

Korea Securities Finance Corporation
Annual Report 2015

**A reliable win-win growth partner
of the capital market**

Momentum



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**Our company is built upon 60 years of trust.
Since our establishment in 1955,
KSFC has grown alongside the Korean capital market.
As a partner for growth, we will continue to build trust
through our passion and dedication.
Now, we are looking toward the next 100 years,
during which we will continue to build
trust and partner for growth.
Through a shared vision,
we will provide support as a reliable win-win growth partner
of the capital market.**



Message from the CEO

We will put our shareholders and customers at the center of our business by achieving the management objective of “promoting mutual growth with the capital market by focusing on the securities financing function.”

Dear respected shareholders,

I would like to express my deepest gratitude to you for the generous support and interest you showed in 2015 for the development of Korea Securities Finance Corporation (KSFC).

Last year was a challenging year for the Korean financial investment industry. The US Federal Reserve’s implementation of an interest rate hike, low oil prices, and increased volatility in the Chinese stock market added to the confusion in the global financial market, and the prolonged low-growth, low-interest rate trend led to an extended period of economic recession in Korea.

Despite these challenges in the business environment at home and abroad, KSFC wasted no time responding to market change under the slogan of “mutual growth with the capital market” and thereby recorded 61.8 trillion won in total assets (including trust accounts) and 125.2 billion won in net income in FY2015. Our total assets and net income increased by 16.1% and 0.9% (annualized rate), respectively, year-over-year.

Allow me to highlight some of KSFC’s achievements in FY2015 by business unit. In deposits, total deposits grew by 20.4% year-over-year to 32.7 trillion won. This was achieved by expanding our deposit base through our customer diversification efforts and launch of new deposits products including our pension fund deposits.

In loans, we saw our loans to institutions and loans to retail/corporate customers increase by 39.7% and 23.3% to 8.7 trillion won and 4.1 trillion won, respectively, which was the result of stronger cooperation between KSFC and the financial investment business sector and active sales activities conducted to overcome reduced profitability.

Moving on to our fee-earning assets, which are deemed to comprise KSFC’s medium- to long-term growth engine, total fee-earning assets grew by 21.5% year-over-year to 163.6 trillion won thanks to the expansion of our market infrastructure support businesses including bond administration and repo intermediation as well as the continued growth of our assets under custody. With this, we were able to bolster our position in the market as a leading custodian.

We will secure a future growth engine while adapting to the paradigm shift of the financial industry. We will establish a virtuous cycle for the mutual growth with the capital market. We will do our best to improve our fundamentals so that we can achieve sustained growth.

Even though the overall market remained depressed in FY2015, we were able to perform our mandate of supporting the capital market with great success while achieving good results, which was possible due to our unwavering effort in income diversification and our pursuit of mutual growth with the financial investment business sector.

This year, I will make sure that the entire staff of KSFC continues to exert itself to allow our company to evolve into a more trustworthy company for the market and our customers.

To this end, we have set our management objective for FY2016. Allow me to elaborate on this.

Respected shareholders,

This year, our economy will face numerous potential risks such as the weakening of the capital market's vigor caused by persistently low interest rates and increased worries over an economic recession prompted by the restructuring of zombie companies. Meanwhile, the global financial market will see increased volatility this year due to a possible hard landing of the Chinese economy and uncertainties related to the US Fed's monetary policies.

Even amid such an unfavorable business environment, we at KSFC will actively carry out the following core tasks for the accomplishment of our management objective of "strengthening our core competencies for the mutual growth with the capital market."

First of all, we will secure a future growth engine while adapting to the paradigm shift of the financial industry.

The advent of new financial systems represented by fintech will accelerate change in regulations and the financial environment and require financial institutions to enhance their creativity in their provision of financial services for survival.

Therefore, KSFC will continue to make endeavors to lead change within the capital market by promoting creativity and innovation during times of financial upheaval while faithfully performing its role of supporting the stable development of the capital market.

KSFC's continued development has been possible thanks to the endless support and interest of our shareholders. We at KSFC promise you that our customers and shareholders will continue to be our utmost priority in the management of our company.

Secondly, we will establish a virtuous cycle for the mutual growth with the capital market.

I believe our active communication with the market has formed the foundation for the market's trust in KSFC. Since the level of uncertainty increased this year, we will preemptively respond to changes in the financial environment by listening carefully to the opinions of the market and increase our support for the overall capital market including investors and securities firms, thereby creating the bedrock for mutual growth.

We will strive to establish a virtuous cycle of KSFC development and capital market expansion by assisting the creation of the market's medium- to long-term foundation for growth.

Thirdly, we will do our best to improve our fundamentals so that we can achieve sustained growth.

The reason KSFC was able to act as a strong safety net even amid the capital market's great wave of change is that we have upheld a management strategy that focuses on our fundamentals.

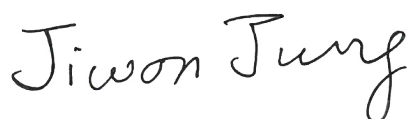
We will continue to improve the quality of our assets by strengthening our risk management, enhance business efficiency and strengthen customer relations by upgrading and advancing our overall internal processes, and ultimately construct a stable management basis built on market trust.

Respected shareholders,

KSFC's continued development has been possible thanks to the endless support and interest of our shareholders. We at KSFC promise you that our customers and shareholders will continue to be our utmost priority in the management of our company.

Thank you for your unwavering interest and support.

**Jiwon Jung
President & CEO**



01 History



Rich Experience and Insight

Based on our long history of 60 years, KSFC continues to grow as it settles into its industry-leading position. Leveraging our capability to expand with the Korean capital market, we will discover opportunities for new growth through our insights on industrial trends and potential gaps. Our 60-year long history of trust will upgrade into a 100-year long partnership.

02 Financial Infrastructure



Safety Net of the Capital Market

KSFC is at the forefront in supplying liquidity to the securities market and protecting investors, as we were established with the purpose of delivering 'sound growth for the capital market.'

By providing funds and securities for securities companies and investors, we contribute to the increase in demand for securities and the creation of a sound investment culture.

We also protect investors and support the stable growth of the capital market by safely managing investor's deposits.

03 Financial Soundness



A Reliable Partner for Growth

KSFC is a reliable partner as evidenced by our excellent financial soundness.

As an industry-leading financial institution with a domestic credit rating of AAA(outlook/stable), we maintain the highest level of financial soundness, with a BIS ratio that exceeds the recommendation of the Financial Supervisory Service.

We also obtained a Aa2 international credit rating from Moody's
A Aa2 is the highest rating among Korean financial institutions
and underscores our credibility in the capital market.

04 Win-Win Partnership



Collaborating for Shared Growth

KSFC is dedicated to promoting win-win partnerships not only with the securities industry, but also with investors. We pursue sound and solid partnerships for shared growth as we strive to revitalize the capital market based on our global leadership. We also actively communicate with market participants to help them maximize their capabilities.

05 Corporate Social Responsibility



Happiness through Care and Sharing

We strive to share our success with the local communities as a responsible corporate citizen. Under our goal of 'Sharing Hope, Sharing Love, Sharing Happiness,' we continue to endeavor to create a better world by giving back to society what we have received from our customers.

The KSFC Foundation is the heart and soul of our vision to create a welcoming and prosperous community where everyone has the opportunity to live a better life.

Vision

We are realizing our dream with our differentiated capabilities and laser-focused strategy. With passionate minds and continued efforts, we will become a reliable win-win growth partner of the capital market.

KSFC's Vision

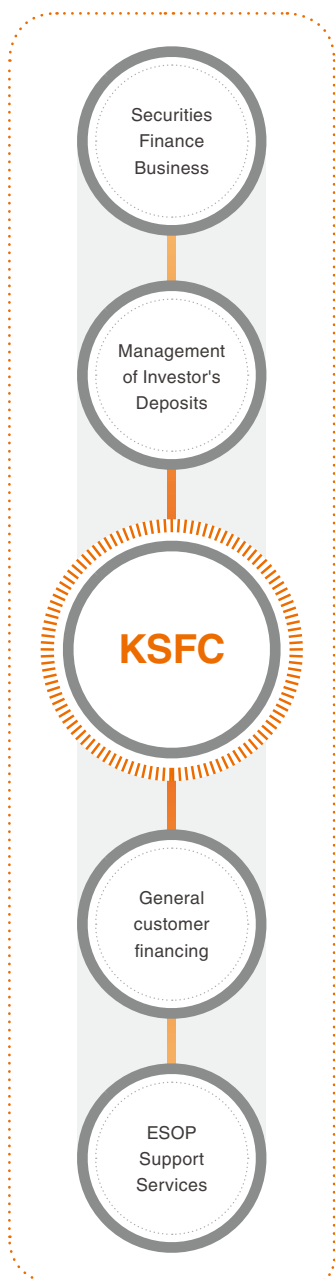
We will grow together with the capital market. By becoming a win-win growth partner for the investor and market development, we will pave the way for the next 100 years together with our customers.

Mission

We pursue mutual growth with market participants by supporting the capital market and protecting investors



Functions and Roles



Korea Securities Finance Corporation (KSFC) was established in 1955 to supply liquidity and perform specialized tasks required by the securities market, contributing to the development of the domestic capital market.

PROVIDING SECURITIES-BASED LIQUIDITY

We supply funds and securities to financial investment firms and retail investors

KSFC provides financial investment firms, financial investment services-related organization and collective investment companies with liquidity by supplying funds and securities. We also contribute to the expansion of the securities market and improve the usefulness of securities owned by retail investors by offering individuals and corporations a variety of financial services that use securities as collateral.

ACTING AS A FINANCIAL SAFETY NET OF THE CAPITAL MARKET

We safely store and manage investors' assets

KSFC supports the stable development of the Korean capital market by protecting investors and safeguarding their assets. We hold investor's deposits of investment brokers and dealers in separate accounts.

MANAGING FUNDS RELATED TO THE SECURITIES MARKET

We manage deposits from financial investment firms, corporations and private investors

KSFC manages not only the idle funds of financial investment firms and companies, subscription guarantee money, CMA funds and securities subscription deposits but also national treasury funds and public money management funds. Through this, we stimulate the bond market and efficiently invest these funds in the short-term money market. As such, we offer investors a safe and profitable vehicle to manage funds and help financial investment firms manage short-term liquidity.

BUILDING THE INFRASTRUCTURE OF THE CAPITAL MARKET

We offer SBL and inter-dealer RP intermediary services, as well as custodian services for collective investment assets

KSFC enhances the usefulness of securities through securities borrowing and lending (SBL) intermediary services, and contributes to the stabilization of a short-term financial market through institutional RP brokerage. In addition, we provide top-class custodian services through the diversification of assets held in trust and by handling ancillary services that better meet customer needs.

SUPPORTING ESOPS

We provide depository, custody and financial services related to ESOP shares as an exclusive ESOP management institution

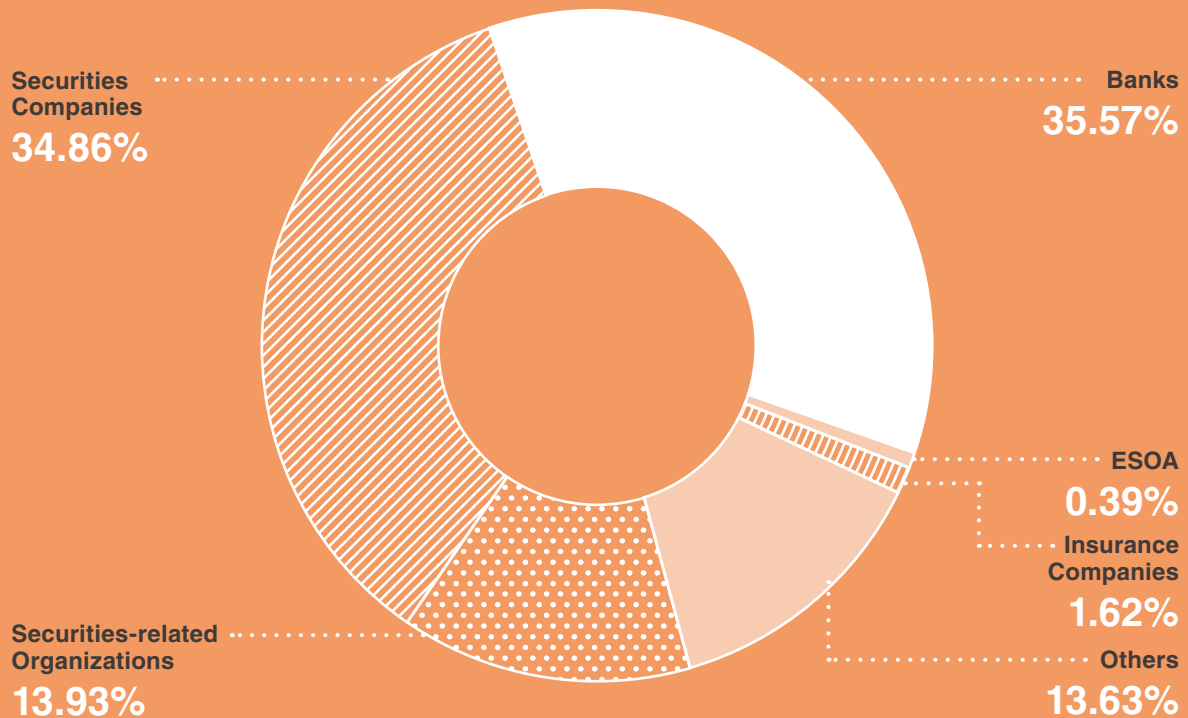
An Employee Stock Ownership Plan (ESOP) is an employee benefit scheme that promotes workers' welfare by encouraging them to purchase and hold stocks of their employer companies. We have established and now operate an ESOP support center that provides consulting and education on the creation and management of Employee Stock Ownership Associations (ESOAs). We also offer depository and custody services for ESOP shares as well as related comprehensive financial services.

