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# Financial Highlight (In billions of KRW)

	FY13(*)	FY12	Change(%)	CY13	CY12
Key financials_ Income					
Net Operating Revenue	419.3	670.4	-37.5	603.1	728.9
(-)SG&A Expenses	396.9	561.1	-29.3	542.2	556.4
Operating Income	22.4	109.3	-79.5	60.8	172.6
Non-operating Income	0.6	-0.5	217.7	3.6	-17.3
Pre-tax Income	23.0	108.8	-78.8	64.5	155.3
Net Income	16.0	88.1	-81.8	48.1	121.7
Key financials_ Balances					
Total Assets	29,986	27,228	10.1	29,986	24,822
Total Liabilities	26,538	23,744	11.8	26,538	21,368
Total Shareholders' Equity	3,447	3,484	-0.01	3,447	3,454
Profitability					
ROE (%)	0.5	2.5	-2.0p	1.4	3.6
Operating Margin (%)	5.3	16.3	-16.0p	10.1	23.7
SG&A Expenses/NOR Ratio (%)	94.7	83.7	11.0p	89.9	76.3
Earnings Per Share (KRW)	143	371	-61.5	71	425
Operating Income Per Employee (KRW 1 million)	7	36	-80.5		
Dividend Yield Ratio (%)	0.50	0.85	-0.35	-	-

<sup>(\*)</sup> The settlement of the fiscal year changed from March to December.





With roughly 40 years performing a pivotal role in the growth and development of the Korean capital market, Woori I&S is continuing to lead the Korean securities industry.

# Repositioning

Woori I&S is strengthening distinctive services and solidifying our qualitative foundation by effectively leveraging our top-tier competitiveness across all business areas, while also preparing for 'new growth through repositioning.'

By repositioning existing businesses and resources, Woori I&S is generating new profits, achieving robust and sustainable growth, and satisfying customers' fundamental expectations. We will move forward as a market leader by taking preemptive actions and creating new markets.



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To bolster the competitiveness of our global business, we built a foundation for qualitative growth, through the creation of the 'Overseas Business Center,' which will be in charge of engaging in close business relations with foreign institutions at overseas subsidiaries, as well as the 'Global Equity Research Team' and 'Global Asset Management Team,' which have strengthened overseas research functions. The Hong Kong GTC (Global Trading Center) has attracted 14 new institutional clients, including the Korea Investment Corporation, National Pension Service, and Bank of Nova Scotia, thereby building a new global business foundation. Our New York subsidiary became the first among Korean securities companies to operate GSTS (Global Securities Trading & Solutions), resulting in diversification of revenue sources.

#### Preparing for new growth through repositioning.

As in 2013, difficult conditions in the business environment are expected to continue in 2014. There is little sign of recovery of the trading value in the securities market and securities companies are recording a deficit one after another. Against this backdrop, in December

2013 we expanded the organization into business areas that are expected to grow. including IB, trading and wholesale, and increased personnel mainly to these business areas, as part of efforts to achieve our management goal of rebuilding the organization for increased corporate value.

Only when we have distinctive products and business models can we grow while continuing to enable customer success. Based on this understanding, we will move forward with 'repositioning' to bolster product competitiveness, thereby increasing the number of in-house products through the use of IB and trading competencies, and expanding the scope of products to cover overseas markets.

Second is 'repositioning' that enhances capital efficiency. We will reassign resources, including personnel and organizations, to business areas with growth potential and achieve efficiency in marginal business areas, thus increasing corporate-wide productivity. Also, 'strategic investments' will be increased using equity

Third is 'repositioning' to enhance the profitability of conventional business areas. Business strategies will be reorganized according to changes in the environment for each division. Also, new and alternative profit sources will be developed to enable continued profit generation.

Fourth, changes in the regulation environment will be leveraged as opportunities for future growth. We will formulate and implement detailed business strategies that are in line with institutional changes that were adopted for the development of the financial investment business, envisioned by the financial authorities.

Finally, we will generate 'maximum financial value' by imposing solid protection of financial consumers, and focus on business by principle as well as comply with complete sale processes so that the company's vision – 'growing with our client by delivering the greatest financial value' - can be reflected in all activities.

Zhu Xi, a Song Dynasty scholar, said that when there is enough water, a large boat naturally floats. Despite the challenging conditions we

face, our combined efforts will reveal the strengths of a top-tier securities company.

To everybody at Woori I&S, being No. 1 does not signify the finish line, but is a goal that we need to continually strive to achieve. It also signifies our corporate culture of providing only the best financial solutions to customers. Woori I&S will continue to develop as Korea's No. 1 investment bank as we increase the value of customer assets by offering products and services that satisfy customer needs, and as a respected financial company that satisfies its social obligations.

I would like to express my sincere gratitude for you, our valued shareholders and customers, for your unwavering loyalty and trust. We will demonstrate great passion in our effort to empower Woori I&S' growth as a top-quality wealth management solutions company that faithfully fulfills its social responsibilities. Thank you.

President & CFO

Woori Investment & Securities

# $Repositioning \hbox{ The new growth strategy of each division in 2014}$

#### Wholesale

Increase sales of financial products to institutions based on distinctive product competitiveness



- · Diversify profit sources through private deals, including structured deals and acquisition financing
- Provide structured products in connection with IB deals as well as alternative products
- Expand the loan business in tandem with deregulations on corporate lending

- Introduce mega branches and innovate sales channels, such as the mobile trading platform
- · Expand solution-based wealth management, such as the Smart Investor

#### Global Business

- Build a mid- to long-term growth platform in each business line
- Establish and implement a new business development roadmap that is consistent with and complementary to domestic



#### Trading

- Respond to changes in the environment through flexible management according to market circumstances
- Separate Equity and FICC division to strengthen expertise within each area



#### Product Strategy

- · Expand in-house products through IB and Trading divisions
- Strengthen strategic product development, with the Future Product Development Team performing a leading role
- · Increase global coverage, including bonds, equity and global ETFs



# At a Glance & Awards

### May

#### 2013.05.28

### Iune

#### 2013.06.03

### Iulv

#### 2013.07.09





#### August

#### 2013.08.09

#### 2013.08.29

ed an MOU with Bae, Kim & Lee LLC



### October

#### 2013.10.18

#### 2013.10.22



### November

#### 2013.11.29



# 2013

Presented Award for Excellence in the IB category at the 2013 Market Leader Awards of the Year / The etoday Named "2013 Best Seller" at the Herald Fund Awards /

Won the Grand Prize in the IB category of the Korea Securities Awards / The Seoul Economic Daily

Granted the Excellence Award for corporate PR in the newspaper category presented to the 'Future Product Development Team' / Maeil Business Advertising Awards / The Maeil Business Newspaper

Received "Award for Excellence in the interaction category" - Best MTS Awards / The Money Today

Won the Grand Prize in the sharing category (Chairperson Award) at the 2013 CSR Film Festival / The etoday, KOSRI Designated Dow Jones Sustainability Index member 2013/14 (financial service industry) / Korea Productivity Center

Won Best Lead Manager Award at 2013 Herald Business Vivid KOSDAO Awards / The Herald Business



Received Award for Excellence in the IB Category at the 2013 Awarded Grand Prize in the comprehensive evaluation Asia Capital Investment Awards / The Asia Economic Daily category, First place in the content diversity category, & category, First place in the content diversity category, & Grand prize in the expert evaluation category at the 2013 Korea Mobile Trading System (MTS) Evaluation Awards / The Korea Economic Daily

· Received First place in the retirement asset management category at the 2013 Korea Customer Surprise Brand Index (K-CSBI) / The Korea Brand Management Council

 Recognized with the Lead Manager Award in the IB category by the 10th Money Today Best M&A / Money Today Won the Research Award (2013 Herald Capital Market Awards) / The Herald Business

Awarded First place in securities companies' smart pad evaluation by the 2013 Korea Smart Application Assessment Research Institute of Sookmyung Women's University

· Conferred with the Excellence Award at the Risk Management Awards / The bell

Presented with the Best Seller Award at the 4th Asia Fund Awards / The Asia Economic Daily Won Grand Prize for the 2012 Korea Best Report / The



· Awarded 'Grand Prize' in the sector of Installment Investment at the 2012 Korea Brand Awards / The Korea Economic Daily

· Awarded 'Grand Prize' in the sector of IB at the 2012 Korea Brand Awards (Corporate Finance and M&A) / The Korea Herald Business

· Named 'Excellent Lead Manager of the Year' at the 9th Korea IB Grand Awards / The Money Today · Awarded 'Grand Prize' at the 2012 Korea Mobile

Trading System Awards / The Korea Economic Daily · Awarded 'Grand Prize' at the 2012 Korea Analyst Awards / The Money Today

Received 'Excellence Award (Premier Blue)' at the 2012 Asia PB Awards / The Asia Economy Daily Received 'Excellence Award' in the sector of HTS stability at the 2012 Smart Trading Awards / The Asia Economy Daily

Designated Dow Jones Sustainability Index Korea member 2012 (Financial Service industry) / The Korea Productivity Center



security & retiree management at the 2012 Asia Today Financial Awards / The Asia Today · Awarded 'Grand Prize' in the sector of social contribution at the AJU Economic Security Awards ,
The AIU Business Daily

Received 'Excellence Award' in the sector of

Received 'Excellence Award' in the IB sector at the 2012 Asia Capital Investment Awards / The Asia Economy Daily

Received 'Outstanding Award' at the 1st Centennial Received 'Outstanding Award' in sector of Management Innovation at the 2nd Annual Market Leader Awards / The etoday

· Received 'Excellence Award' in the sector of customer convenience in smart banking service at the 2nd Korea MTS Awards / The Korea Economic

# 2011

- Awarded Grand Prize in the investment banking category at the Finance and Securities Awards / The Aju Business

· Received Grand Prize in the investment banking category at the 2011 Korea Securities Awards / The Seoul Economy Won Grand Prize at the 12th Financial News

Advertisement Awards / The Financial News

Presented with Grand Prize in the customer support category through HTS Evaluation by The Asia Economy Daily /Hosted by The Asia Economy Daily

· Named "Carbon Management Industry Leader" by the Korean Committee of Carbon Disclosure Project

· Awarded the Grand Prize in the investment banking Hosted by The Asia Economy Daily

Awarded the "Octo Prize" for the best customer value product in the wealth management category at 2011's THE PROUD / KMAC



Chosen as 'Best Seller' at the 2011 Asia Economy Fund Awards / The Financial Supervisory Service

Named Best Equity Linked Bond House at the 2010 Korea Capital Market League Table Awards , Money Today the bell

Awarded in the Comprehensive wealth management category at the 2011 Korea First Brand Awards / Customers Council & The Korea

Won the 2010 Research Best Securities Award / FnGuide & Chosun Ilbo

Conferred with Grand Prize in the bond underwriting category at the Korea IB Awards / The Korea Economic Daily, Yonhap Infomax







**G** 





#### GLOBAL BUSINESS

Has the Greatest Number of Overseas Branches Among Korea Securities Companies

# 10 Branches

New York Subsidiary's GSTS (Global Securities Trading & Solutions) Trade Volume

# krw 800.0 billion

Received the Best Fund of Hedge Funds in Korea Award for the Second Consecutive Year

# Asian Investor



WEALTH MANAGEMENT

Retail Customer Assets

KRW 86.8 trillion

No. of Retail Clients with at Least KRW 100 million in Deposited Assets

55,953

No. 1 in Trust and Institutional Financial Product Balance

No.1



#### SOCIAL CONTRIBUTION

Employee participation in volunteer activities (April - December 2013)

No. of employees who participated

7,678

Volunteer hours

**43,233** hours



DLS (DLB) Issuance(As of CY13)

krw **2,580.4** billion





# **Investment Banking**

We proved our strength as an unrivaled IB power in 2013 by achieving the highest ranks in all IB segments, including an ECM (Equity Capital Markets) grand slam in diverse league tables and a good record in DCM.

In 2013, we demonstrated our unique IB strengths by winning all major landmark deals in ECM. Despite a shortage of deals in 2013, Woori I&S took the lead in every segment of ECM, including initial public offerings (IPOs), paid-in capital increase, and equity-linked bonds (ELBs). We handled a total 16 ECM transactions worth KRW 1.6216 trillion, thus reinforcing our stature as the true leader in the IB industry.

There was a reduction in the overall size of the IPO market owing to the global economic downturn. Notwithstanding, we successfully carried out IPO deals for DSR, KG ETS, ACCESS BIO, and I-SENS. We joined with Daewoo securities and led Hyundai Rotem's IPO, the biggest deal of 2013, which was worth KRW 622.4 billion. These deals proved our excellent skills in the traditional IB

segment. We also became the first in Korea to implement block sales of stock warrants. We successfully carried out a shareholder-assigned paid-in capital increase worth KRW 710.1 billion for the Korea Gas Corporation as an exclusive lead manager. Additionally, we successfully completed sales of the shares of Woongjin Chemical, a subsidiary of Woongjin Holdings, and acquisition financing for ING Life Insurance. We provided total solution services by using advanced financial techniques, including structured finance.

As part of efforts to accomplish our management goal of 'business repositioning' and to enhance product supply capabilities, we will create a Product Sales Department in the IB Division consisting of the 'Investment Finance Department' and 'Syndication Department'. We will also develop specialized new services such as 'structured deal' and acquisition financing for corporate customers, thereby boosting profitability. Also, distinctive solutions will be developed, such as advice for a shift into a holding company structure and for restructuring. By doing so, we will reinforce our stature as Korea's No. 1 IB house.



Bolster Product Competitiveness

KOREA'S NO.1 IB HOUSE

Profitability
of Conventional
Businesses

Develop Future Growth Drivers

Diversify profit sources through private deals, including structured deals and acquisition financing

- 2. Provide structured products in connection with IB deals as well as alternative products
- Expand the loan business in tandem with deregulation of corporate lending



### Wealth Management

We increased the number of preferred customers through customized wealth management services by strengthening our wealth management know-how using distinctive solutions and systems.

Our wealth management business recorded retail client assets of KRW 86.8 trillion, with the number of retail clients who have more than KRW 100 million in deposited assets reaching 55,953 persons and a retail market share of 6.9%. We demonstrated leadership in wealth management by offering unique solutions and systems despite difficulties in the business environment, where market trading value plummeted as a result of the global financial crisis, sapping investor sentiments.

In 2013, the Smart Marketing Department was created to take the lead in the MTS and solution-based wealth management business. Also, retail brokerage competencies were bolstered. We developed a stable customer base by diversifying solutions, including the introduction of 'Smart Investor 5.0'. To occupy the expanding MTS market prior to the

> Development of future growth

competition, we reinforced our brokerage competitiveness by expanding our infrastructure and content. We also earned recognition for our exceptional MTS competitiveness, ranking 'No. 1 in the KIAC MTS Evaluation' and 'Comprehensive No. 1 in MTS chosen by the Korea Economic Daily'.

The 'Centenarian Generation Research Institute' is a one-of-a-kind solution center that presents new wealth management methods that are suitable for the aging era, which has become a present-day reality. It develops solutions that will allow for prior occupation of the centenarian era retirement market and supplies a wide variety of wealth management-type trust products, including customized and inheritance-type products. It is providing systematic services for customized wealth management and retirement management for personal financial consumers in different age groups.

We are making the necessary preparations to strengthen our HNWI-centered business competencies and to increase the business size. We will further expand the profit base by continually innovating conventional business channels and maximizing global asset allocation and wealth management competencies.



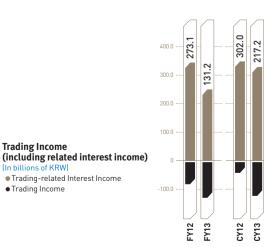


# Sales & Trading

We have reinforced our stature as No. 1 in the industry in both trading products and trade volume by enhancing our competitiveness through internal product development capabilities and increased sales of various structured products.

Our sales & trading business has an unrivaled position in FICC derivatives and equity derivatives. We strengthened our market dominance by reinforcing the power of internal products and increasing sales of diverse structured products.

In 2013, our trading business realized the economy of scale by achieving a substantial client book expansion, resulting in improvements in product competitiveness and management efficiency. We took the lead in the market through sales of the equity & commodity internally hedged DLS, which we became the first securities company in Korea to feature, the 3 Index ELS, ARS and fund linked DLS products. We also became the first in the industry to create an FX Trading Team, thus reinforcing our position as No. 1 among securities companies in trading products and trade volume.



Trading Income

Trading Income

Trading-related Interest Income



1. Introduce mega branches and innovate sales channels, such as the mobile trading platform 2. Expand solution-based wealth management, such as the

In the area of institutional business, we were the first to establish the ETF LP and System Execution Platform and strengthened prime brokerage competitiveness, resulting in early occupation of the market. To offer distinctive investment solutions to institutional clients, we built a service foundation for not only domestic products but foreign products as well (foreign stocks & bonds). Through such efforts, we have attracted 14 new institutional clients and have become the securities company for the Korea Investment Corporation and the National Pension Service, together with large global IBs. Moreover, we have continually contributed to the efficient management of funds.

In 2013, the previous Trading Division was separated into the Equity Division and the FICC Division to more effectively respond to the market environment. By doing so, we have increased our ability to respond to market changes and enhanced our management expertise. Additional focus will be placed on sales of high-margin products through customized product sourcing and increased collaboration among divisions. We are determined to assume absolute leadership in sales of institutional financial products by developing new profit sources that will replace stock brokerage, through ETF LP and foreign stock brokerage, and by supplying distinctive products.



### **Global Business**

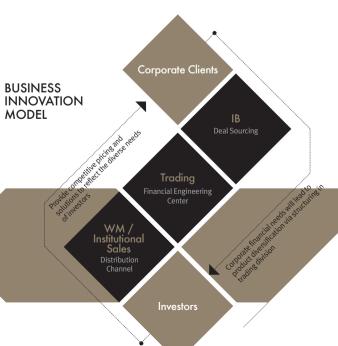
We have developed new business areas and strengthened our business structure as a global IB house that is effective on the world stage.

Our global business is focused on strengthening the company's global stature in the Asian financial market, especially in Hong Kong. Our goal is to diversify revenue sources and to build a stable profit base. We currently have 10 bases in nine countries, and are bolstering competitiveness in fixed income, hedge fund investment, and global IB for diversification of the profit structure.

By expanding the Hong Kong subsidiary's bond trading, we are more actively taking part in the market. The New York subsidiary is the only local subsidiary of Korean securities companies to manage GSTS (Global Securities Trading & Solutions). It is offering one-stop services, ranging from the deposit of physicals to change into electronic stock

certificates and sales. By doing so, it is steadily increasing its number of clients and responding to the rise in demand for foreign stock by Korean institutional investors, thus achieving exponential growth. In the area of hedge funds, investments were attracted from the first client of the WARIS fund (Fund of Hedge Funds), which was launched in June 2010. In December 2013, we finalized the industry's first hedge fund placement deal, the 'Korea Post SkyBridge FoHFs (Fund of Hedge Funds) investment,' which marked our first success in direct equity capital investments followed by sales to Korean institutions. It presented a new paradigm in the foreign hedge fund sales market.

We will continually generate profits in the global financial market and strive to provide our customers with greater profits and value. We will do so by building a mid- to long-term growth system, enabled by consistently offering creative total solution services and innovating each business line.







### Social Contribution

We are doing our best as a socially responsible company by engaging in diverse social contribution activities.

Based on our social contribution slogan, 'A brighter future with us (Woori),' we are operating a distinctive social contribution system and programs that are focused on employee participation. The Social Contribution Secretariat (currently the Social Contribution Group), under the direct control of the CEO, is supporting the activities of social volunteer groups and is taking strides towards implementing systematic social contribution activities, such as the Woori Angel Fund and the Hope Tree Scholarship. Efforts were made to establish a social volunteer group in every department and branch. A total of 2,884 employees are participating in 99 volunteer groups (as of January 2014). All employees have become a member of a volunteer group, excluding employees at overseas subsidiaries, personnel who are on leave of absence, and dispatched employees, resulting in a membership ratio of 96%.

Since 2005, we have been raising funds through matching grants, where employees and the company donate the same amount of funds. We created the 'Woori Angel Fund I' in cooperation with the world-renowned relief organization, World Vision.

The funds are being used to provide emergency relief to children in Korea, to sponsor the 'Lunchbox of love' campaign, and to sponsor children from low-income households in Korea and abroad. Effectively leveraging the know-how we developed from 'Woori Angel Fund I', we have been managing the 'Woori Angel Fund II' since October 2011. We are spending an average of KRW 33 million for local community and social welfare activities each month. Various other volunteer activities include offering annual scholarships to 41 high school students from low-income families with outstanding academic performance; carrying out the 'Love Our Farms' campaign based on 'One Company, One Village' sisterhood ties; and contributing to community health programs for children by signing an MOU with Yeouido St. Mary's Hospital.

Since establishing the Social Contribution Secretariat in 2010, we have been engaging in more systematic social contribution initiatives, especially in areas that fit the nature of our business and that are in step with the latest social trends. Through 'Smile Micro-credit Financing,' which involves providing financial support to those having difficulties in accessing official sector financial institutions, we are donating KRW 500 million annually. Also, the Woori Smile Financial Foundation has provided KRW 50.1 billion (as of October 2013) in loans.

We have continually carried out volunteer activities in 2013, with a focus on activities that reflect regional characteristics. A total of 7,849 employees took part in volunteer activities for a total of 44,171 hours. Each employee spent an average of 14 hours in CRS activities. To promote the culture of sharing and further the social contribution activities of the 99 volunteer groups, we are choosing outstanding cases from among volunteers and groups to present annual awards. We are establishing a full compliment of social contribution activities as a corporate culture so that every employee can enjoy taking part in the activities, thus breaking away from one-time events.



1. Sponsorship and education of teenagers and support for the academic & art fields
 2. Realize basic welfare that is closely connected to the local community, with company volunteer groups taking the lead
 Establish a life foundation for future generations

# Management Discussion & Analysis

#### Financial Highlight

Woori I&S is continuing stable growth with KRW 29.9 trillion in total assets, KRW 3.4 trillion in stockholders' equity, an operating margin of 5.3%, and a net capital ratio of 522.9% as of the end of FY13; and received the top credit rating in the securities industry.

728.9 556.4 172.6 -17.3 155.3
556.4 172.6 -17.3
172.6
-17.3
155.3
121.7
24,822
21,368
3,454
3.6
23.7
76.3
425
-
-

(\*) The settlement of the fiscal year changed from March to December.

Net operating revenue for FY13 was KRW 419.3 billion, a 37.5% drop year-on-year. This decline is attributable to a reduction in brokerage-related revenue owing to sluggishness in the securities market and a drop in the market trading value as well as a decline in trading income due to unfavorable stock market conditions and the recognition of the impairment loss on financial assets available for sale.

Details on the net operating revenue by sector are available in the net operating revenue portfolio below. SG&A expenses for FY13 dropped KRW 164.2 billion from FY12, but net operating revenue also fell, resulting in a SG&A expenses-to-NOR ratio of 94.7%, which is an 11.0%p increase from FY12. Labor expenses, which are a portion of SG&A expenses, totaled KRW 236.4 billion, a drop of 31.5% year-on-year, attributable to a reduction in the number of employees, back pay in regards to the settlement of wage increase, and payment of incentives. Operating income for FY2013 indicated a year-on-year decrease of 79.5% to stand at KRW 22.4 billion, attributable to the bearish market. In contrast, non-operating income went up slightly year-on-year owing to a rise in equity method income. As a result of the offset of operating income and non-operating income, net income went down KRW 72.1 billion from FY12 to post KRW 16 billion. ROE also dropped 2.0%p year-on-year to stand at 0.5%.

#### NOR Portfolio (In billions of KRW)

<ul><li>Loan-relat</li></ul>	ed Interest	Income	-20.2%
<ul> <li>Trading</li> </ul>	-52.0%	<ul><li>IB</li></ul>	-17.7%
WM	-22 N%	Rrokerane	-30 //%





<ul><li>Loan-relat</li></ul>	ed Interest	Income	+4.2%
<ul> <li>Trading</li> </ul>	-28.1%	<ul><li>IB</li></ul>	+24.8%
WM	-2.9%	<ul><li>Brokerage</li></ul>	-15.0%





#### NOR Portfolio (In billions of KRW)

	FY13(*)	FY12	Change(%)	CY13	CY12
Net Operating Revenue					
Brokerage	167.6	240.6	-30.4	224.8	264.7
Trading (including related interest income)	131.2	273.1	-52.0	217.2	302.0
WM	30.1	38.6	-22.0	39.4	40.5
IB	33.2	40.3	-17.7	49.6	39.8
Loan-related Interest Income	54.4	68.2	-20.2	71.8	68.9
Other	2.8	9.6	-70.8	0.3	13.0
Total	419.3	670.4	-37.5	603.1	728.9

(\*) The settlement of the fiscal year changed from March to December.

Net operating revenue from brokerage totaled KRW 167.6 billion, a year-on-year decline of 30.4%, as a result of a rise in the market trading value, particularly for online trading, a channel with low commission rates. Net operating revenue from trading dropped 52.0% year-on-year to post KRW 131.2 billion, attributable to loss from valuation of bonds and recognition of impairment loss on financial assets available for sale, an outcome of a rise in interest rates and increased market fluctuations in the first half of 2013. This was despite improvements in interest income as a result of a rise in the average balance of bonds, a result of a rise in the size of customer assets. Contribution to overall corporate income went down from 38.4% to 31.3%.

Net operating revenue from wealth management rose 2.7% from the third quarter of FY12 (hereinafter referred to as "the same period of FY12") as a result of a rise in the overall fund sales balance. We achieved this through an expansion of equity-type funds, bond-type funds, and AI funds. Contributions to income rose slightly from 6.0% to 7.2%. Net operating revenue from IB went up 38.9% from the same period of FY12 to reach KRW 33.2 billion. This was a result of an expansion in the ECM size as well as an increase in commissions from purchases and mergers, including the handling of major deals, such as the Hyundai Rotem IPO, and advisory services on NEPA acquisition by MBK Partners. Loan-related interest income rose 6.7% from the same period of FY12 to reach KRW 54.4 billion, attributable to a rise in the average balance and a drop in the funding cost.

#### Risk Management

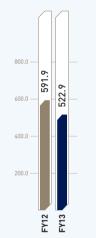
The net capital ratio stood at 522.9%, which was a 69%p drop year-on-year. Net capital also went down KRW 9.7 billion year-on-year. In contrast, total risk went up KRW 55.3 billion year-on-year. The average VaR for trading assets stood at KRW 4.2 billion, a 19% drop from FY12, attributable to a reduction in stock price risk and product risk.

(In billions of KRW)	FY13	FY12	FY11
Net Capital Ratio (%)	522.9	591.9	632.7
Net Capital	2,553.4	2,563.1	2,539.3
Total Risk	488.3	433.0	401.4
Average VaR	4.2	5.0	7.3

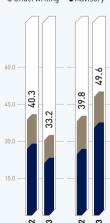
Woori I&S is actively responding to the regulations of the Financial Supervisory Service by adopting the 'comprehensive risk management system' and has been strengthening active protection of investors since the enactment of the Financial Investment Services and Capital Markets Act.

Various monitoring and corrective efforts are being carried out in relation to risk exposure through diverse reporting systems covering finance, credit, asset management, compliance, and legal issues. A "Risk Management Committee" has been established under the Board of Directors as the top decision-making entity regarding risk management policy. The committee establishes overall risk limits for Woori I&S.

#### Net Capital Ratio (%)



# IB Commission Income (In billions of KRW) • Underwriting • Advisory



#### System & Personal Investment

Woori I&S has considerably strengthened the strategy and product marketing functions of the Wealth Management Division. Unique wealth management services are being provided through the 'Premier Blue' center for management of HNWI wealth to secure a leading position in the wealth management market, where competition is growing fierce. The 'Centenarian Generation Research Institute' was established to be at the forefront of a changing wealth management paradigm as society rapidly ages. The research institute is thereby enabling Woori I&S to provide distinctive services.

			YoY Change	
	FY13	FY12	Amount	Percentage
No. of employees	3,002	3,053	-51	-1.7
No. of branches	106	108	-2	-1.9

The 'Woori Smart Investor' was developed to minimize risk exposure from individual stock investment. This automated ETF trading system buys stocks according to an "index averaging" strategy. In addition, the Octo Monthly Payment GPS System was developed as the industry's first system for optimal search of monthly payment products based on individual investors' investment tendencies.

