

IMPORTANT NOTICE

THIS DOCUMENT IS NOT FOR DISTRIBUTION TO ANY PERSON OTHER THAN TO INVESTORS WHO ARE PERSONS OTHER THAN U.S. PERSONS (AS DEFINED IN REGULATION S) WITH ADDRESSES OUTSIDE OF THE UNITED STATES.

IMPORTANT: You must read the following notice before continuing. The following notice applies to the prospectus dated 30 June 2021 as supplemented by the pricing supplement following this page (the “**prospectus**”), whether received by email, accessed from an internet page or otherwise received as a result of electronic communication and you are therefore advised to read this notice carefully before reading, accessing or making any other use of the prospectus. In reading, accessing or making any other use of the prospectus, you agree to be bound by the following terms and conditions and each of the restrictions set out in the prospectus, including any modifications made to them from time to time, each time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY THE SECURITIES DESCRIBED IN THE PROSPECTUS IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT (“REGULATION S”)), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THE SECURITIES ARE BEING OFFERED AND SOLD ONLY OUTSIDE THE UNITED STATES TO PERSONS OTHER THAN U.S. PERSONS (“U.S. PERSONS”) (AS DEFINED IN REGULATION S) IN OFFSHORE TRANSACTIONS IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S. WITHIN THE UNITED KINGDOM, THE PROSPECTUS IS DIRECTED ONLY AT PERSONS WHO (A) HAVE PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS FALLING WITHIN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005 (THE “FPO”); (B) ARE PERSONS FALLING WITHIN ARTICLE 49(2)(a) TO (d) OF THE FPO; OR (C) ARE OTHER PERSONS TO WHOM THE PROSPECTUS MAY BE LAWFULLY COMMUNICATED (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS RELEVANT PERSONS). OUTSIDE OF THE UNITED KINGDOM THE PROSPECTUS IS BEING DIRECTED ONLY AT PERSONS WHO MAY LAWFULLY RECEIVE IT. FOR A MORE COMPLETE DESCRIPTION OF RESTRICTIONS ON OFFERS AND SALES, SEE *SUBSCRIPTION AND SALE* IN THE PROSPECTUS.

THE PROSPECTUS MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE PROSPECTUS IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE SECURITIES LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE SECURITIES DESCRIBED IN THE ATTACHED DOCUMENT. THIS DOCUMENT IS NOT INTENDED FOR DISTRIBUTION TO AND MUST NOT BE PASSED ON TO ANY RETAIL CLIENT.

Confirmation of your Representation: In order to be eligible to view the prospectus or make an investment decision with respect to the offered securities described therein, (1) each prospective investor in respect of the securities must be a person other than a U.S. Person and (2) each prospective investor in respect of the securities being offered in the United Kingdom must be a Relevant Person. By accepting the e-mail and accessing, reading or making any other use of the attached prospectus, you shall be deemed to have represented to each of BNP Paribas, Citigroup Global Markets Limited, Credit Suisse (Hong Kong) Limited, The Hongkong and Shanghai Banking Corporation Limited and Korea Investment & Securities Asia Limited (collectively, the “Joint Lead Managers”) being the sender of the attached, that (1) you are (or the person you represent is) a person other than a U.S. Person, and that the electronic mail (or e-mail) address to which, pursuant to your request, the prospectus has been delivered by electronic transmission is utilised by a person other than a U.S. Person, (2) in respect of the securities being offered in the United Kingdom, you are (or the person you represent is) a Relevant Person, and (3) you are a person to whom the prospectus may be delivered in accordance with the restrictions set out in the section entitled Subscription and Sale and Transfer and Selling Restrictions in the prospectus.

You are reminded that the prospectus has been delivered to you on the basis that you are a person into whose possession the prospectus may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver or disclose the contents of this prospectus to any other person. Failure to comply with this directive may result in a violation of the Securities Act or the applicable laws of other jurisdictions.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where such offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Joint Lead Managers or any affiliate of the Joint Lead Managers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Joint Lead Managers or such affiliate on behalf of Korea Investment & Securities Co., Ltd. (the “Issuer”) in such jurisdiction.

Recipients of the prospectus who intend to subscribe for or purchase the securities are reminded that any subscription or purchase may only be made on the basis of the information contained in the final prospectus.

The prospectus has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently, none of the Joint Lead Managers, the Issuer nor any person who controls any of them or is a director, officer, employee or agent of any of them nor any affiliate of any such person accepts any liability or responsibility whatsoever to the fullest extent permitted by law in respect of any difference between the prospectus distributed to you in electronic format and the hard copy version available to you on request from the Joint Lead Managers. You are responsible for protecting against viruses and other destructive items. Your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

The distribution of the prospectus in certain jurisdictions may be restricted by law. Persons into whose possession the prospectus comes are required by the Joint Lead Managers and the Issuer to inform themselves about, and to observe, any such restrictions.

PRICING SUPPLEMENT

trueFriend **Korea Investment
& Securities Co., Ltd.**

*(incorporated with limited liability under the laws of the Republic of Korea)
(acting through its principal office in Korea)*

**Issue of U.S.\$300,000,000 1.375% Senior Unsecured Notes due 2024 and
U.S.\$300,000,000 2.125% Senior Unsecured Notes due 2026
under the U.S.\$5,000,000,000 Medium Term Note Programme**

THE U.S.\$300,000,000 1.375% SENIOR UNSECURED NOTES DUE 2024 AND U.S.\$300,000,000 2.125% SENIOR UNSECURED NOTES DUE 2026 (TOGETHER, THE “NOTES”) TO WHICH THIS PRICING SUPPLEMENT RELATES HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND, UNLESS SO REGISTERED, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATIONS UNDER THE SECURITIES ACT), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. ACCORDINGLY, THE NOTES WILL BE OFFERED AND SOLD ONLY OUTSIDE THE UNITED STATES TO NON-U.S. PERSONS IN RELIANCE ON REGULATIONS.

IN CONNECTION WITH THIS ISSUE, THE STABILISING MANAGER (OR ANY PERSON ACTING ON BEHALF OF THE STABILISING MANAGER) MAY OVER-ALLOT OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL FOR A LIMITED PERIOD AFTER THE ISSUE DATE. HOWEVER, THERE MAY BE NO OBLIGATION ON THE STABILISING MANAGER (OR ANY PERSON ACTING ON BEHALF OF THE STABILISING MANAGER) TO UNDERTAKE STABILISATION ACTION. SUCH STABILISING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME, AND MUST BE BROUGHT TO AN END AFTER A LIMITED PERIOD. SUCH STABILISING SHALL BE IN COMPLIANCE WITH ALL APPLICABLE LAWS, REGULATIONS AND RULES.

Joint Bookrunners and Joint Lead Managers (in alphabetical order)

BNP PARIBAS

CITIGROUP

CREDIT SUISSE

HSBC

KOREA INVESTMENT & SECURITIES ASIA

The date of this Pricing Supplement is 12 July 2021.

PRICING SUPPLEMENT A

12 July 2021

KOREA INVESTMENT & SECURITIES CO., LTD.
Issue of U.S.\$300,000,000 1.375% Senior Unsecured Notes due 2024
under the U.S.\$5,000,000,000
Medium Term Note Programme

This document constitutes the Pricing Supplement relating to the issue of Notes described herein.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Prospectus dated 30 June 2021. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with such Prospectus. Full information regarding the Company and the offer of the Notes is only available on the basis of the combination of the Pricing Supplement and the Prospectus.

The Notes may not be offered, delivered, or sold directly or indirectly in Korea or to any resident of Korea (as defined in the Foreign Exchange Transaction Law of Korea and the rules and regulations promulgated thereunder) or to others for re-offering or resale directly or indirectly in Korea or to any resident of Korea except as otherwise permitted under applicable Korean laws and regulations.

1	Issuer:	Korea Investment & Securities Co., Ltd.
2	(i) Series Number:	2021-1
	(ii) Tranche Number:	1
3	Specified Currency or Currencies:	United States Dollars (U.S.\$)
4	Aggregate Nominal Amount:	
	(i) Series:	U.S.\$300,000,000
	(ii) Tranche:	U.S.\$300,000,000
5	(i) Issue Price:	99.655 per cent. of the Aggregate Nominal Amount
	(ii) Net proceeds (after underwriting commission but before expenses):	U.S.\$297,615,000
6	(i) Specified Denominations:	U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof
	(ii) Calculation Amount:	U.S.\$1,000
7	(i) Issue Date:	19 July 2021
	(ii) Interest Commencement Date:	Issue Date
8	Maturity Date:	19 July 2024
9	Interest Basis:	1.375 per cent. Fixed Rate (further particulars specified below)
10	Redemption/Payment Basis:	Redemption at par
11	Change of Interest Basis or Redemption/Payment Basis:	Not Applicable
12	Put/Call Options:	Not Applicable
13	Status of the Notes:	Senior

14	Listing:	Singapore Exchange Securities Trading Limited
15	Method of distribution:	Syndicated

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

16	Fixed Rate Note Provisions	Applicable
	(i) Rate of Interest:	1.375 per cent. per annum semi-annually in arrear
	(ii) Interest Payment Date(s):	19 January and 19 July in each year adjusted in accordance with Condition 7(h)
	(iii) Fixed Coupon Amount:	U.S.\$6.875 per Calculation Amount
	(iv) Broken Amount:	Not Applicable
	(v) Day Count Fraction (Condition 5(m)):	30/360
	(vi) Determination Date(s) (Condition 5(m)):	Not Applicable
	(vii) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Calculation Agent):	Not Applicable
	(viii) Other terms relating to the method of calculating interest for Fixed Rate Notes:	Not Applicable
17	Floating Rate Note Provisions	Not Applicable
18	Zero Coupon Note Provisions	Not Applicable
19	Index Linked Interest Note Provisions	Not Applicable
20	Dual Currency Note Provisions	Not Applicable

PROVISIONS RELATING TO REDEMPTION

21	Call Option	Not Applicable
22	Put Option	Not Applicable
23	Final Redemption Amount of each Note:	U.S.\$1,000 per Calculation Amount
24	Early Redemption Amount	
	Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons (Condition 6(c) or, when otherwise specified hereon, 6(d) or 6(e)) or Event of Default (Condition 10(A) or 10(B)) and/or the method of calculating the same (if required or if different from that set out in the Conditions):	Par

GENERAL PROVISIONS APPLICABLE TO THE NOTES

25	Form of Notes:	Registered Notes
		Registered Global Note exchangeable for Definitive Certificates in the limited circumstances specified in the Registered Global Note

26	Financial Centre(s) (Condition 7(h)) or other special provisions relating to payment dates:	Seoul, London and New York
27	Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):	No
28	Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:	Not Applicable
29	Details relating to Instalment Notes:	Not Applicable
30	Redenomination, renominatisation and reconventioning provisions:	Not Applicable
31	Details relating Subordinated Notes:	Not Applicable
32	Additional U.S. federal income tax considerations:	Not Applicable
33	Other terms or special conditions:	Not Applicable

DISTRIBUTION

34	(i) If syndicated, names of Managers:	BNP Paribas, Citigroup Global Markets Limited, Credit Suisse (Hong Kong) Limited, The Hongkong and Shanghai Banking Corporation Limited and Korea Investment & Securities Asia Limited
	(ii) Date of Subscription Agreement:	12 July 2021
	(iii) Stabilising Manager (if any):	Any of the Managers appointed in such capacity
35	If non-syndicated, name of relevant Dealer:	Not Applicable
36	U.S. Selling Restrictions:	Reg. S Category 2
37	Korean Selling Restrictions:	20% Rule
38	Additional selling restrictions:	Not Applicable
39	Prohibition of Sales to EEA Retail Investors:	Not Applicable
40	Prohibition of Sales to UK Retail Investors:	Not Applicable

OPERATIONAL INFORMATION

41	ISIN Code:	XS2363709762
42	Common Code:	236370976
43	LEI:	549300R8VJDW3X6CD250
44	Any clearing system(s) other than Euroclear, Clearstream, Luxembourg and the CMU Service and the relevant identification number(s):	Not Applicable
45	Delivery:	Delivery against payment

46	Additional Paying Agents (if any):	Not Applicable
47	Ratings	Baa2 (Moody's Investors Service, Inc.) and BBB (S&P Global Ratings, a division of S&P Global, Inc.)

Notification under Section 309B(1) of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA") – The Company has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

LISTING AND ADMISSION TO TRADING APPLICATION

This Pricing Supplement comprises the final terms required to list the issue of Notes described herein pursuant to the U.S.\$5,000,000,000 Medium Term Note Programme of Korea Investment & Securities Co., Ltd.

The Singapore Exchange Securities Trading Limited (the "SGX-ST") assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Pricing Supplement. Approval in-principle from, admission to the Official List of, and listing and quotation of the Notes on, the SGX-ST are not to be taken as an indication of the merits of the Company, the Programme or the Notes.

PRICING SUPPLEMENT B

12 July 2021

KOREA INVESTMENT & SECURITIES CO., LTD.
Issue of U.S.\$300,000,000 2.125% Senior Unsecured Notes due 2026
under the U.S.\$5,000,000,000
Medium Term Note Programme

This document constitutes the Pricing Supplement relating to the issue of Notes described herein.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Prospectus dated 30 June 2021. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with such Prospectus. Full information regarding the Company and the offer of the Notes is only available on the basis of the combination of the Pricing Supplement and the Prospectus.

The Notes may not be offered, delivered, or sold directly or indirectly in Korea or to any resident of Korea (as defined in the Foreign Exchange Transaction Law of Korea and the rules and regulations promulgated thereunder) or to others for re-offering or resale directly or indirectly in Korea or to any resident of Korea except as otherwise permitted under applicable Korean laws and regulations.

1	Issuer:	Korea Investment & Securities Co., Ltd.
2	(i) Series Number:	2021-2
	(ii) Tranche Number:	1
3	Specified Currency or Currencies:	United States Dollars (U.S.\$)
4	Aggregate Nominal Amount:	
	(i) Series:	U.S.\$300,000,000
	(ii) Tranche:	U.S.\$300,000,000
5	(i) Issue Price:	99.976 per cent. of the Aggregate Nominal Amount
	(ii) Net proceeds (after underwriting commission but before expenses):	U.S.\$298,578,000
6	(i) Specified Denominations:	U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof
	(ii) Calculation Amount:	U.S.\$1,000
7	(i) Issue Date:	19 July 2021
	(ii) Interest Commencement Date:	Issue Date
8	Maturity Date:	19 July 2026
9	Interest Basis:	2.125 per cent. Fixed Rate (further particulars specified below)
10	Redemption/Payment Basis:	Redemption at par
11	Change of Interest Basis or Redemption/Payment Basis:	Not Applicable
12	Put/Call Options:	Not Applicable
13	Status of the Notes:	Senior

14	Listing:	Singapore Exchange Securities Trading Limited
15	Method of distribution:	Syndicated

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

16	Fixed Rate Note Provisions	Applicable
	(i) Rate of Interest:	2.125 per cent. per annum semi-annually in arrear
	(ii) Interest Payment Date(s):	19 January and 19 July in each year adjusted in accordance with Condition 7(h)
	(iii) Fixed Coupon Amount:	U.S.\$10.625 per Calculation Amount
	(iv) Broken Amount:	Not Applicable
	(v) Day Count Fraction (Condition 5(m)):	30/360
	(vi) Determination Date(s) (Condition 5(m)):	Not Applicable
	(vii) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Calculation Agent):	Not Applicable
	(viii) Other terms relating to the method of calculating interest for Fixed Rate Notes:	Not Applicable
17	Floating Rate Note Provisions	Not Applicable
18	Zero Coupon Note Provisions	Not Applicable
19	Index Linked Interest Note Provisions	Not Applicable
20	Dual Currency Note Provisions	Not Applicable

PROVISIONS RELATING TO REDEMPTION

21	Call Option	Not Applicable
22	Put Option	Not Applicable
23	Final Redemption Amount of each Note:	U.S.\$1,000 per Calculation Amount
24	Early Redemption Amount	Par
	Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons (Condition 6(c) or, when otherwise specified hereon, 6(d) or 6(e)) or Event of Default (Condition 10(A) or 10(B)) and/or the method of calculating the same (if required or if different from that set out in the Conditions):	

GENERAL PROVISIONS APPLICABLE TO THE NOTES

25	Form of Notes:	Registered Notes
		Registered Global Note exchangeable for Definitive Certificates in the limited circumstances specified in the Registered Global Note

26	Financial Centre(s) (Condition 7(h)) or other special provisions relating to payment dates:	Seoul, London and New York
27	Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):	No
28	Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:	Not Applicable
29	Details relating to Instalment Notes:	Not Applicable
30	Redenomination, renominatisation and reconventioning provisions:	Not Applicable
31	Details relating Subordinated Notes:	Not Applicable
32	Additional U.S. federal income tax considerations:	Not Applicable
33	Other terms or special conditions:	Not Applicable

DISTRIBUTION

34	(i) If syndicated, names of Managers:	BNP Paribas, Citigroup Global Markets Limited, Credit Suisse (Hong Kong) Limited, The Hongkong and Shanghai Banking Corporation Limited and Korea Investment & Securities Asia Limited
	(ii) Date of Subscription Agreement:	12 July 2021
	(iii) Stabilising Manager (if any):	Any of the Managers appointed in such capacity
35	If non-syndicated, name of relevant Dealer:	Not Applicable
36	U.S. Selling Restrictions:	Reg. S Category 2
37	Korean Selling Restrictions:	20% Rule
38	Additional selling restrictions:	Not Applicable
39	Prohibition of Sales to EEA Retail Investors:	Not Applicable
40	Prohibition of Sales to UK Retail Investors:	Not Applicable

OPERATIONAL INFORMATION

41	ISIN Code:	XS2363709929
42	Common Code:	236370992
43	LEI:	549300R8VJDW3X6CD250
44	Any clearing system(s) other than Euroclear, Clearstream, Luxembourg and the CMU Service and the relevant identification number(s):	Not Applicable
45	Delivery:	Delivery against payment

46	Additional Paying Agents (if any):	Not Applicable
47	Ratings	Baa2 (Moody's Investors Service, Inc.) and BBB (S&P Global Ratings, a division of S&P Global, Inc.)

Notification under Section 309B(1) of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA") – The Company has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

LISTING AND ADMISSION TO TRADING APPLICATION

This Pricing Supplement comprises the final terms required to list the issue of Notes described herein pursuant to the U.S.\$5,000,000,000 Medium Term Note Programme of Korea Investment & Securities Co., Ltd.

The Singapore Exchange Securities Trading Limited (the "SGX-ST") assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Pricing Supplement. Approval in-principle from, admission to the Official List of, and listing and quotation of the Notes on, the SGX-ST are not to be taken as an indication of the merits of the Company, the Programme or the Notes.

Prospectus dated 30 June 2021

truefriend Korea Investment
& Securities Co., Ltd.

KOREA INVESTMENT & SECURITIES CO., LTD.

(incorporated with limited liability under the laws of the Republic of Korea)

U.S.\$5,000,000,000 Medium Term Notes Programme

Under this U.S.\$5,000,000,000 Medium Term Note Programme (the “Programme”), Korea Investment & Securities Co., Ltd. (the “Company” or the “Issuer”) may from time to time issue notes in bearer and/or registered form (respectively, “Bearer Notes” and “Registered Notes” and, together, the “Notes” which expression shall include Senior Notes (each as defined herein)) denominated in any currency agreed between the Company and the relevant Dealer (as defined below).

The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed U.S.\$5,000,000,000 (or its equivalent in other currencies calculated as described herein).

The Notes may be issued on a continuing basis to one or more of the dealers specified under “Summary of the Programme” and any additional dealer appointed under the Programme from time to time, which appointment may be for a specific issue or on an ongoing basis (each a “Dealer” and together the “Dealers”). References in this Prospectus to the “relevant Dealer” shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to purchase such Notes.

Approval in-principle has been received from the Singapore Exchange Securities Trading Limited (the “SGX-ST”) in connection with the Programme and application will be made for the listing and quotation of Notes that may be issued pursuant to the Programme and which are agreed at or prior to the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted for listing and quotation on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained herein. Approval in-principle from, admission to the Official List of, and listing and quotation of any of the Notes on, the SGX-ST are not to be taken as an indication of the merits of the Company, the Programme or the Notes. Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each tranche of Notes will be set out in a pricing supplement (the “Pricing Supplement”) which, with respect to Notes to be listed on the SGX-ST, will be submitted to the SGX-ST before the date of listing of the Notes of such tranche.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended, (the “Securities Act”) or with any securities regulatory authority of any state or other jurisdiction of the United States, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act (“Regulation S”)) except pursuant to an exemption from the registration requirements of the Securities Act. Bearer Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder (the “Code”)). For a description of these and other restrictions on transfer, see “Subscription and Sale and Selling Restrictions.”

The Pricing Supplement in respect of any Notes may include a legend entitled “MiFID II Product Governance” which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a “distributor”) should take into consideration the target market assessment; however, a distributor subject to Directive 2014/65/EU (as amended, “MiFID II”) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the “MiFID Product Governance Rules”), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

The Pricing Supplement in respect of any Notes may include a legend entitled “UK MiFIR Product Governance” which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a “distributor”) should take into consideration the target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the “UK MiFIR Product Governance Rules”) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

In addition, if the Pricing Supplement (as defined in the Prospectus) in respect of any Notes includes a legend entitled “Prohibition of Sales to EEA Retail Investors”, the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“EEA”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of MiFID II; (ii) a customer within the meaning of Directive (EU) 2016/97 (the “Insurance Distribution Directive”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the “Prospectus Regulation”). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the “PRIIPs Regulation”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

If the Pricing Supplement in respect of any Notes includes a legend entitled “Prohibition of Sales to UK Retail Investors”, the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (“UK”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“EUWA”); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (“FSMA”) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the “UK PRIIPs Regulation”) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

The Company may agree with any Dealer that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes herein, in which event a supplementary Prospectus, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

The Programme is expected to be rated BBB by S&P Global Ratings and Baa2 by Moody’s Investors Service, Inc. Notes issued under the Programme may be rated or unrated. Where a tranche of Notes is to be rated, such rating will not necessarily be the same as the rating assigned to the Programme. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.

See “Risk Factors” beginning on page 7 for a discussion of certain factors to be considered in connection with an investment in the Notes.

Arranger

BNP PARIBAS

Dealers

BNP PARIBAS

CREDIT SUISSE

CITIGROUP

HSBC

KOREA INVESTMENT & SECURITIES ASIA

The Company confirms that it has taken all reasonable care to ensure that all information contained in this Prospectus with regard to the Company and the Notes is in every material respect true and accurate and not misleading and to the best of its knowledge and belief there are no other facts the omission of which would make any statement in this Prospectus misleading in any material respect in the context of the issue and sale of the Notes. The Company accepts responsibility accordingly.

Neither the Arranger nor the Dealers has separately verified the information (financial, legal or otherwise) contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Arranger or the Dealers as to the accuracy or completeness of the information contained in this Prospectus or any other information provided by the Company in connection with the Programme. Nothing contained in this Prospectus is or shall be relied upon as a promise or representation by the Arranger or the Dealers or their respective affiliates or advisers.

No person is or has been authorised to give any information or to make any representation which is not contained in, or which is not consistent with, this Prospectus or any other information supplied by or on behalf of the Company in connection with the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Company, the Arranger or the Dealers. This Prospectus does not constitute an offer to sell or the solicitation of any offer to buy any securities other than the securities to which it relates or an offer to sell or the solicitation of an offer to buy such securities by any person in any circumstances in which such offer or solicitation is unlawful.

Neither this Prospectus nor any other information supplied in connection with the Notes (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation or constituting an invitation or offer by the Company that any recipient of this Prospectus should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Company.

Neither the delivery of this Prospectus nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Company is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Arranger and the Dealers expressly do not undertake to review the financial condition or affairs of the Company during the life of the Programme or to advise any investor in the Notes of any information coming to their attention. Investors should review, *inter alia*, the most recently published documents incorporated by reference into this Prospectus when deciding whether or not to purchase any Notes.

The Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to U.S. persons, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the “Securities Act”), and are subject to U.S. tax law requirements. The Notes have not been registered under the Securities Act and are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S under the Securities Act. For a further description of certain restrictions on the offering and sale of the Notes and on distribution of this Prospectus, see “*Subscription and Sale.*”

The distribution of this Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. Neither the Company, the Arranger nor the Dealers represents that this Prospectus may be lawfully distributed or that the Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assumes any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Company, the Arranger or the Dealers which would permit a public offering of the Notes or distribution of this Prospectus in any jurisdiction where action for that purpose

is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus or any Notes come must inform themselves about, and observe, any such restrictions. There are restrictions on the offer, sale and resale of the Notes, and the circulation of documents relating thereto, in certain jurisdictions including, without limitation, the United States, the European Economic Area and the United Kingdom, Hong Kong, Singapore, Japan, Switzerland, Republic of Italy and Korea, and to persons connected therewith. For a description of certain further restrictions on offers, sales and resales of the Notes and distribution of this Prospectus, see “*Subscription and Sale.*”

Notification under Section 309B(1) of the Securities and Futures Act (Chapter 289) of Singapore – Unless otherwise stated in the Pricing Supplement in respect of any Notes, the Company has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes to be issued under the Programme shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

None of the Dealers or the Company makes any representation to any investor in the Notes regarding the legality of its investment under any applicable laws. Any investor in the Notes should be able to bear the economic risk of an investment in the Notes for an indefinite period of time.

Each person receiving this Prospectus acknowledges that such person has not relied on the Arranger or the Dealers or any person affiliated with the Arranger or the Dealers in connection with investigation of the accuracy of such information or its investment decision.

ENFORCEMENT OF CIVIL LIABILITIES

The Company is a corporation with limited liability organized under the laws of Korea. All of the officers and directors named herein reside in Korea and all or a substantial portion of the assets of the Company and of such officers and directors are located in Korea. As a result, it may not be possible for investors to enforce judgments against them obtained in courts outside Korea predicated upon civil liabilities of the Company or such directors and officers under laws other than Korean law, including any judgment predicated upon United States federal securities laws. There is doubt as to the enforceability in Korea, either in original actions or in actions for enforcement of judgments of U.S. courts, of civil liabilities predicated on the U.S. federal securities laws.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

The Issuer maintains its financial books and records and prepares its financial statements in Won in accordance with Korean International Financial Reporting Standards (“K-IFRS”). Unless otherwise stated, the financial data of the Issuer contained in this Prospectus as of and for the years ended 31 December 2019 and 2020 are derived from the Issuer’s audited consolidated financial statements included in this Prospectus, which have been prepared in accordance with K-IFRS and the financial data of the Issuer contained in this Prospectus as of 31 March 2021 and for the three months ended 31 March 2020 and 2021 are derived from the Issuer’s unaudited interim consolidated financial statements included in this Prospectus, which have been prepared in accordance with Korean IFRS 1034 *Interim Financial Reporting*.

Unless otherwise specified or the context requires, all financial and other information in the Prospectus regarding the Company’s activities, financial condition and results of operations are presented on a consolidated basis.

All references to the “Issuer”, the “Company”, “we”, “us” and “our” in this Prospectus are references to Korea Investment & Securities Co., Ltd., and, if the context so requires, our consolidated subsidiaries. All references to the “Group” are references to the Issuer and its consolidated subsidiaries collectively. All references to “Holders” are references to the holders of the Notes from time to time.

All references to “Korea” contained in this Prospectus are references to The Republic of Korea. All references to the “Government” are references to the government of Korea. All references to “U.S.” and the “United States” are references to the United States of America. All references to “Singapore” are references to the Republic of Singapore. In this Prospectus, all references to “KRW”, “Won” or “₩” are to the lawful currency of Korea, all references to “U.S. dollar” or “U.S.\$” are to the lawful currency of the United States, all references to “Euro” are to the lawful currency of the European Union, all references to “Japanese yen” are to the lawful currency of Japan. For the reader’s convenience, certain Won amounts in this Prospectus have been translated into U.S. dollars at the market average exchange rate, announced by Seoul Money Brokerage Services, Ltd. in Seoul, between Won and dollars, rounded to the nearest tenth of one Won (the “Market Average Exchange Rate”). Unless otherwise stated, the translations of Won into U.S. dollars have been made at the Market Average Exchange Rate in effect on 31 March 2021, which was Won 1,135.5 to U.S.\$1.00. No representation is made that the Won or U.S. dollar amounts referred to herein could have been or could be converted into U.S. dollars or Won, as the case may be, at any particular rate, or at all. For historical information regarding the rate of exchange between the Won and the U.S. dollar, see “Exchange Rates.” In this Prospectus, where information has been prepared in thousands, millions or billions of units, amounts may have been rounded up or down. Accordingly, actual numbers may differ from those contained herein due to rounding. All discrepancies in any table between totals and the sums of the amounts listed are due to rounding.

FORWARD LOOKING STATEMENTS

Certain statements in this Prospectus constitute “forward-looking statements,” including statements regarding the Company’s expectations and projections for future operating performance and business prospects. The words “believe,” “expect,” “anticipate,” “estimate,” “project,” “will,” “aim,” “will likely result,” “will continue,” “intend,” “plan,” “contemplate,” “seek to,” “future,” “objective,” “goal,” “should,” “will pursue” and similar expressions or variations of these expressions identify

forward- looking statements. In addition, all statements other than statements of historical facts included in this Prospectus, including, without limitation, those regarding the Company’s financial position and results, business strategy, plans and objectives of management for future operations, including development plans and objectives relating to the Company’s products and services, are forward-looking statements. Such forward-looking statements and any other projections contained in this Prospectus (whether made by the Company or any third party) involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to be materially different from the future results, performance or achievements expressed or implied by forward-looking statements. Such forward-looking statements are based on current beliefs, assumptions, expectations, estimates and projections regarding the Company’s present and future business strategies and the environment in which the Company will operate in the future. Additional factors that could cause the Company’s actual results, performance or achievements to differ materially include, but are not limited to, those discussed under “*Risk Factors*.” Any forward-looking statements contained in this Prospectus speak only as of the date of this Prospectus. Each of the Company, the Arranger and the Dealers expressly disclaims any obligation or undertaking to release, publicly or otherwise, any updates or revisions to any forward-looking statement contained herein to reflect any change in the Company’s expectations with regard thereto or any change in events, conditions, assumptions or circumstances on which any such statement was based.

