



**Korea Investment
Holdings Co., Ltd.**

88, Uisadang-daero, Yeongdeungpo-gu, Seoul, Korea 07321
(TEL) 82-2-3276-6400 (FAX) 82-2-3276-6402
E-mail : webmaster@truefriend.com
www.koreaholdings.com

KOREA INVESTMENT HOLDINGS FY2018 Annual Report

PREPARING THE NEXT DECADE

ENG

PREPARING THE NEXT DECADE

FY2018 Annual Report
(ENG)

**Korea Investment
Holdings Co., Ltd.**

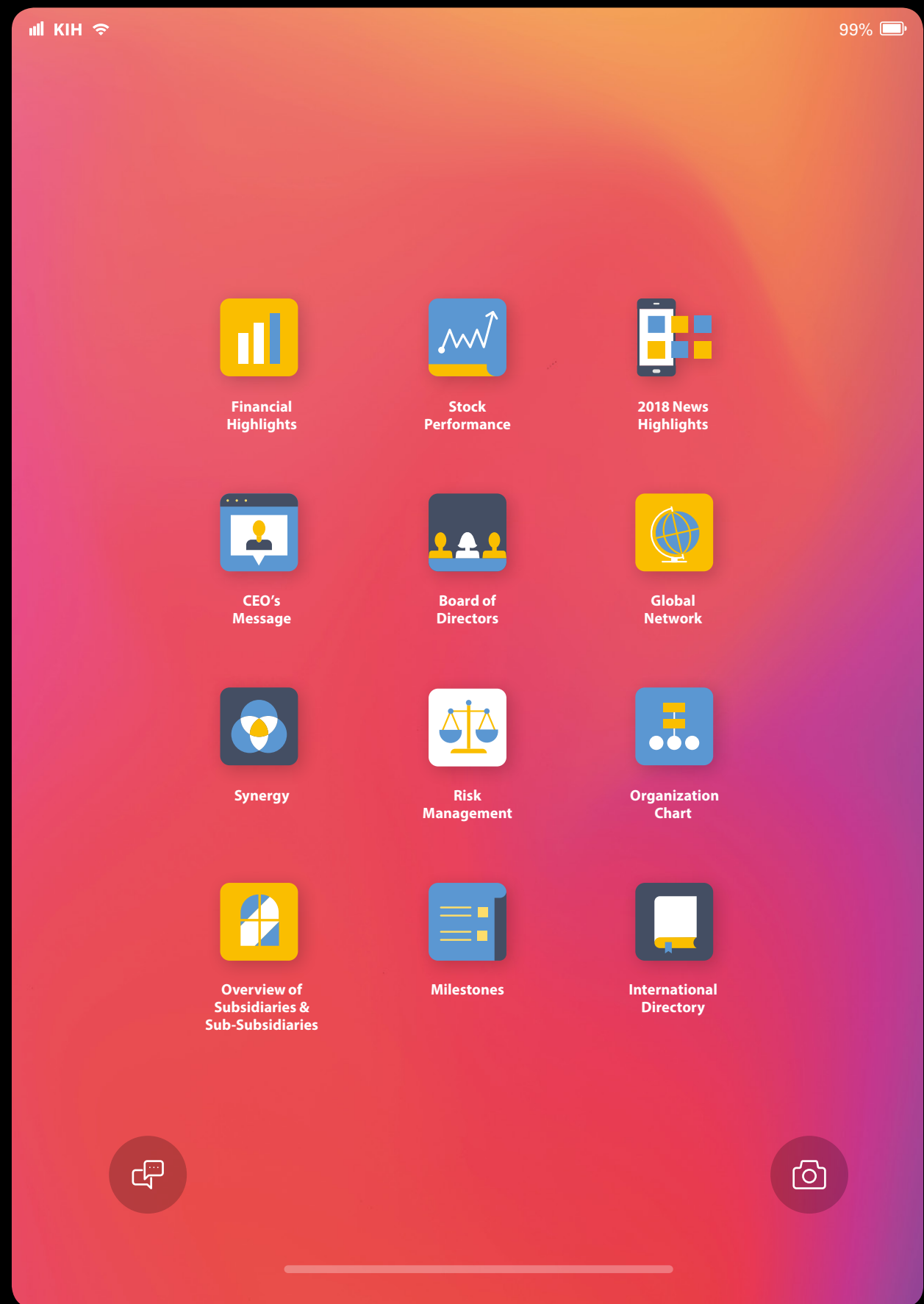


**NEW
START**



PREPARING THE NEXT DECADE

Korea Investment Holdings (KIH) has the most diversified business portfolio among domestic financial holding companies that spans from securities and asset management to bank, credit finance and venture capital. The diversified portfolio has enabled KIH to achieve both industry-high capital efficiency and growth. With unique momentum stemming from KakaoBank, we are now offering a completely new experience to financial consumers in Korea. We are also reinforcing our strengths in commercial paper issuance, project finance, corporate finance and venture capital to pave the way for a new era in finance.



Search

From: Korea Investment Holdings' IR Team
 To: Clients & Shareholders
 Subject: FY2018 Korea Investment Holdings' Earnings Release



FINANCIAL HIGHLIGHTS

Korea Investment Holdings (KIH) recorded stable and solid profits in FY2018, with consolidated net income growing 11.42% YoY to KRW 515.9 billion. KIH maintained a robust financial structure with total assets amounting to KRW 64.0 trillion (+31.3% YoY) and total equity of KRW 4.9 trillion (+18.4% YoY).

(Unit : KRW in billion)

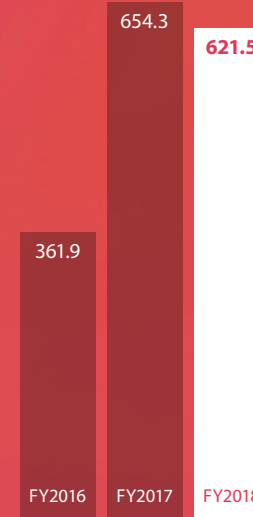
	FY2017	FY2018	Change	YoY(%)
Operating Results				
Operating Revenues	6,622.0	8,826.7	2,204.7	33.3
Operating Expenses	5,967.7	8,205.3	2,237.5	37.5
SG&A Expenses	794.2	919.1	124.8	15.7
Operating Income	654.3	621.5	-32.8	-5.0
Net Income Before Tax	643.3	713.2	69.9	10.9
Net Income	463.1	515.9	52.8	11.4
Financial Position				
Total Assets	48,743.0	64,003.7	15,260.6	31.3
Total Liabilities	44,605.8	59,105.7	14,500.0	32.5
Total Equity	4,137.3	4,897.9	760.7	18.4

※ Based on consolidated K-IFRS

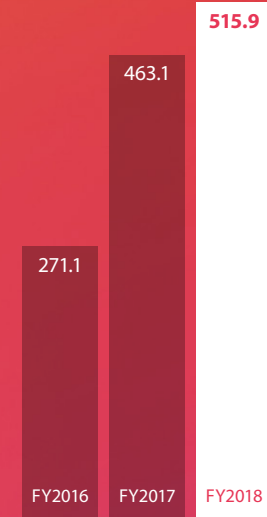
Send Save draft Preview

Key Highlights

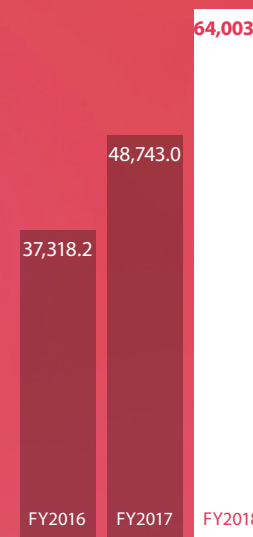
Operating Income
(Unit : KRW in billion)



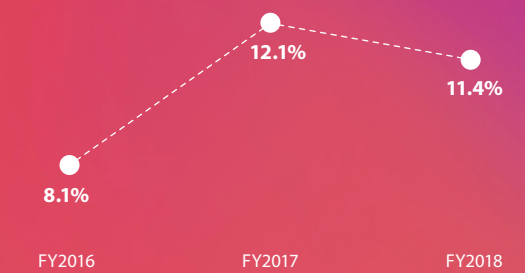
Net Income
(Unit : KRW in billion)



Total Assets
(Unit : KRW in billion)



ROE
11.4%



☰

🖨️
🗑️
⚙️

List
Move to
Save

🔖
⬇️
🕒
✉️
⚙️
ℹ️

FY2018 Korea Investment Holdings' Stock Performance ★

From : Korea Investment Holdings' IR Team
 To : Clients & Shareholders
 Date : Thursday, February 7, 2019, at 3:35 p.m.

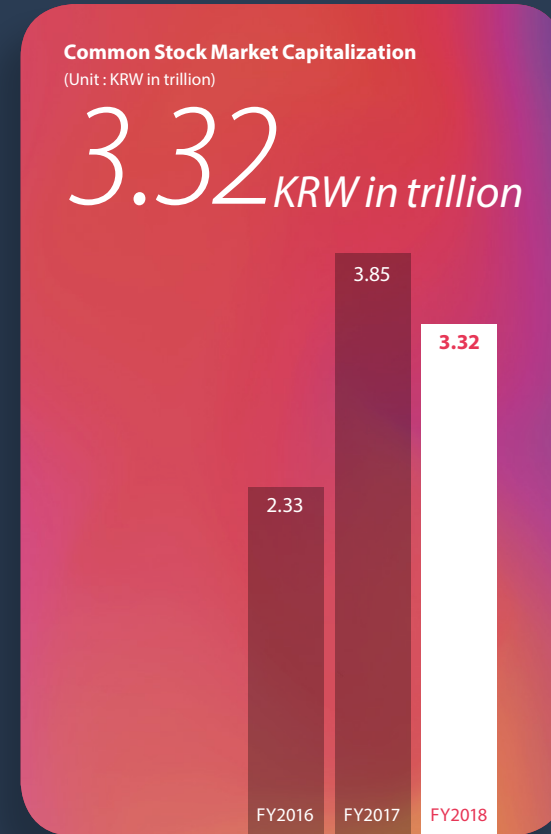
STOCK PERFORMANCE

Korea Investment Holdings (KIH) stock hit a record high of KRW 98,900 in 1H of 2018. However, the downturn of global financial markets in 2H weighed on the Korean stock market, and KIH stock ended the year down 13.8% from the start of 2018. We expect the stock price to rebound in 2019 and surpass market expectations on the back of our consistent and stable earnings compared to rival firms, as well as our industry-high ROE.

(Unit : shares, KRW in billion, %)

	FY2017	FY2018	Change
Common Stock	5,572,599.2	5,572,599.2	-
Preferred Stock	585,825.1	585,825.1	-
Total No. of Issued Shares	6,158,424.3	6,158,424.3	-
Common Stock Market Capitalization	3,845.1	3,315.7	-13.8%
Preferred Stock Market Capitalization	212.4	204.7	-3.6%
Foreigners' Stake in Common Stock	37.0%	35.5%	-1.5%p
Foreigners' Stake in Preferred Stock	14.8%	15.3%	0.5%p
EPS (KRW)	8,731	9,062	3.8%

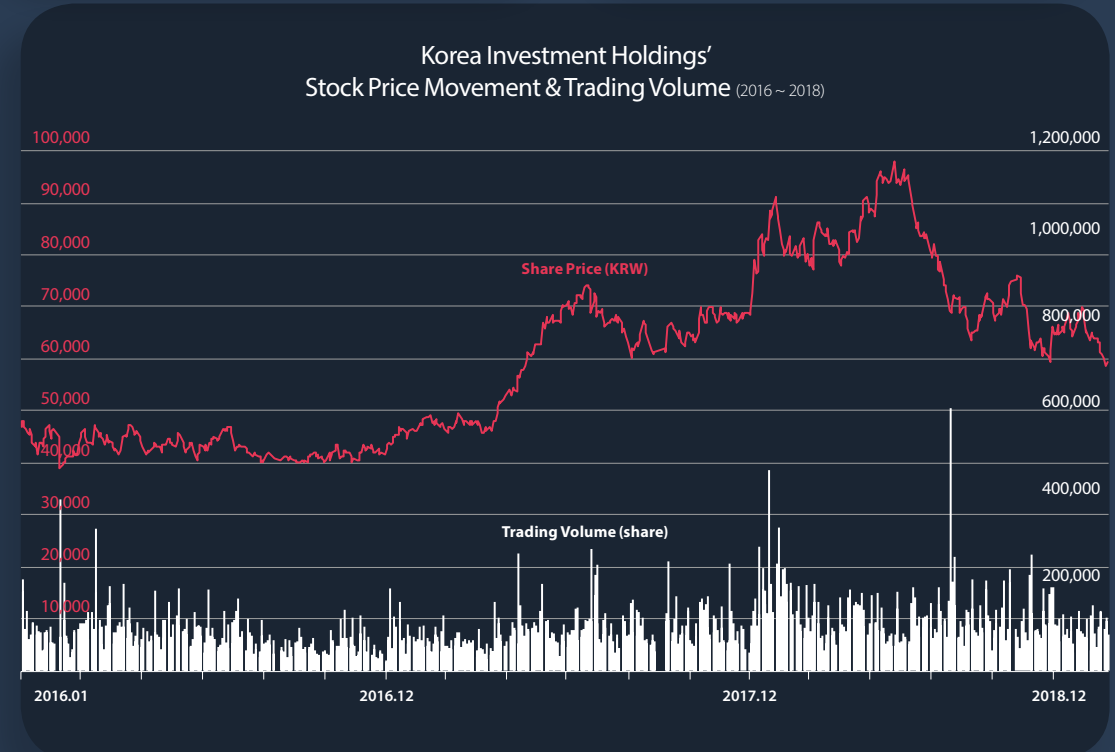
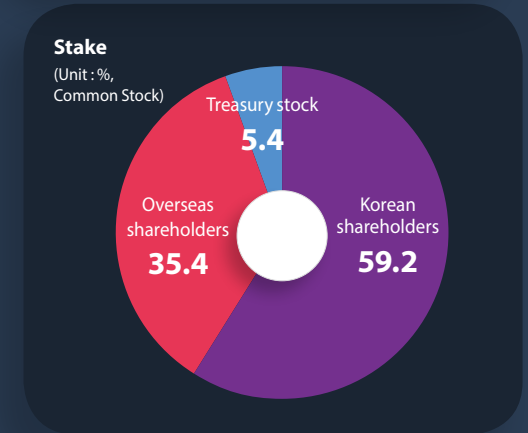
Reply
Reply to all
Forward



Credit Rating (Domestic)

AA-

📶
★
👤
🌐



2018 NEWS Highlights



2018. 03. 27

Ranked first in all categories in Asiamoney Brokers Poll 2017



Click to read more

2018. 04. 04

Korea Investment Holdings invests KRW 186 billion in KakaoBank of Korea

186 KRW in billion

2018. 07. 10

Launch of 'KIS Indonesia', aims to rank among top 5 local securities firm within 5 years



2018. 08. 07

Vietnam subsidiary enters derivatives market

(First among foreign securities firms in Vietnam)

Click to read more

2018. 10. 04

Korea Investment & Securities builds online investment advisory platform

Save

Preveal

2018. 10. 08

Launch of new mobile trading app called 'Korea Investment Stock'



Download



2018. 10. 19

Decision for USD 400 million capital increase for HK subsidiary to nurture it into Asian financial hub

CEO'S MESSAGE

“
Global Leading
Financial Enabler
”



Namgoo Kim
(金楠玖)

Korea Investment Holdings
CEO



2,987



18,905



5,783

Follow

www.koreaholdings.com

Comment



Dear shareholders and clients,

Let me begin by sincerely thanking you for your warm encouragement and interest towards Korea Investment Holdings over the past year.

The year 2018 saw the advent of unprecedented changes and breaking down of boundaries that had been hitherto regarded as indestructible. BTS became the first Korean musical act to top the Billboard 200 chart and their Korean songs touched millions around the world. The introduction of the 52-hour work week revised the way companies do business and induced greater changes in people's daily lives. Generation Z - those in their 10s and 20s who are digital natives - favor video-sharing websites when searching for information rather than conventional search engines or books. And for the first time, the ratio of individual investors using mobile trading systems (MTS) surpassed that of home trading systems (HTS).

These changes are extraordinary on their own but they also seem to warn that the next wave of changes could hit the financial industry.

We are now at a major inflection point that will impact the next decade. Traditionally, the financial industry was regarded as having a relatively high entry barrier for new competitors and able to enjoy stable profits. However the fourth industrial revolution has turned those ideas upside down. The financial industry is expected to be particularly vulnerable to new entrants and face unstable profitability. A company's past performance, process and experience can no longer guarantee future success. Accordingly we are preparing for the next decade by focusing on the following points.

“
Moving beyond Korea to grow
into Asia's most trusted and
beloved financial firm
”



9



“
We will strive for digital innovation and transformation across all our businesses.
”



First we will prioritize developing digital services and products to deliver maximum satisfaction to customers. With the establishment and subsequent growth of Korea's largest internet-only bank, KakaoBank, we glimpsed the potential of digital finance. Although the building of a world-class UI/UX that is customer-friendly involved greater time than initially expected, at that effort ultimately proved its worth. In just 18 months 7.69 million people or 28% of Korea's entire economically active population had signed up as KakaoBank customers. The first collaboration between Korea Investment & Securities' online platform ('BankIS') and KakaoBank produced 'non face-to-face account opening service.' Clients welcomed the service with 800,000 people registering within two months of its launch. The explosive response enabled us to predict the synergies that could be reaped through further collaborations between KakaoBank and other KIH subsidiaries going forward.

We plan to devote greater attention to digital innovations in developing services for customers as they are increasingly transferring to mobile platforms. Our goal is to achieve highest customer satisfactions within the KIH financial ecosystem.

Second we will revise our organization and system to better align with investment and asset management. Korea Investment Holdings is shifting from a profit structure centered on brokerage commissions to a financial investment company that specializes in investment, advisory services, and asset management. Such transition involves a deeper level of changes than just a shift in income sources. We aim to organically morph into the most efficient corporate structure to realize this goal.



Our AUM increased from KRW 80.7 trillion in 2010 to KRW 219.4 trillion in 2019, and our target is to increase it to KRW 1,000 trillion range by 2030. Effective asset management, fair employee compensation, and efficient organizational structure will become more crucial in line with the growth in AUM. Accordingly we will build an organization best fitted to find optimal solutions in investment and asset management. We will strictly abide by principles, maintain thorough risk management, and dramatically improve the efficiency of our company-wide management data system.

Third we will expand our customer base to cover the entire Asian market. We will move beyond our ranking as number1 in Korea to become a leading investment bank in Asia. Aside from our existing ventures in China, Vietnam, Indonesia, Singapore, and Hong Kong, we are considering exploring new markets. With our Hong Kong subsidiary acting as our regional stronghold, we will proactively strive to expand our investment and asset management business in Asia, and secure new customers.

Growing into Asia's most trusted and beloved financial firm is the dream guiding Korea Investment Holdings. Our mission is to realize high ROE, boldly invest accumulated capital into the future, and re-invest those returns to secure sustainable growth momentum, and by doing so, create a virtuous cycle.

To our clients, shareholders, and all of our other stakeholders all of us at Korea Investment Holdings will devote every effort to realize our dream of becoming your representative financial enabler in Asia. We will not be satisfied with today's achievements, but forge forward to create a bigger tomorrow.

I look forward to your continued interest and support.

Thank you.



Namgoo Kim
Korea Investment Holdings CEO

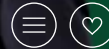
BOARD OF DIRECTORS

The Board of Directors of KIH comprises two standing and six non-standing directors. There are five committees within the BOD: Management Committee, Compensation Committee, Risk Management Committee, Audit Committee and Officer Recommendation Committee. (as of Mar. 2019)



Namgoo Kim CEO

- CEO & Vice-Chairman, Korea Investment Holdings (2011~present)
- Vice-Chairman, Korea Investment & Securities (2005~present)
- CEO & President, Korea Investment Holdings (2003~2011)
- MBA, Tsinghua University, China (2015)
- MBA, Keio University, Japan (1991)



Kang Haeng Lee President

- President, Korea Investment Holdings (2019~present)
- Vice President, Korea Investment Holdings (2016~2018)
- Vice President, Korea Investment & Securities (2012~2015)
- Managing Director, Korea Investment & Securities (2005~2011)
- BA in Economics, Sogang University, Korea (1986)



Jung Ki Kim Non-standing Director

- Head (Deputy President, Marketing Group), KEB Hana Bank (2015~2016)
- Head (Deputy President, Marketing Group), Hana Bank (2015)
- Director, Honam Business Group, Hana Bank (2013~2014)
- MBA, KAIST College of Business, Korea (2002)



Young Tae Cho Non-standing Director

- Head, Population Policy Research Center, Seoul National University (2018~present)
- Population Policy Foreign Advisor, General Office of Population and Family Planning, Vietnam (2015~present)
- Professor, Health Demography, Seoul National University (2004~present)
- Ph.D. in Demography, University of Texas at Austin (2002)



Dae Hee Yoon Non-standing Director

- Member, Financial Risk Management Committee, K Water (2017~present)
- Professor, Business Administration, Yonsei University (2013~present)
- Member, Business Operator Selection Committee, LH (2016)
- Ph.D. in Business Administration, Yale University, USA (2008)



Tae Won Kim Non-standing Director

- Adjunct Professor, Media & Communication, Korea University (2017~present)
- Head of Industry, Google Korea (2016~present)
- Member, Presidential Committee on Young Generation (2013~2015)
- BA in Sociology, Korea University (2006)



Hobart L. Epstein Non-standing Director

- Vice Chairman, Lodestone Partners LLC (2014~2016)
- Vice President & Chief Operation Officer, Dongyang Securities (2009~2012)
- CEO & President, KTB Investments & Securities/ KTB Networks (2008~2009)
- MBA, University of California, Los Angeles (1981)



Young Rok Cheong Non-standing Director

- Professor, International Graduate School, Seoul National University (2008~present)
- Member, Policy Advisory Council, Min. of Foreign Affairs & Trade (2004~present)
- Minister of Economic Affairs, Korean Embassy in China (2011~2014)
- Ph.D. in Economics, University of Southern California (1990)



GLOBAL NETWORK

KIH is fortifying its global network as part of its mid-to-long-term objective to become Asia's leading investment bank. Our proactive localization efforts in Hong Kong, Vietnam, China and Indonesia are helping to expand our business scope in the Asian financial markets.



Domestic

Korea Investment Holdings Co., Ltd.

Overseas

Follow

Like it

Korea Investment Holdings

Proactively venturing into overseas markets to uncover new profit sources beyond the Korean capital market.

Click to read more

SAN FRANCISCO

NEW YORK

LONDON



★ Hong Kong



KIS Hong Kong will receive USD 400 million capital increase, plans to invest in global bonds and derivatives

2018.10.19

BEIJING

SEOUL

TOKYO

SHANGHAI

★ HONG KONG

★ HO CHI MINH

SINGAPORE

★ JAKARTA



★ Jakarta



Launch of local subsidiary, 'Korea Investment & Sekuritas Indonesia' 2018.07.10



★ Ho Chi Minh



KIS Vietnam enters derivatives market (First among foreign securities firms in Vietnam) 2018.08.07

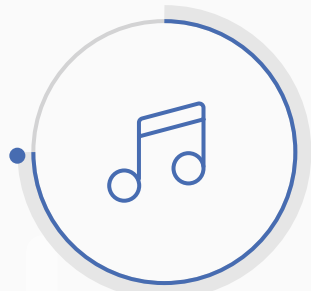
- Home
- Global
- Music
- Search
- Video
- Share

KIH SYNERGY

KIH is achieving industry-leading results through business diversification and synergy creation. Increase in commercial paper issuance and KakaoBank's swing to the black are accelerating the effects of revenue diversification.

- ⊕ Korea Investment Holdings
- ⊕ Korea Investment & Securities
- ⊕ Korea Investment Management
- ⊕ Korea Investment Value Asset Management
- ⊕ Korea Investment Partners
- ⊕ EQ Partners
- ⊕ KIARA Advisors
- ⊕ KakaoBank of Korea
- ⊕ Korea Investment Savings Bank
- ⊕ Korea Investment Capital

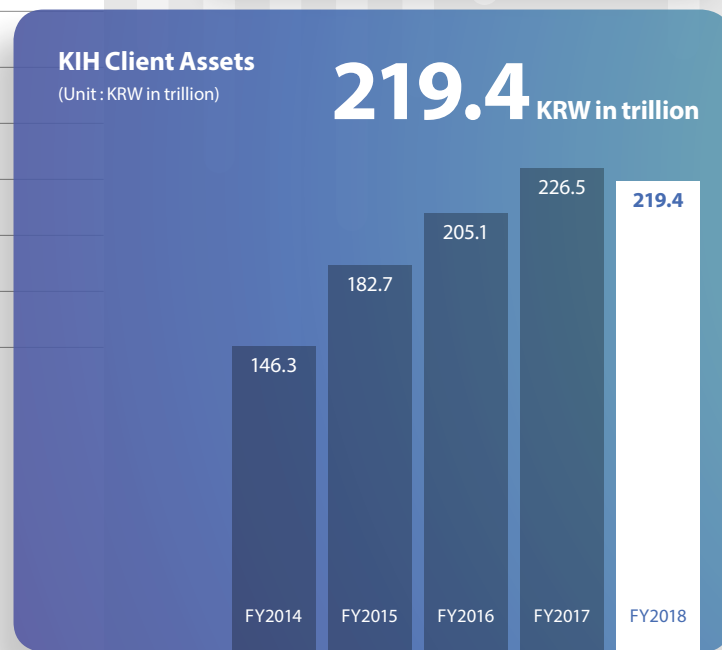

Korea Investment Holdings



KIH posted KRW 515.9 billion in consolidated net income in FY2018

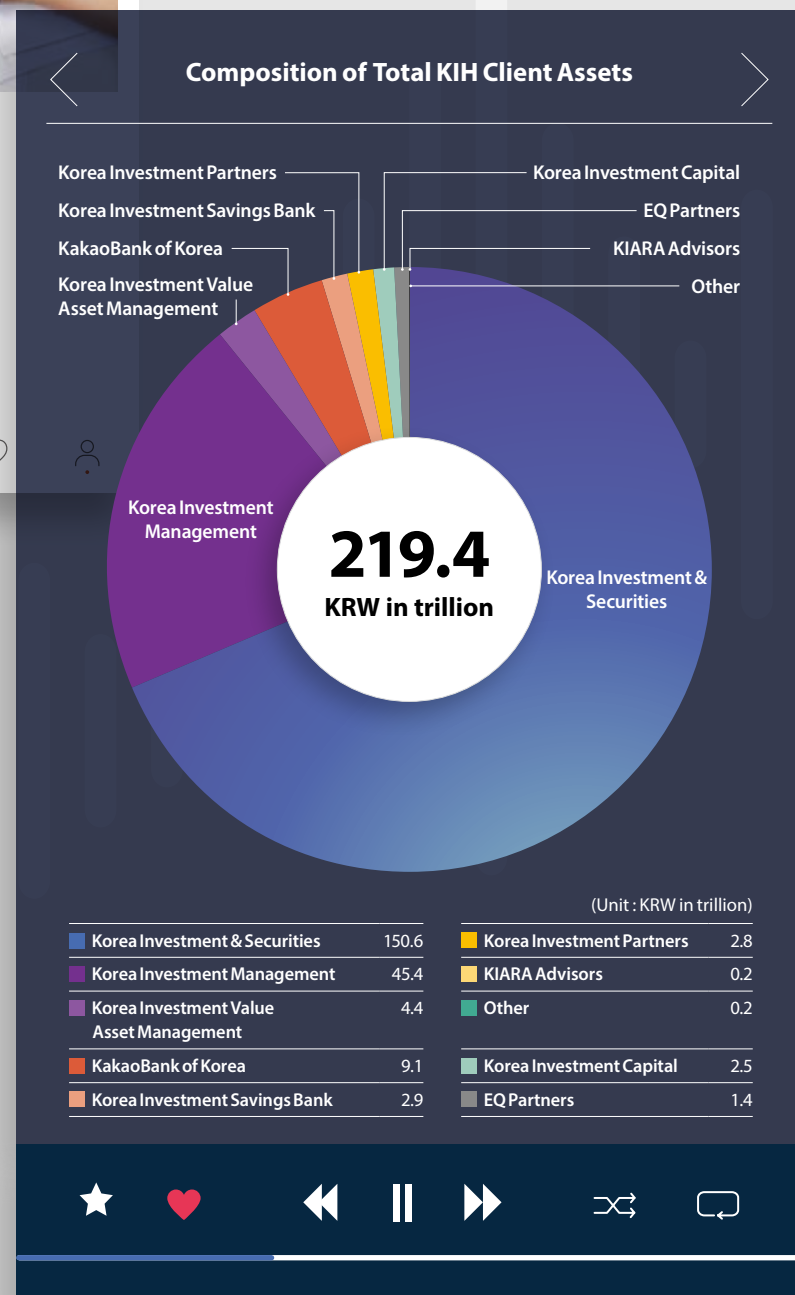
515.9 KRW in billion
(up 11.42% YoY)

5,159K likes | 3,029 comments | 534 shares

Strengthening our competitive edge by developing differentiated products and services, and uncovering unique investment opportunities

#KIH #Differentiated Products #Discover Investment Opportunities



Follow Like it

Navigation icons: Star, Heart, Previous, Play/Pause, Next, Full Screen, Refresh



RISK MANAGEMENT

Korea Investment Holdings

Login

Risk Management at KIH

KIH recognizes that preemptive risk management is key to stable operations and is rigorously managing risks. We draw up risk management policies that are aligned with our business plans and set exposure limits. Risks are classified into market, credit and operational risks for systematic risk analysis and reporting.



Board of Directors

Establishes & approves Group risk management policies

KIH Risk Management: Group-wide risk management

- Oversees risk management of subsidiaries
- Convenes group risk management sessions and coordinates communication with risk management departments of subsidiaries
- Sets risk limits for subsidiaries and monitors compliance
- Manages Group risks via risk management system
- Checks & reports on risk management activities on daily/monthly/quarterly bases

Risk management at KIS, KIM, KIVAM, KIARA Advisors

- Manages VaR, loss limits and trading positions
- Conducts daily monitoring of liquidity
- Reviews investment decision making process

Risk management at KISB, KIC

- Monitors risk exposure & compliance
- Monitors loan concentration, large loans and problem loans
- Manages liquidity according to funding/investment
- Establishes risk management policies

Risk management at KIP, EQ Partners

- Manages investment assets
- Reviews investment decision making process

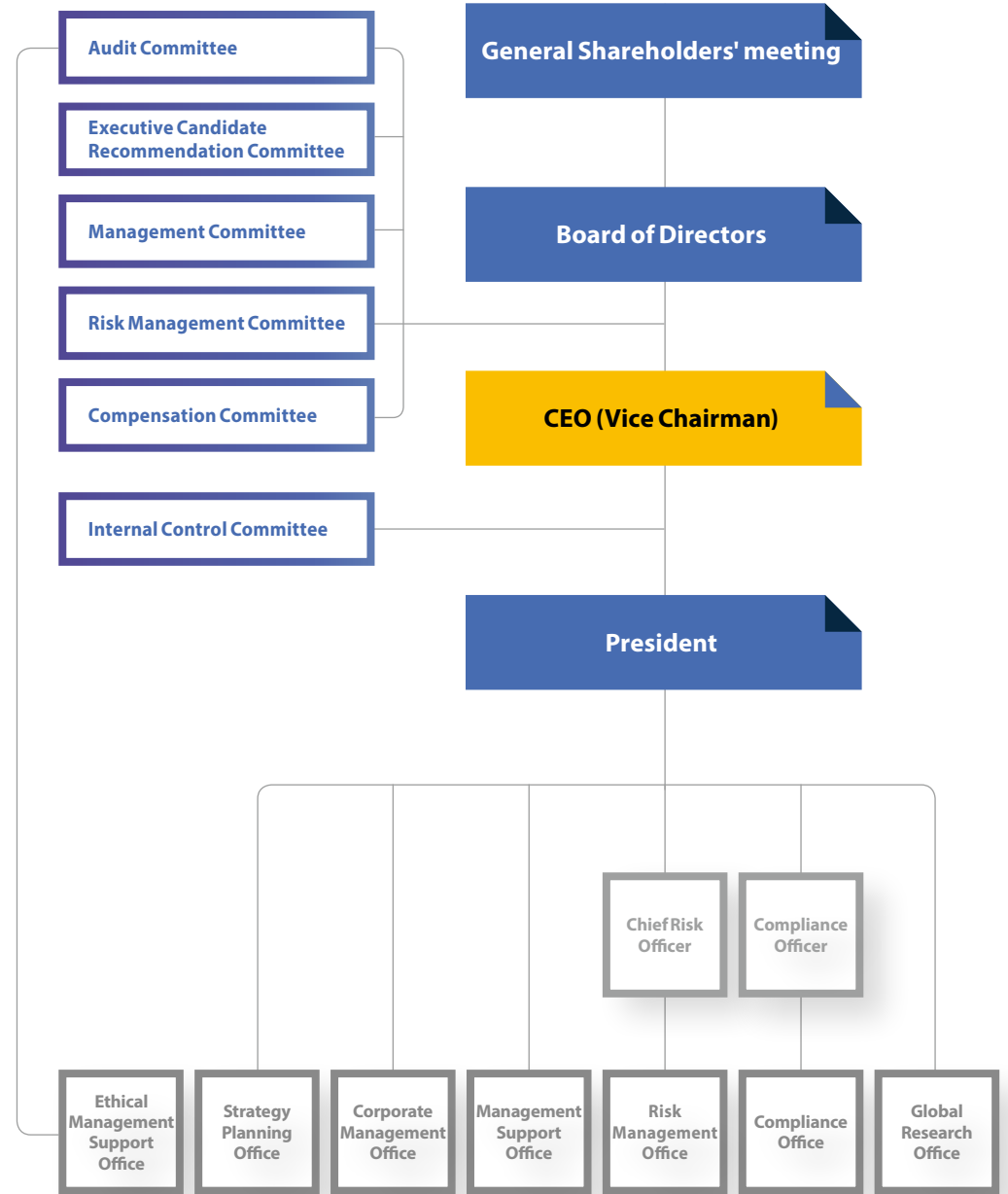


ORGANIZATION CHART



Control panel with four icons: a yellow gear with a lightning bolt, a black microphone with a slash, a purple camera, and a white circle with a black 'X'.

Moving forward to become Asia's representative financial firm.



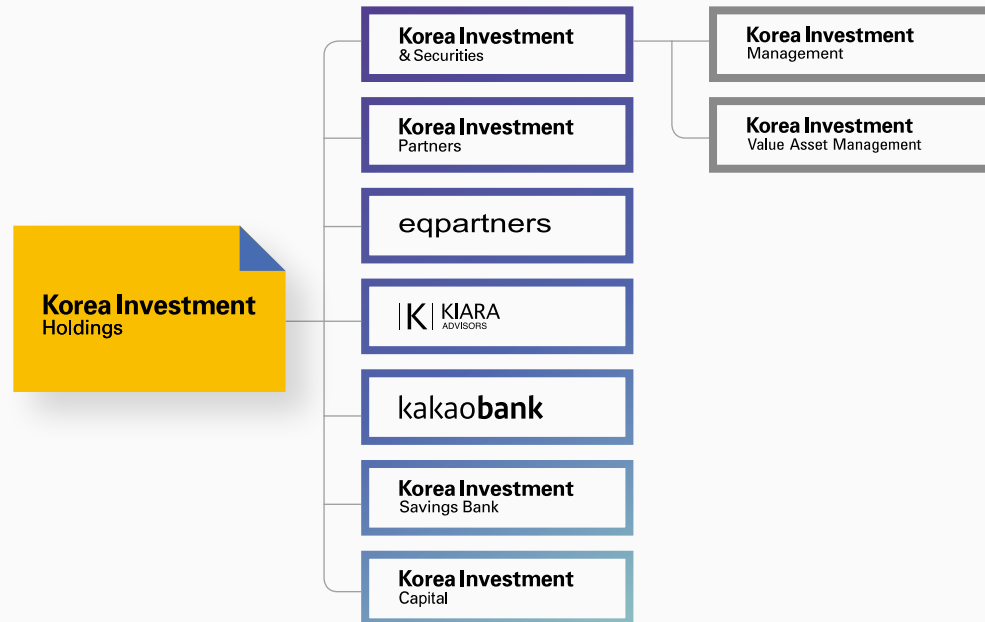


KIH AT A GLANCE



Subsidiaries & Sub-subsidiaries

(As of end of Dec. 2018)



(Unit : KRW in billion, based on FY2018 consolidated financial statements)

	Assets	Equity	Net Income
Korea Investment Holdings	64,003.7	4,897.9	515.9
Korea Investment & Securities	46,047.4	4,453.8	499.3
Korea Investment Management	189.4	137.5	35.5
Korea Investment Value Asset Management	34.7	31.9	6.8
Korea Investment Partners	536.1	277.1	46.5
EQ Partners	56.5	48.0	0.6
KIARA Advisors	10.2	9.3	0.7
KakaoBank of Korea	12,126.7	1,140.4	-21.0
Korea Investment Savings Bank	2,898.5	371.4	56.1
Korea Investment Capital	2,598.2	310.4	54.9

* As of end of Dec. 2018, KIH holds 100% stake in all subsidiaries except KakaoBank of Korea (50%)



#Korea Investment Partners



#EQ Partners



#KakaoBank of Korea



#Korea Investment Value Asset Management



#Korea Investment Capital



#Korea Investment & Securities



#Korea Investment Management



#Korea Investment Holdings



#Korea Investment Savings Bank



#KIARA Advisors





KOREA INVESTMENT & SECURITIES

Emergence as a mega-sized investment bank

As the core subsidiary of KIH, Korea Investment & Securities has a diversified business model that continues to generate solid profits across all businesses, including brokerage, asset management, investment banking and trading.

Since obtaining industry-first approval for short-term financing (issuance of commercial papers) in 2017, we have been leading the supply of funds for investment banking, posting KRW 4.3 trillion in outstanding balance as of end of 2018.

We are also generating tangible results in the development of new growth engines by creating synergies with KakaoBank of Korea and aggressively pursuing overseas markets.



Date established
1974



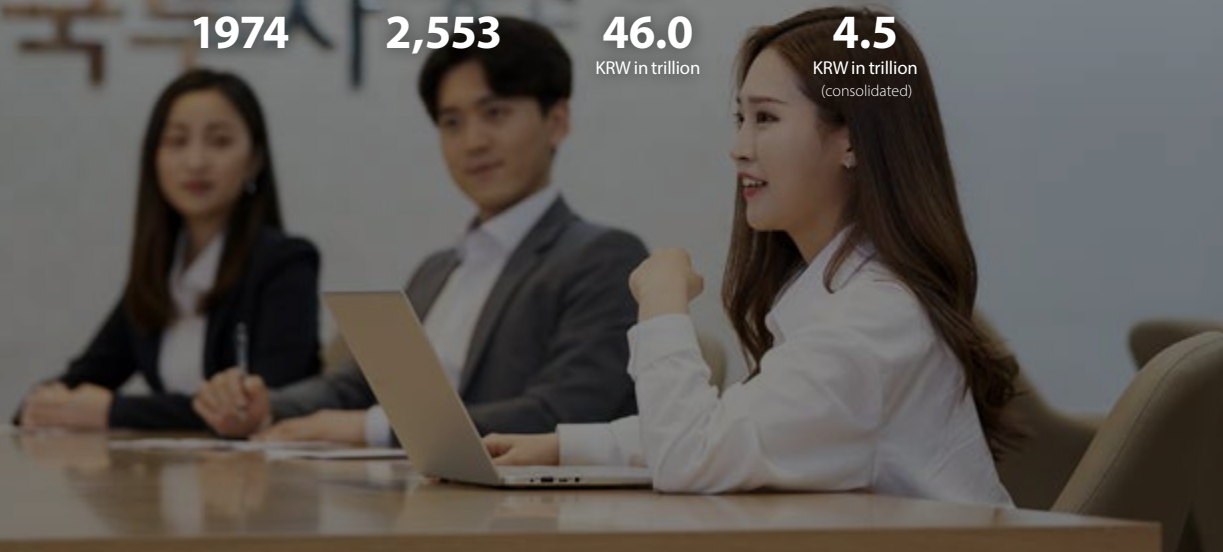
No. of employees
2,553



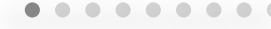
Assets
46.0
KRW in trillion



Equity
4.5
KRW in trillion
(consolidated)



- #Mega-sized IB
- #Commercial paper
- #Indonesia
- #Return on Investment
- #International stocks
- #Project finance
- #Wealth management
- #Asset management



Client Assets

150.6

KRW in trillion

154.4
KRW in trillion

167.9
KRW in trillion



Il Moon Jung
CEO & President, KIS

KIS achieved balanced profits across all divisions, from brokerage and asset management to investment banking and trading. 😊😊😊

What about future plans?

We will adhere to a "client first, on-site management" philosophy to grow beyond the local market and emerge as Asia's representative financial investment company.



Net income (consolidated)

493.3

KRW in billion

Follow

FY2016

FY2017

FY2018

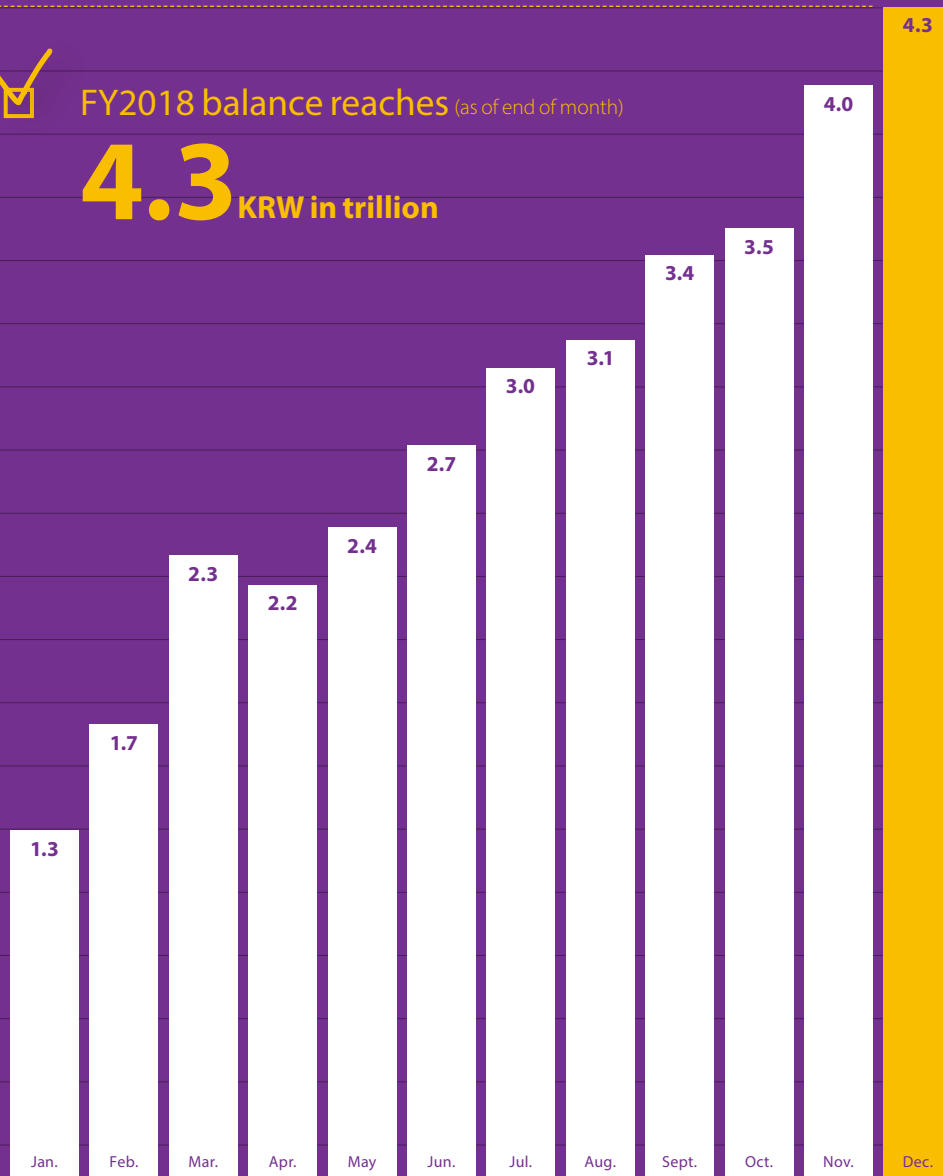
Outstanding Balance of Commercial Paper Issued

(Unit : KRW in trillion, as of end of month)



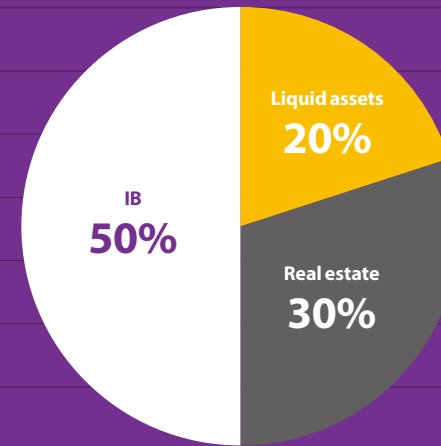
FY2018 balance reaches (as of end of month)

4.3 KRW in trillion



Investment of Commercial Paper proceeds

(100% = 4.3 KRW in trillion)



396.8%

Industry-first approval to issue commercial papers.
Outstanding balance of KRW 4.3 trillion represents
396.8% YoY growth.

NEW MAIL



From KIH

Date Thursday, March 7, 2019 8:50 a.m.

To Korea Investment & Securities

Subject: Re: Moving Forward to Become a Mega-Sized IB

We must not rest on our laurels as first-movers following approval to issue commercial papers, something that is only allowed for mega-sized IBs. Let us actively draw upon our industry-leading IB capabilities to improve the performance of managed funds. Thank you.

On 7/3/2019 at 8:45 a.m. KIS wrote:

4.3 KRW in trillion

Outstanding balance of KRW 4.3 trillion as of end of 2018

Good morning, team leader.

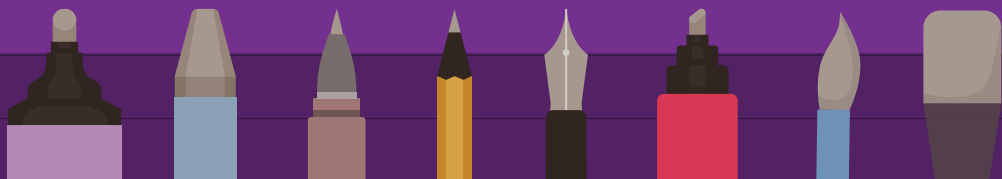
Let me give you our latest update and share our future strategic directions.

We believe the competition to become mega-sized IBs in the Korean securities industry will heat up.

...

Therefore, our plan is to improve risk management and enhance expertise in our key strengths of corporate finance coverage, asset management and investment.

By offering diverse corporate financial products, we will supply necessary funds to businesses and provide greater returns to customers.





KOREA INVESTMENT MANAGEMENT

Korea's representative total asset management firm

Korea Investment Management was the first asset management company to be established in the country. Backed by 45 years of experience, KIM has grown into Korea's representative asset manager. KIM has been leading the industry in terms of size and profitability and delivering stable investment performance. With top priority on enhancing returns for customers, KIM will maintain a rational investment philosophy and meticulous risk management to evolve into the foremost asset management firm in Korea and beyond.



Date established

1974



No. of employees

278



Assets

189.4
KRW in billion



Equity

137.5
KRW in billion

#Target date funds

#Total asset management firm

#Stock/bond investments

#Real assets

#Alternative products

#ETFs

#Global network

#Stewardship code

#OCIO business

KIM
@KorealInvestmentManagement

AUM increased KRW4.3 trillion year-on-year to reach KRW 45.4 trillion. The growth was driven by offshore equity-type funds, fund of funds and discretionary assets.

#AUM #Overseas equity-type fund #Fund of funds #Discretionary assets #Total asset management firm

2019 547 674 2,890

AUM
45.4
KRW in trillion

41.1
KRW in trillion

37.8
KRW in trillion



up 24.2% YoY ↑

Net income

35.5
KRW in billion



FY2016



FY2017



FY2018

FY2016

FY2017

FY2018

MONTH

YEAR

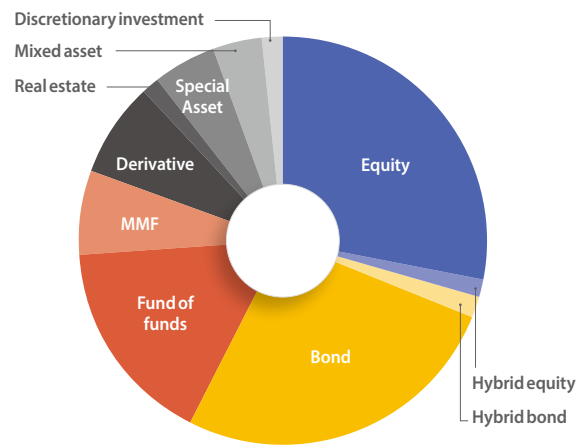
< 2018 >

By staying agile and effective in a rapidly changing market environment in 2018, KIM recorded steady growth in AUM. As in the previous year, the Vietnam fund and other offshore equity-type funds enjoyed robust growth. The London Core Office Real Estate Investment Trust and KOSPI Solution Securities Investment Trust also drew a favorable response from the market.

AUM by Type

(based on commitment and contract amount)

45.4 KRW in trillion



(Unit: KRW in billion)

Equity	12,752	Derivative	3,338
Hybrid equity	678	Real estate	684
Hybrid bond	718	Special Asset	2,194
Bond	12,064	Mixed asset	1,834
Fund of funds	7,408	Discretionary investment	649
MMF	3,051		

KOREA INVESTMENT MANAGEMENT

JANUARY

2018.01.29

Vietnamese IPO Investment

Launch Korea Investment Vietnam IPO Fund

JULY

2018.07.25

Completion of '4th Industrial Revolution Fund' Korea-China-Japan Series

Launch 'KIM China/Japan 4th Industrial Revolution Fund'

2018.07.30

First in the industry to export Korea Investment Vietnam Growth Fund to Japan

350 KRW in billion

AUM exceeds KRW 350 billion three months after its launch



MARCH

2018.03.12

Europe real estate investment

Launch Korea Investment Belgium Core Office Real Estate Fund



OCTOBER

2018.10.25

Securities market listing

'Korea Investment KINDEX Mexico MSCI/KOSPI/ US Wide Moat ETF' listed on the stock market



JUNE

2018.06.18

One -year anniversary of Korea Investment TDF Alaseo Fund Series launch

200 KRW in billion

AUM exceeds KRW 200 billion fifteen months after its launch

DECEMBER

2018.12.20

KIM KOSPI Solution Fund launching

50 KRW in billion

AUM surpasses KRW 50 billion four months after its launch



2018.12.21

Establishment of Global Operation Team



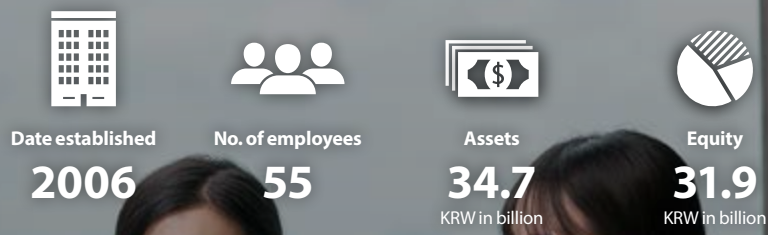
Newly set up Global Operation Team to strengthen overseas business



KOREA INVESTMENT VALUE ASSET MANAGEMENT

Korea's first long-term value investment company

Korea Investment Value Asset Management is the country's first long-term value investment company established in February 2006. KIVAM's approach is to make investments based on the intrinsic value of companies and maximize investors' long-term compound yield. KIVAM is working to increase wealth of clients through its value investing funds such as the flagship 'Korea Value 10-Year Investment Fund (Equity)' as well as pension and dividend funds.



- #Long-term value investing
- #Low-risk, medium return
- #Traditional value
- #Small and mid caps
- #Dividend value stocks
- #Concentrated investing
- #Stewardship code
- #Shareholder value-oriented
- #Risk management

5.9
KRW in trillion

AUM
4.4
KRW in trillion

4.6
KRW in trillion

Chai Won Lee
CEO, Korea Investment Value Asset Management

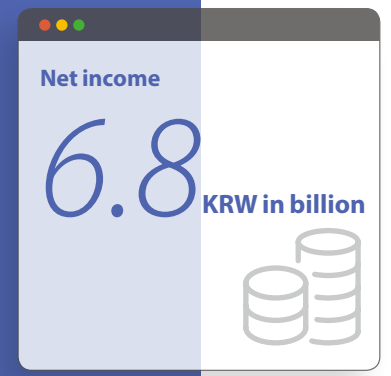
KIVAM is Korea's first and representative asset management company that focuses on value investing.

I'd like stable returns in this uncertain market...

What is a winning investment strategy in uncertain times?

You can expect higher returns by investing in a company with solid intrinsic value.

KIVAM's approach is twofold; value investing that focuses on a company's fundamentals and long-term investing that can withstand market ebbs and flows.





KOREA INVESTMENT PARTNERS

A true partner to Korea's venture firms

Korea Investment Partners is a private equity firm that discovers and invests in promising small- and medium-sized enterprises in addition to providing them with business and financial consulting. KIP will solidify its reputation as Asia's leading private equity house by fulfilling its role as a global private equity firm specializing in SMEs.



Date established
1986



No. of employees
88



Assets
536.1
KRW in billion



Equity
277.1
KRW in billion



true friend 한국투자

#Private Equity

#Venture Capital

#Growth-expansion investment

#Discover & invest in promising SMEs

#M&A/Overseas investment

#USA

#China

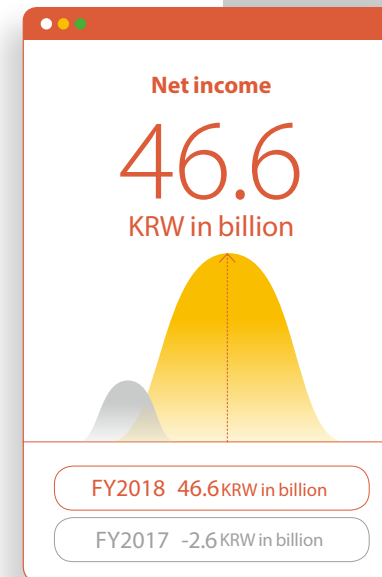
#Mezzanine investment



AUM
2.8
KRW in trillion

1.6
KRW in trillion

2.0
KRW in trillion



FY2016

FY2017

FY2018

@KoreaInvestmentPartners

KIP has been leading the sector in asset management performance, with an average IRR of 18% over the past 18 years.

Follow

Global PE firm specializing in SMEs

Korea Investment Partners invests in promising small- and medium-sized enterprises in addition to providing them with business and financial consulting. KIP has recorded industry-leading performance with an average IRR of 18% for the past 18 years. Moreover, it has maintained an 'A+' rating in the venture capital firm assessment conducted by the Small and Medium Business Administration since 2004 by building a solid financial foundation and management system.

