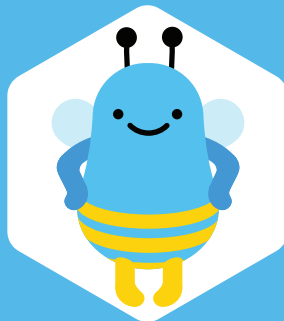


WOORI BANK

WI ll BEE
your
lifetime partner!



WiBee Bank

Woori Internet **BEE** Bank

A mobile world of our dreams! Woori Bank marks the start of a new era of financial services with the Blue Bee, WiBee, providing more convenient and diverse banking services as sweet as honey anytime, anywhere via smartphones.

03

Woori Story

Message from the CEO	___ 020
Company Structure	___ 024
Financial Highlights	___ 025
Board of Directors & Management	___ 026
Corporate Governance	___ 028
News Highlights	___ 030
Woori Bank Awards 2015	___ 032

34

Reliable Partner

Smart Banking	___ 036
Risk Management	___ 038
Employee Satisfaction	___ 041
Consumer Protection	___ 044

46

Leading Partner

Global Business	___ 048
Investment Banking	___ 051
Financial Market Business	___ 053
International Trade Business	___ 056

58

Strong Partner

Consumer Banking	___ 060
Wealth Management	___ 063
Pension & Trust Business	___ 065
Corporate Banking	___ 067
SME Banking	___ 069
Institutional Banking	___ 072
Real Estate Finance	___ 074

76

Sincere Partner

Social Contribution Activities	___ 078
Woori Smile Microcredit	___ 080
Ethical Management	___ 082

84

Financial Review

Management's Discussion and Analysis	___ 085
Independent Auditor Report	___ 096
Financial Statements	___ 98
Organizational Chart	___ 192
Global Network	___ 194



Over the past 117 years, Woori Bank has always been there for our customers at important moments in history.

Being the oldest Korean bank, Woori Bank went through numerous difficulties and challenges at home and abroad in order to emerge from the past, stand strong in the present and look towards the brighter future, thereby always being there for our customers as a lifetime partner to help them at all times.

Woori Bank has been a step ahead of our competitors as a leader of the financial market in 2015. We opened new possibilities by successfully launching the 1st mobile bank 'WiBee Bank' to open a new mid-level interest rate loan market, as well as leading the effort to cultivate innovative markets for FinTech as an internet bank.

In order to provide the most convenient and safest financial services for our customers, we will strive to bring innovations in the FinTech sector and achieve further growth to ensure that happiness and satisfaction of our customers and shareholders comes 1st out of all priorities.

In order to respond to the changes in the financial environment, Woori Bank will stand firm as a strong bank that brings changes and innovations to the financial markets, while always being there for our customers and contributing to achieving further growth for our domestic and global customers.

Woori Bank has always been there for our customers as a reliable partner protecting and supporting them in good times and bad.

Reliable Partner

Woori Bank, Will BEE your lifetime partner!





Hatvit Women's Hospital

Hyeongshin Han, Doctor

Woori Bank, Will BEE your lifetime partner!



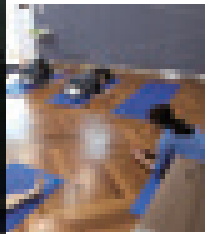
Like Hatvit Women's Hospital's goal of touching people's hearts and to be there for our children in the future, Woori Bank is a reliable partner for a brighter future.

Woori Bank has been our partner in helping us to take care of people and female patients as well as leading responsible lives as female physicians.

Hatvit Women's Hospital aims to become a hospital that takes care of patients professionally, while also satisfying customer needs for medical care. The hospital needed to move to another location for its patients and Woori Bank helped by providing funds.



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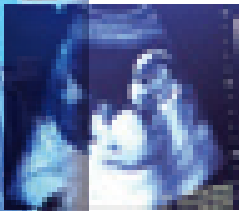
- 'Hatvit' symbolizes 'women and babies', 'birth', 'beginnings' and 'warmth'. In this way, the hospital is filled with warm sunshine and natural LED lights are installed throughout the hospital for new babies.
- Hatvit Women's Hospital aims to heal by becoming a leading hospital with reputable physicians who take good care of female patients.



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Woori Bank dreams of leading our customers to a better quality in life, and thereby, serves as a partner that enhances their financial, physical and spiritual well-being.

Leading Partner

Woori Bank. Will BEE your lifetime partner!





Hyehwadong Catholic Church

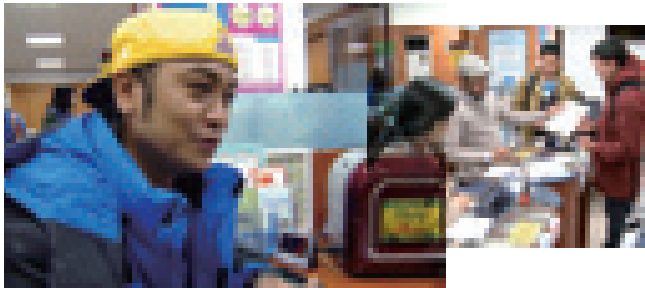
Fr. Alfredo Africa, MSP



Woori Bank provides the best financial services that match the life patterns of foreign workers, and we strive to lead in offering more convenient financial services for our customers anytime, anywhere.

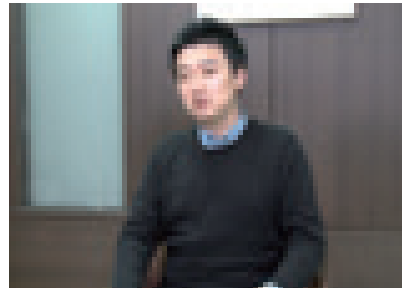
Woori Bank makes customers feel at home by always greeting them with a friendly vibe and being there for customers anytime, anywhere.

Woori Bank's Hyehwadong Branch became more active after the Philippine Catholic Priest Fredo from the Hyehwadong Catholic Church gave a mass in Tagalog. In order to help customers from the Philippines who cannot come to the bank during weekdays because of their busy schedules, we offer convenient remittance services for living expenses to families in the Philippines on Sundays.

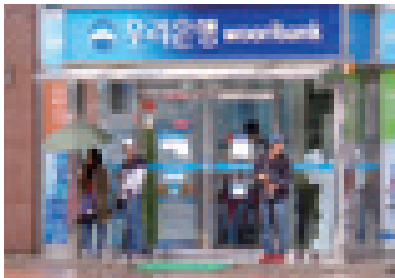


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• Every Sunday, there are lots of customers at the branch with about one thousand people gathering at the market near the Hyehwadong area. Woori Bank pays attention to ensuring customer convenience by posting the exchange rates so that they are visible from a distance.

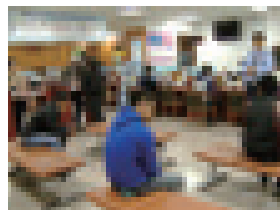
• Woori Bank is Korea's only bank to establish a close relationship with Metrobank in the Philippines and operate as a competitor and a client company.



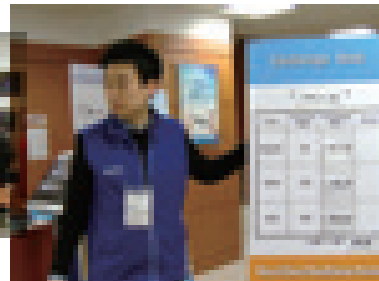
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Woon Bank, WILL BEE your lifetime partner!

Woori Bank acts as a strong partner in supporting Korean companies to achieve intense development domestically and abroad and thereby contributes to the continuous development of the Korean economy as a whole.

Strong Partner



BMT Inc.

Jongchan Yoon, CEO

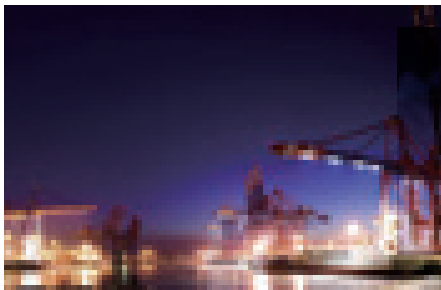
Woori Bank, Will BEE your lifetime partner!



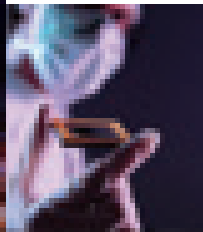
Woori Bank has developed together with the nation and our customers, and we will always be there for our customers in the future to provide help when needed.

Woori Bank has continuously stood by Korean companies to help them during difficult times.

Bank transactions are the same as transaction between people. Woori Bank greets customers warmly with the mindset of helping them as much as possible. Woori Bank has helped Korean companies to take a leap forward as they enter into new markets. Therefore, the relationship between the bank and our clients has been satisfactory and results in win-win cooperation. Korean companies will continue to take a leap forward in the future with the help of Woori Bank.



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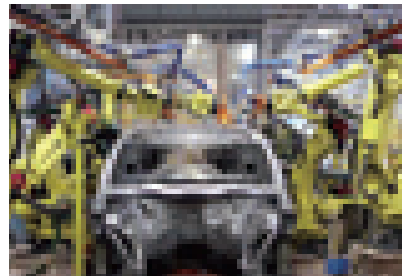
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- Manufacturing companies make valves, industrial fittings and valves that are used as the connecting link in many components in the fields of Korea's leading advanced industries today, including automobiles, aerospace and semiconductors.

- Superlok i-fittings used as semiconductor fittings are high-precision products that received recognition by introducing innovative technology. The technology enhances competitiveness allowing companies to grow and evolve.



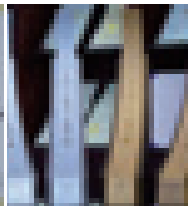
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Woori Bank, Will BEE your lifetime partner!



Woori Bank aims to become a sincere partner by fulfilling our social responsibilities warm heartedly so that we can become one in heart to dream for a better future.

Sincere Partner



Good Neighbors

Ilha Yi, President

Woori Bank, Will BEE your lifetime partner!



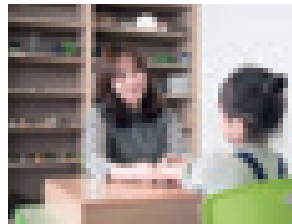
In order to ensure a better tomorrow, Woori Bank has been a partner in conducting meaningful projects. Woori Bank fulfills its social responsibilities with the world-famous NGO Good Neighbors to help develop the future together.

Woori Bank has been a sincere partner for Good Neighbors.

Good Neighbors was established in 1991 and it has built a trusting relationship with Woori Bank. Woori Bank jointly implemented a campaign for supporting those children who were raised in crisis family to ensure children are well taken care of, while also making efforts in promoting a culture of donation amongst customers. Moreover, Woori Bank has become a sincere partner for Good Neighbors by supporting remittances for international development cooperation projects taking place overseas in 37 countries. Good Neighbors hopes to maintain a good relationship with Woori Bank in the future.



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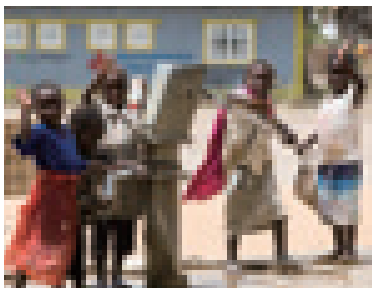
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- Good Neighbors was founded in Korea and has implemented social welfare projects and international development cooperation projects to create a better world and promote healthy changes for our children, families and local communities domestically and internationally.

- Good Neighbors not only helps and respects people by allowing them to make a better living, but also strives to create a world where people carry out their role of helping others and sharing a better future with good neighbors around the world.



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Support Good Neighbors by calling 1544-7944 / www.goodneighbors.kr

Woori Bank, WILL BEE your lifetime partner!

Message from the CEO

Woori Bank has led change and innovation in the Korean financial market by leading 'half a step' ahead of the competition in 2015.

Lee, Kwang Goo
President and CEO of Woori Bank

이광구

Strength in Our Values

I would like to express my sincere appreciation to all of our shareholders and customers for their continued support and commitment to Woori Bank.

In 2015, due to global market volatility and risks including the economic recession in China and emerging market countries, ultra-low oil prices and the US interest rate hike, as well as the prolonged period of low interest rates and low growth, Korea experienced an economic slump that made the market environment for all industries very difficult. Despite such circumstances, Woori Bank recorded notable achievements compared with previous years, by having all employees striving to achieve the goal of 'enhancing Woori Bank's corporate value'.

We vastly improved the financial performance index for growth, profitability and financial soundness.

In 2015, Woori Bank's total assets continued to exhibit a high level of growth compared with other banks, totaling KRW 318 trillion with an increase of about KRW 26 trillion. Moreover, soundness indicators, such as NPL ratio, debt expense and coverage ratio improved significantly. As a result, we were able to achieve an asset soundness level similar to our competitors, which had been a sticking point in enhancing Woori Bank's corporate value for several years.

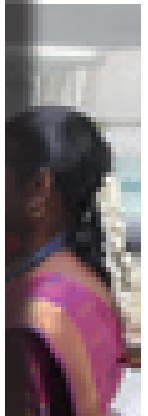
In terms of profitability, even though there was a major downside in the interest margins due to the benchmark interest rate being cut four times over a two-year period, we achieved better results than estimates for net interest income and non-interest income, by overcoming such obstacles with strong sales capacity in the field.

As the FinTech (finance technology) sector is growing rapidly and a paradigm shift in the financial world takes place through ICT convergence, Woori Bank has led change and innovation in the Korean financial market by leading 'half a step' ahead of the competition in 2015.

In May 2015, Woori Bank successfully launched Korea's first mobile bank 'WiBee Bank' to promote the mid-level interest rate loan market. In November 2015, we took the lead in innovating the FinTech market, including actively participating, establishing and receiving preliminary approval for a consortium to launch an internet bank.

As for global competitiveness, Woori Bank expanded the number of its overseas networks to 205 and became Korea's no. 1 bank as of the end of 2015, mainly due to successfully launching Woori Saudara Bank in Indonesia. Moreover we established micro finance institutions in Cambodia and Myanmar, thereby fostering future growth engines to join the ranks of 'Asia's Top 10, Global Top 50' banks.

The year 2015 was a significant year for Woori Bank because we gained a competitive edge in all areas despite fierce inter-bank competition, and established the foundation for continuous future growth by taking the lead in FinTech and global markets.



Based on outstanding performance in 2015, Woori Bank will strive to make 2016 the first year of successful privatization. Woori Bank has decided on 'Becoming a Strong Bank' as our management goal, and hopes to achieve profitable growth through five management strategies.

First, in order to maintain market dominance in all areas, we ranked No.1 in increasing performance in all categories. In particular, we will further enhance our non-interest income by focusing on the asset management and retirement markets, with Individual Savings Accounts (ISA) introduced for the first time this year.

Second, we will become a Clean Bank that achieves high-quality asset growth and minimize the occurrence of NPLs by thoroughly implementing the process of 'Locking the Back Door' in 2016. In order to raise capital adequacy ratio (including Common Equity Tier 1 ratio) which exhibits a wider gap with other banks due to excessive bad debt expenses from the past, we will implement a mid-to-long-term improvement strategy by minimizing the growth of Risk Weighted Assets, Credit Costs and SG&A Expenses while maximizing revenue and maintaining an adequate dividend rate to sufficiently improve and minimize the gap with our competitors.

My life, with Woori Bank

Third, we added an online marketplace and community function to WiBee Bank and WiBee Talk platforms so that they can be expanded into a lifestyle products amongst banks, for customers and companies, thereby actively utilizing the new platform for marketing activities. In 2016, Woori Bank will take the lead in the innovative FinTech market and seek new business opportunities linked with the banking sector.

Fourth, in order to overcome limitations in the saturated domestic market, we will focus on the Southeast Asian market to grow our presence to 300 global networks and launch both WiBee Bank and a card business with the know-how accumulated from experience in the domestic market, thereby diversifying the sources of income through retail sales in overseas markets.

Fifth, in order to enhance organizational productivity, we will optimize branches and improve the operational efficiency of our workforce, ensuring that all employees can work to the utmost of their capabilities.

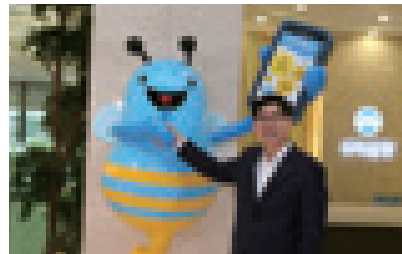
By implementing these five management strategies, Woori Bank will strive to achieve further growth and become a bank that places customer and shareholder happiness and satisfaction as our top priority.

Over the past 117 years of Woori Bank's history, 2016 is, in particular, the year of utmost importance, as it will be the year of successful privatization of Woori Bank. Based on this, the year 2016 will be a historic year for taking another leap forward as a group providing comprehensive financial services.

In 2016, Woori Bank's employees will work toward becoming a strong bank with the mindset of a second startup. We ask for continued support and commitment from our customers and shareholders.

I sincerely wish you and your family good health and happiness.

Thank you.



As for global competitiveness, Woori Bank increased the number of its overseas networks to 205 and became the no. 1 Korean bank as of the end of 2015, cultivating future growth engines to become one of 'Asia's Top 10, Global Top 50 Bank' by 2020.



Company Structure

PRIVATIZATION OF WOORI BANK IN PROGRESS

On July 21, 2015, in order to maximize the recovery of public funds, achieve timely privatization and contribute to the development of the Korean financial industry, the Public Fund Oversight Committee passed the agenda on the implementation in setting the direction for the privatization of Woori Bank, including matters on the disposal of controlling interests and the disposal of shares owned by majority shareholders. The government plans to conduct the disposal as soon as possible. The specific disposal method and schedule will be discussed later on at a Public Fund Oversight Committee.

Also, on October 2, 2015, the Financial Services Commission announced plans for taking steps to enhance the MOU on the normalization of bank management, aiming to improve corporate value through the expansion of Woori Bank's managerial autonomy.

The Financial Services Commission and the Korea Deposit Insurance Corporation will do their best to successfully complete the privatization of Woori Bank by promptly following up on enhancing the MOU by revising the Enforcement Decree of the Special Act on the Management of Public Funds for the future.

Woori Bank, Will BEE your lifetime partner!

PRESENT STATUS OF WOORI BANK'S SUBSIDIARIES

DOMESTIC

WOORI CARD 100%	WOORI INVESTMENT BANK (MERCHANT BANK) 58.15%	WOORI FIS 100%	WOORI FINANCE RESEARCH INSTITUTE 100%	WOORI CREDIT INFORMATION 100%	WOORI FUND SERVICE 100%	WOORI PE 100%
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INTERNATIONAL

WOORI AMERICA BANK 100%	WOORI BANK (CHINA) LTD 100%	PT BANK WOORI SAUDARA INDONESIA 1906 TBK 74.0%	WOORI GLOBAL MARKET ASIA LIMITED (HONG KONG) 100%	ZAO WOORI BANK (RUSSIA) 100%	WOORI BANK BRASIL (BRAZIL) 100%	WOORI FINANCE CAMBODIA PLC 100%	WOORI FINANCE MYANMAR PLC 100%
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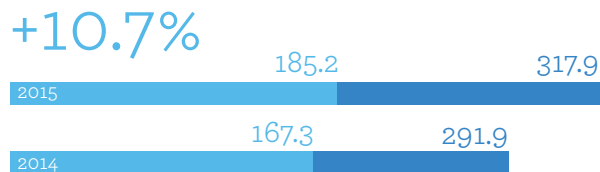
Financial Highlights

LOANS IN WON

(Unit: KRW trillion)

WOORI BANK CONSOLIDATED BASIS (K-IFRS)
NOTE 1) TOTAL ASSETS INCLUDE TRUST ACCOUNT

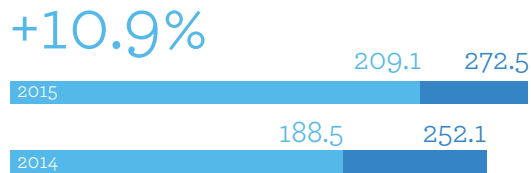
■ LOANS IN WON ■ TOTAL ASSETS¹⁾



DEPOSITS

(Unit: KRW trillion)

■ DEPOSITS
■ TOTAL LIABILITIES

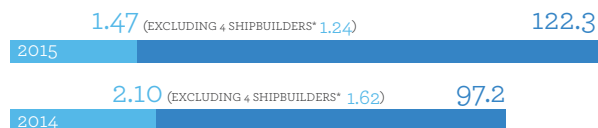


ASSET QUALITY

(Unit: %)

■ NPL RATIO
■ NPL COVERAGE RATIO¹⁾

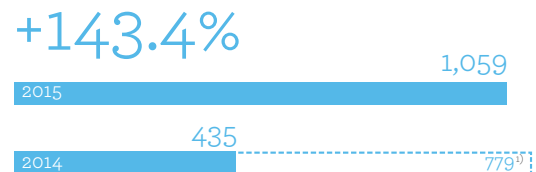
NOTE 1) (LOAN LOSS RESERVE + ALLOWANCE FOR ACCRUED REVENUE + REGULATORY RESERVE FOR CREDIT LOSS) / SUBSTANDARD AND BELOW LOANS
*4 SHIPBUILDERS: Sungdong Shipbuilding & Marine Engineering, SPP Shipbuilding, Daesun Shipbuilding & Engineering, STX Offshore & Shipbuilding



NET INCOME

(Unit: KRW billion)

WOORI BANK CONSOLIDATED BASIS (K-IFRS)
NET INCOME(CONTINUING OPERATIONS) ATTRIBUTABLE TO CONTROLLING INTERESTS
NOTE 1) PROFIT / LOSS RELATED TO SPUN-OFF OR SOLD SUBSIDIARIES



ROA / ROE

(Unit: %)

NOTE 1) EXCLUDING ONE-OFF FACTORS RELATED TO THE SALE AND THE SPIN OFF OF SUBSIDIARIES (INCLUDING ONE OFF FACTORS, ROA 0.41, ROE 7.06)

■ ROA ■ ROE

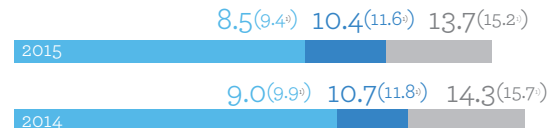


BIS RATIO

(Unit: %)

■ BIS RATIO ■ TIER 1 RATIO ■ COMMON EQUITY RATIO
BASEL III BASIS

NOTE 1) EXCLUDING THE IMPACT ON RWA FROM THE NEW INCLUSION OF 5 SUBSIDIARIES(WOORI CARD, WOORI INVESTMENT BANK, WOORI FIS, WOORI FINANCE RESEARCH INSTITUTE, WOORI PE) CAUSED BY THE MERGER WITH WOORI FINANCIAL HOLDINGS



Board of Directors & Management

Woori Bank, Will BEE your lifetime partner!



Standing Directors: Lee, Kwang Goo & Chung, Soo Kyung & Lee, Dong Gun & Nam, Ki Myung

STANDING DIRECTORS

Lee, Kwang Goo

49th President & Chief Executive Officer

- Executive Vice President, Consumer Banking Business Unit, Woori Bank
- Executive Vice President, Finance & Management Planning Unit, Woori Bank
 - Head, Gwangjin-Seongdong Sales Center, Woori Bank
 - General Manager, Consumer Banking Strategy Dept., Woori Bank
 - Chief Executive, Woori Global Markets Asia Ltd.(Hong Kong)
 - General Manager, Card Strategy Dept., Woori Bank
 - General Manager, Consumer Banking Marketing Dept., Woori Bank
 - B.A. in Business Administration, Sogang University

Chung, Soo Kyung

Standing Audit Committee Member / Director

- Local Government Dispute Mediation Committee Member, Ministry of the Interior
- Financial Disputes Settlement Committee Member, Financial Supervisory Service
- Financial Consumer Panel Committee Member, Financial Supervisory Service
 - Deputy Executive Director, Korean Bar Association
 - Registered Lawyer / Attorney
 - Registered Certified Public Tax Accountant and Patent Attorney
 - B.A. in English Language and Literature, Sungkyunkwan University

Lee, Dong Gun

Head of Group, Executive Vice President / Director

- (Current) Head, Business Support Group & Executive Vice President, Woori Bank
 - Deputy President / Director, Woori Bank
 - Executive Vice President, Credit Support Unit, Woori Bank
 - Executive Vice President, Operation & Support Unit, Woori Bank
 - Managing Director (CIO), Channel Support Division, Woori Bank
 - Head, Gangnamjungang Corporate Banking Center, Woori Bank
 - General Manager, International Trade Business Division, Woori Bank
- M.A. in Financial Economics, Graduate School of Economics, Yonsei University
 - B.A. in Business Administration, Yeungnam University

Nam, Ki Myung

Head of Group, Executive Vice President / Director

- (Current) Head, Domestic Business Group & Executive Vice President, Consumer Banking Business Unit, Woori Bank
- Executive Vice President, Consumer Banking Business Unit, Woori Bank
- Executive Vice President, Finance & Management Planning Unit, Woori Bank
 - Managing Director, International Trade Business Division, Woori Bank
 - Head, Gangdong Seongnam Sales Center, Woori Bank
 - General Manager, Sales Support Dept., Woori Bank
 - Univ. of Michigan, Ann Arbor MBA
 - B.A. in Business Administration, Seoul National University

OUTSIDE DIRECTORS

Hong, Il Hwa

- (Current) Standing Advisor, Women's Newspaper Women & People
 - Outside Director, Korea Development Bank(KDB)
 - President, Korea-Romania Friendship Society
- M.A. in Public Policy, Kookmin University Graduate School of Public Administration
 - B.A. in Economics, Kookmin University

Chun, He Suk

- (Current) Professor of Economics, Cheongju University
- Vice President, Merrill Lynch, New York, Investment Advisory Company
 - Acting General Manager, New York Branch, Kookmin Bank
- M.A. in Business Administration / Ph.D. in Economics, George Washington Univ.
 - B.A. in Biology, Yonsei University

Jung, Han Gi

- Visiting Professor of Liberal Arts, Hoseo University
- Visiting Professor of Business Administration, Sogang University
 - CEO/President, Eugene Asset Management
- Corporate Business Head (Managing Director), NH Investment & Securities
- M.A. in Business Administration, Graduate School of Business, Sogang University
 - B.A. in Political Science, Sogang University

Lee, Ho Geun

- (Current) Professor of Business Administration, Yonsei University
- Assistant Professor of Management Information Systems, School of Business Administration, Hong Kong University of Science and Technology
- Visiting Professor of Business Administration, Erasmus University Rotterdam
 - Ph.D. in Business Administration, University of Texas at Austin
- M.A. in Management Science, Korea Advanced Institute of Science and Technology
 - B.A. in Industrial Engineering, Seoul National University

Koh, Sung Soo

- (Current) President and Professor of Konkuk University Graduate School of Real Estate
 - Research Fellow, Korea Institute of Finance
 - M.A./Ph.D. in Economics, Cornell Graduate School
 - M.A. in Business Administration, Columbia University
 - B.A. in Business Administration, Yonsei University

Kim, Sung Yong

- (Current) Professor at Sungkyunkwan University Law School
 - Representative Attorney at Law Firm Woo Hyun
 - Attorney at Law Firm Lee & Ko
 - Passed the 29th Korean Bar Exam
 - M.A. in Law, University of Pennsylvania Law School
 - B.A. in Law, Seoul National University

NON-STANDING DIRECTOR

Choi, Kwang Woo

- (Current) Head, Office of Public Relations, Korea Deposit Insurance Corporation
- Head, Office of Fund Operation and Investment, Korea Deposit Insurance Corporation
- Head, Office of Customer Value Management Support, Korea Deposit Insurance Corporation
 - M.A. in Business Administration, Korea University
 - B.A. in Business Administration, Korea University

EXECUTIVE VICE PRESIDENT

Sohn, Tae Seung

Head, Global Business Group & Executive Vice President, Global Business Unit

Jeong, Won Jai

Corporate Banking Business Unit

Chae, Woo Seok

Small & Medium Corporate Banking Business Unit

Lee, Dong Bin

Credit Support Unit

Kim, Hong Hee

Real Estate Finance Business Unit

Choi, Jung Hoon

Risk Management Unit

Cho, Jae Hyun

Smart Banking Unit

Kim, Hong Koo

Investment Banking Business Unit

Kim, Jai Won

Institutional Banking Business Unit

Corporate Governance



Woori Bank, Will BEE your lifetime partner!

At the end of March 2016, Woori Bank's Board of Directors consisted of 11 executive directors: four standing directors, one non-standing director and six outside directors, who were appointed to increase the relevant expertise and independence of the Board. The six outside directors and one non-standing director 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, as well as monitor, Woori Bank's strategic decision-making and overall business affairs on a regular basis.

Review of 2015

The Board held 18 meetings in 2015 to discuss a total of 41 pending issues and conduct 35 briefings for the purposes of decision-making and deliberation, and the overall attendance rate of outside directors was 97%. Directors from various fields collected information through internal and external activities, and then offered real-world advice by utilizing their expertise to contribute significantly to improving management. This photo shows that they promoted effective bank management and maximized shareholder value, by conducting Board meetings founded on discussions with experts in various fields, including economics and law.

At the quarterly meeting in 2015, there was consensus among the board in regards to the quarterly manage-

ment records and they conducted regular inspections of the group's management. The major agenda of the discussions 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 the Korea Deposit Insurance Corporation (KDIC); plans to issue foreign currency-denominated bonds; comprehensive briefings regarding major loans; briefings on NPLs; reviews of the orders implemented by the Board of Directors, as well as discussions concerning the outcome of reviews and a rundown of the activities of various committees under the Board of Directors. At the December meeting, the Board also held in-depth discussions about major issues facing Woori Bank, amid continuing market changes, such as the confirmation of the Bank's 2016 draft management plan.

Committees under the board of directors

In order to ensure the efficient operation of the Board of Directors, Woori Bank has established the Board of Governance Committee, the Board Audit Committee, the Board Risk Management Committee, the Board Compensation Committee, the Officer Candidate Recommendation Committee, the Outside Director Candidate Recommendation Committee and the Audit Committee Member Recommendation Committee.

Board of Governance Committee

The Board of Governance Committee actively supports the activities of the Board of Directors by studying and reviewing the overall function and operation of the Board, as well as establishing and reviewing the succession and training plans of the management team including directors.

Board Audit Committee

The Board Audit Committee establishes and executes internal audit plans, makes outcome evaluations, implements follow-up measures and provides improvement plans to evaluate and enhance the appropriateness of the internal control system and management performance measures.

Board Risk Management Committee

The Board Risk Management Committee makes decisions about risk-related policies and strategies in response to changes in the financial environment. The Committee meets at least once every quarter, or on an ad hoc basis to deliberate on risk management strategies and policies, risk tolerance levels and exposures, thereby discerning, measuring and monitoring overall risks arising from the Bank's management and a variety of transactions in a timely manner.

Board Compensation Committee

The Board Compensation Committee monitors the design and operation of the Bank's performance-based compensation systems and is in charge of independently establishing compensation policies.

Officer Candidate Recommendation Committee

The Officer Candidate Recommendation Committee recommends candidates for the position of CEO.

Outside Director Candidate Recommendation Committee

The Outside Director Candidate Recommendation Committee recommends candidates for outside directors.

Audit Committee Member Recommendation Committee

The Audit Committee Member Recommendation Committee recommends candidates for the Audit Committee.

Plans for 2016

In 2016, Woori Bank will make significant improvements to its management by discussing major agenda items at the Board meetings. At the end of March 2016, the Board of Directors had already met four times. After March, the quarterly Board meetings will continue to focus on agenda items such as the analysis of management performances and the 2017 draft management plan, with ad hoc meetings also being held whenever needed to deal with agenda items related to various matters, such as management goals, organization and financing. In 2016, Woori Bank will act as a reliable partner bank that excels and grows through transparent and efficient management innovation.

Type of Meeting	No. of Agenda Issues	No. of Briefings	Major Issues
Shareholders' Meeting, BOD and Corporate Governance, etc	14	6	Holding regular shareholder meetings, functioning of the Board of Directors/ Board of Directors' Management Committee, discussing corporate governance issues, establishing and implementing management plans and strategies (launching and realigning divisions)
Accounting / Financial Management	5	6	Approving and modifying the settlement of financial statements, reporting and planning financial records, briefing on results and actions for reviewing the MOU, planning for bonds issues (including foreign currency bonds) and managing credit limits
Portfolio & Risk Management / Investment / Audit & Inspection / Gov. Regulation	2	13	Comprehensive briefing on major loans, investments in private equity funds, selling off NPLs, briefing on the status of NPLs, appraising the commitments of investment companies to invest, handle audit and internal control issues as well as manage and support special contributions of guarantee institutions for SMEs
HR / Organizational Management	5	2	Carrying out performance evaluations/compensation, appointing and dismissing employees excluding the BOD and addressing issues related to labor-management relations
Others	15	8	
Total	41	35	

Launch of the Korea's
1st Mobile Bank
'WiBee Bank'



WiBee Bank

by **wooribank**

THE FIRST MOBILE BANK

After Woori Bank's President and CEO Lee Kwang Goo announced 2015 as the first year of the 'Smart Digital Bank' at his inauguration ceremony, Woori Bank launched the Korean financial Korea's 1st mobile bank 'WiBee Bank' in May. 'WiBee Bank' is creating a new paradigm for the Korean financial industry—in addition to being the banking sector's 1st mobile small loan finance product charging a mid-level interest rate for its 'WiBee' Mobile Loan, it includes the launch of financial services such as convenient remittance, travel insurance, and foreign currency exchange, a financial industry first. The 'WiBee Mobile Loan' system allows customers who used high-interest rate loans through private lenders or nonmonetary institutions in the past to take out bank loans easily and at low cost without visiting a branch or filling out documents. It is highly praised for establishing the foundation for the 'internet bank' business model. Based on these experiences, Woori Bank and KT become key players in the establishment of the K-Bank Consortium. On November 27, we obtained preliminary approval for Korea's 1st internet bank to take a powerful step towards becoming Korea's No. 1 internet bank. In addition, WiBee Bank's cute mascot 'WiBee' has become the face of Woori Bank in the form of emoticons and dolls. The bank will also take the lead in social contribution activities, such as donating profits raised from selling 'WiBee' emoticons to the Youth Hope Fund. Furthermore, WiBee Bank provides other services like mobile games and free music, and has plans to enter into overseas markets, starting with the launch of 'WiBee Bank Cambodia' this year and other Asian markets including Vietnam and China next year. As WiBee gains popularity, we look forward to a bright future for Woori Bank and WiBee Bank as they spread throughout the world.

Hansae Basketball Team Wins the Championship Three Consecutive Years in the Women's Korean Basketball League



On March 27, Woori Bank's Hansae Basketball Team accomplished the great achievement of winning three consecutive regular season and championship titles by defeating KB Stars in the 4th game of the 2014-15 Season WKBL Championship Final held at Cheongju Gymnasium. Before the start of the season, Hansae Basketball Team's key players, head coach Wi Sung Woo, and senior coach Jeon Ju Won had to participate in the Asian Games and the FIBA World Championship for Women; this left them with little time for practice. However, the players overcame this handicap with a strong will and unity to win sixteen consecutive games, the longest winning streak in WKBL history. Of course, it was not all smooth sailing; key guard Lee Seung A suffered an ankle injury two times in December and February. Also, Lee Eun Hye (a solid fill-in for Lee Seung A during her injury) hurt her waist. As a result, the physical burden increased for other key players including Im Young Hee and Park Hye Jin. However, the players' fighting spirit prevailed and the Hansae Basketball Team won three consecutive regular and championship titles with a record of 3 wins and 1 loss when Lee Seung A joined the team starting from the second game of the final championship. Due to its three consecutive wins that started in the 2012-13 Season and its 7th championship title, the Hansae Basketball Team recorded the most wins in the history of the championship. Meanwhile, the Hansae Basketball Team is currently diligently maintaining 1st place in the 2015-16 Season, which began not long ago. We look forward to Hansae Basketball Team breaking records with a monumental achievement of four consecutive wins and an 8th title, with the tremendous support of the bank's employees backing them.

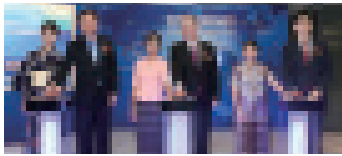
Launch of the
'Woori Samsung Pay' Service

On August 20, Woori Bank launched the 'Woori Samsung Pay' service in conjunction with Samsung Electronics. With it, customers can make payments at affiliated stores or withdraw money from ATMs just by using their bank accounts; there is no need for a separate credit or debit card. This strengthened our position as the leader in the FinTech (finance technology) sector. Any person with a Samsung Pay compatible phone and an Woori Bank account can use this service by registering up to 10 accounts through the Samsung Pay application, Woori Bank Internet Banking, Smart Banking, or by visiting a bank branch. In particular, we reduced customer security concerns by applying the world's 1st MST (Magnetic Secure Transmission) method and using fingerprint authentication and tokenization (a one-time payment method for transactions). Among convenient payment services, 'Woori Samsung Pay' has received praise as a great wallet alternative that allows cash withdrawals, the first of its kind in Korea. Woori Bank will continue to develop innovative financial transaction technology as well as offer additional services such as remittances and online payments. Meanwhile, Woori Bank, which has actively introduced financial services that integrate ICT by being the 1st in the banking sector to establish a FinTech Business Dept., successfully established 'Woori Samsung Pay' service, following the success of Korea's 1st mobile bank 'WiBee Bank' to take a leading position in the FinTech sector.



Woori Bank, Will BEE your lifetime partner!

Global Network Opening of the 200th Branch



In November 1968, Woori Bank took the 1st step towards becoming a leading global bank by opening a branch in Tokyo, being the 1st Korean commercial bank to set up a branch overseas. Following the merger with Bank Saudara in Indonesia at the end of last year, we established 'Woori Finance Myanmar' in Yangon, Myanmar on November 26th of this year, 48 years since entering overseas markets. This event also marked the 1st time a Korean bank has opened a 200th global network. Compared to the remarkable achievements of the Korean manufacturing sector over the past half century, the overseas expansion of financial companies has proved disappointing. However, Woori Bank's 200th overseas branch opening was highly praised because it marked a new milestone for promoting the globalization of the Korean financial industry. Following the opening of Woori Finance Myanmar, we are taking a leading role in expanding into to overseas markets and making plans to merge with a local savings bank in the Philippines and set up a local subsidiary in Vietnam at the beginning of next year. Based on these aggressive strategies for overseas markets, Woori Bank currently has the largest number of overseas networks among Korean commercial banks with over 205 overseas networks in 23 countries as end of 2015. We will increase this number to more than 300 overseas networks by 2016 and to 500 overseas networks over the mid-to long-term future, thereby linking the 'Asia Belt' that passes from China and Southeast Asia to the Middle East as well as achieving the mid- and long-term goal of becoming one of Asia's Top 10, and a Global Top 50 bank.

The 100th Anniversary of Serving as the Treasury Bank for the Seoul Metropolitan Government

This year marks the 100th anniversary of Woori Bank acting as the treasury bank for Seoul Metropolitan City. Since 1915, we have been designated as the treasury bank for Seoul Metropolitan City to support the safe and efficient management of Seoul Metropolitan City's finances. The reason behind why we were chosen as the treasury bank for Seoul Metropolitan City over the past century is because of our advanced IT infrastructure and expertise in treasury bank matters. On March 31, in order to celebrate a century of serving the Seoul Metropolitan City, Woori Bank was the 1st private company to hold a celebration event at the Seoul Metropolitan City Hall under the slogan '116 Years with Customers, 100 Years with the Seoul Metropolitan City'. Various events were held for the Seoul Metropolitan Government and Seoul citizens, including an event marking 100th Anniversary of serving as the treasury bank for Seoul Metropolitan City, an exhibition of historical records for the past one hundred years, a 100th anniversary signboard unveiling ceremony for Seoul Metropolitan Financial Center, and a 100th anniversary special sale event for installment savings accounts. The Mayor of Seoul, Park Won Soon, who attended the events requested that "Woori Bank continue to stand by Seoul Metropolitan City and the Seoul citizens so that we can continue to depend on the bank in the future." Woori Bank's President and CEO, Lee Kwang Goo responded, "Based on the collaboration during the past one hundred years, we will faithfully fulfill our role as Seoul Metropolitan City's policy partner for the next 100 year by making further efforts to improve the Seoul Metropolitan City's tax administration, support small-loan finance, vitalize traditional markets and support job creation programs." The event was a meaningful opportunity to further strengthen the 100 year old partnership between Seoul Metropolitan City and Woori Bank. Meanwhile, Woori Bank is currently designated as the treasury bank for Seoul Metropolitan City, an account worth KRW 27.5 trillion, including the Seoul Metropolitan City's budget of KRW 25.5 trillion and a contribution fund of KRW 2 trillion.



Awarded the Grand Prize in the 2015 Customer Satisfaction Management Awards for Eight Consecutive Years in the Financial Sector



Woori Bank received the Grand Prize in the 2015 Customer Satisfaction Management Awards for eight consecutive years in the financial sector. The Customer Satisfaction Management Awards, hosted by the Korea Economic Daily and organized by the Korea Sustainability Management Evaluation Association, are given to companies in various sectors that take the lead in advancing the economy by successfully implementing and enhancing customer satisfaction management. Last year, Woori Bank was the financial industry's 1st to join the Hall of Fame by winning the Grand Prize in the financial sector for seven years in a row. As a result of winning the award again this year, Woori Bank will be the 1st firm in the financial sector to win the award consecutively eight times in order to join the Hall of Fame. This year's award a result of all employees striving to implement customer satisfaction management continuously under the management policy set forth by Woori Bank's President and CEO of 'field-centered management to put customers first'. Last year, in order to reinforce the ability of the customer service organization and improve customer service, Woori Bank implemented the 'Customer Service Leader Start-Up' program, an in-house training program for branch customer service leaders, improving the customer service mindsets of employees by establishing a customer service training roadmap, and regularly holding training programs for strengthening marketing capabilities. Also, we are boosting employee morale through various programs including: the 'Cheer Up! Project' that sends supplies to help with activities for improving customer service at branches ranked lowest in customer satisfaction evaluations; and the 'Gonggam Dosirak' event where bank management makes a surprise visit to a branch. In particular, 'Gonggam Dosirak', which promotes communication and enhances understanding between management and branches, has currently changed its name to 'Customer Service Morak Morak' and is helping branch employees to provide better customer service.

Woori Bank Awards 2015

The Korea Economic Daily

The Korea Economic Daily
Grand Prize in the Financial Sector of the 2015 Customer Satisfaction Management Awards (Eighth Consecutive Year)

The Korea Economic Daily

The Korea Economic Daily
The 2015 Korea Fund Awards (Best Seller Prize)

The Korea Economic Daily

The Korea Economic Daily
Grand Prize in the PB Service Sector of the 2015 Korea Luxury Brand Award (Six Consecutive Year)



The Asian Banker
Korea's Best Cash Management Bank in 2015



The Asian Banker
Korea's Best Custodian Bank in 2015



The Asian Banker
The Asian Banker Award "Best Mortgage Product"



League of American Communications Professionals
Platinum Prize in the LACP Annual Report Competition

The Korea Economic Daily

The Korea Economic Daily
Special Prize in Carbon Management (New Participation Category)

The Korea Economic Daily

The Korea Economic Daily
Minister of Public Administration and Security Award 14th Korea Safety Award



The Bank of Korea
Citation as Best Institution - Won-Yuan Market Maker Category



Newspim
The 3rd Newspim Capital Market Awards (The Best CIB Prize)



Mail Business Newspaper
The 14th Korea Fund Awards (Best Seller Prize)

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Great Woori

大同躍進

Dae-dong-yak-jin refers to always taking a step ahead of others if you want to succeed. Our efforts to become more innovative, change in advance, and be ready for competition a step ahead of others will act as a huge competitiveness in better serving our customers for another 100 years.

Woori Bank, WILL BEE your lifetime partner!

1

Reliable Partner Safeguarding a Sound Future for Customers

Smart Banking ___ 036
Risk Management ___ 038
Employee Satisfaction ___ 041
Consumer Protection ___ 044



RELIABLE PARTNER

LEADING PARTNER

STRONG PARTNER

SINCERE PARTNER

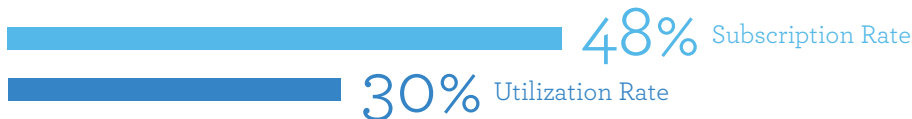
FINANCIAL VIEW

Smart Banking

The Smart Banking Business Division is in charge of establishing Woori Bank's strategy for smart banking, as well as the exploration of new markets. In order to deliver a timely product in a smart banking market that demonstrates exponential growth, while also achieving market dominance in the electronic payment/remittance market in alliance with ICT companies, the Smart Banking Business Department and the FinTech Business Department were formed within the division. As of the end of 2015, 14.78 million customers have subscribed to Internet Banking and Smart Banking services. Along with about 6,890 ATMs and through the utilization of state-of-the-art technologies through smart phones and the internet, we strive to become a bank that is always close to customers.

No.1 M/S in smart banking
subscription rate and utilization rate
among bank-wide customers

As of the end of 2015



Review of 2015

In 2015, the Smart Banking Unit launched the financial industry's 1st mobile bank 'WiBee Bank' to lead the smart banking market. It also released the Woori Samsung Pay service, which is currently available only through Woori Bank in conjunction with Samsung Electronics to provide advanced services in the FinTech market, one step ahead of the competition. Also, we will improve customer convenience by launching various market leading products such as the banking sector's 1st mid-level interest rate loan product - WiBee Mobile Loan; the financial industry's 1st mobile loan targeting entrepreneurs - WiBee SOHO Mobile Loan; and the financial sector's only loan available 24 hours a day, 365 days per year without visiting a branch and without documentation - WiBee Civil Servant & Office Worker Credit Loan.

**SALES FOR
NON-FACE-TO-
FACE PRODUCTS**
No.1 M/S

14.8

As of the end
of December 2015
(Unit: KRW trillion)

Launched the Financial Sector's 1st Mobile Bank 'WiBee Bank'

In today's rapidly changing market conditions, Woori Bank was the 1st in the financial sector to launch an internet-only bank called 'WiBee Bank', providing branchless services. The WiBee Mobile Pay service was launched to allow wire transfers using SNS without having to know the bank account number of the beneficiary, as well as the launch of the banking sector's 1st mid-level interest rate loan - WiBee Mobile Loan to support small-loan financing. The bank has also released vari-



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ous financial market leading products such as: WiBee SOHO Mobile Loan that expanded the scope of mobile loan products previously limited to consumer banking to include entrepreneurs by utilizing screen-scraping technology; and the WiBee Civil Servant & Office Worker Credit Loan available 24 hours a day, 365 days a year. Besides financial products, we also provided a variety of integrated platform services, such as games and music and launched WiBee Talk, the financial industry's 1st mobile messenger service.

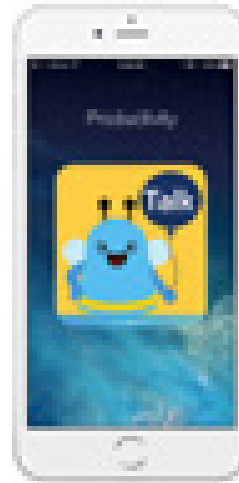
Taking the Lead in the FinTech Market with the Launch of Woori Samsung Pay (1st in the financial sector)

Woori Bank is responding to rapidly changing market conditions such as the entry of FinTech companies into the financial market, by establishing alliances across boundaries with ICT companies to take the lead in the FinTech market. We offered various financial services to our customers that included releasing Woori Samsung Pay for the 1st time in the financial industry in conjunction with Samsung Electronics, and launching Woori WeChat Pay, a simple payment service for China's Tencent platform. Also, we provided a variety of new financial services to our customers through partnerships and cooperation with FinTech companies, as well as improving customer convenience by releasing loan products using scraping technology.

Providing On-demand Service

In order to meet the diverse needs of customers, Woori Bank provided on-demand services that integrate new technologies. We enhanced the use of non-face-to-face channels by continuously launching various customer convenience services that included the Woori Partnership Plaza that provides PR support for small business owners (February), one-stop termination and renewal on the maturity date that allows both transactions at the same time (May), one-touch remote control service that allows controlling electronic financial transactions for the 1st time in the financial industry (April), the Woori Beacon Service that provides marketing information by utilizing beacons (May), the Woori Prepaid Charging Service that charges transportation cards using smart banking services (August), and the financial industry's 1st Woori Watch Banking Service based on the Tizen OS.

In doing so, we achieved better results than the competition in selling non-face-to-face products and a net increase in the number of customers using smart banking.



We released the Woori Samsung Pay service, which is currently available only through Woori Bank in conjunction with Samsung Electronics to provide advanced services in the FinTech market when compared with other banks.



Plans for 2016

In 2016, the Smart Banking Unit plans to take the lead in the FinTech market by strengthening the competitiveness of market leading services that were launched in 2015 and providing financial services that reflect new trends. We will support the use of non-face-to-face channels that are convenient for customers that include: diversifying authentication methods by using data sources including biometric data; introducing a new loan counseling process that uses new technology with no need for documentation and without having to visit a branch; expanding O2O service; and providing on-demand financial services such as targeted corporate electronic financial services. Also, we will provide services not only for Koreans, but also for Chinese tourists to promote the use of domestic financial services by Chinese customers. We will also increase inroads into overseas market including the Southeast Asian region with the WiBee model. In 2016, Woori Bank will strive to become a strong and smart digital bank by providing better smart financial services in the future.

Risk Management

Risk management has become essential to strengthen the competitiveness of financial institutions. Based on the knowhow accumulated through past crises, Woori Bank adopted the Risk Adjusted Performance Measurement (RAPM) for the first time in the Korean banking sector in 2002, to establish advanced risk management systems by successfully introducing the Basel II and III protocols.

Believing that profit sources are a result of effective risk management, Woori Bank will solidify its presence as a leading bank by implementing top-tier risk management.



