ 2,394,423	₩ 8,104,932
Gain on derivatives (for hedging)	39,232	193,374
Gain on fair value hedging derivatives	43,879	4,921
Gain on disposal of loans	121,424	51,910
Gain on trusts	1,096	1,403
Others(*)	96,912	11,618
Total	₩ 2,696,966	₩ 8,368,158

(*) Income related to ₩91,308 million which the Group is to receive from other creditor financial institutions is included in accordance with the creditor financial institutions committee agreement (Notes 10 and 25).

(4) Details of other operating expenses recognized are as follows (Unit: Korean Won in millions):

	For the year ended December 31, 2012		For the year ended December 31, 2011	
Loss on transaction of foreign exchange	₩	1,996,863	₩	7,955,322
Loss on derivatives (for hedging)		49,956		10,513
Loss on fair value hedging derivatives		43,817		200,455
Deposit insurance premium		220,941		207,991
Contribution to miscellaneous funds		307,981		298,685
Export bond insurance fees		136		95
Loss on disposal of loans		127,656		196,187
Other expenses(*)		127,451		22,539
Total	₩	2,874,801	₩	8,891,787

(*) Expenses related to ₩94,205 million which the Group is to carry out a payment to other creditor financial institutions is included in accordance with the creditor financial institutions committee agreement (Notes 10 and 25).

38. NON-OPERATING INCOMES(EXPENSES)

(1) Details of gain(loss) on valuation of investments in associates recognized are as follows (Unit: Korean Won in millions) :

	For the year ended December 31, 2012		For the year ended December 31, 2011	
Gain on valuation of investments in associates	₩	38,815	₩	4,355
Loss on valuation of investments in associates		(11,389)		(28,268)
Total	₩	27,426	₩	(23,913)

(2) Details of other non-operating incomes(expenses) recognized are as follows (Unit: Korean Won in millions):

	For the year ended December 31, 2012		For the year ended December 31, 2011	
Other non-operating incomes	₩	147,080	₩	177,647
Other non-operating expenses		(98,178)		(87,751)
Total	₩	48,902	₩	89,896

(3) Details of other non-operating incomes recognized are as follows (Unit: Korean Won in millions):

	For the year ended December 31, 2012		For the year ended December 31, 2011	
Gain on disposal of investment in associates	₩	25,102	₩	26,231
Rental fee income		16,019		19,168
Gain on transaction of other assets		1,549		65,166
Reversal of impairment of other assets		2,175		321
Gain on restoration		224		105
Others		102,011		66,656
Total	₩	147,080	₩	177,647

(4) Details of other non-operating expenses recognized are as follows (Unit: Korean Won in millions):

	For the year ended December 31, 2012		For the year ended December 31, 2011	
Loss on disposal of investments in subsidiaries and associates	₩	167	₩	-
Loss on disposition of other assets		346		2,675
Loss on valuation of other assets		1,776		4,614
Donation		63,163		38,041
Loss on restoration		528		301
Depreciation of investment properties		3,437		3,433
Interest expenses of rent leasehold deposit		2,551		2,615
Expenses on collecting of charge-offs special bonds		9,906		8,612
Others		16,304		27,460
Total	₩	98,178	₩	87,751

39. INCOME TAX EXPENSE

(1) Details of income tax expense are as follows (Unit: Korean Won in millions):

	For the year ended December 31, 2012		For the year ended December 31, 2011	
Current income tax payable	₩	411,197	₩	489,483
Adjustment recognized in the period for current tax of prior periods		(23,811)		(4,796)
Changes in deferred income taxes due to temporary differences		(191,897)		18,055
Changes in deferred income taxes directly in equity		131,221		87,058
Income tax expense	₩	326,710	₩	589,800

(2) Income tax expense can be reconciled to net income as follows (Unit: Korean Won in millions):

	For the year ended December 31, 2012		For the year ended December 31, 2011	
Net income before income tax	₩	1,775,285	₩	2,659,171
Tax calculated at statutory tax rate(*)		429,157		643,493
Adjustments:				
Effect on non-taxable income		(59,811)		(46,060)
Effect on non-deductible expense		28,301		53,980
Deferred tax effect from changes in tax rate		-		(11,618)
Consolidated tax return		(40,631)		(45,199)
Adjustment recognized in the period for current tax of prior periods		(23,811)		(4,796)
Others		(6,495)		-
Income tax expense	₩	326,710	₩	589,800
Effective tax rate		18.4%		22.2%

(*) 2012 Tax rates : The corporate tax rate is 11 percent up to ₩200 million, 22 percent over ₩200 million to ₩20 billion and 24.2 percent over ₩20 billion.
2011 Tax rates : The corporate tax rate is 11 percent up to ₩200 million and 24.2 percent over ₩200 million.

