

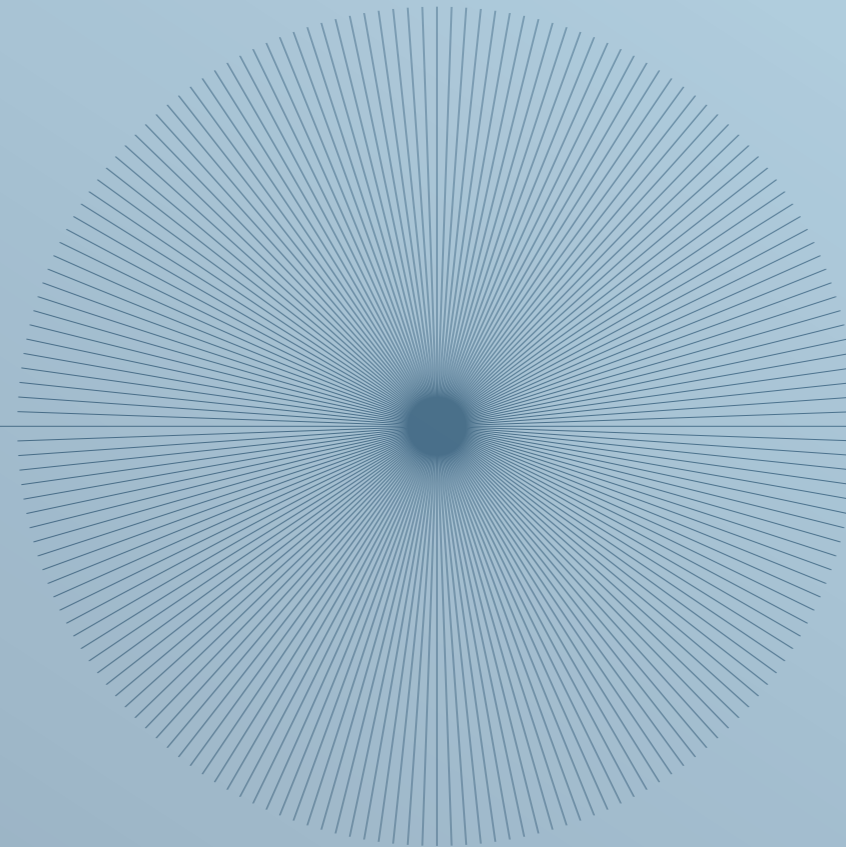
# CREATING NEW HORIZONS

**KSFC Annual Report 2012**



**Korea Securities Finance Corp.**

# SEIZING OPPORTUNITIES AND CREATING VALUE TO ENSURE A BRIGHTER FUTURE OVER THE NEXT DECADE



Since its establishment in 1955, Korea Securities Finance Corporation (KSFC) has been contributing to the growth and advancement of the Korean capital market by providing a variety of financial services ranging from securities financing for the stock market to deposits and loans for investors and ESOP supports. Building upon our strengths and experience accumulated from years of doing various businesses, we are proactively responding to the ever-changing financial environment and preparing for another take-off fueled by change and innovation, diversification, and professionalism. KSFC will continue to expand its horizon of financial services to meet emerging customer needs and create added value for the capital market and investors by drawing on the combined resources and expertise of all our businesses.

## Contents

**10** — Message from the CEO

**14** — Financial Highlights

### Company Introduction

**18** — Company Profile

**21** — Vision, Mission and Value

**22** — Function and Role

**23** — Scope of Business and Services

### Review of Operations

**26** — Summary

**28** — Raising Funds

**34** — Operating Funds

**40** — ESOP Support Services

**42** — Safekeeping and Management of Investors' Deposits

**44** — Safekeeping and Management of Collective Investment Assets

**46** — SBL Intermediary Services

**48** — Social Contribution

### Financial Review

**53** — Consolidated statements of financial position

**54** — Consolidated statements of comprehensive income

**56** — Separated statements of financial position

**57** — Separated statements of comprehensive income

**59** — Consolidated statements of changes in equity

**60** — Consolidated statements of cash flows

### Other Information

**62** — Milestones

**64** — Board of Directors

**65** — Organization

**66** — Business Network

# ADVANCE

## **COPING WITH A RAPIDLY CHANGING MARKET ENVIRONMENT AND PURSUING QUALITATIVE GROWTH**

KSFC devoted itself to the development of the domestic capital market by enhancing customer satisfaction and improving its financial service operations. Now, we are focusing on playing a pivotal role for the advancement of the capital market and creation of new values for investors. Based on a challenging spirit and innovation, we will do our utmost to emerge as an unrivaled integrated securities and financial service provider that the market and investors need.



# INNOVATION

## **BECOMING A RELIABLE FINANCIAL SERVICE PARTNER**

KSFC strives to be the best partner for the capital market and investors by offering differentiated financial products and services such as investors' deposits management, ESOP support, and loans and deposits for individual and institutional clients. And it is another one of our commitments to deliver more value to them. We will continuously strive to win the confidence of customers and partners through strict risk control, prudent asset management, and an optimized sales portfolio.



# RESPONSIBILITY

## **PURSUING SHARED GROWTH WITH THE COMMUNITY**

Financial service providers are required to be more socially responsible today. KSFC is recognized for the high level of trust it receives from the capital market and its customers by being committed to complying with corporate ethics and practicing transparent management. In addition, we, as a corporate citizen, have always been proactive in giving back corporate profits to society and carrying out voluntary activities for the community in order to fulfill our social responsibility and role. In the future, our social contribution activities will be conducted more systematically and consistently through the establishment of a public foundation.





# MESSAGE FROM THE CEO

## Dear Respected Shareholders and Honored Customers of KSFC,

I would like to show my deepest gratitude towards your constant support and encouragement to Korea Securities Finance Corporation.

In 2012, the global economy recorded a low growth rate against the expectation at the beginning of the year due to advanced and emerging countries' extended economic slump. Repeatedly intensified financial crises of the euro zone and the fiscal cliff of the U.S. brought uncertainty to the global economy. The euro zone showed negative growth, even with the European Central Bank's (ECB) new Outright Monetary Transactions program. The U.S. economy seemed to give an indication of stability in the financial market and improvement in the housing and job markets, but it is too soon to conclude that it is showing recovery.

Domestically, market and deposit interest rates dropped dramatically and the spread between short and long-term interest rates was reduced because the Bank of Korea lowered the base interest rate twice. The GDP growth rate in 2012 was a mere 2.0% year-on-year, which shows that the Korean economy is entering into the low growth and low interest era.

But even in these unfriendly business environments, our company recorded KRW 51.6 trillion, an increase of 3.5% year-on-year, in total assets and KRW 137.8 billion, an increase of 3.4%, in net income in fiscal year 2012.

To review fiscal year 2012 by business sector, loans to securities companies and individual customers decreased by 15.9% and 21.5% year-on-year to KRW 4.0 trillion and KRW 2.0 trillion, respectively, mainly due to the slump of the stock market and the abundance of market liquidity.

Deposits soared 16.9% over the previous year to KRW 23.6 trillion by attracting stock market-related funds and securities companies' surplus funds.

As for the asset management business, we generated stable profit through asset distribution and bonds investment focused on risk management, considering the expansion of internal and external uncertainties.

Meanwhile, the total balance of trust deposits exceeded KRW 60 trillion, and the borrowing and lending intermediary business showed continued growth. Furthermore, we have increased our commission business by launching the bonds management business.

Overall, I believe last year has been a meaningful year of creating stable profit. Despite last year's unfriendly business environment, we have improved our results by managing our portfolio efficiently. Also, as a market maker, we have aggressively fulfilled our role to efficiently intermediate and expand the REPO market. Additionally, to diversify the basis of profits, we continuously expanded our custody business.

In the rapidly changing financial market, we will do our duty to provide funds and securities to the market and securities companies for the development of the capital market. We ask you, our shareholders and customers, for your interest in and encouragement to our effort to become a reliable company in the market.

Next, I will inform you about the environment and our management objectives for fiscal year 2013.

### Fellow Shareholders,

This year, the domestic economy is expected to rebound in the second half of the year, backed by the aggressive execution of an economic stimulus package and other plans by the new government, but the growth rate is expected to stay low because of the possibility of a slowdown in export growth, affected by depreciation of the Japanese yen and the continued recession of the domestic real estate market. The global financial market also seems to meet a lot of changes. Because abundant liquidity created by quantitative easing of central banks of the U.S., the euro zone and Japan may cause changes and movements in safe asset preference, earnest discussions regarding an exit strategy will start in the near future.

To prepare for the changes, all of our employees are committed to actively implementing the following core tasks under the management goal of "expanding our role in the capital market and promoting internal management stability".

#### First, we will promote the stability of management by reinforcing internal management.

Compared to last year, in the global market, uncertainties created by the financial crisis in Europe has decreased and the U.S. and Chinese economies are recovering gradually, but it is too early to conclude that the global economy has made a turn-around. Domestic market conditions are also not good because of the economic problems, such as household debt, the recession in the real estate market, polarization, and youth unemployment, which have been building up.

Therefore, our company is planning to stabilize management by reinforcing asset quality and risk management. Additionally, we will continue to upgrade our products and organizational culture for the vitalization of our businesses and to promote open communication for the enhancement of our corporate capabilities.

#### Second, we will endeavor to achieve growth together with the market by achieving shared growth with securities companies.

Since its establishment in 1955, KSFC has been contributing to the development and advancement of the capital market by cooperating and communicating with securities companies, relevant agencies and governmental authorities. Recently, the coexistence with securities companies, which are our important partners, has been strongly emphasized because they are facing a very tough management environment.

To this end, KSFC will make its utmost efforts not only to expand financial support to securities companies by diversifying its products and services but also to strengthen the securities finance support system.

#### Third, we will concentrate on securing mid to long-term growth engines.

In the rapidly changing financial market environment, KSFC will prepare a foundation for mid to long-term growth based on its accumulated expertise in order to enhance the fundamental value of going concern.

To do so, our focus will be on reinforcing competitiveness of existing businesses and seeking ways to contribute to the development of the capital market infrastructure. Global cooperation will also be expanded through more international exchanges.

### Dearest Shareholders,

We at KSFC promise to operate for our customers and shareholders by achieving our management goal stated above. I ask for your continued interest and support so that our commitment and effort can lead to solid results.

Thank you.



President & CEO **Jae-Seek Park**

# FINANCIAL HIGHLIGHTS

## KSFC Account

### Financial Position

[Separate statements, KRW in millions, USD in thousands]

	FY2011		FY2012	
	KRW	USD	KRW	USD
As of March 31				
Total Assets	29,366,886	26,782,386	31,500,690	28,353,455
Total Liabilities	28,088,702	25,616,691	30,089,955	27,083,667
Shareholders' Equity	1,278,184	1,165,694	1,410,735	1,269,788
(Common Stock)	340,000	310,078	340,000	306,031

### Income Statements

[Separate statements, KRW in millions, USD in thousands]

	FY2011		FY2012	
	KRW	USD	KRW	USD
Years ended March 31				
Total Revenues	1,430,968	1,305,031	1,370,280	1,233,376
Total Expenses	1,249,846	1,139,850	1,188,142	1,069,437
Income before Income Taxes	177,435	161,819	178,359	160,538
Net Income	133,262	121,533	137,791	124,023

## Trust Account

### Financial Position

[KRW in millions, USD in thousands]

	FY2011		FY2012	
	KRW	USD	KRW	USD
As of March 31				
Total Assets	20,496,585	18,692,736	20,106,797	18,097,927
Trust Deposits	20,339,810	18,549,758	19,976,844	17,980,958
Other Liabilities	156,775	142,978	129,953	116,969

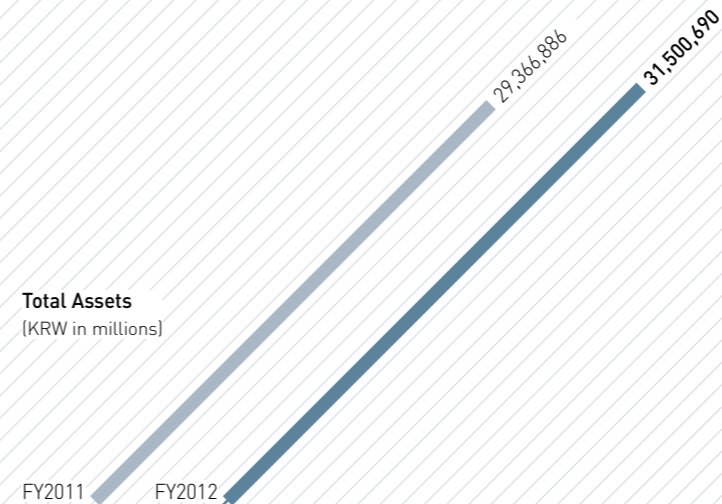
### Income Statements

[KRW in millions, USD in thousands]

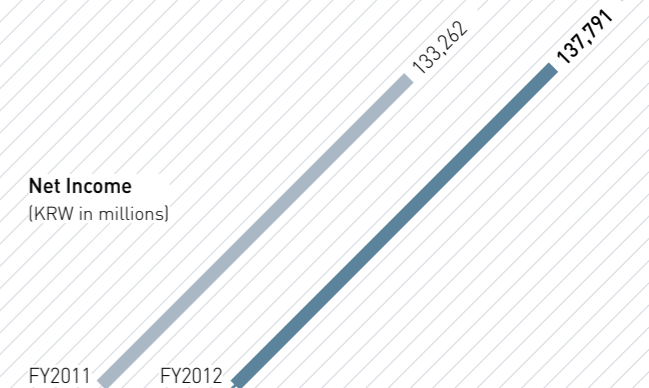
	FY2011		FY2012	
	KRW	USD	KRW	USD
Years ended March 31				
Interest Income	574,838	524,248	510,116	459,150
Gain on Trading and Valuation of Securities	176,007	160,517	166,030	149,442
Total Expenses	751,579	685,435	677,364	609,689

KRW amounts were converted to USD based on prevailing exchange rates of KRW 1,096.5/USD and KRW 1,111.00/USD on March 31, 2011 and March 29, 2013, respectively.