Maintained A+ rating since 2004

A+

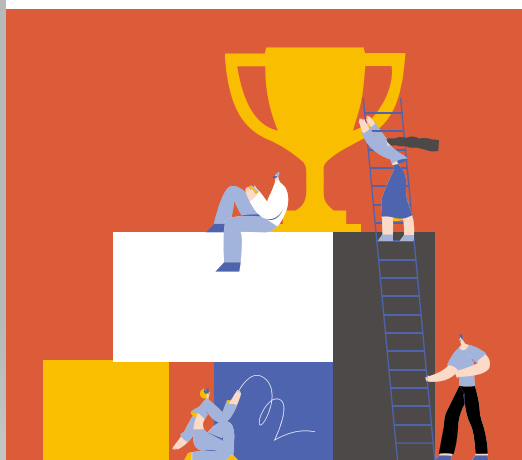
Average IRR for the past 18 years

18%

Best Venture Capital

Received the 'Best Venture Capital' prize at the 9th Korea IB Awards Received the 'Best Venture Capital House (Financial Service Commission Chairman Award)' prize at 2018 Korea Venture Capital Awards

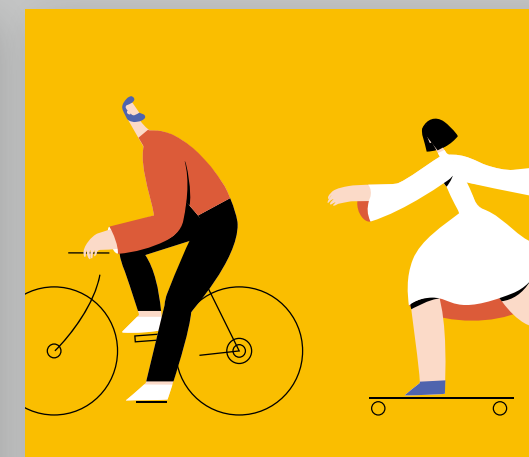
2018.02.27



50KRW in billion

Launched KIP KIS Global Fund

2018.08.29



23KRW in billion

Launched Kiwoom KIP Healthcare Platform PEF

2018.11.22



285KRW in billion

Launched Korea Investment Re-Up Fund

2018.01.23

89.1KRW in billion

KIP YUANSHENG CO-GP Fund

Launched KIP YUANSHENG CO-GP Fund

2018.03.03



175KRW in billion

Launched Korea Investment SEA-China Fund

2018.10.25



170KRW in billion

Launched Guangzhou equity investment fund partnership company

2018.12.17



EQ Partners

EQ PARTNERS

Market leader in specialized private equity funds

As a private equity firm that specializes in energy and infrastructure, EQ Partners invests in ICT infrastructure companies, resources and infrastructure related assets. As of the end of December 2018, total AUM exceeded KRW 1.4 trillion (based on commitment amount).

EQ Partners is delivering stable returns by investing in quality companies in the energy, infrastructure and environment service sectors at home and abroad. It will further expand its reach by diversifying the scope of investment assets.



Date established

2010



No. of employees

16



Assets

56.5

KRW in billion



Equity

48.0

KRW in billion

#PEF

#Energy investment

#Infrastructure investment

#Promote PE market

#Diversify investment portfolio

#Environment service investment

#Blind funds

#Increase investors' profits



EQ Partners

@EQPartners

Since its founding in 2010, EQ Partners has been working to increase investors' profits and spur the PE market by investing in a wide range of companies at home and abroad.

#EQ Partners #Private Equity Fund #PEF

2019 547 674 2,890

AUM

1.40

KRW in trillion

1.28

KRW in trillion

1.35

KRW in trillion

Net income

700

KRW in million

Let's GO!

FY2016

FY2017

FY2018



PEF Status

(as of end of Dec. 2018)

EQ Partners has been maintaining growth by investing in the energy, infrastructure, and environment service sectors. As of the end of December 2018, the company managed assets worth KRW 1.4 trillion in eight funds. Two new funds were launched in 2018, raising the number of cumulative funds to eleven, of which three have been liquidated (IRR of 14.1%).



CANADA

EQP POSCO Global No. 1 PEF

2013.01.18 ~ 2023.01.17

10 years
663.5 KRW in billion

ArcelorMittal (Canada)
The world's No.1 steel company and No.4 steel ore manufacturer with integrated steel ore production facility



BRAZIL

EQP Global PEF No. 1

2011.02.14 ~ 2026.02.13

15 years
400 KRW in billion

CBMM (Brazil)
The world's largest niobium mine with many years' worth of reserves



OVERSEAS

Aethra 3-1 PEF

2018.10.31 ~ 2025.10.31

7 years
25.7 KRW in billion

Crianza Aviation (Overseas)
Korea's first airplane lease company that has long-term contracts with top-tier airlines



Hanon PEF

2018.08.24 ~ 2030.08.24

12 years
42 KRW in billion

SY Tank Terminal (Korea)
Total liquid cargo terminal that focuses mainly on naphtha based in Yeosu, Jeollanamdo



EQP No.1 Environment Service PEF

2017.03.27 ~ 2024.03.27

7 years
63 KRW in billion

KC EnviroServices (Korea)
Korea's leading environment service company with over 40 years of expertise



EQP Green PEF

2017.12.18 ~ 2030.12.18

13 years
140 KRW in billion

E-Medione (Korea)
Medical waste treatment (incineration) company based in Jangheung Jeollanamdo

Ilung (Korea)
Waste water treatment company based in Incheon



KOREA

EQP No. 2 Corporate Restructuring PEF

2014.05.26 ~ 2021.05.26

7 years
42.5 KRW in billion

Dreamline (Korea)
ICT company with nationwide network





KIARA ADVISORS

Hedge fund manager pursuing absolute returns

Established as Korea's first offshore hedge fund operator in Singapore in February 2008, KIARA Advisors manages hedge funds based on long/short strategies in pursuit of absolute returns. The firm is expanding the base of potential investors while maintaining solid performance on the back of the success of its flagship fund, KIARA APHF.



Date established
2008



No. of employees
10



Fund NAV
188.8
KRW in billion

- #Offshore hedge funds
- #Long/short strategy
- #Currencies
- #Stocks
- #Bonds
- #Macro analysis
- #Fundamental research



Cumulative return
(4 years 4 months)
18.9%

[Click to read more](#)

KIARA Advisors
@KIARAAdvisors

❤️ 💬 📍

We pursue stable and steady absolute returns regardless of market fluctuations by adjusting long/short positions in multiple asset classes including stocks, bonds and currencies.

#Offshore hedge fund #AUM #Singapore #China #Hong Kong

🏠 🔍 + ❤️ 👤



KAKAObANK OF KOREA

A new paradigm in banking

With innovative products and services, KakaoBank took off in 2018 and sparked the 'KakaoBank effect' throughout the banking industry.

As of the end of December 2018, KakaoBank had more than 7.69 million customers.

Total deposits stood at KRW 10.8 trillion and total loans at KRW 9.1 trillion, while the number of overseas remittances surpassed 420,000. KakaoBank solidified its position as Korea's premier mobile bank, being chosen as one of the World's 50 Most Innovative Companies and the Best Digital Bank.



Date established
2016



No. of employees
498



Deposits
10.8
KRW in trillion



Loans
9.1
KRW in trillion



#KakaoBank effect

#Mobile bank

#Digital innovation

#Digital transformation

#Loans: KRW 9 trillion

#Deposits: KRW 10 trillion

#Differentiation

#Banking service for daily life

#World's 50 Most Innovative Companies

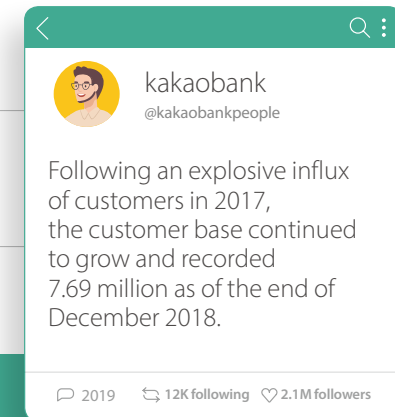
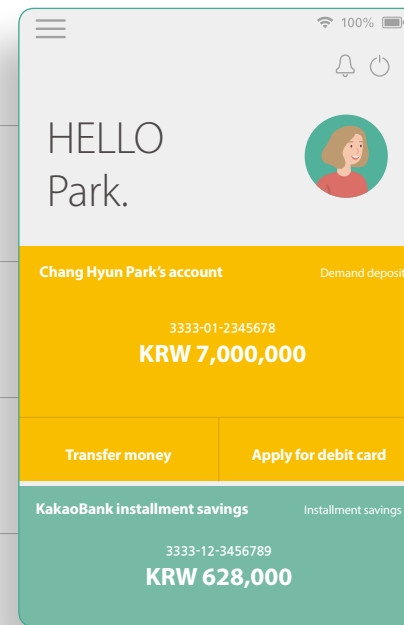
Accumulated no. of KakaoBank customers

(as of end of 2018, million persons)

7.69

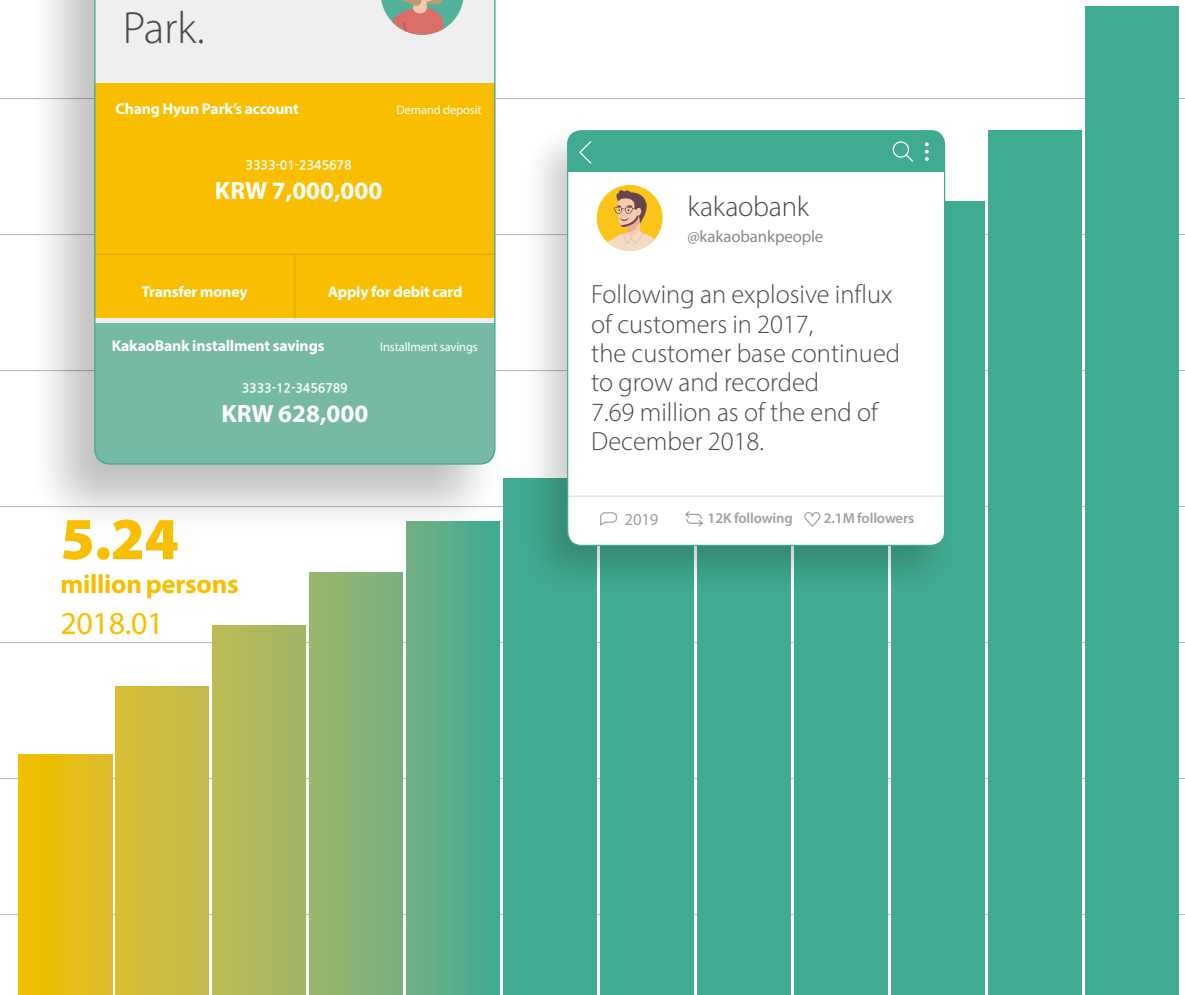
million persons

2018.12



5.24

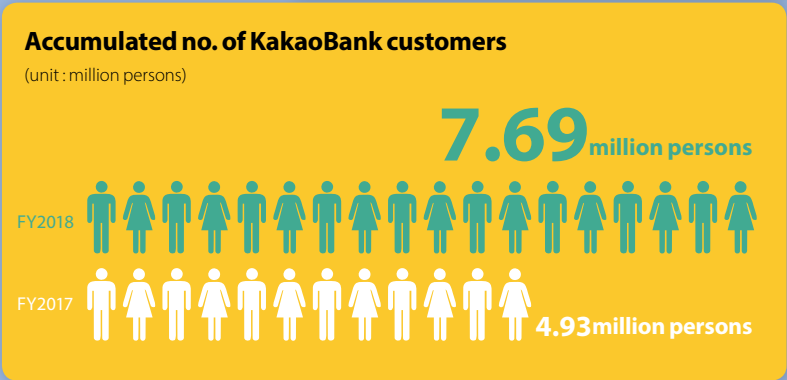
million persons
2018.01



KakaoBank is moving beyond an internet-based bank to create the ultimate everyday banking platform for everyone.

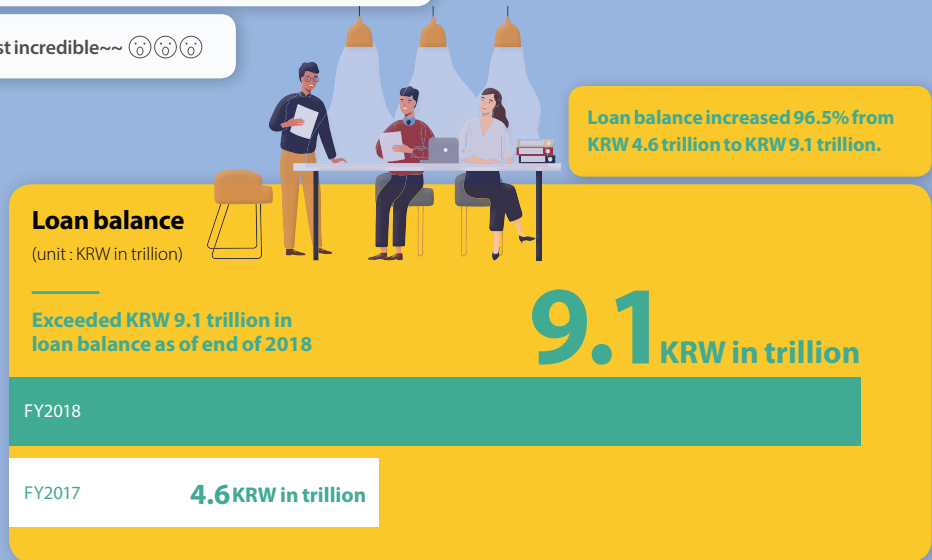
Congrats on achieving the number of customers that existing banks took decades to achieve in just two years. 😊😊😊

The number of customers stands at 7.69 million as of Dec. 2018, which means 1 out of every 5 Koreans have a KakaoBank account.

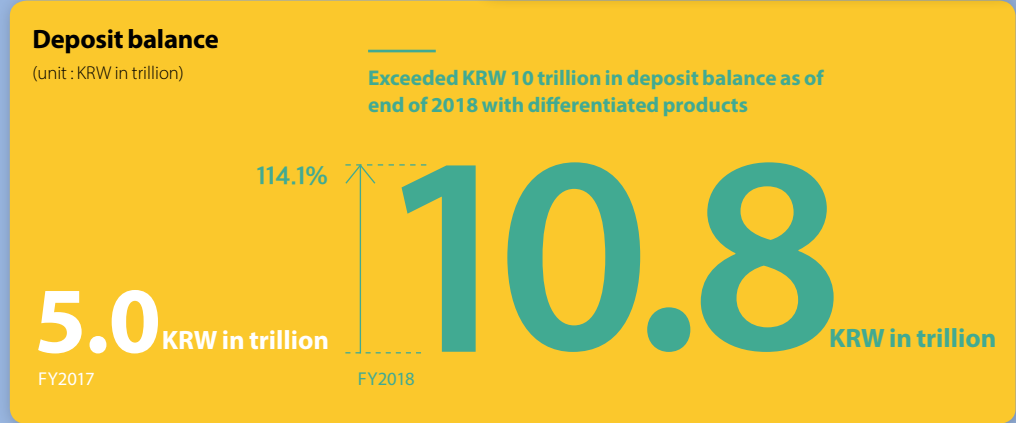


Total deposits and loans in 2018 nearly doubled from the previous year. What an amazing growth.

It's just incredible~~ 😊😊😊



As of end of 2018, deposit balance surged 114.1% from the previous year (KRW 5.05 trillion) to KRW 10.8 trillion.



Has KakaoBank started a service for opening non-face-to-face brokerage accounts?

Opening a securities account will be so easy now... it will take maybe 10 seconds?? ^^

By using KakaoBank account customer information, we have simplified the process of opening a Korea Investment & Securities linked non-face-to-face account.



Wow, it will be so easy to open a securities account. :-)



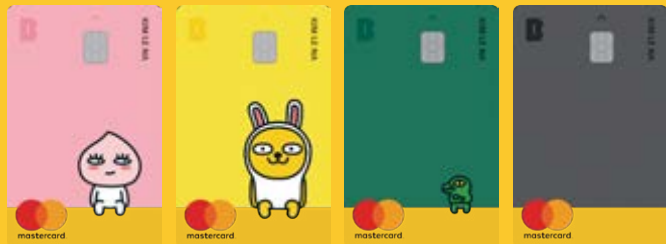
KakaoBank debit card is so cute. I absolutely want a Kakao Friends character card. 😊

The cute card is an added bonus when you open an account. And you don't even have to visit a bank to open an account.

No. of debit cards issued
(as of end of 2018)

6,470,000

6.47 million cards issued and payments of KRW 8.3 trillion recorded as of end of 2018





My personal bank that I use often in my daily life. KakaoBank makes mobile banking so easy and convenient.

I love it~ 🍑🍑🍑

From account opening to loan application, overseas remittance and certificate issuance, use KakaoBank's mobile app for all your banking needs anytime, anywhere.

Mobile banking for easy account opening and simple money transfers

- Easy to open an account
- Savings account
- Simple transfer




With KakaoBank, it's not only easy to wire money abroad but easy to withdraw as well. ~🌐~🏠

You can transfer money to 200 countries in less than one minute.

Cheap, easy and fast way to transfer money abroad

WU fast international transfer
Transfer to overseas account




With KakaoBank's time deposits, I'm having a blast seeing my money grow with real time interest. 😄😄😄

KakaoBank's time and installment deposits offer reasonable terms to everyone without hidden preferential terms



Reasonable time and installment deposits without preferential terms



From small to big amount From short to long period Reasonable to everyone

Time deposits
Installment deposits



Simplified document submission Submit them anytime you want

- Emergency loans
- Minus loans
- Credit loans
- Housing lease deposit loans



I don't need to visit a bank branch to submit documents. I can just use my phone which makes life so much easier. 👍



KOREA INVESTMENT SAVINGS BANK

Delivering excellence

Korea Investment Savings Bank continues to operate at the highest level of profitability in the industry, posting a net income of KRW 56.1 billion based on consolidated K-IFRS in FY2018. KISB also leads the industry in asset quality, recording a BIS capital adequacy ratio of 16.1% and NPL ratio of 3.2%. It is laying down the foundation for stable and sustainable growth with improved efficiency of its nationwide network of branches spanning from Seoul and Gyeonggido to Jeollado and Jeju as well as its efforts to discover new businesses.



Date established
1982



No. of employees
338



Assets
2.9
KRW in trillion



Equity
371.4
KRW in billion

#Nationwide network

#Mortgage loans

#Personal credit loans

#Stable performance

#Synergy

#Asset quality

#Brand value

Net income

56.1 KRW in billion

18 consecutive years of profits

Total Assets

2.9

KRW in trillion

2.2
KRW in trillion

2.6
KRW in trillion

KISB
@KoreaInvestmentSavingsBank

Despite major industry upheavals, KISB has been delivering solid performance, generating profits for 18 consecutive years since its establishment in 2001.

#Korea Investment Savings Bank
#Profits #Stable performance



FY2016

FY2017

FY2018



KOREA INVESTMENT CAPITAL

Growing as a premier credit finance specialist

Established in 2014 as a credit finance subsidiary of KIH, Korea Investment Capital extends corporate loans to investment banking clients of Korean Investment & Securities. Currently, KIC is diversifying its portfolio by expanding real estate-backed loans and real estate project financing as well as corporate and personal loans.



Date established
2014



No. of employees
53



Assets
2.6
KRW in trillion



Equity
310.4
KRW in billion

#Real estate-backed loans

#Real estate PF

#Personal loans

#Corporate loans

#Structured finance loans

#New technology financing



Total Assets

2.6

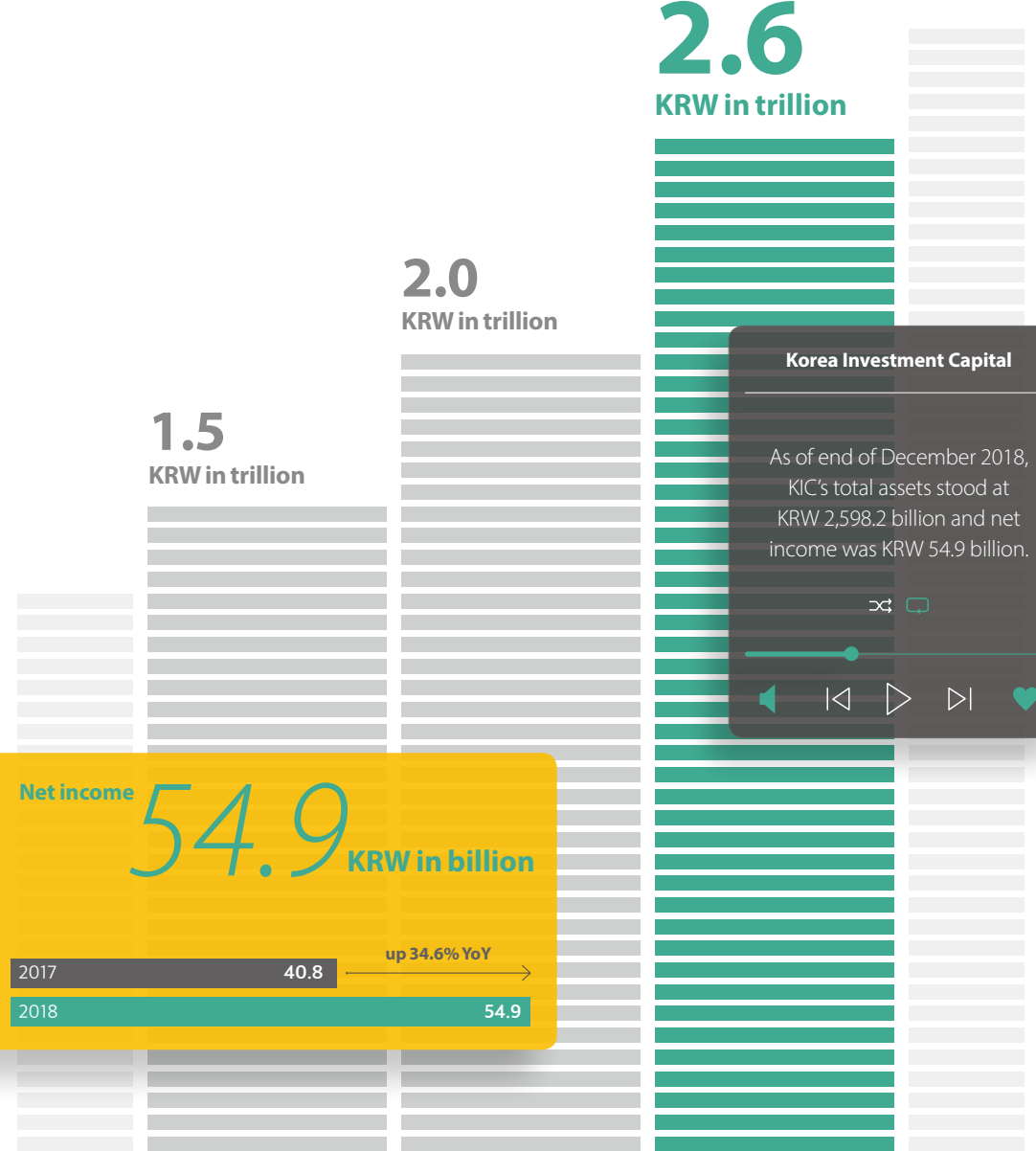
KRW in trillion

2.0

KRW in trillion

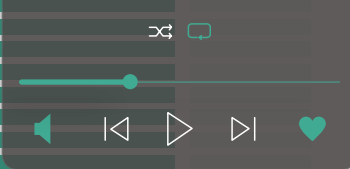
1.5

KRW in trillion



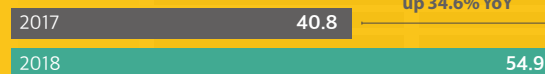
Korea Investment Capital

As of end of December 2018, KIC's total assets stood at KRW 2,598.2 billion and net income was KRW 54.9 billion.



Net income 54.9

KRW in billion



FY2016

FY2017

FY2018



MILESTONES

Launched in 2003 as Korea's first and only investment banking-oriented financial holding company, Korea Investment Holdings has continued to innovate to enjoy remarkable growth across all business areas.

2003 - 2006

2003. 01. 11
Established Dongwon Finance Co., Ltd.

2003. 05. 30
Obtained permit to launch financial holding company

2003. 07. 21
Dongwon Finance listed on Korea Stock Exchange

2004. 01. 05
Acquired stake in Dongwon Mutual Savings Bank
(current Korea Investment Savings Bank)

2005. 03. 31
Acquired 100% stake in KITC and incorporated it as a subsidiary

2005. 05. 20
Changed company name to Korea Investment Holdings Co. Ltd.

2005. 06. 01
Merged KITC with Dongwon Securities

2005. 07. 01
Merged Korea Investment Trust Management with Dongwon Investment Trust Management

2006. 02. 13
Established Korea Value Asset Management and obtained asset management business license

2007. 09. 12
Opened Korea Investment & Securities Vietnam branch

2007 - 2009

2008. 02. 22
Incorporated KIARA Capital and KIARA Advisors as subsidiaries

2008. 03. 24
Established Korea Investment & Securities Singapore Pte. Ltd.

2009. 08. 14
Established KIM Asia Ltd.
(Korea Investment Management Asia Ltd.) in Hong Kong

2009. 12. 03
Established Korea Investment Partner's No. 1 PEF

2010 - 2014

2010. 10. 01
Established Global Dynasty Natural Resource PEF

2010. 12. 06
Added Beijing Investment Advisory Co., Ltd. as a sub-subsidiary

2011. 02. 01
Established Global Dynasty Natural Resource PEF Korea

2011. 02. 23
Established Korea Investment Partners (Shanghai) Venture Capital Management LLC

2012. 08. 02
Incorporated KIM Asia as an affiliate

2013. 10. 30
Established KIARA Capital II

2013. 11. 20
Established KIM Investment Funds

2014. 04. 21
Acquired Yesung Savings Bank. Co., Ltd.

2014. 11. 21
Established Korea Investment Capital Co., Ltd.

2015 - 2017

2015. 02. 24
Established Korea Investment Global Pharmaceutical Industry Promotion PEF

2015. 05. 20
Established Woori Partnership New Technology PEF

2016. 01. 15
Established EQ Partners Co., Ltd.

2016. 01. 22
Established KakaoBank of Korea

2017. 02. 10
Established Korea Investment Partners US, Inc.

2017. 03. 27
Established EQ Partners No.1 Environment Service PEF

2017. 04. 05
Obtained banking license for KakaoBank of Korea

2017. 07. 27
Began operation of KakaoBank of Korea

2017. 08. 01
Established KIP Plus, Ltd., KIP Growth. Ltd.

2017. 12. 12
Korea Investment & Securities acquired Indonesia's Danpac Securities

2018

2018. 02. 01
Established EQ Partners Green PEF

2018. 06. 01
Established EQ Green 1

2018. 06. 26
Established Korea Investment & Sekuritas Indonesia

2018. 08. 01
Established EQ Green 2 & 3

2018. 11. 01
Incorporated E-Medione as an affiliate



INTERNATIONAL DIRECTORY

Head Office

KOREA INVESTMENT HOLDINGS CO., LTD.
88, Uisadang-daero, Yeongdeungpo-gu, Seoul, Korea 07321
(TEL) 82-2-3276-6400 (FAX) 82-2-3276-6402

KIARA ADVISORS PTE. LTD.
1 Raffles Place, #43-04 One Raffles Place, Singapore 048616
(TEL) 65-6501-5623 (FAX) 65-6501-5618

KOREA INVESTMENT & SECURITIES EUROPE LTD.
2FL, 35-39 Moorgate, London EC2R 6AR UK
(TEL) 44-207-065-2760 (FAX) 44-207-065-2769

KOREA INVESTMENT & SECURITIES AMERICA, INC.
1350 Avenue of the Americas Suite 1110 New York, NY 10019
(TEL) 1-212-247-4368 (FAX) 1-212-314-0699

KOREA INVESTMENT & SECURITIES ASIA LTD.
Suite 3716-19 Jardine House 1 Connaught Place, Central Hong Kong
(TEL) 852-2530-8900 (FAX) 852-2521-1516

KOREA INVESTMENT & SECURITIES SINGAPORE PTE. LTD.
1 Raffles Place, #43-04 One Raffles Place, Singapore 048616
(TEL) 65-6501-5600 (FAX) 65-6501-5617

TOKYO REPRESENTATIVE OFFICE, KOREA INVESTMENT & SECURITIES CO., LTD.
10F Yotsuya Orchid Building, 23-3, Daikyo-cho, Shinjuku, Tokyo 160-0015, Japan

TRUE FRIEND INVESTMENT ADVISORY, KOREA INVESTMENT & SECURITIES CO., LTD.
31th floor China World Office 1, No.1 Jianguo Men Wai Avenue, Beijing, 100004, China
(TEL) 86-10-8571-2802 (FAX) 86-10-8571-2803

KOREA INVESTMENT & SECURITIES VIETNAM SECURITIES CORPORATION
3th Floor, Maritime Bank Tower, 180-192, Nguyen Cong Tru, District1, HCMC, VN
(TEL) 84-8-3914-8585 (FAX) 84-8-3821-6899

PT KOREA INVESTMENT AND SEKURITAS INDONESIA
Suite A SCBD Lot 9, 9th Floor, Equity Tower, Jl. Jend. Sudirman Kav. 52-53, Jakarta 12190 Indonesia
(TEL) 62-21-2991-1888 (FAX) 62-21-2991-1999

JAKARTA CITY REPRESENTATIVE OFFICE, KOREA INVESTMENT & SECURITIES CO., LTD.
World Trade Center 1 Level 10, Jl. Jend. Sudirman Kav. 29-31 Karet, Setiabudi, Jakarta 12920
(TEL) 62-21-521-1186

SHANGHAI REPRESENTATIVE OFFICE OF KOREA INVESTMENT MANAGEMENT CO., LTD.
No64T50,64F, Shanghai World Financial Center, 100 Century Avenue, Pudong New Area Shanghai 200120, China
(TEL) 86-21-6877-6880 (FAX) 86-21-6877-6892

HO CHI MINH CITY REPRESENTATIVE OFFICE, KOREA INVESTMENT MANAGEMENT CO., LTD.
704A Diamond Plaza, 34 Le Duan Blvd., Dist. 1, HCMC, VN
(TEL) 84-8-3824-2220 (FAX) 84-8-3824-2225

SHANGHAI REPRESENTATIVE OFFICE OF KOREA INVESTMENT PARTNERS CO., LTD.
26D, HuaMin Empire Plaza, 728 Yan An West Road, Shanghai, P.R.C
(TEL) 86-21-6212-1113, 86-21-6212-1522 (FAX) 86-21-6212-3012

BEIJING REPRESENTATIVE OFFICE, KOREA INVESTMENT PARTNERS CO., LTD.
31/F, China World Office 1, No.1 Jian Guo Men Wai Avenue, Beijing P.R.C
(TEL) 86-10-6505-9793

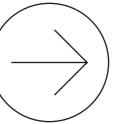
KOREA INVESTMENT PARTNERS USA
333 West El Camino Real, Sunnyvale, CA 94087, USA
(TEL) 1-650-542-9676



FY2018 FINANCIAL REVIEW

KOREA INVESTMENT HOLDINGS

FY2018 FINANCIAL REVIEW



**Korea Investment
Holdings Co., Ltd.**

88, Uisadang-daero, Yeongdeungpo-gu, Seoul, Korea 07321
(TEL) 82-2-3276-6400 (FAX) 82-2-3276-6402
E-mail : webmaster@truefriend.com
www.koreaholdings.com

**Korea Investment
Holdings Co., Ltd.**

ENG

FY2018 FINANCIAL REVIEW

CONTENTS

Management's Discussion and Analysis

- 05 Overview and Business Environment
- 07 Analysis of Results by Company (Audited)

Consolidated Financial Statements

- 31 Independent Auditors' Report
- 34 Consolidated Statements of Financial Position
- 36 Consolidated Statements of Comprehensive Income
- 38 Consolidated Statements of Changes in Equity
- 40 Consolidated Statements of Cash Flows
- 42 Notes to the Consolidated Financial Statements

MANAGEMENT'S DISCUSSION AND ANALYSIS



05 Overview and Business Environment

07 Analysis of Results by Company (Audited)

Overview and Business Environment

In this section, KIH provides the following analysis to help clients and investors better understand its market environment and business performance. This MD&A includes information on the company's future business direction, product and service plans, financial results and outlook and other forward-looking statements. However, actual results may vary from the forward-looking statements considering various external risk factors and market uncertainty.

Therefore, KIH disclaims any obligations to publicly update these forward-looking statements. Clients and investors should bear this in mind when reading this MD&A. KIH's fiscal year ends on December 31, with FY2018 ranging from January 1 to December 31, 2018.

Financial statements are prepared in accordance with the Korea International Financial Reporting Standards (K-IFRS).

Overview

As a provider of comprehensive financial investment solutions, KIH is dedicated to generating consistent and sustainable revenues, regardless of changes in the financial environment, with a stable profit structure centered on commissions as well as systematic asset management operations.

Business Environment

1. Review of global economic trends

Through the first half of 2018, global financial markets led by advanced markets such as the US, Japan and Europe posted strong gains and climbed to new highs. However, three interest rate hikes in the US and growing trade friction between the US and China fueled concerns of a global economic slowdown. After enjoying a boom for more than a decade after the global financial crisis, a global economic downturn could be on the horizon.

In the US, the job market is strong and income levels have risen thanks to recovery of industrial competitiveness and technology leaders of the fourth industrial revolution. Moreover, household assets are outpacing household liabilities on the back of rising prices of assets such as stocks and real estate. This, in turn, is spurring investment and consumption. However, the trade conflict with China is intensifying, which raises the possibility of slower growth in China, also a major pillar of the global economy. This in turn raises skepticism over whether the US boom will persist.

Japan has seen its economy expand and stock prices increase as the authorities continued with quantitative easing to the tune of JPY 3,100 trillion. However, interest rate hikes in the US and gradual reduction of liquidity in the EU portends that the era of ultra-low interest rates in Japan is coming to an end.

Turning to Europe, Brexit woes have heightened political and economic uncertainty not only in the UK, but also in the key Eurozone countries of Germany and France. Above all, quantitative easing has ended in the EU, which has been a key provider of global liquidity along with the US and Japan. The EU is now set for normalization of monetary policy with measures such as interest rate hikes and asset sales.

Analysis of Results by Company (Audited)

Looking at China, trade tensions with the US has escalated into an economic showdown between the two nations, which raises the specter of a further deceleration in the economy. In tandem with a global upturn, China posted GDP growth of 6.6% and CPI growth of 2.1% in 2018. In 2019, the GDP growth rate is expected to drop slightly to 6.0~6.5%. This draws attention to the Chinese government's plans for a wider fiscal deficit to maintain growth at the 6% range as well as the effects of tax breaks for the corporate sector. Given the stance of the Xi Jinping administration, the China-US dispute is unlikely to be resolved in the near future.

2. Overview of the domestic financial market

The KOSPI set a new record in January 2018 as it topped 2,600p, while the KOSDAQ also climbed to a new high and surpassed 900p. But due to the US-China trade dispute, interest rate hikes in the US, Brexit uncertainty and concerns of rising interest rates in Korea, the KOSPI faltered in the second half of the year and dipped below 2,000p. The index rebounded to 2,200p in the first half of 2019. However, a flight to safety is expected in view of the deepening economic conflict between the US and China, the rising USD-KRW exchange rate, and the inverted yield curve. This calls for prudent investment strategies in order to secure stable returns in the midst of growing market volatility.

KIH recorded KRW 515.9 billion in net income for FY2018. Last year, the KOSPI surpassed 2,600p and climbed to a new high and the KOSDAQ soared above 930p. Although the domestic stock markets declined in the year's second half, the overall profitability of the financial investment sector improved and KIH posted industry-topping operating results. KIH's total equity increased by KRW 760.6 billion from the previous year to reach KRW 4,897.9 billion.

Korea Investment & Securities

1. Analysis of 2018 Financial Statements

Korea Investment Securities (KIS) posted net income of KRW 503.5 billion in 2018, up 6.6% from the previous year. It achieved growth across all business areas, from brokerage and asset management to investment banking. Total equity grew 2.6% to KRW 4,350.5 billion. Total liabilities increased 20.1% to KRW 40,000.8 billion while total assets rose by 18.1% to KRW 44,351.3 billion.

Financial Highlights (Separate)

(Unit: KRW in billion)

	FY2017	FY2018	Change	
			Amount	YoY
Net Commission Income	531.3	578.2	47.0	8.8%
Net Interest/Trading Income	602.3	636.5	34.2	5.7%
Others	2.4	68.8	66.5	2,778.7%
Net Operating Revenue	1,135.9	1,283.6	147.6	13.0%
SG&A Expense	532.5	597.1	64.7	12.1%
Operating Income	603.5	686.4	67.1	11.1%
Non-Operating Income	-12.5	-11.2	1.3	10.2%
Net Income Before Tax	591.0	659.4	68.5	11.6%
Net Income	472.3	503.5	31.2	6.6%
Total Assets	37,545.1	44,351.3	6,806.2	18.1%
Cash and Deposits	4,224.6	6,431.2	2,206.7	52.2%
Marketable Securities	28,551.7	32,471.5	3,919.8	13.7%
Loans	3,352.0	3,797.2	445.2	13.3%
Property, Equipment, Intangible Assets & Investment Assets	351.3	351.1	-0.3	-0.1%
Others	1,065.5	1,300.4	234.9	22.0%
Total Liabilities	33,303.4	40,000.8	6,697.5	20.1%
Deposits	15,861.9	20,316.9	4,455.1	28.1%
Borrowings	15,754.5	17,155.1	1,400.6	8.9%
Others	1,687.0	2,528.8	841.8	49.9%
Total Equity	4,241.8	4,350.5	108.7	2.6%
Capital Stock	175.7	175.7	-	0.0%
ROA	1.34%	1.23%	-0.1%p	-
ROE	11.36%	11.72%	0.4%p	-
Net Capital Ratio (New NCR)	1,416.05%	875.20%	-540.9%p	-

※ Net capital ratio (new NCR) calculation = (Net operating capital – Gross risk) ÷ Minimum equity capital

Net Commission Income by Segment

(Unit: KRW in billion)

	FY2017	FY2018	Change	
			Amount	YoY
Brokerage	215.5	234.2	18.7	8.7%
Asset Management (AM)	114.2	121.0	6.8	6.0%
Investment Banking (IB)	174.2	191.0	16.9	9.7%
Others	27.5	32.0	4.5	16.5%
Total	531.3	578.2	47.0	8.8%

※ Brokerage = Brokerage commissions – Commissions expenses

Asset management (AM) = Sales commissions on collective investment securities + Management fees on wrap accounts + Trust fees – Investment consulting fees – Investment advisory fees

Investment banking = Underwriting commissions + Commissions on M&A + Guarantee fees

Others = Other commission income – Other commission expenses

2. Analysis of 2018 Performance by Operation

(1) Brokerage

As one of the major income sources at KIS, brokerage generates stable income together with asset management. Brokerage income is derived from stocks, futures and options trading by individual, institutional and foreign clients.

Both the KOSPI and KOSDAQ set new record highs in 2018. This helped to boost total trading volume in the Korean stock markets by 29.7% year-on-year to KRW 6,336 trillion. Accordingly, net brokerage income at KIS grew 8.7% to KRW 234.2 billion.

Brokerage Market Share & Revenue

(Unit: KRW in billion)

		FY2017	FY2018	Change	
				Amount	YoY
Equities	Market Transaction (KRW trillion)	488.4	633.6	145.2	29.7%
	Market Share	6.6%	6.8%	0.2%p	
	Commission	195.2	213.6	18.4	9.4%
Futures	Market Share	10.0%	15.7%	5.8%p	
	Commission	16.8	24.2	7.4	44.4%
Options	Market Share	17.8%	20.9%	3.2%p	
	Commission	12.5	13.2	0.6	5.2%
Total Revenue		224.5	251.0	26.5	11.8%

※ Equities: KOSPI + KOSDAQ + KONEX + ETF + ETN

Futures: KOSPI200 futures + Mini KOSPI200 futures + KOSDAQ150 futures + Equity futures + Commodity futures

Options: KOSPI200 options + Mini KOSPI200 options + KOSDAQ150 options + Equity options

(2) Asset Management

Asset management plays a pivotal role in the business portfolio of KIS. Related income includes commissions and fees from the sales of funds, bonds, ELS, trusts, wraps and other financial products.

Market volatility increased as trade conflict heightened global uncertainty. Against this backdrop, KIS strived to meet financial consumers' varied needs by providing medium-risk, medium-return products such as bonds and ELS. Among funds, private equity funds - which can invest in diverse vehicles such as unlisted domestic and overseas companies, mezzanine securities, private placement corporate bonds and real estate project finance - demonstrated remarkable growth. A key growth driver in asset management was the industry-first approved commercial paper issuance. The issuance amount showed explosive growth, with the outstanding balance growing five-fold from the end of 2017 to KRW 4.32 trillion.

On the other hand, KIS's term as asset manager of the National Housing Fund expired in August 2018, leading to a transfer of assets. As a result, the overall financial product balance decreased to KRW 91,912.9 billion, down by KRW 8,083.1 billion from a year ago.

Financial Product Balance (Unit: KRW in billion)

	FY2017	FY2018	Change	
			Amount	YoY
Market Size	499,460.8	553,863.1	54,402.3	10.9%
KIS Total	51,650.2	38,813.2	-12,837.1	-24.9%
Equity Type	7,021.0	7,244.2	223.2	3.2%
Hybrid Equity Type	1,556.2	2,585.4	1,029.2	66.1%
Hybrid Bond Type	728.4	655.2	-73.2	-10.0%
Bond Type	27,532.2	14,851.7	-12,680.5	-46.1%
MMF	2,763.3	3,654.5	891.2	32.2%
Alternative	12,049.0	9,822.1	-2,226.9	-18.5%
KIS Total	48,345.8	53,099.7	4,754.0	9.8%
RP	8,178.1	6,527.9	-1,650.1	-20.2%
Note	852.7	4,235.8	3,383.1	396.8%
Trust	12,570.1	11,917.8	-652.3	-5.2%
Retail Bonds	10,099.5	11,348.9	1,249.3	12.4%
ELS	5,366.2	6,451.9	1,085.7	20.2%
Other	11,279.1	12,617.4	1,338.3	11.9%
Total AUM	99,996.0	91,912.9	-8,083.1	-8.1%

(3) Investment Banking

Investment banking (IB) income consists of fees from acquisition arrangements, mergers and divestitures. In 2018, IB income increased 9.7% year-on-year to KRW 191.0 billion. KIS successfully carried out the most number of IPOs in the industry - 14 in all, including those of Enzychem Lifesciences, Biosolution, and ABL Bio. Based on the underwriting amount, the company ranked second in the IPO market with a market share of 12.4%. KIS was named 'Best IB' for KOSDAQ and KONEX by the Korea Exchange based on a review of the listing of innovative companies on KOSDAQ and KONEX, and contribution to the markets. In public offering of equity, KIS captured the second largest market share of 18.7% (based on underwriting amount) by participating in 10 deals including the capital increase of Hyundai Heavy Industries, Samsung Heavy Industries, and Hyundai Development Co. In debt offerings, KIS ranked third in corporate bonds and first in financial bonds. Moreover, KIS arranged acquisition financing for 16 deals including Korea Kolmar's takeover of CJ Healthcare and SKT-Macquarie consortium's acquisition of ADT Caps. The total amount financed was KRW 1,603.0 billion, giving KIS the second largest market share of 11.9%.

KIS upheld its reputation as Korea's top project financing (PF) house with another year of superior performance. With the expansion of the PF team in 2018, KIS strengthened its competencies in alternative investments such as real estate, SOC, energy plants and aircraft financing. In 2018, KIS launched public real estate funds (Belgium's foreign ministry headquarters buildings in Brussels and Nestle's Spain headquarters building in Barcelona), infrastructure funds (PPP project in Europe, solar power project in the UK, and wind park in Germany), and aircraft fund (Air France). In project financing, KIS is participating in the development of Pororo Theme Park on Jeju Island, the Godeok officetel project in Pyeongtaek worth KRW 340.0 billion, and the Dujeong-dong joint housing development project in Cheonan worth KRW 130.0 billion.

Investment Banking Commission by Segment (Unit: KRW in billion)

	FY2017	FY2018	Change	
			Amount	YoY
Underwriting Commissions	98.9	76.4	-22.4	-22.7%
Commissions on M&A	42.8	59.6	16.8	39.4%
Guarantee Fees	32.5	55.0	22.5	69.1%
Total	174.2	191.0	16.9	9.7%

Korea Investment Management

Investment Banking Performance by Segment

(Unit: KRW in billion)

		FY2017	FY2018	Change	
				Amount	YoY
IPO	Total Deals	1,151.9	368.1	-783.8	-68.0%
	Market Share	14.4%	12.4%	-2.0%p	
Corporate Bond Underwriting	Total Deals	8,215.4	10,546.0	2,330.6	28.4%
	Market Share	9.1%	9.9%	0.8%p	
Public Offering	Total Deals	1,031.7	1,627.4	595.7	57.7%
	Market Share	13.8%	18.7%	4.9%p	
Structured Finance	Total Deals	4,570.9	1,845.3	-2,725.6	-59.6%
	Market Share	9.9%	4.6%	-5.3%p	

(4) Margin & Trading

Income from margin and trading operations consists of bond and derivatives trades related to ELS/DLS/ELW/ETN. The rise in global indices in the first half of 2018 fueled sharp growth in sales of related products, but the indices underwent correction in the latter half of the year which reduced sales. Consequently, the issuance market size grew just slightly year-on-year. In the case of DLS, rising interest rates created a tough market environment and issuance decreased. However, KIS generated significant revenues with its proactive issuance strategy and effective trading. Due to fierce competition, KIS gave up its market leadership in retail public offering of ELS, which it had held for five years (2013~2017). However, the company maintained its No.1 position in the ELW market for the sixth consecutive year (2013~2018) thanks to diversification of sales channels.

1. Analysis of 2018 Financial Statements

Korea Investment Management (KIM) posted net income of KRW 35.5 billion, an increase of 24.2% year-on-year.

Financial Highlights (Separate)

(Unit: KRW in billion)

	FY2017	FY2018	Change	YoY
Operating Revenue	95.1	118.5	23.4	24.6%
Commission Income	90.8	112.4	21.7	23.9%
Interest Income	0.8	1.1	0.4	51.0%
Others	3.5	4.9	1.3	36.6%
Operating Expense	61.5	68.9	7.4	12.0%
Commission Paid and Others	14.9	18.1	3.2	21.5%
SG&A Expense	46.6	50.8	4.2	9.0%
Operating Income	33.6	49.5	16.0	47.5%
Non-Operating Income	4.1	-2.3	-6.4	-
Net Income Before Tax	37.7	47.2	9.5	25.3%
Net Income	28.6	35.5	6.9	24.2%
Total Assets	191.1	189.4	-1.8	-0.9%
Total Liabilities	65.3	51.9	-13.5	-20.6%
Total Equity	125.8	137.5	11.7	9.3%
Capital Stock	66.0	66.0	-	0.0%
Return on Assets (ROA)	16.7%	18.7%	2.0%p	
Return on Equity (ROE)	23.2%	27.0%	3.8%p	

Korea Investment Value Asset Management

2. Analysis of 2018 Performance by Operation

In 2018, AUM (assets under management) increased by KRW 4.3 trillion compared to the previous year to KRW 45.4 trillion. Redemption of domestic equity-type products continued in the market, whereas assets increased in alternative funds such as real estate and ETF. AUM growth at KIM was mainly driven by overseas equity-type funds, fund of funds, and discretionary assets.

(Unit: KRW in billion)

		FY2017	FY2018	Change	YoY
	Equity	11,471.7	12,752.1	1,280.4	11.2%
	Hybrid Equity	615.7	677.5	61.8	10.0%
	Hybrid Bond	647.7	717.5	69.8	10.8%
	Bond	8,862.8	12,064.4	3,201.6	36.1%
	Fund of Funds	7,964.5	7,407.6	-556.9	-7.0%
Funds	MMF	3,858.2	3,051.4	-806.8	-20.9%
	Derivatives	3,118.6	3,337.6	219.0	7.0%
	Real Estate	528.3	684.1	155.8	29.5%
	Special Assets	2,291.8	2,193.7	-98.1	-4.3%
	Mixed Assets	1,026.2	1,833.9	807.7	78.7%
	Fund Subtotal	40,385.5	44,719.8	4,334.3	10.7%
	Discretionary Account	708.0	648.7	-59.3	-8.4%
	AUM	41,093.6	45,368.5	4,274.9	10.4%

1. Analysis of 2018 Financial Statements

Korea Investment Value Asset Management (KIVAM) recorded operating revenue of KRW 19.8 billion and net income of KRW 6.8 billion in 2018.

Financial Highlights (Separate)

(Unit: KRW in billion)

	FY2017	FY2018	Change	YoY
Operating Revenue	24.2	19.8	-4.4	-18.2%
Operating Expense	9.7	10.7	1.0	10.3%
Operating Income	14.5	9.1	-5.4	-37.2%
Non-Operating Income	-0.2	-0.1	0.1	50.0%
Net Income Before Tax	14.3	9.0	-5.3	-37.1%
Net Income	10.9	6.8	-4.2	-37.6%
Return on Assets (ROA)	28.0%	18.9%	-9.1%p	
Return on Equity (ROE)	30.1%	20.3%	-9.8%p	

Change in Operating Revenue

(Unit: KRW in billion)

	FY2017	FY2018	Change	YoY
Commission Income	23.7	19.2	-4.5	-19.0%
Interest Income	0.5	0.5	0.1	10.3%

Financial Highlights (Separate)

(Unit: KRW in billion)

	FY2017	FY2018	Change	YoY
I. Cash and Deposits	29.2	30.5	1.3	4.5%
II. Marketable Securities	1.5	1.4	-0.1	-6.6%
III. Loans	0	0	0	0.0%
IV. Property & Equipment	0.2	0.5	0.3	121.2%
V. Other Assets	6.4	2.3	-4.1	-64.2%
Total Assets	37.3	34.7	-2.6	-7.1%
I. Retirement Benefit Liabilities	0	0	0	0.0%
II. Other Liabilities	2.2	2.8	0.7	30.6%
Total Liabilities	2.2	2.8	0.7	30.6%
I. Capital Stock	10.0	10.0	0	0.0%
II. Capital Surplus	0	0	0	0.0%
III. Capital Adjustments	0	0	0	0.0%
IV. Accumulated Other Comprehensive Income	0	-0.1	-0.1	
V. Retained Earnings	25.2	21.9	-3.2	-12.8%
Total Equity	35.2	31.9	-3.3	-9.4%
Total Liabilities and Equity	37.3	34.7	-2.6	-7.1%

2. Analysis of 2018 Performance by Operation

AUM by Segment

(Unit: KRW in billion)

	FY2017	FY2018	Change	YoY
Funds Subtotal	3,608.2	3,483.3	-124.9	-3.5%
Equity				
Korea Value 10-Year Investment Fund 1 (Equity)	750.3	614.1	-136.2	-18.2%
Korea Value 10-Year Investment Pension Security Conversion Type Fund 1 (Equity)	631.8	617.4	-14.4	-2.3%
Korea Value 10-Year Investment Dividend Fund 1 (Equity)	171.2	139.2	-32.0	-18.7%
Others	547.5	784.8	237.3	43.3%
Subtotal	2,100.8	2,155.5	54.7	2.6%
Hybrid Bond				
Korea Value 10-Year Investment Fund 1 (Bond Balanced)	260.8	211.6	-49.2	-18.9%
Korea Value 10-Year Investment Pension Fund 1 (Bond Balanced)	643.1	598.1	-45.0	-7.0%
Others	537.0	425.0	-112.0	-20.9%
Subtotal	1,440.9	1,234.6	-206.3	-14.3%
Bond				
Korea Value 10-Year Investment Pension Security Conversion Type Fund 1 (Bond)	62.6	59.3	-3.3	-5.3%
Korea Value 10-Year Investment Pension Fund 1 (Government Bond)	1.5	1.4	-0.1	-6.7%
Hybrid Equity				
Korea Value 10-Year Investment Pension Fund 1 (Equity Balanced)	2.4	2.4	0	0.0%
Others	0	30.0	30.0	
Discretionary Account	950.5	910.5	-40.0	-4.2%
Total AUM	4,558.8	4,393.8	-164.9	-3.6%

Korea Investment Partners

1. Analysis of 2018 Financial Statements

Korea Investment Partners (KIP) recorded gains on disposal of DoubleUGames, HLB, Elastagen Pty Ltd., ABL Bio, Cafe24 as well as valuation gains from the listing of Eloxx Pharmaceuticals Inc., ABL Bio, and Wanka Online Inc. In addition, large-scale new funding led to the generation of stable fee income.

Financial Highlights (Consolidated) (Unit: KRW in billion)

	FY2017	FY2018	Change	YoY
Operating Revenue	30.3	66.4	36.1	119.1%
Operating Expense	36.1	58.7	22.6	62.6%
Operating Income	-5.7	7.7	13.4	
Non-Operating Income	0.4	55.1	54.7	13,675.0%
Net Income Before Tax	-5.4	62.8	68.2	
Net Income	-2.6	46.6	49.2	
Total Assets	420.1	536.1	116.0	27.6%
Venture Investment Assets	318.1	455.6	137.5	43.2%
Total Liabilities	198.9	259.0	60.1	30.2%
Total Equity	221.2	277.1	55.9	25.3%
Capital Stock	77.5	192.0	114.5	147.7%
Return on Assets (ROA)	-0.7%	9.7%	10.4%p	
Return on Equity (ROE)	-1.2%	18.7%	19.9%p	

2. Analysis of 2018 Performance by Operation

Venture Capital Investments (Unit: KRW in billion)

		FY2017	FY2018	Change	YoY
New Investment	Total	2,380.3	3,121.7	741.4	31.1%
	KIP	189.1	285.5	96.4	51.0%
	M/S	7.9%	9.1%	1.2%p	
New Inception	Total	4,588.7	3,413.7	-1,175.0	-25.6%
	KIP	330.3	510.0	179.7	54.4%
	M/S	7.2%	14.9%	7.7%p	

Investment & Funding (Unit: KRW in billion)

		FY2017	FY2018	Change	YoY
Funding	Blind	Venture Fund	330.3	285.0	-45.3
		Overseas Fund	-	170.0	170.0
		PEF	100.0	-	-100.0
		Subtotal	430.3	455.0	24.7
	Project	PEF	23.4	23.0	-0.4
Total		453.7	478.0	24.3	
Investment	Blind	Proprietary	13.3	16.5	3.2
		Venture Fund	173.8	269.0	95.2
		Overseas Fund	34.7	35.1	0.4
		PEF	128.5	30.7	-97.8
	Subtotal	350.3	351.3	1.0	
	Project	PEF	23.0	22.0	-1.0
	Total		373.3	373.3	-

Total AUM & Employees (Unit: KRW in billion)

		FY2017	FY2018	Change	YoY
Total AUM	Blind	Venture Fund	1,242.9	1,751.4	508.5
		Overseas Fund	215.1	474.1	259.0
		PEF	365.0	365.0	-
		Subtotal	1,823.0	2,590.5	767.5
	Project	PEF	193.4	216.4	23.0
Total		2,016.4	2,806.9	790.5	
Total Employees		8.5	8.8	0.3	
AUM per employee		23.7	31.9	8.2	

EQ Partners

1. Analysis of 2018 Financial Statements

Financial Highlights (Separate)

(Unit: KRW in billion)

	FY2017	FY2018	Change	YoY
Operating Revenue	78	5.3	-2.5	-32.1%
Operating Expense	6.1	4.3	-1.8	-29.5%
Operating Income	1.7	1.0	-0.7	-41.2%
Non-Operating Income	0	0	0	0.0%
Income Tax Expense	-1.0	0.3	1.3	
Net Income	2.7	0.7	-2.1	-74.1%
Total Assets	23.2	56.5	33.2	143.5%
Total Liabilities	5.8	8.5	2.6	46.6%
Total Equity	17.4	48.0	30.6	175.9%
Capital Stock	1.5	1.8	0.3	20.0%
Return on Assets (ROA)	13.3%	1.8%	-11.5%p	
Return on Equity (ROE)	16.2%	2.1%	-14.1%p	

2. Analysis of 2018 Performance by Operation

Two new funds were established in 2018. As of the end of December 2018, EQ Partners managed assets worth KRW 1.4 trillion in eight funds.