#### Investment Banking

Net operating revenue from investment banking reached KRW 33.2 billion, a year-on-year rise of 39.1%, owing to the handling of large IPO deals, including the Hyundai Rotem IPO, as well as other types of landmark deals, including advisory services on NEPA acquisition in the sector of M&A. In terms of M&A, Woori I&S provided advice on NEPA acquisition to our MBK Partner. The company took the No. 1 spot among Korean securities companies on Bloomberg's M&A league table for 2013. The size of the ECM grew 102.4% year-on-year. Against this backdrop, Woori I&S handled landmark deals, including the Hyundai Rotem IPO. The company's IPO market share rose 20.2%p year-on-year to reach 25.1%, placing it on the very top on The Bell League Table for 2013. In contrast, the share of the bond underwriting market stood at 6.9%, down slightly from FY12.

#### IB Portfolio Performance

is rottotto refformance	FY13(*)	FY12	FY11
M&A			
Scale (in millions of USD)	5,047	8,864	9,355
M/S	8.7%	15.9%	18.0%
IPO			
Scale (in billions of KRW)	283.5	42.1	766.5
M/S	25.1%	4.9%	23.9%
Bond Underwriting			
Scale (in trillions of KRW)	4.6	7.0	8.4
M/S	6.9%	7.7%	8.1%
IB Commissions (in billions of KRW)	33.2	40.3	70.7
Underwriting	23.9	29.1	45.7
Advisory	9.3	11.2	25.0

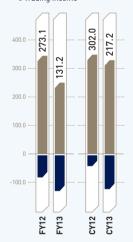
(\*) The settlement of the fiscal year changed from March to December.

A favorable performance in the M&A segment boosted advisory commissions 15% year-on-year to KRW 9.3 billion. Despite a reduction in the size of the bond underwriting market, a rise in arrangements for paid-in capital increases and IPOs resulted in a year-on-year rise of KRW 8.1 billion in underwriting commissions to reach KRW 23.9 billion.

# Trading Income (including related interest income)

Trading-related Interest Income

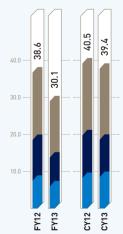
• Trading Income



### Commission from Financial Product Sales

● Trusts ● Wrap

Beneficiary Certificates



#### Trading(including related interest income)

Despite improvements in interest income from a rise in the average balance of bonds due to an increase in customer assets, net operating revenue from trading went down 52.0% year-on-year to stand at KRW 131.2 billion, owing to loss from valuation of bonds and recognition of loss of impairment of available-for-sale financial assets. This was an outcome of a rise in interest rates and increased market fluctuations in the first half of 2013. At year's end, domestic bonds totaled KRW 11.6 trillion, which was a KRW 0.5 trillion increase from FY12, while domestic stocks amounted to KRW 526.9 billion, a year-on-year rise of KRW 178.4 billion. Finally, RP sales were up KRW 80 million year-on-year for a total of KRW 7.2 trillion.

Trading Balance	FY13(*)	FY12	FY11
Bonds Trading Volume (in trillions of KRW)	11.6	11.1	8.5
Client book	10.9	10.3	8.1
Prop. trading	0.7	0.8	0.4
Equity Trading Volume (in billions of KRW)	526.9	348.5	269.0
Client book	431.4	276.5	209.5
Prop. trading	95.5	72.0	59.5
RP Sales Balance (in trillions of KRW)	7.2	6.4	6.4
CMA RP	4.4	3.5	3.3
Others	2.8	2.9	3.1
Trading Income (including related interest income) (in billions of KRW)	131.2	273.1	255.6
Related interest income	253.0	344.8	293.5
Trading income	-121.8	-71.7	-37.9

(\*) The settlement of the fiscal year changed from March to December.

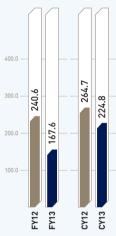
A rise in sales of derivatives combined securities sold and RP sales resulted in an increase in customer assets prompting a rise in the average bond balance from KRW 10.9 trillion to KRW 12.8 trillion. From among trading revenue, related interest income recorded KRW 253.0 billion. In contrast, trading income suffered from bearish market conditions and recognition of the impairment loss on financial assets available for sale. Losses increased from KRW 71.6 billion in FY12 to KRW 121.8 billion.

#### Wealth Management

Net operating revenue from wealth management rose 2.7% from the same period of FY12 to post KRW 30.1 billion, attributable to a rise in overall fund sales balance, an outcome of equity-type, bond-type, and Al fund expansion. In terms of the balance of each financial product in 2013, beneficiary certificate accounts totaled KRW 13.8 trillion, which was KRW 2.1 trillion higher than the figure a year earlier, and wrap accounts were up KRW 1.8 trillion to KRW 7.4 trillion. ELS/retail bond sales dropped KRW 1.9 trillion year-on-year to stand at KRW 5.4 trillion. Amid growing uncertainty in the market environment, the wealth management market has the potential for relatively stable revenue generation. Woori l&S predicts that the wealth management market will grow rapidly over the long term. Accordingly, the 'Premier Blue' center was established, targeting HNW clients. Moreover, the 'Centenarian Generation Research Institute' was established to lead a paradigm shift in wealth management in the aging era. The company's competencies are concentrated in this area.

Financial Product Balances	FY13(*)	FY12	FY11
Beneficiary Certificates (in trillions of KRW)	13.8	11.7	10.4
MMF	2.5	3.5	3.1
Equity-type	2.2	1.8	1.9
Bond-type	6.7	4.4	3.6
Others	2.4	2.0	1.8

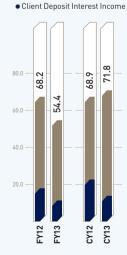
### Brokerage Commissions (In billions of KRW)



#### Loan-related Interest Income

(In billions of KRW

Brokerage-related Loan (Stock Loan, Margin Loan)



#### FY13[\*] FY12 FY11 Wrap Accounts (in trillions of KRW) 7.4 5.6 4.1 ELS/Retail Bond Sales (in trillions of KRW) 5.4 7.3 7.8 Financial Product Sales Commissions 30.1 49.2 38.6 (in billions of KRW) Beneficiary Certificates 14.6 18.5 20.4 8.0 10.7 19.5 Wrap accounts 7.5 9.3 9.4 Trusts

(\*) The settlement of the fiscal year changed from March to December.

Despite instability in the global economic environment, net operating revenue went up slightly from the same period of FY12 as a result of a rise in overall fund sales. Beneficiary Certificates-related sales commissions totaled KRW 14.6 billion, which was 5.8% higher than the same period of FY12. Trust sales commissions went up 5.6% from the same period of FY12 to post KRW 7.5 billion. Commissions from wrap account sales went down 4.8% from the same period of FY12 to stand at KRW 8 billion.

#### Brokerage

Net operating revenue from brokerage dropped 30.4% year-on-year to record KRW 167.6 billion, owing to a year-on-year decline of KRW 0.5 trillion in the daily average trading value and increased trading via online channels, where brokerage commissions are low. This was despite a year-on-year rise of 0.4%p in market share. Woori I&S held a 6.9% share of the retail brokerage market, which was 0.8%p higher than FY12, thus contributing to a rise in overall market share. Commission rates dropped 1.5bp year-on-year to stand at 11.1bp, a result of increased use of online trading, where brokerage commissions are low, despite a rise in the share of the retail market, where commissions are relatively high.

(In billions of KRW)	FY13(*)	FY12	FY11
Average Daily Market Trading Value (in trillions of KRW)	5.8	6.3	9.0
Overall Market Share	6.6%	6.2%	6.9%
Retail Market Share	6.9%	6.1%	6.5%
Commission Rate (excluding ELWs)	11.1bp	12.6bp	12.4bp
Brokerage Commissions	167.6	240.6	367.6

(\*) The settlement of the fiscal year changed from March to December.

#### Loans

Net operating revenue from loans rose 7.1% from the same period of FY12 to reach KRW 54.4 billion, attributing to a rise in the average loan balance and a decline in the funding cost. The average balance of stock loans and margin loans grew slightly between 3 and 4% from the end of FY12, while the funding cost dropped. As a result, brokerage-related interest income went up 16.8% from the same period of FY12 to reach KRW 42.5 billion. In contrast, client deposits-related interest income, went down 35.7% year-on-year to KRW 11.9 billion as a result of a decline in return on investment, despite a rise in the average balance of client deposits.

(In billions of KRW)	FY13(*)	FY12	FY11
Stock Loan	972.6	904.7	790.4
Margin Loan	349.6	378.8	499.0
Client Deposits	1,010.1	934.5	1,008.0
Loan-related Interest Income	54.4	68.2	82.2
Brokerage-related Loans	42.5	49.7	50.2
Client Deposits	11.9	18.5	32.0

(\*) The settlement of the fiscal year changed from March to December.

# Deloitte.

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# Independent Auditors' Report

English Translation of a Report Originally Issued in Korean

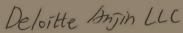
# TO THE SHAREHOLDERS AND THE BOARD OF DIRECTORS OF WOORI INVESTMENT & SECURITIES CO., LTD.

We have audited the accompanying consolidated financial statements of Woori Investment & Securities Co., Ltd. and its subsidiaries (the "Group"). The consolidated financial statements consist of the consolidated statements of financial position as of December 31, 2013, March 31, 2013 and March 31, 2012, respectively, and the related consolidated statements of comprehensive income, changes in equity and cash flows, all expressed in Korean Won, for the nine months ended December 31, 2013 and the year ended March 31, 2013, respectively. The Group's management is responsible for the preparation and fair presentation of the consolidated financial statements and our responsibility is to express an opinion on these consolidated financial statements based on our audit.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Group as of December 31, 2013, March 31, 2013 and March 31, 2012, respectively, and the results of its operations and its cash flows for the nine months ended December 31, 2013 and the year ended March 31, 2013, respectively, in conformity with Korean International Financial Reporting Standards ("K-IFRS").

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



March 5 201/

#### Notice to Readers

This report is effective as of March 5, 2014, the auditors' report date. Certain subsequent events or circumstances may have occurred between this auditors' report date and the time the report is read. Such events or circumstances could significantly affect the accompanying consolidated financial statements and may result in modifications to the auditors' report.

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Member of Deloitte Touche Tohmatsu Limited

# Consolidated Statements of Financial Position

AS OF DECEMBER 31, 2013, MARCH 31, 2013 AND MARCH 31, 2012

ori Investment & Securities Co., Ltd. and Subsidiaries					illions of Korean won		
CETC	Dece	mber 31, 2013	Ma	rch 31, 2013	Ma	rch 31, 2012	
SSETS	14/	2/5 0/7	14/	110 015		2/0/	
Cash and cash equivalents	₩	245,867	₩	112,215	₩	240,64	
Financial assets at fair value through profit or loss (Notes 4, 6, 7, 11, 17, 18, 27 and 28)		21,244,945		18,830,006		13,142,1	
Available-for-sale financial assets (Notes 4, 6, 8, 11 and 17)		1,078,859		666,317		1,852,3	
Investments in associates (Note 9)		172,160		149,345		146,3	
Derivative assets (hedging) (Notes 4, 11 and 27)		11,279		6,763		8	
Loans and receivables, net (Notes 4, 6, 10, 11, 16 and 47)		6,748,939		6,955,974		7,083,1	
Premises and equipment, net (Notes 12 and 17)		298,485		304,554		317,0	
Investment properties, net (Note 13)		69,571		74,910		78,7	
Intangible assets, net (Note 14)		30,237		40,551		52,3	
Current tax assets (Note 44)		18,436		29,324		20,6	
Deferred tax assets (Note 44)		859		1,149		1,5	
Other assets (Notes 15 and 16)		66,264		85,410		72,7	
Total assets	₩	29,985,901	₩	27,256,518	₩	23,008,4	
ABILITIES							
Deposits due to customers (Notes 4, 11 and 19)	₩	1,334,538	₩	1,369,252	₩	1,464,1	
Financial liabilities at fair value through profit or loss		10,028,166		8,475,862		7,309,1	
(Note 4, 11, 20, 27 and 28)							
Borrowings (Notes 4, 11, 21 and 47)		11,998,146		10,538,654		8,584,4	
Debentures (Notes 4, 11 and 22)		1,058,929		998,762		301,0	
Other financial liabilities (Notes 4, 11 and 23)		2,037,301		2,272,913		1,750,7	
Derivative liabilities (hedging) (Notes 4, 11 and 27)		2,257		2,541		6,7	
Provisions (Notes 24 and 47)		5,744		9,307		9,8	
Current tax liabilities (Note 44)		_		-		1,5	
Deferred tax liabilities (Note 44)		43,036		64,657		75,2	
Other liabilities (Notes 25 and 26)		30,332		40,680		55,7	
Total liabilities	₩	26,538,449	₩	23,772,628	₩	19,558,7	
UITY							
Owners' equity:							
Capital stock (Note 29)		1,120,500		1,120,500		1,120,5	
Capital surplus (Note 29)		1,156,640		1,156,640		1,154,3	
Other equity (Note 30)		136,187		164,248		168,6	
Retained earnings (Notes 31 and 32)		1,026,394		1,033,018		996,7	
(the beginning balances of regulatory reserve for credit loss as of		, ,		, ,		ŕ	
December 31, 2013 and March 31, 2013 were ₩29,125 million and							
₩18,481 million and the amount estimated to be transferred from reserve as of December 31, 2013 was ₩13,761 million and the amounts							
estimated to be appropriated as of March 31, 2013 and March 31, 2012							
were ₩10,644 million and ₩18,481 million, respectively)							
		3,439,721		3,474,406		3,440,3	
Non-controlling interests		7,731		9,484		9,4	
tal equity		3,447,452		3,483,890		3,449,7	
	₩	29,985,901	₩	27,256,518	₩	23,008,4	

<sup>\*</sup> See accompanying notes to consolidated financial statements.

# Consolidated Statements of Comprehensive Income

FOR THE NINE MONTHS ENDED DECEMBER 31, 2013 AND THE YEAR ENDED MARCH 31, 2013

(In millions Korean won, except for income per share data)

Woori Investment & Securities Co., Ltd. and Subsidiaries	Decen	nber 31, 2013	May	rch 31, 2013
OPERATING REVENUE:	Deceil	ilber 31, 2013	Ма	CII 31, 2013
Fee and commission income (Notes 34 and 49)	₩	287,286	₩	408,579
Gain on financial instruments at fair value through profit or loss (Note 35)		2,142,620		2,570,459
Gain on available-for-sale financial assets (Note 36)		14,949		19,585
Gain on derivative instruments (hedging) (Note 37)		4,502		7,527
Interest income (Note 38)		551,330		723,747
Gain on foreign currency transaction (Note 40)		117,871		78,522
Other operating revenue (Note 42)		35,030		25,927
		3,153,588		3,834,346
OPERATING EXPENSES:				
Fee and commission expense (Note 34)		47,280		73,048
Loss on financial instruments at fair value through profit or loss (Note 35)		2,224,498		2,656,900
Loss on available-for-sale financial assets (Note 36)		28,736		9,398
Loss on derivative instruments (hedging) (Note 37)		1,015		2,410
Interest expense (Note 38)		260,814		337,322
Loss on loan and receivables (Note 39)		16,472		5,358
Loss on foreign transaction (Note 40)		151,899		72,593
General and administrative expenses (Note 41)		396,883		561,491
Other operating expenses (Note 42)		3,581		6,634
		3,131,178		3,725,154
OPERATING INCOME		22,410		109,192
Non-operating income (Note 43)		7,825		11,764
Non-operating expenses (Note 43)		7,212		12,948
NET INCOME BEFORE INCOME TAX EXPENSE		23,023		108,008
INCOME TAX EXPENSE (Note 44)		7,015		20,517
NET INCOME		16,008		87,491
Net income attributable to the owners		16,034		87,085
(the net income after the planned reserves provided for the nine months ended December 31, 2013 and the year ended March 31, 2013				
amount to ₩29,795 million and ₩76,441 million, respectively (Note 32))				
Net income (loss) attributable to the non-controlling interests		(26)		406
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX:				
Remeasurement of the net defined benefit liability	₩	5,400	₩	610
Items not subsequently reclassified to net income		5,400		610
Loss on valuation of available-for-sale financial assets		(25,388)		(2,170)
Gain on valuation of derivative instruments		7,785		978
Loss on overseas business translation		(17,585)		(4,515)
Items subsequently reclassified to net income		(35,188)		(5,707)
		(29,788)		(5,097)
TOTAL COMPREHENSIVE INCOME (LOSS)	₩	(13,780)	₩	82,394
Comprehensive income (loss) attributable to the owners	₩	(12,026)	₩	82,704
Comprehensive income (loss) attributable to the non-controlling interests	₩	(1,754)	₩	(310)
NET INCOME PER COMMON SHARE (in Korean Won) (Note 45)	₩	71	₩	425

\* See accompanying notes to consolidated financial statements

# Consolidated Statements of Changes in Equity

FOR THE NINE MONTHS ENDED DECEMBER 31, 2013
AND THE YEAR ENDED MARCH 31, 2013

#### Woori Investment & Securities Co., Ltd. and Subsidiaries

(in millions of Korean won)

	Capital stock	Capital surplus	Other equity	Retained earnings	Owners' equity	Non- controlling interests' equity	Total equity
April 1, 2012 (Reported)	₩1,120,500	₩1,154,395	₩ 170,529	₩ 994,894	₩3,440,318	₩ 9,426	₩3,449,744
Effect of changes in accounting policies			(1,900)	1,900			
April 1, 2012 (Restated)	1,120,500	1,154,395	168,629	996,794	3,440,318	9,426	3,449,744
Dividend paid				(50,861)	(50,861)		(50,861)
Total comprehensive income							
Net income				87,085	87,085	406	87,491
Other comprehensive income							
Loss on valuation of available-for-sale financial assets			(2,170)		(2,170)		(2,170)
Remeasurement of net defined benefit liabilities			610		610		610
Gain on valuation of derivative instruments			978		978		978
Loss on overseas business translation			(3,799)		(3,799)	(716)	(4,515)
Increase in paid-in capital of the parent company		23			23		23
Disposal of treasury stock		1,927			1,927		1,927
Increase of capital surplus		295			295		295
Changes in equity of non-controlling interests						368	368
March 31, 2013	₩1,120,500	₩1,156,640	₩ 164,248	₩1,033,018	₩3,474,406	₩ 9,484	₩3,483,890
April 1, 2013 (Reported)	₩1,120,500	₩1,156,640	₩ 165,538	₩1,031,728	₩3,474,406	₩ 9,484	₩3,483,890
Effect of changes in accounting policies			(1,290)	1,290			
April 1, 2012 (Restated)	1,120,500	1,156,640	164,248	1,033,018	3,474,406	9,484	3,483,890
Dividend paid				(22,658)	(22,658)		(22,658)
Total comprehensive income							
Net income				16,034	16,034	(26)	16,008
Other comprehensive income							
Loss on valuation of available-for-sale financial assets			(25,388)		(25,388)		(25,388)
Remeasurement of the net defined benefit liability			5,400		5,400		5,400
Gain on valuation of derivative instruments			7,785		7,785		7,785
Loss on overseas business translation			(15,858)		(15,858)	(1,727)	(17,585)
December 31, 2013	14/4 400 F00	₩1,156,640	111 407 405	₩1,026,394	₩3,439,721	₩ 7.731	₩3,447,452

<sup>\*</sup> See accompanying notes to consolidated financial statements.

# Consolidated Statements of Cash Flows

FOR THE NINE MONTHS ENDED DECEMBER 31, 2013 AND THE YEAR ENDED MARCH 31, 2013

CASH FLOWS FROM OPERATING ACTIVITIES:	December 31, 2013	March 31, 2013
Net income	₩ 16,008	₩ 87,49
Adjustments:	10,000	77
Income tax expense	7,015	20,5
Interest income	(551,330)	(723,74
Interest expense	260,814	337,33
Dividend income	(8,692)	(17,12
Distribution income	(12,581)	(3,29
	(304,774)	(386,33
Additions of expenses not involving cash outflows:	,,,,,	,,,,,
Loss on valuation of financial assets held for trading	102,971	32,2
Loss on valuation of financial liabilities held for trading	8,071	26,8
Loss on valuation of financial assets designated at fair value through profit or loss	18,184	7,8
Loss on valuation of financial liabilities designated at fair value through profit or loss	223,069	355,8
Loss on valuation of derivatives instruments	456,697	418,2
Loss on disposal of available-for-sale financial assets	1,237	4,3
Impairment loss on available-for-sale financial assets	27,499	5,0
Loss on valuation of derivative instruments (hedging)	278	3
Bad debt expense	16,472	5,3
Loss on foreign currency translation	78,357	22,9
Severance benefits-defined benefit	12,079	18,4
Depreciation	17,675	28,5
Depreciation of investment property	526	20,7
Amortization	7,705	10,6
Lease expense		10,0
Provisions	1,394	
Loss on disposal of premises and equipment	1,490	1,8
Impairment loss on intangible assets	1,816	2,7
Share of loss of associates	426	۷, ۱
Loss on disposal of investments in subsidiaries and associates	2	2,0
Other operating costs	2,109	2,0
other operating costs	978,057	947,9
Deductions of revenue not involving cash inflows:	770,007	7-77,
Gain on valuation of financial assets held for trading	57,126	139,5
Gain on valuation of financial liabilities held for trading	14,046	9,8
Gain on valuation of financial assets designated at fair value through profit or loss	41,775	63,4
Gain on valuation of financial liabilities designated at fair value through profit or loss	208,626	69,5
Gain on valuation of minimum abstitutes acsignated at fall value through profit of toss  Gain on valuation of derivatives instruments	507,648	574,3
Gain on disposal of available-for-sale financial assets	12,688	18,5
Gain on valuation of available-for-sale financial assets	2,261	10,7
Gain on valuation of derivative instruments (hedging)	2,648	2,4
Gain on foreign currency translation	43,113	35,9
Lease profit	40,110	20,1
Reversal of provisions	6,925	2,7
Gain on disposal of premises and equipment	10	Σ,:
Share of profit of associates	2,871	3,0
Gain on disposal of investments in subsidiaries and associates	2,071	3,0
סמווז סוז מושףטשמו טו ווויפשנוזופוונש ווו שמששומומו ופש מווע מששטונומנפש	899,737	921,3

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(Continued)

March 31, 2013 Changes in operating assets and liabilities: ₩(2,448,778) ₩(5,385,338) Increase in financial assets at designated fair value through profit or loss 2,243 423 Decrease in collective fund for default loss 6,016 (3,434) Decrease (increase) in derivative assets (hedging) 183,447 122,960 Decrease in loans and receivables Decrease (increase) in other assets 23,570 (15,281) Decrease in deposits due to customers (28,336 (92,781) Increase in financial liabilities at fair value through profit or loss 1.571.18 883.451 Increase (decrease) in other financial liabilities (175,517 492,423 Increase (decrease) in derivative liabilities (hedging) 1,824 (2,452) [344] Decrease in provisions (703) Decrease in other liabilities (19,389 (32,745) (884,079 (4,033,477) Cash received (paid for) operating activities: Income taxes paid (13,606) (41,269) 543.88 688,219 Interest income received (309,113) (320,654) Interest expense paid Dividend received 5,388 18,479 12,581 Distribution income received 3,295 239,13 348,070 (855,389 (3,957,652) Net cash used in operating activities CASH FLOWS FROM INVESTING ACTIVITIES: 581,582 1,495,124 Disposal of available-for-sale financial assets 24,324 Disposal of investments in subsidiaries and associates 1,594 Decrease in deposits 16,887 Disposal of premises and equipment 1,885 Disposal of investment properties 1,940 Disposal of intangible assets 315 2,187 Disposal of lease assets Acquisition of available-for-sale financial assets (1,064,017) (298,471) Increase in deposits (3,699 (12,515)

Woori Investment & Securities Co., Ltd. and Subsidiaries

Acquisition of premises and equipment

Net cash provided by (used in) investing activities

Acquisition of intangible assets

(1,223) 1,213,801

(Continued)

(16,338)

(5,772)

(489,936

[19]

(in millions of Korean won)

# Consolidated Statements of Cash Flows

FOR THE NINE MONTHS ENDED DECEMBER 31, 2013 AND THE YEAR ENDED MARCH 31, 2013

(in millions of Korean won)

	Dec	ember 31, 2013	Ma	rch 31, 2013
CASH FLOWS FROM FINANCING ACTIVITIES :				<u> </u>
Increase in borrowings	₩	967,278,808	₩	990,796,840
Increase in debentures		360,000		700,000
Increase of paid-in capital of subsidiaries		-		10,887
Increase of paid-in capital of the parent company		-		23
Disposal of treasury stock		-		1,927
Decrease in borrowings		(965,818,864)		(988,836,963
Decrease in debentures		(300,000)		(1,166
Decrease in deposits received		-		(633
Decrease in paid-in capital of subsidiaries		-		(1,256
Dividend		(22,658)		(55,081
Net cash provided by financing activities		1,497,286		2,614,578
IET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		151,961		[129,273
FFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		(18,309)		844
ASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD		112,215		240,64
ASH AND CASH EQUIVALENTS, END OF THE PERIOD	₩	245,867	₩	112,21

<sup>\*</sup> See accompanying notes to consolidated financial statements.

# Notes to Consolidated Financial Statements

AS OF AND FOR THE NINE MONTHS ENDED DECEMBER 31, 2013 AND THE YEAR ENDED MARCH 31, 2013

#### 1. GENERAL

#### (1) Woori investment & Securities Co., Ltd.

Woori Investment & Securities Co., Ltd. (the "Company") was incorporated on January 16, 1969 to engage in Korea Exchange, underwriting and brokerage services, and operates through 106 domestic branches, 5 domestic offices and 2 overseas offices. The Company merged with LG Merchant Bank Co., Ltd. on October 1, 1999 and changed its name to LG Investment and Securities Co., Ltd. On March 31, 2005, the Company merged with Woori Securities Co., Ltd. and changed its name to Woori Investment & Securities Co., Ltd.

The Company's capital stock as of December 31, 2013 is 1,021,145 million for common stock and 1,021,145 million for preferred stock. Major shareholders as of December 31, 2013 are as follows:

	Number	of shares	Percentage of	ownership (%)
	Common stock	Preferred stock	Common stock	Preferred stock
Woori Finance Holdings Co., Ltd.	75,426,214	-	37.85	-
Other	123,827,649	18,870,968	62.15	100.00
	199,253,863	18,870,968	100.00	100.00

On June 26, 2013, the Financial Services Commission (the "FSC") has announced a detailed plan to privatize Woori Financial Holdings. Accordingly, Woori Finance Holdings Co., Ltd. ("WFH") has launched a public notice of the sale of the Company and its subsidiaries on August 16, 2013. As of December 31, 2013, Nong Hyup Financial Group, chosen as the preferred bidder, is negotiating for the takeover of the 37.85% of the common stock of the Company that is owned by WFH.

