

Work as One, Smile for All

Leading beyond 115 years

U S I C W

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115 years

With 115 years of history and tradition, Woori Bank is working together to become a leader as 'a safe bank' by accelerating asset clean-up based on thorough risk management & promoting soundness originated by the compliance-driven mindset of employees, 'a vibrant bank' by giving fast, convenient, and up-to-date customer oriented services, 'a unifying bank' by joining employees forces with leadership & integrity for customer satisfaction, 'a pioneering bank' by providing customized global banking services beyond boundaries, and 'a sharing bank' by promoting 'warm-heartedness in the society' for everlasting sustainability.

Woori Bank has shared every moment with our customers for 115 years. Despite numerous difficulties and challenges, Woori Bank stood firm and secure for over a century. Because customers have always been supporting us, recognizing the genuine value of our bank, running and sharing every moment together, Woori Bank will always be with you side-by-side serving you for the next 100 years.

1899

1910

1945

1956 1960

1997

**Woori Bank
has been with
our customers
for 115 years**



SINCE 1899

“115 years have passed, generating values every year and overcoming daily challenges.” Starting from “Daehan Cheonil Bank”(meaning ‘number one bank under the sky’) to Woori Bank(meaning ‘our bank’) as of now, our bank has been the leading bank in the Korean banking sector for over 115 years, contributing to the development of Korean history and finance. Woori Bank will continue to take the lead in developing Korea’s wealth and economy for the next centuries to come.

1999

2001

2003

2012

2013

115 years



"Daehan Cheonil Bank" is founded as Korea's first bank in the modern era. (The Commercial Bank of Korea)



Establishment of Korea's first bank head office, "Gwangtong-gwan" (Currently Jongno Branch)



Daehan Cheonil Bank renamed "Joseon Sangeup Bank" (The Commercial Bank of Korea).



Establishment of "Joseon Trust Company" (Hanil Bank)

Joseon Sangeup Bank renamed "The Commercial Bank of Korea"



Joseon Trust Company and The Commercial & Industrial Bank of Korea merged to launch "Korea Industrial Bank" (Hanil Bank)

Becomes the first bank to be listed on the Korean Stock Exchange



Korea Industrial Bank renamed "Hanil Bank"



"Peace Bank of Korea" launched

History of Woori Bank

1899 1909 1910 1911 1919 1932 1945 1950 1954 1956 1960 1988 1992 1993 1997

History of Korea

Korea's first modern constitution established

Japan colonizes Korea

March 1st protests against Japanese colonization spark the "Independence Movement"

Korea liberated from Japan's colonial rule

The Banking Act enacted, the Korean War (North vs. South) broke out

Seoul Olympics held

Real-name financial (transaction) system adopted

Korea applies to the IMF for a rescue package during the financial crisis

1899

1997



The Commercial Bank of Korea and Hanil Bank merged to launch "Hanvit Bank"



Peace Bank of Korea (commercial banking segment) merged with Hanvit Bank
"Woori Financial Group" launched
"Woori Financial Information System" launched



Bank's name and CI changed to Woori Finance Holdings and listed on the Korean Stock Exchange



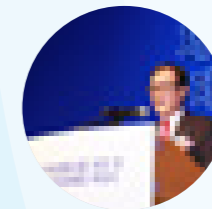
Woori Finance Holdings listed on the New York Stock Exchange (NYSE)



"Woori Private Equity" launched

Woori Bank's 47th President & CEO Lee, Soon Woo appointed

"Woori Finance Research Institute" launched
Woori Smart Branch opened



"Woori Card" launched
"Woori Investment Bank" launched
Woori Bank Brazil opened
Woori Financial Group's 6th Chairman & CEO Lee, Soon Woo appointed and Woori Bank's 48th President & CEO Lee, Soon Woo reappointed

1999

2001

2002

2003

2005

2011

2012

2013

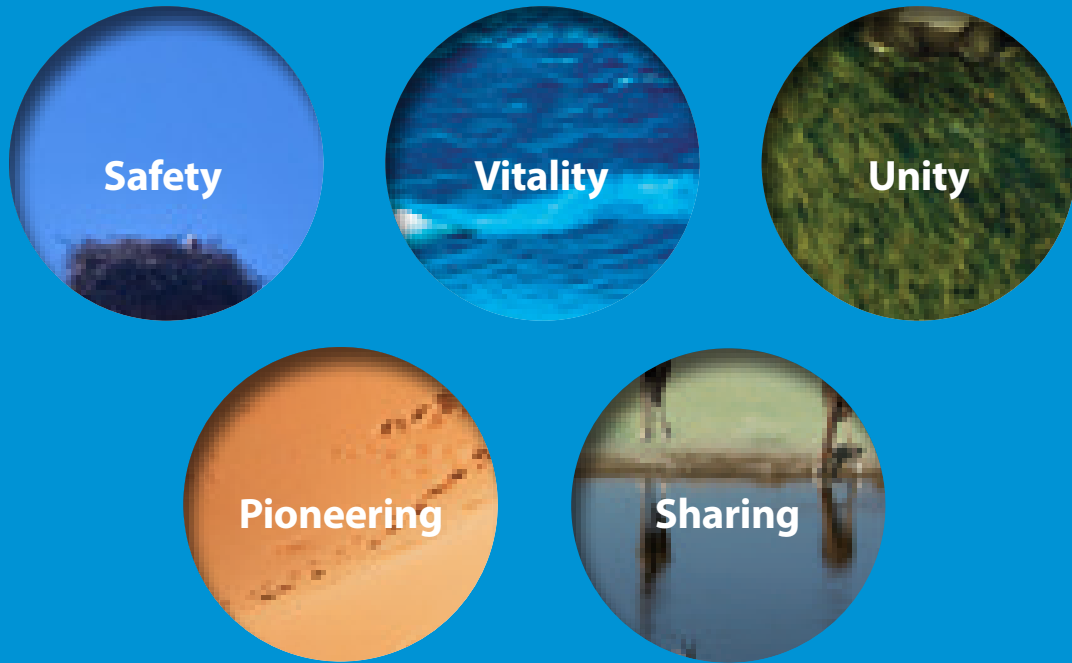
IMF receivership comes to an end

Korea-Japan World Cup held

1999

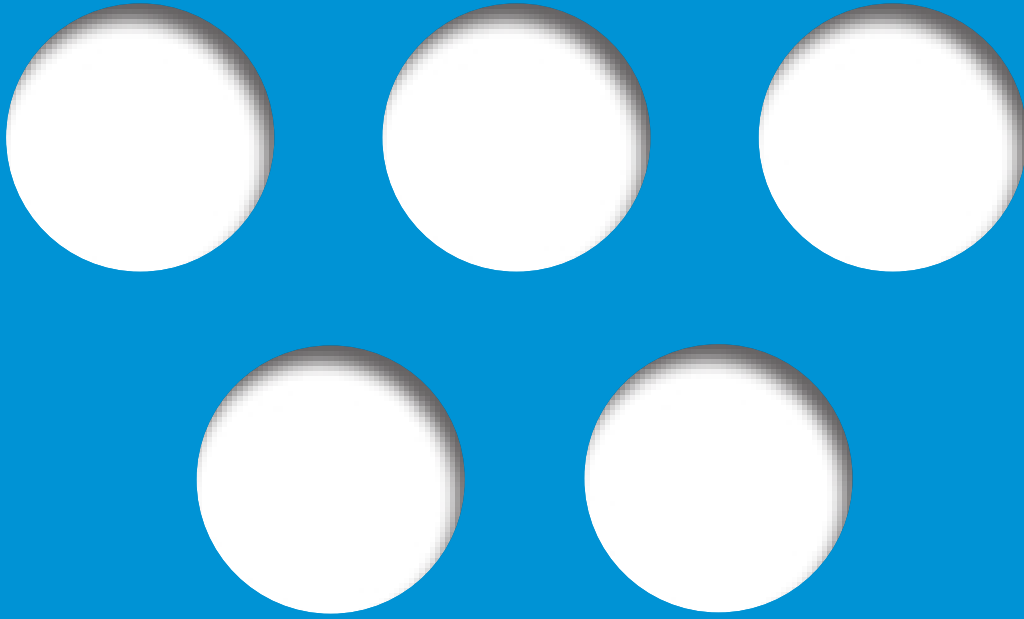
2013

**What does
Woori Bank achieve and
'work as one'
to maximize customers
satisfaction?**



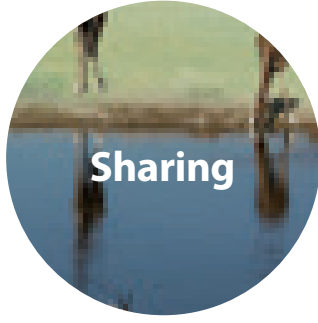
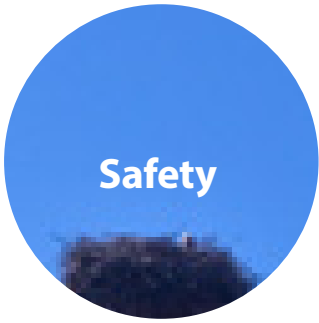
Woori Bank 'work as one' to breathe every moment with our customers. We prioritize customer centered values and our roles of being the longest running No. 1 bank and a bank acting as a role model in developing the Korean economy. Key phrases to describe Woori Bank are: 'A Guardian that Leads in Safety', 'A Tech-Savvy Player that Leads in Vitality', 'A Woori Family Creator through Unity of Hearts', 'A Global Explorer that Leads in Pioneering', and 'A Promoter of Cham(responsible) Finance guided by Sharing and Love'. Each and every employee at Woori Bank will always be beside our valuable customers, supporting, running, laughing, sharing each and every moment together.

Work as One



What does Woori Bank achieve and

Woori Bank work as one to breath every moment with our customers. We prioritize customer centered values and our role of being a socially responsible bank. Key phrases to describe Woori Bank are: 'A Mother like Guardian that Leads in Safety', 'A Tech-savvy Player that Leads in Vitality', 'A Woori Family Creator through Unity of Hearts', 'A Global Explorer that Leads in Pioneering', and 'A Promoter of Cham(responsible) Finance guided by Sharing and Love. Each and every employee at Woori Bank will always be beside our valuable customers, supporting, running, laughing, sharing each and every moment together.



Work as One

A Guardian that Leads in **Safety**



Woori Bank's asset management service safely guards and reinforces the growth of customer assets like the sensitivity of a mother who carefully looks after her newborn baby. Our bank's long journey of protecting or cleaning-up assets through advanced risk management has continued for centuries to serve as a nest in nurturing our customers' assets like the comfort of one's home. An ethical mindset has been embodied among all employees as they trust one another to make our bank a sustainable and sound bank.





A Tech-Savvy Player that Leads in **Vitality**

Woori Bank provides fast, easy, and convenient smart banking services, passionately bracing for and readying ourselves to vibrantly greet our customers at anytime and from anywhere. Woori Bank approaches our customers right on the spot to build stronger rapport and friendship compared to our peers. Above all, well acknowledging that customer accessibility maximization is the key to strengthening our new growth engine, Woori Bank serves exceptional smart banking services of speed and convenience for everyone.

A Creator of Woori Family through **Unity** of Hearts




Believing that no barriers are insurmountable despite hardships in life, Woori Bank has all level of managers at the forefront with unyielding leadership, colleagues that support them wholeheartedly, and all employees who are ready to unite into one heart and soul. We genuinely have a corporate culture that prioritize the leaders' commitment towards number one customer satisfaction and colleagues' collective spirits in overcoming any obstacles to sustain growth. Woori Bank where everyone is united is home to a bigger and wider path forward.



A high-angle photograph of a camel caravan in a vast, golden desert. The caravan, consisting of several camels and people in traditional blue and white attire, is moving across the sand dunes. The scene is bathed in warm, golden light, creating long shadows and highlighting the textures of the sand. The overall mood is one of exploration and adventure.

A Global Explorer that Leads in **Pioneering**

A photograph of a camel caravan in a vast, orange-hued desert. The camels are walking in a line across the sand dunes, with people leading them. The scene is captured from a high angle, showing the undulating dunes and the long shadows cast by the camels and people. The overall atmosphere is one of a traditional, arid landscape.

Woori Bank challenges prejudice and thinks outside the common boundaries, opening up a new door of opportunities beyond any boundaries. This stance will be reaffirmed by pioneering in the global banking sector, and leading to a more creative path in strengthening global finance. Cherishing the 115 year history in being the 1st bank founded within Korea and steadily strengthening international presence, our bank will continue to be a leading bank worldwide with the ability to seek for a new world of convergence, adapting to the dynamic changes and improving the shortcomings of the current banking legacy.

A Promoter of Cham(responsible) Finance guided by
Sharing and Love



Believing that a genuine heart communicates itself to the core, and prioritizing social roles & values of finance over other objectives, Woori Bank continues to lead the social norm in sincerely understanding and sharing with our community. To make the world a place of warmheartedness, our bank opened 'Consumer Protection Center' for the 1st time in Korea and encouraged our bank to be reborn as a more socially responsible bank. All employees consider 'Cham(responsible) Finance' as a basic principle in daily operations to better deliver the bank-wide customer oriented products and services.



Message from the CEO

Woori Bank will be fully united and bring the organizational capacities to the fore to turn around such uncertainties and crises for the better, thus making a great leap forward.





Distinguished customers,

I would like to extend my sincere appreciation to all our customers for giving Woori Bank your trust and commitment for over 115 years.

2013 was a challenging period as the national economy of Korea entered into an uncertain economic phase of low growth and low profitability. Like all banks in Korea, Woori Bank achieved positive growth in assets but limited growth in profitability. Our bank's total assets continued a comfortably high level of growth to KRW 265 trillion, an increase of approximately KRW 4 trillion.

However, due to the continued drop of Net Interest Margin (NIM) caused by the Bank of Korea's benchmark interest rate going down, and setting aside higher credit costs under the restructuring of large enterprises, our bank's net income stood at a mere KRW 465 billion.

As a consequence, the BIS ratio as an indicator for capital adequacy was at a favorable level of 15.52%, but profitability and financial soundness indicators plummeted year-on-year with 0.22% for ROA, 2.93% for ROE and 2.99% for NPL.

In the coming years, we will strengthen our risk management system to ensure that our bank's soundness improves to one of the highest levels among domestic banks, we will also improve our business model and cost to income structure to enhance profitability, and finally, we will accelerate in improving our asset quality by promptly concluding the ongoing clean-up of the balance sheet.

Distinguished customers,

The financial environment in 2014 is not likely to turn around anytime soon. Despite the gradual recovery in the pipeline at home and abroad, the NIM is not expected to improve dramatically. The financial environment is not exactly rosy, especially due to delays in the turnaround of failing companies and higher financial burdens originated from household debts. However, Woori Bank being the longest running Korean bank of experiencing all the highs and lows of Korea's remarkable development for over 115 years, and furthermore, having 16,000 dedicated employees working fully united to bring our organizational capacities to the forefront, our bank will turn around such future uncertainties and crises into new opportunities, and thereby take a great leap forward for another 100 years.

While continuously maintaining substantial growth driven by high-networth assets, and generating balanced growth in all business portfolios, a stable profit base will be secured with an adequate NIM and higher non-interest income generated from various types of commissions & fees.

We will push ourselves harder in securing future growth engines for sustainable growth by discovering new projects in promising areas and continuously expanding our global networks in better serving our customers worldwide.

Asset soundness will be dramatically boosted by operating an optimal risk management system that prevent our bank from acquiring to-be-problematic non-performing assets, and efforts will be accelerated to normalize corporate restructuring assets and loan workouts.

Woori Bank will strengthen our support in providing microcredit in conjunction with the Miso(Smile) Credit Financial Foundation and moreover, we will contribute to stabilizing the livelihood of our citizens by fulfilling our role as a general treasury bank in managing the National Housing Fund. Woori Bank will continue to actively engage in achieving sustainable growth by involving in a more in -depth and greater variety of social contribution activities.

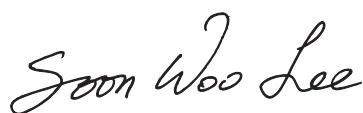
Having inherited our 115-year history on the basis of our customers' love and support, Woori Bank will stand in the forefront of fulfilling our role as the longest running representative bank of Cham(responsible) Finance this year. Our bank will furthermore fully establish ourselves as the iconic bank in Korea, leading the financial sector with the best possible products and services.

Woori Bank will strive to achieve a greater level of customer satisfaction and happiness.

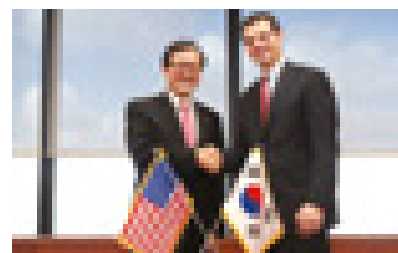
We will guarantee our utmost commitment by achieving the management goal of becoming 'Korea's most reliable bank' and with the vision of becoming 'Korea's number one bank.'

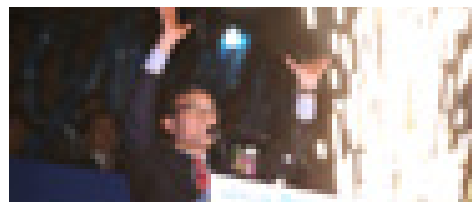
I sincerely wish you good health and happiness in the Year of the Horse in 2014.

Thank you.

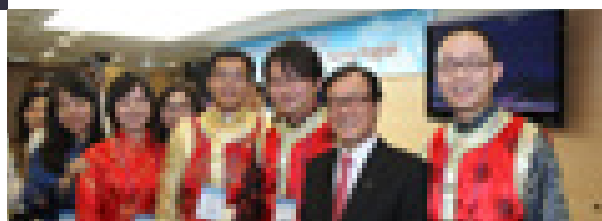


Lee, Soon Woo
President and Chief Executive Officer

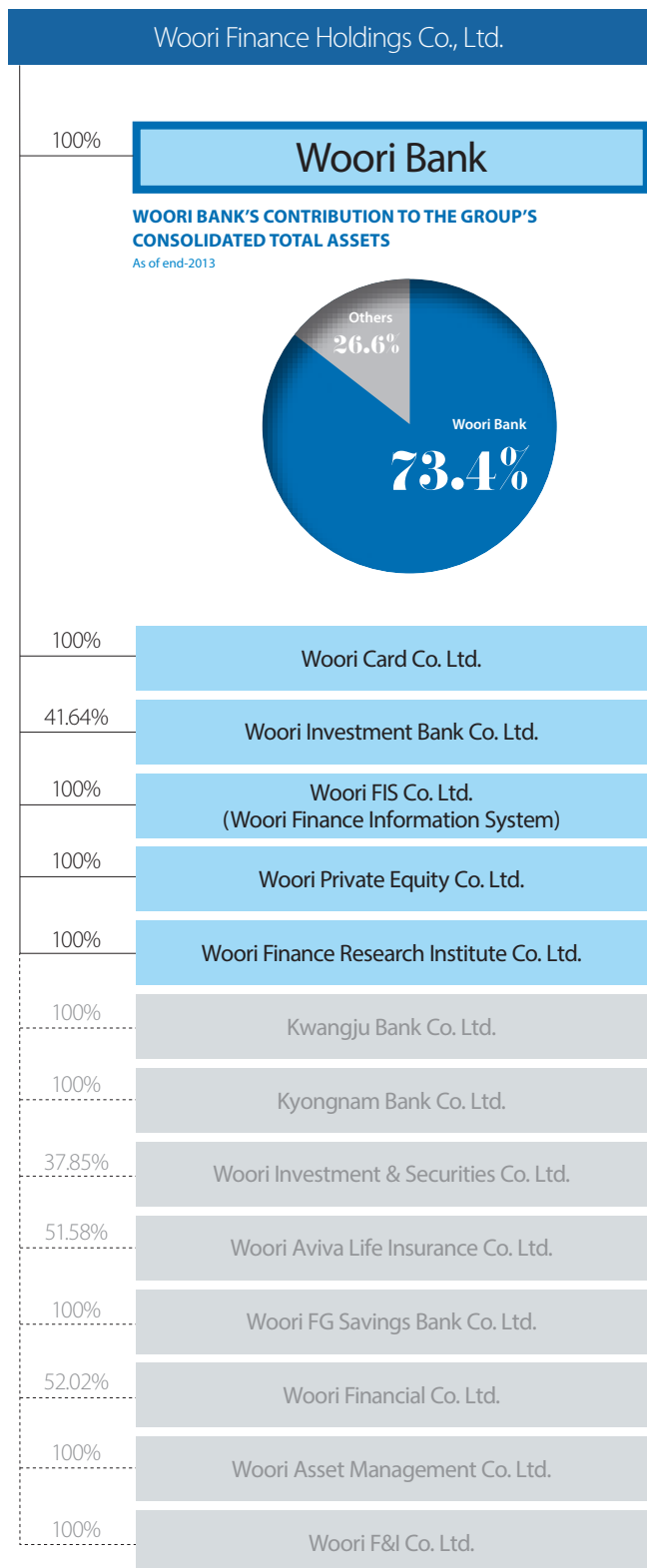




Work as One



Woori Financial Group's Holding Structure



PRIVATIZATION OF WOORI FINANCIAL GROUP IN PROGRESS

As of June 26, 2013, the Korean government, through the Public Fund Oversight Committee (the "PFOC") have deliberated and determined for privatization of Woori Finance Holdings (WFH) and its subsidiaries. The PFOC will proceed with the spin off and the sale process through which WFH and its subsidiaries will be split into three groups, Regional Bank unit including Kwangju Bank and Kyongnam Bank, Brokerage unit including Woori Investment & Securities, and Woori Bank unit including Woori Bank and other subsidiaries.

Category	Subsidiaries
Regional Bank unit	Kwangju Bank and Kyongnam Bank
Brokerage unit	Woori Investment & Securities, Woori Financial, Woori F&I, Woori Asset Management, Woori Aviva Life Insurance and Woori FG Savings Bank
Woori Bank unit	Woori Bank and its subsidiaries

In accordance with the PFOC's plan, the Group announced the sale of shares of the Brokerage unit on August 16, 2013. On December 6, 2013, the Group selected the preferred potential buyers for Woori Financial and Woori F&I of the Brokerage unit. In addition, on December 24, 2013, the Group selected the preferred potential buyers for Woori Investment & Securities, Woori Asset Management, Woori Aviva Life Insurance and Woori FG Savings Bank.

On February 24, 2014, WFH made agreements for the sale of Woori Financial and Woori Asset Management with KB Financial Group and Kiwoom Securities, respectively. On April 7, 2014, WFH made agreements for the sale of Woori F&I with Daishin Securities. In addition, on April 14, 2014, WFH made agreements for the sale of Woori Investment & Securities, Woori Aviva Life Insurance and Woori FG Savings Bank with NongHyup Financial Group.

Meanwhile, the board of directors of WFH approved a plan to spin off Kyongnam Bank and Kwangju Bank on August 27, 2013. On January 28, 2014, the extraordinary shareholders' meeting of WFH approved the spin off and it is scheduled to be effective on May 1, 2014.

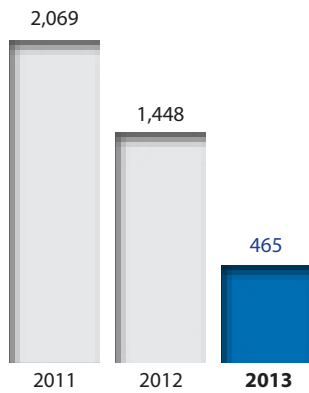
Financial Highlights

WOORI BANK

NET INCOME

(Unit: KRW billion)

465

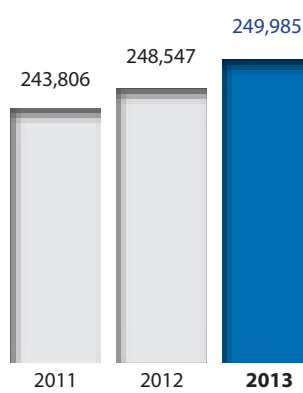


* Net Income(Attributable to Shareholder)

TOTAL ASSETS

(Unit: KRW billion)

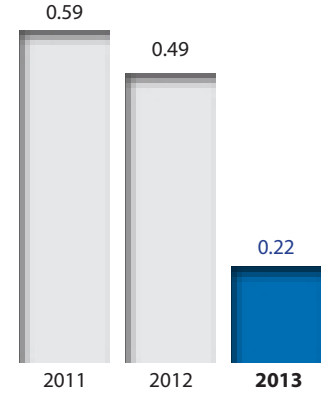
249,985



ROA

(Unit: %)

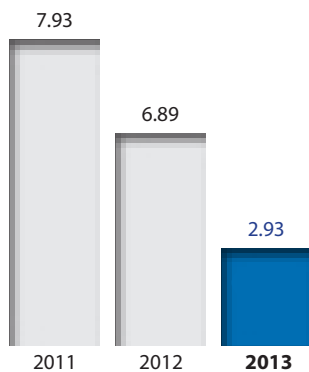
0.22



ROE

(Unit: %)

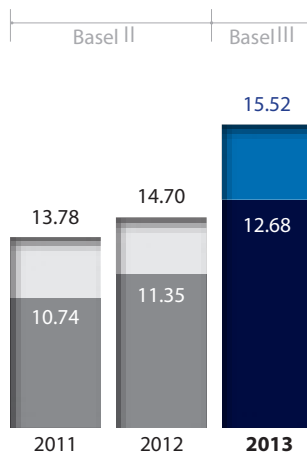
2.93



BIS RATIO / TIER I RATIO

(Unit: %)

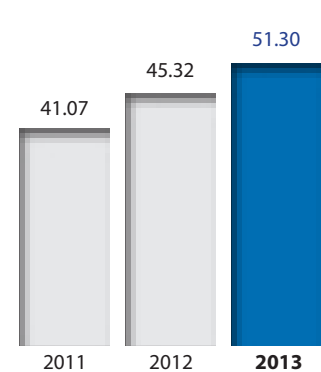
15.52 / 12.68



SG&A RATIO

(Unit: %)

51.30



Board Of Directors & Management

CHIEF EXECUTIVE OFFICER (WOORI FINANCIAL GROUP & WOORI BANK)



Lee, Soon Woo

Chairman of WOORI FINANCIAL GROUP
President of WOORI BANK

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

STANDING DIRECTORS (WOORI BANK)



Lee, Dong Gun

Deputy President / Director

- Executive Vice President , Credit Support Unit, Woori Bank
- Executive Vice President, Operation & Support Unit, Woori Bank
- Managing Director, Channel Support Division, Woori Bank
- Senior Relationship Manager, GangnamJungang Corporate Banking Center , Woori Bank
- M.A. in Economics, Yonsei University
- B.A. in Business Administration, Yeungnam 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

OUTSIDE DIRECTORS (WOORI FINANCIAL GROUP)

Park, Young Soo

Chairman of the Board

- Current) Representative Attorney, Gangnam Law Firm
- Current) Chairman of Special Committee to Investigate Local Government Tax Waste, KoreanBar Association
- Director of Seoul High Prosecutor's Office
- Director of Central Investigation Department, Supreme Prosecutors' Office
- Ph.D., Dankuk University
- B.A. in Liberal Arts and Sciences, Seoul National University

Chai, Hee Yul

- Current) Professor, Economics, Kyonggi University
- Dean of Academic Affairs, Konggi University
- Non-standing Commissioner, Financial Services Commission
- Deputy Researcher, Korea Institute of Finance
- Ph.D., University Paris 10, France
- M.A. in Economics, Seoul National University

OUTSIDE DIRECTORS (WOORI FINANCIAL GROUP & WOORI BANK)

Oh, Sang Keun

Chairman of the Board

- Current) Professor of Economics, Dong-A University
- Executive Director, Korean Economic Association
- Ph.D. in Economics, University of Wisconsin-Madison
- M.A. in Economics, Seoul National University
- B.A. in Economics, Sungkyunkwan University

Lim, Seong Yeal

- Current) Executive Director, Dept. of Planning and Coordination, Korea Deposit Insurance Corporation
- Executive Director, Dept. of Risk Management, Korea Deposit Insurance Corporation
- Director, Dept. of Fund Management, Korea Deposit Insurance Corporation
- M.A. in Public Administration, Graduate School of Seoul National University
- B.A. in Economics, Seoul National University

Choi, Kang Shik

- Current) Professor of Economics, School of Business, and Dean, School of Undergraduate Studies, Yonsei University
- Executive Director, Korean Economic Association
- Director, Labor Trends Analysis Team, Korea Labor Institute
- Ph.D. in Economics, Yale University
- M.A. in Economics, Yonsei 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 (WOORI BANK)

Lee, Kwang Goo

Consumer Banking Business Unit

Park, Tae Yong

Global Business Unit

Kwon, Ki Hyung

Institutional Banking Business Unit

Lee, Yong Guan

Small & Medium Corporate Banking Business Unit

Yu, Ku Hyun

Real Estate Finance Business Unit

Nam, Ki Myung

Finance & Management Planning Unit

Jung, Ki Hwa

Human Resources Unit

Jeong, Won Jai

Corporate Banking Business Unit

Park, Ki Suk

Risk Management Unit

Chae, Woo Seok

Credit Support Unit

Corporate Governance

ORGANIZATION OF THE BOARD OF DIRECTORS

As of the end of March 2014, Woori Bank's Board of Directors consisted of 7 executive directors: three standing directors and four outside directors, appointed to increase the relevant expertise and independence of the Board. The four 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 2013

The Board held 18 meetings in 2013 to discuss a total of 66 pending issues and 59 briefings for decision-making and deliberation, and the overall attendance rate of outside directors was 95%.

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 2013, 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 2014 draft management plan, following in-depth discussions on several issues facing the Bank amid continuing market changes.

Type of Meeting	No. of Agenda Issues	No. of Briefings	Major Issues
Shareholders' Meeting, BOD and Corporate Governance, etc	28	14	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	7	8	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	1	15	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	5	9	Carrying out performance evaluations / compensation, appointing staff, and addressing issues related to labor-management relations
Others	25	13	
Total	66	59	



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

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.

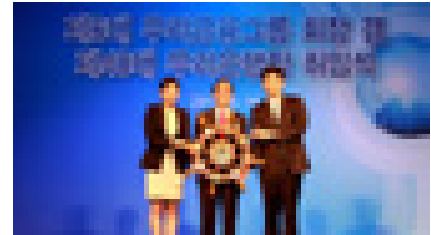
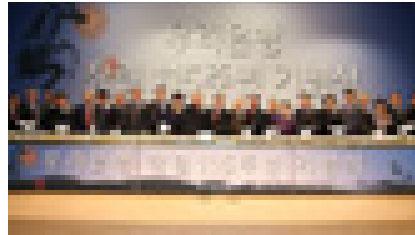
PLANS FOR 2014

In 2014, the Board will make significant contributions to the Bank's management by discussing major issues at regular meetings. By end-March 2014, 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 2013. After March, the Board meetings will continue to focus on issues such as the analysis of management performance and the 2015 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 2014, Woori Bank will serve as a reliable partner bank that excels and grows through transparent and efficient management innovation.

News Highlights

(2013.05.01~2014.04.30)



Woori Bank Hansae Basketball Team Win the Honor of Triple Crown

Nothing is impossible for those who try their best. The Hansae Basketball Team which used to be the weakest with the lowest ranking for four seasons straight has gained the title of 'triple crown.' The team won in the 2012-13 Women's Professional Basketball league along with the title of undisputed champion, after winning the 2013 Asia Women's Basketball Championship. With the last achievement in particular, the team has reaffirmed its number one position in Asia's Women's Professional Basketball beyond Korea.

Prior to the season's opening, the 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 around and rebuild its prestige as a big name in the women's professional basketball league. With intensive training and the players' robust commitment to shed the notoriety of being at the bottom of the rankings, the Bank team succeeded in achieving the biggest turnaround in the records of women's professional basketball.

Starting with the victory prior to the recent opening at the 2013-14 Women's Professional Basketball, the team has maintained its exclusive top ranking seven times. By transforming from a losing team to a top winning one, the team's winning spree will continue.

20 Million Customer Acquired for the First Time in the Bank's 115-year History

The year 2013 was a challenging year for all. The financial sector, in particular, had to undergo a major downturn amid harsh challenges from home and abroad. Despite the difficulties, however, Woori Bank came to flourish with robustness and confidence all thanks to customers' unyielding trust and love, and succeeded in 'acquiring 20 million customers' last September.

Woori Bank's 'Aga (Baby) Sarang (Love) Project' for parents who are focusing on childcare and child raising, the 'School Attack' system for students who study hard, and the 'Smart Branch' for IT device-savvy youngsters are some examples of customized services catering to diverse styles and needs of customers. This led to 'acquiring 20 million customers' for the first time in the Bank's 115 year history.

Lee, Soon Woo Appointed as 48th President & CEO of Woori Bank and 6th Chairman & CEO of Woori Financial Group

The inauguration ceremony for Chairman & CEO of Woori Financial Group, and President & CEO of Woori Bank, Lee, Soon Woo was held in the presence of about 600 employees from affiliates of the Woori Financial Group on the 4th floor of the main hall of Woori Bank's head office at Hoehyondong. Chairman Lee was awarded the dual titles of the 6th President of Woori Financial Group, and the 48th President and CEO of Woori Bank.

During the ceremony, he said, "I feel a heavy responsibility to successfully carry out Woori Financial Group's privatization and other numerous pending agenda. I will do the utmost for a new breakthrough for the Group's future and development through successful privatization, a long-sought-after project within, by enhancing the Group's value."

To this end, he announced three management keywords of innovation in organizations, efficiency in management, and privatization. Accordingly, four strategic directions were proposed as action plans: establishing an advanced governance structure and securing competitiveness in affiliates; intensifying competencies in profit making; making privatization successful; and leading the way for 'creative finance' and practicing CSR-driven practices.

Lastly, he underlined his commitment by saying, "Creative supporting measures for shared growth of SMEs, ordinary citizens and financial institutions and banks will be eagerly sought and promptly initiated. I will ensure that the Group becomes number one financial group that is trusted by the market and customers with its evolving progress and renewed commitment."

Reaffirming the Presence as a Representative Bank in Small Loan Finance

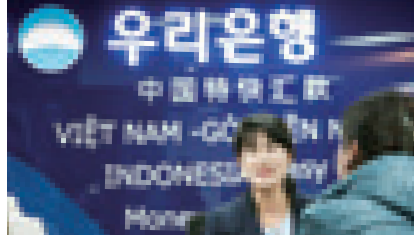
Woori Bank was re-selected as a general treasury bank of the National Housing Fund, and is the only bank that has adopted 'profit-sharing mortgage' the government introduced among commercial banks. As such, the Bank's prestige as a



representative in Small Loan Finance was reaffirmed.

Having been re-selected as a general treasury bank of the National Housing Fund in 2013, following 2008, the Bank could expand its profit base by attracting new customers as the only bank to cover entrepreneur loans. It could also intensify marketing aligned with the Ministry of Land. Woori Bank is to manage funds of the National Housing Fund for the next five years whose total assets are worth KRW 89.1 trillion including savings for subscription, housing bonds and loans services for housing funds.

Moreover, 'profit-sharing mortgage' has successfully landed, which was adopted by the government as a pilot project to ease tensions in the housing market and stabilize the markets for house leasing or monthly housing rental market. The program requires stringent loan reviews and adequate information to prevent incomplete sales, however, Woori Bank proudly handled it exclusively as the general treasury bank of the National Housing Fund. The Ministry of Land, Infrastructure and Transport decided to implement the program driven by the successful closing of the deal that attracted the designated openings of 5,000 people within 54 minutes from the start of online application. This, once again, proved Woori Bank's prestige as an iconic Small Loan Financing Bank.

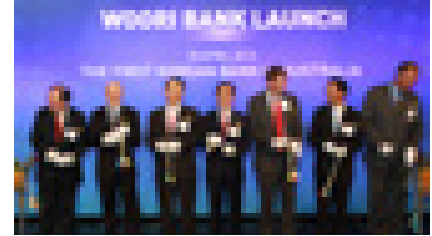


Designated as an 'Entrusted Bank for Stock Assets' and a 'Bank for Foreign Currency Reserves' for the National Pension Fund

Woori Bank paved the way to a higher position as a global leading bank by being designated as 'an entrusted bank for stock assets' and a 'bank for foreign currency reserves' for the National Pension Fund, which ranks third in the world in its field.

First of all, Woori Bank was designated as an entrusted bank for the National Pension Fund last September. The fund's asset portfolios mostly cover stocks, bonds and alternative assets, and its stock investments amount to KRW 75 trillion. Having served as an entrusted bank for the fund for its bonds and alternative assets, Woori Bank can now cover all the asset portfolios for the fund, and build up expertise.

In October, the Bank was selected as a 'treasury bank for foreign currency reserves' for the National Pension Fund to exclusively cover its foreign currency transactions for the next three years. It is the first time that the fund designated our bank as its foreign currency reserves bank. As such, our bank will set up an additional foreign currency transaction system, and cover investment transactions for the fund's overseas business equity, buildings and derivatives for three years up to July 2017. Accordingly, the fund will open up a foreign currency account worth KRW 300 million in the Bank and begin overseas investment and transactions. The fund plans to expand the amounts of overseas stocks, bonds and alternative investments, so the foreign currency investments are expected to soar to USD 1~2 billion in time.



Discovering New Growth Engines by Tapping into Overseas Markets

Woori Bank actively taps into overseas markets to overcome the sluggish growth and lower profits in the domestic market. It is a strategy to explore new growth engines and enhance corporate value by advancing abroad. Woori Bank Brazil opened in January in 2013, making it the 6th overseas subsidiary for pur bank, which now operates our overseas sales network in all BRICs. The Sydney branch made its official opening as Woori Bank acquired an official license for the first time for a Korean bank, in April. Woori Bank opened its branch in Weihai in July for the first time as a foreign bank, which is the Bank's 16th network in China. A plan is underway to acquire Saudara Bank, a local Indonesian bank to dominate Southeast Asia which enjoys rapid growth. Our bank's overseas subsidiary in Vietnam will be in place by the end of 2014, which is to be headquartered in Ho Chi Minh. As such, Woori Bank is keenly concentrating our capacities on making the global network stronger.

Overseas network expansion will continue, especially targeting profitability, growth potentials, strategic needs and market understanding. The proportion of overseas sales revenue will be raised to 15% by the end of next year from the current 5%, to achieve the goal of becoming one of 'Asia's Top 10 Banks' by 2016.

A rowing team of five people in a dark boat on a blue lake. They are wearing dark tank tops and light-colored shorts, and are captured in a synchronized rowing stroke. The water is calm with gentle ripples.

115 years of history tells

同心同力

'Dong Sim Dong Ryeok ((同心同力)': The four Chinese characters refer to a mindset of unity and solidarity to share virtues with the same heart. It shows Woori Bank's strong commitment to move forward by gathering our will together against possible challenges and setbacks.

Despite the ever-challenging economic environment, once Woori Bank gathers our forces together in the attitude of 'Dong Sim Dong Ryeok' among employees we will better serve as a 'trustworthy bank' whose values and roles are highly recognized as having no fear against all odds. Undoubtedly, there is no obstacle that we cannot overcome.

We have witnessed numerous difficulties for the past 115 years. And yet, customers' unyielding love continued on to date. Woori Bank will be an empowering bank that leads the national economy and finance, while making progress along with our society. 'Dong Sim Dong Ryeok' will encourage us to 'run and laugh together', have our genuine values recognized, and create a brighter future for us as 'Korea's No.1 bank.'



+82-2-2002-3000, or visit our website at www.wooribank.com

Woori Bank's Awards 2013



Ranking 1st in the banking sector of the Korean Standard-Service Quality Index (KS-SQI) for 3 consecutive years [Korean Standards Association]



Platinum Prize of LACP Annual Report Competition [League of American Communications Professionals]



Gold Prize of ARC [Annual Report Competition]



iTouch Package designated as Most Valuable Product of 2013 THE PROUD 100 Products of Korea [Korea Management Association Consulting (KMAC)]



'TWO CHAIRS' - Grand Prize in PB Finance of 2013 Korea Luxury Brand Award [JoongAng Daily]



Danggeun (of course) Easy Banking - Grand Prize in Banking Sector of the 2nd Mobile Brand Awards [Maeil Business Newspaper, MBN Maeil Broadcasting]



Danggeun (of course) Easy Banking - Grand Prize in Power Banking Sector in the 2013 DT Brand Power [Digital Times, Korea Branding Association]



Prize in the 2013 Leading Counterparty Bank for Korea [The Asian Banker]



Grand Prize in 2013 "thebell" Risk Manager Awards (Financial Supervisory Service (FSS) Presidential Award) [Money Today, the bell]



Special Award in Fund Trader Sector in the 2013 Korea Fund Awards [KG Zeroin]



Prize in the Banking Sector of Excellent Fund Traders of the 12th Korea Fund Awards [Maeil Economic Newspaper]



Grand Prize in the Finance Sector for six years in the 2013 Customer Delight Award [Korea Economic Daily]



Prize in the Banking Sector of Best Fund Traders of the 2013 Korea Fund Awards
 Lifelong Happiness Wealth Management - Grand Prize in the 2013 Korea Luxury Brand Award [Korea Economic Daily]



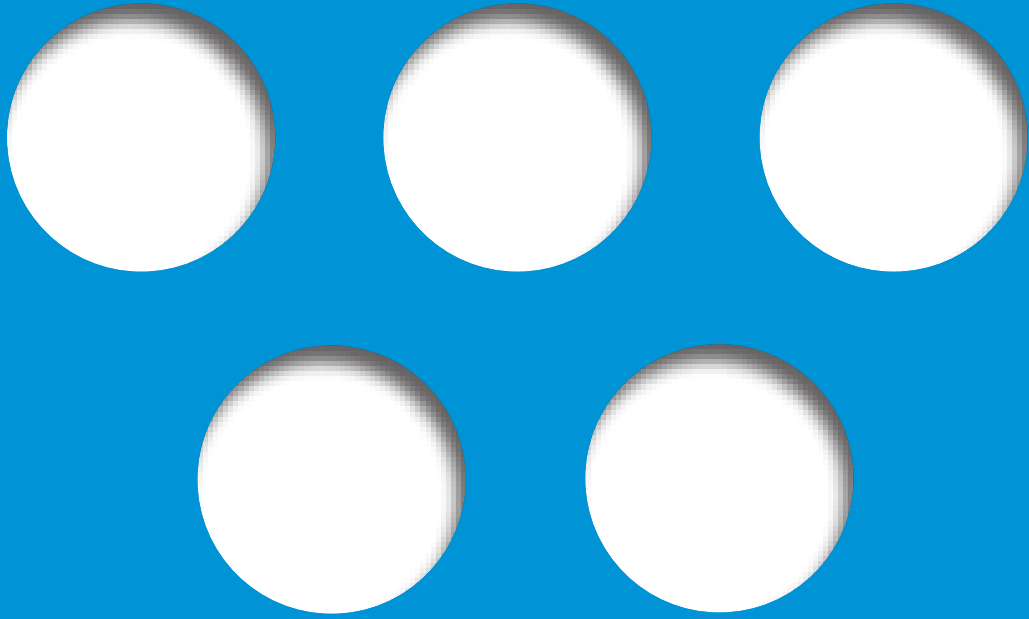
2013 Plaque of Commendation for Outstanding Corporate Customers in Securities Agency Service [Korea Securities Depository]

What services are being offered at Woori Bank to give joy to our customers?



As our valuable customers, your dreams and plans for the future make us what we are today. Know-how in secure asset management, vibrant services of speed and convenience, unity-driven forces of all employees that overcome any obstacles, creative pioneering solutions on a global basis, and sharing our love by providing Cham(responsible) Finance to our neighbors in need – each of these Woori Bank values crystalize into a pleasurable experience of satisfying each and every one of our customers. It is the world of 'Woori(meaning 'us')' envisioned by Woori Bank.

Smile for All



It is the world of Wool, envisioned by Wool Bank.
We crystallize into a pleasurable experience for each and every customer.
Pioneering solutions on a global basis and sharing with neighbors – each of these Wool Bank
how in secure asset management, vibrant site operation, unity-driven driving force, creative
offered at Wool Bank to
What services are being



Smile for All



“Hoping to receive safe and reliable banking services in securing my valuable assets”



“Woori Bank is at the forefront of thoroughly managing risks to ensure safe asset management for our customers.”

We will secure asset quality by implementing thorough risk management, and provide compliance driven responsible services with strong ethical mindset to protect valuable assets and wealth of our customers while enabling higher returns. Accordingly, Woori Bank, being the longest running reliable bank for over 115 years will maintain sustainable growth by protecting and contributing to sound development of customers' wealth and happiness for another 100 years.

Risk Management

Risk management has become essential to strengthen the competitiveness of financial institutions experiencing the 1997 financial crisis and Lehman Brothers' collapse. Based on the know-how accumulated through undergoing past crises, Woori Bank adopted the Risk Adjusted Performance Measurement (RAPM) for the first time in the Korean banking industry in 2002. Advanced risk management systems were put effectively in place to successfully introduce Basel II and III. Believing that profit sources are derived from fundamental risk management, Woori Bank will solidify its presence as a leading bank through risk management cases from major global banks and then implementing Woori Bank distinctive top-tier risk management.

KEY POINTS IN RISK MANAGEMENT IN 2013

In 2013, the Risk Management Unit carried out risk management policies, aiming to minimize potential risks against uncertain economic situations at home and abroad, ranging from the global economic recession to the slowdown in the domestic real estate market and increase in household debt. The industry-specific portfolio management guideline was revised, reflecting industry-specific outlooks to align high-networth asset driven portfolios. Improved early warning systems helped our bank detect any signs of insolvency in an earlier phase and minimized the asset quality deterioration preemptively. Seeking to respond quickly to the low-growth era, the corporate credit assessment models centered on stability indicators were improved continuously. Moreover, integrated trading systems were established to efficiently manage counterparty credit risks in derivative transactions.

Revising the Portfolio Handling Standard

Woori Bank has Korea's top level corporate banking competencies by overcoming crises for many years and establishing an advanced corporate asset oriented risk management system. Seeking preemptive risk management for industries with potential risks, all of Korean industries were classified according to the differing degree of potential risks. Then, measures including interest rate approval authorization were tightened to a higher degree and imposition of expected losses were weighted higher in a phase-in basis to minimize negative restriction of ongoing business operations. At the same time, regulatory blind spots were removed to raise efficacy of control for high-risk industries. Moreover, the portfolio guideline for each credit rating was set, enabling our bank to push forward in targeting high-networth asset-driven portfolio policies.

