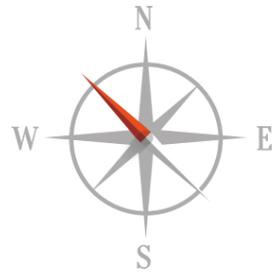




# Korea Student Aid Foundation Annual Report 2013





# *A Guide for Youth at Crossroads*

KOSAF will serve as a compass for students as they navigate the pathways to their future.

The virtue of youth lies in its indomitable and tireless spirit. The Korea Student Aid Foundation will be there for you while you seek your dream and vision, even in the face of frustrating reality.

## Contents

- 04 Student Aid Essay
- 06 Message from the Chairman
- ENSURE** About KOSAF
  - 10 Executives & Committees
  - 12 Mission & Values
  - 14 2013 Highlights
- WELCOME** Performance Review
  - 18 Student Loans
  - 24 Grants & Scholarships
  - 28 Sharing & Volunteering Programs
- START** Sustainability Management
  - 36 Ethical Management
  - 37 Institutional Management
  - 38 Social Responsibility
- NAVIGATE** Financial Review
  - 62 History



## Student Aid Essay

***"KOSAF is the spring breeze that awakens  
the seeds of my dreams to sprout."***

As my dreams began to take shape, I couldn't afford to take time off from school. The dreaded moment of registration period came, and I could not believe my eyes when I saw the amount on the tuition bill.

"My tuition bill was zero."

As it was too good to be true, I looked into the bill over and over again to make sure.

I had received National Grant along with merit-based scholarship from my school.

What made me even happier was that my younger sister, whom I had encouraged to apply, also received full tuition amount as National Grant.

My parents, who had been worrying over our tuition fees, smiled for the first time in a long while.

I was happy to be a proud daughter to my parents and I felt extremely grateful to Korea Student Aid Foundation. I took this as a message of encouragement to fulfill my dreams.

### **"Dreams come true"**

My dreams, which were vague, were becoming clearer and clearer.

Just as a spring breeze thaws the frozen ground and awakens tender new shoots of green, KOSAF gave me hope in a time of need, and allowed me to envision my future.

Likewise, I would like to become someone who can instill hopes in others.

I wish my story could encourage and inspire other students who are striving to achieve their goals. Everyone goes through hard times, and overcoming difficulties by oneself can be lonesome and challenging.

But society offers numerous chances to those who seek.

My parents, who believed in me and supported my dreams,

my school, which nurtured my dreams,

and KOSAF, which served as a steppingstone towards my dreams.

Thanks to all this support, I can push on towards tomorrow with confidence.

**Seo, Jihye** Kyunghee University

From *Dreams Come True*,

Grand Prize, the 5th Student Aid Essay Contest in 2013

## Message from the Chairman

### *Your dreams will come true.*

Thank you, colleagues, partners, and customers, for your support and interest in KOSAF.

Established in 2009, the Korea Student Aid Foundation (KOSAF) has been providing diverse grants and scholarship programs for those with academic excellence or financial difficulties. KOSAF also supports the future of university and college students by easing the financial burden of households through low-interest student loans.

In particular, KOSAF witnessed a drastic expansion of National Grant since its launch in 2012, disbursing about KRW 3 trillion to some 1.3 million students last year alone. In addition, a lowered annual interest rate of 2.9% helps students in undergraduate and graduate courses to lessen their financial burden.

Other than grant and scholarship programs, KOSAF has also been carrying out non-financial aid programs including mentoring programs and student residence hall construction to help university students to develop in a well-rounded manner. Now, I want to share the results of KOSAF's activities through this annual report with you.

Thanks to all these efforts, KOSAF received numerous valuable prizes, including grand prize of 'Happiness Plus Social Contribution' in March, 'Social Media Grand Prize' and 'International Business Awards'. I will always remember that we owe this all to our valued customers and supporters.

As a leading institution in the field of customer-centered talents fostering, KOSAF will proactively work on the following four tasks in 2014, as ways to lower the financial burden of higher education and to nurture future talents.

**First, KOSAF will strengthen support of aid in an aim of reducing the burden of tuition.**

In order to release students with the will and the passion for advanced education from the burden of tuition, we will broaden the scope of grant and scholarship programs, including National Grant and other measures that are designed to support local talents and students from multi-child families.

**Second, KOSAF will manage student loan programs in an efficient manner.**

We will make efforts to establish the virtuous cycle of funding for student loans, through safe operation of supply and collection of student loans, thereby running KOSAF in an efficient way. On top of that, we will make every possible effort to protect the credit of our customers and stimulate economic activity through offering of job opportunities.

**Third, KOSAF will act on our four management principles; Human Management, Ultra-efficient Management, Ethical Management, and Customer-centered Management.**

We will conduct Human Management that pursues mutual trust and respect among people; Ultra-efficient Management that aims to achieve low cost and high efficiency through high levels of expertise that eliminate red tapes and wasteful uses of resources; Ethical Management that ensures fair and responsible management; and, Customer-centered Management that listens to customers' voices.

**Fourth, KOSAF will offer various supports for the nurturing of global talents and the spreading of the culture of sharing.**

We will put all strenuous endeavors into mentoring program where leaders of society share their life experiences with university students; knowledge volunteering services in which senior classmates provide supports to junior ones; and, donation funding projects designed to narrow the gap between the rich and the poor. Through these measures, KOSAF will play an active role for the prevailing of sharing and volunteering service culture so that university students, who are valuable resources of our society, can communicate well and become responsible members of a sound society.

I can promise that Korea Student Aid Foundation, as a global leader in fostering future talents, will be dedicated to paying back what it received from customers in ways that encourage and help students who have the ability and willingness to cultivate their future.

I am obliged to thank those involved in this annual report for their efforts and would like to ask for the ever-lasting support and encouragement from our customers.

Thank you.

Chairman, Korea Student Aid Foundation **Kwak, Byong-Sun**

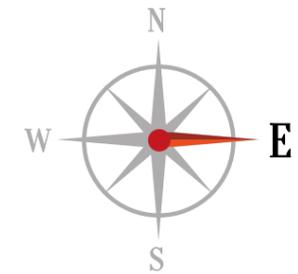
# ***ENSURING** the Student's Wish be Kept*

## About KOSAF

Executives & Committees

Mission & Values

2013 Highlights



KOSAF ensures that  
it will be a steppingstone  
that helps students achieve their dream.

We promise that we will be a helping hand  
and a steppingstone  
so that young visionaries can gallantly  
pursue their hope  
and go higher and further towards their dream.

# Executives & Committees

## Executives



**Kwak, Byong-Sun**

- President, Korean Educational Development Institute
- President, Kyung-In Women's University
- Assistant administrator, Subcommittee of Education and Science under the 18th Presidential Transition Committee
- Chairman, Korea Student Aid Foundation



**Kim, Gi-Nam**

- Manager of Environment Department, School facility, Ministry of Education
- Facility planning officer, Ministry of Education
- Standing member, Faculty Request Review Committee
- Standing auditor, Korea Student Aid Foundation



**Kwon, Kwang-Ho**

- Manager of Book Closing, Treasury Bureau of Ministry of Strategy and Finance
- Planning Team manager, Digital Budget and Accounting System Planning Group
- Officer of Financial Information Planning, Cooperation Group of Financial Management, Ministry of Strategy and Finance
- Executive Director, Korea Student Aid Foundation



**Lee, Dae-Yeol**

- Vice Superintendent, Busan Metropolitan City Office of Education
- Secretary, Gyeongsang National University
- Bureau Chief, Ministry of Education
- Executive Director, Korea Student Aid Foundation

## Board of Directors

As the highest decision making body of KOSAF, the Board of Directors, comprised of three standing executives and another eight non-standing directors, reviews and decides on important issues related to basic principles and ways of business implementation.

**Standing Executives**

- Kwak, Byong-Sun, Chairman
- Kwon, Kwang-Ho, Executive Director
- Lee, Dae-Yeol, Executive Director

**Non-standing Directors**

- Kim, Seong-Yul, Professor of Education, Kyungnam University
- Park, Sang-Gue, Professor of Applied Statistics, Chungang University
- Lee, Hong, Professor of Business Administration, Kwangwoon University
- Im, Youn-Kee, Professor of Education, Kongju National University
- Hwang, Yeong-Key, Advisor to Law Firm Shin & Kim

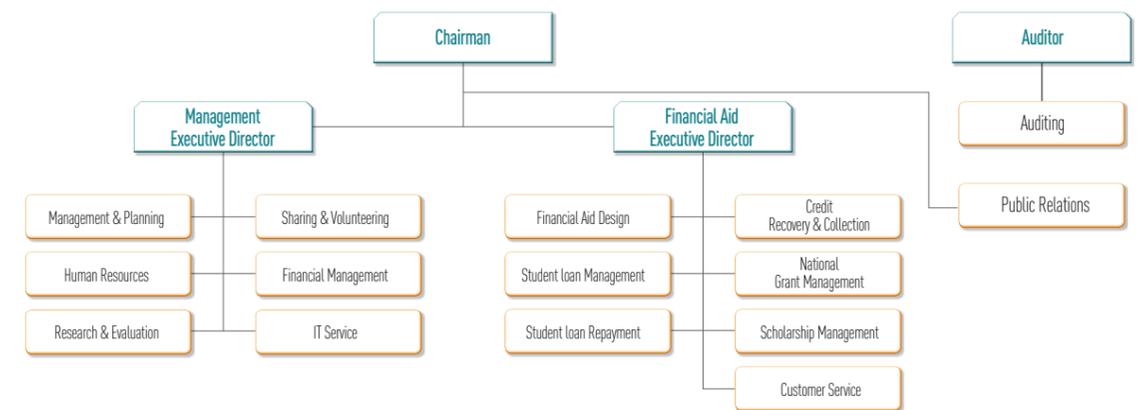
**Non-standing Directors (ex officio)**

- Choi, Eun-Ok, Support Officer of Academic Promotion, Ministry of Education
- Roh, Hyong-Wook, Director General of Social Budget, Ministry of Finance
- Kim, Yong-Beom, Chief of Financial Policy Bureau, Financial Services Commission

## Committees

<p><b>Executive Recommendation Committee</b></p> <ul style="list-style-type: none"> <li>• Decision on ways to recruit executives</li> <li>• Review on applicants</li> <li>• Recommendation of qualified applicant in accordance with Article 26 of the public institution operation law</li> <li>• Negotiation with would-be Chairman about what to put in contract and notice to Minister of Education</li> </ul>	<p><b>Risk Management Committee</b></p> <ul style="list-style-type: none"> <li>• Inspection on issues related to basic principles of risk management</li> <li>• Setting of ceiling of risky capital and of maximum risk level by risk appetite and type</li> <li>• Revision of risk management manual</li> </ul>	<p><b>Asset Management Deliberation Committee</b></p> <ul style="list-style-type: none"> <li>• Settlement of asset management guidelines and deliberation on their revision</li> <li>• Deliberation on asset management strategy</li> <li>• Review on asset management evaluation and its risk management</li> <li>• Consideration of the assessment on asset management outcome</li> </ul>	<p><b>Customer Service Committee</b></p> <ul style="list-style-type: none"> <li>• Settlement on important issues regarding customer services</li> <li>• Selection of areas that need to be improved and checking on the result</li> <li>• Revision of Charter of Customer Service</li> </ul>	<p><b>Policy Advisory Group</b></p> <ul style="list-style-type: none"> <li>• Provision of advice to policy and direction of KorMent Leader Mentoring</li> <li>• Suggestion of ideas to the decisions of Mentoring Operating Committee</li> </ul>
--	--	---	--	--

## Organization Chart (15 departments)



# Mission & Values

KOSAF follows its core values and management principles to realize its mission and vision.

## Purpose

The purpose of KOSAF is to build an environment that enables anyone with the will and the ability to continue education regardless of his or her economic background. Through efficiently operating student aid programs in the form of grants, scholarships, and student loans, we hope to contribute to the funding of Korea's future.

## Management Objectives

### MISSION

to share resources supported by the government to allow everyone to become valuable assets to society

### VISION

to be the most efficient and customer-centered institution for human resource development in the nation

Target	Customers' service usage rate of 75%	Tuition support rate of 50%	Maximum customer satisfaction	
Midterm strategic direction	Customer-centered student aid system	Securing the sustainability of services	Expansion of Sharing and Volunteering Programs	Strengthening of performance-based management
Strategic tasks	<ul style="list-style-type: none"> <li>Stable provision of student aid</li> <li>Improvement on student aid support services</li> <li>Better service for university student information support</li> </ul>	<ul style="list-style-type: none"> <li>Establishing a basis for monitoring student aid</li> <li>Focusing on student loans repayment management</li> <li>Improving management of non-performing loans</li> </ul>	<ul style="list-style-type: none"> <li>Establishment of operating base of sharing &amp; volunteering service program</li> <li>Establishing a comprehensive student welfare system</li> <li>Promoting social responsibility activities of customers</li> </ul>	<ul style="list-style-type: none"> <li>Realization of customer-centered service</li> <li>Advancement of comprehensive risk management system</li> <li>Building of foundation for scientific ways of carrying out jobs</li> <li>Settlement of developmental and productive organizational culture</li> </ul>

## Management Principles

<b>Human Management</b>	putting trust in every member of KOSAF and respecting one another
<b>Ultra-efficient Management</b>	eliminating irrational procedures, waste of resources, and interdepartmental boundaries to achieve high efficiency
<b>Ethical Management</b>	upholding integrity and taking responsibility to handle matters even-handed
<b>Customer-centered Management</b>	fulfilling customers' needs for maximum customer satisfaction and committing to work in a creative manner

## Core Values



# 2013 Highlights

A variety of KOSAF's programs designed to help develop future talents are underway.

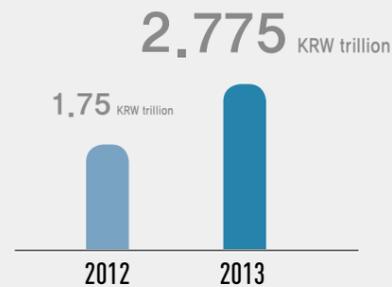
## Zero Real Interest Rate on Student Loans

Lowering the cost of education is one of the government's major tasks. KOSAF cut the interest rate of Income Contingent Loan and Direct Loan to 2.9% and lowered the annual interest burden of households by KRW 25.5 billion.