#### (2) The financial statements for the Company and its subsidiaries (the "Group") include the following subsidiaries:

Ca	apital stock	Main business	Location
KRW	25,000 million	Securities investments	Korea
	-	Trust business	Korea
USD	122,500,000	Securities business	China
USD	50,000,000	Securities investments	Singapore
USD	79.2	Securities investments	Cayman islands
USD	300	Securities investments	Cayman islands
VND	135,000 million	Securities business	Vietnam
USD	5,788,000	Securities investments	U.K.
USD	3	Securities investments	U.S.A
USD	5,000,000	Securities investments	Singapore
IDR	105,020 million	Securities investments	Indonesia
EUR	16,423,982	Securities investments	Netherland
KRW	282,000 million	Other financial business	Korea
USD	3,208,720.08	Securities investments	China
KRW	76,700 million	Other financial business	Korea
KRW	-	Asset securitization	Korea
KRW	-	Beneficiary certificates	Korea
KRW	-	Asset securitization	Korea
KRW	-	Asset securitization	Korea
KRW	30,000 million	Other financial business	Korea
	USD	USD 122,500,000 USD 50,000,000 USD 79.2 USD 300 VND 135,000 million USD 5,788,000 USD 3 USD 5,000,000 IDR 105,020 million EUR 16,423,982 KRW 282,000 million USD 3,208,720.08 KRW 76,700 million KRW - KRW - KRW -	KRW 25,000 million Securities investments  Trust business  USD 122,500,000 Securities business  USD 50,000,000 Securities investments  USD 79.2 Securities investments  USD 300 Securities investments  VND 135,000 million Securities business  USD 5,788,000 Securities investments  USD 3 Securities investments  USD 3 Securities investments  USD 5,000,000 Securities investments  IDR 105,020 million Securities investments  EUR 16,423,982 Securities investments  KRW 282,000 million Other financial business  KRW 76,700 million Asset securitization  KRW - Asset securitization  KRW - Asset securitization

OORI INVESTMENT & SECURITIES 2013 ANNUAL REPOR

AS OF AND FOR THE NINE MONTHS ENDED DECEMBER 31, 2013 AND THE YEAR ENDED MARCH 31, 2013

	December 31, 2013 March 31, 2013					
Subsidiaries	Number of shares owned	Percentage of ownership (%)	Number of shares owned	Percentage of ownership (%)	Financial statements prepared as of	
Woori Investment & Securities Co., Ltd.						
Woori Futures Co., Ltd.	5,000,000	100.0	5,000,000	100.0	December 31, 2013	
Principal Guaranteed Trust (*5)	-	-	-	-	November 30, 2013 (*9)	
Woori Securities (H.K.) Ltd.	122,500,000	100.0	122,500,000	100.0	December 31, 2013 (*8)	
Woori Investment Asia Pte, Ltd.	50,000,000	100.0	50,000,000	100.0	December 31, 2013 (*8)	
Woori Absolute Global Opportunity Fund	7,920	100.0	7,920	100.0	November 30, 2013 (*9)	
Woori Absolute Return Investment Strategies Fund	30,000	100.0	30,000	100.0	November 30, 2013 (*9)	
Woori CBV Securities Corporation (*1)	6,615,000	49.0	6,615,000	49.0	November 30, 2013 (*9)	
Woori Securities Int'l Ltd.	5,788,000	100.0	5,788,000	100.0	December 31, 2013 (*8)	
Woori Securities America, Inc.	300	100.0	300	100.0	December 31, 2013 (*8)	
Woori Absolute Partners Pte, Ltd.	5,000,000	100.0	5,000,000	100.0	December 31, 2013 (*8)	
Woori Korindo Securities Indonesia	150,000,000	60.0	150,000,000	60.0	December 31, 2013 (*8)	
LG Investment Holdings B.V.	1,642,398,242	100.0	1,642,398,242	100.0	December 31, 2013 (*8)	
MARS 2nd Private Equity Fund (*2)	25,066,666,670	8.9	25,066,666,670	8.9	December 31, 2013 (*8)	
Woori Investment advisory Co.,Ltd.(Beijing)	-	95.1	-	95.1	December 31, 2013 (*8)	
KoFC Woori Growth Champ Private Equity Fund (*2, 7)	20,922	27.3	19,833	27.3	December 31, 2013 (*8)	
KAMCO Value Recreation 9th Securitization Specialty Co., Ltd. [*3]	-	-	150	15.0	-	
G3 Pro Short-Term and other beneficiary interest (*4)	-	100.0	-	100.0	December 31, 2013 (*8)	
Alpenrose 2nd SPC, Inc. (*6)	-	-	-	-	December 31, 2013 (*8)	
IBS 11th SPC, Inc. (*6)	-	-	-	-	December 31, 2013 (*8)	
Woori Giant First Co., Ltd.	3,000,000	100.0	3,000,000	100.0	December 31, 2013 (*8)	

<sup>(\*1)</sup> Woori CBV Securities Corporation is consolidated since the Company has controlling power by exercising more than 50.0% voting power.

# (3) The summarized financial information of subsidiaries, whose financial information is included on the consolidated financial statements, is as follows (Unit: Korean Won in millions):

		As of and	As of and for the nine months ended December 31, 2013							
Subsidiaries		Assets	Liabilities		Operating revenue	N	et income			
Woori Futures Co., Ltd.	₩	424,977	₩ 352,155	₩	19,870	₩	1,058			
Principal Guaranteed Trust (*2)		30,753	30,753		731		-			
Woori Securities (H.K.) Ltd.		132,481	1,495		13,612		(5,217)			
Woori Investment Asia Pte, Ltd.		43,534	164		2,342		(2,383)			
Woori Absolute Global Opportunity Fund		7,434	46		31		(176)			
Woori Absolute Return Investment Strategies Fund		35,960	316		2,048		1,526			
Woori CBV Securities Corporation		7,719	1,155		219		(238)			
Woori Securities Int'l Ltd.		1,145	196		356		(553)			
Woori Securities America, Inc.		5,964	490		1,455		(714)			
Woori Absolute Partners Pte, Ltd.		3,637	82		688		(382)			
Woori Korindo Securities Indonesia		32,759	21,993		4,094		315			
LG Investment Holdings B.V.		30,523	53		5,868		5,799			
MARS 2nd Private Equity Fund (*2)		239,870	218,560		1,693		4,475			
Woori Investment advisory Co., Ltd.(Beijing)		1,681	128		889		(611)			
KoFC Woori Growth Champ Private Equity Fund (*1,2)		73,248	53,271		4,458		(2,707)			
Alpenrose 2nd SPC, Inc.		100,060	100,060		-		-			
IBS 11th SPC, Inc.		29,999	29,999		-		-			
G3 Pro Short-Term and other beneficiary interest		86	5		20		(41)			
	₩	1,201,830	₩ 810,921	₩	58,374	₩	151			

		As	of and	for the year	ende	ed March 31, 2	013	
Subsidiaries	As	ssets	Li	iabilities		Operating revenue		Net income
Woori Futures Co., Ltd.	₩	457,925	₩	379,813	₩	34,341	₩	5,508
Principal Guaranteed Trust (*2)		28,434		28,434		392		-
Woori Securities (H.K.) Ltd.		170,285		26,966		18,149		4,278
Woori Investment Asia Pte, Ltd.		49,475		1,358		4,472		547
Woori Absolute Global Opportunity Fund		8,004		41		375		(265)
Woori Absolute Return Investment Strategies Fund		36,211		194		1,941		1,305
Woori CBV Securities Corporation		8,818		1,591		484		(317)
Woori Securities Int'l Ltd.		1,808		249		699		(1,394)
Woori Securities America, Inc.		6,457		93		1,926		(1,385)
Woori Absolute Partners Pte, Ltd.		4,145		11		1,050		(223)
Woori Korindo Securities Indonesia		56,526		42,303		5,015		1,401
LG Investment Holdings B.V.		31,311		5,074		239		(286)
MARS 2nd Private Equity Fund (*2)		235,420		211,750		2,588		5,264
Woori Investment advisory Co., Ltd.(Beijing)		2,292		99		2,617		140
KoFC Woori Growth Champ Private Equity Fund (*1,2)		100,934		78,718		6,849		56
KAMCO Value Recreation 9th Securitization Specialty Co., Ltd.		895		1,552		-		492
G3 Pro Short-Term and other beneficiary interest		128		6		1		-
	₩	1,199,068	₩	778,252	₩	81,138	₩	15,121

<sup>(\*1)</sup> Consolidated financial information with Woori Giant First Co., Ltd.

<sup>(\*2)</sup> Included in the consolidation scope, considering that the Company, as a general partner, has controlling power.

<sup>(\*3)</sup> Deconsolidated since the entity has been liquidated during the nine months ended as of December 31, 2013.

<sup>(\*4)</sup> Classified as a structured entity for the purpose of securities investments and included in the consolidation scope, considering the Company 1) has the power over the investee, 2) is exposed, or has rights, to variable returns from its involvement with the investee, and 3) has the ability to use its power to affect its returns.

<sup>(\*5)</sup> Classified as a trust under Financial Investment Services and Capital Markets Act and included in the consolidation scope. Though the Company is not a majority shareholder, the Company 1) has the power over the investee, 2) is exposed, or has rights, to variable returns from its involvement with the investee, and 3) has the ability to use its power to affect its returns.

<sup>(\*6)</sup> Classified as a structured entity for the purpose of asset securitization and included in the consolidation scope, for the Company has offered a credit enhancement. Though the Company is not a majority shareholder, the Company 1) has the power over the investee, 2) is exposed, or has rights, to variable returns from its involvement with the investee, and 3) has the ability to use its power to affect its returns.

<sup>(\*7)</sup> For KoFC Woori Growth Champ Private Equity Fund (the "Fund"), the number of holding shares has increased due to the paid-in capital increase occurred during the nine months ended December 31, 2013.

<sup>(\*8)</sup> Provisional settlement data were used, and verification procedures about the reliability on the companies' financial statements have been conducted.

<sup>(\*9)</sup> The financial information used for consolidation is based on the financial statements as of November 30, 2013. There has been no significant transaction or event subsequent to November 30, 2013.

<sup>(\*2)</sup> Non-controlling interests were classified as liabilities

AS OF AND FOR THE NINE MONTHS ENDED DECEMBER 31, 2013
AND THE YEAR ENDED MARCH 31, 2013

(4) The Group has entered into various agreements with structured entities such as asset securitization vehicles, structured finance and investment funds. The Group has no controlling power over those structured entities, as determined in accordance with Korean International Financial Reporting Standards ("K-IFRS") 1110. Therefore, those structured entities are not included in the consolidation scope of the Group.

They are classified in three categories, asset securitization vehicles, structured finance and investment funds, based on the nature and the purpose of their investments and the risk the Group is exposed to.

Asset securitization vehicles issue asset-backed securities ("ABS") and redeem the principal and interest or distribute dividends on asset-backed securities with profits made from collection of 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 vehicles and recognizes commission income or interest income related to the commitment or guarantees. Therefore, the Group would be exposed to risks of purchasing or paying 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 (aircraft) finance. They are formed as special purpose entities by funding through equity investments and loans from various investors. Investment decisions are made by the Group based on business outlook of such projects. In relation to such investments, the Group recognizes interest income on loans, gains or losses on valuation of equity investments or dividend income. The structured finance is secured by additional funding agreements, guarantees or credit facilities. However, the structured financing project would fail to return the capital of equity investments or the 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, is operated by a manager engaged for the trust and distributes 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 an exit strategy after implementing financial and operational restructuring on the company. The Group recognizes unrealized gains or losses on change in the value of the investments in proposition of ownership interests in investments. The Group would be exposed to risks of loss when the value of the portfolio investment is decreasing.

The total assets of the unconsolidated structured entities, the carrying value of the related items recorded, the maximum exposure to risks, and the loss recognized as of and for the nine months period ended December 31, 2013 are as follows. The maximum exposure to risks includes the carrying value of investment assets and unrealized value of purchase commitment and credit facilities granted, which might be realized when certain terms are satisfied.

(Unit: Korean Won in millions)

	December 31, 2013						
	Asset securitization vehicles		Structured finance				Investment funds
Total assets of the unconsolidated structured entities	₩	13,962,755	₩	2,017,873	₩	6,411,483	
Assets recognized in the consolidated financial statements related to the unconsolidated structured entities		348,358		9,567		172,079	
Financial assets at fair value through profit or loss		344,555		-		-	
Available-for-sale financial assets		3,803		9,567		152,135	
Investments in jointly controlled entities and associates		-		-		19,944	
Liabilities recognized in the consolidated financial statements related to the unconsolidated structured entities		-		-		-	
Maximum exposure to risks		548,858		114,967		172,079	
Investments		348,358		9,567		172,079	
Purchase agreements		200,500		105,000		-	
Credit facilities		-		400		-	
Loss recognised on unconsolidated structured entities		_		_		_	

# (5) The non-controlling interests related to the subsidiaries in which non-controlling shareholders are significant are as follows (Unit: Korean Won in millions)

1) Accumulated non-controlling interests at the end of the periods:

	December 31, 2013			March 31, 2013
Woori CBV Securities Corporation	₩	3,348	₩	3,686
Woori Korindo Securities Indonesia		4,306		5,689
Woori Investment advisory Co., Ltd.(Beijing)		77		109
Total	₩	7,731	₩	9,484

2) Net income attributable to non-controlling interests during the periods:

	Nine months end December 31, 20			Year ended March 31, 2013
Woori CBV Securities Corporation	₩	[122]	₩	(162)
Woori Korindo Securities Indonesia		126		561
Woori Investment advisory Co., Ltd.(Beijing)		(30)		7
Total	₩	(26)	₩	406

3) The Company gives financial support to a consolidated structured entity and the type and amount of support provided are as follows (Unit: Korean Won in millions):

Provider	Receiver		December 31, 201	13 Туре
Woori Investment & Securities Co., Ltd	Alpenrose 2nd SPC, Inc.	₩		Asset-backed securities ("ABS") purchase commitment (*1)
"	IBS 11th SPC. Inc.	₩	30,500	ABS purchase commitment (*2)

- (\*1) Purchase commitment that the Company is to acquire privately placed ABS of Alpenrose 2nd SPC if the asset-backed commercial papers ("ABCP") that are issued by Alpenrose 2nd SPC are not successfully disposed in the market, unless the underlying asset of asset-backed securitization is in default or there has been advanced redemption within 5 years from the issue date of the underlying asset.
- (\*2) Purchase commitment that the Company is to acquire privately placed ABS of IBS 11th SPC if the ABCPs that are issued by IBS 11th SPC are not successfully disposed in the market, unless the underlying asset of asset-backed securitization is in default.

#### 2. SIGNIFICANT BASIS OF PREPARATION AND ACCOUNTING POLICIES

#### (1) Basis of Consolidated Financial Statement Preparation

The Group has adopted Korean International Financial Reporting Standards ("K-IFRS") as issued by the International Accounting Standards Board ("IASB") for the annual periods beginning on April 1, 2011.

Major accounting policies used for the preparation of the consolidated financial statements are stated below. These accounting policies have been applied consistently to the consolidated financial statements for the current period and accompanying comparative period.

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 Group has changed its fiscal year in accordance with the Enforcement Rule of the Financial Investment Services and Capital Markets Act, Article 6. Consequently, the current fiscal year is the nine months period beginning on April 1, 2013 and ending on December 31, 2013.

The consolidated financial statements of the Group were approved by the board of directors on February 27, 2014.

AS OF AND FOR THE NINE MONTHS ENDED DECEMBER 31, 2013
AND THE YEAR ENDED MARCH 31, 2013

1) The Group has newly adopted the following new and revised standards that made changes in accounting policies:

Amendments to K-IFRS 1001 – Presentation of Financial Statements

The amendments to K-IFRS 1001 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Other than this presentation change, the application of the amendments to K-IFRS 1001 does not result in any impact on the Group's financial position and financial performance. The amendments have been applied retrospectively for the comparative period, and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

Amendments to K-IFRS 1019 - Employee Benefits

The amendments to K-IFRS 1019 require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of K-IFRS 1019 and the accelerate the recognition of past service costs. All actuarial gains and losses are recognized immediately through other comprehensive income (the option to recognize actuarial gains and losses in profit or loss has also been removed). Furthermore, the interest cost and expected return on plan assets used in the previous version of K-IFRS 1019 are replaced with a 'net interest' amount under K-IFRS 1019 (as revised in 2011), which is calculated by applying the discount rate to the net defined benefit liability or asset. The amendments to K-IFRS 1019 also require the recognition of past service cost as an expense at the earlier date of (a) when the plan amendment or curtailment occurs and (b) when the Group recognizes related restructuring costs or termination benefits. The Group has applied these changes and restated the comparative amounts on a retrospective basis.

As a result, other equity decreased by  $\mbox{$\fill $H$}_{1,290}$  million and retained earnings increased by  $\mbox{$\fill $H$}_{1,290}$  million in the consolidated statement of financial position as of March 31, 2013. Net income decreased by  $\mbox{$\fill $H$}_{610}$  million in the consolidated statement of comprehensive income for the year ended March 31, 2013.

Amendments to K-IFRS 1107 – Financial Instruments: Disclosures

The amendments to K-IFRS 1107 are mainly focusing on presentation of the offset between financial assets and financial liabilities and require entities to disclose information about rights of offset and related arrangements (such as collateral agreements) for financial instruments under an enforceable master netting agreement or similar arrangement, irrespective of whether they would meet the offsetting criteria under K-IFRS 1032. The amendments have been applied retrospectively for the comparative period, and hence the information about the offset between financial assets and financial liabilities has been modified to reflect the changes.

Enactment of K-IFRS 1110 – Consolidated Financial Statements

K-IFRS 1110 replaces the parts of K-IFRS 1027 Consolidated and Separate Financial Statements that deal with consolidated financial statements and K-IFRS 2012 Consolidation – Special Purpose Entities, and establishes a single basis for consolidation for all entities, including structured entities (the term from K-IFRS 2012, 'special purpose entities', is no longer used). Under K-IFRS 1110, an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Group has applied these changes and restated the comparative amounts on a retrospective basis.

The Group has included Principal Guaranteed Trust in the scope of consolidation, in accordance with K-IFRS 1110.

Enactment of K-IFRS 1111 - Joint Arrangement

K-IFRS 1111 deals with how a joint arrangement of which two or more parties have joint control should be classified either as a joint operation or a joint venture.

The classification of joint arrangements under K-IFRS 1111 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. If the Group is a joint operator, the Group is to recognize assets, liabilities, revenues and expenses in relation to its interest in a joint operation and if the Group is a joint venturer, the Group is to account for that investment using the equity method. The application of K-IFRS 1111 has not had any material impact on the Group's consolidated financial statements.

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

K-IFRS 1112 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates, or unconsolidated structured entities. This standard requires an entity to disclose the nature of, and risks associated with, its interests in other entities and the effects of those interests on its financial position, financial performance and cash flows. The Group has disclosed material transactions or significant changes compared to March 31, 2013

Enactment of K-IFRS 1113 - Fair Value Measurement

K-IFRS 1113 establishes a single source of guidance for fair value measurements and disclosure about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. K-IFRS 1113 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is measured by taking into account the characteristics of the asset or liability that market participants would take when pricing the asset or liability at the measurement date. A fair value measurement under K-IFRS 1113 requires an entity to determine the particular asset or liability that is subject of the measurement, the principal (or most advantageous) market for the asset or liability, and the valuation technique(s) appropriate for the measurement. In addition, K-IFRS 1113 requires extensive disclosures about fair value measurements. The adoption of K-IFRS 1113 has not had any material impact on the Group's financial statements.

Other than new and revised standards stated above, there are several standards and interpretations newly adopted in the current period, such as amendments to K-IFRS 1032 'Tax effect of distribution to equity holders', but the application of the amendments has had no material effect on the Group's consolidated financial statements.

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

#### Consolidated Statement of Financial Position —>

(Unit: Korean Won in millions)

				March 31, 2013		
		Reported		Adjustment		Restated
Financial assets at fair value through profit or loss	₩	18,802,662	₩	27,344	₩	18,830,006
Loans and receivables		6,955,305		669		6,955,974
Other assets		1,470,117		421		1,470,538
Total assets	₩	27,228,084	₩	28,434	₩	27,256,518
Deposits due to customers	₩	1,345,053	₩	24,199	₩	1,369,252
Other financial liabilities		2,269,099		3,814		2,272,913
Other liabilities		20,130,042		421		20,130,463
Total liabilities		23,744,194		28,434		23,772,628
Owners' equity		3,474,406		-		3,474,406
Non-controlling interests		9,484		-		9,484
Total equity		3,483,890		-		3,483,890
Total liabilities and equity	₩	27,228,084	₩	28,434	₩	27,256,518

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#### Consolidated Statement of Comprehensive Income —>

[Unit: Korean Won in millions]

		For	the year e	nded March 31, 20	013		
	Reported Adjustment			ljustment		Restated	
Operating revenue	₩	3,833,953	₩	393	₩	3,834,346	
Operating expenses		3,723,955		1,199		3,725,154	
Operating income		109,998		(806)		109,192	
Income before tax expense		108,814		(806)		108,008	
Income tax expense		20,713		(196)		20,517	
Net income		88,101		(610)		87,491	
Other comprehensive income (loss)		(5,707)		610		(5,097)	
Total comprehensive income	₩	82,394	₩	-	₩	82,394	

#### Consolidated Statement of Cash Flows

(Unit: Korean Won in millions)

	For the year ended March 31, 2013								
		Reported	Adjustment			Restated			
Cash flows from operating activities	₩	(3,957,653)	₩	-	₩	(3,957,653)			
Cash flows from investing activities		1,213,801		-		1,213,801			
Cash flows from financing activities		2,614,579		-		2,614,579			
Net decrease in cash and cash equivalents		(129,273)		-		(129,273)			
Effects of exchange rate changes on cash and cash equivalents		844		-		844			
Cash and cash equivalents, beginning of the period		240,644		-		240,644			
Cash and cash equivalents, end of the period	₩	112,215	₩	_	₩	112,215			

2) The Group has not applied early the following new and revised K-IFRS that have been issued but are not yet effective:

Amendments to K-IFRS 1032 – Financial Instruments: Presentation

The amendments to K-IFRS 1032 clarify existing application issue relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realization and settlement'. The Group's right to offset must not be conditional on the occurrence of future events but enforceable anytime during the contract periods, during the ordinary course of business with counterparty, a default of counterparty and master netting agreement or in some forms of non-recourse debt. The amendments to K-IFRS 1032 are effective for annual periods beginning on or after January 1, 2014.

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

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

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

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

Enactment of K-IFRS 2121 - Levies

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

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

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

#### (2) Basis of Consolidation

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

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

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

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

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

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

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

#### (3) Business combinations

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

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

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

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

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

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

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

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

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

#### (4) Investments in associates and joint ventures

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

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

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

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

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

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recognized in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as reclassification adjustment) when it loses significant influence over that associate or joint venture.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities. In addition, the Group applies K-IFRS 1105 to a portion of investment in an associate or a joint venture that meets the criteria to be classified as held for sale.

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

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 group entity 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) Goodwill

Goodwill is recognized as the acquisition cost less accumulated impairment loss at the date of acquiring control (acquisition date)

For the purpose of impairment testing, goodwill 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 unit 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 statement of income. An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of a subsidiary, the relevant amount of the related goodwill is included in the determination of the gain or loss on disposal.

The group's accounting policy for goodwill related to acquisition of the associates is described in Note 2 (4).

#### (6) Accounting for foreign currencies translations

The individual financial statements of each entity of the Group are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity of the Group are expressed in Korean Won, which are the functional currency of the company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

Exchange differences are recognized in profit or loss in the period in which they arise except for:

- exchange differences on transactions entered into in order to hedge certain foreign currency risks (see Note 2 below for hedging accounting policies); and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in Korean Won using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate). On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognized, but they are not reclassified to profit or loss.

In the case of a partial disposal (i.e. no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests in equity and are not recognized in profit or loss. For all other partial disposals (i.e. of associates or jointly controlled entities not involving a change of accounting basis), the proportionate share of the accumulated exchange differences is reclassified to profit or loss. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

#### (7) Financial assets

All financial assets are recognized and derecognized on trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the time frame established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

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.

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss ("FVTPL"), held-to-maturity ("HTM") investments, available-for-sale ("AFS") financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

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#### 1) Effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as FVTPL.

#### 2) Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL upon initial recognition. A financial asset is classified as held for trading if it has been acquired principally for the purpose of selling it in near term. Every financial instrument, containing one of more embedded derivatives, treated separately from the host contract, is classified as held for trading if it is a derivative that is not designated and effective as a hedge instrument or not a financial guarantee contract. Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. Transaction costs attributable to acquisition upon initial recognition are immediately recognized in profit or loss in the period occurred.

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as 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 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 at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset.

#### 3) HTM investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity are classified as HTM investments. HTM investments are measured at amortized cost using the effective interest method less any impairment, with revenue recognized on an effective yield basis.

#### 4) AFS financial assets

Non-derivatives financial assets that are not classified as at held-to-maturity; held-for-trading; designated as at fair value through profit or loss; or loans and receivables are classified as at AFS financial assets. 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. Gains and

losses arising from changes in fair value are recognized in other comprehensive income and accumulated in the investments revaluation reserve, with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognized in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Dividends on AFS equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established.

The fair value of AFS monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. The foreign exchange gains and losses that are recognized in profit or loss are determined based on the amortized cost of the monetary asset. Other foreign exchange gains and losses are recognized in other comprehensive income.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period.

#### 5) Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortized cost using the effective interest method, less any impairment. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

#### 6) Impairment of financial assets

 $Financial\ assets, other\ than\ those\ at\ FVTPL, are\ assessed\ for\ indicators\ of\ impairment\ at\ the\ end\ of\ each\ reporting\ period.$ 

Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For listed and unlisted equity investments classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, including redeemable notes classified as AFS and finance lease receivables, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

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When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

In respect of AFS equity securities, impairment losses previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income. In respect of AFS debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

#### 7) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. 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.

#### 8) Fair value of financial assets and financial liabilities

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

The fair values of quoted financial instruments in active markets are based on bid prices. If there is no active market for a financial instrument such as non-marketable equity securities, the Group establishes the fair value using valuation techniques. These include the use of recent arm's length transactions, reference to the current fair value of similar transactions and discounted cash flow analyses.

#### Fair value measurement methods for each type of financial instruments are as follows:

Classification	Fair value measurement technique
Securities	Securities are measured at fair value using a price quoted by a third party, such as a pricing service or using valuation techniques.
Loans and receivables	Loans and receivables are measured by discounting expected future cash flows at a market interest rate of other loans with similar condition.
Derivatives	Derivatives are measured at fair value using a quoted market price in an active market. If a quoted market price is not available, they are measured at fair value using valuation techniques. Valuation techniques are including recent deals made between independent parties who are willing to deal with the reasonable judgment, reference from the current fair value of substantially similar to other instruments if it can be used, discounted cash flow method and option pricing models.
Deposits due to customers	Fair value measurement for deposits due to customers is classified by maturity date. However, if the carrying value is not significantly different from the fair value, it assumes that the carrying value is equal to the fair value.
Borrowings	Borrowings are measured by discounting expected future cash flows using current market rate.
Debentures	Debentures are measured by discounting expected future cash flows using current market rate.

### (8) Financial liabilities and equity instruments

#### 1) Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

#### 2) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Group's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

#### 3) Financial liabilities

Financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments. Financial liabilities are initially measured at fair value. Transaction cost that are directly attributable to the issue of financial liabilities are deducted from the fair value of the financial liabilities on initial recognition. Transaction cost directly attributable to acquisition of financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

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

#### 4) Financial liabilities at FVTPL

Financial liabilities are classified at FVTPL when the financial liabilities is either held for trading or designated as at FVTPL. A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing 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 liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a recognition or measurement inconsistency that would otherwise arise: 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 liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss.

#### 5) Other financial liabilities

Other financial liabilities are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments including all fees and points paid or received (that form an integral part of the effective interest rate) and transaction costs and other premiums or discounts through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

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#### 6) Derecognition of financial assets

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

#### (9) Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts, interest rate swaps and cross currency swaps.

Derivatives are initially recognized at fair value at the date the derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in such case the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The Group designates certain derivatives as either as hedges of recognized assets or liabilities or firm commitments (fair value hedges), hedges of highly probable forecast transactions or hedges of foreign currency risk of firm commitments (cash flow hedges), or hedges of net investments in foreign operations (net investment hedges).

A derivative with a positive fair value is recognized as a financial asset; a derivative with a negative fair value is recognized as a financial liability.

#### 1) Embedded derivatives

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

#### 2) Hedge accounting

The Group designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the entity 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.

#### 3) Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognized in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognized in the line of the statement of comprehensive income relating to the hedged item.

Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortized to profit or loss from that date.

#### 4) Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss.

Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognized in profit or loss, in the same line of the income statement as the recognized hedged item. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or it no longer qualifies for hedge accounting. Any gain or loss accumulated in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in profit or loss.

When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in profit or loss.

#### 5) Hedges of net investments in foreign operations

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized in other comprehensive income and accumulated in the foreign currency translation reserve. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss.

Gains and losses on the hedging instrument relating to the effective portion of the hedge accumulated in the foreign currency translation reserve are reclassified to profit or loss in the same way as exchange differences relating to the foreign operation.

#### (10) Lease

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 premise and equipment 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.

#### (11) Property, plant and equipment

Property, plant and equipment are stated at cost less subsequent accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant 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 are recognized in carrying amount of an asset or as an 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.

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The Group does not depreciate land and certain tangible assets. Depreciation expense is computed using the straight-line method based on the estimated useful lives of the assets as follows:

	Estimated useful lives
Buildings and structures	40 years
Delivery equipment or vehicles	4 years
Equipment	4 years

If each part of an item of property, plant and equipment has a cost that is significant in relation to the total cost of the item, it is depreciated separately.

The Group reviews the depreciation method, the estimated useful lives and residual values of property, plant and equipment at the end of each annual reporting period. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

#### (12) Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation (including property under construction for such purposes), is measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is measured at cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are recognized in carrying amount of an asset or as an 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.

Amongst the investment properties, land is not depreciated. However, investment properties other than land are depreciated over 40 years of their useful lives using the straight-line method.

The depreciation method, residual value and useful lives of investment properties are reassessed or reviewed at the end of each annual reporting period, and any changes from them are treated as change in accounting estimates.

An investment property is derecognized on disposal, or when no future economic benefits are expected from its use. Gains or losses arising from derecognition of an investment property are measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in profit or loss when the property is derecognized.