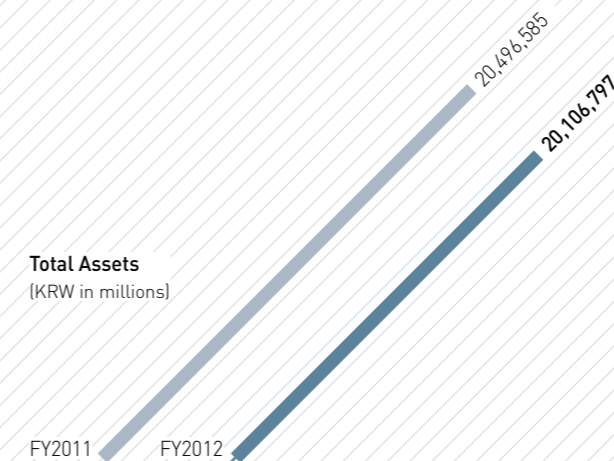
### Total Assets (KRW in millions)



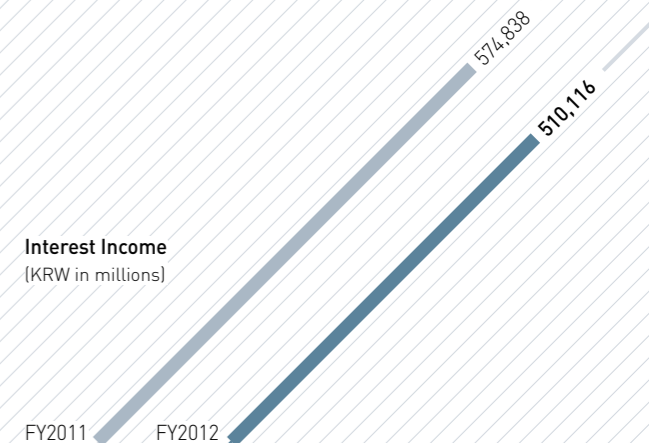
### Net Income (KRW in millions)



### Total Assets (KRW in millions)



### Interest Income (KRW in millions)





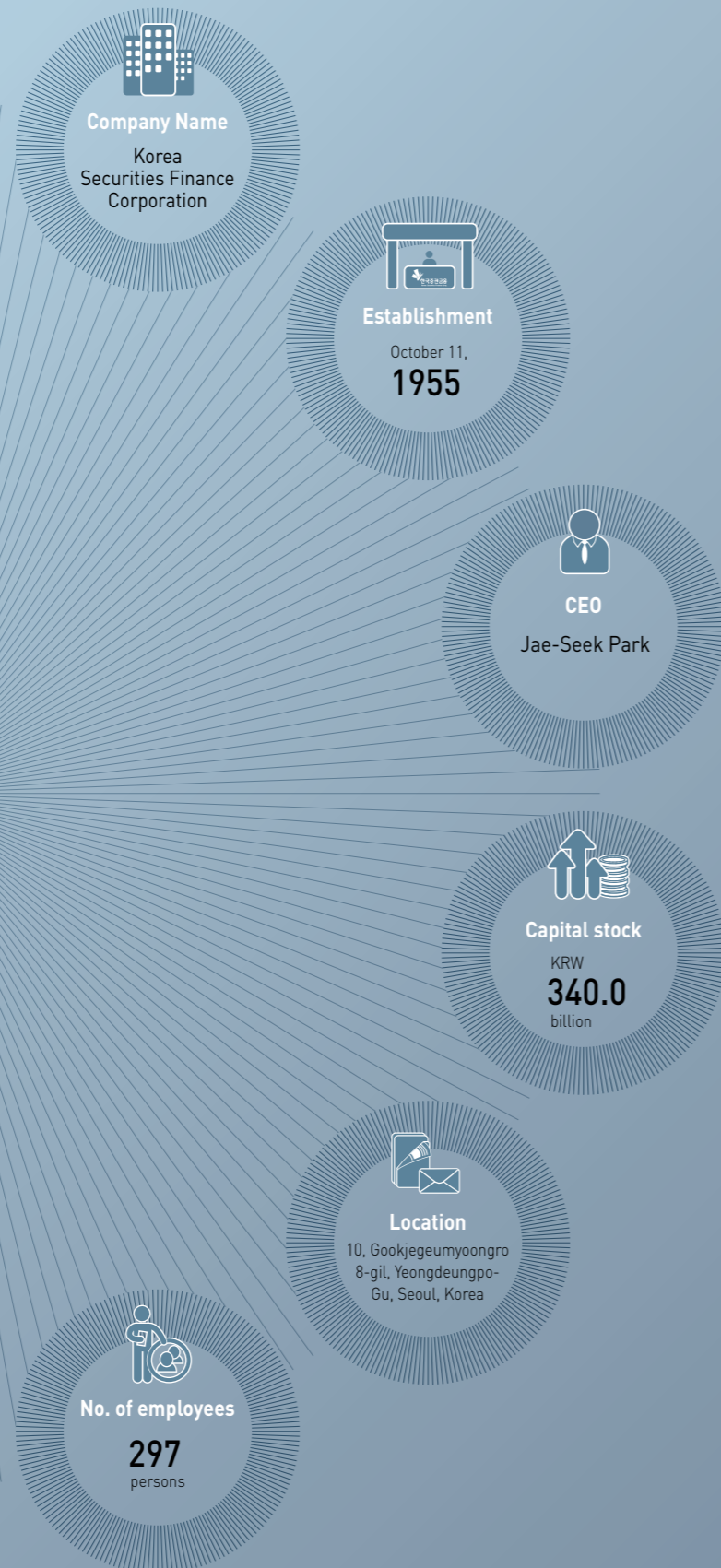
# COMPANY INTRODUCTION

CONDUCTING RESPONSIBLE  
AND VALUE-DRIVEN  
MANAGEMENT FOR A  
BETTER FUTURE

In a challenging and rapidly changing business environment, KSFC continues to focus on securing financial soundness, thoroughly managing risks, and building an innovative organizational culture in order to ensure the stability in management and trust from the financial market. Also, we promote enhancing our intrinsic function and role for the development of the domestic capital market and protection of investors' assets through expanding financial support for securities firms and developing diverse financial services.

We strongly believe that KSFC is well positioned to create value for customers and shape a better future.

# COMPANY PROFILE



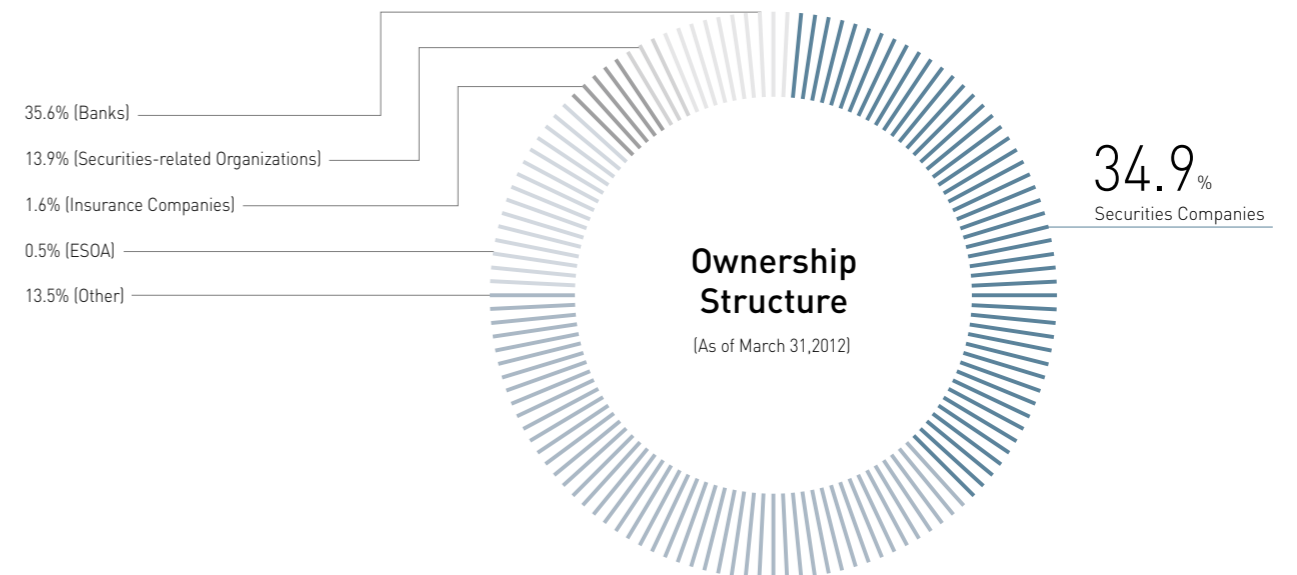
## Playing a Key Role for the Development of the Domestic Capital Market

Korea Securities Finance Corporation (KSFC) was established in October 1955 in order to contribute to the development of the Korean capital market.

As Korea's only institution designated to handle securities financing, KSFC has focused on supplying funds and securities to the market and securities firms, protecting investors through disciplined management of investors' deposits, helping the establishment and development of employee stock ownership plans (ESOPs), and providing general financing services such as securities-based loans and subscriptions to IPOs or forfeited shares.

Moreover, our business portfolio has been expanded to SBL intermediary, RP intermediary, corporate bond management, and IDB business, contributing to the creation of a solid foundation for the growth of the domestic stock market.

Our general aim is to evolve into the best integrated securities and finance services institution. To realize this, we will continue to improve our services and products for customers, increase our operational efficiency, strengthen our professionalism, and proactively respond to the everchanging financial environment.



### Maintaining High-Level Credit Ratings

Financial soundness is KSFC's top priority in its management. Based on the annual average balance, we are operating funds of more than KRW 50 trillion by utilizing advanced management techniques and securing stable bases for income generation. Since 2006, KSFC bonds received the highest credit ratings, AAA with a stable outlook, by Korea Investors Service, Korea Ratings Corporation and NICE Investors Service.



### Reinforcing Ethical Management

Based on clear ethical awareness, KSFC is doing its best to become a respected corporation that accepts its social responsibility and practices transparent management. Under the "KSFC's Code of Ethics," economic, legal, and ethical responsibilities are specified as the basic duties, and transparency, rationality, and legitimacy are criteria for the ethical decision-making to be executed. KSFC is also well aware that social contribution is integral to ensuring consistent credibility from our customers and mutual prosperity of both the corporation and society. We are proactive in conducting social contribution activities centered around the "One Heart" volunteer group under the slogan of "Greater Happiness through Love Sharing."

#### Ethical Management Committee

KSFC operates a committee that superintends ethical management and makes ethical decisions in order to strengthen the recognition on ethics and encourage employees to practice ethical management.

A detailed code of business conduct to achieve ethical management is set up and practiced by employees in an effort to establish a sound corporate culture.

#### Setting up the Code of Conduct



#### Self-Assessment of Adherence to Ethics/Compliance

Checklists regarding ethical conduct and key regulations are made for employees and senior officers for the purpose of regular self-assessment in order to promote ethical behavior and compliance.

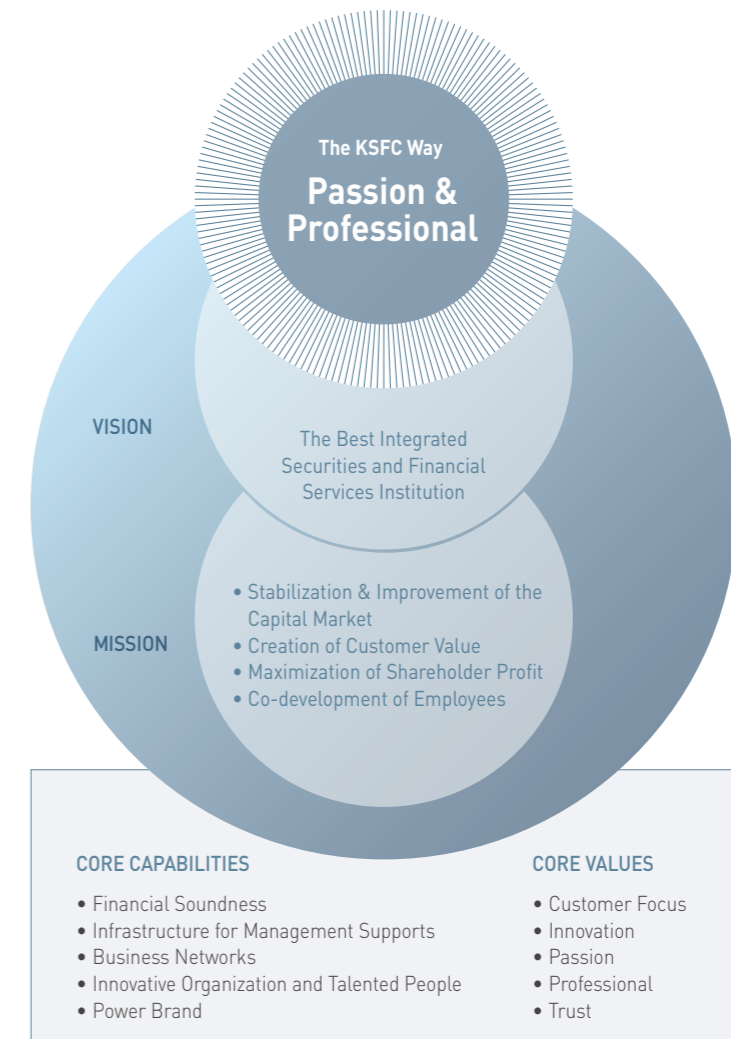
A various ethics/compliance education sessions are conducted to enhance ethical behavior and practice, which contributes to upgrading corporate competitiveness.