PEF Status (as of end of December 2018)

(Unit: KRW in billion)

PEF	Period	Inception	Maturity	Size
EQ Partners Global PEF No.1	15 years	2011-02-14	2026-02-13	400.0
EQ Partners Asia Infrastructure PEF	7 years	2012-06-05	2019-06-04	40.0
EQP POSCO Global No.1 Natural Resources PEF	10 years	2013-01-18	2023-01-17	663.5
EQ Partners No.2 Corporate Restructuring PEF	7 years	2014-05-26	2021-05-26	42.5
EQ Partners No.1 Environment Service PEF	7 years	2017-03-27	2024-03-27	63.0
EQ Partners Green PEF	13 years	2017-12-18	2030-12-18	140.0
Hanon PEF	12 years	2018-08-24	2030-08-24	42.0
Aethra 3-1 PEF	7 years	2018-10-31	2025-10-31	25.7
Total				1,416.7

KIARA Advisors

Overview of AUM

(Unit: In USD thousand)

Amount	FY2017		FY2018		Change		Cumulative Return*	
	Amount	% of Total	Amount	% of Total	Amount	YoY (%)		
Fund								
	KIARA Asia Pacific Hedge Fund	192,584	100.0%	172,635	100.0%	-19,949	-10.4%	18.9%

* Cumulative period: 4 years and 4 months

KakaoBank of Korea

1. Financial Highlights (Separate)

As of December 2018, KakaoBank of Korea's total deposits stood at KRW 10.8 trillion and total loans at KRW 9.1 trillion. A capital increase of KRW 500 billion in April 2018, following a previous increase in September 2017, provided the company with sufficient capital to carry out stable operations.

(Unit: KRW in billion)

	FY2017	FY2018
Operating Revenue	68.9	375.6
Interest Income	50.3	293.9
Commission Income	17.0	67.9
Trading Gain on Financial Assets at Fair Value through Profit or Loss	-	10.1
Trading Gain on Financial Assets at Fair Value through Other Comprehensive Income	1.1	0.8
Other	0.5	2.9
Operating Expense	154.8	382.0
Interest Expense	17.8	110.5
Commission Paid	55.3	127.6
Trading Loss on Financial Assets at Fair Value through Other Comprehensive Income	-	-
SG&A Expense	75.4	129.8
Other	6.3	14.1
Provision for Credit Losses from Financial Assets	18.3	14.8
Operating Income (Loss)	-104.2	-21.2
Non-Operating Income	0	-0.1
Net Income (Loss) Before Tax	-104.2	-21.3
Net Income (Loss)	-104.5	-21.0
Total Assets	5,842.2	12,126.7
Loans	4,621.7	9,082.1
Total Liabilities	5,174.3	10,986.3
Deposits	5,048.3	10,811.6
Total Equity	667.9	1,140.4
Capital Stock	800.0	1,300.0

2. Loans and Deposits

KakaoBank of Korea enjoyed remarkable growth in both loans and deposits in 2018 compared to the previous year. Demand deposits, time deposits and installment deposits all showed increases. Whereas only unsecured loans were offered in 2017, loan products were diversified to include loans secured by jeonse (housing lease) deposits. Product diversification contributed to volume growth as well as a balanced loan portfolio.

(Unit: KRW in billion)

	FY2017	FY2018
Interest Income	50.3	293.9
Interest Expense	17.8	110.5
Net Interest Income	32.5	183.4
Total Loans	4,621.8	9,082.6
Total Deposits	5,048.3	10,811.6

3. Asset Quality

As of the end of 2018, the delinquency ratio stood at 0.12%, which was significantly lower than the industry average. KakaoBank of Korea has taken various steps to preserve asset quality. For example, concerning loans with high uncertainty, the company has signed insurance claim payment agreements with Seoul Guarantee Insurance among others.

(Unit: KRW in billion)

	FY2017	FY2018
Total Loans	4,621.8	9,082.6
NPLs	0.9	12.1
NPL Ratio	0.02%	0.13%
Delinquency Ratio	0.01%	0.12%

4. Capital Adequacy

Thanks to preemptive measures such as the capital increase worth KRW 500 billion in April 2018, KakaoBank of Korea's BIS ratio stood at 13.85% as of the end of 2018 despite sharp growth in assets. The figure is higher than the minimum 8% required by the financial supervisory authorities. Of note, KakaoBank of Korea is subject to appendix 3-3 (calculation of risk weighted assets for credit risk (Basel I standard)) of banking supervision bylaws until 2019.

(Unit: KRW in billion)

	FY2017	FY2018
BIS Capital	611.3	1,101.5
BIS Ratio	13.7%	13.8%

Korea Investment Savings Bank

1. Analysis of 2018 Financial Statements

Financial Highlights (K-GAPP)

(Unit: KRW in billion)

	FY2017	FY2018	Change	YoY
Operating Revenue	222.0	224.3	2.3	1.0%
Interest Income	162.6	190.5	27.9	17.2%
Other	59.4	33.8	-25.6	-43.1%
Operating Expense	138.5	149.0	10.5	7.6%
Interest Expense	44.8	55.1	10.3	23.0%
SG&A Expense	46.2	44.7	-1.5	-3.2%
Other	47.5	49.2	1.7	3.6%
Operating Income	83.5	75.3	-8.2	-9.8%
Non-Operating Income	0.7	0.8	0.1	14.3%
Net Income	64.6	56.1	-8.5	-13.2%
Total Assets	2,621.2	2,898.5	277.3	10.6%
Loans	2,324.0	2,567.5	243.5	10.5%
Total Liabilities	2,311.9	2,527.1	215.2	9.3%
Deposits	2,247.7	2,459.6	211.9	9.4%
Total Equity	309.3	371.4	62.1	20.1%
Capital Stock	65.4	65.9	0.5	0.8%
Return on Assets (ROA)	2.6%	2.0%	-0.6%P	
Return on Equity (ROE)	26.1%	16.5%	-9.6%P	

2. Loans and Deposits

Korea Investment Savings Bank (KISB) secures funding at low interest rates on the back of its strong brand image and local store marketing. The company also procures capital through trusts via its affiliate, Korea Investment Securities, and other securities companies, in addition to ISA (individual savings account) and retirement pensions through banks. The diversified funding structure minimizes funding-related risks.

Low funding costs enable KISB to implement a policy of extending loans with the industry's lowest interest rates and focusing on high quality loans. This approach significantly reduces the risk of delinquencies.

	FY2017	FY2018	Change	YoY
Net Interest Income	117.8	134.5	16.7	14.6%
Total Loans	2,369.9	2,633.4	263.5	11.6%
Total Deposits	2,247.7	2,459.6	211.9	9.4%

	FY2017	FY2018	Change	YoY
Outstanding Loan Balance	2,369.9	2,633.4	263.5	11.1%
Apartments	101.0	94.4	-6.6	-6.5%
Houses	96.9	111.0	14.1	14.6%
Land	258.9	269.6	10.7	4.1%
PF	403.3	362.4	-40.9	-10.1%
Commercial Buildings	215.8	207.9	-7.9	-3.7%
Stocks	108.8	114.8	6.0	5.5%
Lodging Facilities	53.5	208.4	154.9	289.5%
Others	1,131.7	1,264.9	133.2	11.8%

KISB's marketing activities are based on loan reviews that focus on the borrower's cash flows and business viability rather than mortgage loans which rely on the conversion value of collateral. Instead of low-risk/low-return mortgage loans generally regarded as safe (e.g. apartments), KISB's emphasis is on mid-risk/mid-return loans that reflect the value of future business prospects. This has resulted in sizable profits compared to rival firms. For instance, KISB enjoyed strong growth in loans for lodging facilities, for which cash flow analysis is a difficult task. KISB is increasing marketing towards non-real estate sectors to shift away from real estate loans, for which regulatory pressure has tightened due to sharp growth at banks and non-bank institutions.

3. Asset Quality

KISB maintains industry-high levels of asset quality. The non-performing loan (NPL) ratio stood at 3.2% as of the end of 2018 (compared to 2.2% at the end of 2017), significantly lower than the industry average of 5.0% (as of the end of December 2018). KISB manages its loan portfolio based on stringent risk management and thorough loan reviews to preemptively address market risks.

		FY2016	FY2017	FY2018
NPL Ratio	KISB	2.7	2.2	3.2
	Industry Average	7.1	5.1	5.0

4. Capital Adequacy

The BIS ratio at KISB stands at 16.1%, reflecting business expansion and continued loan growth.

The BIS ratio dropped below the industry average in FY2016~2017 because of the reduction in equity stemming from interim dividends of KRW 140 billion in November 2016 and regular dividends for FY2017 of KRW 35 billion. In FY2018, however, the BIS ratio surpassed the industry average of 14.4%, thanks to additional capital from Korea Investment Holdings (KRW 60 billion in redeemable convertible preferred stock in 2017, KRW 50 billion in common stock in 2018) and income growth.

	FY2017	FY2018	Change	YoY
BIS Capital	279.8	395.6	115.8	41.4%
BIS Ratio	12.7%	16.1%	3.4%p	
Industry Average BIS Ratio	14.3%	14.4%	0.1%p	

Korea Investment Capital

1. Analysis of 2018 Financial Statements

Financial Highlights (Separate)

(Unit: KRW in billion)

	FY2017	FY2018	Change	YoY
Operating Revenue	98.2	135.6	37.4	38.1%
Interest Income	89.5	115.1	25.6	28.6%
Other Income	8.7	20.5	11.8	135.6%
Operating Expense	45.9	63.7	17.8	38.8%
Interest Expense	34.9	45.9	11.0	31.5%
SG&A Expense	10.0	13.4	3.4	34.0%
Other Expense	0.9	4.4	3.5	388.9%
Operating Income	52.3	71.9	19.6	37.5%
Non-Operating Income (Expense)	0.2	0	-0.2	-
Net Income Before Tax	52.1	71.9	19.8	38.0%
Net Income	40.8	54.9	14.1	34.6%
Total Assets	1,982.0	2,580.7	598.7	30.2%
Loans	1,888.5	2,460.6	572.1	30.3%
Total Liabilities	1,716.8	2,270.2	553.4	32.2%
Borrowings	1,697.7	2,216.5	518.8	30.6%
Total Equity	265.2	310.4	45.2	17.0%
Capital Stock	38.0	41.0	3.0	7.9%

2. Analysis of 2018 Performance by Operation

Loans and Borrowings

Founded in November 2014, KIC has diversified its business portfolio by expanding real estate loans, corporate loans, real estate project financing, and personal loans.

KIC recorded KRW 6.8 billion in operating profit in its first year of service in 2015. Operating profit continued to grow, reaching KRW 32.6 billion (up 375% year-on-year) in 2016 and KRW 52.3 billion (up 60% year-on-year) in 2017. In 2018, the figure increased 37% over the previous year to KRW 71.9 billion.

Net Interest Income

(Unit: KRW in billion)

	FY2017	FY2018	Change
Net Interest Income	54.6	69.2	14.7
Interest Income	89.5	115.1	25.6
Interest Expense	34.9	45.9	10.9

Loans

(Unit: KRW in billion)

	FY2017	FY2018	Change
Loans	1,888.5	2,460.6	572.1
Large Enterprises			
PF	-	-	-
Other	389.0	310.0	-79.0
SMEs			
PF	486.3	548.4	62.1
Other	754.5	1,136.8	382.3
Installment Finance	-	66.9	66.9
Household Loans	254.6	398.5	143.9
New Technology	4.1	-	-4.1

CONSOLIDATED FINANCIAL STATEMENTS



31	Independent Auditors' Report
34	Consolidated Statements of Financial Position
36	Consolidated Statements of Comprehensive Income
38	Consolidated Statements of Changes in Equity
40	Consolidated Statements of Cash Flows
42	Notes to the Consolidated Financial Statements

Independent Auditors' Report

Based on a report originally issued in Korean

The Board of Directors and Shareholders
Korea Investment Holdings Co., Ltd.



Opinion

We have audited the consolidated financial statements of Korea Investment Holdings Co., Ltd. and its subsidiaries (the "Group"), which comprise the consolidated statements of financial position as of December 31, 2018 and 2017, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with Korean International Financial Reporting Standards ("K-IFRS").

Basis for Opinion

We conducted our audits in accordance with Korean Standards on Auditing (KSAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Republic of Korea, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements as of and for the year ended December 31, 2018. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

- Valuation of financial instruments using valuation techniques
Valuation of financial instruments measured at fair value is subject to subjective judgment when applying the valuation method and may be distorted as assumptions and estimates are used. If the fair value of a financial instruments is measured using valuation techniques where significant input is not observable in the market, the Group classifies financial instruments as Level 3. As of December 31, 2018, the Group's Level 3 financial assets and liabilities amount to KRW 1,323,939 million and KRW 9,193,695 million, respectively, which include the financial assets at fair value through profit or loss of KRW 850,036 million, derivative financial assets of KRW 204,078 million, derivative financial liabilities of KRW 555,382 million, ssecurities sold with embedded derivatives designated at fair value through profit or loss of KRW 8,638,313 million(refer to Note 48 of the consolidated financial statements).

We have identified the following as key audit matters, considering the possibility of errors, the level of involvement of management judgment, and the impact of risks:

- Risk that inappropriate valuation model will be applied.
- Risk that inappropriate valuation inputs will be applied.

The primary audit procedures we performed to address the above key audit matters included:

- Valuation controls: We tested the Group's controls over the accuracy of the underlying data and external valuation interface, validation of the valuation model, and identification, measurement and management of the valuation risks.
- Assessment of the valuation model methodology: We engaged our internal valuation specialists to assess whether the model valuation methodology used for significant valuation risks is appropriate.
- Identifying estimates and key inputs: We independently compared the main input variables with the source data for selected samples and evaluated the unobservable inputs and the appropriateness of the used assumptions.
- Evaluation of external evaluation institutions: We assessed the independence and competence of the external evaluation agency utilized by the Group.

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.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with K-IFRS, 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.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with KSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with KSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used in the preparation of the consolidated financial statements and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Sung-Min Cho.

KPMG Samjong Accounting Corp.

KPMG Samjong Accounting Corp.
Seoul, Korea
March 6, 2019

This report is effective as of March 6, 2019, 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.

Consolidated Statements of Financial Position

As of the years ended December 31, 2018 and 2017

Korea Investment Holdings Co., Ltd. and Subsidiaries (In won)

	Notes	2018	2017
Assets			
Cash and deposits	4, 47, 48 ₩	8,618,691,464,760	5,089,700,274,155
Financial assets at fair value through profit or loss	5, 47, 48	28,016,437,839,746	-
Financial assets held for trading	6, 47, 48	-	24,371,587,281,725
Derivative financial assets	24, 47, 48	413,514,356,719	253,175,571,063
Financial assets designated at FVTPL	7, 47, 48	-	314,089,685,514
Financial assets at fair value through comprehensive income	8, 47, 48	4,013,597,767,127	-
Available-for-sale financial assets	9, 47, 48	-	3,881,395,622,509
Financial assets at amortized cost	12, 47, 48	19,549,447,882,612	-
Held-to-maturity financial assets	10, 47, 48	-	214,704,380,106
Investments in associates	11	1,055,576,633,606	458,590,932,162
Loans	13, 47, 48	-	12,250,381,037,351
Property and equipment	14	334,494,728,844	333,777,273,729
Intangible assets	15	168,210,538,505	167,196,858,904
Investment property	16	158,370,245,436	8,909,208,556
Current income tax assets	32	2,622,993,668	414,215,192
Deferred income tax assets	32	372,229,357	383,619,552
Other Financial assets at amortized cost	17, 46, 47, 48	1,591,572,670,951	-
Other financial assets	18, 46, 47, 48	-	1,318,738,935,876
Other non-financial assets	19	80,764,717,414	76,944,730,754
Disposal assets held for sale	20	-	3,053,232,000
Total assets	₩	64,003,674,068,745	48,743,042,859,148
Liabilities			
Deposits received	21, 47, 48 ₩	17,062,991,438,932	10,570,874,476,805
Financial liabilities at fair value through profit or loss	22, 47, 48	2,898,948,943,031	-
Financial liabilities held for trading	23, 47, 48	-	3,122,368,698,080
Derivative financial liabilities	24, 47, 48	1,221,273,299,063	492,378,122,808
Financial liabilities designated at fair value through profit or loss	25, 47, 48	12,333,457,566,971	-
Financial liabilities designated at FVTPL	26, 39, 40	-	8,938,946,331,978
Borrowings	27, 39, 40	22,434,102,043,438	19,364,786,345,364
Net defined benefit liabilities	28	8,635,004,907	3,812,072,725

Korea Investment Holdings Co., Ltd. and Subsidiaries (In won)

	Notes	2018	2017
Provisions	29	59,608,436,261	48,396,141,379
Current income tax liabilities	32	72,974,437,252	156,445,836,432
Deferred income tax liabilities	32	19,020,247,971	14,861,692,772
Other financial liabilities	30, 39, 40	2,890,119,622,312	1,829,414,788,871
Other non-financial liabilities	31	104,615,345,441	63,496,164,786
Total liabilities		59,105,746,385,579	44,605,780,672,000
Equity			
Capital stock	33	307,921,215,000	307,921,215,000
Capital surplus	33	614,756,059,356	603,773,458,241
Capital adjustments	33	(50,142,077,042)	(50,142,077,042)
Accumulated other comprehensive income	33, 41	164,251,084,666	239,729,756,731
Retained earnings	33	3,279,846,105,680	2,754,854,656,178
Equity attributable to owners of the Group		4,316,632,387,660	3,856,137,009,108
Non-controlling interests		581,295,295,506	281,125,178,040
Total equity		4,897,927,683,166	4,137,262,187,148
Total liabilities and equity	₩	64,003,674,068,745	48,743,042,859,148

See accompanying notes to the consolidated financial statements.

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2018 and 2017

Korea Investment Holdings Co., Ltd. and Subsidiaries (In won)

	Notes	2018	2017
Fee and commission income	₩	999,233,610,549	833,810,364,142
Interest income		1,450,126,195,372	917,236,127,721
Interest income		-	917,236,127,721
Financial assets at amortized cost		958,545,254,078	-
Other interest income		491,580,941,294	-
Dividend income	36, 46	52,790,902,511	68,730,120,050
Gain on valuation and disposal of financial assets (liabilities)	37, 46	5,821,768,211,956	4,584,109,614,154
Gain on foreign currency transactions		434,921,152,613	213,214,342,955
Others	38	67,882,487,314	4,874,752,843
Operating revenues		8,826,722,560,315	6,621,975,321,865
Fee and commission expense	34	(291,049,883,142)	(177,654,213,941)
Interest expense	35	(562,438,072,967)	(354,328,422,028)
Loss on valuation and disposal of financial assets (liabilities)	37, 46	(5,853,713,902,875)	(4,353,598,508,667)
Provision for credit loss allowance		(64,102,244,412)	-
Loss on foreign currency transactions		(492,477,478,398)	(255,158,244,117)
Selling and administrative expenses	39, 46	(919,058,547,023)	(794,231,672,208)
Others	38	(22,421,420,495)	(32,743,350,024)
Operating expenses		(8,205,261,549,312)	(5,967,714,410,985)
Operating profit		621,461,011,003	654,260,910,880
Non-operating revenues	40	116,873,780,001	29,572,039,465
Non-operating expenses	40	(25,090,328,988)	(40,489,998,167)
Profit before income tax expenses		713,244,462,016	643,342,952,178
Income tax expenses	32	(197,297,447,148)	(180,258,638,896)
Profit for the year		515,947,014,868	463,084,313,282
Items that are reclassified subsequently to profit or loss:			
Gain (loss) on valuation of available-for-sale financial assets		-	69,774,959,946
Change in fair value - Financial assets at fair value through comprehensive income (debt)		9,560,944,508	-
Change in credit risk - Financial assets at fair value through comprehensive income (debt)		88,600,576	-
Share of other comprehensive loss of associates		(430,234,793)	(372,016,742)

Korea Investment Holdings Co., Ltd. and Subsidiaries (In won)

	Notes	2018	2017
Foreign exchange difference		16,581,239,141	(56,361,824,102)
Gain (loss) on valuation of derivatives cash flow hedge		-	526,886,665
Items that will not reclassified subsequently to profit or loss:			
Financial assets at fair value through comprehensive income		(5,483,848,319)	-
Remeasurements of the net defined benefit liabilities		(3,834,287,094)	833,914,501
Other comprehensive income (loss) for the year, net of tax		16,482,414,019	14,401,920,268
Total comprehensive income for the year	₩	532,429,428,887	477,486,233,550
Profit for the year attributable to:			
Owners of the Group	₩	529,555,948,034	510,215,017,920
Non-controlling interests		(13,608,933,166)	(47,130,704,638)
Profit for the year	₩	515,947,014,868	463,084,313,282
Total comprehensive income attributable to:			
Owners of the Group	₩	545,634,544,542	525,045,664,621
Non-controlling interests		(13,205,115,655)	(47,559,431,071)
Total comprehensive income for the year	₩	532,429,428,887	477,486,233,550
Basic and diluted earnings per share			
Common shares	42	₩ 9,062	8,731
Preferred shares #1	42	9,124	8,793

See accompanying notes to the consolidated financial statements.

Consolidated Statements of Changes in Equity

For the years ended December 31, 2018 and 2017

Korea Investment Holdings Co., Ltd. and Subsidiaries

	Equity attributable to owners of the Group	
	Capital stock	Capital surplus
Balance at January 1, 2017	₩ 307,921,215,000	603,417,356,663
Total comprehensive income for the year:		
Profit for the year	-	-
Other comprehensive income (loss) for the year	-	-
	-	-
Transactions with shareholders:		
Dividends	-	-
Others	-	356,101,578
	-	356,101,578
Balance at December 31, 2017	₩ 307,921,215,000	603,773,458,241
Transition effects due to changes in accounting policies	-	-
Balance at January 1, 2018	₩ 307,921,215,000	603,773,458,241
Total comprehensive income for the year:		
Profit for the year	-	-
Other comprehensive income (loss) for the year	-	-
	-	-
Transactions with shareholders:		
Dividends	-	-
Others	-	10,982,601,115
	-	10,982,601,115
Balance at December 31, 2018	₩ 307,921,215,000	614,756,059,356

See accompanying notes to the consolidated financial statements.

(In won)

	Capital adjustment	Accumulated other comprehensive income	Retained earnings	Non-controlling interest	Total equity
₩	(50,142,077,042)	224,899,110,030	2,291,705,031,310	121,696,490,568	3,499,497,126,529
	-	-	510,215,017,920	(47,130,704,638)	463,084,313,282
	-	14,830,646,701	-	(428,726,433)	14,401,920,268
	-	14,830,646,701	510,215,017,920	(47,559,431,071)	477,486,233,550
	-	-	(47,065,393,052)	-	(47,065,393,052)
	-	-	-	206,988,118,543	207,344,220,121
	-	-	(47,065,393,052)	206,988,118,543	160,278,827,069
₩	(50,142,077,042)	239,729,756,731	2,754,854,656,178	281,125,178,040	4,137,262,187,148
	-	(91,557,268,573)	89,218,305,654	(186,760,931)	(2,525,723,850)
₩	(50,142,077,042)	148,172,488,158	2,844,072,961,832	280,938,417,109	4,134,736,463,298
	-	-	529,555,948,034	(13,608,933,166)	515,947,014,868
	-	16,078,596,508	-	403,817,511	16,482,414,019
	-	16,078,596,508	529,555,948,034	(13,205,115,655)	532,429,428,887
	-	-	(93,782,804,186)	-	(93,782,804,186)
	-	-	-	313,561,994,052	324,544,595,167
	-	-	(93,782,804,186)	313,561,994,052	230,761,790,981
₩	(50,142,077,042)	164,251,084,666	3,279,846,105,680	581,295,295,506	4,897,927,683,166

Consolidated Statements of Cash Flows

For the years ended December 31, 2018 and 2017

Korea Investment Holdings Co., Ltd. and Subsidiaries		(In won)	
	2018	2017	
Cash flows from operating activities			
Profit for the year	₩ 515,947,014,868	463,084,313,282	
Adjustment for non-cash items	(835,074,795,272)	(199,964,369,237)	
Changes in operating assets and liabilities	(3,415,181,726,068)	(4,972,127,739,978)	
Interest received	1,425,166,102,406	881,573,449,463	
Interest paid	(483,455,315,370)	(323,828,361,205)	
Dividends received	74,901,352,606	70,575,160,419	
Income tax paid	(287,544,914,296)	(118,427,929,151)	
Net cash used in operating activities	(3,005,242,281,126)	(4,199,115,476,407)	
Cash flows from investing activities			
Acquisition of Financial assets at fair value through comprehensive income	(5,746,986,509,420)	-	
Acquisition of available-for-sale financial assets	-	(5,776,530,264,190)	
Disposal of Financial assets at fair value through comprehensive income	4,715,148,140,181	-	
Disposal of available-for-sale financial assets	-	6,172,974,417,500	
Acquisition of Financial assets at amortized cost	(524,614,219,484)	-	
Disposal of Financial assets at amortized cost	75,000,000,000	-	
Acquisition of held-to-maturity financial assets	-	(214,746,171,776)	
Acquisition of investments in associates	(391,069,167,473)	(176,797,588,820)	
Disposal of investments in associates	133,200,557,867	57,806,793,252	
Acquisition of property and equipment	(27,157,714,831)	(40,475,867,358)	
Disposal of property and equipment	1,172,158,817	100,989,103	
Acquisition of intangible assets	(22,555,362,001)	(51,185,838,193)	
Disposal of intangible assets	2,519,652,030	962,399,970	
Acquisition of investment property	(149,786,197,795)	-	
Disposal of investment property	-	14,793,893,680	
Collection of guarantee deposits	4,875,723,157	3,738,954,013	
Decrease (increase) in other assets	3,037,869,589	(11,205,970,455)	
Net cash due to changes in the scope of consolidation	97,152,269,547	61,539,494,756	
Net cash provided by (used in) investing activities	(1,830,062,799,816)	40,975,241,482	

Korea Investment Holdings Co., Ltd. and Subsidiaries		(In won)	
	2018	2017	
Cash flows from financing activities			
Proceeds from borrowings, net	4,679,421,258,929	3,898,978,667,434	
Dividends paid	(93,782,804,186)	(47,061,671,774)	
Increase in non-controlling interests	441,493,465,626	223,223,341,992	
Net cash provided by financing activities	5,027,131,920,369	4,075,140,337,652	
Effect of exchange rate changes on cash and cash equivalents	230,607,864	(5,007,535,635)	
Increase(Decrease) in cash and cash equivalents	192,057,447,291	(88,007,432,908)	
Cash and cash equivalents at the beginning of year	554,579,064,132	642,586,497,040	
Cash and cash equivalents at the end of year	₩ 746,636,511,423	554,579,064,132	

See accompanying notes to the consolidated financial statements.

Notes to the Consolidated Financial Statements

For the years ended December 31, 2018 and 2017

1. The Group

Korea Investment Holdings Co., Ltd. the controlling company, and its subsidiaries included in consolidation (collectively the "Group") are summarized as follows:

(a) Reporting Entity

Korea Investment Holdings Co., Ltd. ("the Parent Company") was established under the Financial Holding Companies Act on January 11, 2003, through a spin-off from Dongwon Industries Co., Ltd. for the purpose of providing integrated management services to associated companies. On May 31, 2003, the Financial Supervisory Service approved the establishment of the Parent Company as a financial holding company and the Parent Company's name was changed to Dongwon Financial Holding Co., Ltd. from Dongwon Finance Co., Ltd. On July 21, 2003, it was listed on Korea Exchange. The Parent Company acquired Korea Investment & Securities Co., Ltd. on March 31, 2005, and changed its name to Korea Investment Holdings Co., Ltd. on May 20, 2005.

(b) Subsidiaries

(i) Details of the subsidiaries as of December 31, 2018 and 2017 are as follows:

Investor	Investee	December 31, 2018		December 31, 2017	
		Number of shares	Ownership (%)	Number of shares	Ownership (%)
Korea Investment Holdings Co., Ltd.	Korea Investment & Securities Co., Ltd.	35,147,800	100.00	35,147,800	100.00
	Korea Investment Partners Co., Ltd. (*1)	336,000,000	100.00	107,041,044	100.00
	Korea Investment Savings Bank Co., Ltd. (*2)	13,052,575	100.00	12,952,575	100.00
	Korea Investment Capital Co., Ltd. (*3)	8,200,000	100.00	7,600,000	100.00
	EQ Partners Co., Ltd. (*4)	357,000	100.00	297,000	100.00
	KakaoBank of Korea Corp (*5)	130,000,000	50.00	92,800,000	58.00
	KIARA CAPITAL II PTE. Ltd.	100,000	100.00	100,000	100.00
	KIARA ADVISORS PTE. Ltd.	100,000	100.00	100,000	100.00
	Korea Investment Management Co., Ltd.	13,200,000	100.00	13,200,000	100.00
	Korea Investment Value Asset Management Co., Ltd.	2,000,000	100.00	2,000,000	100.00
Korea Investment & Securities Co., Ltd.	Korea Investment & Securities Asia, Ltd.	5,000,000	100.00	5,000,000	100.00
	Korea Investment & Securities Europe, Ltd.	5,000,000	100.00	5,000,000	100.00
	Korea Investment & Securities America, Inc.	200	100.00	200	100.00
	Korea Investment & Securities Singapore Pte. Ltd	10,000,000	100.00	10,000,000	100.00
	KIS Vietnam Securities Corporation	188,300,191	99.26	109,875,691	98.74
	PT Korea Investment & Sekuritas Indonesia	150,000	75.00	-	-
	KIM Investments Funds	926,437	65.11	926,437	79.09

Investor	Investee	December 31, 2018		December 31, 2017		
		Number of shares	Ownership (%)	Number of shares	Ownership (%)	
Korea Investment & Securities Co., Ltd.	KIARA Asia Pacific Hedge Fund	141,895	97.45	141,991	92.03	
	KIM Belgium Core Office Professional Investment Private Real Estate Investment Trust	29,400,000	98.99	-	-	
	KIM Private Placement Philadelphia Real Estate Investment Trust2	40,000,000,000	69.69	-	-	
	Mastern Private Real Estate Fund No.31	36,300,000,000	78.40	-	-	
	Hana Real Estate Investment Trusts No.76	24,667,570,000	92.50	-	-	
	KIAMCO UK Solar Power Private Fund Special Asset Trust 2	47,400,000,000	99.79	-	-	
	Hanhwa Europe PPP Infrastructure Private Fund Special Asset Trust 1-2	20,674,895,751	88.24	-	-	
	KTB Aircraft Private Investment Trust No.22-1	53,570,000,000	68.71	-	-	
	KTB Aircraft Private Investment Trust No.22-2	25,990,000,000	100.00	-	-	
	KIAMCO German Wind Private Fund Special Asset Trust	54,300,000,000	99.82	-	-	
	Hana US LA Real Estate Trust No.1	43,128,492	67.73	-	-	
	Eugene Pridium 1 / Private Placement	34,700,000,000	94.55	-	-	
	Aarden Partners UK MSA Private Equity Fund	67,805,714,286	99.71	-	-	
	Korea Investment SEA-CHINA Fund	47,250,000,000	90.00	-	-	
	Korea Investment Partners Venture Fund No.11	29	33.33	29	33.33	
	KIP Bright (Chengdu) Equity Investment Partnership	180,000,000	50.00	180,000,000	50.00	
	KIP KIS Global Fund	4,500	30.00	-	-	
	33 Structured Vehicle for Securitisation other than SF the first 1st Co., Ltd (*6)	-	-	-	-	
	Korea Investment Management Co., Ltd.	KIM Investments Funds	442	0.04	442	0.04
		Active ETF(ADVISORSHARES KIM)	-	-	324,000	92.57
Korea Investment Partners Co., Ltd.	Korea Investment Phoenix Venture Fund	52,200,000	60.00	52,200,000	60.00	
	KIP phoenix (ZhangJiaGang) equity investment LLP	78,650,000	58.26	78,650,000	58.26	
	Korea Investment Partners Venture Fund No.11	35	40.00	35	40.00	

Investor	Investee	December 31, 2018		December 31, 2017	
		Number of shares	Ownership (%)	Number of shares	Ownership (%)
Korea Investment Partners Co., Ltd.	KIP Bright (Chengdu) Equity Investment Partnership	20,000,000	5.56	20,000,000	5.56
	KIP KIS Global Fund	10,500	70.00	-	-
	Korea Investment SEA-CHINA Fund	5,250,000,000	10.00	-	-
Korea Investment Capital Co., Ltd.	2 Structured Vehicle for Securitisation other than BK Woonjeong Co., Ltd. (*6)	-	-	-	-

(*1) The number of shares increased due to the free capital increase during the current period.

(*2) The carrying amount increased due to the capital increase of ₩ 50 billion.

(*3) The carrying amount increased due to the capital increase of ₩ 30 billion.

(*4) The carrying amount increased due to the capital increase of ₩ 30 billion.

(*5) The carrying amount increased due to the capital increase of ₩ 116 billion in common stock and ₩ 70 billion in preferred stock,

As of December 31, 2018, the Group owns 50% of the outstanding shares of KakaoBank of Korea Corp.

(*6) As a structured company for asset securitization, the Group owns less than half of its ownership stake, but it is considered to have control because the Group is exposed to substantial force and fluctuating profits.

(ii) The details of subsidiaries as of December 31, 2018 are as follows:

Subsidiaries	Incorporation date	Location	Industry	Financial year end
Korea Investment & Securities Co., Ltd.	August 8, 1974	Seoul, Korea	Financial investment	Dec. 31
Korea Investment Partners Co., Ltd.	November 25, 1986	Seoul, Korea	Venture capital	Dec. 31
Korea Investment Savings Bank Co., Ltd.	December 14, 1982	Seongnam-si, Korea	Savings bank	Dec. 31
Korea Investment Capital Co., Ltd.	November 3, 2014	Seoul, Korea	Credit finance	Dec. 31
EQ Partners Co., Ltd.	October 29, 2010	Seoul, Korea	Investment	Dec. 31
KakaoBank of Korea Corp	January 22, 2016	Seongnam-si, Korea	Bank	Dec. 31
KIARA CAPITAL II PTE. Ltd.	October 2, 2013	Singapore	Collective investment Scheme	Dec. 31
KIARA ADVISORS PTE. Ltd.	February 15, 2008	Singapore	Assets management	Dec. 31
Korea Investment Management Co., Ltd.	June 26, 2000	Seoul, Korea	Assets management	Dec. 31
Korea Investment Value Asset Management Co., Ltd.	February 13, 2006	Seoul, Korea	Assets management	Dec. 31
Korea Investment & Securities Asia, Ltd.	December 2, 1997	Hong Kong	Financial investment	Dec. 31
Korea Investment & Securities Europe, Ltd.	April 24, 1995	London, U.K.	Financial investment	Dec. 31
Korea Investment & Securities America, Inc.	April 18, 2000	New York, U.S.A.	Financial investment	Dec. 31
Korea Investment & Securities Singapore Pte. Ltd.	February 22, 2008	Singapore	Financial investment	Dec. 31
KIS Vietnam Securities Corporation	December 31, 2010	Ho Chi Minh, Vietnam	Financial investment	Dec. 31
PT Korea Investment & Sekuritas Indonesia	June 26, 2018	Indonesia	Financial investment	Dec. 31
KIM Investments Funds	November 21, 2013	Luxembourg	Collective investment scheme	Dec. 31
KIARA Asia Pacific Hedge Fund	July 17, 2014	Cayman Islands	Collective investment scheme	Dec. 31

Subsidiaries	Incorporation date	Location	Industry	Financial year end
KIM Belgium Core Office Professional Investment Private Real Estate Investment Trust	March 21, 2018	Seoul, Korea	Collective investment scheme	May. 31 Nov. 30
KIM Private Placement Philadelphia Real Estate Investment Trust2	May 3, 2018	Seoul, Korea	Collective investment scheme	Dec. 31
Mastern Private Real Estate Fund No.31	June 27, 2018	Seoul, Korea	Collective investment scheme	Jun. 30
Hana Real Estate Investment Trusts No.76	June 1, 2018	Seoul, Korea	Collective investment scheme	Dec. 31
KIAMCO UK Solar Power Private Fund Special Asset Trust 2	September 17, 2018	Seoul, Korea	Collective investment scheme	Dec. 31
Hanhwa Europe PPP Infrastructure Private Fund Special Asset Trust 1-2	October 29, 2018	Seoul, Korea	Collective investment scheme	Dec. 31
KTB Aircraft Private Investment Trust No.22-1	November 15, 2018	Seoul, Korea	Collective investment scheme	Dec. 31
KTB Aircraft Private Investment Trust No.22-2	November 15, 2018	Seoul, Korea	Collective investment scheme	Dec. 31
KIAMCO German Wind Private Fund Special Asset Trust	December 20, 2018	Seoul, Korea	Collective investment scheme	Dec. 31
Hana US LA Real Estate Trust No.1	December 31, 2018	Seoul, Korea	Collective investment scheme	Dec. 31
Eugene Pridium 1 / Private Placement	December 31, 2018	Seoul, Korea	Collective investment scheme	Dec. 31
Aarden Partners UK MSA Private Equity Fund	October 22, 2018	Seoul, Korea	Investment fund	Dec. 31
Korea Investment SEA-CHINA Fund	October 25, 2018	Seoul, Korea	Investment fund	Dec. 31
Korea Investment Partners Venture Fund No.11	December 28, 2006	Seoul, Korea	Investment fund	Dec. 31
KIP phoenix (ZhangJiaGang) equity investment LLP	November 23, 2010	Shanghai, China	Investment fund	Dec. 31
KIP phoenix (ZhangJiaGang) equity investment LLP	August 29, 2016	Zhangjiagang, China	Investment fund	Dec. 31
KIP Bright (Chengdu) Equity Investment Partnership	December 22, 2016	Chendu, China	Investment fund	Dec. 31
KIP KIS Global Fund	August 8, 2018	Seoul, Korea	Investment fund	Dec. 31

(*) The Group excluded subsidiaries that do not perform any realistic business activities, such as structured assets.

(iii) Condensed financial information

(In millions of won)

(1) The condensed statement of financial position of subsidiaries as of December 31, 2018 and 2017 are as follows:

(In millions of won)

	December 31, 2018		
	Assets	Liabilities	Equity
Korea Investment & Securities Co., Ltd.	₩ 44,351,334	40,000,835	4,350,498
Korea Investment Partners Co., Ltd.	469,593	186,683	282,910
Korea Investment Savings Bank Co., Ltd.	2,898,477	2,527,117	371,360
Korea Investment Capital Co., Ltd.	2,598,193	2,287,749	310,443
EQ Partners Co., Ltd.	56,455	8,453	48,002
KakaoBank of Korea Corp	12,126,723	10,986,315	1,140,408
KIARA CAPITAL II PTE. Ltd.	5,642	118,716	(113,074)
KIARA ADVISORS PTE. Ltd.	10,185	887	9,298
Korea Investment Management Co., Ltd.	189,364	51,885	137,479
Korea Investment Value Asset Management Co., Ltd.	34,669	2,811	31,858
Korea Investment & Securities Asia, Ltd.	10,853	88	10,765
Korea Investment & Securities Europe, Ltd.	2,277	82	2,195
Korea Investment & Securities America, Inc.	5,796	102	5,694
Korea Investment & Securities Singapore Pte. Ltd.	7,824	147	7,677
KIS Vietnam Securities Corporation	142,124	47,372	94,752
PT Korea Investment & Sekuritas Indonesia	45,853	2,835	43,018
KIM Investments Funds	170,678	2,412	168,266
KIARA Asia Pacific Hedge Fund	350,733	157,709	193,024
Active ETF(ADVISORSHARES KIM)	-	-	-
KIM Belgium Core Office Professional Investment Private Real Estate Investment Trust	29,931	7	29,923
KIM Private Placement Philadelphia Real Estate Investment Trust 2	59,502	2,707	56,795
Mastern Private Real Estate Fund No.31	152,047	107,946	44,101
Hana Real Estate Investment Trusts No.76	27,777	6	27,771
KIAMCO UK Solar Power Private Fund Special Asset Trust 2	45,338	64	45,274
Hanhwa Europe PPP Infrastructure Private Fund Special Asset Trust 1-2	23,700	13	23,688
KTB Aircraft Private Investment Trust No.22-1	78,645	185	78,460
KTB Aircraft Private Investment Trust No.22-2	26,268	67	26,201
KIAMCO German Wind Private Fund Special Asset Trust	54,018	7	54,011
Hana US LA Real Estate Trust No.1	64,051	22	64,029
Eugene Pridium 1 / Private Placement	36,700	3	36,697
Aarden Partners UK MSA Private Equity Fund	69,267	55	69,213
Korea Investment SEA-CHINA Fund	52,046	91	51,955

	December 31, 2018		
	Assets	Liabilities	Equity
Korea Investment Partners Venture In associates Inc. No.11	931	-	931
Korea Investment Phoenix Venture Fund	12,840	201	12,639
KIP phoenix (ZhangJiaGang) equity investment LLP	21,464	-	21,464
KIP Bright (Chengdu) Equity Investment Partnership	57,436	-	57,436
KIP KIS Global Fund	14,767	-	14,767

(In millions of won)

	December 31, 2017		
	Assets	Liabilities	Equity
Korea Investment & Securities Co., Ltd.	₩ 37,545,136	33,303,351	4,241,785
Korea Investment Partners Co., Ltd.	355,793	128,829	226,964
Korea Investment Savings Bank Co., Ltd.	2,621,175	2,311,905	309,270
Korea Investment Capital Co., Ltd.	1,982,005	1,716,789	265,216
EQ Partners Co., Ltd.	22,573	5,187	17,386
KakaoBank of Korea Corp	5,841,814	5,173,957	667,857
KIARA CAPITAL II PTE. Ltd.	86,739	113,752	(27,013)
KIARA ADVISORS PTE. Ltd.	10,754	2,539	8,215
Korea Investment Management Co., Ltd.	191,127	65,349	125,778
Korea Investment Value Asset Management Co., Ltd.	37,310	2,153	35,157
Korea Investment & Securities Asia, Ltd.	10,683	38	10,645
Korea Investment & Securities Europe, Ltd.	2,371	66	2,305
Korea Investment & Securities America, Inc.	5,314	133	5,181
Korea Investment & Securities Singapore Pte. Ltd.	7,417	287	7,130
KIS Vietnam Securities Corporation	121,536	68,985	52,551
KIM Investments Funds	164,477	1,110	163,367
KIARA Asia Pacific Hedge Fund	288,100	81,765	206,335
Active ETF(ADVISORSHARES KIM)	11,991	211	11,780
Korea Investment Phoenix Venture Fund	7,821	203	7,618
Korea Investment Partners Venture In associates Inc. No.11	10,277	6	10,271
KIP phoenix (ZhangJiaGang) equity investment LLP	21,210	8	21,202
KIP Bright (Chengdu) Equity Investment Partnership	54,817	-	54,817

(2) The condensed statement of comprehensive income of subsidiaries for the years ended December 31, 2018 and 2017 are as follows:

(In millions of won)

	December 31, 2018		
	Operating revenue	Profit(loss) for the year	Total comprehensive income(loss)
Korea Investment & Securities Co., Ltd.	₩ 7,838,849	503,510	503,546
Korea Investment Partners Co., Ltd.	50,227	47,772	47,576
Korea Investment Savings Bank Co., Ltd.	224,328	56,127	55,441
Korea Investment Capital Co., Ltd.	135,600	54,862	54,862
EQ Partners Co., Ltd.	4,636	573	623
KakaoBank of Korea Corp	375,582	(20,955)	(19,800)
KIARA CAPITAL II PTE. Ltd.	143	(83,532)	(86,061)
KIARA ADVISORS PTE. Ltd.	4,044	713	1,083
Korea Investment Management Co., Ltd.	118,455	35,491	35,491
Korea Investment Value Asset Management Co., Ltd.	19,769	6,773	6,773
Korea Investment & Securities Asia, Ltd.	2,886	(339)	120
Korea Investment & Securities Europe, Ltd.	890	(207)	(110)
Korea Investment & Securities America, Inc.	2,861	283	513
Korea Investment & Securities Singapore Pte. Ltd.	1,841	231	548
KIS Vietnam Securities Corporation	14,441	3,259	5,263
PT Korea Investment & Sekuritas Indonesia	1,834	127	(487)
KIM Investments Funds	1,114	(38,984)	4,579
KIARA Asia Pacific Hedge Fund	63,407	(11,749)	9,392
Active ETF(ADVISORSHARES KIM)	-	-	-
KIM Belgium Core Office Professional Investment Private Real Estate Investment Trust	2,360	223	223
KIM Private Placement Philadelphia Real Estate Investment Trust 2	5,534	(605)	(605)
Mastern Private Real Estate Fund No.31	4,464	(2,199)	(2,199)
Hana Real Estate Investment Trusts No.76	2,077	1,104	1,104
KIAMCO UK Solar Power Private Fund Special Asset Trust 2	9,105	(2,226)	(2,226)
Hanhwa Europe PPP Infrastructure Private Fund Special Asset Trust 1-2	363	256	256
KTB Aircraft Private Investment Trust No.22-1	734	490	490
KTB Aircraft Private Investment Trust No.22-2	297	211	211
KIAMCO German Wind Private Fund Special Asset Trust	478	(389)	(389)
Hana US LA Real Estate Trust No.1	-	-	-
Eugene Pridium 1 / Private Placement	-	-	-
Aarden Partners UK MSA Private Equity Fund	2,686	1,213	1,213

(In millions of won)

	December 31, 2018		
	Operating revenue	Profit(loss) for the year	Total comprehensive income(loss)
Korea Investment SEA-CHINA Fund	53	(140)	(545)
Korea Investment Partners Venture In associates Inc. No.11	3,028	(4,461)	(4,461)
Korea Investment Phoenix Venture Fund	4,441	3,098	3,067
KIP phoenix (ZhangJiaGang) equity investment LLP	443	49	2
KIP Bright (Chengdu) Equity Investment Partnership	3,948	2,004	1,713
KIP KIS Global Fund	7	(2,733)	(2,733)

(In millions of won)

	December 31, 2017		
	Operating revenue	Profit(loss) for the year	Total comprehensive income(loss)
Korea Investment & Securities Co., Ltd.	₩ 5,976,810	472,280	539,338
Korea Investment Partners Co., Ltd.	27,036	(851)	5,700
Korea Investment Savings Bank Co., Ltd.	222,015	64,598	64,459
Korea Investment Capital Co., Ltd.	98,241	40,791	40,791
EQ Partners Co., Ltd.	578	2,792	1,319
KakaoBank of Korea Corp	68,911	(104,491)	(105,307)
KIARA CAPITAL II PTE. Ltd.	103	(116)	3,333
KIARA ADVISORS PTE. Ltd.	8,099	3,038	2,196
Korea Investment Management Co., Ltd.	95,088	28,581	28,528
Korea Investment Value Asset Management Co., Ltd.	24,198	10,940	10,940
Korea Investment & Securities Asia, Ltd.	3,691	1,620	17
Korea Investment & Securities Europe, Ltd.	663	(395)	(670)
Korea Investment & Securities America, Inc.	3,369	1,012	420
Korea Investment & Securities Singapore Pte. Ltd.	2,031	497	(392)
KIS Vietnam Securities Corporation	10,325	136	(6,691)
KIM Investments Funds	41,201	40,015	19,939
KIARA Asia Pacific Hedge Fund	80,614	37,038	13,657
Active ETF(ADVISORSHARES KIM)	9,712	2,349	2,349
Korea Investment Phoenix Venture Fund	119	(835)	(2,561)
Korea Investment Partners Venture Fund No.11	5,252	4,965	5,564
KIP phoenix (ZhangJiaGang) equity investment LLP	164	(864)	(1,417)
KIP Bright (Chengdu) Equity Investment Partnership	46	(4,193)	(7,477)

(iv) There are details of new subsidiaries in the consolidated financial statements for the years ended December 31, 2018 and 2017 are as follows:

2018	
Subsidiaries	Reason
PT Korea Investment & Sekuritas Indonesia	Newly acquired
KIM Belgium Core Office Professional Investment Private Real Estate Investment Trust	Newly acquired
KIM Private Placement London Core Office Real Estate Investment Trust	Newly acquired
KIM PRIVATE PLACEMENT PHILADELPHIA REAL ESTATE INVESTMENT TRUST 2	Newly acquired
Mastern Private Real Estate Fund No.31	Newly acquired
Hana Real Estate Investment Trusts No.76	Newly acquired
Special money intrust	Newly acquired
KIAMCO UK Solar Power Private Fund Special Asset Trust 2	Newly acquired
Hanhwa Europ PPP Infrastructure Private Fund Special Asset Trust 1-2	Newly acquired
KTB Aircraft Private Investment Trust No.22-1	Newly acquired
KTB Aircraft Private Investment Trust No.22-2	Newly acquired
KIAMCO German Wind Private Fund Special Asset Trust	Newly acquired
Hana US LA Real Estate Trust No.1	Change in equity stake
Eugene Pridium 1 / Private Placement	Change in equity stake
Aarden Partners UK MSA Private Equity Fund	Newly acquired
Korea Investment SEA-CHINA Fund	Newly acquired
KIP KIS Global Fund	Newly acquired
33 Structured Vehicle for Securitisation other than SF the first 1st Co., Ltd	Real control through payment guarantees, purchase commitments, etc.

2017	
Subsidiaries	Reason
KIM AssetClass(SH)	Newly included
KIM KINDEX Active Korea Treasury & Agency bonds ETF	Newly acquired
Active ETF(ADVISORSHARES KIM)	Newly acquired
KIP Bright (Chengdu) Equity Investment Partnership	New investment on establishment

(v) The details of subsidiaries excluded in the consolidated financial statements for the years ended December 31, 2018 and 2017 are as follows:

2018	
Subsidiaries	Reason
KIM Private Placement London Core Office Real Estate Investment Trust	Disposal of part of shares
Special money intrust	Disposal
Active ETF(ADVISORSHARES KIM)	Disposal

2017	
Subsidiaries	Reason
KIM AssetClass(SH)	Decrease in equity stake
KIM KINDEX Active Korea Treasury & Agency bonds ETF	Disposal of part of shares
KIARA CAPITAL PTE. LTD.	Liquidation of subsidiaries
S-Russel 2nd Co., Ltd.	Liquidation of subsidiaries

2. Basis of Accounting

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.

(a) Use of estimates and judgments

The Group makes estimates and assumptions concerning the future. The estimates and assumptions are continuously evaluated with consideration to factors such as events reasonably predictable in the foreseeable future within the present circumstance according to historical experience. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Impairment test of goodwill

The Group tests annually whether goodwill has suffered any impairment. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations (Note 15).

(ii) Income taxes

The Group recorded, based on its best estimate, current income taxes and deferred income taxes that the Group will be liable in the future for the operating results as of the financial year end. However, the final tax outcome in the future may be different from the amounts that were initially recorded. Such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made (Note 32).

(iii) Fair value of financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period (Note 48).

(iv) Impairment of financial assets

The allowance for losses on financial assets is measured based on assumptions about default risk and expected loss ratio. In determining the input variables used in the setting of the assumptions and the impairment model, the Group considers the past experience of the Group, current market conditions, and future forecast information based on the financial reporting date.

(v) Defined benefit liability

The present value of defined benefit liability depends on a number of factors that are determined on an actuarial basis using a number of assumptions including the discount rate (Note 28).

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 years presented in these consolidated financial statements.

3.1. Change in significant Accounting policies

The Group has initially applied K-IFRS No.1115 and K-IFRS No.1109 from 1 January 2018. A number of other new standards are also effective from 1 January 2018 but they do not have a material effect on the Group's financial statements.

(a) Changes in accounting policies

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

K-IFRS No. 1109 Financial Instruments replaces the recognition of financial assets and liabilities, classification and measurement, derecognition of financial instruments, impairment of financial assets, and hedge accounting related to K-IFRS No. 1039 Financial Instruments: Recognition and Measurements. In addition, K-IFRS No. 1107 Financial Instruments: Disclosure and other standards related to financial instruments have been amended in accordance with the K-IFRS No. 1109.

The Group adopted the K-IFRS No. 1109 effective January 1, 2018, and the group amended its accounting policies and adjusted the amounts recognized in its financial statements. The comparative financial statements for the year ended December 31, 2017 have not been restated in accordance with the transitional provisions.

The details of changes in retained earnings and accumulated other comprehensive income of the group in accordance with the adoption of K-IFRS No. 1109 were as follows

(i)-1 The impact of adoption of K-IFRS No. 1109 on the Changes in Retained earnings and Accumulated other comprehensive loss on the statements of financial position as of January 1, 2018 were as follows.

㉠ Retained earnings		(In millions of won)
Retained earnings		
Retained earnings the beginning of the year K-IFRS No. 1039	₩	2,754,855
Adjustment of retained earnings due to adoption of K-IFRS No. 1109 :		
Reclassification from Available-for-sale financial assets to Financial assets at fair value through profit or loss		106,827
Reclassification from Loans to Financial assets at fair value through profit or loss		(754)
Increase in loss allowance for financial assets measured at amortized cost		(11,526)
Increase in loss allowance for loan commitments and financial guarantee contracts		(5,228)
Increase in loss allowance for debt instruments measured at fair value through other comprehensive income		(228)
Changes in Investments in subsidiaries		27,691
Effect of changes in non-controlling interest liabilities		(1,875)
Tax effects		(25,689)
Retained earnings the beginning of the year K-IFRS No. 1109	₩	2,844,073

㉡ Accumulated other comprehensive loss

(In millions of won)

		Accumulated other comprehensive loss
Accumulated other comprehensive loss the beginning of the year K-IFRS No. 1039	₩	239,730
Adjustment of accumulated other comprehensive loss due to adoption of K-IFRS No. 1109 :		
Reclassification from Available-for-sale financial assets to Financial assets at fair value through profit or loss		(106,827)
Increase in loss allowance for debt instruments measured at fair value through other comprehensive income		228
Changes in Investments in subsidiaries		(10,945)
Tax effects		25,986
Accumulated other comprehensive loss the beginning of the year K-IFRS No. 1109	₩	148,172

(i) -2 The impact of adoption of K-IFRS No. 1109 on the classification and measurement of Group's assets and liabilities on the statements of financial position as of January 1, 2018 were as follows.