#### (13) Intangible assets

#### 1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

#### 2) Intangible assets acquired in a business combination

Intangible assets that are acquired in a business combination are recognized separately from goodwill and are initially recognized at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortization and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

3) Derecognition of intangible assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in profit or loss when the asset is derecognized.

#### (14) Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount and the reduced amount is recognized in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or the cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

#### (15) Bonds under resale or repurchase agreements

Bonds purchased under resale agreements are recorded as loans and bonds sold under repurchase agreements are recorded as borrowings when the Group purchases or sells securities under resale or repurchase agreements. Interests incurred on resale or repurchase agreements are reported as interest income or expense.

#### (16) Securities in short position

The Group has short-selling transactions. When the Group borrows securities, the Group recognizes borrowed securities and when the Group sells the securities, the securities are recognized as securities in short position. The difference between the selling price and the buying price when buying and redeeming is recognized as gain or loss on disposals of financial liabilities held for trading. Also, the difference between the fair value and the carrying value of the securities in short position is recognized as gain or loss on valuation of securities in short position.

#### (17) Employee benefits

#### 1) Short-term employee benefits

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 the Group recognizes expenses and liabilities when the employees render service.

#### 2) Retirement benefits

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

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

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

The retirement benefit obligation recognized in the consolidated statement of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

#### 3) Termination benefits

Termination benefits are paid when employment is involuntarily terminated by the Group before the normal retirement date or an employee accepts voluntary retirement in exchange for benefits.

#### (18) Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

#### (19) Current tax payable and deferred tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

#### Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated income statement because of items of income or expenses that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period

#### 2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or 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.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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 tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if, and only if the Group has a legally enforceable right to set off 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 same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

For the purpose of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale.

#### 3) Current and deferred tax for the year

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. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

#### (20) Provisions

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

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

At the end of each reporting period, the remaining provision balance is reviewed and assessed to determine if the current best estimate is being recognized. If the existence of an obligation to transfer economic benefit is no longer probable, the related provision is reversed during the period.

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#### (21) Recognition of interest income and expenses

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

Effective interest method is the method of calculating the amortized cost of financial assets or liabilities and allocating the interest income or expense over the relevant period. The effective interest rate reconciles the expected future cash in and out through the expected life of financial instruments or shorter period if appropriate, and net carrying value of financial assets or liabilities.

#### (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.

#### (23) 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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of K-IFRS 1017 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in K-IFRS 1002 Inventories or value in use in K-IFRS 1036 Impairment of Assets.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

#### 3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies described in Note 2, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may be different from those estimates.

The estimates and underlying assumptions are continuously reviewed. The changes in accounting estimates are recognized in the period in which the estimate is changed if the change affects only that period, or in the period of change and future periods if the change affects both current and future periods.

(1) Impairment of goodwill

The Group performs impairment test of goodwill annually or more frequently when there is indication that a CGU may be impaired. Determining whether goodwill is impaired requires an estimation of the value in use of the CGU to which goodwill has been allocated. The value in use calculation requires the Group's management to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate present value.

#### (2) Fair value of financial instruments

Described in Note 11, the Group individually recognizes an impairment loss on financial assets by assessing the occurrence of loss events or it assesses impairment for a group of financial assets with similar credit risk characteristics. Note 11 provides sensitivity analysis about Impairment loss for financial assets is the difference between such assets' carrying value and the present value of estimated recoverable cash flows. The estimation of future cash flows requires management judgment.

#### (3) Impairment loss on financial assets

The Group assesses whether objective evidence of impairment exists individually for the financial assets or collectively evaluates the impairment for the set of financial assets with similar characters. Impairment of financial assets are calculated by discounting the expected future cash flows and comparing the resultant present value with the carrying amount of financial assets. The estimation of future cash flows requires management judgment.

#### (4) Defined benefit plan

The Group's defined benefit obligation is determined based on the actuarial valuation carried out at the end of each annual reporting period. Actuarial assumptions are the Group's best estimates of the variables in determining the cost of providing post-retirement benefits such as discount rates, rates of expected future salary increases and mortality rates. Significant estimation uncertainty is likely to persist in making such assumptions due to the long-term nature of post-retirement benefit plan.

#### (5) Deferred tax

Deferred tax assets and liabilities are recognized and measured based on management's judgment. In particular, whether or not to recognize deferred tax assets and the scope of recognition are determined by assumptions on future circumstances and possibility of realization.

#### 4. RISK MANAGEMENT

The Group's operating activity is exposed to various financial risks; hence, the Group is required to analyze and assess the level of complex risks, determine the level of risks to be accepted, or to manage the risks.

The Group's risk management procedure is set for improvement in the quality of assets held and investments by making a decision about how to avoid or mitigate risks through the identification of the cause of the potential risk and its scope.

The Group takes the approach to minimize risk and maximize it profit by managing risks to an acceptable level and eliminating excessive risks of financial instruments. For this, the following procedures are performed: risk recognition, measurement and assessment, control, and monitoring and reporting.

The risk is managed by the risk management department based on the Group's policy. The Risk Management Committee of the Group makes the decision on the risk strategy such as allocation of risk assets and limit settlement.

#### (1) Credit risk

Credit risk represents the possibility of financial losses incurred when the counterparty fails to fulfill its contractual obligations. The goal of credit risk management is to maintain the credit risk exposure to a permissible degree and to optimize the rate of return considering such credit risk.

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#### 1) Credit risk management

The Group considers the probability of failure in performing the obligation of its counterparties, credit exposure to the counterparty and the related default risk and the rate of default loss. The Group uses the credit rating model to assess the possibility of counterparty's default risk.

#### 2) Credit line management

In order to manage credit risk limit, the Group establishes the appropriate credit line per obligor, company or industry and monitors obligors' credit line, total exposures and loan portfolios when approving the loan.

#### 3) Credit risk mitigation

The Group mitigates credit risk resulting from the obligor's credit condition by using financial and physical collateral, guarantees, netting agreements and credit derivatives.

#### 4) Maximum exposure

The Group's maximum exposure to credit risk refers to net book value of financial assets net of provisions, which shows the uncertainties of maximum changes of net value of financial assets attributable to a particular risk without considering collateral and other credit enhancements obtained. However, the maximum exposure is the fair value amount (recorded on the books) for derivatives, maximum contractual obligation for payment guarantees and unused commitment for loan contracts.

The maximum exposure to credit risk is as follows (Unit: Korean Won in millions):

		Decer	nber 31, 2013	March 31, 2013		
Loans and receivables	Government	₩	-	₩	90,000	
	Banks		3,795,371		3,883,184	
	Corporates		1,605,487		1,671,862	
	Consumers		1,348,081		1,310,928	
	Sub-total		6,748,939		6,955,974	
inancial assets at FVTPL Deb	Debt securities for trading		17,355,623		15,716,324	
	Derivative assets		549,712		582,840	
	Sub-total		17,905,335		16,299,164	
AFS financial assets	AFS debt securities		507,349		122,656	
Derivative assets (hedging)	Currency derivatives		11,279		6,763	
Off-balance sheet	ABCP purchases (*)		305,500		338,300	
	Loan commitments		5,063		-	
	Sub-total		310,563		338,300	
	Total	₩	25,483,465	₩	23,722,857	

 $<sup>\</sup>begin{tabular}{ll} (\star) Composed of ABCP purchase agreements and purchase agreements of beneficiary certificate \\ \end{tabular}$ 

#### 5) Credit risk of loans and receivables

The credit risk of loans and receivables by loan conditions are as follows (Unit: Korean Won in millions):

			De	ecember 31, 20	13		
	Government	Banks	General	Small & medium	Sub-total	Consumers	Total
Loans neither overdue nor impaired	₩ -	₩ 3,795,371	₩ 1,254,501	₩ 271,287	₩ 1,525,788	₩ 1,345,231	₩ 6,666,390
Loans overdue but not impaired	-	-	-	-	-	3,013	3,013
Impaired loans	-	-	75,282	43,326	118,608	1,352	119,960
Gross loans	-	3,795,371	1,329,783	314,613	1,644,396	1,349,596	6,789,363
Provisions for credit losses	-	-	27,571	11,338	38,909	1,515	40,424
Total, net	₩ -	₩ 3,795,371	₩ 1,302,212	₩ 303,275	₩ 1,605,487	₩ 1,348,081	₩ 6,748,939

Small & General Sub-total Consumers Total Banks medium Loans neither overdue nor ₩ 3.883.184 ₩ 1.356.067 ₩ 213,061 ₩ 1,569,128 ₩ 1,305,776 ₩ 6,848,088 impaired Loans overdue but not impaired 5.125 5,125 Impaired loans 74,703 65,816 138,889 1,931 141,820 Gross loans 90,000 3,883,184 1,430,140 278,877 1,709,017 1,312,832 6,995,033 Provisions for credit losses 17,100 20,055 37,155 1.904 39.059 Total, net ₩ 90,000 ₩ 3,883,184 ₩ 1,413,040 ₩ 258,822 ₩ 1,671,862 ₩ 1,310,928 ₩ 6,955,974 a) Credit quality of loans and receivables

March 31, 2013

Corporates

The Group manages its loans and receivables that are neither overdue nor impaired through an internal rating system. The segregation by credit quality is as follows (Unit: Korean Won in millions):

	December 31, 2013										
				Corporates							
	Government	Banks	General	Small & medium	Sub-total	Consumers (*1)	Total				
Investment grade(*2)	₩ -	₩ 3,795,371	₩ 1,254,130	₩ 270,644	₩ 1,524,774	₩ 1,345,066	₩ 6,665,211				
Non-investment grade(*3)	-	-	-	-	-	-	-				
Total	₩ -	₩ 3,795,371	₩ 1,254,130	₩ 270,644	₩ 1,524,774	₩ 1,345,066	₩ 6,665,211				
Value of collateral	₩ -	₩ -	₩ -	₩ 13,823	₩ 13,823	₩ 5,914,123	₩ 5,927,946				

	March 31, 2013									
						Co	rporates			
	Gov	ernment	Banks		Small & General medium Si		Sub-total	Consumers (*1)	Total	
Investment grade(*2)	₩	90,000	₩ 3,883,184	₩	1,355,331	₩	212,645	₩ 1,567,976	₩ 1,305,756	₩ 6,846,916
Non-investment grade(*3)		-	-		-		-	-	-	-
Total	₩	90,000	₩ 3,883,184	₩	1,355,331	₩	212,645	₩ 1,567,976	₩ 1,305,756	₩ 6,846,916
Value of collateral	₩	-	₩ -	₩	-	₩	-	₩ -	₩ 4,656,412	₩ 4,656,412

- (\*1) Amount after deducting allowance for doubtful accounts
- $(^*2) \ Classified \ from \ AAA \ to \ BBB \ for \ corporates, \ from \ level \ 1 \ to \ level \ 6 \ for \ consumers \ by \ the \ internal \ credit \ rating$
- (\*3) Classified from BBB- to C for corporates, from level 7 to level 10 for consumers by the internal credit rating

#### b) Aging analysis of loans and receivables that are overdue but not impaired are as follows (Unit: Korean Won in millions):

					Decembe	r 31, 2013						
Overdue	Govern	overnment		Government Bank		nk	Corporate (*)		Consumer (*)		Total	
Less than 30 days	₩	-	₩	-	₩	-	₩	3,000	₩	3,000		
30 to 60 days		-		-		-		-		-		
60 to 90 days		-		-		-		-		-		
Total	₩	-	₩	-	₩	-	₩	3,000	₩	3,000		
Value of collateral	<del></del>	-		-		-	₩	1,806	₩	1,806		

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					March 3	31, 2013				
Overdue	Govern	Government		ık	Corporate (*)		Consumer (*)		1	Total
Less than 30 days	₩	-	₩	-	₩	-	₩	5,105	₩	5,105
30 to 60 days		-		-		-		-		-
60 to 90 days		-		-		-		-		-
Total	₩	-	₩	-	₩	-	₩	5,105	₩	5,105
Value of collateral	-	-		-	-	-	₩	6,507	₩	6,507

<sup>(\*)</sup> Amount after deducting allowance for doubtful accounts

#### c) Individually impaired loans and receivables

Loans and receivables that are considered as impaired by the Group are as follows (Unit: Korean Won in millions):

The presented collateral value is the collateral-allocated amount used when calculating the respective provision for loan loss.

		December 31, 2013												
							Cor	porates						
	Govern	nment	Banks	;	G	Small & General medium		Sı	ıb-total	Consumers (*)			Total	
Impaired loans	₩	-	₩	-	₩	48,082	₩	32,631	₩	80,713	₩	15	₩	80,728
Value of collateral		-		-		71,830		68,578		140,409		107		140,516

		March 31, 2013												
							Cor	porates						
	Govern	ment	Banks		General		Small & medium		Sub-total		Consumers (*)		Total	
Impaired loans	₩	-	₩	-	₩	57,709	₩	46,177	₩	103,886	₩	67	₩	67
Value of collateral		-		-		71,830		68,578		140,408		-		-

#### 6) Credit quality of debt securities

The Group manages debt securities based on the external credit rating. Credit soundness of debt securities on the basis of External Credit Assessment Institution ("ECAI")'s rating is as follows (Unit: Korean Won in millions):

	December 31, 2013										
Grade	FVTPL (held for trading)	AFS financial assets	Total								
(1) AAA	₩ 11,871,433	₩ 429,574	₩ 12,301,007								
(2) AA-~AA+	4,253,826	31,702	4,285,528								
(3) BBB-~A+	1,217,031	29,933	1,246,964								
(4) C-~BBB-	7,147	1,895	9,042								
(5) Lower than D	6,186	14,245	20,431								
Total	₩ 17,355,623	₩ 507,349	₩ 17,862,972								

	March 31, 2013										
Grade	FVTPL	(held for trading)	AFS fin	ancial assets		Total					
[1] AAA	₩	11,946,839	₩	51,354	₩	11,998,193					
(2) AA-~AA+		2,960,064		-		2,960,064					
(3) BBB-~A+		791,513		67,334		858,847					
(4) C-~BBB-		-		-		-					
(5) Lower than D		17,908		3,968		21,876					
Total	₩	15,716,324	₩	122,656	₩	15,838,980					

7) Geographical and industrial distribution of credit risk

#### a) Geographical distribution of credit risk

The geographical distribution of credit risk of financial asset is as follows. The Group classifies the countries by the control point (Unit: Korean Won in millions):

			December 31, 2013											
		Korea	USA	UK	China	Others	Total							
Loans and	Government	₩ -	₩ -	₩ -	₩ -	₩ -	₩ -							
receivables	Banks	3,764,348	375	98	4,339	26,211	3,795,371							
	Corporates	1,428,759	50	18	827	175,833	1,605,487							
	Consumers	1,347,936	-	-	-	145	1,348,081							
	Sub-total	6,541,043	425	116	5,166	202,189	6,748,939							
Financial assets at	Debt securities for trading	17,235,518	-		103,756	16,349	17,355,623							
FVTPL	Derivative assets	549,099	-	-	613	-	549,712							
	Sub-total	17,784,617	-	-	104,369	16,349	17,905,335							
AFS financial assets	AFS debt securities	507,349	-	-	-	-	507,349							
Derivative assets (hedging)	Derivative assets	11,279	-	-	-	-	11,279							
Off-balance	ABCP purchase	305,500	-	-	-	-	305,500							
	Loan commitments	5,063	-	-	-	-	5,063							
9	Sub-total	310,563	-	-	-	-	310,563							
Total		₩25,154,851	₩ 425	₩ 116	₩ 109,535	₩ 218,538	₩ 25,483,465							

				Mai	rch 31, 2013		
		Korea	USA	UK	China	Others	Total
Loans and	Government	₩ 90,000	₩ -	₩ -	₩ -	₩ -	₩ 90,000
receivables	Banks	3,731,269	5,783	1,423	6,093	138,616	3,883,184
	Corporates	1,531,584	99	26	7,811	132,342	1,671,862
	Consumers	1,310,758	12	-	-	158	1,310,928
	Sub-total	6,663,611	5,894	1,449	13,904	271,116	6,955,974
Financial assets at	Debt securities for trading	15,534,695	-	-	154,243	27,386	15,716,324
FVTPL	Derivative assets	582,720	-	-	120	-	582,840
	Sub-total	16,117,415	-	-	154,363	27,386	16,299,164
AFS financial assets	AFS debt securities	122,656	-	-	-	-	122,656
Derivative assets (hedging)	Derivative assets	6,763	-	-	-	-	6,763
Off-balance	ABCP purchase	338,300	-	-	-	-	338,300
Total		₩23,248,745	₩ 5,894	₩ 1,449	₩ 168,267	₩ 298,502	₩23,722,857

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#### b) Industrial distribution of credit risk

The industrial distribution of credit risk of financial asset is as follows (Unit: Korean Won in millions):

				D	ecember 31, 20	13		
		Service	Manufact- uring	Bank and insurance	Construc- tion	Consumers	Others	Total
Loans and receivables	Banks	₩ -	₩ -	₩ 3,795,371	₩ -	₩ -	₩ -	₩ 3,795,371
	Corporates	20,175	-	1,207,227	-	-	378,085	1,605,487
	Consumers	-	-	2,722	-	1,345,359	-	1,348,081
	Sub-total	20,175	-	5,005,320	-	1,345,359	378,085	6,748,939
Financial assets at FVTPL	Debt securities for trading	1,067,169	551,313	10,139,720	282,422	-	5,314,999	17,355,623
	Derivative assets	8,075	887	518,045	-	812	21,893	549,712
·	Sub-total	1,075,244	552,200	10,657,765	282,422	812	5,336,892	17,905,335
AFS assets	AFS debt securities	37,945	16,844	162,395	10,442	-	279,723	507,349
Derivative assets (hedging)	Derivative assets	-	-	11,279	-	-	-	11,279
Off-balance	ABCP purchases	158,000	-	147,500	-	-	-	305,500
	Loan commitments	-	-	5,063	-	-	-	5,063
	Sub-total	158,000	-	152,063	-	-	-	310,563
Total		₩ 1,291,364	₩ 569,044	₩ 15,988,822	₩ 292,864	₩ 1,346,171	₩ 5,994,700	₩ 25,483,465

					March 31, 2013			
		Service	Manufact- uring	Bank and insurance	Construc- tion	Consumers	Others	Total
Loans and receivables	Government	₩ -	₩ -	₩ -	₩ -	₩ -	₩ 90,000	₩ 90,000
	Banks	-	-	3,833,184	-	-	-	3,833,184
	Corporates	21,303	87	1,203,030	150	-	447,292	1,671,862
	Consumers	-	-	5,145	-	1,305,783	-	1,310,928
	Sub-total	21,303	87	5,091,359	150	1,305,783	537,292	6,955,974
Financial assets at FVTPL	Debt securities for trading	1,083,922	876,688	7,538,834	211,124	-	6,008,721	15,716,324
	Derivative assets	4,839	452	558,424	-	16,160	2,965	582,840
	Sub-total	1,088,761	877,140	8,097,258	211,124	16,160	6,008,721	16,299,164
AFS assets	AFS debt securities	2,581	6,764	3,968	17,466	-	91,877	122.656
Derivative assets (hedging)	Derivative assets	-	-	6,763	-	-	-	6,763
Off-balance	ABCP purchases	52,000	-	286,300	-	-	-	338,300
Total		₩ 1,164,645	₩ 883,991	₩ 13,485,648	₩ 228,740	₩ 1,321,943	₩ 6,637,890	₩ 23,722,857

#### (2) Market risk

Market risk is the possible risk of loss arising from trading activities in the volatility of market factors such as interest rates, stock prices and foreign exchange rates.

Market risk occurs as a result of changes in the interest rates and foreign exchange rates for financial instruments that are not yet settled, and all contracts are exposed to a certain level of volatility according to changes in the interest rates, credit spreads, foreign exchange rates and the price of equity securities.

#### 1) Market risk management

For trading activities, the Group makes judgment to avoid, bear or mitigate risks by identifying the underlying source of the risks: measuring parameters and evaluating their appropriateness.

#### 2) Market risk measurement

The Group uses both standard risk measurement model and internal risk measurement model approach to measure market risk. A standard risk measurement model is used to calculate individual market risk of owned capital while internal risk measurement model is used to measure internal risk management measure. The risk management committee allocates owned capital to market risk. The risk management department measures the Value at Risk ("VaR", maximum losses) limit by department and risk factor and loss limit on a daily basis and reports regularly to the Risk Management committee.

#### 3) Risk Control

At the beginning of each year, the Risk Management Committee establishes the VaR limit, loss limit and risk capital limit for its management purposes. In addition, depends on management strategies and characteristics, the Group gives the various limits by individual, rate, sensitivity and stress loss limit, etc.

#### 4) Sensitivity analysis of market risk

The Group performs sensitivity analysis for both trading and non-trading activities. For trading activities, the Group uses a VaR model which uses certain assumptions of possible fluctuations in market condition and, by conducting simulations of gains and losses, under which the model estimates the maximum losses that may occur.

For non-trading activities, it is measured and managed by the interest rate VaR calculations based on a 'Gap' in interest rate per Bank for International Settlements ("BIS") Framework.

For sensitivity analysis, the Group set the risk factors of interest rates, currencies, equities, credit, and instruments, and quadratic parametric VaR method was used by using volatility of each risk factors and variance and covariance matrix. Variance and covariance matrix is calculated based on continuous rate of return basis by using time series of risk factors. In addition, VaR is calculated based on 99% confidence level and one day of retention period. In addition, VaR is calculated based on 99% confidence level and one day of retention period. On the other hand, for the case of complex structures instruments like ELS and others that cannot be evaluated by a simple formula, the Group apply the sensitivities of Delta, Gamma, Vega, and etc. calculated and derived from the fair value method to the market risk system; hence it may result in not fully reflecting the fair value of assets and liabilities.

#### a) Trading activities

The minimum, maximum and average VaR for the nine months ended December 31, 2013 and the year ended March 31, 2013, respectively, and the VaR as of December 31, 2013 and March 31, 2013, respectively, are as follows (Unit: Korean Won in millions):

	Nine n	nonths ended	l December 3	1, 2013		Year ended March 31, 2013						
Factors	As of December 31, 2013	Average	Maximum	Minimum	As of March 31, 2013	Average	Maximum	Minimum				
Interest rate	₩ 2,083	₩ 2,642	₩ 4,580	₩ 2,028	₩ 3,753	₩ 3,083	₩ 6,148	₩ 1,415				
Stock price	3,493	2,003	5,173	735	3,364	3,210	7,543	989				
Foreign currencies	1,260	1,000	3,423	315	2,027	809	3,309	177				
Commodity	186	88	186	48	147	140	656	7				
Total risk	4,173	3,261	5,283	2,163	4,938	4,997	10,519	2,013				

#### b) Non-trading activities

The interest rate VaR, calculated, respectively, based on the BIS Framework of the Group is as follows (Unit: Korean Won in millions):

		December 31, 2013	March 31, 2013	
VaR	₩	14,242	₩	26,644

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#### 5) Other market risk

#### a) Interest rate risk

The Group manages the interest bearing assets and liabilities by measuring the risk of interest rate fluctuation for each maturity of cash flow (Time Bucket). The maturity structure of interest rates by each maturity is as follows (Unit: Korean Won in millions):

		December 31, 2013										
		Total	Within 3 months	3 to 6 months		6 to 9 months		9 to 12 nonths	1 to 5 years		-	After 5 years
Asset	Loans and receivables (*)	₩ 4,686,295	₩ 1,990,826	₩ 1,133,503	₩	299,244	₩	918,095	₩	322,095	₩	22,532
	AFS financial assets	555,493	47,749	1,006		99,127		50,245		273,118		84,248
	Total	₩ 5,241,788	₩ 2,038,575	₩ 1,134,509	₩	398,371	₩	968,340	₩	595,213	₩	106,780
Liabilities	Borrowings	₩12,080,254	₩10,600,558	₩ 1,479,696	₩	-	₩	-	₩	-	₩	-
	Debentures	1,175,456	-	-		-		-		1,175,456		-
	Total	₩13,255,710	₩10,600,558	₩ 1,479,696	₩	-	₩	-	₩	1,175,456	₩	-

					Marc	ch 31, 2013						
		Total	Within 3 months	3 to 6 months		6 to 9 nonths		9 to 12 nonths		1 to 5 years		fter 5 /ears
Asset	Loans and receivables (*)	₩ 4,732,819	₩ 1,967,219	₩ 1,408,159	₩	739,838	₩	430,441	₩	164,523	₩	22,639
	AFS financial assets	122,656	31,256	5,044		4,914		10,203		71,239		-
	Total	₩ 4,855,475	₩ 1,998,475	₩ 1,413,203	₩	744,752	₩	440,644	₩	235,762	₩	22,639
Liabilities	Borrowings	₩10,544,347	₩ 9,330,366	₩ 1,160,305	₩	43,675	₩	10,001	₩	-	₩	-
	Debentures	1,100,535	-	-		313,363		-		787,172		-
	Total	₩11,644,882	₩ 9,330,366	₩ 1,160,305	₩	357,038	₩	10,001	₩	787,172	₩	-

#### b) Currency ris

Currency risk occurs from the financial instrument denominated in a foreign currency other than the functional currencies. Therefore, no currency risk arises from non-monetary items or financial instruments denominated in the functional currency.

Financial instruments in foreign currencies exposed to currency risk are as follows (Unit: USD in millions, JPY in millions, CNY in millions, EUR in millions and Korean Won in millions):

						Decembe	r 31,	, 2013					
	U:	SD	JI	PΥ		C	NY		El	JR		Others	Total
	Foreign currency	Won equivalent	Foreign currency		Won iivalent	Foreign currency	eq	Won uivalent	Foreign currency	eq	Won uivalent	Won equivalent	Won equivalent
Assets													
Loans and receivables	150	₩ 158,594	726	₩	7,296	61	₩	10,584	7	₩	10,848	394,895	₩ 582,217
Financial assets at FVTPL	441	465,704	1,000		10,049	235		40,980	-		-	43,535	560,268
AFS financial assets	41	43,759	-		-	-		-	-		-	-	43,759
Total	632	₩ 668,057	1,726	₩	17,345	296	₩	51,564	7	₩	10,848	438,430	₩1,186,244
Liabilities													
Deposits due to customers	142	₩ 149,599	513	₩	5,157	-	₩	-	4	₩	6,540	68,392	₩ 229,688
Borrowings	244	257,166	-		-	-		-	-		-	-	257,166
Other financial liabilities	1	716	-		-	-		-	-		-	-	716
Total	387	₩ 407,481	513	₩	5,157	-	₩	-	4	₩	6,540	68,392	₩ 487,570

					March	31, 201	13							
	US	SD	JF	γ	с	NY		El	UR		(	Others		Total
	Foreign currency	Won equivalent	Foreign currency	Won equivaler	Foreign t currency		/on valent	Foreign currency		Won iivalent	eq	Won uivalent	e	Won quivalent
Assets														
Loans and receivables	127	₩ 141,761	790	₩ 9,32	9 26	₩	4,716	2	₩	2,207	+	₩ 74,956	+	₩232,969
Financial assets at FVTPL	989	1,100,023	1,005	11,86	5 268	4	48,024	7		10,571		35,511		1,205,994
AFS financial assets	64	71,192	-				-	-		-		-		71,192
Total	1,180	₩1,312,976	1,795	₩ 21,19	4 294	₩	52,740	9	₩	12,778	₩	110,467	₩	1,510,155
Liabilities														
Deposits due to customers	193	₩ 214,288	367	₩ 4,33	4 -	₩	-	2	₩	3,518	₩	20,995	₩	243,135
Financial liabilities at FVTPL	7	7,801	-				-	-		-		-		7,801
Borrowings	185	205,339	-				-	-		-		-		205,339
Other financial liabilities	72	80,387	-		- 1		90	-		-		3,621		84,098
Total	457	₩ 507,815	367	₩ 4,33	4 1	₩	90	2	₩	3,518	₩	24,616	₩	540,373

#### (3) Liquidity risk

Liquidity risk refers to the risk that the Group may encounter difficulties in meeting obligations from its financial liabilities.

#### 1) Liquidity risk management

Liquidity risk management is to prevent potential cash shortage as a result of mismatching the use of funds (assets) and sources of funds (liabilities) or unexpected cash outflows. Of the financial liabilities on the consolidated statements of financial position, financial liabilities in relation to liquidity risk become the objects of liquidity risk management.

Assets and liabilities are grouped by account under Asset Liability Management ("ALM") in accordance with the characteristics of the account. The Group manages liquidity risk by identifying maturity gap and such gap ratio through various cash flows analysis (i.e. based on remaining maturity and contract period, etc.); while maintaining the gap ratio at or below the target limit.