In connection with the issue of the Notes, the Arranger or the Dealers (if any) named as the stabilising manager(s) (or persons acting on behalf of the stabilising manager(s)) (each a “**Stabilising Manager**”) may over-allot Notes or effect transactions with a view to supporting the price of the Notes at a level higher than that which might otherwise prevail for a limited period after the Issue Date. However, there is no obligation on such Stabilising Manager(s) to do this. Such stabilising, if commenced, may be discontinued at any time, and must be brought to an end after a limited period. Such stabilising shall be in compliance with all applicable laws, regulations and rules.

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DOCUMENTS INCORPORATED BY REFERENCE

The following documents shall be deemed to be incorporated in, and to form part of, this Prospectus:

- (a) the publicly available audited consolidated and audited separate annual financial statements and the publicly available unaudited consolidated and unaudited separate interim financial statements of the Company for the most recent financial period; and
- (b) all supplements or amendments to this Prospectus circulated by the Company from time to time,

save that any statement contained herein or in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Prospectus to the extent that a statement contained in any such subsequent document which is deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise).

The Company will provide, without charge, to each person to whom a copy of this Prospectus has been delivered, upon the written request of such person, a copy of any or all of the documents deemed to be incorporated herein by reference unless such documents have been modified or superseded as specified above. Written requests for such documents should be directed to the Company at its registered offices set out at the end of this Prospectus. In addition, such documents will be available for inspection, free of charge at the specified office of The Bank of New York Mellon, London Branch upon prior written notice and satisfactory proof of holding.

The Company will, in connection with the listing of the Notes on the SGX-ST, so long as the rules of the SGX-ST so require, in the event of any material change in the information contained in this Prospectus, prepare a further supplement to this Prospectus or publish a new Prospectus for use in connection with any subsequent issue of the Notes to be listed on the SGX-ST.

If the terms of the Programme are modified or amended in a manner which would make this Prospectus, as supplemented, materially inaccurate or misleading, a new prospectus will be prepared.

SUMMARY

The following summary does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Prospectus.

The Company

Overview

For the past 40 years, Korea Investment & Securities (the “**Company**”) has been one of Korea’s leading financial institutions and continues to expand into global market beyond Korea through its overseas subsidiaries and offices. Since its establishment in 1974 as Korea Investment Trust, and the merger with Dongwon Securities in 2005, the Company has been active in multiple areas of the financial investment business.

The Company’s headquarter is located in Korea. As of the date of this Prospectus, the Company carried out its business activities through its global network comprising 75 domestic branches, 5 domestic offices, 2 representative offices (in Beijing and Tokyo) and 9 overseas subsidiaries and had approximately 2,840 domestic employees. The Company’s global operations span 8 countries, including the United States, Hong Kong, Vietnam, Indonesia, Singapore, China, Japan and the United Kingdom with approximately 441 employees engaged in local equity and futures brokerage business, fixed income sales & trading, initial public offering, OTC derivatives and global investment banking.

As of 31 March 2021, the Company generated its revenue primarily through the following 4 reportable segments and prepared its segment reporting information accordingly for the purposes of resource allocation and assessment of each segment’s performance:

Wealth Management: providing equity and derivative (product) brokerage, securities trading, sales and trading, financial consultation, fixed income trading, acquisition and other services for individual and corporate customers;

Corporate Finance: conducting investment banking business all around such as M&A advisory, initial public offering, alternative investment, project & structured finance and underwriting;

Asset Management: conducting asset management business with its subsidiaries, Korea Investment Management Co., Ltd. and Korea Investment Value Asset Management Co., Ltd.; and

Overseas: conducting principal investment and investment banking business as well as other businesses such as equity/bond brokerage, margin loan (credit), acting as liquidity provider, ETF authorised participant and liquidity provider, and Korean stock brokerage for foreigners through overseas subsidiaries in Vietnam, Indonesia, Hong Kong, Beijing, KIS US (New York) and other subsidiaries of the Company.

For the financial year ended 31 December 2020, the Company’s operating revenue was Won 15,954.8 billion and profit was Won 707.8 billion on a consolidated basis, compared to Won 10,276.9 billion and Won 684.4 billion for the financial year ended 31 December 2019, an increase of 55.3 per cent. and 3.4 per cent., respectively. For the three months ended 31 March 2021, the Company’s consolidated operating revenue was Won 4,666.4 billion and consolidated profit was Won 350.6 billion, compared to Won 7,907.9 billion and a loss of Won 133.9 billion for the three months ended 31 March 2020, a decrease of 41.0 per cent. and turning to the profit from the loss, respectively.

Korea Investment Holdings Co., Ltd (“**KIH**”) is the Company’s sole shareholder. The major shareholder of KIH as of 31 March 2021, was Nam-goo Kim with 20.7 per cent. interest in KIH.

SUMMARY OF THE PROGRAMME

The following summary does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Prospectus and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Pricing Supplement. Words and expressions defined in “Form of the Notes” and “Terms and Conditions of the Notes” shall have the same meanings in this summary.

Issuer	Korea Investment & Securities Co., Ltd.
Description	Medium Term Note Programme
Arranger	BNP Paribas
Dealers	BNP Paribas, Citigroup Global Markets Limited, Credit Suisse (Hong Kong) Limited, The Hongkong and Shanghai Banking Corporation Limited and Korea Investment & Securities Asia Limited.
Certain Restrictions	Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see “ <i>Subscription and Sale</i> ”) including the following restrictions applicable at the date of this Prospectus.
Fiscal Agent	Citicorp International Limited
Registrar, Calculation Agent, Paying Agent and Transfer Agent	Citibank, N.A., London Branch
Programme Size	Up to U.S.\$5,000,000,000 (or its equivalent in other currencies calculated as described under “ <i>General Description of the Programme</i> ”) outstanding at any time. The Issuer may increase the amount of the Programme in accordance with the terms of the Programme Agreement.
Distribution	Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
Currencies	Subject to any applicable legal or regulatory restrictions, any other currency agreed between the Issuer and the relevant Dealer.
Maturities	Such maturities as may be agreed between the Issuer and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency.
Issue Price	Notes may be issued on a fully-paid or a partly-paid basis and at an issue price which is at par or at a discount to, or premium over, par.
Form of Notes	The Notes will be issued in bearer or registered form as described in “ <i>Form of the Notes.</i> ” Registered Notes will not be exchangeable for Bearer Notes and vice versa.

Fixed Rate Notes Fixed interest will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the Dealer.

Floating Rate Notes Floating Rate Notes will bear interest at a rate determined:

- (a) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series);
- (b) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or
- (c) or on such other basis as may be agreed between the Issuer and the relevant Dealer.

The margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer for each series of Floating Rate Notes.

Index Linked Notes Payments of interest in respect of Index Linked Interest Notes will be calculated by reference to such index and/or formula or to changes in the prices of securities or commodities or to such other factors as the Issuer and the relevant Dealer may agree (as indicated in the applicable Pricing Supplement).

Other provisions in relation to Floating Rate Notes and Index

Linked Interest Notes Floating Rate Notes and Index Linked Interest Notes may also have a maximum interest rate, a minimum interest rate or both.

Interest on Floating Rate Notes and Index Linked Interest Notes in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the Issuer and the relevant Dealer.

Dual Currency Notes Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange, as the Issuer and the relevant Dealer may agree.

Zero Coupon Notes Zero Coupon Notes will be offered and sold at a discount to their nominal amount, or offered and sold at their nominal amount and be redeemed at a premium, and will not bear interest.

Redemption The applicable Pricing Supplement will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than in specified instalments, if applicable, or for taxation reasons or pursuant to a winding-up of the Issuer following an Event of Default) or that such Notes will be redeemable at the option of the Issuer and/or the Noteholders upon giving notice

to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant Dealer.

The applicable Pricing Supplement may provide that Notes may be redeemable in two or more instalments of such amounts and on such dates as are indicated in the applicable Pricing Supplement.

Notes having a maturity of less than one year may be subject to restrictions on their denomination and distribution, see “*Certain Restrictions—Notes having a maturity of less than one year*” above.

Denomination of Notes Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer save that the minimum denomination of each Note will be such as may be allowed or required from time to time by the central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency, see “*Certain Restrictions*” above.

Taxation All payments of principal and interest in respect of the Notes, Receipts and Coupons will be made without deduction for or on account of withholding taxes imposed by Korea. In the event that any such deduction is made, the Issuer will, save in certain limited circumstances provided in Condition 8, be required to pay additional amounts to cover the amounts so deducted.

Negative Pledge The terms of the Notes will contain a negative pledge provision as further described in Condition 4(a).

Events of Default Events of default for the Notes are set out in Condition 10.

Cross Default The terms of the Notes will contain a cross default provision as further described in Condition 10(A)(c).

Status of the Senior Notes The Senior Notes (being those Notes that specify their status as Senior) and the Receipts and Coupons relating to them constitute (subject to Condition 4(a)) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Notes and the Receipts and the Coupons relating to them shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4(a), at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Issuer, present and future.

Status of the Subordinated Notes The Subordinated Notes (being those Notes that specify their status as Subordinated) and any relative Receipts and Coupons constitute direct, general, subordinated (as described in Condition 3(c)) and unsecured obligations of the Issuer which will at all times rank (x) junior to the Senior Indebtedness of the Issuer (as defined in Condition 3(c)), (y) *pari passu* with and rateably without any preference among themselves and all other subordinated obligations of the Issuer which do not rank or are not expressed by their terms to rank junior to the Subordinated Notes (collectively, the “**Subordinated Obligations**”).

Rating	The Programme is expected to be rated BBB by S&P Global Ratings and Baa2 by Moody's Investors Service, Inc. Notes issued under the Programme may be rated or unrated, as specified in the Pricing Supplement. Where a tranche of Notes is to be rated, such rating will not necessarily be the same as the rating assigned to the Programme. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.
Listing	Approval in-principle has been received from the SGX-ST in connection with the Programme and application will be made for the listing and quotation of any Notes that may be issued pursuant to the Programme and which are agreed at or prior to the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted for listing and quotation on the SGX-ST. The Notes may also be listed on such other or further stock exchange(s) as may be agreed between the Issuer and the relevant Dealer in relation to each Series. For so long as any Notes are listed on the SGX-ST and the rules of the SGX-ST so require, such Notes, if traded on the SGX-ST, will be traded in a minimum board lot size of S\$200,000 (or its equivalent in foreign currencies). Unlisted Notes may also be issued. The applicable Pricing Supplement will state whether or not the relevant Notes are to be listed and, if so, on which stock exchange(s).
Governing Law	The Notes will be governed by, and construed in accordance with, English law, except that in the case of Subordinated Notes, Conditions 3(b) and 3(c) are governed by, and shall be construed in accordance with, Korean law.
Selling Restrictions	There are restrictions on the offer, sale and transfer of the Notes in the United States, the European Economic Area, the United Kingdom, Hong Kong, Singapore, Japan, Switzerland, Republic of Italy and Korea and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes, see " <i>Subscription and Sale</i> ."
United States Selling Restrictions	Regulation S, Category 2. TEFRA C or D/TEFRA not applicable, as specified in the applicable Pricing Supplement.
Clearing Systems	Clearstream, Euroclear and/or any other clearing system as specified in the applicable Pricing Supplement, see " <i>Form of the Notes</i> ."

RISK FACTORS

Investing in the Notes involves risks and uncertainties. Prospective purchasers of the Notes are advised to review carefully all of the information contained elsewhere in this Prospectus and should consider, in particular, the following risk factors before purchasing the Notes. The risks described below are not the only ones that may be relevant to the Company or the Notes.

Risks Relating to the Company's Business

Unless the Company has sufficient positive cash flow from operations or other financial resources it may not be able to meet ongoing repayment obligations under existing and new debt, including the Notes.

The Company will be reliant on generating sufficient cash flows from operations to service its debt obligations (including the Notes), unless it has access to other sources of funding, including shareholder support (see “*Risk Factors—Risks Relating to the Company's Business—Limitations on access to liquidity and capital resources could adversely affect the ability to implement the Company's expansion plans and the execution of its business strategy*”). There can be no assurance that the cash flows generated by the Company's operations will increase and therefore be sufficient to enable it to repay its debt obligations in a timely manner or at all. High gearing will require the Company to dedicate a significant proportion of its cash flows towards servicing and repayment of its existing debt, which will reduce the availability of cash flows to fund working capital, capital expenditures, acquisitions and other general corporate requirements. For the three months ended 31 March 2021, the Company had a negative cash flow from operating activities of Won 1,734.2 billion and for the three months ended 31 March 2020, the Company had a negative cash flow from operating activities of Won 1,034.9 billion. For the year ended 31 December 2020, the Company had a negative cash flow from operating activities of Won 1,663.4 billion and for the year ended 31 December 2019, it had a negative cash flow from operating activities of Won 3,182.9 billion. The negative cash flows set out above mostly result from the cash outflow due to redemption of equity-linked securities in order to reduce the risk of fluctuations in profit and loss.

The Company's businesses are developing, and the Company's growth strategy is subject to a wide range of economic, market and operational risks. As a result, the return on the Company's investment of the proceeds of its debt issues may not achieve the anticipated levels of return or may be subject to delay.

In the absence of internal financial resources or further support from its shareholders, in order to repay its debt (including the Notes) the Company will need to refinance the principal amount of the Notes or raise further equity and there can be no assurance that the Company will be able to refinance or obtain credit for refinancing to repay the principal amount of the Notes. The Company's ability to obtain refinancing on commercially acceptable terms will depend on its relationship banks', lenders' and other potential investors' views on the financial health and prospects of the Company, and an assessment of leverage, asset support and cash flows may impact these views.

Failure to repay its debt obligations in a timely manner and failure to refinance to repay the principal amount of any securities will cause the Company to default under its obligations under the Notes, which will in turn have an adverse effect on the Company's business, results of operations and financial condition.

Limitations on access to liquidity and capital resources could adversely affect the ability to implement the Company's expansion plans and the execution of its business strategy.

The ability of the Company to access funding sources on acceptable commercial terms over the longer-term is dependent on a variety of factors, including a number of factors outside of its control, such as general market conditions and confidence in the global banking system. Over the past three years, global credit markets have tightened significantly with the failure and/or the nationalisation of a number of large financial institutions in Europe, the United States and other countries. Cautious lending policies implemented by financial institutions may result in increased financing costs through increased interest rates and more limited availability of financing. Access to funding will also depend, in part, on the Company's ability to demonstrate to banks, other lenders and investors, that it is a stable and growing

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business with a robust current financial position and healthy financial outlook and that it is able to develop across its business lines in accordance with its espoused strategy. There can be no assurance that the Company will be able to obtain credit on favourable terms or at all or that any additional funding will be provided by way of further shareholder loans. Failure to secure funding for operations or refinancing could adversely impact the Company's business, results of operation and financial condition.

Continued deterioration of economic conditions could negatively impact the Company's business.

The Company's business is sensitive to national, global and local economic conditions in the markets in which it operates, including GDP growth, inflation, interest rates, availability of and access to capital markets, consumer spending rates, and the effects of governmental initiatives to manage economic conditions. Any such changes could adversely affect the industries in which the Company operates in general which could materially and adversely affect the Company's financial results. Any significant turmoil in the major Korean stock markets, decline in the global prices of commodities, including oil, depreciation in the value of Korean Won, economic and political instability in various countries in the Middle East and Northern Africa, as well as increased uncertainty in the wake of a referendum in the United Kingdom in June 2016, in which the majority of voters voted in favour of an exit from the European Union ("Brexit"), have resulted in an increase in volatility in the global financial markets.

Disruptions and instability in credit and other financial markets and deterioration of national and global economic conditions, could, among other things:

- make it more difficult or costly for the Company to obtain financing for its operations or investments or to refinance debt;
- impair the financial condition of some of the Company's clients, thereby increasing client bad debts and demand for the Company's corporate insurance brokerage and risk solutions services; and
- increased market volatility which adversely affects the value of the Company's investments.

The ongoing global pandemic of COVID-19 and any possible recurrence of other types of widespread infectious disease may adversely affect the Company's business, financial condition or results of operations.

COVID-19, an infectious disease caused by severe acute respiratory syndrome coronavirus 2 that was first reported to have been transmitted to humans in late 2019 and has since spread globally over the course of 2020 to date, has materially and adversely affected the global economy and financial markets in recent months as well as disrupted the Company's business operations. The World Health Organisation declared the COVID-19 as a pandemic in March 2020.

Risks associated with a prolonged outbreak of COVID-19 or other types of widespread infectious diseases include:

- an increase in defaults on loan payments from the Company's customers who may not be able to meet payment obligations, which may lead to an increase in delinquency ratios and a deterioration in asset quality;
- depreciation of the Won against major foreign currencies, which in turn may increase the Company's cost in servicing its foreign currency denominated debt and result in foreign exchange losses;
- disruption in the normal operations of the Company's business resulting from contraction of infectious disease by the Company's employees, which may necessitate the Company's employees to be quarantined and/or the Company's offices to be temporarily shut down;
- disruption resulting from the necessity for social distancing, including, for example, temporary arrangements for employees to work remotely, which may lead to a reduction in labour productivity; and
- impairments in the fair value of the Company's investments in companies that may be adversely affected by the pandemic.

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While the exact nature and magnitude of the impact of the COVID-19 pandemic on the Company's business, financial condition and results of operations are continuing to be assessed by the Company's management, the Company believes that the COVID-19 pandemic has not had a negative impact on its results of operations for the three months ended 31 March 2021.

It is not possible to predict the duration or the full magnitude of the overall harm that may result from COVID-19 in the long term. In the event that COVID-19 or other types of widespread infectious diseases cannot be effectively and timely contained, the Company's business, financial condition and results of operations will likely suffer.

The Company operates in the highly competitive financial services industry.

The financial services industry in Asia and Korea in particular, have a large number of participants and is highly competitive.

The Company competes on the basis of a number of factors, including price, products and services, innovation, transaction execution capability, reputation, experience and knowledge of staff and employee compensation. Apart from the multinational financial institutions including commercial banks and investment banks with global networks and a local presence in Korea and other Korea-based securities houses and asset management firms, the Company faces further competition from other financial services firms with similar target clients that offer a similar range of products and services including traditional and online brokerage services, asset management and capital markets and advisory businesses. These include competitors which have longer operating track records, a more extensive client base and/or greater financial and other resources than the Company does. Historically, competition in the asset management and traditional brokerage business has been fierce. Over the past decade, online securities brokerage and financial information portals have become prevalent, intensifying competition for online business revenues. In recent years, as the asset management and brokerage market in Korea has become more saturated, banks and brokerage firms have introduced low management fees, and prolonged commission-free concessions or extra-low fixed commissions as incentives to attract customers, thus further intensifying competition in this industry. The Company expects that competition in asset management and securities and insurance brokerage segments, which form a part of the Company's core business operations, will continue to intensify. As a relatively new entrant to some of its markets, the Company's ability to compete with more established and larger competitors in some of its business lines has been dependent, along with its shareholder and related party support and client base, on offering attractive commissions and other incentives. Whilst it is important to make these investments at an early stage of the development of a business, the Company will need to capitalise on its client base, increasing its size and improving its reputation in order to move to a business model premised on lower commissions and other incentives in order to improve profitability.

There can be no assurance that the Company can compete effectively against its current and future competitors, or that competitive forces in the market will not alter the industry landscape such that the Company's business objectives become impractical and/or impossible. Under those circumstances, the Company's business and financial performance would be adversely affected.

The Company's business, financial condition, results of operations, prospects and ability to access liquidity could be materially adversely affected by downturns in the capital markets of Korea, which in turn may be affected by volatility and downturns in the global capital markets.

The Company's businesses, including its wealth management, corporate finance, asset management and overseas businesses, are highly dependent on economic and market conditions in Korea. In addition, global market conditions may adversely affect market conditions in Korea.

Volatility in the capital markets in the United States, Europe, Japan, the People's Republic of China (the "PRC") and other jurisdictions in recent years has had a corresponding effect on Asian financial markets and may continue to do so in the future.

Unfavourable financial or economic conditions, such as those caused in recent years by the global financial and economic crisis, including the European debt crisis, the potential withdrawal of countries

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from the Eurozone and volatility in the PRC stock market, have adversely affected investor confidence. Weakening investor confidence has resulted and could continue to result in significant declines in the number and size of transactions in which the Company provides capital markets and advisory services. It may also impact the level of assets placed and transactions executed with the Company's asset management business. Any decline in the number of capital markets transactions in Korea due to unfavourable financial or economic conditions would adversely affect the Company's capital markets and advisory business.

Market volatility and adverse financial or economic conditions may also adversely affect the Company's asset management business. These conditions tend to reduce the value of the Company's clients' portfolios, discourage investor confidence and reduce investing activities, making it more difficult for the Company to maintain existing clients and attract new clients. These conditions may result in price fluctuation and a decline of the trading volumes, which in turn may adversely affect the Company's securities and brokerage services revenue.

Under adverse financial or economic conditions, the value of the Company's asset management portfolio may be adversely affected and therefore reduce the management fees or performance fees the Company earns from its asset management business, and the Company may face an influx of client redemptions in its asset management portfolio, which, in turn, could also adversely affect the Company's asset management business. To the extent that clients do not withdraw their funds, they may switch their funds to other investment products that generate less management fee revenue for the Company.

A reduction in the Company's income or a loss resulting from its wealth management, corporate finance, asset management and overseas businesses services could have a material adverse effect on its business, results of operations and financial condition. As a result of these risks, the Company's income and operating results may be exposed to significant fluctuations.

The Company's investment business may fail to realise profits from its investments or lose some or all of the invested capital.

Some of the investments made through the Company's investment business are in securities and structured products that are not publicly traded. The Company's ability to dispose of such unlisted securities is dependent on market conditions. In a depressed market, the Company may be forced to sell such investments at undesirable prices or to defer the sale, potentially for a substantial period of time, exposing the Company's investment returns to market risks during the intended disposition period. Additionally, the failure of the Company's portfolio companies to perform as expected could also impair its ability to exit investments for a favourable return or at all. In such event, the Company may lose a material part or all of such investments. The Company expects to continue to make investments in unlisted securities of portfolio companies as attractive opportunities arise and will continue to be subject to such liquidity issues.

In addition, the Company has no control nor significant influence over the operations of the portfolio companies that the Company invests in. The Company is subject to the risk that such companies may make business, financial or management decisions or otherwise act in a manner that does not serve its interests. If any of the foregoing occurs, the value of the Company's investments could decrease, which could adversely affect its results of operations and financial condition.

The Company may not be successful in maintaining and increasing its client base and business volume in its wealth management business.

Maintaining close and stable business relationships with the Company's major clients is crucial to its business and prospects. The wealth management business is highly competitive and the Company has to maintain its client base and attract new clients to achieve future success. Wealth management clients are sensitive to the costs of purchasing financial products and the quality of services and the breadth and relevance of information they receive in order to select the right financial products.

For the three months ended 31 March 2020 and 2021, the income from the Company's Wealth Management segment which includes income from equity and derivative (product) brokerage, securities trading, sales and trading, financial consultation, fixed income trading, acquisition and other services for individual and corporate customers amounted to Won 208.4 billion and Won 378.5 billion, respectively.

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For the years ended 31 December 2019 and 2020, the income from the Company's Wealth Management segment amounted to Won 622.6 billion and Won 910.9 billion, respectively. The Company cannot assure that it will be able to maintain the current volume of business with its existing clients at the desired levels, or at all, or to attract new clients and expand its business volume. The Company's ability to maintain and grow its wealth management business is dependent on various factors, including, but not limited to:

- its ability to source and propose products that meet the requirements and standards set by its existing and potential clients;
- its ability to offer competitive rates and to provide value-added service; and
- its ability to maintain and develop amicable client relationships.

Any failure of the above could result in a loss of clients or lead to a reduced business volume or revenue with such clients, as well as limit the Company's chances in engaging new clients. This would have a material adverse impact on the Company's business, financial condition, results of operation and future prospects.

In addition, other market factors may also affect the Company's performance, including but not limited to competitive pressures from other brokers, in particular, entry of new participants and consolidation of existing participants.

Such changes could result in reduced margins or loss of market share for the Company, which could adversely affect its business, financial condition, results of operation and future prospects.

The Company's businesses are highly regulated in Korea and is subject to regulatory and litigation risks which could have a material adverse effect on the Company's business, results of operations and financial condition.

Financial Services Regulation

As a participant in the financial services industry, the Company is subject to extensive laws, regulations, rules, policies, guidance and codes of conduct of relevant regulatory authorities and faces the risk of significant intervention by regulatory authorities in Korea. Across the financial services industry, regulatory bodies have recently looked to strengthen regulation and take a rigorous approach to compliance, investigation and imposition of penalties. Key regulations in Korea governing the financial services industry include the Financial Investment Services and Capital Markets Act (the "FSCMA"), the Enforcement Decree of the FSCMA and the regulations thereunder. Financial services laws, regulations, rules, guidance, codes of conduct, government policies and/or their respective interpretations currently affecting the Company may change and, although the Company monitors developments, it cannot predict future initiatives or changes. A failure to comply with these rules and regulations may subject the Company to enquiries and/or investigations by the relevant regulatory bodies, which may result in fines, censure, reprimand or even suspension of licences. If the Company fails to comply with any regulatory requirements in the future, the Company and its employees may become the subject of inquiries or investigations by the relevant regulatory authorities.

Where penalties are substantial or protracted litigation is involved, the Company's reputation and financial position may be jeopardised. In such cases, there may be a material and adverse effect on the Company's business, financial condition, results of operations and prospects.

In addition, there is risk that new laws or regulations or changes in enforcement or interpretations of existing laws or regulations applicable to the Company's businesses or those of its clients could be imposed on a limited subset of financial institutions (either based on size, activities or other criteria), which may adversely affect the Company's ability to compete effectively with other institutions that are not affected in the same way.

Regulatory Approval and Licensing

Withdrawal or amendment of any regulatory approval or of any exemption from registration in respect of any part of the Company's activities in any jurisdiction might compel termination of a particular business or change the way in which it is conducted.

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The Company may also have to respond to any material changes in legislation or regulation which could potentially affect its business by adapting its business model or products in the relevant market. There can be no assurance that the Company will be able to effectively respond to any such changes and this may affect the Company's operations and the conduct and success of its business in the relevant market. If the relevant market is a significant or important market to the Company, this may undermine the Company's expansion strategy and may have a material adverse effect upon the Company's business, results of operations and financial condition. Even if the Company could cope with such changes in legislation or regulations, this would invariably increase the compliance costs of the Company.

If the Company fails to comply with such rules and regulations, it may become subject to enquiries and/or investigations by the relevant regulatory bodies, which may result in fines or restrictions on the Company's business activities. If results of any investigations or enquiries are proved to involve serious misconduct, the Company may become subject to penalties including censure, reprimand and fines. In extreme cases, the Company may be prevented from conducting business in a normal manner and some or all of the Company's operation licences may become suspended or revoked. Where penalties are substantial or protracted litigation is involved, the Company's reputation and financial position may be damaged. In such cases, there may be a material and adverse impact on the Company's business, financial condition, results of operations and prospects.

If the Company's financial condition deteriorates, there is no guarantee that the Company will be able to receive support from the government or the Korea Deposit Insurance Corporation ("KDIC").

The Company, as an insured financial company under the Depositor Protection Act and a financial institution under the Act on the Structural Improvement of the Financial Industry, is eligible to receive supports from the government or the KDIC under such Acts if its financial condition deteriorates, see "*Regulatory Requirements and Compliance—Government Support.*"

On several occasions over the past years, the government provided public funds to prevent systemic risk of the failing securities company (now referred to as the Financial Investment Company under the FSCMA). In June 2000, the government in its attempt to save the failing companies provided Won 3 trillion to Korea Investment and Securities and subsequently provided additional Won 1,400 billion after the sale of Korea Investment and Securities to Dongwon Financial Holdings Co., Ltd. Similarly, in June 2000, the government provided Won 1.9 trillion to Daehan Investment Trust Securities Co., Ltd. (now known as Hana Financial Investment Co., Ltd.) and another Won 1.1 trillion in May 2005 after the sale of Daehan Investment Trust Securities Co., Ltd. to Hana Bank. In February 2004, the government also provided Won 2,500 billion to Hyundai Investment Trust Securities (now known as Hanhwa Investment & Securities Co., Ltd.), which was sold to Prudential Financial, Inc.

Despite the foregoing, there are a number of factors, such as degree of failing, possibility of rehabilitation and presence of acquirers, taken into consideration when making a decision for the government support, which makes such decision to be rendered on a case-by-case basis. Accordingly, it cannot be guaranteed that a similar type of support would be provided to the Company in the future.

Fluctuations in stock markets could affect the Company's financial assets as well as its clients' appetite for its products and services.

Fluctuations in stock markets could affect the Company's investments and financial assets and the level of client interest in certain of its products and services. There has been volatility in global stock markets recently. Any further significant falls or increased volatility may further impact global capital markets potentially making it more difficult for the Company to access financing or impacting the Company's clients' interest in products and services, as well as the health of their businesses generally. The market volatility may also negatively affect Korean consumer confidence and have an adverse impact on the wider Korean economy.

Poor market conditions could affect the value of its financial assets while favourable market conditions may not be sustainable. Lack of liquidity or price volatility could reduce the value of the financial assets that the Company invests in or manages which, in turn, may have a material adverse effect on its

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business, growth prospects, net inflows of asset under management, fee income, results of operations and/or financial condition.

The Company's revenue is adversely affected by reductions in its assets under management caused by market declines.

