WOORI BANK
Form 6-K
November 16, 2018

This Report on Form 6-K is incorporated by reference into the prospectus included in the Registration Statement on Form F-4 of Woori Bank (File No. 333-226345).

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 6-K

REPORT OF FOREIGN PRIVATE ISSUER

PURSUANT TO RULE 13a-16 OR 15d-16

UNDER THE SECURITIES EXCHANGE ACT OF 1934

For the month of November 2018

Woori Bank

(Translation of Registrant s name into English)

51, Sogong-ro, Jung-gu, Seoul, 04632, Korea

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Note: Regulation S-T Rule 101(b)(1) only permits the submission in paper of a Form 6-K if submitted solely to provide an attached annual report to security holders.

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Note: Regulation S-T Rule 101(b)(7) only permits the submission in paper of a Form 6-K if submission to furnish a report or other document that the registration foreign private issuer must furnish and make public under the laws of the jurisdiction in which the registrant is incorporated, domiciled or legally organized (the registrant s home country), or under the rules of the home country exchange on which the registrant s securities are traded, as long as the report or other document is not a press release, is not required to be and has not been distributed to the registrant s security holders, and if discussing a material event, has already been the subject of a Form 6-K submission or other Commission filing on EDGAR.

WOORI BANK AND SUBSIDIARIES

CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

AS OF SEPTEMBER 30, 2018 AND DECEMBER 31, 2017

	September 30, 2018 (*)	December 31, 2017 (*)
	(Korean Won in millions)	
ASSETS		
Cash and cash equivalents (Note 6)	6,004,504	6,908,286
Financial assets at fair value through profit or loss (FVTPL) (IFRS 9) (Notes 4, 7, 11, 12, 18 and 26)	5,720,811	
Financial assets at FVTPL (IAS 39) (Notes 4, 7, 11, 12, 18 and 26)		5,843,077
Financial assets at financial assets at fair value through other comprehensive income (FVTOCI) (Notes 4, 8, 11, 12, and 18)	16,167,617	
Available-for-sale (AFS) financial assets (Notes 4,8,11,12 and 18)		15,352,950
Securities at amortized cost (Notes 4, 9, 11, 12 and 18)	19,121,604	
Held to maturity (HTM) financial assets (Notes 4, 9, 11, 12 and 18)		16,749,296
Loans and other financial assets at amortized cost (Notes 4, 10, 11, 12, 18 and 44)	278,684,897	
Loans and receivables (Notes 4,10,11,12,18 and 44)		267,106,204
Investments in joint ventures and associates (Note 13)	341,603	417,051
Investment properties (Note 14)	382,389	371,301
Premises and equipment (Notes 15 and 18)	2,438,294	2,477,545
Intangible assets and goodwill (Note 16)	620,195	518,599
Assets held for sale (Note 17)	6,765	48,624
Current tax assets	15,635	4,722
Deferred tax assets	38,660	280,130
Derivative assets (Held for hedging) (Notes 4,11,12 and 26)	13,716	59,272
Other assets (Notes 19 and 44)	244,946	158,404
Total assets	329,801,636	316,295,461
LIABILITIES		
Financial liabilities at FVTPL (IFRS 9) (Notes 4, 11, 12, 20 and 26)	2,222,042	
Financial liabilities at FVTPL (IAS 39) (Notes 4, 11, 12, 20 and 26)		3,427,909
Deposits due to customers (Notes 4,11,21 and 44)	237,359,059	234,695,084
Borrowings (Notes 4, 11, 12 and 22)	15,862,477	14,784,706
Debentures (Notes 4, 11 and 22)	28,102,679	27,869,651
Provisions (Notes 23, 43 and 44)	385,343	410,470
Net defined benefit liability (Note 24)	112,520	43,264
Current tax liabilities	223,280	232,600
Deferred tax liabilities	18,785	22,681
Derivative liabilities (Held for hedging) (Notes 4,11,12 and 26)	74,107	67,754
Other financial liabilities (Notes 4,11,12, 25 and 44)	23,197,293	13,892,461
Other liabilities (Notes 25 and 44)	332,155	283,981
Total liabilities	307,889,740	295,730,561

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WOORI BANK AND SUBSIDIARIES

CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

AS OF SEPTEMBER 30, 2018 AND DECEMBER 31, 2017 (CONTINUED)

	September 30, 2018 (*)	December 31, 2017 (*)
	(Korean Won in millions)	
EQUITY		
Owners equity:	21,703,016	20,365,892
Capital stock (Note 28)	3,381,392	3,381,392
Hybrid securities (Note 29)	3,161,963	3,017,888
Capital surplus (Note 28)	285,887	285,880
Other equity (Note 30)	(2,158,221)	(1,939,274)
Retained earnings (Note 31)	17,031,995	15,620,006
Non-controlling interests	208,880	199,008
Total equity	21,911,896	20,564,900
Total liabilities and equity	329,801,636	316,295,461

The consolidated interim statements of financial position as of September 30, 2018 was prepared in accordance with IFRS 9; however, the comparative consolidated statements of financial position as of December 31, 2017 were not retrospectively restated accordance with IFRS 9.

See accompanying notes

WOORI BANK AND SUBSIDIARIES

CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME

FOR THE THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017

	2018 (*)		2017 (*)	
	Three months ended September 30	Nine months ended September 30	Three months ended September 30	Nine months ended September 30
	(Korean Won in millions, except per share data)			
Interest income	2,476,774	7,120,190	2,187,829	6,377,413
Financial assets at FVTPL (IFRS 9)	14,729	43,266		
Financial assets at FVTOCI	71,951	191,397		
Financial assets at amortized cost	2,390,094	6,885,527		
Financial assets at FVTPL (IAS 39)			14,680	41,486
AFS financial assets			67,021	211,088
HTM financial assets			77,349	227,022
Loans and receivables			2,028,779	5,897,817
Interest expense	(1,044,099)	(2,923,041)	(836,273)	(2,475,537)
Net interest income (Notes 33 and 44)	1,432,675	4,197,149	1,351,556	3,901,876
Fees and commissions income	545,086	1,658,092	534,597	1,548,490
Fees and commissions expense	(279,337)	(789,688)	(257,728)	(733,921)
Net fees and commissions income (Notes 34 and 44)	265,749	868,404	276,869	814,569
Dividend Income (Note 35 and 44)	18,333	68,037	48,842	108,287
Net gain (loss) on financial instruments at FVTPL (IFRS 9) (Notes 11, 36 and 44)	(24,437)	92,586		
Net gain (loss) on financial instruments at FVTPL (IAS 39) (Notes 11, 36 and 44)			48,773	(97,636)
Net gain on financial assets at FVTOCI (Notes 11 and 37)	886	2,173		
Net gain on AFS financial assets (Notes 11 and 37)			44,273	148,445
Net gain arising on financial assets at amortized cost	8,732	39,618		
Net gain on disposals of securities at amortized cost		431		
Net gain on disposals of loans and other financial assets at amortized cost	8,732	39,187		
Impairment losses due to credit loss (Notes 38 and 44)	(83,855)	(55,417)	(217,259)	(501,022)
General and administrative expenses (Notes 39 and 44)	(818,773)	(2,386,111)	(1,108,625)	(2,647,052)
Other net operating income (expenses) (Notes 39 and 44)	(33,496)	252,910	(126,741)	74,449
Operating income	765,814	2,573,529	317,688	1,801,916
Share of profits (losses) of joint ventures and associates (Note 13)	(471)	(1,933)	69,670	5,392

Net other non-operating income (expenses)	60,445	55,724	(15,720)	(5,722)
Non-operating income (expenses) (Note 40)	59,974	53,791	53,950	(330)
Net income before income tax expense	825,788	2,627,320	371,638	1,801,586
Income tax expense (Note 41)	(221,252)	(706,468)	(88,212)	(409,145)
Net income	604,536	1,920,852	283,426	1,392,441

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WOORI BANK AND SUBSIDIARIES

CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME

FOR THE THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017

	2018 (*)		2017 (*)	
	Three months ended September 30	Nine months ended September 30	Three months ended September 30	Nine months ended September 30
	(Korean Won in millions, except per share data)			
Net gain (loss) on valuation of equity securities at FVTOCI	(14,152)	17,276		
Net gain on valuation of financial liabilities designated as at FVTPL due to own credit risk	14	144		
Items out of change in equity method securities due to change in equity of investee that will not be reclassified to profit or loss	(1,456)		(278)	(3,365)
Remeasurement gain (loss) related to defined benefit plan	16,304	(43,269)	22,820	13,143
Items that will not be reclassified to profit or loss	710	(25,849)	22,542	9,778
Net gain on valuation of debt securities at FVTOCI	6,033	16,057		
Net loss on valuation of AFS financial assets			(22,335)	(51,041)
Share of other comprehensive gain of joint ventures and associates	3,922	3,676	3,688	8,282
Net gain (loss) on foreign currency translation for foreign operations	(62,752)	(27,226)	14,488	(54,522)
Net gain (loss) on valuation of cash flow hedge	2,703	(3,510)	279	(1,247)
Net gain (loss) on disposal of assets held for sale	564	(4,145)		
Items that may be reclassified to profit or loss	(49,530)	(15,148)	(3,880)	(98,528)
Other comprehensive income (loss), net of tax	(48,820)	(40,997)	18,662	(88,750)
Total comprehensive income	555,716	1,879,855	302,088	1,303,691
Net income attributable to:				
Net income attributable to owners	597,528	1,903,406	280,146	1,378,507
Net income attributable to non-controlling interests	7,008	17,446	3,280	13,934
Total comprehensive income attributable to:				
Comprehensive income attributable to owners	553,248	1,868,570	299,649	1,295,391
Comprehensive income attributable to non-controlling interests	2,468	11,285	2,439	8,300
Basic and diluted earnings per share (In Korean Won) (Note 42)	833	2,661	358	1,855

The consolidated interim statements of comprehensive income for the three months and nine months ended September 30, 2018 was prepared in accordance with IFRS 9; however, the comparative consolidated interim statements of comprehensive income for the three months and nine months ended September 30, 2017 was not retrospectively restated in accordance with IFRS 9.

See accompanying notes

WOORI BANK AND SUBSIDIARIES

CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017

	Capital Stock	Hybrid securities	Capital surplus	Other equity	Retained earnings	Owner s equity	Non-controlling interests	Total equity
				(Korean Won in millions)				
January 1, 2017	3,381,392	3,574,896	286,331	(1,468,025)	14,611,566	20,386,160	159,793	20,545,953
Net income					1,378,507	1,378,507	13,934	1,392,441
Dividends to common stocks					(336,636)	(336,636)	(1,544)	(338,180)
Capital increase of subsidiaries			735			735	(144)	591
Net gain (loss) on valuation of available-for-sale financial assets				(51,480)		(51,480)	439	(51,041)
Changes in equity of joint ventures and associates				4,917		4,917		4,917
Loss on foreign currency translation of foreign operations				(48,506)		(48,506)	(6,016)	(54,522)
Loss on valuation of cash flow hedge				(1,247)		(1,247)		(1,247)
Remeasurement gain (loss) related to defined benefit plan				13,200		13,200	(57)	13,143
Dividends to hybrid securities					(129,921)	(129,921)		(129,921)
Issuance of hybrid securities		559,565				559,565		559,565
Redemption of hybrid securities		(1,116,573)		(208,158)		(1,324,731)		(1,324,731)
September 30, 2017 (*)	3,381,392	3,017,888	287,066	(1,759,299)	15,523,516	20,450,563	166,405	20,616,968
January 1, 2018	3,381,392	3,017,888	285,880	(1,939,274)	15,620,006	20,365,892	199,008	20,564,900
				(392,176)	177,091	(215,085)	723	(214,363)

Cumulative effect of change in accounting policy (Note 2)								
Adjusted balance, beginning of period	3,381,392	3,017,888	285,880	(2,331,450)	15,797,097	20,150,807	199,731	20,350,538
Net income					1,903,406	1,903,406	17,446	1,920,852
Dividends to common stocks					(336,636)	(336,636)	(2,118)	(338,754)
Capital decrease of subsidiaries			7			7	(18)	(11)
Net gain on valuation of financial liabilities designated as at FVTPL due to own credit risk				144		144		144
Changes in other comprehensive income due to redemption of financial liabilities designated as at FVTPL				(4)	4			
Net gain (loss) on valuation of financial assets at FVTOCI				33,632		33,632	(299)	33,333
Changes in other comprehensive income due to disposal of equity securities at FVTOCI				279	(279)			
Change in equity method securities due to change in equity of investees				3,676	(10,649)	(6,973)		(6,973)
Loss on foreign currency translation of foreign operations				(21,461)		(21,461)	(5,765)	(27,226)
Loss on valuation of cash				(3,510)		(3,510)		(3,510)

flow hedge								
Remeasurement loss related to defined benefit plan				(43,172)		(43,172)	(97)	(43,269)
Net loss on disposal of assets held for sale				(4,145)		(4,145)		(4,145)
Dividends to hybrid securities					(112,790)	(112,790)		(112,790)
Issuance of hybrid securities		398,707				398,707		398,707
Redemption of hybrid securities		(254,632)		(368)		(255,000)		(255,000)
Appropriation of retained earnings				208,158	(208,158)			
September 30, 2018 (*)	3,381,392	3,161,963	285,887	(2,158,221)	17,031,995	21,703,016	208,880	21,911,896

The consolidated interim statements of changes in equity for the nine months ended September 30, 2018 was prepared in accordance with IFRS 9; however, the comparative consolidated interim statements of changes in equity for the nine months ended September 30, 2017 was not retrospectively restated in accordance with IFRS 9.