01

Company Overview

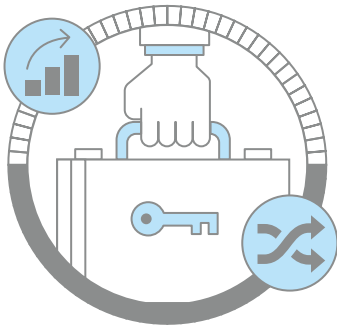
OWNERSHIP STRUCTURE

(December 31, 2015)



Company Profile

As the only securities finance company in Korea, KSFC is devoted to performing the diverse roles and functions needed for the development of the capital market and the national economy.



PLAYING A KEY ROLE FOR THE DEVELOPMENT OF THE CAPITAL MARKET

As Korea’s only institution designated to handle securities financing, KSFC focuses on supplying funds and securities to the market and securities firms and protecting investors through the disciplined management of investor’s deposits. We also assist in the establishment and development of employee stock ownership plans (ESOPs) and provide general financing services such as securities-backed loans. Our business portfolio has been expanded to include SBL intermediary, RP intermediary, corporate bond administration, and IDB, contributing to the creation of a solid foundation for the growth of the capital market.

AN EXCELLENT FINANCIAL INSTITUTION WITH A AA3 INTERNATIONAL CREDIT RATING

KSFC, whose first priority is financial soundness, is an excellent financial institution with a Aa3 international credit ratings, as well as AAA domestic credit ratings with a stable outlook that manages more than KRW 40 trillion using its advanced management techniques.

A FINANCIAL INSTITUTION THAT PURSUES ETHICS-BASED MANAGEMENT

Based on the KSFC Code of Ethics, we acknowledge our economic, legal, and ethical responsibilities as our primary duties. We adopt and apply the standards of transparency, rationality, and legitimacy in ethical decision making while leading the CSR movement by participating in various volunteer activities through our One Heart Volunteer Group under the slogan of “Sharing Love for Greater Happiness.”

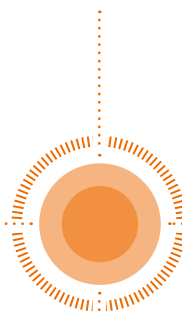
PROGRAMS FOR ETHICAL MANAGEMENT PRACTICE

Ethical Management Committee

We operate a committee that superintends ethical management and make ethical decisions in order to strengthen the recognition on ethics and encourage employees to practice ethical management.

Self-Assessment of Adherence to Ethics/Compliance

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



Setting up the Code of Conduct

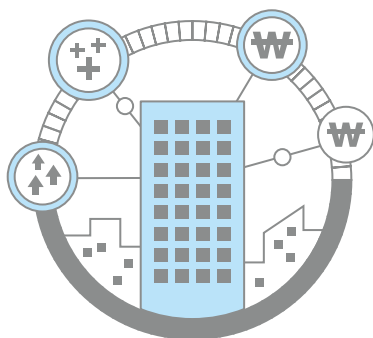
A detailed code of business conduct to achieve ethical management is set up and practiced by employees in an effort to establish a sound corporate culture.

Frequent Ethics/Compliance Education

Various ethics/compliance education sessions are conducted to improve ethical behavior and practice, which contributes to enhancing corporate competitiveness.

Scope of Business and Services

We strive to develop and grow financial investment firms and the financial market and offer efficient services to securities investors.



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

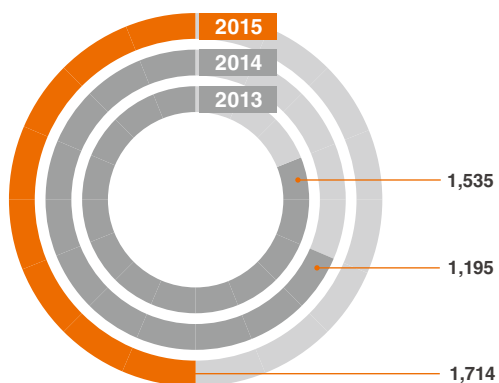
Type of Services	For Financial Investment Firms and Capital Market	For Private Investors and Corporations
Loans	<ul style="list-style-type: none"> • Securities Underwriting Loans • Margin Financing Loans • Stock Purchasing Loans • Working Capital Loans • Bond Dealer Loans • Loans to Finance Securities-Backed Loans • Short-Term Note Trading at a Discount • Bond Purchase under RP 	<ul style="list-style-type: none"> • Securities-Backed Loans • Short-Term Note Trading at a Discount • Deposit-Backed Loans
Deposits	<ul style="list-style-type: none"> • Subscription Guarantee Money Deposits • Financial Investment Institutions' Deposits • Stock Market Stabilization Fund Deposits • Sales of Notes Issued • National Treasury and Public Fund Deposits • SPAC Deposits 	<ul style="list-style-type: none"> • Securities Subscription Deposits • Corporate Deposits • Sales of Notes Issued • Bond Sale under RP • Private pension fund investment pool
Management of Investors' Deposits	<ul style="list-style-type: none"> • Investor's Deposits in Deposit Accounts • Investor's Deposits in Trust Accounts 	
Trustee and Custody	<ul style="list-style-type: none"> • Trustee and Custody Services • Management of Entrusted Assets • General Administration Management • Corporate Bond Administration 	
ESOP Support	<ul style="list-style-type: none"> • ESOP Stock Management • ESOP Stock-secured Loans • ESOP Stock lending • ESOP Support Services 	<ul style="list-style-type: none"> • ESOP Support Services • ESOP Stock-secured Loans
Securities Intermediation	<ul style="list-style-type: none"> • Securities Borrowing & Lending (SBL) Intermediation • RP Intermediation • Brokerage for Issuing Electronic Short-term Corporate Bonds 	<ul style="list-style-type: none"> • Securities Borrowing & Lending (SBL) Intermediation

Financial Highlights

KSFC INCOME

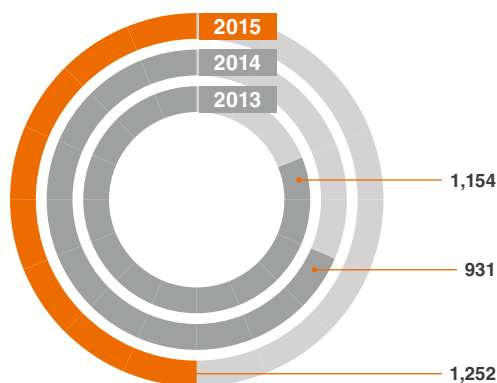
Operating Income

(unit : KRW 100 million)



Net Income

(unit : KRW 100 million)



※ Operating income and net income decreased due to the decreased number of operating months from 12 to 9 led by a change in the fiscal year.

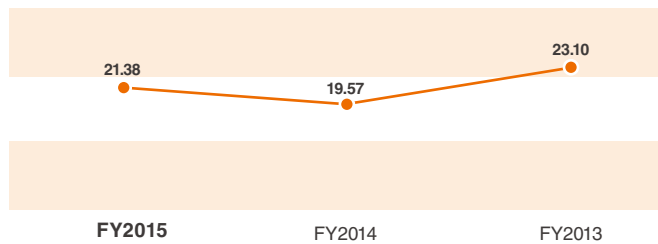
ASSETS

(unit : 100 million KRW)

Division	FY2015	FY2014	FY2013
Total Assets	406,137	362,150	282,406
Total Equity	17,006	16,005	14,517
Total Liabilities	389,131	346,145	267,889

BIS RATIO

(unit : %)



CREDIT RATING

Domestic

(NICE Investors Services Co. / Korea Ratings / Korea Investors Service)

Long-Term Issuer Rating

AAA

Short-Term Issuer Rating

AAA

Outlook

Stable

International

(Moody's)

Long-Term Issuer Rating

Aa2

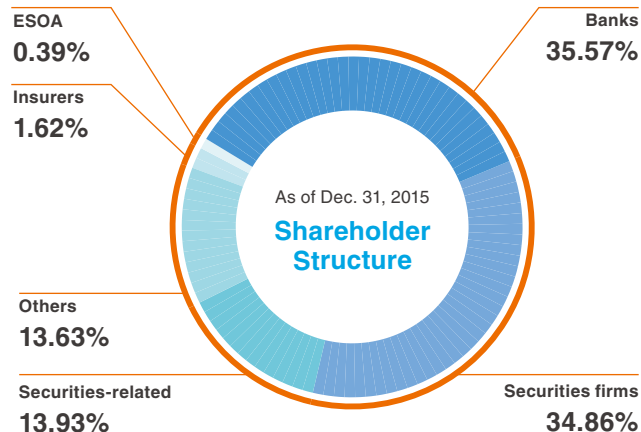
Short-Term Issuer Rating

P-1

Outlook

Stable

SHAREHOLDER STATUS

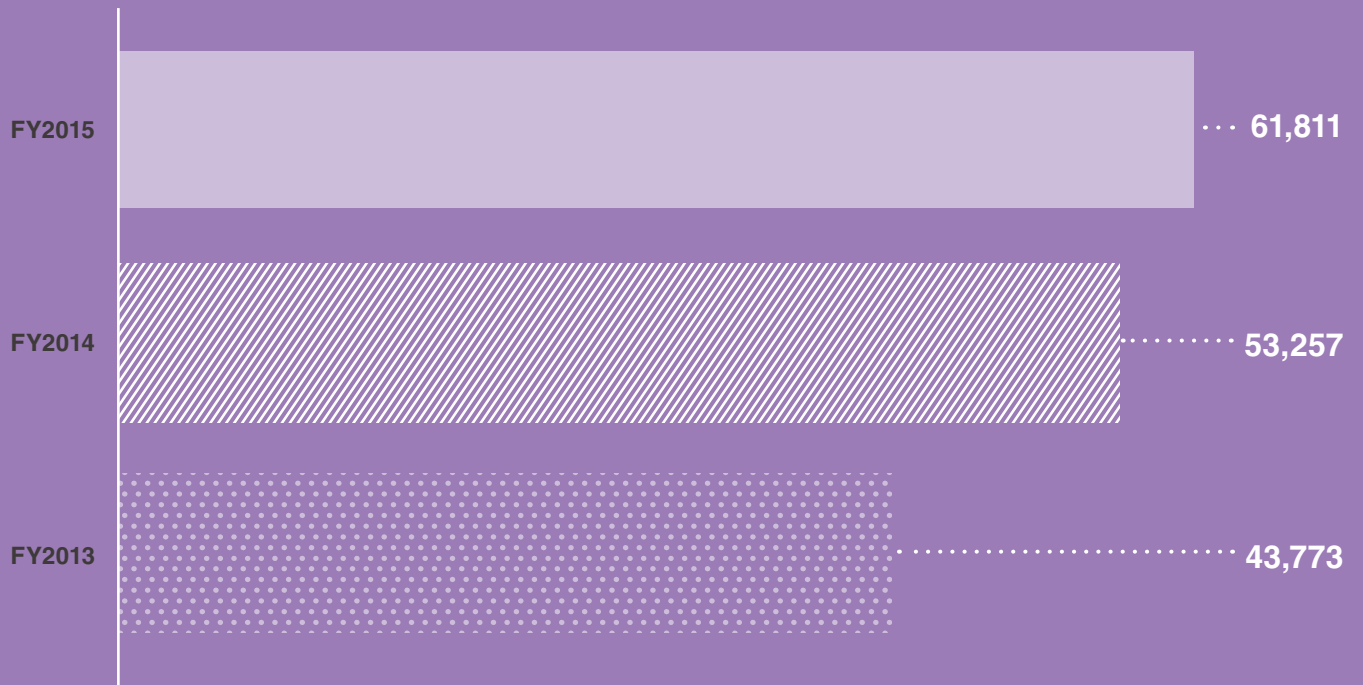


02

Business Review

TOTAL ASSETS

(KRW in billions, including trust accounts)



Summary

January 1, 2015 ~ December 31, 2015

In FY2015, we stayed true to our role as a securities finance company as we continued to diversify and stabilize our earning structure to achieve favorable results, and increase our support for the financial investment industry.