Establishing a Risk Management System for Insolvency Prevention

Since uncertainties continue in the financial environment and profitability of enterprises are expected to drop, we are implementing early risk removal credit policies or systems to lower insolvent risk and maintain mid to long-term financial strength. Woori Bank recognizes insolvency signals of corporate assets in an earlier phase, and operates the early warning system equipped with sound follow-up management guidelines. In 2013, indicators representing insolvency signs were renewed where recent economic situations were reflected, thus improving the predictability and distinctiveness of the systems to a higher level. Moreover, follow-up management systems for borrowers with signs of insolvency were developed, thus minimizing the further possibilities of deteriorating into actual insolvencies.

Aiming to enhance crisis response capabilities against industries with potential risks, the number of industries subject to monitoring under industry-specific contingency plans was scaled up, and coun-



termeasure responses were strengthened in each critical phase. As a result, efficient and feasible responses can be better implemented in each phase.

Improving Credit Assessment Models for Large Enterprises/External Auditing and Non-external Auditing Enterprises

Managing an efficient credit assessment model is important in assessing borrower-specific risks prior to executing loans, and in deciding which borrower is eligible for loans. Woori Bank improved credit assessment models for large enterprises/external auditing and non-external auditing enterprises in order to quickly respond to the era of low growth. Among credit assessment indicators, aspects in judging growth potentials and activeness were reduced, while elements in judging stability was expanded. Improvements were made to reflect the differences in accounting standards with the adoption of the International Financing Reporting Standards (IFRS). Woori Bank will continue to maintain and manage timely credit assessment models catering to changes in the financial environment.

Intensifying Counterparty Credit Risk Management in Derivative Transactions

Woori Bank established the integrated trading system for the first time as a bank in Korea that connects front, middle and back offices. As a result, credit risk management was intensified against counterparties in derivative transactions. Timely risk management was made possible where the number exceeding the ceilings for derivative transactions was reduced for general customers. The amount of credit risk exposure monitored, especially, managing counterparty credit risks, was reduced by acquiring collaterals. Woori Bank won the Grand Prize (FSS president) of the thebell Magazine's '2013 Risk Manager Awards' the most prestigious acknowledgement in risk management for our bank's excellence in this field.

MAJOR PLANS FOR RISK MANAGEMENT IN 2014

In 2014, uncertainties are expected to continue at home and abroad including the tapering of quantitative easing in the U.S., increase in household debt and

lower growth rates of SMEs. Accordingly, asset quality will be enhanced to proactively control bad-debt expenses. Specifically, insolvency risks will be shut off at an earlier phase by identifying potentially insolvent assets with an upgraded early warning system. Inflow of low-networth assets will be minimized through adequate credit assessments of companies under reviews. Stress-test methodologies will be improved to check financial soundness in extreme crises, and appropriate responses will be established for enhancing current operation. Our Asset & Liability Structure will be improved to comply with the liquidity management ratios including the Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR), which are to be introduced in 2015 and 2018, respectively. Operating risks will be diagnosed by assessing changes in the external environment, including issues exposed to the media, and so potential risks will be examined in a timely basis to devise active measures in achieving effective risk management.

Ethical Management

Due to the various negative compliance related incidences surfacing in the banking sector, there has been a stronger voice in tightening internal control and strengthening responsibilities of our employees. Woori Bank devised and practices the 'Woori Code of Ethics,' which are the principles involved in making proper decisions or actions and all staff are required to abide by these principles, along with 'principle-driven management,' and 'Job-specific Guidelines,' To prevent the leakage of personal information, staff training and reviews were introduced. For all employees, the 'Ethical Compliance Practices' manual, 'Self-Check on Ethical Compliance' and 'Check and Clean Day' were made available. These brought more attention to ethical management, and Woori Bank contributed to the national economy and social development by fulfilling social responsibilities despite the challenging situations. As a result, Woori Bank will continue to advance further as an exemplary ethical player.



REVIEW OF 2013

In 2013, Woori Bank strived to ensure that employees could recognize and practice the concept of ethical management. They were encouraged to apply the 'Code of Ethics' through continued internal control and intensified employee training. An event titled 'My Commitment for Compliance and Sound Business' took place to intensify the awareness on practicing principle-based business through legal compliance, preventing financial accidents and bolstering the awareness of legal compliance. An award ceremony for outstanding employees in ethical management and compliance monitoring was held to raise awareness of ethical compliance and boost morale through incentives. Moreover, our bank made improvements in legal on-site difficulties by operating '119 (the Korean version of 911) site-oriented legal services' so that ethical management could further solidify in our bank.

Application of the Code of Ethics

Various programs have been up and running to raise awareness regarding the Code of Ethics among employees, and to ensure they keep actions in line with our ethics amid legal and institutional changes. By facilitating employees' reporting and having the freedom to blow the whistle regarding ethical management such as money and entertainment exchange, Woori Bank operates the reporting and whistleblower protection systems necessary to practice ethical management and prevent related incidents from happening again. The Ethical Management Support Council is held on a monthly basis, which has led to seek for excellent cases of practicing the Code of Ethics. Monitoring based on diverse channels to effectively dissipate and employ principle-based management has taken place.

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, our bank provides legal assistance from in-house lawyers to any staff member requiring legal help in civic, criminal and household matters.

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 our bank's systems.

This enables a strengthened utilization of regulations, while making them practical and conducive to work.

Providing Various Ethical Management Training Materials and Conducting Related Training

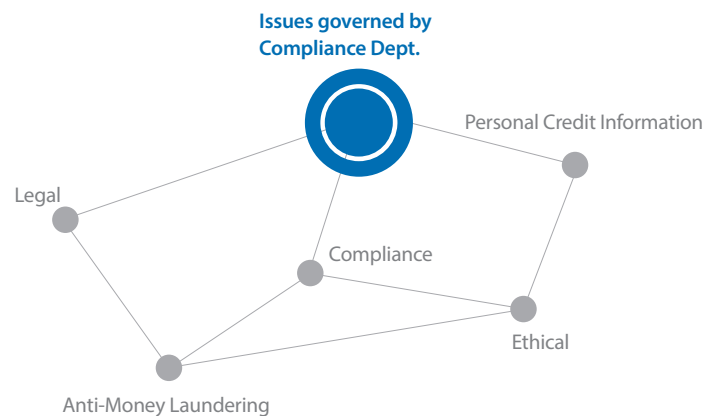
We encouraged our staff to practice autonomous ethical management through practical training such as the '100 Questions and Answers on Ethical Management', and the distributed 'Ethical Compliance Practices' manual.

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.

PLANS FOR 2014

In 2014, Woori Bank will set up a leading system to support internal control for branches, protect consumer's right and extend legal services.

To this end, a window-specific legal case handbook will be published for easy access to legal cases on sites. The consent form for disclosing personal information will be improved to clarify the agreement procedure. Incomplete sales will be shut off by making the screening of terms and agreements and products more stringent for the rights of consumers. Internal control training centered on incidences will be intensified, while the internal reporting procedure is changed and improved by upgrading anti-money laundering systems. Suspicious transaction screening indicators will be developed and applied more extensively to our systems.



Customer Protection

Woori Bank's core values are putting customer's happiness first, pioneering and challenging itself for creating a better future, leading the way in creating a healthy financial order, and fostering talents first.

Among them, our CEO puts 'customer happiness' on top of the agenda. He emphasized the significance of protecting customers during management strategy meetings and during his New Year's speech. For the first time in the banking sector, the Consumer Protection Center was formed as an independent unit to protect consumers. Various activities take place to spread and implement such genuine customer caring philosophies throughout the organization.



The Consumer Protection Center consists of three teams: the Consumer Protection Team that sets basic policies for consumer protection and devises action plans; Cham (responsible) Finance Implementing Team that prevents consumer damage while empowering their rights by exploring and improving unreasonable practices continuously and the Ombudsman Team which registers customer complaints, promptly and fairly handling them.

Woori Bank's Consumer Protection Center reaffirms the Bank's leading presence in the financial market in consumer protection.

Woori Bank 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 exclusively in charge of consumer protection without any impact from marketing. It has a total of 33 employees, which is the largest scale in Korea. Its fulfillment of CSR and genuine consumer protection activities were fully recognized, winning the Grand Prize in the comprehensive sector at the First Consumer Protection Awards presented by Korea Economic Daily, one of Korea's top economic media in 2012.

The year 2013 witnessed Woori Bank's passionate engagement in consumer protection.

The 'Consumer Protection Index' was adopted to be stringently aligned with performance evaluation for areas lacking in consumer protection upon evaluating business units (KPI). The 'Consumer Protection Window' was launched, while rooms of branch heads turned into 'Consumer Protection Consulting Rooms.' It was to better address customer complaints promptly in branches as customer contact points. The Consumer Protection Center paid visits to 298 branches to enhance the mindset for consumer protection and prevent any complaints, and conducted training accordingly. Along with the employee training, a video clip titled 'Damage of e-Banking Scams and Preventions' was produced to training consumers and protect them from such scams. The video is played on Woori Bank's website and in branches, preventing potential fraud damage, and improving customer convenience through 56 projects to improve 'Cham (responsible) Finance and institutions.'

Approval of the Consumer Protection Center upon product development was put in place to promptly resolve customer damage and reflect consumers' views, while incomplete sales are minimized by establishing a product sales process.

PLANS FOR 2014

Numerous changes are expected in consumer protection in 2014: enactment of the Financial Consumer Protection Act, and separation/independence of the Financial Consumer Protection Agency from the Financial Supervisory Service. Woori Bank plans to implement 10 projects in four areas for an early response.

First, it is to enhance a customer-centric mindset among employees.

'The Charter on Consumer Protection' will be prescribed, serving as the basis for setting policy directions in promoting consumer protection. The Charter covers consumer right protection, product development, product sales and development of professional competencies for employees.

Customer happiness managers standing at the forefront of consumer protection on sites will be organized in the name of 'Cham (genuine) Forum.' This will drive more voluntary and proactive consumer protection activities and this year, visits will be made to sites for educating complaint prevention.

Next, we will improve the performance evaluation system.

Upon evaluation of branches and departments of the head office, the impact of consumer protection will be revised upwards and reflected on significantly.

Measures will take place so that prior reporting of complaints and compensation for customer damage can improve, resolving customer complaints promptly and damage can be compensated adequately. Programs to minimize customer inconveniences are expected to be developed and operated by resorting to fundamentals of consumer protection.



“Hoping to receive accessible and vibrant banking services closest to my needs”

“Providing easy and convenient smart banking services is essential in fulfilling the needs of our customers any-time and anywhere.”

Woori Bank reaches out to our customers by providing advanced smart banking systems Moreover, our bank reinforces on-site business accessibilities to establish rapport and friendship so that the needs of our customers can be quickly identified and innovative customer oriented solutions can be offered instantly.

Aiming to become a more vibrant bank with higher accessibility by utilizing advanced smart banking or on-site business visits, Woori Bank continues to expand our presence to all walks of life domestic or abroad.

Smart Banking

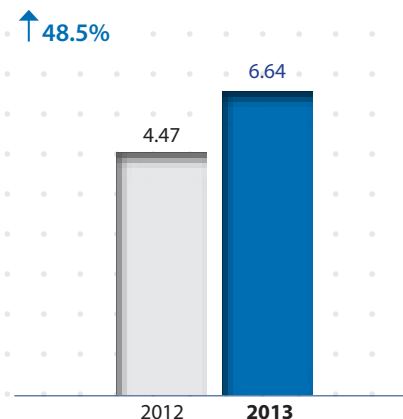
Smart Banking Business Division is the highest-level division of future banking services at Woori Bank and our bank enables access to financial services for customers anytime, anywhere, through various medium. The division is in charge of strategy setup for smart banking, as well as the exploration of new markets.

Seeking to make a rapid response to the smart banking market that demonstrates exponential growth in particular, the Smart Channel Strategy Department was formed. In December 2013, the Customer Marketing Center was brought under it for the sake of integrated marketing in accordance with the organizational reshuffle and expansion plan.

As of 2013-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 'a bank that is always close to customers' by securing state-of-the-art technologies utilized in smart phones and the Internet.

Total Number of Customers Subscribed to Smart Banking

(Unit: million)



REVIEW OF 2013

Smart Banking Business Division opened new Internet banking services in April 2013 so that anyone can access them regardless of their OS type, thus providing convenient smart banking services to customers. As a result of implementing the iTouch loan service, enabling loan extensions via Internet/smart banking anytime anywhere without having to visit a branch, the service ranked first in the M/S in non-face-to-face product sales as of the end of 2013. Meanwhile, smart payment programs and ATM services for Onnuri Gift Certificates for traditional markets were in place, contributing to a reinvigoration in these markets.

New Internet Banking Service

Aiming to provide non-discriminatory banking services to anyone, Woori Bank upgraded its Internet banking service in April 2013. For the visually impaired,

voice recognition service for Internet banking transactions including inquiries and transfers is now available. For those who cannot use the mouse effectively, keyboard-based financial transactions are now enabled. As such, the Bank realigned banking services to be non-discriminatory in access and convenience. Moreover, online banking was upgraded to be accessible via any device on any browser. As a result, Woori Bank proudly acquired the Web Accessibility Certification Mark in all sectors of Internet banking including corporate banking for the first time in the banking sector on April 10, 2013.

Taking the Lead in the Smart Banking Market

At a time when the number of smart-phone users exceeds 37 million, customers demand faster and more convenient services. In 2013, wide-ranging loan ser-

vices were offered that require no visit to branches, including apartment loans and housing loans. Along with the launch of 'Woori Global Banking' for foreign customers whose number is on the uphill, 'One Touch Notice' service to provide various banking information is available to cater to diverse customer needs. The 'One Touch Notice' gained high popularity among customers since its subscribers surpassed 550,000 within 70 days from its launch. Woori Bank is definitely leading the smart banking market by ranking first in smart banking subscription rate (34%) vis-à-vis the number of total customers, and winning various awards with its smart app.

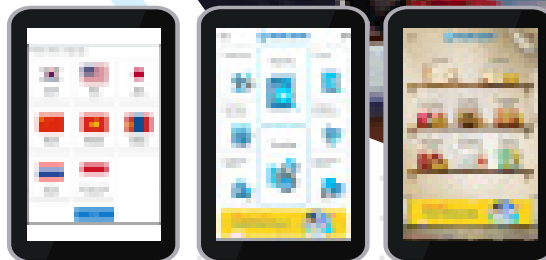
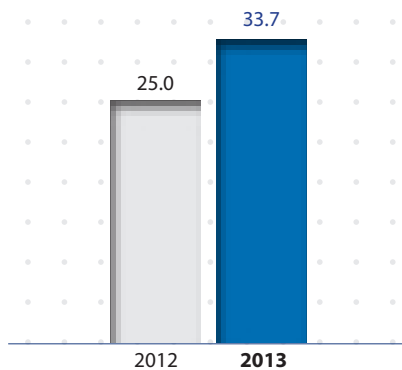
Opening Preemptive Security Service for Customer Protection

Woori Bank offers the most secure banking services to customers with preemptive security services. On September

Total Subscription Rates of Smart Banking

(Unit: %)

↑ 8.7%



Smile for All

26, 2013, the e-banking fraud prevention service made its successful debut, enabling the Bank to make immediate responses to new types of e-banking scams. 'One Touch Service' for transfer to only designated accounts is the first attempt in the banking sector in Korea. The Financial Services Commission benchmarked the model for its soon-to-be-launched 'new account designation service' to be applied throughout the banking sector. As such, the leading edge security services of Woori Bank are available to all.

Leading the Market in the e-Corporate Banking

Woori Bank provides pioneering services in e-corporate banking which befits its leadership in corporate banking. Focusing on providing customized and specialized services in 2013, the WIN-CMS (Woori Internet-Cash Management Ser-

vice) and Woori ERP (Enterprise Resource Planning) were upgraded to reflect customer needs. Moreover, the Bank also provided business district analysis within the 'Woori Win Square', a multi-purpose service for the self-employed. 'WIN-CMS for Taxation Support' for small-scale merchants was launched, while a function to audit the usage records of corporate cards was installed within the WIN-CMS. The 'Labor Cost Payment Service' also came into being for construction laborers so that their labor wages can be securely paid without delays. As such, Woori Bank steadily maintains its competitiveness in the e-corporate banking sector by developing and upgrading new services.

PLANS FOR 2014

In 2014, the Smart Banking Business Division's targets are to provide the very best banking services that satisfy customers

and are available via all devices and environments.

1) To provide most convenient and accessible smart banking services by re-establishing smart banking systems, and securely protect customer assets through various e-banking security services including prevention of phishing and prevention of fraudulent transfers through the analysis of transaction patterns

2) To provide customer-satisfying banking services by developing on/offline combined new non-face-to-face marketing techniques and CRM services

3) To continuously explore new business models by converging with other industries to explore new markets

Woori Bank will become the number one bank which provides best smart banking services with customer satisfying services and products at all times.

Corporate Banking

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.

Corporate Banking Business 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 number one in Korean Corporate Banking. The unit also manages heads of Corporate Banking Centers in charge of catering to affiliates of corporate clients and partner companies, and operating retail business for employees, while operating the IB Division to cover project financing.

As of 2013-end, we provided exceptional services to the largest groups of large enterprises in Korea. Corporate Banking Business Unit feels confident in having provided the best financial services to our corporate customers so that they were able to become global players for the past 115 years. Greater efforts have been made to extend more of our expertise to a larger number of customers.

REVIEW OF 2013

In 2013, 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 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 2013-end, the unit posted total assets of KRW 16.8 trillion, Operating Income of KRW 572.7 billion and an export/import volume of USD 278.5 billion.

Continuously Strengthening Relationships

As corporate customers grow into global players, their financial needs have promptly and diversely changed.

Woori Diamond Club, a meeting of the

heads of the country's largest multinationals, has been up and running since 2003. The club's 11th 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 665.7 billion have been extended to 743 companies in total, as of 2013-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.

Total Assets of Corporate Banking-end 2013

16.8 KRW trillion

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-networth 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 2014

The Corporate Banking Business Unit plans to achieve qualitative growth through customized business for each specific category. Category-specific



markets will be made distinctive, synergies will accelerate, fee business will be bolstered and risks will be efficiently managed to achieve the goal. Optimized financial services will be provided for companies based on category-specific factors and investment plans. Moreover, synergies will be maximized by exploring high-performing partner companies and expanding retail transactions for employees. Non-interest income will scale up by arranging and involving more in IB, including infrastructure finance and acquisition finance as well as intensive sales in niche markets on F/X, e-banking and derivative transactions. Assets will be cleaned up by shutting off the influx of low profit generating assets, and financial soundness will be enhanced through risk management on the basis of perceiving risk signals.

Woori Bank is the major creditor bank of 16 large enterprises-2014. April
(Total number of large enterprises under major creditor bank management: 42)

SME Banking

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 specialized personnel. As of the end of 2013, there were approximately 890,000 SME customers, whose total assets under management amounted to KRW 67.8 trillion.

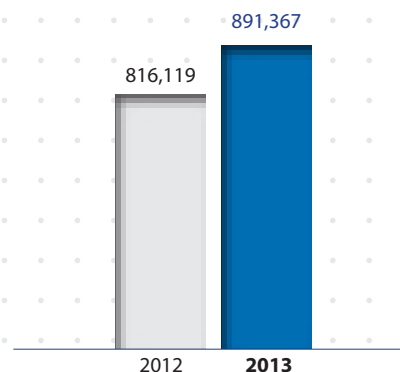
Woori Bank provides competitive products, diverse financial and non-financial services to better satisfy SME customers. The SME RM (Relationship Manager) system, a channel of SME banking pool specialists, is available to provide the best financial services in corporate banking. Along with Corporate Banking Business Unit and Consumer Banking Business Unit, SME Banking Unit significantly contributes to higher performance for the Bank, attracting SME partners of large enterprises that use Woori Bank and also SMEs' employees.

In 2013, in particular, the SME Support Center was formed within the SME Banking Business Unit to support financially struggling SMEs in a greater scale amid the unstable economic environment both domestically and abroad.



Total Number of SME Customers

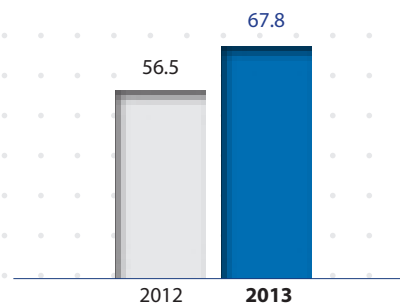
↑ 9.2%



Total Assets of SME Banking

(Unit: trillion)

↑ 20%



REVIEW OF 2013

The SME Banking Unit led marketing strategies focusing on attracting new high-networth SMEs and securing their retention. As in 2012, key categories were targeted such as policy financing, guarantee secured loans and loans for equipment in 2013. For higher satisfaction and service levels for SME customers, the existing preferential system was expanded along with a greater focus on training and developing specialized workforce for SME banking.

Intensive Search for High-yield SMEs and Prevention of Churn

The Woori Love for Company Loan launched in February 2013 garnered an unbelievable record of KRW 7.9 trillion for its balance at the end of 2013, targeting high-networth SMEs and offering competitive interest rates and preferential ceilings. The SME Banking Business Unit provided wide-ranging marketing data on high-networth SMEs on sites and launched new programs for prevention of churn, especially targeting partner companies of high-networth large enterprises and SMEs selected in fostering programs of a government agency. The number of high-networth customers in the level of BBB and above increased from 194,569 at the 2012 year end by 34,107 to 228,678 at the 2013 year end.

Targeted Marketing on Strategic Categories

As a result of the SME Banking Business Unit's focus on policy financing and collateral secured loans, the balance for each increased by KRW 894 billion and KRW 1,016.2 billion respectively, in 2013 year-on-year.

The unit signed new agreements worth KRW 783 billion with eight local governments and public institutions in 2013, bolstered competitiveness in interest rate for policy financing for on-site support, and conducted various practical training, seeking to scale up policy financing. The balance for on-lending loans targeting high-networth SMEs among policy financing products showed an outstanding performance of an increase of over 370%, that is, KRW 903.4 billion year-on-year.

Upgraded Preferential Service and Development of Specialized Workforce

In 2013, the SME Banking Business Unit launched the 'Woori Honors Forum', a preferential system for customers to offer diverse non-financial services to more customers. A total of 140 SMEs are selected and supported as members, while the number of members for the existing Woori Best Members was raised 218 to 627. First-rate banking services are available to customers through continuous selection and training of SME RMs specialized in SME banking. As of the end of 2013, 948 SME RMs are working in 806 branches along with a reserved pool of 601 RMs.

SME Consulting and Project Scale-up

Woori Bank's corporate consulting services have the longest history in the domestic banking sector. Since their launch in 2001, about 1,200 projects have been successfully completed. In 2013, 127 consulting projects took place, significantly contributing to sales and operating income of the SMEs involved.

In 2013, the SME Banking Business Unit signed 10 cooperation agreements with major government agencies and local governments to better support SMEs. The SME Support Center was established within the unit as the Bank strived to expand support for SMEs in need of help, including small merchants.

PLANS FOR 2014

In 2014, the SME Banking Business Unit plans to launch products, and new customer preferential and management programs. This will attract new customers, especially high-networth SMEs and prevent customer attrition. Profitability will be bolstered through various initiatives: offering customized products to expand auxiliary transactions including FX in export/import for the existing customers in loan transactions, intensifying relevant management programs, and offering consulting services directly linked to higher business performance. In order to make the asset structure sounder, Woori Bank intends to spotlight the stepping-up of guarantee secured loans and settlement loans, and run comprehensive management programs to avoid non-performing loans.

Institutional Banking

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

Institutional Banking Business Unit is in charge of financial services and strategies for institutional customers. The unit is equipped with the Institutional Sales Strategy Department, to cater to the central government, local governments and public agencies, and the Public Fund Sales Department, to manage the municipal and provincial treasuries of local governments.

Moreover, Institutional Banking Business Unit provides topnotch financial services to institutional customers by being the only unit in the banking sector to utilize specialists in institutional operations.

As of 2013, 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 2013

In 2013, the Institutional Banking Business Unit laid the foundation for Woori Bank to progress as a global leading bank by being designated as an entrusted bank for stock assets and a bank for foreign currency reserves for the National Pension Fund, which ranks third in the world as a pension fund. Woori Bank actively sought new growth engines by attracting new institutional projects. For instance, new projects for the new government were explored, the Bank was selected in the bidding for bank operators at the Gimpo International Airport and also won the bid as a bank commissioned for exchanging principle and interest for the Korea Securities Depository. As of 2013-end, Institutional Banking Business Unit operated deposits totaling KRW 19.1 trillion and loans worth KRW 1.6 trillion, while managing the number of new institutional customers (101 customers) in 2012.

Designated as an 'Entrusted Bank for Stock Assets' and a 'Bank for Foreign Currency Reserves' for the National Pension Fund

The National Pension Fund's asset portfolios mostly cover stocks, bonds and alternative assets, and last September Woori Bank was selected as an entrusted bank for managing the fund's stock investments amounting to KRW 75 trillion. In October, the Bank was selected as a general treasury bank for foreign currency reserves for the National Pension Fund to exclusively cover its foreign currency transactions for the next three years from July 2014 to July 2017.

Hunting for New Projects from the New Government

Woori Bank was selected as 'an exclusive bank for R&D projects' initiated by the government. The business agreement for the exclusive bank stance to commercialize R&D projects was sealed in May in the presence of heads of agencies related to the Ministry of Trade, Industry and Energy (MOTIE). In September, the Bank was chosen as one of the treasury banks for the Real-time Cash Management Sys-

Total Deposits of Institutional Banking
-end 2013

19.1 KRW trillion

tem (RCMS) managing R&D funds worth about KRW 2.7 trillion for the MOTIE.

A business agreement was also signed with Korea Foundation for the Promotion of Private Schools. The Bank now manages SPC accounts for 19 university dormitories as the Bank partakes in the program of 'halving dorm fees', a project under one of the new government's pledges. Woori Bank could also pave the way for customer expansion covering related companies and students after new dormitories are constructed.

Search for New Growth Engines by Initiating New Projects

Institutional Banking Business Unit not only provides banking services for institutional customers but also offers business opportunities aligned with new projects of institutions for SMEs and individuals. In 2013, the Bank attracted many new projects: being selected as 'an entrusted bank for funds for startups' of Korea Institute of Start-up and Entrepreneurship Development under the Small and Medium Business Administration; taking part in the subcontract management system for the Public Procurement Service; signing a



Smile for All

business agreement on the e-settlement service in the Internet bidding for Korea Asset Management Corporation.

PLANS FOR 2014

The year 2014 is a critical year for the Institutional Banking Business Unit since attention must be on re-winning the bid to be a treasury bank for district offices of the Seoul Metropolitan Government. It will mark 100th anniversary for the Bank to have served as a treasury bank for the city government. By being re-selected as the treasury bank for the district offices based on the know-how in stable management for the city government, Woori Bank will further intensify ties with the Seoul Metropolitan Government and institutions under it. The Bank will also steadily explore related projects to be favorable to local residents with beneficiary banking services.

In 2014, public institutions' transfer to local areas will be underway, so Woori Bank will secure its business network nationwide by launching new branches in each 'innovation city,' focusing on institutional banking business that leads the trend in the age of decentralization.

Major Institutional Customers of Institutional Banking

• Local Government



• Public Agency



Investment Banking

IB Business Unit (currently IB Division) launched in January 2002 was reshuffled under Corporate Banking Business Unit in 2012, playing a leading role to date in the domestic IB market.

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.

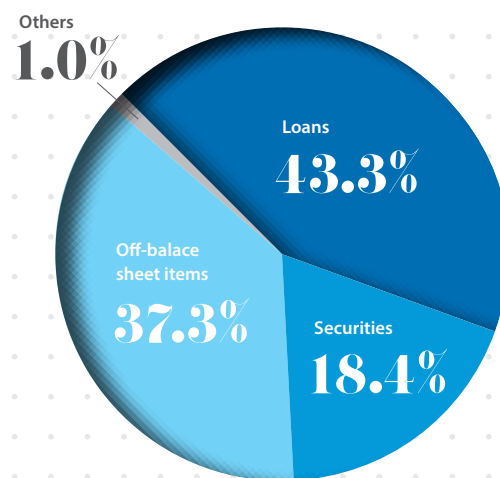
With the longest history in Corporate Banking among domestic banks, Woori Bank leverages strong ties with corporate customers, offering them customized financial structures that cater to the needs of the project funds they pursue.

For the first time as a Korean bank, Woori Global Market Asia Ltd. was established in October 2006, specializing in overseas IB investment in Hong Kong. As such, Woori Bank has proactively tapped into overseas IB markets by scaling up the capital stock in October 2013.



Total Assets of Investment Banking-end 2013

11.6
KRW trillion



REVIEW OF 2013

The global economic circumstances that were aggravated due to the financial crisis in the Eurozone started to turn around with the gradual recovery of the real economy driven by low interest rates and quantitative easing in advanced countries. In Korea, major annual macro-economic indicators show a positive sign. Nevertheless, industrial risks have deepened in construction, shipbuilding, maritime and steel, while marginal companies step up in numbers. As such, the IB Division carried out selective business initiatives, considering stability and profitability. Specifically, cooperative ties with financial institutions, government agencies and enterprises was concentrated more, while outstanding performance was achieved in infrastructure finance including power generation/energy and SOC thanks to intensive business management.

As a result, the division holds KRW 11.6 trillion for the assets under management (including off-balance sheet assets). 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.

Besides the interest income which has been regularly generated, high networth loans and securities previously invested have been recovered, resulting in sizeable amounts of dividends and profits on sales.

PLANS FOR 2014

In 2014, the global economy is expected to turn around by phase, but instability is still rampant in the global financial market due to tapering in quantitative easing in the U.S. which results in currency crises in emerging countries, and risks in soft landing for the Chinese economy. Korean economy is evaluated as a fundamentally robust one, but is vulnerable to the economic and financial environments due to its high dependency on export and proneness to external factors.

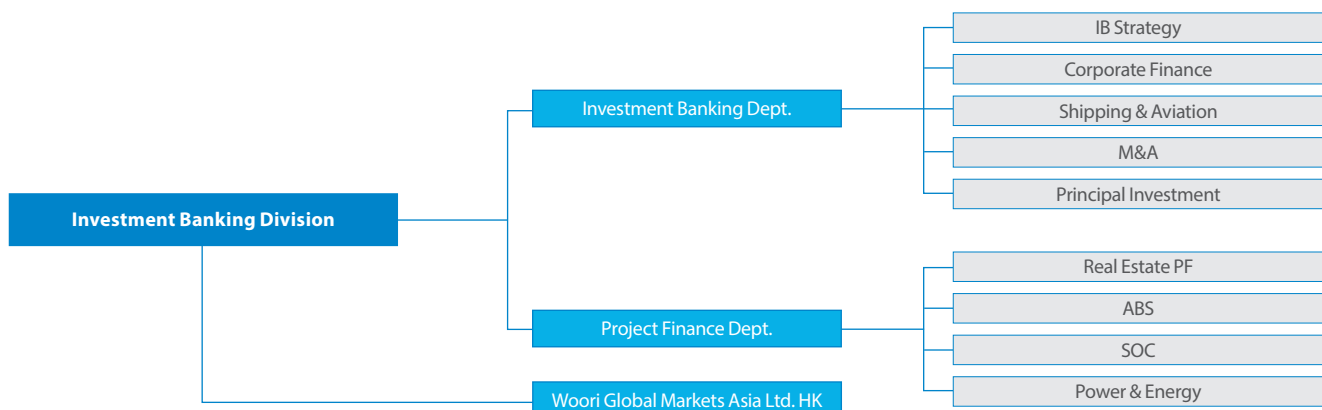
In the IB Market, transactions in infrastructure finance will still flourish including restrictions for marginal companies, M&A for tapping into new projects, power generation/energy to improve the power demand and supply and SOC to secure social infrastructure. In particular, the recent government measures to make public corporations' management more efficient through asset sell-off and debt reduction are expected to scale up the IB market.

IB Division will continue to make finan-

cial arrangements for, and take part in, infrastructure finance including power generation/energy and SOC, and M&A based on thorough and considerate feasibility reviews as well as conventional business domains including credit extensions for high-networth corporate customers. Moreover, in aiming to explore new markets for IB, fee income will scale up by participation in alternative energy projects including offshore wind power and financial arrangements for projects where new environmental technologies are applied. Overseas IB business will flourish as the Bank jointly takes part in overseas business aligned with policy finance institutions, arranges the issuance of foreign currency bonds of high-networth companies through the Hong Kong IB whose capital stock was raised in 2013, and explores and takes part in high-networth SOC projects and syndications.

The IB Division will contribute the utmost endeavors under the slogan, 'Creativity, Passion, Right into Business Sites'. The goal is to become Korea's iconic investment bank driven by the Commercial and Investment Bank (CIB) model, an alternative to the American style 'investment bank' through the convergence of corporate banking and investment banking.

Investment Banking Organization



A Unifying Bank



**“Hoping to be served with a Unity of
Hearts in overcoming any future obstacles”**

“We seek a wise path for creating a family-like banking where leaders and colleagues work closely, side-by-side with united mind and soul”

It is critical for leaders to take the reins when times are bad. What is just as important is the unity among colleagues. Once all employees gather their forces together into ‘unity of hearts,’ there is no barrier they cannot overcome.

All of us at Woori Bank will have our hearts converged into one as we “run and laugh together” with our customers to overcome any obstacles and achieve number one customer satisfaction.

Consumer Banking

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 that require more specialized services.

As of 2013-end, we offer our top-notch products and services to about 19 million customers in 989 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 2013

With a greater number of new customers at Consumer Banking Business Unit, about 1.15 million new customers joined Woori Bank. Agreements have been signed with high schools on school banking school cards in order to secure future customers. This is a way to attract not only high school students but also parents and teachers.

Seeking to cater to increasing customer needs, portable branch mobile devices have been adopted and are now up and running. These are to provide convenient services by visiting where customers are, regardless of time and space. Branches specialized for office workers and those specialized in microcredit are open to reflect diverse customer needs as the financial environment transforms.

'School Attack' Targeting High Schools

At a time when business operations targeting students as customer prospects

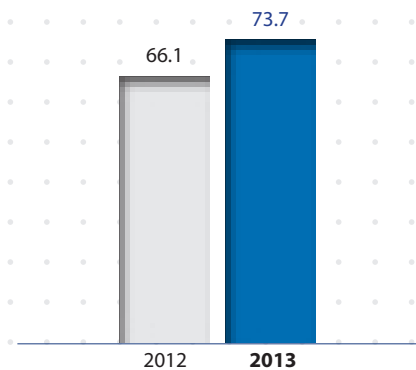
are subject to heated competitions, Woori Bank adopted a program to attract high schools (i.e. schools, students, parents and faculty) for the attraction of new and potential customers. ID student cards are issued that can be used as check cards for students through an agreement with the high schools.

Under the 'School Attack' program that began in 2013, Woori Bank issued student ID cards available as check cards for 142,152 students in 259 schools as of the end of 2013. The Bank opened new payment accounts so that they can safely and conveniently manage their allowances. Special lectures on finance have been offered for students and parents in high schools. The Bank also helped set up IT-based smart/safe campuses through agreements with high schools, thus contributing to a stronger social safety network.

Total Deposits of Consumer Banking

(Unit: KRW trillion)

↑ 11.4%



Adopting and Operating Portable Branch Mobile Devices

'Portable Branches' are cutting-edge banking devices which create a branch environment anytime, anywhere via the LTE telecommunication network so direct visits can be made to where customers are to offer the same services as in other branches. The pilot program began in April 2013, and now 30 portable branches are up and running as of the end of 2013, and the number will go up to 40 in the first quarter of 2014. They are likely to significantly contribute to business activities that approach customers to meet their specific needs, and lead the rapidly changing financial market through continued expansion.

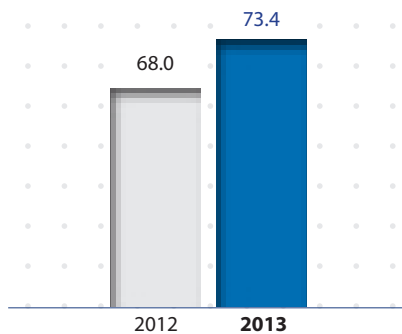
Optimization of the Channel Network

Amid the evolving financial environment, branches have been selected in districts with new growth potentials, and low-yield and low-presence branches

Total Loans of Consumer Banking

(Unit: KRW trillion)

↑ 7.9%



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have been transferred or relocated.

The Bank has opened 989 branches as of the end of 2013: that includes 21 new, 25 integrated and 17 relocated ones. A basis to attract new customers is in place through an efficient branch network. The '9 to 7 Branch' is in operation as a specialized branch for office workers to enhance their financial accessibility. Meanwhile, 'Woori Hope Sharing Center Sanggye Branch', a branch exclusively for microcredit, and 38 windows exclusively for microcredit services are now open. Non-face-to-face channels have scaled up, and unmanned automation systems are available for better customer satisfaction with 233 new ones, so as of the end of 2013, 2,166 systems are available, and 224 old ones were replaced.

PLANS FOR 2014

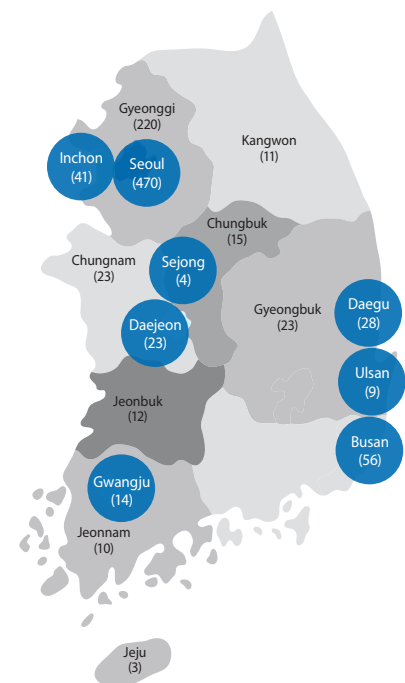
In 2014, Consumer Banking Business Unit plans to concentrate on attracting new customers to maintain a stable growth

momentum despite the continuum of low growth and low interest rates, and the highly competitive business environment.

While inducing future customers including infants, children and high school students, the Bank will provide products and services to attract employees of high-yield enterprises through the issuance of employee ID cards. A plan for business alliance with military units, police stations, schools and hospitals will take place to attract their employees as new customers.

Top priority will be also be on securing profits by continuously attracting the flow of funds with increases in settlement accounts for transfers of utilities fees, telecom fees and apartment expenses.

Nationwide Branch Network-end 2013 (989 Branches)



Real Estate Finance

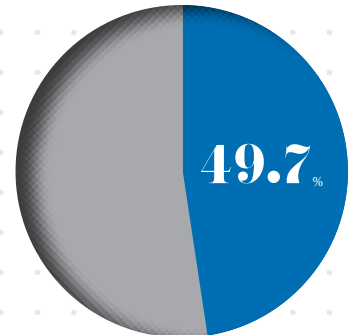
Real Estate Finance Business Unit is in charge of real estate finance and National Housing Funds for the Bank.

For systematic and professional management of real estate finance, the unit had been promoted into the Real Estate Finance Business Unit from 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 general treasury bank.

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

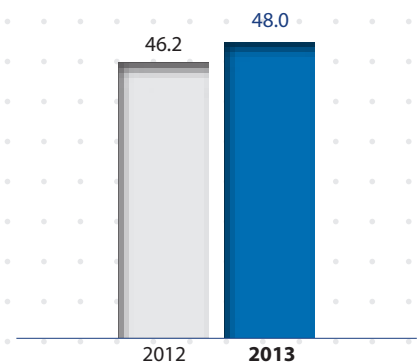
M/S of Demand-side Housing Subscription Loans -end 2013



The National Housing Fund Loans (Woori Bank)

(Unit: KRW trillion)

↑ 3.9%



REVIEW OF 2013

The Real Estate Finance Business Unit dominantly ranked 1st in the M/S of the National Housing Funds.

Excellence in the business, not only in 2013, but also for the past five years, has put us in the spotlight to be re-elected as a general treasury bank for the National Housing Fund. This would enhance our capability in providing a greater diversity of real estate 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 real estate finance in Korea with new products and services.

Re-elected as a General 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 real estate finance. Woori Bank has taken the lead in seamlessly procuring and executing funds as a general treasury bank of the National Housing Fund.

As of 2013-end, Woori Bank had a market share of 49.7% in loans for subscribers and 30.1% in savings for housing subscriptions. Throughout 2013, 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 reelected as a general treasury bank to manage funds worth KRW 89 trillion. Beginning in 2013, we laid the foundation for more customers to use the products of the National Housing Fund for the next five years.

Stably managing real estate 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 2013, the amount of guarantee-secured mortgage loans increased by KRW 4.6 trillion compared to 2012. In doing so, we managed real estate finance assets in consideration of soundness and profitability even under the economic downturn.

Leading the Domestic Real Estate Finance Market

The Real Estate Finance Business Unit spearheaded its efforts to develop products and reform the system in order to make preemptive responses to changes in the financial market in 2013.

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 2014

2014 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 real estate finance market will become fiercer, while the profitability of banks in the real estate finance asset sector weakens. Despite such challenges in the financial environment, we will make qualitative improvements in the assets on end, while leading real estate finance with a variety of product portfolios.

The Real Estate Finance Unit 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 real estate 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 IT systems. We will also jump on the bandwagon of the government's real estate finance measures, while actively planning 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 business unit 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.

Pension & Trust Business

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 2013, the amount of retirement pension assets stood at KRW 7.52 trillion, while 26,681 companies and 1,111,265 employees enjoyed Woori Bank's retirement pension services.

REVIEW OF 2013

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 perspective.

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 2013, the amount of retirement pension assets stood at KRW 7.52 trillion, up KRW 1.49 trillion from the previous year. The number of retirement pension subscribed companies increased by 3,546, that is, 15.3% to 26,681 as of December-end, 2013. The number of subscribed employees increased by 163,044, that is, 17.2%, to 1,111,265 year-on-year.

PLANS FOR 2014

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 2014, 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.



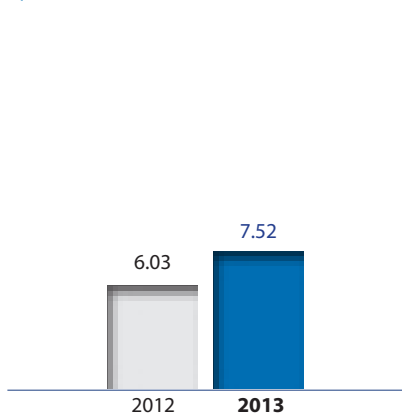
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Total Assets of Retirement Pension

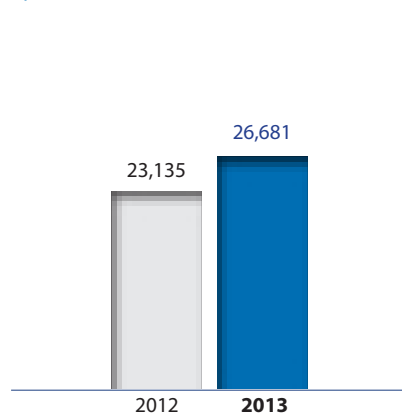
(Unit: KRW Trillion)

↑ 24.7%



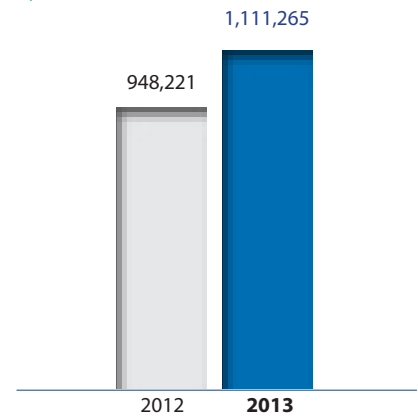
Total Number of Companies Subscribed to Retirement Pension

↑ 15.3%



Total Number of Employees Subscribed to Retirement Pension

↑ 17.2%



Wealth Management(WM)

WM Division, under Consumer Banking Business Unit, is in charge of managing & encompassing Private Banking(PB) services and targeting High Net worth (HNW) customers. The WM Division consists of WM Strategy Department providing strategies for Private Banking services as well as supporting business operations thereof, Affiliation Product Department managing Woori Bank's funds and bancassurance, and WM Advisory Center offering consulting on taxation, real estate and legal matters.

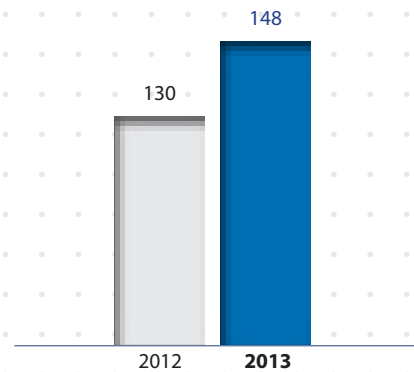
As of 2013, a total of 416 private bankers presented Korea's top-notch services in comprehensive asset management and consulting services under an independent Private Banking(PB) brand of 'Two Chairs' to 150,000 HNW customers.



Total Number of WM Customers

(Unit: million)

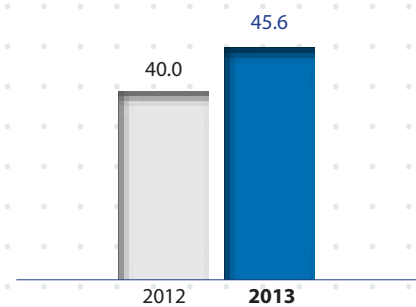
↑ 24.7%



Total Deposits of Wealth Management

(Unit: KRW trillion)

↑ 5.6%



REVIEW OF 2013

The WM Division initiated globalizing PB services, leveraging its overseas network. The Advisory Team as Korea's superior advisory unit was expanded to serve as independent units of the PB Advisory Centers. Catering to the aging trend, '100 Years of Age Research Team' was formed, while developing exclusive product packages and fostering experts. As a result, the Bank won the 'Korea Premium Brand Award' for four consecutive years, and the Grand Prize of The Customer-Loving Brand Awards for two years. Despite the challenging financial environment at home and abroad such as continuum of low interest rate, U.S.' tapering of quantitative easing and instability in emerging countries, the WM Division showcases the annual average growth of 11% from 2008, and in 2013, about 15,000 new HNW customers joined Woori Bank.

Providing Systematic and Scientific Financial Planning Services

There was a complete overhaul and upgrade of the existing financial planning system for a new system setup in 2013. The new financial planning system was designed to produce customized proposals for customers to understand their optimal solutions most easily and conveniently through scientific analysis of data. The data subject to analysis include customers' transaction information, diverse financial data, customer tendency analysis and proposal of investment strategies in consideration of financial market scenarios. Woori Bank is equipped with the most advanced systems and will continue to provide the most scientific and rational asset management solutions for customers.