See accompanying notes

WOORI BANK AND SUBSIDIARIES

CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017

	For the nine months ended September 30	
	2018 (*)	2017 (*)
	(Korean Won in millions)	
Cash flows from operating activities:		
Net income	1,920,852	1,392,441
Adjustments to net income:		
Income tax expense	706,468	409,145
Interest income	(7,120,190)	(6,377,413)
Interest expense	2,923,041	2,475,537
Dividend income	(68,037)	(108,287)
	(3,558,718)	(3,601,018)
Additions of expenses not involving cash outflows:		
Impairment losses due to credit loss	55,417	501,022
Loss on financial assets at FVTOCI	754	
Share of losses of investments in joint ventures and associates	20,272	74,171
Loss on disposal of investments in joint ventures and associates	2,931	38,701
Loss on transaction and valuation of derivatives (hedging)	78,200	39,768
Loss on hedged items (fair value hedge)		6,856
Loss on provision	62,294	52,391
Retirement benefits	107,399	107,430
Depreciation and amortization	199,181	179,085
Loss on disposal of premises and equipment and other assets	967	8,574
Impairment loss on premises and equipment and other assets	36	269
	527,451	1,008,267
Deductions of income not involving cash inflows:		
Gain on valuation of financial assets at FVTPL (IFRS 9)	117,512	
Gain on valuation of financial instruments at FVTPL (IAS 39)		65,764
Gain on redemption of debentures	1,597	
Gain on financial assets at FVTOCI	2,927	
Gain on AFS financial assets		148,445
Gain on disposal of securities at amortized cost	431	
Share of profits of investments in joint ventures and associates	18,339	79,563
Gain on disposal of investments in joint ventures and associates	49,767	33,194
Gain on transaction and valuation of derivatives (Held for hedging)	24,134	7,695
Gain on hedged items (fair value hedge)	83,531	25,055
Gain on provisions	1,718	2,000
Gain on disposal of premises and equipment and other assets	29,996	4,895
Reversal of impairment loss on premises and equipment and other assets	761	604

	330,713	367,215
Changes in operating assets and liabilities:		
Financial assets at FVTPL (IFRS 9)	745,482	
Financial assets at FVTPL (IAS 39)		(232,152)
Loans and other financial assets at amortized cost	(12,054,546)	
Loans and receivables		(10,076,492)
Other assets	(46,475)	(86,535)
Deposits due to customers	2,664,028	5,326,478
Provisions	(44,945)	(98,616)
Net defined benefit liability	(97,823)	(19,952)
Other financial liabilities	9,117,584	1,644,842
Other liabilities	64,487	14,749
	347,792	(3,527,678)
Cash received from (paid for) operating activities:		
Interest income received	7,026,679	6,445,201
Interest expense paid	(2,655,693)	(2,535,668)
Dividends received	68,250	110,855
Income tax paid	(413,899)	(328,793)
Net cash provided by (used in) operating activities	2,932,001	(1,403,608)

(Continued)

WOORI BANK AND SUBSIDIARIES

CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017 (CONTINUED)

	For the nine months ended September 30	
	2018 (*)	2017 (*)
	(Korean Won in millions)	
Cash flows from investing activities:		
Cash in-flows from investing activities:		
Disposal of financial assets at FVTPL (IFRS 9)	8,209,468	
Disposal of financial assets at FVTOCI	6,746,297	
Disposal of AFS financial assets		18,991,381
Redemption of securities at amortized cost	7,077,432	
Redemption of HTM financial assets		6,851,014
Disposal of investments in joint ventures and associates	56,556	78,204
Disposal of investment properties	3,483	356
Disposal of premises and equipment	314	6,425
Disposal of intangible assets	4,758	998
Disposal of assets held for sale	69,794	6,832
	22,168,102	25,935,210
Cash out-flows from investing activities:		
Net cash in-flows of business combination	70,905	
Acquisition of financial assets at FVTPL (IFRS 9)	8,447,712	
Acquisition of financial assets at FVTOCI	8,912,434	
Acquisition of AFS financial assets		15,777,632
Acquisition of securities at amortized cost	9,460,686	
Acquisition of HTM financial assets		9,280,802
Acquisition of investments in joint ventures and associates	32,557	137,411
Acquisition of investment properties	10,225	5,080
Acquisition of premises and equipment	67,458	133,728
Acquisition of intangible assets	159,961	168,676
	27,161,938	25,503,329
Net cash provided by (used in) investing activities	(4,993,836)	431,881
Cash flows from financing activities:		
Cash in-flows from financing activities:		
Increase in borrowings	7,621,283	9,856,662
Issuance of debentures	15,824,515	14,556,550
Issuance of hybrid securities	398,707	559,565
Capital increase of subsidiaries		635
	23,844,505	24,973,412

Cash out-flows from financing activities:		
Repayment of borrowings	6,452,223	12,308,155
Repayment of debentures	15,753,950	10,581,681
Redemption of hybrid securities	255,000	1,323,400
Payment of dividends to common stocks	336,636	336,636
Dividends paid on hybrid securities	112,790	131,423
Dividends paid on non-controlling interests	2,118	1,544
	22,912,717	24,682,839
Net cash provided by financing activities	931,788	290,573
Net decrease in cash and cash equivalents	(1,130,047)	(681,154)
Cash and cash equivalents, beginning of the period	6,908,286	7,591,324
Effects of exchange rate changes on cash and cash equivalents	226,265	(97,681)
Cash and cash equivalents, end of the period (Note 6)	6,004,504	6,812,489

The consolidated interim statements of cash flows for the nine months ended September 30, 2018 was prepared in accordance with IFRS 9; however, the comparative consolidated interim statements of cash flows for the nine months ended September 30, 2017 was not retrospectively restated to apply IFRS 9.

See accompanying notes

WOORI BANK AND SUBSIDIARIES

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS

AS OF SEPTEMBER 30, 2018 AND FOR THE THREE MONTHS AND THE NINE MONTHS

ENDED SEPTEMBER 30, 2018 AND 2017

1. GENERAL

(1) Summary of the parent company
Woori Bank (hereinafter referred to the Bank), which is a controlling entity in accordance with International Financial Reporting Standards (IFRS) 10 *Consolidated Financial Statements*, was established in 1899 and is engaged in the commercial banking business under the Banking Act, trust business and foreign exchange business under the Financial Investment Services and Capital Market Act.

Previously, Woori Finance Holdings Co., Ltd., the former holding company of Woori Financial Group, established on March 27, 2001 held a 100% ownership of the Bank. Effective November 1, 2014, Woori Finance Holdings Co., Ltd. completed its merger (the Merger) with and into the Bank. Accordingly, the shares of the Bank, 597 million shares, prior to the merger, were reduced to nil in accordance with capital reduction procedure, and then, in accordance with the merger ratio, the Bank newly issued 676 million shares. Since then, there have been no change in numbers of issued shares. As a result, as of September 30, 2018, the common stock of the Bank amounts to 3,381,392 million Korean Won.

During the year ended December 31, 2016, the Korea Deposit Insurance Corporation (KDIC), the majority shareholder of the Bank, sold its 187 million shares in the Bank in accordance with the contract of Disposal of Woori Bank s shares to Oligopolistic Shareholders . In addition to the sale, during the year ended December 31, 2017, KDIC sold additional 33 million shares. As of September 30, 2018 and December 31, 2017, KDIC held 125 million shares (18.43% ownership interest), of the Bank s shares issued.

On June 24, 2002, Woori Finance Holdings Co., Ltd. listed its common shares on the Korea Exchange through public offering. In addition, on September 29, 2003, the holding company registered with the Securities and Exchange Commission in the United States of America and, on the same day, listed its American Depositary Shares on the New York Stock Exchange. As Woori Finance Holdings Co., Ltd. was merged into the Bank, the Bank, which is the existing company, succeeded such rights and obligations as a listed company on the Korea Exchange and the New York Stock Exchange.

As a result of such merger, the Bank incorporated Woori Card Co., Ltd., Woori Investment Bank Co., Ltd., Woori FIS Co., Ltd., Woori Private Equity Asset Management Co., Ltd., and Woori Finance Research Institute Co., Ltd. as its subsidiaries.

The headquarters of the Bank is located in 51, Sogong-ro, Jung Gu, Seoul, Korea. The Bank has 878 branches and offices in Korea, and 23 branches and offices overseas as of September 30, 2018.

(2) The consolidated financial statements for Woori Bank and its subsidiaries (the Group) include the following subsidiaries:

Subsidiaries	Main business	Percentage of ownership (%) September 30, 2018	Percentage of ownership (%) December 31, 2017	Location	Financial statements as of (2018)
Woori Bank:					
Woori FIS Co., Ltd.	System software development & maintenance	100.0	100.0	Korea	September 30
Woori Private Equity Asset Management Co., Ltd.	Finance	100.0	100.0	Korea	September 30
Woori Finance Research Institute Co., Ltd.	Other service business	100.0	100.0	Korea	September 30
Woori Card Co., Ltd.	Finance	100.0	100.0	Korea	September 30
Woori Investment Bank Co., Ltd.	Other credit finance business	59.8	59.8	Korea	September 30
Woori Credit Information Co., Ltd.	Credit information	100.0	100.0	Korea	September 30
Woori America Bank	Finance	100.0	100.0	U.S.A.	September 30
Woori Global Markets Asia Limited		100.0	100.0	Hong Kong	September 30
Woori Bank China Limited		100.0	100.0	China	September 30
AO Woori Bank		100.0	100.0	Russia	September 30
PT Bank Woori Saudara Indonesia 1906 Tbk		79.9	79.9	Indonesia	September 30
Banco Woori Bank do Brasil S.A.		100.0	100.0	Brazil	September 30
Korea BTL Infrastructure Fund		99.9	99.9	Korea	September 30
Woori Fund Service Co., Ltd.		100.0	100.0	Korea	September 30
Woori Finance Cambodia PLC.		100.0	100.0	Cambodia	September 30
Woori Finance Myanmar Co., Ltd.		100.0	100.0	Myanmar	September 30
Wealth Development Bank		51.0	51.0	Philippines	September 30
Woori Bank Vietnam Limited		100.0	100.0	Vietnam	September 30
WB Finance Co., Ltd.		100.0		Cambodia	September 30
Kumho Trust First Co., Ltd. (*1)	Asset securitization	0.0	0.0	Korea	September 30
Asiana Saigon Inc. (*1)		0.0	0.0	Korea	September 30
Consus Eighth Co., LLC (*1)		0.0	0.0	Korea	September 30
KAMCO Value Recreation First Securitization Specialty Co., Ltd. (*1)		15.0	15.0	Korea	September 30
Hermes STX Co., Ltd. (*1)		0.0	0.0	Korea	September 30
BWL First Co., LLC (*1)		0.0	0.0	Korea	September 30
Deogi Dream Fourth Co., Ltd. (*1)		0.0	0.0	Korea	September 30
Jeonju Iwon Ltd. (*1)		0.0	0.0	Korea	September 30
Wonju I one Inc. (*1)		0.0	0.0	Korea	September 30
Heitz Third Co., Ltd. (*1)		0.0	0.0	Korea	September 30
Woorihansoop 1st Co., Ltd. (*1)		0.0	0.0	Korea	September 30
Electric Cable First Co., Ltd. (*1)		0.0	0.0	Korea	September 30

Woori International First Co., Ltd. (*1)		0.0	0.0	Korea	September 30
Woori HJ First Co., Ltd. (*1)		0.0	0.0	Korea	September 30
Woori WEBST 1st Co., Ltd. (*1)		0.0	0.0	Korea	September 30
Wibihansoop 1st Co., Ltd. (*1)		0.0	0.0	Korea	September 30
Uri QS 1st Co., Ltd. (*1)		0.0	0.0	Korea	September 30
Uri Display 1st Co., Ltd. (*1)		0.0	0.0	Korea	September 30
Tiger Eyes 2nd Co., Ltd. (*1)		0.0	0.0	Korea	September 30
Woori Serveone 1st Co., Ltd. (*1)		0.0	0.0	Korea	September 30
Uri Display 2nd Co.,Ltd. (*1)		0.0		Korea	September 30
Woori the Colony Unjung Securitization Specialty Co., Ltd. (*1)		0.0		Korea	September 30
Woori Dream 1st Co., Ltd. (*1)		0.0		Korea	September 30
Woori HS 1st Co., Ltd. (*1)		0.0		Korea	September 30
Woori HJ Second Co.,Ltd. (*1)		0.0		Korea	September 30
Woori Sinnonhyeon 1st Inc. (*1)		0.0		Korea	September 30
Woori K 1st Co.,Ltd. (*1)		0.0		Korea	September 30
Uri S 1st Co.,Ltd. (*1)		0.0		Korea	September 30
Smart Casting Inc. (*1)		0.0		Korea	September 30
HeungkukWoori Tech Company Private Placement Investment Trust No. 1 and 3 beneficiary certificates (*2)	Securities investment and others			Korea	September 30
Principle Guaranteed Trust (*3)	Trust	0.0	0.0	Korea	September 30

Subsidiaries	Main business	Percentage of ownership (%) September 30, 2018	December 31, 2017	Location	Financial statements as of (2018)
Principle and Interest Guaranteed Trust (*3)		0.0	0.0	Korea	September 30
Woori Investment Bank:					
Dongwoo First Securitization Specialty Co., Ltd. (*1)	Asset securitization	5.0	5.0	Korea	September 30
Seari First Securitization Specialty Co., Ltd. (*1)		5.0	5.0	Korea	September 30
Namjong 1st Securitization Specialty Co., Ltd. (*1)		5.0	5.0	Korea	September 30
Bukgeum First Securitization Specialty Co., Ltd. (*1)		5.0	5.0	Korea	September 30
Seori Second Securitization Specialty Co., Ltd. (*1)		5.0		Korea	September 30
Bukgeum Second Securitization Specialty Co., Ltd. (*1)		5.0		Korea	September 30
Woori Card Co., Ltd.:					
TUTU Finance-WCI Myanmar Co., Ltd.	Finance	100.0	100.0	Myanmar	September 30
Woori Card one of 2017-1 Securitization Specialty Co., Ltd. (*1)	Asset securitization	0.5	0.5	Korea	September 30
Woori Card one of 2017-2 Securitization Specialty Co., Ltd. (*1)		0.5	0.5	Korea	September 30

(*1) The entity was a structured entity for the purpose of asset securitization and was in scope for consolidation. Considering that, the Group 1) had the power over the investee, 2) was exposed, or had rights, to variable returns from its involvement with the investee, and 3) had the ability to use its power to affect its returns.