FINANCIAL POSITION

In FY2015, the average balance of total KSFC assets increased by 15.3% year-on-year to KRW 43.74 trillion. Cash and bank deposits, securities, and loans and receivables all increased over the same period. Cash and bank deposits grew by 15.9% to KRW 14.40 trillion, securities by 8.6% to KRW 13.95 trillion, and loans and receivables by 21.6% to KRW 15.32 trillion.

Total liabilities in FY2015 stood at KRW 42.18 trillion, a 15.5% increase from the previous year. Deposit liabilities rose by 17.7% to 35.91 trillion won while borrowings fell by 10.2% to KRW 3.66 trillion.

Total shareholders' equity grew by 11.7% to KRW 1.56 trillion, of which KRW 340 billion is made up of paid-in capital.

OPERATING PERFORMANCE

In FY2015, operating revenue and operating expense each increased over the previous year due to the increased number of operating days. (There were only 9 operating months in FY2014 due to the change in fiscal year.)

Operating revenue stood at KRW 1.11 trillion, a 26.8% increase year-on-year. More specifically, interest income grew by 19.1% to KRW 749.9 billion, gain on valuation and disposal of financial investment products by 12.6% to KRW 158.3 billion, fee income by 98.1% to KRW 117.8 billion, investment return from trust accounts by 63.1% to KRW 19.2 billion, and dividend income by 53.8% to KRW 47.6 billion.

Operating expense amounted to KRW 942.9 billion, which is a 24.2% increase from the previous year. Of total operating expense, interest expense rose by 12.5% to KRW 718.2 billion, loss on valuation and disposal of financial investment products by 240.2% to KRW 35.5 billion, fee expense by 105.7% to KRW 95.3 billion, and management expense by 37.2% to KRW 76.9 billion.

As a result, we recorded KRW 171.4 billion in operating income, a year-on-year increase of 43.4%, and KRW 125.2 billion in net income, a year-on-year increase of 34.4%.

ASSESSMENT

Due to the prolonged low-growth, low-interest rate trend, the asset management environment became more unfavorable with growing uncertainties in the stock market. Against this backdrop, we continued our earning structure stabilizing efforts by increasing our loans and fee-earning assets.

As a result, our operating volume (which includes our trust accounts and fee-earning assets) grew by 30.0% from the previous year to KRW 231.0 trillion. Net income was KRW 125.2 billion, a 0.9% (KRW +1.1 billion) increase over the year.

In terms of loans, loans to institutions and loans to retail and corporate customers all grew year-on-year by 39.7% and 23.3% to KRW 8.7 trillion and KRW 4.1 trillion, respectively, owing to the active sales activities carries out to overcome the weakened profitability and to strengthen our cooperation with the financial investment industry.

Moreover, total fee-earning assets, which are deemed to be our medium- to long-term growth engine, rose by 21.5% from the previous year to KRW 163.6 trillion thanks to the expansion of the bond administration, RP brokerage and other infrastructure support businesses together with the continued growth in assets under custody. By achieving excellence in our fee-based business units, we continue to secure a foothold to strengthen our leading position in the custody market.



Funding

KSFC's main sources of funding are various deposits, bonds sold through RPs, borrowings from financial institutions, corporate bond issues, and equity capital. In FY2015, we raised KRW 43.74 trillion on an average balance basis, which is a 15.3% increase over the year.

KSFC's main sources of funding are various deposits, bonds sold through RPs, borrowings from financial institutions, corporate bond issues, and equity capital. In FY2015, we raised KRW 43.74 trillion on an average balance basis, which is a 15.3% increase over the year.

The biggest funding sources are deposits from financial investment firms with 47.4%, investor's deposits with 15.3%, notes issued with 10.5% and bonds sold through RPs with 6.3% in descending order. The portion of deposits from financial investment firms increased compared to the previous year while the proportions of investor's deposits, notes issued and bonds sold through RPs decreased.

DEPOSIT LIABILITIES

In FY2015, KSFC's average balance of deposit liabilities, which include various deposits and notes issued, increased by 17.7% to KRW 35.91 trillion, accounting for 82.1% of total funds raised compared to 80.5% in the previous year.

Investor's Deposits

Funds that investors entrust to financial investment firms for the purpose of trading stocks and derivatives must be re-deposited with KSFC in accordance with relevant laws. The average balance of investor's deposits in FY2015 increased by 5.7% year-on-year to KRW 6.70 trillion, accounting for 15.3% of total funds raised (16.7% in FY2014).

- Deposits for securities spot trading are funds that investors entrust to financial investment firms for trading securities. The average balance of these deposits was KRW 8.6 billion.
- The average balance of deposits for derivatives trading, which are deposits that investors entrust to financial investment firms for trading stock index futures and options, was KRW 2.75 trillion.
- KSFC also receives investor's deposits from derivatives-specializing institutions, which exclusively handle on-exchange derivatives trading. The average balance of deposits from derivatives-specializing institutions was KRW 958.9 billion.
- The average balance of deposits for collective investment securities trading, which are deposits that investors entrust to financial investment firms for trading collective investment securities, was KRW 2.70 trillion.
- The average balance of deposits in foreign currencies, which are foreign currency deposits that investors entrust to financial investment firms for financial trading, was KRW 291.0 billion.

Deposits for Gold Spot Trading

Deposits for gold spot trading are deposits that investors make with financial investment companies to participate in gold spot trading. The average balance of these deposits was KRW 7.7 billion in FY2015.

FY2015 BREAKDOWN OF SOURCES OF FUNDING

(Unit: Million won, %, based on average balance)

Sources of Funds	FY2015		FY2014		FY2013	
	Amount	%	Amount	%	Amount	%
Deposit Liabilities	35,911,030	82.1	30,512,130	80.5	25,605,842	76.7
Investors' Deposits ¹⁾	6,704,494	15.3	6,343,170	16.7	5,771,938	17.3
Deposits for Gold Spot Trading	7,731	0.0	3,323	0.0	19	0.0
Subscription Margin Deposits	1,339,230	3.1	1,414,721	3.7	596,603	1.8
Stock Market Stabilization Fund Deposits	15,026	0.0	24,425	0.0	29,242	0.0
Deposits from Financial Investment Institutions	20,741,172	47.4	16,578,905	43.7	15,065,983	45.1
Deposits from Corporate Customers	1,809,065	4.1	1,359,525	3.6	1,081,445	3.2
IPO Stock Subscription Deposits and Others	1,348	0.0	1,444	0.0	132	0.0
Deposits from Retail Customers	114,617	0.3	135,322	0.4	102,695	0.3
ESOP Deposits	3,945	0.0	3,515	0.0	5,671	0.0
Pension Fund Deposits	192,130	0.4	-	-	-	-
Guarantee Money Deposits	66	0.0	65	0.0	64	0.0
SPAC Deposits	384,179	0.9	73,489	0.2	35,542	0.1
Notes Issued	4,595,583	10.5	4,571,834	12.1	2,914,117	8.7
Special Deposits	2,444	0.0	2,392	0.0	2,391	0.0
Borrowings	3,662,942	8.4	4,077,454	10.7	4,239,725	12.7
Call Money	34,034	0.1	593,375	1.6	816,913	2.4
Bonds Sold through RPs	2,761,127	6.3	2,551,934	6.7	2,572,017	7.7
Borrowings ²⁾	867,781	2.0	932,145	2.5	850,794	2.6
Corporate Bonds	1,058,230	2.4	877,584	2.3	504,348	1.5
Other Liabilities	1,544,929	3.5	1,062,781	2.8	1,696,271	5.1
Cash Collateral ³⁾	953,767	2.2	713,775	1.9	1,393,386	4.2
Borrowings from Trust Accounts	493,653	1.2	273,860	0.7	195,790	0.6
Deferred Tax and Others	97,509	0.2	75,147	0.2	107,095	0.3
Shareholder's Equity	1,564,640	3.6	1,400,370	3.7	1,346,937	4.0
Total	43,741,771	100.0	37,930,320	100.0	33,393,123	100.0

1. Sum of deposits for securities spot trading, derivatives trading (including those from derivatives-specializing institutions), collective investment securities trading, foreign currency derivatives trading, foreign currency securities trading, and foreign currency collective investment securities trading

2. Sum of borrowings from banks and commercial papers

3. Sum of cash collateral for stock loans, SBL intermediation, and other transactions



Subscription Margin Deposits

Subscription margin deposits are the margins financial investment firms collect from investors who wish to participate in IPOs or rights issues. In FY2015, the average balance of such deposits fell by 5.3% to KRW 1.34 trillion, accounting for 3.1% of total funds raised (3.7% in FY2014).

- The way these funds are managed is that they are used to buy discounted bills issued by the financial investment firms that have made these deposits up to the amount equal to their deposit balances.

Deposits from Financial Investment Institutions

In FY2015, the average balance of deposits from financial investment institutions increased to KRW 20.74 trillion, taking up 47.4% of total funds raised.

- This increase was due to the on-going low interest rate trend, which caused market liquidity to increase and financial investment firms' CMA funds and surplus cash to flow into KSFC.

Deposits from Corporate Customer

Deposits from corporate customers are the surplus money of corporations, public institutions and organizations that KSFC receives. In FY2015, the average balance of such deposits stood at KRW 1.81 trillion.

- We were able to sustain such growth owing to the abundance in market liquidity and our efforts to attract high-net-worth corporate customers.

Pension Fund Deposits

Launched on June 1, 2015, pension fund deposits are the funds that KSFC receives from private pension funds such as mutual aid associations, public interest corporations, private schools and corporate labor welfare funds. The average balance of these funds stood at KRW 192.1 billion in FY 2015.

Special Purpose Acquisition Company Deposits

KSFC also receives deposits from special purpose acquisition companies (SPACs), which gather investors and issue shares for the sole purpose of merging with another corporation in accordance with the Enforcement Decree of the Capital Markets Act. The average balance of SPAC deposits was KRW 348.2 billion won and accounted for 0.9% of total funds raised.

Notes Issued

Funds are also raised by issuing notes. The average balance of notes issued rose by 0.5% over the year to KRW 4.60 trillion. These funds are mostly made up of the treasury and public funds of the government and trust funds of financial investment firms. Government funds are managed using RPs, MMFs, bank deposits and call loans based on the agreements signed by KSFC and the government.

BORROWINGS

KSFC borrows money using bonds sold through RPs, borrowings from banks, commercial papers, and call money. In FY2015, the average balance of borrowings fell by 10.2% to KRW 3.66 trillion, taking up 8.4% of total funds raised.

Call Money

Call money is a primary source of short-term borrowings. In FY2015, the average balance of call money dropped by 94.3% to KRW 34.0 billion, accounting for 0.1% of total funds raised (1.6% in FY2014).

Bonds Sold through RPs

Another method that we use to raise money is to sell bonds that we hold to companies or individuals under the condition that we buy them back at a later date. The average balance of bonds sold through RPs was KRW 2.76 trillion in FY2015 and represented 6.3% of total funds raised in the same year.

- Bonds sold through RPs have become a primary source of funding since 2003 when the inter-dealer RP business was launched.

Borrowings

The FY2015 average balance of borrowings from financial institutions grew by 9.6% to KRW 867.8 billion, accounting for 2.0% of total funds raised (2.5% in FY2014).

CORPORATE BONDS

The average balance of corporate bonds issued increased by 20.6% to KRW 1.06 trillion won, representing 2.4% of total funds raised (2.3% in FY2014).

OTHER LIABILITIES

Other liabilities are composed of cash collateral and borrowings from trust accounts. The average balance of other liabilities grew by 45.5% to KRW 1.54 trillion won, constituting 3.5% of total funds raised (2.8% in FY2014).

Cash Collateral

KSFC recorded a KRW 953.8 billion in cash collateral with KRW 860.1 billion in cash collateral for SBL intermediation, KRW 18.0 billion in cash collateral for stock loans, and KRW 75.7 billion in other cash collateral. Total cash collateral fell by 33.6% from the previous year and accounted for 2.2% of total funds raised (1.9% in FY2014).

Borrowings from Trust Accounts

Borrowings from trust accounts are the uninvested amounts of the money collective investment schemes entrusted to KSFC for the safekeeping and management of fund assets based on each trust contract. The average balance of these borrowings grew by 80.3% to KRW 493.7 billion, accounting for 1.1% of total funds raised (0.7% in FY2014).

SHAREHOLDERS' EQUITY

In FY2015, the average balance of shareholders' equity increased by 4.0% to KRW 1.56 trillion, representing 3.6% of total capital raised (3.7% in FY2014).

Paid-In Capital and Capital Surplus

Paid-in capital and capital surplus were KRW 340.0 billion and KRW 21.8 billion, respectively, the same as the previous year.

Retained Earnings

Retained earnings increased by 7.5% year-on-year to KRW 1.05 trillion.

