



**SHINHAN INVESTMENT CORP.  
AND SUBSIDIARIES**

Consolidated Financial Statements

**December 31, 2015 and 2014**

(With Independent Auditors' Report Thereon)

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## Independent Auditors' Report

Based on a report originally issued in Korean

The Board of Directors and Shareholder  
Shinhan Investment Corp.:

We have audited the accompanying consolidated financial statements of Shinhan Investment Corp. and its subsidiaries (the "Group"), which comprise the consolidated statements of financial position as of December 31, 2015 and 2014, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Consolidated Financial Statements*

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

### *Auditors' Responsibility*

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

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

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

### *Opinion*

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2015 and 2014 and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with Korean International Financial Reporting Standards.

*Other Matter*

The procedures and practices utilized in the Republic of Korea to audit such consolidated financial statements may differ from those generally accepted and applied in other countries.

*KPMG Samjong Accounting Corp.*

KPMG Samjong Accounting Corp.  
Seoul, Korea  
March 14, 2016

This report is effective as of March 14, 2016, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying consolidated financial statements and notes thereto. Accordingly, the readers of the audit report should understand that the above audit report has not been updated to reflect the impact of such subsequent events or circumstances, if any.

SHINHAN INVESTMENT CORP. AND SUBSIDIARIES  
**Consolidated Statements of Financial Position**  
As of December 31, 2015 and 2014

<i>In millions of won</i>	<b>Note</b>	<b>December 31, 2015</b>	<b>December 31, 2014</b>
<b>Assets</b>			
Cash and due from banks	4,24,25,30	₩ 2,761,678	2,700,828
Financial assets at fair value through profit or loss	5,24,25,30	15,595,367	17,747,214
Available-for-sale financial assets	6,24,25,30	1,646,109	2,221,272
Investments in associates	7	69,406	65,302
Loans	8,24,25,30	2,533,701	1,475,691
Property and equipment	9,30	118,897	125,606
Intangible assets	10	45,711	43,980
Investment property	11	137,835	181,396
Current tax assets	28	4	33,601
Other assets	12,24,25	1,428,705	1,333,402
<b>Total assets</b>		₩ <u>24,337,413</u>	<u>25,928,292</u>
<b>Liabilities</b>			
Deposits	13,24,25	₩ 1,197,250	1,100,425
Financial liabilities at fair value through profit or loss	14,24,25	11,558,904	11,644,639
Borrowings	15,24,25	7,605,329	9,552,830
Provisions	16	4,863	3,767
Deferred tax liabilities	28	46,879	41,822
Current tax liabilities	28	12,247	-
Other liabilities	17,24,25	1,386,105	1,254,718
<b>Total liabilities</b>		<u>21,811,577</u>	<u>23,598,201</u>
<b>Equity</b>			
Capital stock	35	1,296,998	1,296,998
Capital surplus	35	15	15
Capital adjustments	35	341	(62)
Accumulated other comprehensive income	35	99,475	89,587
Retained earnings	35	1,129,007	943,553
<b>Total equity</b>		<u>2,525,836</u>	<u>2,330,091</u>
<b>Total liabilities and equity</b>		₩ <u>24,337,413</u>	<u>25,928,292</u>

See accompanying notes to the consolidated financial statements.

SHINHAN INVESTMENT CORP. AND SUBSIDIARIES  
**Consolidated Statements of Comprehensive Income**  
For the years ended December 31, 2015 and 2014

In millions of won

	<i>Note</i>	<b>December 31, 2015</b>	<b>December 31, 2014</b>
<b>Operating revenue:</b>			
Commission income	18	₩ 394,241	270,538
Gain on financial instruments at fair value through profit or loss	24	3,550,843	2,331,091
Gain on available-for-sale financial assets	24	32,224	4,443
Interest income	19	601,965	611,643
Gain on valuation and sale of loans	24	829	436
Gain on foreign transactions	20	122,958	60,848
Others	22,24	31,102	16,110
		<u>4,734,162</u>	<u>3,295,109</u>
<b>Operating expense:</b>			
Commission expense	18	118,780	67,639
Loss on financial instruments at fair value through profit or loss	24	3,563,296	2,401,800
Loss on available-for-sale financial assets	24	6,431	6,203
Interest expense	19	163,369	226,080
Loss on valuation and sale of loans	24	2,731	2,677
Loss on foreign transactions	20	125,677	54,413
General and administrative expenses	21	488,500	398,596
Others	22,24	4,630	4,804
		<u>4,473,414</u>	<u>3,162,212</u>
<b>Operating income</b>		<u>260,748</u>	<u>132,897</u>
Non-operating income	23	29,262	31,049
Non-operating expense	23	(11,888)	(6,676)
<b>Profit before income taxes</b>		<u>278,122</u>	<u>157,270</u>
Income tax expense	28	62,668	39,035
<b>Profit for the year</b>		<u>215,454</u>	<u>118,235</u>
<b>Other comprehensive income (loss) for the year, net of income tax</b>			
<b>Items that are or may be reclassified subsequently to profit or loss:</b>			
Net change in unrealized fair value of available-for-sale financial assets	24	2,464	1,588
Loss on valuation of investments in associates		4,485	1,934
Foreign currency translation adjustments for foreign operations		5,901	(17,280)
Effect of income tax expense		(2,962)	(87)
<b>Total other comprehensive income (loss), net of tax</b>		<u>9,888</u>	<u>(13,845)</u>
<b>Total comprehensive income for the year</b>		<u>₩ 225,342</u>	<u>104,390</u>

See accompanying notes to the consolidated financial statements.

SHINHAN INVESTMENT CORP. AND SUBSIDIARIES  
**Consolidated Statements of Changes in Equity**  
For the years ended December 31, 2015 and 2014

In millions of won

		Common stock	Capital surplus	Capital adjustments	Accumulated other comprehensive income (loss)	Retained earnings	Total
<b>Balance at January 1, 2014</b>	₩	1,296,998	15	(56)	103,432	835,318	2,235,707
<b>Profit for the year</b>		-	-	-	-	118,235	118,235
<b>Other comprehensive income (loss), net of income tax</b>							
Net change in unrealized fair value of available-for-sale financial assets		-	-	-	1,204	-	1,204
Share of the other comprehensive loss of associates		-	-	-	1,466	-	1,466
Foreign currency translation differences		-	-	-	(16,515)	-	(16,515)
<b>Transactions recognized directly in equity</b>							
Dividends		-	-	-	-	(10,000)	(10,000)
Change in share-based payment		-	-	(6)	-	-	(6)
<b>Balance at December 31, 2014</b>	₩	<u>1,296,998</u>	<u>15</u>	<u>(62)</u>	<u>89,587</u>	<u>943,553</u>	<u>2,330,091</u>

		Common stock	Capital surplus	Capital adjustments	Accumulated other comprehensive income (loss)	Retained earnings	Total
<b>Balance at January 1, 2015</b>	₩	1,296,998	15	(62)	89,587	943,553	2,330,091
<b>Profit for the year</b>		-	-	-	-	215,454	215,454
<b>Other comprehensive income (loss), net of income tax</b>							
Net change in unrealized fair value of available-for-sale financial assets		-	-	-	1,868	-	1,868
Share of the other comprehensive loss of associates		-	-	-	3,400	-	3,400
Foreign currency translation differences		-	-	-	4,620	-	4,620
<b>Transactions recognized directly in equity</b>							
Dividends		-	-	-	-	(30,000)	(30,000)
Change in share-based payment		-	-	403	-	-	403
<b>Balance at December 31, 2015</b>	₩	<u>1,296,998</u>	<u>15</u>	<u>341</u>	<u>99,475</u>	<u>1,129,007</u>	<u>2,525,836</u>

See accompanying notes to the consolidated financial statements.

SHINHAN INVESTMENT CORP. AND SUBSIDIARIES  
**Consolidated Statements of Cash Flows**  
For the years ended December 31, 2015 and 2014

*In millions of won*

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
<b>Cash flows from operating activities</b>		
Profit before income taxes	₩ 278,122	157,269
Adjustment for:		
Interest income	(601,965)	(611,643)
Interest expense	163,369	226,080
Dividend income	(27,459)	(11,606)
Net gain on valuation of financial assets at fair value through profit or loss	801,308	(48,894)
Net gain on valuation of financial liabilities at fair value through profit or loss	(798,597)	140,442
Net gain on sales of available-for-sale financial assets	(26,961)	(123)
Impairment loss on available-for-sale financial assets	1,168	1,883
Provisions for loan loss	2,647	2,241
Net gain on sales of loans	(745)	-
Net gain on foreign exchanges	13,655	(5,022)
Depreciation	10,454	9,921
Amortization of intangible assets	4,755	5,417
Employee related expenses	3,357	1,232
Non-cash other operating expenses, net	424	419
Non-cash non-operating expenses, net	(277)	(6,190)
	<u>(454,867)</u>	<u>(295,843)</u>
Changes in assets and liabilities:		
Due from banks	(223,582)	(758,541)
Financial assets at fair value through profit or loss	1,350,539	(4,982,547)
Loans	(1,056,587)	(102,918)
Collective fund for default loss	(2,198)	(23,400)
Other assets	(102,506)	(349,704)
Deposits	88,461	309,929
Financial liabilities at fair value through profit or loss	712,861	4,285,144
Provisions	(253)	105
Other liabilities	146,240	364,584
	<u>912,975</u>	<u>(1,257,348)</u>
Income taxes paid	(14,859)	(46,387)
Interests received	619,343	488,497
Interests paid	(172,750)	(233,327)
Dividends received	27,112	11,545
<b>Net cash provided by (used in) operating activities</b>	<u>₩ 1,195,076</u>	<u>(1,175,594)</u>

See accompanying notes to the consolidated financial statements.



SHINHAN INVESTMENT CORP. AND SUBSIDIARIES  
**Consolidated Statements of Cash Flows, Continued**  
For the years ended December 31, 2015 and 2014

*In millions of won*

	<b>December 31, 2015</b>	<b>December 31, 2014</b>
<b>Cash flows from investing activities</b>		
Proceed from disposal of available-for-sale financial assets ₩	5,687,830	3,873,485
Acquisition of available-for-sale financial assets	(5,082,901)	(4,417,419)
Proceed from disposal of investments in associates	10,385	6,042
Acquisition of investments in associates	(10,217)	(25,427)
Proceed from disposal of property and equipment	-	58
Acquisition of property and equipment	(7,406)	(10,743)
Proceed from disposal of intangible assets	1,400	1,509
Acquisition of intangible assets	(6,652)	(9,644)
Proceed from disposal of investment property	48,217	-
Acquisition of business, net of cash acquired	(1,240)	-
<b>Net cash provided by investing activities</b>	<b>639,416</b>	<b>(582,139)</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	549,229	4,350,846
Repayment of borrowings	(2,525,527)	(2,613,777)
Dividends paid	(30,000)	(10,000)
<b>Net cash provided by (used in) financing activities</b>	<b>(2,006,298)</b>	<b>1,727,069</b>
<b>Effect of exchange rate fluctuations on cash and cash equivalents held</b>	<b>4,614</b>	<b>13,658</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(167,192)</b>	<b>(17,006)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>693,500</b>	<b>710,506</b>
<b>Cash and cash equivalents at end of year</b> ₩	<b>526,308</b>	<b>693,500</b>

See accompanying notes to the consolidated financial statements.

SHINHAN INVESTMENT CORP. AND SUBSIDIARIES  
**Notes to the Consolidated Financial Statements**  
For the years ended December 31, 2015 and 2014

**1. Reporting entity**

General information of Shinhan Investment Corp. (the "Company") and its subsidiaries included in consolidation (collectively the "Group") are summarized as follows:

**(a) Controlling company**

The Company was established on April 2, 1973 under the name of HyoSeong Securities Co., Ltd. to engage in proprietary trading, underwriting and brokerage services. The Company changed its name from Good Morning Shinhan Securities Co., Ltd. to Shinhan Investment Corp. on August 24, 2009. The Company is wholly owned by Shinhan Financial Group Co., Ltd. and operates through 92 branches, 16 sales offices, and 2 overseas offices as of December 31, 2015.

Since December 28, 2005, the Company has been in the trust business pursuant to the Korea Trust Business Law. Assets under trust management amounted to ₩13,454,883 million as of December 31, 2015 and the related fee income amounted to ₩14,392 million for the year ended December 31, 2015.

**(b) Scope of consolidation**

(i) Subsidiaries

Ownership of the Company's major consolidated subsidiaries except special purpose entities as of December 31, 2015 are as follows:

Investor	Investee	Country	Closing date	Ownership (%)
Shinhan Investment Corp.	Shinhan Investment America Inc.	USA	December 31	100.0
"	Shinhan Investment Asia Ltd.	Hong Kong	March 31	100.0
"	Nam An Securities Co. Ltd.	Vietnam	December 31	100.0

SHINHAN INVESTMENT CORP. AND SUBSIDIARIES  
**Notes to the Consolidated Financial Statements**  
For the years ended December 31, 2015 and 2014

**1. Reporting entity, Continued**

**(b) Scope of consolidation, Continued**

(ii) Special purpose entities

As of December 31, 2015, consolidated special purpose entities are summarized as follows:

Parent company	SPE	Location	Reference
Shinhan Investment Corp.	Shinhan Maritime Private Equity Fund I	Rep. of Korea	PEF
Shinhan Maritime Private Equity Fund I	SS TRITON A S.A.	Panama	Ship lending SPC
"	SS TRITON B S.A.	"	"
Shinhan Investment Corp.	Samsung Millennium Stock C503	Rep. of Korea	Collective investment business
"	Santaclause 98 Short-term Bond Fund 1	"	"
"	G1 Santaclause 98 Short-term Bond Fund 1	"	"
"	Samsunglife New Short Fund B301	"	"
"	Samsunglife New Short Fund A423	"	"
"	Samsung Jinpum Short Fund C501	"	"
"	Samsung Jinpum Short Fund C503	"	"
"	Santaclause Long-term Bond Fund 4	"	"
"	Santaclause Long-term Bond Fund 5	"	"
"	Santaclause New Long-term Bond Fund 1	"	"
"	Neo Short-term Bond #22	"	"
"	Hanbaguni E-2	"	"
"	Kyobo Tomorrow SGIC-1	"	"
"	KDB Private SH-1	"	"
"	Specific Money Trust	"	Trust
"	VALUE PLUS the 21st Co., Ltd.	"	Securitization SPC
"	VALUE PLUS the 22nd Co., Ltd.	"	"
"	VALUE PLUS the 25th Co., Ltd.	"	"
"	VALUE PLUS the 28th Co., Ltd.	"	"
"	VALUE PLUS the 29th Co., Ltd.	"	"
"	VALUE PLUS the 32nd Co., Ltd.	"	"
"	VALUE PLUS the 35th L.L.C	"	"
"	VALUE PLUS the 37th L.L.C	"	"
"	VALUE PLUS the 38th Co., Ltd.	"	"
"	Angelest the 1st L.L.C	"	"
"	Mainstream the 1st Co., Ltd	"	"
"	Korea Investment Asia Focus Long-short Security Feeder Investment Trust (Equity-Derivative)	"	Trust
"	Korea Investment Asia Focus Long-short Security Master Investment Trust (Equity-Derivative)	"	"
"	JB Sangam Private Real Estate Investment Trust No.1	"	Real estate investment trust

SHINHAN INVESTMENT CORP. AND SUBSIDIARIES  
**Notes to the Consolidated Financial Statements**  
For the years ended December 31, 2015 and 2014

**1. Reporting entity, Continued**

**(c) Changes in subsidiaries**

The list of subsidiaries that were newly acquired or excluded from consolidation for the years ended December 31, 2015 and 2014 are as follows:

Company	December 31, 2015	
	Reason	Invest company
<b>Newly acquired subsidiaries</b>		
Nam An Securities Co. Ltd.	100% equity	Shinhan Investment Corp.
VALUE PLUS the 29th Co., Ltd.	Credit offering	Shinhan Investment Corp.
VALUE PLUS the 32nd Co., Ltd.	Credit offering	Shinhan Investment Corp.
Angelest the 1st L.L.C	Credit offering	Shinhan Investment Corp.
Mainstream the 1st Co., Ltd	Credit offering	Shinhan Investment Corp.
VALUE PLUS the 35th L.L.C	Credit offering	Shinhan Investment Corp.
VALUE PLUS the 37th L.L.C	Credit offering	Shinhan Investment Corp.
VALUE PLUS the 38th Co., Ltd.	Credit offering	Shinhan Investment Corp.
Korea Investment Asia Focus Long-short Security Feeder Investment Trust (Equity-Derivative)	76.34% equity	Shinhan Investment Corp.
Korea Investment Asia Focus Long-short Security Master Investment Trust (Equity-Derivative)	76.34% equity	Korea Investment Asia Focus Long-short Security Feeder Investment Trust (Equity-Derivative)
JB Sangam Private Real Estate Investment Trust No.1	99.78% equity	Shinhan Investment Corp.
<b>Excluded subsidiaries</b>		
SHIC PLUS the 1st Co., Ltd.	Expiration of financial supplement commitment transactions	Shinhan Investment Corp.
VALUE PLUS the 16th Co., Ltd.	Expiration of financial supplement commitment transactions	Shinhan Investment Corp.
VALUE PLUS the 17th Co., Ltd.	Expiration of financial supplement commitment transactions	Shinhan Investment Corp.
VALUE PLUS the 23rd Co., Ltd.	Expiration of financial supplement commitment transactions	Shinhan Investment Corp.
MARS the 1st L.L.C	Liquidating	Shinhan Investment Corp.
KDB Retail Investment Trust No.1	Liquidating	MARS the 1st L.L.C
Kyoboaxa Power High dividend index Feeder Security Trust (Equity)	Liquidating	Shinhan Investment Corp.
Kyoboaxa Power High dividend index Master Security Trust (Equity)	Liquidating	Kyoboaxa Power High dividend index Feeder Security Trust (Equity)
Eugene Smart Robust Securities Investments Trust the 2th (Equity balanced-Derivative )	Liquidating	Shinhan Investment Corp.
SystemTrading PEF the 22th (Equity balanced-Derivative)	Liquidating	Shinhan Investment Corp.

SHINHAN INVESTMENT CORP. AND SUBSIDIARIES  
**Notes to the Consolidated Financial Statements**  
For the years ended December 31, 2015 and 2014

**1. Reporting entity, Continued**

**(c) Changes in subsidiaries, Continued**

The list of subsidiaries that were newly acquired or excluded from consolidation for the years ended December 31, 2015 and 2014 are as follows:, Continued

December 31, 2014		
Company	Reason	Invest company
<b>Newly acquired subsidiaries</b>		
SystemTrading PEF the 22th (Equity balanced-Derivative)	100% equity	Shinhan Investment Corp.
Eugene Smart Robust Securities Investments Trust the 2th (Equity balanced-Derivative)	100% equity	Shinhan Investment Corp.
VALUE PLUS the 25th Co., Ltd.	Credit offering	Shinhan Investment Corp.
VALUE PLUS the 28th Co., Ltd.	Credit offering	Shinhan Investment Corp.
Kyoboaxa Power High dividend index Feeder Security Trust (Equity)	81.85% equity	Shinhan Investment Corp.
Kyoboaxa Power High dividend index Master Security Trust (Equity)	82.48% equity	Kyoboaxa Power High dividend index Feeder Security Trust (Equity)
<b>Excluded subsidiaries</b>		
KAMCO Value Recreation 11th Securitization Specialty Co., Ltd.	Liquidating	Shinhan Investment Corp.
Busan Education Love BTL Co., Ltd.	Expiration of purchase commitments transaction	Shinhan Investment Corp.
VALUE PLUS the 8th Co., Ltd.	Expiration of purchase commitments transaction	Shinhan Investment Corp.
Korea investment gong-pyeong office real estate investment trust 2nd	Decrease of ownership	Shinhan Investment Corp.