## Broadening the Scope of National Grant

In order to make higher education accessible to anyone with the will and the ability to continue their study, KOSAF drastically expanded its National Grant programs. The budget for National Grants in 2013 was KRW 2,775 trillion – an increase of KRW 1,025 trillion compared to 2012. KOSAF also relaxed qualification standards for National Grants, providing National Grants type I and II for students from family income decile of 8 or below. The previous qualification standards for National Grants in 2012 were family income decile of 3 or below for type I grants and 8 or below for type II grants. As a result, KOSAF witnessed about 41.4% decrease in tuition burden rate compared to 2011, (based on National Grant budget, includes self-efforts of universities)



## Expansion of Living Expense Loans

Apart from tuition, KOSAF also lends money for accommodation, books and transportation. In particular, KOSAF raised the limit of living expense loans from KRW 1 million to 1.5 million per semester and expanded its target to students whose income decile is 8 or higher in 2013. These changes in policy enabled students to borrow an additional amount of KRW 226.2 billion (88,859 loans), compared to the previous year.

## Introduction of the Ladder of Hope Program

The Ladder of Hope is a scholarship program designed to vitalize youth employment in SMEs. A total of 1,735 students were selected and were awarded with full tuition fee and incentives. The Ladder of Hope program not only reduced financial burdens of students, but also allowed them to focus on their study without worrying about job searching. Additionally, KOSAF contributed bridging the gap between supply and demand in the job market of SMEs through career fairs and basing job training programs.



## Expansion of Income Contingent Credit Recovery Service (ICCRS)

KOSAF has strengthened the repaying capability of people who are behind the payment schedule, through ICCRS that comprehensively helps them to recover credit and secure a job. KOSAF expanded its partners from financial institutes to public and private sectors, and extended the coverage of ICCRS to those who live on heavy debts. In addition, KOSAF made efforts for people whose credit ratings became unreliable because of excessive student loans to recover their credit status and economic footings.



## Construction of the Student Residence Hall

KOSAF is working on the construction of a comprehensive student residence hall in order to provide university students with safe housing facility. Funded by private sector's donation (by 22 members of Korea Federation of Banks), the student residence hall that will be built on a state-owned land is likely to supply affordable accommodation to them. The building will be more than a living space, by becoming a comprehensive talents nurturing center that provides learning facility, mentoring service, consultation, leadership training, library that interacts with local students, and cultural and gym space.

## Spreading the Culture of Sharing and Volunteering

By building a sharing voluntary service hub, KOSAF is putting in efforts to spread the culture of sharing in many corners of the society. Increased participation by social leaders and college students provided more chances of education to the marginalized. The participation rate went up by 37.2%, or 101,000 participants, year-on-year. KRW 2.6 billion were collected as private donations thanks to the spread of the culture of sharing, and this money will be used as a foundation to support the students who are in need.

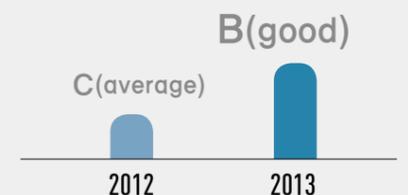


## Improvement in the Public-service Customer Satisfaction Index (PCSI) Assessment

KOSAF received scorecard of 'good' in the 2013 PCSI Assessment. The grade was achieved thanks to the new automated response service which increased the rate of customers' inquiry call answered (87.3% to 91.1%) and other improvements in handling customers' requests that reached 8 million in a year.

## Grade B on 2013 Public Institution Management Performance Evaluation

KOSAF earned Grade B (good) on 2013 Public Institution Management Performance Evaluation (conducted by the Ministry of Strategy and Finance), an improvement from Grade C (average) in the previous year. This is an indication of KOSAF's business performance improvement in ways of linking its business target with the government policy in areas of leadership, corporate responsibility, management efficiency and major activities performance.





# ***WELCOMING** the Infinite Passion of the Youth*



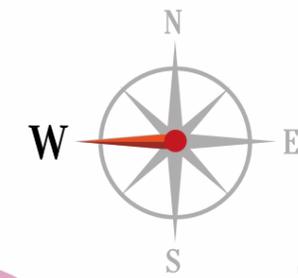
## Performance Review

We believe in the value of the youth and their potential to overcome any obstacles.

KOSAF will accompany university students until the seed of their hope sprouts and grows to be large trees.

KOSAF will be a friendly companion until they reach their cherished dream.

- Student Loans
- Grants & Scholarships
- Sharing & Volunteering Programs



## Student Loans

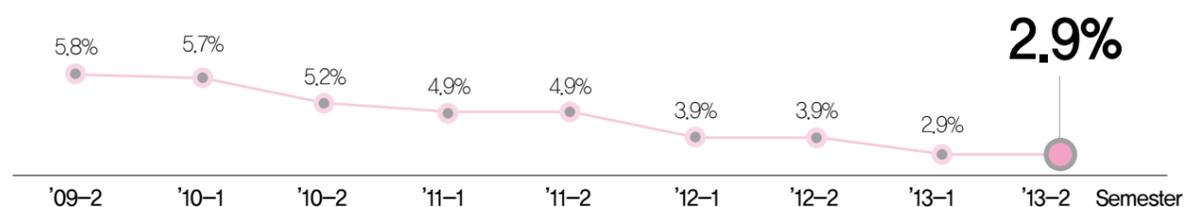
### KOSAF offers dream and vision to students.

KOSAF offers various student loan programs to help students ease their burdens of tuition in the face of tough economic situations. Through these services, we strive to cultivate the youth and help them become valuable assets to our society.



### Interest Rate of Student Loans

# 2.9%



### Achieving Zero Real Interest Rate

KOSAF has spared no efforts to alleviate the financial burden of student loans. Minimization of issuance costs of structured bonds through the optimization of issuance interest rate and amount reduced student loan interest rate to 2.9%. Given that average inflation rate is 3.2% over the recent five years, the loan's real interest rate is at zero.

### Bond Issuance in 2013

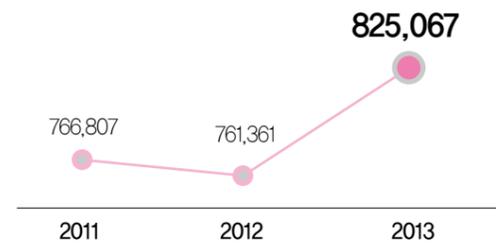
(Unit : KRW million)

Month	Maturity	3-year	5-year	7-year	9-year	10-year	15-year	Total
Jan		-	100,000	-	-	-	50,000	150,000
Feb		80,000	-	-	-	-	250,000	330,000
Mar		-	-	-	-	150,000	150,000	300,000
Apr		210,000	-	-	-	60,000	-	270,000
May		90,000	-	120,000	-	-	-	210,000
Jun		-	-	-	-	50,000	50,000	100,000
Jul		-	-	-	-	20,000	50,000	70,000
Aug		120,000	-	30,000	-	40,000	-	190,000
Sep		80,000	-	70,000	-	-	50,000	200,000
Oct		50,000	-	-	80,000	-	-	130,000
Nov		160,000	-	-	50,000	-	30,000	240,000
Dec		-	-	-	140,000	-	-	140,000
<b>Total</b>		<b>790,000</b>	<b>100,000</b>	<b>220,000</b>	<b>270,000</b>	<b>320,000</b>	<b>630,000</b>	<b>2,330,000</b>

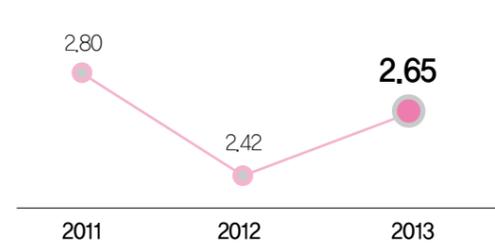
## Student Loans Performance

825,067 persons / 2.65 KRW trillion

Number of Borrowers (Unit : persons)



Total Loans Amount (Unit : KRW trillion)



### Expansion of Living Expense Loans

KOSAF runs living expense loan programs as a way to secure a stable campus life. In 2013, KOSAF raised the limit of living expense loan from KRW 1 million to 1.5 million per semester for Income Contingent Loan and lowered the qualification standards of Direct Loan to students with family income decile of 8 or higher. These changes allowed students to focus on their study, relieving them from stressful financial conditions.

Program	Detail	
	2012	2013
Income Contingent Loan	<ul style="list-style-type: none"> <li>• KRW 1 million per semester (up to 2 million per school year)</li> </ul>	<ul style="list-style-type: none"> <li>• KRW 1.5 million per semester (up to 3 million per school year)</li> </ul>
Direct Loan	<ul style="list-style-type: none"> <li>• Not available for people whose income decile is 8 to 10</li> </ul>	<ul style="list-style-type: none"> <li>• KRW 1 million per semester (up to 2 million per school year)</li> <li>• Available for people whose income decile is 8 to 10</li> </ul>

## Loans Performance based on Programs

(Unit : KRW million, persons)

Program		2009	2010	2011	2012	2013
Direct Loan (including government guaranteed loan)	Amount	2,521,926	1,920,499	1,597,980	811,505	770,928
	Number of Borrowers	675,900	528,943	429,742	217,615	194,054
Income Contingent Loan	Amount	—	845,586	1,087,334	1,514,968	1,781,154
	Number of Borrowers	—	232,448	303,792	510,052	590,746
Loan for Rural Students	Amount	92,916	101,218	110,295	92,496	102,115
	Number of Borrowers	28,966	31,093	33,273	33,694	40,267
Total	Amount	2,614,842	2,867,304	2,795,609	2,418,968	2,654,198
	Number of Borrowers	704,866	792,484	766,807	761,361	825,067

## Customer-centered System Improvement

### Provision of Loan Programs to More Students through Prevention of Overlapping Aid

KOSAF took steps for allowing more students to benefit from student aid by establishing a guideline for the prevention of overlapping aid, additional registration for university scholarships and advancing relevant systems. In addition, proactive measures were carried out, including workshops, discussion sessions, lectures, and short message services regarding overlapping aid prevention. As a result, KOSAF was able to prevent overlapping aid for a total of 200,207 loans, which amounts to KRW 256.3 billion.



### Improvement on Income Decile Calculation

In order to prevent ineligible students of high income group from receiving need-based grants, KOSAF launched a new decile calculation system that factors insurance premium of monthly income as well as health insurance premium into account starting from the second semester of 2013. As an amendment of the Act on the Establishment of Korea Student Aid Foundation, which is designed to change the income decile calculation from health insurance premium to social security information system, was passed in the National Assembly in December 2013, KOSAF will be running a more systematic income decile calculation basis from 2015.



### Development of Financial Education Program for University Students

KOSAF, as a financial public institution, developed its own financial education program that covers student loans and credit management. This comprehensive educational course, offered on the Internet, provides lessons not only about loan administration but also about credit and financial management. Adding to that, KOSAF built a web page and published books for financial education, hoping to maximize the effect of the education. Financial education offered to about 800,000 people who took out loans in 2014, helping customers enhance their level of understanding of finance and repayment rates.

### Interest Rate Cut on Late Payment

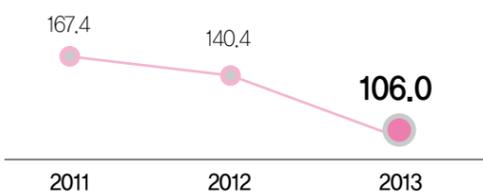
Lowered late payment interest rate has contributed to lowering interest expenses as well as to preventing unbridled increase of credit defaulters.

Delayed term	Interest rate on late payment	
	2012	2013
≤ 3 months	15%	10%
> 3 months	17%	12%

## Interest Payment Support

# 106 KRW billion

### Interest Payment Support (Unit : KRW billion)



※ Target: Low income class among users of Direct Loan (including government guaranteed loans)

### Lessening of Interest Expense Burden of Low Income Households through Stable Management of Interest Payment

KOSAF offers interest payment support program to Direct Loan including government guaranteed loan users according to their income decile. This is one of national policies that lightens the burden of educational expenses and prevents borrowers from defaulting and becoming credit delinquents. In 2013, about KRW 106 billion were used for this purpose and more borrowers are expected to benefit from this program as measures designed to help those currently overlooked are under review in a way that can support the low income class to face the unstable conditions of slow economic recovery and high unemployment rate.



### Alleviation of Accrued Interest Expense during Military Service

To be in line with national agenda, KOSAF exempted accrued interest bill of borrowers who were serving military duty. Its original form, initiated in 2012 when Income Contingent Loan users received interest payment support while serving in the military, was changed in 2013 to exempt borrowers of Income Contingent Loan and Direct Loan (including government guaranteed loans) from interest payment. In 2013, a number of 95,813 people collectively saw their interest bill cut by KRW 9.1 billion. Thanks to the cooperation with Military Manpower Administration, loan users were able to focus on their duty without worrying about interest payment.

#### Number of Servicemen whose Interest Payment was Exempted and its Amount

(Unit : persons, KRW billion)

Program	Number of Borrowers	Amount
Income Contingent Loan	76,225	6.7
Direct Loan (including government guaranteed loans)	31,342	2.4
<b>Total</b>	<b>95,813*</b>	<b>9.1</b>

\* excluding double counting

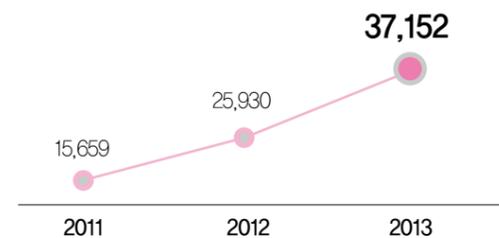
### Adoption of Optional “Pre-workout” Program

The program is devised to stop loan users who are behind payment schedule from falling into the category of credit warning. This “pre-workout” system allows loan users whose interest payment has not been made in the past three months or more to take advantage of credit recovery measures, built to ease the burden of repayment, including, early redemption by installment and exemption of unpaid amount. Before this, people already marked with credit stigma could use the recovery system only when their payment was not made for 6 consecutive months and more. Thanks to the pre-workout, however, people can get their credit recovery project started even before they get to have credit stains, resulting in much smaller number of people with bad credit reputation.

## Credit Recovery Support

# 37,152 cases

### Credit Recovery Support (Unit : cases)



### Expansion of Credit Recovery Support through Institutional Improvement for Customers' Reduced Burden

KOSAF is supporting defaulters in various ways for their credit recovery, including redemption by installment, reduction/exemption program of delayed payment compensation, and suspended registration of defaulters' information. Particularly in 2013, KOSAF laid out several new steps that prevent borrowers from becoming credit delinquents and help them with the burden of repayment. Specifically, KOSAF allowed installment repayment on small amount of debt; eased conditions for complete exemption of late payment compensation; and, introduced exemption program of delayed payment compensation available for recipients of basic living or those with disabilities. The number of beneficiaries of those policies was a whopping 37,152. In addition, KOSAF built credit management system in cooperation with credit rating agencies so that loan users can manage their credit scores while raising awareness on the importance of credit among university students and the general public with customized educational contents.