(3) Changes in cumulative temporary differences for the years ended December 31, 2012 and 2011 are as follows (Unit: Korean Won in millions):

	For the year ended December 31, 2012			
	Beginning balance	Recognized as income(loss)	Recognized as other comprehensive income(loss)	Ending balance
Temporary differences to be charged to income tax expense:				
Loss (gain) on valuation of securities	₩ 213,203	₩ 2,660	₩ -	₩ 215,863
Loss (gain) on valuation of investments in associates	26,341	8,528	(386)	34,483
Gain (loss) on valuation of derivatives	(155,231)	80,746	-	(74,485)
Accrued income	(64,657)	(2,726)	-	(67,383)
Depreciation of premises and equipment	(4,337)	3,364	-	(973)
Allowance for loan loss	(14,490)	900	-	(13,590)
Write-off of loans	9,092	(653)	-	8,439
Deferred loan origination fees and costs	(37,645)	(18,242)	-	(55,887)
Accrued expenses	39,998	(463)	-	39,535
Retirement benefit obligation	42,634	34,068	-	76,702
Plan assets	(42,634)	(21,567)	-	(64,201)
Provisions for guarantees	60,156	15,226	-	75,382

	For the year ended December 31, 2012			
	Beginning balance	Recognized as income(loss)	Recognized as other comprehensive income(loss)	Ending balance
Other provision	32,714	5,255	-	37,969
Loss (gain) on valuation of debentures	75,702	(4,943)	-	70,759
Provision for advanced depreciation	(20,878)	-	-	(20,878)
Gain (loss) on valuation of AFS securities	(173,688)	-	104,213	(69,475)
Gain (loss) on overseas business translation	(1,125)	-	25,411	24,286
Other capital surplus	(511)	-	511	-
Others	(101,841)	(41,478)	1,473	(141,846)
Net deferred tax assets (liabilities)	₩ (117,197)	₩ 60,675	₩ 131,222	₩ 74,700

	For the year ended December 31, 2011			
	Beginning balance	Recognized as income(loss)	Recognized as other comprehensive income(loss)	Ending balance
Temporary differences to be charged to income tax expense:				
Loss (gain) on valuation of securities	₩ 144,629	₩ 68,574	- ₩	213,203
Loss (gain) on valuation of investments in associates	28,620	(6,654)	4,375	26,341
Gain (loss) on valuation of derivatives	(112,834)	(42,397)	-	(155,231)
Accrued income	(50,088)	(14,569)	-	(64,657)
Depreciation of premises and equipment	(7,278)	2,941	-	(4,337)
Allowance for loan loss	83,328	(97,818)	-	(14,490)
Write-off of loans	56,816	(47,724)	-	9,092
Deferred loan origination fees and costs	(27,623)	(10,022)	-	(37,645)
Accrued expenses	24,016	15,982	-	39,998
Retirement benefit obligation	22,078	20,556	-	42,634
Plan assets	(22,995)	(19,639)	-	(42,634)
Provisions for guarantees	49,058	11,098	-	60,156
Other provision	47,293	(14,579)	-	32,714
Loss (gain) on valuation of debentures	35,139	40,563	-	75,702
Deposits due to customers	1,375	(1,375)	-	-

For the year ended December 31, 2011				
	Beginning balance	Recognized as income(loss)	Recognized as other comprehensive income(loss)	Ending balance
Provision for advanced depreciation	(18,980)	(1,898)	-	(20,878)
Gain (loss) on valuation of AFS securities	(257,649)	-	83,961	(173,688)
Gain (loss) on overseas business translation	153	-	(1,278)	(1,125)
Other capital surplus	-	(511)	-	(511)
Others	(94,200)	(7,641)	-	(101,841)
Net deferred tax assets (liabilities) ₩	(99,142) ₩	(105,113) ₩	87,058 ₩	(117,197)

(4) Unrealizable temporary differences are as follows (Unit: Korean Won in millions):

	December 31, 2012		December 31, 2011	
Temporary differences on investments in subsidiaries	₩	-	₩	5,168
Temporary differences on hybrid equity securities		(1,889,873)		(1,889,873)
Others		6,365		-
Total	₩	(1,883,508)	₩	(1,884,705)

(5) Details of deferred tax relating to items that are recognized directly in equity are as follows (Unit: Korean Won in millions):

	December 31, 2012		December 31, 2011	
Gain (loss) on valuation of AFS securities	₩	(69,475)	₩	(173,688)
Gain(loss) on valuation of investments in associates		90		(1,508)
Gain (loss) on overseas business translation		24,286		(1,125)
Total	₩	(45,099)	₩	(176,321)

(6) Current tax assets and liabilities are as follows (Unit: Korean Won in millions):

	December 31, 2012		December 31, 2011	
Current tax assets	₩	1,882	₩	2,393
Current tax liabilities		136,517		206,367

(7) Deferred tax assets and liabilities are as follows (Unit: Korean Won in millions):

	December 31, 2012		December 31, 2011	
Deferred tax assets	₩	82,397	₩	9,249
Deferred tax liabilities		(7,697)		(126,446)
Net deferred tax liabilities	₩	74,700	₩	(117,197)