Globalizing Private Banking (PB) Services

As of 2013, Woori Bank provides customized Private Banking (PB) services, cater-

ing to customer needs in approximately 400 PB branches as well as seven PB centers. The Bank provides asset management consulting services and real estate seminars for local potential customers leveraging overseas networks. PB services will also be globalized along with the Bank's expansion of overseas networks.

Intensifying Service Competitiveness in PB Advisory Centers

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 number one financial consulting service.

Launching '100 Years of Age Research Team' in Preparation for the Aging Trend

Woori Bank launched the '100 Years of Age Research Team' in July 2012 in preparation for the shift to an aging population. The team conducts R&D on processes and products to prepare in advance for the financial demands of the elderly population, which is likely to increase in scale. The Bank launched a product package exclusively for retirees to prepare them for a stable post-retirement life in 2012, and 'Life-long Partner Bankbook' enabling dual management of wages and pensions in 2013. In the '100 Years of Age Elderly Partners', experts catering to comprehensive post-retirement life style are selected and trained to be available to provide appropriate services in all branches.

Fostering Specialized Private Bankers Continuously

Woori Bank also operates the PB Academy, with the industry's best curriculum for fostering competitive private bankers since 2009. The Academy has had 155 graduates through six generations up to 2012. In 2013, the courses were aligned and expanded into the bank-wide 'Asset Management Specialist' courses, continuously fostering 40 graduates a year. The four-month courses consist of CFP fostering those to be trained on the financial knowledge required for wealth management, and other courses to promote character buildup and manners required in providing services suitable for HNW customers as private bankers. Other courses are competency-specific ones divided into beginners, intermediate and advanced levels in the PB Academy to continuously enhance competencies. Woori Bank's Private Bankers as superb asset management specialists will always provide top class comprehensive asset management services.


PLANS FOR 2014

In 2014, platforms for comprehensive asset management for PB customers will be solidified. Best PB specialists and financial planning systems will provide optimized asset management solutions to customers. The PB Advisory Centers that scaled up in 2013 will offer specialized consulting services in taxation, real estate and legal affairs. The Bank's platforms for comprehensive asset management will evolve into 'family office services' that encompass individuals, enterprises and families not only in investment strategies on financial products but also in household business succession, real estate asset management, legal consulting, and successions/inheritance, thus serving as a genuine partner that offers satisfaction to customers well-being.

A Pioneering Bank



**“Hoping to Enjoy a Pioneering Life with
extensive Global Banking Services”**



“Woori Bank will become the mecca of banking beyond boundaries and will continue to explore and implement new banking solutions worldwide.”

We are living in a world where the rapidly changing global environment requires us to overcome current obstacles and deliver innovative banking solutions. Woori Bank strives to develop optimal solutions through the process involving seasoned specialists along with the development of financial products befitting customers' investment attributes. Woori Bank will firmly secure traditional business sectors, while seeking new banking ways to develop new entrepreneurship. Our adventurous spirit will drive the bank to tap into new markets and overcome the limitations of current financial systems and take the lead in exploring a new financial solution.

Global Business

Woori Bank initiates the expansion of overseas assets and the portion of income through optimized business for the local environment for each overseas branch. As of December 2013, advancement was made in 17 countries with 64 overseas networks including 17 branches, 6 subsidiaries (44 branches under subsidiaries) and 3 offices. The networks will steadily broaden, centering especially on emerging countries with growth potential.

Worldwide Network (64 Networks in 17 Countries)



Major Highlights of Global Business -end 2013

Net Income
94.8 USD million

NPL Ratio
1.33 %

Delinquency Rate
0.77 %

Liquidity Ratio
121.4 %

REVIEW OF 2013

Financial Performance

In 2013, despite the prolonged global economic downturn and fiercer inter-bank competition, global business performance reached total assets of USD 12.6 billion, loans of 6 billion and operating income of USD 277 million. It was due to a boost in business centered on high-yield assets, restructuring of asset portfolios and intensified fee business. As a result of timely liquidity management for foreign currencies against the tapering of quantitative easing in the U.S., the liquidity rate for overseas branches was maintained at 121%, 7%p from the end of December, 2012.

Stronger Overseas Networks

Starting with the opening of Ruko Union Sub-Branch in PT. Bank Woori Indonesia in January 2013, Woori Bank opened the Sydney branch in Australia, Weihai Branch in China and Uttara Sub-Branch in Bangladesh. This expanded the tapping into emerging countries in Southeast Asia showing a rapid growth momentum. Woori Bank's 64 global networks in 17 countries, as of the end

of 2013, serve as the springboard for customers to make inroads into overseas markets, offering advanced banking services. The Bank acquired the approval from Bank Indonesia on the 33% equity acquisition of Saudara Bank in Indonesia as of the end of December, 2013. Local networks in Indonesia are likely to increase thanks to the merger of Saudara Bank and PT. Bank Woori Indonesia. The Bank is fully committed to completing the 'Pan-Asian Belt' covering an area from China through the Middle East to Southeast Asia, driven by the expansion of promising Southeast Asian networks.

Intensified Management of Overseas Financial Institutions

The Global Business Unit focused on expanding the financing volume through stronger relationships with overseas financial institutions as major financing sources, to allow for the U.S. tapering of quantitative easing. In addition, MOUs signed with prestigious overseas financial institutions enabled the expansion of global business opportunities.

In 2013, strategic business alliances were settled with flagship banks, that is,

Banco Bradesco, ANZ and Emirates NBD in countries where the Bank has already advanced or is expected to advance (i.e. Brazil, Australia and the UAE). This facilitated a stable establishment of newly-formed overseas branches and creation of new business opportunities.

PLANS FOR 2014

The Global Business Unit establishes the basis for long-term growth by fostering local personnel to set up an optimal local business base, and developing IT systems of global standards.

Seeking to deliver profit diversification, the unit focuses on specialized business for each overseas branch, development of localized products and scale-up of fee business. Synergies are generated through intensified aligned business for target customers among domestic and overseas branches. Potentially insolvent loan monitoring and overseas loan reviews will be made more intensive for the sake of sound management. Liquidity management will also take place against the U.S. tapering of quantitative easing as the Bank seeks for continued growth based on stability.



International Trade Business

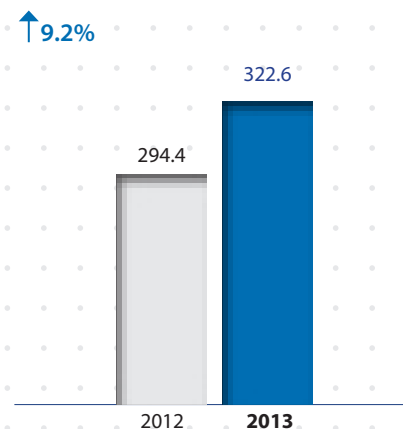
International Trade Business Division is the highest-level division in charge of foreign exchange and trade related services for both retail/ corporate customers in Korea and foreigners. The unit is engaged in setting and supporting Woori Bank's FX and trade related marketing strategies and operates the International Trade Service Center, a BPR(Business Process Reengineering)-specific department to help customers accomplish banking tasks promptly and efficiently.

The Foreign Investment Support Team in charge of consulting for foreign investment was made independent in a unit titled Seoul Global Investment Center so that increases in foreign investment can be quickly responded to.

The unit achieved export/import of USD 322.6 billion along with FX/remittance transfers of USD 106.4 billion in 2013. Based on Woori Bank's Corporate Banking expertise accumulated over the past 115 years through transactions with the largest number of large enterprises, Woori Bank provides consulting on export/import financing and investment.

Total Volume of Export & Import

(Unit: USD billion)



REVIEW OF 2013

In 2013, International Trade Business Division scaled up competitiveness in export/import and FX/remittance transfers by fostering FX specialists and strengthening services. This led to increases in export/import performance of USD 28 billion and increases in FX/remittance transfers of USD 16.3 billion compared to 2012.

Woori Bank enhanced convenience in accessing financial services for foreign workers in Korea by expanding specialized business channels exclusively for them and securing non-face-to-face marketing channels. Woori Bank was designated as the first bank managing foreign currency reserves for the National Pension Fund, one of the top four in the world. The Bank reaffirmed its prestige as a frontier in the FX market, disseminating KRW clearing systems, so as to ensure that KRW becomes a global currency.

Stronger Competitiveness in Export/Import Banking and Money Exchange/Remittance

Leveraging our strength from being Korea's No.1 bank in Corporate Banking, we achieved export/import volume records of USD 322.6 billion in 2013, taking up the market share of 25.6% among Korea's top eight banks.

This was a direct result of our seasoned expertise in corporate financing and in the development of a specialized workforce for the past 115 years.

Woori Bank proactively responded to the new FX market, covering wage remittances of foreign workers, foreigners' investment in domestic capital, and set up money exchange centers in areas highly frequented by tourists from home and abroad. As a result, the volume for money exchange/remittance recorded USD 106.4 billion, that is, 26.3% of the M/S.

Expansion of Channels Specialized for Foreign Workers

In 2013, the International Trade Business Division bolstered customer contact points for FX catering to the customer needs of foreign workers, while raising convenience in transactions by flexibly operating service hours. FX services are even available on the weekends in areas with a high population of foreigners in such locations as Hyehwa-dong, Gwanghi-dong, Changshin-dong and Uijeongbu. Operating hours are stretched to nighttime during a period with a high volume of foreign customers in Pocheon in the northern part of Gyeonggi Province.

Wongok-dong in Ansan in the southern part of Gyeonggi Province even has an FX Remittance Center open to provide specialized services for foreign workers.

As a part of efforts to expand non-face-to-face channels for foreign customers, consulting desks within the call center



exclusive for foreigners scaled up: the mere consulting has been expanded to phone-based overseas remittance service for foreign customers. As the nationalities of foreign workers diversified, available languages for consulting services was raised from three to seven.

Designated as a Bank for Foreign Currency Reserves for the National Pension Fund and Leading International Transactions in KRW

Woori Bank was designated as a bank for foreign currency reserves for the National Pension Fund by partaking in its bidding, starting from the latter half of 2014. As a bank for foreign currency reserves for the National Pension Fund, one of the top four pension funds in the world, Woori Bank will conduct such operations as foreign currency remittances, foreign currency deposit/withdrawal and cash management service. Driven

by the know-how as Korea's first bank for foreign currency reserves for the pension fund, Woori Bank's FX transactions with prestigious pension funds of home and abroad are expected to flourish. 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, Woori Bank 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 the end of 2013, 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 2014

In 2014, the International Trade Business Division aims to foster specialists in inter-

national trade and improve the quality of support for it. Distinctive customer-specific services will be provided in export/import banking services and money transfer/remittance as in 2013, thus expanding the M/S. Services and channels will be further reinforced to cater to foreigners' higher demand for money exchange/remittance. Based on the know-how accumulated by conducting operations as a bank for foreign currency reserves for the National Pension Fund, new high-yield customers will be attracted. Therefore, Woori Bank will reaffirm its presence as a leading bank in FX. New profit sources on FX will continuously be explored by aligning with medical tourism projects for foreigners, facilitating escrow accounts and inducing foreign direct investment.

Financial Market Business

Financial Market Business Unit oversees the bank's treasury, FX, derivatives, and securities investment businesses.

The unit is comprised of four departments. Treasury Department manages the bank-wide Liquidity Trading Department trades currencies and derivatives, Securities Trading Department trades bonds and equities. Settlement Support Department performs the back office and settlement duties.

Active in a wide range of derivatives including interest rates, currencies, equities and commodities, Trading Department is a solid market leader among Korean banks.



REVIEW OF 2013

In 2013, the Financial Market Business Division focused on profitability and liquidity. The division managed NIM by optimizing the loan-deposit ratio and issuing low-cost financial bonds. Bracing for the possible uncertainties in market liquidity as a result of the Fed's tapering expectation, the Bank enhanced funding stability by continuously borrowing cross currencies and issuing private bonds. As a result, the Bank's liquidity ratios in domestic and foreign currencies are well above the regulatory guidelines. 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.

Optimized Liquidity Management

In 2013, the Financial Market Business Division successfully issued KRW 3.78 trillion and KRW 0.85 trillion in senior and subordinated bonds, respectively. In addition, the division issued KRW 0.7 trillion in hybrid bonds, contributing to the stable BIS ratio. In the midst of North Korea missile launches and Fed's tapering plans, the division increased medium-term borrowings and private bonds to prepare for possible foreign currency liquidity risk and rising interest rate environment.

The Bank continued to issue private bonds in cross-foreign currencies such as JPY and THB.

This contributed to stable management of liquidity for foreign currencies by diversifying financing markets and means. Throughout the year, the bank maintained from USD 1.5 to 2.5 billion in liquidity buffer to withstand three months liquidity crisis in an event combined market and bank crisis should arise.

As of the end of 2013, this financing activities resulted in the KRW liquidity ratio of 121 and FC liquidity ratio of 126%.

Strengthening Competitiveness in FX Trading and Derivatives

In 2013, the Financial Market Business Unit strove to strengthen its competitiveness against market volatility.

In FX Trading, Woori Bank has strengthened 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 forecasting market variables, such as domestic and

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.

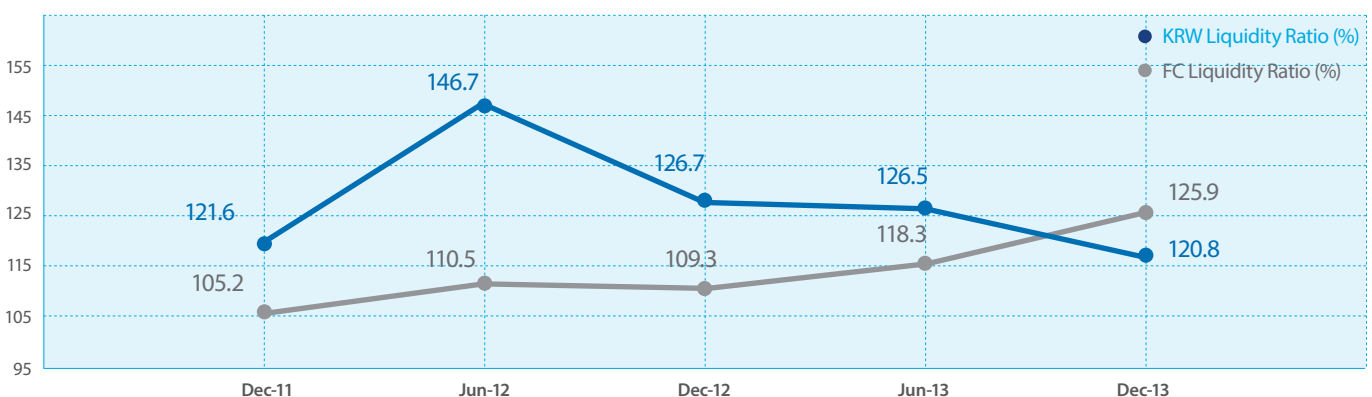
PLANS FOR 2014

In 2014, the Financial Market Business Division will continue to focus on liquidity management and profitability. The Bank plans to issue private bonds before interest rate rises, while increasing the duration for KRW financing for sound liquidity management. Profitability will be managed through controlling in the volume of low yield short-term assets, and increasing of low-cost FC financing means such as FC deposits.

Moreover, utmost attention will be on stable funding ahead of the Bank's privatization and Basel III implementation.

In trading, strategies will be diversified ranging from FX, arbitrage trading on derivatives to hedge trading on currencies and interest rates. The goal is to complete the project to expand the FX and derivative profit base and establish an integrated trading system for the Financial Market Business Division.

Liquidity Ratios



A Sharing Bank



“Hoping for social convergence driven banking that embodies the values of sharing”

“Woori Bank will walk at the forefront in establishing a warm-hearted banking culture that embraces our society.”

Woori Bank will sincerely reinforce a responsible banking practices. Warm-hearted banking is not merely a means to enhance or practice corporate image for a short period of time. It is a mission and direction we should continuously initiate. Differentiated services will be offered through mutual trust with customers. Our bank will implement the ‘Boom-up’ program, a fundamental one to intensify the bank-wide execution capability under the leadership of ‘Consumer Protection Center’ for the first time in the Korean banking industries. Woori Bank will strive to ensure that all employees can embody ‘warm-hearted banking’ as a basic principle in daily operations, and enable our customers to enjoy experiencing our responsible products and services.

Social Contribution Activities

Woori Bank has been aligned with the growth of the country, society and customers for the past 115 years. Despite colonialism and economic troubles, the Bank has practiced the spirit of sharing as a native bank of Korea.

At a time when social roles and responsibilities in banking are spotlighted, humanity, happiness and hopefulness as three missions will be carried out. Diverse social contribution activities unfold under the goals to realize the vision of 'sharing love, and sharing in finance that fosters dreams and hopes.'

Woori Bank's social contributions are not merely one-time events: employees' act of sharing goes on continuously and practically.



MAJOR SOCIAL CONTRIBUTIONS OF WOORI BANK

Woori Happiness Society Program

For sponsoring the underprivileged in community, Woori Bank practices the 'Woori Happiness Society Program.' It is a regular and continuous community-focused volunteering program by signing sisterhood ties with social welfare centers in community and community childcare centers.

Besides such hands-on volunteering activities, children having difficulties in participating in exterior activities during summer and winter holidays are invited to skating competitions and summer camps. In January, a skating competition was held between community childcare centers in the Seoul Plaza installed by Woori Bank in front of the City Hall building. In August, 300 children were invited to a two-day and one-night summer camp for such activities as sphere observation, making T-shirts symbolizing hopefulness and offering of scholarships. In October 2013, the One Company One Village harvesting took place, so agricultural produce that employees harvested were given to 91 community childcare centers and 84 social welfare centers nationwide with which the Bank had signed sisterhood ties.

Hosting the Sports Festival 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 Sports Festival for the Disabled as a responsible bank of sharing.

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 9th anniversary in April 2014 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.

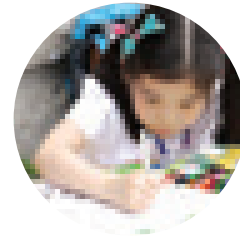
During every opening ceremony, the CEO and the management take part in a commitment event to practice 'Cham(responsible) Keumyung(finance)' by paying tribute to the deceased there.

Woori Art Contest

In 2013, the Woori Art Contest celebrated its 19th anniversary, as Korea's top art contest for artistically inclined children and youth, and a total of 35,000 kindergarden, 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 financial training for the underprivileged.

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.



WOORI FINANCIAL GROUP INITIATING VARIOUS SHARING ACTIVITIES FOR MULTICULTURAL FAMILIES

Woori Financial Group put down KRW 20 billion from all its affiliates in January 2012 to launch a non-profit foundation of the Woori Multicultural Scholarship Foundation (President Lee Soon-woo).

The foundation is engaged in wide-ranging programs to contribute to the development of talent among children of multicultural families and also to social cohesion. Examples are scholarships for multicultural students, support for customized education programs, support for educational facilities and welfare service.

Since its launch, the foundation has doled out scholarships worth KRW 890 million to 1,506 students for six times, ranging from elementary school students supposedly fostering hopes and dreams to college students. Economic and financial training sessions are offered to multicultural families and their children to support their economic activities by enhancing their economic knowledge. Training on finance and money management, meanwhile, is available for married immigrant women.

On December 7, 2013, 'a joint wedding ceremony for multiracial couples' was organized at the auditorium of the head office of Woori Financial Group.

A total of 10 multicultural couples from Vietnam, the Philippines, Japan and China tied the knot. Chairman of Woori Financial Group and president of Woori Multicultural Scholarship Foundation Lee Soon-woo officiated the event with the presence of 300 guests including their families, relatives and others.

Chairman Lee said during his congratulatory speech, "I hope that the newly wed have a happy home, and we will continuously support multicultural families to settle stably in Korea as members of the society through diverse programs."

Woori Financial Group will pour in more efforts to make the world a happy place for everyone including the underprivileged driven by self-esteem and a sense of accountability as a global financial leader. The Group also does the utmost to fulfill its social corporate responsibilities.



Woori Smile Microcredit



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 379

billion in 2013, 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 suffering from high-interest rate loans could make the transition to low-interest loans.

We extended approximately KRW 52.9 billion to 3,868 cases until 2013 through Microcredit services.

In 2013, its business goal is 'Microcredit that makes citizens smile.' Through Microcredit services which approach customers and development of customized products, there was a tremendous increase in the Microcredit extensions. Woori Bank extended approximately KRW 15.6 billion to 1,354 cases in 2013 through Microcredit services (3,868 cases worth KRW 52.9 billion in accumulation). It was not a mere voluntary activity: support has been given so that recipients can become self-sufficient through consulting, microcredit events in the forms of visiting, consulting and extending a helping hand on sites.

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 2014 goal for the Woori Smile Microcredit Bank is 'Microcredit that smiles with dreams and hopes.'

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.

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 2007, 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 2014, 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. The 'Woori Fam-

ily Energy Up' project was designed to facilitate the psychological stability of individuals, which has been positively acclaimed by employees, and also to induce improvement in family relations. The project was to achieve both communication and fun elements among employees. Utmost efforts are made to practice Woori Bank's belief that happiness in staff's family drives the Bank's competitiveness.

'Great Fun! Woori Tong Tong Craft Studio'

'Great Fun! Woori Tong Tong Craft Studio' is a fun program of Woori Bank. It is a new fun program renewed from Woori Bank's iconic workshop program, 'Let's Go! Empathy Expedition Fun Program' that was available for the past two years. Team spirit boosting programs were strengthened this time on top of the existing survival game, rafting, ATV experience and walking on beautiful boulevards. It is a program carried on for two years, and a total of 6,200 participants

have joined in the iconic fun program that transformed the corporate culture in workshops at Woori Bank.

'2014 Art is Tasteful, Pleasing Five Senses'

This is a cultural program to enable employees and their families to enjoy a richer, more leisurely life by giving them a cultural appreciation of art, musicals and classical music and satisfying their thirst for such cultural life. In 2012, they watched Mamma Mia!, a well-known musical, listened to the lecture of art critic Lee, Ju Heon, and visited the exhibition of Louvre Museum. In 2013, they watched Turandot, a world-renowned opera, and went to a special exhibition of Van Gogh along with a lecture. They 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. In 2014, more interesting and fruitful cultural programs will be available. At a



time when the quality of life is ever more spotlighted, '2014 Art is Tasteful, Pleasing Five Senses' is Woori Bank's iconic cultural voucher program that fully reflects this current trend.

Wide-ranging Family Care Programs

Recognizing that the concept of family was confined to employees' children, it was broadened to cover not only children but also their parents and spouses. For the past three years, employees and their families amounting to 8,000 people took part in the 'Family Weekend Journey.' A program for communication and healing among employees and their children was offered along with a surprise school visit program to boost children's morale. Another new program was 'Family Trip with Love for Parents' to rethink the concept of filial piety for parents. Such endeavors drove Woori Bank to establish itself as a company that does the best for family happiness through all-round family care.

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 2013 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 2014

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.

Financial Review

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MANAGEMENT'S DISCUSSION AND ANALYSIS

AS OF DECEMBER 31, 2013 AND 2012 AND JANUARY 1, 2012

The term 'the Bank', as used in this MD&A, refers to Woori Bank, unless otherwise indicated.

Summary of Management Performance

2013 was a year of difficulties in the overall management environment for banks due to domestic and overseas economic slowdown and corporate defaults amid the continuum of uncertainties in the global market, especially, in the U.S. and China. The Bank's total assets carried on a continued growth up to KRW 249,985 billion, up KRW 1,438 billion from the previous year, but the 2013 net income decreased KRW 1,031 billion to KRW 466 billion. This was primarily due to a drop in the net interest margin, reduced gain on sell-off of marketable securities amid the low growth and interest rate in the domestic economy, and higher bad debts expenses as a result of restructuring in large enterprises. 2014 is expected to witness a steady turnaround in the economy at home and abroad, but the financial environment is unlikely to be all that rosy due to delays in turning insolvent companies around, and increases in household debt burdens. Nevertheless, the Bank will secure a stable profit base by focusing on substantial growth driven by high-yield assets, maintaining the net interest margin at an appropriately high level and increasing non-interest income including various fees.

Management Performance

Summarized Consolidated Income Statement

(Unit: KRW Billion)	2013	2012	Change	
			Amount	(%)
Operating income	464	1,451	-987	-68.0
Net interest income	4,420	4,774	-354	-7.4
Net fee income	813	837	-24	-2.9
SG&A Expense	2,679	2,591	88	3.4
Other operating income (expense)	-2,090	-1,569	-521	-33.2
Non-operating income	53	53	-	-
Income before income tax	517	1,504	-987	-65.6
Income tax expense	81	261	-180	-69.0
Profit from continuing operations	436	1,243	-807	-64.9
Profit from discontinued operations	30	253	-223	-88.1
Net income	466	1,496	-1,030	-68.9
Net income attributable to shareholder	465	1,496		
Net income attributable to the non-controlling interest	1	0		

The Bank's net income amounted to KRW 466 billion, down 68.9% from the previous year in 2013. This is mostly attributable to several factors: a drop in interest income of KRW 354 billion due to a continued cut in a Net Interest Margin (NIM) amid the low growth and interest rate; shrinkage in gain on sell-off of marketable securities; and the intensive accumulation of reserves against uncertainties on the economic recovery.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

Interest Income and Expenses

(Unit: KRW Billion)	2013	2012	Amount	Change (%)
Interest Income	9,130	10,511	-1,381	-13.1
Interest on Loans	8,003	9,029	-1,026	-11.4
Interest on Securities	964	1,308	-344	-26.3
Other Interest Income	163	174	-11	-6.3
Interest Expense	4,710	5,737	-1,027	-17.9
Interest on Depository Liabilities	3,646	4,507	-861	-19.1
Interest on Borrowings	692	812	-120	-14.8
Interest on Debentures Issued	237	312	-75	-24.0
Other Interest Expense	135	106	29	27.4
Net Interest Income	4,420	4,774	-354	-7.4

The Bank's 2013 interest income was KRW 4,420 billion, down 7.4% from the previous year. Due to a decreasing trend of the market interest rate, interest income and expense alike went down year-on-year. A drop in interest income resulted from interest rate deduction of loans denominated in domestic currencies, amid increases in new loans to high networth SMEs and public agencies.

The Bank will implement intensive measures to effectively manage profitability and minimize NIM deductions by raising low-cost deposits, improving asset and liability structure, diversifying our portfolios in financing and acquiring assets.

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

(Unit: KRW Billion)	2013	2012	Amount	Change (%)
On Loans	1,998	1,656	342	20.7
Bad Debt Expenses	2,024	1,698	326	19.2
Reversal of Provision for Loan Losses and Receivables	26	42	-16	-38.1
On Provisions	81	-6	87	-1.450.0
Loan Loss Provisions	95	73	22	30.1
Reversal of Provision	14	79	-65	-82.3
Total	2,079	1,650	429	26.0

The Bank's impairment losses in 2013 stood at KRW 2,079 billion, up 26.0% from the previous year. This is attributable to increases in NPLs caused by deterioration of the asset quality of troubled corporates amid the prolonged economic slowdown at home and abroad, and increases in bad debt expenses amid pre-emptive corporate restructuring.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

SG&A Expenses

(Unit: KRW Billion)	2013	2012	Change	
			Amount	(%)
Salaries	1,563	1,487	76	5.1
Salaries for Temporary Employees	1,399	1,343	56	4.2
Retirement Benefits and Termination Benefits	164	144	20	13.9
Depreciation	131	129	2	1.6
General Administrative Expenses	985	975	10	1.0
Rental Expenses	213	204	9	4.4
Computer & Software	242	242	-	-
Others	530	529	1	0.2
Total	2,679	2,591	88	3.4

The Bank's SG&A expenses reached KRW 2,679 billion, up 3.4% year-on-year, nevertheless, the Bank maintains a low level of SG&A ratio (51.3%) compared to other major commercial banks in Korea. Utmost efforts will be implemented to manage adequate SG&A expenses by maintaining a conservative level of salaries, continuing to cut down other expenses, and improving efficiencies in total bank management.

Non-Operating Income

(Unit: KRW Billion)	2013	2012	Change	
			Amount	(%)
Non-Operating Income	170	157	13	8.3
Gain on Valuation of Investment for Associates	31	39	-8	-20.5
Gain on Disposal of Investment in Associates	20	25	-5	-20.0
Rental Income	16	16	-	-
Other Operating Income	103	77	26	33.8
Non-Operating Expense	117	104	13	12.5
Donations	48	63	-15	-23.8
Depreciation in Real Estate Properties	3	3	-	-
Others	66	38	28	73.7
Total Non-Operating Income	53	53	-	-

The Bank's non-operating income in 2013 recorded KRW 53 billion, the same amount as the previous year.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

Summarized Consolidated Financial Statements

(Unit: KRW Billion)	2013	2012	Change	
			Amount	(%)
Assets	249,985	248,547	1,438	0.6
Cash and Cash Equivalents	5,472	4,594	878	19.1
Financial Assets	33,335	39,819	-6,484	-16.3
Loans and Bonds Receivable	207,361	200,208	7,153	3.6
Investment Assets of Related Companies	546	550	-4	-0.7
Other Assets	3,271	3,376	-105	-3.1
Liabilities	231,634	229,952	1,682	0.7
Depository Liabilities	175,209	169,216	5,993	3.5
Borrowings	17,264	17,447	-183	-1.0
Bonds Issued	16,089	17,842	-1,753	-9.8
Other Liabilities	23,072	25,447	-2,375	-9.3
Shareholders' Equity	18,350	18,595	-245	-1.3

The Bank's total assets in 2013 increased to KRW 249,985 billion, up 0.6% or KRW 1,438 billion from the previous year. Despite the spin-off of the credit card division leading to reduction in assets, it was compensated by increases in loans in KRW. As for total liabilities, bond issuance dropped KRW 1,753 billion and other liabilities decreased KRW 2,375 billion. However, depository liabilities went up by KRW 5,993 billion, thus increasing total liabilities by KRW 1,682 billion or 0.7% year-on-year. As for total shareholders' equity, new capital securities worth KRW 700 billion were issued during the same period, but shareholders' equity dropped due to the spin-off of the credit card division, cutting the total volume by 1.3% or KRW 245 billion.

Loans/Depository Liabilities

(Unit: KRW Billion)	2013	2012	Change	
			Amount	(%)
Loans	186,478	175,985	10,493	6.0
Loans in Local Currency	155,918	144,616	11,302	7.8
Loans in Foreign Currencies	9,996	9,505	491	5.2
Domestic Usance Bills	4,958	4,893	65	1.3
Credit Card Receivables	5	4,117	-4,112	-99.9
Bills Bought in Foreign Currency	4,235	4,129	106	2.6
Others	14,525	11,691	2,834	24.2
(Provisions for Bad Debts)	-3,159	-2,966	193	6.5
Depository Liabilities	175,209	169,216	5,993	3.5
Depository Liabilities in Local Currency	159,670	152,558	7,112	4.7
CD	3,297	1,144	2,153	188.2
Other Deposits	-	4,459	-4,459	-100.0
Depository Liabilities in Foreign Currencies	12,284	11,065	1,219	11.0
(Present Value Discount Account)	-42	-10	32	320.0

The Bank's loans in 2013 went up KRW 10,493 billion, that is, 6.0% from the previous year. This is mainly because loans in KRW went up 7.8%, or KRW 11,302 billion due to scale-up of new loans to high networth SMEs, and public agencies, but credit card receivables, as a result of the spin-off, went down by KRW 4,112 billion.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

Asset Quality

(Unit: %)	2013	2012	Change (%p)
NPL Ratio	2.99	1.66	1.33
NPL Coverage Ratio	82.27	146.92	△64.65
Delinquency Rate	1.14	1.20	△0.06

The volume of NPLs increased in 2013 due to asset quality deterioration of corporates such as STX Group and Ssangyong Engineering & Construction. Moreover, as more stringent loan classification standards were applied (guided by FSS) especially in shipbuilding industries than the previous year, the NPL ratio increased to 2.99%, up 1.33%p from the previous year, and the NPL Coverage ratio decreased.

Capital Adequacy

(Unit: KRW Billion)	2013	2012	Change
BIS Equity Capital	20,382	20,504	△122
Risk Weighted Assets (RWA)	131,313	139,532	△8,219
BIS Ratio	15.52%	14.70%	0.82%p
Tier 1	12.68%	11.35%	1.33%p

The credit card division spin-off dropped both shareholders' equity and Risk Weighted Assets (RWA). BIS Equity Capital dropped KRW 122 billion year-on-year due to additional issuance of hybrid Tier 1, while RWA decreased KRW 8,219 billion year-on-year, raising the BIS ratio by 0.82%p year-on-year to 15.52%, and thus improving the overall capital adequacy level.

Key Performance Indicators

(Unit: %)	2013	2012	Change (%p)
Return on Assets (ROA)	0.22	0.49	△0.27
Return on Equity (ROE)	2.93	6.89	△3.96
Net Interest Spread (NIS) in KRW	2.24	2.85	△0.61
Net Interest Margin (NIM)	1.82	2.35	△0.53

The environment for managing banks in 2013 faltered with weaker profitability and asset quality due to delays in economic improvement at home and abroad. Income plummeted as a result of shrinkage in interest income, reduction of gains from selling of securities, and accumulation of reserves under the application of more stringent asset quality standards. As a result, the Return on Assets (ROA) and Return on Equity (ROE) dropped 0.27%p and 3.96%p, respectively from the previous year. Moreover, Net Interest Margin (NIM) dropped 0.53% year-on-year to 1.82% as a result of interest income reduction caused by low interest rate environment and spin-off of credit card division.

WOORI FINANCE HOLDINGS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS OF DECEMBER 31, 2013 AND 2012 AND JANUARY 1, 2012

	December 31, 2013	December 31, 2012	January 1, 2012
	(Korean Won in millions)		
ASSETS			
Cash and cash equivalents	5,477,649	5,778,390	6,417,964
Financial assets at fair value through profit or loss	4,806,197	27,352,216	26,844,973
Available-for-sale financial assets	17,085,448	18,888,923	19,698,348
Held-to-maturity financial assets	12,038,820	18,684,801	20,036,128
Loans and receivables	211,912,373	250,275,551	235,317,520
Investments in joint ventures and associates	617,570	1,037,930	928,233
Investment properties	340,620	491,685	498,999
Premises and equipment	2,536,441	3,185,543	3,134,472
Intangible assets and goodwill	268,926	433,407	447,891
Assets held for sale	587	83,347	56,243
Current tax assets	143,101	38,667	57,512
Deferred tax assets	155,256	155,439	79,505
Derivative assets	131,410	281,069	326,840
Other assets	178,886	414,846	377,062
Disposal group held for sale (Note 1)	34,684,805	-	-
Disposal group held for distribution to owners (Note 2)	50,312,293	-	-
Total assets	<u>340,690,382</u>	<u>327,101,814</u>	<u>314,221,690</u>
LIABILITIES			
Financial liabilities at fair value through profit or loss	2,507,248	10,985,765	9,621,546
Deposits due to customers	175,323,644	204,209,580	197,378,565
Borrowings	18,231,511	33,479,716	34,667,740
Debentures	21,677,674	27,959,969	29,265,833
Provisions	684,799	863,658	892,308
Net defined benefit liability	71,602	166,296	119,704
Current tax liabilities	9,980	178,791	274,257
Deferred tax liabilities	49,105	134,481	270,033
Derivative liabilities	1,785	38,000	33,493
Other financial liabilities	19,914,947	25,544,410	19,023,665
Other liabilities	411,278	508,072	570,038
Liabilities directly associated with disposal group held for sale (Note 1)	32,047,626	-	-
Liabilities directly associated with disposal group held for distribution to owners (Note 2)	46,882,414	-	-
Total liabilities	<u>317,813,613</u>	<u>304,068,738</u>	<u>292,117,182</u>
EQUITY			
Owners' equity:	17,847,633	18,695,919	17,555,085
Capital stock	4,030,077	4,030,077	4,030,077
Hybrid securities	498,407	498,407	309,010
Capital surplus	176,502	174,044	175,768
Other equity	(35,367)	112,013	563,074
Retained earnings	13,112,690	13,881,378	12,477,156
Equity directly associated with disposal group held for sale	29,820	-	-
Equity directly associated with disposal group held for distribution to owners	35,504	-	-
Non-controlling interests	5,029,136	4,337,157	4,549,423
Total equity	<u>22,876,769</u>	<u>23,033,076</u>	<u>22,104,508</u>
Total liabilities and equity	<u>340,690,382</u>	<u>327,101,814</u>	<u>314,221,690</u>

WOORI FINANCE HOLDINGS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013	2012
	(Korean Won in millions, except per share data)	
Interest income	9,493,383	10,891,241
Interest expense	(5,001,361)	(6,043,341)
Net interest income	4,492,022	4,847,900
Fees and commissions income	1,565,224	1,686,885
Fees and commissions expense	(638,723)	(497,535)
Net fees and commissions income	926,501	1,189,350
Dividend income	87,641	101,063
Net gain (loss) on financial instruments at fair value through profit or loss	123,900	(364,894)
Net gain (loss) on available-for-sale financial assets	(85,242)	533,148
Impairment losses due to credit loss	(2,277,260)	(1,799,029)
Other net operating expenses	(3,027,995)	(2,958,031)
Operating income	239,567	1,549,507
Share of profits (losses) of joint ventures and associates	(1,277)	44,515
Other net non-operating income	49,377	43,898
Non-operating income	48,100	88,413
Net income before income tax expense	287,667	1,637,920
Income tax expense	(35,096)	(356,840)
Net income from continuing operations	252,571	1,281,080
Net income (loss) from discontinued operations	(966,006)	566,599
Net income (loss)	(713,435)	1,847,679
Remeasurement of the net defined benefit liability	9,217	(51,297)
Items that will not be reclassified to profit or loss	9,217	(51,297)
Loss on available-for-sale financial assets	(50,953)	(349,481)
Share of other comprehensive income (loss) of joint ventures and associates	(6,375)	56,855
Loss on foreign currency translation of foreign operations	(59,824)	(107,509)
Gain (loss) on valuation of cash flow hedge	(2,412)	13,091
Items that may be reclassified to profit or loss	(119,564)	(387,044)
Other comprehensive loss, net of tax	(110,347)	(438,341)
Total comprehensive income (loss)	(823,782)	1,409,338
Net income attributable to:		
Net income (loss) attributable to owners	(537,688)	1,633,341
Income from continuing operations	162,011	1,164,431
Income (loss) from discontinued operations (Note 1, 2)	(699,699)	468,910
Net income (loss) attributable to non-controlling interests	(175,747)	214,338
Income from continuing operations	90,560	116,649
Income (loss) from discontinued operations (Note 1, 2)	(266,307)	97,689
Total comprehensive income attributable to:		
Comprehensive income (loss) attributable to owners	(623,695)	1,176,805
Comprehensive income (loss) attributable to non-controlling interests	(200,087)	232,533
Basic and diluted earnings (losses) from continuing and discontinued operations per share	(704)	1,993
Basic and diluted earnings from continuing operations per share	165	1,411

Note 1) Disposal group held for sale and net income (loss) from discontinued operations

In accordance with Public Funds Oversight Committee's plan of the privatisation of Woori Finance Holdings Co., Ltd. on 26 June 2013, the Parent company announced the sales plan of Woori Investment Securities Co., Ltd, Woori Financial Co., Ltd., Woori F&I Co., Ltd., Woori Asset Management Co., Ltd., Woori Aviva Life Insurance and Woori Savings Bank on August 16, 2013. During December 2013, the Parent company selected the preferred potential buyers, and the negotiation to reach at the final agreement for the deal is still ongoing at the end of 2013. Therefore, the Parent company classified the related assets and liabilities of Woori Investment Securities Co., Ltd, Woori Financial Co., Ltd., Woori F&I Co., Ltd., Woori Asset Management Co., Ltd., Woori Aviva Life Insurance and Woori Savings Bank into disposal group held for sale and presented net income (loss) from discontinued operations as at the end of 2013. In addition, the comparative consolidated states of comprehensive income for the year ended December 31, 2012 was restated accordingly.

The Group measured a disposal group as held for sale at the lower of its carrying amount and the net fair value and the impairment loss on disposal group held for sale was recognized 793,108 million Won and was included in income (loss) from discontinued operations of comprehensive income for the year ended December 31, 2013.

Note 2) Disposal group held for distribution to owners and net income (loss) from discontinued operations

In accordance with Public Funds Oversight Committee's plan of the privatisation of Woori Finance Holdings Co., Ltd. on 26 June 2013, the Board of Directors of the Parent company approved the plan of demerger of Kyongnam Bank Co., Ltd. and Kwangju Bank Co., Ltd. on August 27, 2013. The demerger is to take place through distributing of the shares of newly established holding companies, which are receiving the investments in Kyongnam Bank Co., Ltd. and Kwangju Bank Co., Ltd., to the shareholders of the Parent company and it is scheduled to be effective on May 1, 2014 in accordance with the plan. Therefore, the Parent company classified the related assets and liabilities of Kyongnam Bank Co., Ltd. and Kwangju Bank Co., Ltd. into disposal group held for distribution to owners as at the end of 2013.

The impairment loss on disposal group held for distribution to owners is recognized 40,658 million Won the year ended December 31, 2013.

INDEPENDENT AUDITORS' REPORT

Deloitte.

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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, 2013 and December 31, 2012 and January 1, 2012, 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, 2013 and 2012, 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, 2013 and December 31, 2012 and January 1, 2012, respectively, and the results of its operations and its cash flows for the years ended December 31, 2013 and 2012, 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.

As the other matter that does not have any impact on our audit opinion, as described in Note 2, the Group applied the new accounting standards, which have been adopted for 2013, including K-IFRS 1110 – "Consolidated Financial Statements", retrospectively, and therefore the accompanying comparative consolidated financial statements were restated, accordingly.

Deloitte Anjin LLC

March 3, 2014

Notice to Readers

This report is effective as of March 3, 2014, 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 in modifications to the auditors' report.

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WOORI BANK AND SUBSIDIARIES

WOORI BANK AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2013 AND 2012, AND JANUARY 1, 2012
AND FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

The accompanying consolidated financial statements including all footnote disclosures were prepared by and are the responsibility of the management of the Group.

Soon Woo Lee
Chairman and Chief Executive Officer

WOORI BANK AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS OF DECEMBER 31, 2013 AND 2012 AND JANUARY 1, 2012

	Korean Won		
	December 31, 2013	December 31, 2012	January 1, 2012
<u>ASSETS</u>	(In millions)		
Cash and cash equivalents (Note 6)	5,472,425	4,593,736	5,390,108
Financial assets at fair value through profit or loss (Notes 7, 11 and 19)	4,398,132	10,989,236	12,498,726
Available-for-sale financial assets (Notes 8, 11 and 19)	16,897,731	14,488,547	14,682,791
Held-to-maturity financial assets (Notes 9, 11 and 19)	12,038,820	14,341,506	15,400,425
Loans and receivables (Notes 10, 11 and 19, 45)	207,360,680	200,208,325	192,048,328
Investments in associates (Note 13)	546,188	550,332	376,337
Investment properties (Note 14)	333,834	346,182	349,459
Premises and equipment, net (Note 15)	2,369,213	2,385,680	2,345,960
Intangible assets, net (Note 16)	76,016	108,920	147,387
Other assets (Note 17)	161,258	178,592	225,532
Current tax assets (Note 42)	136,713	2,354	3,082
Deferred tax assets (Note 42)	61,764	82,580	8,927
Derivative assets (Notes 11 and 26)	131,410	269,414	326,413
Assets held-for-sale (Note 18)	587	1,239	2,258
Total assets	<u>249,984,771</u>	<u>248,546,643</u>	<u>243,805,733</u>
<u>LIABILITIES</u>			
Financial liabilities at fair value through profit or loss (Notes 11 and 20)	2,631,037	3,468,696	3,509,566
Deposits due to customers (Notes 11, 21 and 45)	175,209,309	169,216,255	165,453,124
Borrowings (Notes 11 and 22)	17,264,362	17,446,930	19,175,674
Debentures (Notes 11 and 22)	16,088,973	17,841,978	19,811,813
Provisions (Note 23)	618,225	579,441	585,384
Net defined benefit liabilities (Note 24)	39,370	65,937	22,227
Current tax liabilities	8,889	136,517	206,366
Other financial liabilities (Notes 11 and 25)	19,401,628	20,771,744	16,281,271
Other liabilities (Notes 25 and 45)	322,932	383,678	444,551
Deferred tax liabilities	45,274	16,699	135,441
Derivative liabilities (Notes 11 and 26)	4,441	23,827	25,582
Total liabilities	<u>231,634,440</u>	<u>229,951,702</u>	<u>225,650,999</u>

(Continued)

WOORI BANK AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

AS OF DECEMBER 31, 2013 AND DECEMBER 31, 2012

	Korean Won		
	December 31, 2013	December 31, 2012	January 1, 2012
	(In millions)		
<u>EQUITY</u>			
OWNER'S EQUITY			
Capital stock (Note 28)	2,983,452	3,829,783	3,829,783
Hybrid equity securities (Note 28)	2,380,797	1,681,807	1,681,807
Capital surplus (Note 28)	734,671	812,016	812,016
Other equity (Note 29)	5,483	68,570	524,202
Retained earnings (Note 30)			
(Regulatory reserve for credit loss as of December 31, 2013, December 31, 2012 and January 1, 2012 is ₩1,384,199 million, ₩1,123,866 million and nil, respectively			
Unreserved regulatory reserve for credit loss as of December 31, 2013, December 31, 2012 and January 1, 2012 is nil			
Regulatory reserve for credit loss to be reversed (reserved) as of December 31, 2013, December 31, 2012 and January 1, 2012 is ₩133,862 million, ₩ (-)260,333million and ₩ (-)1,123,866 million, respectively			
Planned reversal(provision) of regulatory reserve for credit loss as of December 31, 2013, December 31, 2012 and January 1, 2012 is ₩133,862 million, ₩ (-)260,333million and ₩ (-)1,123,866 million, respectively			
(Note 31)	12,239,195	12,195,154	11,298,984
	<u>18,343,598</u>	<u>18,587,330</u>	<u>18,146,792</u>
NON-CONTROLLING INTERESTS	<u>6,733</u>	<u>7,611</u>	<u>7,942</u>
Total equity	<u>18,350,331</u>	<u>18,594,941</u>	<u>18,154,734</u>
Total liabilities and equity	<u>249,984,771</u>	<u>248,546,643</u>	<u>243,805,733</u>

See accompanying notes to consolidated financial statements.