The Company's revenue from its asset management business includes asset management fees and performance fees, which are based on the amount and value of its assets under management. Consequently, investment performance affects the amount of the assets under the Company's management and is one of the most important factors in retaining clients and competing for new asset management business. Poor investment performance could adversely affect the Company's revenue and business growth because:

- existing clients might withdraw funds from the Company's asset management business in favour of better performing products provided by its competitors, which would result in a reduction of management fees for the Company;
- clients may require the Company to reduce its fees for asset management services, particularly in an intensely competitive industry; and
- the Company's incentive fees (if any), which are based on a percentage of investment returns, would decline.

There can be no assurance that the Company would be able to keep or increase the assets under the Company's management. To the extent the Company may fail to keep or increase the assets under its management due to increasing competition from insurance companies, trust companies, banks and other competitors, its business, financial condition, results of operations and prospects would be adversely affected.

The expansion of and changes to the Company's product and service range exposes it to various risks, and the Company may not succeed in the implementation of a new product or customer acquisition channel, of a new pricing or credit assessment method or analytical tools and data.

The Company may seek to introduce new product or service groups, pricing and credit assessment analysis methods and uses of data in order to retain existing customers whose needs have evolved, and to attract new customers for whom the existing product offering or methods of acquisition are unattractive or ineffective and/or for whom more competitive pricing and more sophisticated underwriting processes are required. Expansion of and changes to the product and service range exposes the Company to a number of risks and challenges, including the following:

- competitors of the Company may have substantially greater experience and resources in relation to the business activities the Company wishes to commence, and the Company may not be able to attract customers to its services from competitors with existing relationships with those customers;
- the new products and services may not be accepted by the Company's customers or meet its expectations for profitability, and may require greater marketing and compliance costs than the Company's traditional services;
- the new products and services may give rise to potential disputes or claims from customers;
- the Company may need to hire additional qualified personnel but such personnel may not be readily available; and
- the Company may not be successful in enhancing its risk management capabilities and information technology systems to support a broader range of products and services.

However, there can be no assurance that the Company will be able to achieve the administrative, systems-related and logistical improvements necessary to achieve its goals and other aspects of its growth effectively. In addition, competition for highly skilled business, technical and other personnel is high due to the increasing competition in the financial services industry.

Accordingly, the Company's personnel expenses may increase or it may have difficulty in recruiting and retaining properly qualified personnel. Furthermore, to the extent its business model and practices are

unfamiliar to regulators, the Company may encounter unexpected restrictions on its planned activities. If the Company is unable to achieve the intended results from the expansion of its range of products and services as a result of the unsuccessful execution of the conception, planning and/or implementation of its strategies and methods, the Company's business, results of operations and financial condition may be materially and adversely affected.

Further, the success of the Company's operations depends on, among other things, the proper timing on launching new businesses, products and services to clients. As a result of the Company's business operating in a highly competitive environment, any delay or failure to introduce new businesses in time or in response to market demand, or any failure of the Company's new products and services to gain timely market acceptance could adversely affect the overall businesses and financial performance of the Company.

A reduction in brokerage commission rates or trading activities by the Company's clients may materially and adversely affect the Company's business, financial condition, results of operations and prospects.

Revenue from the securities brokerage is primarily derived from the commissions the Company charges its clients for their trading activities. Accordingly, revenue from the Company's securities and brokerage services depends significantly on trading volume. Trading volume is influenced by market conditions in Korea and principal overseas financial markets, which may be adversely affected by events including the European debt crisis, the potential withdrawal of countries from the Eurozone and the recent significant volatility in the global stock market. In addition, the Company's securities and brokerage services could also be adversely affected by a reduction in brokerage commission rates as a result of increased competition in the Korean securities and brokerage markets. There can be no assurance that the Company's revenue derived from the securities and brokerage business can be sustained.

The Company's operations are dependent upon the services of its executive directors and key management personnel.

The Company's business lines are not backed by or dependent on significant levels of assets, and instead as a service business, the Company's primary assets are its employees and management. The Company relies upon the ability, expertise, judgment, discretion, integrity and good faith of its executive directors and senior management team. The Company's success is dependent upon its personnel and key consultants and its ability to recruit and retain high quality employees. The Company must continue to recruit, retain and motivate management and other employees sufficiently to maintain its current business. This recruitment and retention may have significant cost implications if market remuneration packages increase. In addition, if a member of the key management personnel joins a competitor or forms a competing Company, the loss of the services of any such person or several of such persons or failure to recruit suitable or comparable replacements could have an adverse effect on the Company's business, financial condition or results of operations.

The Company's investment consultants and professionals are critical to its ability to attract and retain customers.

Hiring and retaining highly skilled professionals is critical to the Company's ability to attract and retain customers. The market for investment management and other professionals, including underwriting sponsors, research analysts, traders, marketing and customer support staff and information technology and other operations personnel in the Asia-Pacific region, is highly competitive and has grown more so recently as customers focus increasingly on investment performance and as employers such as investment banks and hedge funds increase their recruitment activity. As a result, movement of such individuals among different firms is frequent.

The Company endeavours to provide its employees with competitive compensation and benefits which, as a new business without an established brand name and with a smaller size, may need to be at the higher end of the market. However, it may not be successful in hiring or retaining key personnel. Failure to obtain or retain the services of key personnel may materially and adversely affect the performance of the Company's products, its ability to develop new products and the attractiveness of its services to potential and current customers.

Damage to reputation or brand may materially and adversely affect the Company's business, financial condition, results of operations and prospects.

The Company's operations across its principal business lines are dependent on customers' confidence in the Company's business and therefore its brand and reputation. This makes the Company vulnerable to negative publicity and market perceptions that may be difficult or impossible for it to control. The Company's reputation and brand are accordingly vital to the success of its business.

Brand or reputation can be negatively impacted by a large number of events both within and beyond the Company's control, including failure in information technology or data breach, an adverse claim being made against a member of the Company, whether successful or not, and including frivolous and vexatious claims, perceived deteriorations in financial strength, regulatory sanctions or incidents of fraud. If its reputation or brand is damaged, the Company could lose existing customers and find it difficult to cultivate new business. Each of these may have an adverse effect on the Company's business, financial condition, results of operations and prospects.

The Company and its investment solutions business are subject to macroeconomic, strategic, financial, operational and political risks.

The Company and its investment solutions business are subject to macroeconomic, strategic, financial, operational and political risks. Where assets held by the Company under its investment solutions business devalue significantly and the Company's management considers that the devaluation is not temporary, significant impairment losses may be recognised and may have a material adverse impact on the Company's results of operations. General market or macroeconomic volatility may result in a decrease of the unrealised gains of investment assets and/or reduction in dividend income, which in turn may have a material adverse effect on the Company's financial condition and results of operations. In the event of a severe downturn in the economy, the asset quality of the Company's portfolio may further deteriorate materially.

In particular, the Company's investment portfolio is subject to investment, liquidity, market and concentration risks. Currently, the Company's portfolio chiefly includes direct investments, with new investments being focused on the technology and innovation sectors. As such, market conditions and other factors beyond the control of the Company can adversely affect the Company's investment portfolio and the Company's results of operation and financial condition. The Company's investment portfolio may also be concentrated in certain sectors, geographic regions, individual investments or types of securities which may or may not be listed. Any decline in the value of the Company's investment portfolio may adversely impact its business, results of operations and financial condition.

The Company's investment portfolio profile may change from time to time depending on various factors, including market conditions, investment opportunities, and the investments and divestments undertaken by the Company. In particular, a part of the Company's investment portfolio may consist of interests in unlisted companies, which may subject the Company to liquidity risk as the Company may not be able to sell or dispose of its interests readily and at the price as valued by the Company. Failure to dispose of these interests at the price of valuation, or at all, by the Company may in turn adversely impact the value of the Company's portfolio and result of operations. Additionally, a part of the Company's investment portfolio is pledged against its margin loan payables. Any significant decline in the value of the Company's investments that have been pledged against margin loan payables may trigger a margin call, which may subject the Company to liquidity risk as the Company may not be able to sell or dispose of its investments readily and at the price as valued by the Company or at all.

The due diligence processes that the Company undertakes in connection with its investments may not reveal all facts that may be relevant in connection with an investment.

Before making investments, the Company's relevant department(s) in charge of investment solutions business will conduct due diligence that it deems reasonable and appropriate based on the facts and circumstances applicable to each investment. When conducting due diligence, the Company may be required to evaluate important and complex industry, business, financial, tax, accounting, environmental and legal issues. For example, the Company's investment solutions business is focused on investments in the technology and innovative space sectors—identifying, analysing and managing such investments

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requires a certain degree of experience and knowledge of the relevant industries. In certain cases, outside consultants, legal advisors, accountants and investment banks may be involved in the due diligence process in varying degrees depending on the type of investment. The due diligence investigation carried out may not reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. Moreover, such an investigation will not necessarily result in the investment being successful.

The Company may not have day-to-day control over the companies in which it invests.

The Company may not control the day-to-day management of its investments, which exposes it to additional risks relating to their operational and financial performance. As the Company may not be in a position to control the routine operations of its investment companies, this may prevent it from identifying key weaknesses in their operational and financial performance, which could have an adverse effect on the value of the Company's investment portfolio.

The Company's revenues are subject to factors beyond its control.

The Company's investment returns, and thus its revenue and profitability, may be adversely affected from time to time by conditions affecting its specific investments and, more generally, by market fluctuations as well as global general economic, market and political conditions. The value of specific investments and other assets may fluctuate substantially. Future movements in market interest rates, unfavourable conditions in the global securities markets or other factors may cause the Company's investment income to decrease significantly, and could have a material adverse effect on its business, financial condition and results of operations.

The Company is exposed to the credit risk of their trade and financial counterparties.

The Company operates and is expanding its business in both Korea and cross-border markets. This will increasingly expose the Company to the credit risk of their trade and financial counterparties normally associated with cross-border business transactions and activities, including those relating to delayed payments from customers or difficulties in the collection of receivables. There is no assurance that, even with the Company's experienced finance and accounting team, a customer will settle outstanding invoices on time. Failure to collect receivables could adversely affect the Company's cash flow and financial position.

Misuse of, or failure to control properly, customers' personal or financial information could prove harmful to the Company.

The Company is subject to data protection laws in the relevant jurisdiction (including, specifically in Korea, the Credit Information Use and Protection Act, the Act on Real Name Financial Transactions and Confidentiality and the Personal Information Protection Act) which regulates "data users" such as finance companies that use databases of personal information for their businesses and protects the privacy of individuals in relation to personal data. The Company acquires a large amount of personal and financial information relating to its customers. In addition, certain third-party vendors provide services to the Company using personal and financial information of the Company's customers that the Company provides to them. In particular, as the Company relies on third party encryption and authentication technology to transmit confidential information over public networks, the security of such confidential information may become jeopardised. Improper use or disclosure of, or a failure to protect or properly control, such information could result in violations of the data protection laws and other applicable laws, harming the Company's reputation and business. The Company takes precautionary measures, including internal compliance procedures, to regulate the disclosure of customers' personal information, but these measures may not be effective in all cases, particularly in respect of third-party vendors.

Employee misconduct such as fraud could adversely affect the Company's business and reputation.

Employee misconduct, which can include violations of laws or regulations concerning the offering and sale of the Company's financial products and fraudulent or otherwise improper activity, could result in regulatory violations and sanctions which could harm the Company's reputation and business, particularly since many of the Company's employees are involved in direct dealing with customers.

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Common weaknesses that facilitate fraud include the failure to implement effectively a centralised management and supervision, inadequate segregation of duties, insufficient access controls and certain actions taken by employees which are not consistent with the Company's internal control policies. While the Company's compliance programmes are intended to reduce the risk of employee misconduct and outside parties' misconduct and fraud, the Company may not always be able to timely detect or prevent such misconduct, and this risk cannot be completely eliminated. Instances of employee misconduct in the future could have consequences that materially and adversely affect the Company's business, reputation and prospects.

The Company's businesses and prospects may be materially and adversely affected if it fails to maintain its risk management and internal control systems or these systems are proved to be ineffective or inadequate.

The Company has established risk management control systems and procedures. Certain areas within its risk management and internal control systems may require constant monitoring, maintenance and continual improvements by its senior management and staff. The Company's businesses and prospects may be materially and adversely affected if its efforts to maintain these systems are proved to be ineffective or inadequate.

Deficiencies in the Company's risk management and internal control systems and procedures may adversely affect its ability to record, process, summarise and report financial and other data in an accurate and timely manner, as well as adversely impact its ability to identify any reporting errors and non-compliance with rules and regulations.

The Company's internal control system may contain inherent limitations caused by misjudgement. As a result, there can be no assurance that its risk management and internal control systems are adequate or effective notwithstanding its efforts, and any failure to address any internal control matters and other deficiencies could result in investigations and disciplinary actions or even prosecution being initiated against the Company or its employees, disruption to its risk management system. In such cases, there may be a material and adverse effect on the Company's business, financial condition, results of operations and prospects.

System and technological failures or ineffectiveness, failure of business continuity planning, corruption of databases and service disruption may occur and could result in additional administrative and remediation costs, loss of business and profits and/or cause reputational damage to the Company.

The performance of the Company's businesses depends heavily on its ability to process transactions efficiently and accurately. The Company's ability to develop business intelligence systems, monitor and manage collections, maintain financial and operating controls, monitor and manage its risk exposures across the Company, keep accurate records, provide high-quality customer service and develop and sell profitable products and services in the future depends on the success of its business continuity planning, the uninterrupted and efficient operation of its information and communications systems (including its information technology system) and the successful development and implementation of new systems.

However, in common with information technology systems generally, losses can result from inadequate or failed internal control processes and protection systems, human error, fraud or external events that interrupt normal business operations. This may result in a loss of data, a failure to provide quality service to customers and could in limited instances cause incorrect trades to be executed. The Company's information technology, databases and other systems may be subject to damage or interruption from earthquakes, volcanic eruptions, floods, fires, power loss, telecommunication failures and similar events as well as to damage from the introduction to its systems of incorrect programming language by its employees and contractors. These systems may also be subject to computer viruses, physical or electronic break-ins, sabotage, vandalism and similar misconduct. The same is true of third party service providers and software providers on which the Company depend.

The Company routinely transmits and receives personal, confidential and proprietary information through the Internet, by email and other electronic means and may not be able to ensure that its clients, vendors, service providers, counterparties and other third parties have appropriate controls in place to

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protect the confidentiality of the information. An interception or mishandling of personal, confidential or proprietary information being sent to or received from these third parties could result in legal liability, regulatory action and reputational harm, and the Company's efforts to ensure that these third parties have appropriate controls in place may not be successful.

If any of the above risks materialise, the interruption or failure of the Company's information technology and other systems could impair the Company's ability to provide its services effectively causing direct financial loss and may compromise the Company's strategic initiatives.

In addition, it could damage the Company's reputation if customers believe its systems are unreliable which, in turn, could have an adverse effect on the Company's ability to collect loan repayments from customers and to attract new and retain existing customers. Technology failure or underperformance could also result in a higher number of customer and employee disputes and may increase the Company's litigation and regulatory exposure or require it to incur higher administrative costs (including remediation costs). Further, an irrecoverable loss of any customer database would be expensive and time-consuming to endeavour to retrieve or recreate, would have a material adverse effect on the Company's business, operations and financial situation and may damage its reputation and brand.

Any business disruptions resulting from acts of God, acts of war, epidemics and other factors outside of the Company's control could affect the Company's business and might result in substantial costs.

The Company's business is subject to general, social and political conditions. The Company's business would be adversely affected by any unexpected events, including but not limited to riots, fire, power, strikes, civil or social disruption, outages, natural disasters, terrorist activities, equipment or system failures, industrial action and environmental issues, which increase the cost of doing business or otherwise adversely affect the Company's operations or those of its customers or suppliers.

Natural disasters, epidemics, pandemics, health emergencies (or concerns over the possibility of one) acts of God and other disasters that are beyond the Company's control may materially and adversely affect the economy and infrastructure. The Company's business, financial condition and operating results may be materially and adversely affected as a result.

Epidemics threaten people's lives and may materially and adversely affect their livelihoods as well as their living and consumption patterns. The occurrence of an epidemic is beyond the Company's control, and there is no assurance that another outbreak of severe acute respiratory syndrome or H1N1 swine influenza will not happen. There is no assurance that an outbreak of this or any other disease will not become an epidemic or pandemic. Any epidemic or pandemic occurring in Korea may materially and adversely affect the business, financial condition and operating results of the Company.

Acts of war and terrorism may cause damage or disruption to the Company or its employees, facilities, markets, suppliers or customers, any of which may materially and adversely impact the Company's revenue, cost of sales, financial condition and operating results. Potential war or terrorist attacks may also cause uncertainty and cause the Company's business to suffer in ways that cannot be accurately predicted.

The Company may not be able to identify money laundering activities or other illegal or improper activities fully or on a timely basis, which could expose it to additional liability and adversely affect its business.

The Company is required to comply with applicable anti-money laundering, anti-terrorism laws and other regulations in Korea and any other jurisdictions in which it operates. These laws and regulations require the Company, among other things, to adopt and enforce "know your customer" policies and procedures and to report suspicious transactions to the applicable regulatory authorities in different jurisdictions. While the Company has adopted policies and procedures aimed at detecting and preventing the use of its networks for money-laundering activities and by terrorists and terrorist-related organisations and individuals generally, such policies and procedures may not completely eliminate instances where its networks may be used by other parties to engage in money laundering and other illegal or improper activities due to, in part, the short history of these policies and procedures. To the

extent the Company may fail to comply fully with applicable laws and regulations, the relevant government agencies to which the Company reports have the power and authority to impose fines and other penalties on the Company, which may adversely affect its business.

The Company may be subject to claims of mis-selling.

The Company offers a number of financial products to corporate and institutional investors and to private investors directly or through intermediaries or distributors. If these investors suffer losses on such financial products, they or their advisers may seek compensation from the Company on the basis of allegations that the financial products were mis-sold or that the prospectuses, offering circulars or other marketing materials contained erroneous information or failed to disclose material information the omission of which rendered the content therein misleading or that misleading marketing materials were provided to or supplied by intermediaries. Despite the policies enacted by the Company guiding employees on the appropriate selling procedures, it is possible that the Company has rogue or fraudulent employees who do not comply with such policies. Any potential legal action undertaken by investors for mis-selling may be successful and this could in turn adversely affect the business, financial condition, results of operations and/or prospects of the Company. Any claim for mis-selling may also result in regulatory investigation and censure and may damage the reputation of the Company.

The risk of an unfavourable outcome to litigation against the Company could adversely affect the Company's business, financial condition, results of operations and prospects.

The Company is exposed to litigation risk relating to the operations of its businesses on an ongoing basis. While the outcome of any pending or future litigation cannot be foreseen given the inherent unpredictability of litigation, it is possible that an adverse outcome in any one or more matters may have a material and adverse effect on the Company's business, financial condition, results of operations and prospects.

Interest rate fluctuations may adversely affect the Company's businesses.

The Company's business performance is affected by fluctuations in interest rates which could adversely affect financial markets conditions. For example, a decrease in interest rates, although decreases the Company's costs of capital, may also limit the Company's interest income from its margin financing and structured finance business, thus adversely affecting the Company's business and financial results. Interest rates volatility may also affect stock market performance and general market sentiment, hence causing indirect adverse impact on the Company's business performance.

Risks Relating to Korea

If economic conditions in Korea deteriorate, the Issuer's current business and future growth could be materially and adversely affected.

The Issuer is incorporated in Korea and a significant portion of its assets are located in Korea. As a result, the Issuer is subject to political, economic, legal and regulatory risks specific to Korea, and the Issuer's performance and successful execution of its operational strategies are dependent on the overall Korean economy. The economic indicators in Korea in recent years have shown mixed signs of growth and uncertainty, and future growth of the Korean economy is subject to many factors beyond the Issuer's control, including developments in the global economy.

Developments that could have an adverse impact on Korea's economy include:

- declines in consumer confidence and a slowdown in consumer spending;
- the occurrence of severe health epidemics, such as the ongoing COVID-19 pandemic;
- adverse conditions or uncertainty in the economies of countries and regions that are important export markets for Korea, such as China, the United States, Europe and Japan, or in emerging market economies in Asia or elsewhere, including as a result of the ongoing COVID-19 pandemic, deteriorating relations between the United States and China and increased uncertainties resulting from the United Kingdom's exit from the European Union;
- adverse changes or volatility in foreign currency reserve levels, commodity prices (including oil prices), exchange rates;

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- deterioration in economic or diplomatic relations between Korea and its trading partners or allies, including deterioration resulting from territorial or trade disputes or disagreements in foreign policy (such as the removal of Korea from Japan's "white list" of preferred trading nations in August 2019 and the controversy between Korea and China regarding the deployment of a Terminal High Altitude Area Defense System in Korea by the United States in March 2017 and the ensuing economic and other retaliatory measures by China against Korea during the remainder of 2017);
- increased sovereign default risk in select countries and the resulting adverse effects on the global financial markets;
- deterioration in the financial condition or performance of small- and medium-sized enterprises and other companies in Korea due to the Government's policies to increase minimum wages and limit working hours of employees;
- investigations of large Korean business groups and their senior management for possible misconduct;
- continuing rise in the level of household debt and increasing delinquencies and credit defaults by retail and small- and medium-sized enterprise borrowers in Korea;
- the economic impact of any pending or future free trade agreements or of any changes to existing free trade agreements;
- social and labour unrest;
- substantial decreases in the market prices of Korean real estate;
- substantial decrease in tax revenues and a substantial increase in the Government's expenditures for fiscal stimulus measures, unemployment compensation and other economic and social programmes, in particular in light of the Government's ongoing efforts to provide emergency relief payments to households and emergency loans to corporations in need of funding in light of COVID-19, which, together, would likely lead to a national budget deficit as well as an increase in the Government's debt;
- financial problems or lack of progress in the restructuring of Korean business groups, other large troubled companies, their suppliers or the financial sector;
- loss of investor confidence arising from corporate accounting irregularities and corporate governance issues concerning certain Korean companies;
- increases in social expenditures to support an aging population in Korea or decreases in economic productivity due to the declining population size in Korea;
- geopolitical uncertainty and risk of further attacks by terrorist groups around the world;
- political uncertainty or increasing strife among or within political parties in Korea;
- hostilities or political or social tensions involving oil producing countries in the Middle East (including a potential escalation of hostilities between the United States and Iran) and Northern Africa and any material disruption in the global supply of oil or sudden increase in the price of oil;
- natural or man-made disasters that have a significant adverse economic or other impact on Korea or its major trading partners; and
- increase in the level of tensions or an outbreak of hostilities between North Korea and Korea or the United States.

Escalations in tensions between Korea and North Korea could have an adverse effect on the Issuer.

Relations between Korea and North Korea have been tense throughout Korea's modern history. The level of tension between the two Koreas has fluctuated and may increase abruptly as a result of current and future events. In particular, there have been heightened security concerns in recent years stemming from North Korea's nuclear weapon and ballistic missile programmes as well as its hostile military actions against Korea. Some of the significant incidents in recent years include the following:

- North Korea renounced its obligations under the Nuclear Non-Proliferation Treaty in January 2003 and conducted six rounds of nuclear tests since October 2006, including claimed detonations of

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hydrogen bombs, which are more powerful than plutonium bombs, and warheads that can be mounted on ballistic missiles. Over the years, North Korea has also conducted a series of ballistic missile tests, including missiles launched from submarines and intercontinental ballistic missiles that it claims can reach the United States mainland. In response, the Government has repeatedly condemned the provocations and flagrant violations of relevant United Nations Security Council resolutions. In February 2016, the Government also closed the inter-Korea Kaesong Industrial Complex in response to North Korea's fourth nuclear test in January 2016. Internationally, the United Nations Security Council has passed a series of resolutions condemning North Korea's actions and significantly expanding the scope of sanctions applicable to North Korea, most recently in December 2017 in response to North Korea's intercontinental ballistic missile test in November 2017. Over the years, the United States and the European Union have also expanded their sanctions applicable to North Korea.

- In March 2010, a Korean naval vessel was destroyed by an underwater explosion, killing many of the crewmen on board. The Government formally accused North Korea of causing the sinking, while North Korea denied responsibility. Moreover, in November 2010, North Korea fired more than one hundred artillery shells that hit Korea's Yeonpyeong Island near the Northern Limit Line, which acts as the de facto maritime boundary between Korea and North Korea on the west coast of the Korean peninsula, causing casualties and significant property damage. The Government condemned North Korea for the attack and vowed stern retaliation should there be further provocation.
- In August 2015, two Korean soldiers were injured in a landmine explosion near the Korean demilitarized zone. Claiming that the landmines were set by North Koreans, the Korean army re-initiated its propaganda programme toward North Korea utilising loudspeakers near the demilitarised zone. In retaliation, the North Korean army fired artillery rounds on the loudspeakers, resulting in the highest level of military readiness for both Koreas.

North Korea's economy also faces severe challenges, which may further aggravate social and political pressures within North Korea.

Although bilateral summit meetings were held between Korea and North Korea in April, May and September 2018 and between the United States and North Korea in June 2018, February 2019 and June 2019, there can be no assurance that the level of tension affecting the Korean peninsula will not escalate in the future. Any increase in tensions, which may occur, for example, if North Korea experiences a leadership crisis, if high-level contacts between Korea or the United States and North Korea break down or if further military hostilities occur, could have a material adverse effect on the Korean economy and on the Issuer's business, financial condition and results of operations.

There are special risks involved with investing in securities of Korean companies.

As the Issuer is a Korean company and operates in a business and cultural environment that is different from that of other countries, there are risks associated with investing in its securities that are not typical for investments in securities of companies in other jurisdictions.

Under the Foreign Exchange Transactions Act of Korea and the Presidential Decree and regulations under that Act and Decree (collectively referred to as the "Foreign Exchange Transaction Laws"), if the Government deems that certain emergency circumstances, including sudden fluctuations in interest rates or exchange rates, extreme difficulty in stabilising the balance of payments or substantial disturbance in the Korean financial and capital markets, are likely to occur, it may impose any necessary restriction such as requiring Korean or foreign investors to obtain prior approval from the Minister of the MOEF for the acquisition of Korean securities or for the repatriation of interest, dividends or sales proceeds arising from Korean securities or other types of capital transactions. Moreover, if the Government deems it necessary on account of war, armed conflict, natural disaster or grave and sudden changes in domestic or foreign economic circumstances or similar events or circumstances, the Minister of the MOEF may temporarily suspend performance under any or all foreign exchange transactions, in whole or in part, to which the Foreign Exchange Transaction Laws apply (including suspension of payment and receipt of foreign exchange) or impose an obligation to deposit or sell any means of payment to the Bank of Korea or certain other governmental agencies or financial institutions.

In addition, the Issuer's audited and unaudited condensed consolidated financial statements included in this Prospectus are presented in accordance with K-IFRS and its future financial statements will be

prepared in accordance with K-IFRS, which differ in certain respects from accounting principles applicable to companies in certain other countries. In making an investment decision, investors must rely upon their own examination of the Issuer, the terms of the offering and the financial and other information contained in this Prospectus.

Labour unrest in Korea may adversely affect the Issuer's operations.

Economic difficulties in Korea or increases in corporate reorganisations and bankruptcies could result in layoffs and higher unemployment. Such developments could lead to social unrest and substantially increase government expenditures for unemployment compensation and other costs for social programmes. According to statistics from the Korea National Statistical Office, the unemployment rate, which remained at 3.8% in 2018 and 2019, increased to 4.0% in 2020. Further, increases in unemployment and any resulting labour unrest in the future could adversely affect the Issuer's operations, as well as the operations of many of the Issuer's customers and their ability to repay their loans, and could adversely affect the financial condition of Korean companies in general, depressing the price of their securities. These developments would likely have an adverse effect on the Issuer's financial condition and results of operations.

Risks Relating to the Notes

The Notes are unsecured obligations.

As the Notes are unsecured obligations, their repayment may be compromised if:

- the Company enters into bankruptcy, liquidation, rehabilitation or other winding-up proceedings;
- there is a default in payment under the Company's future secured indebtedness or other unsecured indebtedness; or
- there is an acceleration of any of the Company's indebtedness.

If any of these events occurs, the Company's assets may not be sufficient to pay amounts due on the Notes. In addition, any secured indebtedness incurred by it would have priority over its unsecured indebtedness to the extent of the assets securing such indebtedness.

Floating Rate Notes may be subject to reforms and changes to Benchmarks.

Reference rates and indices, including interest rate benchmarks, such as the London Interbank Offered Rate ("LIBOR"), which are used to determine the amounts payable under financial instruments or the value of such financial instruments ("Benchmarks"), have, in recent years, been the subject of political and regulatory scrutiny as to how they are created and operated. This has resulted in regulatory reform and changes to existing Benchmarks, with further changes anticipated. These reforms and changes may cause a Benchmark to perform differently than it has done in the past or to be discontinued. Any change in the performance of a Benchmark or its discontinuation, could have a material adverse effect on any Notes referencing or linked to such Benchmark.

The regulation and reform of "benchmark" rates of interest and indices may adversely affect the value of Notes linked to or referencing such "benchmarks."

Interest rates and indices which are deemed to be or used as "benchmarks" are the subject of recent international regulatory guidance and proposals for reform, particularly in the United Kingdom. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past or to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Notes linked to or referencing such a benchmark. Regulation (EU) 2016/1011 (the "Benchmarks Regulation") was published in the Official Journal of the EU on 29 June 2016 and applies from 1 January 2018 (with the exception of provisions specified in Article 59 (mainly on critical benchmarks) that apply from 30 June 2016 and 3 July 2016). The Benchmarks Regulation applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU. It will, among other things, (i) require benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevent certain uses by EU supervised entities of benchmarks of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed).

The Benchmarks Regulation could have a material impact on any Notes linked to or referencing a benchmark, in particular, if the methodology or other terms of the benchmark are changed in order to comply with the requirements of the Benchmarks Regulation. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the benchmark.

The Notes that are Subordinated Notes are subordinated and have only limited rights of acceleration.