#### Frequent Ethics/Compliance Education

# VISION, MISSION, AND VALUE

### Vision 2015

Our vision is to evolve into the leading provider of integrated securities and financial services in the Korean capital market.



# FUNCTIONS AND ROLES

## Providing Securities-Based Market Liquidity

KSFC increases market liquidity by providing funds and securities to financial investment companies, institutions related to financial investments, and collective investment firms. It also encourages the use of securities by investors and contributes to the expansion of the securities market by providing various securities-based financing services to individuals and corporations.

## Acting as a Financial Safety Net for the Capital Market

KSFC keeps investors' deposits separately from the proprietary accounts of the financial investment companies and contributes to the stability of the capital market.

## Managing Funds Related to the Securities Market

KSFC manages idle funds, subscription guarantee money, and CMA funds from financial investment companies, as well as subscription deposits for forfeited shares and corporate idle funds. In addition, it manages national treasury funds and public capital management funds to promote the efficiency of the short-term capital market and stimulate the bond market. Through these activities, KSFC offers investors safe and profitable vehicles to manage funds while helping financial investment companies manage short-term liquidity.

## Building the Capital Market's Infrastructure

KSFC brokers securities borrowing and lending (SBL) among institutional investors, promoting the use of SBL and ensuring compliance to settlement terms, as well as enhancing the utility of securities. It also helps investment companies and investment trusts (funds) manage their assets, offering comprehensive asset management services that safeguard investors.

## Supporting ESOPs

An employee stock ownership plan (ESOP) is an employee benefit system that promotes workers' welfare by encouraging them to purchase and hold stocks from their respective companies. As an entity designated for ESOP management, KSFC provides services for depositing, safekeeping, managing, and financing ESOP shares, as well as consulting and education for the creation and management of employee stock ownership associations (ESOAs).



# SCOPE OF BUSINESS AND SERVICES

KSFC engages in securities financing services in accordance with the Financial Investment Services and Capital Markets Act and additional services licensed by, approved by or registered with the Financial Services Commission. These services mainly include lending of funds or securities for trade in the securities and derivatives markets through the Korea Exchange, loans secured by securities, trust services, custody and management of collective investment assets, etc.

Type of Services	For Financial Investment Firms and Capital Market	For Private Investors and Corporations
Loans	<ul style="list-style-type: none"> <li>• Securities Underwriting Loans</li> <li>• Margin Financing Loans</li> <li>• Stock Purchasing Loans</li> <li>• Working Capital Loans</li> <li>• Bond Dealer Loans</li> <li>• Loans to Refinance Securities-Secured Loans</li> <li>• Short-Term Note Trading at a Discount</li> <li>• Bond Purchase under Reverse RPs</li> <li>• REPO Financing Loans</li> </ul>	<ul style="list-style-type: none"> <li>• Securities-Secured Loans</li> <li>• Short-Term Note Trading at a Discount</li> <li>• Loans Secured by Deposits</li> </ul>
Deposits	<ul style="list-style-type: none"> <li>• Subscription Guarantee Money Deposits</li> <li>• Deposits from Financial Investment Organizations</li> <li>• Securities Market Stabilization Funds Deposits</li> <li>• Sales of Notes Issued</li> <li>• National and Public Funds Deposits</li> <li>• SPAC Deposits</li> </ul>	<ul style="list-style-type: none"> <li>• Securities Subscription Deposits</li> <li>• Corporate Deposits</li> <li>• Sales of Notes Issued</li> <li>• Bond Sales under RPs</li> <li>• Small Offering Deposits</li> </ul>
Management of Investors' Deposits	<ul style="list-style-type: none"> <li>• Investors' Deposits in Deposit Accounts</li> <li>• Investors' Deposits in Trust Accounts</li> </ul>	
Trustee and Custody	<ul style="list-style-type: none"> <li>• Trustee and Custody Services</li> <li>• Management of Entrusted Assets</li> <li>• Management of General Administrative Businesses</li> <li>• Corporate Bond Management</li> </ul>	
ESOP Support	<ul style="list-style-type: none"> <li>• ESOP Stock Management</li> <li>• ESOP Stock-Secured Loans</li> <li>• ESOP Support Services</li> </ul>	<ul style="list-style-type: none"> <li>• ESOP Support Services</li> <li>• ESOP Stock-Secured Loans</li> </ul>
SBL Brokerage	<ul style="list-style-type: none"> <li>• Securities Borrowing &amp; Lending (SBL) Brokerage</li> <li>• RP Intermediary</li> </ul>	<ul style="list-style-type: none"> <li>• Securities Borrowing &amp; Lending (SBL) Brokerage</li> </ul>

# REVIEW OF OPERATIONS

MOVING FORWARD  
WHILE FOCUSING ON  
WHAT WE DO BEST

We are committed to providing customers and the domestic capital market with funds and diverse financial services while generating sustainable returns for the future. During FY2012, we achieved substantial improvement in our financial performance and financial condition by focusing on meeting the needs of customers and the market, improving operational efficiency, launching the corporate bond management business, and strengthening risk management capabilities. KSFC will continue to create value and stable returns for customers by delivering valuable products and services.



- 26 — Summary
- 28 — Raising Funds
- 34 — Operating Funds
- 40 — ESOP Support Services
- 42 — Safekeeping and Management of Investors' Deposits
- 44 — Safekeeping and Management of Collective Investment Assets
- 46 — SBL Intermediary Services
- 48 — Social Contribution

# SUMMARY

## Financial Position

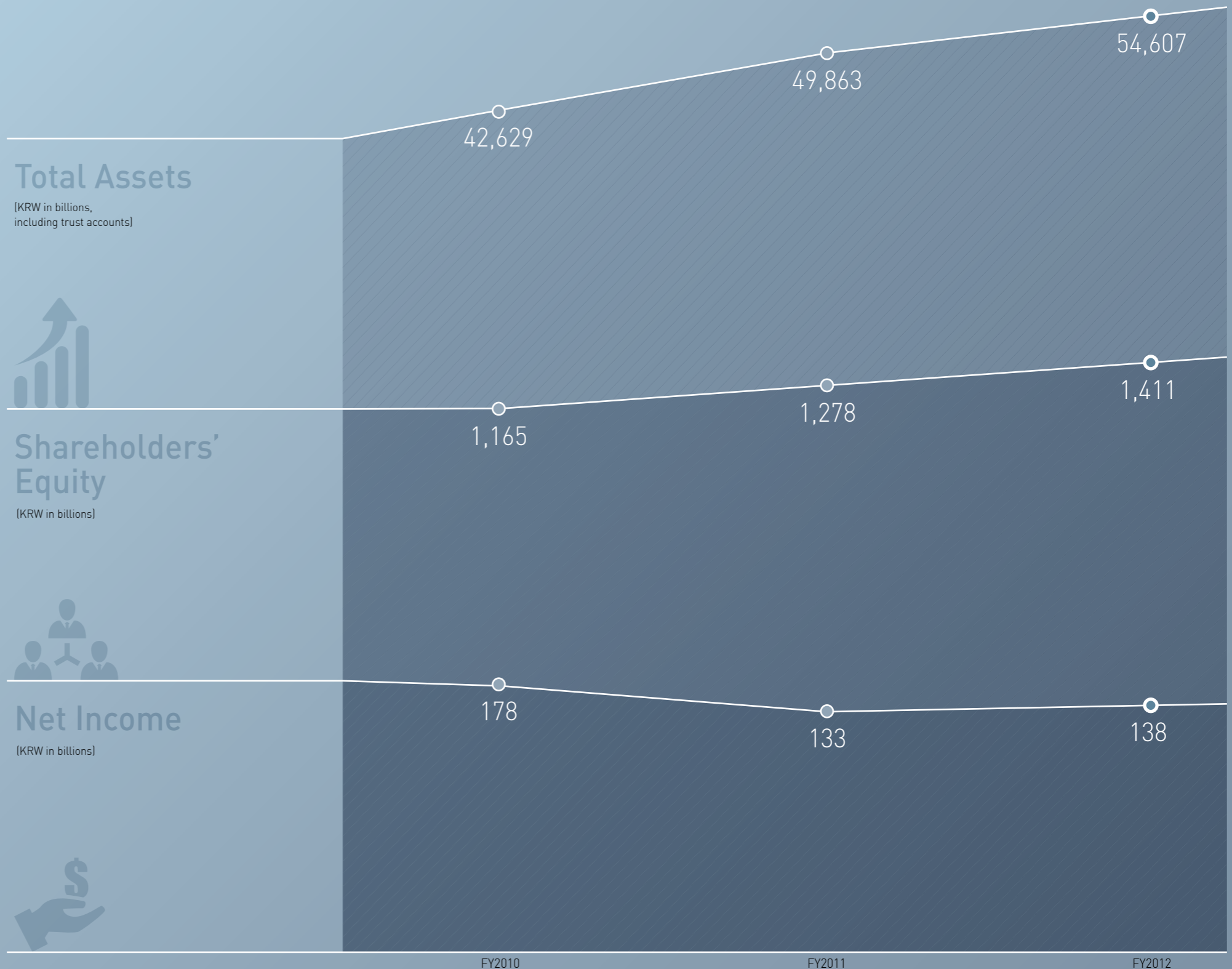
- The average balance of total KSFC assets increased by 2.8% year-on-year to KRW 34.97 trillion in FY2012. The balance of securities rose by 20.2% year-on-year to KRW 11.97 trillion, while cash and due from banks and securities loans decreased by 1.3% and 8.5% to KRW 13.33 trillion and KRW 9.58 trillion, respectively. Total liabilities recorded KRW 33.75 trillion in FY2012, an increase of 2.4% over the previous year, of which deposits increased 1.3% to KRW 26.30 trillion and borrowings and bonds payable decreased 6.5% to KRW 5.46 trillion. Capital stock was KRW 340.0 billion and total shareholders' equity stood at KRW 1.21 trillion, up 9.3%, over the previous year.

## Operating Performance

- Operating revenues decreased by 3.8% year-on-year to KRW 1.37 trillion in FY2012. Gain on valuation and disposal of securities was KRW 200.6 billion, up 16.1% over the previous year, and commission income was KRW 74.8 billion, up 13.7%. Fees and commission income from trust accounts and dividend income also increased by 7.0% and 27.7% year-on-year to KRW 20.1 billion and KRW 36.7 billion, respectively. Meanwhile, interest income and gain from derivatives valuation and transactions decreased by 9.4% and 0.7% to KRW 1.03 trillion and KRW 4.7 billion, respectively.
- Operating expense was KRW 1.19 trillion, down by 4.9% year-on-year in FY2012, of which interest expense and loss on valuation and disposal of securities decreased by 5.3% and 74.8% to KRW 1.03 trillion and KRW 8.4 trillion, respectively. More details are as follows: KRW 5.5 billion in loss from derivatives valuation and transactions, up 12.3%, KRW 3.5 billion in loss from credit risk of securities loans, up 120.0%, KRW 62.0 billion in commission expenses, up 17.4%, and KRW 74.8 billion in administrative expenses, up 13.5%.
- Operating income recorded KRW 182.1 billion, an increase of 0.6% over the previous year. Net income also increased by 3.4% to KRW 137.8 billion in FY2012.

## Assessment

- Loans to financial investment firms and individual customers decreased by 16.0% and 21.5%, respectively, over the previous year due to the sluggish domestic stock market. Generally, the business environment has been unfavorable for operating funds due to increased volatility in the financial market, decreased trading value, extended low interest rate, and narrowed spread between short and long-term yield spread.
- Despite unfavorable global financial market conditions, we were able to create profits stably by attracting stock market-related deposits and focusing on asset management and investment in bonds for efficient risk control.
- Our operating volume including trust accounts and commission-based assets increased by 14.7%, or KRW 17.9 trillion, over the previous year to KRW 139.6 trillion in FY2012 based on the annual average balance. Net income also marked a 3.4% increase.
- KSFC has proactively played a role as a market maker for the activation of the RP market and strived to expand its custody business.



# RAISING FUNDS

Operating funds are raised through diverse forms of deposits, bond sales under RPs, borrowings from financial institutions, bond issues, and capital stock.



The average balance of funds raised in FY2012 increased 2.8% year-on-year to KRW 34.97 trillion, of which deposits from financial investment firms, investor deposits, bonds payable, and bond sales under RPs represented 42.9%, 16.4%, 10.2%, and 8.8%, respectively. Proportions of deposits from financial investment firms and bond sales under RPs increased over the previous year, while those of bonds payable and subscription guarantee money deposits decreased.

## Deposits Received

Deposits received accounts for the largest share of fundraising. The average balance of deposits received increased 1.3% from the previous year to KRW 26.30 trillion in FY2012. Those accounted for 75.2% of total fundraising in this fiscal year (76.3% in the previous year).