40. EARNINGS PER SHARE (“EPS”)

(1) Basic EPS is calculated by dividing net income by weighted average number of common shares outstanding (Unit: Korean Won in millions, except for per share amount)

	For the year ended December 31, 2012		For the year ended December 31, 2011	
Net income attributable to common shares:				
Net income attributable to the controlling equity	₩	1,447,904	₩	2,068,544
Dividend on preferred stock		(56,000)		(56,000)
Dividend on hybrid equity securities		(121,022)		(142,548)
	₩	1,270,882	₩	1,869,996
Weighted average number of common shares outstanding		696 million shares		696 million shares
Basic EPS	₩	1,826	₩	2,687

(2) Diluted EPS is calculated by reflecting the dilution effect to net income (Unit: Korean Won in millions, except for per share amounts)

	For the year ended December 31, 2012		For the year ended December 31, 2011	
Diluted net income:				
Net income attributable on common shares	₩	1,270,882	₩	1,869,996
Dilution effect of convertible preferred stock		56,000		56,000
		1,326,882		1,925,996
Weighted average number of share for diluted earnings per share:				
Weighted average number of common shares outstanding		696 million shares		696 million shares
Convertible preferred stock		70 million shares		70 million shares
		766 million shares		766 million shares
Diluted EPS	₩	1,732	₩	2,514

Diluted EPS is calculated by adjusting the assumption that all dilutive potential common shares are converted to common shares, for weighted average number of shares calculation. The dilutive potential common shares are convertible preferred stock assumed to be converted to common shares and included in the number of common shares to calculate diluted EPS and the relate dividend is added to net income on common shares.

41. CONTINGENT LIABILITIES AND COMMITMENTS

(1) Details of guarantee which the Group has provided for others are as follows (Unit: Korean Won in millions):

	December 31, 2012		December 31, 2011	
Confirmed guarantee:				
Guarantee for debenture issuances	₩	-	₩	135
Guarantee for loans		89,725		220,966
Acceptances		572,353		807,772
Guarantee in acceptances of imported goods		110,171		128,152
Other confirmed guarantees		8,412,324		9,845,755
Sub-total		9,184,573		11,002,780
Unconfirmed guarantee:				
Local letter of credit		773,385		934,060
Import letter of credit		5,428,310		4,490,294
Other unconfirmed guarantee		2,368,781		3,133,110
Sub-total		8,570,476		8,557,464
Commercial paper purchase commitment and others		1,956,447		2,956,081
Total	₩	19,711,496	₩	22,516,325

(2) Details of loan commitments and other commitments which the Group provided for others are as follows (Unit: Korean Won in millions):

	December 31, 2012		December 31, 2011	
Loan commitments in local currency	₩	64,368,276	₩	63,666,555
Loan commitments in foreign currency		21,857,955		21,042,424
Securities purchase contract		1,394,165		1,498,686
Non-recourse endorsement notes		4,812,500		7,197,250
Total	₩	92,432,896	₩	93,404,915

(3) Details of guarantees and the related provisions for guarantees are as follows (Unit: Korean Won in millions):

	December 31, 2012		December 31, 2011	
Confirmed guarantees	₩	9,184,573	₩	11,002,780
Unconfirmed guarantees		8,570,476		8,557,464
Commercial paper purchase commitments and others		1,956,447		2,956,081
Total		19,711,496		22,516,325
Provisions for guarantees	₩	405,729	₩	437,557
Ratio of provisions to total guarantees		2.06%		1.94%

(4) Litigation case

The Group has filed lawsuits as follows (Unit: Korean Won in millions):

	December 31, 2012	
	As plaintiff	As defendant
Number of cases	889 case	335 case
Amount of litigation	₩ 1,456,296 ₩	538,672
Provisions for litigations		10,203

	December 31, 2011	
	As plaintiff	As defendant
Number of cases	779 case	179 case
Amount of litigation	₩ 1,020,035 ₩	333,177
Provisions for litigations		12,679

The litigations from the electronic reminder (payment orders for unpaid credit card receivables to individuals) are not included on the number of cases as of September 30, 2012 and December 31, 2011, respectively, and there are no significant effects on the financial statements as of December 31, 2012 and December 31, 2011.

The domestic banks refused to refund the cost to put up collateral security to the customers which were determined and mediated by Korean Consumer Agency. In this regard, the Group has been filed 115 lawsuits as of December 31, 2012 and more lawsuits are expected to file in the future. The expected outflow of resources of the Group is not likely to be high, hence the Group has not set up the provision for litigation.

42. RELATED PARTY TRANSACTIONS

Related parties of the Group, assets and liabilities recognized and major transactions with related parties during the current and prior period are as follows:

(1) The related parties of the Group as of December 31, 2012 and December 31, 2011 are as follows:

	Related parties
Ultimate controlling party (Government related entity)	KDIC
Parent	WFH
Associates	Kumho Tires Co., Ltd., Woori Blackstone Korea Opportunity Private Equity Fund 1, Woori Private Equity Fund, Woori Service Networks Co., Ltd., United PF 1 st Corporate financial stability, Korea Credit Bureau Co., Ltd., Korea Finance Security Co., Ltd., LIG E&C Co., Ltd., Hyunjin Co., Ltd., Chin Hung International Inc., Pi City Co., Ltd., Orient Shipyard Co., Ltd., CNK Co., Ltd., Poonglim Industrial Co., Ltd., Phoenix Digital Tech Co., Ltd.