The applicable Pricing Supplement may specify that the Notes will be Subordinated Notes (as defined in Condition 3(b) of the Terms and Conditions of the Notes), which will be subordinated obligations of the Company. Payments on the Subordinated Notes will be subordinated in right of payment to the prior payment in full of all deposits and other liabilities of the Company, except those liabilities which rank equally with or junior to the Subordinated Notes. As a consequence of these subordination provisions, if any of such events should occur, the holders of the Subordinated Notes may recover proportionately less than the holders of the Company's deposit liabilities or the creditors with respect to its other unsubordinated liabilities.

Only those events described herein regarding the Company's bankruptcy or insolvency will permit a holder of a Subordinated Note to accelerate payment of such Subordinated Notes. In such event, the only action the holder may take in Korea against the Company is certain actions to cause, or make a claim in, the Company's liquidation or reorganisation. Furthermore, if the Company's indebtedness were to be accelerated, its assets may be insufficient to repay in full borrowings under all such debt instruments, including the Subordinated Notes.

The Notes are subject to transfer restrictions.

The Notes will not be registered under the Securities Act or any state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons, to certain persons in offshore transactions in reliance on Regulation S, or pursuant to another exemption from, or in another transaction not subject to, the registration requirements of the Securities Act and in accordance with applicable state securities laws. For a further discussion of the transfer restrictions applicable to the Notes, see "*Subscription and Sale and Transfer and Selling Restrictions.*"

The Notes may have limited liquidity.

Any Notes issued under the Programme will constitute a new issue of securities for which there is no existing market. Approval in-principle has been received from the SGX-ST in connection with the Programme and application will be made for the listing and quotation of Notes that may be issued under the Programme and which are agreed, at or prior to the time of issue thereof, to be listed on the SGX-ST. The offer and sale of the Notes is not conditional on obtaining a listing of the Notes on the SGX-ST or any other exchange.

No assurance can be given as to the liquidity of, or the development and continuation of an active trading market for, the Notes. If an active trading market for the Notes does not develop or is not maintained, the market price and liquidity of the Notes may be adversely affected. If such a market were to develop, the Notes could trade at prices that may be higher or lower than the price at which the Notes are issued depending on many factors, including:

- prevailing interest rates;
- the Group's results of operations, financial condition and credit ratings;
- political and economic developments in and affecting Korea;
- the market conditions for similar securities; and
- the financial condition and stability of the Korean financial sector.

The Notes may be represented by Global Notes and holders of a beneficial interest in a Global Note must rely on the procedures of the relevant Clearing System(s).

Notes issued under the Programme may be represented by one or more global notes (the "Global Notes"). Such Global Notes will be deposited with a common depository for Euroclear Bank SA/NV

(“Euroclear”) and Clearstream, Luxembourg (“Clearstream”) (each of Euroclear and Clearstream, Luxembourg, a “Clearing System”). Except in the circumstances described in the relevant Global Note, investors will not be entitled to receive definitive Notes. The relevant Clearing System(s) will maintain records of the beneficial interests in the Global Notes. While the Notes are represented by one or more Global Notes, investors will be able to trade their beneficial interests only through the Clearing Systems.

While the Notes are represented by one or more Global Notes, the Company will discharge its payment obligations under the Notes by making payments to the relevant Clearing System for distribution to their account holders.

A holder of a beneficial interest in a Global Note must rely on the procedures of the relevant Clearing System(s) to receive payments under the relevant Notes. The Company has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes.

Notes may not be a suitable investment for all investors.

The Notes are complex financial instruments and may be purchased as a way to reduce risk or enhance yield with an understood, measured and appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Notes unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor’s overall investment portfolio. Each potential investor in any Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus or any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such investment will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where principal or interest is payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor’s currency;
- understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The rating of the Programme may be downgraded or withdrawn.

The Programme is expected to be rated BBB by S&P Global Ratings and Baa2 by Moody’s Investors Service, Inc. These ratings represent the opinion of the rating agencies and their assessment of the ability of the Company to perform its obligations under the Notes and credit risks in determining the likelihood that payments will be made when due under the Notes. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency. A reduction or withdrawal of the rating may adversely affect the market price of the Notes and the Company’s ability to access the debt capital markets.

The credit ratings assigned to the Notes may not reflect all risks.

One or more independent credit rating agencies may assign credit ratings to an issue of the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time. There can be no assurance that the ratings assigned to any Notes will remain in effect for any given period or that the ratings will not be revised or withdrawn by the rating agencies in the future if, in their judgment, the circumstances so warrant. The Company has no obligation to inform holders of the Notes of any such suspension, revision, downgrade or withdrawal. A suspension, downgrade or withdrawal of the ratings of any Notes at any time may adversely affect the market price of the Notes.

FORM OF THE NOTES

Capitalized terms used in this section and not otherwise defined shall have the meanings given to them in “Terms and Conditions of the Notes.”

The Notes of each Series will be in either bearer form, with or without interest coupons attached, or registered form, without interest coupons attached.

Bearer Notes

Each Tranche of Bearer Notes will be in bearer form and will be initially issued in the form of a temporary bearer global note (a “**Temporary Bearer Global Note**”) or, if so specified in the Pricing Supplement, a permanent bearer global note (a “**Permanent Bearer Global Note**,” together with any Temporary Bearer Global Note, the “**Bearer Global Notes**”) which, in either case, will be delivered on or prior to the original issue date of the Tranche to a common depositary (the Common Depositary) for, Euroclear and Clearstream.

Whilst any Bearer Note is represented by a Temporary Bearer Global Note, payments of principal, interest (if any) and any other amount payable in respect of the Notes due prior to the Exchange Date (as defined below) will be made against presentation of the Temporary Bearer Global Note only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in such Bearer Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream and (in the case of a Temporary Bearer Global Note delivered to a Common Depositary for Euroclear and Clearstream) Euroclear and/or Clearstream, as applicable, has given a like certification (based on the certifications it has received) to the Fiscal Agent (as defined in “*Terms and Conditions of the Notes*”). On and after the date (the “**Exchange Date**”) which is 40 days after a Temporary Global Note is issued, interests in such Temporary Global Note will be exchangeable (free of charge) upon a request as described therein either for (a) interests in a Permanent Bearer Global Note of the same Series or (b) for definitive Bearer Notes of the same Series with, where applicable, receipts, interest coupons and talons attached (as indicated in the Pricing Supplement and subject, in the case of definitive Bearer Notes, to such notice period as is specified in the Pricing Supplement), in each case against certification of beneficial ownership as described above unless such certification has already been given, **provided that** the purchasers in the United States and certain U.S. persons will not be able to receive definitive Bearer Notes. The holder of a Temporary Bearer Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Bearer Global Note for an interest in a Permanent Bearer Global Note or for definitive Bearer Notes is improperly withheld or refused.

Payments of principal, interest (if any) or any other amounts on a Permanent Bearer Global Note will be made through Euroclear and/or Clearstream against presentation or surrender (as the case may be) of the Permanent Bearer Global Note without any requirement for certification.

The applicable Pricing Supplement will specify that a Permanent Bearer Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Bearer Notes with, where applicable, receipts, interest coupons and talons attached upon either (a) not less than 60 days’ written notice in the case of Notes held by a Common Depositary for Euroclear and/or Clearstream, from Euroclear and/or Clearstream (acting on the instructions of any holder of an interest in such Permanent Bearer Global Note) to the Fiscal Agent as described therein or (b) only upon the occurrence of an Exchange Event. For these purposes, “**Exchange Event**” means that (i) an Event of Default (as defined in Condition 10) has occurred and is continuing or (ii) the Company has been notified that both Euroclear and Clearstream have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available. The Company will promptly give notice to Noteholders in accordance with Condition 14 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, in the case of Notes held by a Common Depositary for Euroclear and/or Clearstream, Euroclear and/or Clearstream (acting on the instructions of any holder of an interest in such Permanent Bearer Global Note) may give notice to the Fiscal Agent requesting exchange. Any such

exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Fiscal Agent.

The following legend will appear on all Bearer Notes where the TEFRA D Rules are applicable and which have an original maturity of more than 365 days and on all receipts and interest coupons relating to such Notes:

“ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE.”

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Bearer Notes, receipts or interest coupons and will not be entitled to capital gains treatment of any gain on any sale, disposition, redemption or payment of principal in respect of such Notes, receipts or interest coupons.

Notes which are represented by a Bearer Global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream.

Registered Notes

The Registered Notes of each Tranche offered and sold in reliance on Regulation S, which will be sold outside the United States, will initially be represented by a global note in registered form (a “**Registered Global Note**,” together with any Bearer Global Note, the “**Global Notes**”). Prior to expiry of the distribution compliance period (as defined in Regulation S), if any, applicable to each Tranche of Notes, beneficial interests in a Registered Global Note may not be offered or sold to, or for the account or benefit of, a U.S. person save as otherwise provided in Condition 2 and may not be held otherwise than through Euroclear or Clearstream and such Registered Global Note will bear a legend regarding such restrictions on transfer.

Registered Global Notes will be deposited with a common depository for, and registered in the name of a common nominee of, Euroclear and Clearstream, as specified in the applicable Pricing Supplement. Persons holding beneficial interests in Registered Global Notes will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of definitive Notes in fully registered form.

Payments of principal, interest or any other amount in respect of the Registered Global Notes will, in the absence of provision to the contrary, be made to the person shown on the Register (as defined in Condition 1) as the registered holder of the Registered Global Notes. None of the Company, the Fiscal Agent, any Paying Agent, the Calculation Agent, any Transfer Agent or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Payments of principal, interest or any other amount in respect of the Registered Notes in definitive form will, in the absence of provision to the contrary, be made to the persons shown on the Register on the relevant Record Date (as defined in Condition 7(b)(ii)) immediately preceding the due date for payment in the manner provided in that Condition; provided that, when a Notes is represented by a Global Note held on behalf of Euroclear and/or Clearstream, payment of principal, interest or any other amount in respect of such Notes will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the record date which shall be on the Clearing System Business Day immediately prior to the date for payment, where “Clearing System Business Day” means Monday to Friday inclusive except 25 December and 1 January.

Interests in a Registered Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Registered Notes without receipts, interest coupons or talons attached only upon the occurrence of an Exchange Event. For these purposes, Exchange Event means that (i) an Event of Default has occurred and is continuing or (ii) the Company has been notified that both Euroclear and

Clearstream have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any case, no successor or alternative clearing system is available. The Company will promptly give notice to Noteholders in accordance with Condition 14 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream (acting on the instructions of any holder of an interest in such Registered Global Note) may give notice to the Registrar requesting exchange. Any such exchange shall occur not later than 10 days after the date of receipt of the first relevant notice by the Registrar.

Transfer of Interests

Interests in a Registered Global Note may, subject to compliance with all applicable restrictions, be transferred to a person who wishes to hold such interest in another Registered Global Note. No beneficial owner of an interest in a Registered Global Note will be able to transfer such interest, except in accordance with the applicable procedures of Euroclear and Clearstream, in each case to the extent applicable.

General

Pursuant to the Agency Agreement (as defined under “*Terms and Conditions of the Notes*”), the Fiscal Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes, the Notes of such further Tranche shall be assigned a common code and ISIN which are different from the common code and ISIN assigned to Notes of any other Tranche of the same Series until at least the expiry of the distribution compliance period (as defined in Regulation S under the Securities Act), if any, applicable to the Notes of such Tranche.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear and/or Clearstream, each person (other than Euroclear and/or Clearstream) who is for the time being shown in the records of Euroclear or of Clearstream as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear and/or Clearstream as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Company and their agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purposes the bearer of the relevant Bearer Global Note or the registered holder of the relevant Registered Global Note shall be treated by the Company and their agents as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions “**Noteholder**” and “**holder of Notes**” and related expressions shall be construed accordingly.

Any reference herein to Euroclear and/or Clearstream shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Pricing Supplement or as may otherwise be approved by the Company and the Fiscal Agent.

If the applicable Pricing Supplement specifies any modification to the Terms and Conditions of the Notes as described herein, it is envisaged that, to the extent that such modification relates only to Conditions 1, 5, 6 (except Condition 6(c) or 6(d)), 7, 12 or 14 (insofar as such Notes are not listed or admitted to trade on any stock exchange), they will not necessitate the preparation of a supplement to this Prospectus. If the Terms and Conditions of the Notes of any Series are to be modified in any other respect, a supplement to this Prospectus will be prepared, if appropriate.

For so long as any Notes are listed on the SGX-ST and the rules of the SGX-ST so require, in the event that any of the Global Notes representing such Notes is exchanged for definitive Notes, the Company shall appoint and maintain a paying agent in Singapore, where such definitive Notes may be presented or surrendered for payment or redemption. In addition, in the event that any of the Global Notes is exchanged for definitive Notes, an announcement of such exchange will be made by or on behalf of the Company through the SGX-ST and such announcement will include all material information with respect to the delivery of the definitive Notes, including details of the paying agent in Singapore.

FORM OF THE PRICING SUPPLEMENT

Set out below is the form of Pricing Supplement which will be completed for each Tranche of Notes issued under the Programme.

[Date]

KOREA INVESTMENT & SECURITIES CO., LTD.
Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
under the U.S.\$5,000,000,000
Medium Term Note Programme

MiFID II product governance/target market—*[appropriate target market legend to be included]*

[MiFID II product governance / Professional investors and ECPs only target market]—Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in [Directive 2014/65/EU (as amended, “**MiFID II**”)]**[MiFID II]**; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. *[Consider any negative target market.]* Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the manufacturer[’s/s’] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels.

UK MIFIR product governance / Professional investors and ECPs only target market—Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (“**COBS**”), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“**UK MiFIR**”); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. *[Consider any negative target market.]* Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the manufacturer[’s/s’] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the “**UK MiFIR Product Governance Rules**”) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels.]

This document constitutes the Pricing Supplement relating to the issue of Notes described herein.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Prospectus dated [●] 2021. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with such Prospectus. Full information regarding the Company and the offer of the Notes is only available on the basis of the combination of the Pricing Supplement and the Prospectus.

The Notes may not be offered, delivered, or sold directly or indirectly in Korea or to any resident of Korea (as defined in the Foreign Exchange Transaction Law of Korea and the rules and regulations promulgated thereunder) or to others for re-offering or resale directly or indirectly in Korea or to any resident of Korea except as otherwise permitted under applicable Korean laws and regulations.

[The following alternative language applies if the first tranche of an issue which is being increased was issued under a Prospectus with an earlier date.]

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “**Conditions**”) set forth in the Prospectus dated [●] 2021. This Pricing Supplement contains the final terms of the Notes and must be read in conjunction with the Prospectus dated *[current date]*, save in

FORM OF THE PRICING SUPPLEMENT

respect of the Conditions which are extracted from the Prospectus dated [●] 2021 and are attached hereto. Full information regarding the Company and the offer of the Notes is only available on the basis of the combination of the Pricing Supplement and the Prospectus.]

[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or subparagraphs. Italics denote directions for completing the Pricing Supplement]

[If the Notes have a maturity of less than one year from the date of their issue, the minimum denomination [must/may need to] be £100,000 or its equivalent in any other currency.]

- | | | |
|----|--|---|
| 1 | Issuer: | Korea Investment & Securities Co., Ltd. |
| 2 | [(i)] Series Number: | [●] |
| | [(ii)] Tranche Number:
<i>(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible.)</i> | [●] |
| 3 | Specified Currency or Currencies: | [●] |
| 4 | Aggregate Nominal Amount: | |
| | (i) Series: | [●] |
| | [(ii)] Tranche: | [●] |
| 5 | [(i)] Issue Price: | [●] per cent. of the Aggregate Nominal Amount [plus accrued interest from <i>[insert date]</i> (<i>in the case of fungible issues only, if applicable</i>)] |
| | [(ii)] Net proceeds: | [●] (<i>Required only for listed issues</i>) |
| 6 | (i) Specified Denominations: | [●] ⁽¹⁾ |
| | (ii) Calculation Amount: | [●] |
| 7 | (i) Issue Date: | [●] |
| | (ii) Interest Commencement Date: | <i>[Specify/Issue date/Not Applicable]</i> |
| 8 | Maturity Date: | <i>[specify date (for Fixed Rate Notes) or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year]⁽²⁾</i>

<i>[For Subordinated Notes, the Maturity Date must be 5 or more years from the Issue Date.]</i> |
| 9 | Interest Basis: | [[●] per cent. Fixed Rate]
[[LIBOR/EURIBOR/HIBOR/CNH HIBOR/specify reference rate] +/- [●] per cent. Floating Rate]
[Zero Coupon]
[Index Linked Interest]
[Other (<i>specify</i>)]
(further particulars specified below) |
| 10 | Redemption/Payment Basis: | [Redemption at par]
[Dual Currency]
[Partly Paid]
[Instalment]
[Other (<i>specify</i>)] |

- 11 Change of Interest Basis or Redemption/
Payment Basis: *[Specify details of any provision for convertibility of Notes into another interest or redemption/payment basis]*
- 12 Put/Call Options: [Put]
[Call]
[(further particulars specified below)]
- 13 (a) Status of the Notes: [Senior/Subordinated Notes]
(b) Date of corporate approval for issuance of
Notes obtained: [[●]/None required]⁽²⁾
(c) Date of regulatory approval for issuance
of Notes obtained: [[●]/None required]
- 14 Listing: [[●]/Other (*specify*)/None]
- 15 Method of distribution: [Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

- 16 Fixed Rate Note Provisions: [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Rate [(s)] of Interest: [●] per cent. per annum [payable [annually/
semi-annually/ quarterly/monthly] in arrear]
- (ii) Interest Payment Date(s): [●] in each year⁽⁴⁾ [adjusted in accordance with
specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"]/not adjusted]
- (iii) Fixed Coupon Amount[(s)]: [●] per Calculation Amount
- (iv) Broken Amount: [●] per Calculation Amount, payable on the
Interest Payment Date falling [in/on] [●]
[Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount[(s)] and the Interest Payment Date(s) to which they relate]⁽⁴⁾
- (v) Day Count Fraction (Condition 5(m)): [30/360/Actual/Actual (ICMA/ISDA)/Other]
(Day count fraction should be Actual/Actual-ICMA for all fixed rate issues other than those denominated in U.S. dollars)
- (vi) Determination Date(s) (Condition 5(m)): [●] in each year. *[Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short, first or last coupon]*⁽³⁾
- (vii) Party responsible for calculating the
Rate(s) of Interest and Interest Amount(s)
(if not the Calculation Agent): [●]
- (viii) Other terms relating to the method of
calculating interest for Fixed Rate Notes: [Not Applicable/*give details*]
- 17 Floating Rate Note Provisions: [Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Interest Period(s): [●]
- (ii) Specified Interest Payment Dates: [●]

FORM OF THE PRICING SUPPLEMENT

- (iii) Interest Period Date(s): [Not Applicable/specify dates] *(Not applicable unless different from Interest Payment Date)*
- (iv) Business Day Convention: [Floating Rate Business Day Convention/ Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other *(give details)*]
- (v) Business Centre(s) (Condition 5(m)): [●]
- (vi) Manner in which the Rate(s) of Interest is/ are to be determined: [Screen Rate Determination/ISDA Determination/ other *(give details)*]
- (vii) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Calculation Agent): [●]
- (viii) Screen Rate Determination (Condition 5(b)(iii)(B)):
- Reference Rate: [●]
 - Interest Determination Date: [●] *[TARGET] Business Days in [specify city] for [specify currency] prior to [the first day in each Interest Accrual Period/each Interest Payment Date]*
 - Relevant Screen Page: [●]
- (ix) ISDA Determination (Condition 5(b)(iii)(A)):
- Floating Rate Option: [●]
 - Designated Maturity: [●]
 - Reset Date: [●]
 - ISDA Definitions (if different from those set out in the Conditions): [2000/2006]
- (x) Margin(s): [+/-] [●] per cent. per annum
- (xi) Minimum Rate of Interest: [●] per cent. per annum
- (xii) Maximum Rate of Interest: [●] per cent. per annum
- (xiii) Day Count Fraction (Condition 5(m)): [●]
- (xiv) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: [●]
- 18 Zero Coupon Note Provisions: [Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Amortisation Yield (Condition 6(b)): [●] per cent. per annum
 - (ii) Day Count Fraction (Condition 5(m)): [●]
 - (iii) Any other formula/basis of determining amount payable: [●]

- 19 Index Linked Interest Note Provisions: [Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Index/Formula: [Give or annex details]
 - (ii) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Calculation Agent): [●]
 - (iii) Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable: [●]
 - (iv) Interest Period(s): [●]
 - (v) Specified Interest Payment Dates: [●]
 - (vi) Business Day Convention: [Floating Rate Business Day Convention/ Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other *(give details)*]
 - (vii) Business Centre(s) (Condition 5(m)): [●]
 - (viii) Minimum Rate of Interest: [●] per cent. per annum
 - (ix) Maximum Rate of Interest: [●] per cent. per annum
 - (x) Day Count Fraction (Condition 5(m)): [●]
- 20 Dual Currency Note Provisions: [Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Rate of Exchange/Method of calculating Rate of Exchange: [Give details]
 - (ii) Party, if any, responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Calculation Agent): [●]
 - (iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: [●]
 - (iv) Person at whose option Specified Currency(ies) is/are payable: [●]
 - (v) Day Count Fraction (Condition 5(m)): [●]

PROVISIONS RELATING TO REDEMPTION

- 21 Call Option: [Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Optional Redemption Date(s): [●]
 - (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [[●] per Calculation Amount/Early Redemption Amount]
 - (iii) If redeemable in part:
 - (a) Minimum Redemption Amount: [●] per Calculation Amount
 - (b) Maximum Redemption Amount: [●] per Calculation Amount
 - (iv) Notice period: [●]

- 22 Put Option: [Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Optional Redemption Date(s): [●]
- (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [[●] per Calculation Amount/Early Redemption Amount]
- (iii) Notice period: [●]
- 23 Final Redemption Amount of each Note: [●] per Calculation Amount
- 24 Early Redemption Amount:
Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons (Condition 6(c) or, when otherwise specified hereon, 6(d) or 6(e)) or Event of Default (Condition 10(A) or 10(B)) and/or the method of calculating the same (if required or if different from that set out in the Conditions): [●]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

- 25 Form of Notes: [Bearer Notes/Registered Notes]
[Delete as appropriate]
[temporary Global Note exchangeable for a permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the permanent Global Note] [temporary Global Note exchangeable for Definitive Notes on [●] days' notice] [permanent Global Note/Certificate exchangeable for Definitive Notes/Certificates on [●] days' notice/ at any time/in the limited circumstances specified in the permanent Global Note/ Certificate]⁽⁴⁾
- 26 Financial Centre(s) (Condition 7[(h)]) or other special provisions relating to payment dates: [Not Applicable/Give details. Note that this item relates to the date and place of payment, and not interest period end dates, to which items 16(ii), 17(v) and 19(vii) relate]
- 27 Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No. If yes, give details]
- 28 Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: [Not Applicable/give details]
- 29 Details relating to Instalment Notes: [Not Applicable/give details]
- (i) Instalment Amount(s): [●]
- (ii) Instalment Date(s): [●]
- (iii) Minimum Instalment Amount: [●]
- (iv) Maximum Instalment Amount: [●]

- 30 Redenomination, renominalisation and reconventioning provisions: [Not Applicable/The provisions annexed to this Pricing Supplement apply]
- 31 Details relating Subordinated Notes:
- (i) Bankruptcy Event: [Not Applicable/*give details*]
 - (ii) Foreign Event: [Not Applicable/*give details*]
 - (iii) Rehabilitation Event: [Not Applicable/*give details*]
 - (iv) Subordination Event: [Not Applicable/*give details*]
- 32 Additional U.S. federal income tax considerations: [Not Applicable/*give details*] [The Notes are [not] subject to U.S. federal withholding tax under Section 871(m).]⁽⁵⁾ [Additional information regarding the application of Section 871(m) to the Notes will be available at [●]]
- 33 Other terms or special conditions: [Not Applicable/*give details*]⁽⁶⁾

DISTRIBUTION

- 34 (i) If syndicated, names of Managers: [Not Applicable/*give names*]
- (ii) Date of Subscription Agreement: [●]
- (iii) Stabilising Manager (if any): [Not Applicable/*give name*]
- 35 If non-syndicated, name of relevant Dealer: [Not Applicable/*give name*]
- 36 U.S. Selling Restrictions: [Reg. S Category 2; TEFRA D/TEFRA C/TEFRA Not Applicable]
- 37 Korean Selling Restrictions: [20% Rule / 20% Rule Not Applicable]
- 38 Additional selling restrictions: [Not Applicable/*give details*]
- 39 Prohibition of Sales to EEA Retail Investors: [Applicable/Not Applicable]
- (If the Notes clearly do not constitute “packaged” products, “Not Applicable” should be specified. If the Notes may constitute “packaged” products and no KID will be prepared, “Applicable” should be specified.)
- 40 Prohibition of Sales to UK Retail Investors: [Applicable/Not Applicable]
- (If the Notes clearly do not constitute “packaged” products, “Not Applicable” should be specified. If the Notes may constitute “packaged” products and no KID will be prepared, “Applicable” should be specified.)

OPERATIONAL INFORMATION

- 41 ISIN Code: [●]
- 42 Common Code: [●]
- 43 LEI: 549300R8VJDW3X6CD250
- 44 Any clearing system(s) other than Euroclear, Clearstream, Luxembourg and the CMU Service and the relevant identification number(s): [Not Applicable/*give name(s) and number(s)*]
- 45 Delivery: Delivery [against/free of] payment
- 46 Additional Paying Agents (if any): [●]
- 47 Ratings: [●]

[LISTING AND ADMISSION TO TRADING APPLICATION

This Pricing Supplement comprises the final terms required to list the issue of Notes described herein pursuant to the U.S.\$5,000,000,000 Medium Term Note Programme of Korea Investment & Securities Co., Ltd.

The Singapore Exchange Securities Trading Limited (the “SGX-ST”) assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Pricing Supplement. Approval in-principle from, admission to the Official List of, and listing and quotation of the Notes on, the SGX-ST are not to be taken as an indication of the merits of the Company, the Programme or the Notes.]

RESPONSIBILITY

The Company accepts responsibility for the information contained in this Pricing Supplement. Signed on behalf of the Company:

By: _____
Duly authorised

Notes:

- (1) Notes (including Notes denominated in sterling) in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the FSMA and which have a maturity of less than one year must have a minimum redemption value of £100,000 (or its equivalent in other currencies).
If the specified denomination is expressed to be €50,000 (or €100,000, to the extent that Directive 2010/73/EU has been implemented in the relevant Member State) or its equivalent and multiples of a lower principal amount (for example €1,000), insert the additional wording set out in the Guidance Note published by ICMA in November 2006 (or its replacement from time to time) as follows: “€50,000 (or €100,000, to the extent that Directive 2010/73/EU has been implemented in the relevant Member State) and integral multiples of €1,000 in excess thereof up to and including €99,000/€199,000. No notes in definitive form will be issued with a denomination above €99,000/€199,000”.
- (2) Only relevant where corporate (or similar) authorisation is required for the particular tranche of Notes.
- (3) Only to be completed for an issue where the Day Count Fraction is Actual/Actual-ICMA.
- (4) If the temporary Global Note is exchangeable for definitive notes at the option of the holder, the Notes shall be tradeable only in amounts of at least the Specified Denomination (or if more than one Specified Denomination, the lowest Specified Denomination) provided in paragraph 6 and multiples thereof.
- (5) The Notes should not be subject to U.S. federal withholding tax under Section 871(m), if they (i) do not reference any U.S. equity or any index that contains any U.S. equity (ii) reference indices considered to be “qualified indices” for purposes of Section 871(m) or (iii) are Non-Delta Notes and are issued prior 1 January 2017 or Non-Delta-One Notes issued on or after 1 January 2018 that reference a U.S. equity or index that contains any U.S. equity are subject to additional testing on a trade-by-trade basis to determine whether they are Section 871(m) Notes.
- (6) If full terms and conditions are to be used, please add the following here:
“The full text of the Conditions which apply to the Notes [and which will be endorsed on the Notes in definitive form] are set out in [the Annex hereto], which Conditions replace in their entirety those appearing in the Prospectus for the purposes of these Notes and such Conditions will prevail over any other provision to the contrary.”
The first set of bracketed words is to be deleted where there is a permanent global Note instead of Notes in definitive form. The full Conditions should be attached to and form part of the Pricing Supplement.

USE OF PROCEEDS

The net proceeds from each issue of Notes will be applied by the Company for general corporate purposes or as may otherwise be disclosed in the applicable Pricing Supplement.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions that, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant Pricing Supplement, shall be applicable to the Notes in definitive form (if any) issued in exchange for the Global Note(s) representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of the relevant Pricing Supplement or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Bearer Notes or on the Certificates relating to such Registered Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Pricing Supplement. Those definitions will be endorsed on the definitive Notes or Certificates, as the case may be. References in the Conditions to “Notes” are to the Notes of one Series only, not to all Notes that may be issued under the Programme.

The Notes are issued pursuant to an Agency Agreement (as amended or supplemented as at the Issue Date, the “**Agency Agreement**”) dated 30 June 2021 between Korea Investment & Securities Co., Ltd. (the “**Issuer**”), Citicorp International Limited as fiscal agent, Citibank, N.A., London Branch as paying agent, registrar and transfer agent and calculation agent (and the other agents named in it and with the benefit of a Deed of Covenant (as amended or supplemented as at the Issue Date, the “**Deed of Covenant**”) dated 30 June 2021 executed by the Issuer in relation to the Notes. The fiscal agent, the paying agents, the registrar, the transfer agents and the calculation agent(s) for the time being (if any) are referred to below, respectively, as the “**Fiscal Agent**”, the “**Paying Agents**” (which expression shall include the Fiscal Agent), the “**Registrar**”, the “**Transfer Agents**” and the “**Calculation Agent(s)**”. The Noteholders (as defined in Condition 1), the holders of the interest coupons (the “**Coupons**”) relating to interest bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the “**Talons**”) (the “**Couponholders**”) and the holders of the receipts for the payment of instalments of principal (the “**Receipts**”) relating to Notes in bearer form of which the principal is payable in instalments are deemed to have notice of all of the provisions of the Agency Agreement applicable to them.