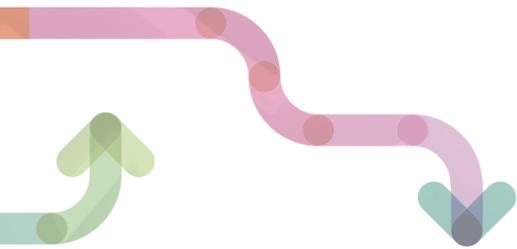
### Establishing of Customer-centered Non-performing Loan Management System

KOSAF efficiently extended diversified efforts in order to manage non-performing loans in a customer-centered way. For example, KOSAF built an electronic system for acknowledgement of obligation and notified borrowers with impending due date to prevent overdue debts from becoming non-performing loans. The institution's early request of performance improved non-performing loans management efficiency, by halving performance request period to 3 months, in the case that guaranteed debts are not likely to be redeemed, KOSAF also enhanced the accuracy of debtor's credit information and the level of credit protection and systemic management of debtors who are under special cases, including personal workout, exemption of bankruptcy and the situation where a debtor was deceased. All these programs set the foundation of non-performing loan management system.

### Providing of Economic Second Chance through Job-associated Income Contingent Credit Recovery Service (ICCRS)

The ICCRS is a proactive credit recovery program that introduces intern job positions in the KOSAF's partner companies to defaulters. This virtuous cycle program, initially opted in by several financial firms, was adopted by other companies in the public and private sector in 2013, which established a platform for customized recruitment program. The target of this program includes not only loan users with credit problems but provisional defaulters living on piles of debt. KOSAF aggressively promoted the recovery service through SNS, diverse fairs and advertisement posters.

# Grants & Scholarships



**We support young adults with the capability and the will to succeed in their life.**

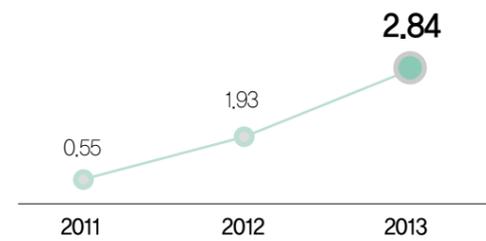
KOSAF is offering a variety of grant and scholarship programs so that those with the ability and the will, regardless of their economic conditions, can continue their study after secondary school education. KOSAF will keep the youth's dreams alive through offering various need-based, merit-based, and work-based aids.



## Grants & Scholarships Performance

**2.84** KRW trillion

Total Grants & Scholarships Amount (Unit : KRW trillion)



## Grants & Scholarships Performance based on Program

(Unit : KRW million)

Program	2012	2013
National Grant Type I	928,234	2,073,949
National Grant Type II	824,470	540,178
National Work-Study Program	85,707	124,607
The Presidential Science Scholarship	4,930	4,796
National Scholarship (Science & Engineering)	64,866	66,543
National Scholarship (Humanities)	12,482	13,977
Junior College Scholarship	6,136	823
Graduate Research Scholarship (Science & Engineering)	10	5
Graduate Research Scholarship (Humanities)	4,941	4,958
The Love Dream Scholarship (Private donation)	1,306	1,870
The Dream Scholarship	70	115
Ladder of Hope(New)	-	9,318
<b>Total</b>	<b>1,933,152</b>	<b>2,841,139</b>

## Need-based Aid

KOSAF is providing need-based grants to financially strapped students so that they can have an equal opportunity for higher education, regardless of their economic background. Particularly, in 2013, KOSAF bolstered its support to low income households by expanding the budget and the target of National Grant program and enlarging funding of work-based aid.

### National Grant (Type I, II)

The National Grant program, which was introduced to provide everyone with an equal opportunity for higher education regardless of economic conditions, supplied about 1.17 million students with KRW 2.6 trillion in 2013. KOSAF made aggressive, continuous efforts to reduce tuition burden of students. For example, KOSAF eliminated grade requirements for freshmen and expanded income decile standard.

	2012	2013
Target	Type I : income decile ≤ 3 Type II : income decile ≤ 7	Type I & II : income decile ≤ 8
Amount	KRW 1.75 trillion	KRW 2.61 trillion

### National Work Study Program

The National Work Study program, which is designed to promote field adaptability and vocational ability to students through offering them a chance to experience various jobs while at college, disbursed KRW 124.6 billion in 2013. KOSAF significantly increased the number of available experience sites in rural areas through closer cooperation with other institutions and government ministries, while building a management system that monitors illegal practices in operating this program by way of partnership with National Tax Services and Military Manpower Administration to enhance the transparency of this program.



### The Love Dream Scholarship (Scholarship from Private Donation)

This scholarship program, which is funded by private donors, upholds each donor's intentions and is disbursed to students who meet the qualifications specified by each donor. In 2013, beneficiaries collectively received a total of KRW 1.9 billion donated by 14 donors, including Korea LPG Association and Blizzard Entertainment.

### The Dream Scholarship

This scholarship program, a combination of a merit-based scholarship and the need-based grant, provides students from low-income families with the chance to study abroad. The target of this Dream Scholarship is high school students with income decile of 1 or below. This program provides 15 selected students with education expenses while they study in overseas countries. Moreover, this scholarship offers non-financial support such as study area, workshops, and study-abroad exhibitions. A total of KRW 100 million was disbursed to beneficiaries in 2013.



## Merit-based Aid

Merit-based aid programs aim to create an environment that enables talented students to focus on their study so that they can grow to become leaders of society. These programs focus on discovering and fostering young talents in the field of foundation studies as well as in areas of national interest.

### The Presidential Science Scholarship

This scholarship is to discover and support students excelling in the field of science and technology, providing domestic students with full coverage of their tuition and other incentives to support their studies. In the case of international students, scholarship of up to USD 50,000 a year is given to them. The total amount of aid in 2013 was KRW 4.8 billion.



### National Scholarship (Science & Engineering)

This program is designed to encourage students with the potential in science and engineering to continue their studies in the related fields. By supporting science and engineering majors, this scholarship aims to nurture future core professionals of the nation. The National Science & Engineering Scholarship disbursed about KRW 6.65 billion in 2013.

### National Scholarship (Humanities)

This scholarship is designed to nurture talented students majoring in humanities and social science into future leaders, giving out KRW 14 billion to them in 2013.

### Junior College Scholarship

This scholarship is for outstanding students in junior colleges with the potential to play a pivotal role in various industries in Korea. The total amount disbursed to these students in 2013 was KRW 0.8 billion.

### Graduate Research Scholarship (Humanities)

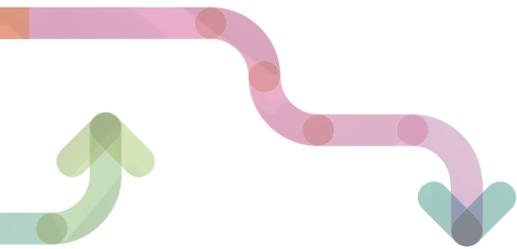
This scholarship is to support excellent students in master's and doctoral courses in the area of humanities and social science so as to promote talent development as well as basic research capabilities. In 2013, a total of KRW 5 billion were directed to them.

### Ladder of Hope, Scholarship Program for Vitalizing Youth Employment in SMEs (New)

This scholarship is for students to wish to work at small and mid-sized enterprises, devised to heighten youth employment rate and encourage their business activities. A total of KRW 9.3 billion were used for this purpose in 2013.



# Sharing & Volunteering Programs

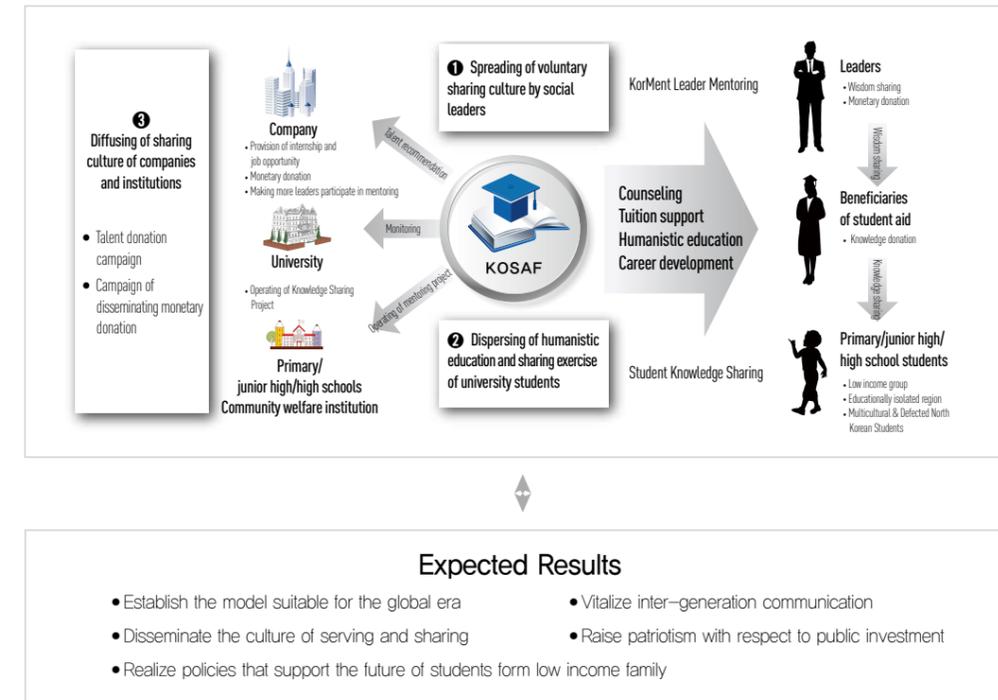


## We practice the culture of sharing & volunteering.

KOSAF is running various projects to nurture global leaders who practice the culture of sharing and volunteering. KOSAF supports your dreams and will accompany you in preparing for your future.



## System of KOSAF Sharing & Volunteering Programs



## Establishing of Global Talents Development System of KOSAF through the Building of Sharing & Volunteering Hub System

KOSAF is disseminating voluntary sharing culture among university students, universities, companies and public institutions, by laying out sharing & volunteering hub system. Thanks to the system, the number of people participated in mentoring program increased by 37.2% year on year to reach about 101,000 students of primary/junior high/high schools and universities. In addition, the funding of KRW 2,59 billion became a financial source for more university students who deserved but not received tuition support to get the benefit. In 2013, KOSAF made efforts to grow not only in quantity but also in quality. Bigger numbers of students from low income families could participate in the project, thanks to newly built online mentoring system and higher portion of low income students in the selected group. In addition, improvement on education system and contents for mentors and mentees substantially bettered the program. Furthermore, KOSAF has spared no efforts in offering various career development programs, including global experience program, job strategy fair and talent recommendation, so that student customers can fully tap on their capability. KOSAF has given tuition and daily life information through student support information system and laid the ground of ultimate service for university students by securing building site and financial source for a residence hall that serves talents nurturing function.

### KorMent Leader Mentoring

401 Mentors / 3,246 Mentees

Number of Participants of the KorMent Leader Mentoring Program (Unit : persons)



#### Promotion of KorMent Leader Mentoring Program through Efficient Operational Support System and Improved Services

Through the KorMent Leader Mentoring Program, KOSAF delivers the success experience and wisdom of social leaders to university student mentees in order to foster global talents with the spirit of Sharing & Volunteering. In 2013, the number of mentors has increased from 302 to 401, or up by 32.8%, with that of mentees climbing from 2,457 to 3,246, or up by 32.1%. In particular, KOSAF improved the process of mentee selection to offer more chances to students from low income households and educationally isolated areas (the portion of such mentees increased by 6.8%, year on year). Adding to this, systemized programs, including mentoring program certificates, talents recommendation and job fairs, assisted mentees in steering their career development. KOSAF provided a foundation for various programs to be carried out voluntarily by facilitating communications among participants through proactive operation of sub-committees consisting of mentees and holding contests among them. Diversified activities allowed the average number of monthly mentoring activities to increase to 0.97, which is a 6.5% increase from the previous year.

(Unit : persons, %)

		2012	2013	Growth
KorMent Leader Mentoring	Mentor	302	401	32.8
	Mentee	2,457	3,246	32.1
	<b>Total</b>	<b>2,759</b>	<b>3,647</b>	<b>32.2</b>

### Student Knowledge Sharing

6,112 Mentors / 15,688 Mentees

Number of Participants in the Student Knowledge Sharing Program (Unit : persons)



#### Expansion of Beneficiaries of the Student Knowledge Sharing Program

This program is designed to provide university students with the opportunity that enables them to develop leadership and commitment, while offering young students from low income families with mentoring services from qualified university students, including tutoring and consultation about future career and advice on personal issues. In 2013, more universities joined this program and the number of program camps held increased, all of which drew a total of 6,112 mentors and 15,688 mentees.

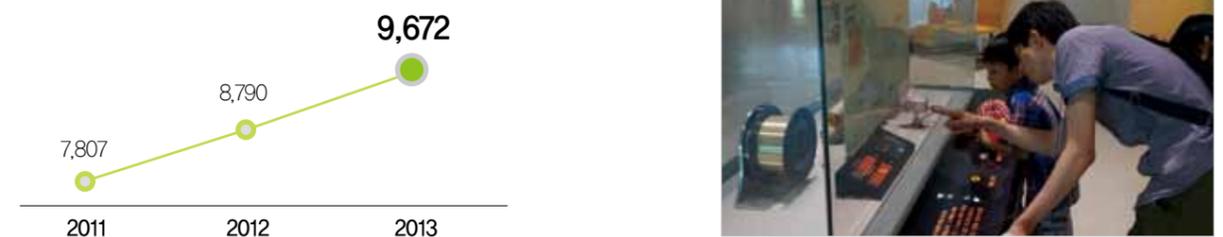
(Unit : persons, %)

		2012	2013	Growth
Student Knowledge Sharing	Mentor	5,619	6,112	8.8
	Mentee	14,068	15,688	11.5
	<b>Total</b>	<b>19,687</b>	<b>21,800</b>	<b>10.7</b>

### Mentoring for Multicultural & Defected North Korean Students

4,888 Mentors / 4,784 Mentees

Number of Participants in the Mentoring for Multicultural & Defected North Korean Students (Unit : persons)



### Contributing to Social Integration through Mentoring for Multicultural & Defected North Korean Students

Through this mentoring program, university student mentors are matched with students from multicultural or defected North Korean families to help them adapt to school life and aid them with their studies. Student mentors offer private lessons, counseling, and cultural experience opportunities to their mentees, and in turn receive hours for national work-study program. In 2013, 4,888 mentors and 4,784 mentees participated in this program. Furthermore, in order to draw more students into this program, KOSAF established an online monitoring system that enables remote mentoring services.