(In millions of won)

	Classification in accordance with K-IFRS No. 1039	Classification in accordance with K-IFRS No. 1109	Amount in accordance with K-IFRS No. 1039	Amount in accordance with K-IFRS No. 1109
Financial assets				
Cash and deposits	Loans and receivables	Financial instruments measured at fair value through profit or loss	₩ 5,089,700	78,607
	Loans and receivables	Financial instruments measured at amortized cost		5,011,093
Loans and receivables	Loans and receivables	Financial instruments measured at fair value through profit or loss	12,250,381	156,310
	Loans and receivables	Financial instruments measured at amortized cost		12,093,317
Other financial assets	Loans and receivables	Financial instruments measured at amortized cost	1,345,565	1,454,223
Financial assets held for trading - debt instruments	Financial assets held for trading	Financial instruments measured at fair value through profit or loss	19,003,214	19,003,214
Financial assets held for trading - equity instruments	Financial assets held for trading	Financial instruments measured at fair value through profit or loss	3,319,367	3,319,367
Financial assets held for trading - reserve for claims of customers' deposits	Financial assets held for trading	Financial instruments measured at fair value through profit or loss	2,049,006	2,049,006
Derivative financial assets	Financial assets held for trading	Financial instruments measured at fair value through profit or loss	253,176	253,176
Financial assets designated at FVTPL - debt instruments	Financial assets designated at FVTPL	Financial instruments measured at fair value through profit or loss	25,363	25,363

(In millions of won)

	Classification in accordance with K-IFRS No. 1039	Classification in accordance with K-IFRS No. 1109	Amount in accordance with K-IFRS No. 1039	Amount in accordance with K-IFRS No. 1109
Financial assets designated at FVTPL - equity instruments	Financial assets designated at FVTPL	Financial instruments measured at fair value through profit or loss	10,119	10,119
Financial assets designated at FVTPL - derivatives-linked securities	Financial assets designated at FVTPL	Financial instruments measured at fair value through profit or loss	278,608	278,608
Available-for-sale financial assets - Debt securities	Available-for-sale financial assets	Financial instruments measured at fair value through profit or loss	2,427,707	81,286
	Available-for-sale financial assets	Financial instruments measured at fair value through other comprehensive income		2,346,421
Available-for-sale financial assets - Equity securities	Available-for-sale financial assets	Financial instruments measured at fair value through profit or loss	817,478	189,175
	Available-for-sale financial assets	Financial instruments measured at fair value through other comprehensive income		630,178
Available-for-sale financial assets - Others	Available-for-sale financial assets	Financial instruments measured at fair value through profit or loss	636,210	636,210
Held-to-maturity financial assets	Held-to-maturity financial assets	Financial instruments measured at amortized cost	214,704	214,704
Financial liabilities				
Deposits	Financial liability measured at amortized cost	Financial liabilities measured at amortized cost	10,570,874	10,570,874
Trading liabilities	Financial liabilities held for trading	Financial instruments measured at fair value through profit or loss	3,122,369	3,122,369
Derivatives	Financial liabilities held for trading	Financial instruments measured at fair value through profit or loss	492,378	492,378
Financial liabilities designated as at FVTPL	Financial liabilities designated at FVTPL	Financial instruments measured at fair value through profit or loss	8,938,946	8,938,946
Borrowings	Financial liability measured at amortized cost	Financial liabilities measured at amortized cost	19,364,786	19,364,786
Others	Financial liability measured at amortized cost	Financial liabilities measured at amortized cost	1,829,415	1,940,780
Provision				
Provision about Off-balance accounts	Provision	Provision	3,846	8,497
Deferred tax				
Deferred tax asset	Deferred tax asset	Deferred tax asset	384	384
Deferred tax liabilities	Deferred tax liabilities	Deferred tax liabilities	14,862	17,135

(i) -3 The adjustments on the statements of financial position from K-IFRS No. 1039 to K-IFRS No. 1109 as of January 1, 2018 were as follows:

(In millions of won)

	2017-12-31 K-IFRS No. 1039 Book value	Reclassification	Remeasurement	2018-01-01 K-IFRS No. 1109 Book value	2018-01-01 Effects on retained earnings
Financial assets					
Cash and deposits					
Book value (K-IFRS No. 1039)	₩ 5,089,700	-	-	-	-
Deduction: Classified as Financial instruments measured at fair value through profit or loss	-	(78,607)	-	-	-
Book value (K-IFRS No. 1109)	-	-	-	5,011,093	-
Derivative financial assets					
Book value (K-IFRS No. 1039 & 1109)	253,176	-	-	253,176	-
Financial assets held for trading					
Book value (K-IFRS No. 1039)	24,371,587	-	-	-	-
Deduction: Classified as Financial instruments measured at fair value through profit or loss	-	(24,371,587)	-	-	-
Book value (K-IFRS No. 1109)	-	-	-	-	-
Financial assets designated at FVTPL - debt instruments					
Book value (K-IFRS No. 1039)	25,363	-	-	-	-
Deduction: Classified as Financial instruments measured at fair value through profit or loss	-	(25,363)	-	-	-
Book value (K-IFRS No. 1109)	-	-	-	-	-
Financial assets designated at FVTPL - equity instruments					
Book value (K-IFRS No.1039)	10,119	-	-	-	-
Deduction: Classified as Financial instruments measured at fair value through profit or loss	-	(10,119)	-	-	-
Book value (K-IFRS No. 1109)	-	-	-	-	-
Financial assets designated at FVTPL - derivatives-linked securities					
Book value (K-IFRS No. 1039)	278,608	-	-	-	-
Deduction: Classified as Financial instruments measured at fair value through profit or loss	-	(278,608)	-	-	-
Book value (K-IFRS No. 1109)	-	-	-	-	-

(In millions of won)

	2017-12-31 K-IFRS No. 1039 Book value	Reclassification	Remeasurement	2018-01-01 K-IFRS No. 1109 Book value	2018-01-01 Effects on retained earnings
Available-for-sale financial assets - Equity securities					
Book value (K-IFRS No. 1039)	817,478	-	-	-	-
Addition: Effect of Fair Value Evaluation, etc.	-	-	-	-	-
Deduction: Classified as Financial instruments measured at fair value through profit or loss	-	(187,300)	-	-	-
Deduction: Classified as Financial instruments measured at fair value through other comprehensive income	-	(630,178)	-	-	-
Book value (K-IFRS No. 1109)	-	-	-	-	-
Available-for-sale financial assets - Debt securities					
Book value (K-IFRS No. 1039)	2,427,707	-	-	-	-
Deduction: Classified as Financial instruments measured at fair value through profit or loss	-	(81,286)	-	-	-
Deduction: Classified as Financial instruments measured at fair value through other comprehensive income	-	(2,346,421)	-	-	-
Book value (K-IFRS No. 1109)	-	-	-	-	-
Available-for-sale financial assets - Others					
Book value (K-IFRS No. 1039)	636,210	-	-	-	-
Deduction: Classified as Financial instruments measured at fair value through profit or loss	-	(636,210)	-	-	-
Book value (K-IFRS No. 1109)	-	-	-	-	-
Held-to-maturity financial assets					
Book value (K-IFRS No. 1039)	214,704	-	-	-	-
Deduction: Classified as financial instruments measured at amortized cost	-	(214,704)	-	-	-
Book value (K-IFRS No. 1109)	-	-	-	-	-
Loans					
Book value (K-IFRS No. 1039)	12,250,381	-	-	-	-
Deduction: Classified as financial instruments measured at amortized cost	-	(12,093,317)	-	-	-

(In millions of won)

	2017-12-31 K-IFRS No. 1039 Book value	Reclassification	Remeasurement	2018-01-01 K-IFRS No. 1109 Book value	2018-01-01 Effects on retained earnings
Deduction: Classified as Financial instruments measured at fair value through profit or loss					
Book value (K-IFRS No. 1109)	-	(157,064)	-	-	-
Other financial assets					
Book value (K-IFRS No. 1039)	1,318,739	-	-	-	-
Deduction: Classified as financial instruments measured at amortized cost	-	(1,318,739)	-	-	-
Book value (K-IFRS No. 1109)	-	-	-	-	-
Financial instruments measured at fair value through profit or loss					
Book value (K-IFRS No. 1039)	-	-	-	-	-
Addition: Classified Cash and deposit	-	78,607	-	-	-
Addition: Financial assets held for trading	-	24,371,587	-	-	-
Addition: Financial assets designated at FVTPL - debt instruments	-	25,363	-	-	-
Addition: Financial assets designated at FVTPL - equity instruments	-	10,119	-	-	-
Addition: Financial assets designated at FVTPL - derivatives-linked securities	-	278,608	-	-	-
Addition: Available-for-sale financial assets - Debt securities	-	187,300	1,875	-	(91,708)
Addition: Available-for-sale financial assets - Equity securities	-	81,286	-	-	2,178
Addition: Available-for-sale financial assets - Others	-	636,210	-	-	196,358
Addition: Loans	-	157,064	(754)	-	(754)
Book value (K-IFRS No. 1109)	-	-	-	25,827,265	-
Financial instruments measured at fair value through other comprehensive income					
Book value (K-IFRS No. 1039)	-	-	-	-	-
Addition: Available-for-sale financial assets - Debt securities	-	630,178	-	-	-
Addition: Available-for-sale financial assets - Equity securities	-	2,346,421	-	-	-

(In millions of won)

	2017-12-31 K-IFRS No. 1039 Book value	Reclassification	Remeasurement	2018-01-01 K-IFRS No. 1109 Book value	2018-01-01 Effects on retained earnings
Remeasurement: Measuring expected credit losses	-	-	(228)	-	(228)
Book value (K-IFRS No. 1109)	-	-	-	2,976,371	-
Financial instruments measured at amortized cost					
Book value (K-IFRS No. 1039)	-	-	-	-	-
Addition: Loans	-	12,093,317	-	-	-
Addition: Held-to-maturity financial assets	-	214,704	-	-	-
Remeasurement: Measuring expected credit losses	-	-	(11,526)	-	(11,526)
Book value (K-IFRS No. 1109)	-	-	-	12,296,495	-
Other financial instruments measured at amortized cost					
Book value (K-IFRS No. 1039)	-	-	-	-	-
Addition: Other financial assets	-	1,318,739	-	-	-
Addition: Accounts receivable - Financial guarantee contract assets	-	109,543	-	-	-
Remeasurement: Measuring expected credit losses	-	-	(576)	-	(576)
Book value (K-IFRS No. 1109)	-	-	-	1,427,706	-
Investments in Associates					
Book value (K-IFRS No. 1039)	458,591	-	-	-	-
Remeasurement	-	-	16,747	-	27,691
Book value (K-IFRS No. 1109)	-	-	-	475,338	-
Financial liabilities					
Deposits					
Book value (K-IFRS No. 1039 & 1109)	10,570,874	-	-	10,570,874	-
Trading liabilities					
Book value (K-IFRS No. 1039)	3,122,369	-	-	-	-
Deduction: Classified as Financial instruments measured at fair value through profit or loss	-	(3,122,369)	-	-	-
Book value (K-IFRS No. 1109)	-	-	-	-	-
Derivatives					
Book value (K-IFRS No. 1039 & 1109)	492,378	-	-	492,378	-

(In millions of won)

	2017-12-31 K-IFRS No. 1039 Book value	Reclassification	Remeasurement	2018-01-01 K-IFRS No. 1109 Book value	2018-01-01 Effects on retained earnings
Financial liabilities designated as at FVTPL	8,938,946	-	-	-	-
Deduction: Classified as Financial instruments measured at fair value through profit or loss	-	(8,938,946)	-	-	-
Book value (K-IFRS No. 1109)	-	-	-	-	-
Financial liabilities measured at fair value through profit or loss					
Book value (K-IFRS No. 1039)	-	-	-	-	-
Addition: Financial liabilities held for trading	-	3,122,369	-	-	-
Book value (K-IFRS No. 1109)	-	-	-	3,122,369	-
Financial liabilities designated at fair value through profit or loss					
Book value (K-IFRS No. 1039)	-	-	-	-	-
Addition: Financial liabilities designated as at FVTPL	-	-	8,938,946	-	-
Book value (K-IFRS No. 1109)	-	-	-	8,938,946	-
Borrowings					
Book value (K-IFRS No. 1039 & 1109)	19,364,786	-	-	19,364,786	-
Other financial liabilities					
Book value (K-IFRS No. 1039)	1,829,415	-	-	-	-
Addition: Financial guarantee contract liabilities	-	109,490	-	-	-
Remeasurement: Effect of changes in non-controlling interest liabilities	-	-	1,875	-	-
Book value (K-IFRS No. 1109)	-	-	-	1,940,780	-
Provision about Off-balance accounts					
Book value (K-IFRS No. 1039)	3,846	-	-	-	-
Remeasurement: Measuring expected credit losses	-	-	4,651	-	(4,651)
Book value (K-IFRS No. 1109)	-	-	-	8,497	-
Deferred tax liabilities					
Book value (K-IFRS No. 1039)	14,862	-	-	-	-
Changes due to expected credit loss measurements	-	-	4,607	-	4,607
Changes due to others	-	-	(2,334)	-	(2,334)
Book value (K-IFRS No. 1109)	-	-	-	17,135	-

(i)-4 The impact of adoption of K-IFRS No. 1109 on the Changes in Provision for credit loss allowance on the statements of financial position as of January 1, 2018 were as follows.

(In millions of won)

		2017-12-31 K-IFRS No. 1039 Book value	Reclassification	Remeasurement	2018-01-01 K-IFRS No. 1109 Book value	2018-01-01 Effects on retained earnings
Deposits	₩	-	-	-	-	-
Loans		103,213	(103,213)	-	-	-
Financial instruments measured at amortized cost		-	103,213	11,526	114,739	(11,526)
Financial assets held for trading		-	-	-	-	-
Financial instruments measured at fair value through other comprehensive income		-	-	228	228	(228)
Other financial assets		26,827	(26,827)	-	-	-
Other financial assets at amortized cost		-	26,827	576	27,403	(576)
Guarantees of payment loss allowance		-	-	691	691	(691)
Unused credit line commitment loss allowance		3,846	-	3,960	7,806	(3,960)
Total	₩	133,886	-	16,981	150,867	(16,981)

(ii) K-IFRS No. 1115, 'Revenue from Contracts with Customers'

The Group has applied K-IFRS No. 1115, 'Revenue from Contracts with Customers', which replaces existing revenue recognition guidance, including K-IFRS No. 1018, 'Revenue', K-IFRS No. 1011, 'Construction Contracts', K-IFRS No. 2031, 'Revenue-Barter Transactions Involving Advertising Services', K-IFRS No. 2113, 'Customer Loyalty Programmes', K-IFRS No. 2115, 'Agreement for the Construction of Real Estate', and K-IFRS No. 2118, 'Transfers of Assets from Customers.'

K-IFRS No. 1018 and other standards outlined revenue recognition for different types of transactions such as sales of goods and services, interest income, loyalty programs, dividend income and construction contracts; however, according to K-IFRS No.1115, all types of contracts recognize revenue through five-step revenue recognition model (① 'Identifying the contract' → ② 'Identifying performance obligations' → ③ 'Determining the transaction price' → ④ 'Allocating the transaction price to performance obligations' → ⑤ 'Recognizing the revenue by satisfying performance obligations').

The Group has applied a new standard retrospectively in accordance with K-IFRS No. 1115 and has no cumulative effect of initial application as of January 1, 2018. As permitted by the transition requirements of K-IFRS 1115, comparative periods have not been restated.

(b) Non-applicable standards

The following standards and interpretations have not been effective for annual periods beginning on or after 1 January 2018. The Group did not apply the following standards and interpretations early in preparing its financial statements:

i) K-IFRS No.1116 'Lease'

K-IFRS No. 1116, "Leases", which was enacted on May 22, 2017, is effective for annual periods beginning on or after January 1, 2019, but may be applied early.

The Standard is based on current Korean IFRS 1017 "Leases", K-IFRS 2104, "Determining whether an arrangement contains a lease", K-IFRS No. 2015 "Operating lease: Incentive" It will replace Interpretation No. 2027, "Evaluating the substances of transactions involving the legal form of a lease".

At the date of commitment, the group determines whether the contract is a lease or whether the contract includes a lease, and identifies whether the contract includes a lease or a lease in accordance with this standard. The lessee and lessor must account for each lease element of the lease as a lease, separate from the non-lease element in an agreement that includes a lease or lease.

The lessee is required to recognize a liability asset that represents the right to use the underlying asset and a liability that represents the obligation to pay the lease payments. However, in the case of short-term lease and small asset lease, the lessee is not required to separate the non-lease component from the lease component in accordance with the simplified method, and can apply the method of accounting for each lease component and related non-lease component as one lease component.

The accounting treatment of lease provider is not significantly different from the accounting treatment of the current K-IFRS 1017.

< Accounting treatment as a lessee >

Application method of K-IFRS 1116 "Lease"

The lessee recognizes the cumulative effect of applying the retrospective application (full retroactive method) to each past reporting period presented in accordance with K-IFRS No. 1008, "Accounting Policies, Changes in Accounting Estimates and Errors" (Cumulative Effect Batch Reconciliation Action).

The Group plans to apply CAS Statement No. 1116 for the first time by applying cumulative effect and cumulative temporary adjustment measures as of January 1, 2019. Accordingly, the cumulative effect of applying K-IFRS No. 1116 is adjusted in the retained earnings (or, where appropriate, other components of equity) at the date of initial application and the comparative financial statements are not going to be restated.

ii) Amendment of K-IFRS No.1109 'Financial instruments'

Financial assets that are redeemable with reimbursable financial assets are remeasured to be measured at amortized cost. When the financial liabilities measured at amortized cost are changed but not eliminated, the effect of the change should be recognized in profit or loss. These amendments will be effective from the fiscal year beginning on or after January 1, 2019 and are subject to early adoption.

iii) Amendment of K-IFRS No.1019 'Employee benefits'

If the change in the defined benefit plan results in the revision, reduction or settlement of the plan, the assumptions used in remeasurement of the net defined benefit obligation (asset) to estimate the current service cost and net interest for the remaining period of the period after the adjustments in the plan. In addition, the decrease in excess of the amount of unrecognized actuarial gain or loss is reflected in profit or loss as a part of past service cost or settlement profit or loss. The amendments are applied prospectively to the amendment, reduction, and settlement of systems that have occurred since the fiscal year beginning on or after January 1, 2019.

iv) Amendment of K-IFRS No.1028 'Investments in Associates and Joint Ventures'

The clarification has been conducted that other financial instruments (financial instruments that do not apply the equity method) to the related companies or joint ventures are subject to K-IFRS No. 1109, and that the long-term investment interests that form part of the net investment in the related companies or joint ventures was revised accordingly with the K-IFRS 1109. These amendments will be effective from the fiscal year beginning on or after January 1, 2019 and are subject to early adoption. In addition, the first-time adoption of this standard does not require reclassification of comparative information by applying the transitional provisions of No. 1109, and the effect of retroactive application is reflected in the beginning retained earnings (or other appropriate capital elements) at the date of initial application.

v) Establishment of K-IFRS No.2123 'Uncertainty over income tax treatments'

The interpretation is applied to the recognition and measurement of deferred tax and deferred income tax if there is uncertainty about whether or not the tax treatment applied by the entity will be recognized by the taxing authority. Guidance on accounting units of uncertainty in taxation and circumstances requiring reevaluation Includes. The interpretation is effective from January 1, 2019, and it can choose between retroactively reclassifying comparative financial statements or reflect the effect of the change on the basis of the first year of adoption.

vi) Annual amendments 2015-2017

vi-i) K-IFRS No.1103 'Business combination'

The business combination that is held in stages to acquire control over the joint business (meeting the definition of the business) while retaining the rights and liabilities for the assets related to the joint business. Therefore, Remeasurement should be conducted for all underlying assets and liabilities. The amendments are effective for annual periods beginning on or after January 1, 2019, or reflect the effect of the change on the basis of the first year of adoption.

vi-ii) K-IFRS No. 1111 'Joint arrangements'

If a jointly controlled entity that participates in a joint venture but does not have joint control obtains joint control over the joint venture, the previously held equity interest in the joint venture is not remeasured. This amendment is effective for transactions beginning after January 1, 2019 and beginning after the fiscal year beginning on or reflect the effect of the change on the basis of the first year of adoption.

vi-iii) K-IFRS No.1012 'Income taxes'

The provisions of paragraph 57A of K-IFRS 1012 (defining the timing and recognition of dividend tax effects) apply to all income tax effects of dividends and are recognized in profit or loss, other comprehensive income or capital. This amendment is effective for fiscal years beginning on or after January 1, 2019, but may be applied early.

vi-iv) K-IFRS No.1023 'Borrowing costs'

If most of the necessary activities to enable us to use (or sell) our qualifying assets has been completed, it will include the funds borrowed for specific purposes in ordinary borrowings to acquire those assets. This amendment applies to borrowing costs incurred subsequent to the first year of the application of the amendment and may be applied early in the financial year beginning after January 1, 2019.

3.2. Consolidation

The Group has prepared the consolidated financial statements in accordance with K-IFRS No. 1110, 'Consolidated Financial Statements'.

(i) Subsidiaries

Subsidiaries are all entities over which the controlling company has control. The controlling company controls the corresponding investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The consolidation of a subsidiary begins from the date the controlling company obtains control of a subsidiary and ceases when the controlling company loses control of the subsidiary.

The Group applies the acquisition method to account for business combinations. The consideration transferred is measured at the fair values of the assets transferred, and identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are initially measured at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis in the event of liquidation, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

Goodwill is recognized as the excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree over the identifiable net assets acquired. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss.

Balances of receivables and payables, incomes and expenses and unrealized gains on transactions between the Group and its subsidiaries are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(ii) Associates

Associates are all entities over which the Group has significant influence, and investments in associates are initially recognized at acquisition cost using the equity method. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. If there is any objective evidence that the investment in associate is impaired, the Group recognizes the difference between the recoverable amount of associate and its book value as impairment loss.

(iii) Trusts and funds

The Group provides management services for trust assets, collective investment and other funds. These trusts and funds are not consolidated in the Group's consolidated financial statements, except for the trusts and funds over which the Group has control.

3.3. Foreign Currency Translation

(a) Functional and presentation currency

These financial statements are presented in Korean won, which is the functional currency of the primary economic environment in which the Group operates.

(b) Foreign currency transactions and translation at the end of the reporting period

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the reporting period. 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.

Foreign exchange differences related to borrowings are presented as financial costs in the statement of comprehensive income, and other foreign exchange differences are presented in other income or other expense.

Translation differences on non-monetary financial assets and liabilities are regarded as the part of changes in fair value. Translation differences on equity instruments classified as financial assets or financial liabilities at fair value through profit or loss ("FVTPL") are recognized in profit or loss and translation difference on equity instruments classified as available-for-sale financial assets are included in other comprehensive income

3.4. Financial Assets - Policy applicable from January 1, 2018

(a) Classification

The Group classifies its financial assets in the following categories:

- Financial instruments measured at fair value through profit or loss.
- Financial instruments measured at fair value through other comprehensive income.
- Financial instruments measured at amortized cost.

The Group shall classify financial assets on the basis of both the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Gains or losses on financial assets measured at fair value are recognized in profit or loss or other comprehensive income. Investments in debt instruments are recognized in profit or loss or other comprehensive income in accordance with the business model in which the asset is held. Debt instruments are reclassified only when the group's business model changes.

For the equity instruments that are not held for trading, at initial recognition, the group may make an irrevocable election to present subsequent changes in fair value in other comprehensive income. Changes in fair value of investments in undesignated equity instruments are recognized in profit or loss.

(b) Measurement

A financial asset is measured initially at its fair value plus, for an item not at Fair Value Through Profit or Loss ("FVTPL"), transaction costs that are directly attributable to its acquisition of the financial asset. Transaction costs on the financial assets at FVTPL that are directly attributable to the acquisition are recognized in profit or loss as incurred.

Financial assets with embedded derivatives are classified regarding the entire hybrid contract, and the embedded derivatives are not separately recognized. The entire hybrid contract is considered when it is determined whether the contractual cash flows represent solely payments of principal and interest.

(i) Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model in which the asset is managed and the contractual cash flow characteristics of the asset. Debt instruments are classified as financial assets at amortized cost, at FVOCI, or at FVTPL.

㊟ Financial assets at amortized cost

Assets that are held within a business model whose objective is to hold assets to collect contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Impairment losses, and gains or losses on derecognition of the financial assets at amortized cost are recognized in profit or loss. Interest income on the effective interest method is included in the 'Interest income' in the consolidated statement of comprehensive income.

㊟ Financial assets at FVOCI

Assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Other than impairment losses, interest income amortized using effective interest method and foreign exchange differences, gains or losses of the financial assets at FVOCI are recognized as other comprehensive income in equity. On derecognition, gains or losses accumulated in other comprehensive income are reclassified to profit or loss. The interest income on the effective interest method is included in the 'Interest income' in the consolidated statement of comprehensive income. Foreign exchange differences and impairment losses are included in the 'Net foreign currency transaction gain' and 'Impairment loss on financial assets' in the consolidated statement of comprehensive income, respectively.

㊟ Financial assets at FVTPL

Debt securities other than financial assets at amortized costs or FVOCI are classified at FVTPL. Unless hedge accounting is applied, gains or losses from financial assets at FVTPL are recognized as profit or loss and are included in 'Net gain on financial assets at fair value through profit or loss' in the consolidated statement of comprehensive income.

(ii) Equity instruments

The Group measures all equity investments at fair value. Valuation gains or losses of the equity instruments that are classified as financial assets at FVOCI previously recognized as other comprehensive income is not reclassified as profit or loss on derecognition. The Group recognizes dividends in profit or loss when the Group's right to receive payments of the dividend is established.

Valuation gains or losses due to changes in fair value of the financial assets at FVTPL are recognized as gains or losses on financial assets at FVTPL. Impairment loss (reversal) on equity instruments at FVOCI is not recognized separately.

(c) Impairment

The group recognize provision for credit loss allowance for debt instruments measured at amortized cost and fair value through other comprehensive income, and lease receivable, loan commitments and financial guarantee contracts using the expected credit loss impairment model. The group reflects forward-looking information presented by internal experts based on a variety of information when measuring expected credit losses. For the purpose of estimating these forward-looking information, the group utilizes the economic outlook published by domestic and overseas research institutes or government and public agencies.

(d) Recognition and Derecognition

A regular way purchase or sale is recognized or derecognized on the trade date. The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred. If the Group transfers a financial asset and the transfer does not result in derecognition because the Group has retained substantially of all risks and rewards of ownership of the transferred asset due to a recourse in the event the debtor defaults, the Group continues to recognize the transferred asset in its entirety and recognizes a financial liability for the consideration received.

(e) Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the separate statements of financial position where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the assets and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

3.5. Financial Assets - Policy applicable before January 1, 2018

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 separate 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.

(a) Financial assets at fair value through profit or loss

A financial asset is classified as at fair value through profit or loss if it is held for trading or is designated at fair value through profit or loss. 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.

(b) 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.

(c) 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.

(d) 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, which 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.

3.6. Derivative financial instruments

Derivatives are initially recognized at fair value. Subsequent to initial recognition, derivatives are measured at fair value. Changes in the fair value of other derivative financial instrument not designated as a hedging instrument are recognized immediately in profit or loss.

3.7. Property and equipment

Property and equipment are 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.

The cost of replacing a part of an item of property or equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced cost is derecognized. The cost of the day to day servicing of property and equipment are recognized in profit or loss as incurred.

Depreciation is calculated using the straight-line method to allocate the difference between their cost and their residual values over their estimated useful lives, as follows:

Property and equipment	Estimated useful lives
Buildings	40 years
Vehicles	4 years ~ 5 years
Tools and equipment	3 years ~ 5 years
Other	4 years ~ 10 years

The depreciation method, residual values and useful lives of property and equipment are reviewed at each financial year-end and, if appropriate, accounted for as changes in accounting estimates.

3.8. Investment properties

Investment property is property held either to earn rental income or for capital appreciation or both. An investment property is initially recognized at cost including any directly attributable expenditure. Subsequent to initial recognition, the asset is measured at cost less accumulated depreciation and accumulated impairment losses, if any. Investment property, except for land, is amortized using the straight-line method over the estimated useful life of 40 years.

3.9. Intangible asset

Intangible assets are measured initially at cost and subsequently carried at their cost less any accumulated amortization and any accumulated impairment losses.

Intangible assets are amortized using the straight-line method with no residual value over their estimated useful economic lives as described below since the asset is available for use.

Intangible assets	Estimated useful lives
Software	4 years ~ 5 years
Development costs	4 years ~ 5 years
Membership rights	Indefinite
Others	4 years ~ 5 years / Indefinite

The amortization period and the amortization method for intangible assets with a finite useful life are reviewed at least at each financial year-end. The management reviews the useful life of intangible assets that is not being amortized each period to determine whether events and circumstances continue to support an indefinite useful life. If management judges that previous estimates should be adjusted, the change is accounted for as a change in an accounting estimate.

3.10. Impairment of Non-Financial Assets

Goodwill or intangible assets with indefinite useful lives are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Non-financial assets, other than goodwill, that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

3.11. Lease

A lease is an agreement, whereby the lessor conveys to the lessee, in return for a payment or series of payments, the right to use an asset for an agreed period of time. Leases where all the risks and rewards of ownership are not transferred to the Group are classified as operating leases. Lease payments under operating leases are recognized as expenses on a straight-line basis over the lease term.

3.12. Financial liabilities - policy applicable from January 1, 2018

The Group recognizes financial liabilities in the separate statement of financial position when the Group becomes a party to the contractual provisions of the financial liability in accordance with the substance of the contractual arrangement and the definitions of financial liabilities. Transaction costs on the financial liabilities at FVTPL are recognized in profit or loss as incurred.

(a) Financial liabilities designated at FVTPL

Financial liabilities can be irrevocably designated as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases, or a group of financial instruments is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy. The amount of change in the fair value of the financial liabilities designated at FVTPL that is attributable to changes in the credit risk of that liabilities shall be presented in other comprehensive income.

(b) Financial liabilities at FVTPL

Since initial recognition, financial liabilities at FVTPL is measured at fair value, and changes in the fair value are recognized as profit or loss

(c) Other financial liabilities

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

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

3.13. Financial liabilities - policy applicable before January 1, 2018

The Group initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

Depending on commitments in a contract and definition of financial liabilities, the non-derivative financial liabilities are categorized as either at fair value through profit or loss or other financial liabilities.

(a) Financial liabilities at fair value through profit or loss

The financial liabilities at fair value through profit or loss include a financial liability held for trading or designated at fair value through profit or loss upon initial recognition. These financial liabilities are measured at fair value after initial recognition and changes in the fair value are recognized through profit or loss of the period. Costs attributable to the issuance or acquisition are immediately expensed in the period.

(b) Other financial liabilities

The financial liabilities not classified as at fair value through profit or loss are classified into other financial liabilities. The liabilities are measured at a fair value minus cost relating to issuance upon initial recognition. Then, they are carried at amortized cost, using the effective interest rate method.

Only when financial liabilities become extinct, or obligations in a contract are cancelled or terminated, they are derecognized from the Group's consolidated statement of financial position.

3.14. Financial guarantee contract

Financial guarantee contracts are recognized initially at their fair value. The financial guarantee liability is subsequently measured at the higher of:

- Loss allowance in accordance with K-IFRS No.1109, 'Financial Instruments'
- The amount initially recognized less, when appropriate, the cumulative amount of income recognized in accordance with the principles of K-IFRS No.1115, 'Revenue from Contracts with Customers'

3.15. Securities Borrowed and Securities Sold

The Group recognizes securities borrowed only in the memorandum accounts when borrow securities from Korea Securities Depository ("KSD"). The Group records those securities as securities sold, which is categorized as financial liability at FVTPL, in the statement of financial position when those securities are sold. The changes in fair value of securities sold are recognized as 'gain (loss) on valuation and disposal of financial assets (liabilities)' in the statement of comprehensive income.

3.16. Securities Purchased (Sold) under Resale (Repurchase)

When the Group purchases a security under the resale agreement, the purchased amount is recognized as a security purchased under the resale agreement as a type of loans in assets, while the sold amounts are recognized as the securities sold under the repurchase agreement in liabilities when the Group sells securities under repurchase agreements. Interest incurred when the security is sold or purchased, are recognized as interest income or interest expense.

3.17. Provisions

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation and the increase in the provision due to passage of time is recognized as interest expense.

3.18. Employee Benefits

The Group operates various pension schemes and the Group has both defined benefit and defined contribution plans.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The contributions are recognized as employee benefit expenses when an employee has rendered service.

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The liability recognized in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets.

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds and that have terms to maturity approximating to the terms of the related pension obligation. The remeasurements of the net defined benefit liability are recognized in other comprehensive income.

If any plan amendments, curtailments, or settlements occur, past service costs or any gains or losses on settlement are recognized as profit or loss for the year.

3.19. Revenue Recognition

The Group recognizes revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below.

(a) Fees and commission income

Fees and commission income are recognized as the related services are performed.

(b) Interest income and expense

Interest income and expense are recognized using the effective interest method according to the time passed. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount and continues unwinding the discount as interest income and expense. Interest income and expense on impaired loans and receivables is recognized using the original effective interest rate.

(c) Dividend income

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

3.20. Current and Deferred Income Tax

The income tax expense for the year consists of current and deferred income tax. Income tax expense is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively. The income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period.

Deferred income tax is recognized for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts as expected tax consequences at the recovery or settlement of the carrying amounts of the assets and liabilities. However, deferred tax assets and liabilities are not recognized if they arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax asset is recognized only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized.

Deferred tax liability is recognized for 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. In addition, deferred tax asset is recognized for deductible temporary differences arising from such investments to the extent that it is probable the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Korea Investment Group has adopted the consolidated tax return, which regards the Parent Company and its wholly owned domestic subsidiaries as a whole tax unit and levies taxes.

3.21. Operating Segment Information

Information of each operating segment is reported in a manner consistent with the operating segment reporting provided to the chief operating decision-maker (Note 45). The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors that makes strategic decisions.

3.22. Trust Accounts

The Group separately accounts for trust accounts from existing accounts, and trust accounts are not included in the financial statements of the Group. The Group records the fee income from trust accounts as fee and commission income.

3.23. Accounts Receivable and Accounts Payable on Brokerage Transactions

The Group recognizes the receivable from and payable to the Korea Exchange, the clearing house, and customers in total amounts, which the Group recognizes as other financial assets and other financial liabilities. The Group offsets the receivable and payable that arise between Korea Exchange and the Group within the same day, and that arise between a customer and the Group within the same day and through the same account.

3.24. Approval of Issuance of the Financial Statements

The issuance of the December 31, 2018 consolidated financial statements of the Group was approved by the board of directors on February 7, 2019, and will be submitted for approval to the shareholder's meeting to be held on March 22, 2019.

4. Cash and Deposits

(a) The details of cash and deposits as of December 31, 2018 and 2017 are as follows:

	(In millions of won)	
	December 31, 2018	December 31, 2017
Cash and cash equivalents	₩ 746,637	554,579
Deposits for commodities	1,500	1,100
Reserve for claims of customers' deposits (Deposits)	81,100	142,900
Deposits for exchange-traded derivatives	2,756,373	1,510,358
Long-term deposits	3,052,767	2,126,704
Specified deposits	41	41
Other deposits	1,980,273	754,018
	₩ 8,618,691	5,089,700

(b) Restricted deposits as of December 31, 2018 and 2017 are as follows:

(In millions of won)

	December 31, 2018	December 31, 2017	Remark
Deposits for commodities (*1)	₩ 1,500	1,100	-
Reserve for claims of customers' deposits (Deposits) (*1)	81,100	142,900	-
Deposits for exchange-traded derivatives (*1)	2,756,373	1,510,358	-
Long-term deposits (*2)	2,991,767	1,585,571	Pledged Overdraft
Specified deposits	41	41	accounts
Other deposits (*3)	1,950,693	694,019	Reserve deposits
	₩ 7,781,474	3,933,989	

(*1) Reserve for claims of customers' deposits (of general deposits, exchange-traded derivatives and collective investment securities) is separately deposited in Korea Securities Finance Corporation ("KSFC") in order to comply with the Financial Investment Services and Capital Market Act ("FSCMA") and Regulations on Financial Investment Business and to respond to investor's demands such as return of customer's deposits received.

(*2) Long-term deposits of ₩5,767 million are collaterals for payment and settlement services, ₩2,880,000 million are related to securities lending and borrowing transactions and ₩106,000 million are collaterals for over-the-counter derivative transactions and pledged in counterparty bank.

(*3) In accordance with the Mutual Savings Banking Law, reserve deposits was deposited as reserve assets in Savings Banking Federation. Other deposits consist of the deposits received in foreign currencies, margin deposits and deposits restricted relating to the margin financing loan agreement with KSFC, deposit amounts to purchase the corresponding stock, combined, bond type funds at the next day of sale according to direct sale of funds and deposit related to withholding tax of fund and domestic exchange transaction.

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

(a) The details of Financial assets measured at fair value through profit or loss as of December 31, 2018 are as follows:

(In millions of won)

	December 31, 2018
Securities :	₩
Equity instruments	3,176,032
Debt instruments	20,976,954
Reserve for claims of customers' deposits (trust) (*)	1,751,033
Investment in partnerships	41,822
Collective investment securities	1,364,088
Derivatives-linked securities	277,589
Receivables	428,920
	₩ 28,016,438

(*) The amount is restricted and deposited into a trust account in KSFC in order to comply with the FSCMA and Regulation on Financial Investment Business and to respond to investor's demands such as return of customer's deposits. However, under Article 72 (3) for Enforcement Decree of FSCMA, beneficial interests of the trust amounting to ₩125,000 million are pledged as collateral to Industrial Bank of Korea, which is a settlement agent bank of the Group.

(b) The details of equity instruments of financial assets at fair value through profit or loss as of December 31, 2018 are as follows:

(In millions of won)

	December 31, 2018
Stocks in Korean won	₩ 1,934,587
Stocks in Foreign currency	784,960
Hybrid Bonds	420,172
Convertible preferred stock	36,313
	₩ 3,176,032

(c) The details of debt instruments in financial assets measured at fair value through profit or loss as of December 31, 2018 are as follows:

(In millions of won)

	December 31, 2018
National and local government bonds	₩ 4,710,542
Special bonds	4,093,079
Corporate bonds	7,109,118
Corporate commercial papers	2,170,319
Electronic short-term bonds	1,925,651
Foreign currency bonds	909,960
Foreign currency electronic short-term bonds	17,313
Convertible bonds	40,972
	₩ 20,976,954

(d) The details of reserve for claims of customers' deposits (trust) in financial assets measured at fair value through profit or loss as of December 31, 2018 are as follows:

(In millions of won)

	December 31, 2018
General deposits	₩ 1,408,740
Customers' deposits for exchange-traded derivatives transaction	342,293
	₩ 1,751,033

(e) The details of derivatives-linked securities of financial assets at fair value through profit or loss as of December 31, 2018 are as follows:

(In millions of won)

	December 31, 2018
Equity-linked securities	₩ 215,874
Equity and derivatives-linked bonds	2,794
Other derivatives-linked securities	10,303

(In millions of won)

December 31, 2018	
Other derivatives-linked bonds	49,215
Credit value adjustments	(597)
	₩ 277,589

6. Financial Assets Held for Trading

(a) The details of financial assets held for trading as of December 31, 2017 are as follows:

(In millions of won)

December 31, 2017	
Equity instruments	₩ 3,319,367
Debt instruments	19,003,214
Reserve for claims of customers' deposits (trust) (*)	2,049,006
	₩ 24,371,587

(*) The amount is restricted and deposited into a trust account in KSFC in order to comply with the FSCMA and Regulation on Financial Investment Business and to respond to investor's demands such as return of customer's deposits. However, under Article 72 (3) for Enforcement Decree of FSCMA, beneficial interests of the trust amounting to ₩125,000 million are pledged as collateral to Industrial Bank of Korea, which is a settlement agent bank of the Group.

(b) The details of equity instruments of financial assets held for trading as of December 31, 2017 are as follows:

(In millions of won)

December 31, 2017	
Stocks in Korean won	₩ 1,925,461
Stocks in foreign currency	665,729
Collective investment securities	728,177
	₩ 3,319,367

(c) The details of debt instruments in financial assets held for trading as of December 31, 2017 are as follows:

(In millions of won)

December 31, 2017	
National and local government bonds	₩ 4,494,776
Special bonds	6,045,371
Corporation bonds	6,051,671
Corporate commercial papers	768,104
Short-term bonds	764,811
Foreign currency bonds	878,433
Foreign currency short-term bonds	48
	₩ 19,003,214

(d) The details of reserve for claims of customers' deposits (trust) in financial assets held for trading as of December 31, 2017 are as follows:

(In millions of won)

December 31, 2017	
General deposits	₩ 1,671,686
Customers' deposits for exchange-traded derivatives transaction	377,320
	₩ 2,049,006

7. Financial Assets Designated at FVTPL

(a) The details of financial assets designated at FVTPL as of December 31, 2017 are as follows:

(In millions of won)

December 31, 2017	
Equity instruments	₩ 10,119
Debt instruments	25,363
Derivatives-linked securities	278,608
	₩ 314,090

(b) The details of equity instruments in financial assets designated at FVTPL as of December 31, 2017 are as follows:

(In millions of won)

December 31, 2017	
Convertible preferred stocks of DiNonA Incorporation	₩ 1,250
Convertible preferred stocks of From Bio Co., Ltd.	502
Redeemable convertible preferred stocks of Nexell Co., Ltd.	962
Convertible preferred stocks of Wanted Lab Co., Ltd.	499
Redeemable convertible preferred stocks of Redwoods Co., Ltd.	283
Redeemable convertible preferred stocks of APR Co., Ltd.	1,998
Redeemable convertible preferred stocks of NEOFECT Co., Ltd.	1,548
Redeemable convertible preferred stocks of Studymax Incorporation	1,500
Redeemable convertible preferred stocks of The Nature Holdings Co., Ltd.	1,577
	₩ 10,119

(c) The details of debt instruments in financial assets designated at FVTPL as of December 31, 2017 are as follows:

(In millions of won)

December 31, 2017	
Convertible bonds of CSLI	₩ 2,173
Convertible bonds of Pronexx Co., Ltd.	1,057
Convertible bonds of JT	948

(In millions of won)

December 31, 2017	
Convertible bonds of Korea No.4 Special Purpose	1,419
Convertible bonds of Korea No.5 Special Purpose	926
Convertible bonds of Korea No.6 Special Purpose	946
Convertible bonds of EMKOREA Co.,LTD.	2,961
Convertible bonds of SK D&D Co.,Ltd.	5,018
Convertible bonds of DANAL CP, LTD.	2,615
Convertible bonds of Tego Science, Inc.	4,071
Convertible bonds of From Bio Co., Ltd.	525
Convertible bonds of Parking cloud	1,768
Warrant bonds of The farmers	936
	₩ 25,363

(d) The details of derivatives-linked securities in financial assets designated at FVTPL as of December 31, 2017 are as follows:

(In millions of won)

December 31, 2017	
Equity-linked securities	₩ 218,683
Equity and derivative-linked bonds	10,200
Other derivatives-linked securities	3,618
Other derivatives-linked bonds	47,747
Credit risk adjustment	(1,640)
	₩ 278,608

8. Financial assets measured at fair value through other comprehensive income

(a) The details of financial assets measured at fair value through other comprehensive income as of December 31, 2018 are as follows:

(In millions of won)

December 31, 2018	
Equity instruments (*):	
Stocks	₩ 600,067
Investment in partnerships	818
	600,885
Debt instruments:	
Government and Public bonds	484,314
Special bonds	2,507,306

(In millions of won)

December 31, 2018	
Corporate bonds	421,093
	3,412,713
	₩ 4,013,598

(*) The Group designated Equity instruments as financial assets measured at fair value through other comprehensive income.

(b) The details of equity securities in financial assets measured at fair value through other comprehensive income as of December 31, 2018 are as follows:

(In millions of won)

December 31, 2018						
	Name of investment	Acquisition cost	Book value	Reason for Designation		
Stock	Industrial Bank of Korea	₩ 39,272	36,741	Business purpose Acquisition of strategic alliance partnership		
	Woori Bank	324,480	421,824	Business purpose Acquisition of strategic alliance partnership		
	The Korea Securities Finance Corporation	8,687	25,011	Securities industry related organization common stock		
	Korea Exchange	2,737	98,771	Securities industry related organization common stock		
	Korea Securities Depository	732	13,702	Securities industry related organization common stock		
	Korea Money Brokerage Corporation	199	2,209	Securities industry related organization common stock		
	Fund Online Korea Co.,Ltd.	1,998	1,798	Business purpose Acquisition of strategic alliance partnership		
	The Indonesia Stock Exchange(BEI)	11	11	Securities industry related organization common stock		
	Investment in partnership	Korea Financial Investment Association	818	818	Business purpose Acquisition of strategic alliance partnership	
			₩ 378,934	600,885		

(c) The details of disposal on equity securities in financial assets measured at fair value through other comprehensive income as of December 31, 2018 are as follows:

(In millions of won)

Name of investment	Book Value	Fair value at disposal	Accumulated gain or loss at disposal	Gains or losses	Reason for disposal
DB Insurance Co.,Ltd. ₩	20,913	21,740	2,463	3,290	Close a restriction of trading

(d) The details of dividend income in financial assets measured at fair value through other comprehensive income as of December 31, 2018 are as follows:

(In millions of won)

December 31, 2018		
Dividend income recognized from assets held as of the end of the reporting period	₩	17,564
Dividend income recognized from assets removed during the reporting period		690
Total	₩	18,254

(e) The details of changes in book value in financial assets measured at fair value through other comprehensive income as of December 31, 2018 are as follows:

(In millions of won)

	December 31, 2018				Total
	12-months ECL	Lifetime ECL		Total	
		Not-impaired	Impaired		
Beginning balance	₩	2,346,421	-	-	2,346,421
To 12-month ECL		-	-	-	-
To Lifetime ECL		-	-	-	-
To credit impaired financial asset		-	-	-	-
Acquisition		5,746,987	-	-	5,746,987
Disposal		(4,713,149)	-	-	(4,713,149)
Valuation		13,310	-	-	13,310
Others (*)		19,144	-	-	19,144
Ending balance	₩	3,412,713	-	-	3,412,713

(*) Other changes are due to bond adjustment, investment conversion, and exchange rate fluctuations.

(f) The details of changes in loss allowance in financial assets measured at fair value through other comprehensive income as of December 31, 2018 are as follows:

(In millions of won)

	December 31, 2018				Total
	12-months ECL	Lifetime ECL		Total	
		Not-impaired	Impaired		
Beginning balance	₩	228	-	-	228
Replacement					
To 12-month ECL		-	-	-	-
To Lifetime ECL		-	-	-	-
To credit impaired financial asset		-	-	-	-
Provision (reversal)		122	-	-	122
Ending balance	₩	350	-	-	350

9. Available-for-sale Financial Assets

The details of available-for-sale financial assets as of December 31, 2017 are as follows:

(In millions of won)

December 31, 2017		
Equity instruments		
Stocks	₩	741,815
Investment in partnerships		5,402
Collective investment securities		649,946
Stocks in foreign currency		56,526
		1,453,689
Debt instruments		
Government and public bonds		433,000
Special bonds		1,444,772
Corporate bonds		468,649
Foreign currency bonds		81,286
		2,427,707
	₩	3,881,396

10. Held-to-maturity Financial Assets

The details of held-to-maturity financial assets as of December 31, 2017 are as follows:

(In millions of won)

December 31, 2017		
Debt securities		
Government bonds	₩	89,346
Finance bonds		10,004
Corporate bonds		115,354
	₩	214,704

11. Investments in Associates

(In millions of won)

(a) Investments in associates as of December 31, 2018 and 2017 are as follows:

(In millions of won)

Company	Location	Ownership (%)	Financial year end	December 31, 2018			Industry
				Acquisition cost	Net asset amount	Carrying amount	
True Friend Investment Advisory Co., Ltd. (*1)	China	100.00	Dec. 31	₩ 3,323	3,086	3,086	Finance investment
Global Dynasty Natural Resources Private Equity Fund	Korea	22.39	Dec. 31	6,733	(211)	-	Collective investment Scheme
EQ Partners Asia Infra Private Equity Fund	Korea	25.00	Dec. 31	3,419	(117)	-	Collective investment Scheme
Korea Investment Partners China Incorporation (*1)	China	100.00	Dec. 31	6,806	6,850	6,850	Fund management
KoFC KIP Pioneer Champ 2010-1 Venture Capital Fund (*2)	Korea	17.50	Dec. 31	1,548	1,561	1,561	Investment partnership
KIP Growth Capital Fund No.17	Korea	32.33	Dec. 31	8,051	13,944	13,944	Investment partnership
2011 KIF-Korea Investment Partners IT Venture Fund	Korea	32.00	Dec. 31	2,081	3,557	3,557	Investment partnership
Korea Investment Global Frontier Fund No.20	Korea	32.25	Dec. 31	11,323	17,932	17,932	Investment partnership
KIP Overseas Expansion Platform Fund	Korea	22.50	Dec. 31	12,456	26,089	26,089	Investment partnership
Korea Investment Future Growth Venture Fund No.22	Korea	20.49	Dec. 31	26,800	29,365	29,365	Investment partnership
KIP Future Growth Venture Fund (*2)	Korea	11.12	Dec. 31	1,167	1,191	1,191	Investment partnership
KIP Future Value Venture Fund (*2)	Korea	11.66	Dec. 31	357	364	364	Investment partnership
Naver KIP Cheer up! Gamers Fund	Korea	25.00	Dec. 31	2,250	3,435	3,435	Investment partnership
Korea Investment Global contents Venture Fund	Korea	26.46	Dec. 31	25,000	22,959	22,959	Investment partnership
Shanghai Fangzheng Stock Investment Partnership	China	49.50	Dec. 31	48,765	54,238	54,238	Collective investment Scheme
Korea Investment Venture Fund 15-1 (*2)	Korea	11.13	Dec. 31	1,991	2,026	2,026	Investment partnership
Korea Investment Venture Fund 15-2 (*2)	Korea	11.07	Dec. 31	1,959	2,198	2,198	Investment partnership
Korea Investment Venture Fund 15-3 (*2)	Korea	11.22	Dec. 31	2,065	2,499	2,499	Investment partnership
Korea Investment Venture Fund 15-4 (*2)	Korea	11.21	Dec. 31	2,174	2,401	2,401	Investment partnership

Company	Location	Ownership (%)	Financial year end	December 31, 2018			Industry
				Acquisition cost	Net asset amount	Carrying amount	
Korea Investment Venture Fund 15-5 (*2)	Korea	11.30	Dec. 31	1,955	2,230	2,230	Investment partnership
KIP Promising Service Industry Venture Fund	Korea	44.66	Dec. 31	18,369	18,558	18,558	Investment partnership
KIM Growth Corporation Professional Mezzanine Private Trust 2	Korea	21.37	Dec. 31	9,082	8,944	8,944	Collective investment Scheme
Kim EMP Global Asset Allocation Equity Balanced Fund (*5)	Korea	24.11	Dec. 31	5,044	4,944	4,944	Investment partnership
Korea Investment Industry 4.0 Venture Fund	Korea	44.37	Dec. 31	25,201	26,520	26,520	Collective investment Scheme
KIM VIPC FUND(Equity – Fund of Funds)	Korea	40.00	Dec. 31	12,001	11,631	11,631	Investment partnership
KIP Re-Up Fund	Korea	32.63	Dec. 31	37,200	36,873	36,873	Investment partnership
KIM Growth Corporation Professional Private Trust (*3)	Korea	39.10	Dec. 31	21,138	20,660	20,660	Collective investment Scheme
Eugene Premier Professional Investment Type Private Investment Trust No.17	Korea	40.51	Dec. 31	33,150	34,816	34,816	Collective investment Scheme
JB Japan Office Private Real Estate Fund 20 1st	Japan	50.00	June. 31	18,800	19,405	19,405	Collective investment Scheme
KIS-Emford New Tech Investment Fund 1	Korea	22.06	Dec. 31	3,000	2,962	2,962	Investment Joint-stock Company
KIM Corporate Loan Trust No.1	Korea	26.67	Dec. 31	3,200	3,214	3,214	Collective investment Scheme
KIM Private Placement London Core Office Real Estate Investment Trust	England	23.35	Dec. 31	30,000	29,985	29,985	Collective investment Scheme
KCLAVIS Meister Fund No.46 (*1)	Korea	64.52	Dec. 31	2,000	1,996	1,996	Investment partnership
Hanhwa Europ PPP Infrastructure Private Fund Special Asset Trust 1-1 (*1)	Korea	88.24	Dec. 31	7,562	7,633	7,633	Collective investment Scheme
Hyundai YouFirst Private Real Estate Investment Trust No.23-1	Korea	48.81	Dec. 31	29,000	27,577	27,577	Collective investment Scheme
AIP EURO GREEN PRIVATE REAL ESTATE TRUST NO.9 (*4)	Korea	53.47	Dec. 31	11,883	11,884	11,884	Collective investment Scheme

(In millions of won)

Company	Location	Ownership (%)	Financial year end	December 31, 2018			Industry
				Acquisition cost	Net asset amount	Carrying amount	
AIP EURO GREEN Private Real Estate Fund No.3	Korea	25.51	Dec. 31	24,633	24,633	24,633	Collective investment Scheme
Woori Goseong Power EBL Private Special Asset Fund	Korea	33.33	Dec. 31	30,228	30,228	30,228	Collective investment Scheme
Hanwha Japan Photovoltaic Private Fund 2	Korea	33.33	Dec. 31	22,974	22,974	22,974	Collective investment Scheme
Eugene Aviation Private Special Asset Investment Trust No. 11 (Aircraft) (*1)	Korea	54.48	Dec. 31	4,063	4,063	4,063	Collective investment Scheme
NH-Amundi Aviation Private Fund 1	Korea	28.67	Dec. 31	14,867	14,867	14,867	Collective investment Scheme
NH-Amundi Aviation Private Fund 21	Korea	40.04	Dec. 31	14,517	14,517	14,517	Collective investment Scheme
NH-Amundi US Infrastructure Investment Trust II	Korea	30.30	Dec. 31	14,119	14,119	14,119	Collective investment Scheme
Anda Station Professional Investment Type Private Real Estate Fund No. 1	Korea	31.80	Dec. 31	38,497	38,497	38,497	Collective investment Scheme
Koramco Professional Investment No.69	Korea	40.00	Dec. 31	30,417	30,417	30,417	Collective investment Scheme
WOORI ECOWASTE PRIVATE SPECIAL ASSET FUND	Korea	25.20	Dec. 31	12,380	12,380	12,380	Collective investment Scheme
Korea Investment Aviation Professional Investors' Special Asset Investment Trust No.6 (*3)	Korea	4.83	Dec. 31	5,199	5,110	5,110	Collective investment Scheme
KIM Target Income Global Bond Feeder Fund (*1)	Korea	98.72	Dec. 31	5,000	4,901	4,901	Collective investment Scheme
KIM Target Income Global Allocation Feeder Fund (*1)	Korea	99.57	Dec. 31	5,000	4,779	4,779	Collective investment Scheme
KIM KINDEX Active Korea Treasury & Agency bonds ETF	Korea	49.37	Dec. 31	31,500	31,673	31,673	Collective investment Scheme
KIM China Industry 4.0 Equity fund	Korea	30.83	Dec. 31	3,200	2,652	2,652	Collective investment Scheme
KIM KOSPI Solution Fixed Income Balanced Fund (*2)	Korea	10.03	Dec. 31	5,000	4,909	4,909	Collective investment Scheme

(In millions of won)

Company	Location	Ownership (%)	Financial year end	December 31, 2018			Industry
				Acquisition cost	Net asset amount	Carrying amount	
KIM Japan Industry 4.0 Equity-Derivative fund (*1)	Korea	86.00	Dec. 31	3,000	2,387	2,387	Collective investment Scheme
HANA PRIVATE REAL ESTATE INVESTMENT TRUST NO.58	Korea	35.26	Dec. 31	27,303	27,303	27,303	Collective investment Scheme
JingHui (GuangZhou) Equity Investment Partnership	China	49.99	Dec. 31	32,989	32,483	32,483	Collective investment Scheme
Global Infra corporate finance supporting Private Equity Fund 3	Korea	22.22	Dec. 31	27,462	50,850	50,850	Private equity fund
Global Infra corporate finance supporting Private Equity Fund 4	Korea	22.04	Dec. 31	4,000	-	-	Private equity fund
Korea Investment Partners US inc1	Korea	23.08	Dec. 31	27,282	24,910	24,910	Private equity fund
EQ Partners No.1 Environment Service Private Equity Fund (*2)	Korea	0.87	Dec. 31	204	182	182	Private equity fund
IBK KIP Growth Stepstone No.1 Private Equity Fund	Korea	30.00	Dec. 31	6,639	6,133	6,133	Investment Joint-stock Company
Kiwoom KIP Healthcare Platform Private Equity Fund (*3)	Korea	6.09	Dec. 31	1,400	1,396	1,396	Private equity fund
Korea Investment Partners US inc1	U.S.A	100.00	Dec. 31	1,160	193	193	Venture Capital
EQ Partners Global PEF No.1	Korea	1.00	Dec. 31	3,716	3,636	3,636	Private equity fund
EQP POSCO Global No.1 Natural Resources Private Equity Fund (*3)	Korea	7.45	Dec. 31	42,327	45,812	45,812	Private equity fund
EQ Partners No.2 Corporate Restructuring Private Equity Fund (*3)	Korea	17.65	Dec. 31	1,804	5,334	5,334	Private equity fund
EQ Partners No.1 Environment Service Private Equity Fund (*3)	Korea	4.76	Dec. 31	2,910	2,857	2,857	Private equity fund
EQ Partners Green PEF	Korea	30.00	Dec. 31	19,715	19,296	19,296	Investment Joint-stock Company
HANON PRIVATE EQUITY FUND	Korea	28.57	Dec. 31	12,000	11,360	11,360	Private equity fund
Aethra 3-1 PRIVATE EQUITY FUND (*3)	Korea	19.51	Dec. 31	5,000	4,987	4,987	Private equity fund
KIM Growth Corporation Professional Private Trust 1	Korea	31.00	Dec. 31	28,644	32,380	32,380	Investment partnership
KIP Ace Fund(17)	Korea	20.23	Dec. 31	4,612	6,553	6,553	Investment partnership

(In millions of won)

Company	Location	Ownership (%)	Financial year end	December 31, 2018			Industry
				Acquisition cost	Net asset amount	Carrying amount	
KIP Beyond Fund(17)	Korea	20.33	Dec. 31	2,830	3,797	3,797	Investment partnership
KIP Core Fund(17)	Korea	20.71	Dec. 31	3,313	3,182	3,182	Investment partnership
KIP Dream Fund(17)	Korea	20.80	Dec. 31	3,162	3,038	3,038	Investment partnership
KIP Essence Fund(17)	Korea	20.32	Dec. 31	2,974	2,862	2,862	Investment partnership
KIP Future Fund(17)	Korea	20.23	Dec. 31	2,833	2,761	2,761	Investment partnership
KIP Growth Fund(17)	Korea	20.28	Dec. 31	2,093	2,005	2,005	Investment partnership
KIP High Fund(17)	Korea	20.33	Dec. 31	2,374	2,310	2,310	Investment partnership
KIP Impact Fund(17)	Korea	20.35	Dec. 31	1,624	1,550	1,550	Investment partnership
KIP Joint Fund(17)	Korea	20.28	Dec. 31	2,466	2,402	2,402	Investment partnership
KIP Key Fund(17)	Korea	20.42	Dec. 31	1,594	1,521	1,521	Investment partnership
Korea Investment Industry 4.0 Venture Fund	Korea	30.00	Dec. 31	20,165	27,851	27,851	Collective investment Scheme
				₩ 996,042	1,055,249	1,055,577	

(*1) Although percentage of ownership exceeds 50%, the impact on consolidated financial statements is insignificant. Therefore, it is classified to investments in associates.