## Breakdown of Raised Funds

(Based on the annual average balance)  
(KRW in millions, %)

Classification	FY 2010		FY 2011		FY 2012	
	Amount	%	Amount	%	Amount	%
<b>Deposits received</b>	<b>23,224,359</b>	<b>76.6</b>	<b>25,964,163</b>	<b>76.3</b>	<b>26,304,940</b>	<b>75.2</b>
Investors' deposits <sup>1)</sup>	5,209,859	17.2	5,320,345	15.6	5,720,724	16.4
Subscription guarantee money deposits	1,284,192	4.2	924,283	2.7	535,447	1.5
Deposits from securities market stabilization funds	26,957	0.1	8,511	0.0	16,603	0.0
Deposits from financial investment firms	10,321,594	34.1	12,897,459	37.9	14,994,970	42.9
Deposits from corporations	1,058,515	3.5	975,995	2.9	1,218,843	3.5
Subscription deposits for IPOs	27	0.0	25	0.0	992	0.0
Subscription deposits for forfeited shares	40,875	0.1	67,513	0.2	64,441	0.2
ESOP deposits	1,118	0.0	1,755	0.0	2,522	0.0
Guaranteed deposits	326	0.0	104	0.0	62	0.0
SPAC deposits	219,921	0.7	283,203	0.8	187,984	0.5
Notes issued	5,058,934	16.7	5,483,040	16.1	3,560,167	10.2
Special deposits	2,040	0.0	1,929	0.0	2,185	0.0
Derivatives liabilities	-	0.0	1,165	0.0	34	0.0
<b>Borrowings &amp; bonds payable</b>	<b>3,387,597</b>	<b>11.2</b>	<b>4,302,472</b>	<b>12.6</b>	<b>5,046,322</b>	<b>14.4</b>
Call money	1,018,141	3.4	957,986	2.8	903,556	2.6
Bonds sales under RPs	1,195,949	3.9	2,024,964	6.0	3,084,602	8.8
Borrowings <sup>2)</sup>	1,173,507	3.9	1,319,522	3.9	1,058,164	3.0
<b>Bonds payable</b>	<b>1,176,097</b>	<b>3.9</b>	<b>1,094,347</b>	<b>3.2</b>	<b>1,055,328</b>	<b>3.0</b>
<b>Other liabilities</b>	<b>1,557,166</b>	<b>5.1</b>	<b>1,597,478</b>	<b>4.7</b>	<b>1,347,635</b>	<b>3.9</b>
Guarantee deposits <sup>3)</sup>	1,272,894	4.2	1,319,021	3.9	1,085,617	3.1
Due to trust accounts	185,834	0.6	197,966	0.6	169,833	0.5
Deferred tax and others	98,438	0.3	80,490	0.2	92,185	0.3
<b>Shareholders' equity</b>	<b>956,540</b>	<b>3.2</b>	<b>1,067,020</b>	<b>3.1</b>	<b>1,210,921</b>	<b>3.5</b>
<b>Total</b>	<b>30,301,759</b>	<b>100</b>	<b>34,026,644</b>	<b>100</b>	<b>34,965,179</b>	<b>100</b>

1) Sum total of deposits for spot trading, derivatives trading, principle derivatives trading, collective investment securities, and foreign currency derivatives trading

2) Sum total of borrowings from banks and CPs

3) Sum total of short selling guarantee deposits, SBL brokerage guarantee deposits, and other guarantee deposits



Funds deposited by investors for the purpose of trading stocks and derivatives with financial investment firms must be re-deposited with or entrusted to KSFC in accordance with related laws. Investors' deposit in FY2012 increased 7.5% year-on-year to KRW 5.72 trillion, which accounted for 16.4% of total raised funds (15.6% in the previous year).

The average balance of deposits for spot trading, which is investors' deposits made by financial investment firms for trading securities re-deposited with KSFC, decreased 46.5% year-on-year to KRW 27.5 billion in FY2012.

The average balance of deposits for derivatives trading, which is investors' deposits made by financial investment firms for trading futures or options re-deposited with KSFC, decreased 4.8% year-on-year to KRW 2.93 trillion in FY2012.

Deposits received from principle derivatives trading are deposits of funds for futures trading from financial investment firms who collect funds from investors exclusively for on-floor derivatives trading. The average balance of principle deposits from derivatives trading decreased 10.4% year-on-year to KRW 981.0 billion in FY2012.

The average balance of deposits received from collective investment securities, which is investors' deposits for collective investments made by financial investment firms and re-deposited in KSFC, increased 59% year-on-year to KRW 1.43 trillion in FY2012.

The average balance of deposits in foreign currencies increased 80.1% year-on-year to KRW 348.3 billion in FY2012.

### Subscription Guarantee Money Deposits

Subscription guarantee money deposits are funds deposited by financial investment firms that are collected from investors who want to participate in IPOs or rights issues. In FY2012, the average balance of subscription guarantee money deposits decreased 42.1% over the previous year to KRW 535.4 billion, accounting for 1.5% of total deposits received during the fiscal year, as opposed to 2.7% during FY2011. These deposits are usually managed through the short-term notes discounted to financial investment firms, where limits are set up to the value of deposits.

### Deposits from Financial Investment Institutions

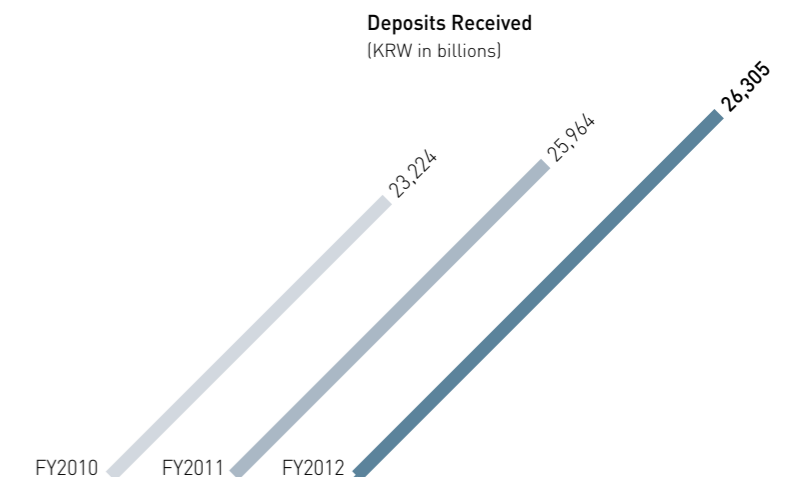
Deposits from financial investment institutions are funds received from financial investment firms and organizations related to the financial investment industry that are used to facilitate their surplus cash. In FY2012, the average balance of deposits from financial investment institutions increased 16.3% year-on-year to KRW 15.00 trillion, taking up 42.9% of total deposits received (37.9% in FY2011). The increase of deposits from financial investment institutions resulted mainly from a great influx of cash management accounts (CMAs) and surplus cash of financial investment firms derived from an increase of short-term investment capital and investors' preference for risk-averse assets.

### Deposits from Corporations

Deposits from corporations are a vehicle that helps private corporations, public institutions and organizations manage their surplus cash. The average balance of deposits from corporations increased 24.9% over the previous year to KRW 1.22 trillion. It soared in this fiscal year thanks to abundant liquidity and our efforts to attract.

### Subscription Deposits for IPOs

Subscription deposits for IPOs are funds deposited by individual investors to subscribe for IPO shares, through which subscribers are able to borrow subscription guarantee money and receive additional services such as proxy subscription. The average balance of subscription deposits for IPOs decreased 4.5% year-on-year to KRW 64.4 billion in FY2012.





### Special Purpose Acquisition Company (SPAC) Deposits

Special purpose acquisition company (SPAC) deposits are funds deposited by SPACs that gather investors and issue shares for the sole purpose of merging with another corporation in accordance to the Financial Investment Services and Capital Markets Act. In FY2012, the average balance of SPAC deposits were KRW 188.0 billion, accounting for 0.5% of total deposits received during the fiscal year.

### Notes Issued

Notes issued, a vehicle used to raise deposit-type funds by issuing obligations, decreased 35% over the previous year to KRW 3.56 trillion in average balance in FY2012. Sources of funds include national treasury funds, public capital management funds, and securities companies' CMA funds. These funds are managed in the market through RPs on exchange, MMFs, bank deposits, and call loans.

### Borrowings & Bonds Payable

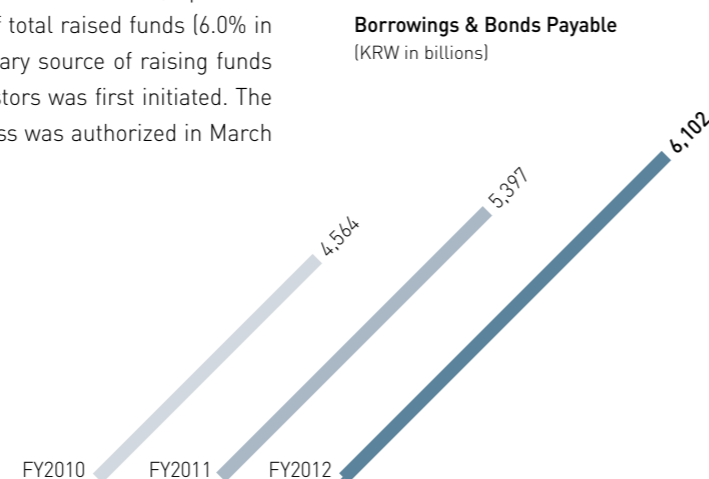
KSFC raises necessary funds through bonds sold under RPs, bank loans, issuance of commercial papers (CPs) or debentures, and call money. The average balance of total borrowings and bonds payable in FY2012 amounted to KRW 5.46 trillion, an increase of 17.3% compared to the prior year, accounting for 14.4% of total raised funds.

### Call Money

Call money is a primary source of short-term capital borrowings. The average balance of call money decreased 5.7% over the previous fiscal year to KRW 903.6 billion in FY2012, taking up 2.6% of total raised funds. The proportion had been 2.8% in FY2011.

### Bonds Sold under RPs

Bonds sold under repurchase agreements (RPs) is a form of raising funds by selling bond holdings to corporations or individuals under the condition that they will sell them back on a previously agreed-upon date and price. The average balance of bonds sold under RPs was KRW 3.08 trillion in FY2012, up 52.3% compared to the previous year. It represented 8.8% of total raised funds (6.0% in FY2011). Bonds sold under RPs have become a primary source of raising funds since 2003 when RP sales between institutional investors was first initiated. The trading volume has stably expanded since the business was authorized in March 2011.



### Borrowings

The average balance of borrowings declined 19.8% year-on-year to KRW 1.06 trillion at the end of FY2012. This figure represented 3.0% of total raised funds, which had been 3.9% in the previous year.

### Corporate Bonds

The average balance of corporate bonds issued in FY2012 was KRW 1.06 trillion, a decrease of 3.6% from the previous fiscal year, representing 3.0% of total raised funds (3.2% in FY2011).

### Other Liabilities

The average balance of other liabilities including guarantee deposits and due to trust accounts recorded KRW 1.35 trillion, a decrease of 15.6% from the previous fiscal year, taking up 3.9% of total raised funds in FY2012. The proportion had been 4.7% in FY2011.

### Guarantee Deposits

Guarantee deposits at the end of FY2012 amounted to KRW 1.09 trillion, a decrease of 17.7% over the previous year, which were broken down to SBL brokerage guarantee deposits of KRW 997.1 billion, short selling guarantee deposits of KRW 43.6 billion, and other guarantee deposits of KRW 44.9 billion. Guarantee deposits accounted for 3.1% of total raised funds during the same period (3.9% in FY2011).

### Due to Trust Accounts

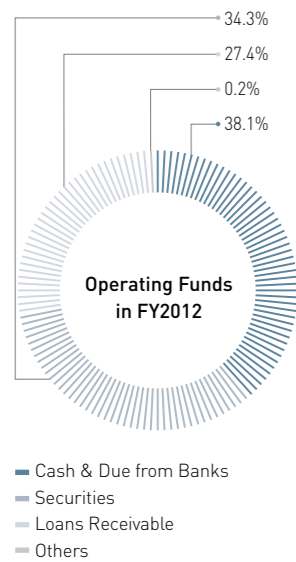
Due to trust accounts is cash entrusted by collective investment institutions to KSFC. The average balance of due to trust accounts in FY2012 decreased 14.2% over the previous year to KRW 169.8 billion, which represented 0.5% of total raised funds (0.6% in FY2011).

### Shareholders' Equity

The average balance of shareholders' equity in FY2012 increased 1.6% year-on-year to KRW 1.21 trillion, accounting for 3.5% of total raised funds (3.1% in FY2011). Paid-in capital and capital surplus were KRW 340.0 billion and KRW 21.8 billion, respectively. Retained earnings increased 13.4% year-on-year to KRW 940.8 billion thanks to realizing KRW 137.8 billion in net income.

# OPERATING FUNDS

KSFC's primary vehicles for operating funds include cash and deposits, investment in securities, various loans, notes at a discount, bonds purchased under reverse RPs, and call loans.



Cash and due from banks in Korean won, trading securities, available-for-sale securities, and loans accounted for 37.1%, 17.8%, 16.4%, and 15.7%, respectively, in operating funds in FY2012. Bonds purchased under RPs and notes discounted represented 8.1% and 3.4%, respectively. The proportion of investment in securities increased, while that of loans and deposits decreased.

## Cash & Due from Banks

KSFC operates a large amount of capital in cash and due from banks for stable and efficient liquidity management, as short-term funds account for a significant proportion in raising funds. In FY2012, the average balance of cash and due from banks decreased 1.3% year-on-year to KRW 13.33 trillion, which represented 38.1% of total operating funds. The proportion had been 39.8% in the previous fiscal year. The average balance of cash and due from banks in Korean won amounted to KRW 12.98 trillion, down 2.5% year-on-year, and cash and due from banks in foreign currencies recorded KRW 348.4 billion, up 80.1%. These accounted for 37.1% [39.2% in FY2011] and 1.0% [0.6% in FY2011] of total operating funds in FY2012.