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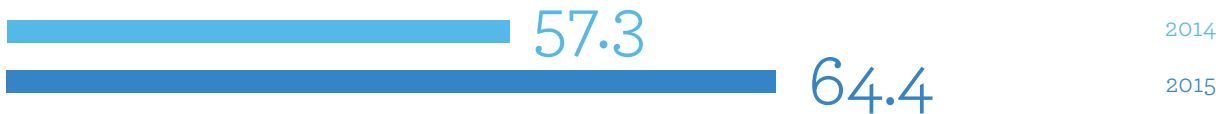
Review of 2015

By taking into consideration the uncertain economic situation at home and abroad, including the tapering of quantitative easing (QE) in the U.S. and the increase in household debt and SME credit risk, Woori Bank's Risk Management Unit set the goal of 'Good to Best! Moving Beyond Doing Our Best to Become the Best'. As a result, we acquired the highest level of risk management capability through appropriate coordination between sales and risks, enabling us to implement risk management policies that aim to achieve stable and sustainable development. First, the differentiation of credit status by borrower has been enhanced due to the improvement of credit evaluation models. As a result, it is possible to measure the credit status of borrowers in more detail, which has the effect of reducing low-yield assets and increas-

ing high-yield assets. As the CEO's weighted value were strengthened when measuring the SME or small business model, business opportunities targeting highly-rated entrepreneurs exhibited a corresponding increase. In addition, we made efforts to prevent increased insolvency by screening potentially insolvent assets through a proactive theme review, while also setting up an anticipatory process for preventing the insolvency of large loans by establishing a timely management system for probable insolvencies. If large exposures of possibly insolvent companies are discovered, the Credit Analysis & Approval Dept. is immediately notified and tasked with their management. Also, we established a loan audit review history information database to stimulate interest from the Credit Analysis & Approval Dept., the Sales Dept. and enhance the efficiency of follow-up management. Meanwhile, we reflected the opinions collected from branches to rationalize regulations

High-net-worth-assets
of BBB^{0*} and above

*Standard targets for calculation of BRR
(Unit: KRW trillion)



and improve systems. Through these efforts, we promoted the sophistication of the risk management system and increased its efficiency. By providing estimated credit scores for about 14,000 external financial audited corporations that are customers of other banks, we provided business opportunities to proactive outstanding borrowers. Lastly, we will strive to communicate with branches through diverse channels, such as providing training, making on-site visits, publishing a non-performing loan casebook and periodic newsletters.

Improvement of Credit Evaluation Model

Giving an accurate credit rating is very important when handling credit. The credit rating decided is utilized in determining credit handling, calculating interest rates and establishing limits on loan approval authority, as well as playing a key role in identifying the soundness of assets. In order to give credit ratings appropriately, there needs to be a detailed credit evaluation model. To achieve this, Woori Bank has continuously improved its credit evaluation model since 2014, and we improved the credit evaluation models for SME/small companies and non-general companies in 2015. Due to the improvement of credit evaluation models, it was possible to identify the credit level of borrowers in more detail than before, resulting in an increase of high-yield assets and the decrease of low-profit generating assets to have the effect

HIGH-NET-WORTH-ASSETS OF BBB^{0*} AND ABOVE

69.9%

*Standard targets for calculation of BRR

+5.6%p

of improving Woori Bank's overall financial soundness. In the case of entrepreneurs who fit within the SME/small company model, this resulted in a greatly increased contribution to the increase of high-yield assets by boosting business opportunities for outstanding entrepreneurs in accordance with the expansion of the weighted value of a CEO.

Concentrated Monitoring of Loans with Potential Risks

After the global financial crisis and the advent of a new normal era, low growth became permanent and the uncertainties of the Chinese and emerging nation economies expanded. This resulted in worsening company profitability and a continuous increase in the number of zombie companies. In response, Woori Bank conducted concentrated monitoring of loans with potential risks through proactive risk management. First, we selected loans with potential risks through a special review of extended or recontracted loans made by branches and a special review of branches with an excessive number of BB ratings. As part of efforts to provide an anticipatory process for preventing the insolvency of large loans, we established a timely management system for possibly insolvent companies. We also established a loan review history information database to enhance the efficiency of follow-up management and attract the attention of loan officers and branches.

Supporting Branches through Improvements in the Risk Management System

Through regulation rationalization and system improvement, we promoted the sophistication of the risk management system and increased efficiency. Firstly, the implementation of Basel III has made it possible to establish liquidity management strategies that take into consideration the response to regulations and profitability by setting up a system for calculating Basel III liquidity coverage ratios. This system was recognized once again for its excellence through a patent application as a business model. Also, a more detailed risk management model for derivatives became possible by improving the system for measuring market risk. As it has become possible to differentiate amongst prospective borrowers who have applied for individual credit rehabilitation by introducing a process for predicting individual credit rehabilitation, it is expected that annual losses of KRW 17.6 billion can be prevented. Also, the industry management system in operation was improved and its efficiency enhanced. We reduced the excessive number of industries that were subject to management (427 industries → 257 industries) and adopted the strategic borrower system for industry management to push out borrowers with potential risks, as well as provided marketing information including the estimated scoring and the factors that restrict ratings for about 14,000 external financial audited corporations to enable proactive sales on high-yield borrowers.

Promoting the Risk Management Culture

In order to become a strong bank, the most important thing is for all employees to take an interest in risk management and achieve a balance between sales and risk management. We can say that a bank is only strong when such interests are established as part of the bank's culture. Therefore, the Risk Management Dept. made various efforts to promote risk management culture through communication with branches including: regularly sending bulletins that covered major risk management issues closely linked to branches such as corporate credit evaluations and RAPM (Risk Adjusted Performance Measurements); holding training mainly on practical business cases through diverse channels such as video lectures and group training sessions; publishing a non-performing loan casebook; and listening to difficulties by visiting branches and providing advice.

Plans for 2016

In 2016, in order to take a leap forward in providing comprehensive financial services by being ahead in risk management, we took into consideration changes in the financial environment such as the upcoming privatization of Woori Bank, thereby establishing the foundation to become a strong bank through improved financial soundness. First, we will improve asset quality by strengthening the approval standard for high-risk borrowers of household debts, enhancing the inspection system for the analysis of corporate financial accounting and improving the limit management system by industry. We will reestablish an operational risk management system and respond to regulations on risk management by improving stress testing, as well as setting up an advanced risk management system by taking into consideration its utilization in management practices. Also, in order to establish the foundation for next-generation growth, we will strive to prevent the spread of bankruptcy by establishing an information system for partner companies/customers utilizing big data and providing signals based on the early signs of bankruptcy, while also actively assist in enhancing the risk management ability of local corporations so that the overseas sales network that is being expanded for a diversified income streams can be stabilized. Furthermore, we will establish a strong corporate culture by operating a consultative group for risk-related issues to share information on the current status of risks between units and departments and reinforce communication with branches by making continuous site visits and expanding risk training programs with practical business case studies.

Employee Satisfaction

Woori Bank believes that a work life where employees are happy and satisfied is the foundation for providing the best services to customers. As such, we launched the Employee Satisfaction Center in 2007 to develop and operate various programs to enhance employee satisfaction levels. As a result, we have continuously improved employee satisfaction levels at work, and have become a vibrant and happy bank with the mindset that we can make our customers happy based on owner awareness.



Facilitating Programs for Enhancing Employee Satisfaction Levels

We operate dynamic and attention-grabbing programs to improve employee satisfaction. By supporting not only a concert performance program for the Regional Banking Headquarters with participation from employees, but also various pastime activities, we catered to the cultural needs of our employees and endeavored to assist them in the formation of networks. The 'Oh! Happy Woori' travel program was established to boost the happiness of individuals and has been acclaimed by employees, while helping to improve family relations. The program was created to help improve communication and increase excitement among employees. Efforts are being made to put into practice the Woori Bank belief that happiness within families drives bank competitiveness.

Oh! Happy Woori

Since July 2011, the 'Oh! Happy Woori' travel program, the bank's representative family care program, has been implemented under the concept of 'employee satisfaction comes from being part of a harmonious family'. On the fourth Saturday of every month, seasonal nature-experience programs are held for employees and their children, aiming to promote familial harmony while recharging the body and soul. The programs started off with ice fishing and strawberry picking programs in January 2015, followed by a job experience program in December 2015. In the second half of the year especially, we tried to promote employee satisfaction at all levels by offering the 'Namdo Autumn Travel' program and the 'Donghae Winter Travel' program for employees and their spouses. These programs, which boast of a high level of participation from employees every month, be-



came highly popular with employees, enabling them to focus on the importance of spending time with family, a need that is often neglected due to an disproportionate focus on work.

Free Rental of the Wedding Hall at the Head Office Auditorium

Woori Bank provides free rental of the wedding hall at the head office auditorium to our employees. We also provide a high-spec waiting room for the bride and a renovated pyebaek (a traditional ceremony to pay respect to the newly-wedded couple's respective families) room, and also allow the CEO's official company car to be used as the wedding car. In 2015, we strived to provide a more luxurious wedding venue through the renovation of the auditorium. Based on this support, a total of 179 couples got married at the head office wedding hall between 2012 and 2013, while the venue's popularity grew with 165 couples and 189 couples getting married in 2014 and 2015, respectively.

In 2016, we have already received reservations for over 100 weddings, showing the popularity of the venue among our employees. The free rental of the wedding hall at the head office auditorium not only reduces

wedding costs for staff, but also enhances their pride in the Bank.

Present Status of Support in 2015

In order to increase concentration at work and facilitate a healthy corporate culture by resolving various issues involving our employees and their families and children, we help to make reservations and pay for expenses related to psychological and legal issues.

Besides external consultation services, we also have a psychologist on staff at the Bank who carries out psychological tests, gives psychological consultations and holds small-scale lectures at branches. Also, we seek ways to lower our employee stress levels by providing daily meditation, temple stay and herbal healing experiences.

Regional Banking Headquarter Concerts at Branches

Until 2014, we refrained from workshops that included mountain climbing and dining together and concentrated on team spirit boosting programs held outdoors, which included zip lining, glamping, yacht experiences, ATV experiences and survival games. These programs have been running for three years since 2012, and a total of about 9,000 participants have joined in the iconic and enjoyable programs that have transformed the corporate culture in workshops at Woori Bank, thereby creating synergy through cooperation between employees and enhanced work efficiency.

In 2015, in order to strengthen communication between branch employees and Regional Banking Headquarters, we held concerts at branches to provide a means of communication between employees. The Woori Bank Employee Satisfaction Center provides various programs to boost employee satisfaction and reinforces sales capacity through communication.

'Art is Tasteful, Pleasing the Five Senses'

This cultural program enables employees and their families to enjoy a richer, more leisurely life by giving them a cultural appreciation of art, musicals and classical music and by satisfying their craving for a more cultured life. Between 2012 and 2014, we received a positive response from our employees with collective viewing of the opera Little Prince and the musical Wicked. In 2015, we provided full support so that employees can enjoy a more

vibrant and exciting work life balance, thanks to various cultural programs that provide a convenient and satisfying cultured life, such as group viewing of the musical 'Dreamgirls'

PC-Shutdown for Work Hour Normalization

In order to improve working conditions that include extensive evening overtime hours at the Bank, we introduced the Working Hour Normalization System in 2013, and strove to implement the system in 2014.

By setting the time for computers to turn off to 7 p.m., employees are able to have fun after work and spend more time at home. There has been an improvement in work efficiency and higher concentration at the workplace due to a lack of unnecessary evening overtime. According to the 2015 review conducted two years after the system was introduced, we received a positive evaluation indicating that the Working Hour Normalization System has been well received by bank employees.



A Healthy and Vibrant Corporate Culture

Woori Bank promoted systematic and regular health checks for our employees by conducting comprehensive health check-ups and blood checks once a year. We also support the use of hotel facilities across the nation, so that employees can enjoy their time off together with their families.

Woori Daycare Center

Woori Bank complies with the government's policies for increasing birth rates, by actively supporting our employees who are working moms by operating two daycare centers, Woori Daycare Center's Happiness Branch (located in Mapo-gu, Seoul) and Sarang Branch (located in Seongdong-gu, Seoul).

In the future, we will not only create a corporate culture that actively promotes childbirth by establishing additional daycare centers, but will also work towards reducing the burden of raising children for working moms.

Consumer Protection

Woori Bank has announced a “branch-centered management policy to put customers first”, and established customer happiness, pioneering for the future, honesty and trust as well as putting human resources first as core values. Among these, the most important value is “customer happiness”. Based on this management philosophy, we were the 1st Korean bank to newly establish a Consumer Protection Division, which is an organization formed and operated to focus solely on consumer protection. By carrying out consumer protection activities that meet customer needs, we strengthened our position as a leading bank in the field of consumer protection.



Woori Bank, Will BEE your lifetime partner!

Review of 2015

The Financial Consumer Protection Center establishes a complaint prevention and implementation plan by reflecting customer opinions and the trend of consumer protection policies, while also promoting and advancing consumer rights and interests through continuous improvement of systems and discovery of unreasonable practices.

Also, we receive customer complaints and deal with issues promptly and efficiently, as well as conducting separate research on complaint handling and engaging in a reflection process. In addition, we promote various consumer protection activities such as providing one-stop support after consultations with relevant departments in relation to branch requests and complaints received.

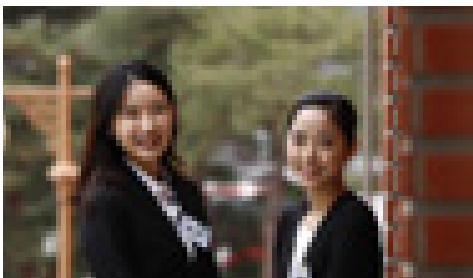
Significant Decrease in Customer Complaints Compared to the Previous Year

In February 2015, Woori Bank President and CEO and all bank employees stated their commitment to reducing complaints by holding a resolution ceremony marking ‘the campaign to create a complaint-free bank’. We will take the lead in substantially reducing customer complaints compared to the previous year by mainly focusing on supporting business organization activities through various complaint prevention programs, such as certification systems for outstanding Regional Banking Headquarters, Complaint-Free Branches and the Clean-Up 10 Program, as well as operating an early warning system for complaints.

Implementing Consumer Protection Programs that Meet Customer Needs

When developing a new product or a new system,

we reflect customer opinions beforehand by conducting prior research and consultations. This also includes a pre-inspection for factors infringing on consumer rights and interests from the customer eye-level before releasing the products. In order to reflect a variety of opinions from customers, we continuously gather opinions from branches by holding a contest every quarter to receive branch employee ideas on ways to improve systems related to consumer protection, as well as exceeding the annual target of 116 tasks (a symbolic number marking the number of years since Woori Bank's founding) as a result of reflecting customer opinions on improvement through various complaint channels. Furthermore, we operate a compensation system for customer losses, enabling complaints to be resolved promptly and for appropriate compensations to be given. We actively operated the 'Cham Forum', which is a voluntary meeting of customer happiness managers who act as the advance guard of consumer protection at branches, so that consumer protection activities can be implemented actively and voluntarily. This year, complaint prevention training programs were held at 258 branches.



Preventing Financial Fraud by Becoming a Bank with Zero Fake Bank Accounts

In order to prevent fake bank accounts that have become a hotbed of financial fraud and incidents such as voice phishing, pharming and mortgage fraud targeting the middle class, we reinforced procedures for opening bank accounts, and continuously promoted

**WOORI BANK'S
CUSTOMER
INFORMATION
PROTECTION**

For the purpose of strengthening customer information protection in 2015, Woori Bank upgraded the Customer Information Security Division, to strengthen the security of management and technologies for consumer information protection and to make the utmost effort to prevent the leakage of customer information.

- Acquisition of the ISMS (Information Security Management System) certificate for the Korea Internet Security Agency's information protection management system under the Ministry of Science, ICT and Future Planning
- Establishment of customer information leakage prevention system
- Prevention of the use of general portable storage devices by introducing the security USB device system and establishment of an approval system for documents exported from the internal network
- Implementation of the real-name system with masking(+) so that personal (customer) information cannot be identified when printed out from the personal computer
- Establishment of a system that prevents fraudulent transfers through internet banking services
- Provision of information security training programs twice a year for all employees

these procedures with training programs held for branch employees. As a result, the number of new fake bank accounts compared to the beginning of the year decreased significantly and branches are actively preventing criminals from withdrawing large amounts of cash.

Plans for 2016

In 2015, the Financial Consumer Protection Center decided upon '先見知明 foresight' as the core value of consumer protection. First, '先' is the attitude of preventing complaints by reflecting customer opinions first. Second, '見' is the attitude of putting ourselves in the customer's shoes by reflecting the management policy to put customers first. Third, '知' is training provided utilizing various channels for consumer protection. Fourth, '明' symbolizes the efforts made to brighten up financial blind spots.

Starting from this year, the Financial Supervisory Service plans to conduct a consumer protection evaluation that determines the overall consumer protection index of financial institutions, improving the evaluation system from the previous complaint evaluation system that simply evaluated complaints. As a result, Woori Bank will take on the role of being a leading bank in the field of consumer financial protection by achieving high ratings in all categories.

2

Leading Partner Offering fast and convenient Financial Services Around the Globe

Global Business ___ 048

Investment Banking ___ 051

Financial Market Business ___ 053

International Trade Business ___ 056



LEADING PARTNER

STRONG PARTNER

SINCERE PARTNER

FINANCIAL REVIEW

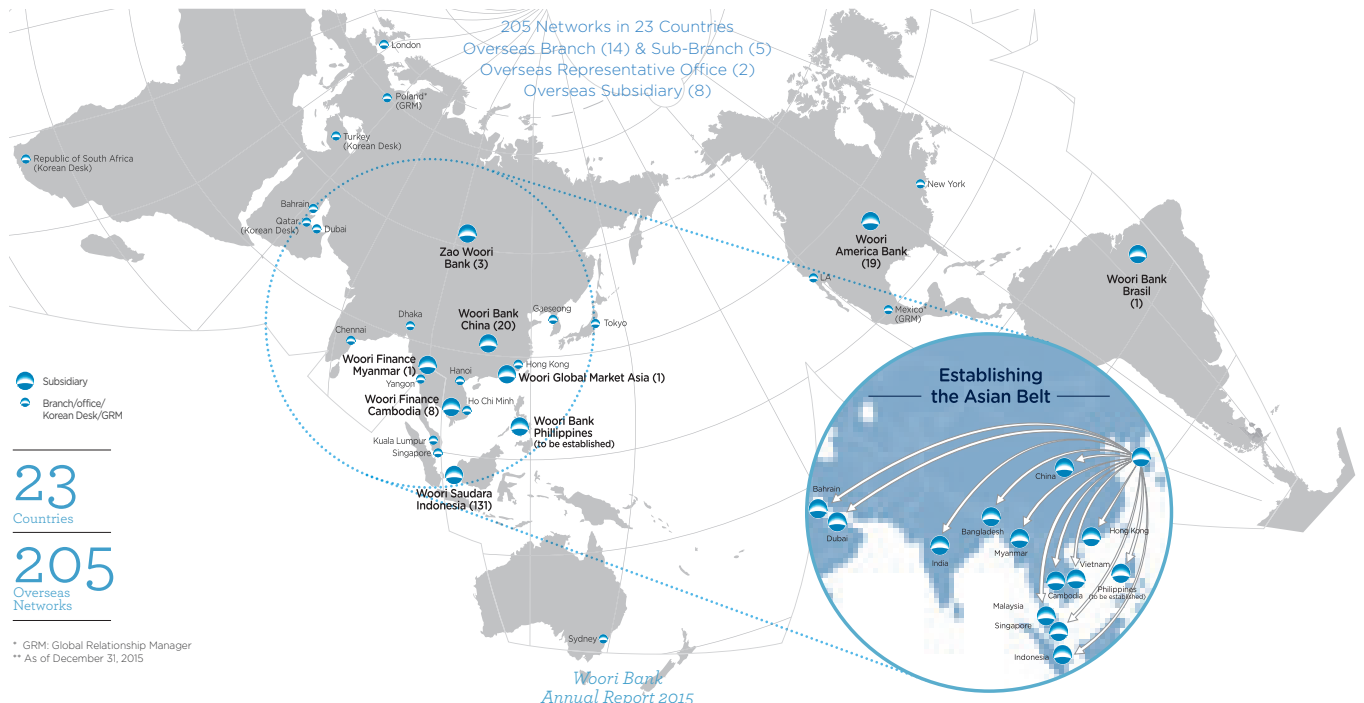
Global Business

After establishing Woori Finance in Myanmar at the end of 2015, Woori Bank had entered 23 countries with 205 overseas networks, including 19 branches (5 sub branches affiliated with larger branches), 8 subsidiaries (184 branches of subsidiaries) and 2 representative offices, and has sustained growth momentum for overseas expansion by establishing the largest global network of all Korean banks, by operating Korean desks (in South Africa, Turkey, etc.) and dispatching GRMs (to Mexico, etc.). We also continued to implement differentiated business strategies and localization for each overseas network.



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Worldwide Branch Network



* GRM: Global Relationship Manager
 ** As of December 31, 2015

Review of 2015

After establishing Woori Finance in Myanmar at the end of 2015, Woori Bank had entered 23 countries with 205 overseas networks, including 19 branches (5 sub branches affiliated with larger branches), 8 subsidiaries (184 branches of subsidiaries) and 2 representative offices, and has sustained growth momentum for overseas expansion by establishing the largest global network of all Korean banks, by operating Korean desks (in South Africa, Turkey, etc.) and dispatching GRMs (to Mexico, etc.). We also continued to implement differentiated business strategies and localization for each overseas network.

Expansion of Overseas Networks (Channels)

In November 1968, Woori Bank was Korea's 1st commercial bank to establish an overseas branch in Tokyo, the first step towards becoming a leading global bank. In December 2014, we merged with Saudara Bank in Indonesia, and after only 48 years of overseas



MAJOR HIGHLIGHTS OF GLOBAL BUSINESS

106.6

Net Income
(Unit: USD million)

0.71

NPL Ratio
(Unit: %)

0.73

Delinquency Ratio
(Unit: %)

115.92

Liquidity Ratio
(Unit: %)

expansion, we were the 1st Korean bank to open a 200th global network by establishing Woori Finance Myanmar in Yangon, Myanmar on November 26, 2015. Woori Bank was the 1st to achieve the opening of 205 overseas branches, which set a new milestone in promoting the globalization of the Korean financial industry. Following the establishment of Woori Finance Myanmar, Woori Bank played a leading role in helping the Korean financial industry enter overseas markets and spread the Korean financial wave across the world, such as by planning mergers with a local savings bank in the Philippines and the establishment of a local subsidiary in Vietnam in 2016. Based on such aggressive strategies to penetrate overseas markets, we aim to become one of 'Asia's Top 10, Global Top 50 Banks' by opening 300 overseas branches by 2016 and more than 500 in the mid- to long-term future, thereby completing the Asia Belt that passes from China through Southeast Asia to the Middle East.

Development of Competitive Products and Services (Business)

Woori Bank has developed competitive retail products and services that are customized to local circumstances by benchmarking Korean domestic products. We will utilize the bank's overseas operations and search for new profit sources by increasing non-face-to-face channels, including mortgage loans for retail customers, trade finance, credit loans for high-yield customers, debit cards, and credit cards, while overcoming limits on the number of networks we can establish.

We also provide one-stop financial services that enhance consultation channels between marketing and related divisions in order to facilitate overseas business.

Enhanced Management of Overseas Financial Institutions (FI)

The Global Business Unit signed business alliances with local financial institutions to

provide diverse financial services for Korean companies stationed in regions where we have not yet established networks. As a result, we took the lead in providing financial support to Korean companies by cooperating with overseas financial institutions, such as operating Korean desks in Turkey, Qatar and South Africa to offer loans for Korean companies stationed locally or in neighboring countries.

Also, we are striving to secure a new line of credit, provide financing support through overseas branches and create new business opportunities by establishing relationships with world-famous financial institutions.

Plans for 2016

The Global Business Unit's plan for 2016 aims to continuously expand networks especially in high-profit regions, reinforcing growth along with internal stability and a focus on risk management.

In addition to increasing networks in high-profit regions (Southeast Asia), we will strengthen the profitability of overseas business by enhancing our competitiveness through alliances with different types of businesses, as well as develop customized retail products and enhance package sales to strengthen growth alongside internal stability. We also plan to maximize synergy by reinforcing business links between domestic and overseas branches.

In order to position ourselves to become a leading bank in the FinTech sector by 2016, we will increase overseas non-face-to-face channels through mobile banking by continuously expanding the successful business model of WiBee Bank in our overseas branches, while also establishing the basis for global growth by developing a card business in Southeast Asia and creating a new source of

NEW MARKETS FOR WOORI BANK'S GLOBAL BUSINESS

- Establishment of Woori Finance Myanmar to become the 1st Korean bank to open a 200th global network (November 2015)
- Signing of an acquisition contract with a savings bank in the Philippines (December 2015)
- Acquisition of a C/L (Confirmation Letter) for the conversion of a branch into a local subsidiary in Vietnam (January 2016)

profit by diversifying profits from overseas markets.

Also, in order to manage the risks of an increasing number of overseas networks, we have strengthened monitoring of overseas branches by newly establishing the Global Internal Control Team under the Global Business Unit.

With customer-oriented products and services, we will strive to achieve 1st place in market share position among Korean banks stationed locally in the short run and become Asia's leading bank in the long run, thereby becoming a leading bank that competes directly with the world's prominent banks.

Investment Banking

Woori Bank's IB Headquarters is in charge of diverse investment finance affairs, including syndicated loans (M&A, corporate finance, etc.), project financing (infrastructure projects, power generation energy projects, etc.), securities investment (securities, mezzanine securities, investment funds, foreign currency bonds, etc.) and the granting of credit. With the Investment Banking Dept. and the Project Finance Dept. divided up under IB Headquarters, we actively implement business plans and solutions for IB. In particular, we provide a customized financial structure that can meet a project's capital needs with support from companies through a strong network and through partnerships with our major corporate clients. We are also actively exploring not only the domestic market but also the overseas IB market, through the establishment and operation of Woori Global Market Asia Ltd. since October 2006, Korea's 1st financial institution to specialize in overseas IB investment in Hong Kong.

Total Assets of Investment Banking

(Unit: KRW trillion)



Review of 2015

The year 2015 was a year where we made efforts to selectively implement business strategies by taking into consideration stability and profitability, while also providing the foundation for acquiring new engines of future growth.

First, we achieved outstanding performance in the fields of M&A acquisition finance and PI (Principal Investment), which we used to concentrate our business on key IB areas. We ranked 1st in the M&A syndication market. In particular, we jointly arranged the 'Home Plus acquisition finance' (a total of KRW 4.3 trillion), which was the largest M&A project in Korean history. We also achieved outstanding performance in the field of PI, such as generating huge dividends and sale profits from investment assets that had been invested before. Also, we established funds for a new future growth engine in the fields of M&A, PI and power generation that includ-

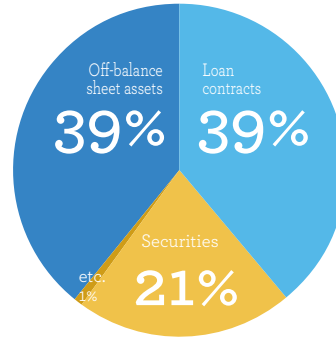
ed: a fund exclusively for acquisition finance of about KRW 640 billion in the field of M&A; a new technology investment fund of about KRW 130 billion in the field of PI; and a power generation fund of about KRW 115 billion in the field of power generation energy.



Plans for 2016

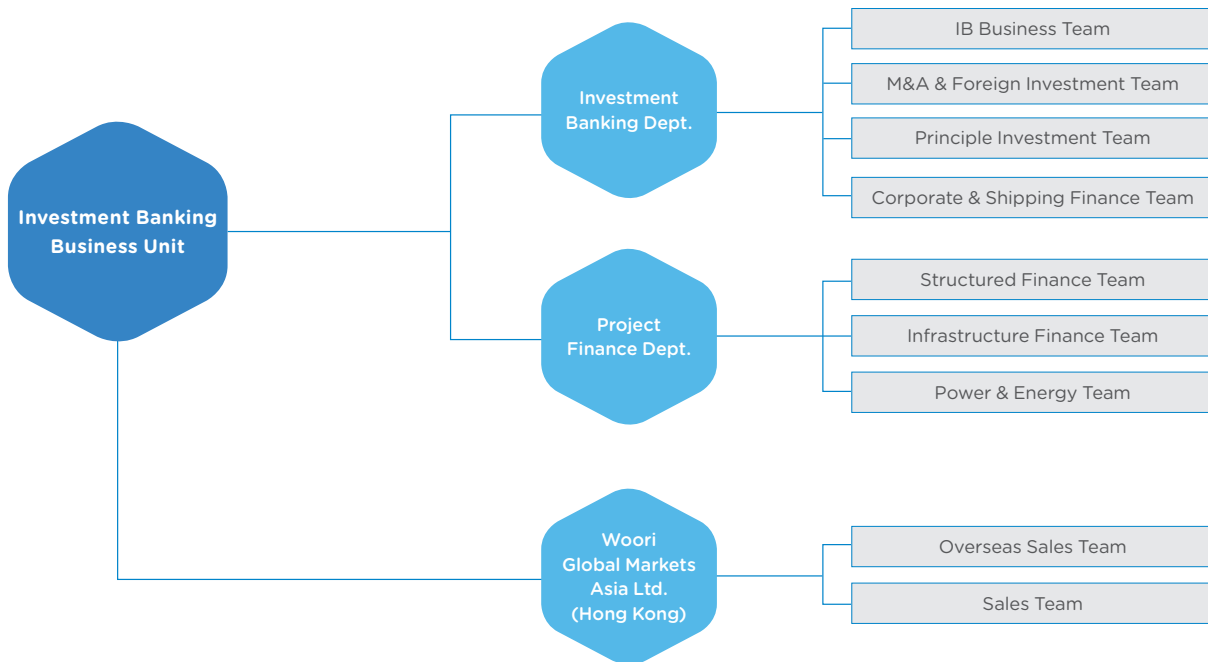
In 2016, in order to strengthen the competitiveness of an increasingly competitive IB market, Woori Bank's IB Headquarters will focus its capacity on key areas like M&A, PI and infrastructure financing. Also, we plan to carry out a variety of new businesses that have not been explored before and actively participate in overseas business in order to overcome the limits of the existing domestic market and establish a foundation of profits in the future. Above all, we will focus on strengthening financial soundness to reduce non-performing loans, while also doing our best to prevent the occurrence of new non-performing loans.

Total Assets of Investment Banking-end 2015



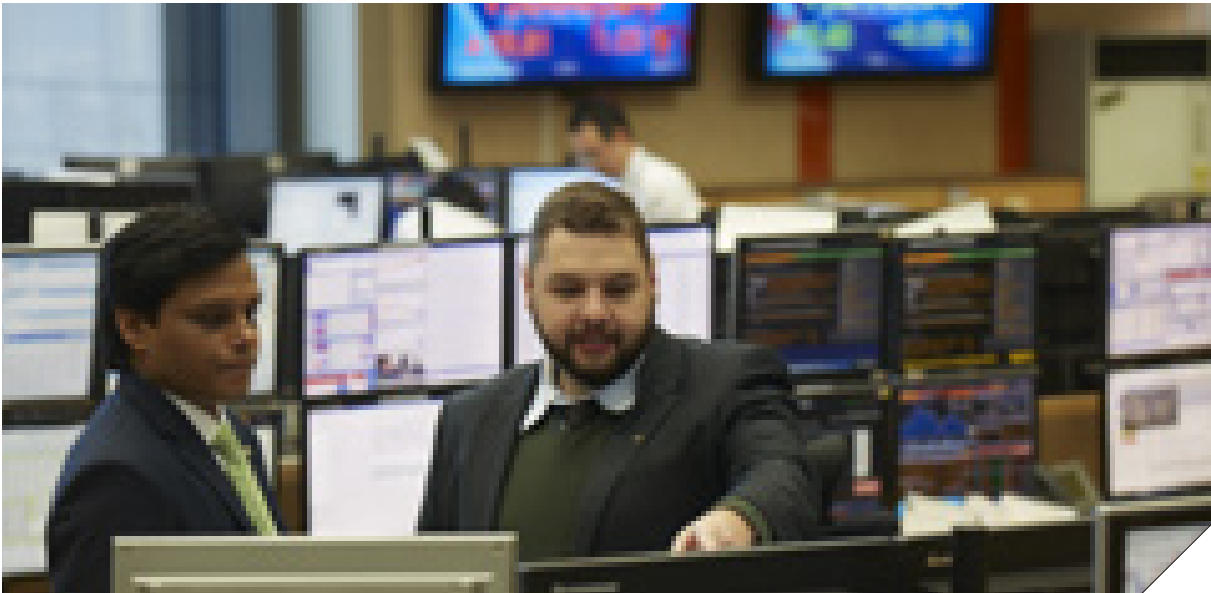
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Investment Banking Organization



Financial Market Business

The Financial Market Business Division consists of the Treasury Department that manages bank-wide liquidity, the Trading Department that handles F/X Dealing, marketable securities and financial derivatives and the Settlement Support Department that performs back office duties. In particular, we are the solid market leader among Korean banks in terms of trading derivative products, such as forwards, swaps and options based on a wide range of underlying assets, including interest rates, foreign currencies, equities and commodities.



Review of 2015

The Financial Market Business Division is the main body that oversees funding and financial market activities such as FX, securities, commodities, and derivatives trades. The division efficiently balances assets and liabilities through these activities to continually improve profitability while maintaining sound liquidity. In 2015, the division focused on improving NIM by maintaining an optimal loan-deposit ratio, liquidity position and low-cost funding. Bracing for the possible decrease of the BIS ratio due to Woori Financial Group's privatization, we enhanced the capital ratio by issuing contingent capital securities in both domestic and foreign currencies. The foreign currency contingent capital issue in the first half of the year was the first of its kind for Korean banks and paved the way for others to follow.

Through these measures, the Bank's liquidity coverage ratio (above 80%), liquidity ratio for foreign currency (above 85%) and the medium and long-term foreign currency funding ratio (above 100%) are well above regulatory guidelines, contributing to a 0.6 percent increase in BIS ratio. We also strengthened our competitiveness in FX and derivatives trading through expanding currency trading and provided various hedging services available 24 hours a day to assist our customers with risk management.

Optimized Liquidity Management

- Issuance of senior bonds and contingent capital securities in domestic and foreign currencies

In 2015, the Financial Market Business Division established proactive financing plans to issue KRW 2.1 trillion in senior bonds, KRW 0.24 trillion in domestic currency contingent capital securities and USD 500 million in

foreign currency contingent capital securities at lower interest rates compared to other banks. These domestic and foreign currency contingent capital securities contributed to Woori Bank's stable BIS ratio. The foreign currency contingent capital securities enhanced Woori Bank's position in the international financial market significantly by making it the first ever Korean bank to successfully issue them under the new Basel III standards (Tier 1) at low global interest rates. As a result of the issuance, we had the honor of being chosen as the best Korean bank for capital securities in 2015 at the Triple A Country Awards hosted by Asia's prestigious financial magazine, The Asset.

• **Improving the stability of financing by exploring a new market for raising foreign currencies and diversifying funding currencies**

In the first half of 2015, we successfully issued a total of 700 million yuan in bonds for Taiwanese and Hong Kong markets, and in the second half of 2015, we issued 33 million in Euro bonds. According to market conditions, we diversified foreign currencies to reduce financing interest and improve the financing stability. Also, despite the US interest rate rise and uncertainties in emerging nation financial markets, we achieved stable management of foreign currency reserves by managing liquidity buffers above the regulatory guidelines set by the Financial Supervisory Service.

• **Compliance with regulatory guidelines**

As of the end of 2015, Woori Bank was well above the regulatory ratio set by domestic financial supervisory agencies by proactively managing surplus liquidity to achieve a 95.09% liquidity coverage ratio, a 117.25% foreign currency liquidity ratio and a 248.55% medium and long-term foreign currency funding ratio

Strengthened Competitiveness in FX and Derivative Trading

In 2015, the Financial Market Business Division focused on strengthening our competitiveness in increasingly volatile financial markets, as well as entering into new markets.

• **F/X Trading**

In foreign currency trades, Woori Bank has strengthened trading activities in a variety of currencies such

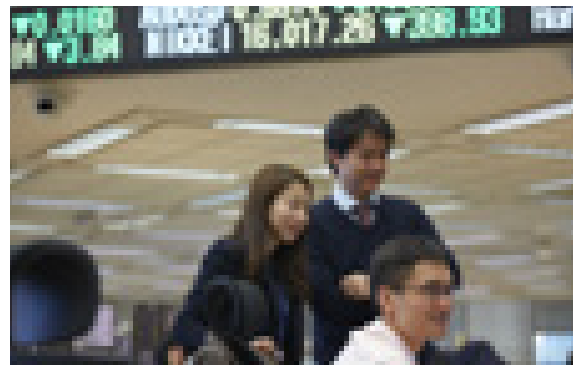
as the Mexican Peso, South African Rand, Polish Zloty and Russian Ruble, diversifying its portfolio of trading currencies. Also, we were selected as the market maker for the won-yuan direct trading market (opened in December 2014) two years in a row for 2015 and 2016. We are playing a leading role in the development of the won-yuan trading market and received a commendation from the Bank of Korea in 2015.

• **Derivatives**

In derivative markets, we strengthened the stability of derivative trading by increasing arbitrage transactions and taking positions through forecasting market variables, such as domestic and international policies and fluctuations in supply and demand. We also provided one-on-one customized solutions and risk management consulting services for FX and derivative trading by having derivative specialists make on-site visits, so that SMEs can receive support in areas in which they lack risk management experience and know-how.

• **Securities**

In the securities market, we increased interest profits and non-interest profits by efficiently operating bonds and bond-type beneficiary certificates through analyzing monetary policies and bond markets domestically and internationally, as well as diversifying the source of non-interest profits through a variety of ways such as increased volumes of bond lending transactions traded as risk-free transactions receiving commission. We also gained access to the CIBM (China Interbank Bond Market) and acquired an investment limit of 2 billion yuan, allowing us to invest in the Chinese bond market.



Plans for 2016

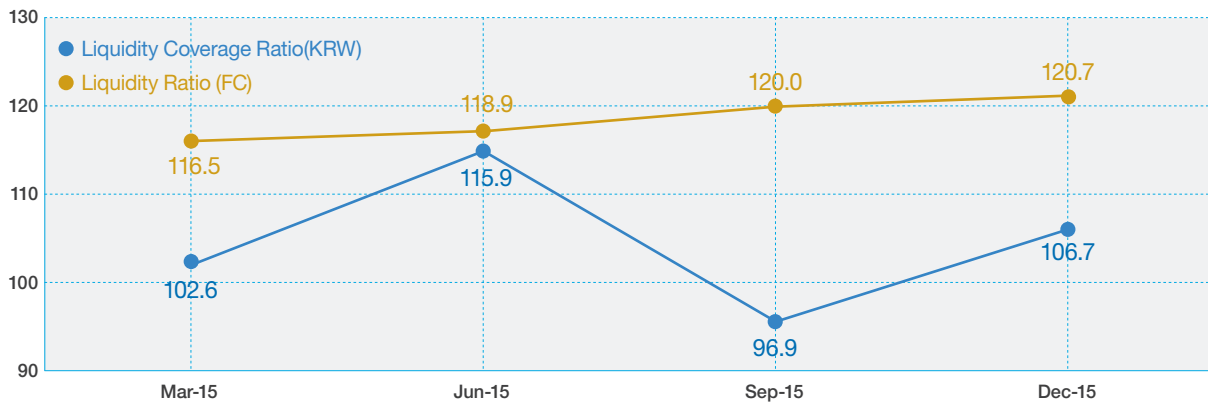
In 2016, the Financial Market Business Division will maintain the Liquidity Coverage Ratio (LCR) at an optimum level by managing high-quality liquid assets and controlling net cash flows.

In order to effectively manage liquidity, we will diversify funding maturities, and reduce financing costs by increasing CD issuance. In addition to liquidity, we will continue to diversify trading strategies in foreign exchange, derivative arbitrage, and hedging on currencies and interest rates to increase profitability in trading activities.

Since it is forecasted that the demand for risk hedging will increase following increasing global volatility, we will continuously expand FX and derivative trading by providing customized products in a timely manner. Furthermore, we will increase non-interest profits and attract new high-yield customers by operating an exclusive team that specializes in selling to investors of financial and public institutions, including securities companies, insurance companies, and government agencies.

Liquidity Ratios

(Unit: %)



International Trade Business

Woori Bank's International Trade Business Division is in charge of foreign exchange related services for both consumer/corporate banking customers in Korea and overseas. The unit is engaged in establishing and supporting Woori Bank's FX-related marketing strategies, while also operating the International Trade Service Center, which is a center specializing in BPR (Business Process Reengineering), as well as the Seoul Global Support Center, which is responsible for attracting foreign investment and capital transactions, ensuring that banking tasks are handled promptly and efficiently. Based on our know-how from dealing with the largest number of large enterprises and our outstanding FX specialists, we will provide the best consulting services related to the import and export of finances and overseas investments at home and abroad.

Total Volume of Export & Import

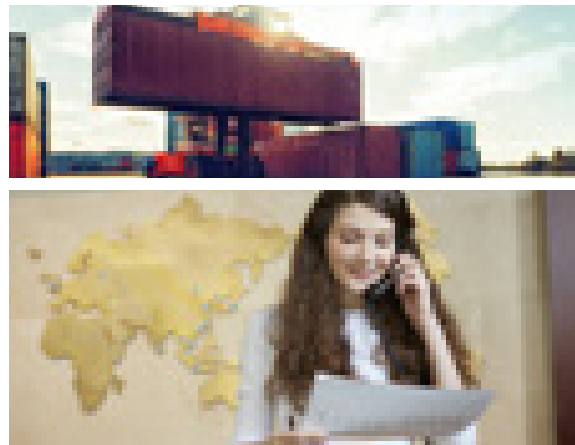
(Unit: USD billion)



Review of 2015

In 2015, the International Trade Business Division scaled up its competitiveness in the export/import business and FX/remittance transfers by fostering FX specialists and strengthening services. This led to Woori Bank achieving the No. 1 position among Korea's top eight banks for year-on-year growth in export performance and foreign currency exchange performance with transactions totaling USD 192.4 billion and USD 153.3 billion, respectively. In order to improve foreign worker access to financing in Korea, Woori Bank is not only operating specific sales channel exclusively for foreign workers, but also keeping branches open on Sundays and providing on-site visits to engage with customers face-to-face.

Woori Bank reinforced its status as the leader in the FX market by being designated as the treasury bank managing foreign currency reserves for the National Pension Fund, one of the top four pension funds in the world. Woori Bank also took the lead in establishing the yuan trade settlement scheme through the conclusion of an agreement to promote won-yuan settlements with the Bank of Communications in China.



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

Woori Bank took advantage of its strengths as Korea's largest bank for corporate financing to handle transactions totaling USD 311.4 billion in the export and import business in 2015, which placed the bank no.1 in year-on-year growth and helped Woori Bank achieve a market share of 29.8% among Korea's top eight banks. Also, we were chosen as

a foreign currency money exchange operator by Gimpo International Airport in parts of the airport frequented by tourists from both Korea and abroad. As a result, we recorded USD 3.8 billion in transshipment volume by actively responding to growth in the FX market resulting from the increasing number of foreign visitors coming to Korea. By actively responding to the new market for foreigners, such as handling wage remittances for foreign workers and foreign investment in domestic capital, total remittance volume was USD 153.3 billion, placing Woori Bank in the No. 1 spot in year-on-year growth.

Expansion of Channels and Specialized Services for Foreign Workers

In 2015, the International Trade Business Division increased the convenience of transactions through flexible operating service hours and bolstered customer contact points for FX transactions, catering to the customer needs of foreign workers. Financial services are even available on Sundays in the 9 branches selected in the Seoul metropolitan area and Gyeongsang area with a high population of foreign workers; In particular, the FX Remittance Center, which is located in Wongok-dong, Ansan in Gyeonggi-do (the most densely populated area for foreigners), not only opens on Sundays but also strives to provide specialized services to foreign workers, such as enhanced convenience in accessing financial services through on-site visits as well as events held for foreign workers in Korea. Woori Bank also strives to ensure prompt and secure wage remittances. In addition, we offer total financial services for foreign workers during their stay in Korea from arrival to departure, including opening accounts for premium payment through business alliances with the Human Resources and Development Service of Korea as well as Samsung Fire & Marine Insurance, and acting as service provider for the payment of departure guarantee insurance.

Supporting Foreign Direct Investment

Woori Bank provides consulting and support for foreign direct investment (FDI) offered at all branches through the Seoul Global Support Center in charge of FX and capital transactions. More specifically, we provide services that are precise and segmented for FX trading. Our main clients include leading companies at home and abroad, law firms (domestic and international), accounting firms, securities companies, private equity firms, asset management com-

panies, consulting firms, local governments and other institutions related to foreign investment. Besides FDI related operations, we also provide services that cover escrow, Immigrant Investor Schemes for Public Business, initial public offerings (IPO) of foreign companies, consultations and reports on other capital transactions under the Foreign Exchange Transactions Act, and other services related to business operation and follow-up management

Dominance in the Yuan Trade Settlement Market

Woori Bank established the world's 1st offshore settlement system in won to take the lead in the globalization of the currency, such as through the clearing of trade settlements in won through a currency swap deal between Korea and China. Many world-famous financial institutions have joined Woori Bank's fund clearing system - Woori Clearing System (WCS). In 2015, clearing services were provided for a total of KRW 21 trillion in KRW trade settlements. Woori Bank is responding promptly to the establishment of a direct won exchange market within China. Moreover, Woori Bank is taking a leading role as a settlement bank for yuan settlements in Korea. As the 1st Korean bank to receive approval for international yuan settlements, we handled many trade settlements through China in yuan, as well as taking care of the first and largest volume trade settlements through won-yuan currency swaps.

Plans for 2016

In 2016, the International Trade Business Division aims to foster specialists in international trade and improve the quality of support as well as provide distinctive customer-specific services in export/import banking services and foreign currency money exchange/remittances to expand our market share. In order to meet increasing demands from foreign customers for money exchange/remittances, services and channels will be further reinforced. Based on the knowledge accumulated as the treasury bank for foreign currency reserves for the National Pension Fund, we will reaffirm our status as the leading bank in FX by attracting new high net worth customers. We will do our best to create diverse business opportunities such as attracting capital for FDIs and establish yuan trade settlement schemes that meet the increasing demands of customers for yuan trade settlements.

Woori Bank, Will BEE, your lifetime partner.

3

Strong Partner Growing and Developing in tandem with the Korean Economy

Consumer Banking	060
Wealth Management	063
Pension & Trust Business	065
Corporate Banking	067
SME Banking	069
Institutional Banking	072
Real Estate Finance	074

Consumer Banking

The Consumer Banking Business Unit is in charge of conducting overall business strategies for individual consumers, finding new markets, managing the retail organization, establishing business channel strategies and setting business strategies for universities and hospitals. We run a separate division within the Consumer Banking Business Unit for wealth management that requires more specialized services. We also work towards improving customer satisfaction with better products and services, by continuously searching for new markets and conducting CRM (Customer Relationship Management) activities.



Woori Bank, Will BEE your lifetime partner!

Review of 2015

In 2015, Woori Bank recorded growth of more than 1 million new customers for four consecutive years, exceeding 21 million individuals, while also continuously developing differentiated and innovative products. We provide first-rate financial products and services for different stages of the customer life cycle through our representative projects for attracting new retail customers. These include the Baby Project, the School Project and the Company Project, contributing greatly towards retaining infants, students, office workers, housewives and senior citizens as customers.

In 2015, we focused on expanding the existing customer base by taking proactive measures regarding the bank account switching, which is expected to be implemented in 2016. For this, we attracted new high-

yield customers by launching the Major Customer Preference Package, which integrates deposit account, credit (check) card and credit loan.

In order to meet the increasing customer demands, we provide services that prioritize customer satisfaction, such as directly visiting where customers are staying without being limited by time and space and operating a portable branch that provides convenient services.

Launching the 'Woori Wellrich Main Bank' Package Product for Attracting New Customers and Expanding the Existing Customer Base

In 2016, in order to proactively deal with the bank account switching and attract new customers, Woori Bank launched the Woori Wellrich Main Bank package product, which provides better services to customers with lots of transactions and differentiated bank ac-

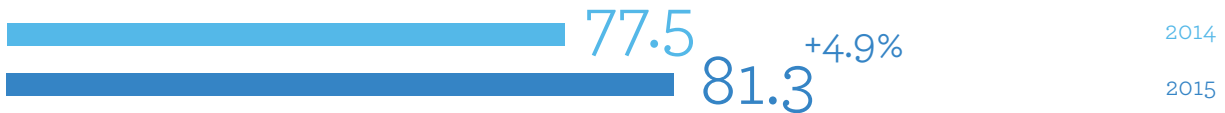
Total Loans of Consumer Banking

(Unit: KRW trillion)

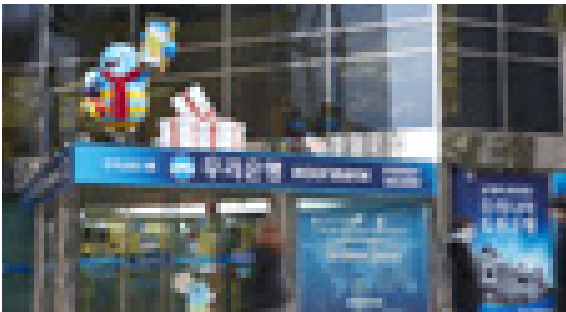


Total Deposits of Consumer Banking

(Unit: KRW trillion)



count benefits according to trade performance. By allowing the existing customer base to concentrate their multiple banking relationships exclusively with Woori Bank, we provide various benefits for deposit and loan transactions. For new customers, we provide the main bank package product that allows them to conduct multiple financial transactions all at once, so that new customers have the same transaction benefit as existing customers for deposit and loan.



As a result, we have made a noticeable achievement in increasing high-yield customers by attracting 1,240,000 bank accounts and KRW 51.6 billion for Woori Wellrich Main Bank package.