WOORI BANK AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	Korean Won	
	2013	2012
	(In millions, except for income per share amount)	
OPERATING INCOME		
Net interest income (Notes 33 and 45):		
Interest income	9,130,333	10,510,967
Interest expense	(4,710,456)	(5,736,548)
	<u>4,419,877</u>	<u>4,774,419</u>
Net fees and commissions income (Notes 34 and 45):		
Fees and commissions income	974,560	984,435
Fees and commissions expense	(161,395)	(147,316)
	<u>813,165</u>	<u>837,119</u>
Dividend income (Notes 35 and 45)	79,904	91,513
Gain (loss) on financial instruments at fair value through profit or loss (Note 36)	122,179	(360,939)
Gain (loss) on available-for-sale financial assets (Note 37)	(80,165)	548,674
Impairment losses for loans, other receivables, guarantees and unused commitments (Notes 39 and 45)	(2,079,608)	(1,649,251)
General and administrative expenses (Note 40) :	(2,679,026)	(2,590,787)
Net other operating income (expenses) (Notes 40 and 45)	<u>(131,894)</u>	<u>(199,296)</u>
	464,432	1,451,452
NON-OPERATING INCOME		
Share of profits (losses) of associates (Notes 13 and 41):	2,340	27,426
Other non-operating income (Note 41)	51,056	25,696
	<u>53,396</u>	<u>53,122</u>
NET INCOME BEFORE INCOME TAX EXPENSE	<u>517,828</u>	<u>1,504,574</u>
INCOME TAX EXPENSE (Note 42)	<u>(81,030)</u>	<u>(260,713)</u>
PROFIT FROM CONTINUING OPERATIONS	<u>436,798</u>	<u>1,243,861</u>
PROFIT FROM DISCONTINUED OPERATIONS (Note 46)	<u>29,476</u>	<u>253,056</u>
NET INCOME (Note 31)		
(Net income after the provision(reversal) of regulatory reserve for credit loss for the years ended December 31, 2013 and 2012 are ₩600,136 million and ₩1,236,584 million, respectively)	<u>466,274</u>	<u>1,496,917</u>

(Continued)

WOORI BANK AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (CONTINUED)

FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	Korean Won	
	2013	2012
	(In millions, except for income per share amount)	
Net income attributable to the owner		
Profit from continuing operations	435,790	1,243,190
Profit from discontinued operations	29,476	253,056
	465,266	1,496,246
Net income attributable to the non-controlling interests		
Profit from continuing operations	1,008	671
Profit from discontinued operations	-	-
	1,008	671
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX		
Items that are not reclassified as profit or loss		
Re-measurement of defined benefit plans	6,877	(48,826)
Items that are reclassified as profit or loss		
Loss on valuation of available-for-sale financial assets	(20,167)	(334,889)
Share of other comprehensive income (loss) on investments in associates	1,055	1,210
Loss on overseas business translation	(54,185)	(75,114)
Gain on valuation of cash flow hedge	1,447	983
	(64,973)	(456,636)
TOTAL COMPREHENSIVE INCOME	401,301	1,040,281
Comprehensive income attribute to the owner	402,180	1,040,613
Comprehensive income attribute to the non-controlling interests	(879)	(332)
NET INCOME PER SHARE: (In Korean Won) (Note 43)		
Continuing and discontinued operations		
Basic earnings per common share	539	1,895
Diluted earnings per common share	516	1,795
Continuing operations		
Basic earnings per common share	490	1,532
Diluted earnings per common share	470	1,465

See accompanying notes to consolidated financial statements.

WOORI BANK AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

(Unit: Korean Won in millions)

	Capital stock	Hybrid equity securities	Capital surplus	Other equity					Retained earnings	Total owner's equity	Non-controlling interests	Total equity	
				Gain (loss) on valuation of available-for-sale financial assets	Gain (loss) on valuation of cash flow risk hedge	Gain (loss) on overseas business translation	Share of other comprehensive loss of associates	Re-measurement component of defined benefit					Others
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
Effect of changes in accounting policy	-	-	-	(763)	-	-	-	(13,420)	-	42,777	28,594	-	28,594
January 1, 2012 (Restated)	3,829,783	1,681,807	812,016	542,665	(2,430)	(1,120)	(1,491)	(13,420)	(2)	11,298,984	18,146,792	7,942	18,154,734
Dividends	-	-	-	-	-	-	-	-	-	(600,075)	(600,075)	-	(600,075)
Net income	-	-	-	-	-	-	-	-	-	1,496,246	1,496,246	671	1,496,917
Valuation of available-for-sale financial assets	-	-	-	(334,889)	-	-	-	-	-	-	(334,889)	-	(334,889)
Valuation of investments in associates	-	-	-	-	-	-	1,210	-	-	-	1,210	-	1,210
Translation of overseas business	-	-	-	-	-	(74,112)	-	-	1	-	(74,111)	(1,002)	(75,113)
Cash flow hedge	-	-	-	-	983	-	-	-	-	-	983	-	983
Actuarial loss and others	-	-	-	-	-	-	-	(48,826)	-	-	(48,826)	-	(48,826)
Others	-	-	-	-	-	-	-	-	1	(1)	-	-	-
Balance as of December 31, 2012	3,829,783	1,681,807	812,016	207,776	(1,447)	(75,232)	(281)	(62,246)	-	12,195,154	18,587,330	7,611	18,594,941
January 1, 2013	3,829,783	1,681,807	812,016	207,776	(1,447)	(75,232)	(281)	(62,246)	-	12,195,154	18,587,330	7,611	18,594,941
Dividends	-	-	-	-	-	-	-	-	-	(309,478)	(309,478)	-	(309,478)
Net income	-	-	-	-	-	-	-	-	-	465,266	465,266	1,008	466,274
Valuation of available-for-sale financial assets	-	-	-	(5,370)	-	-	-	-	-	-	(5,370)	-	(5,370)
Valuation of investments in associates	-	-	-	-	-	-	1,055	-	-	-	1,055	-	1,055
Translation of overseas business	-	-	-	-	-	(52,299)	-	-	-	-	(52,299)	(1,886)	(54,185)
Cash flow hedge	-	-	-	-	1,447	-	-	-	-	-	1,447	-	1,447
Actuarial gain	-	-	-	-	-	-	-	6,657	-	-	6,657	-	6,657
Issuance of hybrid equity securities	-	698,990	-	-	-	-	-	-	-	-	698,990	-	698,990
Credit card division spin-off	(846,331)	-	(77,345)	(14,797)	-	-	-	220	-	(111,747)	(1,050,000)	-	(1,050,000)
Balance as of December 31, 2013	2,983,452	2,380,797	734,671	187,609	-	(127,531)	774	(55,369)	-	12,239,195	18,343,598	6,733	18,350,331

See accompanying notes to consolidated financial statements

WOORI BANK AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	Korean Won	
	2013	2012
	(In millions)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	466,274	1,496,917
Adjustment to net income:		
Interest income	(9,352,343)	(11,487,893)
Interest expense	4,741,108	5,853,428
Dividend income	(84,140)	(94,847)
Income tax expense	90,441	341,504
	<u>(4,604,934)</u>	<u>(5,387,808)</u>
Additions of expenses not involving cash outflows:		
Loss on available-for-sale financial assets	79,138	-
Impairment loss for loans, other receivables, guarantees and unused commitments	2,106,423	1,798,296
Retirement benefits	109,059	88,505
Loss on derivatives for hedging	119,776	49,956
Loss on fair value hedged items	13,505	43,817
Loss on investments in associates	28,730	11,389
Loss on disposals of investments in associates	4,464	167
Loss on disposals of premises and equipment, intangible assets and investment properties	642	346
Depreciation and amortization of premises and equipment, intangible assets and investment properties	135,547	135,406
Impairment loss on premises and equipment, intangible assets and investment properties	943	1,942
Loss on other provisions	31,577	26,509
	<u>2,629,804</u>	<u>2,156,333</u>
Deductions of revenue not involving cash inflows:		
Gain on available-for-sale financial assets	-	552,788
Gain on derivatives for hedging	11,487	39,232
Gain on fair value hedged items	127,558	43,879
Gain on valuation of investments in associates	31,070	38,815
Gain on disposals of investments in associates	19,974	25,102
Gain on disposals of premises and equipment, intangible assets and investment properties	8,717	1,549
Reversal of impairment loss on premises and equipment, intangible assets and other assets	46	356
Gain on other provisions	100	3,141
	<u>198,952</u>	<u>704,862</u>

(Continued)

WOORI BANK AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	Korean Won	
	2013	2012
	(In millions)	
Changes in operating assets and liabilities:		
Financial instruments at fair value through profit or loss	5,753,435	1,469,108
Loans and receivables	(12,931,478)	(9,255,181)
Other assets	15,445	33,956
Deposits due to customers	5,983,537	3,760,354
Provisions	(132,974)	(143,743)
Other financial liabilities	(697,766)	4,477,279
Other liabilities	13,771	(12,817)
	<u>(1,996,030)</u>	<u>328,956</u>
Interest income received	9,291,048	11,553,329
Interest expense paid	(5,026,518)	(5,870,170)
Dividend received	84,051	94,848
Income taxes paid	(357,914)	(444,888)
Net cash provided by operating activities	<u>286,829</u>	<u>3,222,655</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash in-flows from investing activities:		
Disposals of available-for-sale financial assets	20,561,098	17,389,744
Repayment of held-to-maturity financial assets	5,620,597	9,795,378
Disposals of investments in associates	77,397	15,171
Disposals of investment properties	5,212	-
Disposals of premises and equipment	12,547	7,539
Disposals of intangible assets	3,233	566
Disposals of assets held-for-sale	7,258	1,725
Increase in hedging derivative contract	2,830	-
	<u>26,290,172</u>	<u>27,210,123</u>
Cash out-flows from investing activities:		
Acquisitions of available-for-sale financial assets	22,942,791	17,518,312
Acquisitions of held-to-maturity financial assets	3,485,227	9,024,781
Acquisitions of investments in associates	-	59,918
Acquisitions of premises and equipment	76,606	131,850
Acquisitions of intangible assets	18,713	9,423
Decrease in hedging derivative contracts	3,467	1,936
Cash out-flows from credit card division spin-off	375,175	-
	<u>26,901,979</u>	<u>26,746,220</u>
Net cash provided by (used in) investing activities	<u>(611,807)</u>	<u>463,903</u>

(Continued)

WOORI BANK AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	Korean Won	
	2013	2012
	(In millions)	
CASH FLOWS FROM FINANCING ACTIVITIES:		
Cash in-flows from financing activities:		
Increase in borrowings	4,708,252	3,977,649
Issuance of debentures	6,024,668	5,390,611
Issuance of hybrid equity securities	698,990	-
	<u>11,431,910</u>	<u>9,368,260</u>
Cash out-flows from financing activities:		
Repayment of borrowings	4,891,147	5,707,281
Repayment of debentures	4,940,464	7,367,677
Dividends paid	304,428	609,251
	<u>10,136,039</u>	<u>13,684,209</u>
Net cash provided by (used in) financing activities	<u>1,295,871</u>	<u>(4,315,949)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>(92,204)</u>	<u>(166,981)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	878,689	(796,372)
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR (Note 6)	<u>4,593,736</u>	<u>5,390,108</u>
CASH AND CASH EQUIVALENTS, END OF THE YEAR (Note 6)	<u>5,472,425</u>	<u>4,593,736</u>

See accompanying notes to consolidated financial statements.

WOORI BANK AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

I. GENERAL

(1) The Parent Company

Woori Bank (hereafter referred to as, the “Bank” or the “Company” or the “Parent Company”), which is the parent company in accordance with Korean International Financial Reporting Standards (“K-IFRS”) 1110 – Consolidated Financial Statements 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, 2013. The Bank’s common stock amount, expressed in Korean Won (the “KRW” or “₩”), to ₩2,983,452 million and the Bank’s common shares issued and outstanding as of December 31, 2013 are 597 million shares. The head office of the Group is located in Seoul, Korea. The Bank has 989 branches and offices in the Republic of Korea (“Korea”), and 17 branches and offices overseas.

(2) Subsidiaries

- 1) The consolidated 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 millions):

Subsidiaries	Location	Capital stock	Main Business	December 31, 2013		Financial statements as of
				Number of shares owned	Percentage of ownership (%)	
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	Hong Kong	USD 100,000	Banking	78,000,000	100.0	December 31
Woori Bank China Limited	China	USD 308,810	Banking	-	100.0	December 31
ZAO Woori Bank	Russia	RUB 14.5	Banking	57,999,999	100.0	December 31
Woori Brazil Bank	Brazil	BRL 7,709	Banking	77,094,000	100.0	December 31
Korea BTL Infrastructure Fund	Korea	KRW 644,300	Financial service	128,858,939	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, 2012		Financial statements as of
				Number of shares owned	Percentage of ownership (%)	
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	Hong Kong	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
Woori Brazil Bank	Brazil	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

- 2) For structured entities in accordance with K-IFRS 1110 and K-IFRS 1112, entities on which the Group has control, when the Group is exposed, or has rights, to variable returns for its involvement with the entities and has the ability to affect those returns through its power over the entities, are included in the consolidation scope.

Details of special purposes entities (“SPEs”) under the consolidation scope as of December 31, 2013 are as follows:

Subsidiaries	Location	Main business	Percentage of ownership (%)	Financial statements as of
Structured entities for asset securitization(*1)				
Kumho Trust 1 st Co., Ltd.	Korea	Asset Securitization	0.0	December 31
Woori IB Global Bond Co., Ltd.	Korea	"	0.0	December 31
Asiana Saigon Inc.	Korea	"	0.0	December 31
An-Dong Raja 1 st Co., Ltd.	Korea	"	0.0	December 31
KAMCO Value Recreation 1 st Securitization Specialty LLC.	Korea	"	15.0	December 31
Hermes STX LLC.	Korea	"	0.0	December 31
BWL 1 st Co., LLC.	Korea	"	0.0	December 31
Consus 8 th Co., LLC.	Korea	"	0.0	December 31
Woori Pungsan Inc.	Korea	"	0.0	December 31
Pyeongtaek Ocean Sand Inc.	Korea	"	0.0	December 31
Deogi Dream 4 th Co., Ltd.	Korea	"	0.0	December 31
Guam Emerald LLC.	Korea	"	0.0	December 31
Jeonju iwant LLC.	Korea	"	0.0	December 31
Wonju iwant LLC.	Korea	"	0.0	December 31
Height 3 rd Co., LLC.	Korea	"	0.0	December 31
W-synergy 1 st Co., Ltd.	Korea	"	0.0	December 31
Money Trust by Trust Business Act(*2)				
Woori Bank Principal Guaranteed Trust and Woori Bank Principal and Interest Guaranteed Trust	Korea	Trust	0.0	December 31
Structured entities for investing in securities				
Haoreum Short-term Bond 15 th	Korea	Securities investment	100.0	December 31
G5 Pro Short-term 13 th	Korea	"	100.0	December 31
G6 First Class Mid-term E-20	Korea	"	100.0	December 31
G15 First Class Mid-term C-1	Korea	"	100.0	December 31
D First Class Mid-term C-151	Korea	"	100.0	December 31
Woori Milestone Private Real Estate Fund 1 st	Korea	"	94.8	December 31
Consus Sakhalin Real Estate Investment Trust 1 st	Korea	"	75.0	December 31
Woori Partner Plus Private Equity Securities 4 th	Korea	"	100.0	December 31
Hyundai Platinum Private Equity Securities W-2	Korea	"	100.0	December 31
KTBSafe Private Investment Trust 77 th	Korea	"	100.0	December 31
Woori Partner Plus Private Equity Securities 12 th	Korea	"	100.0	December 31
KDB Private Equity Securities Investment Trust WB 5 th	Korea	"	100.0	December 31
Shinhan BNPP Corporate Private Investment Trust 27 th	Korea	"	100.0	December 31
Yurie WB Private Investment Trust 6 th	Korea	"	100.0	December 31
Kyobo Axa Tomorrow Private Trust 25 th	Korea	"	100.0	December 31
Mirae Asset Triumph Private Securities 15 th	Korea	"	100.0	December 31
Yurie WB Private Investment Trust 6 th	Korea	"	100.0	December 31
Meritz Prime Private Trust 93 th	Korea	"	100.0	December 31
Kyobo Axa Tomorrow Private Trust 26 th	Korea	"	100.0	December 31
Mirae Asset Triumph Private Securities 17 th	Korea	"	100.0	December 31
Hanwha Private Investment Trust 57 th	Korea	"	100.0	December 31
Hyundai Platinum Private Equity Securities W-3 rd	Korea	"	100.0	December 31
Phoenix Sky Private Equity Securities 15 th	Korea	"	100.0	December 31
Samsung Plus Private Equity Securities 24 th	Korea	"	100.0	December 31
HDC Hanwha Private Investment Trust 10 th	Korea	"	100.0	December 31
ING lion Private Equity Securities 47 th	Korea	"	100.0	December 31
Meritz Prime Private Trust 95 th	Korea	"	100.0	December 31
LS leading solution Private Equity Securities 126 th	Korea	"	100.0	December 31
Shinhan BNPP Corporate Private Equity Securities 32 nd	Korea	"	100.0	December 31
Hyundai advantage Private Equity Securities 17 th	Korea	"	100.0	December 31
Mirae asset triumph Private Equity Securities 21 st	Korea	"	100.0	December 31
HDC Hanwha Private Investment Trust 11 th	Korea	"	100.0	December 31

Subsidiaries	Location	Main business	Percentage of ownership (%)	Financial statements as of
Woori Partner Plus Private Equity Securities 13 th	Korea	"	100.0	December 31
Hi-good choice Equity Securities Investment Trust 8 th	Korea	"	100.0	December 31
Samsung alpha club multi long-short Private 2 nd	Korea	"	100.0	December 31
Truston Equity Securities Investment Trust 13 th	Korea	"	100.0	December 31
Phoenix Sky Private Equity Securities 16 th	Korea	"	100.0	December 31
Hanwha Private Investment Trust 65 th	Korea	"	100.0	December 31
Hanwha Private Equity Securities 67 th	Korea	"	100.0	December 31

- (*1) It is determined that the Group controls the entity after considering facts and circumstances, such as the Group's power over the entity's related business activities, the Group's exposure to variable returns from its involvement with the entity, and the Group's ability to affect the returns through its power over the entity, even if the Group has less than 50% ownership of the entity.
- (*2) The entity is a money trust that was established in accordance with the Trust Business Act. It is determined that the Group controls the trust after considering facts and circumstances, such as the Group's power over the trust's related business activities, the Group's exposure to variable returns from the its involvement with the trust, and the Group's ability to affect the returns through its power over the trust.

Details of special purposes entities (“SPEs”) under the consolidation scope as of December 31, 2013 are as follows:

Subsidiaries	Location	Main business	Percentage of ownership (%)	Financial statements as of
Structured entities for asset securitization(*1)				
Kumho Trust 1 st Co., Ltd.	Korea	Asset Securitization	0.0	December 31
Woori IB Global Bond Co., Ltd.	Korea	"	0.0	December 31
Asiana Saigon Inc.	Korea	"	0.0	December 31
An-Dong Raja 1 st Co., Ltd.	Korea	"	0.0	December 31
KAMCO Value Recreation 1 st Securitization Specialty LLC.	Korea	"	15.0	December 31
IB Global 1 st LLC.	Korea	"	0.0	December 31
Hermes STX LLC.	Korea	"	0.0	December 31
BWL 1 st Co., LLC.	Korea	"	0.0	December 31
Consus 8 th Co., LLC.	Korea	"	0.0	December 31
Woori Pungsan Inc.	Korea	"	0.0	December 31
Pyeongtaek Ocean Sand Inc.	Korea	"	0.0	December 31
Deogi Dream Fourth Co., Ltd.	Korea	"	0.0	December 31
Guam Emerald LLC.	Korea	"	0.0	December 31
Jeonju iwant LLC.	Korea	"	0.0	December 31
Wonju iwant LLC.	Korea	"	0.0	December 31
Height 3 rd Co., LLC.	Korea	"	0.0	October 31
Money Trust by Trust Business Act(*2)				
Woori Bank Principal Guaranteed Trust and Woori Bank Principal and Interest Guaranteed Trust	Korea	Trust	0.0	December 31
Structured entities for investing in securities				
Haeoreum Short-term Bond 15 th	Korea	Securities investment	100.0	December 31
G5 Pro Short-term 13 th	Korea	"	100.0	December 31
G6 First Class Mid-term E-20	Korea	"	100.0	December 31
G15 First Class Mid-term C-1	Korea	"	100.0	December 31
D First Class Mid-term C-151	Korea	"	100.0	December 31
Woori Milestone Private Real Estate Fund 1 st	Korea	"	94.8	December 31
Consus Sakhalin Real Estate Investment Trust 1 st	Korea	"	75.0	December 31
Woori Partner Plus Private Equity Securities 4 th	Korea	"	100.0	December 31
Woori Partner Plus Private Equity Securities 9 th	Korea	"	100.0	December 31
Hanwha Smart Private Trust 50 th	Korea	"	100.0	December 31
Samsung Plus Private Investment Trust 20 th	Korea	"	100.0	December 31
KDB Private Equity Securities Investment Trust WB 3 rd	Korea	"	100.0	December 31
Shinhan BNPP Corporate Private Investment Trust 17 th	Korea	"	100.0	December 31
Woori Partner Plus Private Equity Securities 10 th	Korea	"	100.0	December 31
Yurie WB Private Investment Trust 4 th	Korea	"	100.0	December 31
Samsung Plus Private Investment Trust 21 st	Korea	"	100.0	December 31
KDB Private Equity Securities Investment Trust WB 4 th	Korea	"	100.0	December 31
Kyobo Axa Tomorrow Private Trust 13 th	Korea	"	100.0	December 31
Say Private Investment Trust WB 1 st	Korea	"	100.0	December 31
Hanwha Private Investment Trust 32 nd	Korea	"	100.0	December 31
Eugene Pride Private Trust 28 th	Korea	"	100.0	December 31
Hyundai Advantage Private Trust 15 th	Korea	"	100.0	December 31
Woori Smart Investor Private Investment Trust 2 nd	Korea	"	100.0	December 31
Hana USB Power Private Equity Securities 5 th	Korea	"	100.0	December 31
Mirae Asset Korea Blue Chips Private Trust 3 rd	Korea	"	100.0	December 31
HDC New Star Private Equity Securities 15 th	Korea	"	100.0	December 31
LS Leading Solution Private Equity Securities 118 th	Korea	"	100.0	December 31
Hyundai Platinum Private Equity Securities W-1	Korea	"	100.0	December 31
Hana USB Power Private Equity Securities 15 th	Korea	"	100.0	December 31
Phoenix Sky Private Equity Securities 11 th	Korea	"	100.0	December 31
Woori Partner Plus Private Equity Securities 11 th	Korea	"	100.0	December 31
Mirae Asset Triumph Private Securities 9 th	Korea	"	100.0	December 31
Kyobo Axa Tomorrow Private Trust 15 th	Korea	"	100.0	December 31
Meritz Prime Private Equity Securities 79 th	Korea	"	100.0	December 31
HDC New Star Private Equity Securities 17 th	Korea	"	100.0	December 31
Hyundai Advantage Private Trust 16 th	Korea	"	100.0	December 31
Phoenix private placement Investment Trust 13 th	Korea	"	100.0	December 31
Hanwha Private Investment Trust 43 rd	Korea	"	100.0	December 31

- (*1) It is determined that the Group controls the entity after considering facts and circumstances, such as the Group's power over the entity's related business activities, the Group's exposure to variable returns from its involvement with the entity, and the Group's ability to affect the returns through its power over the entity, even if the Group has less than 50% ownership of the entity.
- (*2) The entity is a money trust that was established in accordance with the Trust Business Act. It is determined that the Group controls the trust after considering facts and circumstances, such as the Group's power over the trust's related business activities, the Group's exposure to variable returns from the its involvement with the trust, and the Group's ability to affect the returns through its power over the trust.

The following companies have been excluded from the consolidation scope despite being in current ownership of majority of equity on December 31, 2013 and 2012:

SPEs (*)	Location	Main business	Percentage of ownership (%)
Golden Bridge Sidus FNH Video	Korea	Securities investment	58.8
Golden Bridge NHN Online Private Equity Investment	Korea	"	60.0
Heungkuk High Class Private Investment Trust 377 th	Korea	"	51.3

- (*) The Group has the majority ownership of these SPEs, but has no power over the investees' relevant activities. As a result, it is deemed that the Group has no control over the SPEs.

3) Details of SPEs newly included in the consolidation scope for the years ended December 31, 2013 and 2012 are as follows:

< For the year ended in December 31, 2013 >

SPEs	Reasons
W-synergy 1st Co., Ltd.	The structured entity is established for asset securitization. It is determined that the Group controls the entity after considering facts and circumstances, such as the Group's power over the entity's related business activities, the Group's exposure to variable returns from the its involvement with the entity, and the Group's ability to affect the returns through its power over the entity.
Woori Smart Investor Private Investment Trust 4 th Truston Private Equity Securities 12 th Hyundai Platinum Private Equity Securities W-2 nd KTB Safe Private Equity Securities 77 th Woori Partner Plus Private Equity Securities 12 th KDB Private Equity Securities Investment Trust WB 5 th (Bond) Shinhan BNPP Corporate Private Investment Trust 27 th (Bond) Yurie WB Private Investment Trust 5 th (Bond) Kyobo Axa Tomorrow Private Trust 25 th Mirae Asset Triumph Private Securities 15 th Yurie WB Private Investment Trust 6 th (Bond) Meritz Prime Private Equity Securities 93 rd Kyobo Axa Tomorrow Private Trust 26 th Mirae Asset Triumph Private Securities 17 th Hanwha Private Investment Trust 57 th Hyundai Platinum Private Equity Securities W-3 rd Phoenix private placement Investment Trust 15 th Samsung Plus Private Equity Securities 24 th HDC Private Equity Securities Investment Trust 10 th ING lion Private Equity Securities 47 th Meritz Prime Private Equity Securities 95 th LS leading solution Private Equity Securities 126 th Shinhan BNPP Corporate Private Equity Securities 32 th Hyundai advantage Private Equity Securities 17 th Mirae asset triumph Private Equity Securities 21 th HDC Private Equity Securities Investment Trust 11 th Woori Partner Plus Private Equity Securities 13 th Hi-good choice Equity Securities Investment Trust 8 th Samsung alpha club multi long-short Private 2 nd Truston Equity Securities Investment Trust 13 th Phoenix private placement Investment Trust 16 th Hanwha Private Equity Securities Investment Trust 65 th Hanwha Private Equity Securities Investment Trust 67 th (Bond)	These structured entities are established for investments in securities. It is determined that the Group controls these investees because it is exposed to variable returns from its involvement with the investees and has ability to affect those returns through its power.

< For the year ended in December 31, 2012 >

SPEs	Reasons
Deogi Dream Fourth Co., Ltd. Guam Emerald LLC. Jeonju iwant LLC. Wonju iwant LLC. Height 3 rd Co., LLC.	These structured entities are established for asset securitization and funded by the Group due to the impairment of securitization assets. It is determined that the Group controls these investees because it is exposed to variable returns from its involvement with the investees and has ability to affect those returns through its power.
Samsung Plus Private Investment Trust 20 th 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 Hyundai Advantage Private Trust 15 th Consus Private Investment Trust 64 th Hana USB Power Private Equity Securities 5 th Mirae Asset Korea Blue Chips Private Trust 3 rd HDC New Star Private Equity Securities 15 th LS Leading Solution Private Equity Securities 118 th Hana USB Power Private Equity Securities 15 th Hyundai Platinum Private Equity Securities W-1 st 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 (Balanced) Hyundai Advantage Private Trust 16 th Phoenix private placement Investment Trust 13 th Hanwha Private Investment Trust 43 rd	These structured entities are established for investments in securities. It is determined that the Group controls these investees because it is exposed to variable returns from its involvement with the investees and has ability to affect those returns through its power.

4) Details of SPEs excluded from the consolidation scope for the years ended December 31, 2013 and 2012 are as follows:

< For the year ended in December 31, 2013 >

SPEs	Reasons
IB Global 1 st LLC.	Expiration of a contract that bears risk to the management of SPEs or termination of the securitization schedule
Samsung Plus Private Investment Trust 20 th KDB Private Equity Securities Investment Trust WB 3 rd (Bond) Shinhan BNPP Corporate Private Investment Trust 17 th Woori Partner Plus Private Equity Securities 10 th Yurie WB Private Investment Trust 4 th (Bond) Samsung Plus Private Investment Trust 21 st 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 Hyundai Advantage Private Trust 15 th Woori Smart Investor Private Investment Trust 2 nd Hana USB Power Private Equity Securities 5 th Mirae Asset Korea Blue Chips Private Trust 3 rd HDC New Star Private Equity Securities 15 th LS Leading Solution Private Equity Securities 118 th HDC New Star Private Equity Securities 17 th (Balanced) Hyundai Advantage Private Trust 16 th Woori Smart Investor Private Investment Trust 4 th Truston Private Equity Securities 12 th Hana USB Power Private Equity Securities 15 th Hyundai Platinum Private Equity Securities W-1 st Phoenix Sky Private Equity Securities 11 th Woori Partner Plus Private Equity Securities 11 th Meritz Prime Private Equity Securities 79 th Mirae Asset Triumph Private Securities 9 th Kyobo Axa Tomorrow Private Equity Securities 15 th Woori Partner Plus Private Equity Securities 9 th Phoenix private placement Investment Trust 13 th Hanwha Private Investment Trust 43 rd Hanwha Smart Private Trust 50 th (Bond)	Disposal and repayment of beneficiary certificates (*)

(*) 7,908 million Korean Won are reflected in profit and loss in relation with the exclusion from the consolidation scope due to disposal and repayment of beneficiary certificate.

<For the year ended in December 31, 2012>

SPEs	Reasons
Real DW 2 nd Co., Ltd.	Expiration of a contract that bears risk to the management of SPEs or termination of the securitization schedule
Golden Bridge Sidus FNH Video Golden Bridge NHN Online Private Equity Investment Woori CS Ocean Bridge 7 th	Although it possessed the majority of the equity, the Group cannot influence these investees' relevant activities. Therefore, it has been determined that the Group has no power or control.
Woori Milestone Private Real Estate Fund 1 st Woori Partner Plus Private Equity Securities 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)	Disposal and repayment of beneficiary certificates

SPEs	Reasons
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 Securities Investment Trust 64 th	

- 5) Summarized statements of financial position as of December 31, 2013 and December 31, 2012, respectively, and comprehensive income statements for the years ended December 31, 2013 and December 31, 2012, respectively, of subsidiaries whose financial information is included on the consolidated financial statements, are as follows (Unit: Korean Won in millions):

< December 31, 2013 >

Subsidiaries	Assets	Liabilities	Equity	Revenue	Net income (loss)	Total comprehensive income (loss)
Woori Credit Information Co., Ltd.	31,414	5,037	26,377	35,154	1,912	2,118
Woori America Bank	1,228,163	1,073,273	154,890	48,707	27,939	24,532
PT. Bank Woori Indonesia	666,804	526,192	140,612	350,165	20,896	(18,214)
Woori Global Market Asia Limited	184,475	79,933	104,542	7,276	2,291	1,150
Woori Bank China Limited	3,414,199	2,994,515	419,684	247,721	10,258	3,677
ZAO Woori Bank	201,035	146,248	54,787	11,722	3,037	(114)
Woori Brazil Bank	143,993	109,940	34,053	7,689	(127)	(4,522)
Korea BTL Infrastructure Fund	651,973	255	651,718	33,747	30,687	30,687
Woori Fund Service Co., Ltd.	2,694	532	2,162	5,035	(270)	(270)
Woori Bank Principal and Interest Guaranteed Trust	1,389,082	1,361,177	27,905	51,640	(293)	(293)
SPEs under consolidation	573,737	1,053,530	(479,793)	41,619	(58,662)	(65,385)
Beneficiary certificates under consolidation	2,142,185	30,885	2,111,300	47,273	32,678	29,816

< December 31, 2012 >

Subsidiaries	Assets	Liabilities	Equity	Revenue	Net income (loss)	Total comprehensive income (loss)
Woori Credit Information Co., Ltd.	30,917	4,137	26,780	36,624	2,963	2,963
Woori America Bank	1,078,995	948,637	130,358	47,805	3,253	(6,555)
PT. Bank Woori Indonesia	662,720	503,895	158,825	82,658	16,133	(5,842)
Woori Global Market Asia Limited	181,104	130,798	50,306	8,100	1,082	(2,699)
Woori Bank China Limited	3,036,392	2,620,385	416,007	207,135	14,838	(16,862)
ZAO Woori Bank	214,258	190,941	23,317	10,960	2,631	2,180
Woori Brazil Bank	22,336	1,810	20,526	1,321	(424)	(5,470)
Korea BTL Infrastructure Fund	584,144	226	583,918	30,756	28,122	28,122
Woori Fund Service Co., Ltd.	2,952	520	2,432	4,592	75	75
Woori Bank Principal and Interest Guaranteed Trust	1,359,282	1,359,282	-	71,618	-	-
SPEs under consolidation	717,865	1,131,759	(413,894)	37,862	(85,344)	(85,752)
Beneficiary certificates under consolidation	2,136,045	92,238	2,043,807	75,298	56,221	54,986

6) The structured entities where the Group has financial interests on involvement, such as:

- Structured entity for the securitization of financial assets
The structured entity is established for the purpose of securitization of project financing loans, corporate bonds, and other financial assets. The Group is involved with the structured entity through providing with credit facility over asset-backed commercial papers issued by the entity, originating loans directly to the structured entity, or purchasing 100% of the subordinated debts issued by the structured entity.
- Security investments structured entity
The structured entity is established for the purpose of investments in securities. The Group acquires beneficiary certificates through its contribution of fund to the structured entity, and it is exposed to the risk that it may not be able to recover its fund depending on the result of investment performance of asset managers of the structured entity.
- Money trust under the Trust Business Act
The Group provides with financial guarantee of principal and interest or principal only to some of its trust products. Due to the financial guarantees, the Group may be obliged to supplement when the principal and interest or principal of the trust product sold is short of the guaranteed amount depending on the result of investment performance of the trust product.

7) The details of the limitations with regard to the transfer of assets or the redemption of liabilities within the Group are provided below.

Some subsidiaries are regulated by the rules of the jurisdictions in which they were incorporated with regard to funding or management of deposits. Also, there is a limitation consisting in the fact that they must have pre-approval from their regulators in case of remittance of earnings to the Parent Company

8) The Group has entered into various agreements with structured entities such as asset securitization vehicles, structured finance and investment funds. The Group has no controlling power over those structured entities, which is determined in accordance with K-IFRS 1110. As therefore, those structured entities are not consolidated to the Group. They are classified as three categories, asset securitization vehicles, structured finance and investment fund, based on nature and purpose of their investments and risk exposed to the Group.

Asset securitization vehicle issues asset-backed securities and redeems the principal and interest or distributes dividends on asset-backed securities with profits from collecting cash flows or sale of securitized assets. The Group, as a secondary guarantor, provides purchase commitments for its asset-backed securities or guarantees to such asset securitization vehicle and recognizes commission income or interest incomes related to the commitment or guarantees. As therefore, the Group would be exposed to risks to purchase or pay-back asset-backed securities issued by the vehicles when a primary guarantor fails to provide the financing asset securitization vehicles.

Structured finance includes investments in project financing on real estates, social overhead capital (“SOC”), infrastructure and shipping finance. They are formed as special purpose entity by funding through equity investments and loans from various investors. Investment decisions are made by the Group based on business outlook of such projects. In relation to such investments, the Group recognizes interest incomes on loans, gains or losses on valuation of equity investments or dividend income. The structured finance is secured by additional funding agreement, guarantee or credit facilities. However, the structured financing project would fail to return the capital of equity investments or principal of loans to the Group if it is discontinued or did not achieve business outcome.

Investment funds include trusts and private equity funds. A trust is formed by contributions from various investors, operated by a manager engaged to the trust and distributed proceeds from sales of investments to the investors. A private equity fund is established in order to acquire ownership interests in a portfolio company with exit strategy after implementing financial and operational restructuring of the company. The Group recognizes unrealized gains or losses on change in value of investments in proposition of ownership interests in investments. The Group would be exposed to risks of loss when the value of portfolio investment is decreased.

Total asset of the unconsolidated structured entities, carrying value of the related items recorded, maximum exposure to risks, and loss recognized for the year ended December 31, 2013 are as follows (Unit: Korean Won in millions):

	December 31, 2013		
	Asset Securitization vehicle	Structured Finance	Investment Funds
Total asset of the unconsolidated structured entities	7,819,335	22,969,448	4,063,207
Assets recognized in the consolidated financial statements related to the unconsolidated structured entities			
Loans and receivables	451,950	2,579,950	855,225
(Provision for credit loss)	90,500	2,592,627	-
AFS financial assets	(221)	(218,591)	-
HTM financial assets	-	155,246	582,389
Investments in associates	361,576	-	-
Derivative assets	-	-	272,836
Derivative assets	95	50,668	-
Liabilities recognized in the consolidated financial statements related to the unconsolidated structured entities			
Other liabilities (Provision)	17,901	1,321	12
Maximum exposure to risks	17,901	1,321	12
Investments	2,394,611	3,228,200	909,825
Purchase agreements	451,950	2,579,949	855,225
Credit facilities	511,280	-	-
Other agreements	1,309,881	365,958	54,600
Loss recognised on unconsolidated structured entities	121,500	282,293	-
	-	22,142	3,747

The maximum exposure to risks includes the asset recognized in the financial statement of the Group, purchase agreements, credit facilities and other agreements related to the unconsolidated structured entities.

2. SUMMARY OF SIGNIFICANT BASIS OF PREPARATION AND ACCOUNTING POLICIES

The Group has adopted Korean International Financial Reporting Standards (“K-IFRS”) for the annual periods beginning on January 1, 2011.

The Group’s consolidated financial statements have been prepared based on the historical cost method except for specific non-current assets and certain financial assets or liabilities reported at fair value. The historical cost is generally measured by fair value of acquired assets.

The consolidated financial statements of the Group were approved by the board of directors on February 28, 2014.

- (1) The Group has newly adopted the following new standards and interpretations that made changes in accounting policies.

Amendments to K-IFRS 1001 ‘Presentation of Financial Statements’

The amendments of K-IFRS 1001 relate to the separate presentation of other comprehensive income items that would not be reclassified as net income subsequently or would be reclassified as net income under specific circumstances. The amendments have effect on the presentation of consolidated financial statements and no effects on the financial position and financial performance. The Group applied the amendments retrospectively and restated the comparative consolidated financial statements.

Amendments to K-IFRS 1019 ‘Employee Benefits’

The amendments to K-IFRS 1019 relate to the elimination of the ‘corridor approach’ permitted under the previous version of K-IFRS 1019. Accordingly, the actuarial gains or losses are recognized in other comprehensive income immediately. The amendments replace the expected return on plan assets with a net interest cost based on the net defined benefit asset or liability. The expected return on plan assets is included in the net interest on the net defined benefit liability (asset). The past service costs incurred under changes of plans are recognized at the earlier of the dates when the plan amendment or curtailment occurs and when the entity recognizes related restructuring costs or termination benefits.

The Group applied the amendments retrospectively and restated the comparative consolidated financial statements.

As a result, other equity decreased by ₩13,420million and ₩62,246 million and retained earnings increased by ₩13,420million and ₩62,246 million in the consolidated statements of financial position as of January 1, 2012 and December 31, 2012, respectively. Net income increased by ₩48,826 million and other comprehensive income decreased by ₩48,826 million in the comparative consolidated statement of comprehensive income for the year ended December 31, 2012.

Amendments to K-IFRS 1107 ‘Financial Instruments: Disclosures’

The amendments to K-IFRS 1107 are mainly focusing on presentation of the offset between financial assets and financial liabilities. Irrespective of whether they meet the offset requirement of financial assets and financial liabilities in accordance with K-IFRS 1032, the amendments to K-IFRS 1107 require disclosing offsetting agreements and related information which are legally enforced by master netting agreements or similar agreements. The Group does not hold the offset financial instruments in accordance with K-IFRS 1032 and does not have a master netting arrangement or similar agreements, therefore the amendments have no significant effect on the Group’s consolidated financial statements.

Enactment of K-IFRS 1110 ‘Consolidated Financial Statements’

K-IFRS 1110 replaces the requirements and guidance in K-IFRS 1027 and K-IFRS 2012 relating to the consolidated financial statements.

K-IFRS 1110 uses the concept of ‘control’ as the determining factor in assessing whether an investee is a subsidiary. Under K-IFRS 10, an investor controls an investee when the investor is exposed, or has right, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Extensive application guidance is provided to assist in the determination as to whether an investor has power over an investee in complex scenarios.

In accordance with transitional provision of K-IFRS 1110, the financial statements for earlier comparative periods are restated, to ensure conformity with the conclusion of K-IFRS 1110, unless it is impracticable to do so. At the date of initial application, a reporting entity that has no change in consolidation is not required to make adjustments to the previous accounting policy.

After reviewing the changes in scope of consolidation resulted from the adoption of K-IFRS 1110, the Group determined that Principle Guaranteed Trust and five structured entities, including Deogi Dream Fourth Co., Ltd., became included in the scope of consolidation. As the Group is a trustee of Principal Guaranteed Trust, trustee holds power, and when entrusted property does not reach its principal, it is exposed to the significant variable returns to losses. Since it has the ability to influence such benefit, it satisfies the definition of in K-IFRS 1110, and the five structured entities are under the case in which the Group directly provides credit due to the lack of securitization of non-performing assets. As a provider of credit-related activities, it holds power and is exposed to significant variable returns. Since it has influence over the benefits, it satisfies the definition of control in K-IFRS 1110. In addition, the Group concluded that due to the adoption of K-IFRS 1110, Golden Bridge Sidus FNH Video and two other structured entities, which were originally consolidated through the original standard K-IFRS 2012 ‘*Consolidation: Special Purpose Entities*’ have been excluded from the scope of consolidation. Since the Group does not have power over the three structured entities including Golden Bride Sidus FNH Video, it does not meet the definition of control in K-IFRS 1110.

1) Newly consolidated entities in adoption of K-IFRS 1110 are as follows.

Company	Location	Main business	Percentage of ownership (%)
Woori Bank Principal Guaranteed Trust	Korea	Trust	-
Deogi Dream Fourth Co., Ltd.	Korea	Asset Securitization	-
Guam Emerald LLC.	Korea	Asset Securitization	-
Jeonju iwant LLC.	Korea	Asset Securitization	-
Wonju iwant LLC.	Korea	Asset Securitization	-
Heights 3 rd Co., Ltd.	Korea	Asset Securitization	-

2) Deconsolidated entities in adoption of K-IFRS 1110 are as follows.

Company	Location	Main business	Percentage of ownership (%)
Golden Bridge Sidus FNH Video	Korea	Securities investment	58.8
Golden Bridge NHN Online Private Equity Investment	Korea	Securities investment	60.0
Woori CS Ocean Bridge 7 th	Korea	Securities investment	61.1

Enactment of K-IFRS 1111 ‘*Joint Arrangement*’

K-IFRS 1111 classifies joint arrangements of which two or more parties have joint control into two types, joint operations and joint ventures depending on the rights and obligations of the parties to the arrangements. A joint operation is a joint arrangement whereby the parties have rights to the joint assets, and obligations for the joint liabilities. A joint venture is a joint arrangement whereby the parties have rights to the net assets of the arrangement. In case of joint operation, joint operator accounts for its share of the joint assets, liabilities, revenues, and expenses. In case of joint venture, joint venture account for its investment using equity method. The adoption of the enactment has no effect on the Group’s consolidated financial statements.

Enactment of K-IFRS 1112 'Disclosure of Interest in Other Entities'

The enactment of K-IFRS 1112 establishes disclosures requirements for entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity. The standard requires that the nature of, and risks associated with, its interests in other entities, the effects of those interests on its consolidated financial position, comprehensive income and cash flows. The adoption of the enactment has no significant effect on the Group's consolidated financial statements.

Enactment of K-IFRS 1113 'Fair Value Measurement'

The enactment of K-IFRS 1113 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. K-IFRS 1113 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring fair value, an entity uses the assumptions that market participants would use when pricing the asset or liability under current market conditions. The standard explains that a fair value measurement requires an entity to determine the following the particular asset or liability being measured, the market in which an orderly transaction would take place for the asset or liability, the appropriate valuation technique(s) used when measuring fair value. The standard requires extensive disclosures related to fair value measurement. The adoption of the enactment has no significant effect on the Group's consolidated financial statements.