(*2) The entity was a structured entity for the purpose of investment in securities and was in scope for consolidation, considering that the Group 1) had the power over the investee, 2) was exposed, or has rights, to variable returns from its involvement with the investee, and 3) has the ability to use its power to affect its returns.

(*3) The entity was a money trust under the Financial Investment Services and Capital Markets Act and was in scope for consolidation. Although the Group was not a majority shareholder, the Group 1) has the power over the investee, 2) was exposed, or has rights, to variable returns from its involvement with the investee, and 3) has the ability to use its power to affect its returns.

(3) As of September 30, 2018, and December 31, 2017, despite having more than 50% ownership interest, the Group has not consolidated the following companies as the Group does not have the ability to control following subsidiaries:

		As of September 30, 2018	
Subsidiaries	Location	Main Business	Percentage of ownership (%)
Golden Bridge NHN Online Private Equity Investment (*)	Korea	Securities Investment	60.0
Mirae Asset Maps Clean Water Private Equity Investment Trust 7th (*)	Korea	Securities Investment	58.5
Hana Walmart Real Estate Investment Trust 41-1 (*)	Korea	Securities Investment	77.0
Hangkang Sewage Treatment Plant Fund (*)	Korea	Securities Investment	55.7

IGIS Global Private Placement Real Estate Fund No. 163-2 (*)	Korea	Securities Investment	97.9
IGIS Global Private Placement Real Estate Fund No. 148-1 (*)	Korea	Securities Investment	75.0
IGIS Europe Private Placement Real Estate Fund No. 148-2 (*)	Korea	Securities Investment	75.0
Mirae Asset Seoul Ring Expressway Private Special Asset Fund I (*)	Korea	Securities Investment	66.2
Heungkuk Global Private Placement Investment Trust No. 1 (*)	Korea	Securities Investment	93.3

(*) The Group owns the majority ownership interest in these structured entities, but has no power on the investees relevant activities. As results, it is deemed that the Group has no power or control on the structured entities.

Subsidiaries	Location	As of December 31, 2017 Main Business	Percentage of ownership (%)
Golden Bridge NHN Online Private Equity Investment (*)	Korea	Securities Investment	60.0
Mirae Asset Maps Clean Water Private Equity Investment Trust 7th (*)	Korea	Securities Investment	59.7
Kiwoom Yonsei Private Equity Investment Trust (*)	Korea	Securities Investment	88.9
Hana Walmart Real Estate Investment Trust 41-1 (*)	Korea	Securities Investment	90.1
IGIS Global Private Placement Real Estate Fund No. 148-1 (*)	Korea	Securities Investment	75.0
IGIS Global Private Placement Real Estate Fund No. 148-2 (*)	Korea	Securities Investment	75.0

(*) The Group owns the majority ownership interest in these structured entities, but has no power on the investees relevant activities. As results, it is deemed that the Group has no power or control on the structured entities.

(4) The summarized financial information before the elimination of intercompany transactions of the subsidiaries whose financial information was prepared under IFRS for the Group s consolidated financial statements is as follows (Unit: Korean Won in millions):

	As of and for the nine months ended September 30, 2018				
	Assets	Liabilities	Operating revenue	Net income (loss) attributable to owners	Comprehensive income (loss) attributable to owners
Woori FIS Co., Ltd.	79,640	57,740	199,588	(10,645)	(10,680)
Woori Private Equity Asset Management Co., Ltd.	40,238	1,949	1,317	(1,909)	(1,936)
Woori Finance Research Institute Co., Ltd.	4,575	720	4,168	417	414
Woori Card Co., Ltd.	9,593,273	7,932,529	1,406,754	88,624	85,296
Woori Investment Bank Co., Ltd.	2,667,431	2,348,804	163,244	28,590	28,917
Woori Credit Information Co., Ltd.	34,331	6,159	26,827	1,114	1,049
Woori America Bank	2,216,713	1,917,262	66,713	16,996	27,448
Woori Global Markets Asia Limited	448,882	329,385	12,238	3,461	7,733
Woori Bank China Limited	5,218,846	4,711,178	339,386	15,609	9,749
AO Woori Bank	292,018	241,209	13,956	3,833	(1,686)
PT Bank Woori Saudara Indonesia 1906 Tbk	2,219,505	1,742,356	144,492	29,475	2,051
Banco Woori Bank do Brasil S.A.	137,873	109,182	10,552	1,124	(3,619)
Korea BTL Infrastructure Fund	777,412	299	22,299	19,535	19,535
Woori Fund Service Co., Ltd.	13,767	980	7,449	1,376	1,376
Woori Finance Cambodia PLC.	82,675	61,340	7,769	2,151	2,904
Woori Finance Myanmar Co., Ltd.	18,455	6,567	2,965	(1,510)	(1,042)
Wealth Development Bank	197,519	164,850	9,661	9	(1,571)
Woori Bank Vietnam Limited	1,062,422	833,901	36,120	7,686	8,113
WB Finance Co., Ltd.	250,961	210,165	11,806	307	(14)
Money trust under the FISCM Act (*)	1,578,686	1,548,667	38,366	108	108
Structured entity for the securitization of financial assets	1,388,441	1,806,251	43,186	4,654	(6,269)

Structured entity for the investments in securities	63,028	98	1,434	(1,648)	(2,954)

(*) FISCM Act: Financial Investment Services and Capital Markets Act

	As of and for the year ended December 31, 2017				
	Assets	Liabilities	Operating revenue	Net income (loss) attributable to owners	Comprehensive income (loss) attributable to owners
Woori FIS Co., Ltd.	103,932	71,386	252,460	1,940	(2,963)
Woori Private Equity Asset Management Co., Ltd.	42,894	2,670	7,257	(4,114)	(4,074)
Woori Finance Research Institute Co., Ltd.	3,790	350	4,733	83	64
Woori Card Co., Ltd.	8,605,993	6,973,705	1,771,157	101,214	107,321
Woori Investment Bank Co., Ltd.	1,880,157	1,588,610	183,376	20,023	20,210
Woori Credit Information Co., Ltd.	33,298	6,175	31,580	861	752
Woori America Bank	1,954,301	1,679,248	81,337	11,869	(16,833)
Woori Global Markets Asia Limited	290,226	178,343	11,345	1,922	(12,544)
Woori Bank China Limited	4,960,637	4,458,683	388,913	13,809	(15,252)
AO Woori Bank	201,704	149,101	15,656	4,748	1,217
PT Bank Woori Saudara Indonesia 1906 Tbk	2,230,617	1,745,171	192,485	38,488	(18,689)
Banco Woori Bank do Brasil S.A.	213,889	181,544	20,455	1,843	(2,840)
Korea BTL Infrastructure Fund	786,480	301	30,240	26,390	26,390
Woori Fund Service Co., Ltd.	12,653	1,242	9,021	1,398	1,398
Woori Finance Cambodia PLC.	51,304	32,873	5,895	983	(473)
Woori Finance Myanmar Co., Ltd.	18,236	5,307	2,506	791	15
Wealth Development Bank	191,049	156,808	13,632	1,323	(1,093)
Woori Bank Vietnam Limited	775,758	632,160	29,698	2,436	(15,347)
Money trust under the FISCM Act (*)	1,560,672	1,530,760	44,344	582	582
Structured entity for the securitization of financial assets	867,583	1,275,719	22,730	1,179	(2,800)
Structured entity for the investments in securities	34,939	76	377	(475)	(38,592)

(*) FISCM Act: Financial Investment Services and Capital Markets Act

(5) The financial support that the Group provides to consolidated structured entities is as follows:

Structured entity for the securitization of financial assets

The structured entity is established for the purpose of securitization of project financing loans, corporate bonds, and other financial assets. The Group is involved with the structured entity through providing with credit facility over asset-backed commercial papers issued by the entity, originating loans directly to the structured entity, or purchasing 100% of the subordinated debts issued by the structured entity.

Structured entity for the investments in securities

The structured entity is established for the purpose of investments in securities. The Group acquires beneficiary certificates through its contribution of fund to the structured entity, and it is exposed to the risk that it may not be able to recover its fund depending on the result of investment performance of asset managers of the structured entity.

Money trust under the Financial Investment Services and Capital Markets Act

The Group provides with financial guarantee of principal and interest or principal only to some of its trust products. Due to the financial guarantees, the Group may be obliged to supplement when the principal and interest or principal of the trust product sold is short of the guaranteed amount depending on the result of investment performance of the trust product.

The Group is providing purchase commitment and credit facilities to structured entities that are subsidiaries of the Group. Purchase commitments guarantee the purchase and payment of outstanding commercial papers that were issued but were not repurchased by the structured entities. Credit facilities allow lending of funds to structured entities under certain conditions when there are grounds for discontinuing the issuance of commercial papers, or when structured entities default due to some reasons.

As of September 30, 2018, the Group is providing credit facilities (including ABCP purchase commitments, etc.) amounting to 1,325,904 million Won to aforementioned structured entities.

(6) The Group has entered into various agreements with structured entities such as asset securitization vehicles, structured finance and investment funds, and monetary funds. Where it is determined in accordance with IFRS 10 that the Group has no controlling power over such structured entities, the entities are not consolidated. The nature of interests, which the Group retains, and the risks, to which the Group is exposed, of the unconsolidated structured entities are as follows:

The interests to unconsolidated structured entities, which the Group retains, are classified to asset securitization vehicles, structured finance and investment fund, based on the nature and the purpose of the structured entities.

Asset securitization vehicle issues asset-backed securities and redeems the principal and interest or distributes dividends on asset-backed securities with profits from collecting cash flows or sale of securitized assets. The Group, as a secondary guarantor, provides purchase commitments for its asset-backed securities or guarantees to such asset securitization vehicle and recognizes commission income or interest income related to the commitment or guarantees. Therefore, the Group would be exposed to risks to purchases or pays back asset-backed securities issued by the vehicles when a primary guarantor fails to provide the financing asset securitization vehicles.

Structured finance includes investments in project financing on real estates, social overhead capital (SOC), infrastructure and shipping finance. They are formed as special purpose entity by funding through equity investments and loans from various investors. Investment decisions are made by the Group based on business outlook of such projects. In relation to such investments, the Group recognizes interest income on loans, gains or losses on valuation of equity investments or dividend income. The structured finance is secured by additional funding agreement, guarantee or credit facilities. However, the structured financing project would fail to return the capital of equity investments or principal of loans to the Group if it is discontinued or did not achieve business outcome.

Investment funds include trusts and private equity funds. A trust is formed by contributions from various investors, operated by a manager engaged to the trust and distributed proceeds from sales of investments to the investors. A private equity fund is established in order to acquire ownership interests in a portfolio company with exit strategy after implementing financial and operational restructuring of the company. The Group recognizes unrealized gains or losses on change in value of investments in proposition of ownership interests in investments. The Group would be exposed to risks of loss when the value of portfolio investment is decreased.