Establishing Branch in Branch (BIB) to Provide Comprehensive Financial Services

In order to provide comprehensive financial services that meet the changing needs of customers, Woori Bank signed business alliance with the No.1 securities company Samsung Securities in March 2015 to set up Branch in Branch (BIB) at Woori Bank's head office and Samsung Securities' office building. Instead of simply providing financial transactions, BIB acts as sales and services channel, which enhances Woori Bank's status in providing advices and selling products.

Following the successful establishment of BIB in 2015, we plan to continuously create synergies between the banking and securities businesses, as well as develop products linked with Samsung Securities and expand additional BIB.

Optimizing and Increasing Efficiency of Channel Networks

Amid the evolving financial environment, branches have been selected in districts with new growth potentials, such as 'Innovation Cities' and industrial complexes, and low-yield and low-presence branches have been transferred or relocated. The Bank operates 993 branches, as of the end of 2015, including 15 new, 52 integrated and 25 relocated branches, thereby establishing a basis for creating profits through an efficient branch network.

In 2015, in order to improve the organizational competitiveness through increasing the efficiency of channels, we introduced the 'Personalized Branch' as a customized retail channel to strengthen sales capacity in retail services for individual clients, so that the financial center could focus on corporate clients and the personalized branch can focus on retail customers. Furthermore, in order to reinforce the efficiency of manpower operation and strengthen employees' competence, we integrated the existing four channels into the General Products Sales and Service Team and the Total Banking Service & Advisory Team. As a result of integrating the teams, the optimized manpower is now used in the form of staff in charge of outbound marketing to strengthen customer management and attract external customers.

Plans for 2016

In 2016, in order to achieve the No.1 market share for its customer base despite the prolonged low growth, low interest rates and the fierce inter-bank competition, the Consumer Banking Business Unit will focus on attracting new customers as it did in 2015 by carrying out new retail projects for singles and foreigners.

By proactively responding to the bank account switching and the ISA that will be newly introduced in 2016, we plan to concentrate on attracting new customers and implement event-oriented marketing activities by establishing a marketing system for different stages of the customer life cycle.

We will also strive to attract external customers by establishing an operational data store (ODS) to provide exclusive manpower and develop exclusive products and services for tablet branches to expand this sales channel.

 Strategic Sales Team

 Regional Banking Headquarters

Sihwa/Namdong/Juan Industrial Complex

Asan/Ochang Science Park

Daedeok Science Town

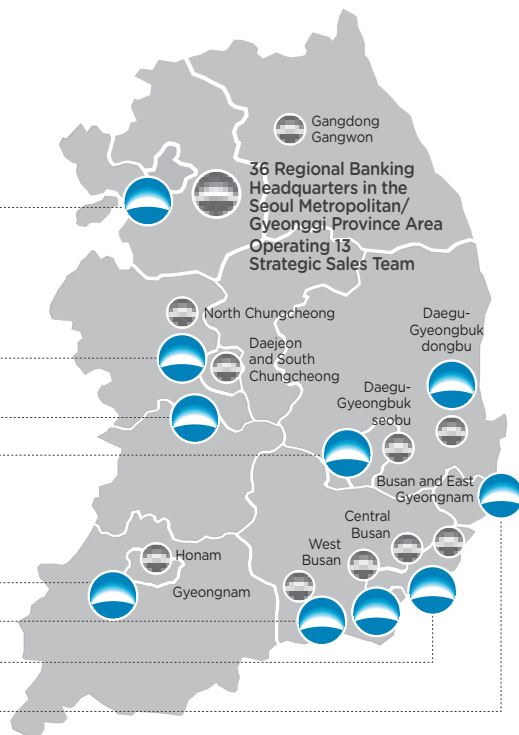
Seongseo Industrial Complex, Gumi
Waegwan Industrial Complex

Hanam Industrial Complex

Changwon Industrial Complex

Sinpyeong/Jangrim/Myeongji Noksan Industrial Complex

Onsan/Ulsan Mipo Industrial Complex



Wealth Management

The Wealth Management (WM) Division is in charge of overseeing Private Banking (PB) services that target High Net Worth (HNW) customers. The WM Division consists of the WM Strategy Department; it establishes and implements business strategies for PB services, and manages Woori Bank's affiliated products (mutual funds, bancassurance products), develops asset management products and taking a leading role in the the retirement asset market. As of 2015, we provide customers with first-rate products in comprehensive asset management and consulting services to around 144,000 HNW customers through an independent PB brand.

Total number of WM customers

(Unit: thousand)



Review of 2015

In 2015, the Wealth Management Division hired and trained about 70 new specialists as part of its efforts to nurture PB specialists. Therefore, we increased the number of branches with specialists (PB/FA) by 40 for a total of 640 branches that provide professional asset management services. We also provide asset management training for all employees so that they can proactively deal with low interest rates and the growing asset management market. As a result, we achieved huge growth in the mutual fund and bancassurance product markets. More specifically, we achieved No. 1 market share for the first time since we began selling bancassurance products. Also, around 12,000 new HNW customers opened accounts with Woori Bank. In recognition of these results, we have had the honor of winning the 'Korea Premium Brand Award' for six consecutive years.

TOTAL NUMBER OF WM CUSTOMERS

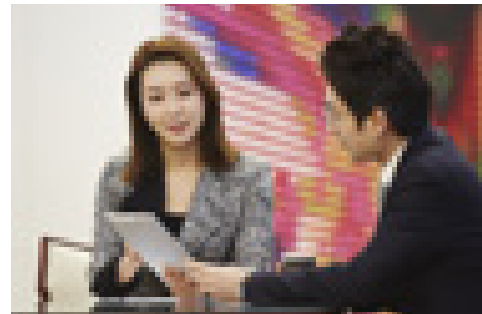
12 ↑

(Unit: thousand)

TOTAL DEPOSITS FOR WEALTH MANAGEMENT BANKING

4.0 ↑

(KRW trillion)



Utilizing a Total Asset Management System to Vitalize B2B Sales Systematically

Woori Bank established a comprehensive asset management system to provide customized investment strategies by analyzing customer transaction records and individual investment trends; thereby, we are able to easily and conveniently find optimal solutions for customers. In recognition of the high interest on retirement incomes, we also provide diagnostic tools and consulting

Total Deposits for
Wealth Management Banking
(Unit: KRW trillion)



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to help customers prepare for retirement based on expected retirement income.

Providing Various Integrated Financial Services through a Business Alliance with Samsung Securities

Currently, Woori Bank has established Integrated Financial Services Centers in four locations through a business alliance with Samsung Securities aimed at increasing the synergy between the bank and a securities firm. Securities customers are provided with deposit, loan and FX services, and bank customers are offered a variety of investment options through securities and bonds.

Research on Retirement Planning to Prepare for an Aging Society

In July 2012, Woori Bank established a 'research team for a centennial lifespan' to prepare for the era of an aging society and launched a new retirement brand called 'We'll Rich 100' in 2015. The retirement planning research staff is conducting R&D on related products and services to prepare for the financial demands of an increasingly elderly population in the future. We released new products under the We'll Rich 100 brand such as pension accounts, credit cards and loan products in 2015 to offer customized products that meet the needs of our retired customers. We also held regular seminars for corporate and individual clients to expand upon the need to prepare for retirement and provide guidance in relation to effective retirement planning.

Fostering Specialized Private Bankers

In order to foster competitive private bankers, Woori

Bank operates PB Academy courses to suit different customer needs. Moreover, more systematic training is provided for around 640 specialists across the nation by holding PB seminars through interactive training sessions. We also provide training through UC video training programs on a daily basis, including training related to affiliated products (mutual funds, bancassurance products), taxation and real estate, to establish a cafeteria-type training system where the employee can choose and take part in required training.

Plans for 2016

Aiming to achieve its goal of becoming the 'No. 1 bank for Total Asset Management', the Wealth Management Division is taking the lead in the asset management market by achieving 1st place in product alliances and customer revenues.

Besides increasing its market share of product alliances, Woori Bank will strive to become a bank that is chosen by our customers based on high profit ratios through the introduction of a systematic revenue management system.

We also plan to expand our asset management services customer base by providing an exclusive sales channel targeting affluent clients, while also enhancing our asset management capabilities in the non-face-to-face channel targeting the general public by introducing robo-advisors and establishing an online asset management center.

Pension & Trust Business

As the retirement pension market expands, the Pension & Trust Business Division was launched in 2009 to support the efficient management of retirement resources for retail customers. From the initial stage of adopting a retirement pension system, we provided differentiated services through comprehensive retirement pension consulting. We lead the retirement pension market by providing total financial services, which offer customized products to suit customer investment needs through an advanced selection process with seasoned investment specialists available.



Review of 2015

In order to guarantee a stable retirement for the workforce and prepare for changes in the labor market, such as a rapidly aging population, Woori Bank has been fostering customer-oriented businesses with a long-term perspective.

Fostering Customer-Oriented Businesses

As the retirement pension market expands, the Pension & Trust Business Division was launched in 2009 to support the efficient management of retirement resources for retail customers. From the initial stage of adopting a retirement pension system, we provided differentiated services through comprehensive retirement pension consulting. We lead the retirement pension market by providing total financial services, which offer customized products to suit customer investment needs

through an advanced selection process with seasoned investment specialists available.

Our retirement pension systems were upgraded to reflect major amendments in the Employee Retirement Income Security Act. We also offer a variety of services, including providing updates and notifications to subscribers through a 'Welcome Letter', conducting follow-up support through the Bank's 'Happy Call System' and providing educational support through the 'Retirement Pension Training Management System'.

In 2015, retirement pension assets stood at KRW 11,335.7 billion, up KRW 1,693 billion from the previous year. The number of companies subscribed to retirement pensions increased by 1,137 from the previous year to 29,148, showing an increase of 4.1% as of the end of December 2015. The number of subscribed em-

ployees increased by 435,467, an increase of 35.5% year-on-year to 1,661,867.

Plans for 2016

While Korea is becoming a super-aged society, Woori Bank is actively carrying out marketing activities to secure a profit base and customers in the long run by highlighting retirement pensions as a key growth industry. This is being accomplished by taking into consideration the importance of the retirement market for the banking sector. In 2016, in order to strengthen our position as a leader in the pension business, the Retirement Pension Business Dept. will secure a foundation for growth by implementing differentiated marketing strategies and improving customer revenues through enhanced product management capabilities, as well as upgrading business capability by adopting the BPR process and successfully re-establishing the retirement pension system. We will also continue to focus on improving the efficiency of our sales channels. In the future, we aim to lead the retirement pension market based on our abundant and experienced staff, our training support system, a large variety of products, specialized management capabilities and a differentiated retirement planning service platform.

**RETIREMENT
PENSION
ASSETS**

11,335.7

(Unit: KRW billion)

**COMPANIES
SUBSCRIBED TO
RETIREMENT
PENSION**

29,148

(Unit: company)

**EMPLOYEES
SUBSCRIBED
TO RETIREMENT
PENSION**

1,661,867

(Unit: person)

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Corporate Banking

The Corporate Banking Business Unit is in charge of services for corporate customers, including Korea's top large enterprises, such as Samsung, LG and POSCO, to cater to the diverse financial needs of corporate customers in a timely manner.

As a result of providing exceptional services to the highest number of large enterprises in Korea, Woori Bank's Corporate Banking Business Unit prides itself on having provided the best financial services to our corporate customers, which has enabled them to become global players over the past 117 years.

We will strive to provide our expertise to a larger number of customers in the future.

Total Credit of Main Debtor Groups in 2015
(excluding management/ financial improvement)
(Unit: KRW trillion)



Review of 2015

In 2015, the Corporate Banking Business Unit achieved 1st place in market share in loans for major creditors, thereby widening the gap with the second-placed bank to reaffirm Woori Bank's No.1 position in corporate finance.

Woori Bank is currently exploring and preparing for various financial needs through the 'Woori Diamond Club', a meeting of the CEOs of large Korean enterprises, while also strengthening its relationships with large enterprise customers.

As of the end of 2015, the Corporate Banking Business Unit (including Corporate Finance Center) posted total assets of KRW 28.6 trillion, operating income of KRW 661.6 billion and an export/import volume of USD 254 billion.

Continuously Strengthening Relationships

As our corporate customers developed into global players, their financial needs have changed rapidly and have become more diverse. Woori Bank currently runs the 'Woori Diamond Club', a meeting of the CEOs of large Korean enterprises that has met continuously since 2003. The club's 13th anniversary coincides with a desire



to strengthen our relationships with our corporate customers, as well as 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 becoming more important, Woori Bank has signed co-operation agreements with large enterprise customers, and offers product packages to extend funds to SMEs with low interest rates.

We launched the Partnership Loan for Large Enterprises

in 2008, which extended funds worth KRW 532.8 billion to 972 companies as of the end of 2015. The Woori Partnership Loan that was developed in 2013 received a systematic upgrade in 2015, so that funds worth KRW 283.9 billion were extended to 2,190 companies as of the end of 2015. As a bank that has cultivated relationships with large enterprise customers, we operate a partnership system through a variety of customer networks aimed at reducing financial costs to SMEs, thereby contributing to the shared growth of both large enterprises and SMEs.

Developing and Supporting Customized Financial Products

In 2015, company demand for investment products that ensure stability increased due to a prolonged period of low interest rates. In line with such demand, we provided customized products for companies with long-term operating funds by selling an integrated deposit product with structured interest rates. We also developed an integrated limit for imports and exports that enables the limits of various FX products to be integrated and managed, which enhanced convenience for companies conducting FX trading. We developed and supported various financial products in time to satisfy the needs of corporate customers, including the Power Brand Merchant Start-up Loan for supporting franchise merchants that have relationships with large enterprises and the Woori Buy-Back Loan that was released for sales agencies.

Plans for 2016

In 2016, the Corporate Banking Business Unit will achieve a new paradigm shift that transcends the bank's boundaries at home and abroad in terms of business activities that used to focus on large enterprises, by improving asset quality and existing profit models to achieve the our business goal of the crea-

TOTAL ASSETS OF CORPORATE BANKING - AS OF THE END OF 2015

28.6

(Unit: KRW trillion)

TOTAL CREDIT OF MAIN DEBTOR GROUPS IN 2015

(excluding management/ financial improvement)

28.3

(Unit: KRW trillion)

TOTAL CREDIT EXPOSURE OF MAIN DEBTOR GROUPS -END 2015

34.6

(Unit: KRW trillion)

tive evolution of corporate banking. We will achieve optimal growth based on profitability through internal innovations that significantly reduce possibly insolvent assets and increase high-yield assets, instead of focusing on external growth as we did previously. Based on corporate banking, we will fulfill the role of a profit coordinator that strengthens synergies through cooperative marketing activities within the bank and maximizes all sources of profit through collaborative marketing activities.

Woori Bank is the major creditor bank for 13 large enterprises

(Total number of large enterprises under main creditor bank management: 39 as of Apr. 2016)



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SME Banking

The SME Banking Business Unit is in charge of financial services for corporate customers, especially in SME sector. At the end of 2015 there were approximately 1,300,000 SOHO and SME customers, whose total loans under management amounted to KRW 76.1 trillion. Woori Bank provides competitive products and 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 made available to provide the best financial services in corporate banking.



Review of 2015

In 2015, the SME Banking Unit achieved significant results. The total number of SOHO and SME customers increased to around 93,000 and the total volume of loans through SME banking by KRW 5 trillion.

The SME Banking Unit led marketing strategies that focused on attracting new high-net-worth SMEs and their retention. As in 2014, key categories were targeted in 2015, such as policy financing, guarantee-secured loans and loans for equipment.

For higher satisfaction and service levels for SME customers, various preferential programs were implemented with a greater focus on training and developing a specialized workforce for SME banking.

Implementing Marketing Activities to Target High-yield SMEs

As in 2014, the SME Banking Business Unit provided wide-ranging marketing data on high-yield SMEs and large enterprise partner companies to help attract high-net worth customers to branches in 2015.

In January 2015, we also remodeled the 'High-yield Enterprise Master Loan' to strengthen our competitiveness and launched the 'Woori Enterprise Power Loan' and the 'Woori R&D Loan for Outstanding Technology Enterprises', which involved offering competitive interest rates and preferential credit ceilings for high-yield SMEs, to achieve an impressive sales record of KRW 16.8 trillion at the end of 2015.

As a result of the SME Banking Business Unit's continuous efforts to increase high-yield assets, loans for

high-yield enterprises of the level of BBB and above increased by KRW 7.7 trillion from KRW 40.3 trillion at the end of 2014 to KRW 48 trillion at the end of 2015.

Targeted Marketing for Industrial Complexes

In order to focus on attracting enterprise customers located in industrial areas, the SME Banking Business Unit expanded its target scope by remodeling 'Woori Industrial Complex Loan', a specialized product for enterprises located in industrial complexes, while also providing marketing data about these enterprises to branches. As a result of intensive marketing activities targeting industrial complexes, the balance of 'Woori Industrial Complex Loan' increased by KRW 773 billion from KRW 1,004.4 billion at the end of 2014 to KRW 1,777.4 billion at the end of 2015.

Enhancing Policy Financing & Guaranteed Loans

In 2015, the SME Banking Business Unit focused on policy financing and guaranteed loans, so that the balance for each product increased by KRW 549 billion and KRW 645.2 billion, respectively. In order to increase policy financing, the SME Banking Business Unit signed new agreements with local governments and public institutions, and also conducted various training programs and provided on-site support by bolstering competitiveness in interest rates for policy financing. In particular, the balance of indirect loans (on-lending loans) targeting high-yield SMEs as a percentage of policy financing products, showed an outstanding improvement with an

increase of KRW 550.9 billion year-on-year.

In January 2015, we launched and sold the Woori V-Plus Loan in collaboration with a credit guarantee institution. In August 2015, we also released and sold the Seoul Economy Boom-up Loan in collaboration with Seoul Metropolitan City.

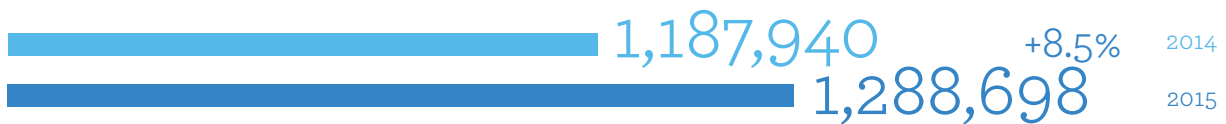
Providing Diverse and Specialized Products

In 2015, the SME Banking Business Unit launched a range of specialized products, including the 'High-yield Enterprise Power Loan' and the 'Woori Credit Card Member Store Power Loan', a preferential product for high-yield SOHOs and SMEs to increase SOHO and SME banking loans.

In order to strengthen the bank's profitability in reaction to reduced loan-deposit margins due to the new era of low-interest rates, we launched the 'Woori Export/Import On Landing' and the 'Exporting Company Master Loan', which are specialized products targeting export/import companies that conduct numerous FX transactions.

In line with the government's policy on revitalizing technology firm financing, we strengthened our support for SMEs with outstanding technology, by launching the 'Woori R&D Loan for Outstanding Technology Enterprises'.

Total Number of SME Customers



Preventing Customer Turnover & Supporting Consulting Services

In order to continuously increase assets, despite intense competition with other banks, the SME Banking Business Unit newly implemented the 'Early Loan Extension' program, preventing the loss of existing customers to other banks. The program proactively identified the needs and complaints of customers before existing loans matured, so that customers whose maturity dates were approaching did not go to other banks. Woori Bank provided corporate consulting services earlier than any other Korean bank. In 2015, we contributed to the increase in sales and operating profits of corporate customers by conducting 122 consulting projects. The Corporate Consulting Team within the SME Banking Business Unit provides various types of consulting services for improving the corporate value including consulting services for management, CFOs, family business succession issues and operations.

Plans for 2016

In 2016, the SME Banking Business Unit plans to continuously increase high-yield assets, by launching specialized new products to meet the needs of the main target groups in order to attract new customers and by providing competitive interest rates for existing corporate customers to prevent customer turnover.

In particular, we will focus on cross-selling to attract existing customers to products they have not yet purchased in 2016.

Lastly, in order to support small and micro businesses, we will contribute to revitalizing the economy in the lives of ordinary people and increase support programs to FinTech companies develop by continuously offering specialized products and support to small and micro businesses.

Total Assets of SME Banking

(Unit: KRW trillion)



Institutional Banking

The Institutional Banking Business Unit is divided into the Institutional Banking Products & Marketing Dept, to cater to the central government, local governments and public institutions, and the Public Fund Sales Department, to manage the municipal and provincial treasuries of local governments and the courts. Moreover, we are the only bank to utilize specialists in institutional operations (institutional RM) to provide first rate financial services to institutional customers. As of 2015, our institutional customers include the Seoul Metropolitan Government and its 24 district offices, the Ministry of Land, Infrastructure and Transport, the National Health Insurance Corporation and the Korean Railroad Corporation. The presence of such customers reaffirms our position as Korea's largest primary bank for public institutions

Total Deposits of Institutional Banking

(Unit: KRW trillion)



Review of 2015

Based on know-how gained from 100 years as Seoul Metropolitan Government's treasury bank, Woori Bank has become a leading financial institution for local residents with the Institutional Banking Business Unit contributing to regional development and expanding the scope of transactions with the central government, local governments and major public institutions, including affiliated institutions of the Seoul Metropolitan Government.

In line with government policies, Woori Bank provided specialized services for the planned relocation of govern-

mental agencies to the provinces, to attract 44 out of 118 institutions that completed the selection of their transaction bank in 2015, with plans to attract more institutions as relocation continues in 2016. As of the end of 2015, the Institutional Banking Business Unit held total deposits of KRW 22.5 trillion and total loans worth KRW 1.8 trillion, while maintaining relationships with about 3,800 institutional customers.

Towards Another Century of Success After Making History as the Seoul Metropolitan Government's Treasury Bank for the Past 100 years

Since the treasury agreement signed with Gyeongseongbu (Seoul) in 1915, Woori Bank has done a remarkable job of serving as the Seoul Metropolitan Government's treasury bank for the past 100 years, by collecting tax revenue and by managing the payment of annual expenditures. In 1988, we launched the first comprehensive management system for revenues and expenditures, and established the OCR Center in 1991, accomplishments that arose from being the city's long-term treasury bank. Moreover, we were able to develop world-class management capability as a treasury bank by establishing the ETAX system in 2001, the annual



expenditure e-banking system in 2004, the revenue e-banking system and the comprehensive management system for treasury bank affairs in 2011. Based on an advanced treasury management system and high-quality specialists in relevant fields, Woori Bank has become a “Partner of Seoul Hope” contributing to the Seoul Metropolitan Government’s tax planning and financial management, convenient tax payments by citizens and the development of local communities.

Supporting New Projects from the Government

In order to support the R&D projects initiated by the government, Woori Bank has set up an R&D Team within the Institutional Banking Business Unit to conduct R&D projects together with the Ministry of Trade, Industry and Energy (MOTIE) since 2013. As the bank exclusively responsible for international agreements made by the Defense Acquisition Program Administration, we provided support for the payment settlement of goods purchased from overseas. We also were the official sponsor bank tasked with providing financial services for the smooth running of the Mungyeong Korea 2015 6th CISM World Games, hosted by the Ministry of National Defense. After being chosen as the treasury bank for VAT payments through simplified registrations by overseas entrepreneurs, we received VAT payments on behalf of global companies such as Apple, Google and Alibaba that provide electronic services for goods purchased by Korean customers through overseas open markets.

Maximizing Synergies through New Business Acquisitions

The Institutional Banking Business Unit not only provides financial services directly to institutional customers, but also discovers and offers business linkage opportunities to SMEs and related individuals. In 2015, we explored business linkage opportunities from companies being selected as smart plants through business agreements with the Ministry of Trade, Industry and Energy, while also pursuing additional business opportunities from companies that participated and received funding through the National Research Foundation of Korea’s research fund project. Furthermore, we discovered opportunities to provide our financial services to employees of various institutions that have become new institutional customers, including the Korea Ship Safety Technology Authority and the Korea Institute of Ceramic Engineering and Technology.

Plans for 2016

In 2016, the Institutional Banking Business Unit continuously discovered businesses linked to finance by analyzing central and local government policies, so that we could support national economic development and the growth of SMEs. As a result of being chosen again as the Seoul Metropolitan Government’s treasury bank, we will further strengthen cooperation with the Seoul Metropolitan Government and its affiliated organizations to provide customized financial services to enable more employees to foster relationships with Woori Bank and carry out various related projects. In line with the relocation of the public sector, we will support various financial services to ensure major institutions and their employees located in innovation cities nationwide can settle down as soon as possible, as well as attract new clients by providing customized services for a range of customers from non-client institutions.

Major Institutional Customers

• Local Government



• Public Agencies



Real Estate Finance

For systematic and professional management of real estate financing, the Housing Finance Division has been transformed into the Real Estate Finance Business Unit. The unit manages the National Housing and Urban Fund (NHUF) of the Ministry of Land, Infrastructure and Transport as a general treasury bank. We strive to satisfy the diverse needs of our customers by providing products that utilize Woori Bank accounts, as well as National Housing Fund products that are available for those on low-incomes.



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Review of 2015

In 2015, the Real Estate Finance Business Unit ranked 1st in market share amongst national housing and urban funds. In recognition of superior performance over the past six years, we have been providing a variety of real estate finance products to our customers as a general treasury bank for the National Housing and Urban Fund. We also engaged in a preemptive response to the prolonged recession in the real estate market and led the market in generating demand for real estate financing by discovering new markets.

Strengthened Base as the Lead Agency for Standard PF Loans

The Standard PF Loan is a product package consisting of 'Intermediate-term Loans' and 'Baro Dream Loans', a non-recourse accounts receivable loan that supports the

construction expenses of subcontractors. By satisfying the needs of individuals for housing, SME subcontractors and large enterprise construction companies, the Standard PF Loan has become a representative product in the PF real estate finance market.

Expanding Our Customer Base as the General Treasury Bank for the National Housing and Urban Fund

The National Housing and Urban Fund project plays an important role in broadening the options for consumer products (including products for the socially vulnerable) of real estate financing. Woori Bank has taken the lead in seamlessly procuring and executing funds as the general treasury bank for the National Housing and Urban Fund. As of the end of 2015, Woori Bank had a market share of 44.7% in loans for subscribers and a market share of 28% in savings for housing trust subscriptions. Throughout 2015, 1.27 million new customers took the

NHUF's* Consumer Loan
 *(National Housing and Urban Fund)
 Housing Subscription Loans (1st in market share)
 (Unit: %)



Housing Subscription Savings
 (1st in market share)
 (Unit: %)



first step on the road to fulfilling their dream of owning a house by using savings for housing purchases. Woori Bank will strive to establish a system where more customers can get access to the National Housing and Urban Fund.

Leading the Domestic Real Estate Finance Market

In 2015, the Real Estate Finance Business Unit led the market in developing products and reforming the system in order to prepare a preemptive response to changes in the financial market. Woori Bank is actively participating in supporting both property stability and the 'house poor' segment by inducing a soft landing for household debts by launching the following products: the Youth 100 Year-Old Reverse Mortgage Housing Loan, a housing loan product that appropriates funds for household costs incurred during a period without income, such as early retirement or a temporary leave of absence, and the Beotimmok Rent Subsidy Loan that integrates the rents of workers and the working class with the rents of low-income families.

Plans for 2016

In 2016, we will continue to dominate market share by ranking 1st in the National Housing and Urban 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 an ethical way through our accumulated experience in financing and operating funds. We will also actively take part in the government's real estate finance measures, and actively support extending funds to those who want to purchase their own residence by securing optimal profitability and an asset structure with the lowest risk. This will enable us to expand mortgage loans to KRW 3.2 trillion and play a leading role in attracting consumer banking assets even in times of economic downturn.

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4

Sincere Partner Creating a Better Future

Social Contribution Activities ___ 078

Woori Smile Microcredit ___ 080

Ethical Management ___ 082

Social Contribution Activities

Since the founding of Woori Bank in 1899, we have fulfilled our role as a national bank by embodying the spirit of sharing, despite repeated difficulties and economic crises over the past 117 years.

At a time when social roles and responsibilities in the banking sector are highlighted, our three missions of humanity, happiness and hopefulness will be at the core of everything we do. Diverse social contribution activities unfold under these goals to realize the vision of 'Sharing and caring together; A culture of financial sharing to foster dreams and hopes'



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Social Contribution Activities of Woori Bank

'Woori Happy Society' Program

To sponsor the underprivileged in local communities, Woori Bank sponsors the 'Woori Happy Society' program. It is a regular and continuous community-focused volunteering program that creates sisterly ties with social welfare centers in the community and community childcare centers.

Besides directly participating in volunteering activities held at branches, Woori Bank also holds skating contest and summer camps by inviting children from community children's centers who are usually at home or at the center during summer and winter vacations. We held a skating contest for children from community

children's centers at the skating rink installed by Woori Bank at Seoul City Hall Plaza. We also offer the Woori Goomnamu Scholarship twice a year to give scholarships to children from community children's centers. In 2015, we gave scholarships to about 200 children. Besides these initiatives, the head office operates various support programs, such as providing regular support to over 200 social welfare centers and community children's centers across the nation.

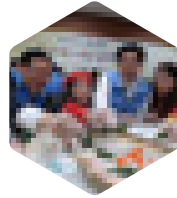
Global Social Contribution Activities

In order to fulfill our role as a global financial company and create sustainable happiness for people and societies around the world, Woori Bank is implementing a range of social contribution activities that transcend national boundaries in all corners of the world. In July, Woori Bank sent about a global volunteer group of

thirty outstanding employees to Thai Nguyen, the northern part of Hanoi, Vietnam. This region suffers from many difficulties due to weak educational and transportation infrastructure, such as children who must commute to an elementary school located more than 3km away from their homes. However, as a result of our volunteering efforts, children were able to receive education in a comfortable and pleasant environment. We were able to set up a branch school near the village with four new classrooms and renovated existing classrooms and associated facilities. Also, we successfully held a global volunteering program, including programs to provide instruction in art and science, subjects that Vietnamese students often do not receive instruction in, and engaged in various cultural exchange activities with local residents.

Woori Bank Sharing Hanmadang Event

In order to spend a warm holiday like Chuseok (Korean Thanksgiving) and Lunar New Year's Day with our neglected neighbors, Woori Bank has continuously carried out Woori Bank Sharing Hanmadang activities. These social contribution activities show compassion to our neighbors in need during the holidays and the kimchi-making season through our employee volunteer work. During Chuseok, we made songpyeon (half-moon-shaped rice cakes) with about 100 people including Gangdong-gu local residents, multi-cultural families and North Korean defectors at the Seongnae Social Welfare Center in Gangdong-gu, Seoul. Bank employees also delivered 5,000 kg of rice and 500 sets of daily necessities to our neighbors in need. Also, we prepare and deliver kimchi to neighbors in need every December so that they can enjoy nutritious meals over the winter months. In December, Woori Financial Group's new employees and volunteers all participated in delivering about 12,000 containers of kimjang (freshly prepared) kimchi to Seoul KBS Sports World to be distributed to neighbors in need, including senior citizens who live alone, as well as



VISION

'Sharing love and sharing in finance fosters dreams and hopes'.

MISSION

Humanity
Happiness
Hopefulness

low-income families, in conjunction with the Korea Association of Social Welfare Centers.

Love Blood Donation Event

Since 2006, Woori Bank has been holding the 'Love Blood Donation Campaign' to help out in July and August when there is a lack of blood donations, marking the 10th anniversary of the event in 2015. During the campaign period, employees voluntarily hold blood donation relays at all branches, including the head office, Woori Finance Sangam Center and Woori W Tower. In particular, all of the employees who participated in the blood donation drive donated their blood donation gift certificates and medical expense payments to the children of low-income households suffering from rare diseases such as leukemia and childhood cancer.

Accumulation of the 'Woori Care Fund' and the 'Woori Children's Care Fund'

Woori Bank employees actively participate in promoting the culture of donation. They voluntarily donate part of their monthly salaries to the 'Woori Cares Fund' and the 'Woori Children's Care Fund'. By utilizing the 'Woori Care Fund', employees created the Together Woori Cares Support System, which explores and supports 60 outstanding social contribution programs annually. Our 'Woori Children's Care Fund' is made possible through social contribution activities for children, such as helping poorly-fed youth. Starting from October 2010, we launched 'Woori Cares e-Sharing' where customers can make donations when they make transfers through internet banking, in order to take the lead in promoting the culture of small donations.

Woori Bank will fulfill its social responsibility and role as a global financial company by engaging directly in various long-term activities for sharing and ensuring they are not a one-time event, thereby establishing a corporate culture of 'Sharing and Volunteering'.

Woori Smile Microcredit

Woori Bank provides microcredit to spearhead efforts to practice socially responsible banking by supporting financially struggling, socially vulnerable and neglected customers. In 2009, Woori Bank led in the contribution of KRW 10 billion per year, totaling KRW 50 billion over five years, together with WFH and its affiliates, to establish and operate the Woori Microcredit Foundation. The foundation appointed famous people from the religious, academic and social welfare circles as outside directors, ensuring the fairness of the project and the support of citizens. There are nine branches across the nation with 28 employees.



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Active Implementation of Socially Responsible Finance

Major Performance Achievements of the Microcredit Foundation

By extending support to the financially vulnerable, the socially neglected and those who lack financial access, we extended microcredit loans worth KRW 279 billion in 2015, leading the way in practicing socially responsible financing.

Microcredit services were developed 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. Through microcredit

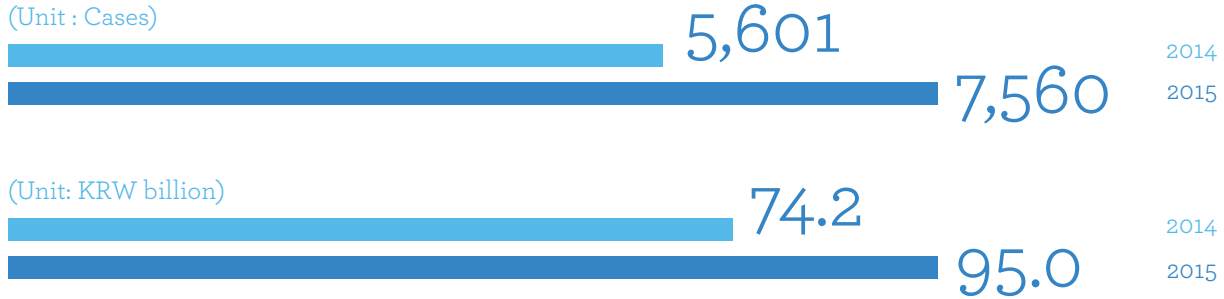
services, Woori Bank extended approximately KRW 95 billion of credit in 7,560 cases through 2015. In 2015, pursuing the business goal of 'microcredit leading to self-sufficiency', we achieved a tremendous increase in microcredit extensions, by approaching customers and developing customized products. Woori Bank extended approximately KRW 20.6 billion of new credit in 1,959 cases through 2015 (7,560 cases worth KRW 95 billion in total).

This is not merely a voluntary activity: support has been given so that recipients can become self-sufficient through consulting and microcredit events in the form of on-site visits that lend a helping hand and consulting services.

Microcredit that Helps Achieve Self-Sufficiency

By extending support to the financially vulnerable, the

Major Figures
for Woori Smile Microcredit



socially neglected and those who lack financial access, we extended microcredit loans worth KRW 279 billion in 2015, leading the way in practicing socially responsible financing. Microcredit services were developed 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. Through microcredit services, Woori Bank extended approximately KRW 95 billion of credit in 7,560 cases through 2015. In 2015, pursuing the business goal of ‘microcredit leading to self-sufficiency’, we achieved a tremendous increase in microcredit extensions, by approaching customers and developing customized products.

Woori Bank extended approximately KRW 20.6 billion of new credit in 1,959 cases through 2015 (7,560 cases worth KRW 95 billion in total).

This is not merely a voluntary activity: support has been given so that recipients can become self-sufficient through consulting and microcredit events in the form of on-site visits that lend a helping hand and consulting services.

**MICROCREDIT
FOUNDATION
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 six months) to purchase products, raw materials, etc.
- **Loan for Facility Improvement Funding:** A loan for individual entrepreneurs (who have already been in business for over six months) to improve their business facilities.
- **Sunshine Loans for University Students and Young People:** A loan for emergency funding for young people and university students who are under 29 years old (under 31 years of age for men who served in the military).

Microcredit that Helps Achieve Self-Sufficiency

By extending support to the financially vulnerable, we plan to expand support by exploring low-income industries with high levels of vulnerability and sign agreements with traditional market merchant councils and associations. Meanwhile, we will secure exclusive channels for better accessibility to microcredit. In addition, we will take the lead in promoting and sharing the real role and purpose of microcredit, together with society, and spread these roles and directions by exploring and facilitating best practices, to raise confidence among credit recipients.

Woori Bank will establish a foundation for the self-sufficiency of low-credit low-income customers through microcredit services, ensuring the stabilization of livelihoods and improving their welfare.

Ethical Management

In order to survive in an era of competition and achieve sustainable development, Woori Bank devised the 'Woori Code of Ethics' and the 'Code of Conduct' to provide standards for employee work performance, so that the importance of ethical management can be recognized together with corporate social responsibilities. Based on our trustworthy ethical finance principles implemented through the 'Woori Code of Ethics', we will contribute to social development by fulfilling our social responsibilities, taking into account all stakeholders, including customers, shareholders, employees, as well as the nation and society at large.



Woori Bank, Will BEE your lifetime partner!

Review of 2015

In 2015, Woori Bank strove to ensure that employees could recognize and practice the concept of ethical management. Every quarter we hold an event titled 'My Commitment to Compliance and Sound Business Practices' for all employees. Also, in order to bolster ethical and compliance awareness, we conduct self-monitoring activities related to ethics and compliance every month and upload training materials through the bank's internal network. Woori Bank continuously monitors violations of legal compliance standards by making compliance with ethical management standard our core value and to reflect this in branch performance evaluations. We aim to become an honest bank by holding an award ceremony for outstanding employees in ethical management and compliance monitoring to

raise awareness of ethical compliance and boost morale through incentives.

Strengthening Ethical Management Training

Woori Bank strengthens ethical training by including ethical and compliance training programs in major training courses for employees (including new employees, promoters, job training for existing employees, etc.), as well as regularly holding in-house training for compliance officers annually at the head office and at branches. In order to make sure employees voluntarily comply with laws and regulations, we hold 'Ethical and Compliance Self-monitoring' and 'Check & Clean Day' events every month to establish a consensus on ethical management. We also strive to improve ethical awareness and raise integrity awareness, by distributing training materials on 'On-Site Ethical Management

Compliance' to all branches and publishing 'Learning Ethical Management Compliance with Case Studies' every quarter.

Supporting Branches

First, in order to provide legal advice that might be needed urgently at branches, we have a system of providing prompt legal services. Also, we upload standard legal advice (standard contracts) daily through our legal portal system to help save time at branches. Second, we have strengthened the prior review of terms and conditions as well as new products with the aim of protecting the rights of financial consumers, while continuously conducting training for all employees by reviewing processes and compliance procedures in addition to boosting product transparency.

Diverse Ethical Management Programs

In order to become a clean bank, Woori Bank is implementing diverse ethical management programs that include: prohibiting stakeholders from benefiting from conflicts of interest; establishing a system that reports on benefits and gifts provided for business promotion; facilitating a whistle-blowing system that allows you to report on unfair actions by employees and irregularities; promoting a clean contract system that encourages transparent contracts with companies taking part in contracts and purchases; and establishing a system for reporting on marketable securities accounts and transactional information to ensure legal compliance with marketable securities trading laws, including prohibitions on insider trading.



Plans for 2016

In 2016, we will translate our new Code of Ethics and Code of Conduct into local languages, so that they can be provided to overseas branches and foreign corporations to enhance local employee understanding of ethical compliance. In order to strengthen the mindset of bank employees towards ethical management, we will conduct online and offline training programs, while also producing videos on basic legal knowledge based on examples from branches. We will strive to become a leading bank in compliance by preventing financial fraud and incidents with proactive internal control by establishing a regular monitoring system and reinforcing branch audits.

5

Financial Review

Management's Discussion and Analysis __ 085

Independent Auditor Report __ 096

Financial Statements __ 098

Organizational Chart __ 192

Global Network __ 194

Management's Discussion and Analysis

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

Summary of Management Performance

Despite the rapidly changing financial environment, 2015 was a busy year for Woori Bank with stronger inter-bank competition and continued progression towards the goal of privatization. In the first half of the year, we successfully launched the 1st mobile bank 'WiBee Bank' in Korea in accordance with the growing market of FinTech, resulting in a new sensation in the mid-level interest rate loan market. In November, Woori Bank took the lead in innovating the FinTech sector by establishing the Woori Bank-led consortium for Internet-primary banks and gaining preliminary approval. Furthermore, the values of Woori Bank were enhanced and the foundations for privatization were laid internally and externally. The Public Funds Oversight Committee announced the direction for implementation of Woori Bank's privatization on 21 July 2015.

Woori Bank's total assets (consolidated basis) in 2015 including affiliates reached KRW 318 trillion, an increase of approximately KRW 26 trillion compared with the previous year. Due to the decrease in credit loss as a result of continuous efforts made to maintain asset quality, Woori Bank's net income increased to KRW 1.059 trillion as its operating profits increased (attributable to controlling interests). This was a noticeable achievement when compared to the net income from continuing operations of 2014 at KRW 435.2 billion (excluding KRW 778.7 billion of net income from discontinued operations due to privatization), showing net interest income and non-interest income both exceeding expectations with strong sales even though there was a huge minus factor in interest income due to the benchmark interest rate being lowered four times over the previous 2 years. Moreover, the ROA and ROE increased to 0.37% and 5.69%, respectively, and the delinquency ratio and the NPL ratio greatly improved compared with the previous year, recording 0.82% and 1.47% (NPL 1.24% excludes the top four shipbuilders), respectively. As a result, Woori Bank can maintain the same level of asset quality with competitors, which has been a sticking point in enhancing corporate value for several years. Woori Bank hopes to improve yet further on this result and will continue to make efforts to improve asset quality in 2016.

Woori Bank's total assets (separate basis) reached KRW 276.5 trillion, an increase of approximately KRW 20 trillion, recording a noticeable achievement, while the number of new customers increased by more than 1 million, the largest increase amongst all Korean commercial banks. Furthermore, outstanding achievements made domestically and internationally reaffirmed a positive future for Woori Bank, including its having served as the treasury bank for the Seoul Metropolitan Government for more than 100 years, the huge popularity of WiBee Talk, and receiving preliminary approval for K-Bank. In global business, Woori Bank was the first Korean bank to acquire a local bank in Indonesia, Saudara Bank, and successfully launch 'Woori Saudara Bank'. As of the end of 2015, Woori Bank's 205 overseas networks in 23 countries (including global desks and RMs) stood as the largest overseas network among Korean commercial banks. This will continue to strengthen Woori Bank's global presence and contribute towards achieving its ultimate goal in becoming one of 'Asia's Top 10, Global Top 50 Bank' by 2020. Woori Bank plans to secure 300 global networks by the end of 2016 to create diverse sources of income and become a leading global bank.

Woori Bank's operating profits (separate basis) reached KRW 1.09 trillion, an increase of approximately KRW 220 billion compared with the previous year. Moreover, the net income reached KRW 934.6 billion due to the huge decrease in credit loss as a result of continuous efforts made to improve asset quality. However, a prolonged low interest rate environment and low growth in the global economy inevitably caused the Net Interest Margin (NIM) to decline continuously. This resulted in insufficient maximization of earnings compared to our quantitative growth.

Management's Discussion and Analysis

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

The financial forecast for 2016 is not bright. It is expected that the benchmark interest rate will continue to fall due to the prolonged low interest rate environment, and preparations should be made for uncertainties arising from the government's major economic and financial policies on exchange rates and oil prices. Other problems include the government's continuous efforts to restructure conglomerates, delayed normalization of ailing companies due to the global economic recession, and the burden on financial soundness because of increasing household debts. Moreover, due to the emergence of FinTech referring to the convergence of finance and technology, it has become necessary to prepare for a paradigm shift in the FinTech sector.

In order to make 2016 the first year of successful privatization, Woori Bank has decided on 'Becoming a Strong Bank' as its management goal, and will work towards strengthening internal growth to increase profits through five management strategies.

Firstly, Woori Bank will achieve No.1 status with increased results to acquire market dominance in all areas. In particular, Woori Bank will further increase non-interest income by focusing more on the asset management and retirement markets, with the ISA being introduced for the first time.

Secondly, Woori Bank will become a 'Clean Bank' that achieves qualitative asset growth without bad loans in 2016. A medium to long-term action plan will be implemented to improve capital adequacy which had widened the gap with other banks due to excessive credit losses in the past.

Thirdly, Woori Bank will add online marketplace and community functions to WiBee Bank and WiBee Talk platforms so that they can be expanded into a lifestyle product amongst customers and companies and be actively used in marketing activities. In 2016, Woori Bank will take the lead in innovating markets for FinTech and seek new business opportunities linked with the banking sector.

Fourthly, in order to overcome the limitations resulting from saturated domestic markets, Woori Bank will expand to 300 overseas networks mainly in Southeast Asia, as well as introduce WiBee Bank and card businesses based on the accumulated knowledge from the domestic market, thereby diversifying sources of income through retail sales in overseas markets.

Fifthly, in order to enhance the organization's productivity, Woori Bank will optimize branches and improve the operational efficiency of its workforce, ensuring that all employees can work to the utmost of their abilities.

By implementing these five management strategies, Woori Bank will strive to achieve further growth and become a bank that places customer and shareholder happiness and satisfaction as our top priority.

Management's Discussion and Analysis

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

Financial Position (Consolidated Financial Statements)

Woori Bank and subsidiary companies

(Unit: KRW 1 million, %)

Classification	2015 (182nd term)	2014 (181st term)	Change	Change rate
ASSETS				
Cash and cash equivalents	6,644,055	5,962,861	681,194	11.42
Financial assets at fair value through profit or loss	5,132,657	4,554,180	578,477	12.70
Available-for-sale financial assets	17,170,592	18,810,845	(1,640,253)	(8.72)
Held-to-maturity financial assets	13,621,640	13,044,448	577,192	4.42
Loans and receivables	244,842,062	223,370,135	21,471,927	9.61
Investments in joint ventures and associates	643,861	648,436	(4,575)	(0.71)
Investment properties	351,496	357,550	(6,054)	(1.69)
Premises and equipment	2,471,206	2,501,102	(29,896)	(1.20)
Intangible assets and goodwill	419,806	295,728	124,078	41.96
Assets held for sale	17,904	8,013	9,891	123.44
Current tax assets	6,782	4,845	1,937	39.98
Deferred tax assets	210,597	257,858	(47,261)	(18.33)
Derivative assets	183,128	196,061	(12,933)	(6.60)
Other assets	143,286	145,157	(1,871)	(1.29)
Total assets	291,859,072	270,157,219	21,701,853	8.03
LIABILITIES				
Financial liabilities at fair value through profit or loss	3,460,561	2,675,354	785,207	29.35
Deposits due to customers	209,141,826	188,516,465	20,625,361	10.94
Borrowings	20,033,917	17,707,595	2,326,322	13.14
Debentures	21,898,859	24,795,904	(2,897,045)	(11.68)
Provisions	516,601	692,009	(175,408)	(25.35)
Net defined benefit liability	99,691	75,591	24,100	31.88
Current tax liabilities	108,943	298,762	(189,819)	(63.54)
Deferred tax liabilities	19,379	21,757	(2,378)	(10.93)
Other financial liabilities	16,964,206	16,889,687	74,519	0.44
Other liabilities	305,174	390,670	(85,496)	(21.88)
Total liabilities	272,549,157	252,063,794	20,485,363	8.13
EQUITY				
Owners' equity	19,188,472	17,983,501	1,204,971	6.70
Capital stock	3,381,392	3,381,392	0	0
Hybrid securities	3,334,002	2,538,823	795,179	31.32
Capital surplus	294,259	291,066	3,193	1.10
Other equity	(1,547,303)	(2,393,138)	845,835	(35.34)
Retained earnings	13,726,122	14,165,358	(439,236)	(3.10)
Non-controlling interests	121,443	109,924	11,519	10.48
Total equity	19,309,915	18,093,425	1,216,490	6.72
Total liabilities and equity	291,859,072	270,157,219	21,701,853	8.03

Management's Discussion and Analysis

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

As of the end of 2015, Woori Bank's total assets and total liabilities (consolidated financial statements) including subsidiary companies increased to KRW 292 trillion and KRW 272 trillion, respectively, each up showing an increase of KRW 21.7 trillion and KRW 20.5 trillion when compared with the previous year. This was mainly due to the sound loan growth and the increase of deposit liabilities.

As of the end of 2015, Woori Bank's total assets (separate financial statements) increased from KRW 256 trillion to KRW 276.5 trillion, up KRW 20 trillion from the previous year. This was mainly due to the increase of loans in Won, with a huge growth of approximately KRW 13 trillion (16.2%) in household loans due to lowered interest rates and the government's deregulation efforts.

Total loans recorded KRW 257.7 trillion, an increase of KRW 19 trillion year on year. As a result of actively attracting deposits, the deposit liabilities increased by KRW 19 trillion, while other financial liabilities, including issued debentures, have all slightly decreased.

Total equity increased by approximately KRW 1 trillion year on year due to factors like the increase of net income and the issuance of hybrid securities.

As of December 2015, the loan-to-deposits ratio (LTD ratio) was 98.8% according to the revised formula for the banking sector, and thus maintaining the LTD ratio of less than 100% and complying with the LTD ratio regulation.