(*2) Although percentage of ownership does not exceed 20%, it has significant influence through director secondments. Therefore, it is classified as investments in associates.

(*3) Although percentage of ownership does not exceed 20%, it has significant influence because the Group is joint partner with unlimited liabilities. Therefore, it is classified as investments in associates.

(*4) Although percentage of ownership exceeds 50%, there is no ability to determine financial and operating policies based on de facto control, they are classified as investments in associates.

(*5) KIM AssetClass(SH) has been renamed a Kim EMP Global Asset Allocation Equity Balanced Fund.

(In millions of won)

Company	Location	Ownership (%)	Financial year end	December 31, 2017			Industry
				Acquisition cost	Net asset amount	Carrying amount	
True Friend Investment Advisory Co., Ltd. (*1)	China	100.00	Dec. 31	₩ 3,323	3,749	3,749	Finance investment
Global Dynasty Natural Resources Private Equity Fund	Korea	22.39	Dec. 31	6,733	4,341	4,341	Collective investment Scheme

(In millions of won)

Company	Location	Ownership (%)	Financial year end	December 31, 2017			Industry
				Acquisition cost	Net asset amount	Carrying amount	
EQ Partners Asia Infra Private Equity Fund	Korea	25.00	Dec. 31	4,031	(67)	-	Collective investment Scheme
Devonian Natural Resources Private Equity Fund (*2)	Korea	15.00	Dec. 31	3,654	5,673	5,673	Collective investment Scheme
Korea Investment Partners China Incorporation (*1)	China	100.00	Dec. 31	1,362	2,026	2,026	Fund management
KoFC KIP Pioneer Champ 2010-1 Venture Capital Fund (*2)	Korea	17.50	Dec. 31	2,073	1,876	1,876	Investment partnership
KIP Growth Capital Fund No.17	Korea	32.33	Dec. 31	12,804	16,626	16,626	Investment partnership
2011 KIF-Korea Investment Partners IT Venture Fund	Korea	32.00	Dec. 31	2,936	5,461	5,461	Investment partnership
Korea Investment Global Frontier Fund No.20	Korea	32.25	Dec. 31	14,558	28,125	28,125	Investment partnership
KIP Overseas Expansion Platform Fund	Korea	22.50	Dec. 31	16,200	14,726	14,726	Investment partnership
Korea Investment Future Growth Venture Fund No.22	Korea	20.49	Dec. 31	28,190	25,664	25,664	Investment partnership
KIP Future Growth Venture Fund (*2)	Korea	11.12	Dec. 31	1,167	1,195	1,195	Investment partnership
KIP Future Value Venture Fund (*2)	Korea	11.66	Dec. 31	357	366	366	Investment partnership
Naver KIP Cheer up! Gamers Fund	Korea	25.00	Dec. 31	2,500	2,012	2,012	Investment partnership
Korea Investment Global contents Venture Fund	Korea	25.93	Dec. 31	17,500	12,885	12,885	Investment partnership
Shanghai Fangzheng Stock Investment Partnership	China	49.54	Dec. 31	42,771	35,837	35,837	Collective investment Scheme
Korea Investment Venture Fund 15-1 (*2)	Korea	11.13	Dec. 31	2,393	2,798	2,798	Investment partnership
Korea Investment Venture Fund 15-2 (*2)	Korea	11.07	Dec. 31	1,959	1,942	1,942	Investment partnership
Korea Investment Venture Fund 15-3 (*2)	Korea	11.22	Dec. 31	2,065	2,048	2,048	Investment partnership
Korea Investment Venture Fund 15-4 (*2)	Korea	11.21	Dec. 31	2,174	2,154	2,154	Investment partnership
Korea Investment Venture Fund 15-5 (*2)	Korea	11.30	Dec. 31	1,955	1,944	1,944	Investment partnership
KIP Promising Service Industry Venture Fund	Korea	44.66	Dec. 31	19,877	19,253	19,253	Investment partnership

(In millions of won)

Company	Location	Ownership (%)	Financial year end	December 31, 2017			Industry
				Acquisition cost	Net asset amount	Carrying amount	
KIM Growth Corporation Professional Mezzanine Private Trust 2	Korea	21.36	Dec. 31	7,797	7,715	7,715	Collective investment Scheme
KIM AssetClass(SH)(C-F)	Korea	41.51	Dec. 31	10,023	11,541	11,541	Collective investment Scheme
KIM AssetClass(BH)(C-F) (*2)	Korea	16.96	Dec. 31	3,034	3,204	3,204	Collective investment Scheme
Korea Investment Aviation Professional Investors' Special Asset Investment Trust No.6 (*2)	Korea	4.83	Dec. 31	5,327	5,297	5,297	Collective investment Scheme
Korea Investment Global pharma-ceutical industry promoting Private Equity Fund	Korea	22.22	Dec. 31	26,676	25,026	25,026	Private equity fund
Global Infra corporate finance supporting Private Equity Fund (*3)	Korea	2.42	Dec. 31	4,000	-	-	Private equity fund
Woori Partnership new technology Private Equity Fund	Korea	23.08	Dec. 31	28,833	27,545	27,545	Private equity fund
Korea Investment Partners US inc (*1)	U.S.A	100.00	Dec. 31	1,160	779	779	Investment partnership
EQ Partners Global PEF No.1 (*3)	Korea	1.00	Dec. 31	3,716	3,656	3,656	Private investment
EQP POSCO Global No.1 Natural Resources Private Equity Fund (*3)	Korea	7.47	Dec. 31	42,874	44,189	44,189	Private investment
EQ Partners No.2 Corporate Restructuring Private Equity Fund (*3)	Korea	17.65	Dec. 31	1,749	5,382	5,382	Private investment
KIP Core Competency Leverage Fund	Korea	31.00	Dec. 31	25,730	25,032	25,032	Investment partnership
KIM Growth Corporation Professional Private Trust 1	Korea	30.00	Dec. 31	21,006	22,162	22,162	Collective investment Scheme
KIP Ace Fund(17)	Korea	20.23	Dec. 31	1,537	1,490	1,490	Investment partnership
KIP Beyond Fund(17)	Korea	20.33	Dec. 31	943	917	917	Investment partnership
KIP Core Fund(17)	Korea	20.71	Dec. 31	828	830	830	Investment partnership
KIP Dream Fund(17)	Korea	20.80	Dec. 31	790	794	794	Investment partnership
KIP Essence Fund(17)	Korea	20.32	Dec. 31	744	749	749	Investment partnership
KIP Future Fund(17)	Korea	20.23	Dec. 31	1,416	1,424	1,424	Investment partnership
KIP Growth Fund(17)	Korea	20.28	Dec. 31	698	684	684	Investment partnership

(In millions of won)

Company	Location	Ownership (%)	Financial year end	December 31, 2017			Industry
				Acquisition cost	Net asset amount	Carrying amount	
KIP High Fund(17)	Korea	20.33	Dec. 31	1,187	1,200	1,200	Investment partnership
KIP Impact Fund(17)	Korea	20.35	Dec. 31	541	533	533	Investment partnership
KIP Joint Fund(17)	Korea	20.28	Dec. 31	1,233	1,247	1,247	Investment partnership
KIP Key Fund(17)	Korea	20.42	Dec. 31	531	524	524	Investment partnership
Korea Investment Industry 4.0 Venture Fund	Korea	44.37	Dec. 31	12,600	12,519	12,519	Investment partnership
KIM 4th Industrial Revolution of Korea Fund(Equity) (*2)	Korea	12.57	Dec. 31	5,000	5,958	5,958	Collective investment Scheme
Credian I Private Equity Fund (*2)	Korea	0.87	Dec. 31	204	201	201	Private equity fund
EQ Partners No.1 Environment Service Private Equity Fund (*3)	Korea	4.76	Dec. 31	2,195	2,154	2,154	Private investment
2018 KIF-KIP Artificial Intelligence Venture Fund	Korea	40.00	Dec. 31	4,000	3,974	3,974	Investment partnership
KIM VIPC FUND(Equity – Fund of Funds)	Korea	47.14	Dec. 31	5,000	5,072	5,072	Collective investment Scheme
KIM Global Car & Battery Fund (Equity) (*2)	Korea	9.05	Dec. 31	5,000	5,042	5,042	Collective investment Scheme
KIM Target Income Global Bond Feeder Fund (*1)	Korea	99.99	Dec. 31	5,000	5,003	5,003	Collective investment Scheme
KIM Target Income Global Allocation Feeder Fund (*1)	Korea	99.58	Dec. 31	5,000	5,035	5,035	Collective investment Scheme
KIM KINDEX Active Korea Treasury & Agency bonds ETF	Korea	42.97	Dec. 31	31,500	31,012	31,012	Collective investment Scheme
				₩ 458,454	458,524	458,591	

(*1) Although percentage of ownership exceeds 50%, the impact on consolidated financial statements is insignificant. Therefore, it is classified to investments in associates.

(*2) Although percentage of ownership does not exceed 20%, it has significant influence through director secondments. Therefore, it is classified as investments in associates.

(*3) Although percentage of ownership does not exceed 20%, it has significant influence because the Group is joint partner with unlimited liabilities. Therefore, it is classified as investments in associates.

(b)The condensed financial information of associates as of and for the years ended December 31, 2018 and 2017 are as follows:

(In millions of won)

Company	December 31, 2018					
	Assets	Liabilities	Equity	Operating revenue	Profit (loss) for the year	Total comprehensive income (loss)
True Friend Investment Advisory Co., Ltd.	₩ 3,175	89	3,086	1	(657)	(663)
Global Dynasty Natural Resources Private Equity Fund	1,044	1,988	(944)	114	(19,389)	(19,389)
EQ Partners Asia Infra Private Equity Fund	-	468	(468)	-	(203)	(216)
Korea Investment Partners China Incorporation	8,147	1,297	6,850	(1,122)	(1,120)	(620)
KoFC KIP Pioneer Champ 2010-1 Venture Capital Fund	12,146	3,224	8,922	783	(96)	(96)
KIP Growth Capital Fund No.17	43,546	420	43,126	31,228	23,191	23,191
2011 KIF-Korea Investment Partners IT Venture Fund	11,116	-	11,116	3,982	422	422
Korea Investment Global Frontier Fund No.20	56,229	629	55,600	16,283	1,869	1,869
KIP Overseas Expansion Platform Fund	120,925	4,974	115,951	62,132	54,337	54,337
Korea Investment Future Growth Venture Fund No.22	145,065	1,745	143,320	26,502	12,747	12,747
KIP Future Growth Venture Fund	10,853	142	10,711	1,304	(784)	(784)
KIP Future Value Venture Fund	3,159	41	3,118	371	(232)	(232)
Naver KIP Cheer up! Gamers Fund	13,840	101	13,739	6,970	6,472	6,472
Korea Investment Global contents Venture Fund	87,600	815	86,785	23,484	9,641	9,641
Shanghai Fangzheng Stock Investment Partnership	109,620	36	109,584	15,629	13,344	12,192
Korea Investment Venture Fund 15-1	18,331	126	18,205	(2,001)	(2,382)	(2,382)
Korea Investment Venture Fund 15-2	19,910	49	19,861	909	401	401
Korea Investment Venture Fund 15-3	22,313	50	22,263	5,010	4,156	4,156
Korea Investment Venture Fund 15-4	21,483	55	21,428	2,850	1,980	1,980
Korea Investment Venture Fund 15-5	19,778	49	19,729	3,142	2,222	2,222
KIP Promising Service Industry Venture Fund	44,361	2,814	41,547	6,585	3,298	3,298
KIM Growth Corporation Professional Mezzanine Private Trust 2	41,855	1	41,854	39,936	(260)	(260)
Kim EMP Global Asset Allocation Equity Balanced Fund	20,632	102	20,530	1,230	(2,390)	(2,390)
Korea Investment Industry 4.0 Venture Fund	59,775	-	59,775	4,737	3,158	3,158
KIM VIPC FUND(Equity – Fund of Funds)	29,073	-	29,073	252	(862)	(862)
KIP Re-Up Fund	112,997	-	112,997	2,350	(626)	(626)
KIM Growth Corporation Professional Private Trust 3	52,839	-	52,839	5,129	(1,223)	(1,223)

(In millions of won)

Company	December 31, 2018					
	Assets	Liabilities	Equity	Operating revenue	Profit (loss) for the year	Total comprehensive income (loss)
Eugene Premier Professional Investment Type Private Investment Trust No.17	86,004	67	85,937	2,929	5,261	5,261
JB Japan Office Private Real Estate Fund 20 1st	38,810	-	38,810	6,641	1,919	1,919
KIS-Emford New Tech Investment Fund 1	13,427	-	13,427	-	(173)	(173)
KIM Corporate Loan Trust No.1	12,052	-	12,052	262	394	394
KIM Private Placement London Core Office Real Estate Investment Trust	128,468	32	128,436	6,695	5,998	5,998
KCLAVIS Meister Fund No.46	3,100	7	3,093	-	(7)	(7)
Hanhwa Europ PPP Infrastructure Private Fund Special Asset Trust 1-1	8,655	5	8,650	120	80	80
HyundaiYouFirst Private Real Estate Investment Trust No.23-1	56,580	79	56,501	1,403	(2,915)	(2,915)
AIP EURO GREEN PRIVATE REAL ESTATE TRUST NO.9	22,226	-	22,226	2	2	2
AIP EURO GREEN Private Real Estate Fund No.3	96,665	85	96,580	-	-	-
Woori Goseong Power EBL Private Special Asset Fund	90,704	21	90,683	-	-	-
Hanwha Japan Photovoltaic Private Fund 2	68,952	30	68,922	-	-	-
Eugene Aviation Private Special Asset Investment Trust No. 11 (Aircraft)	7,458	1	7,457	-	-	-
NH-Amundi Aviation Private Fund 1	51,852	4	51,848	-	-	-
NH-Amundi Aviation Private Fund 2	36,261	3	36,258	-	-	-
HANA PRIVATE REAL ESTATE INVESTMENT TRUST NO.58	81,881	4,456	77,425	-	-	-
NH-Amundi US Infrastructure Investment Trust II	46,624	26	46,598	-	-	-
Korea Investment Aviation Professional Investors' Special Asset Investment Trust No.6(Debt instruments)	270,349	149,285	121,064	-	-	-
Koramco Professional Investment No.69	179,690	103,647	76,043	-	-	-
WOORI ECOWASTE PRIVATE SPECIAL ASSET FUND	49,758	637	49,121	-	-	-
Korea Investment Aviation Professional Investors' Special Asset Investment Trust No.6	105,912	19	105,893	19,509	(1,229)	(1,229)
KIM Target Income Global Bond Feeder Fund	4,967	-	4,967	1	(92)	(92)
KIM Target Income Global Allocation Feeder Fund	4,801	-	4,801	2	(248)	(248)
KIM KINDEX Active Korea Treasury & Agency bonds ETF	80,473	16,021	64,452	3,179	1,253	1,253

(In millions of won)

Company	December 31, 2018					
	Assets	Liabilities	Equity	Operating revenue	Profit (loss) for the year	Total comprehensive income (loss)
KIM China Industry 4.0 Equity fund	8,631	5	8,626	256	(1,773)	(1,773)
KIM KOSPI Solution Fixed Income Balanced Fund	49,547	576	48,971	1,858	(536)	(536)
KIM Japan Industry 4.0 Equity-Derivative fund	2,839	59	2,780	84	(697)	(697)
JingHui (GuangZhou) Equity Investment Partnership	65,233	250	64,983	-	(202)	(202)
Global Infra corporate finance supporting Private Equity Fund 3	229,328	502	228,826	138,698	136,700	136,700
Global Infra corporate finance supporting Private Equity Fund 4	167	23	144	17	12	12
Korea Investment Partners US inc1	108,389	446	107,943	3,547	1,721	1,721
KIP Credian I Private Equity Fund	21,009	90	20,919	536	180	180
IBK KIP Growth Stepstone No.1 Private Equity Fund	21,200	757	20,443	390	(1,268)	(1,268)
Kiwoom KIP Healthcare Platform Private Equity Fund	22,952	26	22,926	-	(74)	(74)
Korea Investment Partners US inc	465	271	194	(566)	(542)	(586)
EQP POSCO Global No.1 Natural Resources Private Equity Fund 3	363,670	26	363,644	21,185	20,340	18,147
EQP POSCO Global No.1 Natural Resources Private Equity Fund	616,300	783	615,517	42,169	38,030	44,073
EQ Partners No.2 Corporate Restructuring Private Equity Fund	30,353	130	30,223	(14)	(534)	(534)
EQ Partners No.1 Environment Service Private Equity Fund	60,211	206	60,005	2,255	1,508	1,508
EQ Partners Green PEF	64,678	353	64,325	367	(1,126)	(1,126)
HANON PRIVATE EQUITY FUND	39,912	153	39,759	(2,088)	(2,241)	(2,241)
Aethra 3-1 PRIVATE EQUITY FUND	25,610	48	25,562	-	(48)	(68)
KIM Growth Corporation Professional Private Trust 1	105,651	1,199	104,452	24,885	21,727	21,727
KIP Beyond Fund(17)	32,396	-	32,396	10,445	9,830	9,830
KIP Core Fund(17)	18,676	-	18,676	5,258	4,887	4,887
KIP Dream Fund(17)	15,369	-	15,369	(260)	(638)	(638)
KIP Essence Fund(17)	14,604	-	14,604	(260)	(614)	(614)
KIP Future Fund(17)	14,086	-	14,086	(258)	(582)	(582)
KIP Growth Fund(17)	13,646	-	13,646	(120)	(360)	(360)
KIP High Fund(17)	9,886	-	9,886	(137)	(367)	(367)
KIP Impact Fund(17)	11,363	-	11,363	(176)	(379)	(379)

(In millions of won)

Company	December 31, 2018					
	Assets	Liabilities	Equity	Operating revenue	Profit (loss) for the year	Total comprehensive income (loss)
KIP Joint Fund(17)	7,618	-	7,618	(143)	(320)	(320)
KIP Key Fund(17)	11,841	-	11,841	(175)	(385)	(385)
Korea Investment Industry 4.0 Venture Fund	7,448	-	7,448	(143)	(318)	(318)
KIP Ace Fund(17)	93,203	366	92,837	78,981	39,245	39,245

(In millions of won)

Company	December 31, 2017					
	Assets	Liabilities	Equity	Operating revenue	Profit (loss) for the year	Total comprehensive income (loss)
True Friend Investment Advisory Co., Ltd.	₩ 3,930	181	3,749	764	104	(112)
Global Dynasty Natural Resources Private Equity Fund	21,353	1,964	19,389	-	(827)	(827)
EQ Partners Asia Infra Private Equity Fund	6	271	(265)	(15,059)	(15,310)	(15,310)
Devonian Natural Resources Private Equity Fund	37,983	163	37,820	16,403	15,606	15,606
Korea Investment Partners China Incorporation	2,294	268	2,026	1,235	1,235	932
KoFC KIP Pioneer Champ 2010-1 Venture Capital Fund	13,894	3,174	10,720	10,635	5,226	3,885
KIP Growth Capital Fund No.17	51,954	533	51,421	15,035	12,604	10,891
2011 KIF-Korea Investment Partners IT Venture Fund	18,551	1,484	17,067	5,243	4,575	4,430
Korea Investment Global Frontier Fund No.20	88,085	881	87,204	19,581	11,088	18,256
KIP Overseas Expansion Platform Fund	68,468	3,021	65,447	1,347	(3,006)	(2,807)
Korea Investment Future Growth Venture Fund No.22	127,012	1,755	125,257	2,465	(4,503)	(7,163)
KIP Future Growth Venture Fund	10,940	190	10,750	2,131	(681)	1,409
KIP Future Value Venture Fund	3,190	55	3,135	615	(193)	406
Naver KIP Cheer up! Gamers Fund	8,117	68	8,049	20	(1,068)	(1,068)
Korea Investment Global contents Venture Fund	50,041	340	49,701	1,433	(14,511)	(14,511)
Shanghai Fangzheng Stock Investment Partnership	72,354	10	72,344	-	(2,187)	(6,559)
Korea Investment Venture Fund 15-1	25,211	73	25,138	4,200	3,838	3,595
Korea Investment Venture Fund 15-2	17,609	60	17,549	363	56	(187)
Korea Investment Venture Fund 15-3	18,314	62	18,252	380	60	(183)
Korea Investment Venture Fund 15-4	19,287	66	19,221	373	39	(204)

(In millions of won)

Company	December 31, 2017					
	Assets	Liabilities	Equity	Operating revenue	Profit (loss) for the year	Total comprehensive income (loss)
Korea Investment Venture Fund 15-5	17,265	59	17,206	369	129	(114)
KIP Promising Service Industry Venture Fund	43,927	1,196	42,731	3,866	2,169	2,767
KIM Growth Corporation Professional Mezzanine Private Trust 2	36,114	-	36,114	-	(384)	(384)
KIM AssetClass(SH)(C-F)	27,866	32	27,834	1,475	1,475	1,475
KIM AssetClass(BH)(C-F)	19,118	167	18,951	5,110	1,194	1,194
Korea Investment Aviation Professional Investors' Special Asset Investment Trust No.6(Debt instruments)	109,784	18	109,766	3	(3,447)	(3,447)
Korea Investment Global pharmaceutical industry promoting Private Equity Fund	113,107	488	112,619	(1,516)	(3,408)	(1,471)
Global Infra corporate finance supporting Private Equity Fund	43,252	181	43,071	29,375	(1,109)	(1,109)
Woori Partnership new technology Private Equity Fund	119,845	485	119,360	735	(1,568)	(3,487)
Korea Investment Partners US inc	781	2	779	85	(378)	(381)
EQ Partners Global PEF No.1	365,618	25	365,593	15,320	14,335	14,335
EQP POSCO Global No.1 Natural Resources Private Equity Fund	592,414	866	591,548	(27)	(4,683)	7,035
EQ Partners No.2 Corporate Restructuring Private Equity Fund	30,578	129	30,449	4,712	4,189	4,189
KIP Core Competency Leverage Fund	81,142	393	80,749	7,736	5,355	6,766
KIM Growth Corporation Professional Private Trust	74,543	668	73,875	13,671	4,511	4,511
KIP Ace Fund(17)	7,490	125	7,365	33	(255)	(234)
KIP Beyond Fund(17)	4,586	76	4,510	13	(151)	(130)
KIP Core Fund(17)	4,072	66	4,006	11	(125)	7
KIP Dream Fund(17)	3,880	62	3,818	10	(115)	18
KIP Essence Fund(17)	3,747	60	3,687	11	(105)	27
KIP Future Fund(17)	7,097	57	7,040	14	(93)	39
KIP Growth Fund(17)	3,429	56	3,373	12	(88)	(67)
KIP High Fund(17)	5,950	48	5,902	8	(70)	62
KIP Impact Fund(17)	2,662	44	2,618	5	(63)	(42)
KIP Joint Fund(17)	6,196	50	6,146	8	(66)	66
KIP Key Fund(17)	2,608	43	2,565	4	(55)	(34)
Korea Investment Industry 4.0 Venture Fund	28,573	356	28,217	17	(406)	(184)
KIM 4th Industrial Revolution of Korea Fund(Equity)	48,749	873	47,876	6,102	5,007	5,007

(In millions of won)

Company	December 31, 2017					
	Assets	Liabilities	Equity	Operating revenue	Profit (loss) for the year	Total comprehensive income (loss)
Credian I Private Equity Fund	23,169	89	23,080	-	(330)	(330)
EQ Partners No.1 Environment Service Private Equity Fund	45,388	155	45,233	3	(869)	(869)
2018 KIF-KIP Artificial Intelligence Venture Fund	10,006	72	9,934	6	(65)	(65)
KIM VIPC FUND(Equity – Fund of Funds)	10,775	15	10,760	189	175	175
KIM Global Car & Battery Fund(Equity)	56,439	443	55,996	1,586	125	125
KIM Target Income Global Bond Feeder Fund	5,005	-	5,005	4	4	4
KIM Target Income Global Allocation Feeder Fund	5,057	-	5,057	37	37	37
KIM KINDEX Active Korea Treasury & Agency bonds ETF	72,193	29	72,164	1,543	(1,983)	(1,983)

(c) The changes in investments in associates for the years ended December 31, 2018 and 2017 are as follows:

(In millions of won)

Company	December 31, 2018					
	Beginning balance	Acquisition (disposal)	Dividends	Profit(loss) of associates	Changes in equity of associates	Ending balance
True Friend Investment Advisory Co., Ltd.	₩ 3,749	-	-	(657)	(6)	3,086
Global Dynasty Natural Resources Private Equity Fund	4,341	-	-	(4,341)	-	-
EQ Partners Asia Infra Private Equity Fund	-	-	-	-	-	-
Devonian Natural Resources Private Equity Fund	5,673	(3,856)	(1,185)	(632)	-	-
Korea Investment Partners China Incorporation	2,026	5,444	-	(1,120)	500	6,850
KoFC KIP Pioneer Champ 2010-1 Venture Capital Fund	2,103	(525)	-	(17)	-	1,561
KIP Growth Capital Fund No.17	16,982	(4,753)	(5,783)	7,498	-	13,944
2011 KIF-Korea Investment Partners IT Venture Fund	5,528	(855)	(1,251)	135	-	3,557
Korea Investment Global Frontier Fund No.20	29,025	(3,235)	(8,461)	603	-	17,932
KIP Overseas Expansion Platform Fund	17,607	(3,744)	-	12,226	-	26,089
Korea Investment Future Growth Venture Fund No.22	28,993	(1,390)	(849)	2,611	-	29,365
KIP Future Growth Venture Fund	1,278	-	-	(87)	-	1,191
KIP Future Value Venture Fund	390	-	-	(26)	-	364
Naver KIP Cheer up! Gamers Fund	2,067	(250)	-	1,618	-	3,435
Korea Investment Global contents Venture Fund	13,000	7,500	-	2,459	-	22,959

(In millions of won)

Company	December 31, 2018					
	Beginning balance	Acquisition (disposal)	Dividends	Profit(loss) of associates	Changes in equity of associates	Ending balance
Shanghai Fangzheng Stock Investment Partnership	42,090	5,995	-	6,629	(476)	54,238
Korea Investment Venture Fund 15-1	3,133	(402)	(440)	(265)	-	2,026
Korea Investment Venture Fund 15-2	2,153	-	-	45	-	2,198
Korea Investment Venture Fund 15-3	2,032	-	-	467	-	2,499
Korea Investment Venture Fund 15-4	2,179	-	-	222	-	2,401
Korea Investment Venture Fund 15-5	1,978	-	-	252	-	2,230
KIP Promising Service Industry Venture Fund	19,086	(1,508)	(495)	1,475	-	18,558
KIM Growth Corporation Professional Mezzanine Private Trust 2	7,715	1,285	-	(56)	-	8,944
Kim EMP Global Asset Allocation Equity Balanced Fund	11,541	(6,037)	(44)	(516)	-	4,944
KIM AssetClass(BH)(C-F)	3,204	(3,204)	-	-	-	-
Korea Investment Industry 4.0 Venture Fund	12,519	12,600	-	1,401	-	26,520
KIM VIPC FUND(Equity – Fund of Funds)	3,974	8,000	-	(343)	-	11,631
KIP Re-Up Fund	-	37,200	(96)	(231)	-	36,873
KIM Growth Corporation Professional Private Trust 3	-	21,138	-	(478)	-	20,660
Eugene Premier Professional Investment Type Private Investment Trust No.17	-	33,150	(466)	2,132	-	34,816
JB Japan Office Private Real Estate Fund 20 1st	-	18,800	(355)	960	-	19,405
KIS-Emford NewTech Investment Fund 1	-	3,000	-	(38)	-	2,962
KIM Corporate Loan Trust No.1	-	3,200	(68)	82	-	3,214
Samchully Midstream Private Placement Special Asset Fund 5-1	-	-	-	-	-	-
KIM Private Placement London Core Office Real Estate Investment Trust	-	30,000	(1,415)	1,400	-	29,985
KCLAVIS Meister Fund No.46	-	2,000	-	(4)	-	1,996
Hanhwa Europ PPP Infrastructure Private Fund Special Asset Trust 1-1	-	7,562	-	71	-	7,633
Hyundai YouFirst Private Real Estate Investment Trust No.23-1	-	29,000	-	(1,423)	-	27,577
AIP EURO GREEN PRIVATE REAL ESTATE TRUST NO.9	-	11,883	-	1	-	11,884
AIP EURO GREEN Private Real Estate Fund No.3	-	24,633	-	-	-	24,633
Woori Goseong Power EBL Private Special Asset Fund	-	30,228	-	-	-	30,228

(In millions of won)

Company	December 31, 2018					
	Beginning balance	Acquisition (disposal)	Dividends	Profit(loss) of associates	Changes in equity of associates	Ending balance
Hanwha Japan Photovoltaic Private Fund 2	-	22,974	-	-	-	22,974
Eugene Aviation Private Special Asset Investment Trust No. 11 (Aircraft)	-	4,063	-	-	-	4,063
NH-Amundi Aviation Private Fund 1	-	14,867	-	-	-	14,867
NH-Amundi Aviation Private Fund 2	-	14,517	-	-	-	14,517
HANA PRIVATE REAL ESTATE INVESTMENT TRUST NO.58	-	27,303	-	-	-	27,303
NH-Amundi US Infrastructure Investment Trust II	-	14,119	-	-	-	14,119
Anda Station Professional Investment Type Private Real Estate Fund No.1	-	38,497	-	-	-	38,497
Koramco Professional Investment No.69	-	30,417	-	-	-	30,417
WOORI ECOWASTE PRIVATE SPECIAL ASSET FUND	-	12,380	-	-	-	12,380
Korea Investment Aviation Professional Investors' Special Asset Investment Trust No.6 (Debt instruments)	5,297	(128)	(638)	579	-	5,110
KIM Korea Industry 4.0 Equity fund	5,958	(5,958)	-	-	-	-
KIM Global Car & Battery Fund	5,072	(5,072)	-	-	-	-
KIM Global Car & Battery Fund(Equity)	5,042	(5,042)	-	-	-	-
KIM Target Income Global Bond Feeder Fund	5,003	-	-	(102)	-	4,901
KIM Target Income Global Allocation Feeder Fund	5,034	-	-	(255)	-	4,779
KIM KINDEX Active Korea Treasury & Agency bonds ETF	31,012	-	(677)	1,338	-	31,673
KIM China Industry 4.0 Equity fund	-	3,200	-	(548)	-	2,652
KIM KOSDAQ Inverse Equity-Derivative Fund	-	-	-	-	-	-
KIM KOSPI Solution Fixed Income Balanced Fund	-	5,000	-	(91)	-	4,909
KIM Japan Industry 4.0 Equity-Derivative fund	-	3,000	-	(613)	-	2,387
JingHui (GuangZhou) Equity Investment Partnership	-	32,989	-	(101)	(405)	32,483
Global Infra corporate finance supporting Private Equity Fund 3	₩ 26,628	785	(6,941)	30,378	-	50,850
Global Infra corporate finance supporting Private Equity Fund	-	-	-	-	-	-
Korea Investment Partners US inc1	27,984	(1,551)	(1,920)	397	-	24,910
Credian I Private Equity Fund	201	-	(21)	2	-	182

(In millions of won)

Company	December 31, 2018					
	Beginning balance	Acquisition (disposal)	Dividends	Profit(loss) of associates	Changes in equity of associates	Ending balance
IBK KIP Growth Stepstone No.1 Private Equity Fund	-	6,639	-	(506)	-	6,133
Kiwoom KIP Healthcare Platform Private Equity Fund	-	1,400	-	(4)	-	1,396
Korea Investment Partners US inc	779	-	-	(542)	(44)	193
EQ Partners Global PEF No.1	3,656	-	(201)	203	(22)	3,636
EQP POSCO Global No.1 Natural Resources Private Equity Fund (*3)	44,198	(548)	(1,053)	2,765	450	45,812
EQ Partners No.2 Corporate Restructuring Private Equity Fund (*3)	5,374	55	-	(95)	-	5,334
EQ Partners No.1 Environment Service Private Equity Fund (*3)	2,154	714	(83)	72	-	2,857
EQ Partners Green PEF	-	19,854	(218)	(340)	-	19,296
HANON PRIVATE EQUITY FUND	-	12,000	-	(640)	-	11,360
Aethra 3-1 PRIVATE EQUITY FUND	-	5,000	-	(9)	(4)	4,987
KIM Growth Corporation Professional Private Trust 1	25,032	2,914	(2,302)	6,736	-	32,380
KIP Beyond Fund(17)	1,490	3,075	-	1,988	-	6,553
KIP Core Fund(17)	917	1,887	-	993	-	3,797
KIP Dream Fund(17)	830	2,485	-	(133)	-	3,182
KIP Essence Fund(17)	794	2,372	-	(128)	-	3,038
KIP Future Fund(17)	749	2,231	-	(118)	-	2,862
KIP Growth Fund(17)	1,418	1,416	-	(73)	-	2,761
KIP High Fund(17)	684	1,396	-	(75)	-	2,005
KIP Impact Fund(17)	1,200	1,187	-	(77)	-	2,310
KIP Joint Fund(17)	533	1,083	-	(66)	-	1,550
KIP Key Fund(17)	1,247	1,233	-	(78)	-	2,402
Korea Investment Industry 4.0 Venture Fund	524	1,062	-	(65)	-	1,521
KIP Ace Fund(17)	22,162	(841)	(11,940)	18,470	-	27,851
	₩ 475,338	535,833	(46,902)	91,315	(7)	1,055,577

(In millions of won)

Company	December 31, 2017						
	Beginning balance	Acquisition (disposal)	Dividends	Profit(loss) of associates	Changes in equity of associates	Other (*)	Ending balance
True Friend Investment Advisory Co., Ltd.	₩ 3,861	-	-	104	(216)	-	3,749
Global Dynasty Natural Resources Private Equity Fund	4,499	27	-	(185)	-	-	4,341
EQ Partners Asia Infra Private Equity Fund	3,898	-	-	(3,504)	(3)	(391)	-
Devonian Natural Resources Private Equity Fund	15,567	(12,235)	-	2,341	-	-	5,673
EQ Partners Global Infra private Equity Fund	-	(303)	-	303	-	-	-
ENSYN BIO ENERGY CANADA INC.	3,053	-	-	-	-	(3,053)	-
Korea Investment Partners China Incorporation	170	1,192	-	1,235	(571)	-	2,026
09-7 Korea Venture Partnership No.15	2,497	(918)	-	(1,579)	-	-	-
KoFC KIP Pioneer Champ 2010-1 Venture Capital Fund	3,784	(2,174)	(414)	915	(235)	-	1,876
KIP Growth Capital Fund No.17	16,843	(2,255)	(1,483)	4,075	(554)	-	16,626
2011 KIF-Korea Investment Partners IT Venture Fund	6,476	(1,427)	(1,005)	1,463	(46)	-	5,461
Korea Investment Global Frontier Fund No.20	25,848	(1,960)	(1,650)	3,575	2,312	-	28,125
KIP Overseas Expansion Platform Fund	17,157	(1,800)	-	(676)	45	-	14,726
Korea Investment Future Growth Venture Fund No.22	28,154	(1,022)	-	(923)	(545)	-	25,664
KIP Future Growth Venture Fund	1,625	(411)	(175)	(76)	232	-	1,195
KIP Future Value Venture Fund	496	(125)	(53)	(22)	70	-	366
Naver KIP Cheer up! Gamers Fund	2,279	-	-	(267)	-	-	2,012
Korea Investment Global contents Venture Fund	16,648	-	-	(3,763)	-	-	12,885
Shanghai Fangzheng Stock Investment Partnership	38,062	1,015	-	(1,119)	(2,121)	-	35,837
Korea Investment Venture Fund 15-1	2,398	-	-	427	(27)	-	2,798
Korea Investment Venture Fund 15-2	1,963	-	-	6	(27)	-	1,942
Korea Investment Venture Fund 15-3	2,069	-	-	6	(27)	-	2,048
Korea Investment Venture Fund 15-4	2,177	-	-	4	(27)	-	2,154
Korea Investment Venture Fund 15-5	1,957	-	-	14	(27)	-	1,944
KIP Promising Service Industry Venture Fund	7,714	11,837	(1,700)	1,135	267	-	19,253
KIM Growth Corporation Professional Mezzanine Private Trust 2	-	7,797	-	(82)	-	-	7,715
KIM AssetClass(SH)(C-F)	5,503	5,000	-	1,038	-	-	11,541
KIM AssetClass(BH)(C-F)	5,387	(2,353)	-	170	-	-	3,204
KIM e Short-term Bond IPO(BH)(C-F)	9,377	(9,377)	-	-	-	-	-

(In millions of won)

Company	December 31, 2017						Ending balance
	Beginning balance	Acquisition (disposal)	Dividends	Profit(loss) of associates	Changes in equity of associates	Other (*)	
Korea Investment Aviation Professional Investors' Special Asset Investment Trust No.6 (Debt instruments)	5,327	-	-	(30)	-	-	5,297
Active ETF(ADVISORSHARES KIM)	9,049	(9,049)	-	-	-	-	-
Korea Investment Global pharmaceutical industry promoting Private Equity Fund	11,109	14,244	-	(757)	430	-	25,026
Global Infra corporate finance supporting Private Equity Fund	3,924	-	-	-	16	(3,940)	-
Woori Partnership new technology Private Equity Fund	13,118	15,231	-	(361)	(443)	-	27,545
Korea Investment Partners US inc	-	1,160	-	(378)	(3)	-	779
EQ Partners Global PEF No.1	3,656	-	(143)	143	-	-	3,656
EQP POSCO Global No.1 Natural Resources Private Equity Fund	47,417	(3,593)	-	(510)	875	-	44,189
EQ Partners No.2 Corporate Restructuring Private Equity Fund	5,544	(687)	(223)	748	-	-	5,382
KIP Core Competency Leverage Fund	13,205	12,090	(2,360)	1,659	438	-	25,032
KIM Growth Corporation Professional Private Trust	7,729	13,080	(2,243)	3,596	-	-	22,162
KIP Ace Fund(17)	-	1,537	-	(51)	4	-	1,490
KIP Beyond Fund(17)	-	943	-	(30)	4	-	917
KIP Core Fund(17)	-	828	-	(25)	27	-	830
KIP Dream Fund(17)	-	790	-	(23)	27	-	794
KIP Essence Fund(17)	-	744	-	(22)	27	-	749
KIP Future Fund(17)	-	1,416	-	(19)	27	-	1,424
KIP Growth Fund(17)	-	698	-	(18)	4	-	684
KIP High Fund(17)	-	1,187	-	(14)	27	-	1,200
KIP Impact Fund(17)	-	541	-	(12)	4	-	533
KIP Joint Fund(17)	-	1,233	-	(13)	27	-	1,247
KIP Key Fund(17)	-	531	-	(11)	4	-	524
Korea Investment Industry 4.0 Venture Fund	-	12,600	-	(180)	99	-	12,519
KIM 4th Industrial Revolution of Korea Fund(Equity)	-	5,000	-	958	-	-	5,958
Credian I Private Equity Fund	-	204	-	(3)	-	-	201
EQ Partners No.1 Environment Service Private Equity Fund	-	2,195	-	(41)	-	-	2,154
2018 KIF-KIP Artificial Intelligence Venture Fund	-	4,000	-	(26)	-	-	3,974
KIM VIPC FUND(Equity – Fund of Funds)	-	5,000	-	72	-	-	5,072

(In millions of won)

Company	December 31, 2017						Ending balance
	Beginning balance	Acquisition (disposal)	Dividends	Profit(loss) of associates	Changes in equity of associates	Other (*)	
KIM Global Car & Battery Fund(Equity)	-	5,000	-	42	-	-	5,042
KIM Target Income Global Bond Feeder Fund	-	5,000	-	3	-	-	5,003
KIM Target Income Global Allocation Feeder Fund	-	5,000	-	35	-	-	5,035
KIM KINDEX Active Korea Treasury & Agency bonds ETF	-	31,500	-	(488)	-	-	31,012
	₩ 349,540	118,931	(11,449)	8,859	94	(7,384)	458,591

(*) Others include changes in the carrying amount of associates resulting from recognition losses of the impairment of EQ Partners Asia Infra Private Equity Fund and Global Infra corporate finance supporting Private Equity Fund, the reclassification of ENSYN BIO ENERGY CANADA INC. to disposal assets held for sale, and the transfer of Active ETF(ADVISORSHARES KIM) to new subsidiaries for the past period.

(d) The reconciliations of the summarized financial information presented to the carrying amount of its interest in associates as of December 31, 2018 and 2017 are as follows:

(In millions of won)

Company	December 31, 2018					Carrying amount
	Net assets (A)	Ownership (B)(%)	The Group's share of net assets(AxB)	Others		
True Friend Investment Advisory Co., Ltd.	₩ 3,086	100.00	3,086	-	3,086	
Global Dynasty Natural Resources Private Equity Fund	(944)	22.39	(211)	211	-	
EQ Partners Asia Infra Private Equity Fund	(468)	25.00	(117)	117	-	
Korea Investment Partners China Incorporation	6,850	100.00	6,850	-	6,850	
KoFC KIP Pioneer Champ 2010-1 Venture Capital Fund	8,922	17.50	1,561	-	1,561	
KIP Growth Capital Fund No.17	43,126	32.33	13,944	-	13,944	
2011 KIF-Korea Investment Partners IT Venture Fund	11,116	32.00	3,557	-	3,557	
Korea Investment Global Frontier Fund No.20	55,600	32.25	17,932	-	17,932	
KIP Overseas Expansion Platform Fund	115,951	22.50	26,089	-	26,089	
Korea Investment Future Growth Venture Fund No.22	143,320	20.49	29,365	-	29,365	
KIP Future Growth Venture Fund	10,711	11.12	1,191	-	1,191	
KIP Future Value Venture Fund	3,118	11.66	364	-	364	
Naver KIP Cheer up! Gamers Fund	13,739	25.00	3,435	-	3,435	
Korea Investment Global contents Venture Fund	86,785	26.46	22,959	-	22,959	
Shanghai Fangzheng Stock Investment Partnership	109,584	49.50	54,238	-	54,238	
Korea Investment Venture Fund 15-1	18,205	11.13	2,026	-	2,026	
Korea Investment Venture Fund 15-2	19,861	11.07	2,198	-	2,198	

(In millions of won)

Company	December 31, 2018				
	Net assets (A)	Owner-ship (B)(%)	The Group's share of net assets(AxB)	Others	Carrying amount
Korea Investment Venture Fund 15-3	22,263	11.22	2,499	-	2,499
Korea Investment Venture Fund 15-4	21,428	11.21	2,401	-	2,401
Korea Investment Venture Fund 15-5	19,729	11.30	2,230	-	2,230
KIP Promising Service Industry Venture Fund	41,547	44.66	18,558	-	18,558
KIM Growth Corporation Professional Mezzanine Private Trust 2	41,854	21.37	8,944	-	8,944
Kim EMP Global Asset Allocation Equity Balanced Fund	20,530	24.11	4,944	-	4,944
Korea Investment Industry 4.0 Venture Fund	59,775	44.37	26,520	-	26,520
KIM VIPC FUND(Equity – Fund of Funds)	29,073	40.00	11,631	-	11,631
KIP Re-Up Fund	112,997	32.63	36,873	-	36,873
KIM Growth Corporation Professional Private Trust 3	52,839	39.10	20,660	-	20,660
Eugene Premier Professional Investment Type Private Investment Trust No.17	85,937	40.51	34,816	-	34,816
JB Japan Office Private Real Estate Fund 20 1st	38,810	50.00	19,405	-	19,405
KIS-Emford New Tech Investment Fund 1	13,427	22.06	2,962	-	2,962
KIM Corporate Loan Trust No.1	12,052	26.67	3,214	-	3,214
KIM Private Placement London Core Office Real Estate Investment Trust	128,436	23.35	29,985	-	29,985
KCLAVIS Meister Fund No.46	3,093	64.52	1,996	-	1,996
Hanhwa Europ PPP Infrastructure Private Fund Special Asset Trust 1-1	8,650	88.24	7,633	-	7,633
HyundaiYouFirst Private Real Estate Investment Trust No.23-1	56,501	48.81	27,577	-	27,577
AIP EURO GREEN PRIVATE REAL ESTATE TRUST NO.9	22,226	53.47	11,884	-	11,884
AIP EURO GREEN Private Real Estate Fund No.3	96,580	25.51	24,633	-	24,633
Woori Goseong Power EBL Private Special Asset Fund	90,683	33.33	30,228	-	30,228
Hanwha Japan Photovoltaic Private Fund 2	68,922	33.33	22,974	-	22,974
Eugene Aviation Private Special Asset Investment Trust No. 11 (Aircraft)	7,457	54.48	4,063	-	4,063
NH-Amundi Aviation Private Fund 1	51,848	28.67	14,867	-	14,867
NH-Amundi Aviation Private Fund 2	36,258	40.04	14,517	-	14,517
HANA PRIVATE REAL ESTATE INVESTMENT TRUST NO.58	77,425	35.26	27,303	-	27,303
NH-Amundi US Infrastructure Investment Trust II	46,598	30.30	14,119	-	14,119
Anda Station Professional Investment Type Private Real Estate Fund No.1	121,064	31.80	38,497	-	38,497
Koramco Professional Investment No.69	76,043	40.00	30,417	-	30,417
WOORI ECOWASTE PRIVATE SPECIAL ASSET FUND	49,121	25.20	12,380	-	12,380

(In millions of won)

Company	December 31, 2018				
	Net assets (A)	Owner-ship (B)(%)	The Group's share of net assets(AxB)	Others	Carrying amount
Korea Investment Aviation Professional Investors' Special Asset Investment Trust No.6(Debt instruments)	105,893	4.83	5,110	-	5,110
KIM Target Income Global Bond Feeder Fund	4,967	98.72	4,901	-	4,901
KIM Target Income Global Allocation Feeder Fund	4,801	99.57	4,779	-	4,779
KIM KINDEX Active Korea Treasury & Agency bonds ETF	64,452	49.37	31,673	-	31,673
KIM China Industry 4.0 Equity fund	8,626	30.83	2,652	-	2,652
KIM KOSPI Solution Fixed Income Balanced Fund	48,971	10.03	4,909	-	4,909
KIM Japan Industry 4.0 Equity-Derivative fund	2,780	86.00	2,387	-	2,387
JingHui (GuangZhou) Equity Investment Partnership	64,983	49.99	32,483	-	32,483
Global Infra corporate finance supporting Private Equity Fund 3	228,826	22.22	50,850	-	50,850
Global Infra corporate finance supporting Private Equity Fund	144	22.04	-	-	-
Korea Investment Partners US inc1	107,943	23.08	24,910	-	24,910
Credian I Private Equity Fund	20,919	0.87	182	-	182
IBK KIP Growth Stepstone No.1 Private Equity Fund	20,443	30.00	6,133	-	6,133
Kiwoom KIP Healthcare Platform Private Equity Fund	22,926	6.09	1,396	-	1,396
Korea Investment Partners US inc	194	100.00	193	-	193
EQ Partners Global PEF No.1	363,644	1.00	3,636	-	3,636
EQP POSCO Global No.1 Natural Resources Private Equity Fund	615,517	7.45	45,812	-	45,812
EQ Partners No.2 Corporate Restructuring Private Equity Fund	30,223	17.65	5,334	-	5,334
EQ Partners No.1 Environment Service Private Equity Fund	60,005	4.76	2,857	-	2,857
EQ Partners Green PEF	64,325	30.00	19,296	-	19,296
HANON PRIVATE EQUITY FUND	39,759	28.57	11,360	-	11,360
Aethra 3-1 PRIVATE EQUITY FUND	25,562	19.51	4,987	-	4,987
KIM Growth Corporation Professional Private Trust 1	104,452	31.00	32,380	-	32,380
KIP Beyond Fund(17)	32,396	20.23	6,553	-	6,553
KIP Core Fund(17)	18,676	20.33	3,797	-	3,797
KIP Dream Fund(17)	15,369	20.71	3,182	-	3,182
KIP Essence Fund(17)	14,604	20.80	3,038	-	3,038
KIP Future Fund(17)	14,086	20.32	2,862	-	2,862
KIP Growth Fund(17)	13,646	20.23	2,761	-	2,761
KIP High Fund(17)	9,886	20.28	2,005	-	2,005
KIP Impact Fund(17)	11,363	20.33	2,310	-	2,310
KIP Joint Fund(17)	7,618	20.35	1,550	-	1,550

(In millions of won)

Company	December 31, 2018				
	Net assets (A)	Owner-ship (B)(%)	The Group's share of net assets(AxB)	Others	Carrying amount
KIP Key Fund(17)	11,841	20.28	2,402	-	2,402
Korea Investment Industry 4.0 Venture Fund	7,448	20.42	1,521	-	1,521
KIP Ace Fund(17)	92,837	30.00	27,851	-	27,851
			₩ 1,055,249	328	1,055,577

(In millions of won)

Company	December 31, 2017				
	Net assets (A)	Owner-ship (B)(%)	The Group's share of net assets(AxB)	Others (*)	Carrying amount
True Friend Investment Advisory Co., Ltd.	₩ 3,749	100.00	₩ 3,749	-	3,749
Global Dynasty Natural Resources Private Equity Fund	19,389	22.39	4,341	-	4,341
EQ Partners Asia Infra Private Equity Fund	(265)	25.00	(67)	67	-
Devonian Natural Resources Private Equity Fund	37,820	15.00	5,673	-	5,673
Korea Investment Partners China Incorporation	2,026	100.00	2,026	-	2,026
KoFC KIP Pioneer Champ 2010-1 Venture Capital Fund	10,720	17.50	1,876	-	1,876
KIP Growth Capital Fund No.17	51,421	32.33	16,626	-	16,626
2011 KIF-Korea Investment Partners IT Venture Fund	17,067	32.00	5,461	-	5,461
Korea Investment Global Frontier Fund No.20	87,204	32.25	28,125	-	28,125
KIP Overseas Expansion Platform Fund	65,447	22.50	14,726	-	14,726
Korea Investment Future Growth Venture Fund No.22	125,257	20.49	25,664	-	25,664
KIP Future Growth Venture Fund	10,750	11.12	1,195	-	1,195
KIP Future Value Venture Fund	3,135	11.66	366	-	366
Naver KIP Cheer up! Gamers Fund	8,049	25.00	2,012	-	2,012
Korea Investment Global contents Venture Fund	49,701	25.93	12,885	-	12,885
Shanghai Fangzheng Stock Investment Partnership	72,344	49.54	35,837	-	35,837
Korea Investment Venture Fund 15-1	25,138	11.13	2,798	-	2,798
Korea Investment Venture Fund 15-2	17,549	11.07	1,942	-	1,942
Korea Investment Venture Fund 15-3	18,252	11.22	2,048	-	2,048
Korea Investment Venture Fund 15-4	19,221	11.21	2,154	-	2,154
Korea Investment Venture Fund 15-5	17,206	11.30	1,944	-	1,944
KIP Promising Service Industry Venture Fund	42,731	44.66	19,086	167	19,253
KIM Growth Corporation Professional Mezzanine Private Trust 2	36,114	21.36	7,715	-	7,715

(In millions of won)

Company	December 31, 2017				
	Net assets (A)	Owner-ship (B)(%)	The Group's share of net assets(AxB)	Others (*)	Carrying amount
KIM AssetClass(SH)(C-F) 1	27,834	41.51	11,554	(13)	11,541
KIM AssetClass(BH)(C-F) 1	18,951	16.96	3,214	(10)	3,204
Korea Investment Aviation Professional Investors' Special Asset Investment Trust No.6(Debt instruments)	109,766	4.83	5,302	(5)	5,297
Korea Investment Global pharmaceutical industry promoting Private Equity Fund	112,619	22.22	25,026	-	25,026
Global Infra corporate finance supporting Private Equity Fund	43,071	2.42	1,043	(1,043)	-
Woori Partnership new technology Private Equity Fund	119,360	23.08	27,545	-	27,545
Korea Investment Partners US inc	779	100.00	779	-	779
EQ Partners Global PEF No.1	365,593	1.00	3,656	-	3,656
EQP POSCO Global No.1 Natural Resources Private Equity Fund 4	591,548	7.60	44,973	(784)	44,189
EQ Partners No.2 Corporate Restructuring Private Equity Fund 4	30,449	17.65	5,374	8	5,382
KIP Core Competency Leverage Fund	80,749	31.00	25,032	-	25,032
KIM Growth Corporation Professional Private Trust 1	73,875	30.00	22,162	-	22,162
KIP Ace Fund(17)	7,365	20.23	1,490	-	1,490
KIP Beyond Fund(17)	4,510	20.33	917	-	917
KIP Core Fund(17)	4,006	20.71	830	-	830
KIP Dream Fund(17)	3,818	20.80	794	-	794
KIP Essence Fund(17)	3,687	20.32	749	-	749
KIP Future Fund(17)	7,040	20.23	1,424	-	1,424
KIP Growth Fund(17)	3,373	20.28	684	-	684
KIP High Fund(17)	5,902	20.33	1,200	-	1,200
KIP Impact Fund(17)	2,618	20.35	533	-	533
KIP Joint Fund(17)	6,146	20.28	1,247	-	1,247
KIP Key Fund(17)	2,565	20.42	524	-	524
Korea Investment Industry 4.0 Venture Fund	28,217	44.37	12,519	-	12,519
KIM 4th Industrial Revolution of Korea Fund(Equity)	4,7876	12.57	6,018	(60)	5,958
Credian I Private Equity Fund	23,080	0.87	201	-	201
EQ Partners No.1 Environment Service Private Equity Fund	45,233	4.76	2,154	-	2,154
2018 KIF-KIP Artificial Intelligence Venture Fund	9,934	40.00	3,974	-	3,974
KIM VIPC FUND(Equity – Fund of Funds)	10,760	47.14	5,072	-	5,072
KIM Global Car & Battery Fund(Equity)	55,996	9.05	5,068	(26)	5,042
KIM Target Income Global Bond Feeder Fund	5,005	99.99	5,003	-	5,003
KIM Target Income Global Allocation Feeder Fund	5,057	99.58	5,035	-	5,035

(In millions of won)

Company	December 31, 2017				
	Net assets (A)	Owner-ship (B)(%)	The Group's share of net assets(AxB)	Others (*)	Carrying amount
KIM KINDEX Active Korea Treasury & Agency bonds ETF	72,164	42.97	31,009	3	31,012
		₩	460,287	(1,696)	458,591

(*) Others include the difference from non-application of the equity method as changes in equity are not significant.