As used in these terms and conditions (the “**Conditions**”), “**Tranche**” means Notes which are identical in all respects.

Copies of the Agency Agreement and the Deed of Covenant are available for inspection during usual business hours upon prior written request and proof of satisfaction of holding at the specified offices of each of the Paying Agents, the Registrar and the Transfer Agents.

1 Form, Denomination and Title

The Notes are issued in bearer form (“**Bearer Notes**”) or in registered form (“**Registered Notes**”) in each case in the Specified Denomination(s) shown hereon.

This Note is a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index Linked Interest Note, an Instalment Note, a Senior Note, a Subordinated Note, a Dual Currency Note or a Partly Paid Note, a combination of any of the foregoing or any other kind of Note, depending upon the Interest and Redemption/Payment Basis shown hereon.

Bearer Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable. Instalment Notes are issued with one or more Receipts attached.

Registered Notes are represented by registered certificates (“**Certificates**”) and, save as provided in Condition 2(c), each Certificate shall represent the entire holding of Registered Notes by the same holder.

Title to the Bearer Notes and the Receipts, Coupons and Talons shall pass by delivery. Title to the Registered Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the “**Register**”). Except as ordered

by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, Receipt, Coupon or Talon shall be deemed to be, and may be treated as, its absolute owner for all purposes, whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it (or on the Certificate representing it) or its theft or loss (or that of the related Certificate), and no person shall be liable for so treating the holder.

In these Conditions, “**Noteholder**” means the bearer of any Bearer Note and the Receipts relating to it or the person in whose name a Registered Note is registered (as the case may be), “**holder**” (in relation to a Note, Receipt, Coupon or Talon) means the bearer of any Bearer Note, Receipt, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be) and capitalised terms have the meanings given to them hereon, the absence of any such meaning indicating that such term is not applicable to the Notes, the expression “**Senior Noteholder**” shall be construed accordingly in relation to Senior Notes and the expression “**Subordinated Noteholder**” shall be construed accordingly in relation to Subordinated Notes.

2 No Exchange of Notes and Transfers of Registered Notes

- (a) **No Exchange of Notes:** Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Specified Denomination may not be exchanged for Bearer Notes of another Specified Denomination. Bearer Notes may not be exchanged for Registered Notes.
- (b) **Transfer of Registered Notes:** One or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate, (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Noteholders. A copy of the current regulations will be made available during usual business hours by the Registrar to any Noteholder upon prior written request and proof of satisfaction of holding.

Transfers of interests in the Notes evidenced by Global Certificates will be effected in accordance with the rules of the relevant clearing systems.

- (c) **Exercise of Options or Partial Redemption in Respect of Registered Notes:** In the case of an exercise of an Issuer’s or Noteholders’ option in respect of, or a partial redemption of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.
- (d) **Delivery of New Certificates:** Each new Certificate to be issued pursuant to Conditions 2(b) or (c) shall be available for delivery within three business days of receipt of the form of transfer or Exercise Notice (as defined in Condition 6(e)) and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer, Exercise Notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the form of transfer, Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent (as defined in the Agency Agreement) the costs of such other method of

delivery and/or such insurance as it may specify. In this Condition 2(d), “**business day**” means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

- (e) **Transfer Free of Charge:** Transfers of Notes and Certificates on registration, transfer, partial redemption or exercise of an option shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity and/or security and/or prefunding as the Registrar or the relevant Transfer Agent may require).
- (f) **Closed Periods:** No Noteholder may require the transfer of a Registered Note to be registered (i) during the period of 15 days ending on the due date for redemption of, or payment of any Instalment Amount in respect of, that Note, (ii) during the period of 15 days before any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 6(d), (iii) after any such Note has been called for redemption or (iv) during the period of seven days ending on (and including) any Record Date.

3 Status

- (a) **Status of the Senior Notes:** The Senior Notes (being those Notes that specify their status as Senior) and the Receipts and Coupons relating to them constitute (subject to Condition 4(a)) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Notes and the Receipts and the Coupons relating to them shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4(a), at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Issuer, present and future.
- (b) **Status of the Subordinated Notes:** The Subordinated Notes (being those Notes that specify their status as Subordinated) and any relative Receipts and Coupons constitute direct, general, subordinated (as described in Condition 3(c)) and unsecured obligations of the Issuer which will at all times rank (x) junior to the Senior Indebtedness of the Issuer (as defined in Condition 3(c)), (y) *pari passu* with and rateably without any preference among themselves and all other subordinated obligations of the Issuer which do not rank or are not expressed by their terms to rank junior to the Subordinated Notes (collectively, the “**Subordinated Obligations**”).
- (c) **Subordination:**

This Condition 3(c) applies only to Subordinated Notes.

- (i) If, on or prior to the Maturity Date or at any time while any amount is due and outstanding under any Subordinated Notes, a Bankruptcy Event (as defined below) occurs and so long as it continues, any amounts which become due then or thereafter under the Subordinated Notes (including overdue amounts) shall not be payable unless and until the total amount of any and all Senior Indebtedness of the Issuer which is listed on the distribution list (as amended, if such be the case) for final distribution submitted to the court in the bankruptcy proceedings is paid in full or provided to be paid in full in such bankruptcy proceedings.
- (ii) If, on or prior to the Maturity Date or at any time while any amount is due and outstanding under any Subordinated Notes, a Rehabilitation Event (as defined below) occurs and so long as it continues, any amounts which become due then or thereafter under the Subordinated Notes (including overdue amounts) shall not be payable unless and until the total amount of any and all Senior Indebtedness of the Issuer which is listed on the rehabilitation plan of the Issuer at the time when the court’s approval of such plan becomes final and conclusive shall have been paid in full in the rehabilitation proceedings to the extent of the original amount thereof (without regard to any adjustment of such amount in the approved rehabilitation plan).
- (iii) If, on or prior to the Maturity Date or at any time while any amount is due and outstanding under any Subordinated Notes, a Foreign Event (as defined below) occurs and so long as it continues, any amounts which become due then or thereafter under the Subordinated Notes (including overdue amounts) shall only become payable upon conditions equivalent to those enumerated in paragraphs (i) and (ii) having been fulfilled, provided that notwithstanding any provision herein to the contrary if the imposition of any such conditions is not allowed under

such proceedings, any amounts which become due under the Subordinated Notes shall become payable in accordance with the terms herein provided and not subject to such conditions.

- (iv) If, on or prior to the Maturity Date or at any time while any amount is due and outstanding under any Subordinated Notes, the Net Capital Ratio of the Issuer falls below 0 per cent upon any payment of principal or interest in respect of the Subordinated Notes, such payment shall not be made to the holders thereof.
- (v) A holder of a Subordinated Note by its acceptance thereof or its interest therein, shall thereby agree that (i) if any payment in respect of such Note is made to such holder after the occurrence of a Subordination Event and the amount of such payment shall exceed the amount, if any, that should have been paid to such holder upon the proper application of these subordination provisions, the payment of such excess amount shall be deemed null and void and such holder (without the Registrar or any Paying Agent having any obligation or liability with respect thereto, save to the extent that the Registrar or such Paying Agent shall return to the Issuer any such excess amount which remains held by it at the time of the notice next referred to) shall be obliged to return the amount of the excess payment within ten days of receiving notice from the Issuer of the excess payment and (ii) upon the occurrence of a Subordination Event and so long as such Subordination Event continues, such holder shall not exercise any right to set off any liabilities of the Issuer under such Note which become so payable on or after the date on which the Subordination Event occurs against any liabilities of such holder owed to the Issuer unless, until and only in such amount as the liabilities of the Issuer under such Note become payable pursuant to the proper application of these subordination provisions.
- (vi) There shall be no terms and conditions for collateral or pledge to the Subordinated Notes by which the nature of subordination of the Subordinated Notes may be prejudiced in any respect.
- (vii) The Issuer may not redeem the Subordinated Notes at the option of a holder thereof prior to the Maturity Date.

In these Conditions:

“**Bankruptcy Event**” shall mean a court of competent jurisdiction in Korea having adjudicated the Issuer to be bankrupt pursuant to the provisions of the Act on Debtor Rehabilitation and Bankruptcy or any successor legislation thereto;

“**Foreign Event**” shall mean in any jurisdiction other than Korea, the Issuer having become subject to bankruptcy, corporate reorganisation or other equivalent proceedings pursuant to any applicable law of any jurisdiction other than Korea;

“**Net Capital Ratio**” means a ratio of net capital to the required capital, expressed as a percentage, as defined in the Article 3-6, paragraph 3 of the Regulation on Financial Investment Business of Korea;

“**Rehabilitation Event**” shall mean a court of competent jurisdiction in Korea having adjudicated the Issuer to be subject to the rehabilitation proceedings pursuant to the provisions of the Act on Debtor Rehabilitation and Bankruptcy or any successor legislation thereto;

“**Senior Indebtedness of the Issuer**” shall mean all deposits and other liabilities of the Issuer (other than the Subordinated Obligations); and

“**Subordination Event**” shall mean any Bankruptcy Event, Rehabilitation Event, Foreign Event or the event set forth in paragraph (vi) above.

4 Certain Covenants

(a) *Applicable to Senior Notes only*

Negative Pledge: So long as any Note or Coupon remains outstanding (as defined in the Agency Agreement) the Issuer will not create, or have outstanding any Security Interest, other than any Permitted Security Interest upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness or to secure any guarantee or indemnity in respect of any Relevant Indebtedness without at the same time or prior thereto according to the Notes and the Coupons the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or such other security as shall be approved by an Extraordinary Resolution (as defined in the Agency Agreement) of the Noteholders.

(b) **Consolidation, Merger and Sale of Assets:** The Issuer, without the consent of the Noteholders, may consolidate with, or merge into, or sell, transfer, lease or convey its assets as an entirety or substantially as an entirety to any corporation; provided that (i) any successor corporation expressly assumes the applicable obligations of the Issuer under the Notes and the Agency Agreement, including by entering into a deed of covenant and a supplemental agency agreement, as the case may be, (ii) after giving effect to the transaction, with respect to the Issuer or any such successor corporation, no Event of Default (except for any Event of Default that may arise due to compliance with the terms of this Condition 4(b)) and no event which, after notice or lapse of time or both, would become an Event of Default (except for any Event of Default that may arise due to compliance with the terms of this Condition 4(b)), shall have occurred and be continuing and (iii) the Issuer has delivered to the Fiscal Agent a certificate executed by a duly authorised officer of the Issuer and an opinion of counsel as to matters of law stating that such consolidation, merger, sale, transfer, lease or conveyance and, if a supplemental agency agreement is required in connection with such transaction, such supplemental agency agreement comply with the Agency Agreement and the Notes and that all conditions precedent herein provided for relating to such transaction have been complied with. The Fiscal Agent shall accept and conclusively rely on a certificate and opinion of counsel as sufficient evidence of the satisfaction of the conditions precedent described above, in which event it shall be conclusive and binding on the Noteholders. The Fiscal Agent will not be responsible for any loss occasioned by acting in reliance on such certificate and opinion of counsel. The Fiscal Agent is not obligated to investigate or verify any information in such certificate and opinion of counsel.

In this Condition 4:

- (i) **“Permitted Security Interest”** means: (1) any Security Interest existing as of the Issue Date, (2) any Security Interest existing on any assets or property prior to the acquisition thereof by the Issuer or arising after such acquisition pursuant to contractual commitments entered into prior to and not in contemplation of such acquisition; (3) any Security Interest on any assets or property securing Relevant Indebtedness incurred or assumed for the purpose of financing the purchase price thereof or the cost of construction, improvement or repair of all or any part thereof, provided that such Security Interest attaches to such assets or property concurrently with or within 12 months after the acquisition thereof or completion of construction, improvement or repair thereof; (4) any Security Interest securing Relevant Indebtedness owing to the Issuer or to a Subsidiary; (5) any Security Interest arising solely by mandatory operation of law; and (6) any Security Interest arising out of the refinancing, extension, renewal or refunding of any Relevant Indebtedness secured by any Security Interest permitted by any of the foregoing paragraphs, provided that such Relevant Indebtedness is not increased and is not secured by any additional property;
- (ii) **“Relevant Indebtedness”** means any indebtedness which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities (but excluding for the avoidance of doubt, instruments commonly referred to as transferable loan certificates) which (a) are by their terms payable, or confer a right to receive payment, in any currency other than Korean Won; (b) for the time being are, or are intended to be quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market outside the Republic of Korea (“Korea”) and (c) are not (i) securities issued in accordance with a securitisation plan pursuant to the Act on Asset-Backed Securitisation Act of Korea (or other similar laws of Korea); (ii) securities or instruments serviced primarily by the cash flows of a discrete pool of receivables or other financial assets, either fixed or revolving, that by their terms convert into cash within a finite period and which are commonly regarded as asset-backed securities; (iii) derivatives linked securities as defined in the Financial Investment Services and Capital Markets Act of Korea; or (iv) any indebtedness arising out of derivatives transactions (including, but not limited to, over-the counter derivatives transactions and exchange traded derivatives transactions), lending and borrowing of securities such as stocks or bonds (including, but not limited to, customized transactions), repurchase agreement transactions and overdraft transactions regarding derivatives trading accounts;
- (iii) **“Security Interest”** means any mortgage, charge, pledge, lien or other security interest including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction; and

- (iv) “**Subsidiary**” means, at any particular time, a company which is then directly or indirectly controlled, or more than 50 per cent of whose issued equity share capital (or equivalent) is then beneficially owned, by the Issuer and/or one or more of its Subsidiaries; provided that any collective investment scheme (as defined in the Financial Investment Services and Capital Markets Act of Korea) and/or any special purpose company in an asset-backed securitisation transaction, whether being established onshore or offshore, shall not constitute a Subsidiary. For a company to be “**controlled**” by another means that the other (whether directly or indirectly and whether by the ownership of share capital, the possession of voting power, contract or otherwise) has the power to appoint and/or remove all or the majority of the members of the board of directors or other governing body of that company or otherwise controls or has the power to control the affairs and policies of that company.

5 Interest and other Calculations

- (a) **Interest on Fixed Rate Notes:** Each Fixed Rate Note bears interest on its outstanding nominal amount from and including the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 5(h).
- (b) **Interest on Floating Rate Notes and Index Linked Interest Notes:**
- (i) *Interest Payment Dates:* Each Floating Rate Note and Index Linked Interest Note bears interest on its outstanding nominal amount from and including the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 5(h). Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which falls the number of months or other period shown hereon as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.
- (ii) *Business Day Convention:* If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.
- (iii) *Rate of Interest for Floating Rate Notes:* The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified hereon and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified hereon.
- (A) **ISDA Determination for Floating Rate Notes**
- Where ISDA Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the calculation agent as a rate equal to the relevant ISDA Rate. For the purposes of this sub-paragraph (A), “**ISDA Rate**” for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the calculation agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:
- (x) the Floating Rate Option is as specified hereon;

- (y) the Designated Maturity is a period specified hereon; and
- (z) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified hereon.

For the purposes of this sub-paragraph (A), “Floating Rate”, “Calculation Agent”, “Floating Rate Option”, “Designated Maturity”, “Reset Date” and “Swap Transaction” have the meanings given to those terms in the ISDA Definitions.

(B) Screen Rate Determination for Floating Rate Notes

- (x) Where Screen Rate Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period will, subject as provided below, be either:

- (1) the offered quotation; or
- (2) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at either 11.00 a.m. (London time in the case of LIBOR or Brussels time in the case of EURIBOR) on the Interest Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified hereon as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Notes will be determined as provided hereon.

- (y) If the Relevant Screen Page is not available or, if sub-paragraph (x)(1) applies and no such offered quotation appears on the Relevant Screen Page, or, if sub-paragraph (x)(2) applies and fewer than three such offered quotations appear on the Relevant Screen Page, in each case as at the time specified above, subject as provided below, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

- (C) Linear Interpolation: Where Linear Interpolation is specified hereon as applicable in respect of an Interest Accrual Period, the Rate of Interest for such Interest Accrual Period shall be calculated by the Calculation Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified hereon as applicable) or the relevant Floating Rate Option (where ISDA Determination is specified hereon as applicable), one of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Accrual Period and the other of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Accrual Period provided however that if there is no rate available for the period of time next shorter or, as the case may be, next longer, then the Issuer (acting in good faith and in a commercially reasonable manner, and in consultation with an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer) shall determine such rate at such time and by reference to such sources as it determines appropriate.

“Applicable Maturity” means: (a) in relation to Screen Rate Determination, the period of time designated in the Reference Rate, and (b) in relation to ISDA Determination, the Designated Maturity.

- (iv) *Rate of Interest for Index Linked Interest Notes:* The Rate of Interest in respect of Index Linked Interest Notes for each Interest Accrual Period shall be determined in the manner specified hereon and interest will accrue by reference to an Index or Formula as specified hereon.
- (c) **Zero Coupon Notes:** Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 6(b)(i)).
- (d) **Dual Currency Notes:** In the case of Dual Currency Notes, if the rate or amount of interest falls to be determined by reference to a Rate of Exchange or a method of calculating Rate of Exchange, the rate or amount of interest payable shall be determined in the manner specified hereon.
- (e) **Partly Paid Notes:** In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified hereon.
- (f) **Accrual of Interest:** Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (both before and after judgment) at the Rate of Interest in the manner provided in this Condition 5 to the Relevant Date (as defined in Condition 8).
- (g) **Margin, Maximum/Minimum Rates of Interest, Instalment Amounts and Redemption Amounts and Rounding:**
- (i) If any Margin is specified hereon (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with (b) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin subject always to the next paragraph.
- (ii) If any Maximum or Minimum Rate of Interest, Instalment Amount or Redemption Amount is specified hereon, then any Rate of Interest, Instalment Amount or Redemption Amount shall be subject to such maximum or minimum, as the case may be.
- (iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 of a percentage point being rounded up), (y) all figures shall be rounded to seven significant figures (provided that if the eighth significant figure is a 5 or greater, the seventh significant shall be rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with half a unit being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes “unit” means the lowest amount of such currency that is available as legal tender in the country of such currency.
- (h) **Calculations:** The amount of interest payable per Calculation Amount in respect of any Note for any Interest Accrual Period shall be equal to the product of the Rate of Interest, the Calculation Amount specified hereon, and the Day Count Fraction for such Interest Accrual Period, unless an Interest Amount (or a formula for its calculation) is applicable to such Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such Interest Accrual Period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the Interest Amounts payable in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated.
- (i) **Determination and Publication of Rates of Interest and Interest Amounts:** The Calculation Agent shall, as soon as practicable on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts for the relevant Interest Accrual Period, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the

Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date and to be notified to the Fiscal Agent, the Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 5(b)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 10, the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest or the Interest Amount so calculated need be made. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

- (j) **Benchmark Replacement:** If the Issuer or its designee determines that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred prior to the Reference Time in respect of any determination of the Benchmark on any date, the Benchmark Replacement will replace the then-current Benchmark for all purposes relating to the Notes in respect of such determination on such date and all determinations on all subsequent dates.
- (k) **Benchmark Replacement Conforming Changes:** In connection with the implementation of a Benchmark Replacement, the Issuer or its designee will have the right to make Benchmark Replacement Conforming Changes from time to time.
- (l) **Decisions and Determinations:** Any determination, decision or election that may be made by the Issuer or its designee pursuant to Condition 5(j) or 5(k) including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection, will be conclusive and binding absent manifest error, may be made in the issuer or its designee's sole discretion, and, notwithstanding anything to the contrary in the documentation relating to the Notes, shall become effective without consent from any other party.
- (m) **Definitions:** In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

“**Benchmark**” means, initially, LIBOR; provided that if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to LIBOR or the then-current Benchmark, then “**Benchmark**” means the applicable Benchmark Replacement.

“**Benchmark Replacement**” means the Interpolated Benchmark; provided that if the Issuer or its designee cannot determine the Interpolated Benchmark as of the Benchmark Replacement Date, then “**Benchmark Replacement**” means the first alternative set forth in the order below that can be determined by the Issuer or its designee as of the Benchmark Replacement Date:

- 1 the sum of: (a) Term SOFR and (b) the Benchmark Replacement Adjustment;
- 2 the sum of: (a) Compounded SOFR and (b) the Benchmark Replacement Adjustment;
- 3 the sum of: (a) the alternate rate of interest that has been selected or recommended by the Relevant Governmental Body as the replacement for the then-current Benchmark for the applicable Corresponding Tenor and (b) the Benchmark Replacement Adjustment;
- 4 the sum of: (a) the ISDA Fallback Rate and (b) the Benchmark Replacement Adjustment;
- 5 the sum of: (a) the alternate rate of interest that has been selected by the Issuer or its designee as the replacement for the then-current Benchmark for the applicable Corresponding Tenor giving due consideration to any industry-accepted rate of interest as a replacement for the then-current Benchmark for U.S. dollar denominated floating rate notes at such time and (b) the Benchmark Replacement Adjustment.

“**Benchmark Replacement Adjustment**” means the first alternative set forth in the order below that can be determined by the issuer or its designee as of the Benchmark Replacement Date:

- 1 the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected or recommended by the Relevant Governmental Body for the applicable Unadjusted Benchmark Replacement;
- 2 if the applicable Unadjusted Benchmark Replacement is equivalent to the ISDA Fallback Rate, then the ISDA Fallback Adjustment;
- 3 the spread adjustment (which may be a positive or negative value or zero) that has been selected by the Issuer or its designee giving due consideration to any industry-accepted spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the then-current Benchmark with the applicable Unadjusted Benchmark Replacement for U.S. dollar denominated floating rate notes at such time.

“**Benchmark Replacement Conforming Changes**” means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of “Interest Period,” timing and frequency of determining rates and making payments of interest and other administrative matters) that the Issuer or its designee decides may be appropriate to reflect the adoption of such Benchmark Replacement in a manner substantially consistent with market practice (or, if the Issuer or its designee decides that adoption of any portion of such market practice is not administratively feasible or if the Issuer or its designee determines that no market practice for use of the Benchmark Replacement exists, in such other manner as the Issuer or its designee determines is reasonably necessary).

“**Benchmark Replacement Date**” means the earliest to occur of the following events with respect to the then-current Benchmark:

- 1 in the case of paragraph 1 or 2 of the definition of “Benchmark Transition Event,” the later of (a) the date of the public statement or publication of information referenced therein and (b) the date on which the administrator of the Benchmark permanently or indefinitely ceases to provide the Benchmark; or
- 2 in the case of paragraph 3 of the definition of “Benchmark Transition Event,” the date of the public statement or publication of information referenced therein.

For the avoidance of doubt, if the event giving rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Reference Time in respect of any determination, the Benchmark Replacement Date will be deemed to have occurred prior to the Reference Time for such determination.

“**Benchmark Transition Event**” means the occurrence of one or more of the following events with respect to the then-current Benchmark:

- 1 a public statement or publication of information by or on behalf of the administrator of the Benchmark announcing that such administrator has ceased or will cease to provide the Benchmark, permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark;
- 2 a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark, the central bank for the currency of the Benchmark, an insolvency official with jurisdiction over the administrator for the Benchmark, a resolution authority with jurisdiction over the administrator for the Benchmark or a court or an entity with similar insolvency or resolution authority over the administrator for the Benchmark, which states that the administrator of the Benchmark has ceased or will cease to provide the Benchmark permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Benchmark; or
- 3 a public statement or publication of information by the regulatory supervisor for the administrator of the Benchmark announcing that the Benchmark is no longer representative.

“**Business Day**” means:

- 1 in the case of a currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency; and/or

- 2 in the case of euro, a day on which the TARGET System is operating (a “TARGET Business Day”); and/or
- 3 in the case of a currency and/or one or more Business Centres, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre(s) or, if no currency is indicated, generally in each of the Business Centres.

“**Compounded SOFR**” means the compounded average of SOFRs for the applicable Corresponding Tenor, with the rate, or methodology for this rate, and conventions for this rate (which will be compounded in arrears with a lookback and/or suspension period as a mechanism to determine the interest amount payable prior to the end of each Interest Period) being established by the Issuer or its designee in accordance with:

- 1 the rate, or methodology for this rate, and conventions for this rate selected or recommended by the Relevant Governmental Body for determining compounded SOFR; provided that:
- 2 if, and to the extent that, the Issuer or its designee determines that Compounded SOFR cannot be determined in accordance with paragraph 1 above, then the rate, or methodology for this rate, and conventions for this rate that have been selected by the Issuer or its designee giving due consideration to any industry-accepted market practice for U.S. dollar denominated floating rate notes at such time.

“**Corresponding Tenor**” with respect to a Benchmark Replacement means a tenor (including overnight) having approximately the same length (disregarding business day adjustment) as the applicable tenor for the then-current Benchmark.

“**Day Count Fraction**” means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period or an Interest Accrual Period, the “**Calculation Period**”):

- 1 if “**Actual/Actual**” or “**Actual/Actual—ISDA**” is specified hereon, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- 2 if “**Actual/365 (Fixed)**” is specified hereon, the actual number of days in the Calculation Period divided by 365;
- 3 if “**Actual/365 (Sterling)**” is specified hereon, the actual number of days in the Calculation Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- 4 if “**Actual/360**” is specified hereon, the actual number of days in the Calculation Period divided by 360;
- 5 if “**30/360**”, “**360/360**” or “**Bond Basis**” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“**Y₁**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y₂**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M₁**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M₂**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D₁” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D₁ will be 30; and

“D₂” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D₁ is greater than 29, in which case D₂ will be 30;

- 6 if “30E/360” or “Eurobond Basis” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y₁” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M₂” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D₁” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D₁ will be 30; and

“D₂” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D₂ will be 30.

- 7 if “30E/360 (ISDA)” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y₁” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M₂” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D₁” is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D₁ will be 30; and

“D₂” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D₂ will be 30.

- 8 if “Actual/Actual-ICMA” is specified hereon,

if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and

if the Calculation Period is longer than one Determination Period, the sum of:

- (x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and
- (y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year,

where:

“**Determination Period**” means the period from and including a Determination Date in any year to but excluding the next Determination Date; and

“**Determination Date**” means the date(s) specified as such hereon or, if none is so specified, the Interest Payment Date(s).

“**Euro-zone**” means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended.

“**Federal Reserve Bank of New York’s Website**” means the website of the Federal Reserve Bank of New York at <http://www.newyorkfed.org>, or any successor source.

“**Interest Accrual Period**” means the period beginning on and including the Interest Commencement Date and ending on but excluding the first Interest Period Date and each successive period beginning on and including an Interest Period Date and ending on but excluding the next succeeding Interest Period Date.

“**Interest Amount**” means:

- 1 in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and which, in the case of Fixed Rate Notes, and unless otherwise specified hereon, shall mean the Fixed Coupon Amount or Broken Amount specified hereon as being payable on the Interest Payment Date ending the Interest Period of which such Interest Accrual Period forms part; and
- 2 in respect of any other period, the amount of interest payable per Calculation Amount for that period.

“**Interest Commencement Date**” means the Issue Date or such other date as may be specified hereon.

“**Interest Determination Date**” means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such hereon or, if none is so specified, (i) the first day of such Interest Accrual Period if the Specified Currency is Sterling or (ii) the day falling two Business Days in London for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is neither Sterling nor euro or (iii) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro.

“**Interest Period**” means the period beginning on and including the Interest Commencement Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date unless otherwise specified hereon.

“**Interest Period Date**” means each Interest Payment Date unless otherwise specified hereon.

“**Interpolated Benchmark**” with respect to the Benchmark means the rate determined for the Corresponding Tenor by interpolating on a linear basis between: (1) the Benchmark for the longest period (for which the Benchmark is available) that is shorter than the Corresponding Tenor and (2) the Benchmark for the shortest period (for which the Benchmark is available) that is longer than the Corresponding Tenor.

“**ISDA Definitions**” means the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. or any successor thereto, as amended or supplemented from time to time, or any successor definitional booklet for interest rate derivatives published from time to time.

“**ISDA Fallback Adjustment**” means the spread adjustment, (which may be a positive or negative value or zero) that would apply for derivatives transactions referencing the ISDA Definitions to be determined upon the occurrence of an index cessation event with respect to the Benchmark for the applicable tenor.

“**ISDA Fallback Rate**” means the rate that would apply for derivatives transactions referencing the ISDA Definitions to be effective upon the occurrence of an index cessation date with respect to the Benchmark for the applicable tenor excluding the applicable ISDA Fallback Adjustment.

“**Rate of Interest**” means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions hereon.

“**Reference Rate**” means the rate specified as such hereon.

“**Reference Time**” with respect to any determination of the Benchmark means (1) if the Benchmark is LIBOR, 11:00 a.m. (London time) on the day that is two London banking days preceding the date of such determination, and (2) if the Benchmark is not LIBOR, the time determined by the Issuer or its designee in accordance with the Benchmark Replacement Conforming Changes.

“**Relevant Governmental Body**” means the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York or any successor thereto.

“**Relevant Screen Page**” means such page, section, caption, column or other part of a particular information service as may be specified hereon (or any successor or replacement page, section, caption, column or other part of a particular information service).

“**SOFR**” with respect to any day means the secured overnight financing rate published for such day by the Federal Reserve Bank of New York, as the administrator of the benchmark, (or a successor administrator) on the Federal Reserve Bank of New York’s Website.

“**Specified Currency**” means the currency specified as such hereon or, if none is specified, the currency in which the Notes are denominated.

“**TARGET System**” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System which was launched on 19 November 2007 or any successor thereto.

“**Term SOFR**” means the forward-looking term rate for the applicable Corresponding Tenor based on SOFR that has been selected or recommended by the Relevant Governmental Body.

“**Unadjusted Benchmark Replacement**” means the Benchmark Replacement excluding the Benchmark Replacement Adjustment.