Income Statement (Consolidated Financial Statements)

Woori Bank and subsidiary companies

(Unit: KRW 1 million, %)

Classification	2015 (182nd term)	2014 (181st term)	Change	Change rate
Operating income	1,351,586	897,708	453,878	50.56
Net interest income	4,761,900	4,493,018	268,882	5.98
Net fees and commissions income	976,796	917,015	59,781	6.52
Dividend income	102,923	96,812	6,111	6.31
Net gain on financial instruments at fair value through profit or loss	240,342	189,912	50,430	26.55
Net loss on available-for-sale financial assets	(3,281)	(68,924)	65,643	95.24
Impairment losses on credit loss	(966,646)	(1,096,940)	130,294	(11.88)
General and administrative expenses	(3,150,387)	(2,958,919)	191,468	6.47
Net other operating expenses	(610,061)	(674,266)	64,205	9.52
Non-operating income (loss)	100,360	(63,313)	163,673	Turn into profit
Net income before income tax expense	1,451,946	834,395	617,551	74.01
Income tax expense	376,554	288,195	88,359	30.66
Net income from continuing operations	1,075,392	546,200	529,192	96.89
Net income from discontinued operations	-	661,769	-	-

(Continued)

Management's Discussion and Analysis

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

Woori Bank and subsidiary companies

(Unit: KRW 1 million, %)

Classification	2015 (182nd term)	2014 (181st term)	Change	Change rate
Net income	1,075,392	1,207,969	(132,577)	(10.98)
Net income attributable to owners	1,059,157	1,213,980	(154,823)	(12.75)
Income from continuing operations	1,059,157	435,289	623,868	143.32
Income from discontinued operations	-	778,691	-	-
Net income (loss) attributable to non-controlling interests	16,235	(6,011)	22,246	Turn into profit
Income from continuing operations	16,235	110,911	(94,676)	(85.36)
Income from discontinued operations	-	(116,922)	-	-
Other comprehensive income (loss), net of tax	31,162	(107,597)	138,759	Turn into profit
Items that will not be reclassified to profit or loss	(78,267)	(51,650)	(26,617)	(51.53)
Items that may be reclassified to profit or loss	109,429	(55,947)	165,376	Turn into profit
Total comprehensive income	1,106,554	1,100,372	6,182	0.56
Comprehensive income attributable to owners	1,094,870	1,192,191	(97,321)	(8.16)
Comprehensive income (loss) attributable to non-controlling interests	11,684	(91,819)	103,503	Turn into profit
Earnings per share				
Continuing and discontinued operations				
Basic and diluted earnings per share (In Korean Won)	1,301	1,621	(320)	(19.74)
Continuing operations				
Basic and diluted earnings per share (In Korean Won)	1,301	536	765	142.72

In 2015, Woori Bank's net income (based on the net income from continuing operations attributable to owners) including subsidiary companies reached KRW 1.059 trillion, an increase of 143.3% from the previous year.

This was a noticeable achievement when compared to the net income from continuing operations of 2014 at KRW 435.2 billion (excluding KRW 778.7 billion of net income from discontinued operations due to privatization), showing net interest income and non-interest income both exceeding expectations with strong sales even though interest income inevitably decreased due to the benchmark interest rate being lowered four times in the previous 2 years. The net income and the non-interest income (fees and commission income, dividend income, gain on disposition of marketable securities and other operating profits) increased by KRW 268.9 billion and KRW 246 billion, respectively, from the previous year.

Furthermore, the credit loss (impairment loss on credit loss) decreased by KRW 130.3 billion (11.8%) from the previous year due to continuous risk management efforts and implementing policies to improve asset quality.

According to each subsidiary, Woori Bank recorded KRW 934.6 billion in net income for separate financial statements (an increase of approximately KRW 290 billion from the previous year), while Woori Card and Woori Investment Bank recorded KRW 116.9 billion and KRW 10.8 billion, respectively.

Management's Discussion and Analysis

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

Profitability

Woori Bank and subsidiary companies

(Unit: %)

Classification	2015 (182nd term)	2014 (181st term)	2013 (180th term)
Return on Assets (ROA)	0.37	0.21 ¹⁾	0.14 ¹⁾
Return on Equity (ROE)	5.69	3.55 ¹⁾	2.56 ¹⁾
Deposit-loan interest spread in Won	1.73	1.96	2.24
Net Interest Margin (NIM)	1.41	1.56	1.82

1) Excluding one-off factors related to sale and the spin-off of subsidiaries (ROA and ROE recorded 0.41% and 7.06%, respectively, including one-off factors related to sale and the spin-off of subsidiaries for the 181st term).

2) Deposit-loan interest spread in Won and the NIM are based on K-IFRS financial statements.

3) Deposit-loan interest spread in Won is the amount calculated by the revised formula.

4) The ROA and the ROE for the 180th term has been drawn up corresponding to the consolidated financial statement (reflecting the accounting effects resulting from the merger between Woori Bank and Woori Finance Holdings that occurred in the 181st term).

The nominal net interest margin recorded a quarter-on-quarter decrease of 1.41% due to the effects of lowering interest rates twice. Nevertheless, the ROA and the ROE continuously improved due to Woori Card's expansion of market share and Woori Bank's continuous efforts to improve profitability and soundness.

In 2016, Woori Bank will minimize the decrease of NIM by reducing funding cost originated by increasing low cost deposits, and improve operational structure by seeking appropriate margins with all-in margin strategies, thereby will achieve further growth and actively manage profitability.

Management's Discussion and Analysis

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

Liquidity Ratio

(Unit: %)

Classification		2015	2014	2013
		(182nd term)	(181st term)	(180th term)
Liquidity Coverage Ratio (LCR) ¹⁾		106.67	123.10	120.75
Liquidity Ratio in foreign currency	Before applying liquidity weight	130.30	130.29	133.55
	After applying liquidity weight	120.71	121.29	125.86

1) In 182nd term, Liquidity Coverage Ratio(LCR) was implemented due to the revision and In 181st term and In 180th term, liquidity ratio in Won was implemented.

* LCR (consolidated financial statements, including foreign currency) = Highly liquid assets / Net cash outflows
(More than 80% of supervision requirements, an increase of 5% every year, more than 100% will be implemented by 2019)

** Liquidity ratio in Won (separate financial statements) = (maturity of one month or less) assets/ liabilities (more than 100% of supervision requirements)

Asset Quality

(Unit: KRW 1 million, %)

Classification	2015(182nd term)		2014(181st term)		2013(180th term)	
	Indicators	change	Indicators	change	Indicators	change
Non-Performing Loan	31,009	-9,207	40,216	-13,376	53,592	24,947
Non-Performing Loan Ratio ²⁾	1.47	-0.63	2.10	-0.89	2.99	1.33
Coverage ratio ³⁾	121.53	24.37	97.16	14.89	82.27	-64.65
Delinquency Ratio ⁴⁾	0.82	-0.06	0.88	-0.26	1.14	-0.06

1) The details of percentage change indicate amount or ratio increased/decreased.

2) The NPL ratio excluding the top four shipbuilders in 2015, 2014 and 2013 are 1.24%, 1.62% and 2.31%, respectively.

3) Coverage ratio = (Total allowance and additional capital reserve for loan losses based on the calculation of non-performing loan / Non-Performing Loan (NPL) X 100

4) Delinquency ratio before seasonal adjustment

As a result of implementing management strategies that placed the priority on improving asset quality during the past year, Non-Performing Loan (NPL) ratio recorded 1.24%, a year-on-year decrease of 0.38% as of the end of 2015 when excluding the NPL of the top four shipbuilders.

The delinquency ratio recorded 0.82%, showing an improvement of 0.06% from the previous year. The coverage ratio also greatly increased from 97.16% to 121.53% from the previous year as a result of accumulating loan loss provision for economically sensitive sectors and prepare for economic uncertainties in the future, including shipbuilding, shipping etc.

In 2016, Woori Bank will continuously improve asset quality through various efforts, including the prevention of NPL, the decrease of substandard or below loans through preemptive management and the management of appropriate loan loss provisioning.

Management's Discussion and Analysis

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

Capital Adequacy

(Unit: KRW 100 million, %)

	2015 (182nd term)	2014 (181st term)	2013 (180th term)
BIS equity capital	210,514	208,577	261,388
Risk weighted assets (RWA)	1,540,709	1,463,230	2,009,778
BIS ratio	13.66	14.25	13.01

1) Based on Korean International Financial Reporting Standards (K-IFRS) consolidated financial statements.

2) Calculated based on BASEL III starting with the 180th term report.

3) The amounts for the 180th term were drawn up corresponding to the auditing of consolidated financial statements (reflecting the accounting effects resulting from the merger between Woori Bank and Woori Finance Holdings that occurred in the 181st term).

- The amounts publicly announced for the 180th term (based on consolidated financial statements before reflecting accounting effects resulting from the merger between Woori Bank and Woori Finance Holdings) including KRW 20,382,942 million for the BIS equity capital, KRW 131,313,279 million for the risk weighted assets, and 15.52% for the BIS ratio.

In 2015, the BIS capital adequacy increased slightly from the previous year as a result of Woori Bank issuing Basel III compliant KRW 240 billion and US\$ 500 million of contingent capital securities, and the increase of net income. However, the BIS ratio dropped slightly with an increase of 5.3% of risk-weighted assets. Overall, in 2015 we have sufficiently exceeded the minimum requirement level(8%) of Basel III, and we will implement mid to long term plans to reduce the risk weighted assets through systematic management, implement adequate asset growth and increase the ratio of high-quality assets. Also, Woori Bank will effectively manage capital adequacy by issuing hybrid securities and maintain stable net income & dividend payout ratio, while complying sufficiently with the BIS ratio.

Management's Discussion and Analysis

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

Sources of Fund

Bank account

(Base date: December 31, 2015, Unit: KRW 1 million, %)

Classification	2015(182nd term)			2014(181st term)			2013(180th term)			
	Average balance	Interest rate	Portion	Average balance	Interest rate	Portion	Average balance	Interest rate	Portion	
Funds in Won	Deposits in Won	169,919,620	1.70	64.76	157,994,039	2.22	66.89	146,162,283	2.51	65.13
	Certificate of Deposit	1,879,832	1.92	0.72	1,983,619	2.71	0.84	2,316,413	2.80	1.03
	Borrowings in Won	6,689,135	1.77	2.55	5,675,238	2.31	2.40	4,696,737	2.28	2.09
	Call Money in Won	1,370,253	1.62	0.52	984,378	2.28	0.42	1,207,035	2.56	0.54
	Others	18,944,493	2.95	7.22	15,925,666	3.69	6.74	15,394,073	4.20	6.86
	Subtotal	198,803,334	1.82	75.77	182,562,940	2.36	77.29	169,776,541	2.66	75.65
Funds in foreign currency	Deposits in foreign currency	11,568,322	0.44	4.41	7,973,812	0.44	3.38	7,280,806	0.49	3.24
	Foreign currency borrowings	9,245,073	0.53	3.52	6,357,072	0.50	2.69	7,477,963	0.66	3.33
	Foreign call money	1,199,484	0.53	0.46	1,242,371	0.54	0.53	449,726	0.77	0.20
	Finance debentures issued in foreign currency	4,851,289	2.72	1.85	5,559,305	3.51	2.35	5,252,757	4.01	2.34
	Others	650,409	0.66	0.25	918,010	1.03	0.39	1,231,130	1.47	0.55
	Subtotal	27,514,577	0.88	10.49	22,050,569	1.26	9.34	21,692,382	1.46	9.67
Others	Total equity	18,501,137	-	7.05	18,225,902	-	7.72	18,391,558	-	8.20
	Allowance for Doubtful Accounts	640,666	-	0.24	594,945	-	0.25	654,036	-	0.29
	Others	16,907,843	-	6.44	12,779,094	-	5.41	13,908,781	-	6.20
	Subtotal	36,049,647	-	13.74	31,599,941	-	13.38	32,954,375	-	14.68
Total		262,367,557	1.47	100.00	236,213,449	1.94	100.00	224,423,298	2.15	100.00

1) Deposits in Won = Deposits in Won - Deposit checks & bills in process of collection - Reserve deposits with BOK - Inter-bank adjustment funds (Call loans)

* Deposit checks & bills in process of collection = Total checks and bills in process of collection - Checks & bills on clearing for overdrafts - Inter-bank adjustment funds (Call money)

* Interests for calculating interest rates are the sum of interests on deposits and installment deposits and deposit insurance premiums.

2) Deposits in foreign currency = Deposits in foreign currency + Off-shore deposits in foreign currency

3) Foreign currency borrowings = Foreign currency borrowings + Due to BOK in foreign currency + Off-shore borrowings in foreign currency

4) Finance debentures issued in foreign currency = Finance debentures issued in foreign currency + Off-shore finance debentures issued in foreign currency

5) Based on Korean International Financial Reporting Standards (K-IFRS) financial statements.

6) Excluding merchant banking accounts.

Management's Discussion and Analysis

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

Overall, the funds in Won increased by KRW 16.3 trillion, and the deposits in Won, which is the major funding category of funds in Won, increased by KRW 12 trillion. The borrowings in Won and the call money in Won also increased slightly from the previous year.

Overall, the funds in foreign currency increased by KRW 5.5 trillion, contributing to the increase of approximately KRW 2.9 trillion and KRW 3.6 trillion, for borrowings in foreign currency and deposits in foreign currency respectively, from the previous year due to the increase of exchange rates.

Funding rates continued to fall due to the stability of financial market and the decrease of the benchmark interest rate by BOK. Profitability therefore will be achieved by acquiring low cost deposits and repaying or refunding borrowings and debentures with high funding costs.

Applications of Fund

Bank account

(Base date: December 31, 2015, Unit: KRW 1 million, %)

Classification	2015(182nd term)			2014(181st term)			2013(180th term)			
	Average balance	Interest rate	Portion	Average balance	Interest rate	Portion	Average balance	Interest rate	Portion	
Funds in Won	Deposits in Won	2,580,842	1.72	0.98	2,670,185	2.37	1.13	2,913,038	2.59	1.30
	Marketable securities in Won	32,994,958	2.79	12.58	31,496,840	3.40	13.33	30,285,861	3.17	13.50
	Loans in Won	176,631,188	3.42	67.32	161,296,709	4.18	68.28	149,019,789	4.62	66.40
	Advance Payments on Acceptances and Guarantees	64,533	1.89	0.02	69,099	4.27	0.03	140,958	3.06	0.06
	Call Loans in Won	2,083,053	1.64	0.79	2,186,891	2.32	0.93	2,037,985	2.62	0.91
	Privately Placed Bonds	280,702	5.98	0.11	470,988	4.12	0.20	595,478	8	0.26
	Credit Card Receivables	-	-	0.00	6	-	0.00	1,024,468	21.67	0.46
	Credit Card Receivables	4,313,781	2.61	1.64	3,967,556	3.50	1.68	3,992,330	3.86	1.78
	Allowance for Doubtful Accounts in Won	-2,482,955	-	-0.95	-3,073,009	-	-1.30	-3,202,673	-	-1.43
	Subtotal	216,466,103	3.31	82.50	199,085,264	4.06	84.28	186,807,234	4.5	83.24
Funds in foreign currency	Deposits in foreign currency	2,872,735	0.28	1.09	2,044,084	0.47	0.87	1,452,047	0.33	0.65
	Interest on securities in foreign currency	1,375,146	1.51	0.52	1,073,932	0.85	0.45	972,378	2.85	0.43
	Loans in foreign currency	14,206,736	1.65	5.41	12,364,024	1.71	5.23	12,393,208	2.13	5.52
	Call Loans in foreign currency	2,040,819	0.59	0.78	1,347,232	0.94	0.57	1,688,820	0.76	0.75
	Bills Bought in Foreign Currency	6,899,811	1.38	2.63	5,425,038	1.40	2.30	5,054,080	1.66	2.25
	Others	17,047	6.96	0.01	19,509	6.36	0.01	39,732	7.55	0.02
	Allowance for Doubtful Accounts in Foreign Currency	-191,224	-	-0.07	-239,896	-	-0.10	-300,758	-	-0.13
Subtotal	27,221,069	1.37	10.38	22,033,923	1.46	9.33	21,299,507	1.86	9.49	
Others	Cash	1,116,715	-	0.43	1,076,521	-	0.46	993,256	-	0.44
	Property, plant and equipment for business	2,328,130	-	0.89	2,358,135	-	1.00	2,367,010	-	1.06
	Others	15,235,540	-	5.81	11,659,606	-	4.94	12,956,291	-	5.77
	Subtotal	18,680,385	-	7.12	15,094,262	-	6.39	16,316,557	-	7.27
Total	262,367,557	2.87	100.00	236,213,449	3.56	100.00	224,423,298	3.92	100.00	

Management's Discussion and Analysis

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

- 1) Deposits in Won = Deposits in Won - Reserve deposits with BOK
- 2) Marketable securities in Won = Marketable securities in Won + Loaned securities in Won
 - * Interests for calculating interest rates = Securities interests (including dividend received) + Evaluation profit (net) + Gain on redemption of securities (net) + Excluding the portion of gain from stock transactions (net) out of gains on sales of securities
- 3) Loans in Won = Loans in Won + Checks & bills on clearing for overdrafts
 - * Interests for calculating interest rates = Interest on loans in Won - Contribution to the Korea Credit Guarantee Fund
- 4) Deposits in foreign currency = Deposits in foreign currency + off-shore deposits in foreign currency
- 5) Interest on securities in foreign currency = Interest on securities in foreign currency + Loaned securities in foreign currency
 - * Interests for calculating interest rates = Securities interests (including dividend received) + Evaluation profit (net) + Gain on redemption of securities (net) + Excluding the portion of gain from stock transactions (net) out of gains on sales of securities
- 6) Loans in foreign currency = Loans in foreign currency + Off-shore loans in foreign currency + Inter-bank loans in foreign currency + Loans from foreign borrowings + Domestic import usance bill
- 7) Cash = Cash - Total checks & bills in process of collection
- 8) Property, plant and equipment for business = Property, plant and equipment for business - Accumulated depreciation
- 9) Based on Korean International Financial Reporting Standards (K-IFRS) financial statements.
- 10) Excluding merchant banking accounts.

Woori Bank's loans in Won increased by approximately KRW 15.3 trillion from the previous year, which resulted from the sudden increase of the fixed-rate household loans for housing and the expansion of new loans targeting high-performing SMEs encouraged by the government's deregulation and the decrease of interest rates.

Overall, the funds in foreign currency increased by approximately KRW 5.2 trillion (loans in foreign currency KRW 1.9 trillion, the bills bought in foreign currency KRW 1.4 trillion, and the deposits in foreign currency KRW 800 billion).

The interest rates of loans in Won that account for the largest portion of management items decreased by 0.44%p from the previous year, and the interest rates of overall operating funds decreased by 0.36%p from the previous year.

Independent Auditor Report

To the Shareholders and the Board of Directors of Woori Bank:

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Woori Bank and its subsidiaries (the “Group”), which comprise the consolidated statements of financial position as of December 31, 2015 and December 31, 2014, respectively, and the consolidated statements of comprehensive income, consolidated statements of changes in shareholders’ equity and consolidated statements of cash flows, for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management’s Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Korean International Financial Reporting Standards (“K-IFRS”) and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors’ Responsibility

Our responsibility is to express an audit opinion on these financial statements based on our audits. We conducted our audits in accordance with Korean Standards on Auditing (“KSAs”). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors’ judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

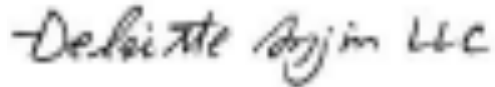
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Member of Deloitte Touche Tohmatsu Limited

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as of December 31, 2015 and December 31, 2014, respectively, and its financial performance and its cash flows for the years then ended in accordance with K-IFRS.



March 4, 2016

Notice to Readers

This report is effective as of March 4, 2016, the auditors' report date. Certain subsequent events or circumstances may have occurred between the auditors' report date and the time the auditors' report is read. Such events or circumstances could significantly affect the consolidated financial statements and may result in modifications to the auditors' report.

Woori Bank and Subsidiaries Consolidated Statements of Financial Position

AS OF DECEMBER 31, 2015 AND 2014

	December 31, 2015	December 31, 2014
	(Korean Won in millions)	
ASSETS		
Cash and cash equivalents (Note 6)	6,644,055	5,962,861
Financial assets at fair value through profit or loss (Notes 4,7,11,12,18 and 26)	5,132,657	4,554,180
Available-for-sale financial assets (Notes 4,8,11,12 and 18)	17,170,592	18,810,845
Held-to-maturity financial assets (Notes 4,9,11,12 and 18)	13,621,640	13,044,448
Loans and receivables (Notes 4,10,11, 12,18 and 45)	244,842,062	223,370,135
Investments in joint ventures and associates (Note 13)	643,861	648,436
Investment properties (Note 14)	351,496	357,550
Premises and equipment (Notes 15 and 18)	2,471,206	2,501,102
Intangible assets and goodwill (Note 16)	419,806	295,728
Assets held for sale (Note 17)	17,904	8,013
Current tax assets (Note 42)	6,782	4,845
Deferred tax assets (Note 42)	210,597	257,858
Derivative assets (Notes 11,12 and 26)	183,128	196,061
Other assets (Notes 19 and 45)	143,286	145,157
Total assets	291,859,072	270,157,219
LIABILITIES		
Financial liabilities at fair value through profit or loss (Notes 4,11,12,20 and 26)	3,460,561	2,675,354
Deposits due to customers (Notes 4,11,21 and 45)	209,141,826	188,516,465
Borrowings (Notes 4,11,12 and 22)	20,033,917	17,707,595
Debentures (Notes 4,11 and 22)	21,898,859	24,795,904
Provisions (Notes 23, 44 and 45)	516,601	692,009
Net defined benefit liability (Note 24)	99,691	75,591
Current tax liabilities (Note 42)	108,943	298,762
Deferred tax liabilities (Note 42)	19,379	21,757
Other financial liabilities (Notes 4,11,12, 25 and 45)	16,964,206	16,889,687
Other liabilities (Notes 25 and 45)	305,174	390,670
Total liabilities	272,549,157	252,063,794

(Continued)

	December 31, 2015	December 31, 2014
	(Korean Won in millions)	
EQUITY		
Owners' equity:	19,188,472	17,983,501
Capital stock (Note 28)	3,381,392	3,381,392
Hybrid securities (Note 29)	3,334,002	2,538,823
Capital surplus (Note 28)	294,259	291,066
Other equity (Note 30)	(1,547,303)	(2,393,138)
Retained earnings (Notes 31 and 32)		
(Regulatory reserve for credit loss as of December 31, 2015 and 2014 is 1,756,142 million Won and 1,800,387 million Won, respectively)		
(Regulatory reserve for credit loss to be reserved (reversed) as of December 31, 2015 and 2014 is 499,110 million Won and (-)44,245 million Won, respectively)		
(Planned provision (reversal) of regulatory reserve for credit loss as of December 31, 2015 and 2014 is 499,110 million Won and (-) 44,245 million Won, respectively)	13,726,122	14,165,358
Non-controlling interests	121,443	109,924
Total equity	<u>19,309,915</u>	<u>18,093,425</u>
Total liabilities and equity	<u>291,859,072</u>	<u>270,157,219</u>

See accompanying notes to consolidated financial statements.

Woori Bank and Subsidiaries

Consolidated Statements of Comprehensive Income

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
	(Korean Won in millions, except for per share data)	
Interest income	8,698,235	9,211,240
Interest expense	(3,936,335)	(4,718,222)
Net interest income (Notes 34 and 45)	4,761,900	4,493,018
Fees and commissions income	1,757,340	1,598,015
Fees and commissions expense	(780,544)	(681,000)
Net fees and commissions income (Notes 35 and 45)	976,796	917,015
Dividend income (Note 36)	102,923	96,812
Net gain on financial instruments at fair value through profit or loss (Note 37)	240,342	189,912
Net loss on available-for-sale financial assets (Note 38)	(3,281)	(68,924)
Impairment losses on credit loss (Notes 39 and 45)	(966,646)	(1,096,940)
General and administrative expenses (Notes 40 and 45)	(3,150,387)	(2,958,919)
Net other operating expenses (Notes 40 and 45)	(610,061)	(674,266)
Operating income	1,351,586	897,708
Share of losses of joint ventures and associates (Note 13)	(70,124)	(67,980)
Net other non-operating income	170,484	4,667
Non-operating income (loss) (Note 41)	100,360	(63,313)
Net income before income tax expense	1,451,946	834,395
Income tax expense (Note 42)	(376,554)	(288,195)
Net income from continuing operations	1,075,392	546,200
Net income from discontinued operations (Notes 47 and 48)	-	661,769
Net income	1,075,392	1,207,969
(Net income after the provision of regulatory reserve for credit loss for the years ended December 31, 2015 and 2014 are 576,282 million Won and 1,252,214 million Won, respectively) (Note 32)	1,075,392	1,207,969
Remeasurement of the net defined benefit liability	(78,267)	(51,650)
Items that will not be reclassified to profit or loss	(78,267)	(51,650)
Gain (loss) on available-for-sale financial assets	72,297	(75,586)
Share of other comprehensive gain (loss) of joint ventures and associates	3,295	(1,604)
Gain on foreign currency translation of foreign operations	33,837	48,393
Loss on valuation of cash flow hedge	-	(27,150)
Items that may be reclassified to profit or loss	109,429	(55,947)
Other comprehensive income (loss), net of tax	31,162	(107,597)
Total comprehensive income	1,106,554	1,100,372
Net income attributable to:		
Net income attributable to owners	1,059,157	1,213,980
Income from continuing operations	1,059,157	435,289
Income from discontinued operations	-	778,691
Net income (loss) attributable to non-controlling interests	16,235	(6,011)
Income from continuing operations	16,235	110,911
Income (loss) from discontinued operations	-	(116,922)
Total comprehensive income attributable to:		
Comprehensive income attributable to owners	1,094,870	1,192,191
Comprehensive income (loss) attributable to non-controlling interests	11,684	(91,819)
Basic and diluted earnings from continuing and discontinued operations per share (In Korean Won) (Note 43)	1,301	1,621
Basic and diluted earnings from continuing operations per share (In Korean Won) (Note 43)	1,301	536

See accompanying notes to consolidated financial statements.

Woori Bank and Subsidiaries

Consolidated Statements of Changes in Equity

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	Capital stock	Hybrid securities	Capital surplus	Other equity	Retained earnings	Controlling interests	Non-controlling interests	Total equity
	(Korean Won in millions)							
January 1, 2014	4,030,077	498,407	176,502	29,957	13,112,690	17,847,633	5,029,136	22,876,769
Net income (loss)	-	-	-	-	1,213,980	1,213,980	(6,011)	1,207,969
Dividends	-	-	-	-	-	-	(8,042)	(8,042)
Changes due to distribution to owners	(648,685)	-	(68,106)	(2,238,228)	(110,405)	(3,065,424)	(286,564)	(3,351,988)
Merger between Woori Bank and Woori Finance Holdings	-	1,880,798	178,058	(178,060)	-	1,880,796	(1,880,798)	(2)
Merger between Indonesia Woori Bank and Saudara Bank	-	-	21,724	-	-	21,724	49,134	70,858
Changes in capital surplus of consolidated subsidiaries	-	-	(23)	-	-	(23)	572	549
Increase in capital stock of consolidated subsidiaries	-	-	(17,110)	-	-	(17,110)	17,391	281
Acquisition of treasury stock	-	-	-	(37,580)	-	(37,580)	-	(37,580)
Disposal of consolidated subsidiaries	-	-	-	-	-	-	(1,900,347)	(1,900,347)
Gain (loss) on valuation of available-for-sale financial assets	-	-	-	86,537	-	86,537	(97,181)	(10,644)
Share of other comprehensive income of joint ventures and associates	-	-	-	(2,974)	-	(2,974)	1,370	(1,604)
Gain on foreign currencies translation of foreign operations	-	-	-	28,856	-	28,856	19,537	48,393
Cash flow hedge	-	-	-	(18,220)	-	(18,220)	(8,851)	(27,071)
Remeasurement of the net defined benefit liability	-	-	-	(63,426)	(764)	(64,190)	(683)	(64,873)
Issuance of hybrid securities	-	159,618	-	-	-	159,618	-	159,618
Dividends to hybrid securities	-	-	-	-	(50,129)	(50,129)	(116,721)	(166,850)
Redemption of hybrid securities in consolidated subsidiaries	-	-	-	-	(1)	(1)	(702,994)	(702,995)
Others	-	-	21	-	(13)	8	976	984
December 31, 2014	3,381,392	2,538,823	291,066	(2,393,138)	14,165,358	17,983,501	109,924	18,093,425
January 1, 2015	3,381,392	2,538,823	291,066	(2,393,138)	14,165,358	17,983,501	109,924	18,093,425
Net income	-	-	-	-	1,059,157	1,059,157	16,235	1,075,392
Dividends	-	-	-	-	(504,952)	(504,952)	(824)	(505,776)
Change in ownership interest of investments in consolidated subsidiaries and others	-	-	3,193	-	-	3,193	660	3,853
Gain (loss) on valuation of available-for-sale financial assets	-	-	-	73,691	-	73,691	(1,394)	72,297
Share of other comprehensive income of joint ventures and associates	-	-	-	3,295	-	3,295	-	3,295
Gain (loss) on foreign currencies translation of foreign operations	-	-	-	36,932	-	36,932	(3,095)	33,837
Remeasurement of the net defined benefit liability	-	-	-	(78,204)	-	(78,204)	(63)	(78,267)
Dividends to hybrid securities	-	-	-	-	(183,320)	(183,320)	-	(183,320)
Issuance of hybrid securities	-	795,179	-	-	-	795,179	-	795,179
Retirement of treasury stock	-	-	-	3,481	(3,481)	-	-	-
Appropriation of merger losses	-	-	-	806,640	(806,640)	-	-	-
December 31, 2015	3,381,392	3,334,002	294,259	(1,547,303)	13,726,122	19,188,472	121,443	19,309,915

See accompanying notes to consolidated financial statements.

Woori Bank and Subsidiaries Consolidated Statements of Cash Flows

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
	(Korean Won in millions)	
Cash flows from operating activities:		
Net income	1,075,392	1,207,969
Adjustments:		
Income tax expense (benefit)	376,554	(145,981)
Interest income	(8,698,235)	(10,285,933)
Interest expense	3,936,335	5,207,289
Dividend income	(102,923)	(135,127)
	<u>(4,488,269)</u>	<u>(5,359,752)</u>
Additions of expenses not involving cash outflows:		
Impairment losses on credit loss	966,646	1,202,152
Loss on available-for-sale financial assets	3,281	93,639
Loss on valuation of investments in subsidiaries and associates	111,487	123,038
Loss on foreign exchange translation	-	82,077
Loss on transaction / valuation of derivative instruments (hedging)	20,982	22,253
Loss on hedged items (fair value hedge)	56,532	87,476
Provisions	72,062	81,073
Retirement benefits	132,131	132,768
Depreciation and amortization of premises and equipment, intangible assets and investment properties	240,764	247,216
Loss on disposal of investments in joint ventures and associates	10	1,788
Loss on disposal of premises and equipment and other assets	2,707	2,788
Impairment loss on premises and equipment and other assets	2,990	2,320
Impairment loss on assets held for sale	-	2,420
Impairment loss on disposal group held-for-sale and disposal group held for distribution to owners	-	7,728
Loss on disposal of disposal group held for sale	-	46,782
	<u>1,609,592</u>	<u>2,135,518</u>
Deduction of revenues not involving cash inflows:		
Gain on valuation of financial instruments at fair value through profit or loss	55,773	34,830
Gain on valuation of investments in subsidiaries and associates	41,363	55,674
Gain on foreign exchange translation	-	39,485
Gain on transaction / valuation of derivative instruments (hedging)	59,003	85,975
Gain on hedged items (fair value hedge)	25,235	23,317
Reversal of provisions	854	744
Gain on disposal of investments in joint ventures and associates	61,653	31,899
Gain on disposal of premises and equipment and other assets	6,814	1,134
Reversal of impairment loss on premises and equipment and other assets	539	533
Gain on disposal of group held for sale	-	159,794
Gain on disposal of assets held for sale	-	1,039
Reversal of impairment loss on assets held for sale	-	337
Reversal of impairment loss on disposal group held for sale and disposal group held for distribution to owners	-	259
	<u>251,234</u>	<u>435,020</u>
Changes in operating assets and liabilities:		
Financial instruments at fair value through profit or loss	(495,507)	1,547,502
Loans and receivables	(23,150,910)	(15,439,044)
Other assets	1,922	(92,867)
Deposits due to customers	20,620,287	14,052,504
Provision	(66,399)	(106,780)
Net defined benefit liability	(255,585)	(276,638)
Other financial liabilities	1,205,411	(1,933,627)
Other liabilities	(91,116)	(16,183)
	<u>(2,231,897)</u>	<u>(2,265,133)</u>
Cash received from (paid for) operating activities:		
Interest income received	8,692,851	10,171,063
Interest expense paid	(4,355,880)	(5,210,976)
Dividends received	100,368	155,164
Income tax paid	(534,829)	(117,589)
Net cash provided by (used in) operating activities	<u>(383,906)</u>	<u>281,244</u>

(Continued)

Woori Bank and Subsidiaries Consolidated Statements of Cash Flows

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014 (CONTINUED)

	2015	2014
	(Korean Won in millions)	
Cash flows from investing activities:		
Cash in-flows from investing activities:		
Net cash provided by disposal of assets held-for-sale (Note 47)	-	1,193,584
Net cash provided by the merger of Saudara Bank (Note 51)	-	81,100
Disposal of available-for-sale financial assets	18,426,846	26,865,684
Redemption of held-to-maturity financial assets	6,404,711	4,823,630
Disposal of investments in joint ventures and associates	75,599	235,778
Disposal of premises and equipment	18,600	36,364
Disposal of intangible assets	1,782	88,197
Disposal of assets held-for-sale	3,711	29,857
Cash in-flow related to derivatives for risk hedge	56,956	-
	<u>24,988,205</u>	<u>33,354,194</u>
Cash out-flows from investing activities:		
Acquisition of Saudara Bank	38,535	-
Acquisition of available-for-sale financial assets	16,305,767	28,527,400
Acquisition of held-to-maturity financial assets	7,138,013	5,658,655
Acquisition of investments in joint ventures and associates	1,098	67,431
Acquisition of investment properties	-	18
Acquisition of premises and equipment	129,454	140,639
Acquisition of intangible assets	97,891	86,910
Cash out-flow related to derivatives for risk hedge	3,273	14,153
	<u>23,714,061</u>	<u>34,495,206</u>
Net cash provided by (used in) investing activities	<u>1,274,144</u>	<u>(1,141,012)</u>
Cash flows from financing activities:		
Cash in-flows from financing activities:		
Increase in borrowings	12,674,649	17,084,134
Issuance of debentures	13,502,777	18,229,052
Issuance of hybrid securities	795,179	159,618
Paid in capital stock of subsidiaries	-	1,121
Change in ownership interest of subsidiaries	3,787	-
	<u>26,976,392</u>	<u>35,473,925</u>
Cash out-flows from financing activities:		
Changes due to distribution to owners	-	792,949
Decrease in borrowings	10,346,919	18,011,845
Repayment of debentures	16,425,353	15,448,663
Payment of dividends	504,952	-
Acquisition of treasury stock	-	37,580
Expenses on stock issued	-	3
Dividends paid on hybrid securities	179,758	60,780
Dividends paid on non-controlling interests	824	8,042
Dividends paid on hybrid securities of subsidiaries	-	98,522
Redemption of non-controlling hybrid securities	-	702,995
Other decrease in non-controlling interests, net	-	1,119
	<u>27,457,806</u>	<u>35,162,498</u>
Net cash provided by (used in) financing activities	<u>(481,414)</u>	<u>311,427</u>
Net increase (decrease) in cash and cash equivalents	408,824	(548,341)
Cash and cash equivalents, beginning of the period (Note 6)	5,962,861	6,472,459
Effects of exchange rate changes on cash and cash equivalents	272,370	38,743
Cash and cash equivalents, end of the period (Note 6)	<u>6,644,055</u>	<u>5,962,861</u>

See accompanying notes to consolidated financial statements

Woori Bank and Subsidiaries Notes to Consolidated Financial Statements

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

1. GENERAL

(1) Summary of the parent company

Woori Bank (hereinafter referred to the “Bank”), which is a controlling entity 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 currencies exchange business with approval from the Bank of Korea (“BOK”) and the Ministry of Finance and Economy (“MOFE”).

Previously, Woori Finance Holdings Co., Ltd., the former holding company of Woori Financial Group, established on March 27, 2001 held a 100% ownership of the Bank. Effective November 1, 2014, Woori Finance Holdings Co., Ltd. completed its merger with and into Woori Bank, its wholly-owned subsidiary, as contemplated by the merger agreement dated July 28, 2014, by and between Woori Finance Holdings Co., Ltd. and Woori Bank. Accordingly, the shares of the Bank, 597 million shares, prior to the merger, were reduced to nil in accordance with capital reduction procedure, and then, in accordance with the merger ratio, the Bank newly issued 676 million shares. As a result, as of December 31, 2015, the common stock of the Bank amounts, expressed in Korean Won (the “KRW” or “Won”), to 3,381,392 million Won.

As of December 31, 2015 and 2014, Korea Deposit Insurance Corporation (“KDIC”), as the largest shareholder, held 345 million shares (51.06% ownership) and 345 million shares (51.04% ownership), respectively, of the Bank’s shares issued.

On June 24, 2002, Woori Finance Holdings Co., Ltd. listed its common shares on the Korea Exchange through public offering. In addition, on September 29, 2003, the holding company registered with the Securities and Exchange Commission in the United States of America and, on the same day, listed its American Depositary Shares on the New York Stock Exchange.

As a result of such merger, the Bank incorporated Woori Card Co., Ltd., Woori Investment Bank Co., Ltd., Woori FIS Co., Ltd., Woori Private Equity Co., Ltd., and Woori Finance Research Institute Co., Ltd. as its subsidiaries.

The head office of the Bank is located in 51 Sogong-ro, Jung Gu, Seoul, Korea. The Bank has 956 branches and offices in Korea, and 21 branches and offices overseas as of December 31, 2015.

(2) The consolidated financial statements for Woori Bank and its subsidiaries (the “Group”) include the following subsidiaries:

Subsidiaries	Main business	Percentage of ownership (%)		Location	Financial statements as of
		December 31, 2015	December 31, 2014		
Woori Bank:					
Woori FIS Co., Ltd.	System software development & maintenance	100.0	100.0	Korea	December, 31
Woori Private Equity Co., Ltd.	Finance	100.0	100.0	Korea	December, 31
Woori Finance Research Institute Co., Ltd.	Other service business	100.0	100.0	Korea	December, 31
Woori Card Co., Ltd.	Finance	100.0	100.0	Korea	December, 31
Woori Investment Bank Co., Ltd. (*6)	Other credit finance business	58.2	59.5	Korea	December, 31
Woori Credit Information Co., Ltd.	Credit information	100.0	100.0	Korea	December, 31

Subsidiaries	Main business	Percentage of ownership (%)		Location	Financial statements as of
		December 31, 2015	December 31, 2014		
Woori America Bank	Finance	100.0	100.0	U.S.A	December, 31
Woori Global Markets Asia Limited	"	100.0	100.0	Hong Kong	December, 31
Woori Bank (China) Limited	"	100.0	100.0	China	December, 31
ZAO Woori Bank	"	100.0	100.0	Russia	December, 31
PT Bank Woori Saudara Indonesia 1906 Tbk	"	74.0	74.0	Indonesia	December, 31
Woori Brazil Bank	"	100.0	100.0	Brazil	December, 31
Korea BTL Infrastructure Fund	"	99.9	99.9	Korea	December, 31
Woori Fund Service Co., Ltd.	"	100.0	100.0	Korea	December, 31
Woori Finance Cambodia	"	100.0	100.0	Cambodia	December, 31
Woori Finance Myanmar (*7)	"	100.0	-	Myanmar	December, 31
Kumho Trust First Co., Ltd. (*1)	Asset securitization	0.0	0.0	Korea	December, 31
Asiana Saigon Inc. (*1)	"	0.0	0.0	Korea	December, 31
An-Dong Raja First Co., Ltd. (*1)	"	0.0	0.0	Korea	December, 31
Consus Eighth Co., LLC (*1)	"	0.0	0.0	Korea	December, 31
KAMCO Value Recreation First Securitization Specialty Co., Ltd. (*1)	"	15.0	15.0	Korea	December, 31
Woori IB Global Bond Co., Ltd. (*3)	"	-	0.0	Korea	-
Hermes STX Co., Ltd. (*1)	"	0.0	0.0	Korea	December, 31
BWL First Co., LLC (*1)	"	0.0	0.0	Korea	December, 31
Woori Poongsan Co., Ltd. (*1)	"	0.0	0.0	Korea	December, 31
Pyeongtaek Ocean Sand Inc. (*3)	"	-	0.0	Korea	-
Deogi Dream Fourth Co., Ltd. (*1)	"	0.0	0.0	Korea	December, 31
Jeonju Iwon Ltd. (*1)	"	0.0	0.0	Korea	December, 31
Wonju 1 one Inc. (*1)	"	0.0	0.0	Korea	December, 31
Newyear Eighth Co., Ltd. (*3)	"	-	0.0	Korea	-
Jilrian First Co., Ltd. (*3)	"	-	0.0	Korea	-
Heitz Third Co., Ltd. (*1)	"	0.0	0.0	Korea	December, 31
Woorihansoop 1st Co., Ltd. (*1)	"	0.0	-	Korea	December, 31
Electric Cable First Co., Ltd (*1)	"	0.0	-	Korea	December, 31
Woori International First Co., Ltd. (*1)	"	0.0	-	Korea	December, 31
Uri HJ First Co., Ltd. (*1)	"	0.0	-	Korea	December, 31
Haeoreum Short-term Bond 15th and 34 beneficiary certificates for the rest (*4)	Securities investment and others	-	-	-	December, 31
Principle Guaranteed Trust (*2)	Trust	0.0	0.0	Korea	December, 31
Principle and Interest Guaranteed Trust (*2)	"	0.0	0.0	Korea	December, 31
Woori Bank and Woori Private Equity Co., Ltd.:					
Woori Private Equity Fund (*5)	Other financial business	31.9	31.9	Korea	December, 31
Woori Private Equity Fund:					
Woori EL Co., Ltd.	Other financial business	100.0	100.0	Korea	December, 31
Woori Investment Bank:					
Dongwoo First Securitization Specialty Co., Ltd. (*1)	Asset securitization	5.0	-	Korea	December, 31
My Asset Manhattan Private REIT First (*3)	Securities investment	-	76.6	Korea	-

- (*1) The entity is a structured entity for the purpose of asset securitization and included in the consolidation scope. Though the Group is not a majority shareholder, the Group 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.
- (*2) The entity is a money trust under the Financial Investment Services and Capital Markets Act and included in the consolidation scope. Though the Group is not a majority shareholder, the Group 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.
- (*3) The entity is deconsolidated as the liquidation or disposal procedure was completed for the year ended December 31, 2015.
- (*4) The entity is a structured entity for the purpose of investment in securities and included in the consolidation scope, considering the Group 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.
- (*5) The entity is included in the consolidation scope, for the Group, as a general partner, has controlling power.

- (3) As of December 31, 2015, and 2014, despite having more than a 50% ownership interest, the Group has not consolidated the following companies as the Group does not have the ability to control following subsidiaries:

Subsidiaries	As of December 31, 2015		
	Location	Main business	Percentage of ownership (%)
Golden Bridge NHN Online Private Equity Investment (*)	Korea	Securities Investment	60.0
Heungkuk High Class Private Equity Securities Investment Trust 377th (*)	Korea	Securities Investment	51.3
Mirae Asset Maps Clean Water Private Equity Investment Trust 7th (*)	Korea	Securities Investment	59.7
Kiwoom Yonsei Private Equity Investment Trust (*)	Korea	Securities Investment	88.9

Subsidiaries	As of December 31, 2014		
	Location	Main business	Percentage of ownership (%)
Golden Bridge NHN Online Private Equity Investment (*)	Korea	Securities Investment	60.0
Heungkuk High Class Private Equity Securities Investment Trust 377th (*)	Korea	Securities Investment	51.3

(*) The Group owns the majority ownership interest in these structured entities, but has no power on the investees' relevant activities. As results, it is deemed that the Group has no power or control on the structured entities.

- (4) The summarized financial information before the elimination of intercompany transactions of the subsidiaries whose financial information were prepared under K-IFRS for the Group's consolidated financial statements is as follows (Unit: Korean Won in millions):

	As of and for the year ended December 31, 2015				
	Assets	Liabilities	Operating revenue	Net income (loss) attributable to owners	Comprehensive income (loss) attributable to owners
Woori FIS	161,778	127,701	260,657	1,421	(833)
Woori Private Equity	89,365	45,491	3,669	1,224	1,024
Woori Finance Research Institute	3,605	328	4,149	86	62
Woori Card	6,604,059	5,295,225	1,379,873	116,858	119,976
Woori Investment Bank Co., Ltd.	1,206,156	1,057,992	129,404	10,435	7,830
Woori Credit Information	33,957	6,691	31,271	1,806	1,830
Woori America Bank	1,701,191	1,509,304	67,932	12,893	24,356
Woori Global Markets Asia Limited	245,246	126,401	6,851	1,763	8,958
Woori Bank (China) Limited	4,016,968	3,511,268	408,566	1,056	32,855
ZAO Woori Bank	261,026	225,194	17,301	7,232	(762)
PT Bank Woori Saudara Indonesia 1906 Tbk	1,770,900	1,417,952	375,747	24,023	10,691
Woori Brazil Bank	106,239	80,653	19,850	2,330	(7,377)
Korea BTL Infrastructure Fund	739,502	279	34,042	30,307	30,307
Woori Fund Service	9,818	815	6,247	358	358
Woori Finance Cambodia	22,767	16,607	2,705	579	946
Woori Finance Myanmar	2,252	29	9	(117)	(166)
Money trust under the Trust Business Act	1,477,657	1,449,024	56,397	125	125
Structured entity for the securitization of financial assets	545,534	961,065	22,728	(13,685)	(6,662)
Security investments structured entity	3,071,375	562,477	126,904	26,906	41,080

	As of and for the year ended December 31, 2014				
	Assets	Liabilities	Operating revenue	Net income (loss) attributable to owners	Comprehensive income (loss) attributable to owners
Woori FIS	246,580	211,671	289,485	(1,285)	(4,564)
Woori Private Equity	80,292	37,442	4,387	2,087	2,144
Woori Finance Research Institute	3,682	467	6,619	91	94
Woori Card	5,732,039	4,543,180	1,203,131	89,107	105,438
Woori Investment Bank Co., Ltd.	1,001,542	861,209	84,282	4,536	8,642
Woori Credit Information	33,500	6,049	32,412	2,198	2,082
Woori America Bank	1,338,415	1,170,884	49,945	5,587	12,641
Woori Global Markets Asia Limited	274,132	164,246	6,319	759	5,345
Woori Bank (China) Limited	3,844,399	3,397,735	205,273	8,887	26,980
ZAO Woori Bank	254,716	218,122	12,982	4,418	(18,193)
PT Bank Woori Saudara Indonesia 1906 Tbk	1,735,356	1,390,103	85,851	14,563	17,589
Woori Brazil Bank	164,282	131,319	18,468	1,647	(1,090)
Korea BTL Infrastructure Fund	669,818	262	35,136	31,750	31,750
Woori Fund Service	9,070	426	4,895	(415)	(415)
Woori Finance Cambodia	11,930	6,716	1,790	266	615
Money trust under the Trust Business Act	1,452,201	1,423,694	64,736	603	603
Structured entity for the securitization of financial assets	434,845	882,984	34,734	(22,798)	(100,951)
Security investments structured entity	3,789,630	800,013	69,543	22,465	45,040

(5) The financial support that the Group provides to consolidated structured entities is as follows:

- Structured entity for 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.

- Structured entity for investment in securities

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.

- (6) 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 certain jurisdictions, in which they were incorporated, with regard to funding or management of deposits. Also, there is the limitation that they must have pre-approval from their regulators in case of remittance of earnings to the Group.

- (7) The Group has entered into various agreements with structured entities such as asset securitization vehicles, structured finance and investment funds, and monetary funds. Where it is determined in accordance with K-IFRS 1110 that the Group has no controlling power over such structured entities, the entities are not consolidated. The nature of interests, which the Group retains, and the risks, to which the Group is exposed, of the unconsolidated structured entities are as follows:

The interests to unconsolidated structured entities, which the Group retains, are classified to asset securitization vehicles, structured finance and investment fund, based on the nature and the purpose of the structured entities.

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. Therefore, the Group would be exposed to risks to purchases or pays 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 such investors including 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 assets of the unconsolidated structured entities, the carrying value of the related items recorded, the maximum exposure to risks, and the loss recognized in conjunction with the unconsolidated structured entities as of and for the year ended December 31, 2015 and 2014 are as follows (Unit: Korean Won in millions):

	December 31, 2015		
	Asset securitization vehicle	Structured finance	Investment funds
Total asset of the unconsolidated structured entities	10,138,371	48,198,653	7,611,232
Assets recognized in the consolidated financial statements related to the unconsolidated structured entities	4,219,809	2,879,310	963,747
Loans and receivables	148,811	2,439,207	26,976
Financial assets at fair value through profit or loss	-	274,175	-
Available-for-sale financial assets	1,649,949	133,455	654,705
Held-to-maturity financial assets	2,420,870	-	-
Investments in joint ventures and associates	-	-	282,066
Derivative assets	179	32,473	-
Liabilities recognized in the consolidated financial statements related to the unconsolidated structured entities	3,688	728	-
Derivative liabilities	126	-	-
Other liabilities (including provisions)	3,562	728	-
The maximum exposure to risks	5,250,850	3,877,161	963,747
Investments	4,219,809	2,879,310	963,747
Purchase agreements	74,000	48,000	-
Credit facilities	957,041	949,851	-
Loss recognized on unconsolidated structured entities	2,205	47,942	-

	December 31, 2014		
	Asset securitization vehicle	Structured finance	Investment Funds
Total asset of the unconsolidated structured entities	8,701,441	39,770,040	7,174,629
Assets recognized in the consolidated financial statements related to the unconsolidated structured entities	613,105	2,484,397	926,993
Loans and receivables	185,946	2,293,115	-
Financial assets at fair value through profit or loss	190,303	-	-
Available-for-sale financial assets	-	153,606	586,035
Held-to-maturity financial assets	236,807	-	-
Investments in joint ventures and associates	-	-	340,958
Derivative assets	49	37,676	-
Liabilities recognized in the consolidated financial statements related to the unconsolidated structured entities	70,638	564	-
Other liabilities (including provisions)	70,638	564	-
The maximum exposure to risks	2,295,445	3,016,797	926,993
Investments	613,105	2,484,395	926,993
Purchase agreements	340,560	-	-
Credit facilities	1,341,780	470,590	-
Other agreements	-	61,812	-
Loss recognized on unconsolidated structured entities	-	6,661	36,961

- (8) Subsidiaries of which non-controlling interests are significant to the Group's consolidated financial statements are as follows (Unit: Korean Won in millions):

1) Accumulated non-controlling interests at the end of the reporting period

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Woori Investment Bank	64,013	60,121
PT Bank Woori Saudara Indonesia 1906 Tbk	58,880	56,828

2) Net income attributable to non-controlling interests

	<u>For the year ended December 31, 2015</u>	<u>For the year ended December 31, 2014</u>
Woori Investment & Securities (*)	-	(125,724)
Woori Investment Bank	4,353	2,215
PT Bank Woori Saudara Indonesia 1906 Tbk	6,241	702

(*) The entity was deconsolidated due to the Group's disposal of the subsidiary during the year ended December 31, 2014.