Fund Management

To manage our funds, we keep them in the form of cash or bank deposits, use them to buy securities, discounted notes, or bonds through RPs, or offer them to our customers through our various loan products.

To manage our funds, we keep them in the form of cash or bank deposits, use them to buy securities, discounted notes, or bonds through RPs, or offer them to our customers through our various loan products.

Of total funds managed, won-denominated bank deposits made up 32.3%, loans 23.5%, trading securities 17.9%, available-for-sale securities 14.0%, bonds purchased through RPs 6.4%, and discounted notes 5.1%, in descending order. Compared to the previous year, bank deposits and loans increased while securities investments decreased.

CASH AND BANK DEPOSITS

We hold a large portion of our funds in cash and bank deposits for stable and efficient liquidity management as short-term funds account for a significant percentage of total funds raised.

In FY2015, the average balance of cash and bank deposits rose by 15.9% to KRW 14.40 trillion, accounting for 32.9% of total funds managed (32.8% in FY2014).

Bank Deposits in Won

The average balance of bank deposits in won grew by 16.0% over the year to KRW 14.11 trillion, taking up 32.3% of total funds managed (32.1% in FY2014).

Bank Deposits in Foreign Currencies

Bank deposits in foreign currencies increased by 13.6% year-over-year to KRW 291.0 billion, representing 1.7% of total funds managed (0.7% in FY2014).

SECURITIES

In FY2015, we increased our investments in securities to enhance our profitability and to respond to the heightened competition in the securities-backed loan market. As a result, the average balance of securities rose by 8.6% to KRW 13.95 trillion from the previous year, accounting for 31.9% of total funds managed (33.9% in FY2014).

By asset class, stocks (including equity investments) and beneficiary certificates increased by 14.1% and 21.5% over the year to KRW 567.6 billion and KRW 7.81 trillion while bonds and other securities (derivatives, etc.) shrunk by 2.6% and 42.6% to KRW 5.30 trillion and KRW 266.9 billion, respectively.

Trading Securities

Trading securities are purchased to generate short-term trading profits. The average balance of trading securities increased by 17.7% to KRW 7.85 trillion, constituting 17.9% of total funds managed (17.6% in FY2014).

Available-For-Sale Securities

Available-for-sale securities are purchased to produce long-term trading profits. KSFC recorded KRW 6.14 trillion for the balance of available-for-sale securities in FY2015, which is a 1.0% decrease from the previous year. This accounted for 14.0% of total funds raised (16.3% in FY2014).



LOANS AND RECEIVABLES

KSFC's loans and receivables are composed of call loans, discounted notes, bonds purchased through RPs, and various loan products.

Compared to FY2014, total loans and receivables grew by 21.6% to KRW 15.32 trillion on an average balance basis and took up 35.0% of total funds managed (33.2% in FY2014).

Discounted Notes

Driven by the growth in subscription margin deposits, the average balance of discounted notes increased by 20.4% over the year to KRW 2.24 trillion, accounting for 5.1% of total funds managed (4.9% in FY2014).

Bonds Purchased through RPs

Bonds purchased through RPs are loan products through which KSFC buys bonds held by institutional investors under the condition that the investors buy the bonds back at a later date. In FY2015, the average balance of bonds purchased through RPs based on purchasing price was KRW 2.80 trillion, constituting 6.4% of total funds managed.

FY2015 BREAKDOWN OF MANAGED FUNDS

(Unit: Million won, %, based on average balance)

Means of Management	FY2015		FY2014		FY2013	
	Amount	%	Amount	%	Amount	%
Cash and Bank Deposits	14,404,716	32.9	12,423,227	32.8	11,371,507	34.1
Deposits in Won	14,113,664	32.3	12,166,994	32.1	11,073,462	33.2
Deposits in Foreign Currencies	291,035	0.7	256,217	0.7	298,029	0.9
Securities	13,952,310	31.9	12,842,995	33.9	11,996,073	35.9
Trading Securities	7,847,405	17.9	6,669,248	17.6	5,985,783	17.9
Financial Assets Designated at Fair Value through Profit or Loss	-	-	4,511	0.0	14,950	0.0
Available for Sale Securities	6,104,905	14.0	6,164,908	16.3	5,991,825	18.0
Derivatives	768	0.0	583	0.0	1,670	0.0
Loans and Receivables	15,322,439	35.0	12,604,188	33.2	9,946,674	29.8
Call Loans	-	-	50,182	0.1	97,068	0.3
Discounted Notes	2,239,873	5.1	1,860,070	4.9	1,371,198	4.1
Bonds Purchased through RPs	2,796,219	6.4	3,048,659	8.0	2,430,305	7.3
Loans	10,286,347	23.5	7,645,277	20.2	6,048,102	18.1
Other Assets	61,548	0.2	59,327	0.1	77,199	0.2
Total	43,741,771	100.0	37,930,320	100.0	33,393,123	100.0

Loans

The average balance of loans rose by 34.5% compared to the previous year to KRW 10.29 trillion, accounting for 23.5% of total funds managed.

- Through margin financing loans, which are offered through the Korea Exchange, we provide financial investment firms with the funds and securities needed to finance their customers' margin trading. The average balance of margin financing loans amounted to KRW 3.20 trillion in FY2015.
- Using loans to finance securities-backed loans, we provide financial investment companies with the funds they need for their securities-backed loan operations. The average balance of such loans reached KRW 3.14 trillion.
- Working capital loans are offered to financial investment firms, financial investment business-related institutions, the Korea Exchange and insurance companies to assist their everyday operations. The average balance of working capital loans amounted to KRW 221.9 billion.
- ESOP share acquisition loans are provided to ESOA members to assist them in their acquisition of ESOP shares that have been allocated to them. The average balance of ESOP share acquisition loans reached KRW 1.77 trillion.
- ESOP share-backed loans are provided to ESOA members and are backed by deposited ESOP shares. The average balance of ESOP share-backed loans amounted to KRW 16.0 billion.
- General securities-backed loans are offered to corporate and retail customers and are secured by securities that they hold. The average balance of general securities-backed loans was KRW 1.94 trillion.
- Deposit-backed loans are loans secured by KSFC deposits held by customers. The average balance of deposit-backed loans was a mere KRW 100 million.

BREAKDOWN OF LOANS

(Unit: Million won, %, based on average balance)

Type of Loan	FY2015		FY2014		FY2013	
	Amount	%	Amount	%	Amount	%
Margin Financing Loans	3,198,841	31.1	2,686,589	35.2	2,271,211	37.6
Working Capital Loans	221,914	2.2	90,448	1.2	143,740	2.4
Loans to Support Securities-secured Loans	3,143,344	30.6	1,890,224	24.7	1,333,953	22.1
ESOP Share Acquisition Loans	1,765,812	17.2	1,424,130	18.6	1,063,287	17.6
ESOP Share-Backed Loans	15,974	0.2	8,830	0.1	7,786	0.1
General Securities -Backed Loans	1,935,282	18.8	1,540,207	20.2	1,220,055	20.2
Deposit-Backed Loans	99	0.0	67	0.0	61	0.0
Others	5,081	0.0	4,782	0.1	8,009	0.1
Total	10,286,347	100.0	7,645,277	100.0	6,048,102	100.0

ESOP Support Services

As the sole custodian of ESOP shares in accordance with the Framework Act on Labor Welfare, KSFC performs public functions related to the ESOP system.

As the exclusive custodian of ESOP shares in accordance with the Framework Act on Labor Welfare, KSFC offers ESOP-related services of public characteristics to promote and strengthen the ESOP system. The services that we provide include counselling on employee stock ownership association (ESOA) establishment and management, safekeeping and management of ESOP shares, and practical education of ESOA managers. We also assist ESOAs and their members financially through our ESOP share acquisition loans and ESOP share-secured loans.

Current State of ESOA Establishment

As of the end of December 2015, the number of companies that have established ESOAs reached 2,832, of which 664 were KOSPI-listed companies, 825 were KOSDAQ-listed companies, and 1,343 were other companies.

- The total number of ESOA members amounted to 1.3 million, of which 930,000 were working for KOSPI-listed companies, 120,000 for KOSDAQ-listed companies, and 252,000 for other companies.

Current State of Deposited ESOP

Shares As of the end of December 2015, a total of 367,000 members of 1,051 ESOAs deposited 417,948,000 ESOP shares, which are worth about KRW 6.68 trillion based on acquisition price.

- Of total deposited shares, 299,935,000 shares were KOSPI-listed shares, 47,478,000 were KOSDAQ-listed shares, and 70,535,000 were other shares.



- As of the end of 2015, the market capitalization of total deposited ESOP shares reached KRW 7.56 trillion, of which KOSPI-listed shares accounted for KRW 6.49 trillion, KOSDAQ-listed shares for KRW 491.2 billion, and other shares for KRW 583.7 billion.
- Out of the total outstanding shares of companies with ESOAs, only 1.2% were owned by ESOA members in KOSPI-listed companies, 0.8% in KOSDAQ-listed companies, and 1.6% in other companies.

BREAKDOWN OF ESOA ESTABLISHMENT

(Unit: Companies, persons)

Type of Company	FY2015 (As of Dec. 31, 2015)		FY2014 (As of Dec. 31, 2014)		FY2013 (As of Mar. 31, 2014)	
	ESOAs	Member	ESOAs	Member	ESOAs	Member
KOSPI-Listed Companies	664	930,067	653	906,717	675	884,958
KOSDAQ-Listed Companies	825	120,228	779	114,444	812	116,440
Other Companies	1,343	251,698	1,274	235,718	1,512	258,173
Total	2,832	1,301,993	2,706	1,256,879	2,999	1,259,571

* Note: the statistics for market share and ranking are based on average balances in trust published by the Korea Financial Investment Association

BREAKDOWN OF ESOP SHARES DEPOSITED

(Unit: Number of companies, number of members, thousand shares, million won)

Classification	FY2015 (As of Dec. 31, 2015)				FY2014 (As of Dec. 31, 2014)				FY2013 (As of Mar. 31, 2014)			
	Depositing ESOAs		Deposited Shares		Depositing ESOAs		Deposited Shares		Depositing ESOAs		Deposited Shares	
	ESOA	Member	Share	Cost	ESOA	Member	Share	Cost	ESOA	Member	Share	Cost
KOSPI-listed Companies	257	292,398	299,935	5,808,753	246	300,077	292,956	5,486,391	241	252,840	286,254	4,452,421
KOSDAQ-listed Companies	295	24,173	47,478	314,972	271	23,493	51,386	302,124	253	19,812	48,180	301,211
Other Companies	499	50,464	70,535	559,312	474	50,953	80,306	621,917	538	55,619	88,479	572,368
Total	1,051	367,035	417,948	6,683,037	991	374,523	424,648	6,410,432	1,032	328,271	422,914	5,326,001

Safekeeping and Management of Investors' Deposits

According to the Capital Markets Act, a financial investment company must separately deposit securities and derivatives investors' investment funds with KSFC, and the funds can either be deposited in a deposit account or a trust account.

In accordance with the Financial Investment Services and Capital Markets Act, the investment funds that investors entrust to financial investment companies for trading securities and derivatives must be deposited with KSFC. These funds can be managed either in a deposit account or a trust account.

For deposit accounts, we guarantee the return of the principal and pay the agreed interest. For trust accounts, however, we do not guarantee the return of the principal and interest. Instead, we separately manage the funds in trust accounts and pay a monthly dividend to the account holders based on the investment performance of their accounts.

Performance of Trust Accounts

The average balance of investor's deposits in trust accounts in FY2015 was KRW 20.28 trillion, of which KRW 14.91 trillion was for securities trading, KRW 3.42 trillion for derivatives trading, and KRW 1.94 trillion for specified money in trust.

- As of the end of FY2015, investor's deposits in trust accounted for 89.8% (86.3% in FY2014) of total investor's deposits, which is the sum of investor's deposits in deposit accounts and trust accounts. 36 companies chose to manage their investor's deposits using trust accounts while 19 companies decided to do so using deposits accounts. In FY2014, 38 companies chose trust accounts while 21 companies chose deposit accounts.





Investment of Deposits in Trust

Since deposits in trust must be managed safely while kept relatively liquid, the investment tools and eligible counterparties are strictly regulated by relevant laws. For security, some deposits in trust are managed using term deposits and MMDAs and are categorized as cash and bank deposits. The balance of investor's deposits in trust accounts managed in the form of cash or bank deposits reached KRW 14.48 trillion, accounting for 71.7% of total deposits in trust (73.8% in FY2014). The balance of deposits in trust managed using securities was KRW 5.71 trillion, taking up 28.3% of total deposits in trust (25.7% in FY2014).