## Breakdown of Operating Funds

(Based on the annual average balance)  
(KRW in millions, %)

Classification	FY 2010		FY 2011		FY 2012	
	Amount	%	Amount	%	Amount	%
Cash & due from banks	13,145,848	43.4	13,502,983	39.8	13,325,437	38.1
Cash and due from banks in Korean won	13,006,254	42.9	13,309,554	39.2	12,977,063	37.1
Cash and due from banks in foreign currencies	139,595	0.5	193,429	0.6	348,375	1.0
Securities	8,682,811	28.7	9,958,816	29.2	11,972,726	34.3
Trading securities	5,636,581	18.6	4,915,059	14.4	6,207,012	17.8
Recognized financial assets as net income	-	0	81	0.0	24,514	0.1
Available-for-sale securities	3,046,230	10.1	5,043,676	14.8	5,741,200	16.4
Derivatives assets	-	0	263	0.0	4,130	0.0
Bonds receivable	8,385,542	27.6	10,469,994	30.7	9,577,291	27.4
Call loan	36,685	0.1	2,309	0.0	76,849	0.2
Notes discounted	1,314,522	4.3	1,678,596	4.9	1,177,065	3.4
Bonds purchased under reverse RPs	2,249,750	7.4	3,072,185	9.0	2,822,149	8.1
Loans	4,819,717	15.9	5,757,760	16.9	5,501,247	15.7
(Allowances)	(35,132)	(0.1)	(40,855)	(0.1)	(20)	(0.0)
Other assets	87,559	0.3	94,588	0.3	85,596	0.2
Total	30,301,759	100	34,026,644	100	34,965,179	100



### Securities

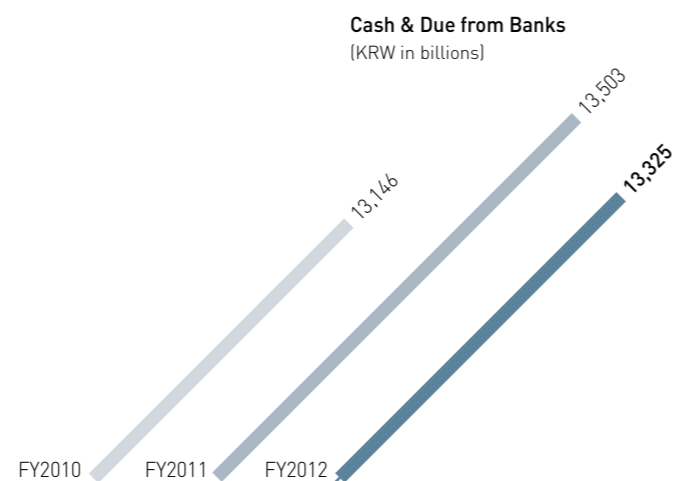
KSFC has expanded its investments in securities to improve profitability due to intensified competition in the securities-secured loans market. As a result, the average balance of securities rose by 20.2% over the previous year to KRW 11.97 trillion, accounting for 34.3% of total operating funds in FY2012. Its proportion in the previous fiscal year had been 29.2%. Equity securities and bonds were KRW 318.5 billion, up 51.6% year-on-year, and KRW 5.76 trillion, up 12.2%, respectively. Beneficiary certificates and others increased 26.9% and 97.7% over the previous year to KRW 5.79 trillion and KRW 103.7 billion, respectively.

### Trading Securities

We hold trading securities to achieve short-term profit margins. Trading securities in FY2012 increased 26.3% over the previous year to KRW 6.21 trillion, which represented 17.8% of total operating funds (14.4% in FY2011).

### Available-for-Sale Securities

Available-for-sale securities for long-term profit margins in FY2012 stood at KRW 5.74 trillion, an increase of 16.4% year-on-year, which represented 16.4% of total operating funds (14.8% in FY2011).



### Loans Receivable

KSFC's loans receivable is comprised of call loans to manage funds in the very short-term, notes discounted and bonds purchased under reverse RPs to manage funds in the short-term and various kinds of loans. The average balance of total loans receivable in FY2012 decreased 8.5% year-on-year to KRW 9.58 trillion, which represented 27.4% of total operating funds. The proportion of loans receivable had been 30.7% in FY2011.

### Notes Discounted

The average balance of notes discounted FY2012 decreased 29.9% over the previous year to KRW 1.18 trillion mainly due to sluggish subscription guarantee deposits, which represented 3.4% of total operating funds (4.9% in FY2011).

### Bonds Purchased under Reverse RPs

Bonds purchased under reverse RP is used for the substitution of call loans between institutional investors in security for bonds. The average balance of bonds purchased under reverse RPs decreased 8.1% to KRW 2.82 trillion in FY2012. It accounted for 8.1% of total operating funds (9.0% in FY2011).

### Loans

The average balance of loans recorded KRW 5.50 trillion in FY2012, a decrease of 4.5% from the previous fiscal year, which represented 15.7% of total operating funds (16.9% in FY2011).



Margin financing loans are provided to securities companies for their customers' margin purchase or short sales through the Korea Exchange. The average balance of margin financing loans decreased 15.4% over the previous year to KRW 1.91 trillion in FY2012.

Bond dealer loans are provided to bond dealers for their bond purchase in the primary bond market through the payment system. In FY2012, there was no bond dealer loan due to the abundant market liquidity and the lack of bond trading by financial investment firms.

Loans to finance securities-secured loans are extended to securities firms in order to support funds for securities-secured loans. The average balance of loans to finance securities-secured loans was KRW 883.5 billion in FY2012, a decrease of 17.9% over the previous year.

Working capital loans are supported to financial investment firms and related institutions, the Korea Exchange, and insurance companies. The average balance of working capital loans fell by 18.4% year-on-year to KRW 122.3 billion in FY2012.

Employee stock ownership plan (ESOP) share acquisition loans are extended to members of employee stock ownership associations (ESOAs) to purchase allocated shares. The same shares are used as collateral. The average balance of ESOP share acquisition loans rose by 22.6% over the previous year to KRW 1.24 trillion in FY2012.

Employee stock ownership plan (ESOP) share-secured loans are given to ESOA members who use ESOP shares deposited with KSFC as collateral. The average balance of ESOP share-secured loans dropped 3.2% year-on-year to KRW 9.2 billion in FY2012.



Securities-secured loans are extended to private investors or corporations that place securities as collateral. The average balance of securities-secured loans increased 8.6% over the previous year to KRW 1.33 trillion in FY2012.

Loans secured by deposits are loans extended to investors who place subscription deposits for forfeited shares or deposits from corporations as collateral. The average balance of loans secured by deposits amounted to just KRW 0.2 billion.

#### Breakdown of Loans Receivable

(Based on the annual average balance)  
(KRW in millions, %)

Classification	FY 2010		FY 2011		FY 2012	
	Amount	%	Amount	%	Amount	%
Margin financing loans	1,970,044	40.9	2,253,627	39.1	1,907,631	34.7
Bond dealer loans	-	0.0	-	0.0	-	0.0
Working capital loans	112,704	2.3	149,904	2.6	122,304	2.2
Loans to support securities-secured loans	900,629	18.7	1,076,776	18.7	883,517	16.1
Loans to support accounts receivables <sup>1)</sup>	-	0.0	-	0.0	-	0.0
ESOP share acquisition loans	823,098	17.1	1,012,674	17.6	1,241,349	22.6
ESOP share-secured loans	11,726	0.2	9,491	0.2	9,171	0.1
Securities-secured loans	977,283	20.3	1,228,355	21.3	1,333,549	24.3
Loans secured by deposits	24,233	0.5	26,849	0.5	178	0.0
<b>Total</b>	<b>4,819,717</b>	<b>100</b>	<b>5,757,676</b>	<b>100</b>	<b>5,497,699</b>	<b>100</b>

1) As loans to financial investment firms for the payment of their customers' securities acquisition, it was suspended since May 2008 when the financial supervisory authority introduced charge accounts limit and frozen accounts for the purpose of vitalizing credit transactions.

# ESOP SUPPORT SERVICES

As a depository company dedicated to ESOP shares in accordance with the Framework Act on Labor Welfare, KSFC is committed to offering public services such as consultation on the establishment and operation of ESOAs, deposits and management of ESOP shares, and training of ESOP staff. Our role also includes providing financial support to members of ESOAs to help them acquire ESOP shares and manage their household finances.



## Number of ESOAs

As of the end of March 2013, the number of companies with ESOAs stands at 2,999, an increase of 66 compared to the previous year, which includes 675 listed companies on the KOSPI, 812 companies on the KOSDAQ, and 1,512 other companies. The number of ESOA members reached 1.26 million, an increase of 32 thousands year-on-year. Among the total number of ESOA members, 885 thousand are from listed companies on the KOSPI, 116 thousand from companies on the KOSDAQ, and 258 thousand from other companies.

## ESOP Shares Deposited

The number of ESOP shares deposited reached 422.9 million from 1,023 companies at the end of March 2013, a decrease of 3.7% compare to the previous fiscal year. Total acquisition costs also decreased 11.7% to KRW 5.33 trillion. Deposited shares were composed of 286.3 million from companies listed on the KOSPI, 48.2 million from companies listed on the KOSDAQ, and 88.5 million from other companies. Market capitalization as of the end of March, 2013 was KRW 6.35 trillion: KRW 5.41 trillion from companies listed on the KOSPI, KRW 360.0 billion from companies listed on the KOSDAQ, and KRW 578.1 billion from other companies. The ownership of ESOP shares was 1.6% for companies listed on the KOSPI, 0.9% for companies listed on the KOSDAQ, and 1.0% for other companies.

### Breakdown of ESOAs Establishment

(Numbers of companies and members)

Classification	As of March 31, 2011		As of March 31, 2012		As of March 31, 2013	
	ESOA	Member	ESOA	Member	ESOA	Member
Companies listed on KOSPI	673	853,904	682	877,894	675	884,958
Companies listed on KOSDAQ	829	109,757	825	111,490	812	116,440
Other companies	1,340	230,247	1,426	239,105	1,512	258,173
<b>Total</b>	<b>2,842</b>	<b>1,193,908</b>	<b>2,933</b>	<b>1,228,489</b>	<b>2,999</b>	<b>1,259,571</b>

### Breakdown of ESOP Shares Deposited

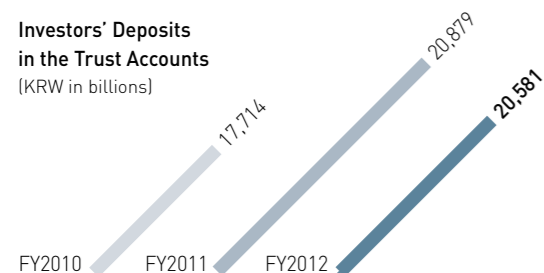
(Companies, members, thousand shares, KRW in millions)

Classification	As of March 31, 2011		As of March 31, 2012		As of March 31, 2013		
	ESOA	Member	ESOA	Member	ESOA	Member	
ESOA	KOSPI Company	221	244,439	233	276,847	241	252,840
	KOSDAQ Company	269	19,394	263	21,955	253	19,812
	Others	517	53,856	527	55,898	538	55,619
<b>Total</b>	<b>1,007</b>	<b>317,689</b>	<b>1,023</b>	<b>354,700</b>	<b>1,032</b>	<b>328,271</b>	
Shares Deposited	KOSPI Company	224,680	4,665,289	287,939	5,136,743	286,254	4,452,421
	KOSDAQ Company	52,338	316,556	57,284	351,361	48,180	301,211
	Others	100,235	542,659	93,683	544,703	88,479	572,368
<b>Total</b>	<b>377,253</b>	<b>5,524,504</b>	<b>438,906</b>	<b>6,032,808</b>	<b>422,914</b>	<b>5,326,001</b>	

# SAFEKEEPING AND MANAGEMENT OF INVESTORS' DEPOSITS

In accordance with the Financial Investment Services and Capital Markets Act, funds that are deposited with financial investment firms by investors for the trading of securities and derivatives should be fully re-deposited with KSFC. Financial investment firms can choose to hold the funds as deposits or trusts. In the case of deposits, KSFC guarantees the principal and agreed interest every month while it manages funds in separate trust accounts and pays dividends according to operating performances in the case of trusts.

Investors' Deposits in the Trust Accounts (KRW in billions)



## Investors' Deposits in Trust Accounts

The average balance of investors' deposits in the trust accounts decreased 1.43% or KRW 298.1 billion year-on-year to KRW 20.58 trillion in FY2012, which is composed of KRW 14.79 trillion for stock investors' deposit trusts, KRW 3.76 trillion for derivative investors' deposit trusts, and KRW 2.03 trillion for special money trusts. As of the end of March FY2012, stock investors' deposit trusts accounted for 87.7% of total investors' deposits (88.6% in FY2011). The number of companies that keep funds by trust was 39, a decrease of 2 companies over the previous fiscal year. That by deposits was 23.

## Management of Deposits in Trust Accounts

Operating objects and business partners for the management of deposits in trust accounts are strictly regulated by relevant laws as they should be safely managed while maintaining enough liquidity. Cash and due which are managed through term deposits and MMDAs for safety decreased 3.5% on year-on-year to KRW 15.10 trillion in FY2012, accounting for 73.8% of total deposits in trust accounts. The proportion had been 75.4% in the previous year. Funds managed in the type of securities in FY2012 were KRW 5.31 trillion, up 4.6% over the previous year, accounting for 26.0% of total deposits in the trust accounts (24.5% in the previous year).