3) Dividends to non-controlling interests

	<u>For the year ended December 31, 2015</u>	<u>For the year ended December 31, 2014</u>
Woori Investment & Securities (*)	-	8,029
PT Bank Woori Saudara Indonesia 1906 Tbk	778	-

(*) The entity was deconsolidated due to the Group's disposal of the subsidiary during the year ended December 31, 2014.

4) Change of non-controlling interest due to merger

Indonesia Woori Bank, which was a subsidiary of the Group, merged with Saudara Bank for the year ended December 31, 2014, and then changed its name into PT Bank Woori Saudara Indonesia 1906 Tbk. Due to the merger, the Group's ownership interest of the company decreased from 95.2% to 74.0%. At the same time, the non-controlling interests increased by 49,134 million Won, and the increase resulted in as the decrease of equity attributable to the owner of the Group (Note 51).

2. SIGNIFICANT BASIS OF PREPARATION AND ACCOUNTING POLICIES

(1) Basis of presentation

The Group's consolidated financial statements are prepared in accordance with K-IFRS.

The significant accounting policies that have been applied for the preparation of the consolidated financial statements for the year ended on December 31, 2015 are described below, and the significant accounting policies are the same as the accounting policies applied for the preparation of the previous year's consolidated financial statements, except the impacts from the adoptions of accounting standards or interpretations which are explained below.

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 March 4, 2016.

- 1) The Group has newly adopted the following amendment to K-IFRS that affected the Group's accounting policies.

Amendments to K-IFRS 1019 – Employee Benefits

If the amount of the contributions is independent from the numbers of years of service, the Group is permitted to recognize such contributions as a reduction in the service cost in the period in which the related service is rendered. The adoption of the amendments has no significant impact on the consolidated financial statements.

Other than the amendment stated above, there are several annual improvements in the current period, but the application of the amendments has had no material effect on the Group's consolidated financial statements.

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

Amendments to K-IFRS 1001 – Presentation of Financial Statements

The amendments to K-IFRS 1001 clarify the concept of applying materiality in practice and restrict an entity reducing the understandability of its financial statements by obscuring material information with immaterial information or by aggregating material items that have different natures or functions. The amendments to K-IFRS 1001 are effective for annual periods beginning on or after January 1, 2016.

Amendments to K-IFRS 1016 – Property, Plant and Equipment

The amendments to K-IFRS 1016 prohibit the Group from using a revenue-based depreciation method for items of property, plant and equipment. The amendments are effective for the annual periods beginning on or after January 1, 2016.

Amendments to K-IFRS 1038 – Intangible Assets

The amendments to K-IFRS 1038 rebuts presumption that revenue is not an appropriate basis for the amortization of an intangible assets, which the presumption can only be rebutted when the intangible asset expressed as a measure of revenue or when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated. The amendments are effective for the annual periods beginning on or after January 1, 2016.

Amendments to K-IFRS 1110 – Consolidated Financial Statements & K-IFRS 1112 – Disclosure of Interests in Other Entities & K-IFRS 1028 – Investment in associates

The amendments clarify that in applying the equity method of accounting to an associate or a joint venture that is an investment entity, an investor may retain the fair value measurements that the associate or joint venture used for its subsidiaries. The amendments are effective for annual periods beginning on or after 1 January 2016

Amendments to K-IFRS 1111 – Accounting for Acquisitions of Interests in Joint Operations

The amendments to K-IFRS 1111 provides guidance on how to account for the acquisition of joint operation that constitutes a business as defined in K-IFRS 1103– *Business Combinations*. A joint operator is also required to disclose the relevant information required by K-IFRS 1103 and other standards for business combinations. The amendments are effective for the annual periods beginning on or after January 1, 2016.

Enactment to K-IFRS 1109 – Financial Instruments

The amendments to K-IFRS 1109 contain the requirements for the classification and measurement of financial assets and financial liabilities based on a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets and based on the contractual terms that give rise on specified dates to cash flows, impairment methodology based on the expected credit losses, and broadened types of instruments that qualify as hedging instruments and the types of risk components of non-financial

items that are eligible for hedge accounting and the change of the hedge effectiveness test. The amendments are effective for annual periods beginning on or after 1 January 2018.

Enactment to K-IFRS 1115 – *Revenue from Contracts with Customers*

The core principle under K-IFRS 1115 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The amendments introduces a 5-step approach to revenue recognition and measurement: 1) Identify the contract with a customer, 2) Identify the performance obligations in the contract, 3) Determine the transaction price, 4) Allocate the transaction price to the performance obligations in the contract, 5) Recognize revenue when (or as) the entity satisfies a performance obligation. This standard will supersede K-IFRS 1011 *Construction Contracts*, K-IFRS 1018 *Revenue*, K-IFRS 2113 *Customer Loyalty Programmers*, K-IFRS 2115 *Agreements for the Construction of Real Estate*, K-IFRS 2118 *Transfers of Assets from Customers*, and K-IFRS 2031 *Revenue-Barter Transactions Involving Advertising Services*. The amendments are effective for annual periods beginning on or after 1 January 2018.

The Group is reviewing the impact from the amendments and the enactments listed above on the Group's consolidated financial statements.

(2) Basis of consolidated financial statement presentation

The consolidated financial statements incorporate the financial statements of the Bank and the entities (including structured entities) controlled by the Bank (and its subsidiaries, that is the Group). Control is achieved where the Group 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 Group 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 Group 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 Group considers all relevant facts and circumstances in assessing whether or not the Bank's voting rights in an investee are sufficient to give it power, including:

- The relative size of the Group's holding of voting rights and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Group, other vote holders or other parties;
- Rights arising from other contractual arrangements;
- Any additional facts and circumstances that indicate that the Group 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 Group gains control until the date when the Group ceases to control the subsidiary. Profit or loss and each component of other comprehensive income are attributed to the owner of the Group and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owner of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where 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 Group.

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 Group 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.

(3) Business Combinations

Acquisitions of subsidiaries and 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 acquisition-date fair values of the assets transferred by the Group, liabilities assumed 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 net income as incurred.

At the acquisition date, the acquiree's identifiable assets, liabilities and contingent liabilities that meet the condition for recognition under K-IFRS 1103 are recognized at their fair value, except that:

- deferred tax assets or liabilities and assets or liabilities 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
- non-current 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 at the lower of their previous carrying amounts and fair value less costs to sell.

Any excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest (if any) in the acquiree over the net of identifiable assets and liabilities assumed of the acquiree at the acquisition date is recognized as goodwill which is included in intangible assets.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognized immediately in net income 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 at fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognized in net income. Amounts arising from changes in value of interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to net income where such treatment would be appropriate if that interest were disposed of.

In case where i) a common entity ultimately controls over all participating entities, or businesses, in business combination transaction, prior to and after the transaction continuously, and ii) the control is not temporary, the transaction meets the definition of “business combination under common control” and it is deemed that the transaction only results in the changes in legal substance, not economic substance, from the perspective of the ultimate controlling party. Thus, in such transactions, the acquirer recognizes the assets and liabilities of the acquiree on its financial statements at the book values as recognized in the ultimate controlling party's consolidated financial statements, and the difference between the book value of consideration transferred to and the book value of net assets transferred in is recognized as equity.

(4) Investments in joint ventures and associates

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

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to net assets relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The net income of current period and the financial results of the joint ventures and 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 the joint ventures and associates is initially recognized in the consolidated statements of financial position at cost and adjusted thereafter to recognize the Group's share of the net assets of the joint ventures and associates and any impairment. When the Group's share of losses of the joint ventures and associates exceeds the Group's interest 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 joint ventures and associates.

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 the joint ventures and associates 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 is recognized immediately in net income.

Upon a loss of significant influence over the joint ventures and associates, the Group discontinues the use of the equity method and measures at fair value of any investment that the Group retains in the former joint ventures and associates from the date when the Group loses significant influence. The fair value of the investment is regarded as its fair value on initial recognition as a financial asset in accordance with K-IFRS 1039 *Financial Instruments: Recognition and Measurement*. The Group recognized differences between the carrying amount and

fair value in net income and it is included in determination of the gain or loss on disposal of joint ventures and associates. The Group accounts for all amounts recognized in other comprehensive income in relation to that joint ventures and associates on the same basis as would be required if the joint ventures and associates had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognized in other comprehensive income by an associate would be reclassified to net income on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to net income as a reclassification adjustment.

When the Group's ownership of interest in an associate or a joint venture decreases but the Group continues to maintain significant influence over an associate or a joint venture, 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 decrease in ownership interest if the gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities. Meanwhile, if interest on associate or joint venture meets the definition of non-current asset held for sale, it is accounted for in accordance with K-IFRS 1105.

The requirements of K-IFRS 1039 *Financial Instruments: Recognition and Measurement* to determine whether there has been a loss event are applied to identify whether it is necessary to recognize any impairment loss with respect to the Group's investment in the joint ventures and associates. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with K-IFRS 1036 *Impairment of Assets* as a single asset 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 is not allocated to any asset (including goodwill), which 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.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

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

(5) Investment in joint operation

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

When the Group operates as a joint operator, it recognizes in relation to its interest in a joint operation:

- (a) its assets, including its share of any assets held jointly;
- (b) its liabilities, including its share of any liabilities incurred jointly;
- (c) its revenue from the sale of its share of the output arising from the joint operation;
- (d) its share of the revenue from the sale of the output by the joint operation; and
- (e) its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses.

When the Group enters into a transaction with a joint operation in which it is a joint operator, such as a sale or contribution of assets, it is conducting the transaction with the other parties to the joint operation and, as such, the Group recognizes gains and losses resulting from such a transaction only to the extent of the other parties' interests in the joint operation.

When the Group enters into a transaction with a joint operation in which it is a joint operator, such as a purchase of assets, it does not recognize its share of the gains and losses until it resells those assets to a third party.

(6) Revenue recognition

1) Interest income

Interest income is recognized when earned. Interest income on financial assets that are classified as loans and receivables, available-for-sale or held-to-maturity is determined using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial asset (or group of financial assets) and of allocating the interest income over the expected life of the asset. The effective interest rate is the rate that exactly discounts estimated future cash flows to the instrument's initial carrying amount. Calculation of the effective interest rate takes into account fees payable or receivable that is an integral part of the instrument's yield, premiums or discounts on acquisition or issue, early redemption fees and transaction costs. All contractual terms of a financial instrument are considered when estimating future cash flows.

2) Loan origination fees and costs

The commission fees earned on loans, 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.

3) Fees and commissions income

Commitment and utilization fees are determined as a percentage of the outstanding facility. If it is unlikely that a specific lending arrangement will be entered into, such fees are taken to net income over the life of the facility otherwise they are deferred and included in the effective interest rate on the advance.

Fees in respect of services are recognized as the right to consideration accrues through the provision of the service to the customer. The arrangements are generally contractual and the cost of providing the service is incurred as the service is rendered. The price is usually fixed and determinable.

Credit card fees include commission received from merchants for processing credit card transaction and annual fees received from credit card holders. Revenue from the commission is accrued to net income when the service performed and annual fee is deferred and recognized as income over the period of the service provided.

4) Trust fees and compensation related to trust accounts

The Group receives fees for its management of unconsolidated trust assets, which are recognized on an accrual basis when the management services are provided and earned. The Group also is entitled to receive performance-based fees for certain trust accounts. These performance-based fees are recognized at the end of the performance period. In addition, a certain trust account which the Group guarantees to repay the principals and minimum interests of the trust account to its beneficiaries shall be included in the consolidated financial statements. The Group recognizes incomes when earned and expenses when interests to be paid to beneficiaries are accrued.

(7) Accounting for foreign currencies

The Group's consolidated financial statements are presented in Korean Won, which is the functional currency of the Group. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at its prevailing exchange rates at the date. Foreign exchange differences on monetary items that qualify as hedging instruments in a cash flow hedge or that form part of net investment in foreign operations are recognized in equity.

A monetary available-for-sale ("AFS") financial asset is treated as if it were carried at amortized cost in the foreign currency. Accordingly, for such financial assets, exchange differences resulting from retranslating amortized cost are recognized in net income.

Non-monetary items denominated in foreign currencies that are stated at fair value are translated into Korean Won at foreign exchange rates at the dates the values were determined. Translation differences arising on non-monetary items measured at fair value are recognized in net income except for differences arising on non-monetary AFS financial assets, for example equity shares, which are included in the AFS reserve in equity unless the asset is the hedged item in a fair value hedge.

The Group identifies the most appropriate functional currency for each foreign operation based on the foreign operation's activities. If Korean Won is not the foreign operation's functional currency, its assets and liabilities, including goodwill and fair value adjustments arising on acquisition, are translated into Korean Won at foreign exchange rates at the end of each reporting date while the revenues and expenses are translated into Korean Won at average exchange rates for the period unless these do not approximate to the foreign exchange rates at the dates of the transactions. Foreign exchange differences arising on the translation of a foreign operation are recognized directly in equity and included in net income on its disposal.

(8) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, demand deposits, interest-earning deposits with original maturities of up to 3 months of acquisition date and highly liquid investment assets that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value.

(9) Financial assets and financial liabilities

1) Financial assets

A regular way purchase or sale of financial assets is recognized or derecognized on the trade or settlement date. A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose term requires delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

On initial recognition, financial assets are classified into Financial assets at fair value through profit or loss ("FVTPL"), AFS financial assets, held-to-maturity ("HTM") and loans and receivables.

a) Financial assets at FVTPL

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading or contingent consideration that may be paid by an acquirer as part of a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- 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 combined contract (asset or liability) to be designated as at FVTPL.

Financial assets designated by the Group on initial recognition as at FVTPL are recognized at fair value, with transaction costs recognized in net income, and are subsequently measured at fair value. Gains and losses on financial assets that are designated as at FVTPL are recognized in net income as they arise.

b) AFS financial assets:

Financial assets that are not classified as HTM; financial assets at FVTPL; or loans and receivables, are classified as AFS. Financial assets can be designated as AFS on initial recognition. AFS financial assets are initially recognized at fair value plus directly related transaction costs. They are subsequently measured at fair value. Unquoted equity investments whose fair value cannot be measured reliably are carried at cost and classified as AFS financial assets. Impairment losses in monetary and non-monetary AFS financial assets and dividends on non-monetary financial assets are recognized in net income. Interest revenue on monetary financial assets is calculated using the effective interest method. Other changes in the fair value of AFS financial assets and any related tax are reported in a separate component of shareholders' equity until disposal, when the cumulative gain or loss is recognized in net income.

c) HTM investments:

A financial asset may be classified as a HTM investment only if it has fixed or determinable payments, a fixed maturity, and the Group has the positive intention and ability to hold the financial asset to maturity. HTM investments are initially recognized at fair value plus directly related transaction costs. They are subsequently measured at amortized cost using the effective interest method less any impairment losses.

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. Loans and receivables are initially recognized at fair value plus directly related transaction costs. They are subsequently measured at amortized cost using the effective interest method less any impairment losses. Interest income is recognized using the effective interest method, except for the short-term receivables to which the present value discount is not meaningful.

2) Financial liabilities

On initial recognition financial liabilities are classified financial liabilities at FVTPL (held for trading, and financial liabilities designated as at FVTPL) and financial liabilities measured at amortized cost.

A financial liability is classified as held-for-trading if it is incurred principally for repurchase in the near term, or forms part of a portfolio of financial instruments that are managed together and for which there is evidence of short-term profit taking, or it is a derivative (not in a qualifying hedge relationship). Held-for-trading financial liabilities are recognized at fair value with transaction costs being recognized in net income. Subsequently, they are measured at fair value. Gains and losses are recognized in net income as they arise.

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 measurement or recognition inconsistency that would otherwise arise; or
- the financial liability 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 combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities that the Group designates on initial recognition as being at FVTPL are recognized at fair value, with transaction costs being recognized in net income, and are subsequently measured at fair value. Gains and losses on financial liabilities that are designated as at FVTPL are recognized in net income as they arise.

All other financial liabilities, such as deposits due to customers, borrowings, and debentures, are measured at amortized cost using the effective interest method.

3) Reclassifications

Held-for-trading and AFS financial assets that meet the definition of loans and receivables (non-derivative financial assets with fixed or determinable payments that are not quoted in an active market) may be reclassified to loans and receivables if the Group has the intention and ability to hold the financial asset for the foreseeable future or until maturity. The Group typically regards the foreseeable future as twelve months from the date of reclassification. Reclassifications are made at fair value. This fair value becomes the asset's new cost or amortized cost as appropriate. Gains and losses recognized up to the date of reclassification are not reversed.

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.

5) Fair value of financial assets and liabilities

Financial instruments classified as held-for-trading or designated as at FVTPL and financial assets classified as AFS are recognized in the financial statements at fair value. All derivatives are measured at fair value.

Fair value is 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. Fair values are determined from quoted prices in active markets for identical financial assets or financial liabilities where these are available. The Group characterizes active markets as those in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Where a financial instrument is not in active market characterized by low transaction volumes, price quotations which vary substantially among market participants, or in which minimal information is released publicly, fair values are established using valuation techniques rely on alternative market data or internally developed models using significant inputs that are generally readily observable from objective sources. Market data includes prices of financial instruments with similar maturities and characteristics, duration, interest rate yield curves, and measures of volatility. The amount determined to be fair value may

incorporate the management of the Group's own assumptions (including assumptions that the Group believes market participants would use in valuing the financial instruments and assumptions relating to appropriate risk adjustments for nonperformance and lack of marketability).

The valuation techniques used to estimate the fair value of the financial instruments include market approach and income approach, each of which involves a significant degree of judgment. Under the market approach, fair value is determined by reference to a recent transaction involving the financial instruments or by reference to observable valuation measures for comparable companies or assets.

Under the income approach, fair value is determined by converting future amounts (e.g., cash flows or earnings) to a single present amount (discounted) using current market expectations about the future amounts. In determining value under this approach, the Group makes assumptions regarding, among other things, revenues, operating income, depreciation and amortization, capital expenditures, income taxes, working capital needs, and terminal value of the financial investments. These valuation techniques involve a degree of estimation, the extent of which depends on the instrument's complexity and the availability of market-based data.

The following are descriptions of valuation methodologies used by the Group to measure various financial instruments at fair value.

a) Financial assets at FVTPL and AFS financial assets:

The fair value of the securities included in financial assets at FVTPL and AFS financial assets are recognized in the consolidated statements of financial position based on quoted market prices, where available. For debt securities traded in the OTC market, the Group generally determines fair value based on prices obtained from independent pricing services. Specifically, with respect to independent pricing services, the Group obtains three prices per instrument from reputable independent pricing services in Korea, and generally uses the lowest of the prices obtained from such services without further adjustment. For non-marketable equity securities, the Group obtains prices from the independent pricing services. The Group validates prices received from such independent pricing services using a variety of means, including verification of the qualification of the independent pricing services, corroboration of the pricing by comparing the prices among the independent pricing services and by reference to other available market data, and review of the pricing model and assumptions used by the independent pricing services by the Group's personnel who are familiar with market-related conditions.

b) Derivative assets and liabilities:

Quoted market prices are used for the Group's exchange-traded derivatives, such as certain interest rate futures and option contracts. All of the Group's derivatives are traded in OTC markets where quoted market prices are not readily available are valued using internal valuation techniques. Valuation techniques and inputs to internally developed models depend on the type of derivative and nature of the underlying rate, price or index upon which the derivative's value is based. If the model inputs for certain derivatives are not observable in a liquid market, significant judgments on the level of inputs used for valuation techniques are required.

c) Valuation Adjustments:

By using derivatives, the Group is exposed to credit risk if counterparties to the derivative contracts do not perform as expected. If counterparty fails to perform, counterparty credit risk is equal to the amount reported as a derivative asset in the consolidated statements of financial position. The amounts reported as a derivative asset are derivative contracts in a gain position. Few of the Group's derivatives are listed on an exchange. The majority of derivative positions are valued using internally developed models that use as their basis observable market inputs. Therefore, an adjustment is necessary to reflect the credit quality of each counterparty to arrive at fair value. Counterparty credit risk adjustments are applied to derivative assets, such as OTC derivative instruments, when the market inputs used in valuation models may not be indicative of the creditworthiness of the counterparty. Adjustments are also made when valuing financial liabilities to reflect the Group's own credit standing.

The adjustment is based on probability of default of a counterparty and loss given default. The adjustment also takes into account contractual factors designed to reduce the Group's credit exposure to each counterparty. To the extent derivative assets (liabilities) are subject to master netting arrangements, the exposure used to calculate the credit risk adjustment is net of derivatives in a loss (gain) position with the same counterparty and cash collateral received (paid).

6) Impairment of the financial assets

The Group assesses at the end of each reporting date whether there is any objective evidence that a financial asset or group of financial assets classified as AFS, HTM or loans and receivables is impaired. A financial asset or portfolio of financial assets is impaired and an impairment loss incurred if there is objective evidence of impairment as result of one or more events that occurred after the initial recognition asset and that event (or events) has an impact on the estimated future cash flows of the financial asset.

a) Financial assets carried at amortized cost:

If there is objective evidence that an impairment loss on a financial asset or group of financial assets classified as HTM investments or as loans and receivables has been incurred, the Group measures the amount of the loss as the difference between the carrying amount of the asset or group of assets and the present value of estimated future cash flows from the asset or group of assets discounted at the effective interest rate of the instrument at initial recognition. For collateralized loans and receivables, estimated future cash flows include cash flows that may result from foreclosure less the costs of obtaining and selling the collateral.

Impairment losses are assessed individually for financial assets that are individually significant and assessed either individually or collectively for assets that are not individually significant. In making collective assessment of impairment, financial assets are grouped into portfolios on the basis of similar risk characteristics. Future cash flows from these portfolios are estimated on the basis of the contractual cash flows and historical loss experience for assets with similar credit risk characteristics. Historical loss experience is adjusted, on the basis of observable data, to reflect current conditions not affecting the period of historical experience.

Impairment losses are recognized in net income and the carrying amount of the financial asset or group of financial assets reduced by establishing a provision for impairment losses. If, in a subsequent period, the amount of the impairment loss reduces and the reduction can be ascribed to an event after the impairment was recognized, the previously recognized loss is reversed by adjusting the provision. Once an impairment loss has been recognized on a financial asset or group of financial assets, interest income is recognized on the carrying amount using the rate of interest at which estimated future cash flows were discounted in measuring impairment.

It is not the Group's usual practice to write-off the asset at the time an impairment loss is recognized. Impaired loans and receivables are written off (i.e. the impairment provision is applied in writing down the loan's carrying value in full) when the Group concludes that there is no longer any realistic prospect of recovery of part or the entire loan. Amounts recovered after a loan has been written off are reflected to the provision for the period in which they are received.

b) Financial assets carried at fair value:

When a decline in the fair value of a financial asset classified as AFS has been recognized directly in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss is removed from other comprehensive income and recognized in net income. The loss is measured as the difference between the amortized cost of the financial asset and its current fair value. Impairment losses on AFS equity instruments are not reversed through net income, but those on AFS debt instruments are reversed, if there is a decrease in the cumulative impairment loss that is objectively related to a subsequent event.

(10) Offsetting financial instruments

Financial assets and liabilities are presented in 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 simultaneously.

(11) Investment properties

The Group classifies a property held to earn rentals and/or for capital appreciation as an investment property. Investment properties are measured initially at cost, including transaction costs, less subsequent depreciation and impairment.

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 are 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 change in estimate accounted for on a prospective basis.

An investment property is derecognized from the consolidated financial statements on disposal or when it is permanently withdrawn from use and no future economic benefits are expected even from its disposal. The gain or loss on derecognition of an investment property is calculated as the difference between the net disposal proceeds and the carrying amount of the property and is recognized in profit or loss in the period of the derecognition.

(12) 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 recognized in carrying amount of an asset or as an 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. Routine maintenance and repairs are expensed as incurred.

While land is not depreciated, for all other premises and equipment, depreciation is charged to net income on a straight-line basis on the estimated economic useful lives as follows:

	Useful life
Buildings used for business purpose	35 to 57 years
Structures in leased office	4 to 5 years
Properties for business purpose	4 to 5 years
Leased assets	Useful lives of the same kind or similar other premises and equipment

The Group reassesses the depreciation method, the estimated useful lives and residual values of premises and equipment 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. 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.

(13) Intangible assets and goodwill

Intangible assets are stated at the manufacturing cost or acquisition cost plus additional incidental expenses less accumulated amortization and accumulated impairment losses. The Group's software and industrial property right (trademark) are amortized over five years using the straight-line method. 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.

	<u>Useful life</u>
Patents	10 years
Development costs	5 years
Software and others	4 to 5 years

In addition, when an indicator that intangible assets are impaired is noted, and the carrying amount of the asset exceeds the estimated recoverable amount of the asset, the carrying amount of the asset is reduced to its recoverable amount immediately.

Goodwill acquired in a business combination is included in intangible assets. Goodwill is not amortized but tested for impairment annually to the extent of reporting unit and when there is any indication of impairment.

Goodwill acquired is allocated to each of the Group's cash-generating units ("CGU") expected to benefit from the synergies of the combination. A CGU to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the CGU may be impaired. If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the CGU on a pro-rata basis based on the carrying amount of each asset in the CGU. 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.

(14) Impairment of non-monetary assets

Intangible assets with indefinite useful lives, such as goodwill and membership, or intangible assets that are not yet available for use are tested for impairment annually, regardless of whether or not there is any indication of impairment. 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. Recoverable amount is the higher of value in use and net fair value less costs to sell. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and such impairment loss is recognized immediately in net income.

(15) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

1) As a lessor

Amounts due from lessees under finance leases are recognized as receivables at the amount of the Group's net investment in the leases being the minimum lease payments and any unguaranteed residual value discount interest rate implicit in the lease. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term. Operating lease assets are included within others in other assets and depreciated over their useful lives.

2) As a 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 payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Contingent rentals arising under finance leases are recognized as expenses in the periods in which they are incurred.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as expenses in the period in which they are incurred.

(16) Derivative instruments

Derivative instruments are classified as forward, futures, option, and swap, depending on the types of transactions and are classified as either trading or hedging depending on the purpose. Derivatives are initially recognized at fair value at the date the derivative contract is entered into and are subsequently measured 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.

A derivative embedded in a contract is accounted for as a stand-alone derivative if its economic characteristics are not closely related to the economic characteristics of the host contract; unless the entire contract is measured at fair value with changes in fair value recognized in net income.

The Group designates certain hedging instruments to (a) hedge of the exposure to changes in fair value of a recognized asset or liability or an unrecognized firm commitment (fair value hedge); (b) 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 forecasted transaction (cash flow hedge); and (c) 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.

1) Fair value hedge

Changes in the fair value of derivatives that are designated and qualified 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 or when the hedging instrument is no longer qualified for hedge accounting. 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.

2) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualified 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 when the hedged item is recognized in net income.

Hedge accounting is discontinued when the hedging instrument is expired or sold, or it is no longer qualified for hedge accounting, and any cumulative gain or loss in other comprehensive income remains in equity until 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.

3) Net investment hedge

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

(17) Provisions

The Group recognizes provision if it has a present or contractual obligations as a result of the 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. Provision is not recognized for the future operating losses.

The Group recognizes provision related to the unused portion of point rewards earned by credit card customers, payment guarantees, loan commitment 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.

(18) Capital and compound financial instruments

The Group classifies a financial instrument that it issues as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement. An instrument is classified as a liability if it is a contractual obligation to deliver cash or another financial asset, or to exchange financial assets or financial liabilities on potentially unfavorable terms. An instrument is classified as equity if it evidences a residual interest in the assets of the Group after the deduction of liabilities. The components of a compound financial instrument issued by the Group are classified and accounted for separately as financial liabilities or equity as appropriate.

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.

(19) Financial guarantee contracts

Under a financial guarantee contract, the Group, in return for a fee, undertakes to meet a customer’s obligations under the terms of a debt instrument if the customer fails to do so.

A financial guarantee is recognized as a liability; initially at fair value and will be amortized, if not designated as at FVTPL, subsequently at the higher of its initial value less cumulative amortization and any provision under the contract measured in accordance with provision policy. Amortization is calculated so as to recognize fees in net income over the period of the guarantee.

(20) Employee benefits and pensions

The Group recognizes the undiscounted amount of short-term employee benefits expecting payment in exchange for the services, when employee renders services. Also, the Group recognizes expenses and liabilities in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences. Though the Group may have no legal obligation to pay a bonus, considering some cases, the Group has a practice of paying bonuses. In such cases, the Group has a constructive obligation, and thus recognizes expenses and liabilities when the employees render service.

The Group is operating defined contribution retirement pension plans and defined benefit retirement pension plans. Contributions to defined contribution retirement pension plans are recognized as an expense when employees have rendered service entitling them to the contributions. For defined benefit retirement pension 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.

Liabilities for termination benefits are recognized at the earlier of either 1) when the Group has become not able to cancel its proposal for termination benefits, or 2) when the Group has recognized the cost of restructuring that accompanies the payment of termination benefits.

(21) Income taxes

Income tax expense represents the sum of the tax currently payable and deferred tax. Current income tax expense approximates taxes to be paid or refunded for the current period and deferred income tax expense is provided on an asset and liability method whereby deferred tax assets are recognized for deductible temporary differences, including operating losses and tax credit carryforwards, and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the carrying values of assets and liabilities for financial reporting purposes and their tax bases. Deferred income tax benefit or expense is then recognized for the change in deferred tax assets or liabilities between periods. Deferred tax assets and liabilities are measured at the tax rates on the date of enactment or substantive enactment that are expected to apply in the period in which the liability is settled or the asset realized. Deferred tax assets, including the carry forwards of unused tax losses, are recognized to the extent it is probable that the deferred tax assets will be realized.

Deferred income tax assets and liabilities are offset if, and only if the Group has a legally enforceable right to offset current tax assets against current tax liabilities, and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred liabilities are not recognized if the temporary difference arises from goodwill. Deferred tax assets or liabilities are not recognized if they arise from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

(22) Earnings per share (“EPS”)

Basic EPS is calculated by earnings subtracting the dividends paid to holders of preferred stock and hybrid securities from the net income attributable to ordinary shareholders from the statements of comprehensive income and dividing by the weighted average number of common shares outstanding. Diluted EPS is calculated by adjusting the 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

In evaluating the results of the Group and allocating resources, the Group's Chief Operation Decision Maker (the "CODM") utilizes the information per types of customers. This financial information of the segments is regularly reviewed by the CODM to make decisions about resources to be allocated to each segment and evaluate its performance.

(1) Segment by types of customers

The Group's reporting segments comprise the following customers: consumer banking, corporate banking, investment banking, capital market, credit card and headquarters and others. The reportable segments are classified based on the target customers for whom the service is being provided. Meanwhile, the Group recognized its credit card operation as a separate operating segment during the year ended December 31, 2015. Therefore, the corresponding information for the year ended December 2014 was restated accordingly.

- Consumer banking: Loans/deposits and financial services for consumer, etc.
- Corporate banking: Loans/deposits and export/import, financial services for corporations, etc.
- 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, etc.
- Credit Card: Credit card, cash service and card loan, etc. ; and
- Headquarter and others: Segments that are not belong to above operating segments

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

		December 31, 2015								
		Consumer banking	Corporate banking	Investment banking	Capital market	Credit Card	Headquarter and Others	Sub-total	Inter-segment transaction	Total
Assets		95,612,964	107,313,193	6,646,754	7,903,460	6,604,059	73,713,629	297,794,059	(5,934,987)	291,859,072
Liabilities		46,049,309	170,127,944	41,772	6,410,552	5,295,225	42,578,200	270,503,002	2,046,155	272,549,157
		December 31, 2014								
		Consumer banking	Corporate banking	Investment banking	Capital market	Credit Card	Headquarter and Others	Sub-total	Inter-segment transaction	Total
Assets		83,582,893	96,644,808	6,411,016	6,076,739	5,732,039	76,683,360	275,130,855	(4,973,636)	270,157,219
Liabilities		47,625,472	145,999,344	136,603	4,957,708	4,542,735	46,740,752	250,002,614	2,061,180	252,063,794

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

		For the year ended December 31, 2015								
		Consumer banking	Corporate banking	Investment banking	Capital market	Credit Card	Headquarter and Others	Sub-total	Inter-segment transaction	Total
Interest income		1,289,088	1,699,913	5,601	40,913	378,019	743,092	4,156,626	605,274	4,761,900
Dividend income		2,850,985	3,255,796	154,460	19,394	500,449	1,585,636	8,366,720	331,515	8,698,235
Interest expense		(1,227,921)	(1,880,195)	(18)	(81)	(122,430)	(979,449)	(4,210,094)	273,759	(3,936,335)
Segment		(333,976)	324,312	(148,841)	21,600	-	136,905	-	-	-
-interest income		554,957	513,686	115,111	18,015	98,034	279,437	1,579,240	(947,937)	631,303
Interest income		886,057	503,321	489,659	5,760,567	871,486	3,245,543	11,756,633	(366,953)	11,389,680
Interest expense		(353,032)	(25,993)	(374,548)	(5,742,552)	(773,452)	(2,907,816)	(10,177,393)	(580,984)	(10,758,377)
Segment		21,932	36,358	-	-	-	(58,290)	-	-	-
Expense		(1,790,292)	(1,795,561)	53,089	(44,187)	(321,265)	(470,592)	(4,368,808)	327,191	(4,041,617)
Administrative expense		(1,782,234)	(925,566)	(14,933)	(16,945)	(124,362)	(553,539)	(3,417,579)	267,190	(3,150,389)
Provision losses on										
lit loss and others		(8,058)	(869,995)	68,022	(27,242)	(196,903)	82,947	(951,229)	60,001	(891,228)
Operating income		53,753	418,038	173,801	14,741	154,788	551,937	1,367,058	(15,472)	1,351,586
Operating income		(19,113)	(2,189)	43,728	197	(5,150)	136,954	154,427	(54,067)	100,360
Income before income										
tax expense		34,640	415,849	217,529	14,938	149,638	688,891	1,521,485	(69,539)	1,451,946
Income from		(8,383)	(98,886)	(52,642)	(3,615)	(32,780)	(136,891)	(333,197)	(43,357)	(376,554)
Operating operations		26,257	316,963	164,887	11,323	116,858	552,000	1,188,288	(112,896)	1,075,392

For the year ended December 31, 2014

	Consumer banking	Corporate banking	Investment banking	Capital market	Credit Card	Headquar- ter and Others	Sub-total	Inter- segment transaction	Total
Net Interest income	1,392,354	1,741,700	1,178	28,884	287,350	548,238	3,999,704	493,314	4,493,018
Interest income	3,032,488	3,636,838	199,629	26,076	400,569	1,587,332	8,882,932	328,308	9,211,240
Interest expense	(1,591,087)	(2,191,770)	(23)	(100)	(113,219)	(987,029)	(4,883,228)	165,006	(4,718,222)
Inter-segment	(49,047)	296,632	(198,428)	2,908	-	(52,065)	-	-	-
Net non-interest income	493,762	453,799	65,919	(8,059)	93,042	255,453	1,353,916	(941,404)	412,512
Non-interest income	724,288	438,879	348,363	3,969,660	769,235	2,182,334	8,432,759	(284,209)	8,148,550
Non-interest expense	(250,450)	(14,483)	(282,444)	(3,977,719)	(676,193)	(1,877,554)	(7,078,843)	(657,195)	(7,736,038)
Inter-segment	19,924	29,403	-	-	-	(49,327)	-	-	-
Other expense	(1,759,431)	(1,522,783)	(175,002)	(10,273)	(246,943)	(553,185)	(4,267,617)	259,795	(4,007,822)
Administrative expense	(1,700,025)	(835,051)	(14,385)	(16,437)	(108,616)	(518,258)	(3,192,772)	233,853	(2,958,919)
Impairment losses on credit loss and others	(59,406)	(687,732)	(160,617)	6,164	(138,327)	(34,927)	(1,074,845)	25,942	(1,048,903)
Operating income	126,685	672,716	(107,905)	10,552	133,449	250,506	1,086,003	(188,295)	897,708
Non-operating income	(15,444)	(3,309)	39,967	(20,562)	(2,443)	1,588,360	1,586,569	(1,649,882)	(63,313)
Net income before income tax expense	111,241	669,407	(67,938)	(10,010)	131,006	1,838,866	2,672,572	(1,838,177)	834,395
Income tax expense	(26,920)	(153,867)	16,441	2,422	(28,135)	(98,136)	(288,195)	-	(288,195)
Net income from continuing operations	84,321	515,540	(51,497)	(7,588)	102,871	1,740,730	2,384,377	(1,838,177)	546,200

(2) Information on products and services

The products of the Group are classified as interest-bearing products such as loans, deposits and debt securities and non-interest bearing products such as loan commitment, credit commitment, equity securities, and credit card service. This classification of products has been reflected in the segment information presenting interest income and non-interest income.

(3) Information on geographical areas

Among the Group's revenue (interest income and non-interest income) from services, revenue from the domestic customers for the years ended December 31, 2015 and 2014 amounted to 18,974,359 million Won and 16,800,282 million Won, respectively, and revenue from the foreign customers amounted to 1,113,556 million Won and 559,508 million Won, respectively. Among the Group's non-current assets (investments in joint ventures and associates, investment properties, premises and equipment and intangible assets), non-current assets attributed to domestic subsidiaries as of December 31, 2015 and 2014 are 3,666,276 million Won and 3,591,351 million Won, respectively, and foreign subsidiaries are 220,093 million Won and 211,465 million Won, respectively.

6. CASH AND CASH EQUIVALENTS

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

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Cash and checks	2,091,064	2,597,984
Foreign currencies	656,183	585,728
Demand deposits	3,286,747	2,017,798
Fixed deposits	610,061	761,351
Total	<u>6,644,055</u>	<u>5,962,861</u>

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

	<u>2015</u>	<u>2014</u>
Changes in other comprehensive income due to valuation of AFS financial assets	72,297	86,537
Changes in other comprehensive income (loss) of investment in associates	3,295	(2,974)
Changes in other comprehensive income of foreign operations translation	33,837	28,856
Changes in other comprehensive loss due to remeasurement of the net defined benefit liability	(78,267)	(63,426)
Changes in investments in associates due to equity swap and others	83,002	176,661
Changes in unpaid dividends of hybrid equity securities	3,562	7,547
Changes in payables due to intangible assets	125,446	-

7. FINANCIAL ASSETS AT FVTPL

(1) Financial assets at FVTPL consist of as follows (Unit: Korean Won in millions):

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Financial assets held for trading	5,120,062	4,536,918
Financial assets designated at FVTPL	12,595	17,262
Total	<u>5,132,657</u>	<u>4,554,180</u>

(2) Financial assets held for trading are as follows (Unit: Korean Won in millions):

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Deposits:		
Gold banking assets	24,884	13,816
Securities:		
Debt securities		
Korean treasury and government agencies	798,397	668,886
Financial institutions	1,175,303	927,121
Corporates	643,706	620,312
Equity securities	62,945	99,988
Beneficiary certificates	14,017	48,291
CMA securities	-	32,300
Others	10,313	14,737
Sub-total	<u>2,704,681</u>	<u>2,411,635</u>
Derivatives assets	<u>2,390,497</u>	<u>2,111,467</u>
Total	<u>5,120,062</u>	<u>4,536,918</u>

(3) Financial assets designated at FVTPL as follows (Unit: Korean Won in millions):

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Equity-linked securities	-	6,066
Debt securities	986	-
Equity securities	11,609	11,196
Total	<u>12,595</u>	<u>17,262</u>

8. AVAILABLE FOR SALE FINANCIAL ASSETS

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

		December 31, 2015			
		Book value	Unrealized gains	Unrealized losses	Fair value
Debt securities:					
	Korean treasury and government agencies	3,529,997	28,880	(88)	3,558,789
	Financial institutions	5,598,416	27,473	(64)	5,625,825
	Corporates	3,809,370	79,303	(692)	3,887,981
	Asset-backed securities	260,198	-	(1,541)	258,657
	Bond denominated in foreign currencies	649,983	790	(12,853)	637,920
	Sub-total	13,847,964	136,446	(15,238)	13,969,172
Equity securities					
	Beneficiary certificates	967,911	376,079	(6,283)	1,337,707
	Securities loaned	1,119,497	23,148	(24,617)	1,118,028
	Others	717,525	2,488	(3)	720,010
	Others	16,988	8,687	-	25,675
	Total	16,669,885	546,848	(46,141)	17,170,592
		December 31, 2014			
		Book value	Unrealized gains	Unrealized losses	Fair value
Debt securities:					
	Korean treasury and government agencies	3,138,741	32,963	(124)	3,171,580
	Financial institutions	6,697,347	34,471	(357)	6,731,461
	Corporates	2,762,728	64,522	-	2,827,250
	Asset-backed securities	171,313	-	(13,572)	157,741
	Bond denominated in foreign currencies	365,661	-	(66,761)	298,900
	Sub-total	13,135,790	131,956	(80,814)	13,186,932
Equity securities					
	Beneficiary certificates	1,115,728	432,068	(126,422)	1,421,374
	Securities loaned	3,431,922	20,689	-	3,452,611
	Others	684,126	1,982	(12)	686,096
	Others	46,524	17,308	-	63,832
	Total	18,414,090	604,003	(207,248)	18,810,845

9. HELD TO MATURITY FINANCIAL ASSETS

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

	December 31, 2015			
	Book value	Unrealized gains	Unrealized losses	Fair value
Korean treasury and government agencies	3,366,942	63,895	(131)	3,430,706
Financial institutions	4,138,250	26,417	(153)	4,164,514
Corporates	6,020,607	106,541	(4,460)	6,122,688
Bond denominated in foreign currencies	95,841	-	-	95,841
Total	13,621,640	196,853	(4,744)	13,813,749

	December 31, 2014			
	Book value	Unrealized gains	Unrealized losses	Fair value
Korean treasury and government agencies	4,128,344	82,979	(37)	4,211,286
Financial institutions	4,389,592	37,400	(175)	4,426,817
Corporates	4,470,297	106,092	(2,946)	4,573,443
Bond denominated in foreign currencies	56,215	-	-	56,215
Total	13,044,448	226,471	(3,158)	13,267,761

10. LOANS AND RECEIVABLES

(1) Loans and receivables are as follows (Unit: Korean Won in millions):

	December 31, 2015	December 31, 2014
Due from banks	11,174,806	11,100,572
Loans	225,547,768	204,818,820
Other loan and receivables	8,119,488	7,450,743
Total	244,842,062	223,370,135

(2) Due from banks are as follows (Unit: Korean Won in millions):

	December 31, 2015	December 31, 2014
Due from banks in local currency:		
Due from the Bank of Korea (“BOK”)	6,885,516	9,120,180
Due from depository banks	300,500	1,000
Due from non-depository	12,197	277,337
Due from the Korea Exchange	1,868	1,580
Others	34,525	182,750
Allowance for credit losses	(2,063)	(2,305)
Sub-total	7,232,543	9,580,542
Due from banks in foreign currencies:		
Due from banks on demand	1,945,918	312,022
Time deposits	1,178,081	712,972
Others	822,888	497,454
Allowance for credit losses	(4,624)	(2,418)
Sub-total	3,942,263	1,520,030
Total	11,174,806	11,100,572

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

Financial institution	Counterparty	December 31, 2015	Reason of restriction
Due from banks in local currency:			
Due from The Bank of Korea	The Bank of Korea	6,885,516	Reserve deposits under The BOK Act
Others	Samsung Securities Co., Ltd. and others	34,525	Reserve deposits of the futures and options and others
		<u>6,920,041</u>	
Due from banks in foreign currencies:			
Due from banks on demand	The Bank of Korea and others	1,944,976	Reserve deposits under The BOK Act and others
Others	The Central Bank of China and others	811,168	Reserve deposits and others
		<u>2,756,144</u>	
		<u>9,676,185</u>	

Financial institution	Counterparty	December 31, 2014	Reason of restriction
Due from banks in local currency:			
Due from The Bank of Korea	The Bank of Korea	9,120,180	Reverse deposits on The BOK Act
Others	NH Investment & Securities Co., Ltd. and others	182,750	Treasury stock trust contracts and others
		<u>9,302,930</u>	
Due from banks in foreign currencies:			
Due from banks on demand	The Bank of Korea and others	296,447	Reserve deposits on The BOK Act and others
Others	The Central Bank of China and others	469,974	Reserve deposits and others
		<u>766,421</u>	
		<u>10,069,351</u>	

(4) Loans are as follows (Unit: Korean Won in millions):

	December 31, 2015	December 31, 2014
Loans in local currency	185,154,851	167,261,592
Loans in foreign currencies	13,104,820	11,281,016
Domestic banker's letter of credit	4,805,433	5,712,049
Credit card accounts	6,099,219	5,113,684
Bills bought in foreign currencies	6,647,918	5,552,421
Bills bought in local currency	134,645	258,707
Factoring receivables	149,688	92,205
Advances for customers on guarantees	44,242	52,619
Privately placed bonds	330,889	346,284
Loans to be converted to equity securities	-	498
Securitized loans	309,990	295,506
Call loans	2,758,156	4,174,735
Bonds purchased under resale agreements	7,583,743	6,891,629
Loan origination costs and fees	435,005	367,898
Others	45,622	44,378
Present value discount	(4,985)	(16,913)
Allowance for credit losses	(2,051,468)	(2,609,488)
Total	<u>225,547,768</u>	<u>204,818,820</u>

(5) Other loan and receivables are as follows (Unit: Korean Won in millions):

	December 31, 2015	December 31, 2014
CMA accounts	213,000	186,000
Receivables	5,648,159	4,662,557
Accrued income	971,179	885,141
Telex and telephone subscription rights and refundable deposits	1,056,309	1,075,068
Other receivables	650,743	981,672
Allowance for credit losses	(419,902)	(339,695)
Total	<u>8,119,488</u>	<u>7,450,743</u>

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

	For the year ended December 31, 2015				
	Consumers	Corporates	Credit card	Others	Total
Beginning balance	(326,435)	(2,128,090)	(129,117)	(370,264)	(2,953,906)
Net provision	(103,166)	(744,416)	(180,563)	(83,994)	(1,112,139)
Recoveries of loans previously charged off	(29,219)	(198,089)	(34,207)	-	(261,515)
Charge-off	240,541	1,139,102	198,077	592	1,578,312
Sales of loans and receivables	2,518	138,055	-	866	141,439
Unwinding effect	12,514	99,854	-	-	112,368
Others	(186)	7,390	-	10,180	17,384
Ending balance	<u>(203,433)</u>	<u>(1,686,194)</u>	<u>(145,810)</u>	<u>(442,620)</u>	<u>(2,478,057)</u>

	For the year ended December 31, 2014				
	Consumers	Corporates	Credit card	Others	Total
Beginning balance	(295,904)	(2,792,558)	(105,613)	(453,557)	(3,647,632)
Net provision	(150,292)	(791,339)	(158,603)	(15,937)	(1,116,171)
Recoveries of loans previously charged off	(7,976)	(66,627)	(27,920)	-	(102,523)
Charge-off	115,339	1,173,434	162,691	627	1,452,091
Sales of loans and receivables	5,833	140,174	-	5,676	151,683
Unwinding effect	16,666	137,951	336	223	155,176
Others	(10,101)	70,875	(8)	92,704	153,470
Ending balance	<u>(326,435)</u>	<u>(2,128,090)</u>	<u>(129,117)</u>	<u>(370,264)</u>	<u>(2,953,906)</u>

11. THE FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

(1) The fair value hierarchy

The fair value hierarchy is determined by the levels of judgment involved in estimating fair values of financial assets and liabilities. The specific financial instruments characteristics and market condition such as volume of transactions and transparency are reflected to the market observable inputs. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities. The Group maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value of its financial assets and financial liabilities. Fair value is measured based on the perspective of a market participant. As such, even when market assumptions are not readily available, the Group's own assumptions reflect those that market participants would use for measuring the assets or liabilities at the measurement date.

The fair value measurement is described in the one of the following three levels used to classify fair value measurements:

- Level 1—fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. The types of financial assets or liabilities generally included in Level 1 are publicly traded equity securities and derivatives, and debt securities issued by governmental bodies.
- Level 2— fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices). The types of financial assets or liabilities generally included in Level 2 are debt securities not traded in active markets and derivatives traded in over-the-counter (“OTC”) but not required significant judgment.
- 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). The types of financial assets or liabilities generally included in Level 3 are non-public securities and derivatives and debt securities of which valuation techniques require significant judgments and subjectivity.

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Group's assessment of the significance of a particular input to a fair value measurement in its entirety requires judgment and consideration of factors specific to the asset or liability.