CURRENT STATE OF INVESTOR'S DEPOSITS IN TRUST

(Unit: Million won, %, based on average balance)

Classification	FY2015		FY2014		FY2013	
① Investors' Deposit in Trust						
Securities Investors' Deposits	14,911,549		11,305,373		12,771,005	
Derivatives Investors' Deposits	3,420,971		3,199,929		3,678,113	
Specified Money Trust	1,944,187		1,958,049		2,062,796	
Total	20,276,707		16,463,351		16,449,118	
② Breakdown of Investment Methods						
Cash and Due from Banks	14,476,257	(71.7%)	12,100,191	(73.8%)	13,622,552	(74.0%)
Debt Securities	358,518	(1.8%)	6,661	(0.0%)	0	(0.0%)
Securities Beneficiary Certificates	5,354,579	(26.5%)	4,201,988	(25.6%)	4,695,556	(25.5%)
Total	5,713,097	(28.3%)	4,208,649	(25.7%)	4,695,556	(25.5%)
Loans	0	(0.0%)	735	(0.0%)	2,488	(0.0%)
RP	799	(0.0%)	76,302	(0.5%)	100,149	(0.5%)
Others	1,010	(0.0%)	412	(0.0%)	282	(0.0%)
Total	20,191,164	(100.0%)	16,386,289	(100.0%)	18,421,027	(100.0%)
③ Number of Companies (As of end of FY)	36		38		38	

Safekeeping and Management of Collective Investment Assets

Since June 2004, KSFC has been safely managing collective investment assets of collective investment schemes in accordance with relevant laws to protect investors.

Since June 2004, KSFC has been safely keeping and managing collective investment assets of collective investment schemes to protect investors in accordance with relevant laws.

- In FY2015, the average balance of assets under custody increased by a whopping 20.1% year on-year to KRW 77.56 trillion, owing to the growth in MMF assets and our custody asset diversification effort.
- Our market share was 18.22%, which is a 3.4% increase from the previous year.
- Meanwhile, we were designated as the custodian for the investment pool for private pension funds in August 2015 after our expertise in the custodial management of the investment pool of public pension funds, financial standing, and credit worthiness had been recognized.

CURRENT STATE OF CUSTODY BUSINESS

(Unit: 100 million won)

Classification	FY2015	FY2014	FY2013
Assets under Custody (Average Balance)	775,556	619,878	545,403
Market Share (Market Ranking)	18.22% (2)	14.82% (1)	13.70% (2)

* Note : The statistics on market share and market ranking are based on the end-of-year balance of assets under custody announced by the Korea Financial Investment Association



Securities Intermediary Services

Securities borrowing and lending is the lending of securities to a borrower for his/her investment strategy or transaction settlement.

SBL Intermediation

In FY2015, the balance of securities borrowing and lending (SBL) intermediation grew by 23.6% compared to the previous year to KRW 28.84 trillion based on average balances.

- **Stock Borrowing and Lending Intermediation** KSFC recorded KRW 4.32 trillion for the balance of stock borrowing and lending intermediation in FY2015, which is a 22.4% increase from the previous year. Of total loaned stocks, KOSPI shares accounted for KRW 2.89 trillion, a 21.2% increase year-on-year, and KOSDAQ shares accounted for KRW 1.43 trillion, a 24.9% increase over the same period.

- **Bond Borrowing and Lending Intermediation** The balance of bond borrowing and lending intermediation increased by 23.8% over the year to KRW 24.52 trillion. The balance of treasury bonds and monetary stabilization securities grew by 22.6% and 69.9% to KRW 22.93 trillion and KRW 1.47 trillion, respectively, while the balance of other bonds shrunk by 46.3% to KRW 121.5 billion.

Short-Term Fund Intermediation

The average balance of RP intermediation rose by 14.8% compared to the previous year to KRW 6.99 trillion, and the average balance of intermediation for electronic short-term bond issuance increased by 44.8% over the same period to KRW 73.4 billion.

CURRENT STATE OF SBL/RP/ELECTRONIC SHORT-TERM BOND ISSUANCE INTERMEDIATION

(Unit: 100 million won, %, based on average balance)

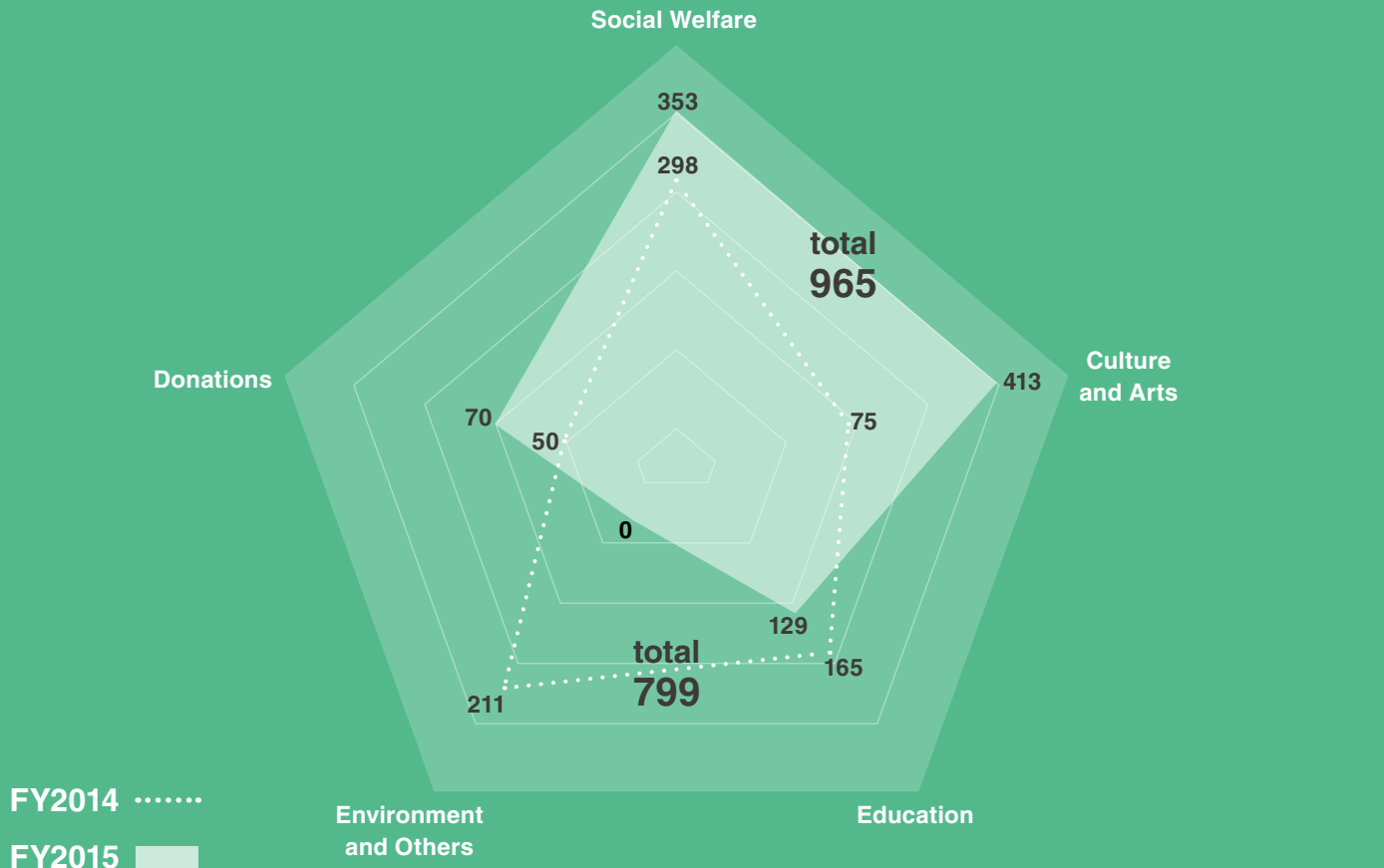
Classification		FY2015		FY2014		FY2013	
① SBL Intermediation		288,432		233,302		234,069	
Stocks	KOSPI	28,927	(66.9%)	23,864	(67.6%)	19,822	(67.9%)
	KOSDAQ	14,300	(33.1%)	11,452	(32.4%)	9,353	(32.1%)
	Total	43,227	(100.0%)	35,316	(100.0%)	29,175	(100.0%)
Bonds	Treasury Bonds	229,274	(93.5%)	187,060	(94.5%)	195,942	(95.6%)
	Monetary Stabilization Securities	14,716	(6.0%)	8,663	(4.4%)	8,410	(4.1%)
	Other Bonds	1,215	(0.5%)	2,263	(1.1%)	542	(0.3%)
	Total	245,205	(100.0%)	197,986	(100.0%)	204,894	(100.0%)
② RP Intermediation		69,915		60,893		44,261	
③ Intermediation for Electronic Short-Term Bond Issuance		734		507		6	

03

Sustainability Review

CSR ACTIVITIES

(Unit: KRW in millions)



Corporate Social Responsibility

KEY AREAS OF SOCIAL CONTRIBUTIONS

SOCIAL WELFARE

We always stand shoulder to shoulder with our disadvantaged neighbors who live within the blind spots of the community such as infants, children, adolescents, women, the elderly, and the disabled.

ARTS AND CULTURE

We support the arts and cultural by promoting content creation and expanding their market base.

EDUCATION AND ACADEMICS

We support academic and educational organizations, while assisting with a range of programs for research and scholarships.

ENVIRONMENT

We take part in a variety of activities for disaster relief initiatives to preserve the beauty of nature and foster a safer community.



Our One Heart Volunteer Group continues to provide social contribution activities across a wide range of areas. We contribute to creating a better world by implementing socially responsible management.

SHARING LOVE FOR GREATER HAPPINESS

As a corporate citizen, we implement social responsible management. Through our practical and systematic social contribution activities, we are committed to giving back to our community what we have received from our customers and the market.

Our One Heart Volunteer Group participates in volunteer activities every month to give a helping hand where help it needed. We visit welfare centers and organizations such as the Mazzarello Center, Yeongdeungpo Regional Children Welfare Center, Dream Tree Village, and centers for multi-cultural families and the elderly. We also participate in activities that allow us to use our talents to help those in need. These activities include the briquette sharing, the kimchi sharing, and the free meal programs. In addition, we implement more systematic and efficient volunteer programs such the 1 city-1 village sisterhood program, through which we buy the agricultural produce of our sister village and deliver the produce to adolescents in institutional care and the elderly in welfare centers.

We also run a matching grant program with employees. Our employees donate a part of their salary every month and the company matches that amount to help people in need. This program was created through a long tradition of sharing with the less fortunate. The fund is used for supporting the daily activities and the welfare of disadvantaged children and adolescents.

We think we can achieve mutual growth by contributing to making a better world. Our sharing hope, love and happiness will pave the way to our goal.

VISION OF SOCIAL CONTRIBUTION

- MISSION**
 Putting our socially responsible management principles into practice. (Sharing Hope, Sharing Love, Sharing Happiness)
- CORE VALUE**
 We give back to our communities what we have received from our customers and the market. We contribute to making a better world by fulfilling our social responsibility as a corporate citizen. Through this, we will grow into a respected company.
- SLOGAN**
Sharing Love
 We donate a portion of our profits to the community and put our socially responsible management principles into practice through our employees' charitable and volunteering activities. Through this, we pursue a world where we can live in harmony with our neighbors and share love.

Growing Happiness
 We making sure that we provide practical support for beneficiaries so that our social contribution activities contribute to creating a better world where everyone lives a harmonious life.



KSFC Foundation

The KSFC Foundation proactively implements a range of social contribution programs with hopes of creating a brighter and friendlier world where people of all backgrounds can live a better life together.

KSFC FOUNDATION

The KSFC Foundation is the result of our wish to create a brighter and friendlier community. To give back to society the benefits received from the market, we established and launched a public welfare foundation in November 2013. The KSFC Foundation pursues three main strategic directions:

First, we provide credit recovery support to the financially marginalized.

This initiative provides a platform for people who have been marginalized due to credit issues from the economic and financial crisis in the 1990s and the 2000s. More specifically, we help people with bad credit in financing their legal costs that they need to bear to recover their credit.

Second, we provide scholarships and financial education programs.

The Foundation provides scholarships to underprivileged youths in order to end the cycle of poverty and to give them hope and a vision for the future so that they can become leaders of a brighter and healthier tomorrow.

Third, we supply social services for the disadvantaged in Korea and abroad.

The Foundation will support marginalized regions including underdeveloped countries, agricultural and fishing villages, and military bases in Korea and abroad. We will also pursue a variety of social welfare projects such as environmental improvement, as well as culture and arts sponsorship programs for the benefit of multicultural families, malnourished children, and marginalized people neglected by society so that they may pursue a better life.

We will not stop at establishing a public welfare foundation. We will make sure to provide long-term support to all of the volunteer programs of the Foundation so that they can be carried out smoothly. By planning and executing diverse social contribution programs that complement the purpose of the Foundation, we will continuously grow to become a trusted and respected company.



KEY ACTIVITIES OF THE KSFC FOUNDATION

CREDIT RECOVERY SUPPORT PROGRAM

We help to repair the credit of financially marginalized people to support their economic recovery and allow them to start again.