	Related parties
Other	Woori Financial Co., Ltd., Woori Asset Management Co., Ltd., Woori FIS Co., Ltd., WFG Savings Bank, Woori Private Equity, Woori Aviva Life Insurance Co., Ltd., Kyongnam Bank, Kyongnam Bank Principal and Interest Trust, Kwangju Bank, Kwangju Bank Principal and Interest Trust, Woori F&I Co., Ltd., Woori Asset Management, Kumho Investment Bank, Woori EL Co., Ltd., Woori Investment & Securities Co., Ltd., Woori Futures, Woori Renaissance Holdings Co., Ltd., UP Chemical Co., Ltd., Seoul Lakeside CC Inc, Hybrid 1st Specialty Inc. and 64 SPEs, Woori Heritage Long-short PEF 1 st and 34 beneficiary certificates.

(2) Assets and liabilities from transactions with related parties are as follows (Unit: Korean Won in millions):

Related party		Accounts	December 31, 2012	December 31, 2011
Ultimate controlling party (Government related entity)	KDIC	Loans	₩ -	₩ 1,000,000
		Provision for credit loss	-	(337)
		Other assets	610,872	762,109
		Deposits	344,653	136,916
		Other liabilities	2,182	120
Parent	WFH	Loans	241	483
		Other assets	20,829	2
		Deposits	206,137	38,745
		Other liabilities	167,849	238,161
Associates	Kumho Tires Co., Ltd.	Loans	399,282	422,840
		Provision for credit loss	(33,510)	(51,468)
		Other assets	49,397	26,925
		Deposits	58,298	36,131
		Other liabilities	61	57
	Korea Credit Bureau Co., Ltd.	Loans	2	3
		Deposits	2,003	3,000
		Other liabilities	22	53
	Woori Private Equity Fund	Other assets	9	-
		Deposits	1,678	12,377
		Other liabilities	3	-
	Korea Finance Security Co., Ltd.	Loans	60	45
		Provision for credit loss	-	(1)
		Deposits	4,225	2,638
		Other liabilities	20	23

Related party		Accounts	December 31, 2012	December 31, 2011
Associates	Woori Service Networks Co., Ltd.	Loans	₩ 19	₩ 20
		Provision for credit loss	(1)	(1)
		Deposits	1,645	1,457
		Other liabilities	207	201
	United PF 1 st corporate financial stability	Deposits	9,003	2
		Other liabilities	72	-
	LIG E&C Co., Ltd.	Loans	742	742
		Provision for credit loss	(68)	(70)
		Deposits	1,227	2,408
		Other liabilities	25	47
	Hyunjin Co., Ltd.	Other assets	-	313
		Provision for credit loss	-	(313)
		Deposits	6,182	17,477
		Other liabilities	49	233
	Chin Hung International Inc.	Loans	37,788	-
		Provision for credit loss	(30,315)	-
		Deposits	988	-
		Other liabilities	4	-
	Pi City Co., Ltd.	Loans	60,000	-
		Provision for credit loss	(69)	-
		Deposits	199	-
	Orient Shipyard Co., Ltd.	Other assets	23,346	-
		Provision for credit loss	(1,332)	-
		Deposits	572	-
	CNK Co., Ltd.	Loans	4,422	-
		Provision for credit loss	(868)	-
		Other assets	8	-
Deposits		98	-	
Poonglim Industrial Co., Ltd.	Other liabilities	7	-	
	Loans	43,394	-	
	Provision for credit loss	(416)	-	
	Deposits	4,558	-	
Phoenix Digital Tech Co., Ltd.	Other liabilities	70	-	
	Loans	1,502	-	
	Provision for credit loss	(296)	-	
	Deposits	8	-	

Related party		Accounts	December 31, 2012		December 31, 2011	
Others	Woori Investment & Securities Co., Ltd. and subsidiaries	Loans	₩	1,523	₩	1,822
		Provision for credit loss		(472)		(342)
		Other assets		5,976		7,660
		Deposits		1,404,084		788,137
		Borrowings		7,555		13,454
		Other liabilities		131,166		142,880
	Kyongnam Bank and subsidiaries	Other assets		105,707		42,659
		Deposits		6,286		5,739
		Borrowings		167		1,409
	Kwangju Bank	Other liabilities		171,415		36,741
		Loans		229		229
		Other assets		11,971		27,904
		Deposits		8,801		8,605
	Woori F&I Co., Ltd. and subsidiaries	Borrowings		26,021		28,418
		Other liabilities		4,155		11,770
		Loans		73		69
		Provision for credit loss		(1)		(1)
		Other assets		5		96
	Woori Private Equity and subsidiaries	Deposits		50,444		89,301
		Other liabilities		340		403
		Loans		20,050		20,054
		Provision for credit loss		(1,443)		(164)
		Other assets		16,527		10,457
	Other subsidiaries of WFH	Deposits		19,187		19,301
		Borrowings		1,000		1,000
		Other liabilities		10,748		15,577
		Loans		50,682		50,510
		Provision for credit loss		(286)		(230)
	Associates of Woori F&I Co., Ltd.	Other assets		509		84
		Deposits		33,292		30,202
		Other liabilities		49,704		18,793
	Associates of Woori Private Equity	Deposits		23,459		27,508
		Other liabilities		16		14
		Loans		11,696		15,777
		Provision for credit loss		(149)		(3,716)
		Deposits		14,505		6,707
		Other liabilities		187		22