#### 2) Maturity analysis of non-derivative financial liabilities

The Group's maturity analysis of non-derivative financial liabilities, cash flows of principals and interests, by remaining contractual maturities are as follows (Unit: Korean Won in millions):

			De	ecember 31, 20	113		
	Total	Within 3 months	3 to 6 months	6 to 9 months	9 to 12 months	1 to 5 years	After 5 years
Deposits due to customers	₩ 1,334,538	₩ 1,334,500	₩ -	₩ -	₩ 19	₩ -	₩ 19
Financial liabilities at FVTPL	9,380,779	1,869,476	600,852	347,231	488,879	5,530,555	543,786
Borrowings	12,080,254	10,600,558	1,479,696	-	-	-	-
Debentures	1,175,456	-	-	-	-	1,175,456	-
Other financial liabilities	2,037,509	1,752,464	-	-	319	12,760	271,966
Total	₩26,008,536	₩15,556,998	₩ 2,080,548	₩ 347,231	₩ 489,217	₩ 6,718,771	₩ 815,771

				March 31, 2013	3		
	Total	Within 3 months	3 to 6 months	6 to 9 months	9 to 12 months	1 to 5 years	After 5 years
Deposits due to customers	₩1,345,053	₩1,222,818	₩ -	₩ -	₩ 122,220	₩ -	₩ 15
Financial liabilities at FVTPL	7,876,363	1,607,862	128,476	266,758	637,803	4,978,721	256,743
Borrowings	10,544,347	9,330,366	1,160,305	43,675	10,001	-	-
Debentures	1,100,535	-	-	313,363	-	787,172	-
Other financial liabilities	2,269,468	1,954,672	-	-	299,901	14,895	-
Total	₩ 23,135,766	14,115,718	₩ 1,288,781	₩ 623,796	₩ 1,069,925	₩ 5,780,788	₩ 256,758

Above maturity analysis includes both principal and interest cash flows by contractual maturities.

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3) Maturity analysis of derivative financial liabilities is as follows (Unit: Korean Won in millions):

	Total			lithin 3 nonths		3 to 6 nonths		6 to 9 nonths	-	to 12 onths		1 to 5 years	-	After 5 years
December 31, 2013	₩	647,387	₩	168,616	₩	75,856	₩	41,331	₩	39,219	₩	240,844	₩	81,521
March 31, 2013	₩	600,475	₩	73,672	₩	26,546	₩	47,396	₩	41,917	₩	281,281	₩	129,663

#### 4) Maturity analysis of off-balance sheet accounts is as follows (Unit: Korean Won in millions):

							Decebe	r 31, 201	3					
		Total		ithin 3 nonths	_	to 6 nths		to 9 onths		to 12 onths		1 to 5 years		fter 5 rears
ABCP purchase commitments (*)	₩	305,500	₩	199,500	₩	-	₩	-	₩	1,000	₩	105,000	₩	-
Loan commitments		5,063		-		-		-		-		5,063		-
Total	₩	310,563	₩	199,500	₩	-	₩	-	₩	1,000	₩	110,063	₩	-

	March 31, 2013															
		Total		Vithin 3 nonths		3 to 6 months			to 9 nths		9 to 12 months		1 to 5 years		After 5 years	
ABCP purchase commitments (*)	₩	338,300	₩	338,300	₩		-	₩	-	₩	<del>/</del> -	₩		-	₩	-

<sup>(\*)</sup> Included in the "within 3 months" maturity, because, for the case of ABCP purchase agreements provided by the Group, if the maturity of the contract exists but refinancing is not issued, the Group needs to immediately implement the agreement.

#### (4) Capital Management

Capital regulation for financial investment firms is established by the Financial Investment Services Regulation. Woori Investment & Securities Co., Ltd. and Woori Futures Co., Ltd. manage and control 150% or above to follow the regulation. Woori Investment & Securities Co., Ltd. report quarterly to Financial Supervisory Service for compliance with net capital ratio on nonconsolidated basis.

#### 5. OPERATING SEGMENTS

Disclosures of sales information were prepared in accordance with K-IFRS 1108: Operating segments. K-IFRS requires the CEO of the Group to disclose resource allocation and segment information of the Group that periodically review and evaluate the performance.

Segment reporting for the Group is composed of sales, investment bank ("IB"), trading, headquarter and other departments, and the configuration of these reporting segments are distinguished based on business activities that providing different services.

The nature of the main business activities of each reporting segment are as follows:

Reporting segment	Main business activities
Sales	Asset management services including brokerage consignment, financial commodity sale and etc. to individual, domestic or foreign institutional investors
IB	Corporate finance services including corporate finance, M&A, PE, and investment advisor and etc.
Trading	Stocks and bonds operations, supply derivatives and capital investment
Headquarters and others	Activities other than the above including headquarters management

#### (1) Financial information of segment reporting (Unit: Korean Won in millions):

	December 31, 2013														
		Sales		IB		Trading		adquarter /Other		Subtotal	Adjus	stments		Total	
Assets	₩	2,560,421	₩	71,928	₩	18,296,856	₩	9,056,696	₩	29,985,901	₩	-	₩	29,985,901	
Liabilities		2,224,452		3,961		17,813,464		6,496,572		26,538,449		-		26,538,449	

						March 3	31, 20	13					
		Sales		IB		Trading	He	adquarter /Other		Subtotal	Adjustments		Total
Assets	₩	2,649,932	₩	66,417	₩	15,571,840	₩	8,968,329	₩	27,256,518	₩	- ₩	27,256,518
Liabilities		2,069,391		481		15,059,863		6,642,893		23,772,628			23,772,628

					N	line month	s end	led Decem	ber 3	1, 2013				
		Sales		IB	1	rading		adquarter /Other	S	ubtotal	Adjus	tments		Total
Operating revenue														
Interest income	₩	74,669	₩	2,356	₩	253,957	₩	220,348	₩	551,330	₩	-	₩	551,330
Non-interest income		331,742		46,811		1,382,888		840,817		2,602,258		-		2,602,258
		406,411		49,167		1,636,845		1,061,165		3,153,588		-		3,153,588
Operating expense														
Interest expense		49,601		2,630		107,223		101,360		260,814		-		260,814
Non-interest expense		74,466		7,379		1,484,098		907,538		2,473,481		-		2,473,481
Administrative expense		279,920		29,647		45,844		41,472		396,883		-		396,883
		403,987		39,656		1,637,165		1,050,370		3,131,178		-		3,131,178
Operating income	₩	2,424	₩	9,511	₩	(320)	₩	10,795	₩	22,410	₩	-	₩	22,410

		Year ended March 31, 2013													
	Sales		IB		Trading		Headquarter /Other		Subtotal		Adjustments		Total		
Operating revenue															
Interest income	₩	119,505	₩	10,868	₩	349,257	₩	244,117	₩	723,747	₩	-	₩	723,747	
Non-interest income		515,118		82,116		1,900,907		618,680		3,116,821		(6,222)		3,110,599	
		634,623		92,984		2,250,164		862,797		3,840,568		(6,222)		3,834,346	
Operating expense															
Interest expense		78,620		8,161		204,958		45,583		337,322		-		337,322	
Non-interest expense		132,453		25,929		1,916,252		757,290		2,831,924		(5,583)		2,826,341	
Administrative expense		405,686		42,400		72,354		41,690		562,130		(639)		561,491	
		616,759		76,490		2,193,564		844,563		3,731,376		(6,222)		3,725,154	
Operating income	₩	17,864	₩	16,494	₩	56,600	₩	18,234	₩	109,192	₩	-	₩	109,192	

#### (2) Information on financial products and services

The financial products of the Group are classified as interest, non-interest and other goods. There has been no single external customer account representing more than 10% of the sales revenue of the Group during the period.

#### (3) Information on geographical areas

Within the Group's revenue (interest income and non-interest income) from external services, revenue from the domestic customers for the nine months ended December 31, 2013 and the year ended March 31, 2013 amounted to \$3,121,988 million and \$3,797,381 million, respectively, and revenue from the foreign customers amounted to \$31,600 million and \$36,965 million, respectively. The Group's non-current assets (investments in associates, investment property, premises and equipment, and intangible assets) as of December 31, 2013 and March 31, 2013 are \$565,561 million, \$564,768 million, respectively, in relation with domestic customers, and \$4,892 million and \$4,592 million respectively, in relation with foreign customers. The assets in relation with foreign customers are owned by the Group's overseas subsidiaries and branches.

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### 6. RESTRICTED USE OF DEPOSITS

Details of restricted use of deposits are as follows (Unit: Korean Won in millions):

	Counterparties	М	arch 31, 2012	М	arch 31, 2011	Descriptions
Financial assets at FVTPL:						
Reserve for claims of customers' deposits (trust) (*1)	KSFC	₩	783,806	₩	814,500	Reserve for claims of customers' deposits
Loans and receivables						
Deposits:						
Subscription deposits	Korea Securities Depository		-		71	Subscription deposits
Reserve for claims ofcustomers' deposits (deposits) (*1)	KSFC		291,975		285,531	Reserve for claims of customers deposits
Deposits for exchange-traded Derivatives transaction	Samsung Futures and others		276,863		107,435	Deposits for exchange-traded derivatives
Guarantee deposits for stock borrowings from KSFC	KSFC		7,458		11,731	Guarantee deposits for stock borrowings from KSFC
Restricted due from financial institutions	SC Bank and others		46		46	Guarantee deposits for checking accounts
Other (deposits)	Shinhan Bank and others		626,218		357,074	Pledged as collateral, etc.
AFS financial instrument assets						
Collective fund <b>for defa</b> ult loss (*2)	Korea Exchange		7,665		9,908	Reserve for default loss to Korea Exchange
		₩	1,994,031	₩	1,586,296	

<sup>(\*1)</sup> Pursuant to the Financial Investment Services and Capital Markets Act, the Group is required to deposit with the Korean Securities Finance Corporation ("KFSC") for the payment of its customers' deposits and those amounts are restricted for use.

### 7. FINANCIAL ASSETS AT FVTPL

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

	Decen	nber 31, 2013	March 31, 2013		
Deposits:					
Reserve for claims of customers' deposits (trust)	₩	783,806	₩	814,500	
Securities:					
Equity securities		548,028		377,711	
Government bonds		1,191,382		1,954,385	
Local government bonds		285,832		325,334	
Financial bonds		4,220,271		3,076,860	
Corporate bonds		5,853,236		5,695,893	
Beneficiary certificates		1,141,533		576,192	
Corporate commercial papers		104,101		166,483	
Securities in foreign currencies		710,209		1,205,994	
Securities loaned		112,886		111,196	
Transferred bonds as RP		2,018,242		1,645,827	
Others		3,006,439		1,620,363	
Sub-total		19,192,159		16,756,238	
Derivative assets (trading):					
Interest rate derivatives		148,103		281,731	
Currency derivatives		70,614		43,266	
Equity derivatives		292,027		200,719	
Credit derivatives		29,270		30,912	
Commodity derivatives		12,877		25,122	
Others		2,950		1,107	
Sub-total		555,841		582,857	
Total	₩	20,531,806	₩	18,153,595	

### (2) Financial assets designated at FVTPL are as follows (Unit: Korean Won in millions):

			Decem	ber 31, 2013		
	Face va	alue (contact)	isition cost	Fair value	(carrying value)	
Derivatives linked securities						
Equity linked securities	₩	608,086	₩	603,741	₩	640,487
Other derivatives linked securities		10,038		10,038		10,956
Other						
Other securities		60,000		60,000		61,696
	₩	678,124	₩	673,779	₩	713,139

	March 31, 2013										
	Face va	Fair value	Fair value (carrying value)								
Derivatives linked securities											
Equity linked securities	₩	644,903	₩	642,099	₩	662,164					
Other derivatives linked securities		10,103		10,103		11,169					
Other											
Structured deposit		2,620		2,484		3,078					
	₩	657,626	₩	654,686	₩	676,411					

<sup>(\*2)</sup> The Group deposits collective fund for default loss in Korea Exchange to compensate for default losses caused by transactions in securities and derivatives-linked markets in accordance with the Financial Investment Services and Capital Markets Act.

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#### 8. AFS FINANCIAL ASSETS

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

				Decembe	r 31, 20	13		
	Acqu	isition cost	Car	rying value		unrealized n (loss) (*)	Accumulated impairment loss	
Equity securities	₩	215,382	₩	398,778	₩	198,175	₩	14,779
Investment in partnerships		118,421		90,285		(7,050)		21,086
Government bonds		203,690		200,263		(3,427)		-
Financial bonds		196,731		196,959		228		-
Corporate bonds		107,143		100,962		2,509		8,690
Beneficiary certificates		43,298		31,023		1,832		14,107
Securities in foreign currencies		41,305		43,759		2,454		-
Collective fund for default loss		7,665		7,665		-		-
Others		16,128		9,165		(65)		6,898
	₩	949,763	₩	1,078,859	₩	194,656	₩	65,560

				March 3	31, 2013			
	Acqu	isition cost	Carr	ying value		unrealized (loss) (*)	Accumulated impairment los	
Equity securities	₩	98,136	₩	303,384	₩	215,358	₩	10,110
Investment in partnerships		124,545		117,445		9,699		16,799
Government bonds		2,963		3,046		83		-
Financial bonds		39,963		40,510		547		-
Corporate bonds		66,769		67,225		456		-
Beneficiary certificates		51,439		41,733		(1,373)		8,333
Securities in foreign currencies		62,303		71,192		8,889		-
Collective fund for default loss		9,908		9,908		-		-
Others		16,600		11,874		(1,077)		3,649
	₩	472,626	₩	666,317	₩	232,582	₩	38,891

<sup>(\*)</sup> Amount before directly subtracting income tax from unrealized gains or losses

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

				Decembe	r 31, 2013		
		ginning alance		n (loss) on Iluation	Realization by disposal		Ending balance
Equity securities	₩	215,358	₩	(17,319)	₩ 136	₩	198,175
Investment in partnerships		9,699		(14,677)	(2,072)		(7,050)
Government bonds		83		(3,255)	(55)		(3,427)
Financial bonds		547		2	(321)		228
Corporate bonds		456		3,757	(1,704)		2,509
Beneficiary certificates		(1,373)		3,942	(737)		1,832
Securities in foreign currencies		8,889		1,899	(8,334)		2,454
Others		(1,077)		1,001	11		(65)
Subtotal		232,582		(24,850)	(13,076)		194,656
Deferred tax		(54,958)					(47,025)
Non-controlling interests		(3,842)					763
Amount after deferred tax	₩	173,782				₩	148,394

March 31, 2013 Beginning balance Gain (loss) on Realization by Ending Others disposal balance Equity securities ₩ 215,183 (9,584) 10,492 215,358 Investment in partnerships 9,956 7,315 2,920 (10,492) 9,699 34 83 Government bonds 49 Financial bonds 119 1,829 (1,401) 547 Corporate bonds 4,747 (1,132) (3,159) 456 Beneficiary certificates (2,647) (18) (1,373) 1,292 4,623 6,878 (2,612) 8,889 Securities in foreign currencies Others (1,077) (1,077) Subtotal 232,015 5,570 (5,003) 232,582 Deferred tax (56.063) (54.958) (3,842) Non-controlling interests ₩ 175,952 ₩ 173,782 Amount after deferred tax

### 9. INVESTMENTS IN ASSOCIATES

### (1) Investments in associates accounted for using the equity method are as follows (Unit: Korean Won in millions):

Investors	Investees	Capital stock	Main business
MARS 2nd Private Equity Fund	Seoul Lakeside CC Inc.	KRW 1,200 million	Golf Course Operation
Woori Investment & Securities	Woori New Alpha Fund(*2)	USD 26 million	Investment

		Decembe	r 31, 2013	March 3	31, 2013			
Investors	Investees	Number of shares owned	Percentage of ownership (%)	Number of shares owned	Percentage of ownership (%)	Financial statements as of(*1)		
MARS 2nd Private Equity Fund	Seoul Lakeside CC Inc.	55,860	47.5	55,860	47.5	September 30, 2013		
Woori Investment & Securities	Woori New Alpha Fund (*2)	18,200	70.0	-	-	November 30,2013		

<sup>(\*1)</sup> The Group used the financial statements for the year ended September 30, 2013 for Seoul Lakeside, and November 30, 2013 for Woori New Alpha Fund, and then modified them by examining the effect of potential significant transactions or events that occurred during the 3 months and the 1 month periods until December 31, 2013, respectively.

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

		December 31, 2013												
Investees	Ac	quisition cost		eginning alance		Gain (loss) on valuation Dividends		lends	Capital		Other change(*)			inding alance
Seoul Lakeside CC Inc.	₩	198,450	₩	149,345	₩	2,871	₩	-	₩	-	₩	-	₩	152,216
Woori New Alpha Fund		20,370		-		(426)		-		-		20,370		19,944
Total	₩	218,820	₩	149,345	₩	2,445	₩	-	₩	-	₩	20,370	₩	172,160

(\*) AFS financial assets were transferred into investments using equity method during the nine months ended December 31, 2013.

<sup>(\*2)</sup> Though the Group holds over 50% share, the Group used equity method and considered this investment as a joint arrangement according to K-IFRS 1111.

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							March:	31, 2013						
Investees		quisition cost		Beginning balance		Gain (loss) on valuation		idends Capital			Other change(*)		Ending balance	
Seoul Lakeside CC Inc.	₩	198,450	₩	146,319	₩	3,026	₩	-	₩	-	₩	_	₩	149,345

### (3) The main financial information of investments in associates accounted for using the equity method is as follows (Unit: Korean Won in millions):

	As of and for the nine months ended December 31, 2013												
Investees		Assets	Liabilities			rating revenue	Net income						
Seoul Lakeside CC Inc.	₩	238,870	₩	257,210	₩	36,005	₩	6,045					
Woori New Alpha Fund	₩	26,868	₩	139	₩	(89)	₩	(609)					

	As of and for the year ended March 31, 2013										
Investees		Assets		Liabilities	Operating revenue			Net income			
Seoul Lakeside CC Inc.	₩	230,753	₩	255,138	₩	48,997	₩	6,371			

### (4) Adjustments made to calculate the carrying value of investments in associates out of net asset amounts of associates are as follows (Unit: Korean Won in millions):

December 31, 2013								
Seoul L	akeside CC Inc.	Wo	ori New Alpha Fund					
₩	(18,340)	₩	26,729					
	47.5		70.0					
	(8,712)		18,710					
	160,928		1,234					
	152,216		19,944					
		Seoul Lakeside CC Inc.       ₩     (18,340)       47.5     (8,712)       160,928	Seoul Lakeside CC Inc.     Wo       ₩     (18,340)     ₩       47.5     (8,712)       160,928					

	Marc	th 31, 2013
	Seoul La	keside CC Inc.
Net assets of associates as of December 31, 2013 (A)	₩	(24,385)
Percentage of ownership (%) (B)		47.5
Share in net assets (A*B)		(11,583)
(+) Goodwill		160,928
Carrying value of investments in associates		149,345

10. LOANS AND RECEIVABLES

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

	December 31, 2013	March 31, 2013		
Deposits:				
Subscription deposits	₩ -	₩ 71		
Reserve for claims of customers' deposits	291,975	285,531		
Deposits for exchange-traded derivatives transactions	276,863	107,435		
Guarantee deposits for stock borrowings from KSFC	7,458	11,731		
Bank deposits	46	46		
Term deposits	2,738,209	2,981,988		
Others	43,412	49,293		
Sub-total	3,357,963	3,436,095		
Loans:				
Call loans	-	10,000		
Broker's loan	1,322,240	1,283,468		
Other loans	23,292	22,726		
Loans	98,203	68,832		
Loans purchased	400	22,500		
Advances for customers on guarantees	3,228	1,536		
Dishonored bills receivable	-	767		
Discounts	(2,456)	(2,649)		
Sub-total	1,444,907	1,407,180		
Other receivables:				
Securities receivables	517,855	742,747		
Others	1,171,390	1,123,212		
Sub-total	1,689,245	1,865,959		
Accrued income:				
Accrued fees and commissions income	13,836	16,308		
Accrued interest income	166,993	160,808		
Accrued dividends income	7,224	3,920		
Others	5,998	5,821		
Sub-total	194,051	186,857		
Other loans:				
Deposits	102,823	99,879		
Finance leases	349	362		
Loans to be converted to equity securities	55	1,225		
Others	2,872	1,444		
Discounts	(2,902)	(3,968)		
Sub-total	103,197	98,942		
Provisions	[40,424]	(39,059)		
Total	₩ 6,748,939	₩ 6,955,974		

Financial assets that are partially derecognized, such as bonds sold under repurchase agreements and loaned securities, are described in Note 17.

#### 2) Brokers' loan

a) The Group loans stock acquisition funds for margin transaction customers and such margins to customers are financed by borrowings from Korea Securities Finance Co. and the Group's capital, and the annual interest rate ranges from 5.9% to 16%. The Group records this transaction as margin to customers.

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b) The Group provides loans for securities purchases and loans secured by securities; the annual interest rate ranges from 4% to 16% and such rate can be re-adjusted depending on the market condition. The Group also provides stock subscribed loans and 80% or less of application money for stock can be loaned with an annual interest rate of 8%.

c) For margin loans, an amount equivalent to 140% of loans in forms of securities or cash is set to be pledged as collateral and the amount is calculated by summing margins to customers and loans. The securities purchased by the customers using such loans are firstly pledged as collateral.

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

	Nine months ended December 31, 2013									
		Lo	ans							
	Cor	Consumer		Corporate		Others		Total		
Beginning balance	₩	1,537	₩	14,441	₩	23,081	₩	39,059		
Provision for credit loss for the period		(83)		3,113		13,442		16,472		
Recoveries of written-off loans		-		167		104		271		
Charge-off		(484)		(13,020)		(1,225)		(14,729)		
Others		-		(402)		(247)		(649)		
Ending balance	₩	970	₩	4,299	₩	35,155	₩	40,424		

	Year ended March 31, 2013										
	Lo	oans									
	Consumer	Corporate	Others	Total							
Beginning balance	₩ 940	₩ 43,89	5 ₩ 28,309	₩ 73,144							
Provision for credit loss for the period	597	2,80	2 1,959	5,358							
Recoveries of written-off loans	-	14,93	4 186	15,120							
Charge-off	-	(44,426	(7,035)	(51,461)							
Others	-	(2,764	(338)	(3,102)							
Ending balance	₩ 1,537	₩ 14,44	1 ₩ 23,081	₩ 39,059							

### 11. THE FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

### (1) Hierarchy of the fair value

The following three levels are used to classify fair value measurements:

- Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3: Inputs that are not based on observable market data.

If the financial instruments are traded in active market, best estimate of fair value is disclosed price (level 1). Disclosed price is easily available on a regular basis through exchanges, seller, broker, group of industry, rating agencies or regulatory agencies, and if those price represent any actual market transaction between independent parties, then it is considered that the price of the financial product is presented in active market. If there is no active market for the financial product, the fair value is measured using valuation techniques. The Group use full information of market and minimum of the Group's information for evaluation techniques.

The evaluation techniques are including all the elements that participants will consider to determine the price. The Group periodically uses similar financial product's observable current market price with same evaluation techniques, or based on observable market data for the validity.

### (2) The fair value and the related hierarchy of financial assets and liabilities measured at fair value are as follows (Unit: Korean Won in millions):

				Decembe	r 31, 2013	
			Level 1	Level 2	Level 3	Total
Financial ass	sets					
Financia	al assets at FVTPL					
Fin	ancial assets held for trading					
	Equity securities	₩	547,439	₩ 589	₩ -	₩ 548,028
	Government bonds		1,034,373	157,009	-	1,191,382
	Local government bonds		-	285,832	-	285,832
	Financial bonds		-	4,220,271	-	4,220,271
	Corporate bonds		-	5,853,236	-	5,853,236
	Beneficiary certificates		1,100,742	40,791	-	1,141,533
	Corporate commercial papers		-	104,101	-	104,101
	Securities in foreign currencies		51,934	658,275	-	710,209
	Loaned securities		112,886	-	-	112,886
	RP built-for-sale bonds		1,965,328	52,914	-	2,018,242
	Reserve for claims of customers' deposits (trust)		-	783,806	-	783,806
	Others		-	3,000,254	6,185	3,006,439
Sub-total			4,812,702	15,157,078	6,185	19,975,965
De	rivative assets (trading) (*)					
	Interest rate derivatives		-	114,933	33,170	148,103
	Currency derivatives		-	70,196	418	70,614
	Equity derivatives		11,335	112,677	168,015	292,027
	Credit derivatives		_	12,050	17,220	29,270
	Commodity derivatives		-	121	12,756	12,877
	Others		2,950	-	-	2,950
Sub-total			14,285	309,977	231,579	555,841
Fin	ancial assets designated at FVTPL					
	Equity-linked securities		_	263,861	376,626	640,487
	Other derivatives-linked securities		_	10,912	44	10,956
	Other securities		_	61,696		61,696
Sub-total			_	336,469	376,670	713,139
AF:	S financial assets					
	Equity securities		3,705	100,060	295,013	398,778
	Investments in partnerships		_	-	90,285	90,285
	Government bonds		42,654	157,609		200,263
	Financial bonds		_	196,959	_	196,959
	Corporate bonds		_	93,600	7,362	100,962
	Beneficiary certificates		_	22,797	8,226	31,023
	Securities in foreign currencies		_	_	43,759	43,759
	Collective fund for default loss		_		7,665	7,665
	Others				9,165	9,165
Sub-total			46,359	571,025	461,475	1,078,859
	rivative assets (hedging)		,			
	Currency derivatives			11,279		11,279
Total	·	₩	4,873,346	₩ 16,385,828	₩ 1,075,909	₩ 22,335,083

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		Decembe	r 31, 2013	
	Level 1	Level 2	Level 3	Total
Financial liabilities				
Financial liabilities at FVTPL				
Financial liabilities held for trading				
Securities in short position	₩ 1,114,424	₩ -	₩ -	₩ 1,114,424
Derivative liabilities (trading) (*)				
Interest rate derivatives	-	143,209	33,081	176,290
Currency derivatives	-	47,907	106	48,013
Equity derivatives	6,524	216,018	93,368	315,910
Credit derivatives	-	1,028	6,441	7,469
Commodity derivatives	-	120	98,171	98,291
Others	614	-	800	1,414
Sub-total	7,138	408,282	231,967	647,387
Financial liabilities designated at FVTPL				
Equity-linked securities	-	1,166,115	3,073,798	4,239,913
Other derivatives-linked securities	-	833,513	2,203,143	3,036,656
Equity-linked bonds	-	568,708	19,118	587,826
Other derivatives-linked bonds		329,545	72,415	401,960
Sub-total	-	2,897,881	5,368,474	8,266,355
Derivative liabilities (hedging)				
Interest rate derivatives	-	1,985	-	1,985
Currency derivatives	-	273	_	273
Sub-total	-	2,258	-	2,258
Total	₩ 1,121,562	₩ 3,308,421	₩ 5,600,441	₩ 10,030,424

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Financial assets

Financial assets at FVTPL

Financial assets held for trading

Local government bonds

Equity securities

Government bonds

Financial bonds

Corporate bonds

Beneficiary certificates 548,912 27,280 576,192 Corporate commercial papers 166,483 166,483 Securities in foreign currencies 85.845 1,120,149 1,205,994 111,196 Loaned securities 111,196 RP built-for-sale bonds 1,550,638 1,645,827 Reserve for claims of customers' deposits (trust) 814,500 814,500 Others 1,602,455 17,908 1,620,363 Sub-total 1,836,011 15,716,819 17,908 17,570,738 Derivative assets (trading) (\*) Interest rate derivatives 213,155 68,576 281,731 Currency derivatives 42,873 393 43,266 5,554 59,433 135,732 200,719 Equity derivatives Credit derivatives 11,557 19,355 30,912 Commodity derivatives 7,898 17,224 25,122 1,107 1,107 Others Sub-total 6,661 334,916 241,280 582,857 Financial assets designated at FVTPL 227,338 434,826 662,164 Equity-linked securities 102 Other derivatives-linked securities 11,067 11,169 Other securities 3,078 3,078 Sub-total 238,405 438,006 676,411 AFS financial assets 358 303,026 303,384 Equity securities Investments in partnerships 117,445 117,445 Government bonds 3,046 3,046 Financial bonds 40,510 40,510 54,912 12,313 Corporate bonds 67,225 Beneficiary certificates 34,302 7,431 41,733 11,121 60,071 71,192 Securities in foreign currencies Collective fund for default loss 9,908 9,908 Others 11,874 11,874 Sub-total 14,525 129,724 522,068 666,317 Derivative assets (hedging) Currency derivatives 6,763 6,763

Level 2

1,337,227

325,334

3,076,860

5,695,893

₩ 1,857,197 ₩ 16,426,627 ₩ 1,219,262 ₩ 19,503,086

Level 3

Level 1

₩ 377,711 ₩

617,158

Total

₩ 377,711

1,954,385

325,334

3,076,860

5,695,893

Total

AS OF AND FOR THE NINE MONTHS ENDED DECEMBER 31, 2013 AND THE YEAR ENDED MARCH 31, 2013

		March 3	6,793 W - W 1,392  245,208 68,711 313  40,576 70 44  121,161 73,036 200  373 14,392 14  7,879 20,041 27  - 187 2					
	Level 1	Level 2	Level 3	Total				
Financial liabilities								
Financial liabilities at FVTPL								
Financial liabilities held for trading								
Securities in short position	₩ 1,385,429	₩ 6,793	₩ -	₩ 1,392,222				
Derivative liabilities (trading) (*)								
Interest rate derivatives	-	245,208	68,711	313,919				
Currency derivatives	-	40,576	70	40,646				
Equity derivatives	5,943	121,161	73,036	200,140				
Credit derivatives	-	373	14,392	14,765				
Commodity derivatives	-	7,879	20,041	27,920				
Others	1,922	-	187	2,109				
Sub-total	7,865	415,197	176,437	599,499				
Financial liabilities designated at FVTPL								
Equity-linked securities	-	994,004	2,988,348	3,982,352				
Other derivatives-linked securities	-	573,276	1,928,513	2,501,789				
Sub-total	-	1,567,280	4,916,861	6,484,141				
Derivative liabilities (hedging)								
Currency derivatives	-	2,541	-	2,541				
Total	₩ 1,393,294	₩ 1,991,811	₩ 5,093,298	₩ 8,478,403				

<sup>(\*)</sup> Derivative assets and liabilities which are included in the financial assets and liabilities held for trading are disclosed separately.