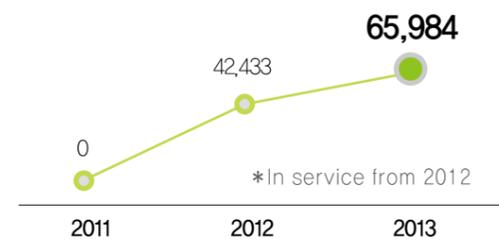
(Unit : persons, %)

		2012	2013	Growth
Mentoring for Multicultural & Defected North Korean Students	Mentor	4,057	4,888	20.5
	Mentee	4,733	4,784	1.1
	<b>Total</b>	<b>8,790</b>	<b>9,672</b>	<b>10.0</b>

### Educational Support for Adolescents

15,032 Mentors / 50,952 Mentees

#### Number of Participants in the Educational Support for Adolescents (Unit : persons)



### Contributing to Reduction of Social Polarization through Educational Support for Adolescents

KOSAF, through this program, provides university students with the opportunity in which they can share their knowledge and experiences with primary, junior high and high school students from low income families. The mentors get qualified for national work-study program for their efforts. In 2013, 15,032 mentors and 50,952 mentees participated in this program.

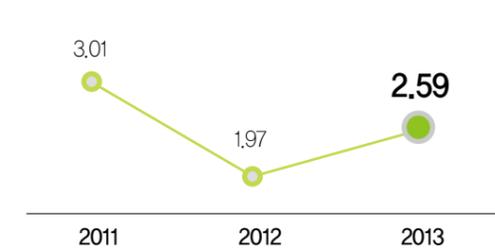
(Unit : persons, %)

		2012	2013	Growth
Educational Support for Adolescents	Mentor	18,811	15,032	-20.1
	Mentee	23,622	50,952	115.7
	<b>Total</b>	<b>42,433</b>	<b>65,984</b>	<b>55.5</b>

### Donations

Accumulated **10.31** KRW billion

#### Donation Received by Year (Unit : KRW billion)



### Enlargement of Donation Collection Base through Diversification of Donation Methods and Sources

KOSAF has been making diversified efforts to promote donation. Thanks to new donation sources secured by customized product development, The amount of corporate donations increased to KRW 2.6 billion, or up by 31.8% year on year. In addition, active promotion of individual donations lead to an 319% increase in small donations (KRW 100 million and under), compared to the previous year. In order to manage donated resources in a transparent and fair manner, KOSAF runs an operating committee of donations, while complying with relevant regulations, including reporting and disclosure. Collected donations will be used in various scholarship programs designed for the educationally neglected group, including the Love Dream Scholarship, and global talents nurturing programs, such as Pride of Korea and Dream Challengers.

### Donations by Source

(Unit : KRW million)

Source	2009	2010	2011	2012	2013
Government	302	25	-	-	15
Public institutions	100	1,500	85	106	300
Companies	337	426	2,636	1,848	1,899
Individuals	8	32	291	19	380
<b>Total</b>	<b>747</b>	<b>1,983</b>	<b>3,012</b>	<b>1,973</b>	<b>2,593</b>
<b>Donation accumulated</b>	<b>747</b>	<b>2,730</b>	<b>5,742</b>	<b>7,715</b>	<b>10,308</b>

# *START of Sharing and Volunteering in Korea*

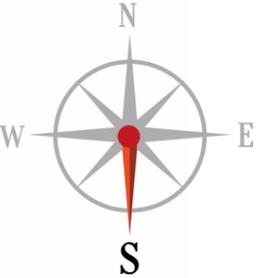


# Sustainability Management

- Ethical Management
- Institutional Management
- Social Responsibility

We will continue to grow with the vision of fostering talent for our future.

KOSAF is practicing ethical management by internally, forming an organizational culture of trust and cooperation, and, externally, spreading the culture of sharing through social responsibility activities. KOSAF will continue to work strenuously to maximize customer satisfaction and to support young adults to fully realize their potential.



## Ethical Management

KOSAF sets ethics, particularly based on rule and trust, above everything else and practices a fair and transparent job performance while carrying out its core activities including student aid programs and Sharing & Volunteering programs.

### Practicing Ethical Management in Accordance with the Midterm Roadmap and Four Major Management Principles

KOSAF established an implementation system according to the midterm roadmap in order to realize ethical management, which is one of the four major management policies. With four implementation strategies, 'promotion of ethic system', 'strengthening of ethics education system', 'discovering and adopting best practices of ethical management' and 'building of ethics management reflux system', KOSAF set up 12 specific goals and is doing its best to become a transparent and fair foundation. In addition, during its month of integrity (September), KOSAF selects four implementation tasks as a way to strengthen the awareness on ethics.



### Organic Operation of Ethics Management Steering Committee

In order to escalate the level of transparency of its policies, KOSAF put ethics management operating programs in place, including a civil audit system for institutional integrity. In 2013, KOSAF made an anti-corruption working level meeting to be held on a regular basis and made this check on KOSAF's major implementation projects and integrity policies as well as internal control system. The operation of the committee has come up with anti-corruption/integrity measures closely related to core activities of KOSAF.



### Performing of UN Global Compact Activities

To conduct social responsibility management on a par with global standards, KOSAF has carried out diverse activities. To satisfy international guidelines of KOSAF-Clean transition system, KOSAF monitored implementation of specific assignment; implemented community sharing management; supported talents fostering for the educationally neglected class; and, offered tuition support. KOSAF, a public financial institution, is a leader in ethical management and social responsibility. As a result of such efforts, KOSAF was awarded the grand prize of Happiness Plus Social Contribution in 2013 in the Education category for the second consecutive year and another grand prize in Public Service by the Maekyung Media Group.



## Institutional Management

KOSAF shares clear and detailed vision and strategies with its stakeholders. In order to externally, provide our customers with the best service and to internally, maximize employee's satisfaction and capabilities, KOSAF has performed a variety of sustainable management strategies.

### Reestablishing of KOSAF's Management Strategies for Adapting to Changes and Strengthening Growth Potential

Based on the existing business strategic system that emphasized successful business practices, KOSAF reestablished the system in ways that reflected various changes, including national agenda of the new government, Government 3.0, new Chairman's management policies and alteration in business areas in 2013. Specifically, reasons of KOSAF's existence and its desired future vision were factored into the new vision and mission. Under the objective of sustainable growth, the midterm strategic directions were set to be 'settlement of tuition support system', 'securing sustainability of tuition support system', 'strengthening of sharing and volunteering capability', and 'advancement of management base'. KOSAF also specified strategic tasks and their detailed mission by direction and intensified connectivity among them.

### Delivering of Operation Efficiency and Customer-centered Management through Customer Service Improvement

KOSAF made diversified efforts to efficiently cope with increased inquiries of customers caused by the expansion of National Grant. Costs and expenses were cut thanks to reduced customer service staff size realized through introduction of ARS and automation of answering to basic questions regarding tuition support. In addition, standardization of document submission and building of its system, consultation training and standardized job manual have increased the number of inquiries dealt by one consultant by 415.3%. In such ways, KOSAF is practicing customer-centered management through continuous job improvement.



### Implementation of Phased Strategy for the Building of Comprehensive Education Welfare System

KOSAF is implementing phased strategies in order to build a comprehensive education welfare system by integrating scholarship foundations scattered around the nation. Particularly in 2013, KOSAF constructed comprehensive one-stop service system that provides massive information, including loan, aid, and others, retained by public and private institutions. Adding to that, KOSAF is consistently upgrading the information and expanding related networks. KOSAF will contribute to reducing the burden of school expenses by functioning as a platform for student aid. Through the establishment of a comprehensive education welfare system that utilizes nationwide network.

### Constructing of Education System for Developing Employees' Capabilities

KOSAF overhauled employee education system to raise effectiveness. It identified required capability by job activity and built necessary educational course by intensified phase. KOSAF drastically reduced its commissioned and online education courses with low effectiveness and replaced them with essential training programs. Based on the three major principles, 'highly needed education', 'education that we design', and 'participatory education', KOSAF developed its own education contents, including 'understanding of KOSAF's activities', 'working-level course on grants and scholarships' and 'basic course for loan and credit management.' These courses were made to strengthen employees' capabilities and deliver maximum satisfaction.



## Social Responsibility

KOSAF has practiced a variety of activities to spread its culture of serving and sharing, by fulfilling its social responsibility as a public institution, building trust among people and putting in efforts to realize a society where neighbors radiantly smile to each other.

### Launching of Company-wide Social Responsibility System 'Smart Angels KOSAF'



In order to take leads in creating sharing culture and perform social responsibilities for the marginalized, KOSAF runs Smart Angels KOSAF, an employees' volunteer corps. Since its launch in October 2012, the corps delivered three rounds of volunteer services. Specifically, the first round was October 2012 to February 2013; the second, April 2013 to August 2013; and, the third, September 2013 to January 2014. The fourth services are being provided to youths in Chungang community child center, located in Jongno, Seoul. The students are getting classes of Korean and English language and mathematics as well as mentoring services. KOSAF has donated desks and chairs to the center, wishing to play a bridging role in education.

### Establishing of Relationships among the Three Parties to Support the Exchange between Urban and Rural Areas and to Facilitate Economic Activities of Petty Merchants

As part of a mutually beneficial strategy between urban and rural areas, KOSAF set up a relationship with Gudun village (Ishin 2-ri, Yangpyeong-gun, Gyeonggi-do) and conducted activities such as offering of a helping hand and direct dealing of agricultural products, and also with Manri market in Yongsan-gu, Seoul, and set 'the Traditional Market day' on every Thursday and has performed preferential purchase and the likes. Signing an agreement for mutual cooperation with Gudun village and Manri market, KOSAF tries to induce self-efforts from merchants and rural residents and sought ways of mutually beneficial development, including distribution and sales promotion of agricultural products.



### Conducting Social Responsibility Activities

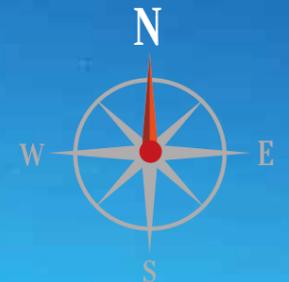
During the week set to commemorate the founding of KOSAF, it carried out diverse volunteer activities in the hope of building a better society. For example, 42 employees donated their blood. Another 16 provided voluntary service at Dail Community and donated rice bought in Manri market, worth which is KRW 1.5 million. KOSAF donated shoes and underwears to Mannasaem, a center for the homeless located nearby Seoul Station. On the foundation day - May 7 -, all employees went out to clean the Namsan area in Seoul. During the year-end, KOSAF's community service club donated a laundry machine (worth KRW 1.3 million) to Holt Foundation where they visit on a monthly basis.



# NAVIGATING for the Youth to Reach Their Dream

## Financial Review

- Statements of Financial Position(KOSAF – Consolidated)
- Statements of Income (KOSAF – Consolidated)
- Statements of Changes in Equity (KOSAF – Consolidated)
- Statements of Cash Flows (KOSAF – Consolidated)
- Statements of Financial Position (General accounting)
- Statements of Income (General accounting)
- Statements of Financial Position (Special accounting)
- Statements of Income (Special accounting)
- Statements of Financial Position (Fiduciary accounting)
- Statements of Income (Fiduciary accounting)



We will light up the youth's future.

Just as a pole star lightens the hope for people in despair, KOSAF will help young adults navigate the pathways of life until they themselves become harbingers of hope for others.

# Statements of Financial Position (KOSAF – Consolidated)

5th term : as of December 31, 2013 / 4th term : as of December 31, 2012 (Unit : KRW)

Item	5th term (current)		4th term (previous)	
	Amount		Amount	
<b>Assets</b>				
<b>I. Current assets</b>		<b>1,320,260,826,769</b>		<b>1,552,100,852,334</b>
(1) Cash and cash equivalents		202,389,462,724		214,540,965,352
Cash equivalents	358,264,418,470		313,156,977,694	
(Government grants)	(155,874,955,746)		(98,616,012,342)	
(2) Current financial assets		852,600,161,461		1,149,226,512,192
Current fair value financial asset	94,626,214,218		356,562,731,473	
(Government grants)				
Current available-for-sale financial assets	7,986,674,362		193,191,180,000	
(Government grants)				
Current financial assets held to maturity	326,970,000			
(Government grants)				
Short-term loan receivables	543,372,350,945		467,629,802,771	
(Present value discounts)	(6,377,319,466)		(5,786,600,214)	
Present value premiums				
(Allowance for doubtful account)	(22,115,950,964)		(14,755,142,199)	
(Government grants)	(45,010,625,875)		(36,008,844,309)	
Short-term financial instruments	334,164,404,184		291,519,696,273	
(Present value discounts)				
Present value premiums				
(Allowance for doubtful account)				
(Government grants)	(55,392,148,864)		(103,732,734,765)	
Other current financial assets	1,961,908,990		1,086,389,586	
(Present value discounts)				
Present value premiums				
(Allowance for doubtful account)				
(Government grants)	(942,316,069)		(479,966,424)	
(3) Trade and other receivables		262,939,938,864		182,174,418,940
Short-term other receivables	908,989,921		1,074,567,562	
(Present value discounts)				
(Allowance for doubtful account)				
Short-term accrued income	263,526,354,074		182,405,731,710	
(Allowance for doubtful account)	(1,495,405,131)		(1,305,880,332)	
(4) Current tax assets		1,545,809,425		5,107,496,060
(5) Current non-financial assets		785,454,295		1,051,459,790
Short-term advance payments	300,000,000			
(Government grants)				
(Allowance for doubtful account)				
Short-term prepaid expenses	262,254,295		828,259,790	
(Government grants)				
(Allowance for doubtful account)				

(Unit : KRW)