SHINHAN INVESTMENT CORP. AND SUBSIDIARIES  
**Notes to the Consolidated Financial Statements**  
For the years ended December 31, 2015 and 2014

**1. Reporting entity, Continued**

**(d) Summary of financial information of the Company and its subsidiaries**

(i) Condensed financial positions of the Company and its subsidiaries as of December 31, 2015 and 2014 are as follows:

(In millions of won)

Entity	December 31, 2015			December 31, 2014		
	Total assets	Total liabilities	Total equity	Total assets	Total liabilities	Total equity
Shinhan Investment Corp.	₩ 23,744,166	21,222,524	2,521,642	25,409,271	23,077,442	2,331,829
Shinhan Investment America Inc.	2,591	168	2,423	2,809	207	2,602
Shinhan Investment Asia Ltd.	4,771	315	4,456	2,440	103	2,337
Nam An Securities Co. Ltd.	7,790	4,687	3,103	-	-	-
Shinhan Maritime PEF I(*)	219,948	133,610	86,338	215,148	133,947	81,201
VALUE PLUS the 16th Co., Ltd.	-	-	-	29,954	29,959	(5)
VALUE PLUS the 17th Co., Ltd.	-	-	-	29,454	29,809	(355)
SHIC PLUS the 1st Co., Ltd.	-	-	-	20,632	20,400	232
MARS the 1st L.L.C(*)	-	-	-	44,225	46,286	(2,061)
VALUE PLUS the 21th Co., Ltd.	3,599	3,471	128	19,895	19,706	189
VALUE PLUS the 22th Co., Ltd.	20,666	20,715	(49)	21,216	20,722	494
VALUE PLUS the 23th Co., Ltd.	-	-	-	10,196	10,128	68
Beneficiary certificate	1,674	2,317	(643)	2,333	3,026	(693)
Specific Money Trust	355,649	-	355,649	250,379	-	250,379
Kyoboaxa Power High dividend index Feeder Security Trust (Equity)(*)	-	-	-	1,302	(12)	1,314
SystemTrading PEF the 22th (Equity balanced-Derivative)(*)	-	-	-	2,932	7	2,925
Eugene Smart Robust Securities Investments Trust the 2th (Equity balanced-Derivative)(*)	-	-	-	3,049	21	3,028
VALUE PLUS the 25th Co., Ltd.	50,450	50,071	379	50,177	50,072	105
VALUE PLUS the 28th Co., Ltd.	139,347	140,000	(653)	100,085	100,024	61

(\*) Consolidated financial statements

SHINHAN INVESTMENT CORP. AND SUBSIDIARIES  
**Notes to the Consolidated Financial Statements**  
For the years ended December 31, 2015 and 2014

**1. Reporting entity, Continued**

**(d) Summary of financial information of the Company and its subsidiaries, Continued**

(i) Condensed financial positions of the Company and its subsidiaries as of December 31, 2015 and 2014 are as follows:, Continued

(In millions of won)

Entity	December 31, 2015			December 31, 2014		
	Total assets	Total liabilities	Total equity	Total assets	Total liabilities	Total equity
VALUE PLUS the 29th Co., Ltd. ₩	15,370	15,323	47	-	-	-
VALUE PLUS the 32nd Co., Ltd.	27,482	27,308	174	-	-	-
Angelest the 1st L.L.C	11,082	11,021	61	-	-	-
Mainstream the 1st Co., Ltd.	35,075	34,823	252	-	-	-
VALUE PLUS the 35th L.L.C.	65,131	65,077	54	-	-	-
VALUE PLUS the 37th L.L.C.	20,701	22,022	(1,321)	-	-	-
VALUE PLUS the 38th Co., Ltd.	40,140	40,086	54	-	-	-
Korea Investment Asia Focus						
Long-short Security Feeder Investment Trust (Equity-Derivative)(*)	14,367	1	14,366	-	-	-
JB Sangam Private Real Estate Investment Trust No.1	2,261	5	2,256	-	-	-

(\*) Consolidated financial statements

SHINHAN INVESTMENT CORP. AND SUBSIDIARIES  
**Notes to the Consolidated Financial Statements**  
For the years ended December 31, 2015 and 2014

**1. Reporting entity, Continued**

**(d) Summary of financial information of the Company and its subsidiaries, Continued**

(ii) Condensed comprehensive income statements of the Company and its subsidiaries for the years ended December 31, 2015 and 2014 are as follows:

Entity		December 31, 2015			December 31, 2014		
		Operating revenues	Net income (loss)	Total comprehensive income	Operating revenues	Net income (loss)	Total comprehensive income
Shinhan Investment Corp.	₩	4,721,671	217,087	219,410	3,281,688	112,479	112,934
Shinhan Investment America Inc.		1,240	(328)	(328)	1,380	(216)	(216)
Shinhan Investment Asia Ltd.		3,760	1,894	1,894	1,758	295	295
Nam An Securities Co. Ltd.		13	(241)	(241)	-	-	-
Shinhan Maritime PEF II(*)		11,682	(156)	(156)	10,208	2,540	2,540
VALUE PLUS the 16th Co., Ltd.		-	-	-	2,015	2	2
VALUE PLUS the 17th Co., Ltd.		-	-	-	1,920	(83)	(83)
SHIC PLUS the 1st Co., Ltd.		-	-	-	942	88	88
MARS the 1st L.L.C(*)		-	-	-	2,514	(515)	(515)
VALUE PLUS the 21th Co., Ltd.		467	(61)	(61)	2,018	588	588
VALUE PLUS the 22th Co., Ltd.		899	(130)	(130)	962	(210)	(210)
VALUE PLUS the 23th Co., Ltd.		-	-	-	921	63	63
Beneficiary certificate		73	51	51	72	49	49
Specific Money Trust		274	274	274	(454)	(454)	(454)
Kyoboaxa Power High dividend index Feeder Security Trust (Equity)(*)		-	-	-	214	15	15
SystemTrading PEF the 22th (Equity balanced-Derivative)		-	-	-	483	(75)	(75)
Eugene Smart Robust Securities Investments Trust the 2th (Equity balanced-Derivative)		-	-	-	522	28	28
VALUE PLUS the 25th Co., Ltd.		2,079	274	274	379	105	105
VALUE PLUS the 28th Co., Ltd.		745	(215)	(215)	79	61	61

(\*) Consolidated financial statements



SHINHAN INVESTMENT CORP. AND SUBSIDIARIES  
**Notes to the Consolidated Financial Statements**  
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**1. Reporting entity, Continued**

**(d) Summary of financial information of the Company and its subsidiaries, Continued**

(ii) Condensed comprehensive income statements of the Company and its subsidiaries for the years ended December 31, 2015 and 2014 are as follows; Continued

<i>(In millions of won)</i>	Entity	December 31, 2015			December 31, 2014		
		Operating revenues	Net income (loss)	Total comprehensive income	Operating revenues	Net income (loss)	Total comprehensive income
	VALUE PLUS the 29th Co., Ltd. ₩	1,797	47	47	-	-	-
	VALUE PLUS the 32nd Co., Ltd.	1,291	174	174	-	-	-
	Angelest the 1st L.L.C	571	62	62	-	-	-
	Mainstream the 1st Co., Ltd.	1,504	252	252	-	-	-
	VALUE PLUS the 35th L.L.C.	1,171	54	54	-	-	-
	VALUE PLUS the 37th L.L.C.	41	(1,321)	(1,321)	-	-	-
	Korea Investment Asia Focus						
	Long-short Security Feeder						
	Investment Trust (Equity-Derivative)(*)	(679)	(753)	(753)	-	-	-
	JB Sangam Private Real Estate						
	Investment Trust No.1	1	(20)	(20)	-	-	-
	VALUE PLUS the 38th Co., Ltd.	392	54	54	-	-	-

(\*) Consolidated financial statements

SHINHAN INVESTMENT CORP. AND SUBSIDIARIES  
**Notes to the Consolidated Financial Statements**  
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**2. Basis of preparation**

**(a) Statement of compliance**

The consolidated financial statements have been prepared in accordance with Korean International Financial Reporting Standards ("K-IFRS"), as prescribed in the Act on External Audits of Corporations in the Republic of Korea.

**(b) Basis of measurement**

The consolidated financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

- ✓ derivative financial instruments are measured at fair value
- ✓ financial instruments at fair value through profit or loss are measured at fair value
- ✓ available-for-sale financial assets are measured at fair value
- ✓ liabilities for cash-settled share-based payment arrangements are measured at fair value

**(c) Functional and presentation currency**

These consolidated financial statements are presented in Korean won which is the Group's functional currency and the currency of the primary economic environment in which the Group operates. The subsidiaries whose functional currencies are different from the Company's are as follows :

Subsidiaries	Functional Currency
Shinhan Investment America Inc.	USD
Shinhan Investment Asia Ltd.	HKD
SS TRITON A S.A.	USD
SS TRITON B S.A.	USD
Nam An Securities Co. Ltd.	VND

SHINHAN INVESTMENT CORP. AND SUBSIDIARIES  
**Notes to the Consolidated Financial Statements**  
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**2. Basis of preparation, Continued**

**(d) Use of estimates and judgements**

The preparation of the consolidated financial statements in conformity with K-IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period prospectively.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

(i) Income taxes

Within the normal business process, there are various types of transactions and different accounting methods that may add uncertainties to the decision of the final income taxes. The Group has recognized current and deferred tax that reflect tax consequences that would follow from the manner in which the entity expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. However, actual income taxes in the future may not be identical to the recognized deferred tax assets and liabilities, and this difference can affect current and deferred tax at the period when the final tax effect is conformed.

(ii) Fair value of financial instruments

The fair values of financial instruments which are not actively traded in the market are determined by using valuation techniques. The Group determines valuation methods and assumptions based on significant market conditions at the end of each reporting period. Diverse valuation techniques are used to determine the fair value of financial instruments, from general market accepted valuation models to internally developed valuation models that incorporate various types of assumptions and variables.

(iii) Allowances for loan loss

The Group determines and recognizes allowances for losses on loans through impairment testing. The accuracy of provisions for credit losses is determined by the methodology and assumptions used for estimating expected cash flows of the borrower for allowances on individual loans and collectively assessing allowances for groups of loans.

(iv) Provisions

The Group recognizes a provision considering inevitable risks and an uncertainty under the given circumstance of the event. At the end of each reporting period, the remaining provision balance is reviewed and assessed to determine if the current best estimate is being recognized.

SHINHAN INVESTMENT CORP. AND SUBSIDIARIES  
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**2. Basis of preparation, Continued**

**(d) Use of estimates and judgements, Continued**

- (v) Impairment on available-for-sale equity instruments

When there is a significant or prolonged decline in the fair value of an investment in an equity instrument below its original cost, there is objective evidence that available-for-sale equity investments are impaired. Accordingly, the Group considers the decline in the fair value of more than 30% against the original cost as "significant decline" and the status when the market price for marketable equity less than the carrying amounts of instruments for a six consecutive months as a "prolonged decline".

**(e) Approval of the consolidated financial statements**

These consolidated financial statements have been approved by the Board of Directors on February 3, 2016, which will be submitted for approval to the shareholder's meeting to be held on March 23, 2016.

**3. Significant accounting policies**

The significant accounting policies applied by the Group in preparation of its consolidated financial statements are included below. The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements except for the changes in accounting policies as explained in Note 3 (a).

**(a) Changes in accounting policies**

- (i) Amendments to K-IFRS No. 1024 'Related Party Disclosures'

The Group has applied the amendments to K-IFRS No. 1024 'Related Party Disclosures' to periods beginning on or after July 1, 2014. This standard requires disclosures about transactions and outstanding balances with an entity's related parties. The standard defines various classes of entities and people as related parties and sets out the disclosures required in respect of those parties, including the compensation of key management personnel. These amendments are not expected to have significant impact on the consolidated financial statements.

- (ii) Amendments to K-IFRS No. 1019 'Employee Benefits'

The amendments clarify that if employees or third parties make contributions meeting certain criteria, an entity is permitted to recognize such contributions as a reduction in the service cost in the period in which the service is rendered. The amendments require an entity to consider contributions linked to service when accounting for service cost and defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service on the calculation method of its plans or straight-line basis. These amendments are effective for annual periods beginning on or after July 1, 2014. These amendments are not expected to have significant impact on the consolidated financial statements.

SHINHAN INVESTMENT CORP. AND SUBSIDIARIES  
**Notes to the Consolidated Financial Statements**  
For the years ended December 31, 2015 and 2014

**3. Significant accounting policies, Continued**

**(b) Basis of consolidation**

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of the other entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control is lost.

If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for identical transactions and events in similar circumstances, appropriate adjustments are made to its financial statements in preparing the consolidated financial statements.

(ii) Structured entity

The Group establishes or invests in various structured entities. A structured entity is an entity designed so that its activities are not governed by way of voting rights. When assessing control of a structured entity, the Group considers factors such as the purpose and the design of the investee; its practical ability to direct the relevant activities of the investee; the nature of its relationship with the investee; and the size of its exposure to the variability of returns of the investee. The Group does not recognize any non-controlling interests in the consolidated statements of financial position since the Group's interests in these entities are recognized as liabilities of the Group.

(iii) Transactions eliminated on consolidations

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Intra-group losses are recognized as expense if intra-group losses indicate an impairment that requires recognition in the consolidated financial statements.

(iv) Non-controlling interests

Non-controlling interests in a subsidiary are accounted separately from the parent's ownership interests in a subsidiary. Each component of net profit or loss and other comprehensive income is attributed to the owners of the parent and non-controlling interest holders, even when the allocation reduces the non-controlling interest balance below zero.

(v) Changes in the parent company's ownership interest in a subsidiary.

Changes in the parent company's ownership interest in a subsidiary that do not result in a loss of control are accounted as equity transactions with owners in their capacity as owners. Adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. No adjustments are made to goodwill and no gain or loss is recognized in profit or loss. The difference between the consideration and the adjustments made to non-controlling interest is recognized directly in equity attributable to the owners of the parent company.

SHINHAN INVESTMENT CORP. AND SUBSIDIARIES  
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**3. Significant accounting policies, Continued**

**(c) Associates and jointly controlled entities (collectively "associates")**

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity.

Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement, and require unanimous consent for strategic financial and operating decisions.

The investment in associates and joint ventures is accounted using the equity method and is initially recognized at cost. The Group's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated financial statements include the Group's share of the income and expenses and equity movements of associates, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control is lost.

When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest, including any long-term investments, is reduced to nil, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has to make payments on behalf of the investee.

**(d) Foreign currency**

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Group at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated to the functional currency using the reporting date's exchange rate. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined, while those measured at historical cost are retranslated at the exchange rate at the date of transaction.

Foreign currency differences arising on retranslation of monetary items are recognized in profit or loss. On the other hand, foreign currency difference arising on retranslation of non-monetary items is recognized in other comprehensive profit or loss / profit and loss, if profit and loss arising on the asset is recognized in other comprehensive profit or loss / profit and loss.

SHINHAN INVESTMENT CORP. AND SUBSIDIARIES  
**Notes to the Consolidated Financial Statements**  
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**3. Significant accounting policies, Continued**

**(d) Foreign currency, Continued**

(ii) Foreign operations

If the presentation currency of the Group is different from a foreign operation's functional currency, the financial statements of the foreign operation are translated into the presentation currency using the following methods:

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to won at exchange rates at the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to won at exchange rates at the dates of the transactions. Foreign currency differences are recognized in other comprehensive income.

When a foreign operation is disposed of, the relevant amount in the translation is transferred to profit or loss as part of the profit or loss on disposal. On the partial disposal of a subsidiary that includes a foreign operation, the relevant proportion of such cumulative amount is reattributed to non-controlling interest. In any other partial disposal of a foreign operation, the relevant proportion is reclassified to profit or loss.

Foreign exchange gains or losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely to occur in the foreseeable future and which in substance is considered to form part of the net investment in the foreign operation, are recognized in other comprehensive income in the translation reserve.

(iii) Net investment in a foreign operation

If the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, then foreign currency differences arising on the item form part of the net investment in the foreign operation and are recognized in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

**(e) Cash and cash equivalents**

Cash and cash equivalents comprise balances with cash in hand, deposits held at call with banks and other short-term highly liquid investments with insignificant risk of changes in their fair value. Equity investments are excluded from cash equivalents unless they are, in substance, cash equivalents, for example in the case of preferred shares acquired within a short period of their maturity and with a specified redemption date.

SHINHAN INVESTMENT CORP. AND SUBSIDIARIES  
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**3. Significant accounting policies, Continued**

**(f) Non-derivative financial assets**

The Group recognizes and measures non-derivative financial assets by the following four categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets. The Group recognizes financial assets in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Upon initial recognition, non-derivative financial assets are measured at their fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the asset's acquisition or issuance.

(i) Financial assets at fair value through profit or loss (the "Financial assets at FVTPL")

A financial asset is classified at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Upon initial recognition, transaction costs are recognized in profit or loss when incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss.

(ii) Held-to-maturity investments

A non-derivative financial asset with a fixed or determinable payment and fixed maturity, for which the Group has the positive intention and ability to hold to maturity, are classified as held-to-maturity investments. Subsequent to initial recognition, held-to-maturity investments are measured at amortized cost using the effective interest method.

(iii) Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, except for loans and receivables for which the effect of discounting is immaterial.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified as financial assets at fair value through profit or loss, held-to-maturity investments or loans and receivables. Subsequent to initial recognition, they are measured at fair value, with changes in fair value, net of any tax effect, recorded in other comprehensive income in equity. Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments are measured at cost.

When a financial asset is derecognized or impairment losses are recognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss. Dividends on an available-for-sale equity instrument are recognized in profit or loss when the Group's right to receive payment is established.



SHINHAN INVESTMENT CORP. AND SUBSIDIARIES  
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**3. Significant accounting policies, Continued**

**(f) Non-derivative financial assets, Continued**

(v) De-recognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows of the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognized as a consolidated asset or liability.

If the Group retains substantially all the risks and rewards of ownership of the transferred financial assets, the Group continues to recognize the transferred financial assets and recognizes financial liabilities for the consideration received.

(vi) Offsetting between financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount presented in the consolidated statements of financial position when, and only when, the Group currently has a legal enforceable right to offset the recognized amounts, and there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

**(g) Derivative financial instruments**

Derivatives are initially recognized at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are either recognized in profit or loss or, when the derivatives are designated in a hedging relationship and the hedge is determined to be an effective hedge, other comprehensive income.

(i) Separable embedded derivatives

Embedded derivatives are separated from the host contract and accounted for separately only if the following criteria have been met: (a) the economic characteristics and risks of the embedded derivative are not closely related to those of the host contract; (b) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and (c) the hybrid instrument is not measured at fair value with changes in fair value recognized in profit or loss. Changes in the fair value of separable embedded derivatives are recognized immediately in profit or loss.

(ii) Other non-trading derivatives

When a derivative financial instrument is not held for trading, and is not designated in a qualifying hedge relationship, all changes in its fair value are recognized immediately in profit or loss.

The Group does not hold any derivatives designated as hedging derivatives as of December 31, 2015 and 2014.

SHINHAN INVESTMENT CORP. AND SUBSIDIARIES  
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**3. Significant accounting policies, Continued**

**(h) Impairment of financial assets**

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. However, losses expected as a result of future events, regardless of likelihood, are not recognized.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, or the disappearance of an active market for a security.

In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

If financial assets have objective evidence that they are impaired, impairment losses should be measured and recognized.

**(i) Loans**

The Group first assesses whether objective evidence of impairment exists individually for loans that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on loans has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

SHINHAN INVESTMENT CORP. AND SUBSIDIARIES  
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(In millions of won)

**3. Significant accounting policies, Continued**

**(h) Impairment of financial assets, Continued**

(i) Loans, Continued

If the interest rate of loans is a floating rate, the discount rate used to evaluate impairment is the current effective interest rate defined in the agreement. The present value of estimated future cash flows of secured financial assets is calculated by including cash flows from collateral after deducting costs to acquire and sell the collateral, regardless of probability of realization of such collateral.

In assessing collective impairment, the Group rates and classifies financial assets, based on credit risk assessment or a credit rating assessment process that takes into account asset type, industry, regional location, collateral type, delinquency and other relative factors.

Future cash flows of financial assets applicable to collective impairment assessment are estimated by using statistical modeling of historical trends of the probability of default, timing of recoveries and the amount of losses incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the impairment losses are likely to be greater or less than suggested by historical modeling. In adjusting the future cash flows by historical modeling, the result has to be in line with changes and trends of observable data (e.g., impairment losses of collective assets and unemployment rates, asset prices, commodity prices, payment status and other variables representing the size of impairment losses). Methodologies and assumptions used to estimate future cash flow are reviewed on a regular basis in order to reduce discrepancy between estimated impairment losses and actual loss.

Impairment losses are recognized in profit or loss and reflected in an allowance account against loans. When a subsequent event causes the amount of impairment losses to decrease, and the decrease can be related objectively to an event occurring after the impairment is recognized, the decrease in impairment losses is reversed through profit or loss of the period.

(ii) Available-for-sale financial assets

When a decline in the fair value of an available-for-sale financial asset has been recognized in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss that had been recognized in other comprehensive income shall be reclassified from equity to profit or loss as a reclassification adjustment even though the financial asset has not been derecognized. Impairment losses recognized in profit or loss for an investment in an equity instrument classified as available-for-sale shall not be reversed through profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss shall be reversed, with the amount of the reversal recognized in profit or loss.

SHINHAN INVESTMENT CORP. AND SUBSIDIARIES  
**Notes to the Consolidated Financial Statements**  
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(In millions of won)

**3. Significant accounting policies, Continued**

**(i) Property and equipment**

Property and equipment initially measured at cost and after initial recognition, are carried at cost less accumulated depreciation and accumulated impairment losses. The cost of property and equipment includes expenditures arising directly from the construction or acquisition of the asset, any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Subsequent to initial recognition, an item of property and equipment shall be carried at its cost less any accumulated depreciation and any accumulated impairment losses.

Property and equipment, except for land, are depreciated on a straight-line basis over estimated useful lives that appropriately reflect the pattern in which the asset's future economic benefits are expected to be consumed. A component that is significant compared to the total cost of property and equipment is depreciated over its separate useful life.

The estimated useful lives of the Group's assets are as follows:

Descriptions	Useful lives
Buildings	40~60 years
Vehicles	4 years
Furniture and fixtures	4 years
Other property and equipment	15 years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. The change is accounted for as a change in an accounting estimate.

**(j) Intangible assets**

Intangible assets are measured initially at cost and after initial recognition are carried at cost less accumulated amortization and accumulated impairment losses.

Amortization of intangible assets is calculated on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The residual value of intangible assets is zero. However, as there are no foreseeable limits to the periods over which memberships and Settlement system right of use are expected to be available for use, these intangible assets are determined as having indefinite useful lives and not amortized.

SHINHAN INVESTMENT CORP. AND SUBSIDIARIES  
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(In millions of won)

**3. Significant accounting policies, Continued**

**(j) Intangible assets, Continued**

Descriptions	Useful lives
Computer software	4 years
Others	5 years
Memberships	Indefinite useful lives
Settlement system right of use	Indefinite useful lives

Amortization periods and the amortization methods for intangible assets with finite useful lives are reviewed at the end of each reporting period. The useful lives of intangible assets that are not being amortized are reviewed at the end of each reporting period to determine whether events and circumstances continue to support indefinite useful life assessments for those assets. Changes are accounted for as changes in accounting estimates.

Expenditures on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, are recognized in profit or loss as incurred. Development expenditures are capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Other development expenditures are recognized in profit or loss as incurred.

**(k) Investment property**

Property held for the purpose of earning rentals or benefiting from capital appreciation is classified as investment property. Investment property is measured initially at its cost. Transaction costs are included in the initial measurement. Subsequently, investment property is carried at depreciated cost less any accumulated impairment losses.

The estimated useful lives and depreciation methods of the Group's assets in the current period and prior period are as follows.

Description	Useful life	Depreciation method
Buildings	40~60 years	Straight-line method

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(In millions of won)

**3. Significant accounting policies, Continued**

**(l) Impairment of non-financial assets**

The carrying amounts of the Group's non-financial assets, other than arising from employee benefits, deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, irrespective of whether there is any indication of impairment, are tested for impairment annually by comparing their recoverable amount to their carrying amount.

The Group estimates the recoverable amount of an individual asset. If it is impossible to measure the individual recoverable amount of an asset, then the Group estimates the recoverable amount of each cash-generating unit ("CGU"). A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. The value in use is estimated by applying a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU for which estimated future cash flows have not been adjusted, to the estimated future cash flows expected to be generated by the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss.

**(m) Non-derivative financial liabilities**

The Group classifies non-derivative financial liabilities into financial liabilities at fair value through profit or loss or other financial liabilities in accordance with the substance of the contractual arrangement and the definitions of financial liabilities. The Group recognizes financial liabilities in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the financial liability.

(i) Financial liabilities at fair value through profit or loss (the "Financial liabilities at FVTPL")

Financial liabilities at fair value through profit or loss include financial liabilities held for trading or designated as such upon initial recognition. Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss. Upon initial recognition, transaction costs that are directly attributable to the acquisition are recognized in profit or loss as incurred.

(ii) Financial liabilities measured at amortized cost

Non-derivative financial liabilities other than financial liabilities at fair value through profit or loss are classified as financial liabilities measured at amortized cost. At the date of initial recognition, financial liabilities measured at amortized cost are measured at fair value minus transaction costs that are directly attributable to the acquisition. Subsequent to initial recognition, financial liabilities measured at amortized cost are measured at amortized cost using the effective interest method.

The Group derecognizes a financial liability from the consolidated statement of financial position when it is extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

SHINHAN INVESTMENT CORP. AND SUBSIDIARIES  
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(In millions of won)

**3. Significant accounting policies, Continued**

**(n) Equity capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of ordinary shares and share options are recognized as a deduction from equity, net of any tax effects.