Related party		Accounts	December 31, 2012	December 31, 2011
Others	Associates of Woori Investment & Securities Co., Ltd.	Loans	-	11,300
		Provision for credit loss	-	(17)
		Deposits	-	9,292
		Other liabilities	-	14
Woori Aviva Life Insurance Co., Ltd.		Loans	399	371
		Provision for credit loss	(5)	(3)
		Deposits	132	2,642
		Other liabilities	₩ 280	₩ 690

(3) Gain or loss from transactions with related parties are as follows (Unit: Korean Won in millions):

Related party		Accounts	December 31, 2012	December 31, 2011
Ultimate controlling party (Government related entity)	KDIC	Interest income	₩ 30,544	₩ 63,186
		Interest expense	4,301	7,218
		Bad debt expenses (Reversal of provision for credit loss)	(281)	457
Parent	WFH	Other income	2,273	2,066
		Interest expense	10,983	7,184
		Fees expense	48,987	52,751
		Other expense	183	100
Associates	Kumho Tires Co., Ltd.	Interest income	1,011	1,036
		Fees income	7	1
		Other income	22,661	7,215
		Interest expense	114	58
		Fees expense	-	4
		Bad debt expenses (Reversal of provision for credit loss)	(17,957)	3,180
	Korea Finance Security Co., Ltd.	Interest expense	110	60
		Reversal of provision for credit loss	(1)	(9)
	Korea Credit Bureau Co., Ltd.	Interest expense	70	65
		Woori Service Networks Co., Ltd.	Other income	15
	Interest expense		60	31
	Reversal of provision for credit loss		-	(3)
Woori Private Equity Fund and subsidiaries	Fees income	21	-	
	Interest expense	49	14	
United PF 1 st corporate financial stability	Interest expense	73	-	

Related party		Accounts	December 31, 2012	December 31, 2011
Associates	LIG E&C Co., Ltd.	Interest income	₩ -	₩ 55
		Fees income	-	2
		Interest expense	69	111
		Fees expense	-	6
		Reversal of provision for credit loss	(2)	(360)
	Hyunjin Co., Ltd.	Interest income	-	374
		Fees income	-	4
		Other income	-	4
		Interest expense	246	689
		Reversal of provision for credit loss	(313)	(388)
	Chin Hung International Inc.	Fees income	1	-
		Interest expense	44	-
		Bad debt expenses	30,315	-
	Pi City Co., Ltd.	Interest expense	9	-
		Bad debt expenses	69	-
	Orient Shipyard Co., Ltd.	Bad debt expenses	1,332	-
	CNK Co., Ltd.	Interest expense	5	-
		Bad debt expenses	868	-
	Poonglim Industrial Co., Ltd.	Interest expense	137	-
		Bad debt expenses	416	-
Phoenix Digital Tech Co., Ltd.	Reversal of provision for credit loss	(3,307)	-	
Others	Other subsidiaries of WFH	Interest income	2,413	648
		Fees income	3,657	1,815
		Other income	7,600	8,628
		Interest expenses	849	822
		Fees expenses	75	134
		Bad debt expenses	57	227
		Other expenses	224,999	214,536
	Kyongnam Bank and subsidiaries	Fees income	172	-
		Other income	22,341	24,203
		Interest expenses	13	63
		Other expenses	23,081	18,352
	Woori Investment & Securities Co., Ltd. and subsidiaries	Fees income	306	17
		Other income	4,948	12,411
		Interest expenses	30,797	1,386
		Fees expenses	-	414