- (n) **Calculation Agent:** The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for them hereon and for so long as any Note is outstanding (as defined in the Agency Agreement). Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Accrual Period or to calculate any Interest Amount, Instalment Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall appoint a leading bank or financial institution engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

6 Redemption, Purchase and Options

(a) Redemption by Instalments and Final Redemption:

- (i) Unless previously redeemed, purchased and cancelled as provided in this Condition 6, each Note that provides for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the related Instalment Amount specified hereon. The outstanding nominal amount of each such Note shall be reduced by the Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the nominal amount of such Note, such proportion) for all purposes with effect from the related Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused, in which case, such amount shall remain outstanding until the Relevant Date relating to such Instalment Amount.
- (ii) Unless previously redeemed, purchased and cancelled as provided below, each Note shall be finally redeemed on the Maturity Date specified hereon at its Final Redemption Amount (which, unless otherwise provided, is its nominal amount) or, in the case of a Note falling within paragraph (i) above, its final Instalment Amount.

(b) Early Redemption:

(i) *Zero Coupon Notes:*

- (A) The Early Redemption Amount payable in respect of any Zero Coupon Note, the Early Redemption Amount of which is not linked to an index and/or a formula, upon redemption of such Note pursuant to Condition 6(c), Condition 6(d) or Condition 6(e) or upon it becoming due and payable as provided in Condition 10(A) (if the Note is a Senior Note) or Condition 10(B) (if the note is a Subordinated Note) shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified hereon.
- (B) Subject to the provisions of sub-paragraph (C) below, the Amortised Face Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.
- (C) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 6(c), Condition 6(d) or Condition 6(e) or upon it becoming due and payable as provided in Condition 10(A) (if the Note is a Senior Note) or Condition 10(B) (if the note is a Subordinated Note) is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (B) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (both before and after judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 5(c).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown hereon.

- (ii) *Other Notes:* The Early Redemption Amount payable in respect of any Note (other than Notes described in (i) above), upon redemption of such Note pursuant to Condition 6(c), Condition 6(d) or Condition 6(e) or upon it becoming due and payable as provided in Condition 10(A) (if the Note is a Senior Note) or Condition 10(B) (if the note is a Subordinated Note), shall be the Final Redemption Amount unless otherwise specified hereon.
- (c) **Redemption for Taxation Reasons:** The Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date (if this Note is either a Floating Rate Note or an Index Linked Interest Note) or, at any time, (if this Note is neither a Floating Rate Note nor an Index Linked Interest Note), on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Early Redemption Amount (as described in Condition 6(b) above) (together with interest accrued to the date fixed for redemption), if (i) the

Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of the Republic of Korea (“Korea”) (in the case of payment by the Issuer) or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due; provided, however, that in the case of Subordinated Notes, such redemption may not occur within five years of the Issue Date. Prior to the publication of any notice of redemption pursuant to this Condition 6(c), the Issuer shall deliver to the Fiscal Agent a certificate signed by two Directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

- (d) **Redemption at the Option of the Issuer:** If Call Option is specified hereon, the Issuer may, on giving not less than 15 nor more than 30 days’ irrevocable notice to the Noteholders (or such other notice period as may be specified hereon) redeem, all or, if so provided, some, of the Notes on any Optional Redemption Date; provided, however, that in the case of Subordinated Notes, such redemption may not occur within five years of the Issue Date. Any such redemption of Notes shall be at their Optional Redemption Amount specified hereon (which may be the Early Redemption Amount (as described in Condition 6(b) above)), together with interest accrued to the date fixed for redemption. Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed specified hereon and no greater than the Maximum Redemption Amount to be redeemed specified hereon.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption the notice to Noteholders shall also contain the certificate numbers of the Bearer Notes, or in the case of Registered Notes shall specify the nominal amount of Registered Notes drawn and the holder(s) of such Registered Notes, to be redeemed, which shall have been drawn in such place and in such manner as may be fair and reasonable in the circumstances, taking account of prevailing market practices, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements.

- (e) **Redemption at the Option of Noteholders:** If Put Option is specified hereon, the Issuer shall, at the option of the holder of any such Note, upon the holder of such Note giving not less than 15 nor more than 30 days’ notice to the Issuer (or such other notice period as may be specified hereon) redeem such Note on the Optional Redemption Date(s) at its Optional Redemption Amount specified hereon (which may be the Early Redemption Amount (as described in Condition 6(b) above)), together with interest accrued to the date fixed for redemption.

To exercise such option the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Receipts and Coupons and unexchanged Talons) with any Paying Agent or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any Transfer Agent at its specified office, together with a duly completed option exercise notice (“**Exercise Notice**”) in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable) within the notice period. No Note or Certificate so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

- (f) **Partly Paid Notes:** Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the provisions specified hereon.
- (g) **Purchases:** The Issuer and its Subsidiaries as defined in the Agency Agreement may at any time purchase Notes (provided that all unmatured Receipts and Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price. The Issuer may not purchase Subordinated Notes.

- (h) **Cancellation:** All Notes purchased by or on behalf of the Issuer or any of its Subsidiaries may be surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Receipts and Coupons and all unexchanged Talons to the Fiscal Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar and, in each case, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

7 Payments and Talons

- (a) **Bearer Notes:** Payments of principal and interest in respect of Bearer Notes shall, subject as mentioned below, be made against presentation and surrender of the relevant Receipts (in the case of payments of Instalment Amounts other than on the due date for redemption and provided that the Receipt is presented for payment together with its relative Note), Notes (in the case of all other payments of principal and, in the case of interest, as specified in Condition 7(f)(vi)) or Coupons (in the case of interest, save as specified in Condition 7(f)(vi)), as the case may be, at the specified office of any Paying Agent outside the United States by a cheque payable in the relevant currency drawn on, or, at the option of the holder, by transfer to an account denominated in such currency with, a Bank. “Bank” means a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the TARGET System.
- (b) **Registered Notes:**
- (i) Payments of principal (which for the purposes of this Condition 7(b) shall include final Instalment Amounts but not other Instalment Amounts) in respect of Registered Notes shall be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in paragraph (ii) below.
- (ii) Interest (which for the purpose of this Condition 7(b) shall include all Instalment Amounts other than final Instalment Amounts) on Registered Notes shall be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the “Record Date”). Payments of interest on each Registered Note shall be made in the relevant currency by cheque drawn on a Bank and mailed to the holder (or to the first-named of joint holders) of such Note at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a Bank.
- (c) **Payments in the United States:** Notwithstanding the foregoing, if any Bearer Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.
- (d) **Payments Subject to Laws:** All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives in the place of payment, but without prejudice to the provisions of Condition 8. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.
- (e) **Appointment of Agents:** The Fiscal Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent initially appointed by the Issuer and their respective specified offices are listed below. The Fiscal Agent, the Paying Agents, the Registrar, Transfer Agents and the Calculation Agent(s) act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, any other Paying Agent, the Registrar, any

Transfer Agent or the Calculation Agent(s) and to appoint additional or other Paying Agents or Transfer Agents, provided that the Issuer shall at all times maintain (i) a Fiscal Agent, (ii) a Registrar in relation to Registered Notes, (iii) a Transfer Agent in relation to Registered Notes, (iv) one or more Calculation Agent(s) where the Conditions so require, (v) Paying Agents having specified offices in at least two major European cities and (vi) such other agents as may be required by any other stock exchange on which the Notes may be listed.

In addition, the Issuer shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in U.S. dollars in the circumstances described in paragraph (c) above.

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders.

(f) **Unmatured Coupons and Receipts and unexchanged Talons:**

- (i) Upon the due date for redemption of Bearer Notes which comprise Fixed Rate Notes (other than Dual Currency Notes or Index linked Interest Notes), those Notes should be surrendered for payment together with all unexpired Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unexpired Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unexpired Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9).
 - (ii) Upon the due date for redemption of any Bearer Note comprising a Floating Rate Note, Dual Currency Note or Index Linked Interest Note, unexpired Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.
 - (iii) Upon the due date for redemption of any Bearer Note, any unexpired Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
 - (iv) Upon the due date for redemption of any Bearer Note that is redeemable in instalments, all Receipts relating to such Note having an Instalment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.
 - (v) Where any Bearer Note that provides that the relative unexpired Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unexpired Coupons, and where any Bearer Note is presented for redemption without any unexpired Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.
 - (vi) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate representing it, as the case may be. Interest accrued on a Note that only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note or Certificate representing it, as the case may be.
- (g) **Talons:** On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Fiscal Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 9).
- (h) **Non-Business Days:** If any date for payment in respect of any Note, Receipt or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this paragraph, “**business day**” means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are

open for business in the relevant place of presentation, in such jurisdictions as shall be specified as “Financial Centres” hereon and:

- (i) (in the case of a payment in a currency other than euro) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency; or
- (ii) (in the case of a payment in euro) which is a TARGET Business Day.

8 Taxation

All payments of principal and interest by or on behalf of the Issuer in respect of the Notes, the Receipts and the Coupons shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Korea or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer shall pay such additional amounts as shall result in receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable with respect to any Note, Receipt or Coupon:

- (a) **Other connection:** to, or to a third party on behalf of, a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note, Receipt or Coupon by reason of his having some connection with Korea other than the mere holding of the Note, Receipt or Coupon; or
- (b) **Lawful avoidance of withholding:** to, or to a third party on behalf of, a holder who could lawfully avoid (but has not so avoided) such deduction or withholding by complying or procuring that any third party complies with any statutory requirements or by making or procuring that any third party makes a declaration of non-residence or other similar claim for exemption to any tax authority in the place where the relevant Note (or the Certificate representing it), Receipt or Coupon is presented for payment; or
- (c) **Presentation more than 30 days after the Relevant Date:** presented (or in respect of which the Certificate representing it is presented) for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on presenting it for payment on the thirtieth such day.

Notwithstanding any other provision contained herein, any amounts to be paid on the Notes by or on behalf of the Issuer will be paid net of any deduction or withholding imposed or required pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (the “Code”), any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the Code, or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code (or any law implementing such an intergovernmental agreement) (a “**FATCA Withholding Tax**”), and neither the Issuer nor any other person will be required to pay additional amounts on account of any FATCA Withholding Tax.

As used in these Conditions, “**Relevant Date**” in respect of any Note, Receipt or Coupon means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further presentation of the Note (or relative Certificate), Receipt or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation. References in these Conditions to (i) “**principal**” shall be deemed to include any premium payable in respect of the Notes, all Instalment Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 6 or any amendment or supplement to it, (ii) “**interest**” shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 or any amendment or supplement to it and (iii) “**principal**” and/or “**interest**” shall be deemed to include any additional amounts that may be payable under this Condition.

9 Prescription

Claims against the Issuer for payment in respect of the Notes, Receipts and Coupons (which for this purpose shall not include Talons) shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

10 Events of Default

(A) *Applicable to Senior Notes only*

If any of the following events (“**Events of Default**”) occurs, the holder of any Senior Note may give written notice to the Fiscal Agent at its specified office that such Senior Note is immediately repayable, whereupon the Early Redemption Amount of such Senior Note together (if applicable) with accrued interest to the date of payment shall become immediately due and payable, unless such event of default shall have been remedied prior to the receipt of such notice by the Fiscal Agent:

- (a) **Non-Payment:** default is made for more than 14 days (in the case of interest) or 7 days (in the case of principal) in the payment on the due date of interest or principal in respect of any of the Senior Notes; or
- (b) **Breach of Other Obligations:** the Issuer does not perform or comply with any one or more of its other obligations in the Senior Notes which default is incapable of remedy or is not remedied within 30 days after notice of such default shall have been given to the Fiscal Agent at its specified office by any Noteholder; or
- (c) **Cross-Default:** (A) any other present or future indebtedness of the Issuer for or in respect of moneys borrowed or raised becomes (or becomes capable of being declared) due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (B) any such indebtedness is not paid when due or, as the case may be, within any originally applicable grace period, or (C) the Issuer fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this paragraph (iii) have occurred equals or exceeds U.S.\$20,000,000 or its equivalent (on the basis of the middle spot rate for the relevant currency against the U.S. dollar as quoted by any leading bank on the day on which this paragraph operates); or
- (d) **Insolvency:** the Issuer is insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or a material part of (or of a particular type of) its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared or comes into effect in respect of or affecting all or any part of (or of a particular type of) the debts of the Issuer; or
- (e) **Winding-up:** an administrator is appointed, an order is made or an effective resolution passed for the winding-up or dissolution or administration of the Issuer or any of its Subsidiaries, or the Issuer shall apply or petition for a winding-up or administration order in respect of itself or ceases or through an official action of its board of directors threaten to cease to carry on all or substantially all of its business or operations, in each case except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation on terms approved by an Extraordinary Resolution (as defined in the Agency Agreement) of the Noteholders; or
- (f) **Illegality:** it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under any of the Senior Notes; or
- (g) **Analogous Events:** any event occurs that under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of the foregoing paragraphs.

(B) Applicable to Subordinated Notes only

- (a) Subject to the provisions in Condition 3(c), if any Bankruptcy Event or the liquidation of the Issuer shall occur and be continuing, then, in any such event, the holder of any Subordinated Note may by written notice to the Issuer declare such Note to be forthwith due and payable upon receipt of such notice by the Issuer whereupon such Note shall become due and repayable at its principal amount plus accrued interest (if any).
- (b) Except as expressly provided in this Condition 10(B), no holder of any Subordinated Note shall have any right to accelerate any payment of principal or interest in respect of the Subordinated Notes.
- (c) The only action the holder of a Subordinated Note may take against the Issuer on acceleration of the Subordinated Notes is to prove claims in the liquidation or other applicable proceedings in respect of the Issuer in Korea.

11 Meeting of Noteholders and Modifications

- (a) **Meetings of Noteholders:** The Agency Agreement contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Agency Agreement) of a modification of any of these Conditions. Such a meeting may be convened by Noteholders holding not less than 10 per cent. in nominal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the nominal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to amend the dates of maturity or redemption of the Notes, any Instalment Date or any date for payment of interest or Interest Amounts on the Notes, (ii) to reduce or cancel the nominal amount of, or any Instalment Amount of, or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes, (iv) if a Minimum and/or a Maximum Rate of Interest, Instalment Amount or Redemption Amount is shown hereon, to reduce any such Minimum and/or Maximum, (v) to vary any method of, or basis for, calculating the Final Redemption Amount, the Early Redemption Amount or the Optional Redemption Amount, including the method of calculating the Amortised Face Amount, (vi) to vary the currency or currencies of payment or denomination of the Notes, (vii) in the case where the Note is a Subordinated Note, to modify the provisions concerning Subordination referred to in Condition 3(b) or 3(c) or (viii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, in which case the necessary quorum shall be two or more persons holding or representing not less than 75 per cent. or at any adjourned meeting not less than 25 per cent. in nominal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

The Agency Agreement provides that a resolution in writing signed by or on behalf of the holders of not less than 90 per cent. in nominal amount of the Notes outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

These Conditions may be amended, modified or varied in relation to any Series of Notes by the terms of the relevant Pricing Supplement in relation to such Series.

- (b) **Modification of Agency Agreement:** The Issuer shall only permit any modification of, or any waiver or authorisation of any breach or proposed breach of or any failure to comply with, the Agency Agreement, if to do so would not be materially prejudicial to the interests of the Noteholders. Any determination as to material prejudice applying to the interests of the Noteholders pursuant to these Conditions (including this Condition 11(b)) shall be made by the Issuer and none of the Agents shall have any responsibility or liability whatsoever with respect to such determination. Any modification

shall be binding on the Noteholders and shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 14.

12 Replacement of Notes, Certificates, Receipts, Coupons and Talons

If a Note, Certificate, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Fiscal Agent (in the case of Bearer Notes, Receipts, Coupons or Talons) and of the Registrar (in the case of Certificates) or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note, Certificate, Receipt, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Notes, Certificates, Receipts, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Notes, Certificates, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

13 Further Issues

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further notes having the same terms and conditions as the Notes (so that, for the avoidance of doubt, references in these Conditions to “Issue Date” shall be to the first issue date of the Notes) and so that the same shall be consolidated and form a single series with such Notes, and references in these Conditions to “Notes” shall be construed accordingly.

14 Notices

Notices required to be given to the holders of Registered Notes pursuant to the Conditions shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Notices required to be given to the holders of Bearer Notes pursuant to the Conditions shall be valid if published in a daily newspaper of general circulation in London (which is expected to be the *Financial Times*). So long as the Notes are listed and/or admitted to trading, notices required to be given to the holders of the Notes pursuant to the Conditions shall also be published (if such publication is required) in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Notes are listed/and or admitted to trading. If any such publication is not practicable, notice required to be given pursuant to the Conditions shall be validly given if published in another leading daily English language newspaper with general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the date of the first publication as provided above.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Notes in accordance with this Condition.

15 Currency Indemnity

Any amount received or recovered in a currency other than the currency in which payment under the relevant Note, Coupon or Receipt is due (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the insolvency, winding-up or dissolution of the Issuer or otherwise) by any Noteholder or Couponholder in respect of any sum expressed to be due to it from the Issuer shall only constitute a discharge to the Issuer to the extent of the amount in the currency of payment under the relevant Note, Coupon or Receipt that the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If the amount received or recovered is less than the amount expressed to be due to the recipient under any Note, Coupon or Receipt, the Issuer shall indemnify it against any loss sustained by it as a result. In any event, the Issuer shall indemnify the recipient against the cost of making any such purchase. For the

purposes of this Condition, it shall be sufficient for the Noteholder or Couponholder, as the case may be, to demonstrate that it would have suffered a loss had an actual purchase been made. These indemnities constitute a separate and independent obligation from the Issuer's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Noteholder or Couponholder and shall continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note, Coupon or Receipt or any other judgment or order.

16 Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

17 Governing Law and Jurisdiction

- (a) **Governing Law:** The Notes, the Receipts, the Coupons and the Talons and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law, except that in the case of Subordinated Notes, Conditions 3(b) and 3(c) are governed by, and shall be construed in accordance with, Korean law.
- (b) **Jurisdiction:** The Courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with any Notes, Receipts, Coupons or Talons and accordingly any legal action or proceedings arising out of or in connection with any Notes, Receipts, Coupons or Talons (“**Proceedings**”) may be brought in such courts. The Issuer irrevocably submits to the jurisdiction of the courts of England and waives any objection to Proceedings in such courts on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This submission is made for the benefit of each of the holders of the Notes, Receipts, Coupons and Talons and shall not affect the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).
- (c) **Service of Process:** The Issuer irrevocably appoints Korea Investment & Securities Europe Ltd. of 10th Floor, 30 Crown Place, London, EC2A 4EB as its agent in England to receive, for it and on its behalf, service of process in any Proceedings in England. Such service shall be deemed completed on delivery to such process agent (whether or not, it is forwarded to and received by the Issuer). If for any reason such process agent ceases to be able to act as such or no longer has an address in London, the Issuer irrevocably agrees to appoint a substitute process agent and shall immediately notify Noteholders of such appointment in accordance with Condition 14. Nothing shall affect the right to serve process in any manner permitted by law.

CAPITALISATION

The following table sets out the Group's capitalisation, consisting of debt and equity, as of 31 March 2021. This information has been derived from the unaudited consolidated statement of financial position as of 31 March 2021 included elsewhere in this Prospectus.

The table below should be read in conjunction with the Company's financial statements, including the notes thereto, included elsewhere in this Prospectus.

	As of 31 March 2021	
	(in billions of Won and millions of U.S. dollars) ⁽¹⁾	
Debt:		
Borrowings	₩28,519.3	U.S.\$25,160.4
Equity attributable to owners of the Group:		
Capital stock	175.8	155.1
Capital surplus	3,826.9	3,376.2
Accumulated other comprehensive income	83.9	74.0
Retained earnings	1,825.7	1,610.7
Sub-total	5,912.4	5,216.0
Non-controlling interests	6.0	5.3
Total equity	5,918.4	5,221.3
Total capitalisation⁽²⁾	₩34,437.7	U.S.\$30,381.7

Notes:

(1) Won amounts have been converted into U.S. dollars solely for the convenience of the readers at the Market Average Exchange Rate of ₩1,133.5 to U.S.\$1.00 on 31 March 2021.

(2) Total capitalisation is defined as debt plus total equity.

SELECTED CONSOLIDATED FINANCIAL DATA

The selected financial and other information set forth below should be read in conjunction with the Company's consolidated financial statements and related notes included elsewhere in this Prospectus. The selected consolidated financial information set forth below as of and for the years ended 31 December 2019 and 2020 have been derived from the Company's audited consolidated financial statements and related notes, which have been prepared in accordance with K-IFRS. The selected consolidated financial information set forth below as of 31 March 2021 and for the three months ended 31 March 2020 and 2021 have been derived from the Company's unaudited interim consolidated financial statements and related notes which have been prepared in accordance with K-IFRS 1034 Interim Financial Reporting.

Consolidated Statements of Comprehensive Income

	For the years ended 31 December		For the three months ended 31 March	
	2019	2020	2020	2021
	(in billions of Won)			
Operating revenues				
Fee and commission income	897.1	1,228.8	272.2	436.2
Interest income on financial instruments measured at amortized cost and at fair value through other comprehensive income	434.1	479.9	112.1	128.8
Interest income on financial instruments measured at fair value through profit or loss	577.9	629.3	154.7	140.8
Interest income	1,012.0	1,109.3	266.8	269.5
Dividend income	69.7	72.2	30.5	27.2
Gain on valuation and disposal of financial instruments	7,339.6	11,393.1	6,738.1	3,424.4
Gain on foreign currency transactions	891.6	2,067.3	581.5	459.4
Other operating revenues	65.5	83.6	18.4	45.1
Reversal of credit loss allowance	1.4	0.5	0.4	4.6
	10,276.9	15,954.8	7,907.9	4,666.4
Operating expenses				
Fee and commission expense	(147.5)	(210.5)	(61.6)	(63.6)
Interest expense	(405.3)	(338.8)	(94.3)	(66.4)
Loss on valuation and disposal of financial instruments	(7,128.2)	(11,603.6)	(7,195.5)	(3,327.3)
Loss on foreign currency transactions	(940.4)	(2,145.0)	(618.5)	(477.3)
Selling and administrative expenses	(780.0)	(799.7)	(123.5)	(274.5)
Other operating expenses	(18.5)	(37.0)	(1.4)	(24.8)
Provision for credit loss allowance	(20.8)	(59.4)	(4.4)	(8.8)
	(9,440.6)	(15,193.9)	(8,099.3)	(4,242.8)
Operating income (loss)	836.3	760.9	(191.4)	423.6
Non-operating income	123.5	238.6	35.4	75.8
Non-operating expenses	(23.5)	(27.5)	(10.7)	(21.8)
Profit before income tax	936.3	972.0	(166.7)	477.6
Income tax expense	(251.9)	(264.2)	32.8	(127.0)
Profit (loss) for the period	684.4	707.8	(133.9)	350.6
Other comprehensive income (loss) for the period, net of tax	(51.1)	(82.0)	(42.3)	54.1

SELECTED CONSOLIDATED FINANCIAL DATA

	For the years ended 31 December		For the three months ended 31 March	
	2019	2020	2020	2021
	(in billions of Won)			
<i>Items that are or will be subsequently reclassified to profit or loss:</i>				
Change in fair value of debt instruments measured at fair value through other comprehensive income . . .	2.0	0.4	1.6	(1.8)
Change in credit risk of debt instruments measured at fair value through other comprehensive income	—	—	0.2	(0.0)
Increase (decrease) in other comprehensive income of associates	(2.2)	2.7	4.1	0.5
Exchange differences on translation of foreign operations	25.6	(72.2)	40.5	43.6
	<u>25.4</u>	<u>(69.2)</u>	<u>46.3</u>	<u>42.3</u>
<i>Items that will not be reclassified subsequently to profit or loss:</i>				
Change in fair value of equity instruments measured at fair value through other comprehensive income	(73.6)	(19.3)	(86.8)	11.9
Remeasurements of the net defined benefit liabilities	(2.1)	3.9	(2.2)	0.7
Changes in credit risk of financial liabilities designated at fair value through profit or loss	(0.8)	2.6	0.4	(0.8)
	<u>(76.5)</u>	<u>(12.8)</u>	<u>(88.7)</u>	<u>11.8</u>
Total comprehensive income (loss) for the period, net of	<u>633.3</u>	<u>625.8</u>	<u>(176.2)</u>	<u>404.7</u>
Total profit (loss) attributable to:				
Owners of the Group	684.9	708.0	(133.7)	350.6
Non-controlling interests	(0.5)	(0.3)	(0.2)	(0.0)
	<u>684.4</u>	<u>707.8</u>	<u>(133.9)</u>	<u>350.6</u>
Total comprehensive income (loss) attributable to:				
Owners of the Group	632.9	626.5	(175.0)	404.6
Non-controlling interests	0.4	(0.7)	(1.2)	0.0
	<u>633.3</u>	<u>625.8</u>	<u>(176.2)</u>	<u>404.7</u>

Consolidated Statements of Financial Position

	As of 31 December		As of
	2019	2020	31 March 2021
	(in billions of Won)		
Assets			
Cash due from banks	5,252.4	5,197.2	5,251.7
Financial assets measured at fair value through profit or loss	33,409.8	40,404.9	41,319.6
Derivative financial assets	845.8	1,195.2	820.7
Financial assets measured at fair value through other comprehensive income	2,613.4	2,187.1	2,291.9
Investments in associates	1,697.8	2,126.4	1,934.1
Financial assets measured at amortised cost	5,896.5	6,718.2	7,096.5
Property and equipment	363.1	366.3	362.1
Intangible assets	293.2	298.1	300.9
Investment property	163.2	161.5	164.0
Current tax assets	3.3	7.5	8.0
Deferred tax assets	0.2	0.2	0.3
Other financial assets measured at amortised cost	2,885.7	2,248.9	2,420.9
Other non-financial assets	23.3	52.2	48.2
Total assets	53,447.8	60,963.8	62,018.8
Liabilities			
Deposits	3,763.3	9,195.1	8,420.4
Financial liabilities measured at fair value through profit or loss	3,985.5	2,767.2	2,572.5
Derivative financial liabilities	954.0	1,823.7	1,299.8
Financial liabilities designated as measured at fair value through profit or loss	13,953.5	11,165.8	10,574.0
Borrowings	20,511.6	25,917.6	28,519.3
Defined benefit liabilities	6.9	4.1	5.3
Provisions	13.2	15.1	19.1
Current tax liabilities	0.9	3.0	3.5
Deferred tax liabilities	70.5	63.1	70.7
Other financial liabilities	4,572.8	3,896.8	4,197.5
Other non-financial liabilities	182.2	298.8	418.3
Total liabilities	48,014.3	55,150.0	56,100.4
Equity			
Equity attributable to owners of the Group			
Capital stock	175.8	175.8	175.8
Capital surplus	3,827.6	3,826.9	3,826.9
Accumulated other comprehensive income	111.4	29.9	83.9
Retained earnings	1,307.1	1,775.1	1,825.7
	5,422.0	5,807.7	5,912.4
Non-controlling interests	11.6	6.0	6.0
Total equity	5,433.5	5,813.7	5,918.4
Total liabilities and equity	53,447.8	60,963.8	62,018.8

THE KOREAN SECURITIES INDUSTRY

The following overview of the securities industry in Korea has been provided for background purposes only. The information presented in this section is derived from various government and private publications. Neither we nor any of our affiliates or advisers, nor the Dealers or any of their affiliates or advisers, have independently verified the information presented in this section or make any representation as to the accuracy or completeness of the information.

Overview of the Korean Securities Industry

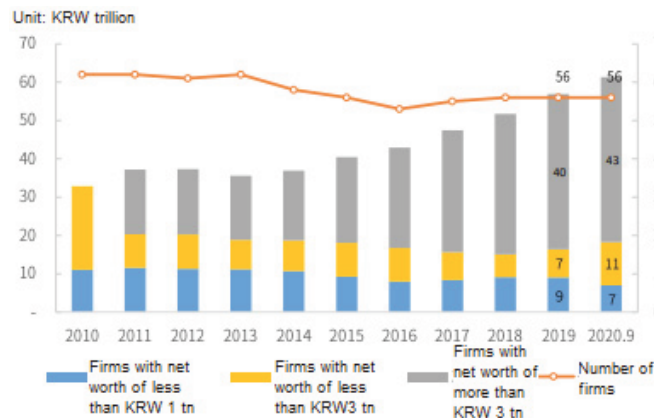
As of September 2020, there were 56 Korean securities companies. It was the seventh consecutive year with fewer than 60 securities companies in existence in Korea, after a string of four straight years of over 60 securities companies from 31 December 2010 to 31 December 2013. Total net worth of the Korean securities industry is on the rise and has surpassed Won 61 trillion in September 2020.

Changes in the number of Korean securities firms' branches and employees



Source: KCMI, FSS, KOPIA

Changes in net worth of Korean securities firms



Note:

Foreign securities firms are not included in this table.

Source: KCMI, FSS, KOPIA

Return on equity (“ROE”) of the securities industry has continued to increase since 2016. ROE of Korean securities industry was 8.69% in 2020.¹ ROE of medium-sized securities companies was 10.4%. The securities industry’s price-to-earnings ratio (“PER”) was 7 and the dividend rate was 3.1%.

Note:

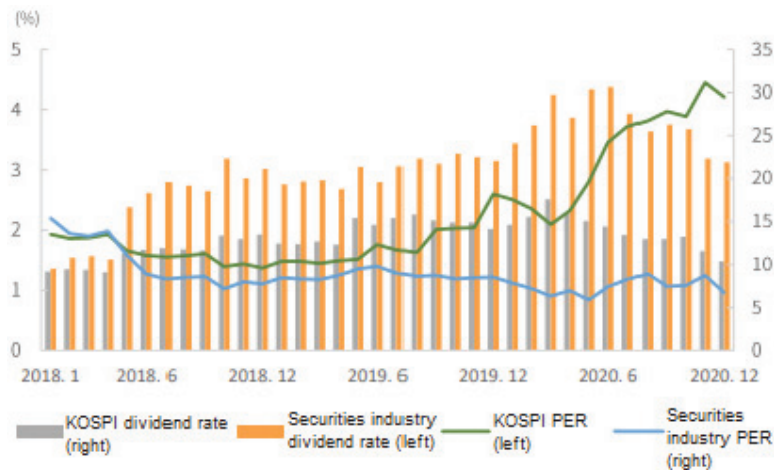
(1) 2020 performance was calculated based on the period from October 2019 to September 2020 for comparison purpose.