(e) There is no accumulated unrecognized changes in equity due to discontinued use of equity method for the year ended December 31, 2018, and accumulated unrecognized changes in equity due to discontinued use of equity method for the year ended December 31, 2017 are as follows:

(In millions of won)

	December 31, 2018	
	Unrecognized loss	Unrecognized accumulated losses
EQ Partners Asia Infra Private Equity Fund	₩	(117)
Global Dynasty Natural Resources Private Equity Fund	-	(211)

(f) Investment partnerships among investment in associates have a loss compensation regulation in its partnership articles. The Group, as a general partner of each partnership, is required to compensate for the loss before its paid-in capital is distributed (Note 45).

(g) The amount of committed investment of partnerships as of December 31, 2018 and 2017 are as follows:

(In millions of won and in millions of yuan)

Company	Currency	Amount of committed investment	December 31, 2018		December 31, 2017	
			Accumulated investment	Residual committed investment	Accumulated investment	Residual committed investment
Global Dynasty Natural Resources Private Equity Fund	KRW	30,000	6,733	23,267	6,733	23,267
EQ Partners Asia Infra Private Equity Fund	KRW	10,000	9,540	460	9,540	460
Devonian Natural Resources Private Equity Fund	KRW	-	-	-	19,333	10,667
KIP Promising Service Industry Venture Fund	KRW	20,100	20,100	-	20,100	-
KIP Ace Fund(17)	KRW	30,000	28,686	1,314	22,806	7,194
Korea Investment Industry 4.0 Venture Fund	KRW	31,500	25,200	6,300	12,600	18,900
KoFC KIP Pioneer Champ 2010-1 Venture Capital Fund	KRW	10,500	10,500	-	10,500	-
KIP Growth Capital Fund No.17	KRW	24,250	24,250	-	24,250	-
2011 KIF-Korea Investment Partners IT Venture Fund	KRW	8,000	7,344	656	7,344	656

(In millions of won and in millions of yuan)

Company	Currency	Amount of committed investment	December 31, 2018		December 31, 2017	
			Accumulated investment	Residual committed investment	Accumulated investment	Residual committed investment
Korea Investment Global Frontier Fund No.20	KRW	33,800	33,800	-	33,800	-
KIP Overseas Expansion Platform Fund	KRW	18,000	18,000	-	18,000	-
Korea Investment Future Growth Venture Fund No.22	KRW	33,500	33,500	-	33,500	-
KIP Future Growth Venture Fund	KRW	2,502	2,502	-	2,502	-
KIP Future Value Venture Fund	KRW	758	758	-	758	-
Naver KIP Cheer up! Gamers Fund	KRW	2,500	2,500	-	2,500	-
Korea Investment Global contents Venture Fund	KRW	25,000	25,000	-	17,500	7,500
Shanghai Fangzheng Stock Investment Partnership	CNY	336	295	41	237	69
Korea Investment Venture Fund 15-1	KRW	2,393	2,393	-	2,393	-
Korea Investment Venture Fund 15-2	KRW	1,959	1,959	-	1,959	-
Korea Investment Venture Fund 15-3	KRW	2,065	2,065	-	2,065	-
Korea Investment Venture Fund 15-4	KRW	2,174	2,174	-	2,174	-
Korea Investment Venture Fund 15-5	KRW	1,955	1,955	-	1,955	-
KIM Growth Corporation Professional Private Trust 1	KRW	31,000	29,240	1,760	26,040	4,960
Korea Investment Global pharma-ceutical industry promoting Private Equity Fund	KRW	30,000	28,272	1,728	26,676	3,324
Global Infra corporate finance supporting Private Equity Fund	KRW	4,000	4,000	-	4,000	-
Woori Partnership new technology Private Equity Fund	KRW	30,000	29,451	549	29,331	669
EQ Partners Global PEF No.1	KRW	4,000	3,716	284	3,716	284
EQ POSCO Global No.1 Natural Resources Private Equity Fund	KRW	52,000	51,440	560	51,440	560
EQ Partners No.2 Corporate Restructuring Private Equity Fund	KRW	7,500	7,490	10	7,436	64
KIM Growth Corporation Professional Mezzanine Private Trust 2	KRW	10,000	9,082	918	7,797	2,203
KIP Beyond Fund(17)	KRW	7,687	4,612	3,075	1,537	6,150
KIP Core Fund(17)	KRW	4,717	2,830	1,887	943	3,774
KIP Dream Fund(17)	KRW	4,141	3,313	828	828	3,313
KIP Essence Fund(17)	KRW	3,952	3,162	790	790	3,162
KIP Future Fund(17)	KRW	3,718	2,974	744	744	2,974
KIP Growth Fund(17)	KRW	3,541	2,833	708	1,416	2,125

(In millions of won and in millions of yuan)

Company	Currency	Amount of committed investment	December 31, 2018		December 31, 2017	
			Accumulated investment	Residual committed investment	Accumulated investment	Residual committed investment
KIP High Fund(17)	KRW	3,489	2,093	1,396	698	2,791
KIP Impact Fund(17)	KRW	2,968	2,374	594	1,187	1,781
KIP Joint Fund(17)	KRW	2,707	1,624	1,083	541	2,166
KIP Key Fund(17)	KRW	3,083	2,466	617	1,233	1,850
Korea Investment Industry 4.0 Venture Fund	KRW	2,655	1,593	1,062	531	2,124
Credian I Private Equity Fund	KRW	204	204	-	204	-
EQ Partners No.1 Environment Service Private Equity Fund	KRW	3,000	2,910	90	2,195	805
2018 KIF-KIP Artificial Intelligence Venture Fund	KRW	20,000	12,000	8,000	4,000	16,000
EQ Partners Green Private Equity Fund	KRW	42,000	20,972	21,028	-	42,000
IBK KIP Growth Stepstone No.1 Private Equity Fund	KRW	30,000	6,639	23,361	-	30,000
IBK KIP Growth Stepstone No.3 Private Equity Fund	KRW	33,000	16,219	16,781	-	-
KIP Re-Up Fund	KRW	93,000	37,200	55,800	-	-
Kiwoom KIP Healthcare Platform Private Equity Fund	KRW	1,400	1,400	-	-	-
HANON PRIVATE EQUITY FUND	KRW	12,000	12,000	-	-	-
Aethra 3-1 PRIVATE EQUITY FUND	KRW	5,000	5,000	-	-	-
	KRW	741,718	566,068	175,650	425,595	201,723
	CNY	336	295	41	237	69

12. Financial assets measured at amortized cost

(a) Details of Financial assets measured at amortized cost as of December 31, 2018 are as follows:

(In millions of won)

		December 31, 2018
Loans and receivables at amortized cost	₩	18,695,411
Debt securities at amortized cost		854,037
Total	₩	19,549,448

(b) Detail of Loans and receivables at amortized cost as of December 31, 2018 are as follows:

(In millions of won)

		December 31, 2018		
		Receivables	Loss allowance	Book value
Call loan	₩	272	-	272
Broker's loans (*)		2,366,606	(6,942)	2,359,664
Loans receivable		15,571,937	(115,725)	15,456,212
Loans to employees		1,562	-	1,562
Advances for customers		11,097	(11,009)	88
Privately placed bonds		874,894	(2,367)	872,527
Others		23,174	(18,088)	5,086
	₩	18,849,542	(154,131)	18,695,411

(*) With borrowings from KSFC and the Group's funds, the Group provides margin accounts to customers for margin purchase of securities. Cash or marketable securities equivalent to 140~160% of such loan is held as collateral for margin transactions. When related collateral falls below 140~160% of the corresponding margin, additional cash or securities are then provided by customers as collateral.

(c) Changes in carrying amount of loans and receivables at amortized cost for the year ended December 31, 2018 are as follows:

(In millions of won)

		December 31, 2018				Total
		collective assessment of impairment			individual assessment of impairment	
		12-months ECL	Lifetime ECL	Impaired bond Lifetime ECL	Lifetime ECL	
Beginning balance	₩	11,913,983	134,027	113,413	35,129	12,196,552
Replacement						
To 12-month ECL		22,813	(22,356)	(457)	-	-
To Lifetime ECL (collective assessment of impairment)		(123,684)	124,211	(527)	-	-
To Impaired bond lifetime ECL		(40,556)	(6,350)	48,476	(1,569)	1
To Lifetime ECL (individual assessment of impairment)		(3,519)	(5,508)	(14)	9,041	-

(In millions of won)

	December 31, 2018				
	collective assessment of impairment			individual assessment of impairment	Total
	12-months ECL	Lifetime ECL	Impaired bond Lifetime ECL	Lifetime ECL	
Origination and Collection	6,638,761	22,412	17,806	1,176	6,680,155
Written-off	(826)	(31)	(2,178)	-	(3,035)
Recoveries from written-off loans	-	-	647	-	647
disposal	(20,000)	-	(4,867)	-	(24,867)
Others (*)	24	-	65	-	89
Ending Balance	₩ 18,386,996	246,405	172,364	43,777	18,849,542

(*) Others include changes in exchange rate effect.

(d) Changes in allowance for credit losses of loans and receivables at amortized cost for the year ended December 31, 2018 are as follows:

(In millions of won)

	December 31, 2018				
	collective assessment of impairment			individual assessment of impairment	Total
	12-months ECL	Lifetime ECL	Impaired bond Lifetime ECL	Lifetime ECL	
Beginning balance	₩ 60,979	5,350	41,266	7,143	114,738
Replacement					
To 12-month ECL	1,519	(1,358)	(161)	-	-
To Lifetime ECL (collective assessment of impairment)	(2,119)	2,298	(178)	-	1
To Impaired bond lifetime ECL	(972)	(771)	1,743	-	-
To Lifetime ECL (individual assessment of impairment)	(56)	(49)	-	105	-
Origination and Collection	18,243	4,104	26,173	(708)	47,812
Written-off	(826)	(31)	(2,178)	-	(3,035)
Recoveries from written-off loans	9	-	647	-	656
disposal	-	-	(4,867)	-	(4,867)
Others (*)	-	-	(814)	(360)	(1,174)
Ending Balance	₩ 76,777	9,543	61,631	6,180	154,131

(*) Others include changes in unwinding effect and exchange rate effect.

(e) The group recognized Net gain(loss) on disposal of loans at amortized cost amounted to ₩2,729 million, for the purpose of improving soundness.

(f) Details of debt securities at amortized cost as of December 31, 2018 are as follows:

(In millions of won)

	December 31, 2018			
	Face value	Amortized cost	Loss allowance	Book value
	Government and Public bonds	₩ 455,000	445,001	-
Special bonds	10,000	10,000	-	10,000
Corporate bonds	399,400	399,266	(230)	399,036
	₩ 864,400	854,267	(230)	854,037

(g) Change in carrying amount of loss allowance of debt securities at amortized cost during 2018.

(In millions of won)

	2018			
	12-months ECL	Lifetime ECL	Credit-impaired financial assets	Total
Beginning balance	₩ 214,704	-	-	214,704
Acquisition and disposal	637,693	-	-	637,693
Changed in foreign currency and others (*)	1,870	-	-	1,870
Ending balance	₩ 854,267	-	-	854,267

(*) Others include interest income the effective interest rate amortization

(h) Change in loss allowance of debt securities at amortized cost during 2018.

(In millions of won)

	2018			
	12-months ECL	Lifetime ECL	Credit-impaired financial assets	Total
Beginning balance	₩ -	-	-	-
Provision (reversal)	230	-	-	230
Ending balance	₩ 230	-	-	230

(i) There is no gain or loss incurred from disposal of the debt securities at amortized cost.

13. Loans

(a) Loans as of December 31, 2017 are as follows:

(In millions of won)

	December 31, 2017		
	Loans	Allowances	Book value
Broker's loans (*)	₩ 2,412,486	(6,059)	2,406,427
Loans receivable	9,672,265	(70,963)	9,601,302
Loans to employees	1,592	-	1,592
Advances for customers	11,333	(11,032)	301
Others	255,918	(15,159)	240,759
	₩ 12,353,594	(103,213)	12,250,381

(*) With borrowings from KSFC and the Group's funds, the Group provides margin accounts to customers for margin purchase of securities.

Cash or marketable securities equivalent to 140~160% of such loan is held as collateral for margin transactions. When related collateral falls below 140~160% of the corresponding margin, additional cash or securities are then provided by customers as collateral.

(b) The changes in allowances for loan losses for the years ended December 31, 2017 are as follows:

(In millions of won)

	December 31, 2017	
Beginning	₩	79,924
Provision		27,726
Written-off		(6,187)
Recoveries from written-off loans		1,969
Others (*)		(219)
	₩	103,213

(*) Others include changes in unwinding effect.

14. Property and Equipment

(a) The details of property and equipment as of December 31, 2018 and 2017 are as follows:

(In millions of won)

	December 31, 2018		
	Acquisition cost	Accumulated depreciation	Carrying amount
Land	₩ 194,351	-	194,351
Buildings	131,574	(62,303)	69,271
Vehicles	762	(404)	358
Furniture and equipment	129,281	(83,087)	46,194
Others	82,463	(58,142)	24,321
	₩ 538,431	(203,936)	334,495

(In millions of won)

	December 31, 2017		
	Acquisition cost	Accumulated depreciation	Carrying amount
Land	₩ 194,570	-	194,570
Buildings	126,679	(59,197)	67,482
Vehicles	814	(404)	410
Furniture and equipment	117,269	(70,356)	46,913
Others	75,143	(50,741)	24,402
	₩ 514,475	(180,698)	333,777

(b) The changes in property and equipment for the years ended December 31, 2018 and 2017 are as follows:

(In millions of won)

	December 31, 2018					
	Beginning balance	Acquisition	Disposal	Depreciation	Others (*)	Ending balance
Land	₩ 194,570	-	(220)	-	1	194,351
Buildings	67,482	4,538	(418)	(3,123)	792	69,271
Vehicles	410	184	(108)	(159)	31	358
Furniture and equipment	46,913	12,783	(477)	(13,579)	554	46,194
Others	24,402	9,511	(656)	(9,344)	408	24,321
	₩ 333,777	27,016	(1,879)	(26,205)	1,786	334,495

(*) Represents business combination, exchange rate fluctuation effect of foreign subsidiaries, transfer between investment property and property and equipment due to changes in leasable areas, increase in estimated costs of restoration.

(In millions of won)

	December 31, 2017					
	Beginning balance	Acquisition	Disposal	Depreciation	Others (*)	Ending balance
Land	₩ 192,955	-	-	-	1,615	194,570
Buildings	70,657	-	-	(3,169)	(6)	67,482
Vehicles	631	40	(82)	(179)	-	410
Furniture and equipment	20,503	35,542	(137)	(9,002)	7	46,913
Others	20,591	10,763	(254)	(8,170)	1,472	24,402
	₩ 305,337	46,345	(473)	(20,520)	3,088	333,777

(*) Represents exchange rate fluctuation effect of foreign subsidiaries, transfer between investment property and property and equipment due to changes in leasable areas, increase in estimated costs of restoration.

(c) The details of insurance policies as of December 31, 2018 and 2017 are as follows:

(In millions of won)

	Insured amount		Insurance company
	December 31, 2018	December 31, 2017	
Personal information insurance	₩ 1,000	1,000	
Financial transaction compensation insurance	1,000	24,902	
Package insurance (*)	172,695	172,695	Meritz Fire & Marine Insurance Co., Ltd., etc
Gas accident compensation insurance (*)	80 per person, 300 per accident		
Insurance for electronic instrument	11,774	11,857	
Fire insurance coverage for buildings (for business purposes)	3,351	-	Lotte Insurance Co., Ltd.
Fire insurance coverage for other assets	17,421	6,267	
Foreign resident employee insurance	-	300	Dongbu Insurance Co., Ltd.
Burglary insurance	13,710	13,110	

(*) Package insurance covers buildings recorded as property and equipment and investment property.

Also, the Group has insurance coverage for directors and employees' accident, gas accident compensation insurance, group accident insurance, burglary insurance for electronic instrument and automobile liability insurance policies for vehicles.

(d) The Group has leased vehicles, under operating lease agreement with Hyundai Capital Co., Ltd. and others. The total lease expenses to be paid in the future as of December 31, 2018 and 2017, are as follows:

(In millions of won)

	December 31, 2018	December 31, 2017
Within 1 year	₩ 502	716
1-5 years	1,091	623
	₩ 1,593	1,339

15. Intangible Assets

(a) The changes in intangible assets for the years ended December 31, 2018 and 2017 are as follows:

(In millions of won)

	December 31, 2018						
	Beginning balance	Acquisition (*1)	Disposal	Amortization	Impairment losses	Others (*2)	Ending balance
Goodwill	₩ 27,430	3,614	-	-	-	(6)	31,038
Development costs	68,525	17,620	-	(18,203)	-	(10)	67,932
Software	15,176	2,405	-	(3,739)	-	(140)	13,702
Memberships	25,598	1,538	(2,914)	-	(42)	47	24,227
Others	30,468	1,827	(24)	(960)	-	-	31,311
	₩ 167,197	27,004	(2,938)	(22,902)	(42)	(109)	168,210

(*1) Include goodwill arising from a business combination during the current term.

(*2) Increase(decrease) due to the effect of foreign exchange rate fluctuation of foreign subsidiaries.

(In millions of won)

	December 31, 2017						
	Beginning balance	Acquisition	Disposal	Amortization	Impairment losses	Others (*)	Ending balance
Goodwill	₩ 27,697	-	-	-	-	(267)	27,430
Development costs	11,743	67,570	-	(10,788)	-	-	68,525
Software	7,066	10,334	(1)	(2,245)	-	22	15,176
Memberships	25,232	1,711	(1,144)	-	(165)	(36)	25,598
Others	24,122	7,240	(18)	(876)	-	-	30,468
	₩ 95,860	86,855	(1,163)	(13,909)	(165)	(281)	167,197

(*) Changes in foreign exchange rate difference.

(b) The group's goodwill was allocated to cash-generating unit as of December 31, 2018 and 2017 are as follows.

(In millions of won)

	December 31, 2018	December 31, 2017
EQ Partners Co., Ltd.	₩ 8,353	8,353
Korea Investment Savings Bank Co., Ltd.	16,946	16,946
KIS Vietnam Securities Corporation	2,177	2,131
PT Korea Investment & Sekuritas Indonesia	3,562	-
	₩ 31,038	27,430

Goodwill impairment reviews are undertaken annually. Impairment test suggests that the carrying value of cash generating units does not exceed the recoverable amount. The recoverable amounts of all cash generating units have been determined based on value-in-use calculations. These calculations use pretax cash flow projections based on financial budgets covering a five-year period. In addition, a constant growth rate assumption is used for perpetual cash flow calculation.

(c) Intangible assets with indefinite useful lives except for goodwill as of December 31, 2018 and 2017 are as follows:

(In millions of won)

	December 31, 2018	December 31, 2017
Registration fee to KFTC	₩ 20,997	20,997
Memberships	24,237	25,598
	₩ 45,234	46,595

16. Investment Property

(a) The details of investment property as of December 31, 2018 and 2017 are as follows:

(In millions of won)

December 31, 2018				
		Acquisition cost	Accumulated depreciation	Carrying amount
Land	₩	91,677	-	91,677
Buildings		68,560	(1,867)	66,693
	₩	160,237	(1,867)	158,370

(In millions of won)

December 31, 2017					
		Acquisition cost	Accumulated depreciation	Accumulated Impairment losses	Carrying amount
Land	₩	7,045	-	(758)	6,287
Buildings		5,938	(1,532)	(1,784)	2,622
	₩	12,983	(1,532)	(2,542)	8,909

(b) The changes in investment property for the years ended December 31, 2018 and 2017 are as follows:

(In millions of won)

December 31, 2018				
		Land	Buildings	Total
Beginning	₩	6,287	2,622	8,909
Acquisition		85,390	64,396	149,786
Depreciation		-	(185)	(185)
Transfer (*)		-	(140)	(140)
Ending	₩	91,677	66,693	158,370

(*) Represents transfer between investment property and property and equipment due to changes in leasable areas.

(In millions of won)

December 31, 2017				
		Land	Buildings	Total
Beginning	₩	28,311	8,619	36,930
Disposal		(20,409)	(5,858)	(26,267)
Depreciation		-	(145)	(145)
Transfer (*)		(1,615)	6	(1,609)
Ending	₩	6,287	2,622	8,909

(*) Represents transfer between investment property and property and equipment due to changes in leasable areas.

(c) The fair values of the investment property recognized at cost as of December 31, 2018 and 2017 are as follows:

(In millions of won)

		December 31, 2018	December 31, 2017
Land	₩	97,049	5,767
Buildings		98,322	2,375
	₩	195,371	8,142

17. Other financial assets measured at amortized cost

Details of Other financial assets measured at amortized cost as of December 31, 2018 are as follows:

(In millions of won)

December 31, 2018		
Accounts receivable	₩	1,136,404
Accrued income		246,631
Guarantee deposits paid		70,015
Domestic exchange settlement debits		171,213
Others		7,993
Present value discount		(1,101)
Allowance in credit loss		(39,582)
	₩	1,591,573

18. Other Financial Assets

The details of other financial assets as of December 31, 2017 are as follows:

(In millions of won)

December 31, 2017		
Accounts receivable	₩	912,441
Accrued income		198,750
Guarantee deposits		75,199
Domestic exchange settlement debits		153,579
Others		7,076
Present value discount		(1,479)
Allowances		(26,827)
	₩	1,318,739

19. Other Non-financial Assets

The details of other non-financial assets as of December 31, 2018 and 2017 are as follows:

(In millions of won)

		December 31, 2018	December 31, 2017
Advance payments	₩	66,000	62,834
Prepaid expenses		13,559	11,778
Others		1,206	2,333
	₩	80,765	76,945

20. Disposal Assets held for sale

The details of disposal assets held for sale as of December 31, 2018 and 2017 are as follows:

(In millions of won)

		December 31, 2018	December 31, 2017
Investments in associates (*)	₩	-	3,053

(*)The Group sold its investment securities held for investment in associates.

21. Deposits Received

The details of deposits received as of December 31, 2018 and 2017 are as follows:

(In millions of won)

		December 31, 2018	December 31, 2017
Customers' deposits for brokerage	₩	1,564,470	1,675,131
Customers' deposits for exchange-traded derivatives trading		2,208,509	1,481,096
Customers' deposits for savings		14,439	24,007
Customers' deposits for collective investment securities		111,268	182,594
Other deposits received		56	56
		3,898,742	3,362,884
Bank's deposits:			
Demand deposits		3,505,405	1,673,063
Fixed deposit		7,684,553	4,678,914
Savings deposits		8,144	7,926
Corporate free savings deposits		78,710	56,575
Installment deposits		1,878,198	788,509
Long term savings deposits for housing		1,419	2,500
Other deposits		7,820	503
		13,164,249	7,207,990
	₩	17,062,991	10,570,874

22. Financial liabilities measured at fair value through profit or loss

The Group classifies securities sold as financial liabilities measured at fair value through profit or loss. Securities sold as of December 31, 2018 are as follows:

(In millions of won)

		December 31, 2018
Equity instruments	₩	369,713
Debt instruments		2,529,236
	₩	2,898,949

23. Financial Liabilities Held for Trading

The Group classifies securities sold as financial liabilities held for trading. The detail of securities sold as of December 31, 2017 are as follows:

(In millions of won)

		December 31, 2017
Equity instruments	₩	315,200
Debt instruments		2,807,169
	₩	3,122,369

24. Derivative Financial Instruments

The Group is using derivative financial instruments in order to avoid the risk from value changes in derivatives-linked securities, exchange rates and interest rates arisen from the Group's assets and liabilities. The Group is also trading derivative financial instruments within the transaction limit set for the purpose of generating revenues.

The details of derivative financial instruments as of December 31, 2018 and 2017 are as follows:

(In millions of won)

		December 31, 2018		
		Notional Amount (*1)	Assets	Liabilities
Interest rate				
Futures (*2)	₩	3,342,842	-	-
Swaps		6,152,006	46,047	42,236
		9,494,848	46,047	42,236
Currency				
Forwards		10,123,397	72,773	28,668
Futures (*2)		210,304	-	-
Swaps		257,849	506	5,148
Options		33,486	247	-
		10,625,036	73,526	33,816

(In millions of won)

December 31, 2018			
	Notional Amount (*1)	Assets	Liabilities
Stock and index			
Futures (*2)	2,450,492	-	-
Swaps	6,897,914	164,702	450,068
Options	21,052,926	132,229	669,314
	30,401,332	296,931	1,119,382
Bond			
Swaps	2,250,000	15,087	17,926
	2,250,000	15,087	17,926
Credit			
Swaps	775,931	4,199	1,698
	775,931	4,199	1,698
Commodity			
Futures (*2)	52,399	-	-
Swaps	1,239	79	-
Options	2,576	-	6,580
	56,214	79	6,580
Others			
Swaps	28,435	2,449	261
	28,435	2,449	261
Credit risk adjustments	-	(24,804)	(626)
	₩	53,631,796	413,514
			1,221,273

(*1) Notional amounts are translated by applying the standard rate of exchange at the end of the reporting period. In case of transactions between Korean won and a foreign currency, the basis is the contractual price of the foreign currency. Also, for transactions between different foreign currencies, the basis is the contractual price of buying rate.

(*2) Futures transactions are settled daily and reflected in deposits.

(In millions of won)

December 31, 2017			
	Notional Amount (*1)	Assets	Liabilities
Interest rate			
Futures (*2)	₩	1,943,720	-
Swaps		2,269,674	27,500
		4,213,394	27,500
Currency			

(In millions of won)

December 31, 2017			
	Notional Amount (*1)	Assets	Liabilities
Forwards	2,697,264	42,292	17,726
Futures (*2)	340,316	-	-
Swaps	70,299	876	3,189
	3,107,879	43,168	20,915
Stock and index			
Futures (*2)	1,303,058	-	-
Swaps	3,640,338	74,108	187,542
Options	18,973,353	109,834	254,622
	23,916,749	183,942	442,164
Credit			
Swaps	150,000	410	244
	150,000	410	244
Commodity			
Futures (*2)	25,408	-	-
Swaps	2,052	-	50
Options	7,898	-	1,379
	35,358	-	1,429
Others			
Swaps	74,388	565	428
	74,388	565	428
Credit risk adjustments	-	(5,504)	(302)
	₩	31,497,768	253,176
			492,378

(*1) Notional amounts are translated by applying the standard rate of exchange at the end of the reporting period. In case of transactions between Korean won and a foreign currency, the basis is the contractual price of the foreign currency. Also, for transactions between different foreign currencies, the basis is the contractual price of buying rate.

(*2) Futures transactions are settled daily and reflected in deposits.

25. Financial liabilities designated as measured at fair value through profit or loss

The Group designates equity-linked securities sold, equity-linked derivatives-linked bonds sold, other derivative-linked securities sold, other derivatives-linked bonds sold, and exchange traded notes sold as financial liabilities designated as measured at fair value through profit or loss.

Equity-linked securities sold and others are structured financial instruments whose rate of return is linked to price changes of stock price index or stock price, interest rate, foreign exchange rate, credit rate or commodity price. These securities are hybrid financial instruments in which debt financial instrument and derivative financial instrument are combined. The Group does not account for derivatives embedded in the hybrid financial instruments separately, instead, derivatives are designated as financial liabilities designated as measured at fair value through profit or loss to evaluate the whole contract.

(a) The Group's financial liabilities designated as measured at fair value through profit or loss as of December 31, 2018 are as follows:

(In millions of won)

December 31, 2018		
Equity-linked securities sold	₩	5,681,899
Equity-linked derivative-linked bonds sold		2,823,042
Other derivative-linked securities sold		471,862
Other derivative-linked bonds sold		2,451,816
Exchange traded notes sold		836,901
Day1 profit or loss		110,732
Credit value adjustments		(42,794)
	₩	12,333,458

(b) Credit value adjustments of financial liabilities designated as measured at fair value through profit or loss as of December 31, 2018 are as follows:

(In millions of won)

December 31, 2018		
Financial liabilities designated as measured at fair value through profit or loss	₩	12,333,458
Change in the fair value attributable to changes in the credit risk during the period		26,919
Accumulated change in the fair value attributable to changes in the credit risk		42,794

26. Financial Liabilities Designated at FVTPL

The Group designates equity-linked securities sold, equity-linked derivatives-linked bonds sold, other derivative-linked securities sold, other derivatives-linked bonds sold, and exchange traded notes sold as financial liabilities at FVTPL.

Equity-linked securities sold and others are structured financial instruments whose rate of return is linked to price changes of stock price index or stock price, interest rate, foreign exchange rate, credit rate or commodity price. These securities are hybrid financial instruments in which debt financial instrument and derivative financial instrument are combined. The Group does not account for derivatives embedded in the hybrid financial instruments separately, instead, derivatives are designated as financial liabilities at FVTPL to evaluate the whole contract.

(a) The Group's financial liabilities designated at FVTPL as of December 31, 2017 are as follows:

(In millions of won)

December 31, 2017				
		Book value before valuation	Fair value (book value)	Gains or losses on valuation
Equity-linked securities sold	₩	4,397,652	4,588,890	(191,238)
Equity-linked derivative-linked bonds sold		2,186,399	2,194,960	(8,561)
Other derivative-linked securities sold		1,028,969	1,052,639	(23,670)
Other derivative-linked bonds sold		864,106	849,331	14,775

(In millions of won)

December 31, 2017				
		Book value before valuation	Fair value (book value)	Gains or losses on valuation
Exchange-traded notes sold		155,814	156,201	(387)
Day 1 Profit and Loss		287,637	112,800	174,837
		(4,039)	(15,875)	11,836
	₩	8,916,538	8,938,946	(22,408)

(b) Credit risk adjustments of financial liabilities designated at FVTPL as of December 31, 2017 are as follows:

(In millions of won)

December 31, 2017		
Financial liabilities designated at FVTPL	₩	8,938,946
Change in credit risk adjustments		11,836
Credit risk adjustments		15,875

27. Borrowings

(a) The details of borrowings as of December 31, 2018 and 2017 are as follows:

(In millions of won)

		December 31, 2018	December 31, 2017
Borrowings	₩	18,541,357	16,319,204
Debentures		3,892,745	3,045,582
	₩	22,434,102	19,364,786

(b) The details of borrowings as of December 31, 2018 and 2017 are as follows:

(In millions of won)

	Borrower	Interest rate (%)	Maturity	December 31, 2018
Call money		1.99~2.10	-	₩ 630,000
Bank loans	Industrial Bank of Korea	3.15	Jan 1, 2019	200,000
Borrowings from KSFC	Korea Securities Finance Corp.	2.01~2.02	Jan 2, 2019 ~ Jan 22, 2019	170,000
Electronic short-term bonds		1.99~2.31	Jan 2, 2019 ~ Jan 10, 2019	1,310,100
Other borrowings	Korea investment holdings Co., Ltd.'s CP and others	1.20~2.45	-	5,930,641
Securities sold under repurchase agreements	-	1.90~2.10	-	10,300,616
				₩ 18,541,357

(In millions of won)

	Borrower	Interest rate (%)	Maturity	December 31, 2017	
Call money	Shinhan Bank and others	1.70~1.75	-	₩	202,800
Bank loans	Industrial Bank of Korea	2.90	Jan 2, 2018		69,000
Borrowings from KSFC	Korea Securities Finance Corp.	1.45~1.75	Jan 1, 2018 ~ Jan 11, 2018		201,440
Electronic short-term bonds	KTB Investment Securities and others	1.86	Jan 2, 2018		735,000
Other borrowings	Korea investment holdings Co., Ltd.'s CP and others	1.20~8.00	-		2,117,431
Securities sold under repurchase agreements	-	1.46~1.80	-		12,993,533
				₩	16,319,204

(c) The details of debentures as of December 31, 2018 and 2017 are as follows:

(In millions of won)

	Interest rate (%)	December 31, 2018	Interest rate (%)	December 31, 2017
Debentures	1.892 ~ 3.250 ₩	3,900,000	1.791 ~ 3.250 ₩	3,050,000
Less:				
Discount on debentures		(7,255)		(4,418)
Development costs				
	₩	3,892,745	₩	3,045,582

(d) Changes in borrowings from financing activities for the years ended December 31, 2018 and 2017 are as follows:

(In millions of won)

	December 31, 2018			
	Borrowings	Debentures	Total	
Beginning balance	₩	16,319,204	3,045,582	19,364,786
Changes in cash flows from financing activities:				
Proceeds from borrowings		8,431,772	1,864,146	10,295,918
Repayment of borrowings		(4,596,497)	(1,020,000)	(5,616,497)
		3,835,275	844,146	4,679,421
Changes in cash flows from operating activities		(1,613,203)	-	(1,613,203)
Discount on debenture amortized		-	3,017	3,017
Effect of exchange rate changes		81	-	81
Ending balance	₩	18,541,357	3,892,745	22,434,102

(In millions of won)

	December 31, 2017			
	Borrowings	Debentures	Total	
Beginning balance	₩	13,471,276	2,705,875	16,177,151
Changes in cash flows from financing activities:				
Proceeds from borrowings		6,226,848	936,957	7,163,805
Repayment of borrowings		(2,658,592)	(606,234)	(3,264,826)
		3,568,256	330,723	3,898,979
Changes in cash flows from operating activities		(709,352)	-	(709,352)
Discount on debenture amortized		-	8,984	8,984
Effect of exchange rate changes		(10,976)	-	(10,976)
Ending balance	₩	16,319,204	3,045,582	19,364,786

28. Post-employment Benefits

28.1 Defined Benefit Plans

(a) Net defined benefit liabilities consist of defined benefit pension schemes and retirement consolation benefits and the details as of December 31, 2018 and 2017 are as follows:

(In millions of won)

	December 31, 2018	December 31, 2017	
Present value of defined benefit obligations	₩	90,647	79,975
Fair value of plan assets		(82,012)	(76,163)
Liability in the statement of financial position	₩	8,635	3,812

(b) The changes in the present value of the defined benefit obligations for the years ended December 31, 2018 and 2017 are as follows:

(In millions of won)

	December 31, 2018	December 31, 2017	
Beginning balance	₩	79,975	74,191
Current service cost		12,914	11,820
Interest cost		2,354	1,966
Remeasurements:			
Changes in demographic assumptions		448	(76)
Changes in financial assumptions		1,634	(2,231)
Experience adjustments		1,130	169

(In millions of won)

	December 31, 2018	December 31, 2017
Payments from plans:		
Benefits paid	(7,867)	(5,864)
Other adjustment	59	-
Ending balance	₩ 90,647	79,975

(c) The changes in the fair value of plan assets for the years ended December 31, 2018 and 2017 are as follows:

(In millions of won)

	December 31, 2018	December 31, 2017
Beginning balance	₩ 76,163	63,445
Interest cost	2,444	1,815
Remeasurements:		
Return on plan assets (excluding amounts included in interest income)	(1,960)	(1,188)
Contributions of employer	13,192	17,893
Payments from plans:		
Benefits paid	(7,827)	(5,802)
Ending balance	₩ 82,012	76,163

(d) The details of plan assets as of December 31, 2018 and 2017 are as follows:

(In millions of won)

	December 31, 2018		December 31, 2017	
	Carrying amount	Composition (%)	Carrying amount	Composition (%)
Cash equivalents	₩ 7,158	8.73	₩ 3,741	4.91
Time deposits	25,057	30.55	20,913	27.46
Bond type fund	32,630	39.79	45,554	59.81
Combined type fund	3,993	4.87	2,633	3.46
Others	13,174	16.06	3,322	4.36
	₩ 82,012	100.00	₩ 76,163	100.00

(e) Key actuarial assumptions used as of December 31, 2018 and 2017 are as follows:

	December 31, 2018	December 31, 2017
Discount rate	2.67 ~ 3.27%	2.67 ~ 3.76%
Expected salary increase rate (*)	1.83 ~ 11.78%	1.85 ~ 11.78%

(*) The expected salary increase rate is calculated with consideration of the Group's salary contracts, promotion experience index, inflation and others.

(f) The sensitivity analyses for significant actuarial assumptions used to determine the present value of the defined benefit obligation as of December 31, 2018 is as follows:

(In millions of won)

	Effect on the present value of defined benefit obligation		
	Changes in assumption	Increase	Decrease
Discount rate	1.00%p ₩	(6,710)	7,657
Expected salary increase rate	1.00%p	7,675	(6,767)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. The sensitivity of the present value of the defined benefit obligation to changes in actuarial assumptions is calculated using the projected unit credit method, the same method applied when calculating the defined benefit obligations.

28.2 Defined Contribution Plans

Recognized expense related to the defined contribution plan for the years ended December 31, 2018 and 2017 amounted to ₩23,850 million and ₩14,728 million, respectively.

29. Provisions

(a) The details of provisions as of December 31, 2018 and 2017 are as follows:

(In millions of won)

	December 31, 2018	December 31, 2017
Provisions for restoration costs	₩ 9,020	6,453
Provisions for lawsuits	425	37,671
Provisions for other liabilities and charges	37,136	426
	46,581	44,550
Provisions for off-balance sheet items		
Provision for undrawn commitment	2,114	-
Provisions for guarantees	10,913	3,846
	13,027	3,846
	₩ 59,608	48,396

(b) Changes in balance for off-balance sheet items for the years ended December 31, 2018 are as follows:

(In millions of won)

	Financial acceptances & guarantees				
	12-months ECL	Lifetime ECL		Total	
		Not-impaired	Impaired		
Beginning balance	₩	3,290,046	-	-	3,290,046
Replacement					
To 12-month ECL		-	-	-	-
To Lifetime ECL		-	-	-	-
To credit impaired financial asset		-	-	-	-
Provision (reversal)		(206,095)	-	-	(206,095)
Ending balance	₩	3,083,951	-	-	3,083,951

(In millions of won)

	Undrawn commitments etc.				
	12-months ECL	Lifetime ECL		Total	
		Not-impaired	Impaired		
Beginning balance	₩	3,865,020	13,722	222	3,878,964
Replacement					
To 12-month ECL		(69,370)	68,651	719	-
To Lifetime ECL		983	(982)	(1)	-
To credit impaired financial asset		(30)	-	30	-
Increase (Decrease)		1,720,743	(33,468)	(970)	1,686,305
Ending balance	₩	5,517,346	47,923	-	5,565,269

(c) Changes in provisions for off-balance sheet items for the years ended December 31, 2018 are as follows:

(In millions of won)

	Financial acceptances & guarantees				
	12-months ECL	Lifetime ECL		Total	
		Not-impaired	Impaired		
Beginning balance	₩	691	-	-	691
Replacement:					
To 12-month ECL		-	-	-	-
To Lifetime ECL		-	-	-	-
Provision (reversal)		1,423	-	-	1,423
Ending balance	₩	2,114	-	-	2,114

(In millions of won)

	Undrawn commitments etc.				
	12-months ECL	Lifetime ECL		Total	
		Not-impaired	Impaired		
Beginning balance	₩	7,751	57	-	7,808
Replacement:					
To 12-month ECL		(119)	116	3	-
To Lifetime ECL		4	(4)	-	-
Provision (reversal)		2,932	176	(3)	3,105
Ending balance	₩	10,568	345	-	10,913

30. Other Financial Liabilities

The details of other financial liabilities as of December 31, 2018 and 2017 are as follows:

(In millions of won)

	December 31, 2018	December 31, 2017
Dividends payable	₩ 74	64
Accounts payable	999,976	827,254
Accrued expenses	382,273	309,765
Other deposits received	1,123,748	552,203
Leasehold deposits received	9,201	3,221
Domestic exchange settlement credits	30,900	44,962
Financial guarantee contract liabilities	145,107	-
Non-controlling interests (liabilities)	198,548	91,804
Others	293	142
	₩ 2,890,120	1,829,415

31. Other Non-Financial Liabilities

The details of other non-financial liabilities as of December 31, 2018 and 2017 are as follows:

(In millions of won)

	December 31, 2018	December 31, 2017
Accrued expenses	₩ 17,310	16,341
Taxes withheld	25,791	27,050
Advances from customers	-	1,276
Unearned revenue	61,514	18,829
	₩ 104,615	63,496

(In millions of won)

32. Income tax expense and Deferred income tax assets (liabilities)

(a) Income tax expense for the years ended December 31, 2018 and 2017 consists of:

(In millions of won)

		December 31, 2018	December 31, 2017
Current tax on profit for the year (*)	₩	188,124	247,971
Changes in deferred income tax assets (liabilities)		1,897	(39,613)
Tax recognized directly in equity		7,276	(28,099)
Income tax expense	₩	197,297	180,259

(*) Includes additional payment of income taxes and income taxes refunds.

(b) Reconciliation of profit before income taxes and income tax expense for the years ended December 31, 2018 and 2017 are as follows:

(In millions of won)

		December 31, 2018	December 31, 2017
Profit before income taxes	₩	713,244	643,343
Tax based on statutory rate		185,780	155,270
Adjustments:			
Adjustment of prior year tax return		-	(505)
Non-deductible expenses and others		7,194	5,903
Non-taxable income and others		(3,086)	(1,136)
Difference from unrecognized deferred income tax assets		5,826	19,247
Others (changes in tax rate and others)		1,583	1,480
Income tax expense	₩	197,297	180,259
Effective tax rate		27.7%	28.0%

(c) The changes in accumulated temporary differences and deferred income tax assets (liabilities) for the years ended December 31, 2018 and 2017 are as follows:

(In millions of won)

		December 31, 2018		
		Beginning balance	Increase (decrease) (*4)	Ending balance
Joint compensation fund (*1)	₩	(440)	-	(440)
Accrued income		(62,348)	(31,888)	(94,236)
Gains on valuation of financial assets		212,611	(75,767)	136,844
Comprehensive income(loss) on valuation of financial assets		(279,231)	76,564	(202,667)
Loans		(61)	84	23
Present value discount		39	13,285	13,324
Investments in associates		6,068	(61,541)	(55,473)

	December 31, 2018		
	Beginning balance	Increase (decrease) (*4)	Ending balance
Investments in subsidiaries (*2)	(1,578,021)	(264,415)	(1,842,436)
Severance insurance deposits	(66,890)	(3,988)	(70,878)
Net defined benefit liabilities	67,387	8,722	76,109
Provisions for payment guarantees	37,136	2,620	39,756
Provisions for asset retirement obligation	4,057	2,524	6,581
Accrued expenses	28,303	6,592	34,895
Loans to employees	208	(171)	37
Intangible assets	5,571	2,559	8,130
Adjustment to derivative valuation	(1)	1	-
Deemed cost of land	(112,685)	-	(112,685)
Allowance for advanced depreciation	(61,347)	-	(61,347)
Loss on valuation of derivatives	(67,292)	495,639	428,347
Gain (loss) on valuation of derivatives-linked securities	(4,344)	23,385	19,041
Gain (loss) on valuation of derivatives-linked securities sold	101,757	(517,598)	(415,841)
Other non-operating income (*1)	37,379	-	37,379
Depreciation (property and equipment)	(3,055)	(3,347)	(6,402)
Amortization (intangible assets)	(20,997)	-	(20,997)
Provision for loss allowance	(4,095)	2,598	(1,497)
Assets for financial guarantee contracts	-	(148,516)	(148,516)
Liabilities for financial guarantee contracts	-	151,522	151,522
Deposits after expiration of statute of limitations	6,895	(184)	6,711
Revaluation surplus (*1)	(2,326)	-	(2,326)
Tax losses	28,452	5,079	33,531
Others (*1)	210,709	72,944	283,653
	(1,516,561)	(243,297)	(1,759,858)
Temporary differences not subject to deferred tax (*1) (*2)	(1,463,914)	-	(1,692,050)
Temporary differences subject to deferred tax	(52,647)	-	(67,808)
Statutory tax rate (*3)	27.50%		27.50%
Deferred income tax liabilities, net	₩	(14,478)	(18,648)

(*)1 Deferred income tax assets have not been recognized, due to the uncertainty that these will be realized in the future.

(*)2 Deferred tax effect has not been recognized for temporary differences of ₩1,815,473 million related to investments in subsidiaries as its future realization is uncertain, or there is no tax due to consolidated tax return when the differences are realized by dividend payments.

(*)3 Tax rates used for deferred tax assets and liabilities are based on the tax rate confirmed by the end of current year. Expected average tax rate are used in the period when related temporary difference would be used.

(*)4 It includes changes in deferred tax assets (liabilities) in accordance with the application of K-IFRS 1109.

(In millions of won)

	December 31, 2017		
	Beginning balance	Increase (decrease)	Ending balance
Joint compensation fund (*1)	₩ (440)	-	(440)
Accrued income	(60,109)	(2,239)	(62,348)
Gains on foreign currency translation	-	-	-
Gains on valuation of financial assets	178,388	34,223	212,611
Comprehensive income(loss) on valuation of financial assets	(191,246)	(87,985)	(279,231)
Impairment loss on financial instruments	370	(370)	-
Loans	(69)	8	(61)
Present value discount	198	(159)	39
Investments in associates	11,342	(5,274)	6,068
Investments in subsidiaries (*2)	(1,518,521)	(59,500)	(1,578,021)
Severance insurance deposits	(59,039)	(7,851)	(66,890)
Net defined benefit liabilities	63,680	3,707	67,387
Provisions for payment guarantees	37,168	(32)	37,136
Provisions for asset retirement obligation	3,567	490	4,057
Accrued expenses	26,160	2,143	28,303
Loans to employees	232	(24)	208
Intangible assets	3,107	2,464	5,571
Adjustment to derivative valuation	-	(1)	(1)
Deemed cost of land	(120,894)	8,209	(112,685)
Allowance for advanced depreciation	(61,347)	-	(61,347)
Loss on valuation of derivatives	(70,308)	3,016	(67,292)
Gain (loss) on valuation of derivatives-linked securities	51,705	(56,049)	(4,344)
Gain (loss) on valuation of derivatives-linked securities sold	(135,576)	237,333	101,757
Other non-operating income (*1)	37,379	-	37,379
Depreciation (property and equipment)	811	(3,866)	(3,055)
Amortization (intangible assets)	(20,997)	-	(20,997)
Gain(loss) on valuation of loans receivable	6,355	(10,450)	(4,095)
Deposits after expiration of statute of limitations	7,032	(137)	6,895
Revaluation surplus (*1)	(2,326)	-	(2,326)
Tax losses	16,308	12,144	28,452
Others (*1)	101,169	109,540	210,709
	(1,695,901)	(179,340)	(1,516,561)
Temporary differences not subject to deferred tax (*1) (*2)	(1,453,341)		(1,463,914)
Temporary differences subject to deferred tax	(242,560)		(52,647)

(In millions of won)

	December 31, 2017		
	Beginning balance	Increase (decrease)	Ending balance
Statutory tax rate (*3)	24.2%, 22.0%		27.5%
Deferred income tax liabilities, net	₩ (54,091)		(14,478)

(*1) Deferred income tax assets have not been recognized, due to the uncertainty that these will be realized in the future.

(*2) Deferred tax effect has not been recognized for temporary differences of ₩1,535,863 million related to investments in subsidiaries as its future realization is uncertain, or there is no tax due to consolidated tax return when the differences are realized by dividend payments.

(*3) Tax rates used for deferred tax assets and liabilities are based on the tax rate confirmed by the end of current year. Expected average tax rate are used in the period when related temporary difference would be used.

(d) Current income tax assets (liabilities) as of December 31, 2018 and 2017 are as follows:

(In millions of won)

	December 31, 2018	December 31, 2017
The Parent Company:		
Current income tax assets	₩ 391	223
	391	223
Subsidiaries:		
Current income tax assets	2,623	414
Current income tax liabilities	(73,365)	(156,669)
	(70,742)	(156,255)
	₩ (70,351)	(156,032)

(e) Details of tax effects recognized except on profit and loss as of December 31, 2018 and 2017 are as follows:

(In millions of won)

	December 31, 2018					
	Beginning balance		Increase(decrease) (*)		Ending balance	
	Accumulated Other comprehensive income	Income tax effects	Accumulated Other comprehensive income	Income tax effects	Accumulated Other comprehensive income	Income tax effects
Gains or losses on valuation of available-for-sale financial assets	₩ 352,167	(96,525)	(352,167)	96,525	-	-
Change in fair value- Debt instruments measured at fair value through other comprehensive income	-	-	5,289	(1,416)	5,289	(1,416)
Change in credit risk- Debt instruments measured at fair value through other comprehensive income	-	-	350	(96)	350	(96)

(In millions of won)

	December 31, 2018						
	Beginning balance		Increase(decrease) (*)		Ending balance		
	Accumulated Other comprehensive income	Income tax effects	Accumulated Other comprehensive income	Income tax effects	Accumulated Other comprehensive income	Income tax effects	
Equity instruments measured at fair value through other comprehensive income	-	-	239,737	(65,928)	239,737	(65,928)	
Share of other comprehensive income of associates	13,499	(3,712)	(15,343)	4,219	(1,844)	507	
Foreign currency differences	(20,826)	503	18,305	(1,579)	(2,521)	(1,076)	
Remeasurements of net defined benefit liabilities	(7,077)	1,700	(4,911)	1,537	(11,988)	3,237	
	₩	337,763	(98,034)	(108,740)	33,262	229,023	(64,772)

(*) It includes changes in deferred tax assets (liabilities) in accordance with the application of K-IFRS 1109.

(In millions of won)

	December 31, 2017						
	Beginning balance		Increase(decrease)		Ending balance		
	Accumulated Other comprehensive income	Income tax effects	Accumulated Other comprehensive income	Income tax effects	Accumulated Other comprehensive income	Income tax effects	
Gains or losses on valuation of available-for-sale financial assets	₩	243,461	(57,968)	108,706	(38,557)	352,167	(96,525)
Share of other comprehensive income of associates		13,402	(3,243)	97	(469)	13,499	(3,712)
Foreign currency differences		46,656	(10,703)	(67,482)	11,206	(20,826)	503
Remeasurements of net defined benefit liabilities		(7,990)	1,811	913	(111)	(7,077)	1,700
Gains or losses on valuation of derivatives		(695)	168	695	(168)	-	-
	₩	294,834	(69,935)	42,929	(28,099)	337,763	(98,034)

33. Equity

(a) Details of capital stock as of December 31, 2018 and 2017 are as follows:

(In millions of won)

	December 31, 2018	December 31, 2017
Authorized number of shares	200,000,000	200,000,000
Par value per share (in won)	₩ 5,000	5,000
Common shares issued	55,725,992	55,725,992
Capital stock - common shares	₩ 278,630	278,630
Preferred shares #1 issued (*)	5,858,251	5,858,251
Capital stocks-preferred shares	₩ 29,291	29,291
Total capital stock	₩ 307,921	307,921

(*) The details of preferred shares as of December 31, 2018 are as follows:

Description	Type	Dividend ratio (%)
Preferred shares #1	Participating and non-cumulative	Common share ratio + 1.23

(b) Details of capital surplus as of December 31, 2018 and 2017 are as follows:

(In millions of won)

	December 31, 2018	December 31, 2017
Paid-in capital in excess of par value	₩ 463,754	463,754
Gains on disposal of treasury shares	20,058	20,058
Revaluation reserves	10,442	10,442
Other capital surplus	120,502	109,519
	₩ 614,756	603,773

(c) The details of capital adjustments as of December 31, 2018 and 2017 are as follows:

(In millions of won)

		December 31, 2018	December 31, 2017
Treasury shares (*)	₩	(50,144)	(50,144)
Others		2	2
	₩	(50,142)	(50,142)

(*) The details of treasury shares in capital adjustments as of December 31, 2018 and 2017 are as follows:

(In millions of won)

	December 31, 2018		December 31, 2017	
	Number of shares	Carrying amount	Number of shares	Carrying amount
Ordinary shares	2,987,479	₩ 48,260	2,987,479	₩ 48,260
Preferred shares #1	200,000	1,884	200,000	1,884
	3,187,479	₩ 50,144	3,187,479	₩ 50,144

(d) The details of accumulated other comprehensive income as of December 31, 2018 and 2017 are as follows:

(In millions of won)

		December 31, 2018	December 31, 2017
Change in fair value and gains(losses) on disposal of financial instruments measured at fair value through other comprehensive income	₩	177,681	-
Gains on available-for-sale financial assets		-	255,642
Changes in equity of associates		(1,337)	9,787
Foreign currency differences		(3,596)	(20,323)
Remeasurements of net defined benefit liabilities		(8,751)	(5,377)
Change in credit risk of debt instruments measured at fair value through other comprehensive income		254	-
	₩	164,251	239,729

(e) Details of retained earnings as of December 31, 2018 and 2017 are as follows:

(In millions of won)

		December 31, 2018	December 31, 2017
Legal reserves	₩	468,513	307,921
Voluntary reserves		370,744	447,890
Unappropriated retained earnings		2,440,589	1,999,044
	₩	3,279,846	2,754,855

With respect to the allocation of net profit earned in a fiscal term, the Group must set aside its legal reserve in an amount equal to at least 10% of its net income after tax as reported in the separate statement of comprehensive income each time it pays dividends on its net profits earned until its legal reserve reaches at least the aggregate amount of its paid-in capital in accordance with Article 53 of the Financial Holding Company Act.

Under the Commercial Code of the Republic of Korea, the legal reserve is not available for the payment of cash dividends, but may be transferred to capital stock or used to reduce accumulated deficit, if any. When capital reserves and legal reserves exceed 1.5 times of share capital of the Group, they are deductible from capital reserves and legal reserves within the range of exceeded amounts.

(f) The Group's appropriations of retained earnings for the years ended December 31, 2018 and 2017, consists of the following:

(In millions of won)

		December 31, 2018	December 31, 2017
Retained earnings before appropriation:			
Balance at the beginning of year	₩	2,828,982	2,607,527
Changed effects of accounting policies		(1,593)	-
Profit for the year		337,108	314,567
		3,164,497	2,922,094
Appropriation of retained earnings:			
Legal reserve		-	-
Regulatory reserve for credit losses		(12,936)	(671)
Cash dividends:		105,462	93,783
(Dividends per common share (In won): ₩1,800.0(36.00%) in 2018, ₩1,600.0(32.00%) in 2017)		94,929	84,382
(Dividends per preferred share #1 (In won): ₩1,861.5 (37.23%) in 2018, ₩1,661.5 (33.23%) in 2017)		10,533	9,401
		92,526	93,112
Unappropriated retained earnings to be carryforwards to subsequent year	₩	3,071,971	2,828,982

(g) Regulatory reserve for credit losses

In accordance with the Supervisory Regulations for Financial Holding Companies, the Group reserves the difference between allowance for credit losses under K-IFRS and that as required by Regulations for the Financial Investment Business at the account of regulatory reserve for credit losses in retained earnings.

The reserve for credit losses is similar to voluntary reserve for retained earnings. When the existing reserve for credit losses exceeds the required reserve at the end of the reporting period, the excess amount can be reversed. When undisposed deficit exists, reserve for credit losses is waived until the undisposed deficit is reversed.