- (2) Fair value hierarchy of financial assets and liabilities measured at fair value are as follows (Unit: Korean Won in millions):

	December 31, 2015			
	Level 1 (*1)	Level 2 (*1)	Level 3 (*2)	Total
Financial assets:				
Financial assets held for trading				
Deposits	24,884	-	-	24,884
Debt securities	689,600	1,927,806	-	2,617,406
Equity securities	62,945	-	-	62,945
Beneficiary certificates	-	14,017	-	14,017
Securities loaned	10,313	-	-	10,313
Derivative assets	419	2,311,402	78,676	2,390,497
Sub-total	788,161	4,253,225	78,676	5,120,062
Financial assets designed at FVTPL				
Debt securities	-	-	986	986
Equity securities	-	-	11,609	11,609
Sub-total	-	-	12,595	12,595
AFS financial assets				
Debt securities	2,235,229	11,733,943	-	13,969,172
Equity securities	344,339	-	993,368	1,337,707
Beneficiary certificates	-	740,958	377,070	1,118,028
Securities loaned	615,570	104,440	-	720,010
Others	-	20,367	5,308	25,675
Sub-total	3,195,138	12,599,708	1,375,746	17,170,592
Derivative assets	-	177,155	5,973	183,128
Total	3,983,299	17,030,088	1,472,990	22,486,377
Financial liabilities:				
Financial liabilities held for trading				
Deposits	24,872	-	-	24,872
Derivative liabilities	136,845	2,365,375	78,607	2,580,827
Sub-total	161,717	2,365,375	78,607	2,605,699
Financial liabilities designated at FVTPL				
Equity-linked securities	-	10,660	747,351	758,011
Debentures	-	96,851	-	96,851
Sub-total	-	107,511	747,351	854,862
Total	161,717	2,472,886	825,958	3,460,561

	December 31, 2014			
	Level 1 (*1)	Level 2 (*1)	Level 3 (*2)	Total
Financial assets:				
Financial assets held for trading				
Deposits	13,816	-	-	13,816
Debt securities	587,593	1,628,726	-	2,216,319
Equity securities	99,988	-	-	99,988
Beneficiary certificates	-	48,291	-	48,291
CMA securities	-	32,300	-	32,300
Securities loaned	14,737	-	-	14,737
Derivative assets	56	2,062,137	49,274	2,111,467
Sub-total	716,190	3,771,454	49,274	4,536,918
Financial assets designed at FVTPL				
Equity-linked securities	-	-	6,066	6,066
Equity securities	629	-	10,567	11,196
Sub-total	629	-	16,633	17,262
AFS financial assets				
Debt securities	2,731,782	10,455,150	-	13,186,932
Equity securities	389,456	-	1,031,918	1,421,374
Beneficiary certificates	-	3,096,917	355,694	3,452,611
Securities loaned	475,748	210,348	-	686,096
Others	-	49,591	14,241	63,832
Sub-total	3,596,986	13,812,006	1,401,853	18,810,845
Derivative assets				
	-	184,115	11,946	196,061
Total	4,313,805	17,767,575	1,479,706	23,561,086
Financial liabilities:				
Financial liabilities held for trading				
Deposits	13,927	-	-	13,927
Derivative liabilities	5,819	2,092,325	41,711	2,139,855
Sub-total	19,746	2,092,325	41,711	2,153,782
Financial liabilities designated at FVTPL				
Equity-linked securities	-	315	361,993	362,308
Debentures	-	159,264	-	159,264
Sub-total	-	159,579	361,993	521,572
Total	19,746	2,251,904	403,704	2,675,354

(*1) There was no transferred between level 1 and level 2 of financial assets and liabilities measured at fair value. The Group recognizes transfers between the levels at the end of reporting period within which events or conditions change.

(*2) Certain AFS unquoted equity securities were measured at cost as of December 31, 2015 and 2014, that are amounting to 42,451 million Won and 41,002 million Won, respectively. These unquoted equity instruments mostly represent minority investments in special purpose entity vehicles such as asset securitization structures. They are measured at cost because (a) observable inputs of financial information to measure fair value was not available to obtain, or (b) there is a significant variance in likely estimated cash flows or (c) the probabilities for the various estimated cash flows could not be measured reliably. In addition, there were no indicators of impairments in these investments and the Group has no intention to dispose these investments in the foreseeable future.

Certain financial assets are carried at cost, even though under K-IFRS it is required to be remeasured at their fair value, since they do not have quoted market prices in an active market and cannot be measured reliably at fair value. Carrying amount and gain from the disposal of the financial assets which have been carried at cost amounts to 414 million Won and 146 million Won, respectively.

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 determines the fair value using alternative assumptions and developing fair value measurement methods. Alternative assumptions and fair value measurement methods for each type of financial instruments are as follows:

	Fair value measurement methods	Alternative assumptions
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, 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, more than one method is used given the characteristic of the subject of fair value measurement.	Risk-free market rate, market risk premium, 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.
Financial Instruments linked to stock prices or derivatives	The fair value of security linked to stock prices or derivatives is measured by the models such as DCF model, FDM, or Monte Carlo Simulation given the natures of the securities or underlying assets.	Values of underlying assets, risk-free market rate, market rate, dividend and convenience yield, correlation, volatility, credit spread, and foreign exchange rate
Debenture	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, forward rate

Valuation methods of financial assets and liabilities measured at fair value and classified into Level 3 and significant but unobservable inputs are as follows:

	Fair value measurement technique	Input variable	Range	Impact of changes in significant unobservable inputs on fair value measurement
Derivative assets	Option valuation model and others	Correlation	0.315~0.938	Volatility of fair value increases as correlation increases
		Historical variability	19.10%~45.96%	Volatility of fair value increases as historical variability increase
		Credit risk adjustment ratio	99.23%	Fair value decreases as credit risk adjustment ratio increases
Derivative liabilities	Option valuation model and others	Correlation	0.315~0.938	Volatility of fair value increases as correlation increase
		Historical variability	19.10%~45.96%	Volatility of fair value increase due to historical variability increase
Equity-linked securities	Monte Carlo Simulation and others	Correlation	0.036~0.739	Compound financial instrument’s fair value increases as both of historical variability and correlation increase when correlation decreases, however, despite of increase of historical variability, the fair value of compound financial instrument may decrease
		Historical variability	13.70%~51.01%	Compound financial instrument may decrease
Equity securities	External appraisal value and others	Expected growth rate	0%~1%	Fair value increases as expected growth rate increases

Fair value of financial assets and liabilities classified into level 3 is measured by the Group using its own valuation techniques or using external specialists. Unobservable inputs used in the fair value measurements are

produced by the internal system of the Group and the appropriateness of inputs is reviewed regularly.

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

	For the year ended December 31, 2015						December 31, 2015
	January 1, 2015	Net Income (loss) (*1)	Other comprehensive income (loss)	Purchases/ Issuances	Disposals/ Settlements	Transfer to or from level 3 (*2)	
Financial assets:							
Financial assets held for trading							
Derivative assets (*3)	49,274	71,703	-	(8,166)	(33,156)	(979)	78,676
Financial assets designed at FVTPL							
Equity-linked securities	6,066	-	-	-	(6,066)	-	-
Debt securities	-	(14)	-	1,000	-	-	986
Equity securities	10,567	1,042	-	-	-	-	11,609
Sub-total	16,633	1,028	-	1,000	(6,066)	-	12,595
AFS financial assets:							
Equity securities (*4)	1,031,918	(57,373)	105,290	105,930	(100,018)	(92,379)	993,368
Beneficiary certificates	355,694	3,905	(24,846)	121,613	(79,296)	-	377,070
Others	14,241	(7,064)	1,370	-	(3,239)	-	5,308
Sub-total	1,401,853	(60,532)	81,814	227,543	(182,553)	(92,379)	1,375,746
Derivative assets	11,946	7,375	-	-	(13,348)	-	5,973
Total	1,479,706	19,574	81,814	220,377	(235,123)	(93,358)	1,472,990
Financial liabilities:							
Financial liabilities held for trading							
Derivative liabilities (*3)	41,711	58,565	-	4,008	(24,475)	(1,202)	78,607
Financial liabilities designated at FVTPL							
Equity-linked securities(*5)	361,993	(73,533)	-	764,005	(304,917)	(197)	747,351
Total	403,704	(14,968)	-	768,013	(329,392)	(1,399)	825,958

(*1) The loss amounting to 2,854 million Won for the year ended December 31, 2015, which is from financial assets and liabilities that the Group holds at the end of periods, was recognized in net gain (loss) on financial instruments at FVTPL and net gain (loss) on AFS financial assets in the consolidated statement of comprehensive income.

(*2) The Group recognizes transfers between levels at the end of reporting period within which events have occurred or conditions have changed.

(*3) As the variables used for the valuation of equity related derivatives and interest rate related derivatives were observable in the market, such derivatives were transferred into level 2 from level 3.

(*4) AFS financial assets were transferred out of level 1 to level 3 upon the change of the fair value measurement method of the assets by using market the external valuation specialists from previously using quoted prices in the active market, in the opposite case, they were transferred out of level 3 to level 1.

(*5) Since the observable market data for equity-linked securities became available, such securities were transferred out of level 3 to level 2.

For the year ended December 31, 2014								
	January 1, 2014	Net Income (loss) (*1)	Other comprehensive income (loss)	Purchases/ Issuances	Disposals/ Settlements	Transfer to or from level 3 (*2)	Decrease due to the spin-off or disposals	December 31, 2014
Financial assets:								
Financial assets held for trading								
Derivatives instruments assets	307,782	41,776	-	1,244	(108,345)	-	(193,183)	49,274
Others	6,185	(724)	-	-	(4,433)	-	(1,028)	-
Sub-total	<u>313,967</u>	<u>41,052</u>	<u>-</u>	<u>1,244</u>	<u>(112,778)</u>	<u>-</u>	<u>(194,211)</u>	<u>49,274</u>
Financial assets designed at FVTPL								
Equity-linked securities	408,120	(337)	-	324,205	(82,468)	-	(643,454)	6,066
Debt securities	2,676	26	-	-	(2,702)	-	-	-
Equity securities	10,579	(12)	-	-	-	-	-	10,567
Sub-total	<u>421,375</u>	<u>(323)</u>	<u>-</u>	<u>324,205</u>	<u>(85,170)</u>	<u>-</u>	<u>(643,454)</u>	<u>16,633</u>
AFS financial assets								
Debt securities(*3)	9,050	(6,048)	-	-	-	1,825	(4,827)	-
Equity securities (*4)	1,843,889	(137,631)	6,063	106,654	(114,450)	(551)	(672,056)	1,031,918
Beneficiary certificates (*3)	562,941	16,033	3,164	41,214	(66,126)	(1,935)	(199,597)	355,694
Others (*3)	102,914	(2,439)	(1,134)	12,898	-	(70,000)	(27,998)	14,241
Sub-total	<u>2,518,794</u>	<u>(130,085)</u>	<u>8,093</u>	<u>160,766</u>	<u>(180,576)</u>	<u>(70,661)</u>	<u>(904,478)</u>	<u>1,401,853</u>
Derivative assets								
Total	<u>14,608</u>	<u>3,497</u>	<u>-</u>	<u>-</u>	<u>(6,159)</u>	<u>-</u>	<u>-</u>	<u>11,946</u>
Total	<u>3,268,744</u>	<u>(85,859)</u>	<u>8,093</u>	<u>486,215</u>	<u>(384,683)</u>	<u>(70,661)</u>	<u>(1,742,143)</u>	<u>1,479,706</u>
Financial liabilities:								
Financial liabilities held for trading								
Derivative liabilities	253,419	6,783	4,050	4,596	(43,250)	-	(183,887)	41,711
Financial liabilities designated at FVTPL								
Equity-linked securities (*5)	5,587,261	19,031	-	2,205,033	(815,356)	(88,044)	(6,545,932)	361,993
Total	<u>5,840,680</u>	<u>25,814</u>	<u>4,050</u>	<u>2,209,629</u>	<u>(858,606)</u>	<u>(88,044)</u>	<u>(6,729,819)</u>	<u>403,704</u>

(*1) The loss amounting to 172,484 million Won for the year ended December 31, 2014, which is from financial assets and liabilities that the Group holds at the end of periods, was recognized in net gain (loss) on financial instruments at FVTPL and net gain (loss) on AFS financial assets in the consolidated statement of comprehensive income.

(*2) The Group recognizes transfers between levels at the end of reporting period within which events have occurred or conditions have changed.

(*3) AFS financial assets were transferred from level 2 into level 3 or vice versa upon the changes in the degree of subjectivity and uncertainty used to measure fair values, such as using quoted price in inactive market or values from external valuation specialists, for the AFS financial assets.

(*4) AFS financial assets were transferred out of level 1 to level 3 upon the change of the fair value measurement method of the assets by using market the external valuation specialists from previously using quoted prices in the active market, in the opposite case, they were transferred out of level 3 to level 1.

(*5) Since the observable market data for equity-linked securities became available, such securities were transferred out of level 3 to level 2.

(4) Sensitivity analysis through reasonable changes of the unobservable inputs used to measure Level 3 financial instruments are as follows:

The sensitivity analysis of the financial instruments has been performed by classifying with favorable and unfavorable changes based on how changes in unobservable assumptions would 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 resulted from varying the assumptions individually. The sensitivity analysis was performed for two types of level 3 financial instruments: (1) interest rate related derivatives, currency related derivatives, equity related derivatives, and equity-linked securities of which fair value changes are recognized as net income; (2) equity securities and beneficiary certificates of which fair value changes are recognized as other comprehensive income. Equity securities classified as level 3 but measured at costs 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 the years ended December 31, 2015 and 2014. (Unit: Korean Won in millions):

	For the year ended December 31, 2015				For the year ended December 31, 2014			
	Net income		Other comprehensive		Net income		Other comprehensive	
	(loss)		income (loss)		(loss)		income (loss)	
	Favorable	Unfavorable	Favorable	Unfavorable	Favorable	Unfavorable	Favorable	Unfavorable
Financial assets:								
Financial assets held for trading								
Derivatives instruments assets (*1)(*2)	10,674	(9,729)	-	-	14,093	(6,471)	-	-
Financial assets designated at FVTPL								
Equity securities(*6)	793	(739)	-	-	-	-	-	-
AFS Financial Assets								
Equity securities (*3)(*4)	-	-	37,648	(20,869)	-	-	80,085	(39,055)
Beneficiary certificates (*4)	-	-	4,102	(3,875)	-	-	3,430	(3,243)
Others (*5)	-	-	80	(80)	-	-	6,823	(2,858)
Total	11,467	(10,468)	41,830	(24,824)	14,093	(6,471)	90,338	(45,156)
Financial liabilities:								
Financial liabilities held for trading								
Derivative liabilities (*1)(*2)	13,469	(12,281)	-	-	7,939	(7,222)	-	-
Financial liabilities designated at FVTPL								
Equity-linked securities (*1)	2,289	(2,247)	-	-	1,497	(1,483)	-	-
Total	15,758	(14,528)	-	-	9,436	(9,205)	-	-

(*1) Fair value changes of equity related derivatives assets and liabilities and equity-linked securities are calculated by increasing or decreasing historical fluctuation rate of stock price and correlation, which are major unobservable variables, by 10%, respectively. In the case of interest rate and currency related derivative assets and liabilities, fair value changes are calculated by increasing or decreasing volatility of interest rate and credit risk adjustment ratio, which are major unobservable variables, by 10%, respectively.

(*2) Both derivative assets and liabilities for held for trading and hedging are included.

(*3) 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.

(*4) Among the equity securities, even if the sensitivity analysis of the capital contributions and beneficiary certificates is not possible in practice, fair value changes of beneficiary certificates and other securities whose major unobservable variables are composed of the real estate are calculated by increasing or decreasing price fluctuation of real estate which is underlying assets and discount rate by 1%.

(*5) Fair value changes of other securities are calculated by increasing or decreasing price fluctuation of trust property or real estate which is underlying assets and discount rate by 1%. The prices of trust property and real estates and discount rate are major unobservable variables.

(*6) Changes of fair value are measured by increasing or decreasing the discount rate by 10%, which is major unobservable variable, respectively.

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

	As of December 31, 2015				Book value
	Fair value				
	Level 1	Level 2	Level 3	Total	
Financial assets:					
HTM financial assets	1,045,022	12,768,727		13,813,749	13,621,640
Loans and receivables			248,253,422	248,253,422	244,842,062
Financial liabilities:					
Deposits due to customers		208,133,241		208,133,241	209,141,826
Borrowings		20,084,789		20,084,789	20,033,917
Debentures		22,288,472		22,288,472	21,898,859
Other financial liabilities		16,961,987		16,961,987	16,964,206
	As of December 31, 2014				Book value
	Fair value				
	Level 1	Level 2	Level 3	Total	
Financial assets:					
HTM financial assets	1,902,558	11,365,202	-	13,267,760	13,044,448
Loans and receivables	-	-	225,284,372	225,284,372	223,370,135
Financial liabilities:					
Deposits due to customers	-	188,673,796	-	188,673,796	188,516,465
Borrowings	-	17,772,085	-	17,772,085	17,707,595
Debentures	-	24,976,056	-	24,976,056	24,795,904
Other financial liabilities	-	16,889,129	-	16,889,129	16,889,687

The fair values of financial instruments are measured using quoted market price in active markets. In case there is no active market for financial instruments, the Group determines the fair value using alternative assumptions through developing fair value measurement methods. Alternative assumptions and fair value measurement methods for financial assets and liabilities that are measured at amortized costs are given as follows:

	Fair value measurement methods	Alternative assumptions
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 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, credit spread and prepayment-rate
Deposit 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 and forward rate

b) 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 and 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. The carrying amounts of securities loaned are as follows (Unit: Korean Won in millions):

		December 31, 2015	December 31, 2014	Loaned to
Financial assets at				Samsung Securities Co.,
FVTPL	Equity securities-listed stock	10,313	14,737	Ltd. and others
AFS financial	Korean treasury and			Korea Securities
assets	government agencies bonds	720,010	686,096	Depository
	Total	<u>730,323</u>	<u>700,833</u>	

The details of the transferred financial assets that are not derecognized in their entirety, such as disposal of securities under repurchase agreement or loaned securities, are explained in Note 18.

(2) The offset with financial assets and liabilities

The Group possesses both the uncollected domestic exchange receivables and unpaid domestic exchange payable, which satisfy offsetting criteria of K-IFRS 1032. Therefore, the total number of uncollected domestic exchange receivables or unpaid domestic exchange payable has been countervailed with part of unpaid domestic exchange payable or uncollected domestic exchange receivables, respectively, and has been disclosed in loans and receivables or other financial liabilities of the Group's statements of financial position and loans and receivables, respectively.

The Group possesses the derivative assets, derivative liabilities, receivable spot exchange, and payable spot exchange which do not satisfy the offsetting criteria of K-IFRS 1032, but provide the Group the right of, under the circumstances of the trading party's defaults, insolvency, or bankruptcy, the offsetting. Item such as cash collateral cannot satisfy the offsetting criteria of K-IFRS 1032, but in accordance with the collateral arrangements and under the circumstances of the trading party's default, insolvency, or bankruptcy, the derivative assets, derivative liabilities, receivable spot exchange, and the net amount of payable spot exchange can be offset.

The Group has entered into a sale and repurchase agreements and accounted it as collateralized borrowing. Also, the Group has entered into a purchase and resale agreement and accounted it as secured loans. The repurchase and resale agreement can have the offsetting right only under the trading party's default, insolvency, or bankruptcy which do not satisfy the offsetting criteria of K-IFRS 1032, the Group recorded the collateralized borrowings in borrowings and the secured loans in loans and receivables. 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).

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		December 31, 2015	December 31, 2014	Loaned to
Financial assets at				Samsung Securities Co.,
FVTPL	Equity securities-listed stock	10,313	14,737	Ltd. and others
AFS financial	Korean treasury and			Korea Securities
assets	government agencies bonds	720,010	686,096	Depository
	Total	<u>730,323</u>	<u>700,833</u>	

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As at the end of reporting periods, the financial instruments to be set off and may be covered by master netting agreements and similar agreements are given as below:

	December 31, 2015					
	Gross amounts of recognized financial assets	Gross amounts of recognized financial assets set off	Net amounts of financial assets presented	Related amounts not set off in the statement of financial position		Net amounts
				Financial instruments	Cash collateral received	
Financial assets:						
Derivative assets and others (*1)	2,573,107	8,857	2,564,250	5,615,376	53,162	1,239,821
Receivable spot exchange (*2)	4,344,109	-	4,344,109			
Bonds purchased under resale agreements (*2)	7,583,743	-	7,583,743	7,583,743	-	-
Domestic exchanges receivable (*2)(*5)	29,980,302	29,467,000	513,302	-	-	513,302
Total	44,481,261	29,475,857	15,005,404	13,199,119	53,162	1,753,123

	December 31, 2015					
	Gross amounts of recognized financial liabilities	Gross amounts of recognized financial liabilities set off	Net amounts of financial liabilities presented	Related amounts not set off in the statement of financial position		Net amounts
				Financial instruments	Cash collateral pledged	
Financial liabilities:						
Derivative liabilities and others (*1)	3,144,595	8,857	3,135,738	6,205,345	173,268	1,100,044
Payable spot exchange (*3)	4,342,919	-	4,342,919			
Bonds sold under repurchase agreements (*4)	671,629	-	671,629	671,629	-	-
Domestic exchanges payable (*3)(*5)	31,493,204	29,467,000	2,026,204	2,020,717	-	5,487
Total	39,652,347	29,475,857	10,176,490	8,897,691	173,268	1,105,531

	December 31, 2014					
	Gross amounts of recognized financial assets	Gross amounts of recognized financial assets set off	Net amounts of financial assets presented	Related amounts not set off in the statement of financial position		Net amounts
				Financial instruments	Cash collateral received	
Financial assets:						
Derivative assets and others (*1)	2,316,295	16,228	2,300,067	5,413,119	37,142	469,574
Receivable spot exchange (*2)	3,619,768	-	3,619,768			
Bonds purchased under resale agreements (*2)	6,891,629	-	6,891,629	6,891,629	-	-
Domestic exchanges receivable (*2)(*5)	28,094,142	27,310,235	783,907	-	-	783,907
Total	40,921,834	27,326,463	13,595,371	12,304,748	37,142	1,253,481

	December 31, 2014					
	Gross amounts of recognized financial liabilities	Gross amounts of recognized financial liabilities set off	Net amounts of financial liabilities presented	Related amounts not set off in the statement of financial position		Net amounts
				Financial instruments	Cash collateral pledged	
Financial liabilities:						
Derivative liabilities and others (*1)	2,478,924	16,228	2,462,696	5,396,870	41,229	640,766
Payable spot exchange (*3)	3,616,169	-	3,616,169			
Bonds sold under repurchase agreements (*4)	1,196,237	-	1,196,237	1,196,237	-	-
Domestic exchanges payable (*3)(*5)	30,636,705	27,310,235	3,326,470	3,147,053	-	179,417
Total	37,928,035	27,326,463	10,601,572	9,740,160	41,229	820,183

- (*1) The items include derivatives held for trading, derivatives for hedging and equity linked securities.
 (*2) The items are included in loans and receivables.
 (*3) The items are included in other financial liabilities.
 (*4) The items are included in borrowings.
 (*5) Certain financial assets and liabilities are presented as net amounts.

13. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

- (1) Investments in joint ventures and associates accounted for using the equity method of accounting are as follows (Unit: Korean Won in millions):

Subsidiaries	Main business	Percentage of ownership (%)		Financial statements as of
		December 31, 2015	December 31, 2014	
Woori Bank and Woori Private Equity Company Ltd.:				
Woori Blackstone Korea Opportunity Private Equity Fund I	Finance	26.4	26.4	December 31
Woori Bank:				
Kumho Tire Co., Inc. (*1)(*2)	Manufacturing	14.2	14.2	December 31
Woori Service Networks Co., Ltd. (*4)	Freight & staffing services	4.9	4.9	November 30(*3)
Korea Credit Bureau Co., Ltd. (*5)(*7)	Credit information	9.9	7.2	December 31
Korea Finance Security Co., Ltd. (*4) (*14)	Security service	15.0	15.3	November 30(*3)
United PF 1st Corporate Financial Stability (*5)	Finance	17.7	17.7	December 31
Chin Hung International Inc. (*2) (*6)	Construction	28.4	26.8	November 30(*3)
Poonglim Industrial Co., Ltd.	"	30.7	30.7	September 30(*3)
Ansang Tech Co., Ltd. (*8)	Manufacturing	-	23.0	-
STX Engine Co., Ltd. (*1)(*2)(*9)	"	29.2	15.0	September 30(*3)
Samho International Co., Ltd. (*1)(*2)	Construction	7.8	7.8	December 31
Force TEC Co., Ltd. (*10)	Freight & staffing services	34.4	34.4	-
Hana Construction Co., Ltd. (*10)	Construction	22.4	22.4	-
STX Corporation (*1) (*2)	Wholesale of non-Specialized Goods	15.0	15.0	September 30(*3)
Osung LST Co., Ltd. (*1) (*2)	Manufacturing	11.1	11.1	September 30(*3)
Saman Corporation (*5)(*15)	General Construction Technology Service	9.2	-	December 31
Dongwoo C & C Co.,Ltd. (*10) (*16)	Construction	23.2	-	-
SJCO Co.,Ltd. (*10) (*16)	Aggregate transportation and Wholesale	26.5	-	-
Ilyang construction Co.,Ltd. (*10) (*16)	Construction	40.0	-	-
G2 Collection Co.,Ltd. (*10) (*16)	Wholesale and retail sales	28.9	-	-
Woori Private Equity Fund:				
Phoenix Digital Tech Co., Ltd.(*13)	Semiconductor equipment	-	44.8	-
Woori Renaissance Holdings (*11)	Other financial business	51.6	51.6	December 31
Woori Private Equity Company Ltd.:				
Woori Columbus First PEF (*12)	Other financial business	1.9	1.9	December 31

- (*1) The Group has significant influence on these entities through its position in the creditors' council which is the decision making body regarding to financial and operational policies of associates.
- (*2) The investments in associates that have quoted market prices are Kumho Tire Co., Ltd. (current period: KRW 6,730, previous year: KRW 9,670), Chin Hung International Inc. (current period: KRW 2,300, previous year: KRW 1,665), STX Engine Co., Ltd. (current period: KRW 6,800), Samho International Co., Ltd. (current period: KRW 15,550, previous year: KRW 13,150), STX Corporation. (current period: KRW 3,435), and Osung LST Co., Ltd. (current period: KRW 795, previous year: KRW 1,215).
- (*3) The significant transactions and events between the end of reporting dates of the investees and the investors have been properly adjusted.
- (*4) The significant business of Woori Service Network Co., Ltd. and Korea Finance Security Co., Ltd. is transacted mostly with the Group.
- (*5) The Group can participate in decision-making body and exercise significant influence over Korea Credit Bureau Co., Ltd. and the United PF 1st Corporate Financial Stability through business partnerships.
- (*6) Due to debt-equity swap occurred during the year ended December 31, 2015 the ownership interest of Chin Hung International Inc. has increased.
- (*7) As the Group acquired the shares of Korea Credit Bureau Co., Ltd. additionally for the year ended December 31, 2015, the ownership interest of it has increased.
- (*8) As the Group sold shares of Ansang Tech Co., Ltd. during the year ended December 31, 2015, it was excluded from the associates.
- (*9) Due to debt-equity swap and conversion of convertible bonds occurred during the year ended December 31, 2015 the ownership interest of STX Engine Co., Ltd. increased.
- (*10) The carrying value of investments in Force TEC Co., Ltd. and Hana Construction Co., Ltd., Dongwoo C & C Co., Ltd., SJCO Co., Ltd., Ilyang Construction Co., Ltd. and G2 collection Co., Ltd. is nil as of December 31, 2015 and 2014, respectively.
- (*11) The Group owns over 50% ownership of Woori Renaissance Holdings. However, the investment in this entity was accounted for using equity method as the ownership and related contracts meet the definition of joint arrangement under K-IFRS 1111 *Joint Arrangements*.
- (*12) As a general partner of Woori Columbus First PEF, the Group has significant influence over the entity's operational and financial policy making process, including participating in dividend or other distribution. As such, the investment in this entity was accounted for using equity method
- (*13) As the Group sold shares of Phoenix Digital Tech Co., Ltd during the year ended December 31, 2015, it was excluded from the associates.
- (*14) As the Group sold some shares of Korea Finance Security Co., Ltd. during the year ended December 31, 2015, the ownership interest of the Group has fallen.
- (*15) Due to debt-equity swap occurred during the year ended December 31, 2015, it is included in the associates.
- (*16) Even though the Group's ownership ratio of the entity is more than 20%, it does not have significant influence over the entity due to the fact that the entity is going through workout process under receivership, thus it was excluded from the investment in associates. However, as the workout was over during the year ended December 31, 2015, it has been included in the investment in associates..

(2) Changes in the carrying value of investments in joint ventures and associates accounted for using the equity method of accounting are as follows (Unit: Korean Won in millions):

	For the year ended December 31, 2015									
	Acquisition cost	January 1, 2015	Share of profits (losses)	Acquisition(*)	Disposal and others	Dividends	Change in Capital	Impairment	Other changes	December 31, 2015
Woori Blackstone Korea Opportunity First	81,608	100,436	9,266	-	(37,367)	(16,291)	-	-	-	56,044
Kumho Tire Co., Inc.	175,652	224,829	(11,979)	-	-	-	1,201	-	-	214,050
Woori Service Networks Co., Ltd.	108	130	21	-	-	(12)	-	-	-	139
Korea Credit Bureau Co., Ltd.	2,215	3,378	335	1,098	-	-	480	-	-	5,291
Korea Finance Security Co., Ltd.	3,337	4,272	(425)	-	(81)	(55)	-	-	-	3,711
United PF 1st Corporate financial stability	191,617	203,418	3,350	-	(19,176)	-	-	-	-	187,592
Chin Hung International Inc.	60,275	28,491	(14,489)	29,451	-	-	482	-	-	43,936
Poonglim Industrial Co., Ltd.	13,916	-	10,643	-	-	-	(1)	(22,473)	17,144	5,313
STX Engine Co., Ltd.	47,008	2,293	(3,901)	45,030	-	-	1,823	-	6,031	51,276
Samho Co., Ltd.	7,492	11,257	3,012	-	-	-	56	-	-	14,325
STX Corporation	42,215	14,347	(10,673)	-	-	-	559	-	18	4,251
Osung LST Co., Ltd.	15,405	18,482	(4,322)	-	-	-	4	(33,839)	30,660	10,985
Saman Corporation	8,521	-	-	8,521	-	-	-	-	-	8,521
Phoenix Digital Tech Co., Ltd.	1,334	-	1,610	-	(1,610)	-	-	-	-	-
Woori Renaissance Holdings	63,000	36,019	3,518	-	-	(2,416)	-	-	-	37,121
Woori Columbus First PEF	1,200	1,084	222	-	-	-	-	-	-	1,306
Total	714,903	648,436	(13,812)	84,100	(58,234)	(18,774)	4,604	(56,312)	53,853	643,861

(*) Investments in associates increased by 83,002 million won through transfers between accounts, such as loan-equity swap occurred during the year ended December 31, 2015.

	For the year ended December 31, 2014									
	Acquisition cost	January 1, 2014	Share of profits (losses)	Acquisition(*1)	Disposal and others	Dividends	Change in Capital	Impairment	Other changes	December 31, 2014
Woori Blackstone Korea Opportunity First	83,011	93,714	11,969	-	(1,727)	(3,520)	-	-	-	100,436
Kumho Tire Co., Inc.	93,003	140,101	21,219	113,935	(50,007)	-	497	-	(916)	224,829
Woori Service Networks Co., Ltd.	108	136	6	-	-	(12)	-	-	-	130
Korea Credit Bureau Co., Ltd.	2,215	3,347	31	-	-	-	-	-	-	3,378
Korea Finance Security Co., Ltd.	3,337	4,311	16	-	-	(55)	-	-	-	4,272
United PF 1st Corporate financial stability	191,617	203,730	(312)	-	-	-	-	-	-	203,418
Chin Hung International Inc.	60,275	45,900	(17,158)	-	-	-	(251)	-	-	28,491
Poonglim Industrial Co., Ltd. (*2)	13,917	3,079	(3,079)	-	-	-	-	-	-	-
STX Engine Co., Ltd.	47,008	47,008	(44,422)	-	-	-	(294)	-	-	2,292
SamHo Co., Ltd.	7,492	7,492	2,284	-	-	-	5	-	1,476	11,257
Force TEC Co., Ltd.	34	34	-	-	-	-	-	-	(34)	-
STX Corporation	-	-	918	47,323	(4,642)	-	(881)	(28,370)	-	14,348
Osung LST Co., Ltd.	-	-	(3,806)	15,405	-	-	(4)	-	6,887	18,482
Saudara Bank (*3)	-	-	160	67,431	(66,992)	(640)	41	-	-	-
DKT	50,000	20,170	(595)	-	(19,575)	-	-	-	-	-
KAMCO Fifth Asset Securitization Specialty	8,736	3,827	521	-	(4,348)	-	-	-	-	-
Phoenix Digital Tech Co., Ltd.	1,872	3,688	(3,008)	-	921	-	(1,013)	(588)	-	-
Woori Renaissance Holdings	63,000	39,806	2,654	-	-	-	-	(6,441)	-	36,019
Woori Columbus First PEF	1,200	1,227	21	-	(84)	(80)	-	-	-	1,084
Total	626,825	617,570	(32,581)	244,094	(146,454)	(4,307)	(1,900)	(35,399)	7,413	648,436

- (*1) Investments in associates increased by 176,661 million won through transfers between accounts, such as loan-equity swap occurred during the year ended December 31, 2014.
- (*2) The application of equity method was suspended and the book value was nil due to accumulation of loss deficit of the investee. The unrecognized loss on valuation of investments under equity method due to the suspension of equity method on Poonglim Co., Ltd. amounted to 10,128 million Won of the shares of loss of joint ventures and associates and 511 million Won of the accumulated other comprehensive loss in the consolidated statement of comprehensive income for the year ended December 31, 2015.
- (*3) Indonesia Woori Bank, which was a consolidated subsidiary of the Group, merged with Saudara Bank in accordance for the year ended December 31, 2014, and the bank changed its name into PT Bank Woori Saudara Indonesia 1906 Tbk. According to this merger, PT Bank Woori Saudara Indonesia 1906 Tbk became to be classified as subsidiary, so it was exclude from investment in associates.

- (3) Summary financial information relating to investments in joint ventures and associates accounted for using the equity method of accounting is as follows (Unit: Korean Won in millions):

	December 31, 2015			
	Assets	Liabilities	Operating revenue	Net income (loss)
Woori Blackstone Korea Opportunity Private Equity Fund I	212,171	414	49,264	35,099
Kumho Tire Co., Inc.	5,197,002	3,926,952	3,039,519	(27,893)
Woori Service Networks Co., Ltd.	4,577	1,772	14,661	824
Korea Credit Bureau Co., Ltd.	63,960	13,076	53,184	2,005
Korea Finance Security Co., Ltd.	30,195	5,457	50,932	1,890
United PF 1st Corporate Financial Stability	1,088,325	30,390	117,579	18,911
Chin Hung International Inc.	516,305	446,412	624,110	(39,936)
Poonglim Industrial Co., Ltd.	352,683	331,801	206,904	13,185
STX Engine Co., Ltd.	958,468	834,499	417,125	36,615
Samho Co., Ltd.	709,109	526,379	892,871	39,664
STX Corporation	1,232,014	1,181,593	1,236,168	(44,404)
Osung LST Co., Ltd.	125,859	42,981	38,767	(30,108)
Saman Corporation	80,970	49,334	114,592	(116,019)
Woori Renaissance Holdings Inc.	95,421	28,218	12,013	6,813
Woori Columbus First PEF	68,466	562	12,158	11,570

	December 31, 2014			
	Assets	Liabilities	Operating revenue	Net income (loss)
Woori Blackstone Korea Opportunity First	380,622	873	48,887	45,351
Kumho Tire Co., Inc.	4,590,346	3,323,743	3,414,009	130,010
Woori Service Networks Co., Ltd.	4,250	1,625	14,394	770
Korea Credit Bureau Co., Ltd.	54,716	7,805	46,111	114
Korea Finance Security Co., Ltd.	30,990	3,108	47,398	5,527
United PF 1st Corporate Financial Stability	1,187,406	40,240	105,369	(1,962)
Chin Hung International Inc.	522,749	495,523	552,668	(11,481)
Poonglim Industrial Co., Ltd.	447,617	417,688	157,123	(16,530)
STX Engine Co., Ltd.	1,088,209	1,083,907	386,058	(27,878)
SamHo Co., Ltd.	654,477	510,878	860,851	30,025
STX Corporation	1,158,788	1,040,746	1,184,480	407,231
Osung LST Co., Ltd.	172,100	101,265	86,351	(44,951)
Woori Renaissance Holdings Inc.	88,605	23,536	6,876	(7,334)
Woori Columbus First PEF	56,936	602	1,540	(178)
Phoenix Digital Tech Co., Ltd.	27,400	26,187	9,650	(4,901)

- (4) The entities that the Group has not applied equity method of accounting although the Group's ownership ratio is more than 20% as of December 31, 2015 and 2014, are as follows:

	As of December 31, 2015	
	Number of shares owned	Ownership (%)
Orient Shipyard Co., Ltd. (*)	465,050 shares	23.0
Jinsaeng K Co., Ltd. (*)	2,107,432 shares	20.2
The Base Enterprise Co., Ltd. (*)	68,470 shares	48.4
Saenuel Co., Ltd. (*)	3,531 shares	37.4
Heungjiwon Co., Ltd. (*)	32,849 shares	27.8
E Mirae Tech Co., Ltd. (*)	7,696 shares	41.0
Jehin Trading Co., Ltd. (*)	81,610 shares	27.3
NK Eng Co., Ltd. (*)	697,033 shares	23.1
The season Co., Ltd. (*)	18,187 shares	30.1
Deokwon Food Co., Ltd. (*)	14,300 shares	27.3
Yuil PESC Co., Ltd. (*)	8,642 shares	24.0
Kyesan Engineering Co.,Ltd. (*)	60,581 shares	23.2
Good Software Lab Co.,Ltd. (*)	17,121 shares	28.9
DOWOO (*)	13,477 shares	41.9
Reading Doctors Co., Ltd. (*)	7,398 shares	35.4
Orient Star Logistics Co., Ltd. (*)	17,293 shares	22.3
Wongwang Co., Ltd. (*)	2,590 shares	29.0

- (*) Even though the Group's ownership ratio of 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 investment committee, thus it has been excluded from the investment in associates.

	As of December 31, 2014	
	Number of shares owned	Ownership (%)
Vogo II-2 Investment Holdings Co., Ltd. (*2)	24,794,201,938 shares	36.4
LIG engineering & construction Co., Ltd. (*1)	755,946 shares	22.8
Orient Shipyard Co., Ltd. (*1)	465,050 shares	23.0
Jinsaeng K Co., Ltd. (*1)	2,107,432 shares	20.2
PICITY Co., Ltd. (*1)	871,631 shares	21.1
Gdsys Co., Ltd. (*1)	300,805 shares	21.2
G2 Collection Co., Ltd. (*1)	12,574 shares	28.9
Alkenz Co., Ltd. (*1)	80,402 shares	37.5
SJ Development Co., Ltd. (*1)	70,529 shares	26.5
Ilyang Construction Co., Ltd. (*1)	105,936 shares	40.0
Ssangyong Engineering & Construction Co., Ltd. (*1)	2,957,728 shares	20.3

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

- (5) As of December 31, 2015 and 2014, the reconciliations from the net assets of associates based on the ownership ratio of the Group to its corresponding book value of investment in joint ventures and associates are as follow (Unit: Korean Won in millions except for ownership):

As of December 31, 2015						
Total net asset	Ownership (%)	Net assets of associates (or joint ventures)	cost-book value differential	Impairment	Intercompany transaction and others	Book value
Woori Blackstone Korea Opportunity First	211,757	26.4	55,900		144	56,044
Korea Credit Bureau	50,884	9.9	5,043	248		5,291
Korea Finance Security Co., Ltd.	24,738	15.0	3,711			3,711
Woori Service Networks Co., Ltd.	2,805	4.9	139			139
Kumho Tire Co., Inc. (*1)	1,152,161	14.2	163,042	48,459	2,549	214,050
United PF 1st Corporate financial stability	1,057,935	17.7	187,538		54	187,592
Chin Hung International Inc. (*1)	68,132	28.4	19,374	24,566	(4)	43,936
Poonglim Industrial Co., Ltd. (*1)	(58,065)	30.7	(17,837)	45,622	(22,472)	5,313
STX Engine Co., Ltd. (*1)	123,969	29.2	36,230	14,927		51,276
SamHo Co., Ltd.	182,730	7.8	14,325			14,325
Osung LST Co., Ltd. (*1)	82,878	11.1	9,238	35,597	(33,839)	10,985
Saman Corporation	31,636	9.2	2,911	5,610	-	8,521
STX Corporation (*1)	50,421	15.0	7,552	24,610	(28,370)	4,251
Woori Renaissance Holdings	67,203	51.6	34,677		(6,441)	8,885
Woori Columbus First PEF	67,904	1.9	1,304	6		(4)

As of December 31, 2014						
Total net asset	Ownership (%)	Net assets of associates (or joint ventures)	cost-book value differential	Impairment	Intercompany transaction and others	Book value
Woori Blackstone Korea Opportunity First	379,749	26.4	100,248	-	-	188
Korea Credit Bureau	46,911	7.2	3,378	-	-	3,378
Phoenix Digital Tech Co., Ltd.	1,213	44.8	543	45	(588)	-
Korea Finance Security Co., Ltd.	27,882	15.3	4,272	-	-	4,272
Woori Service Networks Co., Ltd.	2,625	4.9	130	-	-	130
Kumho Tire Co., Inc. (*1)	1,228,329	14.2	173,820	48,459	-	2,550
United PF 1st Corporate financial stability	1,147,166	17.7	203,418	-	-	203,418
Chin Hung International Inc. (*1)	26,650	26.8	7,132	21,359	-	28,491
Poonglim Industrial Co., Ltd. (*1)	(159,358)	30.7	(48,994)	38,356	-	10,638
STX Engine Co., Ltd. (*1)	(93,532)	15.0	(14,029)	14,927	-	1,394
SamHo Co., Ltd.	143,599	7.8	11,257	-	-	11,257
Osung LST Co., Ltd. (*1)	(295,129)	11.1	(32,897)	51,379	-	-
STX Corporation (*1)	117,709	15.0	17,639	24,610	(28,370)	469
Woori Renaissance Holdings	65,069	51.6	33,576	-	(6,441)	8,884
Woori Columbus First PEF	56,334	1.9	1,082	6	-	(4)

(*1) 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, 2015	December 31, 2014
Acquisition cost	376,192	381,668
Accumulated depreciation	(24,696)	(24,118)
Net carrying value	<u>351,496</u>	<u>357,550</u>

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

	For the year ended December 31, 2015	For the year ended December 31, 2014
Beginning balance	357,550	340,620
Depreciation	(3,806)	(3,859)
Transfer	(2,297)	21,760
Foreign currencies translation adjustments	49	31
Others	-	(1,002)
Ending balance	<u>351,496</u>	<u>357,550</u>

(3) Fair value of investment properties is amounting to 371,890 million Won and 394,159 million Won as of December 31, 2015 and 2014, respectively. The fair value of investment property, based on the assessment that was independently performed by external appraisal agencies, is classified as level 3 on the fair value hierarchy as of December 31, 2015 and 2014.

(4) Rental fee earned from investment properties is amounting to million Won and 5,629 million Won and 5,311 million Won as of December 31, 2015 and 2014, respectively.

15. PREMISES AND EQUIPMENT

(1) Premises and equipment are as follows (Unit: Korean Won in millions):

	December 31, 2015						
	Land	Building	Properties for business use	Structures in leased office	Construction in progress	Structures	Total
Acquisition cost	1,493,628	843,343	965,820	405,801	522	20	3,709,134
Accumulated depreciation	-	(139,326)	(772,529)	(326,057)	-	(16)	(1,237,928)
Net carrying value	1,493,628	704,017	193,291	79,744	522	4	2,471,206

	December 31, 2014						
	Land	Building	Properties for business use	Structures in leased office	Construction in progress	Structures	Total
Acquisition cost	1,514,698	817,559	920,222	374,436	102	20	3,627,037
Accumulated depreciation	-	(111,035)	(710,634)	(304,251)	-	(15)	(1,125,935)
Net carrying value	1,514,698	706,524	209,588	70,185	102	5	2,501,102

(2) Changes in premises and equipment are as follows (Unit: Korean Won in millions):

	For the year ended December 31, 2015						
	Land	Building	Properties for business use	Structures in leased office	Construction in progress	Structures	Total
Beginning balance	1,514,698	706,524	209,588	70,185	102	5	2,501,102
Acquisition	2,628	21,127	69,230	35,304	757	-	129,046
Disposal	(10,780)	(648)	(847)	(2,000)	(313)	-	(14,588)
Depreciation	-	(24,846)	(85,279)	(36,740)	-	(1)	(146,866)
Classified to assets held for sale	(5,109)	(8,348)	-	-	-	-	(13,457)
Foreign currencies translation adjustment	(328)	(333)	265	515	(19)	-	100
Transfer	(7,481)	9,778	-	-	-	-	2,297
Others	-	763	334	12,480	(5)	-	13,572
Ending balance	1,493,628	704,017	193,291	79,744	522	4	2,471,206

	For the year ended December 31, 2014						
	Land	Building	Properties for business use	Structures in leased office	Construction in progress	Structures	Total
Beginning balance	1,516,364	703,930	255,682	60,429	31	5	2,536,441
Acquisition	1,206	24,950	70,622	30,183	818	-	127,779
Disposal	(4)	-	(31,245)	(1,195)	(314)	-	(32,758)
Depreciation	-	(23,390)	(88,873)	(26,423)	-	-	(138,686)
Classified to assets held for sale	(2,019)	(4,819)	(66)	-	-	-	(6,904)
Foreign currencies translation adjustment	46	39	197	410	(439)	-	253
Acquisition through business combination	10,719	9,880	3,081	196	6	-	23,882
Transfer	(11,614)	(10,146)	-	-	-	-	(21,760)
Others	-	6,080	190	6,585	-	-	12,855
Ending balance	1,514,698	706,524	209,588	70,185	102	5	2,501,102

16. INTANGIBLE ASSETS AND GOODWILL

(1) Intangible assets are as follows (Unit: Korean Won in millions):

	December 31, 2015						
	Goodwill	Software	Industrial rights	Development cost	Others	Membership deposit	Total
Acquisition cost	103,525	170,709	651	193,020	605,821	30,024	1,103,750
Accumulated amortization	-	(132,538)	(307)	(141,663)	(400,714)	-	(675,222)
Accumulated impairment losses	-	-	-	-	(3,338)	(5,384)	(8,722)
Net carrying value	103,525	38,171	344	51,357	201,769	24,640	419,806

	December 31, 2014						
	Goodwill	Software	Industrial rights	Development cost	Others	Membership deposit	Total
Acquisition cost	107,541	163,675	554	180,983	409,972	27,366	890,091
Accumulated amortization	-	(115,854)	(226)	(125,646)	(346,402)	-	(588,128)
Accumulated impairment losses	-	-	-	-	(2,763)	(3,472)	(6,235)
Net carrying value	107,541	47,821	328	55,337	60,807	23,894	295,728

(2) Changes in intangible assets are as follows (Unit: Korean Won in millions):

	For the year ended December 31, 2015						
	Goodwill	Software	Industrial rights	Development cost	Others	Membership deposit	Total
Beginning balance	107,541	47,821	328	55,337	60,807	23,894	295,728
Acquisition	-	7,347	96	16,751	196,139	2,510	222,843
Disposal	-	(189)	-	(1,500)	(12)	-	(1,701)
Amortization	-	(16,809)	(81)	(19,233)	(53,969)	-	(90,092)
Impairment loss	-	-	-	-	(9)	(1,911)	(1,920)
Foreign currencies translation adjustment	(4,016)	1	1	2	(476)	147	(4,341)
Others	-	-	-	-	(711)	-	(711)
Ending balance	103,525	38,171	344	51,357	201,769	24,640	419,806

	For the year ended December 31, 2014						
	Goodwill	Software	Industrial rights	Development cost	Others	Membership deposit	Total
Beginning balance	-	55,298	287	90,429	101,600	21,312	268,926
Acquisition	1,418	20,418	101	29,990	17,809	1,925	71,661
Disposal	-	(10,839)	-	(36,092)	(38,564)	(114)	(85,609)
Amortization	-	(16,923)	(72)	(21,167)	(47,051)	-	(85,213)
Impairment loss	-	-	-	-	127	(1,900)	(1,773)
Foreign currencies translation adjustment	63	-	-	1	9	80	153
Classified into disposal group held for sale	-	(133)	-	(976)	-	-	(1,109)
Acquisition through business combination	106,060	-	-	-	25,719	-	131,779
Others	-	-	12	(6,848)	1,158	2,591	(3,087)
Ending balance	107,541	47,821	328	55,337	60,807	23,894	295,728

17. ASSETS HELD FOR SALE

Assets held for sale recognized are 17,904 million Won and 8,013 million Won as of December 31, 2015 and 2014, respectively.