Related party	Accounts	December 31, 2012	December 31, 2011
Others	Bad debt expenses	₩ 131	₩ 336
	Other expenses	13,306	4,895
Woori Private Equity and subsidiaries	Interest income	110	1,299
	Fees income	1	-
	Other income	1,873	1,918
	Interest expenses	626	707
	Fees expenses	-	11
	Bad debt expenses	1,279	72
	Other expenses	4,799	1,512
Kwangju Bank	Interest income	7	3
	Fees income	47	-
	Other income	207	1,972
	Interest expenses	1,030	967
	Other expenses	282	1,027
Woori F&I Co., Ltd. and subsidiaries	Fees income	54	53
	Other income	-	193
	Interest expenses	1,146	996
	Bad debt expenses (Reversal of provision for credit loss)	(1)	1
	Other expenses	31	315
Associates of Woori F&I Co., Ltd.	Interest expenses	377	332
Associates of Woori Private Equity	Interest expenses	286	142
	Bad debt expenses	36	3,716
Associates of Woori Investment & Securities Co., Ltd.	Bad debt expenses (Reversal of provision for credit loss)	(10)	17
	Interest expenses	-	126
Woori Aviva Life Insurance Co., Ltd.	Fees income	15,590	14,893
	Other income	148	135
	Interest expenses	-	13
	Fees expenses	-	25
	Bad debt expenses	2	3

(4) Guarantees provided to the related parties are as follows (Unit: Korean Won in millions):

Warranty		December 31, 2012	December 31, 2011
KDIC	Loan commitment	₩ 2,000,000	₩ 1,000,000
Kumho Tires Co., Ltd.	Import credit in foreign currencies	13,922	18,091
	Loan commitment	74,668	42,443
Hyunjin Co., Ltd.	Confirmed guarantees in local currency	-	287
Chin Hung International Inc.	Import credit in foreign currencies	85	192
	Loan commitment	40,825	40,801
Orient Shipyard Co., Ltd.	Confirmed guarantees in foreign currency	25,959	-
	Guarantee of loan payment	79,412	-
Phoenix Digital Tech Co., Ltd.	Loan commitment	4,994	6,277
Woori Investment & Securities Co., Ltd.	Loan commitment	289,279	283,950
TY Second Asset Securitization Specialty(*)	Confirmed guarantees in local currency (Guarantee for debenture issuances)	-	65
	Loan commitment in local currency	-	119,000
Sempio Food Co., Ltd.(*)	Import credit in foreign currencies	-	575

(*) TY Second Asset Securitization Specialty and Sempio Food Co., Ltd. are excluded from Group's related party as of December 31, 2012 because these companies are excluded from related party of Woori Investment & Securities Co., Ltd..

For the guarantee provided to the above related parties, the Group recognized provisions for guarantees amounting to ₩14,165 million and ₩514 million, respectively, as of December 31, 2012 and December 31, 2011.

(5) Details of compensation to key management are as follows (Unit: Korean Won in millions):

	For the year ended December 31, 2012	For the year ended December 31, 2011
Salaries	₩ 2,370	₩ 1,330
Severance and retirement benefits	97	160

The key management represents non-executive directors and executive director. As of December 31, 2012 and 2011, loans from transactions with key management are ₩519 million and ₩700 million, respectively. And payables to the key management are ₩1,639 million as of December 31, 2012.

43. CREDIT CARD DIVISION SPIN-OFF PLAN

(1) As of September 16, 2011, the board of directors of WFH and the Group decide to split off the Group's credit card division and establish a new credit card company to be a subsidiary of WFH. Woori Bank had acquired authorization about the split off and the operation of credit card business from Financial Services Commission on February 22, 2013. Details of such spin off are summarized as follows:

Transaction structure	Equity split off	
Spin-off company	WooriBank (the surviving company)	
	Woori Card (the new company)	
Spin-off schedule	Date of the general meeting of shareholders for approval of the spin-off	January 25, 2013
	Date of spin-off	March 31, 2013
	The date of registration for spin-off	April 1, 2013

(2) Details of assets and liabilities transferred from the Group to Woori Card are as follows (Unit: Korean Won in millions):

	December 31, 2012	
ASSETS:		
Cash and cash equivalents	₩	59,178
AFS financial assets		58,283
Loans and receivables		4,211,719
Premises and equipment		4,338
Intangible assets		6,257
Deferred tax assets		46,671
Other assets		33
Total assets	₩	4,386,479
LIABILITIES:		
Debentures	₩	2,699,022
Provisions		74,621
Other financial liabilities		493,715
Other liabilities		69,121
Total liabilities	₩	3,336,479
Gain (loss) on valuation of Available-for-sale financial assets	₩	15,645

(3) For the year ended December 31, 2012, the summarized financial information of credit card operating segment is as follows
(Unit: Korean Won in millions):

	For the year ended December 31, 2012	
OPERATING INCOME:		
Net operating income:		
(1) Net interest income	₩	839,606
(2) Net fees and commissions income		(338,112)
(3) Other income		6,269
		507,763
Impairment losses for loans and others		129,574
General and administrative expense		193,027
		185,162
NET NON-OPERATING LOSS		(931)
NET INCOME BEFORE INCOME TAX EXPENSE		184,231
INCOME TAX EXPENSE		44,584
NET INCOME	₩	139,647

44. TRUST ACCOUNTS

The financial information of the trust accounts have been prepared in accordance with K-IFRS 5004 'Trust agent's trust account' and enforce regulations for the financial investment industry, which are based on capital market and financial investment business.