SCHOLARSHIPS AND FINANCIAL EDUCATION

We provide scholarships and financial education programs to low-income, disadvantaged youths to develop their talent and unlock their potential.

SOCIAL SERVICES

We create a bright and friendly community through social service programs for the disadvantaged in Korea and abroad.

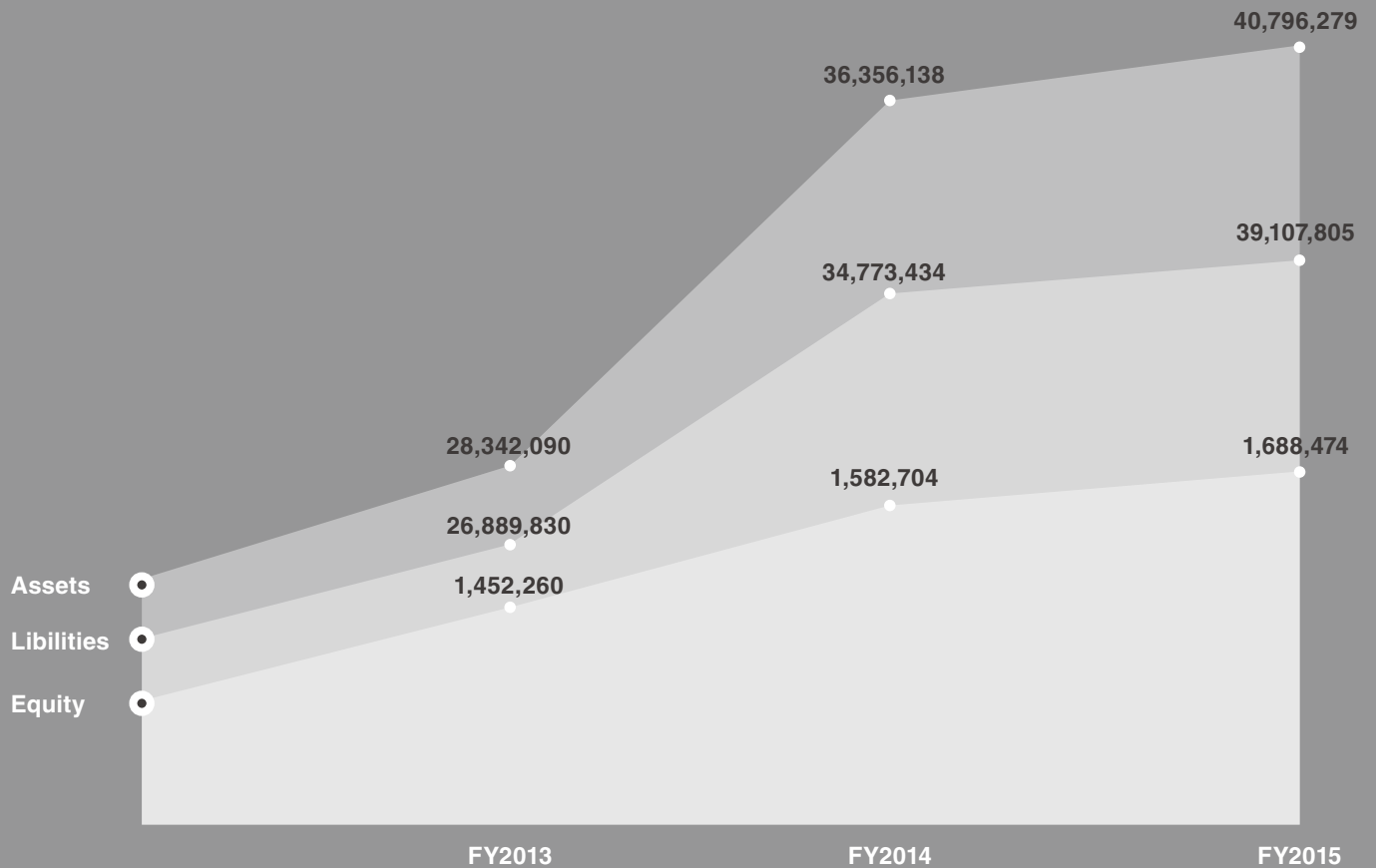


04

Financial Review

STATEMENT OF FINANCIAL POSITION

(Unit : KRW 100 million)



KOREA SECURITIES FINANCE CORP. AND SUBSIDIARIES

Consolidated Statements of Financial Position

As of December 31, 2015 and 2014

Korean won in millions		December 31, 2015		December 31, 2014	
Assets	Cash and due from banks (Notes 4, 7 and 8)	₩	12,507,053	₩	12,211,344
	Financial investments (Notes 4, 7, 9 and 10)		11,748,626		11,239,539
	Derivative assets (Notes 4, 7 and 11)		-		1,097
	Loans (Notes 4, 7, 12 and 13)		16,234,874		12,555,420
	Other assets:				
	Investments in associates (Note 14)		154,091		191,319
	Property, plant and equipment (Note 15)		30,766		28,958
	Intangible assets (Note 16)		6,360		7,773
	Prepaid expenses		3,250		6,258
	Accrued revenues receivable (Note 13)		99,132		99,184
	Investment assets		9,960		12,121
	Sundry assets (Note 13)		2,167		3,125
			305,726		348,738
Total assets	₩	40,796,279	₩	36,356,138	
Liabilities	Depository liabilities (Notes 4, 7 and 17)	₩	32,719,377	₩	27,358,692
	Borrowings (Notes 4, 7 and 18)		3,999,015		5,164,115
	Bond payable (Notes 4, 7 and 19)		1,179,275		878,929
	Other liabilities:				
	Guarantee deposits		506,101		753,994
	Supply and demand premium		4		-
	Due to trust accounts		540,579		419,344
	Unearned revenues		1,445		1,250
	Accrued expenses payable		63,664		87,499
	Current tax liabilities		23,888		19,206
	Provisions (Note 20)		250		250
	Retirement benefit obligation (Note 21)		18,664		13,476
	Deferred tax liabilities (Note 22)		41,085		57,345
	Sundry liabilities		10,883		9,902
	Reclassification interest payment		3,575		9,432
		1,210,138		1,371,698	
Total liabilities	₩	39,107,805	₩	34,773,434	

Korean won in millions		December 31, 2015		December 31, 2014	
Equity	Owners' equity				
	Capital stock (Note 23)	₩	340,000	₩	340,000
	Capital surplus (Note 23)		21,767		21,767
	Capital adjustment		-		(7,700)
	Accumulated other comprehensive income		164,273		151,333
	Retained earnings (Note 23)		1,162,434		1,077,304
	(Regulatory reserve for credit losses: ₩65,143 million as of December 31, 2015, and ₩50,964 million as of December 31, 2014)				
	(Expected additional regulatory reserve for credit losses: ₩18,200 million as of December 31, 2015, and ₩14,179 million as of December 31, 2014)				
			1,688,474		1,582,704
	Non-controlling interests		-		-
	Total equity		1,688,474		1,582,704
	Total liabilities and equity	₩	40,796,279	₩	36,356,138

KOREA SECURITIES FINANCE CORP. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the Years ended December 31, 2015 and the nine months ended December 31, 2014

Korean won In millions, except earnings per share amounts	December 31, 2015		December 31, 2014	
Operating income:				
Interest income (Note 24)				
Interest on due from banks	₩	257,311	₩	223,151
Interest on securities (Note 26)		181,384		158,278
Interest on loans		338,770		271,138
		777,465		652,567
Gain on valuation and sales of financial investments :				
Gain on sales of financial assets held for trading (Note 26)		82,288		88,569
Gain on valuation of financial assets held for trading (Note 26)		50,309		37,688
Gain on sales of financial assets designated at FVTPL		860		281
Gain on valuation of financial assets designated at FVTPL (Note 26)		-		916
Gain on sales of AFS financial assets		19,011		5,455
		152,468		132,909
Gain on derivative transactions (Note 11):				
Gain on sales of derivatives (Note 26)		6,398		1,895
Gain on valuation of derivatives (Note 26)		-		538
		6,398		2,433
Commission received (Note 25)		117,764		59,438
Gain on foreign transactions		16,792		5,613
Trust fees and commissions received from trust accounts		19,232		11,795
Dividends income:				
Dividends income on financial assets held for trading (Note 26)		2,806		2,159
Dividends income on AFS financial assets		23,298		9,355
Others		26,104		11,514
Total operating income	₩	1,116,223	₩	876,269

Korean won In millions, except earnings per share amounts	December 31, 2015		December 31, 2014	
Operating expenses:				
Interest expense (Note 24):				
Interest on depository liabilities	₩	606,154	₩	528,890
Interest on borrowings and bond payable		43,193		39,553
Others		72,250		73,429
		721,597		641,872
Loss on valuation and disposal of securities:				
Loss on sales of financial assets held for trading (Note 26)		12,356		4,291
Loss on valuation of financial assets held for trading (Note 26)		1,503		1,143
Loss on sales of AFS financial assets		2,523		2,251
Impairment loss recognized on AFS financial assets (Note 9)		23,442		4,429
		39,824		12,114
Loss on derivative transactions:				
Loss on sales of derivatives		2,200		514
Loss on valuation of derivatives		-		470
		2,200		984
Credit loss expenses (Note 13)		152		287
Commission expense (Note 25)		96,328		47,238
Loss on foreign transactions		16,794		5,614
Administrative expenses (Note 27)		76,853		56,030
Others		2,954		2,211
Total operating expenses	₩	956,702	₩	766,350

Korean won In millions, except earnings per share amounts	December 31, 2015		December 31, 2014	
Operating profit :	₩	159,521	₩	109,919
Non-operating income (expenses):				
Gain on equity method valuation		17,723		12,229
Loss on equity method valuation		(3,640)		(2,992)
Gain on disposal of property, plant and equipment		111		6
Loss on disposal of property, plant and equipment		(20)		(41)
Other interest income		267		252
Donations		(3,739)		(2,417)
Others		(2,026)		393
		8,676		7,430
Net income before income tax expense		168,197		117,349
Income tax expenses (Note 28)		41,366		24,481
Net income		126,831		92,868
(Adjusted net income after regulatory reserve for credit losses (Note 23):				
₩108,631 million for the year ended December 31, 2015, and ₩78,689 million for the nine months ended December 31, 2014)				
Net income attributable to owner		126,831		92,868
Net income attributable to the non-controlling interests		-		-
Other comprehensive income (loss) (Note 29):				
Items that will not be reclassified subsequently to profit or loss		(1,979)		(2,116)
Items that maybe reclassified subsequently to profit or loss		14,918		83,892
		12,939		81,776
Total comprehensive income		139,770		174,644
Total comprehensive income attributable to owner		139,770		174,644
Total comprehensive income attributable to the non-controlling interests				
Basic earnings per share (Note 30)	₩	1,865	₩	1,366

KOREA SECURITIES FINANCE CORP.

Separate Statements of Financial Position

As of December 31, 2015 and 2014

Korean won in millions		December 31, 2015		December 31, 2014	
Assets	Cash and due from banks (Notes 4, 7 and 8)	₩	12,505,697	₩	12,211,204
	Financial investments (Notes 4, 7, 9 and 10)		11,828,398		11,429,133
	Derivative assets (Notes 4, 7 and 11)		-		1,066
	Loans (Notes 4, 7, 12 and 13)		16,132,191		12,422,780
	Other assets:				
	Property, plant and equipment (Note 14)		30,766		28,958
	Intangible assets (Note 15)		6,360		7,773
	Prepaid expenses		3,017		3,604
	Accrued revenues receivable (Note 13)		95,415		95,458
	Investment assets		9,960		12,121
	Sundry assets (Note 13)		1,913		2,935
			147,431		150,849
	Total assets	₩	40,613,717	₩	36,215,032
Liabilities and Shareholders' equity	Liabilities				
	Depository liabilities (Notes 4, 7 and 16)	₩	32,719,378	₩	27,358,692
	Borrowings (Notes 4, 7 and 17)		3,802,515		5,007,215
	Bond payable (Notes 4, 7 and 18)		1,179,275		878,929
	Other liabilities:				
	Guarantee deposits		506,101		753,994
	Supply and demand premium		4		-
	Due to trust accounts		542,376		421,340
	Unearned revenues		1,444		1,182
	Accrued expenses payable		63,480		87,322
	Current tax liabilities		23,888		19,206
	Provisions (Note 19)		250		250
	Retirement benefit obligation (Note 20)		18,664		13,476
Deferred tax liabilities (Note 21)		44,922		63,010	
Sundry liabilities		10,851		9,892	
		1,211,980		1,369,672	
Total liabilities	₩	38,913,148	₩	34,614,508	

Korean won in millions	December 31, 2015		December 31, 2014	
Shareholders' equity				
Capital stock (Note 22)	₩	340,000	₩	340,000
Capital surplus (Note 22)		21,767		21,767
Capital adjustment		-		(7,700)
Accumulated other comprehensive income		180,267		171,420
Retained earnings (Note 22)		1,158,535		1,075,037
(Regulatory reserve for credit losses: ₩65,143 million as of December 31, 2015, and ₩50,964 million as of December 31, 2014 (Expected additional regulatory reserve for credit losses: ₩18,200 million as of December 31, 2015, and ₩14,179 million as of December 31, 2014)				
Total shareholders' equity		1,700,569		1,600,524
Total liabilities and shareholders' equity	₩	40,613,717	₩	36,215,032

KOREA SECURITIES FINANCE CORP.