AFS securities which were measured at cost due to the unobservability of actively quoted price amounted to \$35,748 million and \$40,717 million as of December 31, 2013 and March 31, 2013, respectively. These equity instruments are mainly unmarketable or unquoted equity instruments which were invested to special purposed entity such as asset securitization specialty. They are measured at cost method because the financial information which is needed for their valuation was unavailable, the variance of estimated cash flow was significant, or the various estimated amount's occurrence probability could not be measured reliably. The Group has no plan of disposal for these financial instruments in the near future.

### (3) Changes in the financial assets and liabilities measured at fair value, and classified in level 3 are as follows (Unit: Korean Won in millions):

	Nine months ended December 31,2013												
	Beginning balance	Pro	fit or loss	com	Other prehensive ncome		urchase ssuance	Settlement		Transfer to Level 3		Ending balance	
Financial assets													
Held for Trading financial assets													
Others	₩ 17,908	₩	(883)	₩	-	₩	-	₩	(10,840)	₩	-	₩	6,185
Financial assets at FVTPL													
Derivative assets (trading)													
Interest rate derivatives	68,576		(31,106)		-		-		(4,300)		-		33,170
Currency derivatives	393		85		-		90		20		-		418
Equity derivatives	135,732		87,386		-		14,109		969,212)		-		168,015
Credit derivatives	19,355		9,901		-		-		(12,036)		-		17,220
Commodity derivatives	17,224		493		-		(643)		(4,318)		-		12,756
Sub-total	241,280		66,589		-		13,556		(89,846)		-		231,579
Financial assets designated at FVTPL													
Equity-linked securities	434,826		25,442		-		220,339		(303,981)		-		376,626
Derivatives-combined securities	102		(5)		-		-		(53)		-		44
Other securities	3,078		-		-		-		(3,078)		-		-
Sub-total	438,006		25,437		-		220,339		(307,112)		-		376,670
AFS financial assets													
Equity securities	₩ 303,026	₩	(258)	₩	(17,262)	₩	20,000	₩	(1,784)	₩	(8,709)	₩	295,013
Investments in partnerships	117,445		(1,880)		(16,748)		4,835		-		[99]		90,285
Corporate bonds	12,313		(7,684)		2,733		-		-		-		7,362
Beneficiary certificates	7,431		(3,100)		32		3,960		(97)		-		8,226
Securities in foreign currencies	60,071		(210)		(1,758)		29,120		(23,319)		(20,145)		43,759
Collective fund for default loss	9,908		256		-		-		(2,499)		-		7,665
Others	11,874		(3,250)		1,011		-		(470)		-		9,165
Sub-total	522,068		(16,126)		(31,992)		57,915		(41,437)		(28,953)		461,475
Total	₩ 1,219,262	₩	75,017	₩	(31,992)	₩	291,810	₩	(449,235)	₩	(28,953)	₩	1,075,909
Financial liabilities													
Financial liabilities at FVTPL													
Derivative liabilities (trading)													
Interest rate derivatives	₩ 68,711	₩	(32,027)	₩	-	₩	4	₩	(3,607)	₩	-	₩	33,081
Currency derivatives	70		(636)		-		119		553		-		106
Equity derivatives	73,036		24,571		-		4,951		(9,190)		-		93,368
Credit derivatives	14,392		(7,058)		-		-		(893)		-		6,441
Commodity derivatives	20,041		67,239		-		23,943		(13,052)		-		98,171
Others	187		547		-		-		66		-		800
Sub-total	176,437		52,636		-		29,017		(26,123)		-		231,967
Financial liabilities designated at FVTPL													
Equity-linked securities	2,988,348		171,890		-		2,022,098	(	2,108,538)		-		3,073,798
Other derivatives-linked securities	1,928,513		(47,254)		-		674,445		(352,561)		-		2,203,143
Equity-linked bonds	-		56		-		19,062		-		-		19,118
Other derivatives-linked bonds	-		282		-		72,633		(500)		-		72,415
Sub-total	4,916,861		124,974		-		2,788,238	(	2,461,599)		-		5,368,474
Total	₩ 5,093,298	₩	177,610	₩	-	₩	2,817,255	₩(	2,487,722)	₩	-	₩	5,600,441

AS OF AND FOR THE NINE MONTHS ENDED DECEMBER 31, 2013 AND THE YEAR ENDED MARCH 31, 2013

					Year	ende	ed March 31	, 2013	3				
	Beginning balance	Pro	ofit or loss	com	Other prehensive ncome	F	Purchase issuance		ttlement	Transfer to Level 3		Ending balance	
Financial assets		_				_							
Held for Trading financial assets													
Others	₩ -	₩	(2,458)	₩	-	₩	20,366	₩	-	₩	-	₩	17,908
Financial assets at FVTPL													
Derivative assets (trading)													
Interest rate derivatives	16,375		52,201		-		-		-		-		68,576
Currency derivatives	553		(160)		-		-		-		-		393
Equity derivatives	36,066		116,867		-		14,455		(31,656)		-		135,732
Credit derivatives	7,035		17,021		-		-		(4,701)		-		19,355
Commodity derivatives	9,298		8,634		-		781		(1,489)		-		17,224
Sub-total	69,327		194,563		-		15,236		(37,846)		-		241,280
Financial assets designated at FVTPL													
Equity-linked securities	₩ 534,901		₩ 87,464	₩	-	+	₩ 248,907	₩	(436,446)	₩	-	₩	434,826
Derivatives-combined securities	-		[1]		-		103		-		-		102
Other securities	-		628		-		2,964		(514)		-		3,078
Sub-total	534,901		88,091		-		251,974		(436,960)		-		438,006
AFS financial assets													
Equity securities	287,736		(1,236)		(8,954)		25,325		(480)		635		303,026
Investments in partnerships	121,221		2,166		9,674		28,299		(43,915)		-		117,445
Corporate bonds	35,046		-		5,381		(28,114)		-		-		12,313
Collective investment securities	8,386		(880)		(174)		99		-		-		7,431
Securities in foreign currencies	29,815		-		2,493		27,891		(128)		-		60,071
Collective fund for default loss	10,330		232		-		10		(664)		-		9,908
Others	15,814		(1,844)		(1,077)		10		(1,029)		-		11,874
Sub-total	508,348		(1,562)		7,343		53,520		(46,216)		635		522,068
Total	₩ 1,112,576	₩	278,634	₩	7,343	₩	341,096	₩	(521,022)	₩	635	₩	1,219,262
Financial liabilities													
Financial liabilities at FVTPL													
Derivative liabilities (trading)													
Interest rate derivatives	₩ 16,110	₩	51,151	₩	-	₩	-	₩	1,450	₩	-	₩	68,711
Currency derivatives	-		(58)		-		128		-		-		70
Equity derivatives	117,000		(139,779)		-		13,567		82,248		-		73,036
Credit derivatives	6,761		4,789		-		-		2,842		-		14,392
Commodity derivatives	6,501		3,873		-		4,790		4,877		-		20,041
Others	-		63		-				124		_		187
Sub-total	146,372		(79,961)		-		18,485		91,541		-		176,437
Financial liabilities designated at FVTPL	-												
Equity-linked securities	₩ 2,991,156	₩	450,951		-	₩	2,731,086	₩(3	3,184,845)	₩	-	₩ 2	2,988,348
Other derivatives-linked securities	698,915		87,816		-		1,430,990		(289,208)		-		1,928,513
Sub-total	3,690,071		538,767		-		4,162,076	(3	3,474,053)		-	-	4,916,861
Total	₩ 3,836,443	₩	458,806	₩	-	₩	4,180,561	₩(3	3,382,512)	₩	_	₩ !	5,093,298

The losses amounting to ₩82,758 million and ₩129,954 million, which are related to assets and liabilities as of December 31, 2013 and March 31, 2013, respectively, are included in gains and losses on valuation and disposal of financial assets at FVTPL and gains and losses on valuation and disposal of AFS financial assets in the consolidated statements of comprehensive income for the nine months ended December 31, 2013 and March 31, 2013, respectively.

(4) Sensitivity analysis on the unobservable inputs used for measuring level 3 financial instruments.

based on how changes in unobservable assumptions have effects on the fluctuations of financial instruments' value. When the fair value of a financial instrument is affected by more than one unobservable assumption, the below table reflects the most favorable or the most unfavorable changes which result from making the assumptions vary individually.

The sensitivity analysis of the financial instruments has been performed by classifying with favorable and unfavorable changes

The following table shows the effect of reasonably possible changes in the assumptions used to measure the fair value of financial instruments classified in level 3 as of December 31, 2013 and March 31, 2013, respectively (Unit: Korean Won in millions):

	December 31, 2013										
		Net inco	me(	(loss)	Otl	her compreher	sive ir	come(loss)			
		Favorable		Unfavorable		Favorable	Uı	nfavorable			
Financial assets:											
Financial assets at FVTPL											
Derivatives instruments assets											
Interest rates derivatives (*1)	₩	9,926	₩	(8,844)	₩	-	₩	-			
Currencies derivatives (*2)		1		[1]		-		-			
Equity derivatives (*1)		2,481		(3,121)		-		-			
Credit derivatives (*1)		-		(18,633)		-		-			
Commodity derivatives (*2)		2,207		(2,425)		-		-			
Sub-total		14,615		(33,024)		-		-			
Financial assets designed at FVTPL											
Equity-linked securities											
Other derivatives-combined securities		1,672		(321)		-		-			
AFS Financial Assets											
Stocks (*3)	-		-			44,698		(21,757)			
Investments in partnerships (*3)	-					1,166		(519)			
Sub-total	-					45,864		(22,276)			
Total	₩	16,287		(33,345)	₩	45,864	₩	(22,276)			
Financial liabilities:											
Financial assets at fair value through profit or loss											
Derivatives instruments liabilities											
Interest rates derivatives (*1)	₩	8,627	₩	(9,724)	₩	-	₩	-			
Equity derivatives (*1)		1,546		(1,890)		-		-			
Credit derivatives (*1)		3,645		(940)		-		-			
Commodity derivatives (*2)		14,295		(19,879)		-		-			
Others		9		(10)		-		-			
Sub-total		28,122		(32,443)		-					
Financial liabilities designed at FVTPL											
Equity-linked securities		3,071		(12,050)		-		-			
Other derivatives-combined securities		49,427		(18,831)		-		-			
Equity-linked bonds		17		(20)		-		_			
Other derivatives-combined bonds		225		(251)		-		-			
Sub-total		52,740		(31,152)		-		-			
Total	₩	80,862	₩	(63,595)	₩	_	₩	-			

AS OF AND FOR THE NINE MONTHS ENDED DECEMBER 31, 2013 AND THE YEAR ENDED MARCH 31, 2013

				March 3	31, 2013			
		Net inco	me(los	s)	Other	comprehe	nsive in	come(loss)
	Fa	vorable	Un	favorable	Fav	orable/	Un	favorable
Financial assets:	-							
Financial assets at FVTPL								
Derivatives instruments assets								
Interest rates derivatives (*1)	₩	14,062	₩	(21,158)	₩	-	₩	
Currencies derivatives (*2)		8		(7)		-		
Equity derivatives (*1)		2,317		(7,734)		-		
Credit derivatives (*1)		2,130		(9,896)		-		
Commodity derivatives (*2)		7,273		(7,345)		-		
Sub-total		25,790		(46,140)		-		
Financial assets designed at FVTPL								
Equity-linked securities		4,655		(687)		-		
Other derivatives-combined securities		1		-		-		
Sub-total		4,655		(687)		-		
AFS Financial Assets					-			
Stocks (*3)		-		-		43,518		(22,274
Investments in partnerships (*3)		-		-		593		(140
Sub-total		-		-		44,111		(22,414
Total	₩	30,446	₩	(46,827)	₩	44,111	₩	(22,414
Financial liabilities:								
Financial assets at FVPTL								
Derivatives instruments liabilities								
Interest rates derivatives (*1)	₩	21,137	₩	(14,062)	₩	-	₩	
Currencies derivatives (*2)		20		(31)		-		
Equity derivatives (*1)		7,175		(1,472)		-		
Credit derivatives (*1)		2,350		(1,452)		-		
Commodity derivatives (*2)		2,756		(3,236)		-		
Others		1		(3)		-		
Sub-total		33,439		(20,256)		-		
Financial liabilities designed at FVTPL						-		
Equity-linked securities		4,269		(17,663)		-		
Other derivatives-combined securities		20,638		(11,738)		-		
Sub-total	-	24,907		(29,401)		-		
Total	₩	58,346	₩	(49,657)	₩	-	₩	

<sup>(\*1)</sup> Fair value changes of equity, interest-rates and credit-linked derivatives among the financial assets are calculated by increasing or decreasing the historical fluctuation rate of stock price and correlation by 10%. The historical fluctuation rate of stock price and correlation are major unobservable variables.

(5) The fair values and the carrying amounts of financial assets and liabilities that are recorded at amortized cost are as follows (Unit: Korean Won in millions):

December	31, 2013
Fair value	Carrying value
₩ 6,748,901	₩ 6,748,939
1,334,538	1,334,538
11,998,146	11,998,146
999,832	1,058,929
2,037,301	2,037,301
	Fair value

	March 31, 2013							
	Fair value	Carrying value						
Financial assets								
Loans and receivables	₩ 6	,956,511	₩	6,955,974				
Financial liabilities								
Deposits due to customers	1	,369,252		1,369,252				
Borrowings	10	,538,650		10,538,654				
Debentures	1	,023,125		998,762				
Other financial liabilities	2	,272,913		2,272,913				

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

		D	ecember 31, 20°	13		
	Gross	Gross amounts of		Related amo off in the st financia		
	amounts of recognized recognized financial instruments set off		Net amounts of financial instruments presented	Financial instruments	Cash collateral received/ pledged	Net amounts
Financial assets:						
Derivative assets and others (*1)	₩ 1,137,268	₩ -	₩ 1,137,268	₩ 1,533,507	₩ 208,273	₩ 456,864
Receivable spot exchange (*2)	1,061,376	-	1,061,376			
Total	₩ 2,198,644	₩ -	₩ 2,198,644	₩ 1,533,507	₩ 208,273	₩ 456,864
Financial liabilities:						
Derivative liabilities and others (*1)	₩ 1,222,650	₩ -	₩ 1,222,650	₩ 1,468,959	₩ 235,643	₩ 579,556
Payable spot exchange (*3)	1,061,508	-	1,061,508			
Bonds sold under repurchase agreements	9,372,314	-	9,372,314	9,372,314	-	-
Total	₩11,656,472	₩ -	₩11,656,472	₩10,841,273	₩ 235,643	₩ 579,556

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<sup>(\*2)</sup> Fair value changes of currencies-linked and commodity-linked derivatives are calculated by increasing or decreasing the historical fluctuation rate of stock price and correlation are major unobservable variables.

<sup>(\*3)</sup> Fair value changes of equity securities are calculated by increasing or decreasing growth rate (0~1%) and discount rate (-1~1%). The growth rate, discount rate, and liquidation value are major unobservable variables.

AS OF AND FOR THE NINE MONTHS ENDED DECEMBER 31, 2013 AND THE YEAR ENDED MARCH 31, 2013

			March 31, 2013			
	Gross	Gross amounts of		Related amo off in the st financia		
	amounts of recognized financial instruments	recognized financial instruments set off	Net amounts of financial instruments presented	Financial instruments	Cash collateral received/ pledged	Net amounts
Financial assets:						
Derivative assets and others (*1)	₩ 1,204,225	₩ -	₩ 1,204,225	₩ 1,702,501	₩ 27,881	₩ 387,555
Receivable spot exchange (*2)	913,712	-	913,712			
Total	₩ 2,117,937	₩ -	₩ 2,117,937	₩ 1,702,501	₩ 27,881	₩ 387,555
Financial liabilities:						
Derivative liabilities and others (*1)	₩ 1,505,318	₩ -	₩ 1,505,318	₩ 1,558,049	₩ 350,000	₩ 510,865
Payable spot exchange (*3)	913,596	-	913,596			
Bonds sold under repurchase agreements	8,059,992	-	8,059,992	8,059,992	-	-
Total	₩ 10,478,906	₩ -	₩10,478,906	₩ 9,618,041	₩ 350,000	₩ 510,865

<sup>(\*1)</sup> Includes derivatives held for trading, derivatives for hedging and derivatives-linked securities.

### 12. PREMISES AND EQUIPMENT

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

		December 31, 2013										
		Land	Building			perties for siness use	Construction in progress			Total		
Acquisition cost	₩	164,953	₩	110,658	₩	210,271	₩	863	₩	486,745		
Accumulated depreciation		-		(13,060)		(175,200)		-		(188,260)		
Net carrying value	₩	164,953	₩	97,598	₩	35,071	₩	863	₩	298,485		

					Mar	ch 31, 2013				
		Land	Building		Properties for business use		Construction in progress			Total
Acquisition cost	₩	161,967	₩	108,367	₩	217,192	₩	881	₩	488,407
Accumulated depreciation		-		(10,190)		(173,663)		-		(183,853)
Net carrying value	₩	161,967	₩	98,177	₩	43,529	₩	881	₩	304,554

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

		Nine months ended December 31, 2013           Land         Building         Properties for business use         Construction in progress           ₩         161,967         ₩         98,177         ₩         43,529         ₩         881         ₩           -         -         [158]         [37]									
		Land	E	Building						Total	
Beginning balance	₩	161,967	₩	98,177	₩	43,529	₩	881	₩	304,554	
Foreign currencies translation adjustment		-		-		(158)		(37)		(195)	
Acquisition		-		20		5,050		1,416		6,486	
Disposition		-		-		(1,574)		-		(1,574)	
Depreciation		-		(2,425)		(15,250)		-		(17,675)	
Others		2,986		1,826		3,474		(1,397)		6,889	
Ending balance	₩	164,953	₩	97,598	₩	35,071	₩	863	₩	298,485	

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				Yea	r ended	l March 31, 2	013			
		Land	Building		Properties for business use		Construction in progress			Total
Beginning balance	₩	161,881	₩	100,156	₩	53,794	₩	1,180	₩	317,011
Foreign currencies translation adjustment		-		-		(62)		(13)		(75)
Acquisition		-		-		13,588		2,750		16,338
Disposition		-		-		(3,603)		(66)		(3,669)
Depreciation		-		(3,226)		(25,542)		-		(28,768)
Others		86		1,247		5,354		(2,970)		3,717
Ending balance	₩	161,967	₩	98,177	₩	43,529	₩	881	₩	304,554

### 13. INVESTMENT PROPERTIES

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

	December 3		March 31, 2013	
Acquisition cost	₩	71,947	₩	77,205
Accumulated depreciation		(2,376)		(2,295)
Net carrying value	₩	69,571	₩	74,910

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

	Nine months ended December 31, 201	3	Year ended March 31, 2013
Beginning balance	₩ 74,91	₩	78,727
Acquisition			-
Depreciation			(1,733)
Disposition	(526		(752)
Transfer to/from premises and equipment	(4,813		(1,332)
Ending balance	₩ 69,57	₩	74,910

The fair value of investment properties as of December 31, 2013 is \$71,947 million. The fair value of investment properties is determined by the assessment performed by Nara Appraisal Board, an independent appraiser who has proper qualification and experience.

For the nine months ended December 31, 2013 and the year ended March 31, 2013, the revenue occurred from investment properties is \$3,497 million and \$5,078 million, respectively.

<sup>(\*2)</sup> Are included in loans and receivables

<sup>(\*3)</sup> Are included in other financial liabilities

AS OF AND FOR THE NINE MONTHS ENDED DECEMBER 31, 2013 AND THE YEAR ENDED MARCH 31, 2013

### 14. INTANGIBLE ASSETS

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

						December	31, 20	13				
	Goodwill		Development cost		Software		Membership deposit			Others		Total
Acquisition cost	₩	3,991	₩	31,619	₩	2,393	₩	26,858	₩	29,649	₩	94,510
Accumulated depreciation		-		(31,619)		(2,327)		-		(23,275)		(57,221)
Accumulated impairment loss		(1,721)		-		-		(5,331)		-		(7,052)
Net carrying value	₩	2,270	₩	-	₩	66	₩	21,527	₩	6,374	₩	30,237

	March 31, 2013											
	Goodwill		Dev	elopment cost			Membership deposit		Others			Total
Acquisition cost	₩	3,991	₩	31,619	₩	2,420	₩	27,222	₩	30,073	₩	95,325
Accumulated depreciation		-		(28,175)		(2,300)		-		(19,063)		(49,538)
Accumulated impairment loss		[1,421]		-		-		(3,815)		-		(5,236)
Net carrying value	₩	2,570	₩	3,444	₩	120	₩	23,407	₩	11,010	₩	40,551

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

	Nine months ended December 31, 2013											
	Goodwill			Development cost Software		Membership deposit		Others			Total	
Beginning balance	₩	2,570	₩	3,444	₩	120	₩	23,407	₩	11,010	₩	40,551
Foreign currencies translation adjustment		-		-		(2)		(57)		(2)		(61)
Acquisition		-		-		3		-		16		19
Depreciation		-		(3,444)		(47)		-		(4,214)		(7,705)
Disposition		-		-		(8)		(307)		-		(315)
Impairment loss		(300)		-		-		(1,516)		-		(1,816)
Others		-		-		-		-		(436)		(436)
Ending balance	₩	2,270	₩	-	₩	66	₩	21,527	₩	6,374	₩	30,237

	Year ended March 31, 2013												
	Go	odwill	Dev	Development cost		Software		mbership Ieposit		Others	Total		
Beginning balance	₩	3,991	₩	8,610	₩	163	₩	24,280	₩	15,342	₩	52,386	
Foreign currencies translation adjustment		-		-		[1]		(15)		(12)		(28)	
Acquisition		-		-		50		-		1,173		1,223	
Depreciation		-		(5,166)		(91)		-		(5,425)		(10,682)	
Disposition		-		-		[1]		-		-		(1)	
Impairment loss		(1,421)		-		-		(1,320)		-		(2,741)	
Others		-		-		-		462		(68)		394	
Ending balance	₩	2,570	₩	3,444	₩	120	₩	23,407	₩	11,010	₩	40,551	

### 15. OTHER ASSETS

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

	December 31, 2013	March 31, 2013
Net defined benefit plan asset	₩ 4,097	₩ -
Advance payments	52,312	72,949
Prepaid expenses	8,794	11,763
Prepaid taxes	57	86
Others	1,004	612
Total	₩ 66,264	₩ 85,410

### **16.LEASE ASSETS**

### (1) Lease payments of lease assets are collected quarterly or monthly and the main terms of lease contracts are as follows:

(a) The lease contract cannot be canceled during the stipulated period and penalty is charged to lessee for any early termination of the lease. The lessee can purchase the lease asset for a contract price (amount multiplied by certain percentage of acquisition cost) upon expiration of the lease.

(b) The lessee, with agreement by the Group, appoints the Group as an insurance beneficiary to avoid risks related to management of leased assets. In addition, the Group possesses the title of ownership and other related rights.

#### (2) Operation lease

The operating lease assets that are based on acquisition costs are as follows (Unit: Korean Won in millions):

	December 31, 2013			March 31, 2013
Vehicles	₩	140	₩	140
Accumulated depreciation		(140)		(140)
Net carrying value	₩	-	₩	-

#### (3) Finance lease

The present values of total investments in finance lease and minimum lease payments as of December 31, 2013 are as follows (Unit: Korean Won in millions):

	Lease payme in Won	ent	Lease payment in foreign currency		Total
2014.1.1 ~ 2014.12.31	₩	174	₩ -	₩	174
After 2015.1.1		175	-		175
Total lease investment		349	-		349
Unrealized gain on finance lease		-	-		-
Net lease investment		349	-		349
Finance lease cancellation		-	-		-
Finance lease	₩	349	₩ -	₩	349

AS OF AND FOR THE NINE MONTHS ENDED DECEMBER 31, 2013 AND THE YEAR ENDED MARCH 31, 2013

### 17. PLEDGED ASSETS

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

Collateral provided to	Pledged assets	December 31, 2013	March 31, 2013	Reason for collateral
Korea Securities Depository	Financial assets at FVTPL (equity securities)	₩ 8,810	₩ 37,216	Guarantee for lending and borrowing securities
Korea Securities Depository and others	Financial assets at FVTPL (beneficiary certificates)	551,284	420,350	Guarantee for lending and borrowing securities and others
Deutsche Bank AG and others	Financial assets at FVTPL (debt securities)	719,481	251,862	CSA collateral and others
KSFC	Financial assets at FVTPL (debt securities)	1,076,702	1,638,733	Guarantee for lending and borrowing securities
KEB Futures and others	Financial assets at FVTPL (debt securities)	64,011	28,943	Guarantee trading deposits for Korean Treasury-Bond futures
Korea Securities Depository and others	Financial assets at FVTPL (debt securities)	385,224	731,699	Guarantee for lending and borrowing securities
Korea Securities Depository and others	Financial assets at FVTPL (debt securities)	9,962,250	8,580,840	RP collateral
Korea exchange	Financial assets at FVTPL (debt securities)	101,302	55,266	Guarantee trading deposits for futures and options
Korea exchange	Financial assets at FVTPL (debt securities)	8,036	8,199	Collective fund for default loss
KSFC and others	Financial assets at FVTPL (debt securities)	50,690	38,845	Operating fund for debt securities
KSFC	Financial assets at FVTPL (commercial papers)	-	32,000	Guarantee for lending and borrowing securities
KDB Capital Co.	AFS financial instrument assets (debt securities)	-	30,000	Guarantee for borrowings
KDB Capital Co.	AFS financial instrument assets (debt securities)	-	20,000	Guarantee for borrowings
Shinhancard Co., Ltd	Premises and equipment (real estate)	92,382	91,656	Deposits for rents
		₩ 13,020,172	₩ 11,965,609	

The Group has pledged assets among borrowed securities, amounting to \$133,339 million and \$481,238 million as of December 31, 2013 and March 31, 2013, respectively.

### (2) Loaned securities are as follows (Unit: Korean Won in millions):

		December 31, March 31, 2013			Purpose
Financial assets at FVTPL					
Equity securities	₩	843	₩	48	Korea Securities Depository
Beneficiary certificates		1,953		-	Korea Securities Depository
Korean treasury and government agencies bond		110,090		111,148	Korea Money Brokerage Corp. and others
Total	₩	112,886	₩	111,196	

### (3) The fair value of the collaterals held with right to sell and pledge without constraints as of December 31, 2013 and March 31, 2013 are as follows (Unit: Korean Won in millions):

		December 31, 2013				March 31, 2013					
		Fair value of the collateral	Fair value of the collaterals disposed and pledged			Fair value of the collateral	Fair value of the collaterals disposed and pledged				
Securities	₩	82,925	₩	82,925	₩	118,592	₩	115,110			

### 18. SECURITIES IN CUSTODY AND LENDING & BORROWING SECURITIES FROM CUSTOMERS

Securities in custody and lending and borrowing securities from customers are as follows (Unit: Korean Won in millions):

	December 31, 2013		March 31, 2013		Valuation
Securities received					
Trustor securities in custody	₩	110,307,989	₩	103,849,450	Fair value
Saver securities in custody		121,301		123,795	Fair value
Beneficiary securities in custody		14,398,114		12,065,608	Base price for sale
Other securities in custody		69,968		81,993	Fair value
Total	₩	124,897,372	₩	116,120,846	
Lending securities(*)	₩	775,216	₩	825,380	Fair value
Borrowing securities	₩	2,070,740	₩	2,759,261	Fair value

<sup>(\*)</sup> This is the total amount of lending securities that are held or borrowed by the Group as of December 31, 2013 and March 31, 2013, respectively.