(1) Trust accounts of the Group are as follows (Unit: Korean Won in millions):

	December 31, 2012				December 31, 2011			
	Total assets		Operating revenue		Total assets		Operating revenue	
Trust	₩	25,906,917	₩	679,009	₩	22,251,017	₩	520,767

(2) Significant transactions between the Group and trust accounts are as follows (Unit: Korean Won in millions):

	December 31, 2012		December 31, 2011	
Revenue:				
Trust fees	₩	40,217	₩	32,445
Intermediate termination fees		12		23
Sub-total		40,229		32,468
Expense:				
Interest expenses on borrowings from trust accounts		80,185		63,641
Receivables				
Trust fees receivables		15,655		15,375
Payables				
Borrowings from trust accounts		2,984,379		2,051,972
Accrued interest expenses on borrowings from trust accounts		8,575		6,574
Sub-total	₩	2,992,954	₩	2,058,546

Principal protected trusts and both principal and interest protected trusts are as follows

1) The carrying value of The carrying value of principal protected trusts and both principal and interest protected trusts are as follows were as follows (Unit: Korean Won in millions):

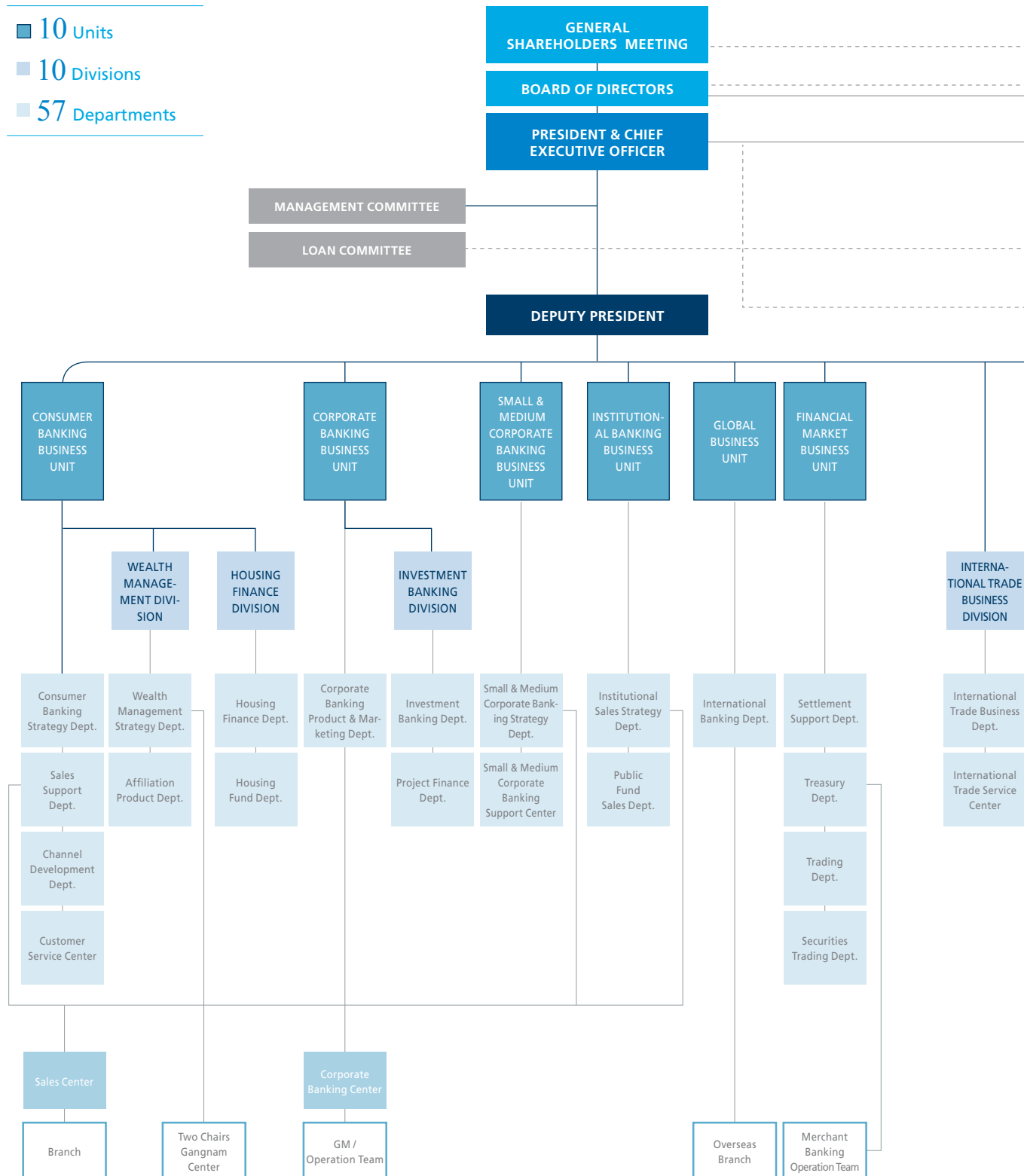
	Monetary trusts	December 31, 2012		December 31, 2011	
Trust accounts guaranteeing the repayment of principal	Old-age Pension Trusts	₩	7,052	₩	8,811
	Personal Pension Trusts		564,723		594,555
	Pension Trusts		507,573		456,159
	Retirement Trusts		90,963		254,824
	New Personal Pension Trusts		10,093		10,946
	New Old-age Pension Trusts		6,184		8,507
	Sub-total		1,186,588		1,333,802
Trust accounts guaranteeing a fixed rate of return on, and the repayment of principal	Development Trusts		24		25
	Unspecified Money Trusts		874		867
	Sub-total		898		892
Total		₩	1,187,486	₩	1,334,694