Preference shares that do not provide for redemption or at the option of the issuer and when distributions to holders of a preference shares are at the discretion of the issuer, is classified as equity. Dividends are recognized when approved by a general meeting of shareholders. Preference share capital is classified as a liability if it is redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary. Dividends thereon are recognized as interest expense in profit or loss as accrued.

**(o) Employee benefits**

(i) Short-term employee benefits

Short-term employee benefits are employee benefits that are due to be settled within 12 months after the end of the period in which the employees render the related service. When an employee has rendered service to the Group during an accounting period, the Group recognizes the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service.

(ii) Other long-term employee benefits

Other long-term employee benefits include employee benefits that are settled beyond 12 months after the end of the period in which the employees render the related service, and are calculated at the present value of the amount of future benefit that employees have earned in return for their service in the current and prior periods, less the fair value of any related assets. The present value is determined by discounting the expected future cash flows using the interest rate of corporate bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid. Any actuarial gains and losses are recognized in profit or loss in the period in which they arise.

(iii) Retirement benefits: defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that is due more than 12 months after the end of the period in which the employees render the service are discounted to their present value.

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**3. Significant accounting policies, Continued**

**(o) Employee benefits, Continued**

(iv) Termination benefits

Termination benefits are recognized as an expense when the Group is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognized as an expense if the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

**(p) Share-based payment transactions**

The Group has granted shares or share options to its employees and other parties. For equity-settled share-based payment transactions, the Group measures the goods or services received, and the corresponding increase in equity as a capital adjustment at the fair value of the goods or services received, unless that fair value cannot be estimated reliably. If the Group cannot reliably estimate the fair value of the goods or services received, the Group measures their value, and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted. If the fair value of the equity instruments cannot be estimated reliably at the measurement date, the Group measures them at their intrinsic value and recognizes the goods or services received based on the number of equity instruments that ultimately vest.

For cash-settled share-based payment transactions, the Group measures the goods or services acquired and the liability incurred at the fair value of the liability. Until the liability is settled, the Group remeasures the fair value of the liability at each reporting date and at the date of settlement, with changes in fair value recognized in profit or loss for the period.

**(q) Provisions**

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

The risks and uncertainties that inevitably surround many events and circumstances are taken into account in reaching the best estimate of a provision. Where the effect of the time value of money is material, provisions are determined at the present value of the expected future cash flows.

Where some or all of the expenditures required to settle a provision are expected to be reimbursed by another party, the reimbursement shall be recognized when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.



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**3. Significant accounting policies, Continued**

**(r) Financial income and financial expense**

(i) Interest

Interest income and expense are recognized in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

The calculation of the effective interest rate includes all fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability.

(ii) Fees and commission

Fees and commission income and expense that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate.

Other fees and commission income, including underwriting commissions, management fees on wrap accounts and asset management are recognized as the related services are performed.

Other fees and commission expense relate mainly to transaction and service fees, which are expensed as the services are received.

(iii) Dividends

Dividend income is recognized when the right to receive income is established.

**(s) Income taxes**

Income tax expense comprises current and deferred tax. Current and deferred tax is recognized in profit or loss, except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods.

Shinhan Financial Group Co., Ltd., the parent company, files its national income tax return with the Korean tax authorities under the consolidated corporate tax system, which allows it to make national income tax payments based on the consolidated profits or losses of the Shinhan Financial Group Co., Ltd. and its wholly owned domestic subsidiaries including the Company. Deferred taxes are measured based on the future tax benefits expected to be realized in consideration of the expected profits or losses of eligible companies in accordance with the consolidated corporate tax system. Consolidated corporate tax amounts, once determined, are allocated to each of the subsidiaries and are used as a basis for the income taxes to be recorded in their separate financial statements.

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**3. Significant accounting policies, Continued**

**(s) Income taxes, Continued**

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The Group recognizes a deferred tax liability for all taxable temporary differences associated with investments in subsidiaries, associates, and interests in joint ventures, except to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The Group recognizes a deferred tax asset for all deductible temporary differences arising from investments in subsidiaries and associates, to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilized.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilized.

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

Deferred tax assets and liabilities are offset only if there is a legally enforceable right to offset the related current tax liabilities and assets, and they relate to income taxes levied by the same tax authority and they intend to settle current tax liabilities and assets on a net basis.

**(t) Leases**

The Group classifies and accounts for leases as either a finance or operating lease, depending on the terms. Leases where the Group assumes substantially all of the risks and rewards of ownership are classified as finance leases. All other leases are classified as operating leases.

**(i) Finance leases**

At the commencement of the lease term, the Group recognizes as finance assets and finance liabilities in its consolidated statements of financial position, the lower amount of the fair value of the leased property and the present value of the minimum lease payments, each determined at the inception of the lease. Any initial direct costs are added to the amount recognized as an asset.

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**3. Significant accounting policies, Continued**

**(t) Leases, Continued**

(i) Finance leases, Continued

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

The depreciable amount of a leased asset is allocated to each accounting period during the period of expected use on a systematic basis consistent with the depreciation policy the lessee adopts for depreciable assets that are owned. If there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life. The Group reviews to determine whether the leased asset may be impaired.

(ii) Operating leases

Leases where the lessor retains a significant portion of the risks and rewards of ownership are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are recognized in profit or loss on a straight-line basis over the period of the lease.

**(u) Operating segments**

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. The Group has five reportable segments which consist of retail, wholesale, investment bank (IB), trading, and others, as described in note 27.

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**3. Significant accounting policies, Continued**

**(v) New standards and interpretations not yet adopted**

The following new standards, interpretations and amendments to existing standards have been published and are mandatory for the Group for annual periods beginning after January 1, 2015, and the Group has not early adopted them.

(i) Amendments to K-IFRS No. 1109 'Financial Instruments'

K-IFRS No. 1109 'Financial Instruments' includes revised guideline on the classification and measurement of financial instruments and the calculation of credit loss on financial assets, which changed from incurred loss model to expected credit loss model. In addition, the standard includes a new general hedge accounting model, where more hedging strategies are used for risk management may qualify for hedge accounting by extending hedged risk, hedging instruments, and hedged items to align hedge accounting more closely with risk management. The standard is effective for annual reporting periods beginning on or after January 1, 2018. In line with the above mentioned amendments, the Group planned levels of implementation as follows:

	Implementation plan	Period
Stage 1	Analysis of impacts on introducing K-IFRS No. 1109 'Financial Instruments'	April - August 2016
Stage 2	Designing and operating financial reporting infrastructure	September - December 2016
Stage 3	Production of financial information in accordance with K-IFRS No. 1109 'Financial Instruments'	2017 onwards

However, the Group cannot determine the potential impact on its consolidated financial statements resulting from the application of amendments to K-IFRS No. 1109 as of December 31, 2015.

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**4. Cash and due from banks**

(a) Details of cash and due from banks as of December 31, 2015 and 2014 are summarized as follows:

		<u>December 31, 2015</u>	<u>December 31, 2014</u>
Cash and cash equivalents	Cash on hand	₩ 91	101
	Current deposits	74,304	73,465
	Demand deposits	29,599	17,093
	Time deposits	3,108	180,635
	Others	111,300	32,100
	Foreign currency deposits	307,906	390,106
		<u>526,308</u>	<u>693,500</u>
Due from banks in won	Time deposits	1,116,000	1,160,000
	Reserve for claims of customers' deposits	65,600	220,100
	Guarantee deposits for stock borrowing for KSFC	358	220
	Guarantee deposits for KSFC trading	-	2,300
	Restricted time deposits	801,549	462,732
	Gold deposits	900	500
	Deposits for checking accounts	64	67
	Collateral for trading the derivatives	-	244
		<u>1,984,471</u>	<u>1,846,163</u>
Due from banks in foreign currency	Reserve for claims of customers' deposits	146,668	124,364
	Others	104,231	36,801
		<u>250,899</u>	<u>161,165</u>
	<u>₩ 2,761,678</u>	<u>2,700,828</u>	

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**4. Cash and due from banks, Continued**

(b) Restricted due from banks as of December 31, 2015 and 2014 are as follows:

	Placed at	December 31, 2015	December 31, 2014	Restriction
Time deposits	Busan Bank	₩ 549	732	Collateral for the sales of beneficiary certificates
	Shinhan Bank, etc.	67,000	17,000	Collateral for a bank overdraft facility
	Busan Bank , etc.	709,000	290,000	Collateral for lending/borrowing securities
	Shinhan Bank	5,000	5,000	Collateral for the small amount of payment
	Woori Bank, etc.	20,000	150,000	Collateral for the issue of ELS (Equity Linked Securities)
Reserve for claims on customers' deposits	Korean Securities Finance Corporation	212,268	344,464	(*1)
Reserve for claims on customers' deposits (trust)	Korean Securities Finance Corporation	784,596	630,537	(*1),(*2)
Gold deposits	Korean Securities Finance Corporation	900	500	Deposits for gold transaction
Guarantee deposits for stock borrowing for KSFC	Korean Securities Finance Corporation	358	220	Guarantee deposits for stock borrowing for KSFC
Guarantee deposits for KSFC trading	Korean Securities Finance Corporation	-	2,300	Guarantee deposits for KSFC trading
Other deposits in won	Shinhan Bank, etc.	64	67	Deposit for checking accounts
	Korea Exchange	-	244	Collateral for trading the derivatives
Other deposits in foreign currency	MAREX Financial Limited, etc.	60,130	29,225	Collateral for trading the foreign futures
	Korea Exchange	11,340	1,298	Collateral for trading the foreign futures
	Hong Kong Exchange and Clearing Limited	32,721	6,278	Collateral for trading securities
	Citi Bank	40	-	Collateral for settling foreign bonds
		₩ 1,903,966	1,477,865	

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**4. Cash and due from banks, Continued**

(b) Restricted due from banks as of December 31, 2015 and 2014 are as follows:, Continued

- (\*1) Pursuant to the Regulation on Financial Investment Business, the Group is required to deposit certain portions of customers' deposits with the Korean Securities Finance Corporation ("KSFC") or banks to ensure repayment of customer deposits.
- (\*2) Reserve for claims on customers' deposits (trust) is recognized in financial assets at fair value through profit or loss.

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**5. Financial assets at fair value through profit or loss**

(a) Details of financial assets at fair value through profit or loss as of December 31, 2015 and 2014 are summarized as follows:

		<u>December 31, 2015</u>	<u>December 31, 2014</u>
Trading financial assets	₩	12,207,388	14,924,677
Financial assets designated at fair value through profit or loss		3,119,659	2,594,691
Derivative assets		268,320	227,846
	₩	<u>15,595,367</u>	<u>17,747,214</u>

(b) Details of trading financial assets as of December 31, 2015 and 2014 are summarized as follows:

		<u>December 31, 2015</u>	<u>December 31, 2014</u>
Trading financial assets in won			
Government bonds	₩	2,095,059	1,556,671
Local bonds		51,569	47,670
Financial bonds		4,768,889	6,679,456
Corporate bonds		2,681,448	4,440,231
Corporate commercial papers		1,194,701	897,207
Stocks		779,306	756,292
Collective investment securities		204,946	159,604
		<u>11,775,918</u>	<u>14,537,131</u>
Trading financial assets in foreign currency			
Bonds		413,580	386,873
Stocks		8,120	673
Other equity securities		9,770	-
		<u>431,470</u>	<u>387,546</u>
	₩	<u>12,207,388</u>	<u>14,924,677</u>



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**5. Financial assets at fair value through profit or loss, Continued**

(c) Details of financial assets designed at fair value through profit or loss as of December 31, 2015 and 2014 are summarized as follows:

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Hybrid instruments		
Derivatives-combined securities	₩ 442,459	526,857
Management and performance evaluation on a fair value basis		
Reserve for claims of customers' deposit (trust)	784,596	630,537
Bonds	1,886,559	1,419,343
Stocks	6,045	17,954
	<u>2,677,200</u>	<u>2,067,834</u>
	₩ <u>3,119,659</u>	<u>2,594,691</u>

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**5. Financial assets at fair value through profit or loss, Continued**

(d) Details of derivative assets as of December 31, 2015 and 2014 are summarized as follows:

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Derivatives in won		
Over the counter:		
Interest rate	₩ 93,559	105,167
Equity	52,501	91,506
Credit	14,568	1,641
Commodity	10,597	7,654
	<u>171,225</u>	<u>205,968</u>
Exchange traded:		
Equity	2,163	1,557
	<u>173,388</u>	<u>207,525</u>
Derivatives in foreign currency		
Over the counter:		
Interest rate	721	183
Currency	91,164	12,054
Equity	226	108
Commodity	108	4,958
	<u>92,219</u>	<u>17,303</u>
Exchange traded:		
Interest rate	192	213
Currency	-	156
Equity	2,150	1,138
Commodity	371	1,511
	<u>2,713</u>	<u>3,018</u>
	<u>94,932</u>	<u>20,321</u>
	₩ <u>268,320</u>	<u>227,846</u>

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**6. Available-for-sale financial assets**

Details of available-for-sale financial assets as of December 31, 2015 and 2014 are summarized as follows:

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Debt securities		
Government bonds	₩ 89,278	-
Financial bonds	783,593	669,457
Corporate bonds	467,509	1,210,385
Bonds with warrants	2,959	59,879
Corporate commercial paper	1,344	2,108
	<u>1,344,683</u>	<u>1,941,829</u>
Equity securities		
Stocks(*)	145,293	148,818
Investments in partnerships	70,391	42,658
Collective investment securities	36,522	45,575
Securities in foreign currency	36,815	32,185
	<u>289,021</u>	<u>269,236</u>
Collective fund for default loss	12,405	10,207
	<u>₩ 1,646,109</u>	<u>2,221,272</u>

(\*) Equity securities with no quoted market prices in active markets and for which the fair value cannot be measured reliably are recorded at cost amounting ₩2,251 million and ₩1,262 million as of December 31, 2015 and 2014, respectively.

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**7. Investments in associates**

(a) Details of investments in associates as of December 31, 2015 and 2014 are as follows:

	Location	Ownership (%)	December 31, 2015		December 31, 2014	
			Acquisition cost	Book value	Book value	
The Asia Pacific Capital Fund II L.P	Cayman islands	21.85%	₩	19,485	29,254	30,488
KoFC Shinhan Frontier Champ 2010-4 PEF(*1)	Rep. of Korea	8.50%		4,332	4,588	4,727
BNH-CJ Bio Healthcare Fund (*2)	Rep. of Korea	26.67%		3,174	9,096	5,073
Korea investment gong-pyeong office real estate investment trust 2nd	Rep. of Korea	35.71%		20,000	20,008	20,000
Arkone Asia Access Offshore Feeder Fund Limited	Cayman islands	-		-	-	5,014
Shinhan Praxis K-Growth Global Private Equity Fund (*1)	Rep. of Korea	14.15%		6,585	6,460	-
			₩	53,576	69,406	65,302

(\*1) As a general partner, the Group has significant influence over the investee.

(\*2) The company renewed its name from Innopolis-CJ Bio Healthcare Fund to BNH-CJ Bio Healthcare Fund.

(b) Changes in investments in associates for the years ended December 31, 2015 and 2014 are as follows:

		December 31, 2015				
		Beginning balance	Acquisition (Disposal)	Equity method income (loss)	Other comprehensive income (loss)	Ending balance
The Asia Pacific Capital Fund II L.P	₩	30,488	(496)	(5,376)	4,638	29,254
KoFC Shinhan Frontier Champ 2010-4 PEF		4,727	(222)	(131)	214	4,588
BNH-CJ Bio Healthcare Fund		5,073	(826)	4,849	-	9,096
Korea investment gong-pyeong office real estate investment trust 2nd		20,000	(1,353)	1,361	-	20,008
Arkone Asia Access Offshore Feeder Fund Limited		5,014	(5,566)	919	(367)	-
Byeollae Development REIT Co., Ltd.		-	19	(19)	-	-
Shinhan Praxis K-Growth Global Private Equity Fund		-	6,584	(124)	-	6,460
	₩	65,302	(1,860)	1,479	4,485	69,406

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**7. Investments in associate, Continued**

(b) Changes in investments in associates for the years ended December 31, 2015 and 2014 are as follows:  
Continued

	December 31, 2014				
	Beginning balance	Acquisition (Disposal)	Equity method income (loss)	Other comprehensive income (loss)	Ending balance
The Asia Pacific Capital Fund II L.P	₩ 19,900	81	8,833	1,674	30,488
KoFC Shinhan Frontier Champ 2010-4 PEF	4,695	28	213	(209)	4,727
BNH-CJ Bio Healthcare Fund	3,969	-	1,104	-	5,073
Truston Falcon Asia US Feeder Fund	10,841	(11,222)	279	102	-
Korea investment gong-pyeong office real estate investment trust 2nd	-	18,993	1,007	-	20,000
Arkone Asia Access Offshore Feeder Fund Limited	-	5,141	(493)	366	5,014
	₩ <u>39,405</u>	<u>13,021</u>	<u>10,943</u>	<u>1,933</u>	<u>65,302</u>

(c) Condensed financial information of major associate as of and for the years ended December 31, 2015 and 2014 are as follows:

	December 31, 2015				December 31, 2014			
	Assets	Liabilities	Operating revenue	Net income (loss)	Assets	Liabilities	Operating revenue	Net income (loss)
The Asia Pacific Capital Fund II L.P	₩ 134,025	138	-	(24,604)	139,732	197	13,756	40,426
KoFC Shinhan Frontier Champ 2010-4 PEF	54,084	83	(1,031)	(1,541)	60,233	171	2,940	2,504
BNH-CJ Bio Healthcare Fund	34,104	-	18,531	18,313	20,294	2	4,646	4,414
Korea investment gong-pyeong office real estate investment trust 2nd	56,022	1	3,885	3,800	56,022	22	2,885	2,821
Shinhan Praxis K-Growth Global Private Equity Fund	46,000	347	-	(880)	-	-	-	-
Arkone Asia Access Offshore Feeder Fund Limited	-	-	-	-	67,403	46,195	(1,349)	(2,087)
	₩ <u>324,235</u>	<u>569</u>	<u>21,385</u>	<u>(4,912)</u>	<u>343,684</u>	<u>46,587</u>	<u>22,878</u>	<u>48,078</u>

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**8. Loans**

(a) Details of loans as of December 31, 2015 and 2014 are as follows:

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Broker's loans	₩ 1,259,222	956,959
Loans purchased	779,469	221,320
Loans for housing	13,458	14,232
Call loan	2,849	731
Advances for customers	2,124	11,632
Bonds purchased under repurchase agreements	270,100	58,600
Other loans	217,680	235,320
	<u>2,544,902</u>	<u>1,498,794</u>
Allowance for credit loss	(8,180)	(19,390)
Present value discount	(1,481)	(1,663)
Deferred loan origination costs	(1,540)	(2,050)
	₩ <u>2,533,701</u>	<u>1,475,691</u>

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**8. Loans, Continued**

(b) Changes in the allowance for credit loss for the years ended December 31, 2015 and 2014 are as follows:

	December 31, 2015	December 31, 2014
Beginning balance	₩ 19,390	40,760
Provision for allowance	2,647	2,241
Write-offs	(13,857)	(23,564)
Sale of loans	-	(47)
Ending balance	₩ <u>8,180</u>	<u>19,390</u>

(c) Changes in deferred loan-originated fees for the years ended December 31, 2015 and 2014 are as follows:

	December 31, 2015	December 31, 2014
Beginning balance	₩ 2,050	423
Newly loan-originated fees	1,613	3,225
Amortization	(2,123)	(1,598)
Ending balance	₩ <u>1,540</u>	<u>2,050</u>

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**9. Property and equipment**

(a) Details of property and equipment as of December 31, 2015 and 2014 are as follows:

		December 31, 2015		
		Acquisition cost	Accumulated depreciation	Book value
Land	₩	56,345	-	56,345
Buildings		56,558	(13,273)	43,285
Others		98,160	(78,893)	19,267
	₩	<u>211,063</u>	<u>(92,166)</u>	<u>118,897</u>
		December 31, 2014		
		Acquisition cost	Accumulated depreciation	Book value
Land	₩	58,429	-	58,429
Buildings		58,292	(11,515)	46,777
Others		96,003	(75,603)	20,400
	₩	<u>212,724</u>	<u>(87,118)</u>	<u>125,606</u>

(b) Changes in property and equipment for the years ended December 31, 2015 and 2014 are as follows:

		December 31, 2015			
		Land	Buildings	Others	Total
Beginning balance	₩	58,429	46,777	20,400	125,606
Acquisition(*)		155	483	7,231	7,869
Business combination		-	-	1	1
Disposal		-	-	(114)	(114)
Depreciation		-	(2,203)	(8,251)	(10,454)
Transferred from investment property		(2,239)	(1,772)	-	(4,011)
	₩	<u>56,345</u>	<u>43,285</u>	<u>19,267</u>	<u>118,897</u>

(\*) Acquisition includes ₩ 463 million of provision for restoration liabilities about assets newly acquired.

		December 31, 2014			
		Land	Buildings	Others	Total
Beginning balance	₩	54,505	46,848	17,114	118,467
Acquisition(*)		-	-	11,324	11,324
Disposal		-	-	(300)	(300)
Depreciation		-	(2,190)	(7,731)	(9,921)
Transferred from investment property		3,924	2,119	-	6,043
Transferred to intangible assets		-	-	(7)	(7)
	₩	<u>58,429</u>	<u>46,777</u>	<u>20,400</u>	<u>125,606</u>

(\*) Acquisition includes ₩ 581 million of provision for restoration liabilities about assets newly acquired.



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**10. Intangible assets**

Changes in intangible assets for the years ended December 31, 2015 and 2014 are as follows:

	December 31, 2015						
	Finite useful lives		Infinite useful lives			Total	
	Software	Others	Membership	Settlement system right of use	Goodwill		
Beginning balance	₩	9,081	18	15,185	19,696	-	43,980
Acquisition		5,607	101	944	-	-	6,652
Business combination		-	16	-	-	1,218	1,234
Disposals		-	-	(1,400)	-	-	(1,400)
Amortization		(4,723)	(32)	-	-	-	(4,755)
Ending balance	₩	9,965	103	14,729	19,696	1,218	45,711

	December 31, 2014						
	Finite useful lives		Infinite useful lives			Total	
	Software	Others	Membership	Settlement system right of use	Goodwill		
Beginning balance	₩	10,129	152	11,421	19,696	-	41,398
Acquisition		4,235	-	5,409	-	-	9,644
Disposals		-	(7)	(1,425)	-	-	(1,432)
Amortization		(5,283)	(134)	-	-	-	(5,417)
Impairment(*)		-	-	(220)	-	-	(220)
Transferred from property and equipment		-	7	-	-	-	7
Ending balance	₩	9,081	18	15,185	19,696	-	43,980

(\*) In recognizing impairment loss, net fair value of membership was presumed to be recoverable.