The effect from the implementation of new accounting standards on the consolidated financial statements are as followings (Unit: Korean Won in millions):

a. Consolidated statements of financial position

	December 31, 2012		
	Reported	Adjustment	Restated
Cash and cash equivalents	4,593,150	586	4,593,736
Financial assets at fair value through profit or loss	9,855,553	1,133,683	10,989,236
Available-for-sale financial assets	14,484,530	4,017	14,488,547
Held-to-maturity financial assets	14,341,506	-	14,341,506
Loans and receivables	200,049,106	159,219	200,208,325
Investments in associates	550,332	-	550,332
Investment Properties	346,182	-	346,182
Premises and equipment	2,385,680	-	2,385,680
Intangible assets	108,920	-	108,920
Other assets	178,460	132	178,592
Current tax assets	1,882	472	2,354
Deferred tax assets	82,397	183	82,580
Derivative assets	269,414	-	269,414
Assets held-for-sale	1,239	-	1,239
Total assets	247,248,351	1,298,292	248,546,643
Financial liabilities at fair value through profit or loss	3,468,696	-	3,468,696
Deposits due to customers	168,007,679	1,208,576	169,216,255
Borrowings	17,445,898	1,032	17,446,930
Debentures	17,841,978	-	17,841,978
Provisions	645,378	-	645,378
Current tax liabilities	136,517	-	136,517
Other financial liabilities	20,721,110	50,634	20,771,744
Other liabilities	383,677	1	383,678
Deferred tax liabilities	7,697	9,002	16,699
Derivative liabilities	23,827	-	23,827
Total liabilities	228,682,457	1,269,245	229,951,702
Owner's equity:	18,558,283	29,047	18,587,330
Non-controlling interests	7,611	-	7,611
Total equity	18,565,894	29,047	18,594,941
Total liabilities and equity	247,248,351	1,298,292	248,546,643

	January 1, 2012		
	Reported	Adjustment	Restated
Cash and cash equivalents	5,389,267	841	5,390,108
Financial assets at fair value through profit or loss	11,317,845	1,180,881	12,498,726
Available-for-sale financial assets	14,670,607	12,184	14,682,791
Held-to-maturity financial assets	15,400,425	-	15,400,425
Loans and receivables	191,909,032	139,296	192,048,328
Investments in associates	376,337	-	376,337
Investment Properties	349,459	-	349,459
Premises and equipment	2,345,960	-	2,345,960
Intangible assets	147,387	-	147,387
Other assets	225,530	2	225,532
Current tax assets	2,393	689	3,082
Deferred tax assets	9,249	(322)	8,927
Derivative assets	326,413	-	326,413
Assets held-for-sale	2,258	-	2,258
Total assets	<u>242,472,162</u>	<u>1,333,571</u>	<u>243,805,733</u>
Financial liabilities at fair value through profit or loss	3,509,566	-	3,509,566
Deposits due to customers	164,092,476	1,360,648	165,453,124
Borrowings	19,174,642	1,032	19,175,674
Debentures	19,811,813	-	19,811,813
Provisions	607,612	(1)	607,611
Current tax liabilities	206,367	(1)	206,366
Other financial liabilities	16,346,969	(65,698)	16,281,271
Other liabilities	444,549	2	444,551
Deferred tax liabilities	126,446	8,995	135,441
Derivative liabilities	25,582	-	25,582
Total liabilities	<u>224,346,022</u>	<u>1,304,977</u>	<u>225,650,999</u>
Owner's equity:	18,118,198	28,594	18,146,792
Non-controlling interests	7,942	-	7,942
Total equity	<u>18,126,140</u>	<u>28,594</u>	<u>18,154,734</u>
Total liabilities and equity	<u>242,472,162</u>	<u>1,333,571</u>	<u>243,805,733</u>

b. Consolidated income statement

	For the year ended December 31, 2012		
	Reported	Adjustment	Restated (*)
OPERATING INCOME			
Net interest income :			
Interest income	11,436,460	51,433	11,487,893
Interest expense	(5,824,506)	(28,922)	(5,853,428)
	<u>5,611,954</u>	<u>22,511</u>	<u>5,634,465</u>
Net fees and commissions income :			
Fees and commissions income	1,040,633	(14,034)	1,026,599
Fees and commissions expense	(541,886)	(188)	(542,074)
	<u>498,747</u>	<u>(14,222)</u>	<u>484,525</u>
Dividend income	94,847	-	94,847
Gain (loss) on financial instruments at fair value through profit or loss	(355,739)	(5,200)	(360,939)
Gain on available-for-sale financial assets	552,325	463	552,788
Impairment losses for loans, other receivables, guarantees and unused commitments	(1,797,702)	(594)	(1,798,296)
General and administrative expenses	(2,727,640)	64,415	(2,663,225)
Net other operating income (expenses)	(177,835)	(2,250)	(180,085)
	<u>1,698,957</u>	<u>65,123</u>	<u>1,764,080</u>
NON-OPERATING INCOME	76,328	(1,987)	74,341
NET INCOME BEFORE INCOME TAX EXPENSE	<u>1,775,285</u>	<u>63,136</u>	<u>1,838,421</u>
INCOME TAX EXPENSE	<u>(326,710)</u>	<u>(14,794)</u>	<u>(341,504)</u>
NET INCOME	<u>1,448,575</u>	<u>48,342</u>	<u>1,496,917</u>
Net income attributable to the owner	1,447,904	48,342	1,496,246
Net income attributable to the non-controlling interests	671	-	671

(*) Profit or loss from discontinued operations is included.

c. Consolidated statements of cash flows

	For the year ended December 31, 2012		
	Reported	Adjustment	Restated (*)
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	1,448,575	48,342	1,496,917
Adjustment to net income:			
Interest income	(11,436,325)	(51,568)	(11,487,893)
Interest expense	5,824,506	28,922	5,853,428
Dividend income	(94,847)	-	(94,847)
Income tax expense	326,711	14,793	341,504
	<u>(5,379,955)</u>	<u>(7,853)</u>	<u>(5,387,808)</u>
Additions of expenses not involving cash outflows:			
Impairment losses for loans, other receivables, guarantees and unused commitments	1,797,702	594	1,798,296
Retirement benefits	152,920	(64,415)	88,505
Loss on derivatives for hedging	49,956	-	49,956
Loss on fair value hedged items	43,817	-	43,817
Loss on valuation of investments in associates	11,389	-	11,389
Loss on disposals of investments in associates	167	-	167
Loss on disposals of premises and equipment, intangible assets and investment properties	346	-	346
Depreciation and amortization of premises and equipment, intangible assets and investment properties	135,406	-	135,406
Impairment loss on premises and equipment, intangible assets and investment properties	1,942	-	1,942
Provisions	27,652	(1,143)	26,509
	<u>2,221,297</u>	<u>(64,964)</u>	<u>2,156,333</u>
Deductions of revenues not involving cash inflows:			
Gain on available-for-sale financial assets	552,325	463	552,788
Gain on derivatives for hedging	39,232	-	39,232
Gain on fair value hedged items	43,879	-	43,879
Gain on valuation of investments in associates	38,815	-	38,815
Gain on disposals of investments in associates	25,102	-	25,102
Gain on disposals of premises and equipment, intangible assets and investment properties	1,549	-	1,549
Reversal of impairment loss on premises and equipment, intangible assets and investment properties	2,342	(1,986)	356
Provisions	3,141	-	3,141
	<u>706,385</u>	<u>(1,523)</u>	<u>704,862</u>
Changes in operating assets and liabilities:			
Financial instruments at fair value through profit or loss	1,421,421	47,687	1,469,108
Loans and receivables	(9,338,842)	83,661	(9,255,181)
Other assets	33,735	221	33,956
Deposits due to customers	3,912,425	(152,071)	3,760,354
Provisions	(143,743)	-	(143,743)
Other financial liabilities	4,487,718	(10,439)	4,477,279
Other liabilities	(12,642)	(175)	(12,817)
	<u>360,072</u>	<u>(31,116)</u>	<u>328,956</u>
Interest income received	11,499,254	54,075	11,553,329
Interest expense paid	(5,917,345)	47,175	(5,870,170)
Dividend received	94,848	-	94,848
Income taxes paid	(444,888)	-	(444,888)
Net cash provided by operating activities	<u>3,175,473</u>	<u>47,182</u>	<u>3,222,655</u>

	For the year ended December 31, 2012		
	Reported	Adjustment	Restated (*)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Cash in-flows from investing activities:			
Disposals of available-for-sale financial assets	17,389,744	-	17,389,744
Disposals of held-to-maturity financial assets	9,795,378	-	9,795,378
Disposals of investments in associates	15,171	-	15,171
Disposals of premises and equipment	7,539	-	7,539
Disposals of intangible assets	566	-	566
Disposals of assets held-for-sale	1,725	-	1,725
	<u>27,210,123</u>	<u>-</u>	<u>27,210,123</u>
Cash out-flows from investing activities:			
Acquisitions of available-for-sale financial assets	17,518,312	-	17,518,312
Acquisitions of held-to-maturity financial assets	9,024,781	-	9,024,781
Acquisitions of investments in associates	59,918	-	59,918
Acquisitions of premises and equipment	131,850	-	131,850
Acquisitions of intangible assets	9,423	-	9,423
Decrease in hedging derivatives	1,708	228	1,936
	<u>26,745,992</u>	<u>228</u>	<u>26,746,220</u>
Net cash provided by investing activities	<u>464,131</u>	<u>(228)</u>	<u>463,903</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Cash in-flows from financing activities:			
Issue of borrowings	3,977,649	-	3,977,649
Issue of debentures	5,390,611	-	5,390,611
Increase in hedging derivatives	91,397	(91,397)	-
	<u>9,459,657</u>	<u>(91,397)</u>	<u>9,368,260</u>
Cash out-flows from financing activities:			
Repayment of borrowings	5,707,281	-	5,707,281
Repayment of debentures	7,367,677	-	7,367,677
Decrease in hedging derivatives	44,187	(44,187)	-
Dividends paid	609,251	-	609,251
	<u>13,728,396</u>	<u>(44,187)</u>	<u>13,684,209</u>
Net cash used in financing activities	<u>(4,268,739)</u>	<u>(47,210)</u>	<u>(4,315,949)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS			
	(166,981)	-	(166,981)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(796,116)	(256)	(796,372)
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR			
	<u>5,389,267</u>	<u>841</u>	<u>5,390,108</u>
CASH AND CASH EQUIVALENTS, END OF THE YEAR	<u>4,593,151</u>	<u>585</u>	<u>4,593,736</u>

- (2) The Group has not applied the following K-IFRSs that have been issued but are not yet effective:

Amendments to K-IFRS 1032 'Financial Instruments: Presentation'

The amendments to K-IFRS 1032 clarify the requirement for the offset presentation of financial assets and financial liabilities. The right to offset is unconditional to future events and can be exercised always during the contract periods. The right to offset is executable even in the case of default or insolvency. The amendments to K-IFRS 1032 are effective for the annual periods beginning on or after January 1, 2014.

Amendments to K-IFRS 1039 – Financial Instruments: Recognition and Measurement

The amendments to K-IFRS 1039 allows the continuation of hedge accounting when a derivative is novated to a clearing counterparty or entity acting in a similar capacity and certain conditions are met. The amendments to K-IFRS 1039 are effective for annual periods beginning on or after January 1, 2014.

Amendments to K-IFRS 1110, K-IFRS 1112 and K-IFRS 1027 Investment Entities

The amendments introduce an exception to the principle under K-IFRS 1110 that all subsidiaries shall be consolidated and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements. In addition, consequential amendments have been made to K-IFRS 1112 and K-IFRS 1027 to introduce new disclosure requirements for investment entities. The investment entities amendments are effective for annual periods beginning on or after January 1, 2014.

K-IFRS 2121 Levies

K-IFRS 2121 defines a levy as a payment to a government for which an entity receives no specific goods or services. The interpretation requires that a liability is recognized when the obligating event occurs. The obligating event is the activity that triggers payment of the levy and is typically specified in the legislation that imposes the levy. The interpretation is effective for annual periods beginning on or after January 1, 2014.

The list above does not include some other amendments such as the Amendments to K-IFRS 1036 relating to recoverable amount disclosures for non-financial assets that are effective from January 1, 2014 with earlier application permitted.

The Group is in the process of evaluating the impact on the financial statements upon the application of new and revised K-IFRSs that have been issued but are not yet effective.

(3) Others

1) Change in presentation of employee benefits in general and administrative expenses

Certain fringe benefits, which were considered as short term employee benefits and previously included in other general and administrative expenses, are separately presented as an item of salaries in general and administrative expenses. The impact from the reclassification is incorporated in the comparative other general and administrative expenses. Such changes in presentation of employee benefits have no effect on the net assets and net income of the Group.

The changes in presentation of consolidated financial statements for the year ended December 31, 2012, are as follows (Unit: Korean Won in millions):

	<u>Reported</u>	<u>Adjustment</u>	<u>Restated (*)</u>
Employee benefits	1,247,956	259,185	1,507,141
Depreciation and amortization	131,970	-	131,970
Other general and administrative expenses	1,347,714	(259,185)	1,088,529
	<u>2,727,640</u>	<u>-</u>	<u>2,727,640</u>

(*) The effects of the application of K-IFRS 1019 'Employee Benefits' are not included but profit and loss from discontinued operations is included above.

2) Net income for financial assets and financial liabilities designated at 'fair value through profit or loss' ("FVTPL")

The Group has reclassified ₩ 329,005 million from financial liabilities held for trading (equity derivative liabilities) to financial liabilities designated at FVTPL (equity compound financial instruments) that are shown in Note 20 in order to facilitate the comparison between financial statements. As a result of the reclassification, loss from financial liabilities designated at FVTPL (compound financial instruments) increased by ₩ 34,991 million and loss from financial liabilities held for trading (loss from equity derivatives) decreased by ₩ 34,991 million for the year ended December 31, 2012, that is shown in Note 36. The reclassification has no impact on the net assets and net income of the Group as of December 31, 2012 and for the year ended in December 31, 2012.

(4) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company (and its subsidiaries). Control is achieved where the Company 1) has the power over the investee, 2) is exposed, or has rights, to variable returns from its involvement with the investee, and 3) has the ability to use its power to affect its returns. The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders,
- Potential voting rights held by the Company, other vote holders or other parties
- Rights arising from other contractual arrangements
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary. Profit or loss and each component of other comprehensive income are attributed to the owner of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owner of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group transactions and, related assets and liabilities, income and expenses are eliminated in full on consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owner of the Company.

When the Group loses control of a subsidiary, a gain or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognized in other comprehensive income and accumulated in equity, the amounts previously recognized in other comprehensive income and accumulated in equity are accounted for as if the Company had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings). The fair value of any investment retained in the former subsidiary at the date when control is lost is recognized as the fair value on initial recognition for subsequent accounting under K-IFRS 1039 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognized and measured in accordance with K-IFRS 1012 *Income Taxes* and K-IFRS 1019 *Employee Benefits* respectively;
- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with K-IFRS 1102 *Share-based Payment* at the acquisition date; and
- Assets (or disposal groups) that are classified as held for sale in accordance with K-IFRS 1105 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of: a) the consideration transferred, b) the amount of any non-controlling interests in the acquiree, and c) the fair value of the acquirer's previously held equity interest in the acquiree (if any); over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of: a) the consideration transferred, b) the amount of any non-controlling interests in the acquiree, and c) the fair value of the acquirer's previously held interest in the acquiree (if any); the excess is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another K-IFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with K-IFRS 1039 *Financial Instruments: Recognition and Measurement*, or K-IFRS 1037 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognized in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Company obtains control) and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

(5) Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with K-IFRS 1105 Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, an investment in an associate is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

Upon disposal of an associate that results in the Group losing significant influence over that associate, any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset in accordance with K-IFRS 1039. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis we would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognized in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as reclassification adjustment) when it loses significant influence over that associate.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities. In addition, the Group applies K-IFRS 5 to a portion of investment in an associate that meets the criteria to be classified as held for sale.

The requirements of K-IFRS 1039 Financial Instruments: Recognition and Measurement are applied to determine whether it is necessary to recognize any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with K-IFRS 1036 Impairment of Assets by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with K-IFRS 1036 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognized in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

(6) Segment reporting

An operating segment is the level of business activity at which management reports to chief operating decision maker, for decision making purposes. In addition, the chief operating decision maker is responsible for evaluating the resources distributed to and the performance of an operating segment.

(7) Accounting for foreign currencies translations

1) Functional currency and presentation currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates (“functional currency”). The consolidated financial statements are expressed in Korean Won.

2) Translation of foreign currency transactions and balances at the end of reporting period

In preparing the financial statements of the individual entities, transactions in currencies other than the entity’s functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items that qualify as hedging instruments in a cash flow hedge and form part of the Group’s net investment in a foreign operation are recognized in equity.

The Group is recognizing amortization and exchange rate variation effect as gains or losses of current period and the variation on the fair value as other comprehensive income or loss, respectively, both of which are effect of monetary securities of foreign currencies classified as available-for-sale financial instruments. And the Group is recognizing the variation on fair value and exchange rate variation effect of non-monetary securities of foreign currencies classified as available-for-sale financial asset, as other comprehensive income or loss.

3) Foreign currencies translation

Financial position and operating results of the Group are translated into the Group’s reporting currency as follows:

	Description
Statement of consolidated financial position	The assets and liabilities are translated at the exchange rate prevailing at the end of the reporting period. Equity is translated at exchange rate at the time of acquisition.
Statement of consolidated comprehensive income	The statement of consolidated comprehensive income is translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used.

(8) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(9) Financial assets and financial liabilities

1) Classification of financial assets

Financial assets are classified into the following categories depending on the nature and purpose of possession: financial assets at FVTPL, loans and receivables, available-for-sale (“AFS”) financial assets, and held-to-maturity (“HTM”) investments.

a) Financial assets at FVTPL

Financial assets are classified at FVTPL when the financial asset is either held for trading or designated at FVTPL. A financial asset is classified as held for trading if it meets one of the following criteria:

- acquired or incurred principally to sell or repurchase during a short period of time;
- part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a recognition or measurement inconsistency that would otherwise arise;
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and in accordance with K-IFRS 1039 “*Financial Instruments: Recognition and Measurement*”, permits the entire hybrid (combined) contract to be designated as at FVTPL.

Financial assets at FVTPL are recognized at fair value and gains and losses from the assets are recognized in net income as they arise.

b) AFS financial assets

AFS financial assets are those non-derivatives financial assets that are either designated as AFS financial assets or are not classified as ‘financial assets at FVTPL’, ‘HTM investments’ or ‘loans and receivables’

c) HTM financial assets

Non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity are classified as HTM financial assets.

d) Loans and receivables

Non-derivative financial assets with fixed or determinable repayments that are not quoted in an active market are classified as loans and receivables, except those that are classified as AFS or as held-for-trading, or designated as at FVTPL.

2) Classification of financial liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities measured at amortized cost.

a) Financial liabilities at FVTPL

Financial liabilities are classified at FVTPL when the financial liabilities is either held for trading or designated as at FVTPL. A financial liability is classified as held for trading if it meets one of the following criteria:

- acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
- a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a recognition or measurement inconsistency that would otherwise arise;
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and K-IFRS 1039 "Financial Instruments: Recognition and Measurement" permits the entire hybrid (combined) contract to be designated as at FVTPL.

b) Financial liabilities measured at amortized costs

Financial liabilities that are not classified as at FVTPL are measured at amortized costs. Deposits and debt securities that are not designated as at FVTPL are classified as financial liabilities measured at amortized costs.

3) Recognition and Measurement

Standard trading transaction of a financial asset is recognized at the date of transaction when the Group becomes a party to the contractual provisions of the asset. All types of financial instruments, except financial assets/liabilities at FVTPL, are measured at fair value at initial recognition plus transaction costs that are directly attributable to the acquisition (issuance). Financial assets/liabilities at FVTPL are initially recognized at fair value and transaction costs directly attributable to the acquisition (issuance) are recognized in the consolidated statements of comprehensive income.

Financial assets/liabilities at FVTPL and AFS financial assets are subsequently measured at fair value. HTM financial assets, loans and receivables, and other financial liabilities are measured at amortized costs using the effective interest method.

Interest income and expense in accordance with financial assets and liabilities are recognized in net income on an accrual basis using the effective interest method.

Gains or losses arising from changes in the fair value of the financial assets/liabilities at FVTPL are presented in the consolidated statements of comprehensive income during the period in which they arise. Changes in the fair value of AFS financial assets are measured in other comprehensive income.

Dividends income of financial assets at FVTPL and AFS financial assets is recognized in net income when the Group's right to receive the dividend is established.

AFS financial assets recognize cumulative fair value adjustment, which is previously recognized in the equity, in net income when disposing of assets or recognizing impairment loss.

4) Derecognition of financial assets and liabilities

The Group derecognizes a financial asset when the contractual right to the cash flows from the asset is expired, or when it transfers the financial asset and substantially all the risks and rewards of ownership of

the asset to another company. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulated gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

On derecognition of a financial assets other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset, or it retains a residual interest and such an retained interest indicates that the transferor has neither transferred nor retained substantially all the risks and rewards of ownership and has retained control of the transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair value of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part that is no longer recognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in profit or loss. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair value of those parts.

The Group derecognizes the financial liability, when Group's obligations are discharged, canceled or expired. The difference between paid cost and the carrying amount of financial liabilities is recorded in profit or loss.

(10) Offsetting financial instruments

Financial assets and liabilities are presented net in the consolidated statements of financial position when the Group has an enforceable legal right to set off and an intention to settle on a net basis or to realize an asset and settle the liability.

(11) Impairment of financial assets

1) Assets carried at amortized costs

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset (or a group of financial assets) is impaired. A financial asset (or a group of financial assets) is regarded as impaired when there is objective evidence of impairment loss as a result of one or more events (hereinafter the "loss event") that occurred after the initial recognition and the loss event has an impact on the estimated future cash flows of the financial asset.

The criteria used to determine whether there is objective evidence of impairment include:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- the lender, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- it becoming probable that the borrower will enter bankruptcy or financial re-organization;
- the disappearance of an active market for the financial asset due to financial difficulties; or
- observable data indicating that there is a measurable decrease in the estimated future cash flows of a group of financial assets after initial recognition, although the decrease in the estimated future cash flows of individual financial assets included in the group is not identifiable.

For individually significant financial assets, the Group assesses whether objective evidence of impairment exists individually, and it assesses for impairment of financial assets that are not significant on an individual or collective basis. If there is no objective evidence of impairment exists for financial assets individually assessed, the Group includes the asset in a group of financial assets with similar credit risk

characteristics and collectively assesses them for impairment. Assets for which the Group recognizes impairment based on an individual assessment or impairment loss is continuously recognized are not subject to a collective impairment assessment.

The amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit loss that are not yet incurred), which is discounted at the financial asset's original effective interest rate. The amount of loss is reduced directly from the asset's carrying value or by using a provision account, and it is recognized in net income.

For loans and receivables or HTM financial assets with the variable interest rate, the current effective interest rate, which is determined under the contract, is used to measure impairment loss.

Whether collateral inflow is probable or not, the present value of the estimated future cash flows of collateralized financial asset is calculated as the cash flows, which may arise from collateral inflow, less costs of acquiring and selling collateral.

Future cash flows for a group of financial assets that are collectively assessed for impairment are estimated based on the historical loss experience of assets having credit risk characteristics, similar to those in the group of financial assets. If the historical loss experience is not enough or not existed, similar corporation's comparable historical loss experience of a group of financial assets is used. The effects of current conditions that do not have an impact in the historical loss experience period are reflected, and the historical loss experience is adjusted based on the current observable data in order to remove the effects of conditions that currently do not exist but existed in the historical loss experience period.

For a collective assessment on impairment, financial assets are classified based on similar credit risk characteristics (i.e. based on the assessment of credit risk or grading process, considering asset type, industry, geographical location, collateral type, past-due status, and other relevant elements) indicating the debtor's ability to pay all amounts of debt under the contractual terms. These characteristics are relevant to the estimation of future cash flows for groups of such assets as being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

When estimating the changes in future cash flows, observable data (i.e. an impairment loss arising from a pool of assets, an unemployment rate indicating the loss and its parameter, asset price, product price, or payment status) needs to be consistently reflected. The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce the difference between loss estimates and actual loss experience.

When the amount of impairment loss decreases subsequently and the decrease is related to an event occurred after the impairment is recognized (i.e. an improvement in the debtor's credit rating), the previously recognized impairment loss is reversed directly from or by adjusting the provision account. The reversed amount is recognized in net income for the current period.

2) AFS financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that the Group's financial asset (or a group of financial assets) is impaired. For debt securities, the Group uses the criteria refer to (9)-1) above.

For equity investments classified as AFS financial assets, a significant or prolonged decline in the fair value below the cost is considered objective evidence of impairment. When the fair value of an AFS financial asset is decreased below its acquisition cost which is considered an objective evidence of impairment, the cumulative loss, amounting to the difference between the acquisition cost and the current fair value, is removed from other comprehensive income and recognized as an impairment loss in net income. For AFS equity instruments, impairment losses recognized on equity instruments are not reversed through net income. Meanwhile, when the fair value of AFS debt instrument increases in a subsequent period and the evidence is objectively related to an event occurred after recognizing the impairment loss, the impairment loss is reversed and recognized in net income.

(12) Investment properties

The Group classifies the property held to earn rental or capital gain purpose as investment property. The investment property is measured at its cost at the initial recognition plus transaction costs arising at acquisition and after recognition, and is presented at cost less accumulated depreciation and accumulated impairment loss as carrying value.

Subsequent costs are included in the carrying amount of the asset or recognized as a separate asset if it is probable that future economic benefits associated with the assets will flow into the Group and the cost of an asset can be measured reliably. Routine maintenance and repairs are expensed as incurred.

While land is not depreciated, all other investment properties is depreciated based on the respective assets' estimated useful lives using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

(13) Premises and equipment

Premises and equipment are stated at cost less subsequent accumulated depreciation and accumulated impairment losses. The cost of an item of premises and equipment is directly attributable to their purchase or construction, which includes any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. It also includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Subsequent costs to replace part of the premises and equipment are included in the carrying amount of the asset or recognized as a separate asset if it is probable that the future economic benefits associated with the assets will flow into the Group and the cost of an asset can be measured reliably. The carrying amount of the replaced part is eliminated from the books. Routine maintenance and repairs are expensed as incurred.

Premises and equipment are depreciated on a straight-line basis on the estimated economic useful lives as follows:

Classification	Useful life
Buildings used for business purpose	40 years
Structures in leased office	5 years
Movable properties for business purposes	5 years
Leased assets	Of the same kind or with similar useful lives

The Group reviews the depreciation method, the estimated useful lives and residual values of fixed assets at the end of each annual reporting period. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate. When the carrying amount of a fixed asset exceeds the estimated recoverable amount, the carrying amount of such asset is reduced to the recoverable amount.

(14) Intangible assets

1) Goodwill

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets acquired, liabilities and contingent liabilities assumed at the date of acquisition is recognized as goodwill. Such goodwill is classified as intangible assets.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is any indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in net income in the consolidated statements of comprehensive income. An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

2) Development costs, patents and other intangible assets

Intangible assets are stated at the manufacturing cost or acquisition cost plus additional incidental expenses less accumulated amortization and accumulated impairment losses.

Expenditures incurred in conjunction with development of new products or technology, in which the elements of costs can be individually identified and future economic benefits are probably expected, are capitalized as development costs under intangible assets. If the Group donates assets, such as buildings, to the government and is given a right to use or benefit from the assets, the donated assets are recorded as beneficial donated assets under intangible assets.

Intangible assets are amortized using the straight-line method over the estimated useful lives, which are five years for development costs, contractual contact period for the beneficial donated assets, ten years for patents and five years for other intangible assets.

The estimated useful life and amortization method are reviewed at the end of each reporting period. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

Intangible assets, including goodwill and membership, with indefinite useful lives are tested for impairment annually. All other assets are tested for impairment when there is an objective indication that the carrying amount may not be recoverable, and if the indication exists, the Group estimates the recoverable amount.

(15) Impairment of non-monetary assets

Impairment loss is recognized carrying amount exceeding recoverable amount, recoverable amount is the higher of value in use and net fair value less costs to sell.

For impairment testing purposes, assets are allocated to each of the Group's cash-generating units ("CGU"). Non-monetary assets, except for goodwill impaired, are reviewed in subsequent periods for potential recovery of value and reversal of impairment previously recognized, at the end of each reporting period.

(16) Lease

A lease is classified as a financial lease, if it transfers substantially all the risks and rewards incidental to ownership with the lessee. Assets held under finance leases are initially recognized as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statements of financial position as a finance lease obligation. Lease obligation deducting related financial cost is recognized as a financial lease liability. Interest factor included in financial cost is reflected in the consolidated statements of comprehensive income to achieve a constant rate of interest on the remaining balance of the liability.

All other leases are classified as operating leases and are not recognized as an asset in the consolidated statements of financial position. Operating lease payments are recognized as expenses amortized over the lease period using the straight-line method after deducting any incentives from the lessor.

(17) Derivative instruments and hedging activities

Derivatives are initially recognized at fair value at the date the derivative contract is entered into, and they are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in net income immediately unless the derivative is designated and effective as a hedging instrument.

The Group designates certain hedging instrument to:

- hedge of the exposure to changes in fair value of a recognized asset or liability or an unrecognized firm commitment (fair value hedge);
- hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction (cash flow hedge); and
- hedge of a net investment in a foreign operation.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item.

The fair value of derivatives that are designated and qualified as hedges is disclosed at Note 26.

a) Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognized in net income immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument no longer qualifies for hedge accounting and the fair value adjustment to the carrying amount of the hedged item is amortized to net income from that date to maturity using the effective interest method.

b) Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in net income. Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to net income in the periods when the hedged item is recognized in net income.

Hedge accounting is discontinued when the hedging instrument expires or is sold, or it no longer qualifies for hedge accounting, and any gain or loss accumulated in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in net income. When a forecasted transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in net income.

c) Hedge of a net investment in foreign operations

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized in equity while the gain or loss relating to the ineffective portion is recognized immediately in net income. The cumulated gain and loss in other comprehensive income is reclassified from equity to net income on the disposal or partial disposal of the foreign operations.

(18) Non-current assets (or disposal groups) held for sale

The Group classifies a non-current asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. The Group measures a non-current asset (or disposal group) classified as held for sale at the lower of its carrying amount and fair value less costs to sell.

(19) Compound financial instruments

When the Group is authorized to issue compound financial instruments, the main contract and the embedded derivative financial instruments are recognized separately or the whole compound financial instruments is designated at financial instruments at FVTPL.

An embedded derivative is separated from the host contract and accounted for as a derivative if, and only, if the economic characteristics and risks of the embedded derivative are not closely related to those of the host contract and a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative and the hybrid (combined) instrument is not measured at fair value with changes in fair value recognized in profit or loss.

After initial recognition, a host contract with debt securities is measured at amortized cost while an embedded derivative is measured at fair value with changes in fair value recognized in profit or loss.

When the all of criteria to be classified in a financial asset or a financial liability which are explained above (6)-1) and (6)-2) are met, the whole compound financial instrument is designated as at FVTPL. After initial recognition, the whole compound financial instrument is measured at fair value with changes in fair value recognized in profit or loss.

(20) Provisions

The Group recognizes provisions if it has a present or contractual obligations as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and the amount of the obligation is reliably estimated. Provisions are not recognized for future operating losses.

The Group recognizes provisions related to the unused portion of point rewards earned by credit card customers, payment guarantees and litigations.

Where the Group is required to restore a leased property that is used as a branch, to an agreed condition after the contractual term expires, the present value of expected amounts to be used to dispose, decommission or repair the facilities is recognized as an asset retirement obligation.

Where there are a number of similar obligations, the probability that an outflow will be required in settlement is determined by considering the obligations as a whole. Although the likelihood of outflow for any one item may be small, if it is probable that some outflow of resources will be needed to settle the obligations as a whole, a provision is recognized.

Provisions are recognized when the Group has a present obligation as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the present value of the best estimate of the consideration required to settle the present obligation at the end of the reporting period. The discount rate used in calculating the present value is the pre-tax discount rate taken into accounts the inherent risks and time value of the obligation, in the market.

(21) Equity capital

The Group recognizes common stock as equity and redeemable preferred stocks as a liability. Direct expenses related to the issuance of new shares or options are recognized as a deduction from equity, net of any tax effects.

If the Group reacquires its own equity instruments, those instruments (“treasury shares”) are presented as a deduction from total equity. The gain or loss on the purchase, sale, issue, or cancellation of treasury shares is not recognized in net income but recognized directly in equity.

(22) Financial guarantee contracts

A financial guarantee contract refers to the contract that requires the issuer to pay the specified amounts to reimburse the holder for a loss because the specified debtor fails to make payment when due under original or revised contractual terms of debt instruments. The financial guarantee contract is measured on initial recognition at the fair value, and the fair value is amortized over the financial guarantee contractual term.

After initial recognition, financial guarantee contract is measured at the higher of:

- the present value of expected payment amount due to the financial guarantee contract; and
- initially recognized amount of financial guarantee contract less recognized accumulated amortization in accordance with K-IFRS 1018 ‘Revenue.’

(23) Interest income and expense recognition

The Group recognizes interest income and expenses from HTM financial assets measured at amortized cost, loans and receivables, and other financial liabilities on an accrual basis using the effective interest method.

Effective interest method is the method of calculating the amortized cost of financial assets or liabilities and allocating the interest income or expense over the relevant period. The effective interest rate reconciles the expected future cash in and out through the expected life of financial instruments or shorter period if appropriate, and net carrying value of financial assets or liabilities. When calculating the effective interest rate, the group estimates future cash flows considering all contractual terms of the financial instruments such as prepayment option, except the loss on future credit risk. Also, the effective interest rate calculation reflects commission, points (only responsible for the effective interest rate) that are paid or earned between contracting parties, transaction costs, and other premiums and discounts.

(24) Dividends

Dividends are recognized as liabilities when it is approved by the shareholder.

(25) Employee benefits

1) Short-term employee benefits

The Group recognizes the undiscounted amount of short-term employee benefits expecting payment in exchange for services when the employee renders the services. The Group, also, recognizes relevant liabilities and expenses for the accumulating compensated absence when the services that increase the future paid-leave right are rendered. Expenses and liabilities for the accumulated absence are also recognized in consideration of constructive obligation when the Group pays a bonus.

2) Retirement benefits

The Group operates both defined benefit plan and defined contribution plan.

Contributions to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are composed of service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements), net interest expense (income), and remeasurement.

The Group presents the service cost and net interest expense (income) components in profit or loss, and the remeasurement component in other comprehensive income. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognized in the consolidated statement of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans. A liability for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognizes any related restructuring costs.

3) Termination benefits

Termination benefits are paid when employment is involuntarily terminated by the Group before the normal retirement date or an employee accepts voluntary retirement in exchange for benefits. The Group recognizes termination benefits when employment is terminated based on detailed formal plans or voluntary retirement is encouraged, providing termination benefits. Termination benefits are discounted at present value when they are due more than 12 months after the reporting date.

4) Profit-sharing and bonus plan

The Group recognizes profit-sharing and bonus as provisions and expenses by considering profits related to shareholders of the Group after adjusting a specific sum of amounts. The Group recognizes obligations related to contracts and past practice as provisions.

(26) Income tax expense

Income tax expense represents the sum of the tax currently payable and deferred tax. Income tax is recognized in net income except to the extent that it relates to items recognized in other comprehensive income or directly in equity. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Current tax expenses are calculated based on the basis of tax laws that have been enacted by the reporting date or substantively enacted in the countries where the Group operates and generates taxable income.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. However, the Group does not recognize deferred tax arising on the initial recognition of an asset or a liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither accounting profit nor taxable profit. Deferred taxes are determined using tax rates and laws that have been enacted by the reporting date—the date when the relevant deferred tax assets are realized and the deferred tax liabilities are settled—or substantially enacted.

Deferred tax assets are recognized if future taxable profits are probable so that the temporary differences can be used.

Deferred tax liabilities are provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention either to settle the balances on a net basis or to realize the asset and settle the liability simultaneously.

(27) Origination fees and costs

The commission, which is part of the effective interest rate of loans, is accounted for deferred origination fees. Incremental cost related to the acquisition or disposal is accounted for deferred origination costs, and it is amortized on the effective interest method and included in interest revenues on loans.

(28) Loan sales

When the Group disposes of loans based on valuations performed by a third party independent specialist (institution) using a reasonable and rational method, the difference between the book value and the selling price is recognized as gains and losses on disposal.

(29) Earnings per share (“EPS”)

Basic earnings per share is calculated by dividing net income from the statement of comprehensive income by the weighted average number of outstanding common shares, and diluted EPS is calculated by adjusted earnings and number of shares for the effects of all dilutive potential common shares.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

- PLEASE REFER TO THE FULL VERSION OF INDEPENDENT AUDITORS' REPORT

4. RISK MANAGEMENT

- PLEASE REFER TO THE FULL VERSION OF INDEPENDENT AUDITORS' REPORT

5. 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:

	<u>Details of products and services</u>
Consumer banking	Loans/deposits and financial services for consumer
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.

Segment operating income, which differs from financial operating income, is evaluated by the Group in deciding how to allocate resources and in assessing performance. Income tax of the Group is allocated to each segment proportionally by ratio of income before tax of 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):

		<u>December 31, 2013</u>							
		<u>Consumer banking</u>	<u>Corporate banking</u>	<u>Investment banking</u>	<u>Capital market</u>	<u>Headquarters and others</u>	<u>Sub-total</u>	<u>Inter-segment transactions</u>	<u>Total</u>
Assets		74,305,224	89,900,968	7,038,975	10,778,521	71,605,985	253,629,673	(3,644,902)	249,984,771
Liabilities		45,336,744	135,083,652	105,146	10,006,252	39,826,630	230,358,424	1,276,016	231,634,440

		<u>December 31, 2012</u>							
		<u>Consumer banking</u>	<u>Corporate banking</u>	<u>Investment banking</u>	<u>Capital market</u>	<u>Headquarters and others</u>	<u>Sub-total</u>	<u>Inter-segment transactions</u>	<u>Total</u>
Assets		71,919,601	84,989,581	8,016,568	20,548,977	66,505,665	251,980,392	(3,433,749)	248,546,643
Liabilities		41,262,437	129,294,513	111,792	18,346,591	39,778,177	228,793,510	1,158,192	229,951,702

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

	For the year ended December 31, 2013							
	Consumer banking	Corporate banking	Investment banking	Capital market	Headquarters and others	Sub-total	Inter-segment transaction	Total
Net interest income								
Interest income	3,233,552	3,832,239	256,860	82,649	1,636,867	9,042,167	88,166	9,130,333
Interest expense	(1,653,013)	(2,282,674)	(717)	(29,121)	(1,030,149)	(4,995,674)	285,218	(4,710,456)
Inter-segment	(75,167)	397,485	(236,489)	6,618	(92,447)	-	-	-
	1,505,372	1,947,050	19,654	60,146	514,271	4,046,493	373,384	4,419,877
Non-interest income								
Non-interest income	645,404	518,355	401,904	4,849,598	2,564,816	8,980,077	148,916	9,128,993
Non-interest expense	(244,085)	(100,033)	(334,021)	(4,856,921)	(2,340,018)	(7,875,078)	(498,961)	(8,374,039)
Inter-segment	14,346	25,445	-	-	(39,791)	-	-	-
	415,665	443,767	67,883	(7,323)	185,007	1,104,999	(350,045)	754,954
Other expenses								
Administrative expenses	(1,643,064)	(831,660)	(17,458)	(21,744)	(184,046)	(2,697,972)	18,946	(2,679,026)
Impairment losses on credit loss and others	(118,827)	(1,582,714)	(138,548)	(17,812)	(109,315)	(1,967,216)	(64,157)	(2,031,373)
	(1,761,891)	(2,414,374)	(156,006)	(39,556)	(293,361)	(4,665,188)	(45,211)	(4,710,399)
Operating income (loss)	159,146	(23,557)	(68,469)	13,267	405,917	486,304	(21,872)	464,432
Non-operating income (loss)	(14,340)	(10,787)	38,464	34,367	817,752	865,456	(812,060)	53,396
Net income before income tax expense	144,806	(34,344)	(30,005)	47,634	1,223,669	1,351,760	(833,932)	517,828
Income tax expense	(35,043)	8,311	7,261	(11,527)	(296,128)	(327,126)	246,096	(81,030)
Profit from continuing operations	109,763	(26,033)	(22,744)	36,107	927,541	1,024,634	(587,836)	436,798
Profit from discontinued operations	-	-	-	-	29,476	29,476	-	29,476
Net income	109,763	(26,033)	(22,744)	36,107	957,017	1,054,110	(587,836)	466,274
	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	1,803,651	11,208,625	279,268	11,487,893
Interest expense	(1,855,733)	(2,820,879)	(72)	(167,983)	(1,270,969)	(6,115,636)	262,208	(5,853,428)
Inter-segment	(134,749)	534,033	(331,460)	(32,769)	(35,055)	-	-	-
	2,100,438	2,401,237	5,831	87,856	497,627	5,092,989	541,476	5,634,465
Non-interest income								
Non-interest income	687,246	972,849	340,024	5,759,911	2,264,746	10,024,776	(123,967)	9,900,809
Non-interest expense	(472,581)	(525,046)	(250,453)	(5,777,549)	(1,788,927)	(8,814,556)	(464,706)	(9,279,262)
Inter-segment	13,573	20,515	-	-	(34,088)	-	-	-
	228,238	468,318	89,571	(17,638)	441,731	1,210,220	(588,673)	621,547
Other expenses								
Administrative expenses	(1,673,720)	(811,068)	(18,278)	(23,521)	(140,655)	(2,667,242)	4,017	(2,663,225)
Impairment losses on credit loss and others	(118,449)	(1,484,228)	(77,748)	(64,678)	(174,145)	(1,919,248)	90,541	(1,828,707)
	(1,792,169)	(2,295,296)	(96,026)	(88,199)	(314,800)	(4,586,490)	94,558	(4,491,932)
Operating income (loss)	536,507	574,259	(624)	(17,981)	624,558	1,716,719	47,361	1,764,080
Non-operating income (loss)	(18,788)	(2,849)	24,355	-	55,537	58,255	16,086	74,341
Net income before income tax expense	517,719	571,410	23,731	(17,981)	680,095	1,774,974	63,447	1,838,421
Income tax expense	(125,288)	(138,281)	(5,743)	4,352	(164,583)	(429,543)	88,039	(341,504)
Net income	392,431	433,129	17,988	(13,629)	515,512	1,345,431	151,486	1,496,917

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. Therefore, revenue from external customers is not separately disclosed.

Information on geographical areas

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

	<u>Revenue from external customers</u>		<u>Non-current assets</u>	
	<u>For the ended December 31, 2012</u>		<u>December 31,</u>	<u>December 31,</u>
	<u>2013</u>	<u>2012 (*)</u>	<u>2013</u>	<u>2012</u>
Domestic	17,395,174	20,834,791	3,297,041	3,359,216
Overseas	864,152	553,911	28,210	31,898
	<u>18,259,326</u>	<u>21,388,702</u>	<u>3,325,251</u>	<u>3,391,114</u>

(*) Revenue classified as profit from discontinued operations are included.

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

6. CASH AND CASH EQUIVALENTS

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

	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Cash and checks	2,227,816	2,551,530
Foreign currencies	511,487	522,257
Demand deposits	2,068,864	1,079,105
Fixed deposits	664,258	440,844
	<u>5,472,425</u>	<u>4,593,736</u>

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

	<u>2013</u>	<u>2012</u>
Changes in other comprehensive income (loss) due to valuation of AFS financial assets	(5,370)	(334,889)
Changes in other comprehensive income of investment in associates	1,055	1,210
Changes in other comprehensive income of overseas business translation	(52,299)	(74,110)
Changes in other comprehensive income (loss) due to re-measurement	6,657	(48,826)
Changes due to the credit card division spin-off	674,825	-
Changes in investments in associates due to equity swap	54,534	75,290
Changes in accrued dividends of hybrid equity securities	5,050	(9,176)

7. FINANCIAL ASSETS AT FVTPL

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

	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Securities in local currency:		
Korean treasury and government agencies	574,016	593,244
Financial institutions	1,019,007	2,117,764
Corporates	378,718	438,670
Equity securities	194,151	287,297
Beneficiary certificates	12,500	64,230
CP	-	2,876,291
Loaned securities	33,084	26,165
	<u>2,211,476</u>	<u>6,403,661</u>
Derivatives instruments assets:		
Interest rate derivatives	1,007,819	1,573,332
Currency derivatives	1,112,025	1,297,208
Equity derivatives	54,749	57,918
Other derivatives	2,764	5,028
	<u>2,177,357</u>	<u>2,933,486</u>
Other financial assets (CMA CP)	-	1,646,507
Gold banking assets	9,299	5,582
	<u>4,398,132</u>	<u>10,989,236</u>

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

	<u>December 31, 2013</u>		
	<u>Face value</u>	<u>Carrying value</u>	<u>Potential Risk</u>
Structured notes relating to credit risk:			
Synthetic CDO	-	-	Credit risk of underlying assets
	<u>December 31, 2012</u>		
	<u>Face value</u>	<u>Carrying value</u>	<u>Potential Risk</u>
Structured notes relating to credit risk:			
Synthetic CDO	32,133	-	Credit risk of underlying assets

8. AFS FINANCIAL ASSETS

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

	<u>December 31, 2013</u>	<u>December 31, 2012</u>
AFS financial assets in local currency:		
Debt securities:		
Korean treasury and government agencies	2,640,757	2,365,203
Financial institutions	6,512,037	5,503,457
Corporates	2,701,669	2,330,567
Others	316	316
	<u>11,854,779</u>	<u>10,199,543</u>
Equity securities:		
Listed stock	478,198	444,653
Unlisted stock	701,094	759,145
Capital contributions	255,215	238,055
Beneficiary certificates	3,043,186	2,455,482
	<u>4,477,693</u>	<u>3,897,335</u>
Other securities	5,083	-
	<u>16,337,555</u>	<u>14,096,878</u>
AFS financial assets in foreign currencies:		
Debt securities	228,529	262,302
Equity securities	91,613	108,954
	<u>320,142</u>	<u>371,256</u>
Loaned securities	240,034	20,413
	<u>16,897,731</u>	<u>14,488,547</u>

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

		December 31, 2013			
		Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
AFS financial assets in local currency:					
Debt securities:					
Korean treasury and government agencies					
		2,649,705	6,158	(15,106)	2,640,757
	Financial institutions	6,508,988	4,345	(1,296)	6,512,037
	Corporates	2,713,063	18,703	(30,097)	2,701,669
	Others	316	-	-	316
	Sub-total	11,872,072	29,206	(46,499)	11,854,779
Equity securities:					
	Listed stock	418,904	64,440	(5,146)	478,198
	Unlisted stock	568,982	136,809	(4,697)	701,094
	Capital contributions	257,470	13,572	(15,827)	255,215
	Beneficiary certificates	2,986,333	59,192	(2,339)	3,043,186
	Sub-total	4,231,689	274,013	(28,009)	4,477,693
	Other securities	4,985	98	-	5,083
	Sub-total	16,108,746	303,317	(74,508)	16,337,555
AFS financial assets in foreign currencies:					
	Debt securities	229,158	124	(753)	228,529
	Equity securities	72,423	27,231	(8,041)	91,613
	Sub-total	301,581	27,355	(8,794)	320,142
	Loaned securities	239,899	313	(178)	240,034
	Total	16,650,226	330,985	(83,480)	16,897,731
		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	2,445,523	15,470	(5,511)	2,455,482
	Sub-total	3,697,813	234,571	(35,049)	3,897,335
	Sub-total	13,846,956	302,546	(52,624)	14,096,878
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	14,214,451	334,014	(59,918)	14,488,547

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

	December 31, 2013		
	Face value	Carrying value	Potential Risk
Structured notes relating to credit risk:			
Cash CDO	138,045	-	Credit risk of underlying assets
Synthetic CDO	-	-	Credit risk of underlying assets
	<u>138,045</u>	<u>-</u>	
	December 31, 2012		
	Face value	Carrying value	Potential Risk
Structured notes relating to credit risk:			
Cash CDO	140,112	-	Credit risk of underlying assets
Synthetic CDO	21,422	-	Credit risk of underlying assets
	<u>161,534</u>	<u>-</u>	

9. HTM FINANCIAL ASSETS

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

	December 31, 2013	December 31, 2012
In local currency:		
Korean treasury and government agencies	4,728,909	5,527,699
Financial institutions	2,155,965	3,242,394
Corporates	5,131,162	5,534,920
	<u>12,016,036</u>	<u>14,305,013</u>
In foreign currencies:		
Debt securities	22,784	36,493
	<u>12,038,820</u>	<u>14,341,506</u>

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

	December 31, 2013			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value
In local currency:				
Korean treasury and government agencies	4,728,909	58,237	(16,900)	4,770,246
Financial institutions	2,155,965	8,012	(593)	2,163,384
Corporates	5,131,162	65,107	(6,361)	5,189,908
Sub-total	<u>12,016,036</u>	<u>131,356</u>	<u>(23,854)</u>	<u>12,123,538</u>
In foreign currencies:				
Debt securities	22,784	-	-	22,784
Total	<u>12,038,820</u>	<u>131,356</u>	<u>(23,854)</u>	<u>12,146,322</u>
	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	<u>14,305,013</u>	<u>210,056</u>	<u>(9,130)</u>	<u>14,505,939</u>
In foreign currencies:				
Debt securities	36,493	-	-	36,493
Total	<u>14,341,506</u>	<u>210,056</u>	<u>(9,130)</u>	<u>14,542,432</u>

10. LOANS AND RECEIVABLES

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

	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Due from banks	10,187,337	10,084,461
Loans	186,478,454	175,984,800
Other loan and receivables	10,694,889	14,139,064
	<u>207,360,680</u>	<u>200,208,325</u>

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

	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Due from banks in local currency:		
Due from the BOK	8,304,869	8,624,062
Due from depository institutions	13	4,388
Due from non-depository financial institutions	16,751	21,426
Due from the Korea Exchange	880	167
Others	7,945	8,355
Provisions for credit losses	(1,978)	(1,943)
	<u>8,328,480</u>	<u>8,656,455</u>
Due from banks in foreign currencies:		
Due from banks on demand	920,713	610,699
Due from banks on time	439,595	408,417
Others	500,566	410,571
Provisions for credit losses	(2,017)	(1,681)
	<u>1,858,857</u>	<u>1,428,006</u>
	<u>10,187,337</u>	<u>10,084,461</u>

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

<u>Financial institution</u>	<u>December 31, 2013</u>	<u>December 31, 2012</u>	<u>Reason of restriction</u>
Due from banks in local currency:			
BOK	8,304,869	8,624,062	Reserve deposits on BOK Act and others
Korea Exchange	250	250	Joint compensation fund for loss incurred
Korea Exchange Bank and others	7,708	8,118	Litigation reserves and others
	<u>8,312,827</u>	<u>8,632,430</u>	
Due from banks in foreign currencies:			
BOK	701,238	458,990	Reserve deposits on BOK Act and others
Bank of Japan and others	158,058	44,442	Reserve deposits in foreign branches and others
Central bank of Japan and others	395,573	360,800	Reserve deposits in foreign subsidiary and others
Central bank of China and others	60,042	62,762	Installation deposits of financial institution and others
Korea Investment & Securities Co., Ltd. and others	2,925	-	Collateral for overseas future trading
	<u>1,317,836</u>	<u>926,994</u>	
	<u>9,630,663</u>	<u>9,559,424</u>	

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

	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Loans in local currency	155,917,926	144,616,560
Loans in foreign currencies	9,995,683	9,505,325
Domestic banker's usance	4,958,522	4,892,884
Credit card accounts	5,122	4,117,401
Bills bought in foreign currencies	4,234,937	4,128,832
Bills bought in local currency	90,859	551,901
Factoring receivables	175,447	156,246
Advances for customers	54,645	125,841
Privately placed bonds	497,196	788,503
Loans for debt- equity swap	498	498
Backed loans	310,748	369,606
Call loans	8,090,655	5,215,330
Bonds purchased under repurchase agreements	4,980,889	4,230,934
Other loans	50,728	42,147
Deferred loan origination fees and costs	294,955	229,311
Present value discount	(21,496)	(20,772)
Fair value hedging adjustment	142	248
Provisions for credit losses	(3,159,002)	(2,965,995)
	<u>186,478,454</u>	<u>175,984,800</u>

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

	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Accounts receivables	8,265,877	11,432,805
Accrued income	880,452	970,842
Guarantee deposits	1,022,932	1,003,640
Other assets (*)	918,097	1,071,728
Present value discount of other assets	(49,471)	(53,231)
Provisions for credit losses	(342,998)	(286,720)
	<u>10,694,889</u>	<u>14,139,064</u>

(*) As of December 31, 2013, other assets include ₩ 237,229 million of receivable from other financial institutions, conforming to the agreement of financial institution council. On the other hand, as of December 31, 2013, ₩ 7,030 million to be paid by is accounted for as other financial liabilities and other operating income and other operating expenses were recorded respectively for the related amounts (Notes 25 and 40).