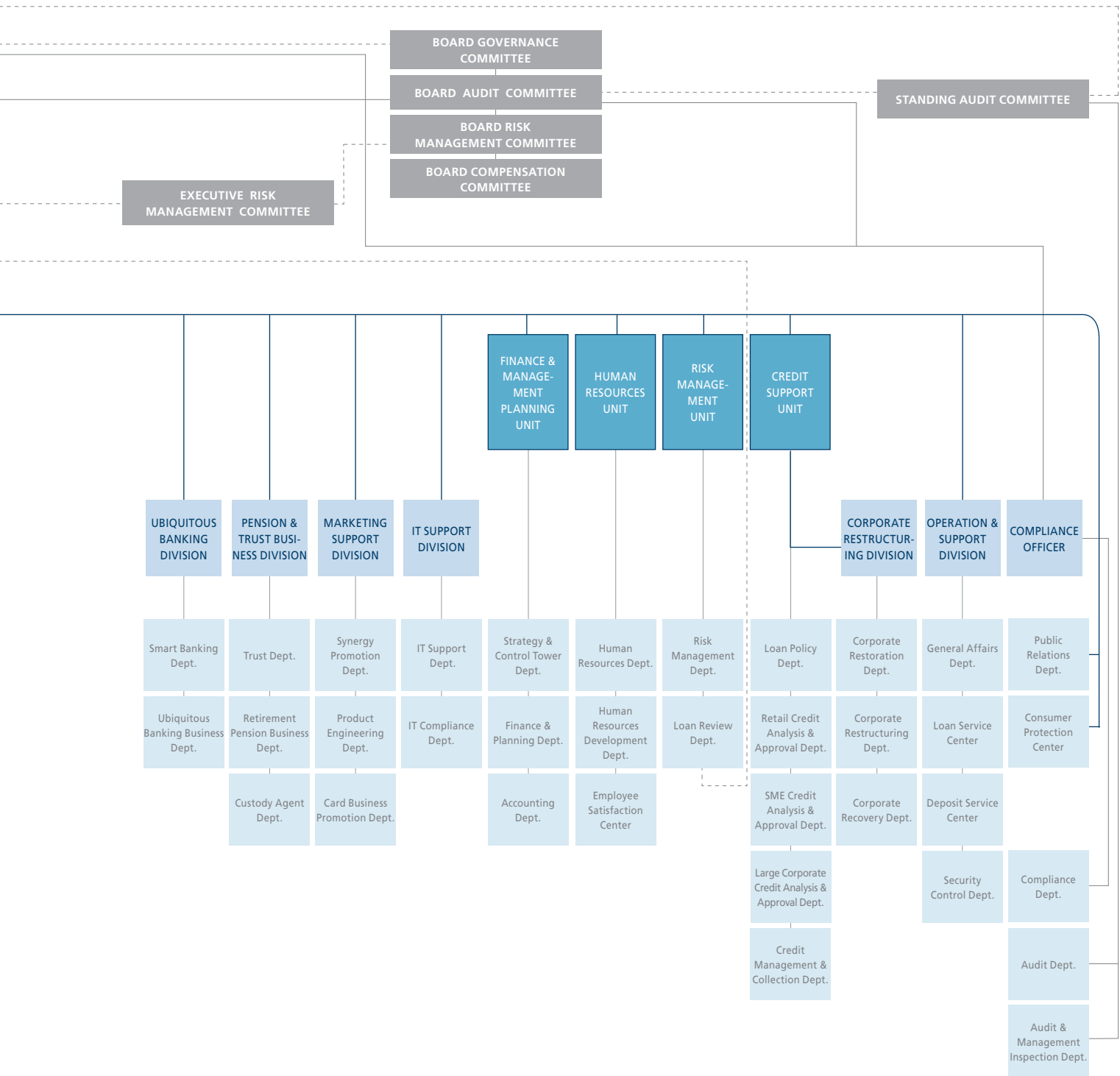
2) As of December 31, 2012 and December 31, 2011, the amounts that the Group has to pay as a result of the operating results of the principal protected trusts and the principal and interest protected trusts are as follows (Unit: Korean Won in millions):

Monetary trusts	December 31, 2012		December 31, 2011	
Liabilities for the account (subsidy for trust account adjustment)	₩	4	₩	4

Organization Chart

- 10 Units
- 10 Divisions
- 57 Departments





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