Total assets of the unconsolidated structured entities, the carrying value of the related items recorded, the maximum exposure to risks, and the loss recognized in conjunction with the unconsolidated structured entities as of September 30, 2018 and December 31, 2017 are as follows (Unit: Korean Won in millions):

	September 30, 2018		
	Asset securitization vehicle	Structured finance	Investment Funds
Total asset of the unconsolidated structured entities	6,104,435	63,390,432	13,331,139
Assets recognized in the consolidated financial statements related to the unconsolidated structured entities	2,673,308	2,426,683	1,517,049
Financial assets at FVTPL	231,892	119,212	1,224,681
Financial assets at FVTOCI	286,490		
Financial assets at amortized cost	2,154,481	2,304,510	38,833
Investments in joint ventures and associates			253,535
Derivative assets (Held for hedging)	445	2,961	
Liabilities recognized in the consolidated financial statements related to the unconsolidated structured entities	1,249	1,678	74
Derivative liabilities (Held for hedging)	251	1,196	
Other liabilities (including provisions)	998	482	74
The maximum exposure to risks	3,351,031	3,101,647	1,517,049
Investments	2,673,308	2,426,683	1,517,049
Credit facilities	659,723	674,964	
Other commitments	18,000		
Loss recognized on unconsolidated structured entities	83	10,200	2,531

	December 31, 2017		
	Asset securitization vehicle	Structured finance	Investment Funds
Total asset of the unconsolidated structured entities	7,295,601	40,172,830	13,641,135
Assets recognized in the consolidated financial statements related to the unconsolidated structured entities	3,215,159	2,314,043	1,138,523
Loans and receivables	43,180	1,969,760	
Financial assets held for trading		233,428	10,160
AFS financial assets	902,390	106,819	904,774
HTM financial assets	2,269,451		
Investments in joint ventures and associates			223,589
Derivative assets (Held for hedging)	138	4,036	
Liabilities recognized in the consolidated financial statements related to the unconsolidated structured entities	1,433	1,506	
Derivative liabilities (Held for hedging)	575	968	
Other liabilities (including provisions)	858	538	
The maximum exposure to risks	4,032,531	2,918,448	1,138,523
Investments	3,215,159	2,314,043	1,138,523
Credit facilities	817,372	604,405	
Loss recognized on unconsolidated structured entities	837	3,939	5,993

(7) Subsidiaries of which non-controlling interests are significant to the Group s consolidated financial statements are as follows (Unit: Korean Won in millions):

1) Accumulated non-controlling interests at the end of the reporting period

	September 30, 2018	December 31, 2017
Woori Investment Bank	131,447	191,111
PT Bank Woori Saudara Indonesia 1906 Tbk	63,208	64,877
Wealth Development Bank	16,008	16,778

2) Net income attributable to non-controlling interests

	For the nine months ended September 30, 2018	For the nine months ended September 30, 2017
Woori Investment Bank	11,482	6,520
PT Bank Woori Saudara Indonesia 1906 Tbk	5,931	6,731
Wealth Development Bank	4	653

3) Dividends to non-controlling interests

	For the nine months ended September 30, 2018	For the nine months ended September 30, 2017
PT Bank Woori Saudara Indonesia 1906 Tbk	2,082	1,513

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

(1) Basis of presentation

The Group s consolidated interim financial statements are prepared in accordance with International Accounting Standards (IAS) 34, *Interim Financial Reporting* and IFRS 10, *Consolidated Financial Statements*. It is necessary to use the annual consolidated financial statements for the year ended December 31, 2017 for understanding of the accompanying interim financial statements.

Unless stated below, the accounting policies applied in preparing the accompanying consolidated interim financial statements have been applied consistently with the annual consolidated financial statements as of and for the year ended December 31, 2017.

1) The Group has newly adopted the following adoption of IFRS that affected the Group s accounting policies:

Adoption of IFRS 9 *Financial instruments* (enacted)

The Group applied for the first time as of January 1, 2018, the adoption to IFRS 9 and other standards related to IFRS 9, which introduces new rules: 1) classification and measurement of financial assets and financial liabilities, 2) impairment of financial assets, and 3) hedge accounting.

The Group decided not to restate the prior period figures when applying the Standard for the first time, thus the comparative financial statements presented are not restated.

The main contents of the new accounting standard and the effect on the financial statements of the Group are as follows:

a) Classification and measurement of financial assets and financial liabilities

All financial assets included in the scope of IFRS 9 are subsequently measured at amortized cost or fair value based on the business model for the management of financial assets and the nature of the contractual cash flows.

Debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods (financial assets at amortized cost).

Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at fair value through other comprehensive income (financial assets at fair value through other comprehensive income (FVTOCI)).

All other debt instruments and equity instruments are measured at their fair value at the end of subsequent accounting periods (financial assets at fair value through profit or loss (FVTPL)).

Notwithstanding the foregoing, the Group may make the following irrevocable choice or designation at the time of initial recognition of financial assets.

The Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument within the scope of this Standard that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3(R) applies.

At initial recognition, financial assets at amortized cost or FVTOCI may be irrevocably designated as financial assets at fair value through profit or loss mandatorily measured at fair value if doing so eliminate or significantly reduce a measurement or recognition inconsistency.

As of the date of first adoption of IFRS 9, there are no debt instruments classified either as financial assets at amortized cost or FVTOCI that are designated as financial assets at fair value through profit or loss.

When debt instruments measured at FVTOCI are derecognized, the cumulative gain or loss recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. On the other hand, for equity instruments designated as financial assets at fair value through other comprehensive income, cumulative gains or losses previously recognized in other comprehensive income are not subsequently reclassified to profit or loss. Debt instruments measured subsequently at amortized cost or fair value through other comprehensive income are subject to impairment provisions.

The classification and measurement of financial assets and financial liabilities in accordance with IFRS 9 and IAS 39 as of January 1, 2018 are as follows (Unit: Korean Won in millions):

	Classification according to IAS 39	Classification according to IFRS 9	Classification according to IAS 39	Reclassification	Remeasurement	Classification according to IFRS 9
Deposit	Loans and receivables	Loan and other financial assets at amortized cost	8,870,835			8,870,835
Deposit	Financial assets at FVTPL	Financial assets at FVTPL	25,972			25,972
Debt securities	Financial assets at FVTPL	Financial assets at FVTPL (*)	2,654,027			2,654,027
Equity securities	Financial assets at FVTPL	Financial assets at FVTPL (*)	47,304			47,304
Derivatives	Financial assets at FVTPL	Financial assets at FVTPL (*)	3,115,775	(2,137)		3,113,638
Equity securities	AFS financial assets	Financial assets at FVTPL (*)	1,273,498	1,219		1,274,717
Equity securities	AFS financial assets	Financial assets at FVTOCI	850,207			850,207
Debt securities	AFS financial assets	Financial assets at FVTPL	46,855			46,855
Debt securities	AFS financial assets	Financial assets at FVTOCI	12,874,209			12,874,209
Debt securities	AFS financial assets	Securities at amortized cost	308,181		14,119	322,300
Debt securities	HTM financial assets	Securities at amortized cost	16,749,296			16,749,296
Loans	Loans and receivables	Financial assets at FVTPL (*)	279,032	918	50	280,000
Loans	Loans and receivables	Loan and other financial assets at amortized cost	253,014,491			253,014,491
Derivatives assets	Derivatives assets	Derivatives assets (Held for hedging)	59,272			59,272
Other financial assets	Loans and receivables	Loan and other financial assets at amortized cost	6,772,088			6,772,088
Total financial assets			306,941,042		14,169	306,955,211

(*) Under IAS 39, the embedded derivatives out of hybrid financial instruments are accounted for as derivatives assets or liabilities if the criteria for separation of the embedded derivative are met and the rest of host contracts in those instruments are recorded as available-for-sale financial assets or loans and receivables respectively. Since

IFRS 9 requires financial instruments be accounted for based on the terms of the entire financial instruments, the hybrid financial assets are revalued and recorded as financial assets at fair value through profit or loss.

	Classification according to IAS 39	Classification according to IFRS 9	Classification according to IAS 39	Reclassification	Remeasurement	Classification according to IFRS 9
Deposit due to customers	Financial liabilities at FVTPL	Financial liabilities at FVTPL	25,964			25,964
Deposit due to customers	Financial liabilities at amortized cost	Financial liabilities at amortized cost	234,695,084			234,695,084
Borrowings	Financial liabilities at amortized cost	Financial liabilities at amortized cost	14,784,706			14,784,706
Debentures	Financial liabilities at FVTPL	Financial liabilities at FVTPL	91,739			91,739
Debentures	Financial liabilities at amortized cost	Financial liabilities at amortized cost	27,869,651			27,869,651
Equity-linked securities	Financial liabilities at FVTPL	Financial liabilities at FVTPL	160,057			160,057
Derivatives liabilities	Financial liabilities at FVTPL	Financial liabilities at FVTPL	3,150,149			3,150,149
Derivatives liabilities	Derivatives liabilities	Derivatives liabilities (Held for hedging)	67,754			67,754
Other financial liabilities	Financial liabilities at amortized cost	Financial liabilities at amortized cost	13,892,461			13,892,461
Provision for financial guarantee	Provision for financial guarantee	Financial liabilities at amortized cost	71,697			71,697
Total financial liabilities			294,809,262			294,809,262

At the date of the initial application of IFRS 9, there were no financial assets or liabilities measured at FVTPL that were reclassified to FVTOCI or amortized cost category.

As of the date of first adoption of IFRS 9, the amount of valuation gain or loss and fair value of financial assets that would have been recognized in the book, had the entity decided not to reclassify financial assets at FVTPL or FVTOCI that has been reclassified into financial assets at amortized cost, is as follows: (Unit: Korean Won in millions)

Account subject	Category before the adoption of IFRS 9	Amount of valuation gain/loss had it not been reclassified	Fair value
Debt securities	AFS securities	(163)	300,058

b) Impairment of financial assets

The impairment model under IFRS 9 reflects expected credit losses, as opposed to incurred credit losses under IAS 39. Under the impairment approach in IFRS 9, it is no longer necessary for a credit event to have occurred before credit losses are recognized. Instead, the Group accounts for expected credit losses and changes in those expected credit losses. The amount of expected credit losses should be updated at each reporting date to reflect changes in credit risk since initial recognition.

The Group is required to recognize the expected credit losses for financial instruments measured at amortized cost or FVTOCI, and loan commitments and financial guarantee contracts that are subject to the impairment provisions of IFRS 9. In particular, when the credit risk of the financial instruments are significantly increased after initial recognition, or when the credit quality of the financial instruments are already impaired at acquisition, the loss allowance is measured as the expected credit loss for the whole life of the financial assets. If the credit risk of a financial instruments does not increase significantly after initial recognition (excluding purchased or originated credit-impaired loans for financial assets already impaired at initial recognition), the Group measures the loss allowance on the financial instruments at the amount equivalent to the expected 12-month credit loss.

Management determined the credit risk at the date of initial recognition of the financial instrument in accordance with IFRS 9 and provided a reasonable and supportive measure that can be used without undue cost or effort in comparison with the credit risk of the initial application date (January 1, 2018) the Group used information that could be used to assess the impairment of the Group s financial assets, lending arrangements and financial guarantees at the date of initial application. As of January 1, 2018, the evaluation results are as follows (Unit: Korean Won in millions):

	Classification according to IAS 39	Classification according to IFRS 9	Loss allowance per IAS 39(A)	Loss allowance per IFRS 9 (B)	Increases (B-A)
Deposit	Loans and receivables	Loans and other financial assets at amortized cost	2,458	3,092	634
Debt securities					
AFS debt securities	AFS financial assets	Financial assets at FVTOCI		4,236	4,236
HTM securities	HTM financial assets	Securities at amortized cost		5,078	5,078
Loans and other financial assets	Loans and receivables	Loans and other financial assets at amortized cost	1,827,785	2,076,873	249,088
Payment guarantee			183,247	192,924	9,677
Loan commitment			66,115	104,985	38,870
Total			2,079,605	2,387,188	307,583

c) Classification and measurement of financial liabilities

One of the major changes related to the classification and measurement of financial liabilities as a result of the adoption of IFRS 9 is the change in the fair value of financial liabilities designated at fair value through profit or loss due to the changes in issuer s own credit risk. The Group recognizes the effect of changes in the credit risk of financial liabilities designated as at FVTOCI in other comprehensive income, except for cases where it causes or disproves accounting mismatch of the profit or loss. Changes in fair value due to credit risk of financial liabilities are not subsequently reclassified to profit or loss, but are reclassified as retained earnings when financial liabilities are eliminated.

In accordance with IAS 39, the entire of changes in fair value of financial liabilities designated as at FVTPL are recognized in profit or loss. As of January 1, 2018, the Group designated 251,796 million Korean Won of FVTPL out of 294,813,795 million of financial liabilities, and recognized 133 million Korean Won as accumulated other comprehensive loss in relation to the changes in credit risk of financial liabilities.

d) Hedge accounting

The new hedge accounting model maintains three types of hedge accounting. However, it is introduced more flexibility in the types of transactions that are eligible for hedge accounting and is expanded the types of hedging instruments and non-financial hedge items that qualify for hedge accounting. As a whole, it has been amended and replaced by the principle of economic relationship between the hedged item and the hedging instrument. Retrospective assessment of the hedging effectiveness is no longer required. Additional disclosure requirements have been introduced in relation to the Group s risk management activities.