### Status of Investors' Deposits Trust

(Based on the annual average balance)  
(KRW in millions)

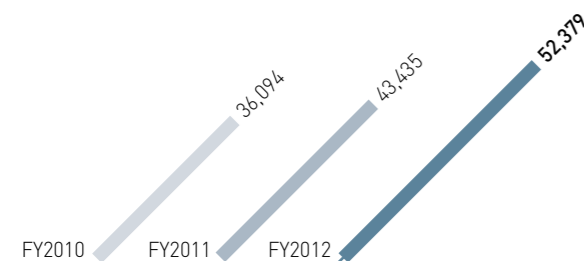
Classification	FY2010	FY2011	FY2012	
Investors' deposits in the trust accounts	Securities investors' deposits trusts	11,477,972	14,945,063	14,789,916
	Derivatives investors' deposits trusts	4,441,825	4,019,473	3,762,293
	Special money trusts	1,794,448	1,914,848	2,029,105
	<b>Total</b>	<b>17,714,245</b>	<b>20,879,384</b>	<b>20,581,314</b>
Management performance	Cash & due	13,373,406 (75.8%)	15,640,059 (75.4%)	15,096,723 (73.8%)
	Securities			
	Bonds	73,172 (0.4%)	0 (0.0%)	0 (0.0%)
	Beneficiary certificates	4,156,121 (23.5%)	5,075,032 (24.5%)	5,309,897 (26.0%)
	CD	30,976 (0.2%)	0 (0.0%)	0 (0.0%)
	Sub total	4,260,269 (24.1%)	5,075,032 (24.5%)	5,309,897 (26.0%)
	Loans <sup>1)</sup>	0 (0.0%)	10,038 (0.0%)	1,245 (0.0%)
	Call loans	14 (0.0%)	191 (0.0%)	0 (0.0%)
	RP	24,230 (0.1%)	10,246 (0.1%)	36,012 (0.2%)
	<b>Total</b>	<b>17,657,919 (100.0%)</b>	<b>20,735,566 (100.0%)</b>	<b>20,443,877 (100.0%)</b>
Number of financial investment firms	40	41	39	

1) Manages mainly at working capital working capital loans and margin financing loans, etc.

# SAFEKEEPING AND MANAGEMENT OF COLLECTIVE INVESTMENT ASSETS

Since June 2004, KSFC has safely maintained and managed collective investment assets of collective investment firms to protect investors in accordance with pertinent regulations. Despite tough business conditions as a second mover, KSFC became the number one player in the industry in just 8 years after entering this business.

**Entrusted Assets**  
(KRW in billions)



## Major Operating Performance

The average balance of funds in trust in FY2012 increased 26.7% over the previous year to KRW 57.97 trillion. Total amount of collective investment assets at the end of the fiscal year 2012 valued at KRW 52.38 trillion, an increase of 20.6% year-on-year, thanks to the expansion of the MMF market beyond intensified competition in the market. Our market share also increased 1.3%p year-on-year to 15.6% in FY2012, ranking first place in the industry.

### Status of Entrusted Assets

(KRW in billions)

Classification		FY2010	FY2011	FY2012
Performances	Balance at the end of fiscal year <sup>1)</sup>	36,093.7	43,434.7	52,378.6
	Annual average balance	43,941.3	45,745.3	57,971.1
M/S (rank)		12.0% [2nd]	14.3% [2nd]	15.6% [1st]
Number of customers		63	62	77

1) Excluding discretionary assets

Source: Korea Financial Investment Association (performances and M/S) and KSFC (annual average balance and number of customers)

# SBL INTERMEDIARY SERVICES

As an intermediary, KSFC takes the initiative, brokers, and finalizes the sale of SBLs in addition to taking possession of securities, managing collateral, and acting as a proxy. Particularly, we started the IDB business in November 2013 after receiving authorization in October, which is expected to contribute to raising our position as a key intermediary in the RP and electronic short-term bond market.



## Stocks Borrowing and Lending Intermediary

The average balance of stocks borrowing and lending intermediary in FY2012 amounted to KRW 2.70 trillion, an increase of 43.0% year-on-year. The intermediation of KOSPI shares increased 27.2% over the previous year to KRW 2.06 trillion, and that of KOSDAQ shares soared 140.7% to KRW 633.3 billion in FY2012.

## Bonds Borrowing and Lending Intermediary

The average balance of bonds borrowing and lending intermediary surged 26.7% year-on-year to KRW 17.36 trillion in FY2012. The intermediation of government bonds increased 30.1% year-on-year to KRW 16.05 trillion, while that of monetary stabilization bonds decreased 6.0% to KRW 1.20 trillion in FY2012. The intermediation of other bonds grew 22.4% to KRW 108.7 billion.

## RP Intermediary

The average balance of RP intermediary soared 78.1% over the previous year to KRW 5.20 trillion in FY2012.

### Status of SBL Brokerage Services

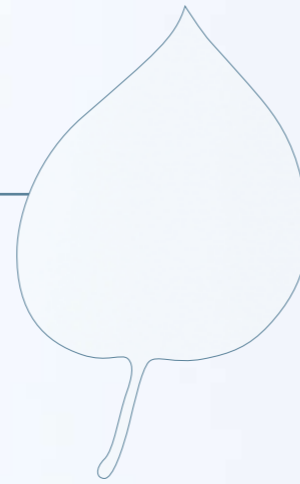
(Based on the annual average balance)  
(KRW in millions)

Classification	FY2010	FY2011	FY2012	
Performances	KOSPI	510.5 (85.9%)	1,622.4 (86.0%)	2,063.3 (76.5%)
	KOSDAQ	83.8 (14.1%)	263.1 (14.0%)	633.3 (23.5%)
	Subtotal	594.3 (100.0%)	1,885.5 (100.0%)	2,696.6 (100.0%)
Bonds	Government bonds	9,132.1 (89.6%)	12,334.1 (90.0%)	16,047.3 (92.4%)
	Monetary stabilization bonds	994.8 (9.8%)	1,278.9 (9.3%)	1,202.8 (6.9%)
	Other bonds	61.7 (0.6%)	88.8 (0.6%)	108.7 (0.6%)
	Subtotal	10,188.6 (100.0%)	13,701.8 (100.0%)	17,358.8 (100.0%)
Total	10,782.9	15,587.3	20,055.4	
RP brokerage	-	2,919.3	5,200.2	



# SOCIAL CONTRIBUTION

Happiness grows when it's shared. We all want to share our love and live in a warmer world. KSFC is practicing such ideas through sustainable social contribution projects to create a brighter tomorrow.



Sharing Love for Greater Happiness

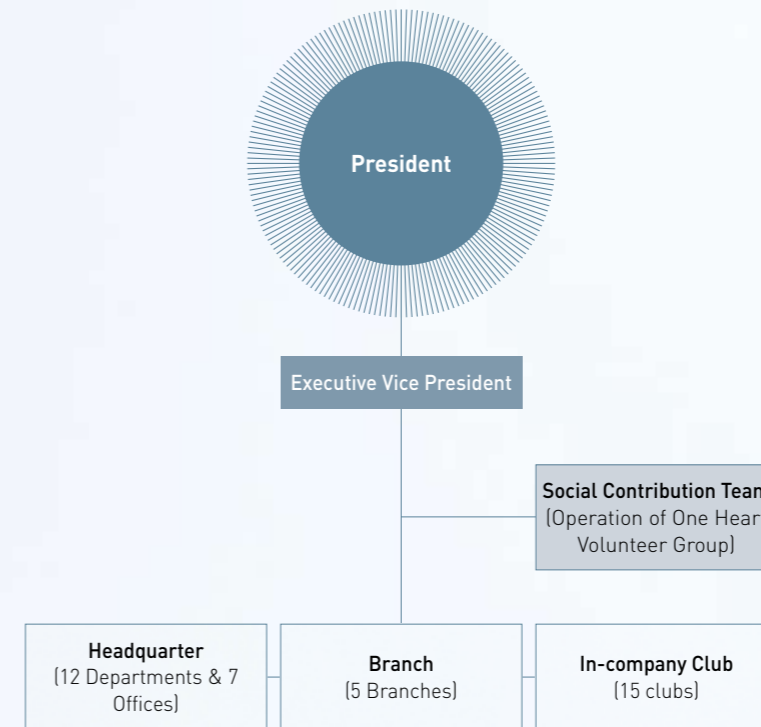


### Social Contribution: Greater Happiness through Love Sharing

To fulfill our responsibility as a corporate citizen, KSFC is committed to conducting substantial social contribution activities to return the love we have received from the capital market and customers. Every year, through our main social contribution program "Hope for the Marginalized Child," donation is given to more than 10 child welfare facilities and organizations. In addition, substantial effort is given to charitable medical facilities, such as Mary Doty Hospital and immigrant medical centers, to support low-income families. Our social contribution activities also include supporting multicultural families, immigrants, and the socially disadvantaged such as the disabled, senior citizens and women. In May, 2013 donation of KRW 100 million was given to "Seoul Dream Town," a childcare facility, to establish safe school facilities. Since the sponsorship agreement in October 2010, a total of KRW 760 million has been donated to Seoul Dream Town and Mary Doty Hospital. Moreover, KSFC established a sisterhood with Chungryong village in Goisan, Chungcheongnam-do in June 2013 and plans to vitalize urban-rural exchange with the sisterhood as a momentum.



### Organization of One Heart Volunteer Group



#### Proactively Pursuing Corporate Social Responsibility by Establishing a Welfare Foundation

KSFC established the "One Heart" volunteer group in July 2005 in which our executives and employees participated. All members of the volunteer group engage in voluntary activities more than twice annually. They also take part in the Double Matching Grant program, where a certain amount of their salaries is donated monthly, and the company contributes matches and doubles the amount. Through this, a total of KRW 200 million was donated to the Korea Childhood Leukemia Foundation and other social welfare facilities.

Other voluntary activities include sharing coal briquettes, kimchi, and rice, and the "KSFC Love Class" program, where employees from the company's basketball, baseball, swimming, guitar, ping-pong, and leisure sports clubs donate their talents. KSFC is committed to creating results and value to give back to the market and community to create a better and brighter society for all. Being aware of the importance of corporate social responsibility, we are planning to establish a public welfare foundation to contribute systematically and continuously to society.



# FINANCIAL REVIEW

53	— Consolidated Statements of Financial Position
54	— Consolidated Statements of Comprehensive Income
56	— Separated statements of financial position
57	— Separated statements of comprehensive income
59	— Consolidated Statements of Changes in Equity
60	— Consolidated Statements of Cash Flows
62	— Milestones
64	— Board of Directors
65	— Organization
66	— Business Network

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As of March 31, 2013, March 31,  
2012 and April 1, 2011  
[Korean won in millions]

		FY2013	FY2012	FY2011
<b>ASSETS</b>	Cash and due from banks	12,156,745	9,652,759	10,886,771
	Financial investments:			
	Financial assets held-for-trading	6,099,208	4,165,551	4,175,521
	Financial assets designated at FVTPL	45,631	15,254	-
	Financial investments available-for-sale	5,268,275	5,494,459	3,825,695
		11,413,114	9,675,264	8,001,216
	Derivative assets	3,822	12,272	5,989
	Loans receivable	7,710,840	9,881,721	6,711,104
	Other assets:			
	Investments in associates	131,137	39,497	-
	Property and equipment	28,734	30,570	30,482
	Intangible assets	16,667	20,388	24,319
	Prepaid expenses	8,265	6,744	4,212
	Accrued income	138,393	160,569	117,952
	Current income tax prepaid	4,506	-	-
	Investments in memberships	13,723	13,064	12,303
	Sundry assets	6,405	10,400	11,014
	347,830	281,232	200,282	
	<b>Total assets</b>	<b>31,632,351</b>	<b>29,503,248</b>	<b>25,805,362</b>
<b>LIABILITIES AND EQUITY</b>	Deposits	23,583,096	20,177,109	18,514,947
	Financial liabilities held-for-trading	30,773	59,175	61,709
	Derivative liabilities	-	194	1,876
	Borrowings	4,973,314	5,440,813	3,982,312
	Debentures	660,868	1,310,341	920,452
	Other liabilities:			
	Guarantee deposits	6,77,031	902,585	828,903
	Due to trust accounts	1,20,321	122,987	179,577
	Unearned revenues	5,37	3,248	4,058
	Accrued expenses	5,4,298	83,252	52,722
	Current income taxes liabilities	-	8,060	16,583
	Contingent liabilities	6,4	262	154
	Severance and retirement benefits	8,032	5,035	1,722
	Deferred income tax liabilities	8,1,589	67,402	61,648
	Sundry liabilities	1,4,903	14,047	12,678
	Interests for repayment on demand	1,9,116	30,167	-
		975,891	1,237,045	1,158,045
	<b>Total liabilities</b>	<b>30,223,942</b>	<b>28,224,677</b>	<b>24,639,341</b>
Equity:				
Controlling interests:				
Capital stock	340,000	340,000	340,000	
Capital surplus	21,767	21,767	21,767	
Capital adjustments	(10,158)	(10,158)	(10,158)	
Accumulated other comprehensive income	114,882	91,198	79,878	
Retained earnings	941,918	835,764	734,534	
(Reserve for possible loan losses)	-	-	-	
(Planned reserve for possible loan losses)	(36,609)	(46,020)	(31,836)	
	1,408,409	1,278,571	1,166,021	
Non-controlling interests	-	-	-	
	<b>Total equity</b>	<b>1,408,409</b>	<b>1,278,571</b>	<b>1,166,021</b>
	<b>Total liabilities and equity</b>	<b>31,632,351</b>	<b>29,503,248</b>	<b>25,805,362</b>

# CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	FY2013	FY2012
<b>Operating revenues:</b>		
Interest income:		
Interest on due from banks	421,808	475,380
Interest on securities	259,940	247,378
Interest on loans	394,056	454,478
	<u>1,075,804</u>	<u>1,177,236</u>
Gain on valuation and disposal of securities:		
Gain on disposal of financial assets held-for-trading	85,166	105,935
Gain on valuation of financial assets held-for-trading	89,021	49,259
Gain on valuation of financial assets designated at FVTPL	504	419
Gain on disposal of available-for-sale financial assets	19,142	15,536
	<u>193,833</u>	<u>171,149</u>
Gain from derivatives valuation and transactions:		
Gain on disposal of derivative assets	9,063	10,288
Gain on valuation of derivative assets	98	6,126
Gain on hedging instruments	265	494
Gain on hedged items	-	192
	<u>9,426</u>	<u>17,100</u>
Reversal of provision for credit losses	-	1,360
General fees and commission income	74,764	65,769
Gain on foreign currency transactions	4,916	5,078
Fees and commission income from trust accounts	20,094	18,776
Dividend income:		
Dividend income on financial assets held-for-trading	2,246	2,230
Dividend income on financial assets designated at FVTPL	1,199	599
Dividend income on financial investments available-for-sale	8,201	5,100
	<u>11,646</u>	<u>7,929</u>
Other operating revenue	30	-
<b>Total operating revenue</b>	<b>1,390,513</b>	<b>1,464,397</b>
<b>Operating expenses:</b>		
Interest expense:		
Interest on deposits	790,142	840,839
Interest on borrowings and bonds	83,090	99,987
Other interest expense	161,164	149,987
	<u>1,034,396</u>	<u>1,090,813</u>
Loss on valuation and disposal of securities:		
Loss on disposal of financial assets held-for-trading	12,988	36,060
Loss on valuation of financial assets held-for-trading	1,457	3,636
Loss on valuation of financial assets designated at FVTPL	304	-
Loss on disposal of financial investments available-for-sale	2,499	1,220
Loss on impairment of financial investments available-for-sale	2,261	8,519
	<u>19,509</u>	<u>49,435</u>

For the years ended March 31, 2013 and 2012  
 (Korean won in millions, except per share amounts)

	FY2013	FY2012
Loss from derivatives valuation and transactions		
Loss on disposal of derivative assets	9,084	11,085
Loss on valuation of derivative assets	2,848	3,923
Loss on hedging instruments	136	289
Loss on hedged items	153	398
	<u>12,221</u>	<u>15,695</u>
Provision for possible loan losses		
General fees and commission expenses	3,642	-
Loss on foreign currency transactions	63,869	54,384
Administrative expenses	4,920	5,078
Other operating expenses	74,790	65,886
	<u>1,863</u>	<u>762</u>
<b>Total operating expenses</b>	<b>1,215,210</b>	<b>1,282,053</b>
<b>Operating income</b>	<b>175,303</b>	<b>182,344</b>
Non-operating income (expenses):		
Gain on valuation of equity method investments, net	141	497
Loss on valuation of equity method investments, net	-	-
Donations	(2,996)	(4,133)
Others	(783)	394
	<u>(3,638)</u>	<u>(3,242)</u>
Income before income taxes	171,665	179,102
Income tax expenses	38,873	44,573
<b>Net income</b>	<b>132,792</b>	<b>134,529</b>
(Adjusted income after deducting provisions for regulatory reserve for credit losses of ₩ 142,204 million for the year ended March 31, 2013)		
Equity holders of the parent	132,792	134,529
Non-controlling interests	-	-
Other comprehensive income	23,684	11,320
<b>Total comprehensive income for the period</b>	<b>156,476</b>	<b>145,849</b>
Controlling interests	156,476	145,849
Non-controlling interests	-	-
<b>Basic earnings per share</b>	<b>1,994</b>	<b>2,020</b>

## SEPARATED STATEMENTS OF FINANCIAL POSITION

As of March 31, 2013, March 31, 2012 and April 1, 2011  
(Korean won in millions)

	FY2013	FY2012	FY2011
<b>ASSETS</b>			
Cash and due from banks	12,156,579	9,652,604	10,866,527
Financial investments			
Financial assets held-for-trading	5,955,465	4,021,548	4,121,047
Financial assets designated at FVTPL	14,950	15,254	-
Financial investments available-for-sale	5,671,335	5,934,476	4,139,122
	11,641,750	9,971,278	8,260,169
Derivative assets	2,307	4,265	1,844
Loans receivable	7,492,816	9,503,147	6,429,792
Other assets:			
Property and equipment	28,734	30,570	30,482
Intangible assets	16,667	20,388	24,319
Prepaid expenses	3,633	6,604	3,542
Accrued income	133,608	155,370	114,646
Current income tax prepaid	4,506	-	-
Investments in memberships	13,723	13,064	12,303
Sundry assets	6,367	9,596	9,850
	207,238	235,592	195,142
<b>Total assets</b>	<b>31,500,690</b>	<b>29,366,886</b>	<b>25,753,474</b>
<b>LIABILITIES AND EQUITY</b>			
Deposits	23,583,096	20,177,109	18,514,947
Derivative liabilities	-	172	1,876
Borrowings	4,885,814	5,391,513	3,982,312
Debentures	660,868	1,310,341	920,452
Other liabilities:			
Guarantee deposits	677,031	902,585	828,903
Due to trust accounts	123,055	126,167	191,396
Unearned revenues	537	3,200	4,014
Accrued expenses	54,189	82,983	52,629
Current income taxes liabilities	-	8,060	16,583
Contingent liabilities	64	262	154
Severance and retirement benefits	8,032	5,035	1,722
Deferred income tax liabilities	82,431	67,278	61,564
Sundry liabilities	14,838	13,997	11,524
	960,177	1,209,567	1,168,489
<b>Total liabilities</b>	<b>30,089,955</b>	<b>28,088,702</b>	<b>24,588,076</b>
Equity			
Capital stock	340,000	340,000	340,000
Capital surplus	21,767	21,767	21,767
Capital adjustments	(10,158)	(10,158)	(10,158)
Accumulated other comprehensive income	118,323	96,923	84,098
Retained earnings	940,803	829,652	729,691
(Reserve for possible loan losses)	-	-	-
(Planned reserve for possible loan losses)	(36,609)	(46,020)	(33,526)
<b>Total equity</b>	<b>1,410,735</b>	<b>1,278,184</b>	<b>1,165,398</b>
<b>Total liabilities and equity</b>	<b>31,500,690</b>	<b>29,366,886</b>	<b>25,753,474</b>

## SEPARATED STATEMENTS OF COMPREHENSIVE INCOME

For the years ended March 31, 2013 and 2012  
(Korean won in millions, except per share amounts)

	FY2013	FY2012
<b>Operating revenues:</b>		
Interest income		
Interest on due from banks	421,803	474,875
Interest on securities	236,133	227,520
Interest on loans	370,510	432,715
	1,028,446	1,135,110
Gain on valuation and disposal of securities:		
Gain on disposal of financial assets held-for-trading	76,691	97,051
Gain on valuation of financial assets held-for-trading	99,798	57,834
Gain on valuation of financial assets designated at FVTPL	-	419
Gain on disposal of available-for-sale financial assets	24,116	17,414
	200,605	172,718
Gain from derivatives valuation and transactions:		
Gain on disposal of derivative assets	4,455	2,713
Gain on valuation of derivative assets	98	1,363
Gain on hedging instruments	172	494
Gain on hedged items	-	192
	4,725	4,762
Reversal of provision for credit losses	-	-
General fees and commission income	74,764	65,769
Gain on foreign currency transactions	4,916	5,078
Fees and commission income from trust accounts	20,094	18,776
Dividend income:		
Dividend income on financial assets held-for-trading	2,512	1,227
Dividend income on financial assets designated at FVTPL	1,199	599
Dividend income on financial investments available-for-sale	32,989	26,923
	36,700	28,749
Other operating revenue	30	6
<b>Total operating revenue</b>	<b>1,370,280</b>	<b>1,430,968</b>
<b>Operating expenses:</b>		
Interest expense:		
Interest on deposits	790,142	840,839
Interest on borrowings and bonds	83,090	99,987
Other interest expense	155,802	145,467
	1,029,034	1,086,293

## SEPARATED STATEMENTS OF COMPREHENSIVE INCOME

For the years ended March 31, 2013 and 2012  
(Korean won in millions, except per share amounts)

	FY2013	FY2012
Loss on valuation and disposal of securities:		
Loss on disposal of financial assets held-for-trading	2,573	22,937
Loss on valuation of financial assets held-for-trading	707	595
Loss on valuation of financial assets designated at FVTPL	304	-
Loss on disposal of financial investments available-for-sale	2,530	1,226
Loss on impairment of financial investments available-for-sale	2,261	8,519
	8,375	33,277
Loss from derivatives valuation and transactions		
Loss on disposal of derivative assets	4,467	3,756
Loss on valuation of derivative assets	854	455
Loss on hedging instruments	-	266
Loss on hedged items	153	398
	5,474	4,875
Provision for possible loan losses	3,496	1,587
General fees and commission expenses	62,007	52,799
Loss on foreign currency transactions	4,920	5,078
Administrative expenses	74,790	65,886
Other operating expenses	46	51
<b>Total operating expenses</b>	<b>1,188,142</b>	<b>1,249,846</b>
<b>Operating income</b>	<b>182,138</b>	<b>181,122</b>
Non-operating income (expenses):		
Donations	(2,996)	(4,133)
Others	(783)	446
	(3,779)	(3,687)
Income before income taxes	178,359	177,435
Income tax expenses	40,568	44,173
<b>Net income</b>	<b>137,791</b>	<b>133,262</b>
(Adjusted income after deducting provisions for regulatory reserve for credit losses of ₩ 147,202 million for the year ended March 31, 2013)		
Other comprehensive income	21,400	12,825
<b>Total comprehensive income for the period</b>	<b>159,191</b>	<b>146,087</b>
<b>Basic earnings per share</b>	<b>2,069</b>	<b>2,001</b>

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the years ended March 31, 2013 and 2012  
(Korean won in millions)

	Capital stock	Capital surplus	Capital adjustments	Accumulated other comprehensive income	Retained earnings	Non-controlling interest	Total
<b>As of April 1, 2011</b>	<b>340,000</b>	<b>21,767</b>	<b>(10,158)</b>	<b>79,878</b>	<b>734,534</b>	<b>-</b>	<b>1,166,021</b>
Cash dividends	-	-	-	-	(33,299)	-	(33,299)
	340,000	21,767	(10,158)	79,878	701,235	-	1,132,722
Net income	-	-	-	-	134,529	-	134,529
Gain on valuation of financial investments available-for-sale	-	-	-	10,396	-	-	10,396
Gain on cash flow hedges	-	-	-	924	-	-	924
Total comprehensive income	-	-	-	11,320	134,529	-	145,849
<b>As of March 31, 2012</b>	<b>340,000</b>	<b>21,767</b>	<b>(10,158)</b>	<b>91,198</b>	<b>835,764</b>	<b>-</b>	<b>1,278,571</b>
<b>As of April 1, 2012</b>	<b>340,000</b>	<b>21,767</b>	<b>(10,158)</b>	<b>91,198</b>	<b>835,764</b>	<b>-</b>	<b>1,278,571</b>
Cash dividends	-	-	-	-	(26,639)	-	(26,639)
	340,000	21,767	(10,158)	91,198	809,125	-	1,251,932
Net income	-	-	-	-	132,792	-	132,792
Gain on valuation of financial investments available-for-sale	-	-	-	23,684	-	-	23,684
Total comprehensive income	-	-	-	23,684	132,792	-	156,476
Others	-	-	-	-	1	-	1
<b>As of March 31, 2013</b>	<b>340,000</b>	<b>21,767</b>	<b>(10,158)</b>	<b>114,882</b>	<b>941,918</b>	<b>-</b>	<b>1,408,409</b>

# CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended March 31, 2013 and 2012  
(Korean won in millions)

	FY2013	FY2012
<b>Cash flows from operating activities:</b>		
Net income before income taxes	171,665	179,102
Adjustments to reconcile net income before income taxes to net cash flows:		
Gain on disposal of financial investments available-for-sale, net	(16,489)	(14,315)
Loss on impairment of financial investments available-for-sale	2,261	8,519
Interest income on financial investments available-for-sale	12,550	5,645
Loss (gain) on valuation of derivative assets, net	2,750	(2,204)
Loss (gain) on disposal of derivative assets, net	(903)	499
Gain from hedge accounting, net	(194)	(1,791)
Equity in earnings of equity method investments	(141)	(497)
Impairment loss from investments in membership	1,682	-
Depreciation	2,402	2,309
Loss (gain) on disposal of tangible assets	(221)	8
Amortization	9,874	8,221
Interest income on investments in memberships	(268)	(247)
Interest expenses on debentures	527	590
Loss (gain) from interests for repayment on demand	1,817	(711)
	15,647	6,026
Changes in operating assets and liabilities:		
Cash and due from banks	(1,533,201)	2,589,940
Financial assets held-for-trading	(1,933,656)	9,970
Financial assets designated at FVTPL	(30,377)	(15,254)
Loans and receivables	2,170,881	(3,170,617)
Prepaid expenses	(1,521)	(2,532)
Accrued income	22,177	(42,617)
Sundry assets	3,995	614
Deposits	3,405,987	1,662,162
Financial liabilities held-for-trading	(28,401)	(2,535)
Unearned revenues	(2,712)	(810)
Accrued expenses	(28,954)	30,530
Contingent liabilities	(198)	108
Defined benefit liability	2,998	3,312
Sundry liabilities	855	1,370
	2,047,873	1,063,641
Income tax paid	(44,814)	(40,306)
<b>Net cash flows provided by operating activities</b>	<b>2,190,371</b>	<b>1,208,463</b>