Separate Statements of Comprehensive Income

For the Years ended December 31, 2015 and the nine months ended December 31, 2014

Korean won in millions	Year ended December 31, 2015		Nine months ended December 31, 2014	
Operating income:				
Interest income (Note 23):				
Interest on due from banks	₩	257,222	₩	223,149
Interest on securities (Note 25)		161,746		142,617
Interest on loans		330,932		263,849
		749,900		629,615
Gain on valuation and sales of financial investments:				
Gain on sales of financial assets held for trading (Note 25)		81,721		88,710
Gain on valuation of financial assets held for trading (Note 25)		56,399		43,543
Gain on sales of financial assets designated at FVTPL		-		281
Gain on sales of AFS financial assets		20,223		8,130
		158,343		140,664
Gain on derivative transactions (Note 11):				
Gain on sales of derivatives (Note 25)		4,673		79
Gain on valuation of derivatives (Note 25)		-		538
		4,673		617
Commission received (Note 24)		117,764		59,438
Gain on foreign transactions		16,793		5,614
Trust fees and commissions received from trust account		19,232		11,795
Dividends income:				
Dividends income on financial assets held for trading (Note 25)		1,544		1,624
Dividends income on AFS financial assets		46,081		29,364
Others		47,625		30,988
Total operating income	₩	1,114,330	₩	878,731

Korean won in millions	Year ended December 31, 2015		Nine months ended December 31, 2014	
Operating expenses:				
Interest expense (Note 23):				
Interest on depository liabilities	₩	606,154	₩	528,890
Interest on borrowings and bond payable		43,193		39,553
Others		68,846		70,136
		718,193		638,579
Loss on valuation and sales of financial investments:				
Loss on sales of financial assets held for trading (Note 25)		9,143		2,747
Loss on valuation of financial assets held for trading (Note 25)		557		1,143
Loss on sales of AFS financial assets		2,432		2,119
Impairment loss recognized on AFS financial assets (Note 9)		23,381		4,429
		35,513		10,438
Loss on derivative transactions (Note 11):				
Loss on sales of derivatives (Note 25)		69		56
Loss on valuation of derivatives (Note 25)		-		54
		69		110
Credit loss expenses (Note 13)		135		215
Commission expense (Note 24)		95,252		46,312
Loss on foreign transactions		16,794		5,614
Administrative expenses (Note 26)		76,853		56,031
Others		107		1,933
Total operating expenses	₩	942,916	₩	759,232

Korean won in millions	Year ended December 31, 2015		Nine months ended December 31, 2014	
Operating profit	₩	171,414	₩	119,499
Non-operating income (expenses):				
Gain on disposal of property, plant and equipment		111		7
Loss on disposal of property, plant and equipment		(20)		(41)
Other interest income		267		252
Donations		(3,739)		(2,417)
Others		(1,996)		393
		(5,377)		(1,806)
Net income before income tax expense		166,037		117,693
Income tax expense		40,839		24,565
Net income		125,198		93,128
(Adjusted net income after regulatory reserve for credit losses: ₩78,949 million for the nine months ended December 31, 2014 and ₩100,996 million for the year ended March 31, 2014				
Other comprehensive income (loss) (Note 28):				
Items that will not be reclassified subsequently to profit or loss		(1,979)		(2,116)
Items that may be reclassified subsequently to profit or loss		10,826		102,015
		8,847		99,899
Total comprehensive income	₩	134,045	₩	193,027
Earnings per share	₩	1,841	₩	1,370

KOREA SECURITIES FINANCE CORP. AND SUBSIDIARIES

Consolid Statements of Changes in Shareholders Equity

For the Years ended December 31, 2015 and the nine months ended December 31, 2014

Korean won in millions	Capital stock	Capital surplus	Capital adjustment	Accumulated other comprehensive income	Retained earnings	Non-controlling interest	Total
April 1, 2014	₩ 340,000	₩ 21,767	₩ (7,700)	₩ 69,557	₩ 1,028,636	₩ -	₩ 1,452,260
Dividends	-	-	-	-	(44,200)	-	(44,200)
Balance after appropriations	340,000	21,767	(7,700)	69,557	984,436	-	1,408,060
Net income	-	-	-	-	92,868	-	92,868
Loss on valuation of AFS financial assets	-	-	-	83,892	-	-	83,892
Remeasurements of defined benefit plans	-	-	-	(2,116)	-	-	(2,116)
December 31, 2014	₩ 340,000	₩ 21,767	₩ (7,700)	₩ 151,333	₩ 1,077,304	₩ -	₩1,582,704
January 1, 2015	₩ 340,000	₩ 21,767	₩ (7,700)	₩ 151,333	₩ 1,077,304	₩ -	₩1,582,704
Dividends	-	-	-	-	(34,000)	-	(34,000)
Loss on disposal of treasury stock	-	-	7,700	-	(7,700)	-	-
Balance after appropriations	340,000	21,767	-	151,333	1,035,604	-	1,548,704
Net income	-	-	-	-	126,831	-	126,831
Loss on valuation of available- for-sale financial assets	-	-	-	14,918	-	-	14,918
Remeasurements of defined benefit plans	-	-	-	(1,979)	-	-	(1,979)
December 31, 2015	₩ 340,000	₩ 21,767	₩ -	₩ 164,272	₩ 1,162,435	₩ -	₩1,688,474

KOREA SECURITIES FINANCE CORP. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the Years ended December 31, 2015 and the nine months ended December 31, 2014

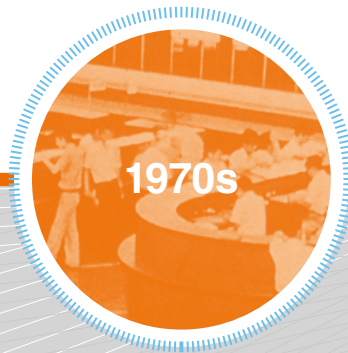
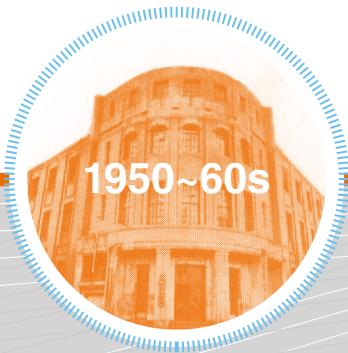
Korean won in millions	Year ended December 31, 2015		Nine months ended December 31, 2014	
Cash flows from operating activities:				
Net income	₩	126,831	₩	92,868
Adjustments to reconcile net income to net cash used in operating activities:				
Income tax expense		41,366		24,481
Interest expense (amortization of bond discount)		7,086		7,430
Interest income (amortization of AFS financial assets)		10,455		5,551
Interest income (unwinding effect of allowance for credit losses)		(26)		(27)
Interest income (amortization of discount on present value of loans to employee)		(45)		(59)
Other interest income (amortization of discount on present value of investment assets)		(101)		(115)
Net (gain) loss on valuation of financial assets held for trading		(48,806)		(36,545)
Net (gain) loss on sales of financial assets designated at FVTPL		(860)		(281)
Net gain on valuation of financial assets designated at FVTPL		-		(916)
Impairment loss recognized on AFS financial assets		23,442		4,429
Net gain on sales of AFS financial assets		(16,488)		(3,203)
Net (gain) loss on sales of derivatives		(4,198)		(1,381)
Net (gain) loss on valuation of derivatives		-		(68)
Credit loss expense (transfer from allowance for credit losses)		152		287
Net gain on equity method valuation		(14,082)		(9,236)
Net (gain) loss on disposal of property, plant and equipment		(91)		34
Depreciation		1,626		1,335
Amortization		4,286		4,330

Korean won in millions	Year ended December 31, 2015		Nine months ended December 31, 2014
Net gain on disposal of investment assets	₩	-	₩ (270)
Credit loss expenses for others		2,442	1,851
Postemployment benefit		3,203	2,056
Miscellaneous loss		2,184	-
Net loss of reclassification interest payment		404	277
		11,949	(40)
Changes in assets and liabilities:			
Due from banks		116,184	521,289
Financial assets held for trading		(433,216)	(1,224,089)
Loans		(3,679,536)	(2,918,437)
Prepaid expenses		3,008	5,525
Accrued revenues receivable		(2,712)	(743)
Sundry assets		954	291
Depository Liabilities		5,360,685	5,968,946
Unearned revenues		195	428
Accrued expenses payable		(23,836)	39,600
Postemployment benefit payment		(625)	(587)
Sundry liabilities		1,014	(6,543)
Income tax paid		1,342,115	2,385,680
		(57,074)	(42,334)
Net cash provided by operating activities		1,423,821	2,436,174
Cash flows from investing activities:			
Proceeds on sale of financial assets designated at FVTPL		33,804	15,228
Proceeds on sale of AFS financial assets		3,082,667	3,542,199
Payments to acquire AFS financial assets		(3,131,987)	(3,060,895)
Decrease of HTM financial assets		-	8,440

Korean won in millions	Year ended		Nine months ended
	December 31, 2015		December 31, 2014
Proceeds on sale of derivative assets	₩	2,568	₩ -
Cash inflow due to derivative contracts		1,784	2,204
Cash outflow due to derivative contracts		(2,170)	(514)
Proceeds on sale of investments in associates and others		72,194	48,577
Payments to acquire investments in associates		(25,866)	(47,700)
Proceeds from disposal of property, plant and equipment		139	8
Payments for property, plant and equipment		(3,481)	(2,681)
Payments for intangible assets		(2,872)	(1,298)
Proceeds from disposal of investments assets		1,910	1,668
Payments for investments assets		(1,831)	(1,753)
Net cash provided by investing activities		26,859	503,483
Cash flows from financing activities:			
Net payments for call money		(421,400)	(152,100)
Net proceeds from (payments for) securities sold under agreements to repurchase		(723,700)	1,202,498
Proceeds from borrowings		59,596,000	13,848,000
Payments for borrowings		(59,616,000)	(13,948,000)
Proceeds from issuance of bond payable		37,418,260	14,561,875
Payments for bond payable		(37,125,000)	(14,410,000)
Net payments for guarantee deposits		(247,893)	485,406
Net payments for supply and demand premium		4	-
Proceeds from deposits for others		-	(289)
Net proceeds from (payments for) due to trust accounts		121,236	264,532
Payments for cash dividends		(34,032)	(44,187)
Others		(6,262)	9,155
Net cash (used in) provided by financing activities		(1,038,787)	1,816,890
Net (decrease) increase in cash and cash equivalents		411,893	4,756,547
Cash and cash equivalents, beginning of year (Note 30)		8,119,810	3,363,263
Cash and cash equivalents, end of year (Note 30)	₩	8,531,703	₩ 8,119,810

Milestones

- Oct. 1955** Established the Korea United Securities Finance Corporation (paid-in capital of KRW 7.5 million)
- Jan. 1956** Launched the business under a securities business license and listed it on the Seoul Stock Exchange
- Apr. 1962** Legally registered as a securities finance company with the enactment of the Securities Exchange Act
- Dec. 1971** Launched the settlement financing loan business with the introduction of margin trading
- Nov. 1973** Launched special securities-backed loan business to stabilize stock prices
- Mar. 1974** Launched the margin financing loan business with the integration of settlement financing loans and special securities-secured loans
- Mar. 1980** Opened the Myeong-dong branch
- Jul. 1982** Launched short-term notes trading business
- Apr. 1985** Built headquarters in Yeouido, Seoul, and relocated to the building
- Oct. 1985** Increased paid-in capital to KRW 40 billion



- Jul. 1962** Renamed to Korea Securities Finance Corporation
- Feb. 1969** Increased paid-in capital to KRW 1 billion
Launched the securities borrowing and lending (SBL) business
- Mar. 1969** Launched the securities-backed loan business for individual customers
- May. 1969** Opened the Busan branch
- May. 1975** Increased paid-in capital to KRW 2 billion (12% equity stake owned by the IFC and USD 5 million worth of new borrowings)
- Jan. 1977** Accepted roles previously played by the Korea Investment Corporation before its dissolution (ESOP services, general securities-secured loans, etc.)
- Feb. 1977** Launched new services following the amendment of the Securities and Exchange Act (bond purchase under RP, bond sale under RP, issuance of short-term notes, and deposit services)
- Apr. 1978** Established the investor's deposit management business with the introduction of the centralized management system of investor's deposits
- Jul. 1986** Launched the IPO subscription deposit business
- Sep. 1987** Opened the Gangnam branch
- Dec. 1988** Increased paid-in capital to KRW 80 billion
- Oct. 1989** Opened the Gwangju branch

KSFC has worked and grew together with the market for the past 60 years, based a relationship of trust. Now we are ready to create a future of mutual growth as a reliable partner of the capital market.