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

	For the year ended December 31, 2013				
	Consumers	Corporates	Credit cards	Others	Total
Beginning balance	(258,884)	(2,571,148)	(118,173)	(308,134)	(3,256,339)
Provisions for credit losses	(161,475)	(1,786,956)	(22,747)	(49,829)	(2,021,007)
Recoveries of written-off loans	(28,132)	(155,405)	(6,134)	-	(189,671)
Charge-off	124,192	1,378,521	39,346	445	1,542,504
Sales of loans and receivables	4,058	124,315	-	147	128,520
Unwinding effect	20,251	115,256	114	293	135,914
Others	10	50,098	249	(3,882)	46,475
Credit card division spin-off	-	-	107,332	277	107,609
Ending balance	(299,980)	(2,845,319)	(13)	(360,683)	(3,505,995)

	For the year ended December 31, 2012				
	Consumers	Corporates	Credit cards	Others	Total
Beginning balance	(191,447)	(2,657,257)	(119,484)	(383,436)	(3,351,624)
Provisions for credit losses	(171,031)	(1,462,452)	(143,965)	(22,238)	(1,799,686)
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	8,522	120,764	-	963	130,249
Unwinding effect	13,725	71,754	311	296	86,086
Others	28	(13,525)	479	95,470	82,452
Ending balance	(258,884)	(2,571,148)	(118,173)	(308,134)	(3,256,339)

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

	For the year ended December 31, 2013			
	Balance at	Increase	Decrease	Balance at
	January 1, 2013			December 31, 2013
Deferred loan origination fees	(36,220)	(10,375)	20,511	(26,084)
Deferred loan origination costs	265,531	199,563	(144,055)	321,039
	229,311	189,188	(123,544)	294,955

	For the year ended December 31, 2012			
	Balance at	Increase	Decrease	Balance at
	January 1, 2012			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

11. 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 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices). Other than quoted prices included within Level 1
- Level 3: fair value measurements are those derived from valuation technique that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

	December 31, 2013			
	Level 1 (*2)	Level 2 (*2)	Level 3	Total
Financial assets:				
Financial assets at FVTPL:				
Financial assets held for trading:				
Securities in local currency:				
Korean treasury and government agencies	518,848	55,168	-	574,016
Financial institutions	-	1,019,007	-	1,019,007
Corporates	-	378,718	-	378,718
Equity securities	194,151	-	-	194,151
Beneficiary certificate	-	12,500	-	12,500
Loaned securities	33,084	-	-	33,084
	<u>746,083</u>	<u>1,465,393</u>	<u>-</u>	<u>2,211,476</u>
Derivatives instruments assets (*1):				
Interest rate derivatives	-	1,110,961	28,244	1,139,205
Currency derivatives	-	1,102,538	9,487	1,112,025
Equity derivatives	4	2,081	52,688	54,773
Other derivatives	-	2,764	-	2,764
	<u>4</u>	<u>2,218,344</u>	<u>90,419</u>	<u>2,308,767</u>
Gold banking assets	9,299	-	-	9,299
	<u>755,386</u>	<u>3,683,737</u>	<u>90,419</u>	<u>4,529,542</u>
AFS financial assets:				
AFS financial assets in local currency:				
Debt securities:				
Korean treasury and government agencies	2,535,915	104,842	-	2,640,757
Financial institutions	-	6,512,037	-	6,512,037
Corporates	-	2,701,669	-	2,701,669
Others	-	316	-	316
	<u>2,535,915</u>	<u>9,318,864</u>	<u>-</u>	<u>11,854,779</u>
Equity securities:				
Listed stock	469,468	-	8,730	478,198
Unlisted stock	-	-	701,094	701,094
Capital contributions	-	-	255,215	255,215
Beneficiary certificates	-	2,692,904	350,282	3,043,186
	<u>469,468</u>	<u>2,692,904</u>	<u>1,315,321</u>	<u>4,477,693</u>
Other securities	-	-	5,083	5,083
	<u>3,005,383</u>	<u>12,011,768</u>	<u>1,320,404</u>	<u>16,337,555</u>
AFS financial assets in foreign currencies:				
Debt securities	21,467	207,062	-	228,529
Equity securities	433	-	91,180	91,613
	<u>21,900</u>	<u>207,062</u>	<u>91,180</u>	<u>320,142</u>
Loaned securities	240,034	-	-	240,034
	<u>3,267,317</u>	<u>12,218,830</u>	<u>1,411,584</u>	<u>16,897,731</u>

	December 31, 2013			
	Level 1 (*2)	Level 2 (*2)	Level 3	Total
Financial liabilities:				
Financial liabilities at FVTPL:				
Financial liabilities at trading securities:				
Gold banking liabilities	9,254	-	-	9,254
Derivatives instruments liabilities (*1):	-	-	-	-
Interest rate derivatives	-	1,026,495	10,098	1,036,593
Currency derivatives	-	1,032,206	-	1,032,206
Equity derivatives	460	17,264	11,221	28,945
Other derivatives	-	2,912	-	2,912
	<u>460</u>	<u>2,078,877</u>	<u>21,319</u>	<u>2,100,656</u>
	<u>9,714</u>	<u>2,078,877</u>	<u>21,319</u>	<u>2,109,910</u>
Financial liability designated at FVTPL:				
Compound financial instrument	-	6,097	336,312	342,409
Debentures in local currency	-	125,529	-	125,529
Debentures in foreign currencies	-	57,630	-	57,630
	<u>-</u>	<u>189,256</u>	<u>336,312</u>	<u>525,568</u>
	<u>9,714</u>	<u>2,268,133</u>	<u>357,631</u>	<u>2,635,478</u>

- (*1) Derivatives classified as financial assets and liabilities at FVTPL are included in derivative assets and liabilities.
- (*2) There have been no transfers between Level 1 and Level 2 financial assets and liabilities measured at fair value for the years ended December 31, 2013 and 2012. The Group recognizes transfers between levels at the end of reporting period when events or conditions change.

	December 31, 2012			
	Level 1 (*2)	Level 2 (*2)	Level 3	Total
Financial assets:				
Financial assets at FVTPL:				
Financial assets held for trading:				
Securities in local currency:				
Korean treasury and government agencies	592,907	337	-	593,244
Financial institutions	-	2,117,764	-	2,117,764
Corporates	-	438,670	-	438,670
Equity securities	287,297	-	-	287,297
Beneficiary certificate	-	64,230	-	64,230
CP	-	2,876,291	-	2,876,291
Loaned securities	26,165	-	-	26,165
	<u>906,369</u>	<u>5,497,292</u>	<u>-</u>	<u>6,403,661</u>
Derivatives instruments assets (*1):				
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
Commodity derivatives	-	5,028	-	5,028
	<u>319</u>	<u>3,153,375</u>	<u>49,206</u>	<u>3,202,900</u>
Other financial assets (CMA CP)	-	1,646,507	-	1,646,507
Gold banking assets	5,582	-	-	5,582
	<u>912,270</u>	<u>10,297,174</u>	<u>49,206</u>	<u>11,258,650</u>
AFS financial assets:				
AFS financial assets 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
	<u>2,361,133</u>	<u>7,838,410</u>	<u>-</u>	<u>10,199,543</u>
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	160,279	2,455,482
	<u>347,648</u>	<u>2,295,203</u>	<u>1,254,484</u>	<u>3,897,335</u>
	<u>2,708,781</u>	<u>10,133,613</u>	<u>1,254,484</u>	<u>14,096,878</u>

	December 31, 2012			Total
	Level 1 (*2)	Level 2 (*2)	Level 3	
AFS financial assets in foreign currencies:				
Debt securities	19,143	243,159	-	262,302
Equity securities	1,541	-	107,413	108,954
	<u>20,684</u>	<u>243,159</u>	<u>107,413</u>	<u>371,256</u>
Loaned securities	20,413	-	-	20,413
	<u>2,749,878</u>	<u>10,376,772</u>	<u>1,361,897</u>	<u>14,488,547</u>
Financial liabilities:				
Financial liabilities at FVTPL:				
Financial liabilities at trading securities:				
Gold banking liabilities	5,582	-	-	5,582
Derivatives instruments liabilities (*1):	-	-	-	-
Interest rate derivatives	-	1,626,852	58	1,626,910
Currency derivatives	-	1,167,901	-	1,167,901
Equity derivatives	-	35,905	6,443	42,348
Other derivatives	-	5,323	-	5,323
	<u>-</u>	<u>2,835,981</u>	<u>6,501</u>	<u>2,842,482</u>
	<u>5,582</u>	<u>2,835,981</u>	<u>6,501</u>	<u>2,848,064</u>
Financial liability designated at FVTPL:				
Compound financial instrument	-	-	329,005	329,005
Debentures in local currency	-	227,920	-	227,920
Debentures in foreign currencies	-	87,534	-	87,534
	<u>-</u>	<u>315,454</u>	<u>329,005</u>	<u>644,459</u>
	<u>5,582</u>	<u>3,151,435</u>	<u>335,506</u>	<u>3,492,523</u>

(*1) Derivatives classified as financial assets and liabilities at FVTPL are included in derivative assets and liabilities.

(*2) There have been no transfers between Level 1 and Level 2 financial assets and liabilities measured at fair value for the years ended December 31, 2013 and 2012. The Group recognizes transfers between levels at the end of reporting period when events or conditions change.

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 ₩ 23,676 million and ₩ 36,864 million as of December 31, 2013 and December 31, 2012, respectively. These securities are not actively traded or quoted equity instruments which were invested to special purposed entity such as asset securitization specialty and are classified into level 3 of unlisted stock and capital contributions. They are carried at cost because it is practically difficult to get financial information for valuation and expected cash flows of the unlisted equity securities cannot be measured reliably. The Group has no plan to sell these financial instruments in the near future.

Financial assets' carrying amount and related gains on disposal of financial assets carried at cost which do not have a quoted market price in an active market and cannot be measured reliably at fair value are follows (Unit: Korean Won in millions):

	For the year ended December 31	
	2013	2012
Carrying amount	1,195	11,752
Gain on transaction	1,943	5,384

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 that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date.

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	Input variables
Debt securities	The fair value is measured by discounting the projected cash flows of debt securities by applying the market discount rate that has been applied to a proxy company that has similar credit rating to the issuers of the securities	Risk free market rate of return and credit spread
Equity securities	Among DCF (Discounted Cash Flow) Model, FCFE (Free Cash Flow to Equity) Model, Comparable Company Analysis, Dividend Discount Model, Risk-adjusted Rate of Return Method, and Net Asset Value Method, one or two methods are used given the characteristic of the subject of fair value measurement.	Risk free market rate of return, market risk premium, corporate beta
Derivatives	The in-house developed model which is based on the models that are used by market participants in the valuation of general OTC derivative products, such as options, interest rate swaps, and currency swap that are based on inputs observable in the market. However, for some complicated financial instruments of which valuation should be based on some assumptions since some significant or all inputs to be used in the model are not observable in the market, the in-house derived model which is developed from the general valuation models, such as Finite Difference Method ("FDM") or Monte Carlo Simulation.	Risk-free market rate, forward rate, volatility, foreign exchange rate, stock prices, etc.
Compound financial instruments	Compound financial instrument are mostly equity linked securities. The fair value of the securities are measured by discounting the weighted average cash flow of future underlying stock price scenarios generated by Monte-Carlo simulation by a proper discount rate. To generate the scenarios, estimation of an expected rate of return of the underlying stock, a variability of the stock price, and a correlation among the stocks when the numbers of underlying stocks are more than 2 is needed. The variability of the stock price and the correlation among the stocks are estimated based on historical stock prices.	Volatility of stock price and correlation
Debentures	The fair value is measured by discounting the projected cash flows of a debenture by applying the market discount rate that is reflecting credit rating of the Group.	Risk free market rate of return and forward rate

Measurement techniques of the financial assets and financial liabilities of level 3 that are recorded at fair value and significant, unobservable inputs are as follows:

	Fair value in December 31, 2013	Fair value measurement technique	Significant unobservable Input variable	Range
Derivative assets	90,419	Option valuation model and others	Correlation Historical variability Credit risk adjustment ratio	-1~1 0%~70% 0%~100%
Derivative liabilities	21,319	Option valuation model and others	Correlation Historical variability	-1~1 0%~70%
Compound financial instrument	336,312	Monte Carlo Simulation	Correlation Historical variability	-1~1 0%~70%
Equity security	1,411,584	External appraised value and others	Expected growth rate	0%~1%

Fair value of financial assets and liabilities classified into Level 3 uses external evaluation or value that is independently appraised by the Group. Non-observable inputs used in measuring fair value are calculated from the internal system and adequacy of those inputs is reviewed at all times. Investment Valuation Committee is responsible for reviewing of external assessments, deciding of valuation methods and review of appropriateness of methodology. And the agenda of Investment Valuation Committee is reported to and approved by Risk Management Committee. Valuation methods are verified annually by focusing on large amount.

- (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, 2013						December 31, 2013
	January 1, 2013	Net Income (loss)	Other comprehensive income (loss)	Purchases/ Issuances	Disposals/ Settlements	Transfer to or from level 3 (*6)	
Financial assets:							
Financial assets at FVTPL:							
Financial assets held for trading:							
Derivative assets:							
Interest rate derivatives (*1)	-	3,379	-	(550)	188	25,227	28,244
Currency derivatives (*2)	-	-	-	-	-	9,487	9,487
Equity derivatives	49,206	(9,759)	-	13,241	-	-	52,688
	49,206	(6,380)	-	12,691	188	34,714	90,419
AFS financial assets:							
Listed stock in local currency (*3)	97,005	(34,654)	9,721	22,668	(19,173)	(66,873)	8,730
Unlisted stock in local currency(*4)	759,145	(49,757)	(23,483)	97,628	(82,214)	(225)	701,094
Capital contributions in local currency	238,055	8,077	14,820	48,330	(54,067)	-	255,215
Beneficiary certificates in local currency (*4)	160,279	(3,674)	6,113	58,862	(4,405)	133,107	350,282
	1,254,484	(80,008)	7,171	227,488	(159,859)	66,045	1,315,321
Others in local currency	-	-	418	4,665	-	-	5,083
	1,254,484	(80,008)	7,589	232,153	(159,859)	66,045	1,320,404
Equity securities in foreign currencies	107,413	3,082	(4,275)	3,517	(18,557)	-	91,180
	1,361,897	(76,926)	3,314	235,670	(178,416)	66,045	1,411,584
Financial liabilities:							
Financial liabilities at FVTPL:							
Derivative liabilities:							
Interest rate derivatives (*1)	58	5,558	-	860	(1,031)	4,653	10,098
Currency derivatives (*5)	-	604	-	-	-	(604)	-
Equity derivatives (*1)	6,443	3,076	-	-	-	1,702	11,221
	6,501	9,238	-	860	(1,031)	5,751	21,319
Financial liabilities at FVTPL							
Compound financial instruments	329,005	7,998	-	256,120	(256,811)	-	336,312
	335,506	17,236	-	256,980	(257,842)	5,751	357,631

(*1) The derivative assets and liabilities were transferred into level 3 from level 2 upon the changes of fair value measurement method of the assets and liabilities by using the valuation techniques that include unobservable inputs from previously using valuation techniques that include inputs other than quoted prices included within Level 1 that are observable for the asset or liability.

(*2) The derivative assets were transferred into level 3 from level 2 upon the changes of fair value measurement method of the assets by using the valuation techniques that include significant unobservable inputs.

(*3) The AFS assets were transferred out of level 3 upon the change of the fair value measurement method of the assets by using quoted prices in the active market from previously using the external valuation specialists.

(*4) AFS financial assets were transferred into or out of level 3 upon the changes in the degree of subjectivity and uncertainty used to measure fair values for the AFS financial assets.

- (*5) The derivative liabilities were transferred into level 2 from level 3 upon the change of the fair value measurement of the liabilities by using the valuation techniques that include inputs other than quoted prices included within Level 1 that are observable for the asset or liability from previously the valuation techniques based on unobservable inputs.
- (*6) The Group recognizes transfers between levels at the end of reporting period within which events or conditions change.

Out of the amounts recognized in net income for the year ended December 31, 2013, amounts related to assets and liabilities that the Group currently holds are recognized as net losses of ₩ 101,827 million, which are included in gain or loss on financial instruments at FVTPL and gain or loss on AFS financial assets in the statements of comprehensive income.

	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:							
Derivative assets:							
Equity derivatives	31,191	18,015	-	-	-	-	49,206
AFS financial assets:							
Listed stock in local currency (*1)	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
Beneficiary certificates in local currency (*2)	225,536	74,767	(37,287)	14,137	(121,592)	4,718	160,279
	<u>1,702,848</u>	<u>439,575</u>	<u>(399,750)</u>	<u>162,753</u>	<u>(656,318)</u>	<u>5,376</u>	<u>1,254,484</u>
Equity securities in foreign currencies	136,067	(6,771)	(4,167)	5,224	(22,940)	-	107,413
	<u>1,838,915</u>	<u>432,804</u>	<u>(403,917)</u>	<u>167,977</u>	<u>(679,258)</u>	<u>5,376</u>	<u>1,361,897</u>
Financial liabilities:							
Financial liabilities at FVTPL:							
Derivative liabilities:							
Interest rate derivatives	43	232	-	-	(217)	-	58
Equity derivatives	10,158	(2,813)	-	195	(1,097)	-	6,443
	<u>10,201</u>	<u>(2,581)</u>	<u>-</u>	<u>195</u>	<u>(1,314)</u>	<u>-</u>	<u>6,501</u>
Financial liabilities at FVTPL							
Compound financial instrument	273,449	29,138	-	84,353	(57,935)	-	329,005
	<u>283,650</u>	<u>26,557</u>	<u>-</u>	<u>84,548</u>	<u>(59,249)</u>	<u>-</u>	<u>335,506</u>

- (*1) The AFS assets were transferred into level 3 from level 1 upon the change of the fair value measurement method of the assets by using the external valuation specialists from previously using quoted prices in the active market.
- (*2) The AFS financial assets were transferred into level 3 from level 2 upon the changes of fair value measurement method of the assets by using the valuation techniques that include unobservable inputs from valuation techniques that include inputs other than quoted prices included within Level 1 that are observable for the asset or liability. The Group recognizes transfers between levels at the end of reporting period within which events or conditions change.

Out of the amounts recognized in net income for the year ended December 31, 2012, amounts related to assets and liabilities that the Group currently holds are recognized as net gain of ₩61,608 million, which are included in gain or loss on financial instruments at FVTPL and gain or loss on AFS financial assets in the statements of comprehensive income.

- (3) The following table shows the sensitivity of level 3 fair values to reasonably possible alternative assumptions.

The sensitivity analysis of the financial instruments has been performed by classifying with favorable and unfavorable changes based on how changes in unobservable assumptions have effects on the fluctuations of financial instruments' value. When the fair value of a financial instrument is affected by more than one unobservable assumption, the below table reflects the most favorable or the most unfavorable changes which result from varying the assumptions individually. There are two types of level 3 financial instruments which should be done through sensitivity analysis. Some instruments, such as equity derivatives and interest rate derivatives, that fair value changes are recognized as current income. Others, such as equity securities, debt securities, and beneficiary certificates that fair value changes are recognized as other comprehensive income. And equity securities, of which fair value level is classified level 3, measured at cost are excluded from sensitivity analysis.

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 as of December 31, 2013 and December 31, 2012 (Unit: Korean Won in millions):

	December 31, 2013			
	Net income (loss)		Other comprehensive income (loss)	
	Favorable	Unfavorable	Favorable	Unfavorable
Financial assets:				
Financial assets held-for-trading:				
Derivative assets (*1)	18,827	(12,342)	-	-
AFS financial assets:				
Equity securities (*2)	-	-	64,129	(26,894)
Beneficiary certificates (*3)	-	-	5,851	(5,642)
Other securities (*3)	-	-	130	(128)
	<u>-</u>	<u>-</u>	<u>70,110</u>	<u>(32,664)</u>
	<u>18,827</u>	<u>(12,342)</u>	<u>70,110</u>	<u>(32,664)</u>
Financial liabilities:				
Financial liabilities held-for-trading:				
Derivative liabilities (*1)	3,975	(3,992)	-	-
Financial liabilities at FVTPL				
Compound financial instrument (*1)	3,024	(2,982)	-	-
	<u>6,999</u>	<u>(6,974)</u>	<u>-</u>	<u>-</u>
	<u>6,999</u>	<u>(6,974)</u>	<u>-</u>	<u>-</u>
	December 31, 2012			
	Net income (loss)		Other comprehensive income (loss)	
	Favorable	Unfavorable	Favorable	Unfavorable
Financial assets:				
Financial assets held-for-trading:				
Derivative assets (*1)	9,241	(9,083)	-	-
AFS financial assets:				
Equity securities (*2)	-	-	116,488	(47,998)
Beneficiary certificates (*3)	-	-	1,953	(1,896)
	<u>-</u>	<u>-</u>	<u>118,441</u>	<u>(49,894)</u>
	<u>9,241</u>	<u>(9,083)</u>	<u>118,441</u>	<u>(49,894)</u>
Financial liabilities:				
Financial liabilities held-for-trading:				
Derivative liabilities (*1)	3,550	(3,662)	-	-
Financial liabilities at FVTPL				
Compound financial instrument (*1)	5,900	(6,180)	-	-
	<u>9,450</u>	<u>(9,842)</u>	<u>-</u>	<u>-</u>
	<u>9,450</u>	<u>(9,842)</u>	<u>-</u>	<u>-</u>

- (*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. Fair value changes of interest rate-linked and currency-linked derivatives are calculated by increasing or decreasing historical fluctuation rate of interest rate and credit risk adjustment by 10%.

- (*2) Fair value changes of equity securities are calculated by increasing or decreasing growth rate (0~1%) and discount rate or liquidation value (-1~1%) and discount rate. 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, 2013			Carrying Value
	Fair value			
	Level 1	Level 2	Level 3	
Financial assets:				
HTM financial assets				
Korean treasury and government agencies	2,682,460	2,087,786	-	4,728,909
Financial institutions debt securities and others	-	7,376,076	-	7,309,911
	2,682,460	9,463,862	-	12,038,820
Loans and receivables	-	-	207,580,684	207,360,680
Financial liabilities:				
Deposits due to customers	-	175,169,966	-	175,209,309
Borrowings	-	17,270,399	-	17,264,362
Debentures	-	16,963,469	-	16,088,973
Other financial liabilities	-	19,399,034	-	19,401,628

	December 31, 2012			Carrying Value
	Fair value			
	Level 1	Value	Level 3	
Financial assets:				
HTM financial assets				
Korean treasury and government agencies	3,691,528	1,929,491	-	5,527,699
Financial institutions debt securities and others	-	8,921,413	-	8,813,807
	3,691,528	10,850,904	-	14,341,506
Loans and receivables	-	-	202,139,877	200,208,325
Financial liabilities:				
Deposits due to customers	-	169,300,346	-	169,216,255
Borrowings	-	17,479,730	-	17,446,930
Debentures	-	18,875,761	-	17,841,978
Other financial liabilities	-	20,771,932	-	20,771,744

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 measures fair value of the financial instruments using valuation techniques. Fair value measurement techniques and input variable for each type of financial instruments that are recorded at amortized cost are as follows:

	Fair value measurement technique	Input variables
Debt securities	The fair value is measured by discounting the projected cash flows of debt securities by applying the market discount rate that has been applied to a proxy company that has similar credit rating to the issuers of the securities.	Risk free market rate of return and credit spread
Loans and receivables	The fair value is measured by discounting the projected cash flows of loan products by applying the market discount rate that has been applied to a proxy company that has similar credit rating to the debtor.	Risk free market rate of return, credit spread and prepayment ratio
Deposits due to customers, borrowings and debentures	The fair value is measured by discounting the projected cash flows of debt products by applying the market discount rate that is reflecting credit rating of the Group.	Risk free market rate of return and forward rate

12. TRANSFER OF FINANCIAL INSTRUMENTS AND OFFSETTING

(1) Transferred financial assets that do not meet the condition for derecognition.

1) Bonds Sold Under Repurchase Agreements

The financial instruments that were disposed but the Group agreed to repurchase at the fixed amounts at the same time, so that they did not meet the conditions of derecognition, are as follows (Unit: Korean Won in millions):

		December 31, 2013	December 31, 2012
Transfer assets	AFS financial assets	126,589	291,504
	HTM financial assets	651,582	943,694
		778,171	1,235,198
Liabilities	Bonds Sold Under Repurchase Agreements	513,442	890,367

2) Loaned securities

When the Group loans its securities to outside parties, the legal ownerships of the securities are transferred, however, they should be returned at the end of lending period therefore the Group does not derecognize them from the consolidated financial statements as it owns majority of risks and benefits from the securities continuously regardless of the transfer of legal ownership.

		December 31, 2013	December 31, 2012	Loaned to
Financial assets at FVTPL:	Equity securities listed stock	33,084	26,165	Samsung securities Co., Ltd. and others
AFS financial assets	Debt securities Korean treasury and government agencies	240,034	20,413	Korea securities depository
		<u>273,118</u>	<u>46,578</u>	

(2) Derecognized financial instrument through disposals, on which the Group has continuous involvement

The book value, fair value of, and maximum exposure to loss from the financial assets that were derecognized from the consolidated financial statements of the Group through disposals, but the Group still have continuous involvements are as follows (Unit: Korean Won in millions)

		December 31, 2013		
		Book value of	Fair value of	Maximum
Type of continuous involvement		continuous participation	continuous participation	exposure to loss
KAMCO tenth Asset Securitization Specialty (“KAMCO specialty”)	Acquisition of subordinated bonds of KAMCO specialty	1,746	1,851	1,746
Conditional disposal of loans to KAMCO (*)	Guarantee against loss on transferred assets by the Group	-	-	709
		December 31, 2012		
		Book value of	Fair value of	Maximum
Type of continuous involvement		continuous participation	continuous participation	exposure on loss
KAMCO specialty	Acquisition of subordinated bonds of KAMCO specialty	1,746	1,930	1,746
Conditional disposal of loans to KAMCO (*)	Guarantee against loss on transferred assets by the Group	-	-	709

(*) The transferred assets are not settled yet. Therefore the cash flow upon the settlement is not determinable as of December 31, 2013. And the maximum exposure to loss represents the carrying amounts of the assets at the date when they were transferred to KAMCO. The Group derecognized the transferred assets although the Group retains and continues to retain substantially all such risks and rewards by applying the transition exemptions in K-IFRS 1101.

(3) Financial assets and liabilities subject to offsetting, enforceable master netting agreements and similar agreements are as follows (Unit: Korean Won in millions):

The Group has both domestic exchange receivables and domestic exchange payables which satisfy offsetting criteria of K-IFRS 1032. And the domestic exchange receivables (payables) are offset by domestic exchange payables (receivables) and recorded as loans and receivables or other financial liabilities in the consolidated statements of financial position.

Certain financial assets and liabilities of the Group is subject to an enforceable master netting arrangement or similar agreement, under the circumstances of the counter-party’s default, insolvency or bankruptcy, These financial assets and liabilities includes derivative assets, derivative liabilities, receivable spot exchange and payable spot exchange which do not satisfy the offsetting criteria of K-IFRS 1032.

In accordance with the collateral arrangements, cash collateral, which do not satisfy the offsetting criteria of K-IFRS 1032, can be offset with the net amount of derivatives assets, derivative liabilities, receivable spot exchange and payable spot exchange under the circumstances of the counter-party’s default, insolvency or bankruptcy.

The Group has bonds sold under repurchase agreements which accounted as secured borrowings and bonds purchased under repurchase agreements which accounted as secured loans. The Group under the repurchase agreements has offsetting right only upon the counter-party’s default, insolvency or bankruptcy, thus the repurchase agreements are applied by the TBMA/ISMA Global Master Repurchase Agreement of which do not satisfy the offsetting criteria of K-IFRS 1032. The Group disclosed bonds sold (purchased) under repurchase agreements as borrowings (loans and receivables).

The details of the Group's recognized financial assets and liabilities subject to enforceable master netting arrangement or similar agreements as of December 31, 2013 and December 31, 2012, are as follows (Unit: Korean Won in millions):

	December 31, 2013					
	Gross amounts of recognized financial assets	Gross amounts of recognized financial liabilities off-set in the statement of financial position	Net amounts of financial assets presented in the statement of financial statement	Non-offsetting amounts in the statement of financial position		
				Master netting arrangement and others	Cash collateral received	Net amounts
Financial assets:						
Derivative assets and others (*1)	2,255,988	-	2,255,988	8,960,106	121,043	472,473
Receivable spot exchange (*2)	7,297,634	-	7,297,634	-	-	-
Bonds purchased under resale agreements	4,980,889	-	4,980,889	4,980,889	-	-
Domestic exchanges receivable (*3)	23,805,554	23,222,175	583,379	-	-	583,379
	<u>38,340,065</u>	<u>23,222,175</u>	<u>15,117,890</u>	<u>13,940,995</u>	<u>121,043</u>	<u>1,055,852</u>
Financial liabilities:						
Derivative liabilities and others (*1)	2,088,469	-	2,088,469	-	-	759,550
Compound financial instrument	342,409	-	342,409	-	-	-
Payable spot exchange (*4)	7,298,804	-	7,298,804	8,970,132	-	-
Bonds sold under repurchase agreements	513,442	-	513,442	513,442	-	-
Domestic exchanges payable	25,988,995	23,222,175	2,766,820	2,746,297	-	20,523
	<u>36,232,119</u>	<u>23,222,175</u>	<u>13,009,944</u>	<u>12,229,871</u>	<u>-</u>	<u>780,073</u>
	December 31, 2012					
	Gross amounts of recognized financial assets	Gross amounts of recognized financial liabilities off-set in the statement of financial position	Net amounts of financial assets presented in the statement of financial statement	Non-offsetting amounts in the statement of financial position		
				Master netting arrangement and others	Cash collateral received	Net amounts
Financial assets:						
Derivative assets and others (*1)	3,009,053	-	3,009,053	12,736,161	111,587	470,910
Receivable spot exchange (*2)	10,309,605	-	10,309,605	-	-	-
Bonds purchased under resale agreements	4,230,934	-	4,230,934	4,230,934	-	-
Domestic exchanges receivable (*3)	28,588,503	27,703,689	884,814	-	-	884,814
	<u>46,138,095</u>	<u>27,703,689</u>	<u>18,434,406</u>	<u>16,967,095</u>	<u>111,587</u>	<u>1,355,724</u>
Financial liabilities:						
Derivative liabilities and others (*1)	2,819,907	-	2,819,907	-	-	758,375
compound financial instrument	329,005	-	329,005	-	-	-
Payable spot exchange (*4)	10,309,364	-	10,309,364	12,699,901	-	-
Bonds sold under repurchase agreements	890,367	-	890,367	890,367	-	-
Domestic exchanges payable	27,763,020	27,703,689	59,331	59,331	-	-
	<u>42,111,663</u>	<u>27,703,689</u>	<u>14,407,974</u>	<u>13,649,599</u>	<u>-</u>	<u>758,375</u>

(*1) Derivatives assets and liabilities are including derivatives held-for-trading and derivatives held-for-hedging.

(*2) Receivable spot exchanges are included in receivables of loans and receivables.

(*3) Domestic exchanges receivables are included in other financial assets of loans and receivables.

(*4) Payable spot exchanges are included in accounts payable of other financial liabilities.

13. INVESTMENTS IN ASSOCIATES

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

Associates	Location	Capital stock	Main business	December 31, 2013		Financial statements as of
				Number of shares owned	Percentage of ownership (%)	
Kumho Tires Co., Ltd. (*1) (*7)	Korea	739,100	Manufacturing	18,497,105	12.5	December 31
Woori Blackstone Korea Opportunity Private Equity Fund 1 st	Korea	314,500	Securities investment	67,446,424,658	21.4	December 31
Woori Service Networks Co., Ltd. (*3)	Korea	500	Freight & staffing	4,704	4.9	November 30
Woori Private Equity Fund	Korea	172,600	Securities investment	49,931	28.9	December 31
Korea Credit Bureau Co., Ltd. (*2)	Korea	10,000	Credit information	144,000	7.2	December 31
Korea Finance Security Co., Ltd. (*3)	Korea	6,000	Security service	183,870	15.3	November 30
United PF 1 st Corporate Financial Stability (*2)	Korea	1,081,400	Securities investment	190,650	17.7	December 31
Chin Hung International Inc. (*3)(*6)(*7)	Korea	47,300	Construction	25,010,400	26.8	November 30
Phoenix Digital Tech Co., Ltd. (*4)	Korea	2,000	Manufacturing	73,160	18.3	December 31
Poonglim Industrial Co., Ltd. (*8)	Korea	69,200	Construction	4,146,800	29.9	September 30
Ansang Tech Co., Ltd. (*5)	Korea	300	Manufacturing	21,800	23.0	-
STX Engine Co., Ltd. (*1)(*5)(*7)	Korea	123,000	Manufacturing	7,379,600	15.0	-
Samho International Co., Ltd. (*1)(*5)(*7)	Korea	75,900	Construction	1,190,000	7.8	-
Force TEC Co., Ltd. (*5)	Korea	76,700	Freight & staffing	34,144,788	22.6	-
Hana Engineering & Construction Co., Ltd. (*5)	Korea	3,900	Construction	177,874	22.2	-

Associates	December 31, 2012		Financial statements as of
	Number of shares owned	Percentage of ownership (%)	
Kumho Tires Co., Ltd. (*1) (*7)	22,514,800	17.8	December 31
Woori Blackstone Korea Opportunity Private Equity Fund 1 st	90,297,987,131	21.4	December 31
Woori Service Networks Co., Ltd. (*3)	4,704	4.9	November 30
Woori Private Equity Fund	53,286	28.9	December 31
Korea Credit Bureau Co., Ltd. (*2)	144,000	7.2	December 31
Korea Finance Security Co., Ltd. (*3)	183,870	15.3	November 30
United PF 1 st Corporate Financial Stability (*2)	190,650	17.7	December 31
Chin Hung International Inc. (*3)(*6)(*7)	125,052,000	27.9	November 30
Phoenix Digital Tech Co., Ltd. (*4)	73,160	18.3	December 31
Poonglim Industrial Co., Ltd. (*8)	4,316,176	31.6	-

(*1) The Group has significant influence in the creditors' council.

(*2) The Group can participate in the decision making body and exercise significant influence over Korea Credit Bureau Co., Ltd. and the United PF 1st Corporate Financial Stability through business partnerships.

(*3) The significant business of Woori Service Network and Korea Finance Security is transacted mostly with the Group. As the financial statements as of December 31, 2013 of Korea Finance Security are not available, the Group applied the equity method by using the financial statements as of November 30, 2013 and adjusted for the effects of significant transactions or events that occurred between the date of those financial statements and the date of the consolidated financial statements.

(*4) The Group's ownership ratio in the entity based on the shares that have voting rights is 25.1%, therefore it is concluded that the Group has significant influence over the entity.

(*5) The Group is holding the interest through debt for equity swap during the current period. In addition, the carrying values of investments in Ansang Tech and Hana Construction are nil as at the end of 2013.

(*6) Due to the capital reduction of Chin Hung International Inc., which was performed during the current fiscal year, the number of shares owned by the Group diminished to 25,010,400 from 125,052,000.

(*7) The investments in associates that have quoted market prices are Kumho Tire (Current year: KRW 11,500, Previous year: KRW 13,000), Chin Hung International Inc. (Current year: KRW 1,610, Previous year: KRW 648), STX Engine (Current year: KRW 4,600, Previous year: Not applicable), and Samho Co., Ltd. (Current year: KRW 3,300, Previous year: Not applicable)

(*8) As the financial statements as of December 31, 2013 are not available, the Group applied the equity method by using the financial statements as of September 30, 2013 and adjusted for the effects of significant transactions or events that occurred between the date of those financial statements and the date of the consolidated financial statements.

- (2) The entities excluded from associates, although their percentage of ownership is higher than 20% as of December 31, 2013 and 2012 are as follows:

(As of December 31, 2013)

Associate	Number of shares owned	Percentage of ownership
Vogo 2-2 Special Purpose Entity (*1)	24,548,281,071	36.4%
LIG E&C Co., Ltd. (*2)	755,946	22.8%
Orient Shipyard Co., Ltd. (*2)	465,050	23.0%
GinsengK Co., Ltd. (*2)	2,107,432	20.2%
Pi City Co., Ltd (*2)	871,631	21.1%

(*1) Even though the Group's ownership ratio in the entity is more than 20% as a limited partner, it is determined that the Group does not have significant influence over the entity since the Group cannot exercise significant influence in the decision making bodies, such as the investment committee, thus it has been excluded from the investments in associates.

(*2) Even though the Group's ownership ratio in the entity is more than 20%, it does not have significant influence over the entities due to the fact that the entities are going through workout process under receivership, thus they have been excluded from the investments in associates.

(As of December 31, 2012)

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

(*) Even though the Group's ownership ratio in the entity is more than 20% as a limited partner, it is determined that the Group does not have significant influence over the entity since the Group cannot exercise significant influence in the decision making bodies, such as the investment committee, thus it has been excluded from the investments in associates.

(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, 2013								December 31, 2013
	Acquisition cost	January 1, 2013	Gain (loss) on valuation	Acquisitions	Disposals and others	Dividends	Capital	Other changes	
Kumho Tires Co., Ltd.	93,003	156,029	20,380	-	(29,378)	-	(2,330)	(4,600)	140,101
Woori Blackstone Korea Opportunity Private Equity Fund 1	67,446	99,125	5,918	-	(22,851)	(6,360)	-	-	75,832
Woori Service Networks Co., Ltd.	24	129	14	-	-	(7)	-	-	136
Woori Private Equity Fund Korea Credit Bureau Co., Ltd.	49,931	15,151	3,424	-	(3,354)	-	(1,123)	-	14,098
Korea Finance Security Co., Ltd.	3,600	3,031	316	-	-	-	-	-	3,347
United PF 1 st Corporate Financial Stability	758	4,244	122	-	-	(55)	-	-	4,311
Chin Hung International Inc.	191,617	201,364	2,366	-	-	-	-	-	203,730
Phoenix Digital Tech Co., Ltd.	60,275	56,223	(10,156)	-	-	-	919	(1,086)	45,900
Poonglim Industrial Co., Ltd.	538	559	(3,364)	-	-	-	3,925	-	1,120
STX Engine Co., Ltd.	13,916	14,477	(16,680)	-	(554)	-	1	5,835	3,079
Samho International Co., Ltd.	47,008	-	-	47,008	-	-	-	-	47,008
Force TEC Co., Ltd.	7,492	-	-	7,492	-	-	-	-	7,492
	34	-	-	34	-	-	-	-	34
	<u>535,642</u>	<u>550,332</u>	<u>2,340</u>	<u>54,534</u>	<u>(56,137)</u>	<u>(6,422)</u>	<u>1,392</u>	<u>149</u>	<u>546,188</u>

Investee	For the year ended December 31, 2012								December 31, 2012
	Acquisition cost	January 1, 2012	Gain (loss) on valuation	Acquisitions	Disposals and others	Dividends	Capital	Other changes	
Kumho Tires Co., Ltd.	113,204	111,357	16,646	-	-	-	3,324	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 Korea Credit Bureau Co., Ltd.	53,286	32,475	(7,286)	-	(11,222)	-	1,184	-	15,151
Korea Finance Security Co., Ltd.	3,600	3,012	283	-	-	-	(264)	-	3,031
United PF 1 st Corporate Financial Stability	758	3,468	831	-	-	(55)	-	-	4,244
Chin Hung International Inc.	191,617	149,099	8,815	43,617	-	-	-	(167)	201,364
Phoenix Digital Tech Co., Ltd.	60,275	-	(4,103)	60,275	-	-	51	-	56,223
Poonglim Industrial Co., Ltd.	538	-	2,319	538	-	-	(2,698)	400	559
	14,477	-	-	14,477	-	-	-	-	14,477
	<u>528,077</u>	<u>376,337</u>	<u>27,426</u>	<u>135,208</u>	<u>(12,625)</u>	<u>(2,546)</u>	<u>1,597</u>	<u>24,935</u>	<u>550,332</u>

- (4) Condensed financial information related to most of investments in associates accounted for using the equity method is as follows (Unit: Korean Won in millions):

Investee	As of and for the year ended December 31, 2013			
	Assets	Liabilities	Operating revenue	Net income (Net loss)
Kumho Tires Co., Ltd.	4,516,507	3,453,028	3,676,336	110,580
Woori Blackstone Korea Opportunity Private Equity Fund	354,993	894	13,794	27,620
Woori Service Networks Co., Ltd.	4,485	1,736	14,131	1,061
Woori Private Equity Fund	52,623	3,880	872	11,864
Korea Credit Bureau Co., Ltd.	63,043	16,542	51,571	4,909
Korea Finance Security Co., Ltd.	31,113	2,985	45,003	6,356
United PF 1 st Corporate Financial Stability	1,159,220	10,294	152,315	13,567
Phoenix Digital Tech Co., Ltd.	23,159	17,044	33,409	(251)
Chin Hung International Inc.	551,443	459,171	403,977	(14,915)
Poonglim Industrial Co., Ltd.	545,000	472,549	164,734	(54,314)
STX Engine Co., Ltd.	1,975,978	1,726,903	542,281	(560,405)
Samho International Co., Ltd.	680,075	565,878	646,868	8,399

Investee	As of and for the year ended December 31, 2012			
	Assets	Liabilities	Operating revenue	Net income (Net loss)
Kumho Tires Co., Ltd.	4,782,299	3,893,931	4,047,691	120,584
Woori Blackstone Korea Opportunity Private Equity Fund	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)
Poonglim Industrial Co., Ltd.	556,432	634,856	348,420	(862,251)

- (5) Adjustments to calculate carrying value of most of investments in associates out of their net asset are as follows(Unit: Korean Won in millions) :

Investee	December 31, 2013					
	Net assets	Percentage of Ownership	Share in net assets	Good will	Internal transaction and others	Carrying value of investments in associates
Kumho Tires Co., Ltd.(*)	1,063,479	12.5%	128,248	15,125	(3,272)	140,101
Woori Blackstone Korea Opportunity Private Equity Fund	354,099	21.4%	75,949	-	(117)	75,832
Woori Service Networks Co., Ltd.	2,749	4.9%	136	-	-	136
Woori Private Equity Fund	48,743	28.9%	14,098	-	-	14,098
Korea Credit Bureau Co., Ltd.	46,501	7.2%	3,347	-	-	3,347
Korea Finance Security Co., Ltd.	28,128	15.3%	4,311	-	-	4,311
United PF 1 st Corporate Financial Stability	1,148,926	17.7%	203,730	-	-	203,730
Phoenix Digital Tech Co., Ltd.	6,115	18.3%	1,120	-	-	1,120
Chin Hung International Inc. (*)	92,272	26.8%	24,541	21,359	-	45,900
Poonglim Industrial Co., Ltd.	72,451	29.9%	(35,275)	38,354	-	3,079
STX Engine Co., Ltd.	249,075	15.0%	32,080	14,928	-	47,008
Samho International Co., Ltd.	114,197	7.8%	8,952	-	(1,460)	7,492

Investee	December 31, 2012					
	Net assets	Percentage of Ownership	Share in net assets	Good will	Internal transaction and others	Carrying value of investments in associates
Kumho Tires Co., Ltd.(*)	888,368	17.8%	137,619	18,410	-	156,029
Woori Blackstone Korea Opportunity Private Equity Fund	462,152	21.4%	99,125	-	-	99,125
Woori Service Networks Co., Ltd.	2,609	4.9%	129	-	-	129
Woori Private Equity Fund	68,952	28.9%	15,151	-	-	15,151
Korea Credit Bureau Co., Ltd.	42,110	7.2%	3,031	-	-	3,031
Korea Finance Security Co., Ltd.	27,697	15.3%	4,244	-	-	4,244
United PF 1 st Corporate Financial Stability	1,135,583	17.7%	201,364	-	-	201,364
Phoenix Digital Tech Co., Ltd.	3,047	18.3%	559	-	-	559
Chin Hung International Inc. (*)	125,750	27.9%	34,864	21,359	-	56,223
Poonglim Industrial Co., Ltd.	(78,424)	32.4%	(25,445)	39,922	-	14,477

(*) The net asset amount is after considering preferred stocks.