Item	5th term (current)		4th term (previous)	
	Amount		Amount	
<b>Assets</b>				
Other current non-financial assets	223,200,000		223,200,000	
(Government grants)				
(Accumulated impairment loss)				
(Accumulated depreciation)				
<b>II. Non-current assets</b>		<b>8,385,161,731,554</b>		<b>6,980,589,257,236</b>
(1) Non-current financial assets		8,379,096,538,224		6,973,708,452,034
Non-current available-for-sale financial assets	51,762,699,904			
(Government grants)				
Non-current financial assets held to maturity	8,570,184		335,540,184	
(Government grants)				
Long-term loan receivables	8,904,919,420,956		7,485,354,990,482	
(Present value discounts)	(126,295,651,213)		(107,570,802,958)	
(Allowance for doubtful account)	(206,338,510,737)		(163,439,334,707)	
(Government grants)	(368,672,125,242)		(347,735,190,439)	
Long-term financial instruments			8,584,788,077	
(Government grants)			(7,784,788,077)	
Non-current derivatives assets	18,486,933,983		24,670,807,851	
(Government grants)				
Long-term compensation receivables	300,296,989,453		258,435,422,666	
(Present value discounts)				
(Allowance for doubtful account)	(195,071,789,064)		(177,142,981,045)	
(Government grants)				
(2) Long-term trade and other receivables				
Long-term deposits provided	3,105,384,000		2,720,384,000	
(Present value discounts)				
(Allowance for doubtful account)				
(Government grants)	(3,105,384,000)		(2,720,384,000)	
(3) Property, plant and equipment		5,572,959,823		6,467,643,963
Land	2,604,224,322		2,604,224,322	
(Customer's donation)				
(Government grants)				
(Accumulated impairment loss)				
Buildings	4,278,335,412		4,278,335,412	
(Customer's donation)				
(Government grants)				
(Accumulated depreciation)	(1,413,577,415)		(1,332,690,131)	
(Accumulated impairment loss)				
Machinery	21,612,550		21,612,550	
(Customer's donation)				
(Government grants)				
(Accumulated depreciation)	(21,036,676)		(19,309,052)	
(Accumulated impairment loss)				
Computers	18,465,965,990		19,835,250,990	
(Customer's donation)				
(Government grants)	(7,593,854,386)		(7,427,484,716)	
(Accumulated depreciation)	(10,816,352,152)		(11,615,463,579)	

## Statements of Financial Position (KOSAF – Consolidated)

(Unit : KRW)

Item	5th term (current)		4th term (previous)	
	Amount		Amount	
<b>Assets</b>				
(Accumulated impairment loss)				
Office fixtures	3,353,263,448		3,238,423,548	
(Customer's donation)				
(Government grants)	(813,076,230)		(1,275,032,016)	
(Accumulated depreciation)	(2,510,684,443)		(1,864,862,607)	
(Accumulated impairment loss)				
Construction in progress	748,600,000		15,840,294,239	
(Customer's donation)				
(Government grants)	(748,600,000)		(15,840,294,239)	
(Accumulated depreciation)				
(Accumulated impairment loss)				
Estimated restorable assets	668,527,131		650,387,728	
(Government grants)				
(Accumulated depreciation)	(650,387,728)		(625,748,486)	
(Accumulated impairment loss)				
(4) Investment property		306,135,151		310,662,948
Land	145,775,678		145,775,678	
(Government grants)				
(Accumulated impairment loss)				
Buildings	239,486,761		239,486,761	
(Government grants)				
(Accumulated depreciation)	(79,127,288)		(74,599,491)	
(Accumulated impairment loss)				
(5) Intangible assets other than goodwill		186,098,356		102,498,291
Computer software	28,052,742,380		16,879,387,524	
(Customer's donation)				
(Government grants)	(13,908,108,767)		(11,104,032,823)	
(Accumulated amortization)	(13,970,085,257)		(5,687,706,410)	
(Accumulated impairment loss)				
Development costs	21,380,190,238		1,360,923,751	
(Customer's donation)				
(Government grants)	(19,323,584,223)		(1,192,165,313)	
(Accumulated amortization)	(2,045,056,015)		(153,908,438)	
(Accumulated impairment loss)				
Other intangible assets	1,165,554,600		1,165,554,600	
(Customer's donation)				
(Government grants)	(1,112,500,000)		(1,165,554,600)	
(Accumulated amortization)				
(Accumulated impairment loss)	(53,054,600)			
(5-1) Investments in subsidiaries				
(6) Net defined benefit asset				
(7) Deferred tax assets				

(Unit : KRW)

Item	5th term (current)		4th term (previous)	
	Amount		Amount	
<b>Assets</b>				
(8) Other non-current non-financial assets				
<b>Total assets</b>		<b>9,705,422,558,323</b>		<b>8,532,690,109,570</b>
<b>Liabilities</b>				
<b>I. Current liabilities</b>		<b>958,253,556,190</b>		<b>1,043,449,613,629</b>
(1) Trade and other payables		92,337,380,363		77,330,006,787
Short-term other payables	5,116,559,198		12,151,765,678	
(Present value discounts)				
Short-term accrued expenses	87,220,821,165		65,178,241,109	
(Present value discounts)				
(2) Current financial liabilities		860,000,000,000		960,000,000,000
Current portion of long-term bonds payables	860,000,000,000		960,000,000,000	
(3) Current tax liabilities				
(4) Current non-financial liabilities		1,712,011,523		2,632,403,412
Short-term advances			565,570	
Short-term prepaid incomes	149,572,788		434,181,391	
Short-term withholdings	1,562,438,735		2,197,656,451	
(5) Current provisions		4,204,164,304		3,487,203,430
Current provisions for employee benefits	3,416,695,952		2,747,802,723	
Short-term provision for decommissioning, restoration and rehabilitation costs	787,468,352		739,400,707	
<b>II. Non-current liabilities</b>		<b>8,036,274,201,521</b>		<b>6,601,872,240,103</b>
(1) Long-term Trade and other payables		34,805,440		34,805,440
Long-Term guarantee Deposit	34,805,440		34,805,440	
(Present value discounts)				
(2) Non-current financial liabilities		7,955,703,892,102		6,520,276,853,919
Corporate bonds	7,903,089,552,861		6,513,578,137,048	
Non-current derivatives liabilities	52,614,339,241		6,698,716,871	
(3) Non-current non-financial liabilities				
(4) Employee benefits expense		4,370,946,154		3,284,328,992
Net employee benefits obligation	4,370,946,154		3,284,328,992	
(5) Deferred tax liabilities		25,869,018,086		26,769,198,989
(6) Non-current provisions		50,295,539,739		51,507,052,763
Long-term financial provisions	50,295,539,739		51,507,052,763	
<b>III. Non-controlling liabilities</b>				
<b>Total liabilities</b>		<b>8,994,527,757,711</b>		<b>7,645,321,853,732</b>
<b>Equity</b>				
<b>I. Paid-in capital</b>		<b>1,000,000</b>		<b>1,000,000</b>
Fundamental property	1,000,000		1,000,000	
<b>II. Retained earnings (loss)</b>		<b>533,502,398,700</b>		<b>400,933,437,937</b>
Other legal reserve	251,849,692,852		173,379,528,540	
Unappropriated retained earnings (losses)	141,775,363,625		188,849,505,377	
(Profit)	139,877,342,223		38,704,404,020	
<b>III. Other components of equity</b>		<b>177,391,401,912</b>		<b>486,433,817,901</b>
Other Comprehensive income/loss accumulated amount	(36,031,354)		44,570,384,635	
Other profit (loss)	177,427,433,266		441,863,433,266	
<b>Total equity</b>		<b>710,894,800,612</b>		<b>887,368,255,838</b>
<b>Total equity and liabilities</b>		<b>9,705,422,558,323</b>		<b>8,532,690,109,570</b>

## Statements of Income (KOSAF – Consolidated)

5th term : From January 1, 2013 to December 31, 2013 / 4th term : From January 1, 2012 to December 31, 2012

(Unit : KRW)

Item	5th term (current)		4th term (previous)	
	Amount		Amount	
<b>I. Operating income</b>	<b>3,513,194,075,855</b>		<b>2,562,774,261,896</b>	
(3) Consigned business income	93,252,686,544		18,403,370,765	
(4) Transferred business income	3,059,380,085,089		2,200,807,003,825	
Income on Contribution	3,059,380,085,089		2,200,807,003,825	
(5) Interest income	331,249,641,895		324,429,017,038	
(7) Profits on guaranteed fee	7,643,339,346		9,133,365,269	
(8) Profits on donations	2,593,396,871		1,967,341,920	
(9) Other income	19,074,926,110		8,034,163,079	
<b>II. Operating expenses</b>	<b>3,036,681,818,054</b>		<b>2,128,163,214,178</b>	
(1) Direct operating costs	2,884,159,859,328		2,052,579,085,407	
(2) Consigned business expenses	79,504,980,489		5,943,634,398	
(3) Administrative expense	73,016,978,237		69,640,494,373	
Salary	19,122,305,721		16,874,886,115	
Post-employment benefit obligations	1,528,828,553		1,298,696,802	
(Reversal of provision for Post-employment benefit obligations)				
Welfare cost	1,819,243,856		760,695,322	
Insurance premium	171,333,513		73,354,989	
Depreciation cost	3,932,461,038		4,241,764,028	
Investment property depreciation cost	4,527,797		4,527,797	
Amortization cost	6,195,029,945		3,065,172,206	
Payment fee	8,175,592,390		4,750,089,542	
Advertising expense	4,366,573,099		3,822,328,791	
Training expenses	419,568,061		380,886,022	
Vehicle maintenance expense	173,223,081		168,860,031	
Publication expenses	766,003,990		685,673,495	
Entertainment expenses	1,118,101,649		1,063,771,261	
Rental expenses	3,878,535,510		3,813,504,039	
Communication expenses	1,919,844,723		1,374,069,931	
Taxes dues	1,353,090,487		1,282,384,194	
Supply expenses	301,527,710		414,800,477	
Repair expenses	289,519,713		581,591,376	
Travel expenses	515,264,206		433,833,994	
Subcontracted service expense	16,543,580,432		24,083,938,174	
Other administrative expenses	422,822,763		465,665,787	
<b>III. Operating Income(Loss)</b>	<b>476,512,257,801</b>		<b>434,611,047,718</b>	

(Unit : KRW)

Item	5th term (current)		4th term (previous)	
	Amount		Amount	
<b>IV. Other gains</b>	<b>7,303,911,678</b>		<b>8,187,722,031</b>	
(11) Rental income	59,223,701		81,522,405	
(12) Other income	7,244,687,977		8,106,199,626	
<b>V. Other expenses</b>	<b>93,318,266</b>		<b>573,228,660</b>	
(9) Other payment fees	90,146,625		36,684,889	
(10) Other consignment business income/expense (other than operating)	900,481		782,566	
(11) Other expenses other than the above	2,271,160		535,761,205	
<b>VI. Other profit (loss)</b>	<b>(53,054,600)</b>			
(11) Intangible asset accumulated impairment loss, buildings	(53,054,600)			
<b>VII. Financial income</b>	<b>172,300,226,674</b>		<b>80,673,759,572</b>	
(1) Interest income	25,580,107,911		38,475,392,952	
(2) Dividend income	10,965,590,354			
(3) Gains on disposals of financial assets	52,853,045,250		1,470,415,413	
(4) Gains on valuation on fair value financial asset			10,557,315,161	
(5) Gains on valuation on derivatives	2,412,898,972		19,176,023,475	
(6) Gains on transaction of derivatives			362,119,366	
(7) Gain on fair value hedges	80,488,584,187		9,383,553,477	
(8) Gain on redemption of financial liability			1,248,939,728	
<b>VIII. Finance cost</b>	<b>509,987,414,004</b>		<b>476,026,965,830</b>	
(1) Interest expense	324,748,084,883		302,681,484,643	
(2) Losses on disposals of financial assets	7,924,085,089		1,092,832,424	
(3) Losses on valuation on fair value financial asset	553,504,470			
(4) Losses on valuation on derivatives	54,512,395,210		6,715,523,173	
(5) Losses on transaction of derivatives			514,866,604	
(6) Loss on fair value hedges			19,954,657,372	
(7) Loss on foreign exchange translations	681,568			
(9) Bad debt expenses	77,989,225,848		105,050,985,797	
(10) (Reversal of allowance for doubtful accounts)	(192,431,349)		(1,413,246,820)	
(11) Other finance cost	44,451,868,285		41,429,862,637	
<b>IX. Income(loss) in subsidiaries</b>				
<b>X. Net profit (loss) before income taxes</b>	<b>145,982,609,283</b>		<b>46,872,334,831</b>	
<b>XI. Income tax expenses</b>	<b>6,105,267,060</b>		<b>8,167,930,811</b>	
<b>XII. Profit (loss)</b>	<b>139,877,342,223</b>		<b>38,704,404,020</b>	
<b>XIII. Other comprehensive income (after tax)</b>	<b>(44,606,415,989)</b>		<b>(504,706,645)</b>	
(1) Other comprehensive items that may not be reclassified subsequently to profit or loss	159,111,762		(256,018,557)	
Remeasuring component of defined benefit plan	159,111,762		(256,018,557)	
(2) Other comprehensive items that may be reclassified subsequently to profit or loss	(44,765,527,751)		(248,688,088)	
Available-for-sale financial assets	(44,765,527,751)		(248,688,088)	
Reclassification adjustments on available-for-sale financial assets, net of tax	(44,765,527,751)		(248,688,088)	
<b>XIV. Comprehensive income (after tax)</b>	<b>95,270,926,234</b>		<b>38,199,697,375</b>	

## Statements of Changes in Equity (KOSAF – Consolidated)

5th term : From January 1, 2013 to December 31, 2013 / 4th term : From January 1, 2012 to December 31, 2012

(Unit : KRW)

Item	Equity attributable to owners of parent				Non-controlling interests	Total
	Paid-in capital	Retained earnings	Other components of equity	Sub total		
I. 2012.01.01(Equity at the beginning of period)	789,099,263,799	177,317,260,009	45,075,091,280	1,011,491,615,088		1,011,491,615,088
II. Increase (decrease) through changes in accounting policies	(777,391,820,427)	173,205,330,536	770,089,430,685	165,902,940,794		165,902,940,794
III. Increase (decrease) through corrections of errors	(11,706,443,372)	11,706,443,372				
IV. Equity at beginning of period after adjustment(II+III)	1,000,000	362,229,033,917	815,164,521,965	1,177,394,555,882		1,177,394,555,882
V. Changes in equity(1+2+3)		38,704,404,020	(328,730,704,064)	(290,026,300,044)		(290,026,300,044)
1. Changes in comprehensive income		38,704,404,020	(504,706,645)	38,199,697,375		38,199,697,375
(1) Profit (loss)		38,704,404,020		38,704,404,020		38,704,404,020
(2) Other comprehensive income			(504,706,645)	(504,706,645)		(504,706,645)
Remeasuring component of defined benefit plan			(256,018,557)	(256,018,557)		(256,018,557)
Gains (losses) on valuation on available for sale financial assets			(248,688,088)	(248,688,088)		(248,688,088)
2. Transactions with owners directly reflected in capital :			(330,159,000,000)	(330,159,000,000)		(330,159,000,000)
(1) Allocated income of contribution classified as capital			(330,159,000,000)	(330,159,000,000)		(330,159,000,000)
3. Others			1,933,002,581	1,933,002,581		1,933,002,581
VI. Equity at the end of period(IV+V)	1,000,000	400,933,437,937	486,433,817,901	887,368,255,838		887,368,255,838
VII. 2013.01.01(Equity at beginning of period)	1,000,000	400,933,437,937	486,433,817,901	887,368,255,838		887,368,255,838
VIII. Increase (decrease) through changes in accounting policies						
IX. Increase (decrease) through corrections of errors						
X. Equity at beginning of period after adjustment(VII+VIII+IX)	1,000,000	400,933,437,937	486,433,817,901	887,368,255,838		887,368,255,838
XI. Changes in equity(1+2+3)		132,568,960,763	(309,042,415,989)	(176,473,455,226)		(176,473,455,226)
1. Changes in comprehensive income		132,568,960,763	(44,606,415,989)	87,962,544,774		87,962,544,774
(1) Profit (loss)		132,568,960,763		132,568,960,763		132,568,960,763
(2) Other comprehensive income			(44,606,415,989)	(44,606,415,989)		(44,606,415,989)
Remeasuring component of defined benefit plan			159,111,762	159,111,762		159,111,762
Gains (losses) on valuation on available for sale financial assets			(44,765,527,751)	(44,765,527,751)		(44,765,527,751)
2. Transactions with owners directly reflected in capital :		(7,308,381,460)	(264,436,000,000)	(271,744,381,460)		(271,744,381,460)
(1) Allocated income of contribution classified as capital			(264,436,000,000)	(264,436,000,000)		(264,436,000,000)
(2) Decrease in retained earnings for the separation of national science and technology scholarship business		(7,308,381,460)		(7,308,381,460)		(7,308,381,460)
3. Others						
XIII. Equity at the end of period(X+XI)	1,000,000	533,502,398,700	177,391,401,912	710,894,800,612		710,894,800,612