	FY2013	FY2012
<b>Cash flows from investing activities:</b>		
Proceeds from disposal of financial investments available-for-sale	3,112,080	2,180,039
Purchase of financial investments available-for-sale	(2,848,239)	(3,844,574)
Proceeds from disposal of derivative assets	2,381	-
Purchase of derivative assets	(511)	(4,262)
Proceeds from disposal of investments in associates	4,042	-
Purchase of investments in associates	(95,540)	(39,000)
Proceeds from disposal of property and equipment	374	5
Acquisition of property and equipment	(720)	(2,409)
Acquisition of intangible assets	(6,154)	(4,290)
Proceeds from disposal of investments in memberships	1,965	2,070
Acquisition of investments in memberships	(4,037)	(2,586)
<b>Net cash flows provided by (used in) investing activities</b>	<b>165,641</b>	<b>(1,715,007)</b>
<b>Cash flows from financing activities:</b>		
Decrease in call money, net	(286,800)	(219,800)
Increase in securities sold under repurchase agreements, net	249,301	1,408,301
Increase (decrease) in borrowings, net	(430,000)	270,000
Increase (decrease) in debentures, net	(650,000)	389,299
Increase (decrease) in guarantee deposits, net	(225,554)	73,682
Increase (decrease) in other deposits, net	(1)	1
Decrease in due to trust accounts, net	(2,666)	(56,590)
Increase (decrease) in interests for repayment on demand	(12,869)	30,878
Payment of dividends	(26,639)	(33,299)
<b>Net cash flows provided by (used in) financing activities</b>	<b>(1,385,228)</b>	<b>1,862,472</b>
<b>Net increase in cash and cash equivalents</b>	<b>970,784</b>	<b>1,355,928</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>5,057,509</b>	<b>3,701,580</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>6,028,293</b>	<b>5,057,509</b>

# MILESTONES

**1955** **October**  
Established as Korea United Securities Finance Corporation (capital stock: KRW 7.5 million)

**1956** **March**  
Started the securities-secured loan business

**1962** **April**  
Became a judicial securities finance company following the enactment of the Securities and Exchange Act and under its jurisdiction

**July**  
Renamed Korea Securities Finance Corporation

**1969** **February**  
Increased capital to KRW 1.0 billion  
Commenced money and stock loans in the form of securities borrowing and lending transactions

**March**  
Commenced extending securities-secured proxy loans to the general public

**May**  
Opened the Busan branch

1955  
~  
1977

**1971** **December**  
Began extending settlement financing loans to securities firms following launch of the margin transactions system

**1973** **November**  
Launched special securities secured loans for the stabilization of stock prices

**1974** **March**  
Began extending settlement financing loans to securities firms following launch of the margin transactions system

**November**  
De-listed from the Korean Stock Exchange (KSE)

**1975** **May**  
Increased capital to KRW 2.0 billion. Introduced USD 5.0 million loans from International Finance Corporation (IFC stake: 12%)

**1977** **January**  
Began the ESOP(Employ Stock Ownership Plan) support business

**March**  
Entered into new businesses (e.g., bond trading, deposit-taking and issuance of short-term notes) following revision of the Securities and Exchange Act

**April**  
Began managing customers' deposits with securities firms for greater investor protection

**1980** **March**  
Opened the Myungdong branch

**1982** **July**  
Launched short-term note trading business

**1985** **January**  
Moved headquarters to Yeouido, Seoul

**March**  
Increased capital to KRW 40.0 billion

**1986** **July**  
Launched the subscription deposit business for IPO shares

**1987** **September**  
Opened the Gangnam branch

**1988** **December**  
Increased capital to KRW 80.0 billion

1980  
~  
1997

**1989** **October**  
Opened the Gwangju branch

**1990** **February**  
Began extending loans secured by subscription deposits for IPO shares

**May**  
Began accepting Securities Market Stabilization Fund(SMSF) deposits

**1991** **December**  
IFC took back its original investment stake

**1994** **October**  
Opened the Daegu branch

**1996** **August**  
Began subscription deposits for forfeited shares and loans secured by the same deposits

**October**  
Opened the Daejeon branch

**1997** **April**  
Launched management and operation of Securities Investor Protection Fund (SIPF)

**1998** **October**  
Issued non-real-name KSFC bonds worth KRW 2.0 trillion

**1999** **July**  
Implemented the full-amount separate deposit system of investor's deposits

**2000** **August**  
Increased capital to KRW 340.0 billion

**2002** **December**  
Began management of customers' deposits through trust accounts

**2004** **June**  
Launched the trustee and custodian business

**2005** **September**  
Obtained ISO 9001 for securities trustee & custodial services

1998  
~  
2009

**2006** **April**  
Obtained 'AAA(Stable)' credit rating from National Information and Credit Evaluation

**2007** **June**  
Obtained approval for nonsecured loans service

**2008** **April**  
Opened the Bundang branch

**July**  
ISO9001 certification for ESOP management  
Launched specific money trust services

**2009** **February**  
Began extending loans secured by subscription deposits for IPO shares

**May**  
Began accepting Securities Market Stabilization Fund(SMSF) deposits

**2010** **April**  
Proclaimed the Vision 2015

**June**  
Introduced next generation IT system in place

**November**  
Obtained ISO27001 for international information security certification

**2011** **March**  
Obtained the approval of RP brokerage services between financial institutions

**April**  
Started the RP brokerage services  
Surpassed KRW 1 trillion in security borrowing and lending

**November**  
Opened the mobile service

2010  
~  
2013

**2012** **February**  
Ranked 1<sup>st</sup> in fund assets under management

**April**  
Introduced the IFRS  
Exceeding KRW 25 trillion in bonds borrowing and lending brokerage

**September**  
Received accreditation on bonds management business

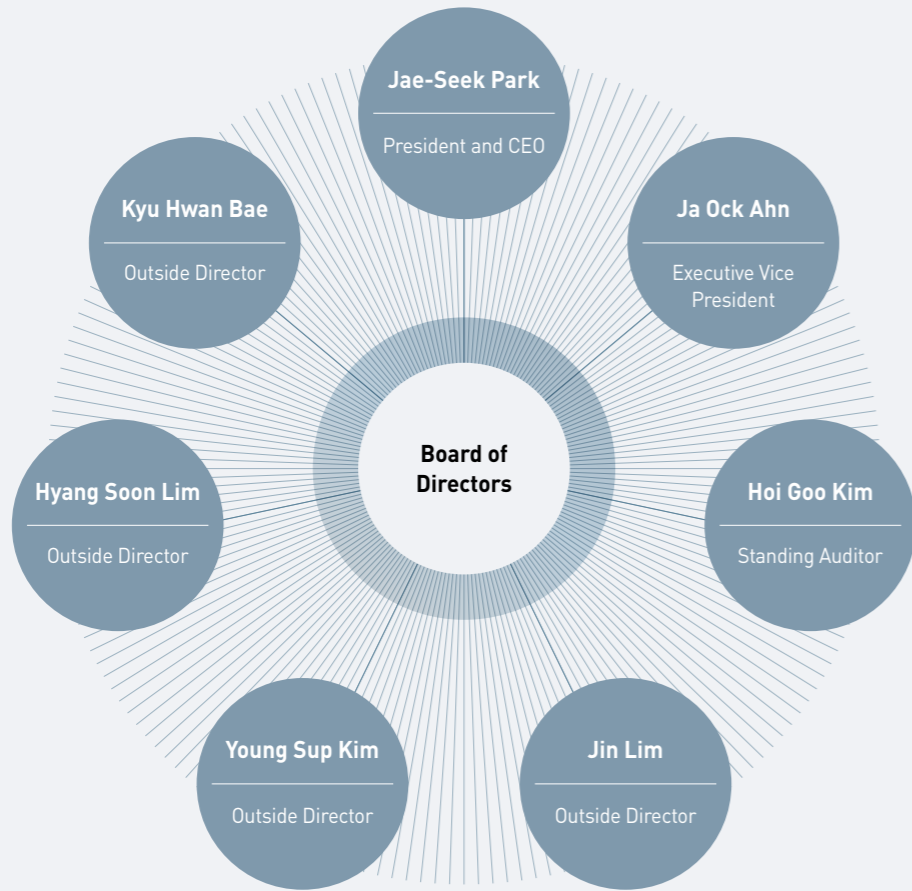
**2013** **March**  
Ranked 1<sup>st</sup> in evaluating the operation performance of national surplus funds by the Ministry of Strategy and Finance

**May**  
Opened new comprehensive profit management system and next-generation investment operation system (FAMS)

**October**  
Received accreditation on IDB business



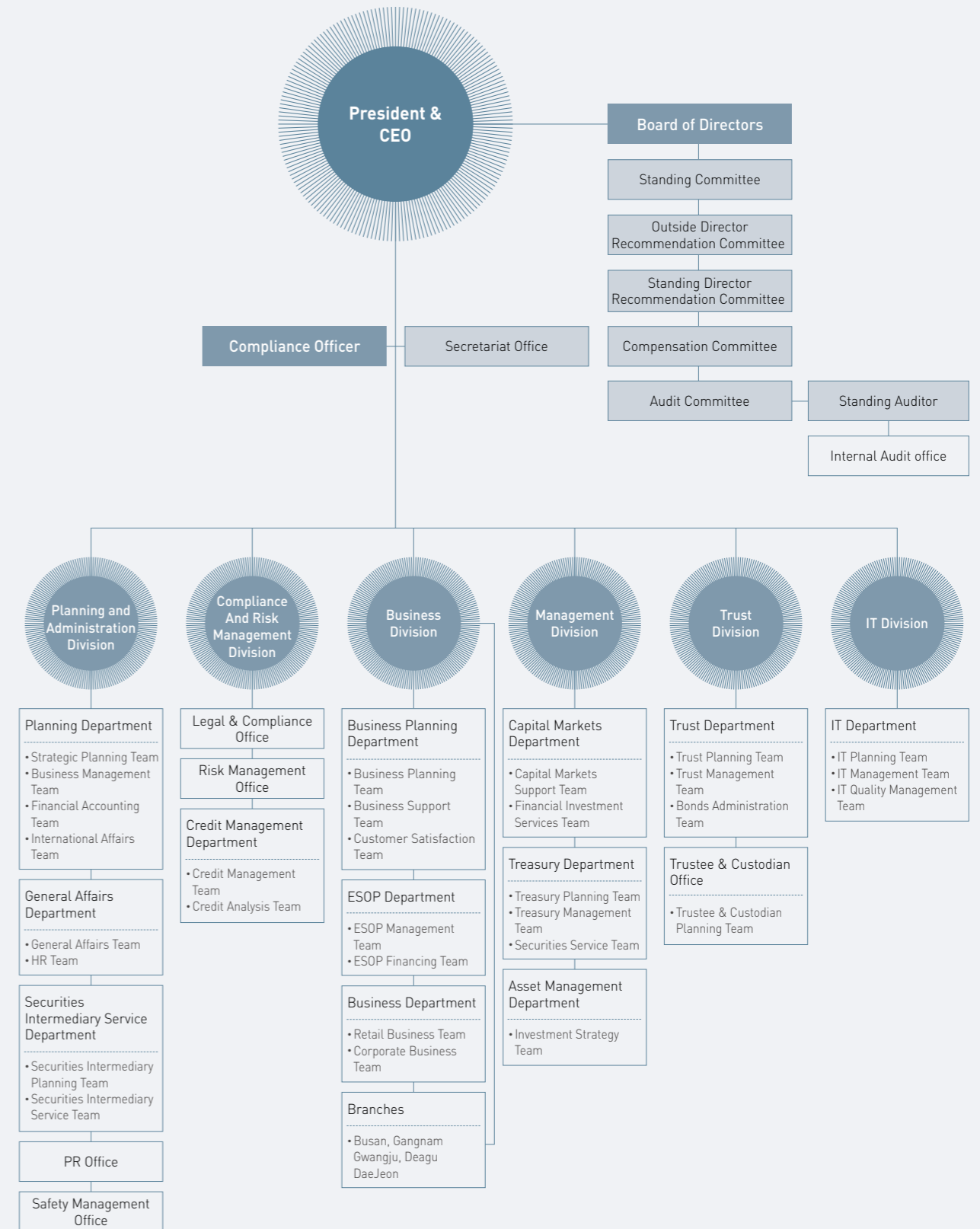
# BOARD OF DIRECTORS



## Management Committee

Jae-Seek Park	President and CEO
Ja Ock Ahn	Executive Vice President
Hoi Goo Kim	Standing Auditor
Kyu Cheol Jung	Managing Director (Business Division)
Jin Hyun Paik	Managing Director (Management Division)
Seung Weon Kang	Managing Director (Compliance And Risk Management Division)

# ORGANIZATION



# BUSINESS NETWORK



## Head Office

10, Gookjegeumyoongro 8-gil,  
Yeongdeungpo-Gu, Seoul, Korea  
Tel. 82-2-6908-8403  
Fax. 82-2-3770-8275

## Gangnam Branch

fl 3, 403, Gangnam-daero, Seocho-gu,  
Seoul, Korea  
Tel. 82-2-6934-0700  
Fax. 82-2-6934-0799

## Busan Branch

fl 11, 709, Jungang-daero, Busanjin-gu,  
Busan, Korea  
Tel. 82-51-797-5000  
Fax. 82-51-797-5099

## Gwangju Branch

fl 2, 225, Jebong-ro, Dong-gu, Gwangju,  
Korea  
Tel. 82-62-719-5100  
Fax. 82-62-719-5199

## Daegu Branch

fl 1, 341, Dongdaegu-ro, Suseong-gu,  
Daegu, Korea  
Tel. 82-53-717-0300  
Fax. 82-53-717-0399

## Daejeon Branch

fl 3, 69, Munye-ro, Seo-gu, Daejeon, Korea  
Tel. 82-42-717-3000  
Fax. 82-42-717-3099



**KOREA SECURITIES FINANCE CORP.**

10, Gookjegeumyoongro 8-gil, Yeongdeungpo-Gu, Seoul, Korea (34-9, Yeouido-Dong)  
Tel +82-2-3770-8800 Fax +82-2-784-0243 [www.ksfc.co.kr](http://www.ksfc.co.kr)