18. ASSETS SUBJECT TO LIEN AND ASSETS ACQUIRED THROUGH FORECLOSURES

(1) Assets subjected to lien are as follows (Unit: Korean Won in millions):

		December 31, 2015		
		Collateral given to	Amount	Reason for collateral
Due from banks		Korea Securities Investment and others	483,298	Margin deposit for future or option and others
Financial assets at FVTPL	Financial institutions debt securities and others	Yuanta Securities Co., Ltd. and others	220,897	Substitute securities
AFS financial assets	Korean treasury and government agencies bonds	Banco Bilbao Vizcaya Argentaria	603,274	Related to bonds sold under repurchase agreements (*)
	Financial institutions debt securities and others	The BOK and others	3,595,581	Settlement risk and others
HTM financial assets	Korean treasury and government agencies bonds	Nomura Securities Co., Ltd. and others	139,340	Related to bonds sold under repurchase agreements (*)
	Korean treasury and government agencies bonds and others	The BOK and others	4,657,667	Settlement risk and others
Land and building		Credit Counselling & Recovery Service	6,468	Leasehold rights and others
		Total	<u>9,706,525</u>	
		December 31, 2014		
		Collateral given to	Amount	Reason for collateral
Due from banks		Korea Investment Securities Co., Ltd. and others	105,521	Margin deposit for future or option and others
Financial assets at FVTPL	Industrial and financial debt securities and others	Kiwoom Asset Management Co., Ltd. and others	9,851	Related to bonds sold under repurchase agreements (*)
	Financial institutions debt securities and others	KDB Daewoo Securities Co., Ltd. and others	309,213	Collaterals for customer RP
AFS financial assets	Korean treasury and government agencies bonds	Banco Bilbao Vizcaya Argentaria	926,796	Related to bonds sold under repurchase agreements (*)
	Financial institutions debt securities and others	The Bank of Korea and others	2,064,586	Settlement risk and others
HTM financial assets	Korean treasury and government agencies bonds	Nomura Securities Co., Ltd. and others	660,212	Related to bonds sold under repurchase agreements (*)
	Korean treasury and government agencies bonds and others	The Bank of Korea and others	3,054,173	Settlement risk and others
Land and building		Credit Counselling & Recovery Service	8,928	Leasehold rights and others
		Total	<u>7,139,280</u>	

(*) The Group enters into the repurchase agreements at predetermined price or original sale price added with certain rate of return after the disposal of securities. In this regards, the securities are provided as collaterals, and the purchasers are eligible to dispose or provide them as collateral. Therefore, as such securities have been transferred but have not been derecognized, the Group recognizes the relevant amount as liability (bond sold under repurchase agreements).

- (2) The carrying amounts of buildings acquired through foreclosure are as follow (Unit: Korean Won in millions):

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Land	28	189
Building	596	-

- (3) Loaned securities are as follows (Unit: Korean Won in millions):

		<u>December 31, 2015</u>	<u>December 31, 2014</u>	<u>Loaned to</u>
Financial assets at FVTPL	Equity securities-listed stock	10,313	14,737	Samsung Securities Co., Ltd. and others
AFS financial assets	Korean treasury and government agencies bonds	<u>720,010</u>	<u>686,096</u>	Korea Securities Depository
	Total	<u>730,323</u>	<u>700,833</u>	

Securities loaned are lending of specific securities to borrowers who agree to return the same quantity of the same security at the end of lending period. As the Group does not derecognize these securities, there are no liabilities recognized through such transactions relates to securities loaned.

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

Fair values of collaterals held can be disposed and re-subjected to lien regardless of defaults of counterparties as of December 31, 2015 and 2014 are as follows (Unit: Korean Won in millions):

		<u>December 31, 2015</u>	
		<u>Fair values of collaterals</u>	<u>Fair values of collaterals were disposed or re-subjected to lien</u>
Securities		7,661,656	-
		<u>December 31, 2014</u>	
		<u>Fair values of collaterals</u>	<u>Fair values of collaterals were disposed or re-subjected to lien</u>
Securities		6,790,215	-

19. OTHER ASSETS

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

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Prepaid expenses	124,080	131,267
Advance payments	1,008	1,097
Non-operative assets	624	189
Others	17,574	12,604
Total	<u>143,286</u>	<u>145,157</u>

20. FINANCIAL LIABILITY AT FVTPL

Financial liability at FVTPL is composed of financial liabilities held for trading and financial liabilities designated at FVTPL.

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

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Financial liabilities held for trading	2,605,699	2,153,782
Financial liabilities designated at FVTPL	854,862	521,572
Total	<u>3,460,561</u>	<u>2,675,354</u>

(2) Financial liabilities held for trading are as follows (Unit: Korean Won in millions):

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Deposits due to Customers:		
Gold banking liabilities	24,872	13,927
Derivative liabilities	2,580,827	2,139,855
Total	<u>2,605,699</u>	<u>2,153,782</u>

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

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Equity linked securities index:		
Equity-linked securities in short position	758,011	362,308
Debentures:		
Debentures in local currency	96,851	97,590
Debentures in foreign currencies	-	61,674
Sub-total	<u>96,851</u>	<u>159,264</u>
Total	<u>854,862</u>	<u>521,572</u>

- (4) Credit risk adjustment to financial liabilities designated at FVTPL is as follows (Unit: Korean Won in millions):

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Financial liabilities designated at FVTPL subject to credit risk adjustments	854,862	521,572
Credit risk adjustments	(542)	(2,612)
Accumulated changes in credit risk adjustments	(15,016)	(45,561)

Credit risk adjustments are applied to reflect the Group's own credit risk when measuring derivative liabilities at fair value. The methodology to determine the adjustment incorporates the Group's credit spread as observed through credit ratings.

- (5) The differences between financial liabilities at FVTPL's carrying amount and nominal amount at maturity are as follows (Unit: Korean Won in millions):

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Carrying amount	854,862	521,572
Nominal amount at maturity	1,086,365	623,461
Difference	<u>(231,503)</u>	<u>(101,889)</u>

21. DEPOSITS DUE TO CUSTOMERS

Details of deposits due to customers are as follows (Unit: Korean Won in millions):

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Deposits in local currency		
Demand deposits	9,728,839	10,090,772
Time deposits	175,598,522	161,697,250
Mutual funds	40,888	46,072
Deposits on notes payables	687,579	486,356
Deposits on CMA	235,089	276,484
Certificate of deposits	2,435,087	740,090
Other deposits	1,304,348	1,281,595
Sub-total	<u>190,030,352</u>	<u>174,618,619</u>
Deposits in foreign currencies	19,129,214	13,902,989
Present value discount	(17,740)	(5,143)
Total	<u>209,141,826</u>	<u>188,516,465</u>

22. BORROWINGS AND DEBENTURES

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

	December 31, 2015		
	Lenders	Interest rate (%)	Amount
Borrowings in local currency:			
Borrowings from The BOK	The Bank of Korea	0.5 ~ 0.8	1,475,991
Borrowings from government funds	Small and Medium Business Corporation and others	0.0 ~ 3.5	1,535,953
Others	The Korea Development Bank and others	0.0 ~ 4.9	4,508,662
Sub-total			<u>7,520,606</u>
Borrowings in foreign currencies:			
Borrowings in foreign currencies	The Export-Import Bank of Korea	0.0 ~ 4.6	9,733,694
Offshore borrowings in foreign currencies	Zuercher Kantonalbank	0.3 ~ 0.9	32,947
Sub-total			<u>9,766,641</u>
Bills sold	Others	0.0 ~ 2.6	37,501
Call money	Banks	0.0 ~ 5.2	2,039,051
Bonds sold under repurchase agreements	Other financial institutions	0.8 ~ 4.5	671,629
Present value discount			(1,511)
Total			<u>20,033,917</u>
	December 31, 2014		
	Lenders	Interest rate (%)	Amount
Borrowings in local currency:			
Borrowings from The Bank of Korea	The Bank of Korea	0.5 ~ 1.0	803,317
Borrowings from government funds	Small and Medium Business Corporation and others	0.0 ~ 3.5	1,680,175
Others	The Korea Development Bank and others	0.0 ~ 3.8	4,229,396
Sub-total			<u>6,712,888</u>
Borrowings in foreign currencies:			
Borrowings in foreign currencies	The Export-Import Bank of Korea	0.0 ~ 3.7	7,921,772
Offshore borrowings in foreign currencies	Barclays Bank PLC	0.5	17,375
Sub-total			<u>7,939,147</u>
Bills sold	Others	0.0 ~ 2.6	87,692
Call money	Banks	0.0 ~ 3.9	1,771,733
Bonds sold under repurchase agreements	Other financial institutions	1.3 ~ 4.5	1,196,237
Present value discount			(102)
Total			<u>17,707,595</u>

(2) Debentures are as follows (Unit: Korean Won in millions):

	December 31, 2015		December 31, 2014	
	Interest rate (%)	Amount	Interest rate (%)	Amount
Face value of bond				
Ordinary bonds	0.2 ~ 12.0	16,868,054	0.8 ~ 10.5	18,564,367
Subordinated bonds	3.4 ~ 13.0	5,055,311	3.4 ~ 10.3	6,248,349
Other bonds	17.0	4,006	17.0	51,601
Sub-total		<u>21,927,371</u>		<u>24,864,317</u>
Discounts on bond		(28,512)		(68,413)
Total		<u>21,898,859</u>		<u>24,795,904</u>

(*) the debentures of 3,148,703 million Won and 3,421,176 million Won as of December 31, 2015 and 2014, respectively, which are fair value hedged items are included.

23. PROVISIONS

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

	December 31, 2015	December 31, 2014
Asset retirement obligation	39,121	29,733
Provision for guarantee (*1)	364,141	509,320
Provision for loan commitments	85,313	90,449
Provision for credit card points	5,445	5,548
Other provisions (*2)	22,581	56,959
Total	<u>516,601</u>	<u>692,009</u>

(*1) Provision for guarantee includes provision for financial guarantee of 139,002 million Won and 159,149 million Won as of December 31, 2015 and 2014, respectively.

(*2) Other provisions consist of provision for litigation, provision for loss recovery, and others.

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

	For the year ended December 31, 2015				
	Provision for guarantees	Provision for loan commitments	Provision for credit card points	Other provisions	Total
Beginning balance	509,320	90,449	5,548	56,959	662,276
Provisions provided	19,714	9,801	16,301	51,997	97,813
Provisions used and others	(25,262)	41	(16,404)	(86,308)	(127,933)
Reversal of unused amount	(160,032)	(14,976)	-	(43)	(175,051)
Others	20,401	(2)	-	(24)	20,375
Ending balance	<u>364,141</u>	<u>85,313</u>	<u>5,445</u>	<u>22,581</u>	<u>477,480</u>

	For the year ended December 31, 2014				
	Provision for guarantees	Provision for loan commitments	Provision for credit card points	Other provisions	Total
Beginning balance	501,948	123,930	6,441	28,967	661,286
Provisions provided	46,191	2,613	12,507	41,963	103,274
Provisions used and others	(38,402)	30	(13,400)	(26,208)	(77,980)
Reversal of unused amount	(31,877)	(36,158)	-	-	(68,035)
Others	31,460	34	-	12,237	43,731
Ending balance	<u>509,320</u>	<u>90,449</u>	<u>5,548</u>	<u>56,959</u>	<u>662,276</u>

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

	For the year ended December 31, 2015	For the year ended December 31, 2014
Beginning balance	29,733	23,513
Provisions provided	1,742	932
Provisions used	(1,316)	(746)
Depreciation	394	519
Reversal of unused amount	(179)	(143)
Increase in restoration costs and others	8,747	5,658
Ending balance	<u>39,121</u>	<u>29,733</u>

24. NET DEFINED BENEFIT LIABILITY

The characteristics of the Group's defined benefit plans 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. The 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.

The Group is 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 the yield of high quality corporate bonds. A deficit may occur if the rate of return of plan assets falls short of the interest rate.
Decrease in profitability of high quality corporate bonds	A decrease in profitability of high quality corporate 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	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.

(1) Details of net defined benefit liability are as follows (Unit: Korean Won in millions):

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Defined benefit obligation	901,219	683,961
Fair value of plan assets	(801,528)	(608,370)
Net defined benefit liability	<u>99,691</u>	<u>75,591</u>

(2) Changes in the carrying value of defined benefit obligation are as follows (Unit: Korean Won in millions):

	<u>For the year ended December 31, 2015</u>	<u>For the year ended December 31, 2014</u>
Beginning balance	683,961	509,849
Current service cost	132,710	118,651
Interest cost	21,377	20,016
Remeasurements	97,730	72,990
Foreign currencies translation adjustments	(8)	(133)
Retirement benefit paid	(26,516)	(32,422)
Curtailement or settlement	(8,231)	(5,570)
Others	196	580
Ending balance	<u>901,219</u>	<u>683,961</u>

(3) Changes in the plan assets are as follows (Unit: Korean Won in millions):

	For the year ended December 31, 2015	For the year ended December 31, 2014
Beginning balance	608,370	438,247
Interest income	21,965	20,804
Remeasurements	(5,444)	(5,504)
Employer's contributions	229,069	184,141
Retirement benefit paid	(22,860)	(22,849)
Curtailement or settlement	(8,240)	(5,525)
Others	(21,332)	(944)
Ending balance	<u>801,528</u>	<u>608,370</u>

(4) Plan assets wholly consist of time deposits as of December 31, 2015 and 2014, respectively. Among plan assets, realized returns on plan assets amount to 16,521 million Won and 15,300 million Won for the year ended December 31, 2015 and 2014, respectively.

(5) Current service cost, net interest expense, past service cost, loss on the curtailment or settlement and remeasurements recognized in the consolidated statements of net income and total comprehensive income are as follows (Unit: Korean Won in millions):

	For the year ended December 31, 2015	For the year ended December 31, 2014
Current service cost	132,710	118,651
Net interest expense (income)	(588)	(788)
Loss on the curtailment or settlement	9	(45)
Cost recognized in net income	132,131	117,818
Remeasurements	103,174	78,494
Cost recognized in total comprehensive income	<u>235,305</u>	<u>196,312</u>

Retirement benefit service costs related to defined contribution plans are recognized 3,623 million Won and 3,543 million Won for the years ended December 31, 2015 and 2014, respectively.

(6) Key actuarial assumptions used in defined benefit liability assessment are as follows:

	December 31, 2015	December 31, 2014
Discount rate	2.83%	3.29%
Future wage growth rate	6.35%	5.74%
Mortality rate	Issued by Korea Insurance Development Institute	Issued by Korea Insurance Development Institute
Retirement rate	Experience rate for each employment classification	Experience rate for each employment classification

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

		Defined benefit obligation as of	
		December 31, 2015	December 31, 2014
Discount rate	Increase by 1% point	(101,026)	(66,278)
	Decrease by 1% point	118,879	76,296
Future wage growth rate	Increase by 1% point	117,975	76,040
	Decrease by 1% point	(101,900)	(67,267)

25. OTHER FINANCIAL LIABILITIES AND OTHER LIABILITIES

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

	December 31, 2015	December 31, 2014
Other financial liabilities:		
Accounts payable	5,586,031	4,532,101
Accrued expenses	1,901,204	2,343,332
Borrowings from trust accounts	4,476,396	3,475,353
Agency business revenue	415,776	433,594
Foreign exchange payables	708,267	375,059
Domestic exchange payables	2,082,472	3,386,529
Other miscellaneous financial liabilities	1,795,256	2,345,433
Present value discount	(1,196)	(1,714)
Sub-total	<u>16,964,206</u>	<u>16,889,687</u>
Other liabilities:		
Unearned income	171,649	164,431
Other miscellaneous liabilities	133,525	226,239
Sub-total	<u>305,174</u>	<u>390,670</u>
Total	<u><u>17,269,380</u></u>	<u><u>17,280,357</u></u>

26. DERIVATIVES

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

	December 31, 2015			
	Nominal amount	Assets		Liabilities
		Fair value hedge	For trading	For trading
Interest rate:				
Interest rate swap	111,633,234	180,378	923,712	959,347
Long interest rate options	881,679	-	13,961	-
Short interest rate options	1,086,679	-	-	15,164
Currency:				
Currency futures	423,877	-	-	-
Currency forwards	56,298,910	-	759,838	475,646
Currency swaps	27,070,835	-	617,777	949,921
Long currency option	1,657,911	-	63,498	-
Short currency option	1,366,459	-	-	13,530
Stock:				
Stock futures	169,785	-	-	-
Stock swaps	10,000	-	-	6
Long index option	682,358	2,750	444	-
Short index option	2,410,815	-	-	155,386
Others:				
Other futures	1,100	-	-	-
Other forward	125	-	-	39
Other swaps	78,882	-	5,363	4,781
Long option	41,097	-	5,904	-
Short option	142,259	-	-	7,007
Total	<u>203,956,005</u>	<u>183,128</u>	<u>2,390,497</u>	<u>2,580,827</u>

	December 31, 2014			
	Nominal amount	Assets		Liabilities
		Fair value hedge	For trading	For trading
Interest rate:				
Interest rate futures	21,640	-	-	-
Interest rate swap	106,014,214	182,990	1,097,849	1,140,917
Long interest rate options	1,658,180	-	11,985	-
Short interest rate options	1,788,180	-	-	10,638
Currency:				
Currency futures	382,577	-	-	-
Currency forwards	40,078,267	-	415,209	342,778
Currency swaps	20,902,464	-	504,858	572,985
Long currency option	1,433,050	-	45,617	-
Short currency option	1,614,028	-	-	18,176
Stock:				
Stock futures	46,400	-	-	-
Stock swaps	10,000	-	522	-
Long index option	352,943	13,071	1,070	-
Short index option	767,978	-	-	19,916
Others:				
Other futures	592	-	-	-
Other swaps	53,035	-	4,481	4,468
Long option	249,081	-	29,876	-
Short option	261,883	-	-	29,977
Total	175,634,512	196,061	2,111,467	2,139,855

Derivatives held for trading purpose are classified into financial assets or liabilities at FVTPL (see Notes 7 and 20) and derivatives for hedging are stated as a separate line item in the consolidated statements of financial position.

(2) Gains or losses from valuation of financial instruments under hedge accounting are as follows (Unit: Korean Won in millions):

	For the year ended December 31, 2015	For the year ended December 31, 2014
Losses from hedged items	(31,297)	(64,158)
Gains from hedging instruments	38,021	63,442

27. DEFERRED DAY 1 PROFIT OR LOSS

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

	For the year ended December 31, 2015	For the year ended December 31, 2014
Beginning balance	13,499	6,256
Acquisitions	26,762	13,367
Amounts recognized in profits or losses	(12,253)	(6,124)
Ending balance	28,008	13,499

In case some variables to measure fair values of financial instruments were not observable or available in the market, valuation techniques were utilized to evaluate such financial instruments. Those financial instruments were recorded at the fair value produced by the valuation techniques as at the time of acquisition, even though there were difference noted between the transaction price and the fair value. The table above presents the difference yet to be realized as profit or losses.

28. CAPITAL STOCK AND CAPITAL SURPLUS

(1) The number of authorized shares and others are as follows:

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Authorized shares of common stock	5,000,000,000 Shares	5,000,000,000 Shares
Par value	5,000 Won	5,000 Won
Issued shares of common stock	676,000,000 Shares	676,278,371 Shares
Capital stock	3,381,392 million Won	3,381,392 million Won

(2) Changes in numbers of issued shares of common stock are as follows (Unit: Shares):

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Beginning balance	676,278,371	806,015,340
Changes due to the Merger	-	(129,736,969)
Retirement of treasury stock	(278,371)	-
Ending balance	676,000,000	676,278,371

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

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Capital in excess of par value	269,533	269,533
Other capital surplus	24,726	21,533
Total	<u>294,259</u>	<u>291,066</u>

29. HYBRID SECURITIES

The bond-type hybrid securities classified as owner's equity are as follows (Unit: Korean Won in millions):

	<u>Issuance date</u>	<u>Maturity</u>	<u>Annual interest rate (%)</u>	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Local currency	June 20, 2008	June 20, 2038	7.7	255,000	255,000
	November 22, 2011	November 22, 2041	5.9	310,000	310,000
	March 8, 2012	March 8, 2042	5.8	190,000	190,000
	April 25, 2013	April 25, 2043	4.4	500,000	500,000
	November 13, 2013	November 13, 2043	5.7	200,000	200,000
	December 12, 2014	December 12, 2044	5.2	160,000	160,000
	June 3, 2015	June 3, 2045	4.4	240,000	-
Foreign currency	May 2, 2007	May 2, 2037	6.2	930,900	930,900
	June 10, 2015	June 10, 2045	5.0	559,650	-
Issuance cost				(11,548)	(7,077)
Total				<u>3,334,002</u>	<u>2,538,823</u>

With respect to the hybrid securities issued, the contractual agreements allow the Group to indefinitely extend the maturity date and defer the payment of interest. If the Group makes a resolution not to pay dividends on common stock, and then, the Group is exonerated from interest payment on the hybrid securities.

30. OTHER EQUITY

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

	December 31, 2015	December 31, 2014
Accumulated other comprehensive income:		
Gain on valuation of AFS financial assets	374,685	300,994
Share of other comprehensive income of joint ventures and associates	6,074	2,779
Loss on foreign currencies translation of foreign operations	(70,789)	(107,721)
Remeasurement of the net defined benefit liability	(197,579)	(119,375)
Cash flow hedges	(10,371)	(10,371)
Sub-total	<u>102,020</u>	<u>66,306</u>
Treasury shares(*)	(34,113)	(37,594)
Other capital adjustments	(1,615,210)	(2,421,850)
Total	<u>(1,547,303)</u>	<u>(2,393,138)</u>

(*) The Group succeeded to the rights of treasury shares the former Woori Finance Holdings Co.,Ltd held as the merger with Woori Finance Holdings Co.,Ltd for the year ended December 31, 2014, and 3,481 million Won was retired for the year ended December 31, 2015.

(2) Changes in the accumulated other comprehensive income are as follows (Unit: Korean Won in millions):

	For the year ended December 31, 2015				Ending balance
	Beginning balance	Increase (decrease) on valuation(*)	Re-classification adjustments(*)	Income tax effect	
Gain (loss) on available-for-sale financial assets	300,994	190,842	(101,439)	(15,712)	374,685
Share of other comprehensive income (loss) of joint ventures and associates	2,779	4,409	-	(1,114)	6,074
Gain (loss) on foreign currency translation of foreign operations	(107,721)	49,421	-	(12,489)	(70,789)
Remeasurement of the net defined benefit liability	(119,375)	(102,467)	-	24,263	(197,579)
Cash flow hedges	(10,371)	-	-	-	(10,371)
Total	<u>66,306</u>	<u>142,205</u>	<u>(101,439)</u>	<u>(5,052)</u>	<u>102,020</u>

(*) For the change in gain (loss) on valuation of AFS financial assets, increase or decrease represents change due to the valuation during the period, and “reclassification adjustments” explains disposal or recognition of impairment losses on AFS financial assets.

For the year ended December 31, 2014						
	Beginning balance (*1)	Increase (decrease) on valuation(*2)	Reclassification adjustments(*2)	Income tax effect	Changes due to the Spin-off	Ending balance
Gain (loss) on valuation of available-for-sale financial assets	279,398	354,856	(241,216)	(27,102)	(64,942)	300,994
Share of other comprehensive income (loss) of joint ventures and associates	5,753	(3,464)	(244)	734	-	2,779
Gain (loss) on foreign currency translation of foreign operations	(136,576)	2,186	37,094	(10,425)	-	(107,721)
Remeasurement of the net defined benefit liability	(68,408)	(81,476)	(900)	18,950	12,459	(119,375)
Cash flow hedges	7,928	(6,844)	(13,671)	2,296	(80)	(10,371)
Total	88,095	265,258	(218,937)	(15,547)	(52,563)	66,306

(*1) The accumulated other comprehensive income as of January 1, 2014 included the amounts classified as the disposal group held for sale and the disposal group held for distribution to owners as of December 31, 2013.

(*2) For the change in gain (loss) on valuation of AFS financial assets, increase or decrease represents change due to the valuation during the period, and "reclassification adjustments" explains disposal or recognition of impairment losses on AFS financial assets.

31. RETAINED EARNINGS

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

		December 31, 2015	December 31, 2014
Legal reserve	Legal reserve	1,528,754	1,463,754
	Other legal reserve	43,132	41,472
	Sub-total	1,571,886	1,505,226
Voluntary reserve	Business rationalization reserve	8,000	8,000
	Reserve for financial structure improvement	235,400	235,400
	Additional reserve	7,249,104	8,134,544
	Regulatory reserve for credit loss	1,756,142	1,800,387
	Revaluation reserve	760,366	760,455
	Other voluntary reserve	11,700	11,700
	Sub-total	10,020,712	10,950,486
Retained earnings before appropriation		2,133,524	1,709,646
Total		13,726,122	14,165,358

i. Legal reserve

In accordance with the Banking Act, 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.

ii. 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.

iii. Business rationalization reserve

Pursuant to the Restriction of Special Taxation Act, 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.

iv. Reserve for financial structure improvement

From 2002 to 2014, 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 tangible common equity ratio equals 5.5 percent. But this reserve is not available for payment of cash dividends; however, it can be used to reduce a deficit or be transferred to capital. The reserve and appropriation is an Autonomous judgment matter of the Group since 2015.

v. Additional reserve and other voluntary reserve

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

vi. 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 shortfall amount as regulatory reserve for credit loss.

vii. 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) Changes in retained earnings are as follows (Unit: Korean Won in millions):

	For the years ended December 31	
	2015	2014
Beginning balance	14,165,358	13,112,690
Net income attributable to owners	1,059,157	1,213,980
Changes due to distribution to owners	-	(110,405)
Dividends on common stock	(504,952)	-
Dividends on hybrid securities	(183,320)	(50,129)
Appreciation of merger losses	(806,640)	-
Retirement of treasury stock	(3,481)	-
Others	-	(778)
Ending balance	13,726,122	14,165,358

32. REGULATORY RESERVE FOR CREDIT LOSS

In accordance with Paragraph 1 and 2 of Article 29 of the Regulation on the 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 the 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):

	For the years ended December 31	
	2015	2014
Beginning balance	1,756,142	1,800,387
Planned provision (reversal) of regulatory reserve for credit loss	499,110	(44,245)
Ending balance	2,255,252	1,756,142

- (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 years ended December 31	
	2015	2014 (*)
Net income	1,075,392	1,207,969
Provision (reversal) of regulatory reserve for credit loss	499,110	(44,245)
Adjusted net income after the provision of regulatory reserve	576,282	1,252,214
Adjusted EPS after the provision of regulatory reserve	584	1,512

- (*) These are calculated by the beginning balance of the planned regulatory reserve for credit loss of the former Woori Finance Holdings Co., Ltd.. In the case of using the beginning balance of the Group’s, the provision of regulatory reserve for credit loss is 505,805 million won, adjusted income after provision of regulatory reserve is 702,164 million won, and adjusted EPS after the provision of regulatory reserve is 746 won.

33. DIVIDENDS

The Group is to pay out 168,317 million Won (250 Won per share) as dividend for the year ended December 31, 2015, and it will be reviewed and approved at the shareholders’ meeting on March 25, 2016. As such, the separate statements of financial position as of December 31, 2015 do not incorporate such unpaid dividend.

In addition, on July 29, 2015, the board of directors resolved the interim dividend of 250 Won per a common share, which amounted to 168,318 million Won for the shares issued and it was paid during the year ended December 31, 2015.

34. NET INTEREST INCOME

(1) Interest income recognized are as follows (Unit: Korean Won in millions):

	For the years ended December 31	
	2015	2014
Financial assets at FVTPL	63,143	70,653
AFS financial assets	389,443	359,986
HTM financial assets	418,065	441,626
Loans and receivables:		
Interest on due from banks	81,117	104,633
Interest on loans	7,700,475	8,183,844
Interest of other receivables	45,992	50,498
Sub-total	7,827,584	8,338,975
Total	8,698,235	9,211,240

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

	For the years ended December 31	
	2015	2014
Interest on deposits due to customers	2,888,529	3,450,786
Interest on borrowings	216,743	251,804
Interest on debentures	707,772	885,365
Other interest expense	123,291	130,267
Total	3,936,335	4,718,222

35. NET FEES AND COMMISSIONS INCOME

(1) Fees and commissions income recognized are as follows (Unit: Korean Won in millions):

	For the years ended December 31	
	2015	2014
Fees and commissions received (*)	676,114	641,332
Fees and commissions received for provision of guarantee	78,922	75,997
Fees and commissions received on project financing	15,521	12,717
Fees and commissions received on credit card	852,250	746,811
Fees and commissions received on securities	67,692	61,472
Other fees and commissions received	66,841	59,686
Total	1,757,340	1,598,015

(*) Fees and commissions received include agency commissions, fee income from electronic finance, fee income related to loan, fees for import letter of credit dealing, commission received on foreign exchange and others.

(2) Fees and commissions expense incurred are as follows (Unit: Korean Won in millions):

	For the years ended December 31	
	2015	2014
Fees paid	133,909	115,480
Credit card commissions	643,524	555,496
Brokerage commissions	615	168
Others	2,496	9,856
Total	780,544	681,000

36. DIVIDEND INCOME

Dividend income recognized are as follows (Unit: Korean Won in millions):

	For the years ended December 31	
	2015	2014
Dividend from financial assets at FVTPL	1,217	3,178
Dividend from AFS financial assets	101,706	93,634
Total	102,923	96,812

37. GAINS (LOSSES) ON 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 years ended December 31	
	2015	2014
Gains (losses) on financial assets held for trading	171,137	161,851
Gains (losses) of financial assets designated at FVTPL	69,205	28,061
Total	240,342	189,912

(2) Gains (losses) on financial assets held for trading are as follows (Unit: Korean Won in millions):

			For the years ended December 31	
			2015	2014
Financial Assets at FVTPL	Securities	Gain on valuation	7,735	27,122
		Gain on disposals	32,780	37,158
		Loss on valuation	(13,663)	(19,441)
		Loss on disposals	(22,771)	(45,201)
		Sub-total	4,081	(362)
	Other financial assets	Gain on valuation	10,195	3,878
		Gain on disposals	442	763
		Loss on valuation	(10,189)	(4,315)
		Loss on disposals	(208)	(509)
	Sub-total		240	(183)
Total of financial assets at FVTPL		4,321	(545)	
Derivatives (for trading)	Interest rates derivatives	Gain on transactions and valuation	1,240,353	1,220,496
		Loss on transactions and valuation	(1,251,673)	(1,261,289)
		Sub-total	(11,320)	(40,793)
	Currencies derivatives	Gain on transactions and valuation	4,241,317	2,681,812
		Loss on transactions and valuation	(3,987,856)	(2,499,395)
		Sub-total	253,461	182,417
	Equity derivatives	Gain on transactions and valuation	92,400	61,840
		Loss on transactions and valuation	(166,528)	(40,342)
		Sub-total	(74,128)	21,498
	Other derivatives	Gain on transactions and valuation	54,322	50,883
		Loss on transactions and valuation	(55,519)	(51,609)
		Sub-total	(1,197)	(726)
	Total of derivatives(for trading)		166,816	162,396
	Total		171,137	161,851

- (3) Details of gains or losses on financial assets designated at FVTPL are as follows (Unit: Korean Won in millions):

	For the years ended December 31	
	2015	2014
Gain (loss) on equity-linked securities		
Gain (loss) on disposals of equity-linked securities	(22,363)	7,575
Gain on valuation of equity-linked securities	89,863	9,709
Sub-total	67,500	17,284
Gain (loss) on other securities:		
Loss on disposals of other securities	(62)	(123)
Gain on valuation of other securities	1,027	43
Sub-total	965	(80)
Gain(loss) on other financial instruments:		
Gain on valuation of other financial instruments	740	10,857
Sub-total	740	10,857
Total	69,205	28,061

38. GAINS (LOSSES) ON AFS FINANCIAL ASSETS

Gains (losses) on AFS financial assets are as follows (Unit: Korean Won in millions):

	For the years ended December 31	
	2015	2014
Gains on redemption of securities	1,089	90
Gains on transaction of securities	130,457	171,747
Impairment losses on securities	(134,827)	(240,761)
Total	(3,281)	(68,924)

39. IMPAIRMENT LOSSES DUE TO CREDIT LOSS

Impairment losses on loans and receivables, guarantees and loan commitment recognized for credit loss are as follows (Unit: Korean Won in millions):

	For the years ended December 31	
	2015	2014
Impairment losses due to credit loss	(1,112,139)	(1,116,171)
Reversal of provision on (provision provided for) guarantee	140,318	(14,314)
Reversal of provision on loan commitment	5,175	33,545
Total	(966,646)	(1,096,940)

40. OTHER NET OPERATING INCOMES (EXPENSES)

(1) Administrative expenses recognized are as follows (Unit: Korean Won in millions):

		For the years ended December 31	
		2015	2014
Employee benefits	Short term	1,262,786	1,196,332
	employee benefits	381,283	360,158
	Retirement benefit service costs	135,754	121,361
	Termination	73,119	70,459
	Sub-total	<u>1,852,942</u>	<u>1,748,310</u>
Depreciation and amortization		236,958	223,899
Other general and administrative expenses	Rent	295,871	266,369
	Taxes and dues	103,580	101,753
	Service charges	233,860	215,448
	Computer and IT related	100,026	106,386
	Telephone and communication	60,880	58,102
	Operating promotion	46,638	44,382
	Advertising	58,914	51,944
	Printing	10,249	10,712
	Traveling	9,601	7,702
	Supplies	6,822	6,908
	Insurance premium	7,236	5,899
	Reimbursement	23,779	18,937
	Maintenance	14,565	14,050
	Water, light and heating	15,205	15,163
	Vehicle maintenance	10,400	10,860
Others	62,861	52,095	
Sub-total		<u>1,060,487</u>	<u>986,710</u>
Total		<u>3,150,387</u>	<u>2,958,919</u>

(2) Other operating incomes recognized are as follows (Unit: Korean Won in millions):

		For the years ended December 31	
		2015	2014
Gains on transaction of foreign exchange		3,352,318	1,883,808
Gains on disposal of loans and receivables		186,939	132,846
Gains on transactions of derivatives		59,003	84,533
Gains on fair value hedged items		25,235	23,318
Others (*)		158,806	132,666
Total		<u>3,782,301</u>	<u>2,257,171</u>

(*) Other income includes such incomes amounting to 137,187 million Won and 102,541 million Won for the year ended December, 2015 and 2014, respectively, that the Group recognized for it is to receive from other creditor financial institutions in accordance with the creditor financial institutions committee agreement.

(3) Other operating expenses recognized are as follows (Unit: Korean Won in millions):

		For the years ended December 31	
		2015	2014
Losses on transaction of foreign exchange		3,429,638	1,902,316
KDIC deposit insurance fees		266,031	259,140
Contribution to miscellaneous funds		343,703	338,386
Losses on disposal of loans and receivables		43,266	30,480
Losses related to derivatives		20,982	21,091
Losses on fair value hedged items		56,532	87,476
Others (*)		232,210	292,548
Total		<u>4,392,362</u>	<u>2,931,437</u>

(*) Other expense includes such expenses amounting to 154,897 million Won and 218,072 million Won for the year ended December 31, 2015 and 2014, respectively, that the Group recognized for it is to carry out a payment to other creditor financial institutions in accordance with the creditor financial institutions committee agreement.

41. OTHER NON-OPERATING INCOMES (EXPENSES)

- (1) Details of gain or loss on valuation of investments in joint ventures and associates are as follows (Unit: Korean Won in millions):

	For the years ended December 31	
	2015	2014
Gain on valuation	41,363	37,427
Loss on valuation	(55,176)	(70,008)
Impairment loss	(56,311)	(35,399)
Total	<u>(70,124)</u>	<u>(67,980)</u>

- (2) Other non-operating incomes and expenses recognized are as follows (Unit: Korean Won in millions):

	For the years ended December 31	
	2015	2014
Other non-operating incomes	272,610	134,355
Other non-operating expenses	(102,126)	(129,688)
Total	<u>170,484</u>	<u>4,667</u>

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

	For the years ended December 31	
	2015	2014
Rental fee income	8,225	8,058
Gains on disposal of investment in joint ventures and associates	61,653	31,414
Gains on disposal of premises and equipment and other assets	6,814	1,398
Reversal of impairment loss on premises and equipment and other assets	539	533
Others(*)	195,379	92,952
Total	<u>272,610</u>	<u>134,355</u>

(*) Other income includes such incomes amounting to 132,784 million Won for the year ended December 31, 2015 that the Group received in accordance with the final irrevocable verdict for the payment of commitment (Note 44).

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

	For the years ended December 31	
	2015	2014
Depreciation on investment properties	3,806	4,016
Interest expenses of rent leasehold deposits	688	1,026
Losses on disposal of investment in joint ventures and associates	10	1,765
Losses on disposal of premises and equipment and other assets	2,707	1,709
Impairment losses on premises and equipment and other assets	2,990	2,226
Donation	46,266	52,770
Others	45,659	66,176
Total	<u>102,126</u>	<u>129,688</u>

42. INCOME TAX EXPENSE

(1) Income tax expenses are as follows (Unit: Korean Won in millions):

	For the years ended December 31	
	2015	2014
Current tax expense		
Current tax expense in respect of the current year	362,552	514,819
Adjustments recognized in the current period in relation to the current tax of prior periods	(27,038)	(3,750)
Sub-total	335,514	511,069
Deferred tax expense		
Deferred tax expense (benefit) relating to the origination and reversal of temporary differences	44,884	(665,974)
Deferred tax charged directly to equity	(3,844)	8,923
Sub-total	41,040	(657,051)
Income tax expense (benefit)	376,554	(145,980)
Income tax expense for continuing operations	376,554	288,195
Income tax expense (benefit) for discontinued operations	-	(434,175)

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

	For the years ended December 31	
	2015	2014
Net income before income tax expense	1,451,946	1,061,988
Income from continuing operations before income tax	1,451,946	834,395
Income from discontinued operations before income tax	-	227,593
Tax calculated at statutory tax rate (*1)	350,909	256,540
Adjustments		
Effect of income that is exempt from taxation	(56,247)	(45,528)
Effect of expense not deductible in determining taxable profit	50,152	342,057
Temporary differences due to investments in subsidiaries and joint ventures (*2)	-	(606,908)
Adjustments recognized in the current period in relation to the current tax of prior periods	(27,038)	(3,750)
Others	58,778	(88,391)
Sub-total	25,645	(402,520)
Income tax expense (benefit)	376,554	(145,980)
Income tax expense for continuing operations	376,554	288,195
Income tax expense (benefit) for discontinued operations	-	(434,175)
Effective tax rate		
Effective tax rate for continuing operations	25.93%	34.54%
Effective tax rate for discontinued operations (*3)	-	-

(*1) The applicable income tax rate; 1) 11% for below 200 million Won, 2) 22% for from 200 million Won to 20 billion Won, 3) 24.2% for above 20 billion Won.

(*2) Woori Finance Holdings Co., Ltd. was exempted from payment of sales tax in relation with the spin-off of Kyongnam Bank Co., Ltd. and Kwangju Bank Co., Ltd. in accordance with the Restriction of Special Taxation Act as amended on March 14, 2014. Thus, deferred tax liabilities recognized in 2013 reversed.

(*3) The effective tax rate was not calculated since the income tax expense was negative.

(3) Deferred tax charged direct to equity is as follows (Unit: Korean Won in millions):

	For the year ended December 31, 2015				
	Beginning balance	Recognized as income (loss)	Recognized as other comprehensive income (loss)	Recognized as other comprehensive income (loss)	Ending balance
Gain on financial assets at FVTPL	422,910	22,819	-	-	445,729
Gain (loss) on AFS financial assets	(105,556)	94	(16,074)	-	(121,536)
Gain (loss) on valuation using the equity method of accounting	21,156	(14,936)	(1,114)	-	5,106
Gain (loss) on valuation of derivatives	(48,438)	8,664	-	-	(39,774)
Accrued income	(75,094)	(7,054)	-	-	(82,148)
Provision for loan losses	(59,428)	8,924	-	-	(50,504)
Loan and receivables written off	6,921	47,304	-	-	54,225
Loan origination costs and fees	(88,476)	(15,436)	-	-	(103,912)
Defined benefit liability	151,666	26,912	24,845	-	203,423
Deposits with employee retirement insurance trust	(135,474)	(51,570)	-	-	(187,044)
Provision for guarantee	84,530	(15,305)	-	-	69,225
Other provision	37,029	(9,131)	-	-	27,898
Others	24,355	(42,324)	(11,501)	-	(29,470)
Net deferred tax assets	236,101	(41,039)	(3,844)	-	191,218

	For the year ended December 31, 2014				
	Beginning balance (*)	Merge and Spin-off	Recognized as income (loss)	Recognized as other comprehensive income (loss)	Ending balance
Gain on financial assets at FVTPL	232,727	-	190,183	-	422,910
Loss on AFS financial assets	(76,852)	-	(6,293)	(22,411)	(105,556)
Gain (loss) on valuation using the equity method of accounting	121,906	-	(101,725)	975	21,156
Loss on valuation of derivatives	(37,264)	-	(11,174)	-	(48,438)
Accrued income	(65,697)	-	(9,397)	-	(75,094)
Provision for loan losses	(69,615)	-	10,187	-	(59,428)
Loan and receivables written off	10,195	-	(3,274)	-	6,921
Loan origination costs and fees	(71,812)	-	(16,664)	-	(88,476)
Defined benefit liability	107,498	-	24,898	19,270	151,666
Deposits with employee retirement insurance trust	(99,906)	-	(35,573)	5	(135,474)
Provision for guarantee	91,404	-	(6,874)	-	84,530
Other provision	38,795	-	(1,766)	-	37,029
Investments in joint ventures and associates	-	-	-	-	-
Others	(75,228)	(3,757)	115,766	(12,426)	24,355
Assets as held for sale / Disposal group held for distribution to owners	(542,643)	10,376	508,757	23,510	-
Net deferred tax assets	(436,492)	6,619	657,051	8,923	236,101

(*) The beginning balance incorporates the deferred tax assets (liabilities) from subsidiaries that were reclassified into disposal group held for sale and disposal groups held for distribution to owners as of December 31, 2013.

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

	December 31, 2015	December 31, 2014
Deductible temporary differences	224,452	174,200
Unused tax losses	233,687	283,523
Taxable temporary differences	(740,860)	(736,048)
Total	(282,721)	(278,325)

(5) Deferred tax charged direct to equity is as follows (Unit: Korean Won in millions):

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Loss on available-for-sale financial assets	(112,495)	(96,421)
Share of other comprehensive loss of jointly controlled entities and associates	(387)	782
Gain on foreign operations translation	22,923	34,424
Remeasurements	62,575	37,674
Total	<u>(27,384)</u>	<u>(23,541)</u>

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

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Current tax assets	6,782	4,845
Current tax liabilities	108,943	298,762

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

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Deferred tax assets	210,597	257,858
Deferred tax liabilities	19,379	21,757
Net deferred tax assets	<u>191,218</u>	<u>236,101</u>

43. EARNINGS PER SHARE (“EPS”)

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

	<u>For the years ended December 31</u>	
	<u>2015</u>	<u>2014</u>
Net income attributable to common shareholders	1,059,157	1,213,980
Dividends to hybrid securities	(183,320)	(50,129)
Net income attributable to common shareholders	875,837	1,163,851
Net income from continuing operations	875,837	385,160
Net income from discontinued operations	-	778,691
Weighted average number of common shares outstanding	673 million shares	718 million shares
Basic Earnings Per Share	1,301	1,621
Basic Earnings Per Share for continuing operations	1,301	536
Basic Earnings Per Share for discontinued operations	-	1,085

Diluted EPS is equal to basic EPS because there is no dilution effect for the year ended December 31, 2015 and 2014.

44. CONTINGENT LIABILITIES AND COMMITMENTS

(1) Details of guarantees are as follow (Unit: Korean Won in millions):

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Confirmed guarantees		
Guarantee for loans	108,176	109,213
Acceptances	618,365	710,443
Letters of guarantees	100,084	126,279
Other confirmed guarantees	8,242,622	8,328,515
Total	<u>9,069,247</u>	<u>9,274,450</u>
Unconfirmed guarantees		
Local letter of credit	422,812	575,919
Letter of credit	4,258,672	4,373,378
Other unconfirmed guarantees	1,949,571	1,590,332
Total	<u>6,631,055</u>	<u>6,539,629</u>
CP purchase commitments and others	1,615,141	2,213,840

(2) Details of loan commitments and others are as follow (Unit: Korean Won in millions):

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Loan commitments	88,211,580	89,637,659
Other commitments	5,371,320	4,061,230

(3) Litigation case

1) The Group had filed and faced lawsuits as follows (Unit: Korean Won in millions except for number of cases):

	<u>December 31, 2015</u>		<u>December 31, 2014</u>	
	<u>As plaintiff</u>	<u>As defendant</u>	<u>As plaintiff</u>	<u>As defendant</u>
Number of cases	130 cases	269 cases	516 cases	298 cases
Amount of litigation	350,899	190,219	827,222	293,527
Allowance for litigations		4,872		16,343

2) Prior to December 31, 2015, the Group (Woori Bank), along with other 13 financial institutions including the Seoul Guarantee Insurance, filed a lawsuit against Samsung Group and its associates as a defendant in respect to the return of the fund that was guaranteed for the filing of court administration of Samsung Motors. With respect to the lawsuit, on January 29, 2015, the Supreme Court of Korea made the final judgment that the plaintiff should pay the guaranteed funds to the Group and other financial institutions. The Group recognized 132,784 million Won, as gain for the year ended December 31, 2015, in accordance with K-IFRS 1037 – *Provisions, Contingent liabilities and Contingent assets*.

(4) Other

The Group operates Korean Won currency settlement service as for commercial trade settlements between Korea and Iran. In accordance with the submission request of information from U.S. prosecutors (U.S. Federal Prosecutors and Prosecutors of the New York State), the Group is currently performing its own internal investigation to confirm if the Group is meeting the requirements on sanction of U.S. Government in respect of its service operation. As at the end of December 31, 2015, the Group believes that it cannot make reasonable estimation due to possible results from such investigation.

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 periods are as follows:

(1) Related parties

	Related parties
Controlling party (Government related entity)	KDIC
Joint ventures	Woori Renaissance Holdings
Associates	Woori Blackstone Korea Opportunity Private Equity Fund 1st, Korea Credit Bureau Co., Ltd., Korea Finance Security Co., Ltd., Woori Service Networks Co., Ltd., Kumho Tires Co., Inc., United PF 1st Corporate Financial Stability, Chin Hung International Inc., Poonglim Industrial Co., Ltd., Hana Engineering & Construction Co., Ltd., STX Engine Co., Ltd., Samho International Co., Ltd., Force TEC Co., Ltd., Woori Columbus 1st Private Equity Fund, STX Corporation, Osung LST Co., Ltd., Dongwoo C & C Co., Ltd., Sjco Co., Ltd., Ilyang Construction Co., Ltd., G2 Collection Co., Ltd. and Saman Corporation

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

Related party		A title of account	December 31, 2015	December 31, 2014
Controlling party (Government related entity)	KDIC	Loans	30	314
		Allowance for credit loss	-	(108)
		Other assets	510,193	691,101
		Deposits	930,231	1,157,232
		Other liabilities	9,812	12,252
Joint ventures	Woori Renaissance Holdings	Other assets	2,416	-
Associates	Kumho Tires Co., Ltd.	Loans	280,333	334,948
		Allowance for credit loss	(553)	(2,968)
		Deposits	67,815	80,978
		Other liabilities	116	87
	Korea Credit Bureau Co., Ltd.	Loans	7	2
		Deposits	9,038	3,215
		Other liabilities	54	19
	Korea Finance Security Co., Ltd.	Loans	51	46
		Allowance for credit loss	-	(1)
		Deposits	1,468	2,738
		Other liabilities	7	12
	Woori Service Networks Co., Ltd.	Loans	27	26
		Allowance for credit loss	-	(1)
		Deposits	3,821	3,169
		Other liabilities	381	115
	United PF 1st Corporate Financial Stability	Deposits	20	30
Woori Blackstone Korea Opportunity Private Equity Fund 1st	Other assets	175	626	
	Other liabilities	934	-	

44. CONTINGENT LIABILITIES AND COMMITMENTS

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	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Confirmed guarantees		
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Acceptances	618,365	710,443
Letters of guarantees	100,084	126,279
Other confirmed guarantees	8,242,622	8,328,515
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Local letter of credit	422,812	575,919
Letter of credit	4,258,672	4,373,378
Other unconfirmed guarantees	1,949,571	1,590,332
Total	<u>6,631,055</u>	<u>6,539,629</u>
CP purchase commitments and others	1,615,141	2,213,840

(2) Details of loan commitments and others are as follow (Unit: Korean Won in millions):

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Loan commitments	88,211,580	89,637,659
Other commitments	5,371,320	4,061,230

(3) Litigation case

1) The Group had filed and faced lawsuits as follows (Unit: Korean Won in millions except for number of cases):

	<u>December 31, 2015</u>		<u>December 31, 2014</u>	
	<u>As plaintiff</u>	<u>As defendant</u>	<u>As plaintiff</u>	<u>As defendant</u>
Number of cases	130 cases	269 cases	516 cases	298 cases
Amount of litigation	350,899	190,219	827,222	293,527
Allowance for litigations		4,872		16,343

2) Prior to December 31, 2015, the Group (Woori Bank), along with other 13 financial institutions including the Seoul Guarantee Insurance, filed a lawsuit against Samsung Group and its associates as a defendant in respect to the return of the fund that was guaranteed for the filing of court administration of Samsung Motors. With respect to the lawsuit, on January 29, 2015, the Supreme Court of Korea made the final judgment that the plaintiff should pay the guaranteed funds to the Group and other financial institutions. The Group recognized 132,784 million Won, as gain for the year ended December 31, 2015, in accordance with K-IFRS 1037 – *Provisions, Contingent liabilities and Contingent assets*.

(4) Other

The Group operates Korean Won currency settlement service as for commercial trade settlements between Korea and Iran. In accordance with the submission request of information from U.S. prosecutors (U.S. Federal Prosecutors and Prosecutors of the New York State), the Group is currently performing its own internal investigation to confirm if the Group is meeting the requirements on sanction of U.S. Government in respect of its service operation. As at the end of December 31, 2015, the Group believes that it cannot make reasonable estimation due to possible results from such investigation.