## Statements of Cash Flows (KOSAF – Consolidated)

5th term : From January 1, 2013 to December 31, 2013 / 4th term : From January 1, 2012 to December 31, 2012

(Unit : KRW)

Item	5th term (current)	4th term (previous)
	Amount	Amount
I. Cash flows from operating activities	(1,429,793,260,646)	(1,521,399,372,102)
1. Profit	139,877,342,223	38,704,404,020
2. Adjustments to reconcile profit (loss)	(19,436,663,944)	48,335,782,160
Income tax expenses	6,105,267,060	8,167,930,811
Interest income	(356,829,749,806)	(362,904,409,990)
Dividend income	(10,965,590,354)	
Interest expense	324,748,084,883	302,681,484,643
Bad debt expenses	77,989,225,848	105,050,985,797
Reversal of allowance for doubtful accounts	(192,431,349)	(1,413,246,820)
Gains on disposals of financial assets	(52,853,045,250)	(1,470,415,413)
Losses on disposals of financial assets	7,924,085,089	1,092,832,424
Loss on valuation of fair value financial asset	553,504,470	
Gain on valuation of fair value financial asset		(10,557,315,161)
Gain on fair value hedges	(80,488,584,187)	(9,383,553,477)
Loss on fair value hedges		19,954,657,372
Gains on valuation on derivatives	(2,412,898,972)	(19,176,023,475)
Losses on valuation on derivatives	54,512,395,210	6,715,523,173
Gains on transaction of derivatives		(362,119,366)
Losses on transaction of derivatives		514,866,604
Depreciation cost	3,932,461,038	4,241,764,028
Investment property depreciation cost	4,527,797	4,527,797
Amortization cost	6,195,029,945	3,065,172,206
Intangible asset accumulated impairment loss, buildings	53,054,600	
Post-employment benefit obligations	1,528,828,553	1,298,696,802
Non-cash salary items	758,489,913	814,424,205
Income of stock investment in subsidiaries		
Loss on foreign exchange translations	681,568	
3. Increase (decrease) in assets and liabilities from operating activities	(1,535,985,808,598)	(1,627,243,392,473)
Decrease (increase) in short-term trade receivable	(75,151,828,922)	(50,207,855,378)
Decrease (increase) in short-term other receivables	165,577,641	(875,742,131)
Decrease (increase) in short-term advance payments	(300,000,000)	487,608,267
Decrease (increase) in short-term prepaid expenses	566,005,495	(532,384,606)
Decrease (increase) in long-term trade receivable	(1,400,839,582,219)	(1,518,107,548,993)
Increase (decrease) in long-term compensation receivable	(41,861,566,787)	(41,776,845,193)
Increase (decrease) in short-term other payables	(7,035,206,480)	(2,598,416,950)
Increase (decrease) in short-term advances customers	(565,570)	437,332
Increase (decrease) in short-term withholdings	(635,217,716)	(492,555,223)
Increase (decrease) in net defined benefit obligation	(263,434,130)	(564,731,343)
Increase (decrease) in provisions for long-term financial guarantee	(10,629,989,910)	(12,551,930,370)

## Statements of Cash Flows (KOSAF – Consolidated)

(Unit : KRW)

Item	5th term (current)	4th term (previous)
	Amount	Amount
Decrease in guarantee deposit rent		(23,427,885)
4. Cash generated from operating activities	(1,415,545,130,319)	(1,588,538,988,453)
5. Interest received	275,482,061,378	299,892,525,643
6. Interest paid	(302,765,173,269)	(281,339,842,681)
7. Dividend received	10,965,590,354	
8. Income taxes refund (paid)	2,069,391,210	251,151,229
<b>II. Cash flows from (used in) investing activities</b>	<b>339,230,969,111</b>	<b>113,276,834,820</b>
1. Proceeds from sales of investments in subsidiaries		
2. Purchase of investments in subsidiaries		
3. Proceeds from sales of current fair value financial asset	534,795,782,884	139,708,127,981
4. Purchase of current fair value financial asset	(281,336,855,188)	(134,137,262,443)
5. Proceeds from sales of current available-for-sale financial assets	246,050,879,828	10,078,555,953
6. Purchase of current available-for-sale financial assets	(7,993,328,940)	(87,891,372)
7. Proceeds from sales of current financial assets held to maturity		70,000,000,000
8. Purchase of current financial assets held to maturity		
9. Proceeds from sales of short term financial instruments	5,569,552,239,328	2,349,615,095,664
10. Purchase of short term financial instruments	(5,603,612,159,162)	(1,905,362,808,148)
11. Proceed from sales of other current financial assets	842,006,072	846,723,039
12. Purchase of other current financial assets	(1,717,525,476)	(697,716,622)
13. Purchase of long term financial instruments		(393,275,409,535)
14. Proceeds from sales of long term deposits	340,000,000	730,184,600
15. Purchase of long term deposits	(725,000,000)	(802,634,600)
16. Purchase of non-current available-for-sale financial assets	(102,118,588,231)	
17. Purchase of computers	(45,141,600)	(494,373,898)
18. Purchase of office fixtures	(114,839,900)	(186,611,230)
19. Purchase of construction in progress	(14,686,500,504)	(15,840,294,239)
20. Purchase of computer software		(5,165,371,979)
21. Purchase of development expense		(1,360,923,751)
22. Purchase of other intangible assets		(290,554,600)
<b>III. Cash flows from financial activities</b>	<b>1,105,564,000,000</b>	<b>1,242,870,517,376</b>
1. Proceeds from issuance of bond with maturity of 1-year and less		
2. Repayment of current portion of long-term bond	(960,000,000,000)	(830,000,000,000)
3. Proceeds from issuance of current bond	2,330,000,000,000	2,590,000,000,000
4. Repayment current bond and current portion of long term bond		(201,248,939,728)
5. Increase (decrease) in other capital	(264,436,000,000)	(328,225,997,419)
6. Decrease in derivatives hedges		12,345,454,523
<b>IV. Net increase (decrease) in cash and cash equivalents before effect of exchange rate changes</b>	<b>15,001,708,465</b>	<b>(165,252,019,906)</b>
<b>V. Effect of exchange rate changes on cash and cash equivalents</b>	<b>(681,568)</b>	
<b>VI. Net increase (decrease) in cash and cash equivalents</b>	<b>15,001,026,897</b>	<b>(165,252,019,906)</b>
<b>VII. Net increase (decrease) in government grants</b>	<b>30,106,413,879</b>	<b>82,136,520,345</b>
<b>VIII. Cash and cash equivalents at beginning of the term</b>	<b>313,156,977,694</b>	<b>396,272,477,255</b>
<b>IX. Cash and cash equivalents at end of the term</b>	<b>358,264,418,470</b>	<b>313,156,977,694</b>

## Statements of Financial Position (General accounting)

5th term : as of December 31, 2013 / 4th term : as of December 31, 2012

(Unit : KRW)

Item	5th term (current)	4th term (previous)
	Amount	Amount
<b>Assets</b>		
<b>I. Current assets</b>	<b>1,058,956,456,358</b>	<b>1,303,758,099,468</b>
(1) Cash and cash equivalents	164,457,523,576	187,021,522,403
Cash equivalents	268,861,399,523	245,694,148,932
(Government grants)	(104,403,875,947)	(58,672,626,529)
(2) Current financial assets	631,507,170,592	930,433,581,596
Current fair value financial asset	94,626,214,218	356,562,731,473
(Government grants)		
Current available-for-sale financial assets	7,986,674,362	
(Government grants)		
Short-term loan receivables	489,825,625,142	424,213,026,021
(Present value discounts)	(39,623,778)	(38,723,905)
Present value premiums		
(Allowance for doubtful account)	(20,101,868,703)	(13,380,865,433)
(Government grants)		
Short-term financial instruments	108,678,505,896	244,509,189,321
(Present value discounts)		
Present value premiums		
(Allowance for doubtful account)		
(Government grants)	(50,392,148,864)	(81,930,250,512)
Other current financial assets	1,374,560,718	549,436,029
(Present value discounts)		
Present value premiums		
(Allowance for doubtful account)		
(Government grants)	(450,768,399)	(50,961,398)
(3) Trade and other receivables	261,645,156,925	180,790,094,522
Short-term other receivables	2,113,204,149	1,074,207,072
(Present value discounts)		
(Allowance for doubtful account)		
Short-term accrued income	261,027,357,907	181,021,767,782
(Allowance for doubtful account)	(1,495,405,131)	(1,305,880,332)
(4) Current tax assets	1,084,593,305	4,684,874,630
(5) Current non-financial assets	262,011,960	828,026,317
Short-term advance payments	262,011,960	828,026,317
(Government grants)		
(Allowance for doubtful account)		
<b>II. Non-current assets</b>	<b>8,377,795,339,717</b>	<b>6,971,733,075,033</b>
(1) Non-current financial assets	8,377,506,376,937	6,970,717,185,793

## Statements of Financial Position (General accounting)

(Unit : KRW)

Item	5th term (current)		4th term (previous)	
	Amount		Amount	
<b>Assets</b>				
Non-current available-for-sale financial assets (Government grants)	51,762,699,904			
Non-current financial assets held to maturity (Government grants)	1,000,000		1,000,000	
Long-term loan receivables (Present value discounts)	8,475,284,159,711		7,072,179,509,326	
(Allowance for doubtful account)	(75,436,789,366)		(52,894,188,667)	
(Government grants)	(190,180,134,955)		(150,419,593,341)	
(Government grants)	(7,636,692,729)		(4,112,790,997)	
Long-term financial instruments (Government grants)			7,784,788,077	
(Government grants)			(7,784,788,077)	
Non-current derivatives assets (Government grants)	18,486,933,983		24,670,807,851	
(Government grants)				
Long-term compensation receivables (Present value discounts)	300,296,989,453		258,435,422,666	
(Allowance for doubtful account)	(195,071,789,064)		(177,142,981,045)	
(Government grants)				
(2) Long-term trade and other receivables				
Long-term deposits provided (Present value discounts)	3,105,204,000		2,720,204,000	
(Allowance for doubtful account)				
(Government grants)	(3,105,204,000)		(2,720,204,000)	
(3) Property, plant and equipment		102,864,424		913,390,949
Machinery (Customer's donation)	21,612,550		21,612,550	
(Government grants)				
(Accumulated depreciation)	(21,036,676)		(19,309,052)	
(Accumulated impairment loss)				
Computers (Customer's donation)	18,440,210,174		19,809,495,174	
(Government grants)	(7,593,854,386)		(7,427,484,716)	
(Accumulated depreciation)	(10,791,587,461)		(11,593,660,264)	
(Accumulated impairment loss)				
Office fixtures (Customer's donation)	3,342,428,868		3,227,588,968	
(Government grants)	(813,076,230)		(1,275,032,016)	
(Accumulated depreciation)	(2,499,971,818)		(1,854,458,937)	
(Accumulated impairment loss)				
Construction in progress (Customer's donation)	648,600,000		15,214,294,239	
(Government grants)	(648,600,000)		(15,214,294,239)	
(Accumulated depreciation)				

(Unit : KRW)

Item	5th term (current)		4th term (previous)	
	Amount		Amount	
<b>Assets</b>				
(Accumulated impairment loss)				
Estimated restorable assets	668,527,131		650,387,728	
(Government grants)				
(Accumulated depreciation)	(650,387,728)		(625,748,486)	
(Accumulated impairment loss)				
(4) Investment property				
(5) Intangible assets other than goodwill		186,098,356		102,498,291
Computer software	28,052,742,380		16,879,387,524	
(Customer's donation)				
(Government grants)	(13,908,108,767)		(11,104,032,823)	
(Accumulated amortization)	(13,970,085,257)		(5,687,706,410)	
(Accumulated impairment loss)				
Development costs	20,265,263,838		1,360,923,751	
(Customer's donation)				
(Government grants)	(18,285,270,809)		(1,192,165,313)	
(Accumulated amortization)	(1,968,443,029)		(153,908,438)	
(Accumulated impairment loss)				
Other intangible assets	1,165,554,600		1,165,554,600	
(Customer's donation)				
(Government grants)	(1,112,500,000)		(1,165,554,600)	
(Accumulated amortization)				
(Accumulated impairment loss)	(53,054,600)			
(5-1) Investments in subsidiaries				
(6) Net defined benefit asset				
(7) Deferred tax assets				
(8) Other non-current non-financial assets				
<b>Total assets</b>		<b>9,436,751,796,075</b>		<b>8,275,491,174,501</b>
<b>Liabilities</b>				
<b>I. Current liabilities</b>		<b>957,432,415,428</b>		<b>1,042,215,850,552</b>
(1) Trade and other payables		91,629,416,485		76,172,759,216
Short-term other payables	4,408,613,480		10,994,536,267	
(Present value discounts)				
Short-term accrued expenses	87,220,803,005		65,178,222,949	
(Present value discounts)				
(2) Current financial liabilities		860,000,000,000		960,000,000,000
Current portion of long-term bonds payables	860,000,000,000		960,000,000,000	
(3) Current tax liabilities				
(4) Current non-financial liabilities		1,626,878,212		2,571,324,586
Short-term prepaid incomes	149,572,788		434,181,391	
Short-term withholdings	1,477,305,424		2,137,143,195	
(5) Current provisions		4,176,120,731		3,471,766,750
Current provisions for employee benefits	3,388,652,379		2,732,366,043	
Short-term provision for decommissioning, restoration and rehabilitation costs	787,468,352		739,400,707	
<b>II. Non-current liabilities</b>		<b>8,035,923,644,330</b>		<b>6,596,120,396,855</b>
(1) Long-term Trade and other payables				