(i) The details of the regulatory reserve for credit losses as of December 31, 2018 and 2017 are as follows:

(In millions of won)

		December 31, 2018	December 31, 2017
Beginning balance	₩	137,617	112,455
Planned regulatory reserve for (reversal of) loan losses		36,299	12,763
Ending balance	₩	173,916	125,218

(ii) The adjusted profit for the year after reflection of reserve for credit losses for the years ended December 31, 2018 and 2017 is as follows:

	(In millions of won)	
	December 31, 2018	December 31, 2017
Profit, attributable to owners of the Group	₩ 529,556	510,215
Provision for reserve (*1)	(40,842)	(76,824)
Adjusted profit after provision of reserve for credit losses (*2)	488,714	433,391
Adjusted earnings per preferred share #1 after provision of reserve for credit losses (*2)	8,424 won	7,477 won
Adjusted earnings per common share after provision of reserve for credit losses (*2)	8,363 won	7,416 won

(*1) The amount attributable to non-controlling interests is excluded.

(*2) Adjusted profit after reserve for credit losses is not in accordance with K-IFRS and calculated on the assumption that provision or reversal of reserve for credit losses before tax is adjusted to the profit.

34. Fee and Commission Income, and Fee and Commission Expense

The details of fee and commission income, and fee and commission expense for the years ended December 31, 2018 and 2017 are as follows:

	(In millions of won)	
	December 31, 2018	December 31, 2017
Fee and commission income:		
Brokerage commissions	₩ 298,654	264,534
Underwriting commissions	76,436	98,879
Brokerage commissions on collective investment securities	78,730	70,348
Collective investment scheme management commission	103,636	90,631
Management fee on wrap account and asset management	50,587	49,017
Commissions on merger & acquisition	59,610	42,753
Fee income (savings bank)	37,760	33,808
Guarantee commissions	60,486	32,530
Trust fees and commissions received from trust account	26,292	23,884
Investment partnership income	36,398	22,443
Other commissions	170,645	104,983
	999,234	833,810
Fee and commission expense:		
Fee for brokerage transactions	(60,190)	(46,959)
Introducing broker commissions	(6,814)	(4,919)
Fee expenses (savings bank)	(37,131)	(16,391)
Other commissions	(186,915)	(109,385)
	(291,050)	(177,654)
Net fee and commission	₩ 708,184	656,156

35. Interest Income and Interest Expense

The details of interest income and interest expense for the years ended December 31, 2018 and 2017 are as follows:

	(In millions of won)	
	December 31, 2018	December 31, 2017
Interest income:		
Cash and deposits	₩ 66,371	61,910
Financial assets measured at fair value through profit or loss	453,757	-
Financial assets held for trading	-	340,660
Financial assets measured at fair value through other comprehensive income	98,865	-
Available-for-sale financial assets	-	37,913
Financial assets measured at amortised cost	824,432	-
Held-to-maturity financial assets	-	1,170
Loans	-	471,780
Others	6,701	3,803
	1,450,126	917,236
Interest expenses:		
Deposits received	(181,842)	(71,743)
Borrowings	(359,993)	(278,051)
Others	(20,603)	(4,534)
	(562,438)	(354,328)
Net interest income	₩ 887,688	562,908

36. Dividend Income

The details of dividend income for the years ended December 31, 2018 and 2017 are as follows:

	(In millions of won)	
	December 31, 2018	December 31, 2017
Financial assets measured at fair value through profit or loss	₩ 31,999	-
Financial assets held for trading	-	29,767
Financial assets measured at fair value through other comprehensive income	18,206	-
Available-for-sale financial assets	-	34,141
Others	2,586	4,822
	₩ 52,791	68,730

37. Gains (losses) on Valuation and Disposal of Financial Assets (liabilities)

(In millions of won)

(a) The details of gains (losses) on valuation and disposal of financial assets (liabilities) for the years ended December 31, 2018 and 2017 are as follows:

(In millions of won)

	December 31, 2018		
	Profit	Loss	Net
Financial assets measured at fair value through profit or loss	₩ 1,197,589	(736,467)	461,122
Derivative financial instruments	4,176,820	(4,300,360)	(123,540)
Financial assets measured at fair value through other comprehensive income	4,310	(2,311)	1,999
Financial assets measured at amortised cost	3,802	(1,072)	2,730
Financial liabilities measured at fair value through profit or loss	281,199	(236,510)	44,689
Financial liabilities designated as measured at fair value through profit or loss	158,048	(576,994)	(418,946)
	₩ 5,821,768	(5,853,714)	(31,946)

(In millions of won)

	December 31, 2017		
	Profit	Loss	Net
Financial assets held for trading	₩ 572,370	(361,521)	210,849
Derivative financial instruments	3,454,345	(2,556,656)	897,689
Financial assets designated at FVTPL	132,098	(10,113)	121,985
Available-for-sale financial assets	68,386	(11,784)	56,602
Financial liabilities held for trading	77,005	(219,795)	(142,790)
Financial liabilities designated at FVTPL	253,984	(1,139,750)	(885,766)
Loans	25,922	(53,980)	(28,058)
	₩ 4,584,110	(4,353,599)	230,511

(b) The details of gains (losses) on valuation and disposal of financial assets (liabilities) measured at fair value through profit or loss for the years ended December 31, 2018 are as follows:

(In millions of won)

	December 31, 2018		
	Profit	Loss	Net
Financial assets measured at fair value through profit or loss:			
Equity instruments	₩ 241,951	(563,289)	(321,338)
Debt instruments	394,618	(151,592)	243,026
Derivatives-linked securities	559,159	(21,479)	537,680
Loans	1,861	(107)	1,754
	1,197,589	(736,467)	461,122

	December 31, 2018		
	Profit	Loss	Net
Financial liabilities measured at fair value through profit or loss:			
Equity instruments	258,903	(121,118)	137,785
Debt instruments	22,296	(115,392)	(93,096)
	281,199	(236,510)	44,689
	₩ 1,478,788	(972,977)	505,811

(c) The details of gains (losses) on valuation and disposal of financial assets (liabilities) held for trading for the years ended December 31, 2017 are as follows:

(In millions of won)

	December 31, 2017		
	Profit	Loss	Net
Financial assets held for trading:			
Equity instruments	₩ 463,534	(126,093)	337,441
Debt instruments	80,138	(235,428)	(155,290)
Reserve for claims of customers' deposits	28,698	-	28,698
	572,370	(361,521)	210,849
Financial liabilities held for trading:			
Equity instruments	40,386	(172,662)	(132,276)
Debt instruments	36,619	(47,133)	(10,514)
	77,005	(219,795)	(142,790)
	₩ 649,375	(581,316)	68,059

(d) The details of gains (losses) on valuation and disposal of financial assets designated at FVTPL for the years ended December 31, 2017 are as follows:

(In millions of won)

	December 31, 2017		
	Profit	Loss	Net
Financial assets designated at FVTPL:			
Equity instruments	₩ 583	(27)	556
Debt instruments	5,453	(728)	4,725
Derivatives-linked securities:			
Equity-linked securities	121,704	(7,263)	114,441
Equity-linked bonds	806	(27)	779
Other derivatives-linked securities	1,748	-	1,748
Other derivatives-linked bonds	1,799	(2,062)	(263)
Exchange traded securities	5	(6)	(1)
	132,098	(10,113)	121,985
Financial liabilities designated at FVTPL:			
Derivatives-linked securities sold:			
Equity-linked securities sold	217,477	(969,924)	(752,447)
Equity-linked derivatives-linked bonds sold	465	(39,649)	(39,184)
Other derivatives-linked securities sold	16,121	(113,046)	(96,925)
Other derivatives-linked bonds sold	18,481	(16,338)	2,143
Exchange traded notes sold	1,440	(793)	647
	253,984	(1,139,750)	(885,766)
	₩ 386,082	(1,149,863)	(763,781)

(e) The details of gains (losses) on valuation and disposal of available-for-sale financial assets (including impairment losses) for the years ended December 31, 2017 are as follows:

(In millions of won)

	December 31, 2017		
	Profit	Loss	Net
Equity instruments	₩ 65,741	(8,255)	57,486
Debt instruments	1,622	(3,529)	(1,907)
Others	1,023	-	1,023
	₩ 68,386	(11,784)	56,602

38. Other Operating Income and Other Operating Expenses

The details of other operating income and other operating expenses for the years ended December 31, 2018 and 2017 are as follows:

(In millions of won)

December 31, 2018	
Other operating income:	
Distribution income from investment funds	₩ 39,953
Reversal of provisions for asset retirement obligation	216
Others	27,713
	67,882
Other operating expenses:	
Provisions for asset retirement obligation	(2,076)
Others	(20,345)
	(22,421)
	₩ 45,461

(In millions of won)

December 31, 2017	
Other operating income:	
Distribution income from investment funds	₩ 2,205
Reversal of provisions for asset retirement obligation	778
Others	1,892
	4,875
Other operating expenses:	
Bad debt expenses	(782)
Provisions for asset retirement obligation	(909)
Provisions for undrawn commitments	(3,846)
Provisions for legal proceedings provision	(535)
Others	(26,671)
	(32,743)
	₩ (27,868)

39. Selling and Administrative Expenses

The details of selling and administrative expenses for the years ended December 31, 2018 and 2017 are as follows:

(In millions of won)

		December 31, 2018	December 31, 2017
Salaries	₩	474,530	414,308
Retirement benefits		36,674	26,699
Welfare expense		56,221	51,433
Electronic data operating expense		52,538	47,218
Rent		25,423	21,515
Commission and fees		36,714	31,256
Entertainment expenses		16,384	14,444
Advertising		40,348	31,858
Depreciation of investment property		185	145
Depreciation of property and equipment		26,205	20,520
Research expense		2,595	2,401
Training expenses		2,992	2,829
Amortization		22,903	13,909
Taxes and dues		43,413	36,861
Others		81,934	78,836
	₩	919,059	794,232

40. Non-operating Revenues and Non-operating Expenses

The details of non-operating revenues and non-operating expenses for the years ended December 31, 2018 and 2017 are as follows:

(In millions of won)

		December 31, 2018	December 31, 2017
Non-operating income:			
Gain on disposal of property and equipment	₩	20	54
Gain on disposal of intangible assets		551	104
Gain on investments in associates		106,310	24,067
Gain on disposal of investments subsidiaries		756	1,009
Rent income		4,678	327
Other non-operating income		4,559	4,011
	₩	116,874	29,572

(In millions of won)

		December 31, 2018	December 31, 2017
Non-operating expenses:			
Loss on disposal of property and equipment	₩	(85)	(246)
Loss on disposal of intangible assets		(440)	(17)
Loss on disposal of investment property		-	(11,472)
Loss on investments in associates		(14,995)	(15,208)
Loss on disposal of investments in subsidiaries		(1,855)	(1,133)
Donation		(1,907)	(1,866)
Other non-operating expenses		(5,808)	(10,548)
	₩	(25,090)	(40,490)

41. Accumulated Other Comprehensive Income

The details in accumulated other comprehensive income for the years ended December 31, 2018 and 2017 are as follows:

(In millions of won)

	December 31, 2018					
	Beginning	IFRS9 adjustment	IFRS9 Beginning	Changes	Adjustments	Ending
Gains or losses on valuation of available- for-sale financial assets	₩ 352,167	(352,167)	-	-	-	-
Change in fair value- Debt instruments measured at fair value through other comprehensive income	-	(6,405)	(6,405)	6,766	4,928	5,289
Change in credit risk- Debt instruments measured at fair value through other comprehensive income	-	228	228	122	-	350
Equity instruments measured at fair value through other comprehensive income	-	251,745	251,745	(12,008)	-	239,737
Share of other comprehensive income of associates	13,499	(10,945)	2,554	(4,398)	-	(1,844)
Foreign currency differences	(20,826)	-	(20,826)	18,305	-	(2,521)
Remeasurements of net defined benefit liabilities	(7,076)	-	(7,076)	(4,911)	-	(11,987)
	337,764	(117,544)	220,220	3,876	4,928	229,024
Tax effect	(98,034)	25,986	(72,048)	8,627	(1,351)	(64,772)
Total	₩ 239,730	(91,558)	148,172	12,503	3,577	164,252

(In millions of won)

	December 31, 2017			
	Beginning	Changes	Removed from equity and recognized in profit or loss	Ending
Gains or losses on valuation of available-for-sale financial assets	₩ 243,461	146,849	(38,143)	352,167
Share of other comprehensive income of associates	13,402	97	-	13,499
Foreign currency differences	46,655	(67,481)	-	(20,826)
Remeasurements of net defined benefit liabilities	(7,989)	913	-	(7,076)
Gains(losses) on valuation of derivatives	(695)	695	-	-
	294,834	81,073	(38,143)	337,764
Tax effect	(69,935)	(38,671)	10,572	(98,034)
	₩ 224,899	42,402	(27,571)	239,730

42. Earnings per Share

(a) The details of earnings per share for the years ended December 31, 2018 and 2017 are as follows:

(In millions of won)

	December 31, 2018	December 31, 2017
Profit for the year attribute to owners of the Group:	₩ 529,556	510,215
Common shares	477,931	460,464
Preferred share #1	51,625	49,751
Weighted average number of ordinary shares outstanding:		
Common shares	52,738,513	52,738,513
Preferred share #1	5,658,251	5,658,251
Basic earnings per share:		
Common shares	9,062 won	8,731 won
Preferred share #1	9,124 won	8,793 won

(b) Basic earnings per share is the same with diluted earnings per share because there are no potential ordinary shares.

43. Supplemental Cash Flow Information

(a) Cash and cash equivalents as of December 31, 2018 and 2017 are as follows:

(In millions of won)

	December 31, 2018	December 31, 2017
Cash on hand	₩ 2,262	12,241
Ordinary deposits	221,242	50,646
Time deposits	29,825	33,791
Foreign currency deposits	410,364	352,650
Other deposits	82,944	105,251
	₩ 746,637	554,579

(b) Adjustments for non-cash items of cash flows from operating activities for the years ended December 31, 2018 and 2017 consist of the following:

(In millions of won)

	December 31, 2018	December 31, 2017
Interest income	₩ (1,450,126)	(917,236)
Interest expenses	562,438	354,328
Dividend income	(52,791)	(68,730)
Income tax expenses	197,297	180,259
Gains on valuation of financial assets (liabilities) measured at fair value through profit or loss	(918,317)	-
Losses on valuation of financial assets (liabilities) measured at fair value through profit or loss	594,028	-
Gains on valuation of financial assets (liabilities) held for trading	-	(189,569)
Losses on valuation of financial assets (liabilities) held for trading	-	179,916
Gains on valuation of derivative financial assets (liabilities) measured at fair value through profit or loss	(611,789)	-
Losses on valuation of derivative financial assets (liabilities) measured at fair value through profit or loss	972,831	-
Gains on valuation of derivative financial assets (liabilities) held for trading	-	(407,540)
Losses on valuation of derivative financial assets (liabilities) held for trading	-	389,002
Gains on valuation of financial assets (liabilities) designated at FVTPL	(566,787)	(107,775)
Losses on valuation of financial assets (liabilities) designated at FVTPL	250,358	291,557
Gains on disposal of financial assets measured at fair value through other comprehensive income	₩ (4,310)	-
Losses on disposal of financial assets measured at fair value through other comprehensive income	2,311	-
Gains on disposal of available-for-sale financial assets	-	(68,386)
Losses on disposal of available-for-sale financial assets	-	9,352
Impairment losses on available-for-sale financial assets	-	2,432

(In millions of won)

	December 31, 2018	December 31, 2017
Bad debt expenses (Provision for loss allowance)	59,574	27,726
Losses (gains) on disposal (redemption) of loans and receivables	(2,729)	521
Gains on investments in associates	(106,310)	(24,067)
Losses on investments in associates	14,995	15,208
Losses (gains) on disposal of investments in associates and subsidiaries	1,099	184
Depreciation of property and equipment	26,205	20,520
Amortization	22,902	13,909
Depreciation of investment property	184	145
Losses on foreign currency translations	6,326	41,036
Increase in provisions	4,877	4,536
Others	162,660	52,708
	₩ (835,074)	(199,964)

(*)The Group classifies investment securities, which are classified as available-for-sale securities up to the end of the past period, as investment activities, as operating activities, which are considered to be revenue generating activities that affect net income decisions.

(c) Changes in operating assets and liabilities of cash flows for the years ended December 31, 2018 and 2017 consist of the following:

(In millions of won)

	December 31, 2018	December 31, 2017
Deposits in financial institutions	₩ (3,278,209)	(522,252)
Financial assets measured at fair value through profit or loss	(2,103,008)	-
Financial assets held for trading	-	(1,919,394)
Derivative financial instruments	206,896	(76,184)
Financial assets designated at FVTPL	(619,142)	(182,304)
Financial assets measured at amortised cost	(189,639)	-
Loans	(6,703,446)	(1,285,063)
Other assets	(81,837)	69,392
Deposits received	6,492,117	885,471
Financial liabilities measured at fair value through profit or loss	(186,980)	-
Financial liabilities held for trading	-	224,220
Financial liabilities designated at FVTPL	3,896,878	1,361,289
Securities sold under repurchase agreements	(1,613,203)	814,683
Net defined benefit liabilities	(12,609)	(19,716)
Other liabilities	777,000	89,423
	₩ (3,415,182)	(560,435)

(*)The Group classifies investment securities, which are classified as available-for-sale securities up to the end of the past period, as investment activities, as operating activities, which are considered to be revenue generating activities that affect net income decisions.

44. Assets Pledged as Collaterals

The details of financial assets pledged as collaterals as of December 31, 2018 and 2017 are as follows:

(In millions of won)

	December 31, 2018		
	Book value (*1)	Collateral amounts (*2)	Remark
Stock	₩ 106,583	81,485	Guarantee for futures trading
	1,295,414	1,042,360	Guarantee for lending and borrowing securities
Bond	7,983,635	6,472,883	Guarantee for trading securities under repurchase agreements (*3)
	4,929,149	3,829,136	Guarantee for lending and borrowing securities
	597,806	560,896	Margin deposits on KRX
	3,037,722	2,843,457	Guarantee for derivatives trading
	245,627	241,380	Collateral for net settlement on Bank of Korea
	₩ 18,195,936	15,071,597	

(In millions of won)

	December 31, 2017		
	Book value (*1)	Collateral amounts (*2)	Remark
Stock	₩ 937	899	Guarantee for futures trading
	1,758,874	1,375,172	Guarantee for lending and borrowing securities
Bond	9,552,385	8,193,639	Guarantee for trading securities under repurchase agreements (*3)
	2,861,119	2,605,134	Guarantee for lending and borrowing securities
	405,913	384,962	Margin deposits on KRX
	1,160,978	1,111,238	Guarantee for derivatives trading
	109,842	105,299	Collateral for net settlement on Bank of Korea
	₩ 15,850,048	13,776,343	

(*1) Includes financial assets measured at fair value through profit or loss and securities borrowed.

(*2) Collateral amount is the appraised amount calculated by multiplying a certain ratio to the market price of stocks and bonds. Securities, whose market price is not available, are valued at par value.

(*3) The repurchase agreement is a transaction to sell securities to customers with a condition that the Group repurchases the securities at the sale price plus a lender's return (interest and others). When a transfer of a financial asset does not qualify for derecognition, the related asset continues to be recognized, and the amount of securities sold is recognized as liabilities.

45. Contingent Liabilities and Commitments

(a) The Group has entered into various agreements with various financial institutions as of December 31, 2018 and 2017 as follows:

(In millions of won)

	Type	Financial Institutions	Credit facility	
			December 31, 2018	December 31, 2017
Korea Investment & Securities Co., Ltd.	Overdraft (including daily overdraft)	Industrial Bank of Korea and other six financial institutes	₩ 615,000	615,000
	General loan	Industrial Bank of Korea and other four banks	495,000	435,000
	Working capital loan (general)	KSFC	500,000	500,000
	Working capital loan (trust)	KSFC	Limit of trust amount	Limit of trust amount
	Note trading at a discount (general)	KSFC	200,000	200,000
	Note trading at a discount (trust)	KSFC	Limit of subscription deposits	Limit of subscription deposits
	Loans to financial securities- secured loans	KSFC	500,000	500,000
	KSFC borrowings for customers	KSFC	-	100,000
	Loan secured by deposit	KSFC	Limit of linked deposit	Limit of linked deposit
	Korea Investment Savings Bank Co., Ltd.	Domestic exchange Transaction	Korea Federation of Savings banks	45,000
Borrowings from Korea Federation of Savings banks		Korea Federation of Savings banks	95% of reserve requirement balance	95% of reserve requirement balance

(b) As of December 31, 2018, the Group is involved in 43 lawsuits as the defendant involving ₩68,880 million in damages, and in 107 lawsuits as the plaintiff claiming ₩67,371 million. The Group is not able to predict the results of lawsuits reasonably, as of December 31, 2018.

(c) As of December 31, 2018, the Group has agreements to purchase the commercial papers if the commercial papers are not sold in the market until the issue date under the condition that the credit rates of the commercial papers maintain a certain level. The details of the commercial papers purchase agreements ₩1,278,400 million, as of December 31, 2018, are as follows:

In accordance with the commercial papers purchase agreements, the Group has commercial papers amounting to ₩134,157 million at face amount (2017: ₩110,723 million) as of December 31, 2018.

(d) Payment guarantees and other commitments provided by the Group, as of December 31, 2018 and 2017 are as follows:

(In millions of won)

	Beneficiary	December 31, 2018	December 31, 2017
Payment guarantee	Thechaeminc and Others	₩ 237,470	-
Credit line and others	Ssangyong Cement Industry Co.,LTD Acceptance Financing and Others	5,565,269	3,878,964
Loan commitment for unsold house	KIS IB 2th and Others	521,228	1,256,619
Loan purchase commitment	Visionbluegreen 2th Co.,LTD and Others	1,162,300	759,450
An unsold collateral commitment	SeongnamsiSinheungYeok Development Agency	18,710	-
		₩ 7,504,977	5,895,033

(e) The investments in KakaoBank of Korea Corp. (the "Kakao Bank") were made in accordance with the joint investment agreement (the "Agreement") among the Parent, Kakao Co., Ltd. (the "Kakao") and other investors. According to the agreement, the Parent grants a call option to Kakao which enables Kakao to buy the shares of Kakaobank up to the limit of regulations on condition that Kakao gets approval from the financial authorities, in the case that Kakao's maximum interest limit in KakaoBank, which means the limit of ownership of shares and voting rights, increases to more than 15% due to an amendment or enactment of related laws such as the Banking Act (the "Share Adjustment Reason"). If Kakao exercises the call option, the Parent must sell the shares to Kakao at par value up to the Kakao's holding limit of the shares and the remaining shares to others for the remaining shares to be "the Kakao's holding limit of the shares minus 1." In addition, the Parent has a put option to sell the whole or some of its interest in Kakaobank if the Share Adjustment Reason occurs. If the put option is exercised, Kakao should purchase the share of Kakaobank from the Parent up to the maximum interest limit. As from January 17, 2019 the Special Act on the Establishment and Operation of Internet Banking is effective, Kakao may hold up to 34% of the voting interest of KakaoBank upon approval by the financial authorities. The maximum exercisable shares of the call option and the put option under the Agreement are estimated as 16% (41,600,000 shares) of the total outstanding shares including convertible preferred shares.

(f) Korea Investment Partners Co., Ltd. and EQ Partners Co.,Ltd. are subject to the loss supplement according to the constitution of investment in partnership. Therefore, Korea Investment Partners Co., Ltd. and EQ Partners Co.,Ltd. receive capital investment after losses are supplied. The loss supplement agreement has an influence on the valuation of capital investment on investment in partnership. The details of loss supplement are as follows:

Partnership	Articles of partnership
Korea Investment Partners Venture Partnership No.11	General partner provides losses from paid-in capital by priority within the limit of 10%
KoFC KIP Pioneer Champ 2010-1 Venture Capital Fund	General partner provides losses from paid-in capital by priority within the limit of 5%
KIP Growth Capital Fund No.17	General partner provides losses from paid-in capital by priority within the limit of 5%
2011 KIF-Korea Investment Partners IT Venture Fund	General partner provides losses from paid-in capital by priority within the limit of 5%
Korea Investment Global Frontier Fund No.20	General partner provides losses from paid-in capital by priority within the limit of 5%
KIP Overseas Expansion Platform Fund	General partner provides losses from paid-in capital by priority within the limit of 5%
Korea Investment Future Growth Venture Fund No.22	General partner provides losses from paid-in capital by priority within the limit of 5%
KIP Future Growth Venture Fund	General partner provides losses from paid-in capital by priority within the limit of 5%
KIP Future Value Venture Fund	General partner provides losses from paid-in capital by priority within the limit of 5%

Partnership	Articles of partnership
Korea Investment Venture Fund 15-1	General partner provides losses from paid-in capital by priority within the limit of 5%
Korea Investment Venture Fund 15-2	General partner provides losses from paid-in capital by priority within the limit of 5%
Korea Investment Venture Fund 15-3	General partner provides losses from paid-in capital by priority within the limit of 5%
Korea Investment Venture Fund 15-4	General partner provides losses from paid-in capital by priority within the limit of 5%
Korea Investment Venture Fund 15-5	General partner provides losses from paid-in capital by priority within the limit of 5%
KIP Promising Service Industry Venture Fund Partnership	General partner provides losses from paid-in capital by priority within the limit of 5%
KIP Core Competency Leverage Fund	General partner provides losses from paid-in capital by priority within the limit of 5%
KIP Ace Fund(17)	General partner provides losses from paid-in capital by priority within the limit of 5%
KIP Beyond Fund(17)	General partner provides losses from paid-in capital by priority within the limit of 5%
KIP Core Fund(17)	General partner provides losses from paid-in capital by priority within the limit of 5%
KIP Dream Fund(17)	General partner provides losses from paid-in capital by priority within the limit of 5%
KIP Essence Fund(17)	General partner provides losses from paid-in capital by priority within the limit of 5%
KIP Future Fund(17)	General partner provides losses from paid-in capital by priority within the limit of 5%
KIP Growth Fund(17)	General partner provides losses from paid-in capital by priority within the limit of 5%
KIP High Fund(17)	General partner provides losses from paid-in capital by priority within the limit of 5%
KIP Impact Fund(17)	General partner provides losses from paid-in capital by priority within the limit of 5%
KIP Joint Fund(17)	General partner provides losses from paid-in capital by priority within the limit of 5%
KIP Key Fund(17)	General partner provides losses from paid-in capital by priority within the limit of 5%
Korea Investment Industry 4.0 Venture Fund (*)	The final subordinated investors provide losses from paid-in capital by priority within the amount invested according to share ratio. If losses exceeds the amount of the final subordinated investors, the second subordinated investors provide losses from paid-in capital by priority within the amount invested according to share ratio.
2017 KIF-KIP Artificial Intelligence Venture Fund	General partner provides losses from paid-in capital by priority within the limit of 5%
KIP Re-Up Fund	Korea Fund of Funds provides capital within 1% of the total paid in capital then the managing partner (the Company) provide within 5% of the total paid in capital.
KIP KIS Global Fund	General partner provides losses from paid-in capital by priority within the limit of 5%
Korea Investment Global pharma-ceutical industry promoting Private	If the total dividend is less than the total paid in capital, it will be divided to senior investors, mezzanine investors and junior investors (managing partner) in sequence.
Woori Partnership new technology Private Equity Fund	If the total dividend is less than the total paid in capital, it will be divided to senior investors, second senior investors, mezzanine investors and junior investors (managing partner) in sequence.
EQ Partners Global PEF No.1	A managing agent provides losses from paid-in capital by priority
EQ Partners Asia Infrastructure PEF	A managing agent provides losses from paid-in capital by priority
EQP POSCO Global No.1 Natural Resources PEF	A managing agent provides losses from paid-in capital by priority
EQ Partners No.2 Corporate Restructuring PEF	A managing agent provides losses from paid-in capital by priority
EQ Partners Global PEF No.1	A managing agent provides losses from paid-in capital by priority
EQ Partners Green PEF	A managing agent provides losses from paid-in capital by priority
IBK KIP Growth Stepstone No.1 Private Equity Fund	If the total dividend is less than the total paid in capital, it will be divided to senior investors, mezzanine investors and junior investors (managing partner) in sequence.
KIP KIS Global Fund	General partner provides losses from paid-in capital by priority within the limit of 5%

(*)The Group's the final subordinated amount is ₩3.5 billion and the second subordinated amount is ₩10.5 billion.

(g)The Group's securities borrowed and securities loaned as of December 31, 2018 and 2017 are as follows:

(In millions of won)

	December 31, 2018	December 31, 2017	Valuation basis
Securities borrowed:			
Stocks	₩ 1,221,275	1,337,011	Fair value
Stocks in foreign currency	343,079	36,094	Fair value
National and local government bond	2,013,250	1,032,878	Fair value
Securities loaned:			
Stocks (*)	1,127,503	762,491	Fair value
National and local government bond	29,185	77,673	Fair value

(*) Securities loaned contain ₩208,380 million of financial assets measured at fair value through profit or loss. Through securities lending transactions, the Group transfers its ownership to borrowers on condition that the borrowers return the same kind and amount of securities after certain time. As the transfer of a financial asset does not qualify for derecognition, it continues to be recognized as assets.

(h) As of December 31, 2018, Korea Investment & Securities Co., Ltd., Korea Investment Partners Co., Ltd. and Korea Investment Savings Bank, the consolidated subsidiaries, have been provided with ₩213.7 billion of fidelity guarantees and Korea Investment Savings Bank Co., Ltd., one of the consolidated subsidiaries, has been provided with ₩1.6 billion of guarantee by Seoul Guarantee Insurance for guarantee deposits.

(i) The securities in custody as of December 31, 2018 and 2017 are as follows:

(In millions of won)

	December 31, 2018	December 31, 2017	Valuation basis
Trustor securities	₩ 66,680,116	74,647,892	Fair value
Saver securities	111,412	104,239	Fair value
Beneficiary securities	38,043,419	53,566,352	Standard price (*)
Other securities	6,009,108	4,071,967	Fair value
	₩ 110,844,055	132,390,450	

(*) Equivalent to the fair value as the price quoted by Korea Financial Investment Association.

46. Related Party Transactions

(a) The related parties of the Group as of December 31, 2018 are as follows:

Type	Investor	Investee		
Associates	Korea Investment & Securities Co., Ltd.	True Friend Investment Advisory Co., Ltd. 1		
		Global Dynasty Natural Resources Private Equity Fund		
		EQ Partners Asia Infra Private Equity Fund		
		Shanghai Fangzheng Stock Investment Partnership		
		KIP Promising Service Industry Venture Fund		
		KIM Growth Corporation Professional Private Trust 1		
		KIM Growth Corporation Professional Mezzanine Private Trust 2		
		KIM Growth Corporation Professional Private Trust 3		
		Korea Investment Industry 4.0 Venture Fund		
		2018 KIF-KIP Artificial Intelligence Venture Fund		
		EQ Partners Green PEF		
		IBK KIP Growth Stepstone No.1 Private Equity Fund		
		Eugene Premier Professional Investment Type Private Investment Trust No.17		
		JB Japan Office Private Real Estate Fund 20 1st		
		KIS-Emford New Tech Investment Fund 1		
		KIM Corporate Loan Trust No.1		
		KIM Private Placement London Core Office Real Estate Investment Trust		
		KCLAVIS Meister Fund No.46		
		Associates	Korea Investment Partners Co., Ltd.	Hanhwa Europ PPP Infrastructure Private Fund Special Asset Trust 1-1
				Hyundai YouFirst Private Real Estate Investment Trust No.23-1
AIP EURO GREEN PRIVATE REAL ESTATE TRUST NO.9				
AIP EURO GREEN Private Real Estate Fund No.3				
Woori Goseong Power EBL Private Special Asset Fund				
Hanwha Japan Photovoltaic Private Fund 2				
Eugene Aviation Private Special Asset Investment Trust No. 11 (Aircraft)				
NH-Amundi Aviation Private Fund 1				
NH-Amundi Aviation Private Fund 2				
HANA PRIVATE REAL ESTATE INVESTMENT TRUST NO.58				
NH-Amundi US Infrastructure Investment Trust II				
Anda Station Professional Investment Type Private Real Estate Fund No.1				
Koramco Professional Investment No.69				
WOORI ECOWASTE PRIVATE SPECIAL ASSET FUND				
JingHui (GuangZhou) Equity Investment Partnership				
Kim EMP Global Asset Allocation Equity Balanced Fund				

Type	Investor	Investee
Associates	Korea Investment Partners Co., Ltd.	Korea Investment Aviation Professional Investors' Special Asset Investment Trust No.6(Debt instruments)
		KIM KINDEX Active Korea Treasury & Agency bonds ETF
		KIM Target Income Global Bond Feeder Fund
		KIM Target Income Global Allocation Feeder Fund
		KIM China Industry 4.0 Equity fund
		KIM KOSPI Solution Fixed Income Balanced Fund
		KIM Japan Industry 4.0 Equity-Derivative fund
		Korea Investment Partners China Incorporation
		Korea Investment Partners US inc
		KoFC KIP Pioneer Champ 2010-1 Venture Capital Fund
		KIP Growth Capital Fund No.17
		2011 KIF-Korea Investment Partners IT Venture Fund
		Korea Investment Global Frontier Fund No.20
		KIP Overseas Expansion Platform Fund
		Korea Investment Future Growth Venture Fund No.22
		KIP Future Growth Venture Fund
		KIP Future Value Venture Fund
		Naver KIP Cheer up Gamers Fund
		Korea Investment Global contents Venture Fund
		Shanghai Fangzheng Stock Investment Partnership
Korea Investment Venture Fund 15-1		
Korea Investment Venture Fund 15-2		
Korea Investment Venture Fund 15-3		
Korea Investment Venture Fund 15-4		
Korea Investment Venture Fund 15-5		
KIP Promising Service Industry Venture Fund		
KIP Core Competency Leverage Fund		
KIP Ace Fund(17)		
KIP Beyond Fund(17)		
KIP Core Fund(17)		
KIP Dream Fund(17)		
KIP Essence Fund(17)		
KIP Future Fund(17)		
KIP Growth Fund(17)		
KIP High Fund(17)		

Type	Investor	Investee	
Korea Investment Partners Co., Ltd.		KIP Impact Fund(17)	
		KIP Joint Fund(17)	
		KIP Key Fund(17)	
		Korea Investment Industry 4.0 Venture Fund	
		IBK KIP Growth Stepstone No.1 Private Equity Fund	
		2017 KIF-KIP Artificial Intelligence Venture Fund	
		KIP Re-Up Fund	
		Korea Investment Global pharmaceutical industry promoting Private Equity Fund	
		Global Infra corporate finance supporting Private Equity Fund 4	
		Woori Partnership new technology Private Equity Fund	
Associates		Credian I Private Equity Fund	
		Kiwoom KIP Healthcare Platform Private Equity Fund	
	EQ Partners Co., Ltd.		EQ Partners Global PEF No.1
			EQ Partners Asia Infrastructure Private Equity Fund
			EQP POSCO Global No.1 Natural Resources Private Equity Fund
			EQ Partners No.2 Corporate Restructuring Private Equity Fund
			EQ Partners No.1 Environment Service Private Equity Fund
			EQ Partners Green PEF
			HANON PRIVATE EQUITY FUND
			Aethra 3-1 PRIVATE EQUITY FUND
Other related party (*)		KIP Plus, Ltd, Dreamline Corporation ,etc.	

(*) It is not a related party under K-IFRS 1024 and is a subsidiary of the Korea Investment Group under the FairTrade Act.

(b) Significant transactions with related parties for the years ended December 31, 2018 and 2017 are as follows:

Counterparty	Account	(In millions of won)			
		December 31, 2018		December 31, 2017	
		Revenue	Expense	Revenue	Expense
Associates					
True Friend Investment Advisory Co., Ltd. 1	Partnership management commission revenue	₩ -	-	-	(814)
EQ Partners Asia Infra Private Equity Fund	Partnership management commission revenue	-	-	230	-
Devonian Natural Resources Private Equity Fund	Fee and commission income	35	-	689	-
KIM Asset Class(SH)(C-F)	Fee and commission income	-	-	32	-
Kim EMP Global Asset Allocation Equity Balanced Fund	Fee and commission income	40	-	64	-
KIS-Emford NewTech Investment Fund 1	Fee and commission income	34	-	-	-

(In millions of won)

Counterparty	Account	December 31, 2018		December 31, 2017	
		Revenue	Expense	Revenue	Expense
KIM e Short-term Bond IPO(BH)(C-F)	Fee and commission income	-	-	23	-
Korea Investment Aviation Professional Investors' Special Asset Investment Trust No.6 (Debt instruments)	Fee and commission income	237	-	243	-
KIM 4th Industrial Revolution of Korea Fund(Equity)	Fee and commission income	-	-	16	-
KIM KINDEX Active Korea Treasury & Agency bonds ETF	Fee and commission income	32	-	33	-
KIM VIPC FUND (Equity – Fund of Funds)	Fee and commission income	-	-	3	-
KIM Global Car & Battery Fund(Equity)	Fee and commission income	-	-	6	-
KIM Target Income Global Bond Feeder Fund	Fee and commission income	11	-	1	-
KIM Target Income Global Allocation Feeder Fund	Fee and commission income	12	-	1	-
KIM China Industry 4.0 Equity fund	Fee and commission income	32	-	-	-
KIM KOSPI Solution Fixed Income Balanced Fund	Fee and commission income	9	-	-	-
KIM Japan Industry 4.0 Equity-Derivative fund	Fee and commission income	11	-	-	-
Korea Investment Partners China Incorporation	Advisory service expense	-	(251)	-	(639)
Korea Investment Partners US inc	Advisory service expense	-	(124)	-	(94)
09-7 Korea Venture Partnership No.15	Partnership performance revenue	-	-	945	-
KoFC KIP Pioneer Champ 2010-1 Venture Capital Fund	Partnership management commission revenue	-	-	120	-
KIP Growth Capital Fund No.17	Partnership management commission revenue	420	-	529	-
Associates					
2011 KIF-Korea Investment Partners IT Venture Fund No.18	Partnership performance revenue	₩ 1,503	-	-	-
	Partnership management commission revenue	107	-	185	-
Korea Investment Global Frontier Fund No.20	Partnership performance revenue	9,066	-	877	-
	Partnership management commission revenue	629	-	2,799	-
KIP Overseas Expansion Platform Fund	Partnership management commission revenue	958	-	1,208	-
Korea Investment Future Growth Venture Fund No.22	Partnership management commission revenue	1,690	-	1,746	-

(In millions of won)

Counterparty	Account	December 31, 2018		December 31, 2017	
		Revenue	Expense	Revenue	Expense
KIP Future Growth Venture Fund	Partnership performance revenue	-	-	189	-
	Partnership management commission revenue	142	-	1,318	-
KIP Future Value Venture Fund	Partnership performance revenue	-	-	54	-
	Partnership management commission revenue	41	-	380	-
Naver KIP Cheer up Gamers Fund	Partnership management commission revenue	233	-	278	-
Korea Investment Global contents Venture Fund	Partnership management commission revenue	932	-	1,835	-
Korea Investment Global pharmaceutical industry promoting Private Equity Fund	Private equity investment management revenue	1,841	-	1,417	-
Global Infra corporate finance supporting Private Equity Fund 4	Private equity investment management revenue	-	-	554	-
Korea Investment Venture Fund 15-1	Partnership management commission revenue	265	-	280	-
Associates					
Korea Investment Venture Fund 15-2	Partnership management commission revenue	₩ 221	-	230	-
Korea Investment Venture Fund 15-3	Partnership management commission revenue	229	-	239	-
Korea Investment Venture Fund 15-4	Partnership management commission revenue	244	-	252	-
Korea Investment Venture Fund 15-5	Partnership management commission revenue	217	-	225	-
KIP Promising Service Industry Venture Fund	Partnership management commission revenue	821	-	902	-
KIP Core Competency Leverage Fund	Partnership management commission revenue	1,582	-	1,550	-
KIP Ace Fund(17)	Partnership management commission revenue	494	-	286	-
KIP Beyond Fund(17)	Partnership management commission revenue	302	-	163	-
KIP Core Fund(17)	Partnership management commission revenue	260	-	136	-
KIP Dream Fund(17)	Partnership management commission revenue	247	-	124	-
KIP Essence Fund(17)	Partnership management commission revenue	238	-	116	-
KIP Future Fund(17)	Partnership management commission revenue	228	-	106	-

(In millions of won)

Counterparty	Account	December 31, 2018		December 31, 2017	
		Revenue	Expense	Revenue	Expense
KIP Growth Fund(17)	Partnership management commission revenue	224	-	100	-
KIP High Fund(17)	Partnership management commission revenue	190	-	78	-
KIP Impact Fund(17)	Partnership management commission revenue	173	-	67	-
KIP Joint Fund(17)	Partnership management commission revenue	198	-	73	-
KIP Key Fund(17)	Partnership management commission revenue	169	-	59	-
Korea Investment Industry 4.0 Venture Fund	Partnership management commission revenue	1,420	-	421	-
Associates					
2017 KIP-KIP Artificial Intelligence Venture Fund	Partnership management commission revenue	1,000	-	71	-
KIP Re-Up Fund	Partnership management commission revenue	2,760	-	-	-
	Other partnership expense	-	(190)	-	-
Woori Partnership new technology Private Equity Fund	Private equity investment management revenue	1,760	-	1,925	-
Credian I Private Equity Fund	Partnership management commission revenue	207	-	53	-
IBK KIP Growth Stepstone No.1 Private Equity Fund	Partnership management commission revenue	750	-	-	-
Kiwoom KIP Healthcare Platform Private Equity Fund	Partnership management commission revenue	9	-	-	-
EQ Partners Global PEF No.1	Partnership management commission revenue	784	-	922	-
EQP POSCO Global No.1 Natural Resources Private Equity Fund	Partnership management commission revenue	1,044	-	1,274	-
EQ Partners No.2 Corporate Restructuring Private Equity Fund	Partnership management commission revenue	506	-	506	-
EQ Partners No.1 Environment Service Private Equity Fund	Partnership management commission revenue	718	-	399	-
EQ Partners Global Infra private Equity Fund	Partnership management commission revenue	-	-	-	(3,044)
EQ Partners Green PEF	Partnership management commission revenue	1,398	-	-	-
HANON PRIVATE EQUITY FUND	Partnership management commission revenue	75	-	-	-
Aethra 3-1 PRIVATE EQUITY FUND	Partnership management commission revenue	11	-	-	-
		₩ 36,381	(565)	25,002	(4,591)

(c) Significant receivables and payables from related party transactions as of December 31, 2018 and 2017 are as follows:

(In millions of won)

Counterparty	Account	December 31, 2018		December 31, 2017	
		Receivables	Payables	Receivables	Payables
Associates					
Global Dynasty Natural Resource Private Equity Fund	Other receivable	₩ 680	-	680	-
	Allowance	(680)	-	(680)	-
Devonian Natural Resources Private Equity Fund	Other receivable	-	-	176	-
Kim EMP Global Asset Allocation Equity Balanced Fund	Accrued revenues	5	-	12	-
KIM Asset Class(SH)(C-F)	Accrued revenues	-	-	4	-
Korea Investment Aviation Professional Investors' Special Asset Investment Trust No.6(Debt instruments)	Accrued revenues	17	-	17	-
KIM China Industry 4.0 Equity fund	Accrued revenues	14	-	11	-
KIM KINDEX Active Korea Treasury & Agency bonds ETF	Accrued revenues	8	-	16	-
KIM VIPC FUND(Equity – Fund of Funds)	Accrued revenues	-	-	3	-
KIM Global Car & Battery Fund(Equity)	Accrued revenues	-	-	6	-
KIM Target Income Global Bond Feeder Fund	Accrued revenues	1	-	1	-
KIM Target Income Global Allocation Feeder Fund	Accrued revenues	1	-	1	-
KIM KOSPI Solution Fixed Income Balanced Fund	Accrued revenues	3	-	-	-
KIM Japan Industry 4.0 Equity-Derivative fund	Accrued revenues	4	-	-	-
KIS-Emford NewTech Investment Fund 1	Unearned commission	-	(61)	-	-
Korea Investment Partners China Incorporation	Accounts receivable	220	-	226	-
KoFC KIP Pioneer Champ 2010-1 Venture Capital Fund	Accrued revenues	274	-	221	-
	Accounts receivable	2,954	-	2,954	-
KIP Growth Capital Fund No.17	Accrued revenues	420	-	529	-
2011 KIF-Korea Investment Partners IT Venture Fund	Accrued revenues	-	-	251	-
	Accounts receivable	-	-	1,234	-
Korea Investment Global Frontier Fund No.20	Accrued revenues	629	-	877	-
Associates					
KIP Overseas Expansion Platform Fund	Accrued revenues	₩ 1,014	-	1,213	-
	Accounts receivable	3,974	-	1,800	-
	Accounts payable	-	-	-	1,800

(In millions of won)

Counterparty	Account	December 31, 2018		December 31, 2017	
		Receivables	Payables	Receivables	Payables
Korea Investment Future Growth Venture Fund No.22	Accrued revenues	1,690	-	1,746	-
KIP Future Growth Venture Fund	Accrued revenues	142	-	189	-
KIP Future Value Venture Fund	Accrued revenues	41	-	54	-
Naver KIP Cheer up Gamers Fund	Accrued revenues	101	-	66	-
Korea Investment Global contents Venture Fund	Accrued revenues	635	-	319	-
Korea Investment Venture Fund 15-1	Accrued revenues	126	-	70	-
Korea Investment Venture Fund 15-2	Accrued revenues	49	-	58	-
Korea Investment Venture Fund 15-3	Accrued revenues	50	-	60	-
Korea Investment Venture Fund 15-4	Accrued revenues	55	-	63	-
Korea Investment Venture Fund 15-5	Accrued revenues	49	-	56	-
KIP Promising Service Industry Venture Fund	Accrued revenues	850	-	226	-
	Accounts receivable	1,971	-	966	-
	Accounts payable	-	-	-	966
KIP Core Competency Leverage Fund	Accrued revenues	1,199	-	388	-
KIP Ace Fund(17)	Accrued revenues	-	-	124	-
KIP Beyond Fund(17)	Accrued revenues	-	-	75	-
KIP Core Fund(17)	Accrued revenues	-	-	65	-
KIP Dream Fund(17)	Accrued revenues	-	-	62	-
KIP Essence Fund(17)	Accrued revenues	-	-	59	-
KIP Future Fund(17)	Accrued revenues	-	-	57	-
KIP Growth Fund(17)	Accrued revenues	-	-	56	-
KIP High Fund(17)	Accrued revenues	-	-	47	-
KIP Impact Fund(17)	Accrued revenues	-	-	43	-
KIP Joint Fund(17)	Accrued revenues	-	-	49	-
KIP Key Fund(17)	Accrued revenues	-	-	42	-
Associates					
Korea Investment Industry 4.0 Venture Fund	Accrued revenues	₩ -	-	355	-
2018 KIF-KIP Artificial Intelligence Venture Fund	Accrued revenues	-	-	71	-
Global Infra corporate finance supporting Private Equity Fund	Accrued revenues	-	-	75	-
Korea Investment Global pharma-ceutical industry promoting Private Equity Fund	Accrued revenues	453	-	477	-
Woori Partnership new technology Private Equity Fund	Accrued revenues	433	-	478	-

(In millions of won)

Counterparty	Account	December 31, 2018		December 31, 2017	
		Receivables	Payables	Receivables	Payables
Credian I Private Equity Fund	Accrued revenues	52	-	52	-
IBK KIP Growth Stepstone No.1 Private Equity Fund	Accrued revenues	378	-	-	-
EQ Partners Asia Infrastructure Private Equity Fund	Accrued revenues	268	-	268	-
	Allowance	(268)	-	-	-
EQP POSCO Global No.1 Natural Resources Private Equity Fund	Accrued revenues	520	-	578	-
EQ Partners No.2 Corporate Restructuring Private Equity Fund	Accrued revenues	127	-	127	-
EQ Partners No.1 Environment Service Private Equity Fund	Accrued revenues	197	-	147	-
EQ Partners Green PEF	Accrued revenues	351	-	-	-
HANON PRIVATE EQUITY FUND	Accrued revenues	75	-	-	-
Aethra 3-1 PRIVATE EQUITY FUND	Accrued revenues	11	-	-	-
		₩ 19,093	(61)	17,120	2,766

(d) Compensation for key management for the years ended December 31, 2018 and 2017 are as follows:

(In millions of won)

	December 31, 2018		December 31, 2017	
Salaries	₩	12,317		15,476
Provision for severance benefits		1,841		1,870
	₩	14,158		17,346

The key management of the Group comprises directors who have important duties and responsibility over the planning, operation and control of the Group.

(e) As of December 31, 2018, the Parent Company has directors' and officers' liability insurance of up to ₩5 billion with Dongbu Insurance Co.,Ltd. and other three insurance companies and group accident insurance up to ₩351 million with Dongbu Insurance Co.,Ltd.

47. Carrying Amounts of Financial Instruments by Category

The carrying amounts of financial assets and liabilities by category as of December 31, 2018 and 2017 are as follows:

(In millions of won)

December 31, 2018						
		Financial assets measured at fair value through profit or loss	Financial assets measured at fair value through other comprehensive income	Financial assets measured at amortised cost	Financial liabilities designated as measured at fair value through profit or loss	Total
Financial assets:						
Cash and due from banks	₩	-	-	8,618,691	-	8,618,691
Financial assets measured at fair value through profit or loss		28,016,438	-	-	-	28,016,438
Derivative financial assets		413,514	-	-	-	413,514
Financial assets measured at fair value through other comprehensive income		-	4,013,598	-	-	4,013,598
Financial assets measured at amortized cost		-	-	19,549,448	-	19,549,448
Other financial assets measured at amortised cost		-	-	1,591,573	-	1,591,573
	₩	28,429,952	4,013,598	29,759,712	-	62,203,262
Financial liabilities:						
Deposits received	₩	-	-	17,062,991	-	17,062,991
Financial liabilities held for trading measured at fair value through profit or loss		2,898,949	-	-	-	2,898,949
Derivative financial liabilities		1,221,273	-	-	-	1,221,273
Derivative-linked securities sold designated at fair value through profit or loss		-	-	-	12,333,458	12,333,458
Borrowings		-	-	22,434,102	-	22,434,102
Other financial liabilities		-	-	2,890,120	-	2,890,120
	₩	4,120,222	-	42,387,213	12,333,458	58,840,893

(In millions of won)

	December 31, 2017							Total
	Financial assets at FVTPL		Available-for-sale financial assets	Held-to-maturity financial assets	Loans and receivables	Financial liabilities at amortized cost		
	Held for trading	Designated at FVTPL						
Financial assets								
Cash and deposits	₩	-	-	-	-	5,089,700	-	5,089,700
Financial assets held for trading		24,371,587	-	-	-	-	-	24,371,587
Derivative financial assets		253,176	-	-	-	-	-	253,176
Financial assets designated at FVTPL		-	314,090	-	-	-	-	314,090
Available-for-sale financial assets		-	-	3,881,396	-	-	-	3,881,396
Held-to-maturity financial assets		-	-	-	214,704	-	-	214,704
Loans		-	-	-	-	12,250,381	-	12,250,381
Other financial assets		-	-	-	-	1,318,739	-	1,318,739
	₩	24,624,763	314,090	3,881,396	214,704	18,658,820	-	47,693,773
Financial liabilities								
Deposits received	₩	-	-	-	-	-	10,570,874	10,570,874
Financial liabilities held for trading		3,122,369	-	-	-	-	-	3,122,369
Derivative financial liabilities		492,378	-	-	-	-	-	492,378
Financial liabilities designated at FVTPL		-	8,938,946	-	-	-	-	8,938,946
Borrowings		-	-	-	-	-	19,364,786	19,364,786
Other financial liabilities		-	-	-	-	-	1,829,415	1,829,415
	₩	3,614,747	8,938,946	-	-	-	31,765,075	44,318,768

48. Fair Value of Financial Instruments

(a) Fair values of financial assets and financial liabilities as of December 31, 2018 and 2017 are as follows:

(In millions of won)

	December 31, 2018		December 31, 2017		
	Carrying amount	Fair value	Carrying amount	Fair value	
Financial assets					
Cash and deposits (*)	₩	8,618,691	8,618,691	5,089,700	5,089,700
Financial assets measured at fair value through profit or loss		28,016,438	28,016,438	-	-
Financial assets held for trading		-	-	24,371,587	24,371,587
Derivative financial assets		413,514	413,514	253,176	253,176
Financial assets designated at FVTPL		-	-	314,090	314,090
Financial assets measured at fair value through other comprehensive income		4,013,598	4,013,598	-	-
Available-for-sale financial assets		-	-	3,881,396	3,881,396
Financial assets measured at amortized cost		19,549,448	19,565,835	-	-
Held-to-maturity financial assets		-	-	214,704	213,594
Loans		-	-	12,250,381	12,238,090
Other financial assets measured at amortized cost (*)		1,591,573	1,591,573	-	-
Other financial assets (*)		-	-	1,318,739	1,318,739
	₩	62,203,262	62,219,649	47,693,773	47,680,372
Financial liabilities					
Deposits received	₩	17,062,991	17,064,338	10,570,874	10,567,057
Financial liabilities held for trading measured at fair value through profit or loss		2,898,949	2,898,949	-	-
Derivative financial liabilities		1,221,273	1,221,273	492,378	492,378
Financial liabilities held for trading		-	-	3,122,369	3,122,369
Derivative-linked securities sold designated at fair value through profit or loss		12,333,458	12,333,458	-	-
Financial liabilities designated at FVTPL		-	-	8,938,946	8,938,946
Borrowings		22,434,102	22,466,301	19,364,786	19,360,638
Other financial liabilities (*)		2,890,120	2,890,120	1,829,415	1,829,415
	₩	58,840,893	58,874,439	44,318,768	44,310,803

(*) The fair values of cash and deposits, other financial assets, and other financial liabilities with maturity dates less than one year are disclosed at their book values because the difference between their book values and fair values is not significant.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. For each class of financial assets and financial liabilities, the Group discloses the fair value of that class of assets and liabilities in a way that permits it to be compared with its carrying amount at the end of each reporting period. The best evidence of fair value of financial instruments is a quoted price in an active market.

The Group believes that valuation methods used for measuring the fair values of financial instruments are reasonable and that the fair values recognized in the statements of financial position are appropriate. However, the fair values of the financial instruments recognized in the statements of financial position may be different if other valuation methods or assumptions are used. Additionally, as there are a variety of valuation techniques and assumptions used in measuring fair value, it may be difficult to reasonably compare the fair value with that of other financial institutions.

(i) The valuation technique and assumptions for fair value calculations of financial instruments

The Group is provided with the fair values of bonds and unlisted stocks by external valuation institutions, and the valuation technique and assumptions for fair value calculations of each financial instrument used by the external institutions are described below. In addition, there has been no significant change in these valuation techniques.

i) Corporate bonds, special bonds and others

Condensed model using credit rates and transaction data is used. The yield curve computed by Jarrow- Lando-Turnbull Model is used to discount the future cash flows in order to result in the fair values.

ii) Beneficiary certificates

Beneficiary certificates are valued by the prices which fund management companies disclose.

iii) Unlisted stocks

Fair value of unlisted stocks is calculated by using profit approach, market approach and asset approach.

iv) Derivatives (Derivative-linked securities included)

The fair value valuation method for derivatives can be categorized as follows. For derivatives traded in an active market, the quoted prices are considered as fair values. For relatively simple derivatives, fair values are measured by using valuation model with observable data from market. When valuation amounts from independent valuation institutions are used, the average value of the valuation amounts from two or more independent valuation institutions is used. For calculation of the fair value of more complex derivatives, the fair values are measured by using valuation model with inputs that are not based on observable market data and the Group verifies the accuracy of this valuation model through regular examinations.

(ii) Use of quoted price in active market

The Group measures the fair values of stocks, national and local government bonds and ELW in financial assets held for trading by referring to the quoted price in the active market. The valuation technique is used to calculate the fair values of the rest of financial assets held for trading and available-for-sale financial assets other than those mentioned above.

(b) Day 1 Profit and Loss

If the Group uses a valuation technique that uses data not obtained from observable markets for the fair value at initial recognition of financial instruments, there could be a difference between the transaction price and the amount determined using that valuation technique. In these circumstances, the fair value of financial instruments is recognized as the transaction price and the difference is amortized by using the straight-line method over the life of the financial instruments. If the fair value of the financial instruments can be subsequently determined using observable market inputs, the remaining deferred amount is immediately recognized in profit or loss.