ROE Changes of the Korean securities firms



Source: KCMI

Dividend rate and PER change of the Korean securities industry



Source: KCMI, Korea Exchange

Trends in the Korean Securities Industry

Since the introduction of the Comprehensive Financial Investment Business Entities system in 2013, the securities industry has experienced an increase in size of companies within the industry, especially among those companies with a focus on the investment banking sub-sector, one of the sectors that has experienced an increase in activity partly due to the highly competitive nature of the brokerage sub-sector. The increasing gap in financial strength of companies in the industry may lead to a shift in the competition structure as new business opportunities arise for large-sized firms and competition increases among the small and medium-sized companies. In 2020, large-sized firms with net worth of Won 3 trillion or more accounted for 70 per cent. of the total net worth, a 20 per cent. increase from 2011.

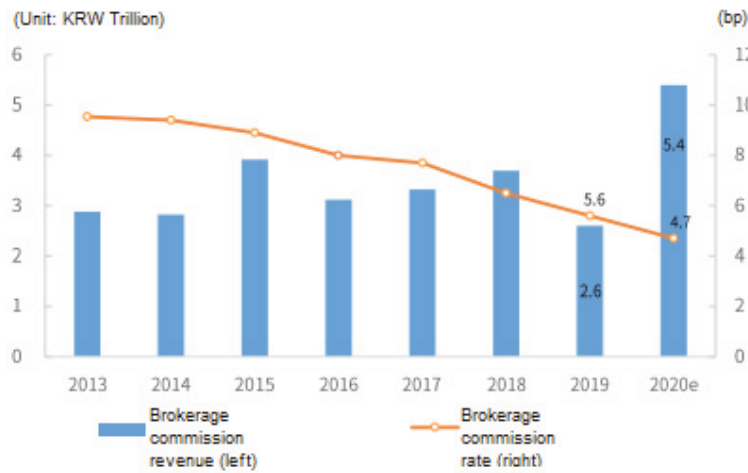
In 2020, securities firms also streamlined their organisational operations by reducing their branches from 1,026 in 2019 to 986 in 2020. Although the total number of employees increased to around 37,000 from 36,000 in 2019, increasing usage of mobile and digital platforms decreased the need for securities firms to establish and maintain traditional brick-and-mortar branches.

Performance by Sectors

Brokerage

In 2020, active stock trading accounts increased 21.9% per cent. from 29.4 million to 35.5 million due to the increase in mobile and digital account openings. Although increased competition in mobile and digital platforms had a negative impact on brokerage commission rate, brokerage commission revenue increased from Won 2.6 trillion in 2019 to Won 5.4 trillion (estimated) in 2020.

Changes in brokerage commission revenue and commission rate



Note:

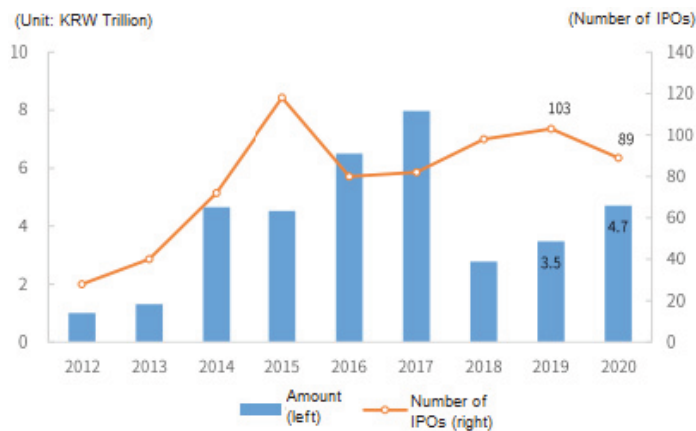
Tentative figure for 2020 was calculated by estimating performance from 1 October 2020 to 31 December 2020 by considering quarterly revenue and transaction amount from 1 January 2020 to 31 September 2020.

Source: KCMI, Korea Exchange

Initial Public Offerings

The IPO market in 2017 was the most active in Korea since 2010 due to favourable market conditions. The IPO market in 2018 amounted to Won 2.8 trillion, which was a 65 per cent. decrease from that of 2017. This decrease was due to, among other things, uncertainties in the stock market, issues arising in accounting supervision, and the general absence of IPOs by large conglomerates. In 2019 and 2020, both the number of IPOs and transaction amount continued to increase slightly.

Changes in the domestic IPO market

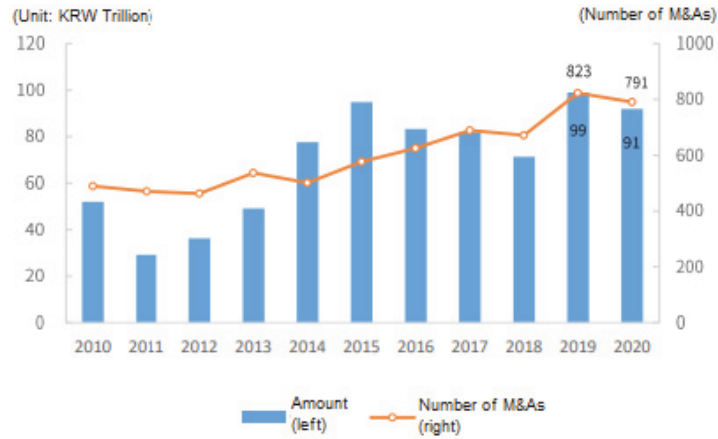


Source: KCMI, KIND, FSS

Mergers & Acquisitions

In 2020, there were 791 M&A transactions totalling Won 91 billion. Although the total number of M&A transactions decreased compared to 2019, the number of M&A transactions is set to increase in 2021 as the economy recovers from COVID-19.

Changes in domestic M&A market



Notes:

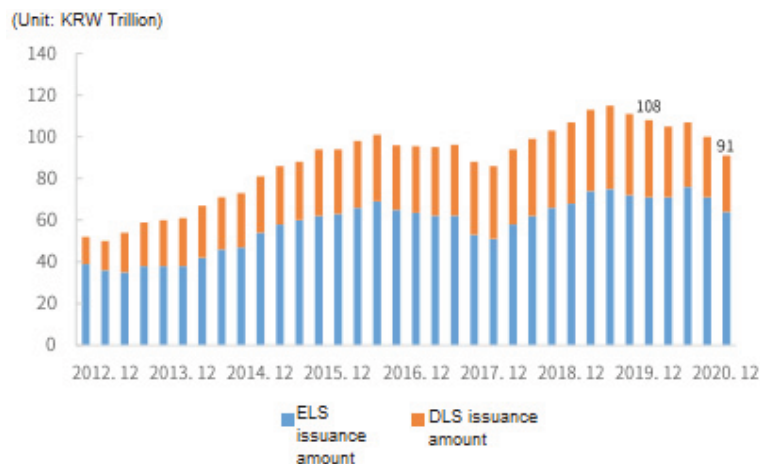
(1) Above data is based on completed transactions.

Source: KCMI, Bloomberg

Sale of Securities

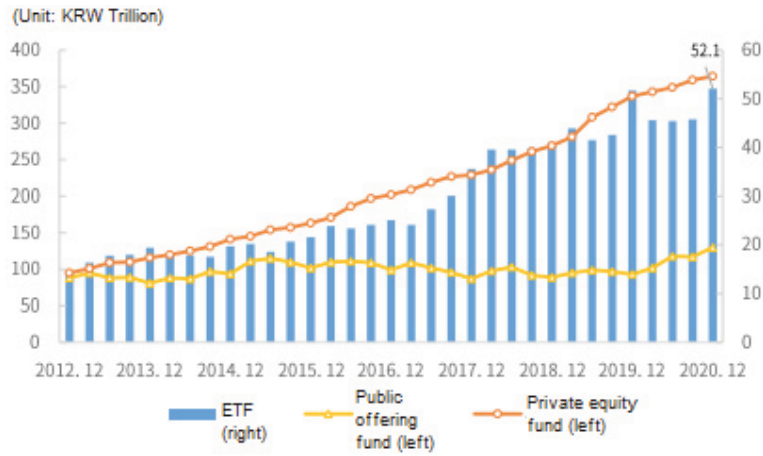
In 2020, the total amount of equity-linked securities (“ELS”) and derivatives-linked securities (“DLS”) issuances was Won 91 trillion, a 15.7% decrease from Won 108 trillion in 2019. Due to increased regulations on complex financial products, as well as an increase in direct investments from retail investors, the sale of private equity funds has decreased in 2020 and is projected to continue decreasing in 2021. Sale of exchange traded funds (“ETF”), on the other hand, is set to continue increasing in 2021.

Changes in ELS and DLS issuance amount



Source: KCMI, KOFIA

Changes in the domestic IPO market



Source: KCMI, KOFIA

DESCRIPTION OF THE COMPANY

Overview

For the past 40 years, Korea Investment & Securities (the “Company”) has been one of Korea’s leading financial institutions and continues to expand into global market beyond Korea through its overseas subsidiaries and offices. Since its establishment in 1974 as Korea Investment Trust, and the merger with Dongwon Securities in 2005, the Company has been active in multiple areas of the financial investment business.

The Company’s headquarter is located in Korea. As of the date of this Prospectus, the Company carried out its business activities through its global network comprising 75 domestic branches, 5 domestic offices, 2 representative offices (in Beijing and Tokyo) and 9 overseas subsidiaries and had approximately 2,840 domestic employees. The Company’s global operations span 8 countries, including the United States, Hong Kong, Vietnam, Indonesia, Singapore, China, Japan and the United Kingdom with approximately 441 employees engaged in local equity and futures brokerage business, fixed income sales & trading, initial public offering, OTC derivatives and global investment banking.

As of 31 March 2021, the Company generated its revenue primarily through the following 4 reportable segments and prepared its segment reporting information accordingly for the purposes of resource allocation and assessment of each segment’s performance:

Wealth Management: providing equity and derivative (product) brokerage, securities trading, sales and trading, financial consultation, fixed income trading, acquisition and other services for individual and corporate customers;

Corporate Finance: conducting investment banking business all around such as M&A advisory, initial public offering, alternative investment, project & structured finance and underwriting;

Asset Management: conducting asset management business with its subsidiaries, Korea Investment Management Co., Ltd. and Korea Investment Value Asset Management Co., Ltd.; and

Overseas: conducting principal investment and investment banking business as well as other businesses such as equity/bond brokerage, margin loan (credit), acting as liquidity provider, ETF authorised participant and liquidity provider, and Korean stock brokerage for foreigners through overseas subsidiaries in Vietnam, Indonesia, Hong Kong, Beijing, KIS US (New York) and other subsidiaries of the Company.

For the financial year ended 31 December 2020, the Company’s operating revenue was Won 15,954.8 billion and profit was Won 707.8 billion on a consolidated basis, compared to Won 10,276.9 billion and Won 684.4 billion for the financial year ended 31 December 2019, an increase of 55.3 per cent. and 3.4 per cent., respectively. For the three months ended 31 March 2021, the Company’s consolidated operating revenue was Won 4,666.4 billion and consolidated profit was Won 350.6 billion, compared to Won 7,907.9 billion and a loss of Won 133.9 billion for the three months ended 31 March 2020, a decrease of 41.0 per cent. and turning to the profit from the loss, respectively.

Korea Investment Holdings Co., Ltd (“KIH”) is the Company’s sole shareholder. The major shareholder of KIH as of 31 March 2021, was Nam-goo Kim with 20.7 per cent. interest in KIH.

History of the Company

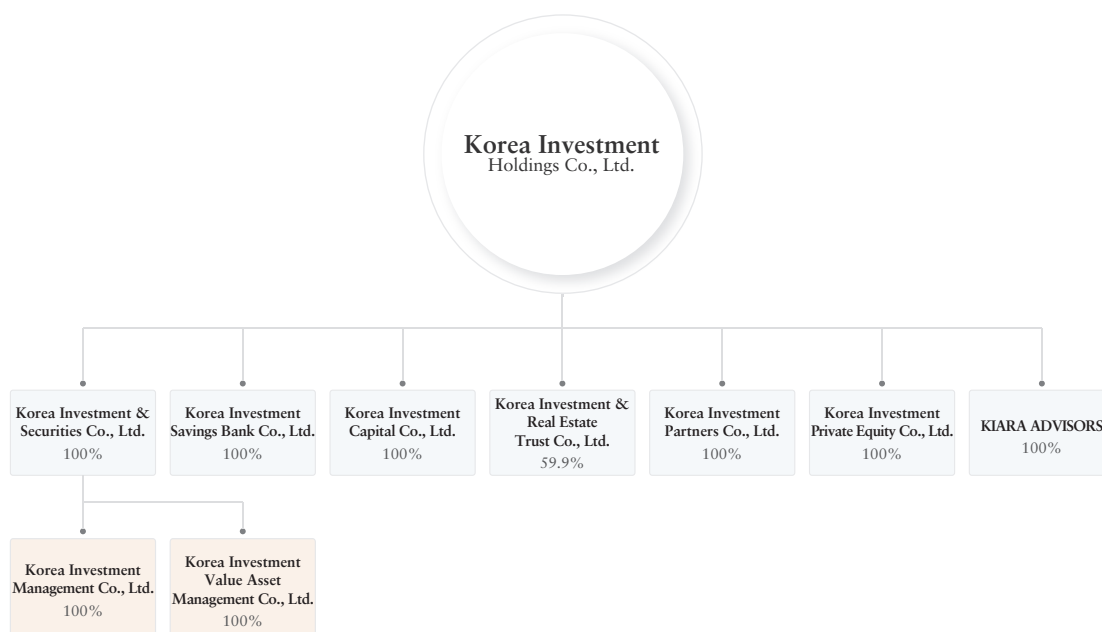
Set out below is a summary of the history of the Company:

- 1974 Established Korea Investment Trust (renamed “Korea Investment & Securities” afterwards)
- 1995 Established Korea Investment & Securities Europe, Ltd. in London
- 1997 Established Korea Investment & Securities Asia, Ltd. in Hong Kong
- 2000 Established Korea Investment & Securities America, Inc. in New York
- 2005 Dongwon Securities and Korea Investment & Securities merged
- 2006 Launched online brokerage service (BankIS)
- 2008 Established Korea Investment & Securities Singapore Pte Ltd. in Singapore
- 2010 Established True Friends Investment Advisory firm in Beijing
Acquired KIS Vietnam Securities Corporation in Vietnam
- 2011 Became the first qualified prime brokerage service provider in the industry
- 2012 Korea Investment Trust Management Co., Ltd. & Korea Investment Value Asset Co., Ltd. became subsidiaries of the Company
- 2015 Designated as an agency for National Employment Insurance Fund
- 2016 Reached Won 4 trillion in equity capital
Acquired 4% of Woori Bank’s equity stake
- 2017 Designated as a mega investment bank
Selected as the first domestic company to issue promissory notes in Korea
- 2018 Acquired PT Korea Investment & Sekuritas Indonesia
- 2019 Established KISI Asset Management in Indonesia
Re-selected as an exclusive agency for National Employment Insurance Fund
- 2021 Established Korea Investment & Securities US, Inc. in New York

Corporate Structure

The following is a diagrammatic illustration of the shareholding and the corporate structure of KIH incorporating the Company as of 31 March 2021:

Ownership structure of the Company’s group (domestic)



Subsidiaries of the Company

An overview of each of the Company's subsidiaries is set out below:

Korea Investment Management. is an investment trust company and is one of the leading asset managers in Korea. It continues to maintain industry-leading performance in terms of asset size and profitability.

Korea Investment Value Asset Management. is a value investment company. By investing in undervalued stocks, it pursues a greater long-term compound yield for investors. It is working to increase wealth of clients through value investing funds such as the flagship 'Korea Value 10-Year Investment Fund (Equity)' as well as pension funds and dividend stock funds.

Business Activities

As of 31 March 2021, the Company generates its revenue primarily through four segments: (1) Wealth Management segment, (2) Corporate Finance segment, (3) Asset Management segment, and (4) Overseas segment.

To support the existing business segments, the Company has established finance, internal audit, legal, compliance and dealing and operations teams. The following tables set forth the breakdown of the Company's profit by business segments and their respective percentages of contribution to total profit of the Company for the years ended 31 December 2019 and 2020 and for the three months ended 31 March 2020 and 2021:

	For the year ended 31 December 2019		For the year ended 31 December 2020	
	Amount	Percentage	Amount	Percentage
	(in billions of Won)	(%)	(in billions of Won)	(%)
Wealth Management segment	622.6	6.0	910.9	5.6
Corporate Finance segment	9,439.1	90.8	14,523.0	89.7
Asset Management segment	150.0	1.4	147.2	0.9
Overseas segment	67.1	0.6	196.4	1.2
Intragroup adjustments	121.6	1.2	415.9	2.6
Total profit	10,400.4	100.0	16,193.4	100.0
	For the three months ended 31 March 2020		For the three months ended 31 March 2021	
	Amount	Percentage	Amount	Percentage
	(in billions of Won)	(%)	(in billions of Won)	(%)
Wealth Management segment	208.4	2.6	378.5	8.0
Corporate Finance segment	7,572.6	95.3	4,174.1	88.0
Asset Management segment	34.1	0.4	41.7	0.9
Overseas segment	57.5	0.7	54.0	1.1
Intragroup adjustments	70.8	0.9	93.9	2.0
Total profit	7,943.4	100.0	4,742.2	100.0

The Wealth Management segment

The Wealth Management segment is one of the key income sources at the Company and generates a steady stream of income. The Wealth Management segment's income stems mostly from providing equity and derivative (product) brokerage, securities trading, sales and trading, financial consultation, fixed income trading, acquisition and other services for individual and corporate customers.

DESCRIPTION OF THE COMPANY

The tables below set forth highlights of the Wealth Management segment's operating results for the years ended 31 December 2019 and 2020 and for the three months ended 31 March 2020 and 2021:

	For the year ended 31 December	
	2019	2020
	(in billions of Won)	
Total profit	622.6	910.9
Profit before tax	85.0	245.7
Interest income	160.2	175.6
Interest expenses	(12.9)	(8.4)
Net fee and commission income	236.5	402.2
Net gains on valuation and disposal of financial assets (liabilities)	132.9	187.4
Selling and administrative expenses	(364.6)	(409.8)
Others	(67.1)	(101.4)
	For the three months ended 31 March	
	(in billions of Won)	
Total profit	208.4	378.5
Profit before tax	0.4	122.6
Interest income	38.9	59.6
Interest expenses	(2.6)	(1.7)
Net fee and commission income	78.5	148.4
Net gains (losses) on valuation and disposal of financial assets (liabilities)	(14.7)	39.6
Selling and administrative expenses	(86.2)	(113.6)
Others	(13.4)	(9.7)

Profit contribution of the Wealth Management segment for the years ended 31 December 2019 and 2020 were Won 622.6 billion and Won 910.9 billion, respectively. Profit contribution of the Wealth Management segment for the three months ended 31 March 2020 and 2021 were Won 208.4 billion and Won 378.5 billion, respectively.

The Wealth Management segment contributed 6.0 per cent. of the profit for the year ended 31 December 2019 and 5.6 per cent. of the profit for the year ended 31 December 2020. The Wealth Management segment contributed 2.6 per cent. of the profit for the three months ended 31 March 2020 and 8.0 per cent. of the profit for the three months ended 31 March 2021.

The Corporate Finance segment

The Corporate Finance segment plays a pivotal role in the business portfolio of the Company. Income is generated from conducting investment banking business all around such as M&A advisory, initial public offering, alternative investment, project & structured finance and underwriting.

The tables below set forth highlights of the Corporate Finance segment's operating results for the years ended 31 December 2019 and 2020 and for the three months ended 31 March 2020 and 2021:

	For the year ended 31 December	
	2019	2020
	(in billions of Won)	
Total profit	9,439.1	14,523.0
Profit before tax	793.5	587.0
Interest income	761.1	781.6
Interest expenses	(370.7)	(290.7)
Net fee and commission income	398.3	531.8
Net gains (losses) on valuation and disposal of financial assets (liabilities)	102.7	(382.6)
Selling and administrative expenses	(324.8)	(298.0)
Others	227.0	245.0

DESCRIPTION OF THE COMPANY

	For the three months ended 31 March	
	2020	2021
	(in billions of Won)	
Total profit	7,572.6	4,174.1
Profit before tax	(118.2)	355.2
Interest income	194.9	170.2
Interest expenses	(82.6)	(56.5)
Net fee and commission income	116.8	198.6
Net gains (losses) on valuation and disposal of financial assets (liabilities) ...	(383.5)	55.4
Selling and administrative expenses	(16.8)	(135.9)
Others	53.0	123.3

Profit contribution of the Corporate Finance segment for the years ended 31 December 2019 and 2020 were Won 9,439.1 billion and Won 14,523.0 billion, respectively. Profit contribution of the Corporate Finance segment for the three months ended 31 March 2020 and 2021 were Won 7,572.6 billion and Won 4,174.1 billion, respectively.

The Corporate Finance segment contributed 90.8 per cent. of the profit for the year ended 31 December 2019 and 89.7 per cent. of the profit for the year ended 31 December 2020. The Corporate Finance segment contributed 95.3 per cent. of the profit for the three months ended 31 March 2020 and 88.0 per cent. of the profit for the three months ended 31 March 2021.

The Asset Management segment

The Asset Management segment income includes the incomes generated from conducting asset management business with its subsidiaries, Korea Investment Management Co., Ltd. and Korea Investment Value Asset Management Co., Ltd.

The tables below set forth highlights of the Asset Management segment's operating results for the years ended 31 December 2019 and 2020 and for the three months ended 31 March 2020 and 2021:

	For the year ended 31 December	
	2019	2020
	(in billions of Won)	
Total profit	150.0	147.2
Profit before tax	62.2	54.3
Interest income	1.2	0.5
Interest expenses	(0.4)	(0.3)
Net fee and commission income	127.0	113.7
Net gains (losses) on valuation and disposal of financial assets (liabilities) ...	(0.5)	0.8
Selling and administrative expenses	(68.6)	(64.9)
Others	3.5	4.5

	For the three months ended 31 March	
	2020	2021
	(in billions of Won)	
Total profit	34.1	41.7
Profit before tax	6.4	19.3
Interest income	0.2	0.1
Interest expenses	(0.1)	(0.1)
Net fee and commission income	26.8	33.2
Net gains (losses) on valuation and disposal of financial assets (liabilities) ...	(0.7)	0.3
Selling and administrative expenses	(16.1)	(15.9)
Others	(3.6)	1.7

DESCRIPTION OF THE COMPANY

Profit contribution of the Asset Management segment for the years ended 31 December 2019 and 2020 were Won 150.0 billion and Won 147.2 billion, respectively. Profit contribution of the Asset Management segment for the three months ended 31 March 2020 and 2021 were Won 34.1 billion and Won 41.7 billion, respectively.

The Asset Management segment contributed 1.4 per cent. of the profit for the year ended 31 December 2019 and 0.9 per cent. of the profit for the year ended 31 December 2020. The Asset Management segment contributed 0.4 per cent. of the profit for the three months ended 31 March 2020 and 0.9 per cent. of the profit for the three months ended 31 March 2021.

The Overseas segment

Income from the Overseas segment consists of incomes generated from the Company's overseas subsidiaries such as:

- (A) **Vietnam:** equity/bond brokerage, margin loan (credit), investment banking (bond issue, acquisition and M&A advisory), covered warrant issue, acting as liquidity provider ("LP"), ETF authorised participant ("AP") and LP, and principal investment;
- (B) **Indonesia:** stock/bond brokerage, margin loan (credit), investment banking (bond issue, acquisition and M&A advisory), acting as LP, ETF AP and LP, and principal investment;
- (C) **Hong Kong:** foreign currency bond trading, acting as ETF AP and LP, Korean stock brokerage for foreigners, Hong Kong stock brokerage for Koreans, Chinese stocks (in preparation) and Hong Kong derivatives brokerage, investment banking (foreign acquisition finance, overseas alternative investment, Pre-IPO and M&A advisory), principal investment, Hong Kong futures arbitrage and OTC derivatives trading;
- (D) **Beijing Advisory:** Korea-China cross-border sourcing and financial advisory;
- (E) **KIS US (New York):** investment banking (overseas acquisition finance, overseas alternative investment, pre-IPO and M&A Advisory) and principal investment; and
- (F) **Other companies (KIS America, Singapore and London):** Korean stock brokerage for foreigners.

	For the year ended 31 December	
	2019	2020
	(in billions of Won)	
Total profit	67.1	196.4
Profit before tax	10.6	11.6
Interest income	23.2	32.6
Interest expenses	(2.8)	(5.6)
Net fee and commission income	10.6	19.2
Net gains (losses) on valuation and disposal of financial assets (liabilities)	2.7	(7.8)
Selling and administrative expenses	(20.8)	(25.9)
Others	(2.3)	(0.9)
	For the three months ended 31 March	
	2020	2021
	(in billions of Won)	
Total profit	57.5	54.0
Profit before tax	(16.4)	5.6
Interest income	8.4	7.2
Interest expenses	(1.8)	(1.5)
Net fee and commission income	2.1	7.5
Net gains (losses) on valuation and disposal of financial assets (liabilities)	(20.1)	0.9
Selling and administrative expenses	(5.3)	(8.8)
Others	0.2	0.3

DESCRIPTION OF THE COMPANY

Profit contribution of the Overseas segment for the years ended 31 December 2019 and 2020 were Won 67.1 billion and Won 196.4 billion, respectively. Profit contribution of the Overseas segment for the three months ended 31 March 2020 and 2021 were Won 57.5 billion and Won 54.0 billion, respectively.

The Overseas segment contributed 0.6 per cent. of the profit for the year ended 31 December 2019 and 1.2 per cent. of the profit for the year ended 31 December 2020. The Overseas segment contributed 0.7 per cent. of the profit for the three months ended 31 March 2020 and 1.1 per cent. of the profit for the three months ended 31 March 2021.

Competition

The Company competes principally with other nationwide securities companies in Korea. The Company also competes with other types of financial institutions in Korea, including nationwide commercial banks, regional banks, development banks, specialised banks, branches of foreign banks, savings institutions (such as mutual savings and finance companies and credit unions and credit cooperatives), investment institutions (such as merchant banking corporations), life insurance companies, non-life insurance companies and other financial investment companies.

The securities and finance industry in Korea is highly competitive, with 56 securities companies in operation in Korea as of September 2020, with the eight largest managing over 3 trillion won of capital. Competition in the domestic securities industry is generally based on sectors including brokerage, wealth management, investment banking and trading. The primary competitors of the Company include Mirae Asset Securities Co., Ltd., Samsung Securities Co., Ltd., KB Securities Co., Ltd. and NH Investment & Securities Co., Ltd.

In addition, general regulatory reforms in the Korean financial industry have increased competition among securities companies and other financial institutions in Korea. As the reform of the financial sector continues, foreign financial institutions, some with greater resources and industry knowhow than the Company, have entered, and may continue to enter, the Korean market either by themselves or in partnership with existing Korean financial institutions and compete with the Company in providing financial and related services.

Regulatory Requirements and Compliance

Principal Regulations Applicable to Financial Investment Companies in Korea

General

The FSCMA, which became effective in February 2009, regulates and governs the financial investment business in Korea. The entities that regulate and supervise financial investment companies are the Financial Services Commission (the “FSC”), the Financial Supervisory Service and the Securities and Futures Commission.

To comprehensively regulate the financial business (other than banks and insurance companies), which used to be governed by different laws prior to the implementation of the FSCMA, the FSCMA categorises capital markets-related businesses into six different functions:

- dealing—trading and underwriting of financial investment products;
- brokerage—brokerage of financial investment products;
- collective investment—establishment of collective investment schemes and the management thereof;
- investment advisory;
- discretionary investment management; and
- trusts (collectively, the “**Financial Investment Businesses**”).

License and Registration

Under the FSCMA, a company must obtain a license from the FSC to commence brokerage business, dealing business (including underwriting business), collective investment business or trust business, or

DESCRIPTION OF THE COMPANY

register with the FSC to commence investment advisory business or discretionary investment management business by satisfying certain conditions required thereunder. In doing so, the company must also choose the category of the Financial Investment Business and the financial investment products and the type of investors, with which it plans to deal. And only after completing such license or registration requirement, the company may engage in the Financial Investment Business as a “**Financial Investment Company**.” The Issuer has obtained licenses for dealing, brokerage and trusts, and registered for investment advisory and discretionary investment management, for almost every category of financial investment products and type of investors.

On the other hand, the FSC may designate a Financial Investment Company holding equity capital of no less than Won 3 trillion and engaging in dealing and brokerage business as a “**Comprehensive Financial Investment Business Entity**.” A Comprehensive Financial Investment Business Entity may engage in businesses such as prime brokerage business, providing loans and discount of bills, etc. The Issuer was designated as a Comprehensive Financial Investment Business Entity in 2013.

Concurrent Business and Incidental Business

Pursuant to the FSCMA and regulations thereunder, a Financial Investment Company may engage in concurrent business including, but not limited to, foreign exchange business under the Foreign Exchange Transactions Law and small and medium enterprise business investments under the Support for Small and Medium Enterprise Establishment Act (the “**SME Act**”), upon filing of the prior report to the FSC. A Financial Investment Company may also engage in business incidental to the Financial Investment Businesses upon filing of the prior report to the FSC. The FSCMA has been revised so that as of May 20, 2021, if a Financial Investment Company wishes to engage in any concurrent or incidental business, a filing of a prior report is no longer necessary but a simple report to the FSC within two weeks from engaging in such business is required.

The Issuer is engaged in incidental businesses, such as brokerage for mergers and acquisition of corporations, evaluation of securities and leasing of real property, that are incidental to the Financial Investment Business.