In accordance with the transitional provisions of IFRS 9 on hedge accounting, the Group adopted the hedge accounting provisions of IFRS 9 prospectively from January 1, 2018. As of the date of initial application, the Group has considered that the hedging relationship in accordance with IAS 39 is appropriate for hedge accounting under IFRS 9, thus the hedging relationship is considered to exist continually. Since the major conditions for hedging instruments and the hedged items are consistent, all hedging relationships are consistent with the effectiveness assessment requirements of IFRS 9. The Group has not designated a hedging relationship in accordance with IFRS 9 in which the hedge relationship would not have met the requirements for hedge accounting under IAS 39.

Consistent with prior periods, the Group continues to designate fair value changes in interest rate swaps as hedging instruments in the fair value hedge relationship.

e) Effect on equity as a result of adoption of IFRS 9

The effect on equity due to the adoption of IFRS 9 as of January 1, 2018 is as follows (Unit: Korean Won in millions):

Impact on accumulated other comprehensive loss as result of financial assets at FVTOCI, etc.

	Amount
Beginning balance (prior to IFRS 9)	(89,724)
Adjustments	(392,176)
Reclassification of available-for-sale financial assets to financial assets at Amortized cost	494
Reclassification of available-for-sale financial assets to financial assets at FVTPL	(152,124)
Recognition of expected credit losses of debt securities at FVTOCI	4,293
Reclassified of available for sale financial assets (equity securities) to financial assets at FVTOCI	(397,508)
Effect on changes in credit risk of financial liabilities at fair value through profit or loss designated as upon initial recognition	(133)
Others	3,006
Income tax effect	149,796
Ending balance (based on IFRS 9)	(481,900)

Retained earnings impact

	Amount
Beginning balance (prior to IFRS 9)	15,620,006
Adjustments	177,091
Reclassification of available-for-sale financial assets to financial assets at Amortized cost	(494)
Reclassification of available-for-sale financial assets to financial assets at FVTPL	152,067
Recognition of expected credit losses of debt instruments at FVTOCI	(4,236)
Reclassified of available for sale financial assets (equity securities) to financial assets at FVTOCI	397,508
Effect on revaluation of financial assets at amortized cost from loan and receivables or AFS financial assets	282
Recognition of expected credit losses of financial assets at amortized cost which were previously loan and receivables	(240,683)
Effect of payment guarantees / unused commitments on liabilities	(48,548)
Effect on changes in credit risk of financial liabilities at fair value through profit or loss designated as upon initial recognition	133
Others	(4,456)
Income tax effect	(74,482)
Ending balance (based on IFRS 9)	15,797,097

Adoption of IFRS 15 Revenue from contracts with customers (enacted)

The Group adopted IFRS 15 for the first time and decided to recognize the cumulative effect of applying the new standard at the beginning of the year of initial application (January 1, 2018), with no restatement of comparative periods, with a choice of practical expedients under the transition requirements of IFRS 15. In addition, the Group has applied the new standard to contractual modifications made prior to the first application date and applied the new standard to the contract modifications that occur after the date of initial application.

Accordingly, the Group has not retroactively restated the comparative consolidated financial statements presented herein.

Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions

The amendments clarify the following; i) In estimating the fair value of a cash-settled share-based payment, the accounting for the effects of vesting and non-vesting conditions should follow the same approach as for equity-settled share-based payments ii) Where tax law or regulation requires an entity to withhold a specified number of equity instruments equal to the monetary value of the employee s tax obligation to meet the employee s tax liability which is then remitted to the tax authority, i.e. the share-based payment arrangement has a net settlement feature , such an arrangement should be classified as equity-settled in its entirety, provided that the share-based payment would have been classified as equity-settled had it not included the net settlement feature, iii) A modification of a share-based payment that changes the transaction from cash-settled to equity-settled should be accounted for as follows; a) the original liability is derecognized; b) the equity-settled share-based payment is recognized at the modification date fair value of the equity instrument granted to the extent that services have been rendered up to the modification date; and c) any difference between the carrying amount of the liability at the modification date and the amount recognized in equity should be recognized in profit or loss immediately.

Amendments to IAS 40 Transfers of Investment Property

The amendments clarify that a transfer to, or from, investment property necessitates an assessment of whether a property meets the definition of investment property, supported by observable evidence that a change in use has occurred. The amendments further clarify that the situations listed in IAS 40 are not exhaustive and that a change in use is possible for properties under construction (i.e. a change in use is not limited to completed properties).

Amendments to IFRIC 22 Foreign Currency Transactions and Advance Consideration

IFRIC 22 addresses how to determine the date of transaction for the purpose of determining the exchange rate to use on initial recognition of an asset, expense or income (or part of them), when consideration for that item has been paid or received in advance in a foreign currency which resulted in the recognition of a non-monetary asset or non-monetary liability (e.g. a non-refundable deposit or deferred revenue).

The Interpretation specifies that the date of transaction is the date on which the entity initially recognizes the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance, the Interpretation requires an entity to determine the date of transaction for each payment or receipt of advance consideration.

Annual Improvements to IFRS 2014-2016 Cycle

The amendments include partial amendments to IFRS 1 First-time Adoption of IFRS and IAS 28 Investments in Associates and Joint Ventures. Amendments to IAS 28 provide that an investment company such as a venture capital investment vehicle may selectively designate each of its investment in associates and/or joint ventures to be measured at fair value through profit or loss mandatorily measured at fair value, and that such designation must be made at the time of each investment s initial recognition. In addition, when non-investment companies apply equity method to investment in associates and/or joint ventures that are investment companies, these companies may apply the same fair value measurement used by the said associates to value their own subsidiaries. This accounting treatment may be selectively applied to each associate.

There are no significant impacts on financial statements due to newly adopted accounting standards except for IFRS 9.

2) The Group has not applied the following IFRS that have been issued but are not yet effective:

IFRS 16 Leases (enacted)

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede the current lease guidance including IAS 17 Leases and the related interpretations, and will be applied to periods beginning on or after January 1, 2019.

IFRS 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by model where a right-of-use asset and corresponding liability have to be recognized for all leases by lessees except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. Furthermore, the classification of cash flows will also be affected as operating lease payments under IAS 17 are presented as operating cash flows; whereas under the IFRS 16 model, the lease payments will be split into a principal and an interest portion which will be presented as financing and operating cash flows respectively.

In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease. Also, IFRS 16 requires expanded disclosures.

According to the preliminary assessment of the Group, the lease agreements entered into by the Group as of September 30, 2018 are expected to meet the definition of lease under the Standard, and accordingly, if the Group adopts the Standard, it applies to all leases except short-term leases and leases of low value assets, and the Group will recognize the right-of-use assets and related liabilities accordingly. The Group is currently analyzing the potential impact of this standards as of September 30, 2018.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

In the application of the Group s accounting policies to the interim financial statements, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results can differ from those estimates based on such definitions.

The significant judgments which management has made about the application of the Group s accounting policies and key sources of uncertainty in estimate do not differ from those used in preparing the consolidated financial statements for the year ended December 31, 2017, except the Group s policy, accounting estimates and assumptions described below;

(1) Income taxes

The Group is operating in numerous countries and the income generated from these operations is subject to income taxes based on tax laws and interpretations of tax authorities in numerous jurisdictions. There are many transactions and calculations which makes the ultimate tax determination uncertain. If certain portion of the taxable income is not used for investments, increase in wages, and others in accordance with the Tax System for Promotion of investment and Collaborative Cooperation (Recirculation of Corporate Income), the Group is liable to pay additional income tax calculated based on the tax laws. The new tax system is effective for three years from 2018. Accordingly, the measurement of current and deferred income tax is affected by the tax effects from the new system. As the Group s income tax is dependent on the investments, increase in wages, and others, there exists uncertainty with regard to measuring the final tax effects.

(2) Provisions for credit losses (allowances for loan losses, provisions for acceptances and guarantees, and unused loan commitments)

In accordance with IFRS 9, the Group tests impairment and recognizes allowances for losses on financial assets classified at amortized cost, and debt instruments measured at fair value through other comprehensive income and lease receivables through impairment testing and recognizes provisions for guarantees, and unused loan commitments. Accuracy of provisions for credit losses is dependent upon estimation of expected cash flows of the borrower for individually assessed allowances of loans, and upon assumptions and methodology used for collectively assessed allowances for the Group s of loans, guarantees and unused loan commitments.

4. RISK MANAGEMENT

The Group s operating activity is exposed to various financial risks. The Group is required to analyze and assess the level of complex risks, and determine the permissible level of risks and manage such risks. The Group s risk management procedures have been established to improve the quality of assets for holding or investment purposes by making decisions as how to avoid or mitigate risks through the identification of the source of the potential risks and their impact.

The Group has established an approach to manage the acceptable level of risks and reduce the excessive risks in financial instruments in order to maximize the profit given risks present, for which the Group has implemented processes for risk identification, assessment, control, and monitoring and reporting.

The risk is managed by the risk management department in accordance with the Group s risk management policy. The Risk Management Committee makes decisions on the risk strategies such as the allocation of risk capital and the establishment of acceptable level of risk.

(1) Credit risk

Credit risk represents the possibility of financial losses incurred when the counterparty fails to fulfill its contractual obligations. The goal of credit risk management is to maintain the Group s credit risk exposure to a permissible degree and to optimize its rate of return considering such credit risk.

1) Credit risk management

The Group considers the probability of failure in performing the obligation of its counterparties, credit exposure to the counterparty, the related default risk and the rate of default loss. The Group uses the credit rating model to assess the possibility of counterparty s default risk; and when assessing the obligor s credit grade, the Group utilizes credit grades derived using statistical methods.

In order to manage credit risk limit, the Group establishes the appropriate credit line per obligor, company or industry. It monitors obligor s credit line, total exposures and loan portfolios when approving the loan.

The Group mitigates credit risk resulting from the obligor s credit condition by using financial and physical collateral, guarantees, netting agreements and credit derivatives. The Group has adopted the entrapment method to mitigate its credit risk. Credit risk mitigation is reflected in qualifying financial collateral, trade receivables, guarantees, residential and commercial real estate and other collaterals. The Group regularly performs a revaluation of collateral reflecting such credit risk mitigation.

2) Maximum exposure to credit risk

The Group s maximum exposure to credit risk refers to net book value of financial assets net of allowances, which shows the uncertainties of maximum changes of net value of financial assets attributable to a particular risk without considering collateral and other credit enhancements obtained. However, the maximum exposure is the fair value amount (recorded on the books) for derivatives, maximum contractual obligation for payment guarantees and unused commitment.

The maximum exposure to credit risk is as follows (Unit: Korean Won in millions):

		September 30, 2018	December 31, 2017
Loans and other financial assets at amortized cost	Korean treasury and government agencies	18,001,232	
	Banks	18,747,042	
	Corporates	97,141,269	
	Consumers	144,795,354	
	Sub-total	278,684,897	
Loans and receivables	Korean treasury and government agencies		8,823,584
	Banks		26,845,309
	Corporates		90,570,551
	Consumers		140,866,760
	Sub-total		267,106,204
Financial assets at FVTPL (IFRS 9)	Deposit	27,045	
	Debt securities	1,818,868	
	Loans	322,907	
	Derivative assets	1,921,399	
	Sub-total	4,090,219	
Financial assets at FVTPL (IAS 39)	Deposit		25,972
	Debt securities		2,644,333
	Financial assets designated at FVTPL		9,694
	Derivative assets		3,115,775
	Sub-total		5,795,774
Financial assets at FVTOCI	Debt securities	15,148,280	
AFS financial assets	Debt securities		13,229,244
Securities at amortized cost	Debt securities	19,121,604	
HTM financial assets	Debt securities		16,749,296
Derivative assets	Derivative assets (Held for hedging)	13,716	59,272
Off-balance accounts	Guarantees	12,475,470	12,859,715
	Loan commitments	97,085,991	80,760,325
	Sub-total	109,561,461	93,620,040
	total	426,620,177	396,559,830

a) Credit risk exposure by geographical areas

The following tables analyze credit risk exposure by geographical areas (Unit: Korean Won in millions):

	September 30, 2018						
	Korea	China	USA	UK	Japan	Others (*)	Total
Loans and other financial assets at amortized cost	259,175,016	4,849,590	4,229,635	1,336,132	549,769	8,544,755	278,684,897
Securities at amortized cost	18,968,281		71,295			82,028	19,121,604
Financial assets at FVTPL	3,897,918	3,583		107,099		81,619	4,090,219
Financial assets at FVTOCI	14,105,059	29,189	158,825			855,207	15,148,280
Derivative assets (Held for hedging)	9,391			4,325			13,716
Off-balance accounts	106,974,120	873,121	210,291	113,531	22,001	1,368,397	109,561,461
Total	403,129,785	5,755,483	4,670,046	1,561,087	571,770	10,932,006	426,620,177

	December 31, 2017						
	Korea	China	USA	UK	Japan	Others (*)	Total
Loans and receivables	250,678,479	4,104,912	2,823,247	1,094,988	381,890	8,022,688	267,106,204
Financial assets at FVTPL	5,551,870	2,937		148,955		92,012	5,795,774
AFS debt securities	12,407,602	52,259	151,131			618,252	13,229,244
HTM securities	16,606,692		63,732			78,872	16,749,296
Derivative assets (Held for hedging)	16,590			42,682			59,272
Off-balance accounts	91,603,852	529,193	172,570	66,974	25,039	1,222,412	93,620,040
Total	376,865,085	4,689,301	3,210,680	1,353,599	406,929	10,034,236	396,559,830