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 periods are as follows:

(1) Related parties

	Related parties
Controlling party (Government related entity)	KDIC
Joint ventures	Woori Renaissance Holdings
Associates	Woori Blackstone Korea Opportunity Private Equity Fund 1st, Korea Credit Bureau Co., Ltd., Korea Finance Security Co., Ltd., Woori Service Networks Co., Ltd., Kumho Tires Co., Inc., United PF 1st Corporate Financial Stability, Chin Hung International Inc., Poonglim Industrial Co., Ltd., Hana Engineering & Construction Co., Ltd., STX Engine Co., Ltd., Samho International Co., Ltd., Force TEC Co., Ltd., Woori Columbus 1st Private Equity Fund, STX Corporation, Osung LST Co., Ltd., Dongwoo C & C Co., Ltd., Sjco Co., Ltd., Ilyang Construction Co., Ltd., G2 Collection Co., Ltd. and Saman Corporation

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

Related party		A title of account	December 31, 2015	December 31, 2014
Controlling party (Government related entity)	KDIC	Loans	30	314
		Allowance for credit loss	-	(108)
		Other assets	510,193	691,101
		Deposits	930,231	1,157,232
		Other liabilities	9,812	12,252
Joint ventures	Woori Renaissance Holdings	Other assets	2,416	-
Associates	Kumho Tires Co., Ltd.	Loans	280,333	334,948
		Allowance for credit loss	(553)	(2,968)
		Deposits	67,815	80,978
		Other liabilities	116	87
	Korea Credit Bureau Co., Ltd.	Loans	7	2
		Deposits	9,038	3,215
		Other liabilities	54	19
	Korea Finance Security Co., Ltd.	Loans	51	46
		Allowance for credit loss	-	(1)
		Deposits	1,468	2,738
		Other liabilities	7	12
	Woori Service Networks Co., Ltd.	Loans	27	26
		Allowance for credit loss	-	(1)
		Deposits	3,821	3,169
		Other liabilities	381	115
	United PF 1st Corporate Financial Stability	Deposits	20	30
Woori Blackstone Korea Opportunity Private Equity Fund 1st	Other assets	175	626	
	Other liabilities	934	-	

	Related party	A title of account	For the years ended December 31		
			2015	2014	
Associates	Force TEC C Co., Ltd.	Interest income	249	1,157	
		Interest expenses	-	3	
		Impairment losses due to credit loss (reversal of impairment losses due to credit loss)	5,900	(25,532)	
	Hana Engineering & Construction Co., Ltd.	Reversal of impairment losses due to credit loss	(98)	-	
		STX Engine Co., Ltd.	Interest income	1,358	2,982
			Fees income	67	81
			Interest expenses	46	48
			Impairment losses due to credit loss	20,524	13,787
	STX Corporation		Interest income	1,729	2,056
			Fees income	89	-
			Interest expenses	6	6
			Reversal of impairment losses due to credit loss	(4,060)	(146,680)
	Osung LST Co., Ltd.		Interest income	226	527
			Interest expenses	16	31
			Reversal of impairment losses due to credit loss	(223)	(4,819)
Ilyang Construction Co., Ltd.		Impairment losses due to credit loss	215	-	

(*1) As the subsidiary sold shares of Phoenix Digital Tech Co., Ltd. during the year ended December 31, 2015, it is excluded from the related party.

(*2) As the Group sold shares of Ansang Tech Co., Ltd. during the year ended December 31, 2015 it is excluded from the related parties.

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

	<u>December 31, 2015</u>	<u>December 31, 2014</u>	
KDIC	1,500,470	1,500,386	Loan commitment
Kumho Tires Co., Inc.	11,623	18,110	Letter of credit
	143,756	88,638	Loan commitment
Korea Finance Security Co., Ltd.	209	214	Loan commitment
Korea Credit Bureau Co., Ltd.	28	33	Loan commitment
Woori Service Networks Co., Ltd.	173	179	Loan commitment
Chin Hung International Inc.	40,847	40,630	Loan commitment
Phoenix Digital Tech Co., Ltd.	-	261	Loan commitment
STX Engine Co., Ltd.	74,135	81,431	Letter of credit
	13,019	4,600	Loan commitment
SamHo Co., Ltd.	-	2,360	Letter of credit
	28,976	27,299	Loan commitment
Force TEC Co., Ltd.	5,954	6,325	Loan commitment
STX corporation	23,235	30,062	Letter of credit and others
	9,131	13,009	Loan commitment

(*) For the guarantee provided to the related parties, the Group recognized provisions for guarantees amounting to 10,122 million Won and 2,170 million Won, respectively, as of December 31, 2015 and December 31, 2014.

- (5) Compensation for key management is as follows (Unit: Korean Won in millions):

	<u>For the years ended December 31</u>	
	<u>2015</u>	<u>2014</u>
Short term benefits	6,421	11,542
Severance payments	312	464
Total	<u>6,733</u>	<u>12,006</u>

Key management includes registered executives and non-registered executives. Outstanding assets and liabilities from transactions with key management amount to 747 million Won and 2,712 million Won, respectively, as of December 31, 2015. With respect to the assets, the Group has not recognized any allowance, nor provision.

46. TRUST ACCOUNTS

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

	Total assets		Operating income	
	December 31, 2015	December 31, 2014	For the year ended December 31, 2015	For the year ended December 31, 2014
Trust accounts	34,135,580	31,225,968	784,155	751,425

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

	December 31, 2015	December 31, 2014
Receivables		
Trust fees receivables	18,704	17,956
Payables		
Borrowings from trust accounts	3,794,847	2,949,097

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

	For the years ended December 31	
	2015	2014
Revenue		
Trust fees	51,322	41,829
Expense		
Interest expenses on borrowings from trust accounts	60,329	78,114

(4) Principal guaranteed trusts and principal and fixed rate of return guaranteed trusts.

1) As of December 31, 2015 and 2014, the carrying value of principal guaranteed trusts and principal and fixed rate of return guaranteed trusts are as follows (Unit: Korean Won in millions):

	December 31, 2015	December 31, 2014
Principal guaranteed trusts		
Old-age pension trusts	5,235	5,619
Personal pension trusts	523,544	528,680
Pension trusts	681,868	640,275
Retirement trusts	64,921	75,847
New personal pension trusts	8,540	8,897
New old-age pension trusts	3,376	3,859
Sub-total	1,287,484	1,263,177
Principal and fixed rate of return guaranteed trusts		
Development trusts	19	19
Unspecified money trusts	782	857
Sub-total	801	876
Total	1,288,285	1,264,053

- 2) As of December 31, 2015 and 2014, the amounts that the Group has to pay by the capital guaranteed contract or the operating results of the principal and return guaranteed trusts are as follows (Unit: Korean Won in millions):

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Liabilities for the bank account (subsidy for trust account adjustment)	26	15

47. DISPOSAL GROUP HELD FOR SALE AND NET LOSS FROM DISCONTINUED OPERATIONS

(1) Summary

In accordance with Public Funds Oversight Committee's plan of the privatization of Woori Finance Holdings Co., Ltd. on June 26, 2013, the Group reclassified the related assets and liabilities of Woori Investment & Securities Co., Ltd, Woori Financial Co., Ltd., Woori F&I Co., Ltd., the Woori Asset Management Co., Ltd., Woori Aviva Life Insurance Co., Ltd. and Woori Savings Bank into a disposal group held at the sale and presented the related gains or losses as net income (loss) from discontinued operations as of the end of 2013. For the year ended December 31, 2014, the Group completed the disposals of aforementioned subsidiaries (see note 49).

- (2) Details of discontinued operations are as follows (Unit: Korean Won in millions):

	<u>For the year ended December 31, 2014</u>
I. Operating income	17,616
Net interest income	237,229
Interest income	391,617
Interest expenses	(154,388)
Net fees and commissions income	117,373
Fees and commissions income	152,184
Fees and commissions expenses	(34,811)
Dividend income	24,721
Net loss on financial instruments at FVTPL	(32,104)
Net loss on AFS financial assets	(19,146)
Impairment losses on credit loss	(23,753)
Other net operating expenses	(286,704)
II. Non-operating loss	(3,120)
Share of profits of joint ventures and associates	616
Other non-operating expenses	(3,736)
III. Net income before income tax expense	14,496
IV. Income tax expense	(117,879)
V. Sub-total	(103,383)
VI. Impairment of assets held-for-sale	(7,469)
VII. Income tax benefits for impairment	2,020
VIII. Gain on disposal of assets held-for-sale	113,012
IX. Income tax expense for gain on disposal	(26,667)
X. Loss from discontinued operations	(22,487)

- (3) Details of cash flows in discontinued operations are as follows (Unit: Korean Won in millions):

	<u>For the year ended December 31, 2014</u>
Cash flows from operating activities:	326,023
Cash flows from investing activities:	(258,244)
Cash flows from financing activities:	143,289

- (4) For the year ended December 31, 2014, the Group disposed of Woori Investment & Securities Co., Ltd., Woori Financial Co., Ltd., Woori F&I Co., Ltd., Woori Asset Management Co., Ltd., Woori Aviva Life Insurance Co., Ltd. and Woori Savings Bank. The book values of net assets disposed are as follows (Unit: Korean Won in millions):

	As of December 31, 2014
Assets:	
Cash and cash equivalents	560,034
Financial assets at FVTPL	21,838,589
AFS financial assets	1,588,066
HTM financial assets	3,032
Loans and receivables	14,244,435
Investments in joint ventures and associates	127,606
Other assets	774,759
Total	<u>39,136,521</u>
Liabilities:	
Financial liabilities at FVTPL	12,767,119
Deposits due to customers	2,011,292
Borrowings	13,346,342
Debentures	4,031,716
Other financial liabilities	3,169,551
Other liabilities	182,109
Total	<u>35,508,129</u>
Net-asset	3,628,392
Non-controlling interests	1,987,786
Gain on disposal of disposal group held-for-sale	113,012
Total amount of cash consideration	1,753,618
Cash and cash equivalents of the subsidiaries disposed	(560,034)
Net cash flow due to the disposal of the subsidiaries	1,193,584

48. DISPOSAL GROUP HELD FOR DISTRIBUTION TO OWNERS AND NET INCOME FROM DISCONTINUED OPERATIONS

(1) Summary

In accordance with the Public Funds Oversight Committee's plan of the privatization of Woori Finance Holdings Co., Ltd. on June 26, 2013, the Board of Directors of the Woori Finance Holdings Co., Ltd. approved the plan of demerger of Kyongnam Bank Co., Ltd. and Kwangju Bank Co., Ltd. on August 27, 2013. The demerger was to take place through distributing of the shares of newly established holding companies, which were receiving the shares in Kyongnam Bank Co., Ltd. and Kwangju Bank Co., Ltd., to the shareholders of the Woori Finance Holdings. Therefore, the Group classified the related assets and liabilities of Kyongnam Bank Co., Ltd. and Kwangju Bank Co., Ltd. into a disposal group held for distribution to owners presented the related gains or losses as net income (loss) from discontinued operations as of the end of 2013. On May 1, 2014, Kyongnam Bank and Kwangju Bank were demerged in accordance with the plan (See Note 49).

Details of discontinued operations are as follows (Unit: Korean Won in millions):

	For the year ended December 31, 2014
I. Operating income	108,896
Net interest income	348,396
Interest income	683,075
Interest expenses	(334,679)
Net fees and commissions income	53,182
Fees and commissions income	77,030
Fees and commissions expenses	(23,848)
Dividend income	13,595
Net gain on financial instruments at FVTPL	22,119
Net loss on AFS financial assets	(5,569)
Impairment losses on credit loss	(81,459)
Other net operating expenses	(241,368)
II. Non-operating loss	(1,342)
Share of profits of joint ventures and associates	-
Other non-operating expenses	(1,342)
III. Net income before income tax expense	107,554
IV. Income tax benefit	576,701
V. Income from discontinued operations	684,255

(2) Details of cash flows in discontinued operations are as follows (Unit: Korean Won in millions):

	For the year ended December 31, 2014
Cash flows from operating activities:	457,097
Cash flows from investing activities:	300,385
Cash flows from financing activities:	(754,823)

49. PROMOTING PRIVATIZATION PLAN

Pursuant to the privatization plan of Woori Finance Holdings Co., Ltd., which was decided at the Public Fund Oversight Committee (the “PFOC”) on June 26, 2013, the Group has disposed its subsidiaries. Kwangju Bank and Kyongnam Bank were demerged as of May 1, 2014, and from March 2014 to June 2014, Woori Investment & Securities Co., Ltd., Woori Aviva Life Insurance Co., Ltd., Woori Savings Bank, Woori Asset Management, Woori Financial and Woori F&I were disposed in due order.

With respect to the privatization of Woori Bank, on June 23, 2014, the Public Fund Oversight Committee (“PFOC”) announced the plan that comprised the merger between Woori Finance Holdings Co., Ltd (“Holding Company”) and Woori Bank and the disposal of controlling interests (30% of ownership) and non-controlling interests (26.97% of ownership), respectively, of Woori Bank after newly listing its shares on the stock exchange. Pursuant to the plan, the Bank merged with the Holding Company as of November 1, 2014, and completed its listing on Korea Stock Exchange on November 19, 2014.

On November 28, 2014, KDIC commenced the bidding procedure for the disposal of controlling interests and non-controlling interests of the Bank. Since only the bidding for the non-controlling interests was successful, KDIC’s ownership of the Bank decreased from 56.97% to 51.04%. By the way, as the retirement of treasury stocks on October 2015, KDIC’s ownership of the Bank changed to 51.06% as of December 31, 2015.

On July 21, 2015, the PFOC, a deliberative body in charge of privatizing Woori Bank, held a meeting to discuss means to promote the privatization plan, and announced a plan to take a two-track approach to sell the stake. To maximize the retrieval of public fund initially invested, promotion of privatization schedule and development of financial industry, the PFOC is considering a new approach of selling parts out of the government’s stake to multiple buyers in smaller portions, as well as its previous plan of selling the controlling stake to a single buyer. The government has a strong commitment in carrying forward the sale of Woori Bank and will continue to make utmost effort to privatize Woori Bank as early as possible. The specifics of the plan will be discussed with PFOC in the future.

In addition, on October 2, 2015, Financial Services Commission (“FSC”) announced the amendment on normalization of business MOU, which aimed to promote improvement of corporate value through enhancing managerial autonomy of the Group. FSC and KDIC intend to take every possible measure to privatize Woori Bank by taking immediate implementation actions to follow amendment of the MOU, which includes revision of the Enforcement Decree of the Special Act on the Management of Public Funds.

50. AGREEMENT ON THE IMPLEMENTATION OF A MANAGEMENT PLAN

- (1) Since December 30, 2000, the Bank and the KDIC have entered into an agreement to implement management plans. Under the agreements, the Group is obligated to improve its respective financial ratios, such as Bank of International Settlements (“BIS”) capital ratio, general and administrative ratio, non-performing loan rate. If the Group fails to make improvements, the KDIC can enforce the Group to increase or decrease its capital, pursue mergers, transfer of loans and deposits, or close or sell parts of its business operations.
- (2) In addition, Since July 2, 2001, in order to establish efficient integrated structure of the Group, the Group and the KDIC have entered into an agreement to implement management plans, which incorporate establishment of corporate governance and business management system, improvement of short-term operational performance, strengthening the Group’s competitiveness and pursuance of privatization plan, meeting the financial ratio objectives, and penalties in case the Group does not meet such management plans.

51. BUSINESS COMBINATION

The major business combinations have occurred during the year ended at December 31, 2014, are as follows:

(1) Merger between Woori Finance Holdings and the Bank

On November 1, 2014, the Bank (acquirer) merged with Woori Finance Holdings (acquiree) based on the resolution of the board of directors on July 28, 2014, and the Bank became the existing entity and Woori Finance Holdings was dissolved. The merger ratio was 1:1.0000000, and the shareholders of Woori Finance Holdings received one common share of the Bank per one common share of the company as compensation.

Accordingly, the shares of the Bank, 597 million shares, prior to the merger, was reduced to nil in accordance with capital reduction procedure, and then, in accordance with the merger ratio, the Bank newly issued 676 million shares.

Since this merger qualifies as a business combination under common control, the Bank recognized the transferred assets and liabilities of Woori Finance Holdings at the book values as previously recognized on the consolidated financial statements, thus no goodwill was newly recognized. As such, there was no change from the perspective of the consolidated entity.

Details of the merger are described as follows:

Type	Merger
Type of merger	Statutory merger
Companies involved in merger	Woori Bank (existing entity) Woori Finance Holdings Co., Ltd. (non-existing entity)
New shares acquired due to merger	676,278,371 shares of common stock
Schedule	Date of merger: November 1, 2014 Date of registration of merger: November 3, 2014 Date for distribution of stocks : November 18, 2014 Date for listing of stocks : November 19, 2014

(2) Acquisition of Saudara Bank

On December 30, 2014, Indonesia Woori Bank, which was a consolidated subsidiary of the Bank, merged with Saudara Bank in accordance with the resolution of the shareholders' meeting on November 7, 2014, and the bank changed its name into PT Bank Woori Saudara Indonesia 1906 Tbk.

1) Summary of the acquiree

The Group acquired 33% ownership of Saudara Bank, which was a listed company in Indonesia, on January 28, 2014. Through the merger between Indonesia Woori Bank and Saudara Bank on December 30, 2014, the Group consolidated the bank and the ownership ratio after the merger became 74%. From the legal perspective, Saudara Bank was deemed as the existing entity; however, the transaction was accounted using the acquisition method under K-IFRS 1103 *Business Combination* as it was deemed that Indonesia Woori Bank was the acquirer from the accounting perspective.

The Group promoted such transaction for enhancing its retail operation in Indonesia.

2) Merger ratio and distribution of stocks

Entity	Acquirer	Acquiree
	Indonesia Woori Bank	Saudara Bank
Merger ratio	1	1,702,921.2

3) Acquisition method (Unit: Korean Won in millions)

		Amount
I. Consideration		
Fair value of the ownership interest held prior to the acquisition (*1)		65,667
Fair value of additional consideration given (*2)		38,551
Fair value of non-controlling interest of Woori Indonesia Bank		52,609
Total amount of consideration		<u>156,827</u>
II. Identifiable assets and liabilities		
Cash and Cash equivalents		81,100
AFS financial assets		22,074
HTM financial assets		15,473
Loan and receivables		639,222
Property and equipment		23,882
Intangible assets		25,719
Other assets		34,238
Sub-total		<u>841,708</u>
Deposits		714,989
Borrowings		12,082
Debentures		29,425
Deferred tax liabilities		3,757
Other liabilities		12,872
Sub-total		<u>773,125</u>
Fair value of identifiable net asset		<u>68,583</u>
III. Non-controlling interest of Saudara Bank		17,816
IV. Goodwill(*3)		106,060

(*1) 33% ownership interest in Saudara Bank, which was held by the Bank and Indonesia Woori Bank before the business combination, was remeasured at its fair value as of December 30, 2014. As a result, the Group recognized loss on disposal of investment in joint ventures and associates, amounted to 1,237 million Won.

(*2) The Bank acquired additional shares of Saudara Bank, 373,954,147 shares, due to the claims for stock repurchase from the shareholders of the bank who was opposing to the merger.

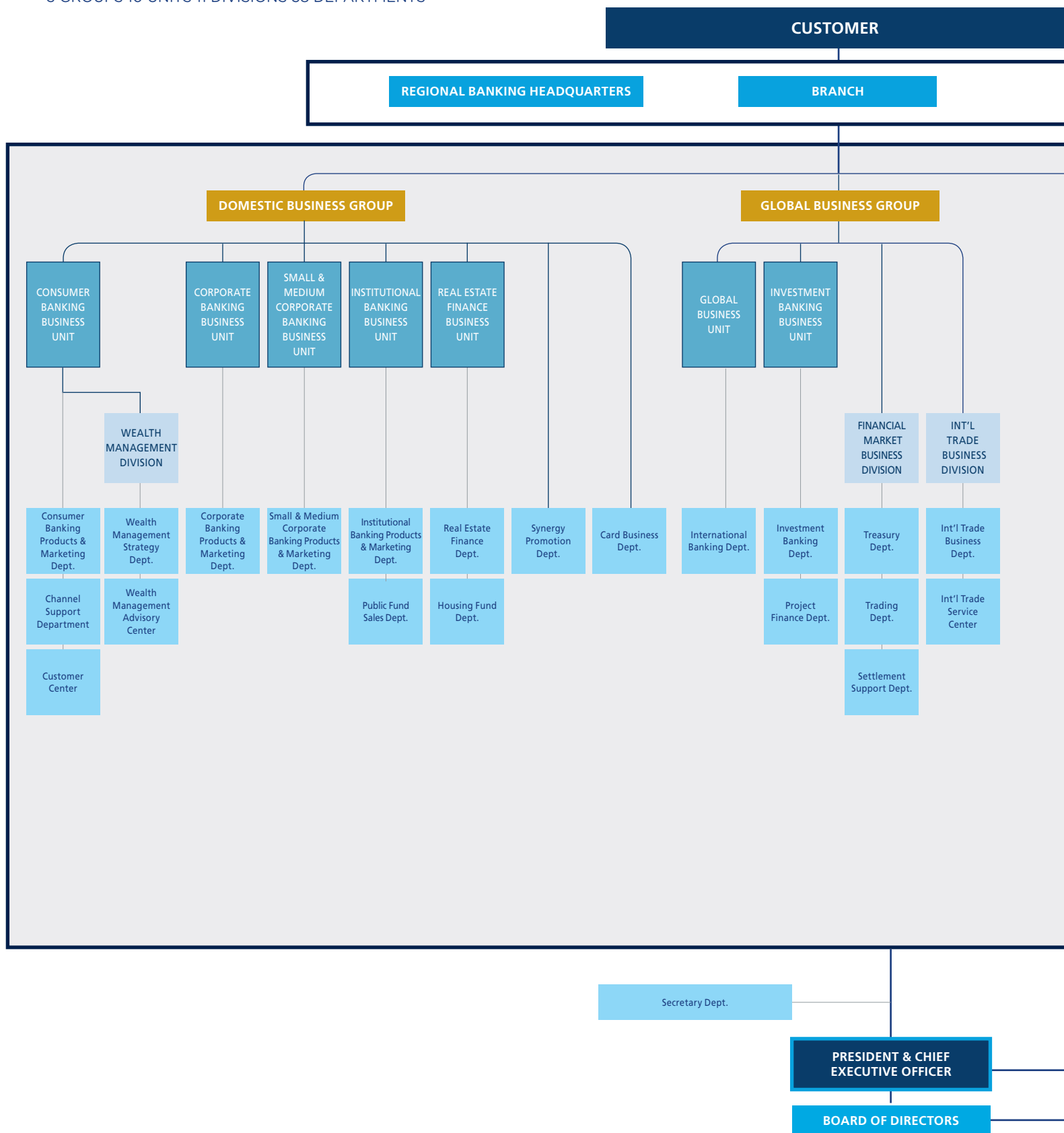
(*3) Goodwill was recognized on the rationale that the competitiveness of the Group would be reinforced through the acquisition of local operation network in Indonesia.

4) Expenses related to business combination

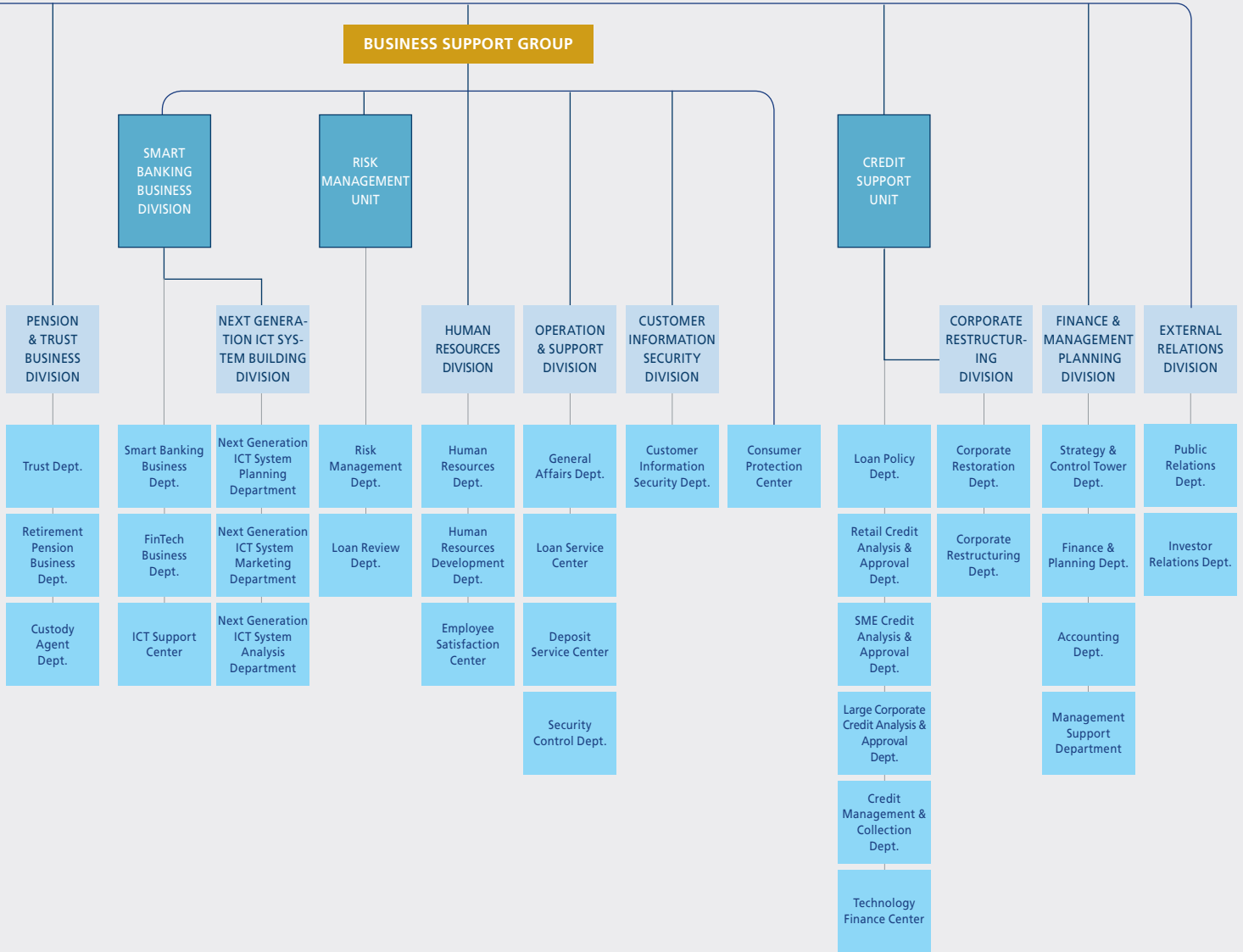
The Group recognized the expenses amounting to 1,446 million Won, such as legal fee, which occurred in conjunction with the business combination as fees and commissions expense on the consolidated statements of comprehensive income.

Organizational Chart

3 GROUPS 10 UNITS 11 DIVISIONS 58 DEPARTMENTS



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Woori Bank (China) Ltd. Beijing Sanyuanqiao Sub-Br.

1F-05, 2F-09, Tower A, Tianyuanqiao Center, C2, North
Road, East Third Ring Road, Chaoyang District, Beijing
100027, China
· Phone: 86-10-8440-7177
· Fax: 86-10-8441-7761/7790

INDONESIA (SAUDARA)**BankWoorisaudara Head Office**

Jl. Diponegoro No.28 Bandung/40115
· Phone: 62-22-87831900/87831906
· Fax: 62-22-87831918

Coperate Branch

Gd. BEJ Tower 1 Lt. 16 Jl. Jend.Sudirman Kav. 52-53
Jakarta/12190
· Phone: 62-21-5151919
· Fax: 62-21-5151477

Wastukancana Branch

Jl. Wastukancana No.79 - Bandung/40116
· Phone: 62-22-4209940
· Fax: 62-22-4209941

Cirebon Branch

Jl. DR. Wahidin No.51 - Cirebon/45122
· Phone: 62-231-242006
· Fax: 62-231-242066

Bogor Branch

Jl. Pangkalan Raya No.8, Warung Jambu - Bogor/16151
· Phone: 62-251-8377887
· Fax: 62-251-8377209

Surapati Core Branch

Jl. PHH. Mustofa No.39, Surapati Core Blok
F1 - Bandung/40192
· Phone: 62-22-87241326
· Fax: 62-22-87241327

Surabaya Branch

Kompleks Ruko 21, Jl. Raya, Gubeng No.68
E - Surabaya/60281
· Phone: 62-31-5041906
· Fax: 62-31-5047727

Semarang Branch

Imam Bonjol Square Kav 4, Jl. Imam Bonjol
No.176 - Tasikmalaya/50132
· Phone: 62-24-3521906
· Fax: 62-24-3521900

Tasikmalaya Branch

Ruko Plaza Asia Blok A5-A6, Jl. HZ. Mustofa No.326 -
Tasikmalaya/46126
· Phone: 62-265-2351906
· Fax: 62-265-2352206

Yogyakarta Branch

Jl. Mangkubumi No.45 - Yogyakarta/55232
· Phone: 62-274-549280
· Fax: 62-274-549285

Denpasar Branch

0361-223099Ruko Griya Alamanda blok 3-4, Jl. Cok
Agung Tresna Renon-Denpasar/80235
· Phone: 62-361-263755
· Fax: 62-361-223099

The Gedung Energy Branch

Gd The Energy Lot 11 A SCBD, Jl. Jendral Sudirman Kav
52 - 53, Jakarta/12190
· Phone: 62-21-29951906
· Fax: 62-21-29951904

Ampera Branch

Jl. Ampera Raya No.20 Gd.Medco III/12560
· Phone: 62-21-7821756
· Fax: 62-21-7821642

Purwokerto Branch

Jl. Jenderal gatot Subroto No.78 Purwokerto - Jawa
Tengah/53116
· Phone: 62-281-622212
· Fax: 62-281-631616

Malang Branch

Jl. Letjen Sutuyo No.27 Malang- Jawa Timur/56141
· Phone: 62-341-421906/7601906
· Fax: 62-341-408188

Solo Branch

Jl. Ronggo Warsito No. 53 Kota, Solo - Jawa
Tengah/57131
· Phone: 62-271-633600
· Fax: 62-271-633433

Tangerang Branch

Tangerang City Business Park Blok F/50 Jl. Jend.
Sudirman No.1 Tangerang/15118
· Phone: 62-21-29529226
· Fax: 62-21-29529227

Pelembang Branch

Jl. Basuki Rahmat No.886 A - Palembang/30127
· Phone: 62-711-315828
· Fax: 62-711-315510

Sukabumi Branch

Jl. Jenderal Sudirman No.31-Sukabumi/43111
· Phone: 62-266-6251906
· Fax: 62-266-6249717

Pekalongan Branch

Jl. KH. Mansyur No.64, Perkalangan
· Phone: 62-285-4460505
· Fax: 62-285-4460506

Madiun Branch

Jl. Diponegoro No.110, Madiun
· Phone: 62-351-4773000
· Fax: 62-351-4773003

Buah Batu Sub-Branch

Jl. Buah Batu No.58 Bandung/40265
· Phone: 62-22-7322150
· Fax: 62-22-7319626

Kopo Mas Sub-Branch

Komp Ruko Mas J-9 Jl. Kopo Cirangrang/40225
· Phone: 62-22-5436802
· Fax: 62-22-5436803

Cimahi Sub-Branch

Jl. Raya Cibabat No.310 Cimahi/40213
· Phone: 62-22-6634656
· Fax: 62-22-6634657

Sukajadi Sub-Branch

Jl. Sukajadi No.248/40153
· Phone: 62-22-2042248
· Fax: 62-22-2041213

Soekarno Hatta Sub-Branch

Jl. Soekarno Hatta No.618 F/40286
· Phone: 62-22-7509905
· Fax: 62-22-7509902

Pemuda Sub-Branch

Ruko Graha Mas Blok AA No.3 Taman Berdikari Sentosa
Jl.Pemuda/13220
· Phone: 62-21-47862070
· Fax: 62-21-4711298

Subang Sub-Branch

Jl. Ahmad Yani No.36/41211
· Phone: 62-260-421014
· Fax: 62-260-421015

Sumedang Sub-Branch

Jl. Prabu Geusan Ulun No.76/45311
· Phone: 62-261-206527
· Fax: 62-261-206528

Tangerang Sub-Branch

Ruko Pinangsia Blok H No.1 Lippo Karawaci Kel. Cibodas
Tangerang/15139
· Phone: 62-21-55772345
· Fax: 62-21-5577636

Serang Sub-Branch

Jl. KH. Abdul fatah Hasan No.53 Kel. Cipare Serang/42124
· Phone: 62-254-224142
· Fax: 62-254-224243

Cikarang Sub-Branch

Cikarang Commercial Centre Blok A1-2, Jl. Cibusah KM.
40 No.2 Kampung pasir sari kec. Cikarang Selatan/17550
· Phone: 62-21-89835720
· Fax: 62-21-89835721

Atrium Sub-Branch

Jl. KH. Hasyim ashari No.49 Cideng/10410
· Phone: 62-21-3451964
· Fax: 62-21-3451954

Kebon Jeruk Sub-Branch

Jl. Kelapa Dua Raya(RayaPanjang) No.2, Rt 008, Rw 002
Kel. Kelapa Dua Kec. Kebon Jeruk/12130
· Phone: 62-21-53660160
· Fax: 62-21-53660164

Diponegoro Sub-Branch

Jl. Diponegoro No.28 Bandung/40251
· Phone: 62-22-87831928/87831909
· Fax: 62-22-87831919

Lembang Sub-Branch

Jl. Grand Hotel Lembang No.25 Bandung/40391
· Phone: 62-22-2784797
· Fax: 62-22-2784975

Cikarang Sub-Branch

Ruko Metro Boulevard Kav. A Jl. Niaga Raya No.10
Kawasan Industri Jabeka/17835
· Phone: 62-21-89836020/021-89837020
· Fax: 62-21-89835953

Majalengka Sub-Branch

Jl. KH. Abdul Halim No.447 Majalengka/45411
· Phone: 62-233-8285460
· Fax: 62-233-8285459

Kuningan Sub-Branch

Jl. Dewi Sartika No.4/45512
· Phone: 62-232-8880938
· Fax: 62-232-8880939

Indramayu Sub-Branch

Jl. DI. Panjaitan No.103/45212
· Phone: 62-234-276236
· Fax: 62-234-276237

Cibubur Sub-Branch

Cibubur Times Square Blok B1/1 Jl. Alternatif Cibubur KM
3 Kel. Jatiraya, Kec. Jastisampurna Bekasi/17435
· Phone: 62-21-84305050
· Fax: 62-21-84305353

Purwakarta Sub-Branch

Jl. Basuki Rahmat No.94, Purwakarta/41114
· Phone: 62-264-8227474
· Fax: 62-264-8227475

Cikampek Sub-Branch

Jl. Terusan Sudirman No.6B(Sudirman Center)/41373
· Phone: 62-264-8385171,72
· Fax: 62-264-8385088

Depok Sub-Branch

Jl. Margonda Raya No.1 Rt 001/011 Kelurahan Depok
Kecamatan Pancoran Mas/16431
· Phone: 62-21-7522091
· Fax: 62-21-7522092

Salatiga Sub-Branch

Ruko Wijaya Square B5 Jl.Diponegoro No.110
Salatiga/50711
· Phone: 62-298-311828
· Fax: 62-298-312808

Sidoarjo Sub-Branch

Jl. KH. Mukmin No.11 Blok B-7 Sidoarjo/60281
· Phone: 62-31-8922842
· Fax: 62-31-8922841

Mojokerto Sub-Branch

Jl. Gajah Mada No.85B/60319
· Phone: 62-321-383444
· Fax: 62-321-383465

Cianjur Sub-Branch

Jl. Abdulah Bin Nuh No.15/43253
· Phone: 62-263-260941, 260943, 260945
· Fax: 62-263-280712

Pamulang Sub-Branch

Jl. Dr. Setiabudi No.71 Kav. 6 Pamulang Timur/15417
· Phone: 62-21-7403205, 7443335
· Fax: 62-21-7402330

Sumber Sub-Branch

Jl. Dewi Sartika No.57 Sumber/45611
· Phone: 62-231-8330618
· Fax: 62-231-8330619

Bantul Sub-Branch

Jl. Jenderal Sudirman No.130 Kabupaten Bantul/55713
· Phone: 62-274-367514
· Fax: 62-274-368787

Balaraja Sub-Branch

Komplek Ruko Balaraja Center Blok A No.2 Jl. Raya
Serang Km. 24 Talaga Sari Balaraja-tangerang/15610
· Phone: 62-21-29015618
· Fax: 62-21-29015474

Ciledug Sub-Branch

Ruko Dian Plaza Jl. Raden Fatah No.8A Kelurahan
Sudirman Selatan,Ciledug/15225
· Phone: 62-21-7330545
· Fax: 62-21-7330706

Gunung Sabeulah Sub-Branch

Jl. Gunung Sabeulah Kel.Tawang Sari Kec. Tawang kota
Tasikmalaya/46112
· Phone: 62-265-326147
· Fax: 62-265-331135

Garut Sub-Branch

Jl. Ahmad Yani No.33/44117
· Phone: 62-262-544672
· Fax: 62-262-544670

Magelang Sub-Branch

Ruko Metro Square Blok F No.25/56172
· Phone: 62-293-326498-99
· Fax: 62-293-326356

Padalarang Sub-Branch

Jl. Raya Padalarang No.463 H/40553
· Phone: 62-22-6803940/41
· Fax: 62-22-6803935

Patrol Sub-Branch

Jl. Raya Patrol Anjatan Blok Bunder No.52/45256
· Phone: 62-234-5613627
· Fax: 62-234-611919

Gianyar Sub-Branch

Jl. By.Pass Dharma Giri No.99/80511
· Phone: 62-361-8958295
· Fax: 62-361-8958194

Gresik Sub-Branch

Ruko KIG Jl. Tri Dharma Kav. A-14/61117
· Phone: 62-271-3981758
· Fax: 62-31-3981720

Karawang Sub-Branch

Jl. Tuparev No.499 (Johar) Kab. Karawang
· Phone: 62-267-8454873-74
· Fax: 62-267-8454875

Cibinong Sub-Branch

Jl. Raya Mayor Oking No.158 V/16918
· Phone: 62-21-87904397
· Fax: 62-21-87904443

Singaparna Sub-Branch

Jl. Raya Timur No.45 Singaparna/46416
· Phone: 62-265-543111-3
· Fax: 62-265-545074

Ciamis Sub-Branch

Jl. Letjen. Samuji Ruko No.35/46211
· Phone: 62-265-772221
· Fax: 62-265-777860

Sleman Sub-Branch

Jl. Magelang KM 12.8 No.200/55514
· Phone: 62-274-865922
· Fax: 62-274-866168

Losari Sub-Branch

Jl. Soekarno Hatta NO.77 Losari/45192
· Phone: 62-231-8832738-39
· Fax: 62-231-8832736

Bekasi Sub-Branch

Jl. Raya Narogong KM 12.5 No.23A/17151
· Phone: 62-21-82611045-46
· Fax: 62-21-82605356

Kudus Sub-Branch

Jl. Sunan Kudus No.5 a/509000
· Phone: 62-291-4249241
· Fax: 62-291-4246497

Pamanukan Sub-Branch

Jl. Eyang Tiirtapraja No.54 Kab. Subang/41254
· Phone: 62-260-551773
· Fax: 62-260-551774

Majalaya Sub-Branch

Jl. Alun-alun utara/Jl. Tengah komp ruko permata majalaya
Blok C6/40382
· Phone: 62-22-85963799
· Fax: 62-22-5959826

Pangalengan Sub-Branch

Jl. Raya Pintu Pangalengan KM-1/40378
· Phone: 62-22-5979222
· Fax: 62-22-5978690

Cilegon Sub-Branch

Jl. Jend. A. Yani Komp Cilegon green megablok Blok D3
No.17 Cibeeber - cilegon/42433
· Phone: 62-254-8484772
· Fax: 62-254-8484773

Rangkasbitung Sub-Branch

Jl. Raden Hardiwinangun Blok A No.9/42314
· Phone: 62-252-203612
· Fax: 62-252-203613

Tabanan Sub-Branch

Jl. Ngurah Rai No.73 Kediri/82121
· Phone: 62-361-814160
· Fax: 62-361-814281

Surabaya Barat Sub-Branch

Surya inti permata II Blok C-6 Jl. HR Muhammad No.175
Surabaya/60266
· Phone: 62-31-7381606
· Fax: 62-31-7387007

Soreang Raya Sub-Branch

Jl. Raya Soreang No.412/40900
· Phone: 62-22-5896880
· Fax: 62-22-5897444

Ujung Berung Sub-Branch

Komp Ruko Bandung Timur Plaza No. RA Jl. A.H.
Nasution Kav. 46A Ujung Berung/40612
· Phone: 62-22-7834128
· Fax: 62-22-7834153

Jemur Sari/Surabaya selatan Sub-Branch

Jl. Raya Jemursari No.15C Surabaya/60237
· Phone: 62-31-8480454
· Fax: 62-31-8480483

Luragung Sub-Branch

Jl. Siliwangi No.18 Kec Luragung, Kab Kuningan/45581
· Phone: 62-232-870016
· Fax: 62-232-870020

Pangandaran Sub-Branch

Jl. Parapat, Desa Pangandaran, kec pangandaran kab
ciamis/46396
· Phone: 62-265-630400, 630010
· Fax: 62-265-630800

Purwodadi Sub-Branch

Jl. Letjend. S. Parman No.13 Kel. Purwodadi Kec.
Purwodadi Jawa Tengah/58111
· Phone: 62-292-423399
· Fax: 62-292-423799

Leuwi Liang Sub-Branch

Jl. Raya Jasinga 11A Kel. Cibeeber, Kec. Leuwiliang Kab
Bogor/16640
· Phone: 62-251-8640297
· Fax: 62-251-8640299

Ciawi Sub-Branch

Jl. Perjuangan No.80 Kp.Karanganyar Rt. 04 Rw. 05 Desa
Pakemitan Kec Ciawi Kab. Tasikmalaya/46156
· Phone: 62-265-455163, 455167
· Fax: 62-265-455162

Cilacap Sub-Branch

Jl. Jend. A Yani No.46 Cilacap/53212
· Phone: 62-282-537929
· Fax: 62-282-535522

Jombang Sub-Branch

Jl. KH. Wahid Hasyim No.71 Kota Jombang-Jawa
Timur/61411
· Phone: 62-321-878906, 872906
· Fax: 62-321-860904

Banjar Sub-Branch

Jl. Letjen Soewarto No.92/46321
· Phone: 62-265-740557
· Fax: 62-265-740558

Boyalali Sub-Branch

Jl. Pandanaran No.179 B Kab.Boyalali/57313
· Phone: 62-276-323655
· Fax: 62-276-323650

Martadinata Sub-Branch

Jl. RE Martadinata Pav 123 Bandung/40114
· Phone: 62-22-71070901
· Fax: 62-22-7107091

Melawai/Radio dalam Sub-Branch

Jl. Radio dalam raya No.4 Kel. Gandaria Utara Kec.
Kebayoran baru Jakarta selatan/12160
· Phone: 62-21-7211005
· Fax: 62-21-7210970

Singaraja Sub-Branch

Jl. Ngurah Rai No.16 Singaraja Kelurahan Kendran
Kecamatan Buleleng/81112
· Phone: 62-362-25098
· Fax: 62-362-26605

Manonjaya Sub-Branch

Jl. RTA. Prawira Adiningrat No.214 A Desa Manonjaya
kec. Manonjaya-Tasikmalaya
· Phone: 62-265-380510
· Fax: 62-265-380356

Surabaya Utara Sub-Branch

Jl. Kertajaya Indah No.9/F-105 Surabaya/60161
· Phone: 62-31-3572064
· Fax: 62-31-3537005

Batu Sub-Branch

Jl. Brantas No.49 Batu-Malang/65314
· Phone: 62-341-513709
· Fax: 62-341-513712

Palimanan Sub-Branch

Jl. Otto Iskandardinata No.503 Palimanan
· Phone: 62-231-343950
· Fax: 62-231-343955

Pelabuhan Ratu Sub-Branch

Jl. Surya Kencana No.198 Cibadak - Kabupaten
Sukabumi/43364
· Phone: 62-266-6441906
· Fax: 62-266-435511

Bekasi Sub-Branch

Annex Building Lt. 1 Jl. Afrika No.2 Krakatau Posco
Cilegon/42435
· Phone: 62-21-82404282
· Fax: 62-21-82401878

Wates Sub-Branch

Jl. Kolonel Sugiyono No.3-Wates
· Phone: 62-274-6657325
· Fax: 62-274-774338

Tanjung Priok Sub-Branch

Jl. Enggano No.58 C- Tanjung Priok jakarta Utara/14310
· Phone: 62-21-4361667
· Fax: 62-21-4361668

Karangnunggal Sub-Branch

Jl. Raya Karangnunggal KP. Karangmekar RT/RW 03/09
Desa Hegarwangi Kec. Bantarkalong Kab.
· Phone: 62-265-258471-2
· Fax: 62-265-2584570

Cibatu Sub-Branch

Jalan Raya Cibatu - Limbangan Ruko Perum Bunar
Indah Blok C-29 No.15-17 Rt 06 Rw 04 Desa Cibunar
Kecamatan Cibatu Kabupaten Garut
· Phone: 62-262-467708
· Fax: 62-262-467707

Wonogiri Sub-Branch

Jalan Ahmad Yani No.66, Wonogiri
· Phone: 62-271-633600
· Fax: 62-271-633433

Kawali Sub-Branch

Jl. Siliwangi No.262, Desa Kawali mukti
· Phone: 62-265-791560
· Fax: 62-265-791580

Kepanjen Sub-Branch

Jl. Kawi Ruko B 7, Kepanjen
· Phone: 62-34-1379840
· Fax: 62-34-1379839

Pamekasan Sub-Branch

Jl. Kabupaten No.114
· Phone: 62-324-333905, 333906
· Fax: 62-324-333604

Kebumen Sub-Branch

Jl. Ahmad Yani No.20, Kubumen
· Phone: 62-281-6222212
· Fax: 62-281-631616

Mangga Dua Sub-Branch

Ruko Harco Mangga Dua Blok L. No.5
· Phone: 62-21-29364053
· Fax: 62-21-6120179

Kelapa Gading Sub-Branch

Jl. Boulevard Barat Ruko MOI Blok I No.15
· Phone: 62-21-29364053
· Fax: 62-21-29364054

Dalem Kaum Cash-Office

Jl. Dalem Kaum No.5 Bandung/40251
· Phone: 62-22-4211906
· Fax: 62-22-4206837

Batujujar Cash-Office

Jl. Batujujar No.324 Bandung
· Phone: 62-22-86861018/17/15
· Fax: 62-22-86861016

Cimahi Cash-Office

Cijerah II blok V No.3 Cimahi
· Phone: 62-22-86065156
· Fax: 62-22-6075579

Suci Cash-Office

Jl. PHH. Mustofa No.35/40124
· Phone: 62-22-7279740
· Fax: 62-22-7276361

Jatinangor Cash-Office

Jl. Raya Jatinangor KM 20.5 KKB I IKOPIN/45363
· Phone: 62-22-7781587
· Fax: 62-22-7781563

Darmaraja Cash-Office

Jl. Raya Darmaraja No.253 desa Darmaraja, Kec
Darmaraja Kab.Sumedang/45372
· Phone: 62-262-429000, 429069, 428478
· Fax: 62-262-429070

Daan Mogot Cash-Office

Jl. Tampak Siring No.12 Daan Mogot/11460
· Phone: 62-21-56944307
· Fax: 62-21-56944307

Fatmawati Cash-Office

Jl. Kesehatan Raya No.18B Rt 003 Rw 006 Kel Bintaro
Kec. Sanggrahan Jakarta selatan/12430
· Phone: 62-21-7374693
· Fax: 62-21-7374408

Cillilitan Asabri Cash-Office

Jl. Mayjen Sutoyo No.11 Gedung PT Asabri (persero) Jl.
Cillilitan - jakarta Timur/13630
· Phone: 62-21-80876494
· Fax: 62-21-80876381

Bekasi Cash-Office

Jl. Ir. H. Juanda No.111 Bekasi
· Phone: 62-21-88353901
· Fax: 62-21-88345693

Jatibarang Cash-Office

Jl. Letnan Joni No.178 Kec. Jatibarang - Kab Indramayu/45273
· Phone: 62-234-352911
· Fax: 62-234-352910

Taman Topi Cash-Office

Jl. Gedong Sawah I No.1 A Pabaton Bogor/16121
· Phone: 62-251-8335714
· Fax: 62-251-8335721

Juanda/ KK Tajur Cash-Office

Jl. Raya Tajur Ruko Galaxy No.59 H Bogo
· Phone: 62-251-7559203, 8384254
· Fax: 62-251-7559205

Kendal Cash-Office

Jl. Raya Utama No.9 weleri kenda
· Phone: 62-294-644704
· Fax: 62-294-644708

Ungaran Cash-Office

Ruko permata hijau No.1 Jl. MT Haryono No.16 Kel Ungaran Kec Ungaran Barat Kab. Semarang/50511
· Phone: 62-24-76911017
· Fax: 62-24-76911001

Serang Cash-Office

Jl. Raya Serang- pandeglang KM 11 Lingkungan waru Lor, Desa/kel. Kamanisa Kec Curug Kota serang/42117
· Phone: 62-254-222133
· Fax: 62-254-8494615

Cilegon Cash-Office

Annex Building Lt. 1 Jl. Afrika No.2 Krakatau Posco Cilegon/42435
· Phone: 62-254-369755
· Fax: 62-254-369759

Ruko Union Cash-Office

Ruko Union Square Blok A No.6 Lippo Cikarang, Cikarang Selatan
· Phone: 62-21-89909797
· Fax: 62-21-89903007

Sadang Cash-Office

Sadang Terminal Square No.07, 08, 25 Jl. Raya Sadang Purwakarta/41181
· Phone: 62-264-8220180
· Fax: 62-264-8220181

Cilimus Cash-Office

Jalan Raya Cilimus RT 017/04, Desa Cilimus Kecamatan Cilimus, Kabupaten Kuningan
· Phone: 62-232-615411
· Fax: 62-232-615412

Purbalingga Functional Office

Jl. Ahmad Yani No.42 Purbalingga
· Phone: 62-81-89553
· Fax: 62-81-892034

Sragen Functional Office

Jl. Sukowati No.156 Sragen
· Phone: 62-71-895015
· Fax: 62-71-895013

Cikajang Functional Office

Jl. Raya Cikajang No.80 Garut
· Phone: 62-62-576094
· Fax: 62-62-576089

Wonosari Functional Office

Jl. KH. Agus Salim No.71A Wonosari - Kab Gunungkidul
· Phone: 62-74-3950673
· Fax: 62-74-3950673

Dalem Kaum Functional Office

Jl. Dalem Kaum No.5 Bandung
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· Fax: 62-22-4206837

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