### 19. DEPOSITS DUE TO CUSTOMERS (" DEPOSITS ")

Details of deposits for use as of are as follows (Unit: Korean Won in millions):

	Decer	nber 31, 2013	March 31, 2013		
Customers' deposits					
Customers' deposits for brokerage	₩	907,329	₩	879,650	
Customers' deposits for derivatives transactions		214,696		206,175	
Customers' deposits for savings		16,259		15,557	
Customers' deposits for beneficiary		42,132		12,550	
Others		146,663		243,589	
Subtotal		1,327,079		1,357,521	
Guarantee deposits Securities loaned		7,459		11,731	
Total	₩	1,334,538	₩	1,369,252	

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### 20. FINANCIAL LIABILITIES AT FVTPL

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

	Decen	nber 31, 2013	March 31, 2013		
Borrowings					
Securities in short position	₩	1,114,424	₩	1,392,222	
Derivative liabilities (trading)					
Interest rate derivatives		176,290		313,919	
Currency derivatives		48,013		40,646	
Equity derivatives		315,910		200,140	
Credit derivatives		7,469		14,765	
Commodity derivatives		98,291		27,920	
Other derivatives		1,414		2,109	
Sub-total		647,387		599,499	
Total	₩	1,761,811	₩	1,991,721	

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

			Decer	nber 31, 2013		
	Par value (contract)		Acquisition cost		Fair value	
Derivatives-combined securities sold:						
Equity-linked securities	₩	4,092,235	₩	4,082,062	₩	4,239,913
Other derivatives-combined securities		2,977,104		2,960,090		3,036,656
Derivatives-combined bonds sold:						
Equity-linked bonds		586,148		585,460		587,826
Other derivatives-combined bonds		362,857		362,738		401,960
Total	₩	8,018,344	₩	7,990,350	₩	8,266,355

	March 31, 2013						
	Par value (contract)		Acquisition cost		Fair value		
Derivatives combined securities sold:	•						
Equity linked securities	₩	3,872,914	₩	3,869,923	₩	3,982,352	
Other derivatives-combined securities		2,448,517		2,432,564		2,501,789	
Total	₩	6,321,431	₩	6,302,487	₩	6,484,141	

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

	December 31, 2013			March 31, 2013
Financial liabilities designated at FVTPL	₩	8,266,355	₩	6,484,141
Changes in fair value for credit risk adjustments		19,355		(23,610)
Accumulated changes in credit risk adjustments		246		(32,121)

### 21. BORROWINGS

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

	December 31, 2013						
	Lender	Interest rate (%)		Amount			
Call-money	KB Asset Management and others	2.5 ~ 2.8	₩	550,000			
Borrowings	KSFC and others	2.6 ~ 2.9		2,078,126			
Bonds sold under repurchase agreements	KB Bank and others	0.2 ~ 3.8		9,372,314			
Present value discount				(2,294)			
Total			₩	11,998,146			

	March 31, 2013							
	Lender	Interest rate (%)	Amount					
Call-money	KB Asset Management and others	2.7 ~ 2.8	₩	770,000				
Borrowings	KSFC and others	1.03 ~ 12.4		1,710,520				
Bonds sold under repurchase agreements	KB Bank and others	0.3 ~ 2.8		8,059,992				
Present value discount				(1,858)				
Total			₩	10,538,654				

### 22. DEBENTURES

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

### (1) Ordinary bonds

	Issued Date	Due Date	Interest rate (%)	December 31, 2013	March 31, 2013
Series 45th corporate bonds	2012.04.27	2015.04.27	3.94	₩ 250,000	₩ 250,000
Series 46th corporate bonds	2012.09.27	2017.09.27	3.28	30,000	30,000
Series 47st corporate bonds	2012.10.18	2017.10.18	3.26	70,000	70,000
Series 48rd corporate bonds	2012.11.15	2017.11.15	3.20	100,000	100,000
Series 49th corporate bonds	2012.11.22	2017.11.22	3.22	50,000	50,000
Series 50th corporate bonds	2013.03.07	2018.03.07	2.99	100,000	100,000
Series 51th corporate bonds	2013.03.28	2018.03.28	2.95	100,000	100,000
Series 52th corporate bonds	2013.08.26	2018.08.27	CD+40bp	120,000	-
Series 53th corporate bonds	2013.08.28	2018.08.28	CD+40bp	180,000	-
Series 54th corporate bonds	2013.12.05	2015.12.07	3.12	60,000	-
Total				1,060,000	700,000
Less : discounts				(1,071)	(1,180)
Book value				₩ 1,058,929	₩ 698,820

### (2) Subordinated debentures

	Issued Date	Due Date	Interest rate (%)	December 31, 2013	March 31, 2013
Series 42-1st corporate bonds	2008.05.21	2013.11.21	6.86	₩ -	₩ 170,000
Series 42-2nd corporate bonds	2008.05.21	2013.11.21	6.86	-	130,000
Total				-	300,000
Less : discounts				-	(58)
Book value				₩ -	₩ 299,942

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### 23. OTHER FINANCIAL LIABILITIES

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

	December 31, 2013	March 31, 2013
Other financial liabilities:		
Accounts payable	₩ 1,682,597	₩ 1,853,352
Accrued expenses	69,867	131,686
Leasehold deposits received	12,761	14,894
Others	272,286	273,350
Present value discount	(210)	(369)
Total	₩ 2,037,301	₩ 2,272,913

### 24. PROVISIONS

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

	December 31, 2013			March 31, 2013		
Asset retirement obligation	₩	4,154	₩	3,272		
Other Provisions(*)		1,590		6,035		
Total	₩	5,744	₩	9,307		

(\*) Other provisions include provision for litigations and provision for points.

### (2) Changes in provisions are as follows (Unit: Korean Won in millions):

	Nine months ended December 31, 2013						
		Asset retirement obligation		Others		Total	
Beginning balance	₩	3,272	₩	6,035	₩	9,307	
Provisions provided		-		1,394		1,394	
Provisions used		(194)		(151)		(345)	
Reversal of unused amount		(1,241)		(5,684)		(6,925)	
Foreign exchange translation adjustment		-		(4)		(4)	
Amortization		178		-		178	
Additional settlement		2,139		-		2,139	
Ending balance	₩	4,154	₩	1,590	₩	5,744	

		Year ended l	March 31, 2013			
	Asset retirement obligation Othe			hers	Total	
Beginning balance	₩	3,800	₩	6,087	₩	9,887
Provisions provided		-		628		628
Provisions used		(516)		(187)		(703)
Reversal of unused amount		(2,637)		(147)		(2,784)
Foreign exchange translation adjustment		-		(346)		(346)
Amortization		241		-		241
Additional settlement		2,384		-		2,384
Ending balance	₩	3,272	₩	6,035	₩	9,307

25. OTHER LIABILITIES

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

	December 31, 2013	March 31, 2013		
Retirement benefit obligation	₩ -	₩ 5,011		
Advance received	61	-		
Unearned revenue	6,173	3,244		
Deferred tax liabilities	24,095	32,422		
Others	3	3		
Total	₩ 30,332	₩ 40,680		

### 26. RETIREMENT BENEFIT OBLIGATION

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

	December 31, 2013			March 31, 2013		
Projected retirement benefit obligation	₩	(55,516)	₩	(51,798)		
Fair value of plan assets		59,613		46,787		
Net defined benefit plan asset (liability)	₩	4,097	₩	(5,011)		

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

	Nine months ended December 31, 2013	Year ended March 31, 2013
Retirement pension benefits	₩ 1,534	₩ 2,022
Current service cost	11,585	17,237
Interest cost	1,828	2,365
Expected return of plan assets	(1,334)	(1,134)
Actuarial profit or losses	-	(805)
	₩ 13,613	₩ 19,685

### (3) Changes in the carrying value of retirement benefit obligation are as follows (Unit: Korean Won in millions):

	Nine months ended December 31, 2013			Year ended March 31, 2013
Beginning balance	₩	51,798	₩	36,024
Service cost		11,585		17,237
Interest cost		1,828		2,365
Actuarial loss (gain)		(7,144)		(674)
Retirement benefit paid		(2,535)		(3,235)
Others		(16)		81
Ending balance	₩	55,516	₩	51,798

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AS OF AND FOR THE NINE MONTHS ENDED DECEMBER 31, 2013 AND THE YEAR ENDED MARCH 31, 2013

### (4) Changes in plan assets are as follows (Unit: Korean Won in millions):

	Nine months ended December 31, 2013	Year ended March 31, 2013		
Beginning balance	₩ 46,787	₩ 22,636		
Expected return on plan assets	1,334	1,134		
Actuarial loss	(20)	131		
Employer's contributions	13,916	25,500		
Retirement benefit paid	(2,378)	(2,447)		
Others	(26)	(167)		
Ending balance	₩ 59,613	₩ 46,787		

### (5) The main actuarial assumptions used in the assessment of the retirement benefit obligation are as follows (Unit: Korean Won in millions):

	December 31, 2013	March 31, 2013
Discount rate	3.54% ~ 4.22%	2.88% ~ 3.45%
Future wage growth rate	4.47%	4.87%
Mortality ratio	0.02%	0.02%

### (6) Details of plan assets and realized returns on plan assets are as follows (Unit: Korean Won in millions):

	December 31, 2013			March 31, 2013		
Deposits	₩	24,448	₩	15,950		
Insurer's guaranteed interest deposits		35,165		30,837		
Total	₩	59,613	₩	46,787		

### 27. DERIVATIVES

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

	December 31, 2013					
		Assets			ilities	
	Nominal amount	For hedging	For trading	For hedging	For trading	
Interest rate:						
Swaps	₩ 43,671,973	₩ -	₩ 148,103	₩ 1,985	₩ 163,857	
Short options	771,546	-	-	-	12,433	
Sub-total	44,443,519	-	148,103	1,985	176,290	
Currency:						
Forwards	5,491,741	11,279	52,105	272	35,064	
Swaps	949,204	-	13,525	-	12,949	
Long options	118,543	-	4,984	-	-	
Sub-total	6,559,488	11,279	70,614	272	48,013	
Equity:						
Long options	5,101,103	-	119,437	-	-	
Short options	8,776,898	-	-	-	202,934	
Swaps	2,616,920	-	172,590	-	112,976	
Sub-total	16,494,921	-	292,027	-	315,910	
Credit:						
Swaps	2,111,117	-	29,270	-	7,469	
Commodity:						
Long options	3,384	-	76	-	-	
Short options	1,000	-	-	-	14	
Swaps	1,167,904	-	12,801	-	98,277	
Sub-total	1,172,288	-	12,877	-	98,291	
Others:						
Other swaps	10,000	-	-	-	800	
Interest rate futures	1,023,786	-	1,263	-	207	
Currency futures	1,914,200	-	22	-	-	
Equity futures	990,506	-	1,611	-	370	
Commodity futures	6,791	-	54	-	37	
Sub-total	3,945,283	-	2,950	-	1,414	
Total	₩ 74,726,616	₩ 11,279	₩ 555,841	₩ 2,257	₩ 647,387	

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			March :	31, 2013	
		Ass	sets	Liab	ilities
	Nominal amount	For hedging	For trading	For hedging	For trading
Interest rate:					
Swaps	₩ 45,111,620	₩ -	₩ 281,731	₩ -	₩ 313,346
Short options	110,000	-	-	-	573
Sub-total	45,221,620	-	281,731	-	313,919
Currency:					
Forwards	3,378,615	6,763	14,679	2,541	19,136
Swaps	1,411,202	-	25,784	-	20,845
Long options	287,721	-	2,803	-	-
Short options	129,209	-	-	-	665
Sub-total	5,206,747	6,763	43,266	2,541	40,646
Equity:					
Long options	2,255,639	-	56,287	-	-
Short options	4,839,429	-	-	-	106,444
Swaps	3,364,649	-	144,432	-	93,696
Sub-total	10,459,717	=	200,719	-	200,140
Credit:					
Swaps	2,582,711	-	30,912	-	14,765
Commodity:					
Long options	32,000	-	2,001	-	-
Swaps	1,345,415	-	23,121	-	27,920
Sub-total	1,377,415	-	25,122	-	27,920
Others:					
Other swaps	10,000	-	-	-	187
Interest rate futures	1,677,727	-	91	-	682
Currency futures	1,254,619	-	-	-	-
Equity futures	211,082	-	464	-	515
Commodity futures	45,561	-	552	-	725
Sub-total	3,198,989	-	1,107	_	2,109
Total	₩ 68,047,199	₩ 6,763	₩ 582,857	₩ 2,541	₩ 599,499

(2) The Group has applied hedge accounting to hedge the foreign currency risk arising from net investments in foreign operations and securities in foreign currencies. Furthermore, the Group has designated interest rate swaps as cash flow hedging instrument to hedge the interest rate risk arising from floating interest rate borrowings in local currency. Details of hedged items and hedging instruments are as follows:

	Terms of hedging instruments			Terms of hedged items			
	Contract date	Maturity date	Interest rate	Contract date	Maturity date	Interest rate	
Interest rate swap	2013.08.26	2018.08.26	3.29%	2013.08.26	2018.08.27	CD +40bp	
Interest rate swap	2013.08.28	2018.08.28	3.24%	2013.08.28	2018.08.28	CD +40bp	

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

	Nine months ended December 3			Year ended March 31, 2013
Ineffective gains and losses of net investments in foreign operations hedging activities	₩	402	₩	4,490
Ineffective gains and losses of cash flow hedging activities	₩	(5)	₩	-

The Group recognized the ineffective gains and losses arisen from hedges of net investments in foreign operations and cash flow hedging, as gains and losses on valuation and disposal of hedging derivatives.

### 28. DAY 1 PROFITS AND LOSSES

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

	Nine months ended December 31, 2013	Year ended March 31, 2013		
Beginning balance	₩ 84,286	₩ 61,540		
New transactions	57,706	64,228		
Financial assets at FVTPL	(29,576)	(19,259)		
Financial liabilities at FVTPL	87,282	83,487		
Amounts recognized in profits or loss	(42,260)	(41,482)		
Financial assets at FVTPL	21,043	5,701		
Financial liabilities at FVTPL	(63,303)	(47,183)		
Ending balance	₩ 99,732	₩ 84,286		

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

#### 29. CAPITAL STOCK AND OTHER PAID-IN-CAPITAL

### (1) Capital stock and other paid-in-capital are as follows (Unit: Korean Won in millions):

	December 31, 2013	March 31, 2013
Capital stock:		
Common stock	₩ 1,021,145	₩ 1,021,145
Preferred stock	99,355	99,355
Sub-total	1,120,500	1,120,500
Capital surplus:		
Capital in excess of par value	1,144,243	1,144,243
Treasury stock (*)	(21,057)	(21,057)
Gains on sale of treasury stock	15,455	15,455
Other capital surplus	17,999	17,999
Sub-total	1,156,640	1,156,640
Total	₩ 2,277,140	₩ 2,277,140

<sup>(\*)</sup> Treasury stocks that the Group holds as of December 31, 2013 are acquired for the stability of stock price, in order to increase the shareholder value, and for the employees to which it will be provided as a compensation in the future.

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#### (2) Details of the capital stock for the Group are as follows:

	December 31, 2013	March 31, 2013
Authorized shares of capital stock	400,000,000 shares	400,000,000 shares
Par value	₩ 5,000	₩ 5,000
Issued shares of capital stock	218,124,831 shares	218,124,831 shares
Common Stock	199,253,863 shares	199,253,863 shares
Preferred Stock	18,870,968 shares	18,870,968 shares

The Group may retire the shares by resolution of the Board of Directors according to the regulations within the scope of benefits to shareholders dividends. The difference between capital and total par value of shares issued due to the retirement of shares amount to \#29,876 million.

### (3) Changes in capital stock and paid-in capital in excess of par value are as follows (Unit: Korean Won in millions):

		Capita	l stock		naid-ir	n capital in excess
	Co	mmon Stock	Preferred Stock			
April 1, 2012	₩	1,021,145	₩	99,355	₩	1,144,220
Increase in paid-in capital		-		-		23
March 31, 2013		1,021,145		99,355		1,144,243
December 31, 2013	₩	1,021,145	₩	99,355	₩	1,144,243

#### 30. COMPONENTS OF OTHER EQUITY

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

	December 31, 2013			March 31, 2013
Gain on valuation of AFS financial assets	₩	148,394	₩	173,782
Share of other comprehensive gain loss on investment in associates		(3,226)		(3,226)
Remeasurement of the net defined benefit liability		4,110		(1,290)
Gain on valuation of derivative instruments		13,984		6,199
Loss on overseas business translation		(27,075)		(11,217)
Total	₩	136,187	₩	164,248

#### 31. RETAINED EARNINGS

### (1) Retained earnings consist of the follows (Unit: Korean Won in millions):

	December 31, 2013			March 31, 2013	
Legal reserve	₩ 81,028		₩	78,212	
Planned regulatory reserve for credit loss		29,125			
Voluntary reserve	9	11,360	,360 870		
Retained earnings before appropriation	[1,964]		[1,964]		59,420
Other retained earnings (*)	6,845		6,845		6,845
Total	₩ 1,0	26,394	₩	1,033,018	

<sup>(\*)</sup> Other retained earnings amounting to \$W6,345\$ million consist of gains arisen from the revaluation of the assets in accordance with Assets Revaluation Law, and may not be used for cash dividend but may but only for capitalization or deficit recovery.

### (2) Legal Reserve

In accordance with the Act of Financial Investment Law, at least one tenth of the earnings after tax on every dividend declaration, without exceeding the amount of paid-in capital, should be appropriated in legal reserve. This reserve may not be used except for offsetting a deficit or transferring to capital.

#### 32. PLANNED REGULATORY RESERVE FOR CREDIT LOSS

In accordance with Article 3 Clause 8 of the Regulation on Supervision of Financial Investment, if the estimated provisions for credit loss under K-IFRS are lower than those in accordance with the Regulation on Supervision of Financial Investment, the Group shall account for the difference in the Planned Regulatory Reserve for Credit Loss. The Planned Regulatory Reserve for Credit Loss is included in the retained earnings before appropriation, and will be accumulated when liquidating the retained earnings.

#### (1) The Planned Regulatory Reserve for Credit Loss is as follows (Unit: Korean Won in millions):

	December 31, 2013			March 31, 2013
Beginning balance	₩	29,125	₩	18,481
Amount estimated to be appropriated (reversal of reserve)		(13,761)		10,644
Ending balance	₩	15,364	₩	29,125

### (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 earning per share):

	Decem	nber 31, 2013
Planned reserves provided	₩	(13,761)
Adjusted net income after the planned reserves provided		29,795
Adjusted Earnings per share after the planned reserves provided (*)	₩	141

	Marc	h 31, 2013
Planned reserves provided	₩	10,644
Adjusted net income after the planned reserves provided		76,441
Adjusted Earnings per share after the planned reserves provided (*)	₩	371

<sup>(\*)</sup> Adjusted earnings per share after the planned reserves provided are calculated by deducting dividends on preferred stock from adjusted net income after the planned reserves provided.

### 33. DIVIDENDS

Details of dividends and ratio related to dividends are as follows:

### (1) Details of dividends:

		December 31, 2013				March 31, 2013			
	Co	mmon stock	Pre	ferred Stock	Co	mmon stock	Pre	ferred Stock	
Shares outstanding (*)		198,271,885		18,870,953		198,268,581		18,870,956	
Par value per share (Korean Won)	₩	5,000	₩	5,000	₩	5,000	₩	5,000	
Dividend rate		1.0%		2.0%		2.0%		3.0%	
Total cash dividend (Korean Won in millions)	₩	9,913	₩	1,887	₩	19,827	₩	2,831	

<sup>(\*)</sup> Excludes treasury stocks

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### (2) Payout ratio (Unit: Korean Won in millions):

	Decem	ber 31, 2013	March 31, 2013		
Total cash dividend	₩	11,800	₩	22,658	
Net income attributable to owner		16,034		87,695	
Payout ratio		73.59%		26.01%	

### (3) Dividend yield ratio is as follows (Unit: Korean Won):

	Decemb	er 31, 2013	March 3	1, 2013
	Common stock	Preferred Stock	Common stock	Preferred Stock
Dividend per share	₩ 50	₩ 100	₩ 100	₩ 150
Ending price	9,590	4,595	11,750	4,590
Dividend yield ratio	0.52%	2.18%	0.85%	3.27%

### 34. FEE INCOME AND EXPENSES

### (1) Fee income occurred are as follows (Unit: Korean Won in millions):

	Nine months ended December 31, 2013	Year ended March 31, 2013
Brokerage commissions	₩ 190,189	₩ 274,404
Underwriting commissions	23,851	29,076
Underwriting commissions on debentures	25	68
Brokerage commissions on beneficiary certificates	14,593	18,521
Management fee on wrap account and asset management	9,044	12,890
Intermediating, arranging, or conducting as proxy the purchase and merger of corporations	9,296	11,175
Trust fees and commissions received from trust account	7,527	9,344
Remittance fee	175	237
Others	32,586	52,864
Total	₩ 287,286	₩ 408,579

### (2) Fee expenses occurred are as follows (Unit: Korean Won in millions):

	Nine months ended December 31, 2013	Year ended March 31, 2013
Trading commissions	₩ 22,586	₩ 33,757
Investment consultant fees	1,065	2,184
Remittance fee	781	1,237
Other commissions	22,848	35,870
Total	₩ 47,280	₩ 73,048

### 35. GAINS (LOSSES) ON FINANCIAL INSTRUMENTS AT FVTPL

### (1) Details of gains on valuation and disposals of financial instruments at FVTPL are as follows (Unit: Korean Won in millions):

	Nine months ended December 31, 2013	Year ended March 31, 2013
Disposals of financial assets held for trading	₩ 138,782	₩ 282,783
Changes in value of financial assets held for trading	57,126	139,586
Disposals of financial liabilities held for trading	84,990	59,177
Changes in value of financial liabilities held for trading	14,046	9,843
Derivative transactions	1,000,833	1,284,345
Changes in value of derivative instruments	507,648	574,373
Sales of financial assets designated as at FVTPL	19,541	47,866
Changes in value of financial assets designated as at FVTPL	41,775	63,444
Sales of financial liabilities designated as at FVTPL	69,253	39,341
Changes in value of financial liabilities designated as at FVTPL	208,626	69,701
Total	₩ 2,142,620	₩ 2,570,459

### (2) Details of losses on valuation and disposals of financial instruments at FVTPL are as follows (Unit: Korean Won in millions):

	Nine months ended December 31, 2013			Year ended March 31, 2013
Disposals of financial assets held for trading	₩	217,269	₩	182,994
Changes in value of financial assets held for trading		102,971		32,229
Disposals of financial liabilities held for trading		76,930		89,719
Changes in value of financial liabilities held for trading		8,071		26,878
Derivative transactions		896,681		1,122,327
Changes in value of derivative instruments		456,697		418,254
Sales of financial assets designated as at FVTPL		7,325		6,476
Changes in value of financial assets designated as at FVTPL		18,184		7,817
Sales of financial liabilities designated as at FVTPL		217,301		414,351
Changes in value of financial liabilities designated as at FVTPL		223,069		355,855
Total	₩	2,224,498	₩	2,656,900

### 36. GAINS AND LOSSES ON AFS FINANCIAL ASSETS

### (1) Details of gains on valuation and disposals of AFS financial assets recognized are as follows (Unit: Korean Won in millions):

	Nine months ended December 31, 201	Year ended 13 March 31, 2013		
Sales of available-for-sale securities	₩ 12,68	₩	18,781	
Changes in value of sale securities (*)	2,26		804	
Total	₩ 14,94	₩	19,585	

<sup>(\*)</sup> This amount consisting of the difference between the fair value and the transaction price when initially recognized has been recognized in profit.

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### (2) Details of losses on valuation and disposals of AFS financial assets recognized are as follows (Unit: Korean Won in millions):

	Nine months ended December 31, 2013			Year ended 3 March 31, 2013		
Sales of available for sale securities	₩	1,237	₩	4,306		
Impairment of available for sale securities		27,499		5,092		
Total	₩	28,736	₩	9,398		

### 37. GAIN AND LOSS ON DERIVATIVE INSTRUMENTS (HEDGING)

### (1) Details of gains on valuation and disposals of derivative instruments (hedging) reflected are as follows (Unit: Korean Won in millions):

		months ember 31, 2013	Year ended 3 March 31, 2013		
Derivatives (hedging) transactions	₩	1,854	₩	5,062	
Changes in value of derivatives instruments (hedging)		2,648		2,465	
Total	₩	4,502	₩	7,527	

### (2) Details of losses on valuation and disposals of derivative instruments (hedging) reflected are as follows (Unit: Korean Won in millions):

	Nine months ended December 31, 2013	Year ended March 31, 2013		
Derivatives (hedging) transactions	₩ 737	₩ 2,107		
Changes in value of derivatives instruments (hedging)	278	303		
Total	₩ 1,015	₩ 2,410		

### 38. INTEREST INCOME AND EXPENSES

### (1) Details of interest income consist of the following (Unit: Korean Won in millions):

	Nine months ended December 31, 2013	Year ended March 31, 2013
Interest on margin loans	₩ 70,418	₩ 93,721
Interest on loan purchased	209	1,527
Interest on loans	1,631	9,363
Interest on bonds	345,406	427,015
Interest on securities loaned	116	257
Interest on negotiable commercial papers	5,827	11,067
Interest on deposits with KSFC	6,710	7,149
Interest on certificate of deposits	38	-
Interest on call loans	345	391
Interest on bonds purchased under resale agreements	54	1,037
Interest on advances for customers	-	32
Interest on deposits	113,191	160,461
Interest on receivables	452	644
Others	6,933	11,083
Total	₩ 551,330	₩ 723,747

Interest income accrued from impaired loan is \$584 million and \$3,059 million for the years ended December 31, 2013 and March 31, 2013, respectively

### (2) Details of interest expenses consist of the following (Unit: Korean Won in millions):

	Nine months ended December 31, 2013	Year ended March 31, 2013
Interest on borrowings	₩ 35,925	₩ 45,582
Interest on proceeds from customers' short sale	25	46
Interest on customers' deposits	11,730	15,392
Interest on bonds sold under repurchase agreements	161,682	213,841
Interest on call money	11,055	22,176
Interest on debentures	38,085	37,571
Others	2,312	2,714
Total	₩ 260,814	₩ 337,322

### 39. GAINS AND LOSSES ON LOANS AND RECEIVABLES

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

		months mber 31, 2013		Year ended March 31, 2013
Bad debt expense	₩	16,472	₩	5,358

### **40.GAINS AND LOSSES ON FOREIGN TRANSACTIONS**

### (1) Gains on foreign transactions are as follows (Unit: Korean Won in millions):

		nonths nber 31, 2013		Year ended March 31, 2013
Gain on foreign currency transactions	₩	74,758	₩	42,620
Gain on foreign currency translation		43,113		35,902
Total	₩	117,871	₩	78,522

### (2) Losses on foreign transactions are as follows (Unit: Korean Won in millions):

	Nine months ended December 31, 2013			Year ended March 31, 2013
Loss on foreign currency transactions	₩	73,542	₩	49,638
Loss on foreign currency translation		78,357		22,955
Total	₩	151,899	₩	72,593

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### 41.GENERAL AND ADMINISTRATIVE EXPENSES

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

	Nine months ended December 31, 2013	Year ended March 31, 2013
Salaries		
Short-term salaries	₩ 172,100	₩ 253,045
Severance benefits	13,613	20,490
Early retirement	1,113	299
Employee benefits	44,288	63,889
Sub-total	231,114	337,723
Depreciation	17,675	28,768
Other general and administrative expenses		
IT expenses	16,386	12,066
Employee benefits	5,298	8,219
Rent	14,542	20,500
Commission	28,419	37,165
Amusement expenses	6,367	8,263
Advertisement expenses	10,227	13,613
Training expenses	1,031	1,484
Amortization expenses of intangible assets	7,705	10,682
Taxes and dues	21,357	29,022
Commission on consignment	5,316	9,706
Conference expenses	640	838
Printings	2,057	3,137
Travel	2,981	4,502
Vehicle maintenance	1,389	1,846
Supplies	953	1,116
Utility expenses	2,393	3,358
Insurance premium	2,107	2,740
Entertainment	5,374	8,140
Others	13,552	18,603
Sub-total	148,094	195,000
Total	₩ 396,883	₩ 561,491

### 42. OTHER OPERATING REVENUE (EXPENSES)

### (1) Details of other operating revenue are as follows (Unit: Korean Won in millions):

	Nine months ended December 31, 2013		Year ended March 31, 2013
Dividend income	₩ 8,692	₩	17,128
Distribution income	12,581		3,295
Gain on lease	-		1,169
Reversal of provision	6,925		2,784
Others	6,832		1,551
Total	₩ 35,030	₩	25,927

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

	Nine months ended December 31, 2013	Year ended March 31, 2013	
Lease expenses	₩ -	₩ 312	
Provisions	1,394	628	
Others	2,187	5,694	
Total	₩ 3,581	₩ 6,634	

### 43. NON-OPERATING INCOME (EXPENSES)

### (1) Non-operating income consists of the following (Unit: Korean Won in millions):

	Nine months ended December 31, 2013	Year ended March 31, 2013
Gain on disposals of premises and equipment	₩ 10	₩ 274
Rent	3,788	5,659
Share of profits of associates	2,871	3,026
Gain on disposals of investments in associates	-	85
Other non-operating income	1,156	2,720
Total	₩ 7,825	₩ 11,764

### (2) Non-operating expenses consist of the following (Unit: Korean Won in millions):

	Nine n ended Decen			Year ended March 31, 2013
Loss on disposals of premises and equipment	₩	1,490	₩	1,851
Share of losses of associates		426		-
Loss on disposals of investments in associates		2		2,007
Donations		1,219		1,646
Impairment loss on intangible assets		1,816		2,741
Other non-operating expenses		2,259		4,703
Total	₩	7,212	₩	12,948

### 44. INCOME TAX EXPENSE

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

	Nine months ended December 31, 2013	Year ended March 31, 2013
Current income tax payable	₩ 37,296	₩ 36,404
Changes in deferred income taxes due to temporary differences	(21,331)	(10,231)
Changes in deferred income taxes directly in equity	3,227	307
Adjustment recognized in the periods for current tax of prior periods	(12,177)	(5,963)
Income tax expense	₩ 7,015	₩ 20,517
(*) Deferred tax liabilities, net— end of the period	₩ 42,177	₩ 63,508
Deferred tax liabilities, net— beginning of the period	63,508	73,739
Changes in deferred income taxes by temporary differences	₩ (21,331)	₩ (10,231)

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

		months ember 31, 2013		Year ended March 31, 2013
Income before income tax expense	₩	23,023	₩	108,008
Tax calculated at statutory tax rate (*1)		5,545		26,111
Adjustments:				
Expenses not deductible for tax purposes (*2)		632		1,793
Income not taxable for tax purposes (*3)		(1,402)		(2,969)
Others		2,240		(4,418)
Income tax expense	₩	7,015	₩	20,517
Effect tax rates		30.47%		19.00%

<sup>(\*1)</sup> The statutory tax rate used is 24.09% and 24.18% for the nine months ended December 31, 2013 and the year ended March 31, 2013, respectively.