## Statements of Financial Position (General accounting)

(Unit : KRW)

Item	5th term (current)		4th term (previous)	
	Amount		Amount	
<b>Liabilities</b>				
(2) Non-current financial liabilities		7,955,703,892,102		6,520,276,853,919
Corporate bonds	7,903,089,552,861		6,513,578,137,048	
Non-current derivatives liabilities	52,614,339,241		6,698,716,871	
(3) Non-current non-financial liabilities				
(4) Employee benefits expense		4,328,539,953		3,258,804,017
Net employee benefits obligation	4,328,539,953		3,258,804,017	
(5) Deferred tax liabilities		25,595,672,536		21,077,686,156
(6) Non-current provisions		50,295,539,739		51,507,052,763
Long-term financial provisions	50,295,539,739		51,507,052,763	
<b>III. Non-controlling liabilities</b>				
<b>Total liabilities</b>		<b>8,993,356,059,758</b>		<b>7,638,336,247,407</b>
<b>Equity</b>				
<b>I. Paid-in capital</b>		<b>1,000,000</b>		<b>1,000,000</b>
Fundamental property	1,000,000		1,000,000	
<b>II. Retained earnings (loss)</b>		<b>317,137,188,111</b>		<b>246,680,764,484</b>
Other legal reserve	117,365,252,291		35,694,824,589	
Unappropriated retained earnings (losses)	122,007,130,733		184,816,893,180	
Profit	77,764,805,087		26,169,046,715	
<b>III. Other components of equity</b>		<b>126,257,548,206</b>		<b>390,473,162,610</b>
Other Comprehensive income/loss accumulated amount	(30,783,598)		(251,169,194)	
Other capital	126,288,331,804		390,724,331,804	
<b>Total liabilities</b>		<b>443,395,736,317</b>		<b>637,154,927,094</b>
<b>Total equity and liabilities</b>		<b>9,436,751,796,075</b>		<b>8,275,491,174,501</b>

## Statements of Income (General accounting)

5th term : From January 1, 2013 to December 31, 2013 / 4th term : From January 1, 2012 to December 31, 2012

(Unit : KRW)

Item	5th term (current)		4th term (previous)	
	Amount		Amount	
<b>I. Operating income</b>		<b>3,405,753,476,795</b>		<b>2,529,915,895,853</b>
(4) Transferred business income		3,059,380,085,089		2,200,807,003,825
Income on Contribution	3,059,380,085,089		2,200,807,003,825	
(5) Interest income		319,744,654,950		311,941,381,680
(7) Profits on guaranteed fee		7,643,339,346		9,133,365,269
(9) Other income		18,985,397,410		8,034,145,079
<b>II. Operating expenses</b>		<b>2,946,663,064,890</b>		<b>2,114,446,318,411</b>
(1) Direct operating costs		2,876,860,392,527		2,046,139,061,197
(3) Administrative expense		69,802,672,363		68,307,257,214
Salary	18,752,836,943		16,639,505,073	
Post-employment benefit obligations (Reversal of provision for Post-employment benefit obligations)	1,506,783,287		1,284,917,189	
Welfare cost	1,780,098,386		755,033,172	
Insurance premium	171,050,625		73,071,286	
Depreciation cost	3,848,303,423		4,157,605,686	
Amortization cost	6,118,416,959		3,065,172,206	
Payment fee	7,874,050,760		4,685,280,142	
Advertising expense	4,271,966,399		3,801,858,791	
Training expenses	419,568,061		380,886,022	
Vehicle maintenance expense	173,223,081		168,860,031	
Publication expenses	707,542,895		658,135,180	
Entertainment expenses	844,120,498		964,819,646	
Rental expenses	3,878,535,510		3,813,504,039	
Communication expenses	1,741,308,606		1,247,929,084	
Taxes dues	338,951,186		1,056,657,907	
Supply expenses	298,393,800		346,091,038	
Repair expenses	286,173,388		547,944,652	
Travel expenses	403,725,573		428,253,194	
Subcontracted service expense	15,977,556,420		23,771,447,439	
Other administrative expenses	410,066,563		460,285,437	
<b>III. Operating Income(Loss)</b>		<b>459,090,411,905</b>		<b>415,469,577,442</b>
<b>IV. Other gains</b>		<b>7,244,548,922</b>		<b>8,088,200,691</b>
(12) Other income		7,244,548,922		8,088,200,691
<b>V. Other expenses</b>		<b>92,417,785</b>		<b>572,109,073</b>
(9) Other payment fees		90,146,625		36,684,889
(11) Other expenses other than the above		2,271,160		535,424,184
<b>VI. Other profit (loss)</b>		<b>(53,054,600)</b>		
(11) Intangible asset accumulated impairment loss, buildings		(53,054,600)		

## Statements of Income (General accounting)

(Unit : KRW)

Item	5th term (current)		4th term (previous)	
	Amount		Amount	
<b>VII. Financial income</b>		<b>113,997,303,002</b>		<b>77,048,208,819</b>
(1) Interest income		17,643,929,398		34,849,842,199
(2) Dividend income		10,965,590,354		
(3) Gains on disposals of financial assets		2,486,300,091		1,470,415,413
(4) Gains on valuation on fair value financial asset				10,557,315,161
(5) Gains on valuation on derivatives		2,412,898,972		19,176,023,475
(6) Gains on transaction of derivatives				362,119,366
(7) Gain on fair value hedges		80,488,584,187		9,383,553,477
(8) Gain on redemption of financial liability				1,248,939,728
<b>VIII. Finance cost</b>		<b>497,931,238,645</b>		<b>465,709,717,225</b>
(1) Interest expense		324,748,084,883		302,681,484,643
(2) Losses on disposals of financial assets		7,924,085,089		1,092,832,424
(3) Losses on valuation on fair value financial asset		553,504,470		
(4) Losses on valuation on derivatives		54,512,395,210		6,715,523,173
(5) Losses on transaction of derivatives				514,866,604
(6) Loss on fair value hedges				19,954,657,372
(9) Bad debt expenses		74,032,041,293		103,763,986,552
(10) (Reversal of allowance for doubtful accounts)		(13,686,705)		
(11) Other finance cost		36,174,814,405		30,986,366,457
<b>IX. Income(loss) in subsidiaries</b>				
<b>X. Net profit (loss) before income taxes</b>		<b>82,255,552,799</b>		<b>34,324,160,654</b>
<b>XI. Income tax expenses</b>		<b>4,490,747,712</b>		<b>8,155,113,939</b>
<b>XII. Profit (loss)</b>		<b>77,764,805,087</b>		<b>26,169,046,715</b>
<b>XIII. Other comprehensive income (after tax)</b>		<b>220,385,596</b>		<b>(420,890,123)</b>
(1) Other comprehensive items that may not be reclassified subsequently to profit or loss		159,510,155		(250,425,356)
Remeasuring component of defined benefit plan	159,510,155		(250,425,356)	
(2) Other comprehensive items that may not be reclassified subsequently to profit or loss		60,875,441		(170,464,767)
Available-for-sale financial assets	60,875,441		(170,464,767)	
Reclassification adjustments on available-for-sale financial assets, net of tax	60,875,441		(170,464,767)	
<b>XIV. Comprehensive income (after tax)</b>		<b>77,985,190,683</b>		<b>25,748,156,592</b>

## Statements of Financial Position (Special accounting)

5th term : as of December 31, 2013 / 4th term : as of December 31, 2012 (Unit : KRW)

Item	5th term (current)		4th term (previous)	
	Amount		Amount	
<b>Assets</b>				
<b>I. Current assets</b>		<b>229,021,130,943</b>		<b>228,598,294,841</b>
(1) Cash and cash equivalents		4,954,026,297		8,516,976,976
Cash equivalents	4,954,026,297		8,516,976,976	
(Government grants)				
(2) Current financial assets		221,092,990,869		218,792,930,596
Current available-for-sale financial assets			193,191,180,000	
(Government grants)				
Current financial assets held to maturity	326,970,000			
(Government grants)				
Short-term loan receivables	231,518,780		373,895,840	
(Present value discounts)	(41,551,213)		(57,055,860)	
Present value premiums				
(Allowance for doubtful account)	(5,645,588)		(31,060,614)	
(Government grants)				
Short-term financial instruments	220,485,898,288		25,208,022,699	
(Present value discounts)				
Present value premiums				
(Allowance for doubtful account)				
(Government grants)				
Other current financial assets	95,800,602		107,948,531	
(Present value discounts)				
Present value premiums				
(Allowance for doubtful account)				
(Government grants)				
(3) Trade and other receivables		2,294,171,082		994,875,016
Short-term other receivables	4,261,892		7,029,063	
(Present value discounts)				
(Allowance for doubtful account)				
Short-term accrued income	2,289,909,190		987,845,953	
(Allowance for doubtful account)				
(4) Current tax assets		156,500,360		70,078,780
(5) Current non-financial assets		523,442,335		223,433,473
Short-term advance payments	300,000,000			
(Government grants)				
(Allowance for doubtful account)				
Short-term prepaid expenses	242,335		233,473	
(Government grants)				
(Allowance for doubtful account)				

## Statements of Financial Position (Special accounting)

(Unit : KRW)

Item	5th term (current)		4th term (previous)	
	Amount		Amount	
<b>Assets</b>				
Other current non-financial assets	223,200,000		223,200,000	
(Government grants)				
(Accumulated impairment loss)				
(Accumulated depreciation)				
<b>II. Non-current assets</b>		<b>7,366,391,837</b>		<b>8,856,182,203</b>
(1) Non-current financial assets		1,590,161,287		2,991,266,241
Non-current financial assets held to maturity	7,570,184		334,540,184	
(Government grants)				
Long-term loan receivables	1,987,823,493		2,429,224,192	
(Present value discounts)	(356,759,295)		(370,695,422)	
(Allowance for doubtful account)	(48,473,095)		(201,802,713)	
(Government grants)				
Long-term financial instruments			800,000,000	
(Government grants)				
(2) Long-term trade and other receivables				
(3) Property, plant and equipment		5,470,095,399		5,554,253,014
Land	2,604,224,322		2,604,224,322	
(Customer's donation)				
(Government grants)				
(Accumulated impairment loss)				
Buildings	4,278,335,412		4,278,335,412	
(Customer's donation)				
(Government grants)				
(Accumulated depreciation)	(1,413,577,415)		(1,332,690,131)	
(Accumulated impairment loss)				
Computers	25,755,816		25,755,816	
(Customer's donation)				
(Government grants)				
(Accumulated depreciation)	(24,764,691)		(21,803,315)	
(Accumulated impairment loss)				
Office fixtures	10,834,580		10,834,580	
Customer's donation				
(Government grants)				
(Accumulated depreciation)	(10,712,625)		(10,403,670)	
Accumulated impairment loss				
(4) Investment property		306,135,151		310,662,948
Land	145,775,678		145,775,678	
(Government grants)				
(Accumulated impairment loss)				
Buildings	239,486,761		239,486,761	
(Government grants)				
(Accumulated depreciation)	(79,127,288)		(74,599,491)	
(Accumulated impairment loss)				

(Unit : KRW)

Item	5th term (current)		4th term (previous)	
	Amount		Amount	
<b>Assets</b>				
(5) Intangible assets other than goodwill				
(5-1) Investments in subsidiaries				
(6) Net defined benefit asset				
(7) Deferred tax assets				
(8) Other non-current non-financial assets				
<b>Total assets</b>		<b>236,387,522,780</b>		<b>237,454,477,044</b>
<b>Liabilities</b>				
<b>I. Current liabilities</b>		<b>1,321,947,024</b>		<b>79,515,051</b>
(1) Trade and other payables		1,301,616,585		72,846,702
Short-term other payables	1,301,598,425		72,828,542	
(Present value discounts)				
Short-term accrued expenses	18,160		18,160	
(Present value discounts)				
(2) Current financial liabilities				
(3) Current tax liabilities				
(4) Current non-financial liabilities		20,330,439		6,668,349
Short-term advances			565,570	
Short-term withholdings	20,330,439		6,102,779	
(5) Current provisions				
<b>II. Non-current liabilities</b>		<b>285,835,696</b>		<b>5,683,195,731</b>
(1) Long-term Trade and other payables		34,805,440		34,805,440
Long-Term guarantee deposit	34,805,440		34,805,440	
(Present value discounts)				
(2) Non-current financial liabilities				
(3) Non-current non-financial liabilities				
(4) Employee benefits expense				
Net employee benefits obligation				
Other long term employee benefits obligation				
(5) Deferred tax liabilities		251,030,256		5,648,390,291
(6) Non-current provisions				
Non-current provisions for employee benefit				
Long-term financial provisions				
Long-term provision for decommissioning, restoration and rehabilitation costs				
Other non-current provisions				
<b>III. Non-controlling liabilities</b>				
<b>Total liabilities</b>		<b>1,607,782,720</b>		<b>5,762,710,782</b>
<b>Equity</b>				
<b>I. Paid-in capital</b>				
<b>II. Retained earnings (loss)</b>		<b>183,640,638,598</b>		<b>135,726,261,608</b>
Other legal reserve	134,484,440,561		137,684,703,951	
Unappropriated retained earnings (losses)	1,241,821,047		94,782,745	
(Profit)	47,914,376,990		(2,053,225,088)	
<b>III. Other components of equity</b>		<b>51,139,101,462</b>		<b>95,965,504,654</b>
Other Comprehensive income/loss accumulated amount			44,826,403,192	
Other capital	51,139,101,462		51,139,101,462	
<b>Total equity</b>		<b>234,779,740,060</b>		<b>231,691,766,262</b>
<b>Total equity and liabilities</b>		<b>236,387,522,780</b>		<b>237,454,477,044</b>

## Statements of Income (Special accounting)

5th term : From January 1, 2013 to December 31, 2013 / 4th term : From January 1, 2012 to December 31, 2012

(Unit : KRW)