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**11. Investment property**

(a) Details of investment property as of December 31, 2015 and 2014 are as follows:

		December 31, 2015		
		Acquisition cost	Accumulated depreciation	Book value
Land	₩	73,825	-	73,825
Buildings		83,044	(19,034)	64,010
	₩	<u>156,869</u>	<u>(19,034)</u>	<u>137,835</u>
		December 31, 2014		
		Acquisition cost	Accumulated depreciation	Book value
Land	₩	104,024	-	104,024
Buildings		93,826	(16,454)	77,372
	₩	<u>197,850</u>	<u>(16,454)</u>	<u>181,396</u>

(b) Changes in investment property for the years ended December 31, 2015 and 2014 are as follows:

		December 31, 2015		
		Land	Buildings	Total
Beginning balance	₩	104,024	77,372	181,396
Business combination		-	39	39
Disposal		(32,438)	(11,694)	(44,132)
Depreciation		-	(3,479)	(3,479)
Transferred to property and equipment		2,239	1,772	4,011
Ending balance	₩	<u>73,825</u>	<u>64,010</u>	<u>137,835</u>
		December 31, 2014		
		Land	Buildings	Total
Beginning balance	₩	107,948	83,306	191,254
Depreciation		-	(3,815)	(3,815)
Transferred to property and equipment		(3,924)	(2,119)	(6,043)
Ending balance	₩	<u>104,024</u>	<u>77,372</u>	<u>181,396</u>

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**11. Investment property, Continued**

(c) Details of gain (loss) on investment property for the years ended December 31, 2015 and 2014 are as follows:

		<u>December 31, 2015</u>	<u>December 31, 2014</u>
Rental income	₩	16,192	17,728
Direct operating expenses for investment property that generated rental income		3,479	3,814

(d) The fair value of investment property as of December 31, 2015 and 2014 are as follows:

		<u>December 31, 2015</u>	<u>December 31, 2014</u>
Fair value	₩	152,995	196,899

The transaction with an independent third party and unpredictable significant variables within the market are considered in evaluating the fair value of investment property. Therefore, the fair value is classified as level 3.

**12. Other assets**

(a) Details of other assets as of December 31, 2015 and 2014 are as follows:

		<u>December 31, 2015</u>	<u>December 31, 2014</u>
Leasehold rights	₩	25,877	29,674
Receivables		1,136,407	1,046,131
Accrued income		105,270	128,687
Prepaid expenses		9,232	9,568
Deposits for guarantees		44,578	40,835
Advance payments		73,843	58,861
Prepaid income tax		646	114
Receivables from inter-bank fund transfer		37,878	31,070
Others		6,806	3,376
		<u>1,440,537</u>	<u>1,348,316</u>
Allowance for credit loss		(5,425)	(6,614)
Present value discount		(6,407)	(8,300)
	₩	<u>1,428,705</u>	<u>1,333,402</u>

(b) Changes in allowance for credit loss for other assets for the years ended 2015 and 2014 are as follows:

		<u>December 31, 2015</u>	<u>December 31, 2014</u>
Beginning balance	₩	6,614	6,441
Provisions for allowance		(462)	174
Write-offs		(727)	(1)
Ending balance	₩	<u>5,425</u>	<u>6,614</u>

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**13. Deposits**

Details of deposits as of December 31, 2015 and 2014 are as follows:

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Customers' deposits		
Customers' deposits for brokerage	₩ 687,076	647,185
Customers' deposits for exchange-traded derivatives trading	293,460	261,481
Customers' deposits for savings	5,526	4,115
Customers' deposits for other securities	76	76
Customers' deposits for foreign securities	<u>202,837</u>	<u>178,853</u>
	<u>1,188,975</u>	<u>1,091,710</u>
Guarantee deposits		
Deposits for margin loans	8,275	8,715
	₩ <u>1,197,250</u>	<u>1,100,425</u>

**14. Financial liabilities at fair value through profit or loss**

(a) Details of financial liabilities at fair value through profit or loss as of December 31, 2015 and 2014 are as follows:

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Trading financial liabilities	₩ 1,671,624	2,252,912
Financial liabilities designated at fair value through profit or loss	8,904,798	8,989,888
Derivative liabilities	<u>982,482</u>	<u>401,839</u>
	₩ <u>11,558,904</u>	<u>11,644,639</u>

(b) Details of trading liabilities as of December 31, 2015 and 2014 are as follows:

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Securities sold		
Stocks	₩ 631,514	585,628
Bonds	967,384	1,453,931
Others	<u>72,726</u>	<u>213,353</u>
	₩ <u>1,671,624</u>	<u>2,252,912</u>

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**14. Financial liabilities at fair value through profit or loss, Continued**

(c) Details of financial liabilities designated at fair value through profit or loss as of December 31, 2015 and 2014 are as follows:

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Hybrid instruments		
Equity linked securities sold	₩ 6,688,062	6,671,327
Others derivatives-combined securities sold	2,130,204	2,318,144
	<u>8,818,266</u>	<u>8,989,471</u>
Management and performance evaluation on a fair value basis		
State or local bonds	81,139	-
Securities sold	5,393	417
	<u>86,532</u>	<u>417</u>
	<u>₩ 8,904,798</u>	<u>8,989,888</u>

(d) Details of derivative liabilities as of December 31, 2015 and 2014 are as follows:

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Derivatives in won		
Over the counter:		
Interest rate	₩ 109,079	95,649
Equity	591,343	119,386
Credit	20,466	15,485
Commodity	144,982	130,802
	<u>865,870</u>	<u>361,322</u>
Exchange traded:		
Equity	1,416	104
	<u>867,286</u>	<u>361,426</u>
Derivatives in foreign currency		
Over the counter:		
Interest rate	2,425	848
Currency	104,420	32,743
Equity	326	112
Commodity	338	1,499
	<u>107,509</u>	<u>35,202</u>
Exchange traded:		
Interest rate	27	45
Equity	7,447	257
Commodity	213	4,909
	<u>7,687</u>	<u>5,211</u>
	<u>115,196</u>	<u>40,413</u>
	<u>₩ 982,482</u>	<u>401,839</u>

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**15. Borrowings**

(a) Details of borrowings as of December 31, 2015 and 2014 are as follows:

		December 31, 2015	December 31, 2014
Borrowings	₩	7,355,690	9,132,830
Debt securities issued		249,639	420,000
	₩	<u>7,605,329</u>	<u>9,552,830</u>

(b) Details of borrowings as of December 31, 2015 and 2014 are as follows:

	December 31, 2015		December 31, 2014	
	Interest rate (%)	Amount	Interest rate (%)	Amount
Call money (won)	1.53~1.62	₩ 375,300	2.53~2.62	₩ 866,300
Notes payable	1.9~3.28	355,500	2.11	30,000
Bank overdrafts	-	70,000	-	70,000
Bonds sold under repurchase agreements (won)	1.00~3.00	5,874,355	1.00~3.00	7,180,977
Bonds sold under repurchase agreements (foreign currency)	0.30~1.00	234,470	0.30~1.00	158,673
Borrowings from KSFC	1.69~2.19	15,900	2.14~2.24	122,662
Borrowings from affiliated company	4.11	100,000	4.11	100,000
	3.84	100,000	3.84	100,000
Borrowings in foreign currency	Libor 3 month+3.90%	141,785	Libor 3 month+3.90%	144,166
Others	-	88,380	-	360,052
		₩ <u>7,355,690</u>		₩ <u>9,132,830</u>

(c) Details of debt securities issued as of December 31, 2015 and 2014 are as follows:

	Interest rate (%)	December 31, 2015	December 31, 2014
Dongbu Asset Management Co., Ltd.	2.14	₩ -	60,000
Dongbu Securities Co.,Ltd	2.18	-	100,000
KTB Investment & Securities Co., Ltd.	2.18	-	240,000
KTB Investment & Securities Co., Ltd.	2.15	-	10,000
Samsung Asset Management Co., Ltd	2.14	-	10,000
HDC Asset Management Co., Ltd.	1.65	40,000	-
LS Asset Management Co., Ltd.	1.65	10,000	-
Corporate bond	2.30	200,000	-
Discount on corporate bond	-	(361)	-
		₩ <u>249,639</u>	<u>420,000</u>

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**16. Provisions**

Changes in provisions for the years ended December 31, 2015 and 2014 are as follows:

		December 31, 2015			
		Provisions for restoration liabilities(*)	Allowance for litigation	Others	Total
Beginning balance	₩	3,547	105	115	3,767
Increases		463	-	-	463
Provisions		28	245	849	1,122
Reversal		(236)	-	-	(236)
Used		-	(253)	-	(253)
Ending balance	₩	<u>3,802</u>	<u>97</u>	<u>964</u>	<u>4,863</u>

  

		December 31, 2014			
		Provisions for restoration liabilities(*)	Allowance for litigation	Others	Total
Beginning balance	₩	3,520	-	-	3,520
Increases		581	-	-	581
Provisions		125	105	166	396
Reversal		(679)	-	(51)	(730)
Ending balance	₩	<u>3,547</u>	<u>105</u>	<u>115</u>	<u>3,767</u>

(\*) Provisions for restoration liabilities represent the estimated costs to restore the existing leased properties which are discounted to the present value using the appropriate discount rate at the end of the reporting period. Disbursements of such costs are expected to incur at the end of the lease contract. Such costs are reasonably estimated using the average lease year and the average restoration expenses. The average lease year is calculated based on the past three-year historical data of the expired leases. The average restoration expense is calculated based on the actual costs incurred for the past three years using the three-year average inflation rate.

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**17. Other liabilities**

Details of other liabilities as of December 31, 2015 and 2014 are as follows:

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Accounts payable	₩ 1,061,108	945,111
Accrued expenses	121,502	86,257
Unearned income	11,621	12,013
Deposits for rent	27,554	43,067
Domestic exchanges payable	37,958	41,624
Account for agency business	323	495
Withholding income taxes	15,409	14,813
Others	111,697	113,017
	<u>1,387,172</u>	<u>1,256,397</u>
Present value discount	(1,067)	(1,679)
	₩ <u>1,386,105</u>	<u>1,254,718</u>

**18. Net commission income**

Net commission income for the years ended December 31, 2015 and 2014 are as follows:

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Commission income		
Brokerage commissions	₩ 293,455	206,007
Brokerage commissions on indirect investment securities	16,735	12,362
Underwriting commissions	16,047	17,064
Consulting commissions	12,422	3,927
Commissions on entrusted investments	14,147	7,410
Trust fees and commissions received	14,392	10,758
Others	27,043	13,010
	<u>394,241</u>	<u>270,538</u>
Commission expense		
Trading commissions	26,364	19,301
Commission on securities borrowed	37,916	19,173
Commission on Shinhan Group brand	5,712	5,515
Partnership commission	5,812	4,655
Others	42,976	18,995
	<u>118,780</u>	<u>67,639</u>
Net commission income	₩ <u>275,461</u>	<u>202,899</u>



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**19. Net interest income**

Net interest income for the years ended December 31, 2015 and 2014 are as follows:

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Interest income		
Interest on deposits	₩ 46,425	52,432
Interest on financial assets designated at fair value through profit or loss	48,264	36,071
Interest on trading financial assets	340,372	372,152
Interest on available-for-sale financial assets	44,739	55,356
Interest on loans	102,109	73,552
Others	20,056	22,080
	<u>601,965</u>	<u>611,643</u>
Interest expense		
Interest on customers' deposits	12,689	10,715
Interest on borrowings	17,917	18,601
Interest on bonds sold under repurchase agreements	115,436	176,757
Interest on call money	2,692	8,301
Interest on debentures	11,381	10,097
Others	3,254	1,609
	<u>163,369</u>	<u>226,080</u>
Net interest income	₩ <u>438,596</u>	<u>385,563</u>

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**20. Net gain (loss) on foreign transactions**

Net gain (loss) on foreign transactions for the years ended December 31, 2015 and 2014 are as follows:

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Gain on foreign transactions		
Gain on foreign currency transactions	₩ 108,471	43,194
Gain on foreign exchange	14,487	17,654
	<u>122,958</u>	<u>60,848</u>
Loss on foreign transactions		
Loss on foreign currency transactions	97,535	41,781
Loss on foreign exchange	28,142	12,632
	<u>125,677</u>	<u>54,413</u>
Net gain (loss) on foreign transactions	₩ <u>(2,719)</u>	<u>6,435</u>

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**21. General and administrative expenses**

General and administrative expenses for the years ended December 31, 2015 and 2014 are as follows:

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Personnel expenses		
Salary and other benefits for employees	₩ 295,144	245,740
Early retirement	7,606	3,010
Severance pay	15,986	14,770
	<u>318,736</u>	<u>263,520</u>
Depreciation	10,454	9,921
Amortization of intangible assets	4,755	5,417
Others		
Rental expense	18,227	18,641
Entertainment expense	6,799	6,125
Advertising expense	12,261	7,407
Computer system operation expense	11,577	11,956
Research and study expense	5,957	5,470
Communication expense	7,709	8,083
Maintenance and repairs expense	4,188	3,884
Tax and dues	61,745	36,602
Other commissions expense	8,932	5,152
Others	17,160	16,418
	<u>154,555</u>	<u>119,738</u>
	<u>₩ 488,500</u>	<u>398,596</u>

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**22. Other operating revenues and expenses**

Other operating revenues and expenses for the years ended December 31, 2015 and 2014 are as follows:

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Other operating revenues		
Dividends income	₩ 27,459	11,606
Reversal of provisions for loss for other assets	1,413	1,287
Reversal of provisions for restoration liabilities	236	679
Reversal of provisions for other obligation	-	51
Others	1,994	2,487
	<u>₩ 31,102</u>	<u>16,110</u>
Other operating expenses		
Provision for loss for other assets	₩ 951	1,461
Deposit insurance premium	992	664
Provisions for legal obligation	245	105
Provisions for restoration liabilities	28	125
Provisions for other obligation	849	166
Others	1,565	2,283
	<u>₩ 4,630</u>	<u>4,804</u>

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**23. Non-operating incomes and expenses**

Non-operating incomes and expenses for the years ended December 31, 2015 and 2014 are as follows:

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Non-operating incomes		
Gain on equity method valuation	₩ 7,129	11,436
Rental income	16,192	17,728
Gain on disposals of property and equipment	-	38
Gain on disposals of investment property	4,104	-
Others	1,837	1,847
	<u>₩ 29,262</u>	<u>31,049</u>
Non-operating expenses		
Loss on equity method valuation	₩ 5,650	493
Impairment loss on investments in associates	1,692	775
Depreciation on investment property	3,479	3,815
Donations	508	460
Loss on disposals of investment property	18	-
Loss on disposals of property and equipment	114	287
Loss on disposals of intangible assets	-	68
Impairment loss on intangible assets	-	220
Others	427	558
	<u>₩ 11,888</u>	<u>6,676</u>

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**24. Financial instrument classification by category**

(a) Detail of financial instruments' book value as of December 31, 2015 and 2014 are as follows:

		December 31, 2015							
		Trading assets	Financial asset designated at FVTPL	Available-for-sale financial assets	Loans and receivables	Trading liabilities	Financial liabilities designated at FVTPL	Financial liabilities measured at amortized cost	Total
Assets:									
Cash and due from banks	₩	-	-	-	2,761,678	-	-	-	2,761,678
Financial assets at FVTPL		12,475,708	3,119,659	-	-	-	-	-	15,595,367
Available-for-sale financial assets		-	-	1,646,109	-	-	-	-	1,646,109
Loans		-	-	-	2,533,701	-	-	-	2,533,701
Other financial assets		-	-	-	1,343,969	-	-	-	1,343,969
	₩	<u>12,475,708</u>	<u>3,119,659</u>	<u>1,646,109</u>	<u>6,639,348</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,880,824</u>
Liabilities:									
Deposits	₩	-	-	-	-	-	-	1,197,250	1,197,250
Financial liabilities at FVTPL		-	-	-	-	2,654,106	8,904,798	-	11,558,904
Borrowings		-	-	-	-	-	-	7,605,329	7,605,329
Other financial liabilities		-	-	-	-	-	-	1,247,378	1,247,378
	₩	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,654,106</u>	<u>8,904,798</u>	<u>10,049,957</u>	<u>21,608,861</u>

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**24. Financial instrument classification by category, Continued**

(a) Detail of financial instruments' book value as of December 31, 2015 and 2014 are as follows:, Continued

		December 31, 2014							
		Trading assets	Financial asset designated at FVTPL	Available-for-sale financial assets	Loans and receivables	Trading liabilities	Financial liabilities designated at FVTPL	Financial liabilities measured at amortized cost	Total
Assets:									
Cash and due from banks	₩	-	-	-	2,700,828	-	-	-	2,700,828
Financial assets at FVTPL		15,152,523	2,594,691	-	-	-	-	-	17,747,214
Available-for-sale financial assets		-	-	2,221,272	-	-	-	-	2,221,272
Loans		-	-	-	1,475,691	-	-	-	1,475,691
Other financial assets		-	-	-	1,263,394	-	-	-	1,263,394
	₩	<u>15,152,523</u>	<u>2,594,691</u>	<u>2,221,272</u>	<u>5,439,913</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,408,399</u>
Liabilities:									
Deposits	₩	-	-	-	-	-	-	1,100,425	1,100,425
Financial liabilities at FVTPL		-	-	-	-	2,654,751	8,989,888	-	11,644,639
Borrowings		-	-	-	-	-	-	9,552,830	9,552,830
Other financial liabilities		-	-	-	-	-	-	1,114,876	1,114,876
	₩	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,654,751</u>	<u>8,989,888</u>	<u>11,768,131</u>	<u>23,412,770</u>

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**24. Financial instrument classification by category, Continued**

(b) Gains or losses of financial instruments for the years ended December 31, 2015 and 2014 are as follows:

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Trading assets		
Gain on valuation	₩ 73,530	120,475
Gain on sale	723,208	341,378
Loss on valuation	(60,473)	(42,372)
Loss on sale	(558,012)	(284,567)
	<u>₩ 178,253</u>	<u>134,914</u>
Derivatives		
Gain on valuation	₩ 140,534	412,658
Gain on sale	1,253,696	753,447
Loss on valuation	(968,206)	(497,532)
Loss on sale	(1,027,394)	(552,421)
	<u>₩ (601,370)</u>	<u>116,152</u>
Financial assets designated at fair value through profit or loss		
Gain on valuation	₩ 58,259	76,437
Gain on sale	39,849	30,187
Loss on valuation	(44,952)	(20,772)
Loss on sale	(6,309)	(14,734)
	<u>₩ 46,847</u>	<u>71,118</u>
Available for sale financial instruments		
Gain on sale	₩ 32,224	4,443
Loss on sale	(5,263)	(4,320)
Impairment loss	(1,168)	(1,883)
Gain (loss) on valuation	1,868	1,204
	<u>₩ 27,661</u>	<u>(556)</u>



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**24. Financial instrument classification by category, Continued**

(b) Gains or losses of financial instruments for the years ended December 31, 2015 and 2014 are as follows:  
Continued

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Loans and receivables		
Gain on sales of loans	₩ 745	-
Reversal of provisions	84	436
Provisions for loan loss	(2,731)	(2,677)
Reversal of provisions for other assets	462	-
Provision for loss for other assets	-	(174)
	<u>₩ (1,440)</u>	<u>(2,415)</u>
Trading financial liabilities		
Gain on valuation	₩ 42,323	51,481
Gain on redemption	361,455	202,435
Loss on valuation	(22,202)	(20,386)
Loss on redemption	(446,190)	(187,059)
	<u>₩ (64,614)</u>	<u>46,471</u>
Financial liability designated at fair value through profit or loss		
Gain on valuation	₩ 819,332	285,742
Gain on redemption	38,657	56,850
Loss on valuation	(40,856)	(457,279)
Loss on redemption	(388,702)	(324,679)
	<u>₩ 428,431</u>	<u>(439,366)</u>

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**25. Financial risk management**

(a) General information of risk management

The principal risks to which the Group is exposed are credit risk, market risk, interest risk, operational risk and liquidity risk. These risks are recognized, measured and reported in accordance with risk management guidelines established at the controlling company level and implemented at the subsidiary level through a carefully stratified checks-and-balances system.

(i) Risk management principles

The Group risk management is guided by the following core principles:

- identifying and managing all inherent risks;
- standardizing risk management process and methodology;
- ensuring supervision and control of risk management independent of business activities;
- continuously assessing risk preference;
- preventing risk concentration;
- operating a precise and comprehensive risk management system including statistical models; and
- balancing profitability and risk management through risk-adjusted profit management

(ii) Risk management framework

The Group has established the Group Risk Management Committee, the Group Risk Management Council and the Group Risk Management Team at the holding company level and the Risk Management Committees and the Risk Management Team of the relevant subsidiary at the subsidiary level.

The Group Risk Management Committee consists of directors of the controlling company. The Group Risk Management Committee convenes at least once every quarter and may also convene on an ad hoc basis as needed. Specifically, the Group Risk Management Committee does the following: (i) establish the overall risk management policies consistent with management strategies, (ii) set risk limits for the entire group and each of subsidiaries, (iii) approve appropriate investment limits or allowed loss limits, (iv) enact and amends risk management regulations, and (v) decide other risk management-related issues the Board of directors or the Group Risk Management Committee sees fit to discuss. The results of the Group Risk Management Committee meetings are reported to the Board of Directors of the controlling company. The Group Risk Management Committee makes decisions through affirmative votes by a majority of the committee members.

SHINHAN INVESTMENT CORP. AND SUBSIDIARIES  
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**25. Financial risk management, Continued**

(a) General information of risk management, Continued

(ii) Risk management framework, Continued

Group Risk Management Council consists of the Group's chief risk officer, head of risk management team, and risk officers from each subsidiary. The Group Risk Management Council holds meetings for risk management executives from each subsidiary to discuss the Group's groupwide risk management guidelines and strategy in order to maintain consistency in the groupwide risk policies and strategies. Specifically, the Group Risk Management Council deliberates on the following: (i) changes in risk management policies and strategies for each subsidiary, (ii) matters warranting discussion of risk management at the Group level and cooperation among the subsidiaries, (iii) the effect of external factors on the groupwide risk, (iv) determination of the risk appetite for the Group as a whole and for each of the subsidiaries, (v) risk limits of the Group as a whole and for each of the subsidiaries, (vi) operation of risk measuring systems for the Group as a whole and for each of the subsidiaries, (vii) matters requiring joint deliberation in relation to groupwide risk management and (viii) matters related to providing funds to the subsidiaries. The Group Risk Management Council has a sub-council consisting of working-level risk management officers to discuss the above-related matters in advance.

(b) Credit risk

(i) Maximum exposure to credit risk

Credit risk is the risk of financial loss of the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligation, and arises principally from due from banks, the lending process related to loans, investment activities in debt securities and off balance sheet items including purchase agreements, etc. Credit risk management is critical to the Group's business activities; thus, the Group carefully manages the credit risk exposure.