(*) Others consist of financial assets in Indonesia, Hong Kong, Singapore, and other countries.

b) Credit risk exposure by industries

The following tables analyze credit risk exposure by industries, which are service, manufacturing, finance and insurance, construction, individuals and others in accordance with the Korea Standard Industrial Classification Code (Unit: Korean Won in millions):

	September 30, 2018						
	Service	Manufacturing	Finance and insurance	Construction	Individuals	Others	Total
Loans and other financial assets at amortized cost	48,718,620	35,526,804	40,303,976	3,587,102	140,628,975	9,919,420	278,684,897
Securities at amortized cost	1,124,406		11,503,510	416,341		6,077,347	19,121,604
Financial assets at FVTPL	97,326	104,668	2,925,489	49,797	3,735	909,204	4,090,219
Financial assets at FVTOCI	307,183	85,182	10,756,520	235,127		3,764,268	15,148,280
Derivative assets (Held for hedging)			13,716				13,716
Off-balance accounts	17,873,392	21,726,373	9,171,373	4,108,025	49,563,611	7,118,687	109,561,461
Total	68,120,927	57,443,027	74,674,584	8,396,392	190,196,321	27,788,926	426,620,177

	December 31, 2017						
	Service	Manufacturing	Finance and insurance	Construction	Individuals	Others	Total
Loans and receivables	47,192,641	34,502,509	38,260,051	3,574,746	133,094,287	10,481,970	267,106,204
Financial assets at FVTPL	100,766	83,239	4,640,068	15,073	1,040	955,588	5,795,774
AFS debt securities	707,737	37,719	7,331,774	153,534		4,998,480	13,229,244
HTM securities	1,348,754		10,962,149	296,214		4,142,179	16,749,296
Derivative assets (Held for hedging)			59,272				59,272
Off-balance accounts	16,892,926	21,427,378	9,841,379	3,842,479	36,928,554	4,687,324	93,620,040
Total	66,242,824	56,050,845	71,094,693	7,882,046	170,023,881	25,265,541	396,559,830

3) Credit risk exposure

The allowance to be recognized under IFRS 9 is the amount of expected 12-month credit loss or the expected lifetime credit loss, according to the three stages of credit risk deterioration since initial recognition as shown below:

	Stage 1	Stage 2	Stage 3
	Credit risk has not significantly increased since initial recognition (*)	Credit risk has significantly increased since initial recognition	Credit has been impaired
Allowance for expected credit losses	Expected 12-month credit losses: Expected credit losses due to possible defaults on financial instruments within a 12-month period from the reporting date.	Expected lifetime credit losses: Expected credit losses due to all possible defaults during the expected lifetime of the financial instruments.	

(*) Credit risk may be considered to not have been significantly increased when credit risk is low at the reporting date.

The Group has estimated the allowance for credit losses based on experience losses with taken account of forward-looking information.

The probability of default and loss at given default per financial assets considering account type of borrowers, credit rate grade, portfolio are used in estimation of allowance for expected credit losses and those factors are reviewed periodically to reduce the difference of expected losses and actual losses.

The Group also measures expected credit losses using supportive and reasonable macroeconomic indicators, such as economic growth rates, interest rates, and composite stock indices. The methods for the estimation of forward-looking are also regularly reviewed.

The Group undertakes the following procedures in order to predict and apply the forward-looking economic information:

- Development of a prediction model by analyzing the correlation between macroeconomic data and yearly default rate of corporate and retail exposures.

- Calculation of predicted default rate by applying forward-looking economic information, which includes estimated macroeconomic indices provided by verified institutions such as Bank of Korea and National Assembly Budget Office, to the prediction model developed.

At the end of each period the Group evaluates whether there has been a significant increase in the credit risk since initial recognition. The Group is assessing the change in the risk of a default occurring over the expected life of the financial instruments instead of the change in the amount of expected credit losses. The Group distinguishes corporates/consumers exposures when determining significant increase in credit risk, and the applied methodology is as follows:

Corporates exposure	Consumers exposure
Below the precautionary level in assets quality Classification under the Regulations on Supervision of Banking Business in Korea	Below the precautionary level in assets quality classification under the Regulations on Supervision of Banking Business in Korea
More than 30 days past due	More than 30 days past due
Watch grade in early warning system established by the Group	Significant decreases in credit ratings
Significant change of borrower financial situation (Working capital deficiencies, Adverse opinion, Disclaimer of opinion by the external auditors)	
Significant decreases in credit ratings	

At the end of each reporting period, the Group assesses whether there is a significant increase in credit risk.

The financial assets are impaired if the following conditions are met;

The principal and interest of the financial assets has been overdue for more than 90 days due to the serious deterioration of the credit condition,

It is deemed that the borrowers will not pay any portion of the debts without actions of recourse such as the disposition of the collateral is not taken

Objective evidence of impairment of financial assets are identified

The Group writes off assets when it is determined that the financial assets are virtually impossible to collect. The Group determines which receivable to write-off and subsequently writes them off in accordance with the company s policy. Regardless of whether assets have been written off, the Group may continue to exercise its right of collection in accordance with company s policy on receivables collection.

a) Financial assets

The maximum exposure to credit risk, except for financial assets at FVTPL and derivative asset (Held for hedging) is as follows (Unit: Korean Won in millions):

	September 30, 2018								
	Stage 1		Stage 2						
	Above appropriate credit rating (*1)	Less than a limited credit rating (*3)	Above appropriate credit rating (*2)	Less than a limited credit rating (*3)	Stage 3	Total	Loss allowance	Total, net	Collate value impair proper
ns and er ncial ets at ortized t	248,120,312	17,913,994	6,371,302	6,481,329	1,585,639	280,472,576	(1,787,679)	278,684,897	731,7
rean sury and ernment ncies	18,005,413		1			18,005,414	(4,182)	18,001,232	
ks	18,267,000	141,080	346,390		11,531	18,766,001	(18,959)	18,747,042	
porates	76,487,768	16,164,069	539,329	4,145,546	943,624	98,280,336	(1,139,067)	97,141,269	473,9
neral iness	43,816,454	6,749,706	454,214	2,120,784	676,237	53,817,395	(762,103)	53,055,292	310,3
all- and dium-sized erprise	28,281,996	8,855,973	85,115	1,856,296	238,873	39,318,253	(337,333)	38,980,920	144,1
	4,389,318	558,390		168,466	28,514	5,144,688	(39,631)	5,105,057	19,4

ject ancing and ers									
nsumers	135,360,131	1,608,845	5,485,582	2,335,783	630,484	145,420,825	(625,471)	144,795,354	257,7
urities at ortized t	19,127,191					19,127,191	(5,587)	19,121,604	
ancial ets at TOCI (*4)	15,091,002	42,126	15,152			15,148,280	(5,229)	15,148,280	
al	282,338,505	17,956,120	6,386,454	6,481,329	1,585,639	314,748,047	(1,798,495)	312,954,781	731,7

(*1) Credit grade of corporates are AAA ~ BBB, and consumers are grades 1 ~ 6.
(*2) Credit grade of corporates are BBB+ ~ BBB and consumers are grades 4 ~ 6.
(*3) Credit grade of corporates are BBB- ~ C, and consumers are grades 7 ~ 10.
(*4) Financial assets at FVTOCI has been disclosed as the amount before deducting loss allowance because loss allowance does not reduce the carrying amount.

Loans and receivables

	December 31, 2017							
			Corporates					
	Korean treasury and government agencies	Banks	General business	Small and medium sized enterprise	Project financing and others	Sub-total	Consumers	Total
Neither overdue nor impaired	8,825,767	26,861,286	50,463,112	34,107,547	5,547,950	90,118,609	139,886,407	265,692,069
Overdue but not impaired	8		65,616	63,067		128,683	878,406	1,007,097
Impaired			1,402,131	251,431	46,717	1,700,279	537,001	2,237,280
Total	8,825,775	26,861,286	51,930,859	34,422,045	5,594,667	91,947,571	141,301,814	268,936,446
Loss allowance	2,191	15,977	1,078,733	267,162	31,125	1,377,020	435,054	1,830,242
Total, net	8,823,584	26,845,309	50,852,126	34,154,883	5,563,542	90,570,551	140,866,760	267,106,204

Debt securities

The Group manages debt securities based on the external credit rating. Credit soundness of debt securities on the basis of External Credit Assessment Institution (ECAI) s rating is as follows (Unit: Korean Won in millions):

	December 31, 2017			
	Financial assets at FVTPL (*)	AFS debt securities	HTM securities	Total
AAA	1,685,099	9,897,689	15,806,327	27,389,115
AA- ~ AA+	722,923	2,386,567	888,547	3,998,037
BBB- ~ A+	236,311	876,482	52,188	1,164,981
Below BBB-	9,694	68,506	2,234	80,434
Total	2,654,027	13,229,244	16,749,296	32,632,567

(*) Financial assets at FVTPL comprise debt securities held for trading and financial assets designated at FVTPL

b) Guarantees and loan commitments

The credit quality of the guarantees and loan commitments as of September 30, 2018 as follows (Unit: Korean Won in millions):

	September 30, 2018					
	Stage 1		Stage 2			
Financial assets	Above appropriate credit rating (*1)	Less than a limited credit rating (*3)	Above appropriate credit rating (*2)	Less than a limited credit rating (*3)	Stage 3	Total
Off-balance accounts						
Guarantees	10,859,936	1,077,716	5,057	410,517	122,244	12,475,470
Loan commitments	91,170,081	3,516,699	1,486,696	893,759	18,756	97,085,991
Total	102,030,017	4,594,415	1,491,753	1,304,276	141,000	109,561,461

(*1) Credit grade of corporates are above BBB, and consumers are grades above 6.
(*2) Credit grade of corporates are BBB+ ~ BBB and consumers are grade 4 ~ 6.
(*3) Credit grade of corporate are BBB- ~ C, and consumers are grades 7 ~ 10.

4) Collateral and other credit enhancements

During the current quarter, there have been no significant changes in the value of collateral or other credit enhancements held by the Group and there have been no significant changes in collateral or other credit enhancements due to changes in the collateral policy of the Group. As of September 30, 2018, there are no financial assets that do not recognize the allowance for losses just because financial assets have collateral.

(2) Market risk

Market risk is the possible risk of loss arising from trading activities and non-trading activities in the volatility of market factors such as interest rates, stock prices and foreign exchange rates. Market risk occurs as a result of changes in the interest rates and foreign exchange rates for financial instruments that are not yet settled, and all contracts are exposed to a certain level of volatility according to changes in the interest rates, credit spreads, foreign exchange rates and the price of equity securities.

1) Market risk management

For trading activities and non-trading activities, the Group avoids, bears, or mitigates risks by identifying the underlying source of the risks, measuring parameters and evaluating their appropriateness.

On a yearly basis, the Risk Management Committee establishes a Value at Risk (VaR , maximum losses) limit, loss limit and risk capital limit by subsidiaries for its management purposes. The limit by investment desk/dealer is independently managed to the extent of the limit given to subsidiaries and the limit by investment and loss cut is managed by the risk management personnel within the department.

The Group uses both a standard-based and an internal model-based approach to measure market risk. The standard-based approach is used to calculate individual market risk of owned capital while the internal model-based approach is used to calculate general capital market risk and it is used to measure internal risk management measure. For the trading activities, the Risk Management department measures the VaR limit by department, risk factor and loss limit on a daily basis and reports regularly to the Risk Management Committee.

2) Sensitivity analysis of market risk

The Group performs the sensitivity analyses both for trading and for non-trading activities.

For trading activities, the Group uses a VaR model that uses certain assumptions of possible fluctuations in market condition and, by conducting simulations of gains and losses, under which the model estimates the maximum losses that may occur. A VaR model predicts based on statistics of possible losses on the portfolio at a certain period currently or in the future. It indicates the maximum expected loss with at least 99% confidence level. In short, there exists a one percent possibility that the actual loss might exceed the predicted loss generated from the VaR calculation. The actual results are periodically monitored to examine the validity of the assumptions, variables, and factors that are used in VaR calculations. However, this approach cannot prevent the loss when the market fluctuation exceeds expectation.

For the non-trading activities, interest rate Earning at Risk (EaR) and interest rate VaR, which is based on the simulations of the Net Interest Income (NII) and Net Portfolio Value (NPV), are calculated for the Bank and the consolidated trusts, and the risks for all other subsidiaries are measured and managed by the interest rate EaR and the interest rate VaR calculations based on the Bank for International Settlements (BIS) Framework.

NII is a profit-based indicator for displaying the profit changes in short term due to the short-term interest changes. It will be estimated as subtracting interest expenses of liabilities from the interest income of assets. NPV is an indicator for displaying risks in economic view according to unfavorable changes related to interest rate. It will be estimated as subtracting the present value of liabilities from the present value of assets.