(\*2) The expenses amount to \(\psi\_2,331\) million and \(\psi\_6,976\) million for the nine months ended December 31, 2013 and the year ended March 31, 2013, respectively.

### (3) Changes in temporary differences and the related income tax assets and liabilities for the nine months ended December 31, 2013 and the year ended March 31, 2013 are as follows (Unit: Korean Won in millions):

			Nine-n	nonths ended	l Decembe	r 31,201 <u>3</u>		
	Beginn	ing balance	Add	itions (*)	Deduct	tions (*)	Endi	ng balance
(Deductible temporary differences)								
Accrued severance benefits	₩	40,153	₩	6,270	₩	2,378	₩	44,04
Valuation of held for trading assets		(78,775)		56,784		(78,775)		56,78
Loss on impairment of AFS assets		54,301		27,499		4,087		77,713
Equity securities convertible to receivables		3,166		-		-		3,16
Valuation of derivatives-linked securities in		208,077		155,122		212,578		150,62
short position								
Transfer price tax		5,613		-		-		5,613
Asset retirement obligation		3,272		4,154		3,272		4,15
Other provisions		1,017		1,591		1,017		1,59
Discount on private placement bond		(1,585)		873		(1,585)		873
Impairment of intangible assets		2,746		2,383		-		5,12
Accrued expenses		361		184		301		24
Borrowings		493		-		493		
Privately placed bonds (Cancel Sale)		1,130		-		-		1,13
Provision for credit losses (Cancel Sale)		7,742		-		7,694		4
Gain(loss) on foreign currency translation		(12,053)		35,961		(12,053)		35,96
Others		39,443		18,728		18,154		40,01
Sub-total		275,101		309,549		157,561		427,08
Not recognized as deferred tax assets	-	12,743		-		-		12,74
Recognized as deferred tax assets		262,358		309,549		157,561		414,34
Tax rate	24	4.2% or 22%					2	4.2% or 22%
Deferred tax assets		89,777						100,129

		Nine-months ende	ded December 31,2013			
	Beginning balanc	e Additions (*)	Deductions (*)	Ending balance		
(Taxable temporary differences)						
Valuation of derivatives-linked securities	₩ (21,725	i) ₩ (39,361)	₩ (21,725)	₩ (39,361)		
Contribution for retirement allowances	(46,252	[171]	(2,378)	(44,045)		
Accrued income	(85,127	7) (84,579)	(84,301)	(85,405)		
Collective fund for default loss	(620	-	-	(620)		
Advanced depreciation provision	(7,167		-	(7,167)		
Gain (loss) on valuation of AFS assets	(228,617	21,736	(11,272)	(195,609)		
Revaluation reserve	(16,155	5] -	-	(16,155)		
Loans	(9,270	[7]	(7,779)	(1,498)		
Derivatives traded in over-the-counter evaluation	(38,089	(70,126)	(38,089)	(70,126)		
Land	(49,873	3) (563)	-	(50,436)		
Fixture		- (2,497)	-	(2,497)		
Building	(6,645	5) 227	(365)	(6,053)		
Valuation of derivatives	(9,030	(30,390)	(9,030)	(30,390)		
Valuation of securities in short position	16,93	9 (5,975)	16,939	(5,975)		
Others	(74,945	5) (78,900)	[74,269]	(79,576)		
Sub-total	(576,576	(290,606)	[232,269]	(634,913)		
Not recognized as deferred tax liabilities	[62,763	(59,213)	(62,763)	(59,213)		
Recognized as deferred tax liabilities	(513,813	[231,393]	(169,506)	(575,700)		
Tax rate	24.2% or 229	/ <sub>0</sub>		24.2% or 22%		
Deferred tax liabilities	(153,285	5)	-	(142,306)		
Deferred tax liabilities – net	(63,508	3)		[42,177]		

<sup>(\*)</sup> Including temporary differences due to final declaration of income tax for the nine months ended December 31, 2013.

	Year ended March 31, 2013					
	Beginning balance	Additions (*)	Deductions (*)	Ending balance		
(Deductible temporary differences)						
Accrued severance benefits	₩ 31,007	₩ 14,084	₩ 4,938	₩ 40,153		
Loss on impairment of AFS assets	51,250	5,092	2,041	54,301		
Equity securities convertible to receivables	2,639	527	-	3,166		
Valuation of securities in short position	530	16,939	530	16,939		
Valuation of derivatives-linked securities in	(27,633)	196,531	(39,179)	208,077		
short position						
Transfer price tax	5,613	-	-	5,613		
Asset retirement obligation	3,800	3,272	3,800	3,272		
Other provisions	723	1,017	723	1,017		
Discount on private placement bond	3,553	-	3,553	-		
Impairment of intangible assets	2,293	453	-	2,746		
Accrued expenses	249	287	175	361		
Borrowings	273	664	444	493		
Privately placed bonds (Cancel Sale)	(12,516)	-	(13,646)	1,130		
Provision for credit losses (Cancel Sale)	-	7,777	35	7,742		
Others	24,020	39,106	23,683	39,443		
Sub-total	85,801	285,749	(12,903)	384,453		
Not recognized as deferred tax assets	10,389	7,130	4,776	12,743		
Recognized as deferred tax assets	75,412	278,619	(17,679)	371,710		
Tax rate	24.2% or 22%			24.2% or 22%		
Deferred tax assets	17,636			89,777		

<sup>(\*3)</sup> The income amount to \$\psi\_5,811\$ million and \$\psi\_{11,693}\$ million for the nine months ended December 31, 2013 and the year ended March 31, 2013, respectively.

AS OF AND FOR THE NINE MONTHS ENDED DECEMBER 31, 2013 AND THE YEAR ENDED MARCH 31, 2013

		Year ended M	larch 31, 2013	
	Beginning balance	Additions (*)	Deductions (*)	Ending balance
(Taxable temporary differences)				
Derivatives-linked securities rating	₩ 30,126	₩ (21,725)	₩ 30,126	₩ (21,725)
Contribution for retirement allowances	(22,264)	(26,519)	(2,531)	(46,252)
Provisions	-	(1,585)	-	(1,585)
Accrued income	(80,359)	(85,127)	(80,359)	(85,127)
Collective fund for default loss	(620)	-	-	(620)
Advanced depreciation provision	(7,167)	-	-	(7,167)
Gain (loss) on valuation of AFS assets	(235,703)	(4,142)	(11,228)	(228,617)
Revaluation reserve	(16,155)	-	-	(16,155)
Loans	(10,058)	(14)	(802)	(9,270)
Valuation of OTC derivative instruments	73,134	(35,864)	75,359	(38,089)
Land	(49,797)	(357)	(281)	(49,873)
Fixture	(2,697)	-	(2,697)	-
Building	(7,061)	-	(416)	(6,645)
Valuation of derivatives	10,748	(9,030)	10,748	(9,030)
Valuation of held for trading assets	(27,600)	(78,775)	(27,600)	(78,775)
Gain and loss on translation of foreign currency	(13,930)	(12,053)	(13,930)	(12,053)
Others	(86,554)	(74,945)	(86,554)	(74,945)
Sub-total	(445,957)	(350,136)	(110,165)	(685,928)
Not recognized as deferred tax liabilities	[63,909]	[62,763]	(63,909)	(62,763)
Recognized as deferred tax liabilities	(382,048)	[287,373]	(46,256)	(623,165)
Tax rate	24.2% or 22%			24.2% or 22%
Deferred tax liabilities	(91,375)			(153,285)
Deferred tax liabilities – net	(73,739)	-		(63,508)

<sup>(\*)</sup> Including temporary differences due to final declaration of income tax for the year ended March 31, 2013.

### (4) Details of temporary differences that are not recognized as deferred tax assets are as follows (Unit: Korean Won in millions):

	December 31, 2013		December 31, 2013 March 31, 2013		Reasons for exclusion
Transfer price tax	₩	5,613	₩	5,613	Uncertain possibilities of extinction
Subsidiaries		7,130		7,130	Uncertain possibilities of extinction
Total	₩	12,743	₩	12,743	

### (5) Details of temporary differences that are not recognized as deferred tax liabilities are as follows (Unit: Korean Won in millions):

	Decem	ber 31, 2013	March 31, 2013	Reasons for exclusion
Subsidiaries	₩	59,213 ₩	62,763	Almost certain that these amounts are not to be disposed of or paid as dividends

### (6) Details of deferred tax that have been recognized directly in equity are as follows (Unit: Korean Won in millions):

	Nine months ended December 31, 2013	Year ended March 31, 2013
Deferred tax, which have been directly added to or deducted from equity:		
Loss on valuation of AFS financial assets	₩ 7,524	₩ 1,323
Remeasurement of the net defined benefit liability	(1,724)	(196)
Gain (loss) on valuation of derivative instruments	(3,284)	(1,168)
Gain (loss) on overseas business translation	711	204
Gain on disposals of treasury stocks	-	144
Total	₩ 3,227	₩ 307

### 45. BASIC AND DILUTED EARNING PER SHARE ("EPS")

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

		e months ember 31, 2013		Year ended March 31, 2013
Net income attributable to the controlling equity	₩	16,034	₩	87,085
Dividend on preferred stock		1,887		2,831
Net income attributable to common shares		14,146		84,254
Weighted average number of common shares outstanding		198,271,654		198,158,987
Basic EPS (Korean Won)		71		425

### (2) Details of the weighted average number of common shares outstanding are as follows (Unit: shares):

	Number of shares issued	Treasury stocks	Number of shares outstanding	Days	Weighted-average number of shares outstanding
Nine months ended December 31, 2013	54,794,812,325	270,107,565	54,524,704,760	275	198,271,654
Year ended March 31, 2013	72,727,659,995	399,629,872	72,328,030,123	365	198,158,987

(3) The diluted earnings per share are the same as the basic earnings per share because there is no dilutive securities granted by the Company.

### 46. STATEMENT OF CASH FLOW

Investing and financing activities not involving cash inflows and outflows are as follows (Unit: Korean Won in millions):

	Nine months ended December 31, 2013		Year ended March 31, 2013
Gain on valuation of AFS securities (*)	₩ 33,493	₩	567
Reclassification of construction in progress to equipment	1,397		2,970
Transfers to/from land and buildings from/to investment properties	4,813		1,332
Transfers to AFS financial assets from investments in associates	20,370		-
Write-offs of loan and receivables	14,729		51,461

<sup>(\*)</sup> The presented amount is directly deducted from equity and is before deferred tax.

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As plaintiff

### 47. CONTINGENT LIABILITIES AND COMMITMENTS

### (1) Details of loan commitments and credit lines which the Group provided for others are as follows (Unit: Korean Won in millions):

		Credit lines			
Confirmed guarantee	Financial institution	December 31, 2013	March 31, 2013		
Bank overdrafts	Standard	₩ 10,000	₩ 30,000		
	Chartered bank				
Intra-day-credit	Woori bank and	330,000	345,000		
	others				
Discounting notes (KSFC) (*)	KSFC	200,000	200,000		
Discounting notes (subscription)	KSFC	Subscription	Subscription		
		deposits	deposits		
Borrowing from KSFC (KSFC)	KSFC	700,000	700,000		
Borrowing for support to guarantee finance (KSFC)	KSFC	1,000,000	1,000,000		
Borrowing for operating fund (KSFC)	KSFC	500,000	500,000		
Borrowing for operating fund (Customers)	KSFC	Customer's	Customer's		
		deposits	deposits		
Call money half a day	KSFC	150,000			

<sup>(\*) ₩100,000</sup> million discounting notes of commitments were executed.

### (2) The Group had filed lawsuits. The details of the number of lawsuits and the aggregated amounts of litigations are as follows (Unit: Korean Won in millions):

		December 31, 2013				
	Content	Number of cases	Amount			
As defendant	Outstanding lawsuits	38 cases	₩ 34,457			
As plaintiff	Outstanding lawsuits	9 cases	₩ 72,904			
		March 31, 2013				
	Content	Number of cases	Amount			
As defendant	Outstanding lawsuits	43 cases	₩ 56,008			

As of December 31, 2013, major lawsuits which the Group is facing are related to incomplete sales litigation of LIG construction CP (# 25,126 million) and Woori Power Income Fund (# 1,247 million). Furthermore, a suit for cancellation of right to collateral security related loan and receivables (# 55,100 million), where the Group is a defendant, is in progress. The final outcome and effect of the litigation cannot be estimated as of December 31, 2013.

9 cases ₩

Outstanding lawsuits

### (3) Details of corporate bonds that are under court receivership are as follows (Unit: Korean Won in millions):

		Amount
Companies under receivership and commencement of composition	₩	3,177
Companies subject to corporate restructuring	₩	18,217
Companies subject to bankruptcy	₩	95,617

The Group has accounted for \( \pm\_36,846 \) million of provisions by assessing the current value in order to recover the debts above. However, the recoverable amount for the bonds could be different from the estimation of the Group since it is under court receivership. Possible results from these uncertainties have not been reflected on the financial statements.

### $\textbf{(4)} \ \ \textbf{Details of contingent liabilities regarding guarantees are as follows (Unit: Korean Won in millions):}$

Counter party		December 31, 2013			March 31, 2013		
Note purchase agreement	Alpenrose LLC. and other	₩	305,500	₩	338,300		

#### (5) Details of loan commitments are as follows (Unit: Korean Won in millions):

Counter party		Decen	March 31, 2013	
Loan commitments	Modi 1 <sup>st</sup> SPC, Inc.	₩	5,063 ₩	-

### 48. RELATED PARTY TRANSACTIONS

#### (1) The related parties of the Group as of December 31, 2013 are as follows:

	Related parties
Government	Korea Deposit Insurance Corporation
related entity	
Parent company	Woori Finance Holdings Co., Ltd
Subsidiaries of the parent company	Woori Bank, Woori Credit and Information, Woori America Bank, Woori Global Markets Asia LTD, Woori Bank China, Woori Bank Russia, Woori Bank Indonesia, Woori Bank Brazil, Woori Bank Preservation Trust of principal, Korea BTL Infrastructure Fund, Woori Fund Service, Kwangju Bank, Kwangju Bank Preservation Trust of principal, Kyongnam Bank, Kyongnam Bank Preservation Trust of principal, Woori F&I, Woori AMC, Woori private equity, Woori Private Equity Fund, Woori Investment Bank, Sahn Eagles LLC, Two Eagles LLC, TY Second Asset Securitization Specialty, Woori Financial, Woori Asset Management, Woori FIS, Woori FG Saving Bank, Woori F&I Seventh Asset Securitization Specialty and 61 SPC, Woori Heritage Short-Term 1st and other 56 beneficiary certificates
Associates of the parent company	Woori Aviva Life Insurance Co., Ltd., Woori Renaissance Holdings, Woori Blankstone Korea Opportunity Private Equity Fund [., Korea Credit Bureau Co., Ltd., Woori Service Networks Co., Ltd., Korea Finance Security Co., Ltd., Kumho Tires Co., Ltd., Phoenix Digital Tech Co., Ltd., Chungdo Woori Century Securities Corp., United PF 1st Corporate Financial Stability, Chinhung International, Inc., Poolim Co., Ltd., Keojin Item Co., Ltd., Hana Construction Co., Ltd., Samho International Co., Ltd., Force Tec Co., Ltd., STX Engine Co., Ltd., Woori Columbus 1st Private Equity Fund, DKT Co., Ltd., Woori EA 16th Asset Securitization Specialty and 22 SPCs
Subsidiaries	Woori Futures Co., Ltd., Woori Investment Asia Pte, Ltd., Woori Absolute Global Opportunity Fund, LG Investment Holdings B.V., Woori Securities (H.K.) Ltd., Woori Securities Int'l Ltd., Woori Securities America, Inc., Woori CBV Securities Corporation, MARS 2nd Private Equity Fund, Woori Giant First Co., Ltd., Woori Absolute Partners Pte, Ltd., Woori Korindo Securities Indonesia, Woori Absolute Return Investment Strategies Fund, KoFC Woori Growth Champ Private Equity Fund, Woori Investment advisory Co., td. KAMCO Value Recreation 9th Securitization Specialty Co., Ltd., G3 Pro Short-Term and other beneficiary interest, Alpenrose 2nd SPC, Inc., IBS 11th SPC, Inc
Associates	Seoul Lakeside CC Inc., Woori New Alpha Fund

AS OF AND FOR THE NINE MONTHS ENDED DECEMBER 31, 2013 AND THE YEAR ENDED MARCH 31, 2013

### (2) Transactions occurred with related parties are as follows (Unit: Korean Won in millions):

	Related parties	Accounts	Nine months ended December 31, 2013	Year ended March 31, 2013
Revenue				
Government	Korea Deposit Insurance	Interest income	₩ 898	₩ 2,280
related entity	Corporation	Other operating revenue	-	2,580
Parent	Woori Finance Holdings	Interest income	-	9
Subsidiaries of	Woori Bank	Interest income	10,847	33,138
the parent		Commission	539	1,602
company		Other operating revenue	12,337	15,509
	Woori Bank China	Interest income	22	9
	Kyungnam Bank	Interest income	7,917	9,295
		Commission	15	46
		Other operating revenue	-	155
	Kwangju Bank	Interest income	3,999	5,660
	Woori FIS	Other operating revenue	91	137
	Woori Financial	Interest income	106	100
	Woori Investment Bank	Commission	26	5
Associates of	Woori Aviva Life Insurance Co., Ltd.	Other operating revenue	65	86
the parent company	Woori Blackstone Korea Opportunity Private Equity Fund I	Dividend income	2,375	-
	DKT Co., Ltd	Interest income	1,077	1,075
Total			₩ 40,314	₩ 71,686

Related parties		d parties Accounts		e months December 1, 2013	Year ended March 31, 2013	
Expenses						
Government related entity	Korea Deposit Insurance Corporation	Other operating expenses	₩	2,514	₩	408
Parent	Woori Finance Holdings	Commission		6,644		7,696
		Other operating expenses		122		7,602
Subsidiaries of	Woori Bank	Other operating expenses		7,380		2,389
the parent	Woori Credit and Information	Other operating expenses		1		-
company	Kyungnam Bank	Interest expense		-		21
	Woori FIS	Other operating expenses		8,963		15,055
	Woori Financial	Interest expense		59		184
	Woori Card	Commission		38		-
Associates of the parent company	Woori Aviva Life Insurance Co., Ltd	Other operating expenses		65		86
Total			₩	25,786	₩	33,441

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

	Related parties	Accounts	December 31, 2013	March 31, 2013
Assets				
Government	Korea Deposit Insurance	Accrued interest income	₩ 443	₩ 1,050
related entity	Corporation	Financial assets at FVTPL	88,292	250,719
		AFS financial assets	214,339	305,055
Parent	Woori Finance Holdings	Other assets	-	
Subsidiaries of the parent company	Woori Bank Preservation Trust of principal	Other assets	49	-
company	Woori Bank	Deposits	328,207	574,856
		Accrued interest income	2,158	8,179
		Derivative assets	127,331	150,343
		Other assets	18,383	18,332
	Woori America Bank	Deposits	524	1
Woori Bank China		Deposits	1,190	1,538
		Accrued interest income	10	-
	Kyungnam Bank	Deposits	347,967	392,137
		Accrued interest income	2,583	7,455
		Other assets	915	3,307
	Kwangju Bank	Deposits	189,957	170,599
		Accrued interest income	2,391	2,071
		Other assets	2,177	3,718
	Woori FIS	Other assets	-	22
	Woori Financial	Accrued interest income	3	29
		Otherassets	1,709	4,776
	Woori Card	Otherassets	62	-
Total	-		₩ 1,328,804	₩ 1,894,187

Related parties		Accounts		December 31, 2013		March 31, 2013	
Liabilities							
Government related entity	Korea Deposit Insurance Corporation	Other liabilities	₩	1,088	₩	504	
Parent	Woori Finance Holdings	Other liabilities		2		-	
Subsidiaries of	Woori Bank	Accounts payables		-		1,624	
the parent company		Other liabilities		-		6,672	
company	Kyungnam Bank	Other liabilities		1,169		3,249	
	Woori FIS	Deposits received		306		195	
		Other liabilities		231		205	
	Woori Financial	Deposits received		15,367		5,688	
		Accounts payables		1		-	
	Woori Card	Accounts payables		1,242		-	
Associates of the parent company	Woori Aviva Life Insurance Co., Ltd	Other liabilities		234		234	
Total			₩	19,640	₩	18,371	

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

	Nine months ended December 31, 2013			Year ended March 31, 2013		
Short-term salaries	₩	5,874	₩	11,668		
Severance benefits	₩	2,372	₩	1,099		

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### **49. TRUST ACCOUNTS**

### (1) Financial information of trust accounts as of December 31, 2013 that are not audited or reviewed are categorized and listed as follows (Unit: Korean Won in millions):

	Special money in trust		Retirement pension trust		Pension trust		Property in trusts		Total	
Cash and due from banks	₩	834,852	₩	146,191	₩	-	₩	35,556	₩	1,016,599
Securities		8,962,394		440,595		29,931		2,708,268		12,141,188
Bonds purchased under resale agreements		1,036,500		-		-		-		1,036,500
Money receivables		-		-		-		1,680,935		1,680,935
Personal and real property		-		-		-		290,916		290,916
Other assets		349,301		6,506		1,405		65,093		422,305
Total assets	₩	11,183,047	₩	593,292	₩	31,336	₩	4,780,768	₩	16,588,443
Monetary trusts	₩	10,361,526	₩	548,235	₩	26,725	₩	1,194	₩	10,937,680
Property in trusts		-		-		-		3,408,944		3,408,944
Other liabilities		821,521		45,057		4,345		1,370,630		2,241,553
Special reserve		-		-		266		-		266
Total liabilities	₩	11,183,047	₩	593,292	₩	31,336	₩	4,780,768	₩	16,588,443

#### (2) Gain and loss related to receivables on trust account related services are as follows (Unit: Korean Won in millions):

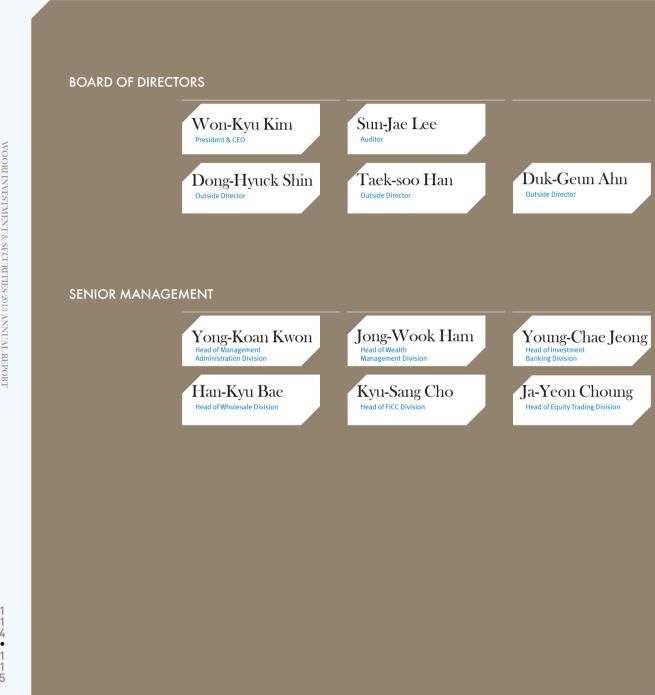
		months mber 31, 2013	Year ended March 31, 2013		
Revenue on trust business:					
Trust revenue	₩	7,384 ₩	₩ 9,344		
Operating and management fees		1,167	1,354		
Fee and commission revenue		435	621		
Total	₩	8,986 ₩	<del>V</del> 11,319		
Receivables on trust business:					
Trust accrued revenue	₩	5,006 ₩	₩ 4,862		

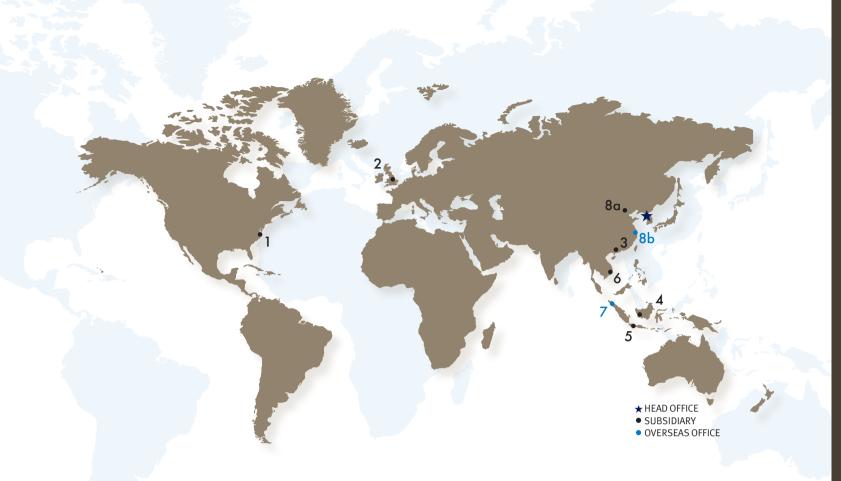
### (3) Trust accounts that have principal preservation agreement or promised yield agreement with the Group are listed as follows (Unit: Korean Won in millions):

Book value (*)			Fair value		
Trust accounts with principal guaranteed agreements	₩	26,725	₩	30,611	

<sup>(\*)</sup> Book value refers to the amount of original payments.

# Top Management





## Global Network

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