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**25. Financial risk management, Continued**

(b) Credit risk, Continued

(i) Maximum exposure to credit risk, Continued

Details of the Group's maximum exposure to credit risk without taking account of any collateral held or other credit enhancements as of December 31, 2015 and 2014 are as follows:

		December 31, 2015	December 31, 2014
Due from banks and loans(*1)	₩	5,295,288	4,176,418
Banks		2,581,965	2,355,551
Retail		722,954	562,108
Mortgage lending		11,974	12,566
Other		710,980	549,542
Government		1,030	800
Corporate		1,989,339	1,257,959
Large company		929,401	674,002
Small business		1,059,938	583,957
Trading financial assets			
Debt securities		11,205,246	14,008,108
Financial assets designated at fair value through profit or loss(*2)			
Debt securities		2,329,018	1,946,200
Available-for-sale financial assets(*3)			
Debt securities		1,344,683	1,941,829
Derivative assets		268,320	227,846
Other financial assets		1,343,969	1,263,394
		<u>21,786,524</u>	<u>23,563,795</u>
ABCP purchase agreement		202,000	157,000
	₩	<u>21,988,524</u>	<u>23,720,795</u>

(\*1) Cash on hand is excluded from due from banks.

(\*2) Reserve for claims of customers' deposits (trust) is excluded from financial assets designated at fair value through profit or loss. According to Financial Investment Business Regulation No. 4, some proportion of reserve for claims of customers' deposits should be operated in trust which is reserved in the Korea Securities Finance Corporation (financial business, rated AAA).

(\*3) Collective fund for default loss is excluded from available-for-sale financial assets. Collective fund for default loss is mandatorily due to the members of Korea Exchange in accordance with Korea Exchange's Regulations.

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**25. Financial risk management, Continued**

- (b) Credit risk, Continued  
(ii) Due from banks and loans

Details of due from banks and loans as of December 31, 2015 and 2014 are as follows:

		December 31, 2015					
		Banks	Customers			Sub total	Total
			Retail	Government	Corporate		
Neither past due nor impaired	₩	2,581,965	722,901	1,030	1,994,892	2,718,823	5,300,788
Past due but not impaired		-	56	-	-	56	56
Impaired		-	254	-	2,370	2,624	2,624
		<u>2,581,965</u>	<u>723,211</u>	<u>1,030</u>	<u>1,997,262</u>	<u>2,721,503</u>	<u>5,303,468</u>
Less : allowance		-	(257)	-	(7,923)	(8,180)	(8,180)
	₩	<u>2,581,965</u>	<u>722,954</u>	<u>1,030</u>	<u>1,989,339</u>	<u>2,713,323</u>	<u>5,295,288</u>

		December 31, 2014					
		Banks	Customers			Sub total	Total
			Retail	Government	Corporate		
Neither past due nor impaired	₩	2,355,551	561,893	800	1,260,801	1,823,494	4,179,045
Past due but not impaired		-	218	-	-	218	218
Impaired		-	265	-	16,280	16,545	16,545
		<u>2,355,551</u>	<u>562,376</u>	<u>800</u>	<u>1,277,081</u>	<u>1,840,257</u>	<u>4,195,808</u>
Less : allowance		-	(268)	-	(19,122)	(19,390)	(19,390)
	₩	<u>2,355,551</u>	<u>562,108</u>	<u>800</u>	<u>1,257,959</u>	<u>1,820,867</u>	<u>4,176,418</u>

SHINHAN INVESTMENT CORP. AND SUBSIDIARIES  
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**25. Financial risk management, Continued**

(b) Credit risk, Continued

(ii) Due from banks and loans, Continued

Details of due from banks and loans, net of allowance, that are neither past due nor impaired as of December 31, 2015 and 2014 are as follows:

		December 31, 2015					
		Banks	Customers			Sub total	Total
			Retail	Government	Corporate		
Grade 1	₩	2,581,965	722,901	1,030	1,155,539	1,879,470	4,461,435
Grade 2		-	-	-	839,353	839,353	839,353
Allowance		-	(3)	-	(5,553)	(5,556)	(5,556)
	₩	<u>2,581,965</u>	<u>722,898</u>	<u>1,030</u>	<u>1,989,339</u>	<u>2,713,267</u>	<u>5,295,232</u>
Fair value of collateral	₩	120,000	722,731	-	1,687,898	2,410,629	2,530,629

		December 31, 2014					
		Banks	Customers			Sub total	Total
			Retail	Government	Corporate		
Grade 1	₩	2,355,551	561,893	800	741,824	1,304,517	3,660,068
Grade 2		-	-	-	518,977	518,977	518,977
Allowance		-	(3)	-	(2,842)	(2,845)	(2,845)
	₩	<u>2,355,551</u>	<u>561,890</u>	<u>800</u>	<u>1,257,959</u>	<u>1,820,649</u>	<u>4,176,200</u>
Fair value of collateral	₩	58,600	561,637	-	854,856	1,416,493	1,475,093

Credit quality of due from banks and loans were classified based on the internal credit rating.

Details of due from banks and loans that were past due but not impaired as of December 31, 2015 and 2014 are as follows:

		December 31, 2015					
		Banks	Customers			Sub total	Total
			Retail	Government	Corporate		
Within 30 days	₩	-	56	-	-	56	56
More than 30 days		-	-	-	-	-	-
	₩	<u>-</u>	<u>56</u>	<u>-</u>	<u>-</u>	<u>56</u>	<u>56</u>
Allowance		-	-	-	-	-	-
Net of allowance		-	56	-	-	56	56
Fair value of collateral	₩	-	56	-	-	56	56

		December 31, 2014					
		Banks	Customers			Sub total	Total
			Retail	Government	Corporate		
Within 30 days	₩	-	218	-	-	218	218
More than 30 days		-	-	-	-	-	-
	₩	<u>-</u>	<u>218</u>	<u>-</u>	<u>-</u>	<u>218</u>	<u>218</u>
Allowance		-	-	-	-	-	-
Net of allowance		-	218	-	-	218	218
Fair value of collateral	₩	-	218	-	-	218	218

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**25. Financial risk management, Continued**

(b) Credit risk, Continued

(ii) Due from banks and loans, Continued

Details of impaired due from banks and loans as of December 31, 2015 and 2014 are as follows:

		December 31, 2015					
		Banks	Customers			Sub total	Total
			Retail	Government	Corporate		
Impaired amounts	₩	-	254	-	2,370	2,624	2,624
Allowance	₩	-	(254)	-	(2,370)	(2,624)	(2,624)
	₩	-	-	-	-	-	-
Fair value of collateral	₩	-	-	-	-	-	-

  

		December 31, 2014					
		Banks	Customers			Sub total	Total
			Retail	Government	Corporate		
Impaired amounts	₩	-	265	-	16,280	16,545	16,545
Allowance	₩	-	(265)	-	(16,280)	(16,545)	(16,545)
	₩	-	-	-	-	-	-
Fair value of collateral	₩	-	-	-	-	-	-

(iii) Credit rating

Details of credit rating of trading financial assets, financial assets designated at fair value through profit or loss and available-for-sale financial assets as of December 31, 2015 and 2014 are as follows:

		December 31, 2015			
		Trading financial assets	Financial assets designated at fair value through profit or loss	Available-for-sale financial assets	Total
AAA	₩	4,759,644	143,887	492,174	5,395,705
AA- to AA+		3,990,335	676,975	116,230	4,783,540
A- to A+		2,177,175	1,269,074	627,009	4,073,258
Lower than A-		275,538	239,082	79,780	594,400
Unrated		2,554	-	29,490	32,044
	₩	11,205,246	2,329,018	1,344,683	14,878,947
Neither past due nor impaired	₩	11,205,246	2,329,018	1,344,683	14,878,947
Impaired		-	-	-	-
	₩	11,205,246	2,329,018	1,344,683	14,878,947

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**25. Financial risk management, Continued**

(b) Credit risk, Continued

(iii) Credit rating, Continued

Details of credit rating of trading financial assets, financial assets designated at fair value through profit or loss and available-for-sale financial assets as of December 31, 2015 and 2014 are as follows;  
Continued

		December 31, 2014			
		Trading financial assets	Financial assets designated at fair value through profit or loss	Available-for-sale financial assets	Total
AAA	₩	5,507,521	59,945	21,167	5,588,633
AA- to AA+		4,976,568	262,439	387,173	5,626,180
A- to A+		3,214,355	1,433,469	1,208,307	5,856,131
Lower than A-		306,053	190,347	297,188	793,588
Unrated		3,611	-	27,994	31,605
	₩	<u>14,008,108</u>	<u>1,946,200</u>	<u>1,941,829</u>	<u>17,896,137</u>
Neither past due nor impaired	₩	14,008,108	1,946,200	1,936,295	17,890,603
Impaired		-	-	5,534	5,534
	₩	<u>14,008,108</u>	<u>1,946,200</u>	<u>1,941,829</u>	<u>17,896,137</u>

(iv) Concentration by location

Details of concentration by location of due from banks and loans as of December 31, 2015 and 2014 are as follows:

		December 31, 2015				
		Banks	Retail	Government	Corporate	Total
Korea	₩	2,332,972	722,954	1,030	1,686,822	4,743,778
USA		2,471	-	-	6,397	8,868
UK		23,804	-	-	39,582	63,386
Other		222,718	-	-	256,538	479,256
	₩	<u>2,581,965</u>	<u>722,954</u>	<u>1,030</u>	<u>1,989,339</u>	<u>5,295,288</u>

  

		December 31, 2014				
		Banks	Retail	Government	Corporate	Total
Korea	₩	2,258,999	562,108	800	993,465	3,815,372
USA		2,572	-	-	8,143	10,715
UK		-	-	-	1,586	1,586
Other		93,980	-	-	254,765	348,745
	₩	<u>2,355,551</u>	<u>562,108</u>	<u>800</u>	<u>1,257,959</u>	<u>4,176,418</u>



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**25. Financial risk management, Continued**

(b) Credit risk, Continued

(v) Concentration by industry sector

Details of concentration by industry sector of due from banks and loans as of December 31, 2015 and 2014 are as follows:

		December 31, 2015				
		Banks	Retail	Government	Corporate	Total
Finance and insurance	₩	2,581,965	-	555	620,044	3,202,564
Manufacturing		-	-	-	154,337	154,337
Retail and wholesale		-	-	-	79,076	79,076
Real estate and service		-	-	-	84,893	84,893
Construction		-	-	-	126,520	126,520
Other		-	-	475	924,469	924,944
Retail customers		-	722,954	-	-	722,954
	₩	<u>2,581,965</u>	<u>722,954</u>	<u>1,030</u>	<u>1,989,339</u>	<u>5,295,288</u>
		December 31, 2014				
		Banks	Retail	Government	Corporate	Total
Finance and insurance	₩	2,355,551	-	267	405,700	2,761,518
Manufacturing		-	-	-	12,449	12,449
Retail and wholesale		-	-	-	46,220	46,220
Real estate and service		-	-	-	98,428	98,428
Construction		-	-	-	65,481	65,481
Other		-	-	533	629,681	630,214
Retail customers		-	562,108	-	-	562,108
	₩	<u>2,355,551</u>	<u>562,108</u>	<u>800</u>	<u>1,257,959</u>	<u>4,176,418</u>

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**25. Financial risk management, Continued**

(c) Market risk

(i) Trading position Value at Risk (VaR)

Market risk is the risk that changes in market price, such as interest rates, equity prices, and foreign exchange rates, will affect the Group's income or the value of its trading portfolios.

The Group assesses its market risks using a variety of criteria such as standard methods that measure market risk exposure, risk valuation criteria (VaR: Value at Risk) and others, and report it daily.

Overall authority for market risk is vested in The Risk Management Committee. The Risk Management Practical Committee which is composed of the Group's financial officer, agenda initiative executive, executives of major operation departments and the Risk Management Officer (Chief Risk Officer) set risk management policy and investment limits. The Risk Management Practical Committee monitors operation departments and reports regularly to The Risk Management Committee. Operation departments which possess and manage trading assets also perform risk management on their own process.

The Group uses risk valuation techniques to evaluate, assess and control market risk, including the following measurement methods:

Risk valuation is calculated by multiplying risk weight to value of assets. The VaR of a trading portfolio is the estimated loss that will arise on the portfolio over a specified period of time (holding period) from an adverse market movement with a specified probability (confidence level).

The Group utilizes one-day 99.9% confidence level based VaR assuming the probability that daily loss of the portfolio would not exceed reported VaR is 99.9%. The Group uses the ten-day 99.9% confidence level-based VaR for managing market risk. VaR computation is based on historical simulation. The Group calculates the ten-day 99.9% VaR by multiplying the one-day 99.9% VaR by the square root of ten and uses such VaR on a supplemental basis.

Limitation of market risk is set within total risk limitation and calculated by multiplying the Group's average VaR with a multiplier. The Group uses this risk to manage its capital structure.

The Risk Management Department manages risk limits given by the Risk Management Committee and Risk Management Practical Committee. Risk limits are comprised of transaction limits, stop loss, and instrument limits. If limits are exceeded, the operating unit manager reports that fact, reason, and solution to the Risk Management Department head. This procedure is stipulated well, therefore the risk can be treated effectively in an emergency situation.

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**25. Financial risk management, Continued**

(c) Market risk, Continued

(i) Trading position Value at Risk (VaR), Continued

An analysis of trading positions VaR as of and for the years ended December 31, 2015 and 2014 are as follows:

		December 31, 2015			At December
		Average	Maximum	Minimum	31, 2015
Interest rate	₩	6,879	16,542	2,707	7,274
Equities		19,397	64,650	10,213	19,047
Foreign exchange		5,680	10,881	2,845	7,489
Option volatility		2,634	5,207	175	4,396
Portfolio diversification		(11,714)	(32,096)	(4,062)	(8,460)
	₩	<u>22,876</u>	<u>65,184</u>	<u>11,878</u>	<u>29,746</u>
		December 31, 2014			At December
		Average	Maximum	Minimum	31, 2014
Interest rate	₩	8,999	30,064	3,514	6,069
Equities		7,531	14,677	3,389	14,438
Foreign exchange		3,688	17,353	646	5,227
Option volatility		1,917	7,042	224	711
Portfolio diversification		(7,730)	(38,169)	(1,399)	(8,967)
	₩	<u>14,405</u>	<u>30,967</u>	<u>6,374</u>	<u>17,478</u>

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**25. Financial risk management, Continued**

(c) Market risk, Continued

(ii) Non-trading position VaR

Interest rate risk is the risk that changes in market interest rates will affect the Group's earnings and the economic value of the Group's net assets.

Exposure to risks of changes in the Group's earnings and the economic value of the Group's net assets due to the fluctuations of interest rates in non-trading activities will form small portion of the total risks of the Group. The risk management committee will independently measure and monitor the risks every day.

Interest rate VaR (Value at Risk) represents the maximum potential loss of net present value (NPV) over a year due to the fluctuations of market interest rates.

In year 2014, the Group used framework - which uses of adjusted duration proxy depending on the scale of maturity recommended by Bank for International Settlements. However, as of December 31, 2015, the Group used of net present value (NPV) and simulated historical interest rate scenarios in accordance with internal model approach where the Group was able to measure maximum potential loss at 99.9% confidence level. The Group excluded trading activities and off-balance-sheet positions in calculating VaR. This method of calculating VaR will be continuously used.

Interest rate EaR (Earning at Risk) represents the potential amount of changes in net income due to fluctuations of market interest rates over a year.

In year 2014, the Group used framework - which uses levels of interest rates depending on the scale of maturity recommended by Bank for International Settlements. However, as of December 31, 2015, the Group used of net income and simulated historical interest rate scenarios in accordance with internal model approach where the Group was able to measure maximum potential loss at 99.9% confidence level. The Group excluded trading activities and off-balance-sheet positions in calculating VaR. Further the Company, used a rate of return which were calculated from past data from last three years and the most recent available year-to date.

Interest rate VaR and EaR of non-trading positions using an internal model approach as of December 31, 2015 and 2014 are as follows:

		December 31, 2015	December 31, 2014
Interest rate VaR	₩	9,846	5,106
Interest rate EaR		17,911	20,220

Interest rate VaR and EaR of non-trading positions using standard method as of December 31, 2015 and 2014 are as follows:

		December 31, 2015	December 31, 2014
Interest rate VaR	₩	42,471	20,887
Interest rate EaR		85,881	119,812

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**25. Financial risk management, Continued**

(c) Market risk, Continued

(iii) Foreign exchange risk

Foreign exchange risk is the risk of loss that occurs due to fluctuations in future cash flows or fair values as a result of fluctuations in foreign exchange rates. Foreign exchange risk is due to differences between foreign currency denominated assets and liabilities, and is also from forward positions. The Group sets a limit for net open positions by currency.

The Group does not have of foreign currency denominated assets and liabilities that are applied to hedge accounting.

Exposures to foreign exchange risk of foreign currency denominated assets and liabilities as of December 31, 2015 and 2014 are as follows:

		December 31, 2015				
		USD	JPY	EUR	Other	Total
<b>Assets</b>						
Cash and due from banks	₩	391,553	85,609	17,494	64,149	558,805
Loans		217,044	-	-	-	217,044
Trading financial assets		679,980	1,054	52,440	30,198	763,672
Available-for-sale financial assets		36,815	-	-	-	36,815
Other financial assets		108,180	-	-	832	109,012
		<u>1,433,572</u>	<u>86,663</u>	<u>69,934</u>	<u>95,179</u>	<u>1,685,348</u>
<b>Liabilities</b>						
Deposits		204,028	9,098	9,257	23,991	246,374
Trading financial liabilities		371,376	4,530	1,142	-	377,048
Borrowings		376,255	-	-	-	376,255
Other financial liabilities		86,135	-	-	294	86,429
		<u>1,037,794</u>	<u>13,628</u>	<u>10,399</u>	<u>24,285</u>	<u>1,086,106</u>
Net assets		395,778	73,035	59,535	70,894	599,242
Off-balance sheet derivative exposure		(531,626)	(75,503)	(65,052)	(63,766)	(735,947)
Net position	₩	<u>(135,848)</u>	<u>(2,468)</u>	<u>(5,517)</u>	<u>7,128</u>	<u>(136,705)</u>

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**25. Financial risk management, Continued**

(c) Market risk, Continued

(iii) Foreign exchange risk, Continued

Exposures to foreign exchange risk of foreign currency denominated assets and liabilities as of December 31, 2015 and 2014 are as follows:, Continued

	December 31, 2014				
	USD	JPY	EUR	Other	Total
<b>Assets</b>					
Cash and due from banks ₩	162,765	1,031	55,944	331,531	551,271
Loans	210,257	-	-	-	210,257
Trading financial assets	419,420	125	-	115,588	535,133
Available-for-sale financial assets	32,185	-	-	-	32,185
Other financial assets	83,094	-	-	70	83,164
	<u>907,721</u>	<u>1,156</u>	<u>55,944</u>	<u>447,189</u>	<u>1,412,010</u>
<b>Liabilities</b>					
Deposits	134,945	658	39,643	11,126	186,372
Trading financial liabilities	189,402	-	-	-	189,402
Borrowings	302,838	-	-	-	302,838
Other financial liabilities	70,874	-	-	103	70,977
	<u>698,059</u>	<u>658</u>	<u>39,643</u>	<u>11,229</u>	<u>749,589</u>
Net assets	209,662	498	16,301	435,960	662,421
Off-balance sheet derivative exposure	(216,303)	(741)	(18,209)	(442,358)	(677,611)
Net position ₩	<u>(6,641)</u>	<u>(243)</u>	<u>(1,908)</u>	<u>(6,398)</u>	<u>(15,190)</u>

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**25. Financial risk management, Continued**

(d) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

In addition to liquidity risk management under the normal market situations, the Group has contingency plans to effectively cope with a possible liquidity crisis. A liquidity crisis could arise if the Group is not able to effectively manage its liquidity needs with its normal sources of funds, an epidemic financial markets crisis occurs or an abrupt deterioration of the Group's credit occurs. The Group's contingency plans correspond to the following different stages of a liquidity crisis: "liquidity risk limits", "early warning indicators" and "monitoring indicators".

The Group applies the following basic principles for liquidity risk management:

- maintain an appropriate level of liquidity risk through liquidity risk management based on liquidity gap or debt-to-equity ratio at each maturity date;
- assess and monitor net cash flows by currency and by maturity and continuously evaluate available sources of funds and possibility of disposal of any liquid assets;
- diversify source and uses of funds by product and by maturity to prevent excessive concentration in certain periods or products; and
- prepare contingency plans to cope with a liquidity crisis.

The Group manages its liquidity risk within the limits set on won and foreign currency by using various analysis methods such as liquidity gap and various indices including risk limits, early warning index, and monitoring index.