EaR shows the maximum profit-loss amount, which indicates the maximum deduction amount caused by the unfavorable changes related to the interest rate of a certain period (i.e. 1 year). Interest rate VaR shows the potential maximum loss generated by the unfavorable changes during a certain period of time in the present or future.

a) Trading activities

The minimum, maximum and average VaR for the nine months ended September 30, 2018 and for the year ended December 31, 2017, respectively, and the VaR as of September 30, 2018 and December 31, 2017, respectively, are as follows (Unit: Korean Won in millions):

		For the nine months ended September 30, 2018				For the year ended December 31, 2017		
Risk factor	September 30, 2018	Average	Maximum	Minimum	December 31, 2017	Average	Maximum	Minimum
Interest rate	4,955	3,794	5,528	1,730	4,183	3,799	4,918	2,467
Stock price	2,682	2,575	4,618	1,138	909	2,863	4,419	909
Foreign currencies	5,038	4,553	6,136	3,439	4,750	5,051	6,636	4,061
Commodity price	17	1	17			31	188	
Diversification	(6,892)	(4,788)	(7,685)	(1,815)	(4,472)	(4,621)	(6,798)	(2,067)
Total VaR (*)	5,800	6,135	8,614	4,492	5,370	7,123	9,363	5,370

(*) VaR(Value at Risk): Maximum expected losses

b) Non-trading activities

The NII and NPV are calculated for the assets and liabilities owned by the Bank and consolidated trusts, respectively, by using the simulation method. The scenario responding to interest rate (IR) changes are as follows (Unit: Korean Won in millions):

	September 30, 2018		December 31, 2017	
	NII (*1)	NPV (*2)	NII (*1)	NPV (*2)
Base case	4,713,257	24,686,971	4,916,138	23,472,792
Base case (Prepay)	4,704,711	24,380,159	4,916,015	23,163,942
IR 100bp up	5,209,637	24,550,082	5,361,546	22,886,122
IR 100bp down	4,294,765	24,846,145	4,386,437	24,127,559
IR 200bp up	6,071,377	24,430,336	5,806,723	22,372,208
IR 200bp down	3,783,567	25,035,233	3,452,590	24,830,482
IR 300bp up	6,852,372	24,324,139	6,251,897	21,929,189
IR 300bp down	3,647,006	25,266,044	2,254,609	26,633,807

(*1) NII: Net Interest Income

(*2) NPV: Net Portfolio Value

The interest EaR and VaR calculated based on the BIS Framework of subsidiaries other than the Bank and consolidated trusts are as follows (Unit: Korean Won in millions):

September 30, 2018		December 31, 2017	
EaR (*1)	VaR (*2)	EaR (*1)	VaR (*2)
258,121	168,335	255,679	130,821

(*1) EaR(Earning at Risk): Change of Maximum expected income and expense
(*2) VaR(Value at Risk): Maximum expected losses

The Group estimates and manages risks related to changes in interest rate due to the difference in the maturities of interest-bearing assets and liabilities and discrepancies in the terms of interest rates. Cash flows (both principal and interest), interest bearing assets and liabilities, presented by each re-pricing date, are as follows (Unit: Korean Won in millions):

	September 30, 2018						
	Within 3 months	4 to 6 months	7 to 9 months	10 to 12 months	1 to 5 years	Over 5 years	Total
Asset:							
Loans and other financial assets at amortized cost	151,532,534	44,044,660	8,844,675	8,524,447	46,037,186	3,678,776	262,662,278
Financial assets at FVTPL	270,110	84,149	57,810	33,077	58,007	20,364	523,517
Financial assets at FVTOCI	3,267,328	1,939,108	1,562,900	1,397,493	7,127,479	172,862	15,467,170
Securities at amortized cost	2,424,853	1,892,024	2,005,818	1,630,934	11,639,628	361,671	19,954,928
Total	157,494,825	47,959,941	12,471,203	11,585,951	64,862,300	4,233,673	298,607,893
Liability:							
Deposits due to customers	110,001,139	41,385,423	29,385,954	18,678,082	38,131,534	66,279	237,648,411
Borrowings	8,538,594	2,927,614	585,676	502,485	2,917,602	696,275	16,168,246
Debentures	1,742,589	2,192,041	2,417,121	2,191,199	18,692,490	2,895,263	30,130,703
Total	120,282,322	46,505,078	32,388,751	21,371,766	59,741,626	3,657,817	283,947,360

	December 31, 2017						
	Within 3 months	4 to 6 months	7 to 9 months	10 to 12 months	1 to 5 years	Over 5 years	Total
Asset:							
Loans and receivables	161,653,892	41,671,530	7,614,159	6,411,841	54,150,998	26,272,958	297,775,378
AFS financial assets	2,150,708	2,500,103	2,016,711	2,367,762	4,229,000	601,735	13,866,019
HTM financial assets	2,286,179	2,161,467	1,433,425	1,687,362	9,369,794	345,868	17,284,095
Total	166,090,779	46,333,100	11,064,295	10,466,965	67,749,792	27,220,561	328,925,492

Liability:							
Deposits due to customers	106,815,564	37,750,367	25,117,556	27,585,458	37,518,878	91,246	234,879,069
Borrowings	9,865,249	1,056,579	412,966	437,431	2,709,010	479,827	14,961,062
Debentures	1,955,902	2,452,240	1,018,563	1,752,847	19,770,538	2,869,766	29,819,856
Total	118,636,715	41,259,186	26,549,085	29,775,736	59,998,426	3,440,839	279,659,987

3) Currency risk

Currency risk arises from the financial instruments denominated in foreign currencies other than the functional currency. Therefore, no currency risk arises from non-monetary items or financial instruments denominated in the functional currency.

Financial instruments in foreign currencies exposed to currency risk are as follows (Unit: USD in millions, JPY in millions, CNY in millions, EUR in millions, and Korean Won in millions):

	September 30, 2018									
	USD		JPY		CNY		EUR		Others	T
	Foreign currency	Korean Won equivalent	Foreign currency	Korean Won equivalent	Foreign currency	Korean Won equivalent	Foreign currency	Korean Won equivalent	Korean Won equivalent	K V equ
Loans and other financial assets at amortized cost	25,397	28,258,170	155,998	1,524,936	29,587	4,786,589	1,548	2,003,929	4,443,257	41,
Financial assets at FVTPL	38	42,294	509	4,993			10	13,468	182,009	
Financial assets at FVTOCI	1,730	1,924,581			180	29,189			334,657	2,
Securities at amortized cost	111	123,756							82,050	
Total	27,276	30,348,801	156,507	1,529,929	29,767	4,815,778	1,558	2,017,397	5,041,973	43,
Financial liabilities at FVTPL	62	69,084	452	4,431			30	38,438	112,012	
Deposits due to customer	12,376	13,764,056	169,598	1,664,042	23,544	3,808,868	809	1,047,643	2,649,540	22,
Borrowings	6,229	6,930,726	1,260	12,365	470	76,103	247	319,850	324,670	7,
Debentures	4,042	4,497,903							283,701	4,
Other financial liabilities	3,152	3,502,190	35,886	352,103	1,318	213,252	160	207,313	86,478	4,
Total	25,861	28,763,959	207,196	2,032,941	25,332	4,098,223	1,246	1,613,244	3,456,401	39,
nce accounts	7,010	7,799,660	35,311	346,457	4,962	802,684	469	607,464	856,294	10,

	December 31, 2017									
	USD		JPY		CNY		EUR		Others	T
	Foreign currency	Korean Won equivalent	Foreign currency	Korean Won equivalent	Foreign currency	Korean Won equivalent	Foreign currency	Korean Won equivalent	Korean Won equivalent	K V equ
Loans and receivables	23,000	24,642,900	126,944	1,204,843	25,224	4,127,936	1,156	1,479,351	3,937,733	35,
	32	34,303	25	238			27	34,583	104,892	

Financial assets at FVTPL										
AFS financial assets	1,966	2,105,972			319	52,259		590	302,801	2,
HTM financial assets	111	118,868							78,175	
Total	25,109	26,902,043	126,969	1,205,081	25,543	4,180,195	1,183	1,514,524	4,423,601	38,
Financial liabilities at FVTPL	41	43,423	79	752			19	24,878	69,977	
Deposits due to customer	13,744	14,725,686	195,176	1,852,440	21,865	3,578,142	883	1,129,802	2,396,826	23,
Borrowings	6,604	7,080,118	2,218	21,056			247	315,685	242,874	7,
Debentures	3,467	3,714,411			700	114,555			375,749	4,
Other financial liabilities	2,392	2,562,740	16,125	153,043	1,802	294,950	129	165,189	588,625	3,
Total	26,248	28,126,378	213,598	2,027,291	24,367	3,987,647	1,278	1,635,554	3,647,051	39,
nce accounts	8,108	8,687,009	33,624	319,127	1,199	196,261	406	519,843	176,886	9,

(3) Liquidity risk

Liquidity risk refers to the risk that the Group may encounter difficulties in meeting obligations from its financial liabilities.

1) Liquidity risk management

Liquidity risk management is to prevent potential cash shortages as a result of mismatching the use of funds (assets) and sources of funds (liabilities) or unexpected cash outflows. The financial liabilities that are relevant to liquidity risk are incorporated within the scope of risk management. Derivatives instruments are excluded from those financial liabilities as they reflect expected cash flows for a pre-determined period.

Assets and liabilities are grouped by account under Asset Liability Management (ALM) in accordance with the characteristics of the account. The Group manages liquidity risk by identifying the maturity gap and such gap ratio through various cash flows analysis (i.e. based on remaining maturity and contract period, etc.), while maintaining the gap ratio at or below the target limit.

2) Maturity analysis of non-derivative financial liabilities

a) Cash flows of principals and interests by remaining contractual maturities of non-derivative financial liabilities are as follows (Unit: Korean Won in millions):

	September 30, 2018						
	Within 3 months	4 to 6 months	7 to 9 months	10 to 12 months	1 to 5 years	Over 5 years	Total
Financial liabilities at FVTPL	214,941	82					215,023
Deposits due to customers	151,910,998	30,991,036	23,044,605	25,310,930	6,639,946	1,893,204	239,790,719
Borrowings	5,061,517	3,703,374	1,656,860	1,700,574	3,394,586	713,838	16,230,749
Debentures	1,742,589	2,192,041	2,417,121	2,191,199	18,692,490	2,895,263	30,130,703
Other financial liabilities	15,158,656	54,413	167,450	2,737	694,086	2,141,543	18,218,885
Total	174,088,701	36,940,946	27,286,036	29,205,440	29,421,108	7,643,848	304,586,079

	December 31, 2017						
	Within 3 months	4 to 6 months	7 to 9 months	10 to 12 months	1 to 5 years	Over 5 years	Total
Financial liabilities at	168,442	155,984	1,717	512	375		327,030

FVTPL							
Deposits due to customers	148,008,777	29,563,310	18,175,348	32,468,110	7,409,118	2,624,594	238,249,257
Borrowings	6,115,732	1,893,173	1,489,272	1,178,107	3,924,681	479,568	15,080,533
Debentures	1,955,255	2,452,565	1,018,714	1,744,731	19,770,380	2,869,699	29,811,344
Other financial liabilities	7,121,342	162,871	825	1,003	128,940	2,730,001	10,144,982
Total	163,369,548	34,227,903	20,685,876	35,392,463	31,233,494	8,703,862	293,613,146

b) Cash flows of principals and interests by expected maturities of non-derivative financial liabilities are as follows (Unit: Korean Won in millions):

	September 30, 2018						
	Within 3 months	4 to 6 months	7 to 9 months	10 to 12 months	1 to 5 years	Over 5 years	Total
Financial liabilities at FVTPL	214,941	82					215,023
Deposits due to customers	162,280,313	32,668,245	19,937,299	18,869,178	5,320,582	116,506	239,192,123
Borrowings	5,061,517	3,703,374	1,656,860	1,700,574	3,394,586	713,838	16,230,749
Debentures	1,742,589	2,192,041	2,417,121	2,191,199	18,692,490	2,895,263	30,130,703
Other financial liabilities	15,158,656	54,413	167,450	2,737	694,086	2,141,543	18,218,885
Total	184,458,016	38,618,155	24,178,730	22,763,688	28,101,744	5,867,150	303,987,483

	December 31, 2017						
	Within 3 months	4 to 6 months	7 to 9 months	10 to 12 months	1 to 5 years	Over 5 years	Total
Financial liabilities at FVTPL	168,442	155,984	1,717	512	375		327,030
Deposits due to customers	159,146,602	31,298,562	16,667,130	21,995,294	6,487,047	2,278,756	237,873,391
Borrowings	6,115,732	1,893,173	1,489,272	1,178,107	3,924,681	479,568	15,080,533
Debentures	1,955,255	2,452,565	1,018,714	1,744,731	19,770,380	2,869,699	29,811,344
Other financial liabilities	7,121,342	162,871	825	1,003	128,940	2,730,001	10,144,982
Total	174,507,373	35,963,155	19,177,658	24,919,647	30,311,423	8,358,024	293,237,280

3) Maturity analysis of derivative financial liabilities

Derivatives held for trading purpose are not managed in accordance with their contractual maturity, since the Group holds such financial instruments with the purpose of disposing or redemption before their maturity. As such, those derivatives are incorporated as within 3 months in the table below.

Derivatives held for hedging purpose are estimated by offsetting cash inflows and cash outflows.