The aggregate difference yet to be recognized in profit or loss at the beginning and end of the year and the changes in the balance of this difference, are as follows:

(In millions of won)

		December 31, 2018	December 31, 2017
Balances at the beginning of year	₩	112,800	106,355
Incurring for year		146,594	181,153
Amounts recognized in profit or loss for year		(148,663)	(174,708)
Balances at the end of year	₩	110,731	112,800

(c) Fair Value Hierarchy

Assets measured at fair value or for which the fair value is disclosed are categorized within the fair value hierarchy, and the defined levels are as follows:

Level 1	Quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, prices) or indirectly (that is, derived from prices)
Level 3	Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

(i) Fair value hierarchy of financial assets and liabilities measured at fair value as of December 31, 2018 and 2017 are as follows:

(In millions of won)

		December 31, 2018			
		Carrying amount	Fair value hierarchy		
			Level 1	Level 2	Level 3
Financial assets					
Financial assets measured at fair value through profit or loss	₩	28,016,438	9,037,808	18,001,080	977,550
Derivative financial assets		413,514	89,865	119,571	204,078
Financial assets measured at fair value through other comprehensive income		4,013,598	2,808,476	1,062,812	142,310
	₩	32,443,550	11,936,149	19,183,463	1,323,938
Financial liabilities					
Securities sold at fair value through profit or loss	₩	2,898,949	2,898,949	-	-
Derivative financial liabilities		1,221,273	589,838	76,053	555,382
Securities sold with embedded derivatives designated at fair value through profit or loss		12,333,458	836,901	2,858,244	8,638,313
	₩	16,453,680	4,325,688	2,934,297	9,193,695

(In millions of won)

	December 31, 2017			
	Carrying amount	Fair value hierarchy		
		Level 1	Level 2	Level 3
Financial assets				
Financial assets held for trading	₩ 24,371,587	9,889,803	14,481,784	-
Derivative financial assets	253,176	74,984	73,764	104,428
Financial assets designated at FVTPL	314,090	-	-	314,090
Available-for-sale financial assets	3,852,180	2,109,577	1,498,840	243,763
	₩ 28,791,033	12,074,364	16,054,388	662,281
Financial liabilities				
Financial liabilities held for trading	₩ 3,122,369	3,122,369	-	-
Derivative financial liabilities	492,378	247,218	48,414	196,746
Financial liabilities designated at FVTPL	8,938,946	156,201	2,178,391	6,604,354
	₩ 12,553,693	3,525,788	2,226,805	6,801,100

(ii) Fair value hierarchy of financial assets and liabilities for which the fair value is disclosed as of December 31, 2018 and 2017 are as follows:

(In millions of won)

	December 31, 2018		
	Fair value hierarchy		
	Level 1	Level 2	Level 3
Financial assets (*)			
Loans and receivables at amortized cost	₩ -	862,774	9,074,744
Debt instruments at amortized cost	442,545	231,793	-
Financial liabilities (*)			
Borrowing (debentures)	-	3,924,944	-
Deposits received	-	3,564,431	7,248,543

(In millions of won)

	December 31, 2017		
	Fair value hierarchy		
	Level 1	Level 2	Level 3
Financial assets (*)			
Loans	₩ -	656,361	4,615,009
Held-to-maturity financial assets	98,502	115,092	-
Financial liabilities (*)			
Borrowing (debentures)	-	3,361,435	-
Deposits received	-	1,696,185	3,348,298

(*) Financial assets and liabilities whose book values are disclosed as their fair values are excluded as the difference between their book values and fair values is not significant.

(d) Changes in Recurring Fair Value Measurements Categorized Within Level 3 of the Fair Value Hierarchy

(i) Changes in financial instruments with level 3 fair value for the years ended December 31, 2018 and 2017 are as follows:

(In millions of won)

	December 31, 2018			
	Financial assets measured at fair value through profit or loss	Financial assets measured at fair value through other comprehensive income	Net derivatives	Financial liabilities designated as measured at fair value through profit or loss
Beginning balance	₩ 594,112	139,921	(92,318)	(6,604,354)
Total gains or losses				
Profit or loss	(8,325)	-	(136,127)	317,310
Other comprehensive income (expense)	-	2,389	-	-
Purchases	6,203,318	-	(198,391)	-
Sales	(5,807,743)	-	-	-
Issues	-	-	-	(12,313,226)
Settlements	-	-	75,532	9,961,957
Others (*)	(3,812)	-	-	-
Ending balance	₩ 977,550	142,310	(351,304)	(8,638,313)

(*) Some financial assets have moved from Level 3 to Level 1 as equity securities are listed on active markets. The transfer is deemed to have occurred in the beginning of the reporting period when changes in environments or events occurred to transfer the level of the fair value.

(In millions of won)

December 31, 2017					
	Financial assets designated at FVTPL	Available-for-sale financial assets	Net derivatives	Financial liabilities designated at FVTPL	
Beginning balance	₩	762,756	288,534	(138,767)	(6,701,147)
Total gains or losses					
Profit or loss		114,468	410	511,234	(788,534)
Other comprehensive income (expense)		-	10,036	-	-
Purchases		289,867	118,429	3,892	-
Sales		(853,001)	(81,368)	(37,388)	-
Issues		-	-	-	(12,251,746)
Settlements		-	-	(431,289)	13,137,073
Others (*)		-	(92,278)	-	-
Ending balance	₩	314,090	243,763	(92,318)	(6,604,354)

(*) Available-for-sale financial assets were transferred from level 3 to level 1, as the equity securities were listed on the KOSDAQ stock market and there is a quoted price in an active market. The transfer is deemed to have occurred in the beginning of the reporting period when changes in environments or events occurred to transfer the level of the fair value.

(ii) The amounts recognized in profit or loss related to the level 3 fair value changes and gains or losses of remaining financial assets and liabilities at the end of the reporting period recorded as gains (losses) on valuation and disposal of financial assets (liabilities) in the statement of comprehensive income for the years ended December 31, 2018 and 2017 are as follows:

(In millions of won)

December 31, 2018				
	Financial assets measured at fair value through profit or loss	Net derivatives	Financial liabilities designated as measured at fair value through profit or loss	
Total gains or losses included in profit or loss	₩	(8,325)	(136,127)	317,310
Total gains or losses included in profit or loss for financial instruments held at the end of the reporting period		(12,433)	(165,061)	544,949

(In millions of won)

December 31, 2017				
	Financial instruments designated at FVTPL	Available-for-sale financial assets	Net derivatives	
Total gains or losses included in profit or loss	₩	(674,066)	410	511,234
Total gains or losses included in profit or loss for financial instruments held at the end of the reporting period		(2,306)	(101)	61,378

(e) Valuation Techniques and Inputs

Valuation techniques and inputs used in the recurring, non-recurring fair value measurements and disclosed fair values categorized within Level 2 and Level 3 of the fair value hierarchy as of December 31, 2018 and 2017 are as follows:

(In millions of won)

December 31, 2018						
	Fair value	Level	valuation techniques	Level 3		
				Inputs	Range	
Recurring fair value measurements						
Financial assets measured at fair value through profit or loss	₩	18,001,080	2	Monte Carlo Simulation Model, FDM Model, DCF Model	-	-
		977,550	3	Monte Carlo Simulation Model, FDM Model, DCF Model, Black-Derman-Toy(BDT) Model	Volatility, Rate spread, Credit spread, Correlation coefficient between underlying asset	Volatility 1.00~100%/ Rate(credit) spread 1.745~9.188%/ Correlation coefficient (-)100~100%
Derivative financial assets		119,571	2	DCF Model, Embedded forward rate calculation	-	-
		204,078	3	Monte Carlo Simulation Model, FDM Model, DCF Model	Volatility, Rate spread, Credit spread, Correlation coefficient between underlying asset	Volatility 1.00~100%/ Rate(credit) spread 0.00~25.00%/ Correlation coefficient (-)100~100%
Financial assets measured at fair value through other comprehensive income		1,062,812	2	DCF Model, Asset Liability Model, Binomial Model	-	-
		142,310	3	DCF Model	Discount rate Growth rate	Discount Rate 12.59 ~ 15.32% Growth Rate 2%
	₩	20,507,401				
Financial liabilities designated as measured at fair value through profit or loss	₩	2,858,244	2	Monte Carlo Simulation Model, FDM Model	-	-
		8,638,313	3	Monte Carlo Simulation Model, FDM Model	Volatility, Rate spread, Credit spread, Correlation coefficient between underlying asset	Volatility 1.00~100%/ Rate(credit) spread 0.00~25.00%/ Correlation coefficient (-)100~100%
Derivative financial liabilities		76,053	2	DCF Model, Embedded forward rate calculation	-	-
		555,382	3	Monte Carlo Simulation Model, FDM Model, DCF Model	Volatility, Rate spread, Credit spread, Correlation coefficient between underlying asset	Volatility 1.00~100%/ Rate(credit) spread 0.00~25.00%/ Correlation coefficient (-)100~100%

(In millions of won)

December 31, 2018						
	Fair value	Level	valuation techniques	Level 3		
				Inputs	Range	
	₩	12,127,992				
Disclosed at fair value						
Loans and receivables at amortized cost	₩	862,774	2	DCF Model	-	-
		9,074,744	3	DCF Model	Credit spread Other Interest spread	1~25%
Debt instruments at amortized cost		231,793	2	DCF Model	-	-
	₩	10,169,311				
Borrowings	₩	3,924,944	2	DCF Model	-	-
		3,564,431	2	DCF Model	-	-
Deposits received		7,248,543	3	DCF Model	Rate spread	1~25%
	₩	14,737,918				

(In millions of won)

December 31, 2017						
	Fair value	Level	valuation techniques	Level 3		
				Inputs	Range	
Recurring fair value measurements						
Financial assets held for trading	₩	14,481,784	2	DCF Model	-	-
		73,764	2	DCF Model, Embedded forward rate calculation	-	-
Derivative financial assets		104,428	3	Monte Carlo Simulation Model, FDM Model, DCF Model	Volatility, Rate spread, Credit spread, Correlation coefficient between underlying asset	Volatility 1.00~100%/ Rate(credit) spread 0.00~15.00%/ Correlation coefficient 100~100%
Financial assets designated at FVTPL		314,090	3	Monte Carlo Simulation Model, FDM Model	Stock price variability	1~25%
		1,498,840	2	DCF Model, Asset Liability Model, Binominal Model	-	-
Available-for-sale financial assets		243,763	3	DCF Model	Discount rate Growth rate	Discount Rate 5.03 ~ 14.81% Growth Rate 0~1%
	₩	16,716,669				

(In millions of won)

December 31, 2017						
	Fair value	Level	valuation techniques	Level 3		
				Inputs	Range	
	₩	48,414	2	DCF Model, Embedded forward rate calculation	-	-
Derivative financial liabilities		196,746	3	Monte Carlo Simulation Model, FDM Model, DCF Model	Volatility, Rate spread, Credit spread, Correlation coefficient between underlying asset	Volatility 1.00~100%/ Rate(credit) spread 0.00~15.00%/ Correlation coefficient 100~100%
	₩	2,178,391	2	Monte Carlo Simulation Model, FDM Model	-	-
Financial liabilities designated at FVTPL		6,604,354	3	Monte Carlo Simulation Model, FDM Model	Volatility, Rate spread, Credit spread, Correlation coefficient between underlying asset	Volatility 1.00~100%/ Rate(credit) spread 0.00~15.00%/ Correlation coefficient 100~100%
	₩	9,027,905				
Disclosed at fair value						
Loans	₩	656,361	2	DCF Model	-	-
		4,615,009	3	DCF Model	Rate spread	1~25%
Held-to-maturity financial assets		115,092	2	DCF Model	-	-
	₩	5,386,462				
Borrowings	₩	3,361,435	2	DCF Model	-	-
		1,696,185	2	DCF Model	-	-
Deposits received		3,348,298	3	DCF Model	Rate spread	1~25%
	₩	8,405,918				

(f) Valuation Process for Fair Value Measurements Categorized Within Level 3 of the Fair Value Hierarchy

For measurements of fair value, the Group uses both self-valuation model and external valuation results by external rating agencies.

Self-valuation model is determined through designing the model by operation department and verifying model's appropriateness by the risk management department. The inputs of the fair value measurement are derived by the risk management system. Back-office departments assess the fair value based on the designed, verified model, and derived inputs, and apply the results in accounting. The results applied in accounting are compared against the valuation results of the operation department and risk management department and significant differences are reviewed.

In regards to fair value method based on external agencies, the fair value is estimated by using the average price of the price per contract provided by two and more external rating agencies and derived based on contract terms and credit rating of the counterparty and others.

(g) Sensitivities Analysis of Recurring Fair Value Measurements Categorized Within Level 3 of the Fair Value Hierarchy

Sensitivity analysis of financial instruments is performed to measure favorable and unfavorable changes in the fair value of financial instruments which are affected by the unobservable inputs, using a statistical technique. When the fair value is affected by more than two inputs, the amounts represent the most favorable or most unfavorable.

The results of the sensitivity analysis for the effect on profit or loss from changes in inputs for each financial instrument as of December 31, 2018 and 2017 are as follows. In respect to financial assets measured at fair value through profit or loss and financial liabilities designated as measured at fair value through profit or loss, which have mutual hedging effect and financial assets measured at fair value through profit or loss whose result of analysis is not significant are excluded.

(In millions of won)

	December 31, 2018				
	Favorable changes		Unfavorable changes		
	Profit or loss	Equity	Profit or loss	Equity	
Financial assets:					
Derivative financial assets (*1)	₩	22,311	22,311	(22,311)	(22,311)
Financial assets measured at fair value through other comprehensive income (*2)		-	8,469	-	(6,007)
	₩	22,311	30,780	(22,311)	(28,318)
Financial liabilities:					
Derivative financial liabilities (*1)	₩	27,635	27,635	(27,635)	(27,635)
Financial liabilities designated as measured at fair value through profit or loss (*1)		469,779	469,779	(469,779)	(469,779)
	₩	497,414	497,414	(497,414)	(497,414)

(In millions of won)

	December 31, 2017				
	Favorable changes		Unfavorable changes		
	Profit or loss	Equity	Profit or loss	Equity	
Financial assets:					
Derivative financial assets (*1)	₩	3,388	3,388	(3,388)	(3,388)
Available-for-sale financial assets (*2)		-	8,336	-	(5,781)
	₩	3,388	11,724	(3,388)	(9,169)
Financial liabilities:					
Derivative financial liabilities (*1)	₩	5,049	5,049	(5,049)	(5,049)
Financial liabilities designated at FVTPL (*1)		159,694	159,694	(159,694)	(159,694)
	₩	164,743	164,743	(164,743)	(164,743)

(*1) Changes in their fair value are calculated by increasing or decreasing the volatility of the underlying assets, which are significant unobservable inputs, by 10%.

(*2) Changes in their fair value are calculated by increasing or decreasing the correlation between growth ratio (-1~1%) and discount rate (-1~1%), which are significant unobservable inputs.

49. Financial Asset Transfer Transactions

As of December 31, 2018, there is no transaction that the Group has continuing involvement although the Group transferred and derecognized the financial assets from the financial statements. Details of the transferred financial asset that is not derecognized in its entirety such as securities sold under repurchase agreements, securities loaned and others are described in Notes 44 and 45.

50. Financial Risk Management**50.1 Overview of Financial Risk Management****(1) Risk Management policy**

The Group's risk management policy is to maintain equilibrium between profits and risks, operate decision making system considering risks, operate independent risk management organization and etc. It supports The Group's medium- and long-term business strategy and decision making of business efficiently.

The Group recognizes all significant risks that it is facing and manages synthetically. The financial risks that the Group is exposed to are credit risk, market risk, operational risk, liquidity risk and others. The Group manages those risks reflecting inbuilt nature, scale, complexity and others by types of them.

The note regarding financial risk management provides information about the risks that The Group is exposed to, including the objectives, policies and processes for assessing and managing the risks, and net operating capital ratio management. Additional quantitative information is disclosed throughout these notes to the consolidated financial statements.

(2) Risk Management organization**(a) Board of directors**

Board of directors is ultimately responsible for risk management of Korea Investment Group("the Group"). The Group establishes a system that is capable of managing all possible risks comprehensively and systematically. It approves policies and strategies with respect to risk management and deliberates and decide on significant issues that are necessary for risk management such as establishment, revision of risk management regulations and others.

(b) Group Risk Management Committee

Group Risk management committee which is delegated by Board of directors carries out managing and controlling risks in respect of the Group. It holds the meeting once a quarter to perform them and majority of it consists of outside directors.

(c) Group Risk Management Council

Group Risk Management Council discusses details of performing policies and strategies of risk management with subsidiaries. It also carries out a roll of monitoring and sharing current status of risk management.

(3) Risk Management framework**(a) Risk Control**

In order to maintain optimum level of risk against equity capital, the Group establishes limit management system at the Group's level. The Group set the risk limit to subsidiaries, allocates inside capital and monitors compliance with those rules.

(b) Risk Measurement

The Group measures risks of all subsidiaries in the Group. For the subsidiaries that have a slight of risk, the Group has the consolidated risk monitoring and management system. In the case of significant risks that have difficulties quantifying, the Group measures, recognizes and reflects the risks to internal capital by using qualitative method and others.

(c) Risk Management

The Group reflects results of risk measurement to internal capital, evaluates its adequacy and keeps the Group's internal capital adequacy stable.

50.2 Credit Risk**(1) Overview of Credit Risk**

The Group is exposed to certain level of credit risk and the credit risk is the risk of possible loss to portfolio due to counterparty's default, breach of covenant and loss of credibility. Credit risk exposure occurs in investment activities such as loans, debt instruments, derivative transactions, and non-trading accounts, or can exist in relating to off-statement of financial position accounts.

(2) Credit Risk Management

The Group only works with counterparties whose credit rate is above certain level in order to mitigate risks of counterparty's default, breach of covenant and loss of credibility, and sets sufficient amount of collaterals. Also, credit risk is constantly managed through computation of credit VaR and credit exposure management. Exceptional transactions are to be authorized by risk management council.

The Group assesses counterparty's credit ratings through internal credit ratings. By sharing details of them in the group, the Group makes all members of the group to have consistent credit view.

The Group controls the credit concentration risk by managing credit risk limitations on a counterparty or a group of counterparties in order to prevent excessive exposure concentration.

(3) Maximum Exposure to Credit Risk**(a) Statement of financial position items**

The maximum exposures to credit risk related to financial instruments on the statements of financial position as of December 31, 2018 and 2017 are as follows. The maximum exposure is expressed in gross amount, which the risk mitigation effect through collaterals and other credit reinforcements are not considered.

(In millions of won)

		December 31, 2018	December 31, 2017
Cash and deposits:			
Cash equivalent	₩	744,375	542,338
Deposits		7,872,054	4,535,121
Financial assets measured at fair value through profit or loss:			
Debt securities		20,976,954	-
Derivatives-linked securities		277,589	-
Puttable financial assets		1,405,910	-
Reserve for claims of customers' deposits (trust)		1,751,033	-
Loans		428,920	-
Financial assets held for trading:			
Debt instruments		-	19,003,214
Derivative financial instruments		413,514	253,176

(In millions of won)

		December 31, 2018	December 31, 2017
Financial assets measured at fair value through other comprehensive income :			
Debt securities		3,412,713	-
Financial assets measured at amortized cost			
		19,549,448	-
Financial assets designated at FVTPL:			
Debt instruments		-	25,363
Derivatives-linked securities		-	278,608
Available-for-sale financial assets:			
Debt instruments		-	2,427,707
Held-to-maturity financial assets:			
Debt instruments		-	214,704
Loans		-	12,250,381
Other financial assets		1,591,573	1,318,739
	₩	58,424,083	40,849,351

(b) Off-balance accounts

The maximum exposure to credit risk related to the off-balance accounts as of December 31, 2018 and 2017 are as follows:

(In millions of won)

		December 31, 2018	December 31, 2017
Commercial paper purchase agreements (*)	₩	1,144,243	1,233,977
Credit line and others		7,504,977	5,895,033
	₩	8,649,220	7,129,010

(*) Excludes to commercial papers that the Group acquire according to purchase agreements, as of December 31, 2018 and 2017, amounted to ₩134,157 million and ₩110,723 million respectively.

(4) Credit Risk Concentration Analysis**(a) Loans**

i) Most of counterparties of loan transactions, before considering collaterals and other credit reinforcements are concentrated in Korea. The ratios of individuals and corporations of loans and allowances as of December 31, 2018 and 2017 are as follows:

(In millions of won)

		December 31, 2018			
		Loans	Ratio (%)	Allowances	Carrying amount
Individuals	₩	12,811,106	66.45	(73,004)	12,738,102
Corporations		6,467,356	33.55	(81,127)	6,386,229
	₩	19,278,462	100.00	(154,131)	19,124,331

(In millions of won)

December 31, 2017					
		Loans	Ratio (%)	Allowances	Carrying amount
Individuals	₩	8,209,045	66.45	(58,637)	8,150,408
Corporations		4,144,549	33.55	(44,576)	4,099,973
	₩	12,353,594	100.00	(103,213)	12,250,381

ii) The details of the Group's loans by industry as of December 31, 2018 and 2017 are as follows:

(In millions of won)

December 31, 2018					
		Loans	Ratio (%)	Allowances for credit loss	Carrying amount
Manufacturing	₩	445,139	2.31	(5,379)	439,760
Financial service		1,853,090	9.61	(4,631)	1,848,459
Service		1,012,234	5.25	(13,447)	998,787
Construction		869,808	4.51	(19,025)	850,783
Others (*)		15,098,191	78.32	(111,649)	14,986,542
	₩	19,278,462	100.00	(154,131)	19,124,331

(*) All loans and allowances of individual counterparties are classified as others.

(In millions of won)

December 31, 2017					
		Loans	Ratio (%)	Allowances	Carrying amount
Manufacturing	₩	330,513	2.68	(2,746)	327,767
Financial service		544,982	4.40	(2,502)	542,480
Service		533,352	4.32	(5,143)	528,209
Construction		704,016	5.70	(11,274)	692,742
Others (*)		10,240,731	82.90	(81,548)	10,159,183
	₩	12,353,594	100.00	(103,213)	12,250,381

(*) All loans and allowances of individual counterparties are classified as others.

(b) Securities (debt instruments)

Most of securities (debt instruments), before considering collaterals and other credit reinforcements, are concentrated in securities issued in Korea. The details of the Group's securities (debt instruments) by industry as of December 31, 2018 and 2017 are as follows:

(In millions of won)

	December 31, 2018		December 31, 2017	
	Amount	Ratio (%)	Amount	Ratio (%)
Financial assets measured at fair value through profit or loss:				
Government and government funded institutions	₩ 10,638,308	37.10	₩ -	-
Banking and insurance	6,550,070	22.84	-	-
Others	7,223,108	25.18	-	-
	24,411,486	85.12	-	-
Financial assets held for trading				
Government and government funded institutions	-	-	10,601,445	48.30
Banking and insurance	-	-	3,504,799	15.97
Others	-	-	4,896,970	22.31
	-	-	19,003,214	86.58
Financial assets designated at FVTPL				
Banking and insurance	-	-	278,608	1.26
Others	-	-	25,363	0.12
	-	-	303,971	1.38
Financial assets measured at fair value through other comprehensive income				
Government and government funded institutions	3,021,595	10.54	-	-
Banking and insurance	391,118	1.36	-	-
	3,412,713	11.90	-	-
Available-for-sale financial assets				
Government and government funded institutions	-	-	1,807,798	8.24
Banking and insurance	-	-	349,010	1.59
Others	-	-	270,899	1.23
	-	-	2,427,707	11.06
Financial assets measured at amortized cost				
Government and government funded institutions	684,867	2.39	-	-
Banking and insurance	86,771	0.30	-	-
Others	82,399	0.29	-	-
	854,037	2.98	-	-
Held-to-maturity financial assets				
Government and government funded institutions	-	-	99,350	0.45
Others	-	-	115,354	0.53
	-	-	214,704	0.98
	₩ 28,678,236	100.00	₩ 21,949,596	100.00

(5) Credit Quality of Financial Assets

(a) Loans

i) The classification of loans at amortized cost according to the method of measuring expected credit losses as of December 31, 2018 are as follows:

(In millions of won)

	December 31, 2018						
		Lifetime ECL		Impaired (*)	Total	Allowance for credit loss	Book value
		12-months ECL	Not-impaired				
Call Loan	₩	272	-	-	272	-	272
Broker's loans		2,274,042	-	92,564	2,366,606	(6,942)	2,359,664
Loans receivable		15,224,987	246,405	100,545	15,571,937	(115,725)	15,456,212
Loans to employees		1,562	-	-	1,562	-	1,562
Advances for customers		-	-	11,097	11,097	(11,009)	88
Loans to employees		874,534	-	360	874,894	(2,367)	872,527
others		11,589	-	11,585	23,174	(18,088)	5,086
	₩	18,386,986	246,405	216,151	18,849,542	(154,131)	18,695,411

(*) Impaired loans consist of bonds guarantee, advances for customers and others. The Group recognized impairment losses for the difference between the carrying amount and the present value of the estimated future cash flows.

ii) The classification of loan receivables according to their past due date and whether they are impaired as of December 31, 2017 are as follows:

(In millions of won)

	December 31, 2017						
		Neither past due nor impaired	Past due but not impaired	Impaired (*)	Total	Allowances	Carrying amount
Broker's loans	₩	2,412,486	-	-	2,412,486	(6,059)	2,406,427
Loans receivable		9,594,972	19,237	58,056	9,672,265	(70,963)	9,601,302
Loans to employees		1,592	-	-	1,592	-	1,592
Advances for customers		478	-	10,855	11,333	(11,032)	301
Others		242,762	-	13,156	255,918	(15,159)	240,759
	₩	12,252,290	19,237	82,067	12,353,594	(103,213)	12,250,381

(*) Impaired loans consist of bonds guarantee, advances for customers and others. The Group recognized impairment losses for the difference between the carrying amount and the present value of the estimated future cash flows.

iii) The Credit risk mitigation effects of loans due to collateral and credit enhancement as of December 31, 2018 are as follows:
(In millions of won)

	December 31, 2018						Total
	Financial assets measured at fair value through profit or loss	Loans measured at amortized cost				Subtotal	
		12-month expected credit loss	Lifetime expected credit loss				
			Not-impaired	impaired			
Real estate	₩	-	3,685,292	493,490	201,089	4,379,871	4,379,871
Securities (*)		-	3,297,816	1,201	-	3,299,017	3,299,017
Guarantee		303,163	2,609,878	18,697	18,557	2,647,132	2,950,295
Others		118,680	1,230,158	13,229	6,120	1,249,507	1,368,187
Total	₩	421,843	10,823,144	526,617	225,766	11,575,527	11,997,370

(*) Includes securities provided to KSFC as collateral in relation to margin financing loan.

iv) The Credit risk mitigation effects of loans due to collateral and credit enhancement as of December 31, 2017 are as follows:
(In millions of won)

Interest rate shock	December 31, 2017			Total
	Nether past due nor impaired		Impaired loans	
Real estate	₩	5,487,763	127,143	5,614,906
Securities (*)		5,287,101	-	5,287,101
Guarantee		786,532	4,523	791,055
Others		3,085,934	47,092	3,133,026
	₩	14,647,330	178,758	14,826,088

(*) Includes securities provided to KSFC as collateral in relation to margin financing loan.

(b) Securities (debt instruments)

i) The classification of securities exposed to credit risk (liability securities) according to the method of measuring expected credit losses as of December 31, 2018 are as follows:

(In millions of won)

	December 31, 2018						
	12-month expected credit loss	Lifetime expected credit loss		Balance of securities	Credit loss allowance (*)	Book value	
		Not-impaired	impaired				
Financial assets measured at fair value through other comprehensive income (*)	₩	3,412,713	-	-	3,412,713	-	3,412,713
Financial assets measured at amortized cost		854,267	-	-	854,267	(230)	854,037
	₩	4,266,980	-	-	4,266,980	(230)	4,266,750

(*) Expected Credit loss of Financial assets measured at fair value through other comprehensive income presented in accumulated other comprehensive income is ₩ 349,921.

ii) The classification of securities (liability securities) exposed to credit risk according to their past due date and whether they are impaired as of December 31, 2017 are as follows:

(In millions of won)

	December 31, 2017			
	Neither past due nor impaired		Impaired	Total
	₩			
Financial assets held for trading	₩	19,003,214	-	19,003,214
Financial assets designated at FVTPL		303,971	-	303,971
Available-for-sale financial assets		2,346,421	81,286	2,427,707
Held-to-maturity financial assets		214,704	-	214,704
	₩	21,868,310	81,286	21,949,596

iii) The credit qualities of securities (debt instruments) that are neither past due nor impaired as of December 31, 2018 and 2017 are as follows:

(In millions of won)

	December 31, 2018				
	Financial assets measured at fair value through profit or loss	Financial assets measured at fair value through other comprehensive income	Financial assets measured at amortized cost	Total	
	₩				
Grade 1	₩	3,505,949	360,222	229,866	4,096,037
Grade 2		1,438,383	-	-	1,438,383
Grade 3		185,344	-	-	185,344
Grade 4		2,405,212	-	55,957	2,461,169
Grade 5		541,127	80,871	-	621,998
Grade 6		3,236,295	-	14,965	3,251,260
Grade 7		294,219	-	-	294,219
Grade 8		173,221	-	-	173,221
Grade 9		19,529	-	15,849	35,378
Grade 10		53,638	-	-	53,638
Unclassified assets (*)		9,401,626	2,971,620	537,400	12,910,646
	₩	21,254,543	3,412,713	854,037	25,521,293

(*) Securities with high credit quality, such as national bonds, local government bonds, derivatives-linked securities and reserve for claims of customers' deposits, are classified as unclassified assets.

(*) There is no include puttable financial products.

	December 31, 2017					
	Financial assets held for trading	Financial assets designated at FVTPL	Available-for-sale financial assets	Held-to-maturity financial assets	Total	
Grade 1	₩	5,345,594	-	757,412	214,704	6,317,710
Grade 2		1,743,386	-	159,557	-	1,902,943
Grade 3		77,731	-	-	-	77,731
Grade 4		1,058,013	-	59,768	-	1,117,781
Grade 5		508,212	-	-	-	508,212
Grade 6		20,444	-	-	-	20,444
Grade 7		87,476	-	-	-	87,476
Grade 8		174,197	-	-	-	174,197
Grade 9		-	-	-	-	-
Grade 10		589,969	-	-	-	589,969
Unclassified assets (*)		9,398,192	303,971	1,369,684	-	11,071,847
	₩	19,003,214	303,971	2,346,421	214,704	21,868,310

(*) Securities with high credit quality, such as national bonds, local government bonds, derivatives-linked securities and reserve for claims of customers' deposits, are classified as unclassified assets.

The grades of credit quality of securities (debt instruments) are as follows:

Credit quality	External rating agencies
Grade 1	AAA
Grade 2	AA+
Grade 3	AA0
Grade 4	AA-
Grade 5	A+
Grade 6	A0
Grade 7	A-
Grade 8	BBB+
Grade 9	BBB0
Grade 10	BBB-

The Group gives internal credit rates to the investment qualified companies with external agencies' current ratings of BBB- or higher.

Counterparties with current ratings of AAA to AA- (short-term quality: A1) are automatically matched to internal grades 1 to 4. Companies with internal grades 5 to 10 are automatically matched to current ratings from A+ to BBB- (short-term quality: A2+ to A3), and internal ratings are given differently according to the result by the Group's internal rating standards for companies.

iv) Mitigation effect of credit risk on securities (debt securities) due to collateral and credit enhancement for 2018 is as follows:

(In millions of won)

	Collateral types		December 31 2018
Financial assets measured at fair value through profit or loss	Guarantee	₩	7,859,206
Financial assets measured at fair value through other comprehensive income	Guarantee		988,541
Financial assets measured at amortized cost	Guarantee		63,169
		₩	8,910,916

v) Mitigation effect of credit risk on securities (debt securities) due to collateral and credit enhancement for 2017 is as follows:

(In millions of won)

			December 31, 2017
Guarantee		₩	6,396,998

(c) Accounts receivable and payables from securities transactions

Accounts receivable recognized for securities trading, which are classified as other financial assets, as of December 31, 2018 and 2017 are as follows:

(In millions of won)

		December 31, 2018	December 31, 2017
Accounts receivable	₩	327,967	870,445

The Group recognizes receivables and payables between Korea Exchange and customers regarding securities brokerage transactions on the trade date. The Group is exposed to credit risks for the period between the trade date and settlement date of investment brokerage business, which is standardized by related regulations (generally less than two business days from the trade date). As a central counterparty, Korea Exchange mitigates the payment default risk by managing joint compensation fund, and the Group mitigates customer default risk through margin requirements system. Also, the Group can collect the receivables through covering. Therefore, credit risk that the Group actually bears is linked to the price fluctuation risk of securities between the trade date and the settlement date.

The Group recognizes assets and liabilities on trade date for regular-way transactions and is exposed to the market risk and credit risk for the period from trade date and settlement date.

50.3 Liquidity Risk

(1) Overview of Liquidity Risk

Liquidity risk is the risk of insolvency or loss due to a disparity between the inflow and outflow of funds, unexpected outflow of funds, and obtaining funds at a high price or disposing of securities at an unfavorable price due to lack of available funds. The Group manages its liquidity risk through analysis of the contractual maturity of all financial assets, liabilities and off-statement of financial position items such as commitments and financial guarantee contracts. The Group discloses them by maturity groups: On demand, up to six months, between over six months and twelve months, between over one year and five years, and over five years.

Cash flows disclosed for the maturity analysis are undiscounted contractual principal and interest to receive (pay) and, thus, differ from the amount in the financial statements which are based on the present value of expected cash flows in some cases. The amount to be disclosed is determined by referring to the index at the end of the reporting period when the receivables or payables amounts are not confirmed.

(2) Liquidity Risk Management Policy

The liquidity risk is managed by Liquidity Risk Management Policy and related guidelines which are applied to the risk management policies and procedures that address all the possible risks that arise from the overall business of the Group. For the purpose of liquidity management, the accumulated liquidity gap ratio and liquidity ratio on all transactions affecting the inflows and outflows of funds and transactions of off-statement of financial position are measured. The Group sets reasonable fund level and allocates certain amount of fund available for use to each department so the total use of fund does not exceed the reasonable level. Status of short-term fund is reported to management on daily basis.

(3) Analysis on Remaining Contractual Maturities of Financial Assets and Liabilities

The remaining contractual maturities of financial assets and liabilities as of December 31, 2018 and 2017 are as follows:

(In millions of won)

	December 31, 2018					
	On demand	Up to 6 months	6~12 months	1~5 years	Over 5 years	Total
Financial assets						
Cash and due from banks	₩ 5,178,854	1,963,925	1,370,185	35	105,692	8,618,691
Financial assets measured at fair value through profit or loss (*1) (*2)	5,305,166	6,104,229	4,029,375	8,560,529	4,026,600	28,025,899
Derivative financial assets	14,841	164,279	48,873	85,760	99,761	413,514
Financial assets measured at fair value through other comprehensive income (*1) (*2)	458,565	495,779	360,756	2,591,884	243,521	4,150,505
Financial assets measured at amortized cost (*2)	-	6,579,344	7,813,557	5,897,988	307,899	20,598,788
Other financial assets measured at amortized cost (*2)	336,362	1,096,023	29,135	37,971	115,530	1,615,021
	₩ 11,293,788	16,403,579	13,651,881	17,174,167	4,899,003	63,422,418
Financial liabilities						
Deposits received (*2)	₩ (7,498,657)	(4,397,486)	(4,635,697)	(737,986)	(1,226)	(17,271,052)
Financial liabilities measured at fair value through profit or loss	(74,771)	(1,134,143)	(1,379,475)	(1,694)	(308,866)	(2,898,949)
Derivative financial liabilities	(9,819)	(315,122)	(253,964)	(595,764)	(46,604)	(1,221,273)
Financial liabilities designated as measured at fair value through profit or loss	(65,828)	(513,266)	(2,419,834)	(6,094,271)	(3,240,259)	(12,333,458)
Borrowings (*2)	(12,585,198)	(4,642,985)	(1,755,181)	(3,535,667)	-	(22,519,031)
Other financial liabilities	(1,484,224)	(1,286,033)	(13,333)	(106,010)	(173)	(2,889,773)
	(21,718,497)	(12,289,035)	(10,457,484)	(11,071,392)	(3,597,128)	(59,133,536)
Off-statement of financial position items						
Commercial paper purchase commitment (*3)	₩ -	(1,144,243)	-	-	-	(1,144,243)
Payment guarantee	(2,274,580)	(3,828,989)	(297,837)	(1,103,571)	-	(7,504,977)
Investment partnership agreement(*3)	-	(182,323)	-	-	-	(182,323)
	₩ (2,274,580)	(5,155,555)	(297,837)	(1,103,571)	-	(8,831,543)

(In millions of won)

	December 31, 2017					
	On demand	Up to 6 months	6-12 months	1-5 years	Over 5 years	Total
Financial assets						
Cash and deposits	₩ 2,873,142	1,342,433	830,001	(58,000)	102,124	5,089,700
Financial assets held for trading	14,373,756	8,744,912	324,542	766,485	161,892	24,371,587
Derivatives financial assets	-	141,116	50,706	38,297	23,057	253,176
Financial assets designated at FVTPL	31,410	100,808	12,810	121,313	47,749	314,090
Available-for-sale financial assets (*1) (*2)	1,259,671	2,151,429	81,977	536,194	(81,115)	3,948,156
Held-to-maturity financial assets	-	2,146	77,068	148,257	-	227,471
Loans (*2)	49,339	4,040,537	5,352,374	3,442,861	147,882	13,032,993
Other financial assets	956,613	221,358	106,782	35,822	1,581	1,322,156
	₩ 19,543,931	16,744,739	6,836,260	5,031,229	403,170	48,559,329
Financial liabilities						
Deposits received (*2)	₩ (5,361,280)	(1,228,043)	(3,667,735)	(411,046)	(776)	(10,668,880)
Financial liabilities held for trading	(36,731)	(1,030,030)	(1,801,088)	(254,520)	-	(3,122,369)
Derivatives financial liabilities	-	(198,265)	(158,678)	(116,108)	(19,327)	(492,378)
Financial liabilities designated at VTPL	(112,800)	(1,217,846)	(1,740,642)	(4,882,949)	(984,709)	(8,938,946)
Borrowings (*2)	(13,037,443)	(3,703,076)	(688,470)	(2,106,427)	-	(19,535,416)
Other financial liabilities	(759,062)	(900,514)	(65,507)	(79,482)	(77)	(1,804,642)
	₩(19,307,316)	(8,277,774)	(8,122,120)	(7,850,532)	(1,004,889)	(44,562,631)
Off-statement of financial position items						
Commercial paper purchase commitment(*3)	₩ -	(1,233,977)	-	-	-	(1,233,977)
Payment guarantee and others (*4)	(1,971,136)	-	-	(140,350)	-	(2,111,486)
Undrawn commitments limit (*3)	-	(3,783,547)	-	-	-	(3,783,547)
Committed investment (*3)	-	(217,004)	-	-	-	(217,004)
	₩ (1,971,136)	(5,234,528)	-	(140,350)	-	(7,346,014)

(*1) Listed stocks and collective investment securities are generally included in the 'on demand' category and unlisted stocks are included in 'Up to 6 months'. However, in the case of equity instruments restricted for sale, they are classified in the maturity section to which the end of restriction period belongs.

(*2) Cash flows of interest are included.

(*3) It is based on assumption that cash outflows occur on the earliest date of the agreements.

(*4) Occurrence of loss sharing is uncertain and it is included in 'On demand' category.

50.4 Market Risk

(1) Overview of Market Risk

Market risk is the risk of possible losses which arise from changes in market factors, such as interest rate, stock price, foreign exchange rate, commodity value and others that affect the fair value of securities, derivative financial instrument, and others. The most significant risks associated with trading positions are interest rate risks (interest rate risks from debt instruments or interest rate implicit securities), and other risks are stock price risks and currency risks. In addition, the Group is exposed to credit risks associated with non-trading positions. Market risk is daily managed by establishing the limitations considering products' natures such as position limitations for each business units, departments and dealers, loss limitations, market VaR limitation from the standard method designated by the Regulation on Financial Investment Business and internal model calculated by risk management system and sensitivity limitations (duration, delta, gamma, vega, others).

(2) Value at Risk ("VaR")

Market VaR determined by the standard method as of December 31, 2018 and 2017 are as follows:

(In millions of won)

	December 31, 2018	December 31, 2017
Stock	₩ 272,080	215,345
Interest rate	373,712	303,910
Collective investment securities and others	394,940	279,848
Foreign currency	26,555	58,101
Option	75,610	15,137
Commodity	8,734	6,290
	₩ 1,151,631	878,631

(3) Risk Management by Market Risk Factors

(a) Interest rate risk

Trading position interest rate risk usually arises from debt instruments denominated in Korean won. The Group's trading strategy is to benefit from short-term movements in the prices of debt instruments arising from changes in interest rates.

The product prices of the Group's trading accounts are disclosed daily. The risks related to trading accounts are managed by using market value based method such as market VaR and sensitivity analysis.

(b) Foreign exchange rate risk

Foreign exchange rate risk arises through ownership of assets and liabilities, denominated in currencies other than Korean won, from non-trading positions, or through foreign currency forward agreements, currency swaps and foreign currency trading securities.

The Group computes foreign currency position's net position regularly to follow the Regulation on Financial Investment Business and reports to the supervisory body.

Also, the Group manages the risk for total position exposed to foreign exchange rate including nontrading position by using market price base method such as market VaR and sensitivity analysis.

(c) Stock price risk

Stock price risk arises in the Group's foreign currency stocks and Korean won stocks.

Hedging instruments of ELS and ELW comprise most of stock trading portfolio and certain security proprietary trading ("prop trading") is composed of trading securities on the exchange, futures contracts maturing in a month or two, and others under the restriction of position limitation, sale at loss, loss limitation, and others. Marketable stocks among non-trading positions and stock beneficiary certificates are included in stock price risk and market VaR is computed.

Risk management committee allocates position and loss limitations, and risk management department monitors asset management department's possible breach of limitations and other special matters on a daily basis.

50.5 Operational Risk

(1) Concept

The Group defines operation risk to the extent of financial risk and non-financial risks incurred by unreasonable or wrong internal process, labor, system and external incidents.

(2) Operational Risk Management

The purpose of operational risk management is not only to comply with supervisory and regulatory requirements but also to promote a risk management culture, strengthen internal controls, innovate processes and provide timely feedback to management and employees. The Group defines the process clearly by maintaining internal regulations, sets work manual to systematize works and evaluate each department's management risks in order to check on the department's risk management. Contingency plan is designed for important risk management factors such as IT systems in order to prepare for emergency situations and to keep the work continuity.

50.6 Capital Adequacy

The Group must maintain the equity-to-risk weighted assets ratio of 8% or more on a consolidated basis in accordance with the Supervisory Regulations for Financial Holding Companies.

The details of the equity-to-risk weighted assets ratio of the Group, as of December 31, 2018 are as follows:

(*) Estimated in accordance with Article 25-4 and the Detailed Regulations of the Supervisory Regulations for Financial Holding Companies.

Korea Investment & Securities Co., Ltd., a major subsidiary of the Group, complies with the regulation of Net Capital Ratio("NCR") in accordance with the FSCMA. If the NCR, which is net capital (= assets - liabilities - non cashable assets + supplementary capital) to total risk amounts(= market risk + credit risk + operating risk), decreases below 100%, financial supervisory can take an action to increase the ratio.

The NCR of Korea Investment & Securities Co., Ltd., a major subsidiary of the Group, exceeds the management improvement standard.

51. Offsetting Financial Assets and Financial Liabilities

The Group is subject to enforceable master netting arrangements or similar agreements for derivative transactions and others. Details of the Group's recognized financial assets and liabilities subject to enforceable master netting arrangements or similar agreements are as follows:

(In millions of won)

	December 31, 2018					
	Gross amount	Offset amount	Net amounts presented in the statement of financial position	Recognized financial instruments	Amounts not offset Financial collateral (including cash collateral)	Net amount
Financial assets						
Securities loaned	₩ 415,945	-	415,945	(415,945)	-	-
Over-the-counter derivative assets (*)	337,246	-	337,246	(192,565)	(10,975)	133,706
Accounts receivable (Customers)	1,424,198	(1,324,315)	99,883	-	-	99,883
Accounts receivable (KRX)	1,618,617	(1,546,376)	72,241	-	-	72,241
Accounts receivable (Payment and settlement)	233,367	(216,096)	17,271	-	-	17,271
Domestic exchange settlements receivables	565,260	(398,306)	166,954	-	-	166,954
	₩ 4,594,633	(3,485,093)	1,109,540	(608,510)	(10,975)	490,055
Financial liabilities						
Bonds sold under repurchase agreements (between each institutions)	₩ (3,171,888)	-	(3,171,888)	3,171,888	-	-
Over-the-counter derivative liabilities (*)	(629,154)	-	(629,154)	192,565	247,608	(188,981)
Accounts payable (Customers)	(1,396,266)	1,324,315	(71,951)	-	-	(71,951)
Accounts payable (KRX)	(1,563,276)	1,546,376	(16,900)	-	-	(16,900)
Deposits received (Payment and settlement)	(218,572)	216,096	(2,476)	-	-	(2,476)
Domestic exchange settlement payables	(420,448)	398,306	(22,142)	22,142	-	-
	₩ (7,399,604)	3,485,093	(3,914,511)	3,386,595	247,608	(280,308)

(*) Financial collateral to over-the-counter derivative instruments includes collateral that doesn't have master netting arrangements.

(In millions of won)

	December 31, 2017						
	Gross amount	Offset amount	Net amounts presented in the statement of financial position	Amounts not offset		Net amount	
				Recognized financial instruments	Financial collateral (including cash collateral)		
Financial assets							
Securities loaned	₩ 384,927	-	384,927	(384,927)	-	-	
Over-the-counter derivative assets (*)	177,551	-	177,551	(62,741)	(12,644)	102,166	
Accounts receivable (Customers)	1,903,293	(1,446,734)	456,559	-	-	456,559	
Accounts receivable (KRX)	2,161,729	(2,057,731)	103,998	-	-	103,998	
Accounts receivable (Payment and settlement)	169,088	(169,088)	-	-	-	-	
Domestic exchange settlements receivables	236,330	(82,751)	153,579	(9,309)	-	144,270	
	₩ 5,032,918	(3,756,304)	1,276,614	(456,977)	(12,644)	806,993	
Financial liabilities							
Bonds sold under repurchase agreements (between each institutions)	₩ (4,100,000)	-	(4,100,000)	4,100,000	-	-	
Over-the-counter derivative liabilities (*)	(242,391)	-	(242,391)	62,741	44,887	(134,763)	
Accounts payable (Customers)	(1,832,451)	1,446,734	(385,717)	-	-	(385,717)	
Accounts payable (KRX)	(2,129,453)	2,057,731	(71,722)	-	-	(71,722)	
Deposits received (Payment and settlement)	(182,130)	169,088	(13,042)	-	-	(13,042)	
Domestic exchange settlement payables	(127,713)	82,751	(44,962)	44,962	-	-	
	₩ (8,614,138)	3,756,304	(4,857,834)	4,207,703	44,887	(605,244)	

(*) Financial collateral to over-the-counter derivative instruments includes collateral that doesn't have master netting arrangements.

52. Operating Segment Information

(a) Overall Segment Information and Operating segments

(i) Types of products and services from which each reportable segment derives its revenues

Operating segments are presented on business basis. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. As of December 31, 2018, the Group is organized into six major operating segments: securities business, asset management, financial investment, bank, savings bank, loan business. In addition, these business divisions are based on the nature of the products and services provided, the type or class of customer, and the Group's management organization.

(ii) Profit for the year of operating segment

Accounting policies of operating segments are same with those of the Group. The Group monitors the outcome of each operating segments for evaluation and decision making for asset allocations. The outcome of each operating segment is evaluated based on the operating profits, differently measured from the operating profits on financial statements. The Group's tax is managed at group level and is not allocated to the operating segment.

(iii) Factors management uses to identify reporting segment

The Group's operating segments are classified based on the risks and benefits arising from the difference in services. The Group's operating segments are managed independently by the nature of service and each one is treated as a strategic operating segment.

(b) Financial Information by Operating Segment

Financial information by operating segment for the years ended December 31, 2018 and 2017 are as follows:

(In millions of won)

	December 31, 2018								
	Financial investments	Asset management	Venture capital	Bank	Savings bank	Loan Business	Others	Intra-group adjustments	Total
Total revenues	₩ 7,966,673	139,540	134,379	374,675	228,972	135,528	487,048	(523,219)	8,943,596
Profit (loss) before tax	608,484	56,252	(18,923)	(21,280)	76,071	71,942	337,108	(396,410)	713,244
The followings are included in the segment profit(loss):									
Operating revenues from external customers	7,933,424	139,373	130,582	374,675	228,972	135,436	1,134	-	8,943,596
Inter-segment operating revenues	33,249	167	3,797	-	-	92	485,914	(523,219)	-
Interest income	852,664	1,690	1,066	293,932	190,457	112,709	9,924	(12,316)	1,450,126
Interest expenses	(308,336)	(693)	(2,876)	(110,539)	(55,145)	(45,847)	(45,562)	6,560	(562,438)
Net fee and commission income	590,430	117,703	36,940	(64,930)	9,141	19,050	2,850	(3,000)	708,184
Net gains (losses) on valuation and disposal of financial assets (liabilities)	20,085	(1,099)	(78,534)	(3,977)	(23,741)	1,876	(18,488)	71,932	(31,946)
Gains (losses) of investments in associates	20,355	(1,567)	55,195	-	-	-	-	16,233	90,216
Depreciation and amortization	(19,951)	(1,410)	(192)	(23,951)	(3,118)	(614)	(57)	-	(49,293)

(In millions of won)

	December 31, 2017								
	Financial investments	Asset management	Venture capital	Bank	Savings bank	Loan Business	Others	Intra-group adjustments	Total
Total revenues	₩ 5,461,828	106,962	150,002	275,387	172,274	97,270	320,401	(348,647)	6,235,477
Profit (loss) before tax	501,246	45,289	106,652	(16,268)	59,961	55,160	271,604	(308,009)	715,635
The followings are included in the segment profit(loss):									
Operating revenues from external customers	5,435,864	106,840	147,116	275,387	172,274	97,204	792	-	6,235,477
Inter-segment operating revenues	25,964	122	2,886	-	-	66	319,609	(348,647)	-
Interest income	620,152	1,226	735	200,548	140,759	81,623	7,499	(9,151)	1,043,391
Interest expenses	(221,538)	(545)	(2,043)	(77,229)	(40,077)	(32,817)	(33,503)	4,725	(403,027)
Net fee and commission income	457,786	90,002	26,777	(47,440)	8,608	12,381	2,195	(2,307)	548,002
Net gains (losses) on valuation and disposal of financial assets (liabilities)	59,876	(178)	23,786	1,814	(17,341)	4,096	4,019	(4,602)	71,470
Gains (losses) of investments in associates	5,559	(1,027)	82,344	-	-	-	-	15,397	102,273
Depreciation and amortization	(14,734)	(1,048)	(144)	(17,766)	(2,134)	(410)	(45)	-	(36,281)

53. Interests in Unconsolidated Structured Entities

(a) Information about interests in unconsolidated structured entities, which the Group does not have control over, including the nature, purpose and activities of the structured entity and how the structured entity is financed, are as follows:

Nature	Purpose	Activities	Financing method
Asset securitization	i) Receipt of commission fee from credit offering on SPC, an agreement to purchase ABCP and others.	i) Implementation of an asset securitization plan ii) Purchase and collection of securitized assets iii) Issuance and redemption of ABS and ABCP	i) Issuance of ABS and ABCP based on securitized assets
Project financing	i) Project Financing funding for social overhead capital (SOC) and real estate ii) Loans to SPC for merger and acquisition	i) Construction of SOC facilities and real estate ii) M&A financing	i) Loan agreements, credit granting and investment commitments
Investment fund	i) Investments in securities ii) Investments in private equity funds and partnerships	i) Management and operation of fund assets ii) Payment of fund remuneration and distribution of operating income	i) Sale of beneficiary securities ii) Capital contribution from general partners and limited partners

(b) Details of the size of the interest in unconsolidated structured entities and the nature of risks related as of December 31, 2018 and 2017 are as follows:

(In millions of won)

	December 31, 2018			
	Asset securitization	Project financing	Investment fund	Total
Total assets of unconsolidated structured entities	₩ 36,492,571	15,236,369	9,290,591	61,019,531
Assets recognized in the financial statements of the Group:				
Financial assets measured at fair value through profit or loss	134,157	-	418,494	552,651
Investment in associate	-	-	1,050,643	1,050,643
Loans	422,871	342,804	-	765,675
	₩ 557,028	342,804	1,469,137	2,368,969
Maximum exposure to loss (*):				
Investments	₩ 557,028	342,804	1,469,137	2,368,969
Purchase agreement	1,144,243	-	-	1,144,243
Acceptances and guarantees	1,939,708	232,242	-	2,171,950
Residual committed investments	-	-	182,323	182,323
	₩ 3,640,979	575,046	1,651,460	5,867,485
The way that the maximum exposure to loss is determined	Credit offerings and purchase agreement	Loan agreement	Investment commitment	

(In millions of won)

	December 31, 2017			
	Asset securitization	Project financing	Investment fund	Total
Total assets of unconsolidated structured entities	₩ 15,335,373	16,148,361	7,000,635	38,484,369
Assets recognized in the financial statements of the Group:				
Financial assets held for trading	110,723	-	-	110,723
Available-for-sale financial assets	-	-	711,362	711,362
Investment in associate	-	-	452,037	452,037
Loans	243,593	368,388	-	611,981
	₩ 354,316	368,388	1,163,399	1,886,103
Maximum exposure to loss (*):				
Investments	₩ 354,316	368,388	1,163,399	1,886,103
Purchase agreement	1,233,977	-	-	1,233,977
Acceptances and guarantees	1,274,273	696,863	-	1,971,136
Residual committed investments	-	-	217,004	217,004
	₩ 2,862,566	1,065,251	1,380,403	5,308,220
The way that the maximum exposure to loss is determined	Credit offerings and purchase agreement	Loan agreement	Investment commitment	

(*) Maximum exposure to loss includes the investments recognized in the Group's financial statements and the amounts which are probable to be determined when certain conditions are met by agreements including purchase agreements, credit offerings and others.

54. Business combination

i) On June 26, 2018, the Company acquired a 75% stake in PT Korea Investment & Sekuritas Indonesia for a total consideration of ₩36,243,473 thousand through a third-party capital increase.

The total number of issued shares before the rights issue of the subsidiary is 50,000 shares, and 150,000 additional shares were issued through the rights offering.

ii) PT Korea Investment & Sekuritas Indonesia The fair value of the consideration transferred and the assets acquired and liabilities assumed at acquisition date are as follows:

(In millions of won)

December 31, 2018		
The consideration transferred		
Cash	₩	36,243
Assets acquired and the liabilities assumed		
Cash and deposits	₩	38,292
Financial assets measured at fair value through profit or loss		3,612
Financial assets measured at fair value through other comprehensive income		10
Property and equipment		725
Current tax assets		13
Deferred tax assets		192
Other financial assets measured at amortised cost		29,197
Other non-financial assets		26
Current tax liabilities		(100)
Other financial liabilities		(28,103)
Other non-financial liabilities		(358)
Fair value of identifiable net assets		43,506
Non-controlling interests		(10,877)
Attributable to equity holders of the Group		32,629
Goodwill		3,614
	₩	36,243

iii) The operating income and net income of PT Korea Investment & Sekuritas Indonesia included in the consolidated statement of comprehensive income after the acquisition date are as follows:

(In millions of won)

December 31, 2018		
Operating income	₩	1,834
Net income		127

iv) If PT Korea Investment & Sekuritas Indonesia is consolidated from January 1, 2018, operating income and net income of the Group, which would have been included in the consolidated statement of comprehensive income, are as follows:

(In millions of won)

December 31, 2018		
Operating income	₩	8,828,675
Net income		516,793

v) The cash flow information relating to this business combination is as follows:

(In millions of won)

December 31, 2018		
Stock purchase payment	₩	(36,243)
Cash held by the acquired subsidiary		38,292
Net cash inflows	₩	2,049

Korea Investment
Holdings Co., Ltd.