14. INVESTMENT PROPERTIES

- (1) Investment properties are as follows (Unit: Korean Won in millions):

	December 31, 2013	December 31, 2012
Acquisition cost	348,268	357,347
Accumulated depreciation	(14,434)	(11,165)
Net carrying value	<u>333,834</u>	<u>346,182</u>

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

	For the years ended December 31	
	2013	2012
Beginning balance of net carrying amount	346,182	349,459
Disposals	(5,212)	-
Depreciation	(3,414)	(3,437)
Impairment loss (reversal)	(117)	80
Classified to assets held-for-sale	(3,594)	-
Foreign currencies translation adjustments	(11)	(65)
Transfers from Premises and equipment	-	145
Ending balance of net carrying value	<u>333,834</u>	<u>346,182</u>

- (3) Fair value of investment properties as of December 31, 2013 are as follows (Unit: Korean Won in millions):

The fair value of investment property based on an assessment that was independently performed by external appraisal agencies as of December 31, 2013, is classified as level 3 in the fair value hierarchy.

Classification	The latest revaluation date	Land	Building	Total
Woori Finance Sangam Center and other	March 31, 2013	270,661	70,073	340,734

- (4) For the years ended December 31, 2013 and 2012, revenue occurred from investment properties is ₩14,416 million and ₩13,468 million, and the operating expenses directly related to the investment properties that generate rented fee amount to ₩1,223 million and ₩1,426 million, respectively.

15. PREMISES AND EQUIPMENT

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

	December 31, 2013					
	Land	Building	Properties for business use	Structures in leased office	Construction in progress	Total
Acquisition cost	1,512,066	794,510	397,715	339,924	31	3,044,246
Accumulated depreciation	-	(91,945)	(301,377)	(281,711)	-	(675,033)
Net carrying value	1,512,066	702,565	96,338	58,213	31	2,369,213

	December 31, 2012					
	Land	Building	Properties for business use	Structures in leased office	Construction in progress	Total
Acquisition cost	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

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

	For the year ended December 31, 2013					
	Land	Building	Properties for business use	Structures in leased office	Construction in progress	Total
Beginning balance	1,517,728	704,562	102,670	57,040	3,680	2,385,680
Foreign currencies translation adjustment	(29)	(242)	(530)	53	(4)	(752)
Acquisitions	618	18,683	33,130	20,899	3,276	76,606
Disposals	(2,809)	(353)	(1,826)	(981)	(1)	(5,970)
Depreciation (*)	-	(24,329)	(35,615)	(28,044)	-	(87,988)
Classified to assets held-for-sale	(955)	(1,834)	-	-	-	(2,789)
Other transfers	-	6,920	-	-	(6,920)	-
Others	-	-	-	9,568	-	9,568
Credit card division spin-off	(2,487)	(842)	(1,491)	(322)	-	(5,142)
Ending balance	1,512,066	702,565	96,338	58,213	31	2,369,213

	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)	(246)	(842)	(445)	(37)	(1,665)
Acquisitions	2,742	30,708	54,203	35,362	8,835	131,850
Disposals	(3,925)	(838)	(384)	(1,530)	-	(6,677)
Depreciation (*)	-	(24,041)	(38,115)	(23,248)	-	(85,404)
Classified to assets held- for-sale	(937)	290	-	-	-	(647)
Other transfers	(48)	6,430	269	-	(7,950)	(1,299)
Others	-	-	129	3,433	-	3,562
Ending balance	1,517,728	704,562	102,670	57,040	3,680	2,385,680

(*) ₩279 million and ₩1,030 million are included in depreciation classified into profit and loss from discontinued operations for the years ended December 31, 2013 and 2012, respectively.

16. INTANGIBLE ASSETS

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

	December 31, 2013						Total
	Development costs	Software	Industrial property rights	Core deposits	Others	Membership deposits (*)	
Cost of purchases or appraised value	18,463	824	397	3,107	347,126	13,601	383,518
Accumulated depreciation	(13,235)	(539)	(164)	(3,107)	(289,089)	-	(306,134)
Accumulated impairment losses	-	-	-	-	-	(1,368)	(1,368)
Net carrying value	5,228	285	233	-	58,037	12,233	76,016

	December 31, 2012						Total
	Development costs	Software	Industrial property rights	Core deposits	Others	Membership deposits (*)	
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

(*) Membership deposits include golf clubs and condominium membership deposits and their useful life cannot be measured. 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, 2013						
	Development costs	Software	Industrial property rights	Core deposits	Others	Membership deposits	Total
Beginning balance	1,922	362	166	236	95,151	11,083	108,920
Foreign currencies translation adjustments	-	-	-	6	(79)	(50)	(123)
Acquisitions	5,264	34	120	-	9,915	3,380	18,713
Depreciation (*1)	(976)	(111)	(50)	(242)	(42,766)	-	(44,145)
Impairment loss (Reversal of impairment loss) (*2)	-	-	-	-	-	(780)	(780)
Disposals	(982)	-	-	-	(754)	(616)	(2,352)
Credit card division spin-off	-	-	(3)	-	(3,430)	(784)	(4,217)
Ending balance	5,228	285	233	-	58,037	12,233	76,016

	For the year ended December 31, 2012						
	Development costs	Software	Industrial property rights	Core deposits	Others	Membership deposits	Total
Beginning balance	3,173	468	150	594	131,301	11,701	147,387
Foreign currencies translation adjustment	(1)	-	1	(26)	(213)	(168)	(407)
Acquisitions	76	23	48	-	7,722	1,554	9,423
Depreciation (*1)	(1,326)	(129)	(33)	(332)	(44,745)	-	(46,565)
Impairment loss (Reversal of impairment loss) (*2)	-	-	-	-	-	(1,661)	(1,661)
Disposals	-	-	-	-	(66)	(343)	(409)
Transfers	-	-	-	-	1,152	-	1,152
Ending balance	1,922	362	166	236	95,151	11,083	108,920

(*1) Depreciation of ₩521 million and ₩2,012 million are included in profit from discontinued operations for the years ended December 31, 2013 and 2012, respectively.

(*2) Impairment loss of ₩6 million and ₩620 million are included in profit from discontinued operations for the years ended December 31, 2013 and 2012, respectively.

17. OTHER ASSETS

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

	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Suspense receivables:	-	407
Prepaid expenses:		
Prepaid expenses in local currency	151,418	165,522
Prepaid expenses in foreign currencies	6,043	8,346
Unearned interest of prepaid expenses	-	153
	<u>157,461</u>	<u>174,021</u>
Others		
Supplies and others	3,467	3,576
Non-operative assets:		
Non-operative real properties	329	588
	<u>161,257</u>	<u>178,592</u>

18. ASSETS HELD-FOR-SALE

In accordance with K-IFRS 1105 '*Non-current assets held-for-sale and discontinued operations*', the Group reclassified certain assets into assets held-for-sale. Assets held-for-sale of ₩587 million and ₩1,239 million, respectively, are recorded as of December 31, 2013 and December 31, 2012.

19. ASSETS SUBJECT TO LIEN AND ASSETS ACQUIRED THROUGH A FORECLOSURE

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

		December 31, 2013		
		Collateral given to	Amount	Reason for collateral
Due from banks		Samsung Securities and others	8,242	Margin deposit for future or option
Financial assets at FVTPL	Financial institutions debt securities and others	Hanhwa Securities and others	176,298	Substitute securities and others
AFS financial assets	Korean treasury and government agencies bonds	Nomura Securities and others	126,589	Bonds sold under repurchase agreements (*)
	Financial institutions debt securities and others	BOK and others	2,284,954	Limitation on total loan exposure and others
HTM financial assets	Korean treasury and government agencies bonds	Nomura Securities and others	651,582	Bonds sold under repurchase agreements (*)
	Korean treasury and government agencies bonds and others	BOK and others	2,728,492	Limitation on total loan exposure and others
			<u>5,976,157</u>	
		December 31, 2012		
		Collateral given to	Amount	Reason for collateral
Due from banks		Goldman Sox 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 bond	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 Savings Bank of China	87,069	Collateral for borrowings
			<u>6,883,757</u>	

(*) Debt securities sold under the agreements that the seller repurchases at the agreed price or the sales price plus additional amounts at specified rate. These debt securities are not derecognized from the consolidated statements of financial position of the Group. The buyers of these debt securities has right to sell and pledge without constraints. As these debt securities are not derecognized, the related transferred amounts are recorded as liabilities, which are debt securities sold under repurchase agreement.

(2) There are no assets acquired through a foreclosure as of December 31, 2013 and December 31, 2012.

- (3) Details of loaned securities as of December 31, 2013 and December 31, 2012 are as follows (Unit: Korean Won in millions):

		December 31, 2013	December 31, 2012	Loaned to
Financial assets at FVTPL	Korean treasury and government agencies securities	33,084	26,165	Samsung Securities and other
AFS financial assets	Korean treasury and government agencies bonds	240,034	20,413	Korea Securities Depository
		<u>273,118</u>	<u>46,578</u>	

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 are no liabilities related to loaned securities.

- (4) Collaterals held that can be disposed of and re-subject to lien regardless of defaults

Fair value of the collaterals held that can be disposed of and re-subject to lien regardless of defaults as of December 31, 2013 and December 31, 2012 is as follows (Unit: Korean Won in millions):

	December 31, 2013	
	Fair value of collateral	Fair value of the collaterals held, disposed of and re-subject to lien
Securities	4,830,746	-
	December 31, 2012	
	Fair value of collateral	Fair value of the collaterals held, disposed of and re-subject to lien
Securities	4,173,360	-

20. FINANCIAL LIABILITIES AT FVTPL

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

	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Financial liabilities held-for-trading	2,105,469	2,824,237
Financial liabilities designated at FVTPL	525,568	644,459
	<u>2,631,037</u>	<u>3,468,696</u>

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

	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Derivative liabilities:		
Interest rate derivatives	1,033,924	1,612,423
Currency derivatives	1,032,206	1,167,901
Stock derivatives	27,173	33,008
Other derivatives	2,912	5,323
	<u>2,096,215</u>	<u>2,818,655</u>
Deposits		
Gold banking liabilities	9,254	5,582
	<u>2,105,469</u>	<u>2,824,237</u>

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

	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Compound financial instrument		
Equity	342,409	329,005
Debentures:		
Debentures in local currency	125,529	227,920
Debentures in foreign currencies	57,630	87,534
	<u>525,568</u>	<u>644,459</u>

Compound financial instruments are designated as at FVTPL as the instruments contain one or more embedded derivatives and be permitted the entire compound financial instruments to be designated as at FVTPL in accordance with K-IFRS 1039 "Financial Instruments: Recognition and Measurement."

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):

	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Financial liabilities designated at FVTPL	525,568	644,459
Changes in fair value for credit risk adjustments	(2,850)	(23,142)
Accumulated changes in credit risk adjustments	(43,531)	(49,612)

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

	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Carrying amount	525,568	644,459
Face amount at maturity	644,271	771,776
	<u>(118,703)</u>	<u>(127,317)</u>

21. DEPOSITS DUE TO CUSTOMERS (“ DEPOSITS ”)

(1) Details of deposits by interest type are as follows (Unit: Korean Won in millions):

	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Deposits in local currency:		
Deposits on demand:		
Interest bearing	3,166,059	2,534,985
Non-interest bearing	8,547,421	8,155,043
Money Trusts	1,236,844	1,209,474
Deposits at termination	146,666,672	140,593,204
Mutual installment	53,189	64,959
	<u>159,670,185</u>	<u>152,557,665</u>
Certificate of deposits	3,297,551	1,144,569
Other deposits:		
Deposits on notes payable	-	2,940,580
Deposits on CMA	-	1,518,282
	<u>-</u>	<u>4,458,862</u>
Deposits in foreign currencies:		
Interest bearing	10,978,023	10,071,993
Non-interest bearing	1,305,859	993,043
	<u>12,283,882</u>	<u>11,065,036</u>
Present value discount	<u>(42,309)</u>	<u>(9,877)</u>
	<u>175,209,309</u>	<u>169,216,255</u>

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

	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Individuals	63,811,119	56,502,905
Corporation	56,701,458	54,495,562
Banks	17,192,049	21,490,959
Government agencies	15,826,903	14,142,852
Other financial institution	8,548,496	8,126,173
Government	1,197,202	3,049,390
Non-profit corporation	4,194,506	4,280,027
Educational organization	2,525,956	2,642,535
Foreign corporation	1,159,035	1,522,774
Others	4,094,894	2,972,955
Present value discount	<u>(42,309)</u>	<u>(9,877)</u>
	<u>175,209,309</u>	<u>169,216,255</u>

22. BORROWINGS AND DEBENTURES

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

	December 31, 2013		
	Lender	Interest rate (%)	Amount
Borrowings in local currency:			
Borrowings from the BOK	BOK	0.5 ~ 1.0	513,841
Borrowing from government funds	Small & medium Business Corporation and others	0.0 ~ 3.5	1,790,146
Others	Seoul Metropolitan Government and others	0.0 ~ 3.8	2,769,875
			<u>5,073,862</u>
Borrowings in foreign currencies	Bank of Communication and others	0.0 ~ 12.0	6,225,236
Offshore borrowings in foreign currencies	Toronto Dominion Bank SG	0.8	21,106
Call-money	Banks and others	0.0 ~ 5.5	4,871,976
Bonds sold under repurchase agreements	Others	1.4 ~ 21.2	513,442
Bills sold	Others	0.0 ~ 2.7	111,096
Asset-backed debt	Others	2.9 ~ 3.2	448,500
Present value discount			(856)
			<u>17,264,362</u>
	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	2,145,854
			<u>4,508,890</u>
Borrowings in foreign currencies	Commerz Bank AG and other	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
Asset-backed debt	Others	2.7 ~ 4.8	494,600
Present value discount			(1,185)
			<u>17,446,930</u>

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

	December 31, 2013			
	BOK	General bank	Others	Total
Borrowings in local currency	513,841	-	-	513,841
Borrowings in foreign currencies	-	6,237,056	-	6,237,056
Call-money	963	1,804,513	3,066,500	4,871,976
Bonds sold under repurchase agreements	-	31,659	459,512	491,171
	<u>514,804</u>	<u>8,073,228</u>	<u>3,526,012</u>	<u>12,114,044</u>

	December 31, 2012			
	BOK	General bank	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
	<u>519,965</u>	<u>7,566,206</u>	<u>4,789,009</u>	<u>12,875,180</u>

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

	December 31, 2013		December 31, 2012	
	Interest rate (%)	Amount	Interest rate (%)	Amount
Carrying value of bond:				
Ordinary bonds	0.8 ~ 10.5	9,979,212	1.3 ~ 10.5	12,497,440
Subordinated bonds	3.4 ~ 10.3	6,160,786	3.4 ~ 10.3	5,380,317
		<u>16,139,998</u>		<u>17,877,757</u>
Discount on bonds		(51,025)		(35,779)
		<u>16,088,973</u>		<u>17,841,978</u>

23. PROVISIONS

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

	December 31, 2013	December 31, 2012
Provisions for guarantees (*)	501,662	405,729
Provisions for unused commitments	68,363	139,970
Provision for credit card point	-	6,416
Other provision	26,441	13,899
Asset retirement obligation	21,759	13,427
	<u>618,225</u>	<u>579,441</u>

(*) Provisions for guarantees include provision for financial guarantee of ₩ 123,227 million and ₩ 95,049 million as of December 31, 2013 and December 31, 2012, respectively.

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

	For the year ended December 31, 2013				
	Provision for guarantees	Provision for unused commitments	Provision for credit card point	Other provisions	Total
Beginning balance	405,729	139,970	6,416	13,899	566,014
Provisions provided (*)	95,400	1,825	6,173	24,652	128,050
Provisions used	(40,506)	(54)	(5,157)	(1,894)	(47,611)
Others	43,467	-	-	-	43,467
Reversal of unused amount	(1,998)	(9,811)	-	-	(11,809)
Foreign currencies translation adjustments	(53)	(101)	-	48	(106)
Credit card division spin off	(377)	(63,466)	(7,432)	(10,264)	(81,539)
Ending balance	<u>501,662</u>	<u>68,363</u>	<u>-</u>	<u>26,441</u>	<u>596,466</u>
	For the year ended December 31, 2012				
	Provision for guarantees	Provision for unused commitments	Provision for credit card point	Other provisions	Total
Beginning balance	437,557	116,444	701	19,603	574,305
Provisions provided (*)	51,870	26,370	27,078	18	105,336
Provisions used	(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 currencies translation adjustments	165	(151)	-	-	14
Ending balance	<u>405,729</u>	<u>139,970</u>	<u>6,416</u>	<u>13,899</u>	<u>566,014</u>

(*) For the years ended December 31, 2013 and 2012, ₩ 10,343 million and ₩ 32,227 million, which are classified as profit from discontinued operations, are included in provisions provided account, respectively.

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

	For the years ended December 31	
	2013	2012
Beginning balance	13,427	11,080
Provisions provided	909	1,561
Provisions used	(397)	(847)
Discount rate adjustment	8,659	1,605
Amortization	38	28
Equity spin-off of credit card	(877)	-
Ending balance	<u>21,759</u>	<u>13,427</u>

24. RETIREMENT BENEFIT OBLIGATION

- (1) The Group's defined benefit plan characteristics are as follows:

Employees and directors with one or more years of service are entitled to receive a payment upon termination of their employment, based on their length of service and rate of pay at the time of termination. The assets of the plans are measured at their fair value at the end of reporting date. Plan liabilities are measured using the projected unit method, which takes account of projected earnings increases, using actuarial assumptions that give the best estimate of the future cash flows that will arise under the plan liabilities.

- (2) The Group exposed to various risks through defined benefit retirement pension plan, and the most significant risks are as follows:

Volatility of asset The defined benefit obligation was estimated with an interest rate calculated based on blue chip corporate bonds earnings. A deficit may occur if the rate of return of plan assets falls short of the interest rate. The plan assets include equity instruments and are exposed to volatility and risks.

Decrease in
profitability of
blue chip bonds A decrease in profitability of blue chip bonds will be offset by some increase in the value of debt securities that the employee benefit plan owns but will bring an increase in the defined benefit liabilities.

Risk of inflation Most defined benefit obligations are related to inflation rate; the higher the inflation rate is, the higher the level of liabilities. Therefore, deficit occurs in the system if an inflation rate increases. However, some plan assets are not influenced by (fixed rate obligation instruments) or slightly influenced by (equity instruments) an inflation rate.

- (3) Details of defined benefit obligation are as follows (Unit: Korean Won in millions):

	December 31, 2013	December 31, 2012
Present value of defined benefit obligation	471,214	384,098
Fair value of plan assets	(431,844)	(318,161)
Net defined benefit liabilities	<u>39,370</u>	<u>65,937</u>

- (4) Changes in the present value of defined benefit obligation for the years ended December 31, 2013 and 2012 are as follows (Unit: Korean Won in millions):

	For the years ended December 31	
	2013	2012
Beginning balance	384,098	234,663
Service cost (*1)	108,925	89,374
Interest cost	14,255	10,734
Actuarial loss (gain) (*2)	(10,085)	62,301
Adjustment due to foreign currencies translation	2,742	2
Retirement benefit paid	(24,870)	(11,084)
Past service cost	-	232
Loss on the curtailment or settlement	(3,985)	(2,097)
Others	134	(27)
Ending balance	471,214	384,098

(*1) Current service cost included in discontinued operations profit or loss is recorded for ₩1,274 million and ₩1,614 million as of December 31, 2013 and December 31, 2012, respectively.

(*2) All the changes about actuarial gains and losses are resulted from the effects of changes in actuarial assumptions about financial variables.

- (5) Changes in plan assets for the years ended December 31, 2013 and 2012 are as follows (Unit: Korean Won in millions):

	For the years ended December 31	
	2013	2012
Beginning balance	318,161	212,436
Interest income	13,861	11,793
Return on plan assets (excluding amounts included in interest, above)	(1,303)	(2,113)
Employer's contributions	124,695	105,591
Retirement benefit paid	(18,630)	(7,107)
Curtailment or settlement	(3,725)	(2,055)
Others	(1,215)	(384)
Ending balance	431,844	318,161

The Group's plan assets are deposited to other financial institutions by investing financial products such as retirement pension. For the next fiscal period, the expected contributions by the Group are ₩103,548 million.

- (6) The significant actuarial assumptions used in defined benefit obligation assessment are as follows (Unit: Korean Won in millions)

	December 31, 2013	December 31, 2012
Discount rate	4.28%	3.82%
Future wage growth rate	5.72%	5.66%

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

	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Time deposits	394,561	300,180
Others	37,283	17,981
	<u>431,844</u>	<u>318,161</u>

(8) The sensitivity of actuarial assumptions used in assessment of defined benefit obligation is as follows (Unit: Korean Won in millions):

		<u>December 31, 2013</u>	<u>December 31, 2012</u>
Discount rate	Increase by 1% point	(43,196)	(37,442)
	Decrease by 1% point	50,652	44,120
Future wage growth rate	Increase by 1% point	51,133	44,367
	Decrease by 1% point	(44,336)	(38,301)

The sensitivity analysis indicates the change in the amounts of defined benefit obligation when each assumption changes without change in the remaining assumptions. The sensitivity of defined benefit obligations is determined by the same methods as the projected unit credit method used in calculating net defined benefit liability recognized in the statements of financial position.

(9) Details of maturity analysis of retirement benefit paid, which is not discounted are as follows (Unit: Korean Won in millions):

	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Less than 1 year	3,295	1,014
1~2 years	14,742	10,421
2~5 years	77,327	55,095
5~10 years	98,156	81,817
Over 10 years	273,380	231,325

(10) Retirement benefit measured cost with respect to the defined contribution are as follows (Unit: Korean Won in millions):

	<u>For the years ended December 31</u>	
	<u>2013</u>	<u>2012</u>
Severance benefits-defined contribution (*)	2,716	2,196

(*) For the years ended December 31, 2013 and 2012, ₩ 3 million and ₩ 14 million, respectively, which are classified as profit and loss from discontinued operations, are included in the severance benefits-defined contribution.

25. OTHER FINANCIAL LIABILITIES AND OTHER LIABILITIES

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

	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Other financial liabilities:		
Accounts payable	8,008,826	11,277,781
Accrued expenses	2,211,467	2,544,245
Other financial liabilities (*)	27,458	119,855
Difference on discount for the present value of the other financial liabilities	(2,651)	(1,428)
Borrowing from trust accounts	3,361,478	3,496,294
Deposits received	297,232	270,176
Agency business revenue	406,576	341,430
Domestic exchanges payable	2,869,720	161,620
Foreign exchanges remittances	650,429	876,165
Others on credit cards	323	112,394
Agency and others	1,570,770	1,573,212
	<u>19,401,628</u>	<u>20,771,744</u>
Other liabilities:		
Unearned income	77,429	154,573
Other miscellaneous liabilities	245,503	229,105
	<u>322,932</u>	<u>383,678</u>
	<u>19,724,560</u>	<u>21,155,422</u>

- (*) In accordance with the creditor financial institutions committee agreement, the Group is to carry out a payment of ₩ 7,030 million to other creditor financial institutions, that is included here (Notes 10 and 40).

26. DERIVATIVES

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

	December 31, 2013						
	Notional amount	Assets		Liabilities			
		For fair value hedge	For trading	For fair value hedge	For cash flow hedge	For trading	
Interest rate:							
Futures	31,722	-	-	-	-	-	
Swaps	122,337,394	131,386	996,464	13	2,656	1,025,354	
Long options	737,963	-	11,355	-	-	-	
Short options	2,722,963	-	-	-	-	8,570	
Currency:							
Futures	1,404,267	-	-	-	-	-	
Forwards	28,550,832	-	346,554	-	-	368,681	
Swaps	19,642,395	-	713,975	-	-	655,134	
Long options	642,132	-	51,496	-	-	-	
Short options	644,770	-	-	-	-	8,391	
Equity:							
Futures	54,126	-	-	-	-	-	
Long options	464,827	24	54,749	-	-	-	
Short options	1,065,422	-	-	1,772	-	27,173	
Others:							
Futures	660	-	-	-	-	-	
Forwards	12,607	-	268	-	-	507	
Swaps	160,429	-	2,496	-	-	2,356	
Short options	8,346	-	-	-	-	49	
	<u>178,480,855</u>	<u>131,410</u>	<u>2,177,357</u>	<u>1,785</u>	<u>2,656</u>	<u>2,096,215</u>	
	December 31, 2012						
	Notional amount	Assets			Liabilities		
		For fair value hedge	For cash flow hedge	For trading	For fair value hedge	For cash flow hedge	For trading
Interest rate:							
Futures	152,098	-	-	-	-	-	
Swaps	144,343,001	267,470	-	1,547,622	6,158	8,329	
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	20,834,992	-	1,944	674,963	-	686,458	
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	824,431	-	-	-	9,340	33,008	
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	
	<u>217,453,939</u>	<u>267,470</u>	<u>1,944</u>	<u>2,933,486</u>	<u>15,498</u>	<u>8,329</u>	
					<u>8,329</u>	<u>2,818,655</u>	

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

The amounts of credit value adjustment (“CVA”) for the derivative assets are as follows (Unit: Korean Won in millions):

	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Fair value of derivative assets		
Derivative assets before CVA	2,389,145	3,397,920
Credit value adjustment	<u>(80,378)</u>	<u>(195,020)</u>
	<u>2,308,767</u>	<u>3,202,900</u>
Fair value of derivative liabilities		
Derivative liabilities before DVA	2,101,584	2,842,482
Debt value adjustment	<u>(928)</u>	<u>-</u>
	<u>2,100,656</u>	<u>2,842,482</u>

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

	<u>For the year ended December 31, 2013</u>	<u>For the year ended December 31, 2012</u>
Purpose of fair value hedge		
Hedged item		
Gain on fair value hedges	127,558	43,879
Loss on fair value hedges	<u>(13,505)</u>	<u>(43,817)</u>
	<u>114,053</u>	<u>62</u>
Hedging instrument		
Gain on derivatives	11,487	39,232
Loss on derivatives	<u>(119,776)</u>	<u>(49,956)</u>
	<u>(108,289)</u>	<u>(10,724)</u>

27. DAY 1 PROFITS AND LOSSES

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

	<u>For the years ended December 31</u>	
	<u>2013</u>	<u>2012</u>
Beginning balance	3,178	4,570
New transactions	6,999	1,817
Amounts recognized in net income	<u>(3,921)</u>	<u>(3,209)</u>
Ending balance	<u>6,256</u>	<u>3,178</u>

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 their 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 differences yet to be recognized in net income.

28. CAPITAL STOCK, HYBRID EQUITY SECURITIES AND CAPITAL SURPLUS

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

	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Capital stock:		
Common stock	2,983,452	3,479,783
Preferred stock	-	350,000
Hybrid equity securities	2,380,797	1,681,807
Capital surplus:		
Capital in excess of par value	269,535	346,880
Other capital surplus	465,136	465,136
	<u>6,098,920</u>	<u>6,323,606</u>

(2) The number of authorized shares is as follows (Unit: Korean Won in millions):

	<u>December 31, 2013</u>	<u>December 31, 2012</u>
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	596,690,380 shares	695,956,580 shares
Preferred stock	- shares	70,000,000 shares

(3) Changes in the number of issued shares are as follows (Unit: Number of stock):

	<u>For the year ended December 31, 2013</u>	
	<u>Common stock</u>	<u>Preferred stock</u>
Beginning	695,956,580	70,000,000
Credit card division spin-off	(153,797,130)	(15,469,070)
Convertible preferred stock	54,530,930	(54,530,930)
Ending	596,690,380	-

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

	<u>Issue date</u>	<u>Maturity</u>	<u>Interest rates (%)</u>	<u>December 31, 2013</u>	<u>December 31, 2012</u>
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
	2013.4. 25.	2043.4. 25.	4.4	499,288	-
	2013.11.13.	2043.11.13.	5.7	199,702	-
Foreign currency	2007. 5. 2.	2037. 5. 2.	6.2	927,176	927,176
				<u>2,380,797</u>	<u>1,681,807</u>

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. If the Group makes a resolution not to pay the dividends of common share at general meeting of shareholder, the Group is exonerated from interest payment on the hybrid equity securities.

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

		December 31, 2013	December 31, 2012
Capital in excess of par value	Increase by issuance of preferred stock and common stock issue cost	269,535	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
		<u>465,136</u>	<u>465,136</u>
		<u>734,671</u>	<u>812,016</u>

29. OTHER EQUITY

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

	For the year ended December 31, 2013				
	Beginning balance	Increase (decrease) on valuation (*)	Adjustments (*)	Income tax effect	Ending balance
Gain (loss) on valuation of AFS securities	207,776	17,778	(40,683)	2,738	187,609
Share of other comprehensive gain (loss) on associates	(281)	1,392	-	(337)	774
Gain (loss) on valuation of cash flow hedge	(1,447)	636	811	-	-
Gain (loss) on overseas business translation and others	(75,232)	(68,728)	-	16,429	(127,531)
Re-measurement elements of net defined benefit liability	(62,246)	9,007	-	(2,130)	(55,369)
	<u>68,570</u>	<u>(39,915)</u>	<u>(39,872)</u>	<u>16,700</u>	<u>5,483</u>
	For the year ended December 31, 2012				
	Beginning balance	Increase (decrease) on valuation (*)	Adjustments (*)	Income tax effect	Ending balance
Gain (loss) on valuation of AFS securities	542,665	74,826	(516,633)	106,918	207,776
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)
Remeasurement elements of net defined benefit liability	(13,420)	(64,414)	-	15,588	(62,246)
	<u>524,202</u>	<u>(86,530)</u>	<u>(516,633)</u>	<u>147,531</u>	<u>68,570</u>

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

30. RETAINED EARNINGS

(1) Changes in retained earnings are as follows (Unit: Korean Won in millions):

		<u>December 31, 2013</u>	<u>December 31, 2012</u>
Legal reserve	Legal reserve	1,434,455	1,406,364
	Other legal reserve	72,878	63,016
		<u>1,507,333</u>	<u>1,469,380</u>
Voluntary reserve	Business rationalization reserve	8,000	8,000
	Reserve for financial structure improvement	235,400	235,400
	Additional reserve	7,914,544	7,176,544
	Regulatory reserve for credit loss	1,384,199	1,123,866
	Revaluation reserve	761,650	761,650
	Other voluntary reserve	11,800	9,900
		<u>10,315,593</u>	<u>9,315,360</u>
Retained earnings before appropriation		<u>416,269</u>	<u>1,410,414</u>
		<u>12,239,195</u>	<u>12,195,154</u>

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 the 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 purpose.

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 the 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 years ended December 31, 2013 and December 31, 2012 are as follows (Unit: Korean Won in millions):

	For the years ended December 31	
	2013	2012
Beginning balance	12,195,154	11,298,984
Net income attributable to shareholder	465,266	1,496,246
Dividend and others	(309,478)	(600,075)
Others	-	(1)
Credit card division spin-off	(111,747)	-
Ending balance	12,239,195	12,195,154

31. REGULATORY RESERVE FOR CREDIT LOSS

In accordance with Article 29 of the Regulation on Supervision of Banking Business (“RSBB”), if the estimated provisions for credit loss under K-IFRS for the accounting purpose are lower than those in accordance with the provisions under RSBB, the Group shall disclose the difference as the planned regulatory reserve for credit loss.

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

	December 31, 2013	December 31, 2012
Beginning	1,384,199	1,123,866
Planned reversal of regulatory reserve (reverse) for credit loss	(133,862)	260,333
Ending	<u>1,250,337</u>	<u>1,384,199</u>

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

	For the year ended December 31, 2013	For the year ended December 31, 2012
Net income	466,274	1,496,917
Planned reversal of regulatory reserve (reverse) for credit loss	(133,862)	260,333
Adjusted net income after the planned reserves provided	600,136	1,236,584
Adjusted earnings per share after the planned reserves provided	759	1,522

32. DIVIDENDS

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

	December 31, 2013	December 31, 2012	
	Common stock	Common stock	Preferred stock (*)
Shares outstanding (million)	597	696	70
Par value (Won)	5,000	5,000	5,000
Capital stock	2,983,452	3,479,783	350,000
Number of shares issued (million)	597	696	70
Dividend per share (Won)	275	169	800
Total dividend	164,000	117,306	56,000
Dividend ratio per share	5.5%	3.4%	16.0%
Net income	466,274	1,496,917	1,496,917
Dividend ratio by net income (*)	35.2%	7.8%	3.7%

- (*) Payout ratio of common stock after reflecting planned regulatory reserve for credit loss for the year ended December 31, 2013 is 27.3%. And payout ratio of common stock and preferred stock after reflecting planned regulatory reserve for credit loss for the year ended December 31, 2012 are 9.5% and 4.5%, respectively.

33. NET INTEREST INCOME

Net interest income is calculated by deducting interest expenses from interest income and its detail is as follows:

(1) Interest income recognized is as follows (Unit: Korean Won in millions):

	For the year ended December 31, 2013	For the year ended December 31, 2012
Financial asset at FVTPL:		
Interest of securities:		
Securities in local currency	95,837	245,537
Interest of other assets	11,548	76,601
Sub-total	<u>107,385</u>	<u>322,138</u>
AFS financial asset:		
Interest of securities in local currency:		
Interest of government bonds	110,198	130,800
Interest of finance debentures	170,812	149,090
Interest of debentures	85,920	89,697
Interest of beneficiary certificate	-	555
Interest of other securities	-	1
Interest of securities in foreign currencies	6,288	7,279
Sub-total	<u>373,218</u>	<u>377,422</u>
HTM financial asset:		
Interest of securities in local currency:		
Interest of government bonds	208,472	237,566
Interest of finance debentures	72,413	135,326
Interest of debentures	200,817	232,188
Interest of securities in foreign currencies	1,813	3,466
Sub-total	<u>483,515</u>	<u>608,546</u>
Loans and receivables:		
Interest on due from banks:		
Interest on due from banks in local currency	75,627	54,407
Interest on due from banks in foreign currencies	36,156	45,195
Sub-total	<u>111,783</u>	<u>99,602</u>
Interest of loans:		
Interest on loans in local currency	7,245,640	8,118,828
Interest on loans in foreign currencies	356,136	411,106
Interest on domestic usance bills	51,684	55,711
Interest on off-shore loans	606	615
Interest on inter-bank loans	7,561	22,119
Interest on call loans	72,692	68,718
Interest on bills bought	3,255	12,257
Interest on foreign currencies	87,493	130,811
Interest on payment for acceptances and guarantees	4,458	2,277
Interest on bonds purchased under repurchase agreements	103,182	127,230
Interest on privately placed bonds	48,697	67,422
Interest of other loans	21,374	11,575
Sub-total	<u>8,002,778</u>	<u>9,028,669</u>
Interest of other assets	51,654	74,590
Sub-total	<u>8,166,215</u>	<u>9,202,861</u>
Total	<u>9,130,333</u>	<u>10,510,967</u>

Interest income accrued from impaired loan is ₩135,914 million and ₩86,086 million for the years ended December 31, 2013 and December 31, 2012, respectively.

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

	For the year ended December 31, 2013	For the year ended December 31, 2012
Interest of deposits:		
Interest on demand deposits in local currency	38,230	26,894
Interest on money trust	17,116	30,827
Interest on saving deposits in local currency	3,390,511	4,161,808
Interest on mutual installment	2,217	2,762
Interest on certificate of deposits	64,789	24,275
Interest on other deposits	25,355	149,259
Interest on deposits in foreign currencies	108,126	110,891
Sub-total	3,646,344	4,506,716
Interest of borrowings:		
Interest on borrowings in local currency	131,616	131,194
Interest on borrowings in foreign currencies	49,686	93,312
Interest on call money	36,475	60,532
Interest on bonds sold under repurchase agreements	17,156	24,480
Interest on bills sold	2,328	2,429
Sub-total	237,261	311,947
Interest of debentures:		
Interest on debentures in local currency	481,809	588,953
Interest on debentures in foreign currencies	210,443	223,266
Sub-total	692,252	812,219
Others	134,599	105,666
Total	4,710,456	5,736,548

34. NET FEES AND COMMISSIONS INCOME

Net fees and commissions income is calculated by deducting fees and commissions expenses from fees and commissions income and their details are as follows:

(1) Details of fees and commissions income occurred is as follows (Unit: Korean Won in millions):

	<u>For the year ended December 31, 2013</u>	<u>For the year ended December 31, 2012</u>
Commission received:		
Commission received in local currency	569,091	542,604
Commission received in foreign currencies	176,921	192,072
Sub-total	<u>746,012</u>	<u>734,676</u>
Commission fees	91,312	110,491
Commission received on project financing	12,697	23,510
Commission received on credit card:		
Credit card in foreign currencies	185	136
Debit card	844	764
Sub-total	<u>1,029</u>	<u>900</u>
CMA management charges	789	4,451
Commission received on securities	62,716	62,925
Other commission received	24,310	15,989
Commission received on trust business	35,695	31,493
Total	<u>974,560</u>	<u>984,435</u>

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

	<u>For the year ended December 31, 2013</u>	<u>For the year ended December 31, 2012</u>
Commission expenses:		
Commission expenses in local currency	79,768	62,136
Commission expenses in foreign currencies	29,947	28,510
Sub-total	<u>109,715</u>	<u>90,646</u>
Commission expenses on credit card:		
Debit card	962	832
Sub-total	<u>962</u>	<u>832</u>
Commission expenses on securities	76	72
Commission expenses on other	48,651	53,966
Commission expenses on trust business	1,991	1,800
Total	<u>161,395</u>	<u>147,316</u>

35. DIVIDEND INCOME

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

	<u>For the year ended December 31, 2013</u>	<u>For the year ended December 31, 2012</u>
Financial assets at FVTPL:		
Dividend income in local currency	7,249	6,031
AFS financial assets:		
Dividend in local currency	60,398	81,814
Dividend in foreign currencies	12,257	3,668
Sub-total	<u>72,655</u>	<u>85,482</u>
Total	<u>79,904</u>	<u>91,513</u>

36. GAINS OR LOSSES RELATED TO FINANCIAL ASSETS AT FVTPL

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

	For the year ended December 31, 2013	For the year ended December 31, 2012
Gains and losses on financial assets held for trading	127,595	(325,875)
Gains and losses on financial assets designated at FVTPL	(5,416)	(35,064)
Total	<u>122,179</u>	<u>(360,939)</u>

- (2) Details of gains or losses on financial assets held-for-trading are as follows (Unit: Korean Won in millions):

	For the year ended December 31, 2013	For the year ended December 31, 2012
Gain (loss) on securities:		
Gain on disposals of securities in local currency	322	438
Loss on disposals of securities in local currency	(1,570)	(643)
Sub-total	<u>(1,248)</u>	<u>(205)</u>
Gain on transactions of securities in local currency	43,657	82,171
Loss on transactions of securities in local currency	(56,937)	(47,598)
Gain on transactions of securities in foreign currencies	171	258
Sub-total	<u>(13,109)</u>	<u>34,831</u>
Gain on valuation of securities in local currency	6,961	19,881
Loss on valuation of securities in local currency	(30,187)	(22,736)
Sub-total	<u>(23,226)</u>	<u>(2,855)</u>
Gain (loss) on securities sub-total	<u>(37,583)</u>	<u>31,771</u>
Gain (loss) on derivatives (for trading):		
Gain on transactions and valuation of derivatives:		
Gain on interest rates derivatives	1,288,476	1,123,851
Loss on interest rates derivatives	(1,287,114)	(1,152,436)
Sub-total	<u>1,362</u>	<u>(28,585)</u>
Gain on currencies derivatives	3,574,930	4,172,713
Loss on currencies derivatives	(3,400,446)	(4,523,494)
Sub-total	<u>174,484</u>	<u>(350,781)</u>
Gain on equity derivatives	59,175	88,315
Loss on equity derivatives	(70,642)	(66,399)
Sub-total	<u>(11,467)</u>	<u>21,916</u>
Gain on other derivatives	14,044	46,858
Loss on other derivatives	(13,408)	(47,670)
Sub-total	<u>636</u>	<u>(812)</u>
Gain (loss) on derivatives sub-total	<u>165,015</u>	<u>(358,262)</u>
Gain (loss) on other financial instruments:		
Gain on transactions of other financial instruments	829	1,193
Loss on transactions of other financial instruments	(350)	(619)
Sub-total	<u>479</u>	<u>574</u>
Gain on valuation of other financial instruments	6,296	1,304
Loss on valuation of other financial instruments	(6,612)	(1,262)
Sub-total	<u>(316)</u>	<u>42</u>
Gain on other financial instruments sub-total	<u>163</u>	<u>616</u>
Total	<u>127,595</u>	<u>(325,875)</u>

(3) Details of gains or losses of financial instrument at FVTPL are as follows (Unit: Korean Won in millions):

	<u>For the year ended December 31, 2013</u>	<u>For the year ended December 31, 2012</u>
Gain (loss) on compound financial instrument:		
Loss on disposals of compound financial instrument	(7,842)	(12,665)
Loss on valuation of compound financial instrument	<u>(625)</u>	<u>(22,326)</u>
Sub-total	<u>(8,467)</u>	<u>(34,991)</u>
Gain (loss) on other financial instruments:		
Gain on disposals of other financial instruments	-	-
Gain (loss) on valuation of other financial instruments	<u>3,051</u>	<u>(73)</u>
Sub-total	<u>3,051</u>	<u>(73)</u>
Total	<u>(5,416)</u>	<u>(35,064)</u>

37. GAINS OR LOSSES ON AFS FINANCIAL ASSETS

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

	<u>For the year ended December 31, 2013</u>	<u>For the year ended December 31, 2012</u>
Gain on transaction of securities:		
Gain on redemptions of securities in local currency	43	76
Gain on redemptions of securities in foreign currency	-	-
Gain on transactions of securities in local currency	46,006	646,147
Gain on transactions of securities in foreign currencies	<u>15,315</u>	<u>514</u>
Sub-total	<u>61,364</u>	<u>646,737</u>
Impairment loss:		
Securities in local currency	(139,224)	(92,017)
Securities in foreign currencies	<u>(2,305)</u>	<u>(6,046)</u>
Sub-total	<u>(141,529)</u>	<u>(98,063)</u>
Total	<u>(80,165)</u>	<u>548,674</u>

38. GAIN (LOSS) ON HTM FINANCIAL ASSETS

There is no gain or loss on HTM financial assets for the years ended December 31, 2013 and December 31, 2012, respectively. In addition, details of interest income of HTM financial assets are stated in note 33.

39. IMPAIRMENT LOSS 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):

	<u>For the year ended December 31, 2013</u>	<u>For the year ended December 31, 2012</u>
Loans:		
Bad debt expenses	(2,023,824)	(1,698,226)
Reversal of provision for loan losses and receivables	<u>25,462</u>	<u>42,436</u>
Sub-total	<u>(1,998,362)</u>	<u>(1,655,790)</u>
Guarantees:		
Provision for guarantees	(95,400)	(51,870)
Reversal of provision for guarantees	<u>1,998</u>	<u>77,087</u>
Total	<u>(93,402)</u>	<u>25,217</u>
Commitments:		
Provision for unused commitments	-	(21,221)
Reversal of provision for unused commitments	<u>12,156</u>	<u>2,543</u>
Total	<u>12,156</u>	<u>(18,678)</u>
Sub-total	<u>(81,246)</u>	<u>6,539</u>
Total	<u>(2,079,608)</u>	<u>(1,649,251)</u>

40. GENERAL AND ADMINISTRATIVE EXPENSES AND NET OTHER OPERATING INCOME (EXPENSE)

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

		For the year ended December 31, 2013	For the year ended December 31, 2012
Salaries	Short-term salaries	1,074,633	1,021,498
	Short-term salaries- employee benefits	325,198	321,630
	Severance benefits-defined benefit	107,785	86,892
	Severance benefits- defined contribution	2,713	2,182
	Termination	53,016	54,897
	Sub-total	<u>1,563,345</u>	<u>1,487,099</u>
Depreciation		131,333	128,928
Other general and administrative expenses	Reimburse	14,699	16,048
	Travel	6,243	7,142
	Operating promotion expenses	42,012	47,971
	Rent	212,801	204,514
	Maintenance	12,627	13,034
	Advertising expenses	40,926	35,638
	Taxes and dues	101,390	102,367
	Insurance	3,299	3,126
	Computer related expenses	242,257	241,156
	Service fees	198,112	189,962
	Communications	36,783	39,500
	Printings	9,227	10,711
	Water, light and heating	15,007	14,536
	Supplies	6,257	6,668
	Vehicle maintenance	10,826	10,878
	Other expenses	305	524
	Others	31,577	30,985
	Sub-total	<u>984,348</u>	<u>974,760</u>
	Total	<u><u>2,679,026</u></u>	<u><u>2,590,787</u></u>

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

	For the year ended December 31, 2013	For the year ended December 31, 2012
Other operating income	3,039,497	2,648,575
Other operation expenses	(3,171,391)	(2,847,871)
	<u>(131,894)</u>	<u>(199,296)</u>

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

	For the year ended December 31, 2013	For the year ended December 31, 2012
Gain on transactions of foreign exchange	2,536,678	2,394,423
Gain on derivatives (for hedging)	11,487	39,232
Gain on fair value hedging derivatives	127,558	43,879
Gain on disposals of loans	95,139	75,135
Gain on trusts	246	1,161
Others (*)	268,389	94,745
Total	<u>3,039,497</u>	<u>2,648,575</u>

(*) As of December 31, 2013, ₩215,845 million that the Group is to receive from other financial institutions is included in accordance with the agreement of financial institutions council (Notes 10 and 25).