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**25. Financial risk management, Continued**

(d) Liquidity risk, Continued

(i) Contractual maturities for financial instruments

Contractual maturities for financial instruments including cash flows of principal and interest and off balance as of December 31, 2015 and 2014 are as follows:

		December 31, 2015						
		Less than 1 month	1~3 months	3~6 months	6 months ~ 1 year	1~5 years	More than 5 years	Total
Assets:								
Cash and due from bank	₩	760,509	331,872	475,347	1,200,905	15,783	104	2,784,520
Trading financial assets		12,052,914	24,397	30,194	73,262	20,028	6,593	12,207,388
Financial asset designated at FVTPL		2,369,896	51,860	4,688	97,645	519,663	76,074	3,119,826
Derivative assets		268,320	-	-	-	-	-	268,320
Available-for-sale financial assets		247,580	1,090,756	10,036	-	288,122	12,404	1,648,898
Loans		344,745	408,336	776,374	704,955	282,967	90,131	2,607,508
Other financial assets		1,258,710	10,703	13,678	27,123	27,471	18,114	1,355,799
		<u>17,302,674</u>	<u>1,917,924</u>	<u>1,310,317</u>	<u>2,103,890</u>	<u>1,154,034</u>	<u>203,420</u>	<u>23,992,259</u>
Liabilities:								
Deposits		1,198,128	-	-	-	-	-	1,198,128
Trading financial liabilities		1,671,624	-	-	-	-	-	1,671,624
Financial liabilities designated at FVTPL		153,571	368,648	335,140	1,586,608	5,483,087	977,744	8,904,798
Derivative liabilities		982,482	-	-	-	-	-	982,482
Borrowings		6,676,517	156,786	69,866	148,759	308,402	62,882	7,423,212
Debt securities issued		51,151	-	1,149	2,298	205,771	-	260,369
Other financial liabilities		1,225,672	7,501	7,273	11,348	8,187	711	1,260,692
		<u>11,959,145</u>	<u>532,935</u>	<u>413,428</u>	<u>1,749,013</u>	<u>6,005,447</u>	<u>1,041,337</u>	<u>21,701,305</u>
Net position	₩	<u>5,343,529</u>	<u>1,384,989</u>	<u>896,889</u>	<u>354,877</u>	<u>(4,851,413)</u>	<u>(837,917)</u>	<u>2,290,954</u>



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**25. Financial risk management, Continued**

(d) Liquidity risk, Continued

(i) Contractual maturities for financial instruments, Continued

Contractual maturities for financial instruments including cash flows of principal and interest and off balance as of December 31, 2015 and 2014 are as follows:, Continued

		December 31, 2014						
		Less than 1 month	1~3 months	3~6 months	6 months ~ 1 year	1~5 years	More than 5 years	Total
Assets:								
Cash and due from bank	₩	1,022,867	303,915	498,180	896,501	-	67	2,721,530
Trading financial assets		14,761,801	7,380	-	37,479	36,498	81,519	14,924,677
Financial asset designated at FVTPL		1,894,062	32,715	116,973	26,051	421,731	103,313	2,594,845
Derivative assets		227,846	-	-	-	-	-	227,846
Available-for-sale financial assets		1,500	1,925,489	19,050	-	2,559	277,492	2,226,090
Loans		33,622	254,799	554,919	292,823	386,101	30,475	1,552,739
Other financial assets		1,076,455	13,976	11,747	22,634	34,916	118,580	1,278,308
		<u>19,018,153</u>	<u>2,538,274</u>	<u>1,200,869</u>	<u>1,275,488</u>	<u>881,805</u>	<u>611,446</u>	<u>25,526,035</u>
Liabilities:								
Deposits		1,101,300	-	-	-	-	-	1,101,300
Trading financial liabilities		2,252,912	-	-	-	-	-	2,252,912
Financial liabilities designated at FVTPL		149,764	220,932	287,058	820,256	6,666,221	845,657	8,989,888
Derivative liabilities		401,839	-	-	-	-	-	401,839
Borrowings		8,729,541	3,814	5,689	11,443	279,280	142,606	9,172,373
Debt securities issued		420,056	-	-	-	-	-	420,056
Other financial liabilities		1,064,574	8,261	-	-	-	43,777	1,116,612
		<u>14,119,986</u>	<u>233,007</u>	<u>292,747</u>	<u>831,699</u>	<u>6,945,501</u>	<u>1,032,040</u>	<u>23,454,980</u>
Net position	₩	<u>4,898,167</u>	<u>2,305,267</u>	<u>908,122</u>	<u>443,789</u>	<u>(6,063,696)</u>	<u>(420,594)</u>	<u>2,071,055</u>

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**25. Financial risk management, Continued**

(d) Liquidity risk, Continued

(ii) Contractual maturities for off balance sheet items

Contractual maturities for off balance sheet items as of December 31, 2015 and 2014 are as follows:

		December 31, 2015						
		Less than 1 month	1~3 months	3~6 months	6 months ~ 1 year	1~5 years	More than 5 years	Total
ABCP purchase agreement	₩	202,000	-	-	-	-	-	202,000
		December 31, 2014						
		Less than 1 month	1~3 months	3~6 months	6 months ~ 1 year	1~5 years	More than 5 years	Total
ABCP purchase agreement	₩	157,000	-	-	-	-	-	157,000

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**25. Financial risk management, Continued**

(e) Capital risk management

(i) Capital management

The objective of capital management is to maintain a competitive credit rating for maximizing Group value and support its going concern.

The Group manages capital risk by considering the risk concerning market status change and operating activities. The Group maintains required capital by restricting dividends, increasing capital stock and capital reduction.

(ii) Regulatory Capital Status

Financial Supervisory Service imposes limitations on the Group's net capital ratio (NCR) to maintain at over 150%, otherwise the following measures are taken:

- NCR between 120%~150%: recommending management improvement
- NCR between 100%~120%: demanding management improvement
- NCR less than 100%: ordering management improvement

Details of NCR as of December 31, 2015 and 2014 are as follows:

		December 31, 2015	December 31, 2014
1. Net capital	₩	1,489,265	1,592,090
Net assets		2,521,642	2,331,829
Adjustment(-)		1,034,513	740,885
Adjustment(+)		2,136	1,146
2. Total risk		384,641	344,792
Market risk		277,141	263,390
Credit risk		77,011	60,355
Operating risk		30,489	21,047
3. Net capital ratio		387.18%	461.75%
: (1/2) X 100 (%)			
4. Surplus capital : (1 - 2)	₩	1,104,624	1,247,298

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**25. Financial risk management, Continued**

(f) Measurement of fair value

The fair value which the Group primarily uses for measurement of financial instruments are the published price quotations in an active market which are based on the market prices or the dealer price quotations of financial instruments traded in an active market where available, which are the best evidence of fair value.

If the market for a financial instrument is not active, fair value is established either by using a valuation technique or independent third-party valuation service. The Group uses diverse valuation techniques using certain assumptions which are based on the inputs observable in markets at the end of each reporting date.

Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. For example, the fair value for an interest swap is the present value of estimated future cash flows, and the fair value for a foreign exchange forwards contract is measured using the published forward exchange rate at the end of each reporting date.

(i) Financial instruments measured at amortized cost

The method of measuring the fair value of financial instruments measured at amortized cost is as follows:

Type	Measurement methods of fair value
Cash and due from banks	The book value and the fair value for cash are identical and most deposits are floating interest rate deposits or deposits that are a short-term instrument. For this reason, the book value is used as a substitute figure for the fair value.
Loans	The book value is used as a substitute figure for the fair value as it could be regarded appropriate to fair value.
Deposits and borrowings	The book value and the fair value for demand deposits that are short-term instruments are identical. The fair value of borrowings is measured by discounting the contractual cash flows at the market interest rate that takes into account the residual risk.

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**25. Financial risk management, Continued**

(f) Measurement of fair value, Continued

(i) Financial instruments measured at amortized cost, Continued

The financial instruments measured at amortized cost as of December 31, 2015 and 2014 are as follows:

	December 31, 2015				
	Book value				Fair value
	Balance	Unamortized balance	Allowance	Total	
<b>Assets</b>					
Cash and due from banks:					
Cash and cash equivalents	₩ 526,308	-	-	526,308	526,308
Due from banks	2,235,370	-	-	2,235,370	2,235,370
	<u>2,761,678</u>	<u>-</u>	<u>-</u>	<u>2,761,678</u>	<u>2,761,678</u>
Loans:					
Retail	1,171,547	(1,481)	(257)	1,169,809	1,169,809
Corporate	1,373,355	(1,540)	(7,923)	1,363,892	1,363,892
	<u>2,544,902</u>	<u>(3,021)</u>	<u>(8,180)</u>	<u>2,533,701</u>	<u>2,533,701</u>
Other financial assets	1,355,801	(6,407)	(5,425)	1,343,969	1,344,121
	<u>₩ 6,662,381</u>	<u>(9,428)</u>	<u>(13,605)</u>	<u>6,639,348</u>	<u>6,639,500</u>
<b>Liabilities</b>					
Deposits	₩ 1,197,250	-	-	1,197,250	1,197,250
Borrowings:					
Call money	375,300	-	-	375,300	375,300
Bonds sold under repurchase agreements	6,108,825	-	-	6,108,825	6,108,825
Borrowings	871,565	-	-	871,565	877,568
Debt securities issued	250,000	(361)	-	249,639	251,453
	<u>7,605,690</u>	<u>(361)</u>	<u>-</u>	<u>7,605,329</u>	<u>7,613,146</u>
Other financial liabilities	1,248,445	(1,067)	-	1,247,378	1,247,772
	<u>₩ 10,051,385</u>	<u>(1,428)</u>	<u>-</u>	<u>10,049,957</u>	<u>10,058,168</u>

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**25. Financial risk management, Continued**

(f) Measurement of fair value, Continued

(i) Financial instruments measured at amortized cost, Continued

The financial instruments measured at amortized cost as of December 31, 2015 and 2014 are as follows:, Continued

	December 31, 2014				
	Book value				
	Balance	Unamortized balance	Allowance	Total	Fair value
<b>Assets</b>					
Cash and due from banks:					
Cash and cash equivalents	₩ 693,500	-	-	693,500	693,500
Due from banks	2,007,328	-	-	2,007,328	2,007,328
	<u>2,700,828</u>	<u>-</u>	<u>-</u>	<u>2,700,828</u>	<u>2,700,828</u>
Loans:					
Retail	931,820	(1,663)	(268)	929,889	929,888
Corporate	566,974	(2,050)	(19,122)	545,802	545,803
	<u>1,498,794</u>	<u>(3,713)</u>	<u>(19,390)</u>	<u>1,475,691</u>	<u>1,475,691</u>
Other financial assets					
	1,278,308	(8,300)	(6,614)	1,263,394	1,263,595
	<u>₩ 5,477,930</u>	<u>(12,013)</u>	<u>(26,004)</u>	<u>5,439,913</u>	<u>5,440,114</u>
<b>Liabilities</b>					
Deposits					
	₩ 1,100,425	-	-	1,100,425	1,100,425
Borrowings:					
Call money	866,300	-	-	866,300	866,300
Bonds sold under repurchase agreements	7,339,650	-	-	7,339,650	7,339,650
Borrowings	926,880	-	-	926,880	934,820
Debt securities issued	420,000	-	-	420,000	420,000
	<u>9,552,830</u>	<u>-</u>	<u>-</u>	<u>9,552,830</u>	<u>9,560,770</u>
Other financial liabilities					
	1,116,554	(1,678)	-	1,114,876	1,118,633
	<u>₩ 11,769,809</u>	<u>(1,678)</u>	<u>-</u>	<u>11,768,131</u>	<u>11,779,828</u>

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**25. Financial risk management, Continued**

(f) Measurement of fair value, Continued

(i) Financial instruments measured at amortized cost, Continued

Details of financial instruments measured at amortized cost by the level in the fair value hierarchy into which the fair value measurement is categorized as of December 31, 2015 and 2014 are as follows:

	December 31, 2015			
	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Cash and due from banks	₩ 2,761,678	-	-	2,761,678
Loans	2,849	-	2,530,852	2,533,701
Other financial assets	18,946	-	1,325,175	1,344,121
	₩ 2,783,473	-	3,856,027	6,639,500
<b>Liabilities</b>				
Deposits	₩ 1,197,250	-	-	1,197,250
Borrowings	5,495,950	-	2,117,196	7,613,146
Other financial liabilities	18,941	-	1,228,831	1,247,772
	₩ 6,712,141	-	3,346,027	10,058,168

	December 31, 2014			
	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Cash and due from banks	₩ 2,700,828	-	-	2,700,828
Loans	731	-	1,474,960	1,475,691
Other financial assets	3,561	-	1,260,034	1,263,595
	₩ 2,705,120	-	2,734,994	5,440,114
<b>Liabilities</b>				
Deposits	₩ 1,100,425	-	-	1,100,425
Borrowings	7,542,900	-	2,017,870	9,560,770
Other financial liabilities	3,574	-	1,115,059	1,118,633
	₩ 8,646,899	-	3,132,929	11,779,828

(ii) Financial instruments measured at fair value

The Group classifies and discloses fair value of financial instruments into the following three-level hierarchy:

- Level 1: Financial instruments measured at quoted prices from active markets are classified as fair value level 1.
- Level 2: Financial instruments measured using valuation techniques where all significant inputs are observable market data are classified as level 2.
- Level 3: Financial instruments measured using valuation techniques where one or more significant inputs are not based on observable market data are classified as level 3.

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**25. Financial risk management, Continued**

(f) Measurement of fair value, Continued

(ii) Financial instruments measured at fair value, Continued

Details of financial instruments measured at the fair value by the level in the fair value hierarchy into which the fair value measurement is categorized as of December 31, 2015 and 2014 are as follows:

	December 31, 2015			
	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Trading financial assets:				
Debt securities	₩ 4,345,142	6,860,104	-	11,205,246
Equity securities	992,158	9,984	-	1,002,142
	<u>5,337,300</u>	<u>6,870,088</u>	<u>-</u>	<u>12,207,388</u>
Derivative assets:				
Trading purpose	4,878	179,577	83,865	268,320
Financial assets designated at fair value through profit or loss				
Reserve for claims of customers' deposit (trust)	-	784,596	-	784,596
Debt securities	133,652	1,752,907	-	1,886,559
Equity securities	6,045	-	-	6,045
Derivatives-combined securities	-	115,841	326,618	442,459
	<u>139,697</u>	<u>2,653,344</u>	<u>326,618</u>	<u>3,119,659</u>
Available-for-sale financial assets:				
Debt securities	482,042	862,641	-	1,344,683
Equity securities	947	73,013	215,061	289,021
Collective fund for default loss	-	12,405	-	12,405
	<u>482,989</u>	<u>948,059</u>	<u>215,061</u>	<u>1,646,109</u>
	<u>₩ 5,964,864</u>	<u>10,651,068</u>	<u>625,544</u>	<u>17,241,476</u>
<b>Liabilities</b>				
Trading financial liabilities:				
Securities sold	₩ 1,671,624	-	-	1,671,624
Derivative liabilities:				
Trading purpose	9,103	225,868	747,511	982,482
Financial liabilities designated at fair value through profit or loss:				
Derivatives-combined securities sold	-	2,374,637	6,443,629	8,818,266
Securities sold	86,532	-	-	86,532
	<u>86,532</u>	<u>2,374,637</u>	<u>6,443,629</u>	<u>8,904,798</u>
	<u>₩ 1,767,259</u>	<u>2,600,505</u>	<u>7,191,140</u>	<u>11,558,904</u>



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**25. Financial risk management, Continued**

(f) Measurement of fair value, Continued

(ii) Financial instruments measured at fair value, Continued

Details of financial instruments measured at the fair value by the level in the fair value hierarchy into which the fair value measurement is categorized as of December 31, 2015 and 2014 are as follows:  
Continued

	December 31, 2014			
	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Trading financial assets:				
Debt securities	₩ 5,094,693	8,913,415	-	14,008,108
Equity securities	886,173	30,396	-	916,569
	<u>5,980,866</u>	<u>8,943,811</u>	<u>-</u>	<u>14,924,677</u>
Derivative assets:				
Trading purpose	4,575	106,442	116,829	227,846
Financial assets designated at fair value through profit or loss				
Reserve for claims of customers' deposit (trust)	-	630,537	-	630,537
Debt securities	59,945	1,283,037	76,361	1,419,343
Equity securities	17,954	-	-	17,954
Derivatives-combined securities	-	186,436	340,421	526,857
	<u>77,899</u>	<u>2,100,010</u>	<u>416,782</u>	<u>2,594,691</u>
Available-for-sale financial assets:				
Debt securities	21,167	1,920,661	-	1,941,828
Equity securities	4,060	77,224	187,953	269,237
Collective fund for default loss	-	10,207	-	10,207
	<u>25,227</u>	<u>2,008,092</u>	<u>187,953</u>	<u>2,221,272</u>
	<u>₩ 6,088,567</u>	<u>13,158,355</u>	<u>721,564</u>	<u>19,968,486</u>
<b>Liabilities</b>				
Trading financial liabilities:				
Securities sold	₩ 2,252,912	-	-	2,252,912
Derivative liabilities:				
Trading purpose	5,314	171,950	224,575	401,839
Financial liabilities designated at fair value through profit or loss:				
Derivatives-combined securities sold	-	2,004,122	6,985,349	8,989,471
Securities sold	417	-	-	417
	<u>417</u>	<u>2,004,122</u>	<u>6,985,349</u>	<u>8,989,888</u>
	<u>₩ 2,258,643</u>	<u>2,176,072</u>	<u>7,209,924</u>	<u>11,644,639</u>

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**25. Financial risk management, Continued**

(f) Measurement of fair value, Continued

(ii) Financial instruments measured at fair value, Continued

Changes in level 3 of the fair value hierarchy for the years ended December 31, 2015 and 2014 are as follows:

	December 31, 2015				
	Financial assets designated at fair value through profit or loss	Available-for-sale financial assets	Financial liabilities designated at fair value through profit or loss	Derivative	Total
Beginning balance	₩ 416,782	187,953	(6,985,349)	(107,746)	(6,488,360)
Total income					
Profit or loss(*1)	(27,158)	1,327	469,293	(519,155)	(75,693)
Other comprehensive income	-	7,199	-	-	7,199
Purchases and issuances	329,258	43,948	(7,664,427)	8,875	(7,282,346)
Sales and settlements	(392,264)	(32,328)	7,736,854	(45,620)	7,266,642
Transferred from level 3(*2)	-	(12,434)	-	-	(12,434)
Transferred to level 3(*2)	-	19,396	-	-	19,396
Ending balance	₩ 326,618	215,061	(6,443,629)	(663,646)	(6,565,596)

	December 31, 2014					
	Trading financial assets	Financial assets designated at fair value through profit or loss	Available-for-sale financial assets	Financial liabilities designated at fair value through profit or loss	Derivative	Total
Beginning balance	₩ 1,497	622,877	175,929	(4,529,091)	(194,621)	(3,923,409)
Total income						
Profit or loss(*1)	7,940	4,327	503	(356,039)	176,010	(167,259)
Other comprehensive income	-	-	(3,324)	-	-	(3,324)
Purchases and issuances	-	322,824	17,984	(9,055,111)	9,158	(8,705,145)
Sales and settlements	(9,437)	(533,246)	(3,139)	6,954,892	(98,293)	6,310,777
Ending balance	₩ -	416,782	187,953	(6,985,349)	(107,746)	(6,488,360)

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**25. Financial risk management, Continued**

(f) Measurement of fair value, Continued

(ii) Financial instruments measured at fair value, Continued

Changes in level 3 of the fair value hierarchy for the years ended December 31, 2015 and 2014 are as follows:, Continued

(\*1) Recognized profit or loss of the changes in carrying value of financial instruments classified as Level 3 for the years ended December 31, 2015 and 2014, are included in the accounts of the statements of comprehensive income, of which the amounts and the related accounts are as follows:

	December 31, 2015		December 31, 2014	
	Amounts recognized in profit or loss	Recognized profit or loss from the financial instruments held as of December 31	Amounts recognized in profit or loss	Recognized profit or loss from the financial instruments held as of December 31
Gain(loss) on trading financial instruments	₩ -	-	7,940	-
Gain(loss) on financial instruments designated at fair value through profit or loss	442,135	769,495	(351,712)	(103,096)
Gain(loss) on derivatives	(519,155)	(797,886)	176,010	(14,948)
Gain(loss) on available-for-sale financial assets	2,324	-	954	-
Impairment on financial assets	(997)	(997)	(451)	(451)
	₩ <u>(75,693)</u>	<u>(29,388)</u>	<u>(167,259)</u>	<u>(118,495)</u>

(\*2) Transfer between levels occurred as availability of observable market data changed due to suspension of transaction.

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**25. Financial risk management, Continued**

(f) Measurement of fair value, Continued

(ii) Financial instruments measured at fair value, Continued

In evaluating fair value of OTC derivatives using unobservable market data, if calculated fair value differs from transaction price, the Group recognizes the transaction price as fair value of financial instruments. Difference between transaction cost and fair value is recognized deferred and amortized for the transaction period. If the evaluating factors become observable in markets, deferred amount is recognized to profit or loss immediately.

Day 1 profit or loss for the years ended December 31, 2015 and 2014 are as follows:

		December 31, 2015	December 31, 2014
Beginning balance	₩	(86,176)	(29,447)
New transactions		(69,811)	(94,305)
Amounts recognized in profit or loss during the period		53,973	37,576
Ending balance	₩	<u>(102,014)</u>	<u>(86,176)</u>

Information about valuation technique and inputs used at December 31, 2015 and 2014 in the fair value measurement of financial instruments classified as level 2 are as follows:

Type of financial instrument	Valuation technique	December 31, 2015	December 31, 2014	Inputs
<b>Assets</b>				
Trading assets	DCF(*)	₩ 6,870,088	8,943,811	Discount rate
Derivative assets	DCF(*)	179,577	106,442	Discount rate Price of underlying assets
Financial assets designated at fair value through profit or loss	DCF(*)	2,653,344	2,100,010	Discount rate Price of underlying assets
Available-for-sale financial assets	DCF(*)	948,059	2,008,092	Discount rate
		₩ <u>10,651,068</u>	<u>13,158,355</u>	
<b>Liabilities</b>				
Derivative liabilities	DCF(*)	₩ 225,868	171,950	Discount rate Price of underlying assets
Financial liabilities designated at fair value through profit or loss	DCF(*)	2,374,637	2,004,122	Discount rate Price of underlying assets
		₩ <u>2,600,505</u>	<u>2,176,072</u>	

(\*) DCF : Discounted cash flow

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**25. Financial risk management, Continued**

(f) Measurement of fair value, Continued

(ii) Financial instruments measured at fair value, Continued

Information about valuation technique and significant unobservable inputs used at December 31, 2015 and 2014 in the fair value measurement of financial instruments classified as level 3 are as follows:

Type of financial instrument	Valuation technique	December 31, 2015	December 31, 2014	Significant unobservable inputs	Range
<b>Assets</b>					
Derivative assets	Option model(*)	83,865	116,829	The volatility of the underlying asset correlations	
Financial assets designated at fair value through profit or loss	Option model(*)	326,618	416,782	The volatility of the underlying asset correlations	Discount rate : 3.87% ~ 13.16% Growth rate : 0% ~ 2% The volatility of the underlying asset : 0.0040 ~ 0.8039 Correlations : (-)0.4472~1.0000
Available-for-sale financial assets	DCF	215,061	187,953	Discount rate, growth rate	
		<u>₩ 625,544</u>	<u>721,564</u>		
<b>Liabilities</b>					
Derivative liabilities	Option model(*)	747,511	224,575	The volatility of the underlying asset correlations	
Financial liabilities designated at fair value through profit or loss	Option model(*)	₩ 6,443,629	6,985,349	The volatility of the underlying asset correlations	The volatility of the underlying asset : 0.0040 ~ 0.8039 Correlations : (-)0.2390~1.0000
		<u>₩ 7,191,140</u>	<u>7,209,924</u>		

(\*) Option model that the Group uses in derivative valuation includes Black-Scholes model, Hull-White model, Monte Carlo simulation, etc.

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**25. Financial risk management, Continued**

(f) Measurement of fair value, Continued

(ii) Financial instruments measured at fair value, Continued

Although the Group believes that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value.

For level 3 fair value measurement, changing one or more of the unobservable inputs used to reasonably possible alternative assumptions would have the following effect on profit or loss, or other comprehensive income:

	December 31, 2015	
	Favorable changes	Unfavorable changes
Financial assets at fair value through profit or loss(*1)		
Financial assets designated at FVTPL	₩ 2,837	(4,416)
Derivative assets	4,545	(5,108)
Available-for-sale financial assets(*2)	45,397	(7,301)
	₩ <u>52,779</u>	<u>(16,825)</u>
Financial liabilities at fair value through profit or loss(*1)		
Financial liabilities designated at FVTPL	₩ 64,085	(79,571)
Derivative liabilities	83,656	(47,818)
	₩ <u>147,741</u>	<u>(127,389)</u>

(\*1) Fair value changes are calculated by increasing or decreasing the volatility of the underlying asset (-10~10%) or correlations (-10~10%).

(\*2) Fair value changes are calculated by increasing or decreasing discount rate (-1~1%) or growth rate (-1~1%).