The cash flow by the maturity of derivative financial liabilities as of September 30, 2018 and December 31, 2017 is as follows (Unit: Korean Won in millions):

	Remaining maturity						
	Within 3 months	4 to 6 months	7 to 9 months	10 to 12 months	1 to 5 years	Over 5 years	Total
September 30, 2018	2,007,243				69,972	4,135	2,081,350
December 31, 2017	3,150,149			381	67,373		3,217,903

4) Maturity analysis of off-balance accounts

The Group provides guarantees on behalf of customers. A financial guarantee represents an irrevocable undertaking that the Group should meet a customer s obligations to third parties if the customer fails to do so. Under a loan commitment, the Group agrees to make funds available to a customer in the future. Loan commitments may be unconditionally cancellable, provided all conditions in the loan facility are met and if one or more conditions are waived, the loan commitment may persist. Commitments to lend include commercial standby facilities and credit lines, liquidity facilities to commercial paper conduits and utilized overdraft facilities. The maximum limit to be paid by the Group in accordance with guarantees and loan commitment only applies to principal amounts. There are contractual maturities for financial guarantees, such as guarantees for debentures issued or loans, loan commitments, and other guarantees, however, under the terms of the guarantees and loan commitments, funds should be paid upon demand from the counterparty. Details of off-balance accounts are as follows (Unit: Korean Won in millions):

	September 30, 2018	December 31, 2017
Guarantees	12,475,470	12,859,715
Loan commitments	97,085,991	80,760,325

(4) Operational risk

The Group defines the operational risk that could cause a negative effect on capital resulting from inadequate internal process, labor work and systematic problem or external factors.

1) Operational risk management

The Group has been running the operational risk management system under Basel II. The Group developed Advanced Measurement Approaches (AMA) to quantify required capital for operational risk. This system is used for reinforcement in foreign competitions, reducing the amount of risk capitals, managing the risk, and precaution for any unexpected occasions. This system has been tested by an independent third party, and this system approved by the Financial Supervisory Service.

2) Operational risk measurement

To quantify required capital for operational risk, the Group applies AMA using internal and external loss data, business environment and internal control factors, and scenario analysis. For the operational risk management for its subsidiaries, the Group adopted the Basic Indicator Approach.

(5) Capital management

The Group complies with the standard of capital adequacy provided by financial regulatory authorities. The capital adequacy standard is based on Basel published by Bazel III Committee on Banking Supervision in Bank for International Settlement in 2010 and was implemented in Korea in December 2013. The capital adequacy ratio is calculated by dividing own capital by asset (weighted with a risk premium risk weighted assets) based on the consolidated financial statements of the Group.

According to the above regulations, the Group is required to meet the following new minimum requirements: Common Equity Tier 1 capital ratio of 7.13% and 6.25%, a minimum Tier 1 ratio of 8.63% and 7.75% and a minimum total regulatory capital of 10.63% and 9.75% as of September 30, 2018 and December 31, 2017, respectively.

Details of the Group s capital adequacy ratio as of September 30, 2018 and December 31, 2017 are as follows (Unit: Korean Won in millions):

	September 30, 2018	December 31, 2017
Tier 1 capital	17,510,489	16,074,987
Other Tier 1 capital	3,146,975	3,041,664
Tier 2 capital	3,824,033	3,486,555
Total risk-adjusted capital	24,481,497	22,603,206
Risk-weighted assets for credit risk	141,904,674	134,767,711
Risk-weighted assets for market risk	2,381,287	2,316,938
Risk-weighted assets for operational risk	9,938,192	9,677,559

Total risk-weighted assets	154,224,153	146,762,208
Common Equity Tier 1 ratio	11.35%	10.95%
Tier 1 capital ratio	13.39%	13.03%
Total capital ratio	15.87%	15.40%

5. OPERATING SEGMENTS

In evaluating the results of the Group and allocating resources, the Group s Chief Operation Decision Maker (CODM) utilizes the information per type of customers. This financial information of the segments is regularly reviewed by the CODM to make decisions about resources to be allocated to each segment and evaluate its performance.

(1) Segment by type of customers

The Group s reporting segments comprise the following customers: consumer banking, corporate banking, investment banking, capital market, credit card market and headquarters and others. The reportable segments are classified based on the target customers for whom the service is being provided.

Consumer banking: Loans/deposits and financial services for retail and individual consumers, etc.

Corporate banking: Loans/deposits and export/import, financial services for corporations, etc.

Investment banking: Domestic/foreign investment, structured finance, M&A, equity & fund investment related business, venture advisory related tasks, real estate SOC development practices, etc.

Capital market: Fund management, investment in securities and derivatives, etc.

Credit card: Credit card, cash service and card loan, etc.

Headquarter and others: Segments that do not belong to above operating segments

The details of operating income by each segment are as follows (Unit: Korean Won in millions):

	For the nine months ended September 30, 2018								
	Consumer banking	Corporate banking	Investment banking	Capital market	Credit cards	Headquarters and others	Sub-total	Adjustments	Total
et Interest come xpense)									
terest come	2,601,854	2,509,028	112,975	7,563	496,064	1,164,324	6,891,808	228,382	7,120,190
terest pense	(761,336)	(1,548,717)	(134)		(117,539)	(721,401)	(3,149,127)	226,086	(2,923,041
ter-segment	(445,593)	589,252	(119,741)	19,750		(43,668)			
	1,394,925	1,549,563	(6,900)	27,313	378,525	399,255	3,742,681	454,468	4,197,149

et on-interest come xpense)									
on-interest come	543,436	598,600	172,658	5,488,289	894,604	944,744	8,642,331	(352,948)	8,289,383
on-interest xpense	(134,910)	(182,239)	(46,517)	(5,445,633)	(844,787)	(523,902)	(7,177,988)	(277,521)	(7,455,509
ter-segment	110,481	53,546				(164,027)			
	519,007	469,907	126,141	42,656	49,817	256,815	1,464,343	(630,469)	833,874
ther income xpense)									
eneral and dministrative xpense	(1,339,229)	(624,811)	(8,842)	(12,014)	(123,480)	(482,200)	(2,590,576)	204,465	(2,386,111
eversal of lowance for edit loss and npairment sses due to edit loss	(80,723)	103,293	54,630	(1,891)	(181,119)	75,613	(30,197)	(41,186)	(71,383
	(1,419,952)	(521,518)	45,788	(13,905)	(304,599)	(406,587)	(2,620,773)	163,279	(2,457,494
perating come xpenses)	493,980	1,497,952	165,029	56,064	123,743	249,483	2,586,251	(12,722)	2,573,529
on-operating come xpenses)	(15,597)	1,245	24,928		(5,947)	71,593	76,222	(22,431)	53,791
et income xpense) efore income x expense	478,383	1,499,197	189,957	56,064	117,796	321,076	2,662,473	(35,153)	2,627,320
come tax xpense	(131,555)	(381,492)	(52,239)	(15,418)	(29,172)	(96,228)	(706,104)	(364)	(706,468
et income xpense)	346,828	1,117,705	137,718	40,646	88,624	224,848	1,956,369	(35,517)	1,920,852

	For the nine months ended September 30, 2017								
	Consumer banking	Corporate banking	Investment banking	Capital market	Credit cards	Headquarters and others	Sub-total	Adjustments	Total
t Interest come									
erest come	2,332,134	2,196,051	108,570	14,328	442,903	1,053,361	6,147,347	230,066	6,377,41
erest pense	(717,708)	(1,238,742)	(186)		(100,153)	(627,858)	(2,684,647)	209,110	(2,475,53
er-segment	(379,017)	358,953	(100,697)	11,402		109,359			
	1,235,409	1,316,262	7,687	25,730	342,750	534,862	3,462,700	439,176	3,901,87
t n-interest come xpense)									
on-interest come	598,446	503,820	272,024	6,155,339	836,721	1,801,968	10,168,318	(195,768)	9,972,55
on-interest pense	(182,815)	(104,265)	(152,512)	(6,125,701)	(782,048)	(1,348,035)	(8,695,376)	(372,448)	(9,067,82
er-segment	73,469	44,857				(118,326)			
	489,100	444,412	119,512	29,638	54,673	335,607	1,472,942	(568,216)	904,72
her income xpense)									
eneral and ministrative pense	(1,337,680)	(618,969)	(8,434)	(11,309)	(118,846)	(741,176)	(2,836,414)	189,362	(2,647,05
versal of owance for edit loss and pairment sses due to edit loss	(70,180)	(240,903)	15,005	20,356	(162,247)	134,810	(308,159)	(49,475)	(357,63
	(1,407,860)	(859,872)	6,571	9,047	(286,093)	(606,366)	(3,144,573)	139,887	(3,004,68
perating come	316,649	900,802	133,770	64,415	111,330	264,103	1,791,069	10,847	1,801,91
on-operating come xpense)	3,304	(3,097)	32,832		(4,097)	(25,334)	3,608	(3,938)	(33
t income fore income x expense	319,953	897,705	166,602	64,415	107,233	238,769	1,794,677	6,909	1,801,58
come tax pense	(77,429)	(204,541)	(40,318)	(15,588)	(25,900)	(8,148)	(371,924)	(37,221)	(409,14

t income xpense)	242,524	693,164	126,284	48,827	81,333	230,621	1,422,753	(30,312)	1,392,44

(2) Information on products and services

The products of the Group are classified as interest-bearing products such as loans, deposits and debt securities and non-interest bearing products such as loan commitment, credit commitment, equity securities, and credit card service. This classification of products has been reflected in the segment information presenting interest income and non-interest income.

(3) Information on geographical areas

Of the Group s revenue (interest income and non-interest income) from services, revenue from the domestic customers for the nine months ended September 30, 2018 and 2017 amounted to 14,359,474 million Won and 15,525,861 million Won, respectively, and revenue from the foreign customers amounted to 1,050,099 million Won and 824,102 million Won, respectively. Of the Group s non-current assets (investments in joint ventures and associates, investment properties, premises and equipment and intangible assets), non-current assets attributed to domestic subsidiaries as of September 30, 2018 and December 31, 2017 are 3,558,612 million Won and 3,550,764 million Won, respectively, and foreign subsidiaries are 223,869 million Won and 233,732 million Won, respectively.

6. CASH AND CASH EQUIVALENTS

(1) Details of cash and cash equivalents are as follows (Unit: Korean Won in millions):

	September 30, 2018	December 31, 2017
Cash	1,991,580	2,009,363
Foreign currencies	763,114	617,155
Demand deposits	2,934,296	3,423,355
Fixed deposits	315,514	858,413
Total	6,004,504	6,908,286

(2) Significant transactions of investing activities and financing activities not involving cash inflows and outflows are as follows (Unit: Korean Won in millions):

	For the nine months ended September 30, 2018	For the nine months ended September 30, 2017
Changes in other comprehensive gain due to remeasurement of financial assets designated at FVTOCI	33,333	
Changes in other comprehensive loss due to valuation of AFS financial assets		(51,041)
Changes in other comprehensive income of investment in associates	3,676	4,917
Changes in other comprehensive gain (loss) of foreign operations translation	(27,226)	(54,522)
Changes in other comprehensive loss related to valuation of cash flow hedging	(3,510)	(1,247)
Changes in other comprehensive loss due to remeasurement of the net defined benefit liability	(43,269)	13,143
Changes in investments in associates due to debt-equity swap		51,227
Changes in investments in associates due to accounts transfer	(83,286)	
Changes in intangible assets related to accounts payable	37,752	
Classified to assets held for sale from premises and equipment	6,243	
Changes in unpaid dividends on hybrid equity securities	11,462	(1,502)

7. FINANCIAL ASSETS AT FVTPL

(1) Financial assets at FVTPL are as follows (Unit: Korean Won in millions):

	September 30, 2018	December 31, 2017
Financial assets at fair value through profit or loss mandatorily measured at fair value	5,720,811	
Financial assets held for trading		5,820,787
Financial assets designated at FVTPL		22,290
Total	5,720,811	5,843,077

(2) Financial assets at fair value through profit or loss mandatorily measured at fair value and financial assets held for trading are as follows (Unit: Korean Won in millions):

	September 30, 2018	December 31, 2017
Deposits:		
Gold banking asset	27,045	25,972
Securities:		
Debt securities		
Korean treasury and government agencies	565,592	540,438
Financial institutions	462,348	1,476,498
Corporates	790,928	627,397
Others		
Equity securities	418,363	21,666
Capital contributions	380,470	
Beneficiary certificates	831,759	13,041
Sub-total	3,449,460	2,679,040
Loans	322,907	
Derivatives assets	1,921,399	3,115,775
Total	5,720,811	5,820,787

(3) Financial assets at fair value through profit or loss designated as upon initial recognition is nil as of September 30, 2018 and financial assets at fair value through profit or loss designated as upon initial recognition as of December 31, 2017 is as follows (Unit: Korean Won in millions):

	December 31, 2017
Debt securities	9,694
Equity securities	12,596
Total	22,290

8. FINANCIAL ASSETS AT FVTOCI AND AFS FINANCIAL ASSETS

(1) Details of financial assets at FVTOCI as of September 30, 2018 and AFS financial assets as of December 31, 2017 are as follows (Unit: Korean Won in millions):

	September 30, 2018	December 31, 2017
Debt securities:		
Korean treasury and government agencies	2,024,627	2,330,567
Financial institutions	9,157,435	5,217,266