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

	For the year ended December 31, 2013	For the year ended December 31, 2012
Loss on transactions of foreign exchange	2,400,182	1,996,863
Loss on derivatives (for hedging)	119,776	49,956
Loss on fair value hedging derivatives	13,505	43,817
Deposit insurance premium	234,763	220,941
Contribution to miscellaneous funds	326,626	310,300
Export bond insurance fees	109	136
Loss on disposals of loans	22,255	127,656
Other expenses (*)	54,175	98,202
Total	<u>3,171,391</u>	<u>2,847,871</u>

(*) Expenses related to ₩35,085 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).

41. NON-OPERATING INCOME (EXPENSES)

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

	For the year ended December 31, 2013	For the year ended December 31, 2012
Gain on valuation of investments in associates	31,070	38,815
Loss on valuation of investments in associates	(28,730)	(11,389)
Total	<u>2,340</u>	<u>27,426</u>

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

	For the year ended December 31, 2013	For the year ended December 31, 2012
Other non-operating income	138,778	117,768
Other non-operating expenses	(87,722)	(92,072)
Total	<u>51,056</u>	<u>25,696</u>

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

	For the year ended December 31, 2013	For the year ended December 31, 2012
Gain on disposal of investments in associates	19,974	25,102
Rental fee income	16,368	16,019
Gain on transactions of other assets	8,717	1,549
Reversal of impairment of other assets	46	356
Gain on restoration	100	224
Others	93,573	74,518
Total	<u>138,778</u>	<u>117,768</u>

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

	For the year ended December 31, 2013	For the year ended December 31, 2012
Loss on disposal of investments in subsidiaries and associates	4,464	167
Loss on disposals of other assets	642	346
Loss on valuation of other assets	937	1,322
Donation	47,774	63,163
Loss on restoration	714	528
Depreciation of investment properties	3,414	3,437
Interest expenses of rent leasehold deposits	1,954	2,551
Expenses on collecting of charge-offs special bonds	4,347	4,499
Others	23,476	16,059
Total	<u>87,722</u>	<u>92,072</u>

42. INCOME TAX EXPENSE

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

	For the years ended December 31	
	2013	2012
Current income tax payable	60,942	411,199
Adjustment recognized in the period for current tax of prior periods	(7,502)	(23,811)
Changes in deferred income taxes due to temporary differences	25,051	(192,395)
Changes in deferred income taxes directly in equity	12,046	146,511
Others	(96)	-
Income tax expense	90,441	341,504
Income tax expense from continuing operations	81,030	260,713
Income tax expense from discontinued operations	9,411	80,791

(2) Income tax reconciled from net income is as follows (Unit: Korean Won in millions):

	For the years ended December 31	
	2013	2012
Net income before income tax	556,715	1,838,421
Income from continuing operations before income taxes	517,828	1,504,574
Income before income taxes from discontinued operations	38,887	333,847
Tax calculated at statutory tax rate (*)	134,263	444,436
Adjustments:		
Effect of non-taxable income	(29,303)	(60,296)
Effect of non-deductible expenses	11,963	28,301
Consolidated tax return	(15,969)	(40,631)
Adjustment recognized in the period for current tax of prior periods	(7,502)	(23,811)
Others	(3,011)	(6,495)
Income tax expense	90,441	341,504
Income tax expense from continuing operations	81,030	260,713
Income tax expense from discontinued operations	9,411	80,791
Effective tax rate from continuing operations	15.6%	17.3%
Effective tax rate from discontinued operations	24.2%	24.2%

(*) 2013 tax rates: The corporate tax rate is 11 percent up to ₩200 million, 22 % over ₩200 million to ₩20 billion and 24.2 % over ₩20 billion.

- (3) Changes in cumulative temporary differences for the years ended December 31, 2013 and 2012 are as follows (Unit: Korean Won in millions):

	For the year ended December 31, 2013				
	Beginning balance	Piecemeal	Recognized as income(loss)	Recognized as other comprehensive income(loss)	Ending balance
Gain (loss) on valuation of financial assets at FVTPL	215,863	9,253	2,089	-	227,205
Gain (loss) on valuation of investments in associates	34,483	-	51,148	(337)	85,294
Gain (loss) on valuation of derivatives	(72,737)	-	35,745	-	(36,992)
Gain (loss) on valuation of compound financial instrument	(1,748)	-	(1,351)	-	(3,099)
Accrued income	(67,383)	-	1,697	-	(65,686)
Depreciation and amortization	(973)	(128)	707	-	(394)
Provisions for credit losses	(13,590)	-	(58,427)	-	(72,017)
Write-off of loans	8,439	-	(417)	-	8,022
Deferred loan origination costs and fees	(55,887)	-	(15,946)	-	(71,833)
Accrued expenses	39,535	-	(4,347)	-	35,188
Retirement benefit obligation	76,702	(493)	23,912	(2,130)	97,991
Plan assets	(64,201)	465	(32,522)	-	(96,258)
Provisions for guarantees	75,382	(91)	16,044	-	91,335
Other provision	37,969	(19,641)	4,322	-	22,650
Loss (gain) on valuation of debentures	70,759	-	(35,875)	-	34,884
Provision for advanced depreciation	(20,878)	-	-	-	(20,878)
Gain (loss) on valuation of AFS securities	(69,530)	4,654	-	(1,916)	(66,792)
Gain (loss) on overseas business translation	24,287	-	-	16,429	40,716
Others	(150,611)	(18,359)	(23,876)	-	(192,846)
Net deferred tax assets (liabilities)	65,881	(24,340)	(37,097)	12,046	16,490

	For the year ended December 31, 2012			
	Beginning balance	Recognized as income(loss)	Recognized as other comprehensive income(loss)	Ending balance
Gain (loss) on valuation of financial assets at FVTPL	213,203	2,660	-	215,863
Gain (loss) on valuation of investments in associates	26,341	8,529	(387)	34,483
Gain (loss) on valuation of derivatives	(147,836)	75,099	-	(72,737)
Gain (loss) on valuation of compound financial instrument	(7,395)	5,647	-	(1,748)
Accrued income	(64,657)	(2,726)	-	(67,383)
Depreciation and amortization	(4,337)	3,364	-	(973)
Provisions for credit losses	(14,490)	900	-	(13,590)
Write-off of loans	9,092	(653)	-	8,439
Deferred loan origination costs and fees	(37,645)	(18,242)	-	(55,887)
Accrued expenses	39,998	(463)	-	39,535
Retirement benefit obligation	42,634	18,480	15,588	76,702
Plan assets	(42,634)	(21,567)	-	(64,201)
Provisions for guarantees	60,156	15,226	-	75,382
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)	-	104,158	(69,530)
Gain (loss) on overseas business translation	(1,125)	-	25,412	24,287
Other capital surplus	(511)	-	511	-
Others	(111,158)	(40,682)	1,229	(150,611)
Net deferred tax assets (liabilities)	(126,514)	45,884	146,511	65,881

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

	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Temporary differences on hybrid equity securities	(2,588,862)	(1,889,873)
Others	6,365	6,365
Total	<u>(2,582,497)</u>	<u>(1,883,508)</u>

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

	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Gain (loss) on valuation of AFS securities	(66,793)	(69,531)
Gain(loss) on valuation of investments in associates	(247)	90
Gain (loss) on overseas business translation	40,715	24,286
Actuarial loss	17,743	19,873
Total	<u>(8,582)</u>	<u>(25,282)</u>

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

	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Current tax assets	136,713	2,354
Current tax liabilities	8,889	136,517

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

	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Deferred tax assets	61,764	82,580
Deferred tax liabilities	(45,274)	(16,699)
Net deferred tax liabilities	<u>16,490</u>	<u>65,881</u>

43. 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 data)

	For the year ended December 31, 2013	For the year ended December 31, 2012
Net income attributable to common shares:		
Net income attributable to the controlling equity	465,266	1,496,246
Dividend on preferred stock	-	(56,000)
Dividend on hybrid equity securities	(136,172)	(121,022)
	<u>329,094</u>	<u>1,319,224</u>
Profit used in calculation of continuing operations income	299,618	1,066,168
Profit used in calculation of discontinued operations income	29,476	253,056
Weighted average number of common shares outstanding	611	696
Basic EPS	539	1,895
Continuing operations	490	1,532
Discontinued operations	49	363

- (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, 2013	For the year ended December 31, 2012
Diluted net income:		
Net income attributable to common shares	329,094	1,319,224
Dilution effect of convertible preferred stock	-	56,000
	<u>329,094</u>	<u>1,375,224</u>
Profit used in calculation of continuing operations income	299,618	1,122,168
Profit used in calculation of discontinued operations income	29,476	253,056
Weighted average number of share for diluted EPS (million shares)	638	766
Weighted average number of common shares outstanding (million shares)	611	696
Convertible preferred stock (million shares)	27	70
Diluted EPS	516	1,795
Continuing operations	470	1,465
Discontinued operations	46	330

Diluted EPS is calculated by adjusting the assumption that all of dilutive potential common shares are converted to common shares, used for the weighted average number of share calculation. The dilutive potential common shares are convertible preferred stock, and to calculate diluted EPS, it is assumed that convertible preferred stocks convert to common shares and the relate dividend is added to net income on common shares. In addition, it is assumed that convertible preferred stocks are converted to common shares during the year ended December 31, 2013. There was no dividend on preferred stock as of December 31, 2013.

44. CONTINGENT LIABILITIES AND COMMITMENTS

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

	December 31, 2013	December 31, 2012
Confirmed guarantees:		
Guarantees for loans	144,967	89,725
Acceptances	837,129	572,353
Guarantees in acceptances of imported goods	151,327	110,171
Other confirmed guarantees	7,982,961	8,412,324
	<u>9,116,384</u>	<u>9,184,573</u>
Unconfirmed guarantees:		
Local letters of credit	661,612	773,385
Letters of credit	4,655,998	5,428,310
Other unconfirmed guarantees	1,779,210	2,368,781
	<u>7,096,820</u>	<u>8,570,476</u>
Commercial paper purchase commitments and others	1,924,176	1,956,447
	<u>18,137,380</u>	<u>19,711,496</u>

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

	December 31, 2013	December 31, 2012
Loan commitments in local currency	41,849,043	64,368,276
Loan commitments in foreign currencies	23,195,943	21,857,955
Securities purchase contract	1,442,603	1,394,165
Non-recourse endorsement notes	-	4,812,500
	<u>66,487,589</u>	<u>92,432,896</u>

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

	December 31, 2013	December 31, 2012
Confirmed guarantees	9,116,384	9,184,573
Unconfirmed guarantees	7,096,820	8,570,476
Commercial paper purchase commitments and others	1,924,176	1,956,447
	<u>18,137,380</u>	<u>19,711,496</u>
Provisions for guarantees	501,662	405,729
Ratio of provisions to total guarantees	2.77%	2.06%

- (4) Both the Group and Woori Card Co., Ltd., which is the newly established credit card company by spin-off from the Group during the current fiscal year, are responsible for the remaining liabilities that arose from the conditions existing before the spin-off date (as of March 31, 2013).
- (5) Litigation case

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

	December 31, 2013	
	As plaintiff (*)	As defendant
Number of cases	84 case	311 case
Amount of litigation	1,185,147	441,370
Provisions for litigations		20,498

	December 31, 2012	
	As plaintiff (*)	As defendant
Number of cases	397 case	335 case
Amount of litigation	1,374,529	538,672
Provisions for litigations		10,203

(*) The minor lawsuits in relation to the collection or management of loans are excluded from the number of cases.

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 was filed 68 lawsuits as of December 31, 2013 and further more lawsuits are expected. The expected outflow of resources of the Group is not likely to be high therefore the Group has not set up any provision for these litigations.

- (6) For the year ended December 31, 2013, the Supreme Court ruled about 'Ordinary wages.' The Group reviewed the impact of the rule on the consolidated financial statements of the Group as of December 31, 2013. The Group believed that the rule has no impact on the consolidated financial statements of the Group, therefore it has not set up any provision related to 'ordinary wage.'

45. RELATED PARTY TRANSACTIONS

Related parties of the Group and 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, 2013 are as follows:

	Related parties
Ultimate controlling party (Government related entity)	Korea Deposit Insurance Corporation ("KDIC")
Parent	Woori Finance Holdings Co., Ltd. ("WFH")
Associates	Kumho Tires Co., Ltd., Woori Blackstone Korea Opportunity Private Equity Fund 1, Woori Private Equity Fund, United PF 1 st Corporate Financial Stability, Ansang Tech Co., Ltd., Samho International Co., Ltd., Woori Service Networks Co., Ltd., Force TEC Co., Ltd., Hana Engineering & Construction Co., Ltd., Phoenix Digital Tech Co., Ltd., Chin Hung International Inc., Korea Credit Bureau Co., Ltd., Poonglim Industrial Co., Ltd., Korea Finance Security Co., Ltd., STX Engine Co., Ltd.
Others	Kyongnam Bank, Kyongnam Bank Principal Guaranteed Trust, Kyongnam Bank Principal and Interest Guaranteed Trust, Kwangju Bank, Kwangju Bank Principal Guaranteed Trust, Kwangju Bank Principal and Interest Guaranteed Trust, Woori Investment Bank, WR Co., Ltd., DKT CO., LTD., MARS Second Private Equity Fund, Woori Investment Advisory Co., Ltd., (Beijing), Seoul Lakeside CC Inc., Woori Finance Research Institute, WFH Savings Bank, Woori FIS Co., Ltd., Woori New Alpha fund, Woori Renaissance Holdings Co., Ltd., Woori Futures, Woori Aviva Life Insurance Co., Ltd., Woori Asset Management Co., Ltd., Woori F&I Co., Ltd., Woori EL Co., Ltd., Woori Asset Management Co., Ltd., Woori Giant First Co., LLC., Woori Card, Woori Columbus 1 Special Purpose Entity, Woori Investment & Securities Principal Guaranteed Trust, Woori Investment & Securities Co., Ltd., Woori Financial Co., Ltd., Woori Private Equity Company, Ltd, UP Chemical Co., Ltd., Chungdo Woori Century Security Co., Ltd., Kofc Woori Growth Champ Private Equity Fund, LG Investment Holding B.V.(Amsterdam) GG, Sahn Eagles LLC, Two Eagles LLC, Woori Absolute Asia Global Opportunity Fund, Woori Absolute Partners PTE LTD., Woori Absolute Return Investment Strategies Fund, Woori CBV Securities Corporation, Woori Investment Asia PTE LTD., Woori Investment Securities (H.K.) LTD., Woori Investment Securities America INC., Woori Investment Securities Int'l LTD., Woori Korindo Securities Indonesia, Woori Heritage Long-short PEF 1 st and 19 beneficiary certificates, Hybrid 1 st Specialty Inc. and 68 SPCs.

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

Related party		Accounts	December 31, 2013	December 31, 2012
Ultimate controlling party (Government related entity)	KDIC	Other assets	790,701	610,872
		Deposits	807,163	344,653
		Other liabilities	3,898	2,182
Parent	WFH	Loans	-	241
		Other assets	134,830	20,829
		Deposits	72,670	206,137
		Other liabilities	25,826	167,849
Associates	Kumho Tires Co., Ltd.	Loans	356,764	399,282
		Provision for credit loss	(35,944)	(33,510)
		Other assets	45,669	49,397
		Deposits	57,855	58,298
		Other liabilities	90	61
	Korea Credit Bureau Co., Ltd.	Loans	-	2
		Deposits	4,029	2,003
		Other liabilities	101	22
	Woori Private Equity Fund and subsidiaries	Other assets	5	9
		Deposits	5,559	1,678
		Other liabilities	2	3
	Korea Finance Security Co., Ltd.	Loans	-	60
		Deposits	4,070	4,225
		Other liabilities	15	20
	Woori Service Networks Co., Ltd.	Loans	-	19
		Provision for credit loss	-	(1)
		Deposits	2,642	1,645
		Other liabilities	50	207
	United PF 1 st Corporate Financial Stability	Deposits	38	9,003
		Other liabilities	-	72
	Chin Hung International Inc.	Loans	45,994	37,788
Provision for credit loss		(39,639)	(30,315)	
Deposits		1,073	988	
Other liabilities		1	4	
Poonglim Industrial Co., Ltd.	Loans	36,874	43,394	
	Provision for credit loss	(266)	(416)	
	Deposits	15,508	4,558	
	Other liabilities	39	70	
Phoenix Digital Tech Co., Ltd.	Loans	1,209	1,502	
	Provision for credit loss	(72)	(296)	
	Deposits	495	8	
	Other liabilities	11	-	
Ansang Tech Co., Ltd.	Loans	223	-	
	Provision for credit loss	(142)	-	
	Other assets	10	-	
Samho International Co., Ltd.	Loans	51,896	-	
	Provision for credit loss	(33,024)	-	
	Deposits	149,685	-	
	Other liabilities	89	-	
Force TEC Co., Ltd.,	Loans	46,421	-	
	Provision for credit loss	(27,035)	-	
	Deposits	297	-	
Hana Engineering & Construction Co., Ltd.	Loans	169	-	
	Provision for credit loss	(169)	-	
	Deposits	903	-	

Related party		Accounts	December 31, 2013	December 31, 2012
Associates	STX Engine Co., Ltd.	Loans	104,557	-
		Provision for credit loss	(10,935)	-
		Deposits	6,023	-
		Other liabilities	99	-
Others	Woori Investment & Securities Co., Ltd. and subsidiaries	Loans	-	1,523
		Provision for credit loss	-	(472)
		Other assets	-	5,976
		Deposits	329,921	1,404,084
	Kyongnam Bank and subsidiaries	Borrowings	8,162	7,555
		Other liabilities	142,711	131,166
		Other assets	135,861	105,707
		Deposits	8,029	6,286
	Kwangju Bank and subsidiaries	Borrowings	-	167
		Other liabilities	131,127	171,415
		Loans	229	229
		Other assets	12,693	11,971
	Woori F&I Co., Ltd. and subsidiaries	Deposits	24,566	8,801
		Borrowings	27,851	26,021
		Other liabilities	5,681	4,155
		Loans	-	73
Provision for credit loss		-	(1)	
Woori Private Equity and subsidiaries	Other assets	5	5	
	Deposits	41,758	50,444	
	Other liabilities	277	340	
	Loans	-	20,050	
	Provision for credit loss	-	(1,443)	
Other subsidiaries of WFH	Other assets	-	16,527	
	Deposits	8,103	19,187	
	Borrowings	-	1,000	
	Other liabilities	30	10,748	
	Loans	50,000	50,682	
	Provision for credit loss	(367)	(286)	
Associates of Woori F&I Co., Ltd.	Other assets	16,819	509	
	Deposits	85,121	33,292	
Associates of Woori Private Equity	Borrowings	1,000	-	
	Other liabilities	39,149	49,704	
	Deposits	846	23,459	
	Other liabilities	-	16	
Woori Aviva Life Insurance Co., Ltd.	Loans	-	11,696	
	Provision for credit loss	-	(149)	
	Deposits	26,014	14,505	
	Other liabilities	275	187	
Woori Aviva Life Insurance Co., Ltd.	Loans	-	399	
	Provision for credit loss	-	(5)	
	Deposits	6,807	132	
	Other liabilities	241	280	

(3) Details of money transactions with related parties are as follows (Unit: Korean Won in millions):

Related party	For the year ended December 31, 2013				
	Loan (*1)		Borrowing (*2)		Capital contribution in cash
	Increase	Decrease	Increase	Decrease	
Associates	92,136	(158,050)	-	-	-
Others	213	(20,213)	5,869	(5,090)	-

Related party	For the year ended December 31, 2012				
	Loan (*1)		Borrowing (*2)		Capital contribution in cash
	Increase	Decrease	Increase	Decrease	
Associates	128,375	(512,729)	-	-	-
Others	1,498	(1,498)	-	(8,036)	-

(*1) The amounts do not include short term financial instruments transaction such as call loans and others.

(*2) The amounts do not include deposits due to customer and short term financial instruments transaction such as call money and others.

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

Related party	Accounts	For the years ended December 31		
		2013	2012	
Ultimate controlling party (Government related entity)	KDIC	Interest income	26,000	30,544
		Interest expenses	7,967	4,301
		Reversal of provision for credit loss	(65)	(281)
Parent	WFH	Fees income	25	-
		Other income	1,627	2,273
		Interest expenses	5,844	10,983
		Fees expenses	44,156	48,987
		Other expenses	264	183
Associates	Kumho Tires Co., Ltd.	Interest income	1,008	1,011
		Fees income	6	7
		Other income	3,488	22,661
		Interest expenses	408	114
		Bad debt expenses (Reversal of provision for credit loss)	2,433	(17,957)
	Korea Finance Security Co., Ltd.	Interest expenses	99	110
		Reversal of provision for credit loss	-	(1)
	Korea Credit Bureau Co., Ltd.	Interest expenses	112	70
	Woori Service Networks Co., Ltd.	Other income	22	15
		Interest expenses	69	60
		Reversal of provision for credit loss	(1)	-
	United PF 1 st Corporate Financial Stability	Interest expenses	34	73
	Woori Private Equity Fund	Fees income	11	21
		Interest expenses	44	49
	Chin Hung International Inc.	Fees income	1	1
Interest expenses		98	44	
Bad debt expenses		9,324	30,315	

	Related party	Accounts	For the years ended December 31	
			2013	2012
Associates	Poonglim Industrial Co., Ltd.	Interest expenses	75	137
		Bad debt expenses (Reversal of provision for credit loss)	(150)	416
	Phoenix Digital Tech Co., Ltd.	Interest expenses	11	-
		Reversal of provision for credit loss	(224)	(3,307)
	Ansang Tech Co., Ltd.	Bad debt expenses	142	-
	Samho International Co., Ltd.	Interest expenses	747	-
		Reversal of provision for credit loss	(10,268)	-
	Force TEC Co., Ltd.	Interest expenses	2	-
		Bad debt expenses	26,273	-
	Hana Engineering & Construction Co., Ltd.	Reversal of provision for credit loss	(158)	-
	STX Engine Co., Ltd.	Interest expenses	49	-
		Bad debt expenses	9,946	-
Others	Other subsidiaries of WFH	Interest income	2,739	2,413
		Fees income	83,332	3,657
		Other income	9,011	7,600
		Interest expenses	1,258	849
		Fees expenses	-	75
		Bad debt expenses (Reversal of provision for credit loss)	(1,361)	57
		Other expenses	211,651	224,999
	Kyongnam Bank and subsidiaries	Fees income	174	172
		Other income	6,550	22,341
		Interest expenses	-	13
		Other expenses	4,500	23,081
	Woori Investment & Securities Co., Ltd. and subsidiaries	Fees income	658	306
		Other income	8,919	4,948
		Interest expenses	15,138	30,797
		Fees expenses	-	-
		Bad debt expenses (Reversal of provision for credit loss)	(326)	131
		Other expenses	15,665	13,306
	Woori Private Equity and subsidiaries	Interest income	-	110
		Fees income	-	1
		Other income	-	1,873
		Interest expenses	117	626
		Bad debt expenses (Reversal of provision for credit loss)	(1)	1,279
		Other expenses	-	4,799
		Other expenses	-	4,799
	Kwangju Bank and subsidiaries	Interest income	7	7
		Fees income	-	47
		Other income	257	207
Interest expenses		1,309	1,030	
Other expenses		32	282	
Woori F&I Co., Ltd. and subsidiaries	Fees income	56	54	
	Interest expenses	404	1,146	
	Reversal of provision for credit loss	(1)	(1)	
	Other expenses	-	31	

	Related party	Accounts	For the years ended December 31	
			2013	2012
Others	Associates of Woori F&I Co., Ltd.	Fees income	1	-
		Interest expenses	-	377
	Associates of Woori Private Equity	Interest expenses	540	286
		Bad debt expenses (Reversal of provision for credit loss)	(149)	36
	Associates of Woori Investment & Securities Co., Ltd.	Reversal of provision for credit loss	-	(10)
	Woori Aviva Life Insurance Co., Ltd.	Fees income	38	15,590
		Other income	77	148
		Interest expenses	43	-
		Bad debt expenses (Reversal of provision for credit loss)	(5)	2

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

	Warranty	December 31,	December 31,
		2013	2012
KDIC	Loan commitment	2,000,000	2,000,000
Kumho Tires Co., Ltd.	Loan commitment in foreign currencies	208	2,777
	Import credit in foreign currencies	12,832	13,922
	Loan commitment	113,453	71,890
Chin Hung International Inc.	Import credit in foreign currencies	-	85
	Loan commitment	40,620	40,825
Phoenix Digital Tech Co., Ltd.	Loan commitment	3,771	4,994
Woori Investment & Securities Co., Ltd.	Loan commitment	280,000	289,279
Woori Card Co., Ltd.	Loan commitment	500,000	-
STX Engine Co., Ltd.	Loan commitment	38,147	-

For the guarantee provided to the related parties, the Group recognized provisions for guarantees amounting to ₩ 1,355 million and ₩437 million, respectively, as of December 31, 2013 and December 31, 2012.

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

	For the years ended December 31	
	2013	2012
Salaries	3,351	2,370
Severance and retirement benefits	59	97

The key management represents non-executive directors and executive director. As of December 31, 2013 and December 31, 2012, loans from transactions with key management amount to ₩269 million, and ₩519 million, respectively. And allowance for these loans and bad debt expenses is nil. In addition, as of December 31, 2013 and December 31 2012, the liability recognized from transactions with key management amounts to ₩1,346 million and ₩1,639 million, respectively.

46. CREDIT CARD DIVISION SPIN-OFF

- (1) As of September 16, 2011, the board of directors of WFH and the Group decided to spin-off the Group's credit card division and established a new credit card company to be a subsidiary of WFH to enhance the competitiveness in credit card business. The Group had acquired authorization about the spin-off and the operation of credit card business from Financial Services Commission on February 22, 2013.

The shareholder of the Bank will receive 100% of the newly issued shares of the credit card company in proportion to its ownership in the Bank as of the spin-off date. The business segments of the Bank, other than credit card operation segment, will continue to exist after the spin-off. Both the Bank and the newly established credit card company are responsible for the liabilities that arose from the conditions existing before the spin-off date.

In addition, assets and liabilities that were directly or indirectly owned by the credit card company before the spin-off will be transferred to the new company as a separate entity. Particularly, the non-identifiable assets and liabilities subject to transfer will be decided based on the reasonable basis of the spin-off policy.

Details of such spin off are summarized as follows:

Transaction structure:	Equity spin-off	
Spin-off company:	Woori Bank (the surviving company) Woori Card (the new company)	
Spin-off schedule:	Date of the general meeting of shareholder for approval of the spin-off	January 25, 2013
	Date of spin-off	March 31, 2013
	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):

	April 1, 2013	December 31, 2012
Cash and cash equivalents	375,175	-
AFS financial assets	62,177	62,203
Loans and receivables (*)	3,750,221	4,329,138
Investment in associates	521	521
Premises and equipment	5,142	5,245
Intangible assets	4,217	4,745
Deferred tax assets	24,340	22,571
Other assets	2,781	90
	<u>4,224,574</u>	<u>4,424,513</u>
Debtentures	2,699,537	2,699,369
Provisions	83,053	77,185
Current tax liabilities	-	80,201
Other financial liabilities	320,050	478,573
Other liabilities	71,934	68,850
	<u>3,174,574</u>	<u>3,404,178</u>
Accumulated other comprehensive income	14,578	14,157

- (*) As of December 31, 2012, loans and receivables include ₩287 million of profit and loss resulting from intra-group transactions.

- (3) For the years ended December 31, 2013 and 2012, the summarized financial information of the credit card operating segment is as follows (Unit: Korean Won in millions):

	For the years ended December 31	
	2013	2012
OPERATING INCOME:	31,035	312,628
Net interest income		
Interest income	222,010	976,926
Interest expenses	(30,652)	(116,880)
	<u>191,358</u>	<u>860,046</u>
Net fee and commission income		
Fee and commission income	11,708	42,164
Fee and commission expenses	(130,664)	(394,758)
	<u>(118,956)</u>	<u>(352,594)</u>
Dividend income	4,236	3,334
Gain on AFS financial assets	1,027	4,114
Impairment losses for loans, other receivables, guarantees and unused commitments	(26,815)	(149,045)
General and administrative expenses	(18,536)	(72,438)
Other operating income (expenses)	(1,279)	19,211
Net other non-operating income	<u>7,852</u>	<u>21,219</u>
NET INCOME BEFORE INCOME TAX EXPENSE	<u>38,887</u>	<u>333,847</u>
INCOME TAX EXPENSE	<u>(9,411)</u>	<u>(80,791)</u>
Profit from discontinued operations	<u>29,476</u>	<u>253,056</u>

- (4) Cash flows related to discontinued operations are as follows (Unit: Korean Won in millions):

	For the year ended December 31, 2013	For the year ended December 31, 2012
Cash Flows from operating activities	374,127	(843,146)
Cash Flows from investing activities	1,048	3,146
Cash Flows from financing activities	-	840,000

47. EVENTS AFTER THE REPORTING PERIOD

The Group acquired 33 percent of the shares of PT Bank Himpunan Saudara, a local bank in Indonesia. The Group has a plan to merge PT Bank Himpunan Saudara and PT Bank Woori Indonesia that is already a subsidiary of the Group.

48. TRUST ACCOUNTS

The financial information of the trust accounts have been prepared in accordance with K-IFRS 5004 '*trust agent's trust account*' and detailed enforcement rules of regulations on supervision of financial corporation, which are based on capital market and financial investment business.

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

	As of and for the year ended December 31, 2013		As of and for the year ended December 31, 2012	
	Total assets	Operating revenue	Total assets	Operating revenue
Trust	29,413,864	25,906,917	763,020	679,009

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

1) Receivables/Payables

	December 31, 2013	December 31, 2012
Receivables		
Trust fees receivables	17,077	15,655
Payables		
Borrowings from trust accounts	3,130,738	2,984,379
Accrued interest expenses on borrowings from trust accounts	-	8,575
	<u>3,130,738</u>	<u>2,992,954</u>

2) Revenue/Expense

	For the year ended December 31, 2013	For the year ended December 31, 2012
Revenue:		
Trust fees	36,199	40,217
Intermediate termination fees	1	12
	<u>36,200</u>	<u>40,229</u>
Expense:		
Interest expenses on borrowings from trust accounts	93,628	80,185

(3) Trust accounts guaranteeing the repayment of principal and Trust accounts guaranteeing a fixed rate of return on, and the repayment of principal

- 1) The carrying value of trust accounts with agreement to guarantee the principal amount or the fixed dividend and the amount that should be covered by the inherent account were as follows (Unit: Korean Won in millions):

	<u>Monetary trusts</u>	<u>December 31, 2013</u>	<u>December 31, 2012</u>
Trust accounts guaranteeing the repayment of principal	Old-age Pension Trusts	6,369	7,052
	Personal Pension Trusts	540,912	564,723
	Pension Trusts	572,095	507,573
	Retirement Trusts	82,417	90,963
	New Personal Pension Trusts	9,373	10,093
	New Old-age Pension Trusts	5,360	6,184
		<u>1,216,526</u>	<u>1,186,588</u>
Trust accounts guaranteeing a fixed rate of return on, and the repayment of principal	Development Trusts	19	24
	Unspecified Money Trusts	857	874
		<u>876</u>	<u>898</u>
		<u>1,217,402</u>	<u>1,187,486</u>

- 2) As of December 31, 2013 and December 31, 2012, the amounts that the Group has to pay by the capital guaranteed contract or the consequences of management for the principal guaranteed agreements are as follows (Unit: Korean Won in millions):

	<u>2013</u>	<u>2012</u>
	<u>December 31</u>	<u>December 31</u>
Liabilities for the account (subsidy for trust account adjustment)	10	4

Investor Information

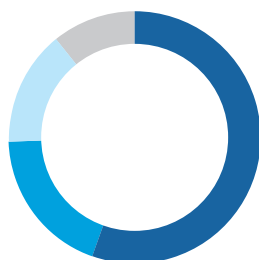
WOORI FINANCIAL GROUP

Stock Information



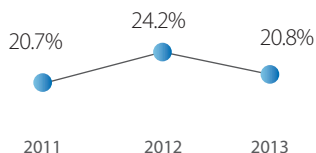
Shareholders

Total



- KOREA DEPOSIT INSURANCE CORPORATION 57.0%
- FOREIGNER 20.8%
- INSTITUTION (DOMESTIC) 17.1%
- INDIVIDUAL (DOMESTIC) 5.1%

Foreigners Stake Trend



Main Shareholders

1. Korea Deposit Insurance Corporation 57.0%
2. National Pension Service 7.9%
3. Capital World Growth and Income Fund 1.9%

Paid-in Capital

KRW 4,030 billion as of December 31, 2013

Number of Common Shares

806,015,340 shares as of December 31, 2013

Securities Listings

Korea Stock Exchange: 053000.KS (Common Stock)
New York Stock Exchange: WF (American Depositary Shares)

Available Filings

Form 20-F: Annual Reports
Form 6-K: Quarterly Reports, Proxy Statements,
and other material announcements

Information Availability

<http://www.woorifg.com>

Transfer Agent and Registrar Common Stock

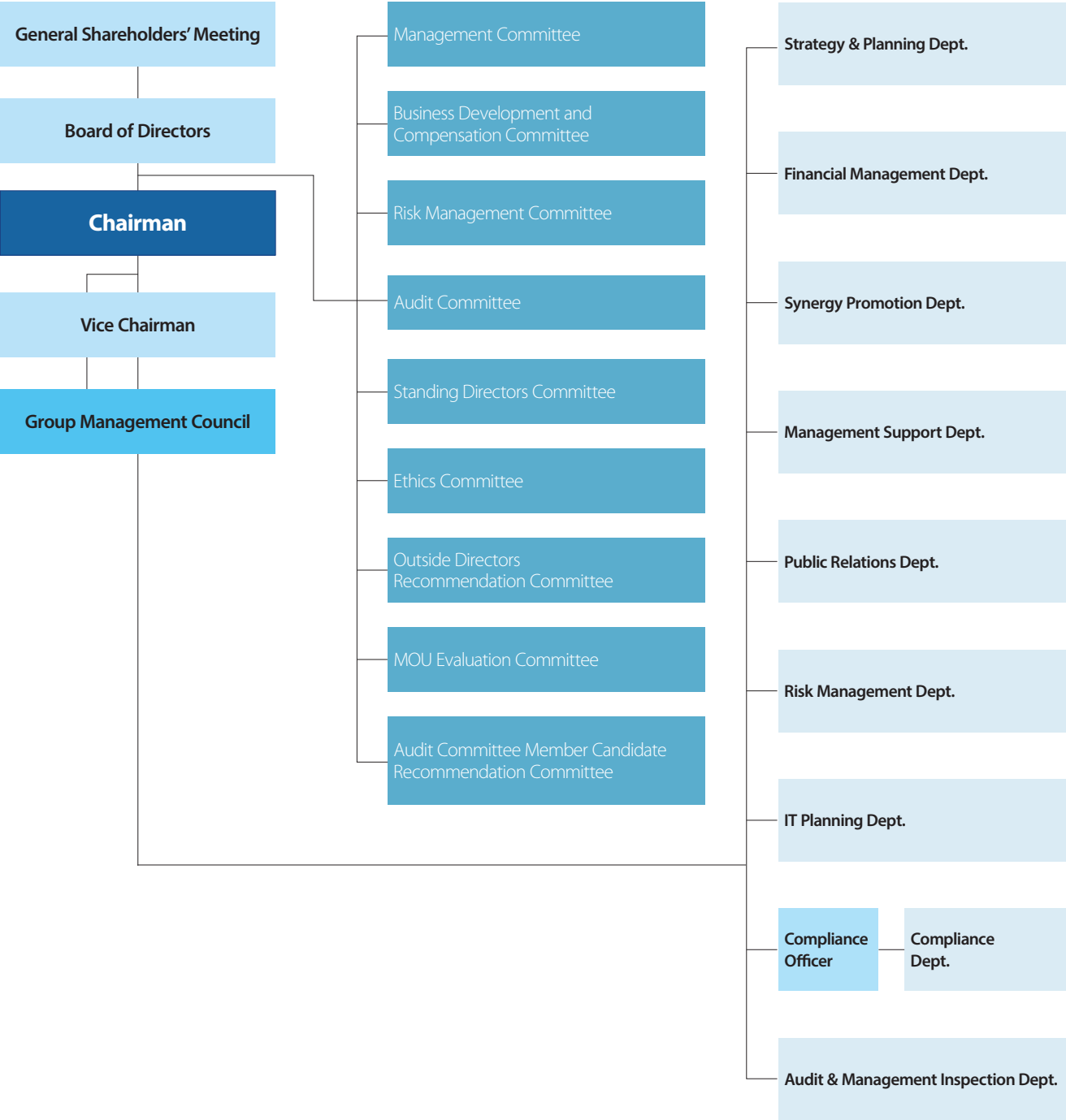
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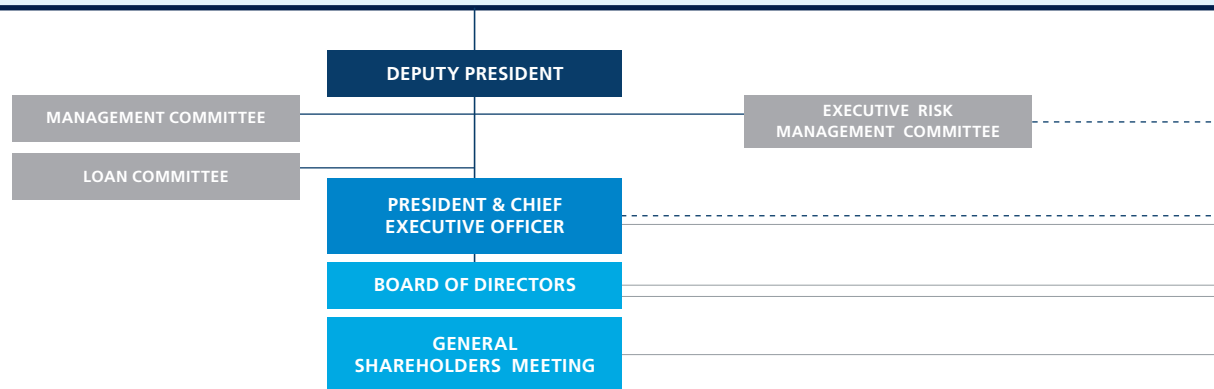
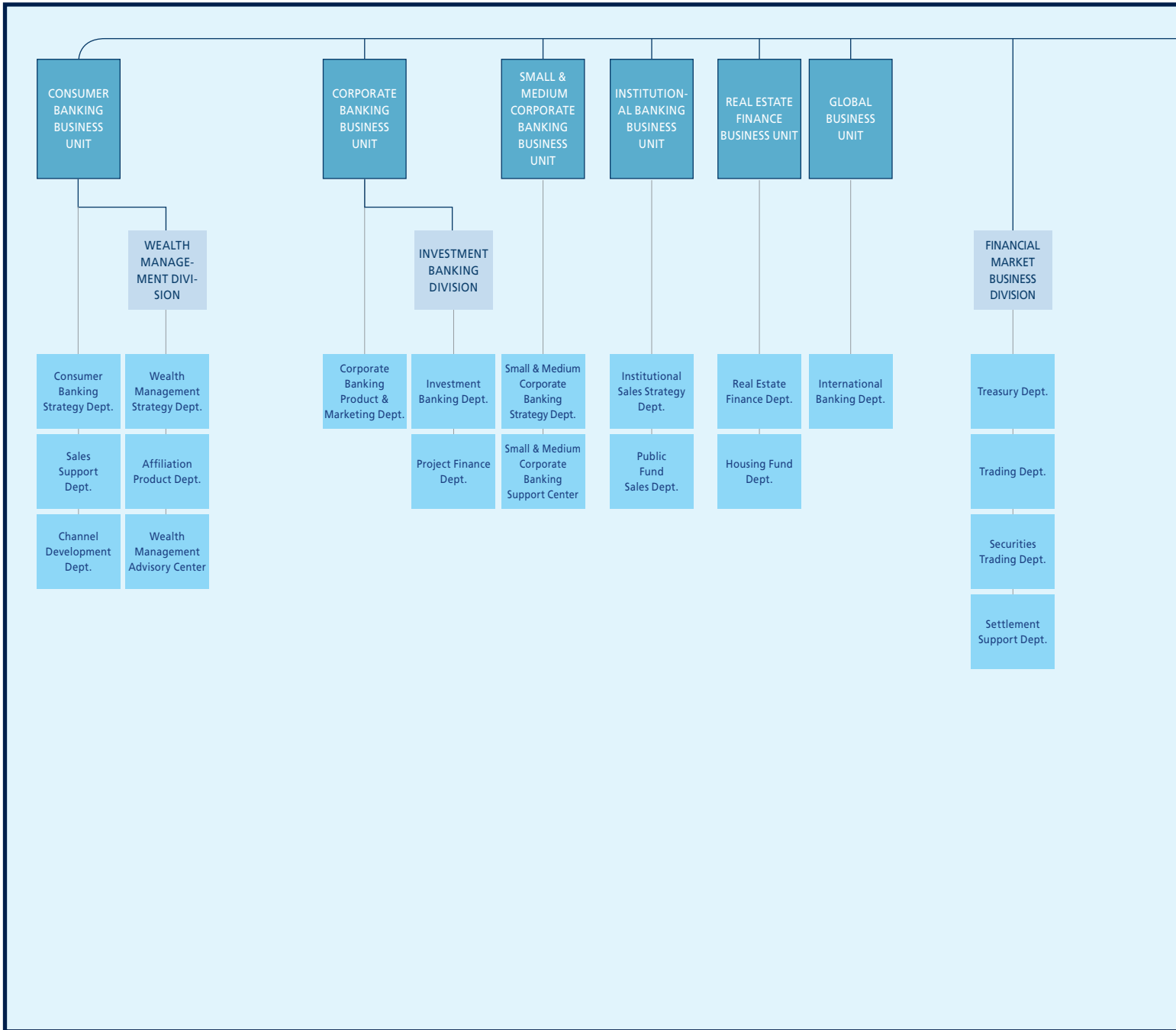
Organization Chart

WOORI FINANCIAL GROUP



Organization Chart

WOORI BANK

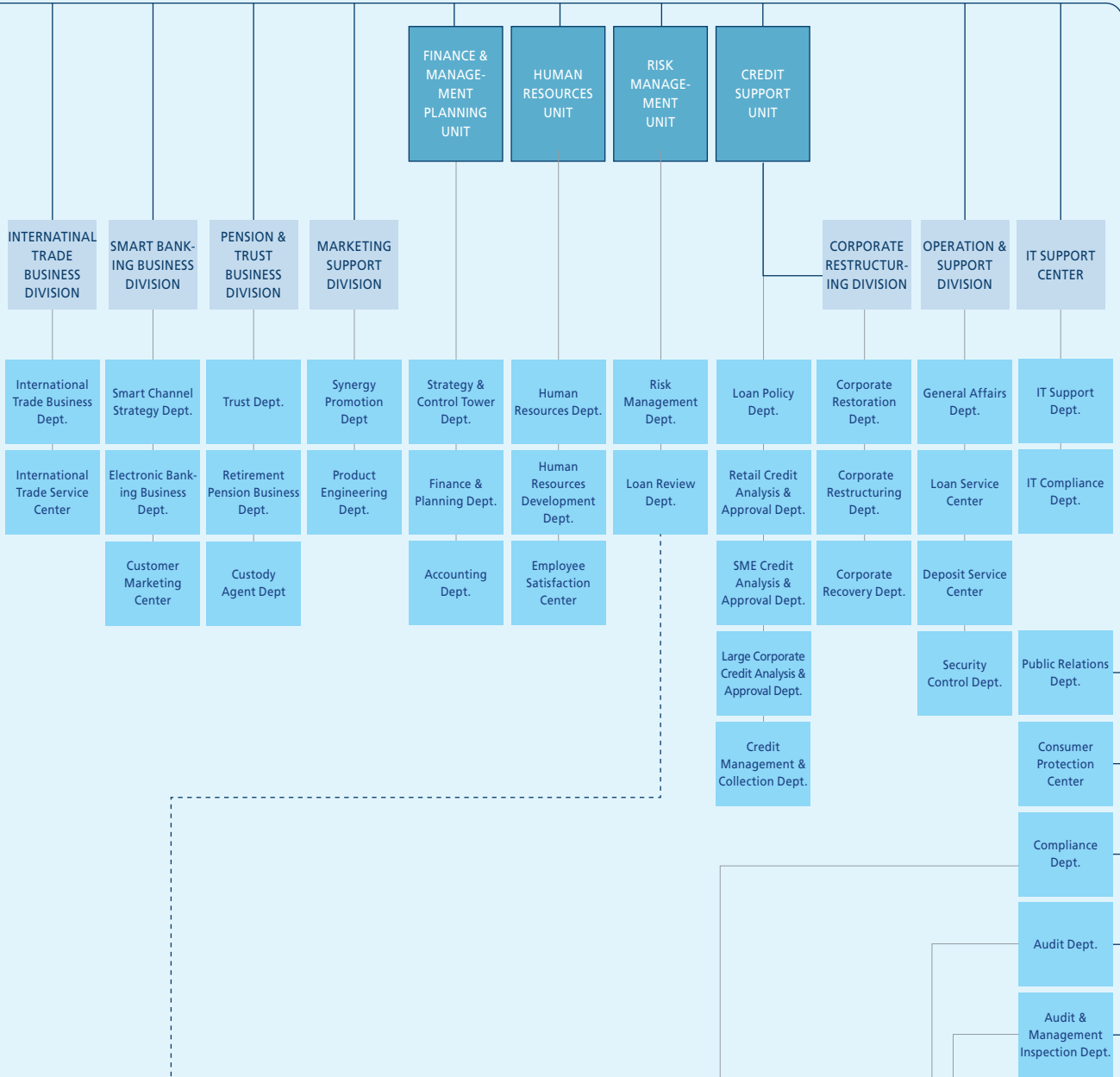


CUSTOMER

SALES CENTER

BRANCH

CORPORATE BANKING CENTER



BOARD COMPENSATION COMMITTEE

COMPLIANCE OFFICER

STANDING AUDIT COMMITTEE

BOARD RISK MANAGEMENT COMMITTEE

BOARD AUDIT COMMITTEE

BOARD GOVERNANCE COMMITTEE

Global Network

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Woori Bank

**will have its genuine values recognized as a trustworthy bank
by “running and laughing together” with everyone.**

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