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**25. Financial risk management, Continued**

(g) Offsetting financial assets and financial liabilities

Financial assets and liabilities subject to offsetting, enforceable master netting arrangements and similar agreements as of December 31, 2015 and 2014 are as follows:

	December 31, 2015					
	Gross amounts of recognized financial assets/ liabilities	Gross amounts of recognized financial liabilities set off in the statement of financial position	Net amounts of financial assets presented in the statement of financial position	Related amounts not set off in the statement of financial position		Net amount
				Financial instruments	Cash collateral received	
<b>Assets</b>						
Derivatives, etc.	₩ 1,941,372	-	1,941,372	(790,574)	(10,361)	1,140,437
Bonds purchased under repurchase agreements	6,785,009	-	6,785,009	(6,378,925)	-	406,084
Domestic exchange settlement debit	18,946	-	18,946	(18,939)	-	7
Other financial instruments	1,188,955	(1,128,745)	60,210	-	-	60,210
	₩ 9,934,282	(1,128,745)	8,805,537	(7,188,438)	(10,361)	1,606,738
<b>Liabilities</b>						
Derivatives, etc.	₩ 1,211,717	-	1,211,717	(800,935)	-	410,782
Bonds purchased under repurchase agreements	6,108,825	-	6,108,825	(6,108,825)	-	-
Securities borrowed	1,758,156	-	1,758,156	(1,758,156)	-	-
Domestic exchange settlement pending	18,941	-	18,941	(18,939)	-	2
Other financial instruments	1,172,076	(1,128,745)	43,331	-	-	43,331
	₩ 10,269,715	(1,128,745)	9,140,970	(8,686,855)	-	454,115

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**25. Financial risk management, Continued**

(g) Offsetting financial assets and financial liabilities, Continued

Financial assets and liabilities subject to offsetting, enforceable master netting arrangements and similar agreements as of December 31, 2015 and 2014 are as follows:, Continued

	December 31, 2014					
	Gross amounts of recognized financial assets/ liabilities	Gross amounts of recognized financial liabilities set off in the statement of financial position	Net amounts of financial assets presented in the statement of financial position	Related amounts not set off in the statement of financial position		Net amount
			Financial instruments	Cash collateral received		
<b>Assets</b>						
Derivatives	₩ 548,663	-	548,663	(347,832)	(3,348)	197,483
Bonds purchased under repurchase agreements	7,829,830	-	7,829,830	(7,398,249)	-	431,581
Securities loaned	1,831	-	1,831	(1,831)	-	-
Domestic exchange settlement debit	3,561	-	3,561	(3,561)	-	-
Other financial instruments	825,665	(805,739)	19,926	-	-	19,926
	₩ 9,209,550	(805,739)	8,403,811	(7,751,473)	(3,348)	648,990
<b>Liabilities</b>						
Derivatives	₩ 724,126	-	724,126	(351,180)	-	372,946
Bonds purchased under repurchase agreements	7,339,649	-	7,339,649	(7,339,649)	-	-
Securities borrowed	2,253,329	-	2,253,329	(2,253,329)	-	-
Domestic exchange settlement pending	3,573	-	3,573	(3,561)	-	12
Other financial instruments	842,629	(805,739)	36,890	-	-	36,890
	₩ 11,163,306	(805,739)	10,357,567	(9,947,719)	-	409,848



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**26. Acquisitions of Subsidiary**

(a) General information

On July 7, 2015, the Group obtained control of Nam An Securities Co. Ltd. located in Vietnam by acquiring 100% of shares in cash (₩4,498 million). As a result, the Group acquired wholly owned subsidiary. The main reason for acquisition of management rights is to accelerate the diversification of business expansion in Vietnam's capital market together with the other emerging markets in Asia.

(b) Identifiable assets acquired and liabilities assumed

Details of assets and liabilities of Nam An Securities Co. Ltd. as of acquisition date are as follows:

	July 7, 2015	
Assets		
Cash and cash equivalents	₩	3,258
Property and equipment		1
Intangible assets		16
Investment property		39
Other assets		35
		3,349
Liabilities		
Customers' deposits		56
Provisions		4
Other liabilities		9
		69
Total identifiable net asset	₩	3,280

(c) Goodwill

Goodwill was recognized as a result of the acquisition as follows:

	July 7, 2015	
Total consideration transferred	₩	4,498
Fair value of pre-existing interest in the acquire		-
		4,498
Fair value of identifiable net assets		(3,280)
Goodwill	₩	1,218

None of the goodwill recognized is expected to be deductible for income tax purposes.

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**26. Acquisitions of Subsidiary, Continued**

(d) Acquisition related costs

The Group incurred acquisition-related costs of ₩193 million relating to external legal fees and due diligence costs. The legal fees and due diligence costs have been included in commission expenses in the Group's consolidated statement of comprehensive income.

(e) Consolidated revenue and net loss of Nam An Securities Co. Ltd. for the year after the acquisition date are as follows:

		December 31, 2015
Operating revenue	₩	13
Loss for the year		(241)

(f) Consolidated revenue and net profit

If the acquisition had occurred on January 1, 2015 management estimates the consolidated revenue and consolidated profit for the year as follows:

		December 31, 2015
Operating income	₩	260,671
Profit for the year		215,378

(g) Remeasurement of fair value

Movements in goodwill after the date of acquisition are as follows:

		December 31, 2015
Beginning balance	₩	1,218
Impairment		-
Amortization		-
Ending balance	₩	1,218

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**27. Operating Segments**

(a) Segment information

The general descriptions of the Group's operating segments are as follows:

Description	Area of business
Retail group	Loan, deposits and its related activities for retail, institution and WM (Wealth Management) customers
Wholesale group	Large company, small business, overseas operations and work involved
IB group	Loan, deposits and its related activities for IB customers
S&T group	Investing to derivative, securities and work involved
Other	Management supporting, risk management and other supporting functions (including adjustments)

(b) The following table provides information of operating income and net income for each operating segment for the years ended December 31, 2015 and 2014.

	December 31, 2015					
	Retail	Wholesale	IB	S&T	Other	Total
External revenue (expenses)						
Net fees and commission Income (loss)	₩ 292,267	58,377	51,928	(82,376)	(44,735)	275,461
Net gain (loss) on financial instruments(*)	(12)	3,281	8,181	71,318	(69,428)	13,340
Net interest income	65,720	2,779	10,823	214,716	144,558	438,596
General and administrative expenses	(269,160)	(37,182)	(31,844)	(54,205)	(96,109)	(488,500)
Others, net	4,158	559	10,299	(84,302)	108,511	39,225
Income tax expense (benefit)	20,949	6,267	11,128	14,680	9,644	62,668
Profit (loss) for the year	72,024	21,547	38,259	50,471	33,153	215,454
Inter-segment profit (loss)	₩ 70,298	33,859	2,545	(233,954)	127,252	-

(\*) Gain on financial instruments at fair value through profit or loss & gain on available-for-sale financial assets

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**27. Operating Segments, Continued**

(b) The following table provides information of operating income and net income for each operating segment for the years ended December 31, 2015 and 2014., Continued

		December 31, 2014					Total
		Retail	Wholesale	IB	S&T	Other	
External revenue (expenses)							
Net fees and commission Income (loss)	₩	191,050	45,214	33,030	(37,836)	(28,559)	202,899
Net gain (loss) on financial instruments(*)		(1)	3,047	1,909	55,153	(132,577)	(72,469)
Net interest income		50,467	1,131	6,183	173,208	154,574	385,563
General and administrative expenses		(230,628)	(33,568)	(24,462)	(50,889)	(59,049)	(398,596)
Others, net		3,399	(489)	7,247	(39,171)	68,887	39,873
Income tax expense (benefit)		3,718	3,990	6,221	24,253	853	39,035
Profit (loss) for the year		10,569	11,345	17,686	76,212	2,423	118,235
Inter-segment profit (loss)	₩	98,956	52,818	(2,447)	(321,315)	171,988	-

(\*) Gain on financial instruments at fair value through profit or loss & gain on available-for-sale financial assets

(c) The following table provides information of the main assets for each operating segment as of December 31, 2015 and 2014.

		December 31, 2015					Total
		Retail	Wholesale	IB	S&T	Other	
Cash and due from banks	₩	311	296	-	15,155	2,745,916	2,761,678
Financial assets at fair value through profit or loss		1,558	220,079	51,360	12,064,452	3,257,918	15,595,367
Available-for-sale financial assets		-	-	64,465	1,388,382	193,262	1,646,109
Investments in associates		-	-	31,056	38,350	-	69,406
Loans		1,259,226	-	359,605	-	914,870	2,533,701
Total	₩	1,261,095	220,375	506,486	13,506,339	7,111,966	22,606,261

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**27. Operating Segments, Continued**

(c) The following table provides information of the main assets for each operating segment as of December 31, 2015 and 2014., Continued

		December 31, 2014					
		Retail	Wholesale	IB	S&T	Other	Total
Cash and due from banks	₩	6,323	-	-	34,859	2,659,646	2,700,828
Financial assets at fair value through profit or loss		11,899	102,235	81,562	16,099,037	1,452,481	17,747,214
Available-for-sale financial assets		-	-	811,118	1,115,355	294,799	2,221,272
Investments in associates		(1,645)	-	52,444	27,611	(13,108)	65,302
Loans		957,796	-	221,236	52,002	244,657	1,475,691
Total	₩	<u>974,373</u>	<u>102,235</u>	<u>1,166,360</u>	<u>17,328,864</u>	<u>4,638,475</u>	<u>24,210,307</u>

**28. Income tax expense**

(a) The components of income tax expense of the Group for the years ended December 31, 2015 and 2014 are as follows:

		December 31, 2015	December 31, 2014
Current income tax expense	₩	66,791	30,066
Additional payment (refund) of income tax		(6,089)	(14,361)
Changes in deferred tax arising from temporary differences		5,057	17,970
Deferred income tax adjustment charged or credited directly to equity		(3,091)	5,360
Income tax expense	₩	<u>62,668</u>	<u>39,035</u>

(b) The income tax expense calculated by applying statutory tax rates to the Group's taxable income differs from the actual tax expense in the consolidated statements of comprehensive income for the years ended December 31, 2015 and 2014 for the following reasons:

		December 31, 2015	December 31, 2014
Income before income taxes	₩	278,122	157,270
Tax rates		24.20%	24.20%
Income taxes at statutory tax rates		67,306	37,597
Adjustments :			
Non-taxable income		(267)	(187)
Non-deductible expense		1,379	1,412
Consolidated tax return		(5,219)	(1,889)
Income tax refunds		210	2,091
Others		(741)	11
Income tax expense	₩	<u>62,668</u>	<u>39,035</u>
Effective tax rate (%)		<u>22.53%</u>	<u>24.82%</u>

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**28. Income tax expense, Continued**

(c) Changes in deferred tax assets (liabilities) for the years ended December 31, 2015 and 2014 are as follows:

		December 31, 2015			
		Beginning balance	Net income	Accumulated other comprehensive income (capital adjustments)	Ending balance
Stocks at fair value	₩	(7,848)	4,128	-	(3,720)
through profit or loss					
Bonds at fair value		(20,400)	(159)	-	(20,559)
through profit or loss					
Derivatives-combined securities		3,158	8,112	-	11,270
Derivatives-combined securities		(51,403)	(165,893)	-	(217,296)
sold					
Exchange traded derivatives		2,658	(2,434)	-	224
Over the counter derivatives		66,581	131,805	-	198,386
Other financial assets at fair		115	(114)	-	1
value through profit or loss					
Other financial liabilities at fair		(7,531)	2,783	-	(4,748)
value through profit or loss					
Available-for-sale financial		(14,465)	(8,908)	(596)	(23,969)
assets					
Investments in associates		12,062	(522)	(2,366)	9,174
Allowance for credit loss		(1,754)	1,948	-	194
Property and equipment and		(32,829)	257	-	(32,572)
investment property					
Intangible assets		(4,622)	(62)	-	(4,684)
Accrued income		(19,920)	2,452	-	(17,468)
Account payable and accrued		5,362	5,000	(129)	10,233
expenses					
Provisions		884	61	-	945
Day 1 profit or loss		32,418	13,770	-	46,188
Amortization of up-front fee		2,180	1,432	-	3,612
Net gain (loss) on foreign		(1,215)	4,520	-	3,305
exchange translations					
Others		(5,253)	(142)	-	(5,395)
	₩	<u>(41,822)</u>	<u>(1,966)</u>	<u>(3,091)</u>	<u>(46,879)</u>

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**27. Income tax expense, Continued**

(c) Changes in deferred tax assets (liabilities) for the years ended December 31, 2015 and 2014 are as follows:, Continued

	December 31, 2014			
	Beginning balance	Net income	Accumulated other comprehensive income (capital adjustments)	Ending balance
Stocks at fair value through profit or loss	₩ (2,691)	(5,157)	-	(7,848)
Bonds at fair value through profit or loss	13,572	(33,972)	-	(20,400)
Derivatives-combined securities	328	2,830	-	3,158
Derivatives-combined securities sold	(29,207)	(22,196)	-	(51,403)
Exchange traded derivatives	497	2,161	-	2,658
Over the counter derivatives	28,740	37,841	-	66,581
Other financial assets at fair value through profit or loss	(476)	591	-	115
Other financial liabilities at fair value through profit or loss	(175)	(7,356)	-	(7,531)
Available-for-sale financial assets	(14,393)	312	(384)	(14,465)
Investments in associates	6,698	(378)	5,742	12,062
Allowance for credit loss	(2,274)	520	-	(1,754)
Property and equipment and investment property	(33,479)	650	-	(32,829)
Intangible assets	(3,854)	(768)	-	(4,622)
Accrued income	(13,793)	(6,127)	-	(19,920)
Account payable and accrued expenses	4,168	1,192	2	5,362
Provisions	1,030	(146)	-	884
Borrowings	2,117	(2,117)	-	-
Day 1 profit or loss	22,675	9,743	-	32,418
Amortization of up-front fee	1,930	250	-	2,180
Net gain (loss) on foreign exchange translations	(1,307)	92	-	(1,215)
Others	(3,958)	(1,295)	-	(5,253)
	₩ <u>(23,852)</u>	<u>(23,330)</u>	<u>5,360</u>	<u>(41,822)</u>

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**27. Income tax expense, Continued**

(d) The deferred tax assets and liabilities that were directly charged or credited to equity for the years ended December 31, 2015 and 2014 are as follows:

	December 31, 2015				
	Current period	Deferred tax liability	Prior period	Deferred tax liability	Change in deferred tax
Gain on valuation of available-for-sale financial assets	₩ 128,710	(31,147)	126,246	(30,551)	(596)
Foreign currency translation differences	(1,942)	1,162	(7,843)	2,443	(1,281)
Share of the other comprehensive loss of associates	3,552	(859)	(933)	226	(1,085)
	₩ <u>127,460</u>	<u>(30,844)</u>	<u>115,218</u>	<u>(27,882)</u>	<u>(2,962)</u>

	December 31, 2014				
	Current period	Deferred tax liability	Prior period	Deferred tax liability	Change in deferred tax
Gain on valuation of available-for-sale financial assets	₩ 126,246	(30,551)	124,658	(30,167)	(384)
Foreign currency translation differences	(7,843)	2,443	14,881	(3,767)	6,210
Share of the other comprehensive loss of associates	(933)	226	(2,867)	694	(468)
	₩ <u>115,218</u>	<u>(27,882)</u>	<u>136,672</u>	<u>(33,240)</u>	<u>5,358</u>

(e) The income tax expense that were directly charged or credited to equity for the years ended December 31, 2015 and 2014 are as follows:

	December 31, 2015				
	Current period	Deferred tax liability	Prior period	Deferred tax liability	Change in deferred tax
Stock option (Capital adjustments)	449	(109)	(82)	20	(129)
	₩ <u>449</u>	<u>(109)</u>	<u>(82)</u>	<u>20</u>	<u>(129)</u>

  

	December 31, 2014				
	Current period	Deferred tax liability	Prior period	Deferred tax liability	Change in deferred tax
Stock option (Capital adjustments)	(82)	20	(74)	18	2
	₩ <u>(82)</u>	<u>20</u>	<u>(74)</u>	<u>18</u>	<u>2</u>



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**28. Income tax expense, Continued**

(e) The deductible temporary differences which were not recognized as deferred tax assets (liabilities) as of December 31, 2015 and 2014 are as follows:

		<u>December 31, 2015</u>	<u>December 31, 2014</u>
Investments in subsidiaries	₩	(3,471)	5,371

(f) The current tax assets (liabilities) and deferred tax assets (liabilities) presented on a gross basis prior to any offsetting as of December 31, 2015 and 2014 are as follows:

		<u>December 31, 2015</u>	<u>December 31, 2014</u>
Deferred tax assets	₩	229,429	86,071
Deferred tax liabilities		(276,308)	(127,893)
Current tax assets		5,202	33,601
Current tax liabilities		(17,445)	-

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**29. Derivatives**

(a) Details of the notional amounts of derivatives as of December 31, 2015 and 2014 are as follows:

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Interest rates		
Over the counter:		
Interest rate swaps	₩ 10,096,542	17,550,643
Exchange traded:		
Interest rate futures	1,487,968	1,236,960
Interest rate swaps	14,971,300	14,690,000
	<u>16,459,268</u>	<u>15,926,960</u>
Foreign exchange		
Over the counter:		
Currency forwards	7,112,139	1,351,517
Currency swaps	270,063	184,377
Currency options	10,300	37,611
	<u>7,392,502</u>	<u>1,573,505</u>
Exchange traded:		
Currency futures	344,687	285,631
Equity		
Over the counter:		
Equity swap	3,685,858	4,122,153
Equity options	1,543,329	1,683,675
	<u>5,229,187</u>	<u>5,805,828</u>
Exchange traded:		
Equity futures	364,297	211,666
Equity options	6,811,381	205,018
	<u>7,175,678</u>	<u>416,684</u>
Credit		
Over the counter:		
Credit swap	355,007	174,757
TRS Swap	799,308	210,576
	<u>1,154,315</u>	<u>385,333</u>
Commodity		
Over the counter:		
Commodity forwards	52,371	159,155
Commodity swaps	835,608	843,680
Commodity options	27,533	40,502
	<u>915,512</u>	<u>1,043,337</u>
Exchange traded:		
Commodity futures	55,781	159,155
	₩ <u>48,823,472</u>	<u>43,147,076</u>

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**29. Derivatives, Continued**

(b) Details of the gain (loss) on valuation of derivatives for the years ended December 31, 2015 and 2014 are as follows:

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Interest rates		
Over the counter:		
Interest rate swaps	₩ (57,002)	11,010
Exchange traded:		
Interest rate futures	164	168
Foreign exchange		
Over the counter:		
Currency forwards	(15,808)	(23,270)
Currency swaps	(417)	(2,823)
Currency options	(138)	132
	<u>(16,363)</u>	<u>(25,961)</u>
Exchange traded:		
Currency futures	-	156
Equity		
Over the counter:		
Equity swap	(653,158)	62,877
Equity options	(842)	(6,439)
	<u>(654,000)</u>	<u>56,438</u>
Exchange traded:		
Equity futures	(872)	(101)
Equity options	(2,219)	477
	<u>(3,091)</u>	<u>376</u>
Credit		
Over the counter:		
Credit swap	766	586
TRS Swap	(17)	(11,802)
	<u>749</u>	<u>(11,216)</u>
Commodity		
Over the counter:		
Commodity forwards	(229)	3,458
Commodity swaps	(97,602)	(115,709)
Commodity options	(457)	(196)
	<u>(98,288)</u>	<u>(112,447)</u>
Exchange traded:		
Commodity futures	159	(3,398)
	₩ <u>(827,672)</u>	<u>(84,874)</u>

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**30. Pledged Assets**

Assets pledged as collateral as of December 31, 2015 and 2014 are as follows:

		December 31, 2015							
		Pledged for							
		ELS/DLS		Derivative	Securities				
		sold	Borrowing		borrowed	RP	Lease	Other	Total
Due from banks	₩	20,000	67,000	-	709,000	-	-	5,549	801,549
Trading financial assets		4,835	-	593,737	971,612	5,393,876	-	5,175	6,969,235
Financial assets designated at fair value through profit or loss		-	-	-	-	211,411	-	-	211,411
Available-for-sale financial assets		-	-	-	60,520	909,622	-	-	970,142
Loans		-	-	-	-	270,100	-	-	270,100
Property		-	-	-	-	-	100,191	-	100,191
	₩	<u>24,835</u>	<u>67,000</u>	<u>593,737</u>	<u>1,741,132</u>	<u>6,785,009</u>	<u>100,191</u>	<u>10,724</u>	<u>9,322,628</u>

		December 31, 2014							
		Pledged for							
		ELS/DLS		Derivative	Securities				
		sold	Borrowing		borrowed	RP	Lease	Other	Total
Due from banks	₩	150,000	17,000	-	290,000	-	-	5,732	462,732
Trading financial assets		131,631	-	543,832	2,745,665	6,899,684	-	-	10,320,812
Financial assets designated at fair value through profit or loss		207,390	-	-	399,474	29,535	-	-	636,399
Available-for-sale financial assets		-	-	24,067	502,841	842,011	-	-	1,368,919
Loans		-	-	-	-	58,600	-	-	58,600
Property		-	-	-	-	-	100,530	-	100,530
	₩	<u>489,021</u>	<u>17,000</u>	<u>567,899</u>	<u>3,937,980</u>	<u>7,829,830</u>	<u>100,530</u>	<u>5,732</u>	<u>12,947,992</u>

The carrying amounts of asset pledged that the pledges have the right to repledge regardless of the Group's default as of December 31, 2015 and 2014 are ₩6,785,009 million and ₩7,829,830 million, respectively.

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**31. Share-based payments**

(a) Details of performance shares granted as of December 31, 2015 are as follows:

	Descsriptions
Type	Equity-settled share-based payment
Service period	Within 4 years from the beginning of fiscal year inclusive of grant date (within 5 years if classified as for deferred payment)
Performance conditions	Up to year 2013: Increase rate of stock price (33.4%) and achievement of target ROE (66.6%) From 2014: Increase rate of stock price (20.0%) and achievement of target ROE (80.0%)
Number of shares estimated at December 31, 2015	119,007

(b) Number of shares granted and fair value at grant date as of December 31, 2015 are as follows

Grant date	Number of shares granted	Fair value(*1)	Number of shares estimated(*2)
January 1, 2011	2,300	52,900	85
January 3, 2011	2,300	53,600	181
December 19, 2011	5,400	37,600	521
December 21, 2011	9,200	40,500	884
February 6, 2012	22,100	47,000	12,957
April 1, 2012	2,800	44,650	1,454
April 12, 2012	2,800	42,450	1,432
August 1, 2012	6,700	35,500	4,248
January 1, 2013	29,000	40,050	9,170
January 14, 2013	3,100	39,250	1,973
June 7, 2013	3,100	38,950	1,614
June 27, 2013	7,300	37,050	4,269
January 1, 2014	27,400	47,300	26,131
February 6, 2014	10,500	43,800	9,015
August 27, 2014	3,300	51,900	1,072
January 1, 2015	45,400	44,500	41,768
March 30, 2015	3,200	41,200	2,233
	<u>185,900</u>		<u>119,007</u>

(\*1) Used closing price of Shinhan Financial Group Co., Ltd. at grant period as fair value per share

(\*2) The Group adjusted the increase rate of stock price (33.4% until 2013 and 20.0% from 2014) and achievement target ROE (66.6% until 2013 and 80.0% from 2014) to determine the number of shares estimated, based on initial number of shares granted, after the termination of service period.