Item	5th term (current)		4th term (previous)	
	Amount		Amount	
<b>I. Operating income</b>		<b>2,627,337,645</b>		<b>2,141,286,991</b>
(5) Interest income		29,440,774		173,927,071
(8) Profits on donations		2,593,396,871		1,967,341,920
(9) Other income		4,500,000		18,000
<b>II. Operating expenses</b>		<b>9,000,986,623</b>		<b>7,044,020,427</b>
(1) Direct operating costs		7,299,466,801		6,440,024,210
(3) Administrative expense		1,701,519,822		603,996,217
Insurance premium	282,888		283,703	
Depreciation cost	84,157,615		84,158,342	
Investment property depreciation cost	4,527,797		4,527,797	
Payment fee	235,142,490		11,200,770	
Advertising expense	39,806,700		5,500,000	
Publication expenses	38,855,600		13,181,975	
Entertainment expense	11,500,807		61,019,199	
Communication expenses	2,171,744		7,448,705	
Taxes dues	1,014,139,301		225,726,287	
Supply expenses	813,490		3,148,390	
Repair expenses	3,346,325		33,646,724	
Travel expenses	30,328,719		3,115,400	
Subcontracted service expense	234,913,046		151,038,925	
Other administrative expenses	1,533,300			
<b>III. Operating Income(Loss)</b>		<b>(6,373,648,978)</b>		<b>(4,902,733,436)</b>
<b>IV. Other gains</b>		<b>59,298,129</b>		<b>94,538,330</b>
(1) Rental income		59,223,701		81,522,405
(12) Other income		74,428		13,015,925
<b>V. Other expenses</b>				<b>7</b>
(1) Other expenses other than the above				7
<b>VI. Other profit (loss)</b>				
<b>VII. Financial income</b>		<b>55,685,260,552</b>		<b>1,390,024,854</b>
(1) Interest income		5,318,515,393		1,390,024,854
(3) Gains on disposals of financial assets		50,366,745,159		
<b>VIII. Finance cost</b>		<b>(178,744,644)</b>		<b>(1,413,246,820)</b>
(10) (Reversal of allowance for doubtful accounts)		(178,744,644)		(1,413,246,820)
<b>IX. Income(loss) in subsidiaries</b>				
<b>X. Net profit (loss) before income taxes</b>		<b>49,549,654,347</b>		<b>(2,004,923,439)</b>
<b>XI. Income tax expenses</b>		<b>1,635,277,357</b>		<b>48,301,649</b>
<b>XII. Profit (loss)</b>		<b>47,914,376,990</b>		<b>(2,053,225,088)</b>
<b>XIII. Other comprehensive income (after tax)</b>		<b>(44,826,403,192)</b>		<b>(78,223,321)</b>
(2) Other comprehensive items that may be reclassified subsequently to profit or loss		(44,826,403,192)		(78,223,321)
Available-for-sale financial assets	(44,826,403,192)		(78,223,321)	
Reclassification adjustments on available-for-sale financial assets, net of tax	(44,826,403,192)		(78,223,321)	
<b>XIV. Comprehensive income (after tax)</b>		<b>3,087,973,798</b>		<b>(2,131,448,409)</b>

## Statements of Financial Position (Fiduciary accounting)

5th term : as of December 31, 2013 / 4th term : as of December 31, 2012 (Unit : KRW)

Item	5th term (current)		4th term (previous)	
	Amount		Amount	
<b>Assets</b>				
<b>I. Current assets</b>		<b>33,511,256,493</b>		<b>19,789,344,555</b>
(1) Cash and cash equivalents		32,977,912,851		19,002,465,973
Cash equivalents	84,448,992,650		58,945,851,786	
(Government grants)	(51,471,079,799)		(39,943,385,813)	
(2) Current financial assets				
Short-term loan receivables	53,315,207,023		43,042,880,910	
(Present value discounts)	(6,296,144,475)		(5,690,820,449)	
Present value premiums				
(Allowance for doubtful account)	(2,008,436,673)		(1,343,216,152)	
(Government grants)	(45,010,625,875)		(36,008,844,309)	
Short-term financial instruments	5,000,000,000		21,802,484,253	
(Present value discounts)				
Present value premiums				
(Allowance for doubtful account)				
(Government grants)	(5,000,000,000)		(21,802,484,253)	
Other current financial assets	491,547,670		429,005,026	
(Present value discounts)				
Present value premiums				
(Allowance for doubtful account)				
(Government grants)	(491,547,670)		(429,005,026)	
(3) Trade and other receivables		228,627,882		434,335,932
Short-term other receivables	19,540,905		38,217,957	
(Present value discounts)				
(Allowance for doubtful account)				
Short-term accrued income	209,086,977		396,117,975	
(Allowance for doubtful account)				
(4) Current tax assets		304,715,760		352,542,650
(5) Current non-financial assets				
<b>II. Non-current assets</b>				
(1) Non-current financial assets				
Long-term loan receivables	427,647,437,752		410,746,256,964	
(Present value discounts)	(50,502,102,552)		(54,305,918,869)	
(Allowance for doubtful account)	(16,109,902,687)		(12,817,938,653)	
(Government grants)	(361,035,432,513)		(343,622,399,442)	
(2) Long-term trade and other receivables				
Long-term deposits Provided	180,000		180,000	
(Present value discounts)				
(Allowance for doubtful account)				
(Government grants)	(180,000)		(180,000)	

## Statements of Financial Position (Fiduciary accounting)

(Unit : KRW)

Item	5th term (current)		4th term (previous)	
	Amount		Amount	
<b>Assets</b>				
(3) Property, plant and equipment				
Construction in progress	100,000,000		626,000,000	
(Customer's donation)				
(Government grants)	(100,000,000)		(626,000,000)	
(Accumulated depreciation)				
(Accumulated impairment loss)				
(4) Investment property				
(5) Intangible assets other than goodwill				
Development costs	1,114,926,400			
(Customer's donation)				
(Government grants)	(1,038,313,414)			
(Accumulated amortization)	(76,612,986)			
(Accumulated impairment loss)				
(5-1) Investments in subsidiaries				
(6) Net defined benefit asset				
(7) Deferred tax assets				
(8) Other non-current non-financial assets				
<b>Total assets</b>	<b>33,511,256,493</b>		<b>19,789,344,555</b>	
<b>Liabilities</b>				
<b>I. Current liabilities</b>				
(1) Trade and other payables		634,364,318		1,129,287,399
Short-term other payables	634,364,318		1,129,287,399	
(Present value discounts)				
(2) Current financial liabilities				
(3) Current tax liabilities				
(4) Current non-financial liabilities		64,802,872		54,410,477
Short-term withholdings	64,802,872		54,410,477	
(5) Current provisions		28,043,573		15,436,680
Current provisions for employee benefits	28,043,573		15,436,680	
<b>II. Non-current liabilities</b>				
(1) Long-term Trade and other payables				
(2) Non-current financial liabilities				
(3) Non-current non-financial liabilities				
(4) Employee benefits expense		42,406,201		25,524,975
Net employee benefits obligation	42,406,201		25,524,975	
(5) Deferred tax liabilities		22,315,294		43,122,542
(6) Non-current provisions				
<b>III. Non-controlling liabilities</b>				
<b>Total liabilities</b>		<b>791,932,258</b>		<b>1,267,782,073</b>
<b>Equity</b>				
<b>I. Paid-in capital</b>				
<b>II. Retained earnings (loss)</b>				
Unappropriated retained earnings (losses)	18,526,411,845		3,937,829,452	
(Profit)	14,198,160,146		14,588,582,393	
<b>III. Other components of equity</b>				
Other Comprehensive income/loss accumulated amount	(5,247,756)		(4,849,363)	
<b>Total equity</b>	<b>32,719,324,235</b>		<b>18,521,562,482</b>	
<b>Total equity and liabilities</b>	<b>33,511,256,493</b>		<b>19,789,344,555</b>	

## Statements of Income (Fiduciary accounting)

5th term : From January 1, 2013 to December 31, 2013 / 4th term : From January 1, 2012 to December 31, 2012

(Unit : KRW)

Item	5th term (current)		4th term (previous)	
	Amount		Amount	
<b>I. Operating income</b>				
(3) Consigned business income		93,252,686,544		18,403,370,765
(5) Interest income		11,475,546,171		12,313,708,287
(9) Other income		85,028,700		
<b>II. Operating expenses</b>				
(2) Consigned business expenses		79,504,980,489		5,943,634,398
(3) Administrative expense		1,512,786,052		729,240,942
Salary	369,468,778		235,381,042	
Post-employment benefit obligations	22,045,266		13,779,613	
(Reversal of provision for Post-employment benefit obligations)				
Welfare cost	39,145,470		5,662,150	
Amortization cost	76,612,986			
Payment fee	66,399,140		53,608,630	
Advertising expense	54,800,000		14,970,000	
Publication expenses	19,605,495		14,356,340	
Entertainment expenses	262,480,344		37,932,416	
Communication expenses	176,364,373		118,692,142	
Supply expenses	2,320,420		65,561,049	
Travel expenses	81,209,914		2,465,400	
Subcontracted service expense	331,110,966		161,451,810	
Other administrative expenses	11,222,900		5,380,350	
<b>III. Operating Income(Loss)</b>				
		<b>23,795,494,874</b>		<b>24,044,203,712</b>
<b>IV. Other gains</b>				
(12) Other income		64,627		4,983,010
<b>V. Other expenses</b>				
(10) Other income		900,481		1,119,580
(11) Other expenses other than the above				782,566
				337,014
<b>VI. Other profit (loss)</b>				
<b>VII. Financial income</b>				
(1) Interest income		2,617,663,120		2,235,525,899
<b>VIII. Finance cost</b>				
(7) Loss on foreign exchange translations		681,568		
(9) Bad debt expenses		3,957,184,555		1,286,999,245
(11) Other finance cost		8,277,053,880		10,443,496,180
<b>IX. Income(loss) in subsidiaries</b>				
<b>X. Net profit (loss) before income taxes</b>				
		<b>14,177,402,137</b>		<b>14,553,097,616</b>
<b>XI. Income tax expenses</b>				
		<b>(20,758,009)</b>		<b>(35,484,777)</b>
<b>XII. Profit (loss)</b>				
		<b>14,198,160,146</b>		<b>14,588,582,393</b>
<b>XIII. Other comprehensive income (after tax)</b>				
(1) Other comprehensive items that may not be reclassified subsequently to profit or loss		(398,393)		(5,593,201)
Remeasuring component of defined benefit plan	(398,393)		(5,593,201)	
<b>XIV. Comprehensive income (after tax)</b>				
		<b>14,197,761,753</b>		<b>14,582,989,192</b>

# History

## 2008

### October

- The government bill for The Act on the Establishment of the Korea Student Aid Foundation is confirmed.

### May

- A basic plan for a customized National Grant system is created.

### February

- The creation of a customized National Grant system is selected as a national policy task.

## 2009

### November

- Announced the introduction of the Income Contingent Loan

### July

- Began offering Direct Loans from KOSAF
- Issued its first bond

### June

- Received an 'AAA' credit rating from Korea Ratings credit rating agency

### May

- Lee, Kyungsook is appointed as the first Chairperson of the Korea Student Aid Foundation.

- The Korea Student Aid Foundation is established.

### April

- Established KOSAF's IT infrastructure

### February

- The Act on the Establishment of the Korea Student Aid Foundation is announced.
- The Korea Student Aid Foundation preparatory committee is established.

## 2010

### November

- Signed memoranda of understanding on National Knowledge Service Mentorship with 18 universities in Korea
- Signed a memorandum of understanding on KOSAF overseas service student projects (talent development program) with the Korea International Cooperation Agency (KOICA)

### September

- Signed a working agreement on the Mentoring for Multicultural Students with 13 universities in Korea

### July

- Obtained the international credit rating of A1 (Moody's) and A+ (Fitch).

### June

- Signed a memorandum of understanding on collaboration with the Japan Student Services Organization (JASSO)
- Hosted the 1st International Forum on Student Aid Policy

### January

- Special Act on Income Contingent Loan and revised plan of Act on the Establishment of the Korea Student Aid Foundation were passed by the National Assembly.

- Started offering Income Contingent Loan

- Appointed as a quasi-government organization for consigned execution

- Launched the program of the first Scholarship Ambassador (235 persons from 180 universities)

- ※ What is Scholarship Ambassador : This is a program where honorary ambassadors of university students promote KOSAF's businesses, including scholarship, grant, loans and sharing & volunteering, in and outside of their campus.

## 2011

### December

- Selected as an excellent family-friendly institution

### November

- Designated as the financial public institution
- Webzine Rim, newly issued in-house newsletter, won grand prize of Korean Communication
- Hosted the 2nd International Forum on Student Aid Policy

### July

- Designated as a legal donation organization

### June

- Received grade 'A' on 2010 Public Institution Management Performance Evaluation

### April

- Hosted the 2011 KorMent Day (attended by 200 mentors and 2,000 college student mentees)

### February

- Announced the Korea Student Aid Foundation Declaration of Integrity

## 2012

### December

- Won the excellence award of the 9th Web award Korea in webzine area
- Won the excellence award of the 4th Korea Blog Award-Public Institution
- Won the 5th Education Mecenat Tower

### November

- Won the grand prize of the 5th Korea Internet Communication and Social Media
- Won the best advertising and public information campaign in the 2012 Korea Communication Awards
- Hosted the 3rd International Forum on Student Aid Policy

### October

- Received Gold in Consumer Products Marketing and Silver in Communication and Application at the International Business Awards

### May

- Carried out a lock-in period program for Direct Loan

### April

- Hosted the 2012 KorMent Day (attended by 260 mentors and 2,130 college student mentees)
- Concluded a business agreement with Woori Financial Group to support the university students' credit recovery

### March

- Won the grand prize of Happiness Plus Social Contribution in 2012 in the education and scholarship category

### January

- Expanded national grant program to lessen the burden of tuition
- Won the 8th Web award Korea grand prize in the homepage area

## 2013

### December

- Received Award of Minister of Gender Equality and Family in electronic newsletter category at the Korea Business Communication Awards
- Appointed the 5th scholarship ambassador (375 students from 220 universities are currently working at this moment)

### November

- Won grand prize in Public Service 2013
- Got grand prize in Internet Communication 2013

### October

- Won gold prize in marketing and website and silver prize in Facebook and blogs by International Business Awards

### May

- The second Chairman Kwak, Byong-Sun took office
- Expanded interest payment exemption program during military service time

### April

- Hosted the 2013 KorMent Day (attended by 340 mentors and 2,870 college students)

### March

- Won the grand prize of 2013 Happiness Plus Social Contribution (for the two years in a row)

### February

- Launched Hope Ladder Scholarship program as a way for students to land a job in small and mid-sized companies

### January

- Expanded national grant program for income-linked and customized "halved tuition."



Korea Student Aid Foundation **KOSAF**

24Fl. Yonsei Severance Bldg., Tongil-ro 10, Jung-gu, Seoul, Republic of Korea (100-753)

Tel. +82-2-1599-2000 <http://eng.kosaf.go.kr>