Feb. 1990 Launched the IPO subscription deposit-backed loan business

May. 1990 Launched the Stock Market Stabilization Fund (SMSF) deposit business

Dec. 1991 Bought back the IFC's equity stake

Oct. 1994 Opened the Daegu branch

Aug. 2000 Increased paid-in capital to KRW 340 billion

Dec. 2002 Launched the trust business for investor's deposits

Jun. 2004 Launched the trustee and custodian business

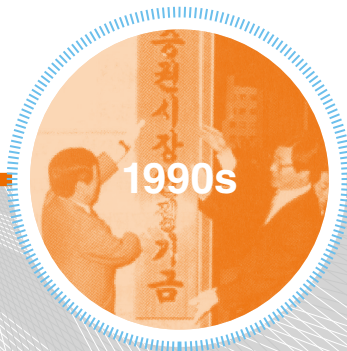
May. 2005 Opened the Center for Employee Stock Ownership

Apr. 2010 Announced VISION 2015

Jun. 2010 Built the next-generation IT system

Apr. 2011 Launched the inter-dealer RP brokerage business

Oct. 2011 Awarded with the Prime Minister's Merit Award for Sharing



Aug. 1996 Launched the forfeited share subscription deposit business and the forfeited share subscription deposit-backed loan business

Oct. 1996 Opened the Daejeon branch

Apr. 1997 Started managing the Securities Investor Protection Fund (SIPF) and launched the fund management business

Oct. 1998 Issued non-real name corporate bonds worth KRW 2 trillion

Jul. 1999 Changed the investor's deposit management business in accordance with the increased deposit requirement (100%)

Sep. 2005 Obtained ISO 9001:2000 certification, an international quality management certification, for the securities custody business

Apr. 2006 Obtained a AAA (outlook / stable) domestic credit rating

May. 2007 Gained approval for the asset management business and the general administration business

Jan. 2008 Resumed margin financing stock loans

Jul. 2008 Obtained ISO 9001 certification for the ESOP business

Jan. 2009 Awarded Grand Prize for Securities Industry Leader by Maeil Business Newspaper

Jul. 2009 Launched the specific money in trust business

Jan. 2012 Built the next-generation securities brokerage system

Apr. 2012 Introduced K-IFRS (Korean version of International Financial Reporting Standards)

Jan. 2013 Launched the corporate bond administration business

Nov. 2013 Launched the inter-dealer brokerage business
Signed a Memorandum of Understanding (MoU) for Mutual Cooperation with China Securities Finance Corporation

Nov. 2013 Established the KSFC Foundation

Mar. 2014 Obtained a Aa3 international credit rating from Moody's

Apr. 2014 Awarded with the 2014 Forbes Best CEO Award

Feb. 2015 Signed MoUs for Mutual Cooperation with the Dubai Financial Market and Thailand Securities Finance Corporation

Jul. 2015 Announced VISION 2020

Sep. 2015 Started the administration of the private pension fund investment pool

Dec. 2015 Upgraded an international credit rating from Moody's to Aa2

Board of Directors

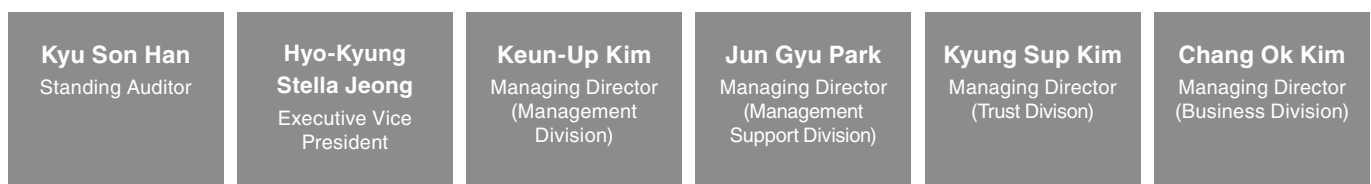
We collaborate and share knowledge through seamless communication, while creating customer value through synergy optimization.



Board of Directors

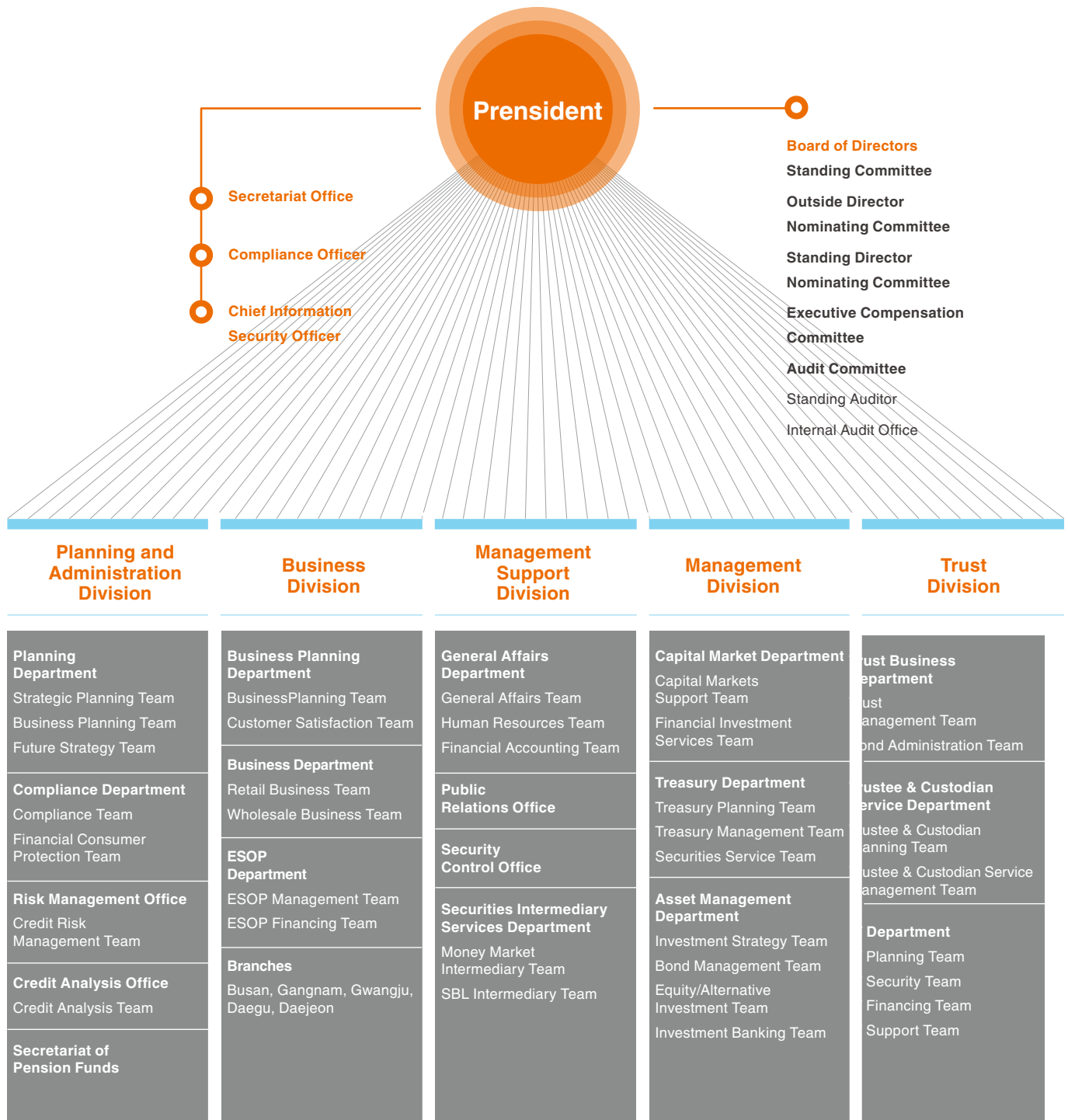


Management Committee

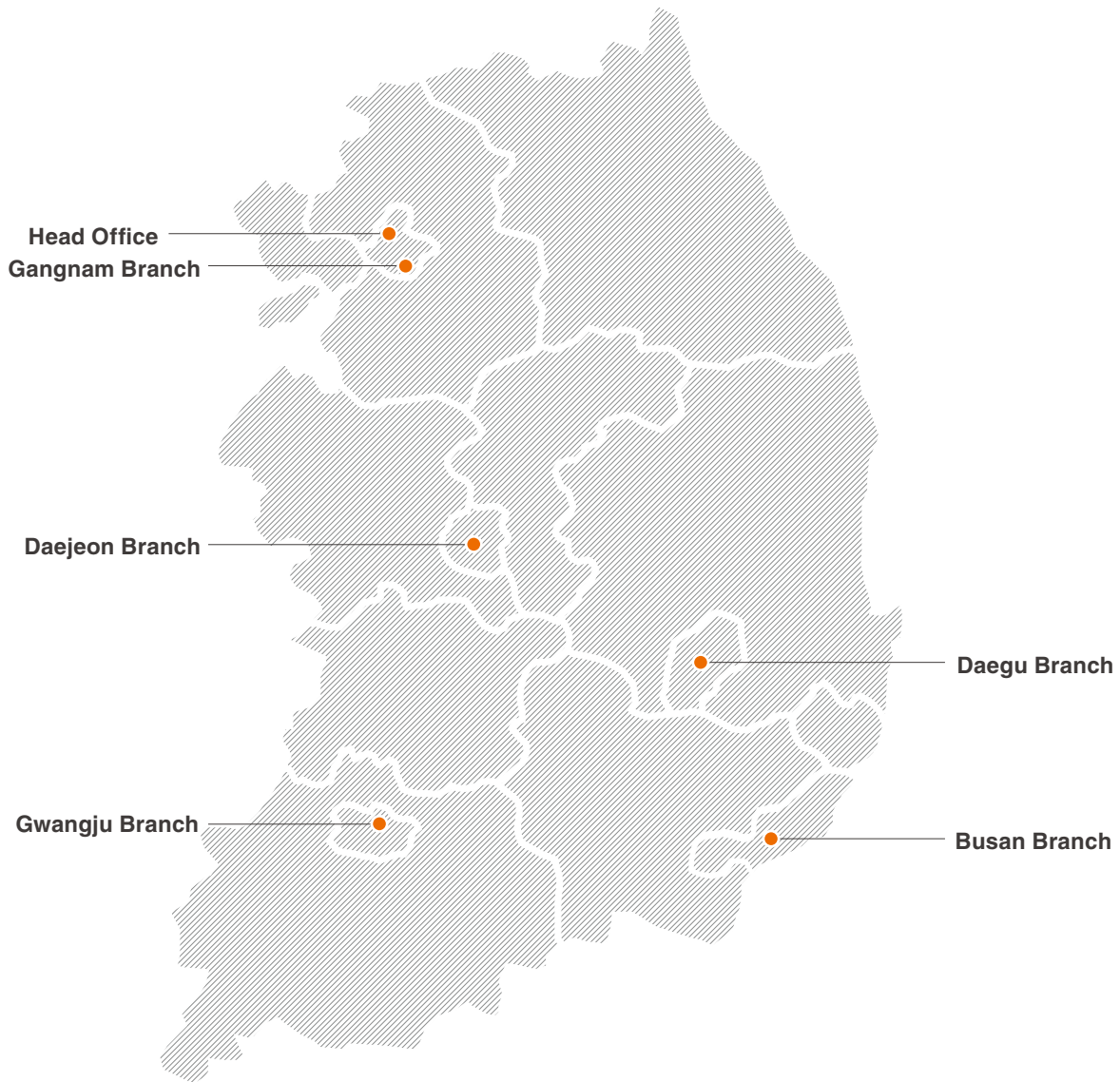


Organization

Our organization structure, which is strategically planned around KSFC's roles and functions, is the first component of our effective operation.



Business Network



Division	Phone Number	Address
Head Office	82-2-3770-8800	10, Gookjegeumyoong-ro 8-gil, Youngdeungpo-gu, Seoul, South Korea (34-9, Yeouido-dong)
Gangnam Branch	82-2-6934-0700	403, Gangnamdae-ro, Seocho-gu, Seoul, South Korea (1318-5, Seocho-dong)
Daejeon Branch	82-42-717-3000	69, Munye-ro, Seo-gu, Daejeon, South Korea (1508, Dunsan-dong)
Daegu Branch	82-53-717-0300	341, Dongdaegu-ro, Suseong-gu, Daegu, South Korea (43-8, Beomeo-dong)
Busan Branch	82-51-797-5000	709, Munhyeongeumyung-ro, Nam-gu, Busan, South Korea (1229-2, Munhyeon-dong)
Gwangju Branch	82-62-719-5100	52 Jukbong-daero, Seo-gu, Gwangju, South Korea (417-40 Nongseong-dong)