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**31. Share-based payments, Continued**

c) Stock compensations costs (benefits) calculated as of and for the years ended December 31, 2015 are as follows:

	<u>December 31, 2015</u>	
	<u>Performance shares</u>	
Compensation costs recorded for the period	₩	2,548
Accrued expenses (benefits) related to compensation cost		4,774

(d) Book value of liabilities and intrinsic value of liabilities regarding share-based payment as of December 31, 2015 are as follows:

	<u>December 31, 2015</u>	
	<u>Accrued expenses</u>	<u>Intrinsic value</u>
Performance shares	₩ 4,774	4,774

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**32. Commitments and contingencies**

(a) As of December 31, 2015, the Group has faced with pending lawsuits are as follows:

December 31, 2015			
Lawsuits	Plaintiff	Details	Amount
Compensation for loss	Gowell Securitization Specialty Co., Ltd.	A claim for compensation on NPL consultation	₩ 2,936
Compensation for loss	Arts Council of Korea	A claim for compensation on incomplete sales of overseas fund	5,186
Return of unjust enrichment	TreeStar Co., Ltd.	A claim for return of unjust enrichment	750
A claim for debenture	An individual	A claim for debenture due to unjust enrichment	3,601
Compensation for loss	Hyundai Securities Co.,Ltd	A claim for compensation on violation of operating instruction of special money trust	4,756
Compensation for loss	An individual	A claim for compensation on incomplete sales of vessel fund	650
Compensation for loss	An individual	A partial claim for compensation for unable to prevented voice phishing	107
Payment Guarantee	An individual	A claim for guarantee deposit of receivable-backed ABL of KT ENS	12,866
Compensation for loss	An individual	A claim for compensation to the Group due to user's responsibility (churning)	126
Compensation for loss	An individual	A claim for compensation on incomplete sales of Daewoo corporate bond	24
Compensation for loss	An individual	A claim for compensation due to voluntary sale	5,169
A claim for debenture	An individual	A claim for compensation on incomplete sales of ELS	150
Compensation for loss	An individual	A claim for compensation on HTS data processing information error	107
Compensation for loss	An individual	A claim for loan	49
Compensation for loss	An individual	A claim for compensation on breach of contract	2,218
Compensation for loss	An individual	A claim for compensation on sale and transfer of beneficiary certificate through hacking	17
Verification of exemption	An individual	A claim for exemption of legal fee bonds	5
			₩ 38,717

The Group recognized provisions of ₩97 million regarding the case the Group lost at the first trial. The Group believes that the rest of the cases will not have a significant impact on the consolidated financial statements, but it is probable that an additional outflow of economic benefits arises according to the outcome of cases.

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**32. Commitments and contingencies, Continued**

(b) Commercial paper purchase commitments

Company	Underlying asset	Amount	Date of agreements	Date of maturity
Credit offering				
S-Russel 3td Co.,Ltd.	Convertible loans	₩ 17,000	October 21, 2014	October 21, 2019
HSC First L.L.C	Beneficiary certificate	45,000	April 27, 2015	October 27, 2018
Angelest the 5st L.L.C	Preferred stock	6,700	September 24, 2015	October 2, 2017
Angelest the 6st L.L.C	Preferred stock	6,700	September 24, 2015	October 2, 2017
Angelest the 7st L.L.C	Preferred stock	6,600	September 24, 2015	October 2, 2017
		<u>82,000</u>		
Liquidity offering				
Songdo Saok Third Co., Ltd.	Loans	50,000	April 23, 2013	June 30, 2016
BERJAYA 3rd Ltd.,Co.	Jeju Gotjawal Village Development PE Loans	40,000	September 26, 2013	March 26, 2017
Multiplex Series the 3rd L.L.C	CJ CGV Leasehold Deposits	30,000	August 28, 2015	August 28, 2018
		<u>120,000</u>		
		<u>₩ 202,000</u>		

(c) Obligation to conserve its loss by priority on PEF

As a general partner of Shinhan Maritime Private Equity Fund I, the Group is under an obligation to conserve its loss by priority as much as the amount of money invested by the Group, whose limit is up to 3% of the total amount of the money invested by each party. In addition, as one of the co-general partner of KoFC Shinhan Frontier Champ 2010-4 Private Equity Fund, the Group is obliged to conserve its loss by priority, whose limit is 3% of the its investment to the PEF. Therefore, the amount of the investment collected as a result of liquidation of the PEF is subject to change. Any adjustments which may be caused by the possibility of the change are not booked, because the amount of the obligations cannot be measured reliably.

(d) Onerous contract

As of December 31, 2015, the Group entered into a guarantee contract with Franklin Templeton Investment Trust Management Co., Ltd. to provide for contingent losses that may result from beneficiary certificates, including guaranteed bonds issued by financially distressed companies, such as the Daewoo Group. The Group's time deposit of ₩549 million was pledged as collateral to Franklin Templeton Investment Trust Management Co., Ltd. for the potential losses.



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**33. The transaction as a transfer of financial instruments**

(a) Transfers that do not qualify for derecognition

(i) Bonds sold under repurchase agreements as of December 31, 2015 and 2014 are as follows:

		<u>December 31, 2015</u>	<u>December 31, 2014</u>
<b>Transferred assets</b>			
Financial assets designated at fair value through profit or loss	₩	5,605,287	6,929,219
Available-for-sale financial assets		909,622	842,011
Loans		270,100	58,600
	₩	<u>5,605,287</u>	<u>7,829,830</u>
<b>Associated liabilities</b>			
Bonds sold under repurchase agreements	₩	<u>6,108,825</u>	<u>7,339,649</u>

(ii) Securities loaned as of December 31, 2015 and 2014 are as follows:

		<u>December 31, 2015</u>	<u>December 31, 2014</u>	
Commercial bonds	₩	-	1,831	<u>Rental Company</u> <u>Mirae Asset Securities</u>

(b) Qualified for derecognition and continuing involvement in financial assets

There are no financial assets that meet the conditions of the derecognition and in which the Group has continuing involvement as of December 31, 2015 and 2014.

**34. Securities withheld and securities borrowed**

Details of the securities withheld and securities borrowed on behalf of the clients as of December 31, 2015 and 2014 are as follows:

		<u>December 31, 2015</u>	<u>December 31, 2014</u>
<b>Securities withheld</b>			
Broker's securities	₩	47,889,703	38,878,462
Beneficiary's securities		23,248,204	10,242,843
Depositor's securities		39,166	35,693
Others		451	468
		<u>71,177,524</u>	<u>49,157,466</u>
<b>Securities borrowed</b>			
		<u>773,085</u>	<u>578,963</u>
	₩	<u>71,950,609</u>	<u>49,736,429</u>

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**35. Equity**

(a) Details of equity as of December 31, 2015 and 2014 are summarized as follows:

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Stockholder's equity		
Ordinary shares	₩ 1,277,882	1,277,882
Preference shares	19,116	19,116
	<u>1,296,998</u>	<u>1,296,998</u>
Capital surplus		
Gain from reduction of capital	15	15
Capital adjustments		
Stock options	341	(62)
Accumulated other comprehensive income		
Valuation of available-for-sale financial assets	97,562	95,694
Change of investments in a associate	2,693	(707)
Accumulated foreign exchange differences	(780)	(5,400)
	<u>99,475</u>	<u>89,587</u>
Retained earnings		
Legal reserve	13,500	10,500
Voluntary reserve(*)	169,234	160,061
Unappropriated earnings	946,273	772,992
	<u>1,129,007</u>	<u>943,553</u>
	<u>₩ 2,525,836</u>	<u>2,330,091</u>

(\*) It consists of revaluation reserve and regulatory reserve for loan loss.

(b) Stockholder's equity as of December 31, 2015 and 2014 are summarized as follows:

	<u>December 31, 2015</u>		<u>December 31, 2014</u>	
	Ordinary shares	Preference shares	Ordinary shares	Preference shares
Number of shares authorized	450,000,000	150,000,000	450,000,000	150,000,000
Par value per share (in won)	₩ 5,000	5,000	5,000	5,000
Number of issued shares outstanding	255,576,350	3,823,314	255,576,350	3,823,314
Stockholder's equity	₩ 1,277,882	19,116	1,277,882	19,116

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**35. Equity, Continued**

(c) Change in accumulated other comprehensive income for the years ended December 31, 2015 and 2014 are as follows:

		December 31, 2015			
		Valuation of available-for-sale financial assets	Change of investments in a associate	Accumulated foreign exchange differences	Total
Opening balance	₩	95,694	(707)	(5,400)	89,587
Change in fair value of available-for-sale financial assets		8,663	-	-	8,663
Change in impairment		(129)	-	-	(129)
Change in disposal		(7,062)	(367)	-	(7,429)
Effect of change in equity of investee		-	4,852	-	4,852
Effect of exchange rate difference		992	-	5,901	6,893
Deferred tax effect		(596)	(1,085)	(1,281)	(2,962)
Ending balance	₩	<u>97,562</u>	<u>2,693</u>	<u>(780)</u>	<u>99,475</u>

		December 31, 2014			
		Valuation of available-for-sale financial assets	Change of investments in a associate	Accumulated foreign exchange differences	Total
Opening balance	₩	94,490	(2,173)	11,115	103,432
Change in fair value of available-for-sale financial assets		2,125	-	-	2,125
Change in impairment		9	-	-	9
Change in disposal		(546)	830	-	284
Effect of change in equity of investee		-	1,104	-	1,104
Effect of exchange rate difference		-	-	(22,725)	(22,725)
Deferred tax effect		(384)	(468)	6,210	5,358
Ending balance	₩	<u>95,694</u>	<u>(707)</u>	<u>(5,400)</u>	<u>89,587</u>

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**35. Equity, Continued**

(d) Statements of appropriation of retained earnings.

Statements of appropriation of retained earnings for the years ended December 31, 2015 and 2014 are as follows:

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Unappropriated retained earnings		
Balance at beginning of the year	₩ 725,428	658,119
Net income for the year	217,206	112,479
Revaluation surplus	206	-
	<u>942,721</u>	<u>770,598</u>
Appropriation of retained earnings		
Legal reserve	6,810	3,000
Regulatory reserve for loan loss	(8,449)	12,170
Dividends	68,100	30,000
Cash dividends on ordinary shares		
Current year : ₩ 262 (5.24%)	66,908	29,369
Prior year : ₩ 115 (2.30%)		
Cash dividends on preference shares		
Current year : ₩ 312 (6.24%)	1,192	631
Prior year : ₩ 165 (3.30%)		
	<u>66,461</u>	<u>45,170</u>
Unappropriated retained earnings carried over to subsequent period	₩ <u>876,260</u>	<u>725,428</u>

These statements of appropriation of retained earnings were based on the separate financial statements of the Company.

**36. Dividends**

Dividends declared for the years ended December 31, 2015 and 2014 are as follows:

	<u>December 31, 2015</u>		<u>December 31, 2014</u>	
	Ordinary shares	Preference shares	Ordinary shares	Preference shares
Number of issued shares outstanding	255,576,350	3,823,314	255,576,350	3,823,314
Par value per share (in won) ₩	5,000	5,000	5,000	5,000
Dividends per share (in won)	262	312	115	165
Dividends	66,908	1,192	29,369	631
Dividend rate per share	<u>5.24%</u>	<u>6.24%</u>	<u>2.30%</u>	<u>3.30%</u>

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**37. Leases**

(a) Future minimum lease under operating investment property lease of the Group as lessor as of December 31, 2015 and 2014 are as follows:

		Minimum lease payment	
		December 31, 2015	December 31, 2014
Not later than 1 year	₩	4,750	6,790
1 ~ 5 years		2,443	2,389
Later than 5 years		-	-
	₩	<u>7,193</u>	<u>9,179</u>

(b) Future minimum lease payments under non-cancellable operating lease of the Group as lessee as of December 31, 2015 and 2014 are as follows:

		Minimum lease payment	
		December 31, 2015	December 31, 2014
Not later than 1 year	₩	4,425	4,379
1 ~ 5 years		2,495	3,259
Later than 5 years		-	-
	₩	<u>6,920</u>	<u>7,638</u>

**38. Cash flows**

Details of significant non-cash activities for the years ended December 31, 2015 and 2014 are as follows:

		December 31, 2015	December 31, 2014
Investment property transferred from property and equipment	₩	4,011	6,043
Valuation gain on available-for-sale financial assets		2,464	1,588
Tax effect on valuation gain on available-for-sale financial assets		(596)	(384)
Change of investments in associates		4,485	1,934
Tax effect on change of investments in associates		(1,085)	(468)
Foreign currency translation differences		5,901	(17,280)
Tax effect on foreign currency translation differences		(1,281)	765

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**39. Related party transactions**

(a) Significant account balances with related companies as of December 31, 2015 and 2014 are as follows:

Related party	Accounts	December 31, 2015	December 31, 2014
Assets:			
Shinhan Financial Group Co.Ltd	Other assets(*1)	₩ 4	33,601
Shinhan Bank	Bank deposits	180,784	193,038
	Derivatives assets	9,690	4,432
	Accrued income	39	89
	Other assets(*1)	32,747	29,359
Jeju Bank	Bank deposits	105,414	35,084
	Accrued income	736	352
KoFC Shinhan Frontier	Accrued income	44	93
Corporate Governance PE 2th [Equity balanced] ,Ltd.	Accrued income	-	3
Shinhan BNPP Nice High dividend Feeder Fund [Equity]	Accrued income	-	1
Green energy Private equity Special Assets	Accrued income	1	-
SHBNPP Relative Value Security Investment Trust No.1[Bond])	Accrued income	1	-
Shinhan Praxis K-Growth Global Private Equity Fund	Accrued income	174	-
		₩ 329,634	296,052

(\*1) Include deposits for guarantees and others.

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**39. Related party transactions, Continued**

(a) Significant account balances with related companies as of December 31, 2015 and 2014 are as follows:  
Continued

Related party	Accounts	December 31, 2015	December 31, 2014
Liabilities:			
Shinhan Financial Group Co., Ltd.	Borrowings(*2)	₩ 200,000	200,000
	Accrued expenses	746	746
	Other liabilities(*3)	17,021	3,056
Shinhan Bank	Derivatives liabilities	5,177	5,880
	Borrowings(*2)	9,426	9,655
	Accrued expenses	67	39
	Other liabilities(*3)	18,463	17,722
Shinhan Card Co., Ltd.	Other liabilities(*3)	3,466	2,748
Shinhan Capital	Other liabilities(*3)	166	53
Shinhan Life Insurance Co., Ltd.	Other liabilities(*3)	250	250
Shinhan Data System	Borrowings(*2)	8,370	6,650
	Accrued expenses	269	436
	Other liabilities(*3)	-	2
Shinhan Aitas Co., Ltd	Borrowings(*2)	1,779	1,754
	Accrued expenses	3	-
	Other liabilities(*3)	-	2
Shinhan BNP Paribas Asset Management Co., Ltd.	Other liabilities(*2)	1,128	1,128
Shinhan Saving Bank	Derivatives liabilities	1,974	-
	Other liabilities(*3)	968	1,226
Shinhan Private Equity Inc.	Other liabilities(*3)	138	-
Korea investment gong-pyeong office real estate investment trust 2nd	Other liabilities(*3)	55	76
		₩ 269,466	251,421

(\*2) Include bonds sold under repurchase agreements and others.

(\*3) Include deposits for rent and others.

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**39. Related party transactions, Continued**

(b) Significant transactions with related parties for the years ended December 31, 2015 and 2014 are as follows:

Related party	Accounts	December 31, 2015	December 31, 2014
Revenue:			
Shinhan Financial Group Co., Ltd.	Commission	₩ 390	225
Shinhan Bank	Interest	2,854	1,531
	Rent	659	589
	Derivatives	6,837	8,618
	Commission	294	18
Shinhan Card Co., Ltd.	Rent	18	25
	Commission	405	158
Shinhan Life Insurance Co., Ltd.	Rent	12	14
	Commission	46	150
Shinhan Capital	Commission	-	72
Jeju Bank	Interest	1,275	369
Shinhan BNP Paribas Asset Management Co., Ltd.	Rent	1,379	1,383
	Commission	2	-
Shinhan Saving Bank	Commission	5	10
	Derivatives	26	-
Kofc Shinhan Frontier	Commission	180	190
Green energy Private equity Special Assets	Commission	3	2
Corporate Governance PE 2th [Equity balanced] ,Ltd.	Commission	6	6
Shinhan BNPP Nice High dividend Feeder Fund [Equity]	Commission	12	1
Shinhan Private Equity Inc.	Rent	141	-
SHBNPP Relative Value Security Investment Trust No.1[Bond]	Commission	6	-
Shinhan Praxis K-Growth Global Private Equity Fund	Commission	391	-
Korea investment gong-pyeong office real estate investment trust 2nd	Commission	21	21
		₩ 14,962	13,382



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**39. Related party transactions, Continued**

(b) Significant transactions with related parties for the years ended December 31, 2015 and 2014 are as follows:, Continued

Related party	Accounts	December 31, 2015	December 31, 2014
Expense:			
Shinhan Financial Group Co., Ltd.	Interest	₩ 7,950	7,950
	Commission	5,425	5,101
Shinhan Bank	Interest	1,146	1,082
	Rent	4,269	1,106
	Derivatives	8,267	10,332
	Commission	4,602	3,563
Shinhan Card Co., Ltd.	Interest	18	25
	Rent	-	-
	Commission	340	280
Shinhan Life Insurance	Interest	4	6
	Rent	-	8
	Commission	161	181
Jeju Bank	Commission	19	12
Shinhan Credit Information Co., Ltd.	Commission	-	66
Shinhan Data System	Interest	84	120
	Commission	4,354	4,057
Shinhan Private Equity Inc.	Interest	2	-
Shinhan Aitas Co., Ltd.	Interest	25	36
	Commission	6	8
Shinhan BNP Paribas Asset Management Co., Ltd.	Interest	22	30
	Rent	-	1,334
	Commission	1	-
		₩ 36,695	35,297

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**39. Related party transactions, Continued**

(c) Key management personnel compensation for the years ended December 31, 2015 and 2014 are as follows:

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Salaries and wages	₩ 9,144	7,539
Share-based payments	3,320	667
	<u>₩ 12,464</u>	<u>8,206</u>

**40. Regulatory reserve for loan loss**

In accordance with Regulations for Investment 3-8, if the amount of allowance for credit losses by K-IFRS is smaller than that by Regulations for Investment 3-8, the Group reserves the difference between the allowance for credit losses by K-IFRS and Regulations and discloses the reserve.

(a) Regulatory reserve for loan losses as of December 31, 2015 and 2014 are as follows:

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Regulatory reserve for loan loss	₩ 14,050	5,506
Accumulated		
To be scheduled	(9,516)	8,544
	<u>₩ 4,534</u>	<u>14,050</u>

(b) Provision for regulatory reserve for loan loss and income adjusted for regulatory reserve.

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Income for the year	₩ 215,454	118,235
Provision for regulatory reserve for loan loss	9,516	(8,544)
	<u>₩ 224,970</u>	<u>109,691</u>

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**41. Interests in unconsolidated structured entities**

(a) The nature and extent of interests in unconsolidated structured entities

The natures, purposes and activities of the unconsolidated structured entities which the Group had interest in as of December 31, 2015 and 2014, and how these structured entities are financed are summarized as follows:

	Description
Assets-backed securitization	Securitization vehicles are established to buy the assets from the originators and issue the asset-backed securities in order to facilitate the originators' funding activities and enhance their financial soundness. The Group is involved in the securitization vehicles by purchasing the asset-backed securities issued, or providing credit enhancement.
Project financing	Structured entities for project financing are established to raise funds and invest in a specific project such as M&A (Mergers and Acquisitions), BTL (Build-Transfer-Lease), shipping finance, etc. The Group is involved in the structured entities by originating loans, investing in equity, or providing credit enhancement
Investment fund	Investment fund is a type of financial instrument where investment funds raise funds from the general public to invest in a group of assets such as stocks or bonds and distribute their income and capital gains to their investors. The Group is involved in investment fund by investing in various investment funds.

Details of unconsolidated structured entities as of December 31, 2015 and 2014 are as follows:

	December 31, 2015			
	Asset-backed securitization	Project financing	Investment fund	Total
Total Assets	₩ 190,496	415,628	2,145,860	2,751,984

  

	December 31, 2014			
	Asset-backed securitization	Project financing	Investment fund	Total
Total Assets	₩ -	197,651	1,204,938	1,402,589

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**41. Interests in unconsolidated structured entities, Continued**

(b) Total assets of the unconsolidated structured entities, carrying value of assets and liabilities and maximum exposure to loss related to the Group's interests in unconsolidated structured entities as of December 31, 2015 and 2014 are as follows:

	December 31, 2015			
	Asset-backed securitization	Project financing	Investment fund	Total
Total assets of the unconsolidated structured entities				
Loans	₩ 26,851	87,058	32,888	146,797
Available-for-sale financial assets	-	5,457	175,815	181,272
Other assets	127	99	208	434
	₩ <u>26,978</u>	<u>92,614</u>	<u>208,911</u>	<u>328,503</u>
Total liabilities of the unconsolidated structured entities				
Other liabilities	₩ 134	214	322	670
Maximum exposure to loss				
Investments	₩ 26,978	92,614	208,911	328,503
Purchase commitments	30,000	90,000	-	120,000
Guarantee	65,000	17,000	-	82,000
	₩ <u>121,978</u>	<u>199,614</u>	<u>208,911</u>	<u>530,503</u>

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**41. Interests in unconsolidated structured entities, Continued**

(b) Total assets of the unconsolidated structured entities, carrying value of assets and liabilities and maximum exposure to loss related to the Group's interests in unconsolidated structured entities as of December 31, 2015 and 2014 are as follows:, Continued

	December 31, 2014			
	Asset-backed securitization	Project financing	Investment fund	Total
Total assets of the unconsolidated structured entities				
Loans	₩ -	-	80,033	80,033
Available-for-sale financial assets	-	9,109	82,089	91,198
Other assets	-	-	10	10
	₩ -	9,109	162,132	171,241
Total liabilities of the unconsolidated structured entities				
Other liabilities	₩ -	-	658	658
Maximum exposure to loss				
Investments	₩ -	9,109	162,132	171,241
Purchase commitments	-	137,000	-	137,000
	₩ -	146,109	162,132	308,241