Regulation on Safety and Soundness

To maintain soundness in their business management, FSCMA requires the Financial Investment Companies to comply with guidelines for capital adequacy ratio, soundness of assets and liquidity. If a Financial Investment Company is found to be non-compliant with such guidelines, the FSC may impose sanctions and/or issue corrective actions against such Financial Investment Company. For instance, if a net capital ratio (the “**NCR**”) of an Issuer as an investment broker/dealer is below 100 per cent. or 50 per cent., the FSC may issue a management improvement recommendation or a management improvement requirement, respectively, against such Issuer. Further, if the Issuer has an NCR of below 0 per cent. or falls within the definition of “insolvent financial institutions” under the Act on the Structural Improvement of the Financial Industry, the FSC may issue a management improvement order against the Issuer. The following table sets forth the actions which can be taken by the FSC in each case:

Management Improvement Recommendation	Management Improvement Requirement	Management Improvement Order
Improvement of human resources and organizational management	In addition to the actions which can be taken under the management improvement recommendation)	(In addition to the actions which can be taken under the management improvement requirement)
Reduction of expenditures	Restriction on holding high-risk assets and disposal of assets	Cancellation of all or part of shares
Management efficiency of branches	Closing or consolidating of branches or restrictions on opening of branches	Suspension of executive duties and appointment of administrator
Disposal of distressed assets	Downsizing organization	Merger or becoming subsidiary of financial holding company

DESCRIPTION OF THE COMPANY

Management Improvement Recommendation	Management Improvement Requirement	Management Improvement Order
Restriction on activities decreasing the net operating capita	Reorganization of subsidiaries	Transfer of all or part of business
Restriction on new business	Replacement of executives	Acquisition of financial investment business by third party
Capital increases or reductions	Partial suspension of business	Suspension of business for up to six (6) months
Establishment of bad debt reserve	Establishment of plans on merger, third party acquisition, transfer of all or part of business or becoming a subsidiary of a financial holding company	Transfer of all or part of agreements

Further specific guidelines and formula for calculation of the net capital are prescribed in the Regulations on Financial Investment Business.

Public Disclosure

A Financial Investment Company shall prepare quarterly business reports from the commencement date of each business year and submit to the FSC. Upon occurrence of an event that is likely to have an effect on the business management status of a Financial Investment Company, such as occurrence of massive financial scandal or non-performing receivables, the Financial Investment Company shall report it to the FSC and disclose it to the public through its website and etc.

Investor Protection

With respect to any conflicts of interest between Financial Investment Companies and investors, the FSCMA expressly requires (i) disclosure of any conflict of interest to investors and (ii) mitigation of conflicts of interest to a comfortable level or abstention from the relevant transaction. Other investor protection mechanism imposed on Financial Investment Companies dealing in financial investment products are stipulated under the Financial Consumer Protection Act (the “FCPA”), which became effective as of March 25, 2021.

Other Regulations; Regulations by Each Financial Investment Business

Further to the regulations above, the FSCMA provides regulations on building a “Chinese wall” between the business units within the Financial Investment Company or its affiliates. In addition, there are restrictions for the Financial Investment Companies on ownership of any shares issued by the major shareholders or providing loans and other credit offering services to the major shareholders. The FSCMA also provides detailed regulations on certain business activities prohibited under each Financial Investment Business.

The Financial Consumer Protection Act

The FCPA which became effective as of March 25, 2021, imposes a rigorous investor-protection mechanism on financial product sellers, which includes Financial Investment Companies dealing in financial investment products. The FCPA was enacted to provide universal regulation of financial product sales by consolidating various consumer protection provisions from separate statutes into a single comprehensive statute, and therefore, strengthen consumer protection. Pursuant to the FCPA, regarding sales of financial products, financial product sellers should abide by six principles which are (a) principle of suitability, (b) principle of appropriateness, (c) duty to explain, (d) prohibition of unfair business practices, (e) prohibition of improper solicitation and (f) prohibition of false and exaggerated advertisement. Also, the FCPA provides for strengthened consumer protection rights such as the right to a cooling-off period, the right to nullify a financial product agreement in breach of the above six sales principles, and strengthened monetary sanction for violation of the above six sales principles which may amount to a penalty of up to 50% of the gains earned from the contract.

Regulations on Venture Capital Business

If a company is registered under the Venture Investment Promotion Act as an investment company for the establishment of small and medium enterprise (an “SME Investment Company”), then it shall be entitled to receive financial support for its investment in start-up or venture business and allowed to engage in establishment and management of a venture capital fund. The Company’s subsidiary, Korea Investment Partners, is registered as an SME Investment Company.

The Act on the Corporate Governance of Financial Companies

The Act on the Corporate Governance of Financial Companies, which became effective on 1 August 2016, was enacted to address the need for strengthened regulations on corporate governance of financial institutions and to serve as a uniform set of regulations on corporate governance matters applicable to financial institutions across a variety of industry sectors. It contains several key measures, including (i) eligibility requirements for officers of financial institutions and standards for determining whether officers of financial institutions may hold concurrent positions in other companies; (ii) standards for composition and operation of the board of directors of financial institutions; (iii) standards for establishment, composition and operation of various committees of the board of directors of financial institutions; (iv) regulations on internal control and risk management; (v) requirements and procedures for the approval of a change of major shareholders; and (vi) special regulations to protect the rights of minority shareholders of financial institutions. The Act on the Corporate Governance of Financial Companies applies to the Issuer.

Government Support

The Depositor Protection Act provides for a regulatory framework under which financial companies can be protected against a situation in which they are unable to pay back deposits or other equivalent debts due to reasons such as bankruptcy. Money deposited in the Issuer, an insured financial company, by customers for the purposes of trading or other transactions of securities (the “Investor’s Deposit”) is subject to the protections under the Depositor Protection Act.

In addition, if (a) it becomes apparent that the Issuer will encounter difficulties in normal management because its liabilities exceed its assets, (b) payment of claims, such as deposits, or repayment of loans from other financial companies is under suspension or (c) paying claims, such as deposits, or repayment of loans becomes difficult without receiving financing from outside sources or extra loans, then the KDIC may provide financing to the Issuer as long as any one of the following is true: (x) where the Issuer has filed an application for financing or the KDIC deems it necessary to provide financing to implement the merger of the Issuer; (y) where the KDIC deems the improvement of financial condition of the Issuer necessary for the protection of depositors and the stability of credit order; or (z) where the FSC makes a request.

Further to the foregoing, under the Act on the Structural Improvement of the Financial Industry, the government may, where it deems necessary to facilitate a self-regulatory merger by the Issuer, make investments in or give support to the financial institutions newly established as a result of a merger by way of purchasing the securities or in-kind contribution of government owned properties.

Risk Management

The Company’s primary risk exposures are to the market risk, credit risk, liquidity risk and operational risk.

KIH Risk Management

In accordance to the Financial Holding Companies Act, KIH, which is a financial holding company thereunder, oversees risk management of all its affiliates, including the Company, and makes significant decisions including setting risk limits of each affiliate. A Group Risk Management Committee consisting of risk management managers of KIH and its affiliates promotes communication with the Risk Management Division of each affiliate and manages risks at the group level. Furthermore, the Group Risk Management Committee regularly monitors risk management of the affiliates and provides them guidelines.

DESCRIPTION OF THE COMPANY

The Board of Directors and Group Risk Management Committee establish group-wide risk management policies and strategies. They are responsible for setting risk exposure limits and important decision-making regarding investment execution. The Group Risk Management Committee carries out risk monitoring and management at the group level. It also monitors risk management of each subsidiary and provides related guidelines. The Risk Management Committee at each subsidiary checks for compliance with risk exposure limits, as well as assesses, measures, and monitors risk in line with group-wide risk management efforts. The Group Risk Council also meets regularly or as needed so subsidiaries can share, discuss, and respond in a timely manner to relevant issues.

The group's risk management system is as follows:

Board of Directors

- Establishes and approves the group's risk management policies

Group Risk Management Committee

- Comprehensively manages and controls risks of the group to recognize, measure, monitor, and control various risks in a timely manner

Group Chief Risk Officer ("CRO")

- Assists the Group Risk Management Committee and submits decisions and report items for consideration
- Oversees the subsidiaries' risk monitoring and reporting systems

Group Risk Management Council

- Comprises the CROs at KIH and its subsidiaries
- Discusses details of implementing the group's risk management policies and procedures, establishes and implements monitoring and necessary measures for risk management

Risk Management Dept.

- Oversees the group's overall risk management including internal capital and risk exposure limits

The Company's Risk Management

The Company assigns limits for each department based on its allotted risk exposure limits as a subsidiary of KIH. The Company has its own risk management organization that consists of the Board of Directors, Risk Management Committee, Risk Management Working Level Committee, CRO, Risk Management Division, and department risk managers. To efficiently manage assets and risks, the Company operates a management system based on RAPM (risk adjusted performance measures) which calculates the risks of products and imposes expenses in accordance with risks. The CRO (chief risk officer) weighs risks and performances to assign limits for each business segment and product, while each segment makes investment decisions after carefully considering the risk expenses involved. The Risk Management Division provides 'risk management reports' that analyze information related to market, credit and liquidity risks. These reports are compiled on a regular basis and as needed to help support management's decision-making process. The Risk Management Division also manages the extent of exposure to risk by restricting investments in bonds that fall short of specified ratings and differentiating limits by rating.

As the top decision-making risk management body, the Company's Risk Management Committee establishes policies and strategies on managing risks, sets company-wide risk limits, and executes investment, among others. Its subcommittee is responsible for preliminary reviews and supporting cases to be reviewed by the Group Risk Management Committee. Financial Examination Division, working alongside Risk Management Division, establishes and manages risk-related strategies, and identifies and controls risks inherent in deals through prior review and follow-up measures. In 2020, the Company established a Risk Engineering Division to address the increased weight of derivatives and meticulously

DESCRIPTION OF THE COMPANY

calculate the fair value and risks of derivatives. Through an organic structure that differentiates the approval process according to case severity, the relevant risk management division and committee strive to achieve sustainable growth by maintaining financial soundness and minimizing potential loss from market, credit, liquidity, and operational risks.

The Company's integrated risk management system helps the Company prevent risks in advance with functions such as monitoring risk limits, risk assessment, scenario testing, reverse crisis analysis, and integrated scenario testing. Additionally, the Company restructured the company-wide information system by upgrading the Risk Data Mart (the "RDM") and improved its assessment system for measuring the fair value and risks of over-the-counter derivatives. Moreover, the Company has upgraded and computerized its database to improve the effectiveness of the system and enhance follow-up measures.

The Company's risk management system is as follows:

Board of Directors

Highest authority in the risk management system.

Deliberates and decides on important matters such as approval of new businesses.

Risk Management Committee

Formulates and revises the Risk Management Committee regulations, decides on company-wide limits, etc.

Conducts preliminary deliberations on matters for Board of Directors resolution such as investment in entities exceeding a set amount, acquiring and disposing of investment assets, approval of corporate credit, etc.

Risk Management Working Level Committee

Subcommittee of the Risk Management Committee.

Deliberates and decides on matters as delegated by the Risk Management Committee (allocation of risk limits and position limits for each sector, review of new products, investment in entities below a set amount, acquisition and disposal of investment assets, etc.).

Chief Risk Officer ("CRO")

Oversee all risk management tasks and exercise comprehensive authority over Risk Management Division.

Risk Management Division

Follow-up management of resolutions from the Risk Management Committee, report on risk management conditions, etc.

Department Risk Managers

Monitor and report on risk exposure and position limits in their departments.

Risk Management Policy

The Company's risk management policy is to maintain equilibrium between profits and risks, operate decision making system considering risks, operate independent risk management organization and etc. It supports the Company's medium- and long-term business strategy and decision-making.

The financial risks that the Company is exposed to are credit risk, market risk, operational risk, and liquidity risk.

Market Risk

Market risk is the risk of possible losses which arise from changes in market factors, such as interest rate, stock price, foreign exchange rate, commodity value and others that affect the fair value of securities, derivative financial instrument, and others. The most significant risks associated with trading positions are interest rate risks (interest rate risks from debt instruments or interest rate implicit securities), and other risks are stock price risks and currency risks. In addition, the Company is exposed to credit risks associated with non-trading positions. Market risk is daily managed by establishing the limitations considering products' natures such as position limitations for each business units, departments and dealers, loss limitations, market VaR limitation from the standard method designated by the Regulations on Financial Investment Business and internal model calculated by risk management system and sensitivity limitations (duration, delta, gamma, vega, others).

Market Risk Management

(i) Interest rate risk

Trading position interest rate risk usually arises from debt instruments denominated in Korean won. The Company's trading strategy is to benefit from short-term movements in the prices of debt instruments arising from changes in interest rates. The product prices of the Company's trading accounts are disclosed daily. The risks related to trading accounts are managed by using market value-based method such as market value at risk ("VaR") and sensitivity analysis.

(ii) Foreign exchange rate risk

Foreign exchange rate risk arises through ownership of assets and liabilities, denominated in currencies other than Korean won, from non-trading positions, or through foreign currency forward agreements, currency swaps and foreign currency trading securities. The Company computes foreign currency position's net position regularly to follow the Regulation on Financial Investment Business and reports to the supervisory body. Also, the Company manages the risk for total position exposed to foreign exchange rate including non-trading position by using market price base method such as market VaR and sensitivity analysis.

(iii) Stock price risk

Stock price risk arises in the Company's foreign currency stocks and Korean won stocks. Hedging instruments of ELS and ELW comprise most of stock trading portfolio and certain security proprietary trading ("prop trading") is composed of trading securities on the exchange, futures contracts maturing in a month or two, and others under the restriction of position limitation, sale at loss, loss limitation, and others. Marketable stocks among non-trading positions and stock beneficiary certificates are included in stock price risk and market VaR is computed. Risk Management Committee allocates position and loss limitations, and Risk Management Division monitors Asset Management Division's possible breach of limitations and other special matters on a daily basis.

Credit Risk

Credit risk refers to the possibility of losses that would be incurred if a counterparty or an issuer of financial instruments fails to fulfil its contractual obligations, or if its credit quality is deteriorated. The Company is exposed to certain level of credit risk and the credit risk is the risk of possible loss to portfolio due to counterparty's default, breach of covenant and loss of credibility. Credit risk exposure occurs in investment activities such as loans, debt instruments, derivative transactions, and non-trading accounts, or can exist in relating to off-statement of financial position accounts.

The Company only works with counterparties whose credit rate is above certain level in order to mitigate risks of counterparty's default, breach of covenant and loss of credibility, and sets sufficient amount of collaterals. Also, credit risk is constantly managed through computation of credit VaR and credit exposure management. Exceptional transactions are to be authorized by risk management council. Information on investment ratings are obtained from both independent credit-rating agency and internal credit ratings. By sharing details of them in the Company, the Company makes all members of the Company to have consistent credit view. The Company controls the credit concentration risk by managing credit risk limitations on a counterparty or a group of counterparties in order to prevent excessive exposure concentration.

Liquidity Risk

Liquidity risk is the risk of insolvency or loss due to a disparity between the inflow and outflow of funds, unexpected outflow of funds, and obtaining funds at a high price or disposing of securities at an unfavorable price due to lack of available funds. The Company manages its liquidity risk through analysis of the contractual maturity of all financial assets, liabilities and off-statement of financial position items such as commitments and financial guarantee contracts. The Company discloses them by maturity groups: On demand, up to six months, between over six months and twelve months, between over one year and five years, and over five years.

Cash flows disclosed for the maturity analysis are undiscounted contractual principal and interest to receive (pay) and, thus, differ from the amount in the financial statements which are based on the present value of expected cash flows in some cases. The amount to be disclosed is determined by referring to the index at the end of the reporting period when the receivables or payables amounts are not confirmed.

The liquidity risk is managed by Liquidity Risk Management Policy and related guidelines which are applied to the risk management policies and procedures that address the possible risks that arise from the overall business of the Company. For the purpose of liquidity management, the accumulated liquidity gap ratio and liquidity ratio on all transactions affecting the inflows and outflows of funds and transactions of off-statement of financial position are measured. The Company sets reasonable fund level and allocates certain amount of fund available for use to each department, so the total use of fund does not exceed the reasonable level.

Operational Risk

The Company defines operation risk to the extent of financial risk and non-financial risks incurred by unreasonable or wrong internal process, labor, system and external incidents. The purpose of operational risk management is not only to comply with supervisory and regulatory requirements but also to promote a risk management culture, strengthen internal controls, innovate processes and provide timely feedback to management and employees. The Company defines the process clearly by maintaining internal regulations, sets work manual to systematize works and evaluate each department's management risks in order to check on the department's risk management. Contingency plan is designed for important risk management factors such as IT systems in order to prepare for emergency situations and to keep the work continuity.

Employees

The Company had approximately 2,840 employees as of the date of this Prospectus. The Company has maintained good working relationships with its employees and does not foresee any difficulties in the recruitment and retention of experienced staff. The Company undertakes to ensure its remuneration package remains competitive and on par with its competitors. The Company also offers education benefits to its eligible employees.

Property

The principal place of business of the Company is located at 88, Uisadang-daero, Yeongdeungpo-Gu, Seoul 07321. This premise is owned by the Company and occupies a total area of approximately 665,368 square feet. Additional properties owned by the Company in which its business is conducted is as follows:

Address	Land Area (sq. ft.)	Building Area (sq. ft.)	Residual Value (in billions of Won)
88, Uisadang-daero, Yeongdeungpo-gu, Seoul, 07321, Korea	71,170	665,368	57.2
5, Dangjudong, Jongro-gu, Seoul 1 st Floor, Korea	925	7,390	0.2
259-9, Bujeongong, Jin-gu, Busan, Korea	7,109	37,708	1.8
235-4 Cheongrangri, Dongdeamun-gu, Seoul, Korea	4,094	11,100	0.7
373-4, Hapjeong-dong, Mapo-gu, Seoul, Korea	1,810	8,464	0.4
32, Yeoidodong, Yeongdeungpo-gu, Seoul, Korea	180	1,764	0.2

Information Technology

The Company's IT department is responsible for delivering secure, reliable and high-quality systems to support the business operations of the Company and the provision of the necessary information technology infrastructure based on the business needs and development of the Company.

The Company's IT systems consist of three key components: front office, middle office and back office systems that generally cover transaction management, customer service and risk management, investment and accounting. Over its operating history, the Company has focused on allocating financial and human resources towards upgrading its IT systems with the goal of achieving higher operational efficiency, enhancing user access and customer service, providing flexibility for future business needs, responding to developing market trends and increasing its competitiveness in the local and global markets.

Insurance

The Company maintains standard insurance in relation to its risk exposure arising from the nature of its business, such as office premise and property damage insurance, employee compensation insurance, personal injury insurance life and personal accident insurance, critical illness insurance and medical, dental and travel insurance. The Company's insurance coverage is provided by reputable companies with commercially reasonable limits and deductibles on coverage and complies with the statutory requirements in Korea.

The Company believes that its insurance coverage is sufficient for its present purposes and is consistent with coverage for its competitors in Korea. The Company periodically reviews its insurance coverage to ensure that it has adequate coverage for its business.

Legal Proceedings

The Company is not a party to any legal or administrative proceedings and no proceedings are known by the Issuer to be contemplated by governmental authorities or third parties, which, if adversely determined, may have a material adverse effect on the Company's financial condition or results of operations.

DIRECTORS

As of 31 March 2021, the members of the Board of Directors and senior management of the Company are as follows:

Board of Directors

Name (Surname, Given Name)	Date of Birth	Position
Kim, Nam-Goo	Oct 1963	Chairman
Jung, Il-Mun	Nov 1964	CEO
Lee, Kang-Haeng	Sep 1959	Non-managing Director
Ham, Choon-Seung	Jan 1964	Non-standing Director
Cheong, Young-Rok	May 1958	Non-standing Director
Kim, Jung-Ki	Feb 1962	Non-standing Director
Cho, Young-Tae	May 1972	Non-standing Director
Yoon, Dae-Hee	Jun 1972	Non-standing Director
Kim, Tae-Won	Mar 1980	Non-standing Director

Mr. Kim, Nam-Goo is Chairman of the Company. Mr. Kim is also the President & Chairman of KIH. Mr. Kim graduated from Keio University with a Master of Business Administration (“MBA”) degree in 1991 and from Tsinghua University with an MBA degree in 2015.

Mr. Jung, Il-Mun is the CEO of the Company. Mr. Jung is a former Vice-President of the Company. Mr. Jung graduated from Korea University.

Mr. Lee, Kang-Haeng is a Non-managing Director of the Company. Mr. Lee is the President of KIH and a former Vice-President of the Company. Mr. Lee graduated from Sogang University.

Mr. Ham, Choon-Seung is a Non-standing Director of the Company. Mr. Ham is a President of PH & Company. Mr. Ham is a former Chief Executive Officer of Citigroup Global Markets Korea Securities.

Mr. Cheong, Young-Rok is a Non-standing Director of the Company. Mr. Cheong is a member of the Company’s Audit Committee. Mr. Cheong is a former Economic Minister at the Embassy of the Republic of Korea in China. Mr. Cheong is a professor of International Graduate School at Seoul National University.

Mr. Kim, Jung-Ki is a Non-standing Director of the Company. Mr. Kim is a member of the Company’s Audit Committee. Mr. Kim is a former KEB Hana Bank marketing group representative (Vice-Chairman of KEB Hana Bank). Mr. Kim is a former Hana Bank Head of Sales in Honam.

Mr. Cho, Young-Tae is a Non-standing Director of the Company. Mr. Cho is a professor of Graduate School of Public Health at Seoul National University. Mr. Cho is a Vice-Chairman of the Population Association of Korea.

Mr. Yoon, Dae-Hee is a Non-standing Director of the Company. Mr. Yoon is the Chairman of the Company’s Audit Committee. Mr. Yoon is a professor of Business School at Yonsei University. Mr. Yoon is a member of Financial Risk Management Committee in the Korea Water Resources Corporation.

Mr. Kim, Tae-Won is a Non-standing Director of the Company. Mr. Kim is the Managing Director of Google Korea. Mr. Kim is a former adjunct professor of School of Media & Communication at Korea University.

EXCHANGE RATES

The table below sets forth, for the periods and dates indicated, information concerning the Market Average Exchange Rate. No representation is made that the Won or U.S. dollar amounts referred to herein could have been or could be converted into U.S. dollars or Won, as the case may be, at any particular rate or at all.

	Year Ended 31 December			
	At End of Period	Average Rate ⁽¹⁾	High	Low
		(Won per U.S.\$1.00)		
2014	1,099.2	1,053.2	1,118.3	1,008.9
2015	1,172.0	1,131.5	1,203.1	1,068.1
2016	1,208.5	1,160.5	1,240.9	1,093.2
2017	1,071.4	1,130.8	1,208.5	1,071.4
2018	1,118.1	1,100.3	1,142.5	1,057.6
2019	1,157.8	1,165.7	1,218.9	1,111.6
2020	1,088.0	1,180.1	1,280.1	1,082.7
2021 (through 29 June)	1,129.9	1,117.6	1,141.1	1,083.1
January	1,114.6	1,097.5	1,114.6	1,083.1
February	1,108.4	1,111.7	1,124.0	1,099.7
March	1,133.5	1,131.0	1,141.1	1,121.3
April	1,107.4	1,119.4	1,132.6	1,107.4
May	1,116.0	1,123.3	1,133.1	1,109.6
June (through 29 June)	1,129.9	1,120.9	1,135.8	1,107.0

Note:

(1) The average rate for each year is calculated as the average of the Market Average Exchange Rates on each business day during the relevant year (or portion thereof). The average rate for a month is calculated as the average of the Market Average Exchange Rates on each business day during the relevant month (or portion thereof).

Source: Seoul Money Brokerage Services, Ltd

TAXATION

Korean Taxation

The information provided below does not purport to be a complete summary of Korean tax law and practice currently applicable. Prospective investors who are in any doubt as to their tax position should consult with their own professional advisors.

The taxation of non-resident individuals and non-resident corporations (“**Non-Residents**”) depends on whether they have a “permanent establishment” (as defined under Korean law and applicable tax treaty) in Korea to which the relevant Korean source income is attributable or with which such income is effectively connected. Non-Residents without a permanent establishment in Korea are taxed in the manner described below. Non-Residents with permanent establishments in Korea are taxed in accordance with different rules.

Tax on Interest

Interest on the Notes paid to Non-Residents, being foreign currency denominated notes issued outside of Korea, is exempt from individual and corporate income tax (whether payable by withholding or otherwise) pursuant to the Special Tax Treatment Control Law (the “**STTCL**”), subject to the tax consequences with respect to Index Linked Interest Notes set out in the applicable Pricing Supplement.

If the tax exemption under the STTCL referred to above were to cease to be in effect, the rate of income tax or corporation tax applicable to interest on the Notes, for a Non-Resident without a permanent establishment in Korea, would be 14 per cent. of income. In addition, a tax surcharge called a local income tax would be imposed at the rate of 10 per cent. of the income or corporation tax (raising the total tax rate to 15.4 per cent.).

The tax rates may be reduced by an applicable tax treaty, convention or agreement between Korea and the country of the recipient of the income.

In order to obtain the benefit of a reduced rate available under applicable tax treaties, a Non-Resident holder must submit an application for reduced rate to the party liable for the withholding before the receipt of the relevant interest payment (if there is no change in the contents of such application, it is not required to submit such application again within 3 years thereafter), together with a certificate of the Non-Resident holder’s tax residence issued by a competent authority of the Non-Resident’s resident country. If the Non-Resident holder was unable to receive the benefit of a reduced rate due to his or her failure to timely submit the aforementioned application, the Non-Resident holder may still receive a tax treaty benefit by submitting evidentiary documents to the relevant tax office within 5 years thereafter. If interest is paid to an overseas investment vehicle, the overseas investment vehicle (subject to certain exceptions) must submit a report of overseas investment vehicle and a schedule of beneficial owners. The foregoing matter is discussed in more detail below.

Index Linked Interest Notes

A detailed description of the tax considerations relevant to Index Linked Interest Notes will be provided in the applicable Pricing Supplement.

Tax on Capital Gains

Korean tax laws currently exclude from Korean taxation gains made by a Non-Resident without a permanent establishment in Korea from the sale of the Notes to other Non-Residents (other than to their permanent establishments in Korea). In addition, capital gains earned by Non-Residents from the transfer of the Notes taking place outside Korea are currently exempt from taxation by virtue of the STTCL, provided that the issuance of the Notes is deemed to be an overseas issuance and is denominated in a foreign currency under the STTCL.

If the exclusion or exemption from Korean taxation referred to above were to cease to be in effect, in the absence of an applicable treaty reducing or eliminating tax on capital gains, the applicable rate of tax

would be the lower of 11 per cent. (including local income tax) of the gross realisation proceeds or (subject to the production of satisfactory evidence of the acquisition cost and certain direct transaction costs of the relevant Note) 22 per cent. (including local income tax) of the realised gain (i.e., the excess of the gross realisation proceeds over the acquisition cost and certain direct transaction costs) made. If such evidence shows that no gain (or a loss) was made on the sale, no Korean tax is payable. There is no provision under relevant Korean tax law to allow offsetting of gains and losses or otherwise aggregating transactions for the purpose of computing the net gain attributable to sales of Notes issued by Korean companies.

The purchaser or any other designated withholding agent of Notes is obliged under Korean law to withhold the applicable amount of Korean tax and make payment thereof to the relevant Korean tax authority. Unless the seller can claim the benefit of an exemption from tax under an applicable tax treaty and on the failure of the seller to produce satisfactory evidence of his acquisition cost and certain direct transaction costs in relation to the Notes being sold, the purchaser or such withholding agent must withhold an amount equal to 11 per cent. (including local income tax) of the gross realisation proceeds. The purchaser or withholding agent must pay any withholding tax to the competent Korean tax office no later than the tenth day of the month following the month in which the payment for the purchase of the relevant Notes occurred. Failure to transmit the withheld tax to the Korean tax authorities in time subjects the purchaser or such withholding agent to penalties under Korean tax laws. The Korean tax authorities may attempt to collect such tax from a Non-Resident who is liable for payment of any Korean tax on gains, as a purchaser or withholding agent who is obliged to withhold such tax, through proceedings against payments due to the Non-Resident from its Korean investments and the assets or revenues of any of the Non-Resident's branch or representative offices in Korea.

Inheritance Tax and Gift Tax

Korean inheritance tax is imposed upon (a) all assets (wherever located) of the deceased if at the time of his death he was a Korean resident and (b) all property located in Korea that passes on death (irrespective of the residence of the deceased). Gift tax is imposed in similar circumstances to the above. The taxes are imposed if the value of the relevant property is above a certain limit and the rate varies from 10 per cent. to 50 per cent. At present, Korea has not entered into any tax treaties regarding its inheritance or gift taxes.

Under Korean inheritance and gift tax laws, notes issued by Korean corporations are deemed located in Korea irrespective of where they are physically located or by whom they are owned, and, consequently, the Korean inheritance and gift taxes will be imposed on transfers of the Notes by inheritance or gift. Prospective purchasers should consult their personal tax advisors regarding the consequences of the imposition of the Korean inheritance or gift tax.

Stamp Duty and Securities Transaction Tax

No stamp, issue or registration duties will be payable in Korea by the Holders in connection with the issue of the Notes except for a nominal amount of stamp duty on certain documents executed in Korea which will be paid by the Company. No securities transaction tax will be imposed upon the transfer of the Notes.

Tax Treaties

At the date of this Prospectus, Korea has tax treaties with, inter alia, Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Ireland, Italy, Japan, Luxembourg, The Netherlands, New Zealand, Norway, Singapore, Sweden, Switzerland, the United Kingdom and the United States of America, under which the rate of withholding tax on interest is reduced, generally to between 5 and 16.5 per cent. (including local income tax), and the tax on capital gains is often eliminated.

A special withholding tax system took effect on 1 July 2006. Under the system, there is a special procedure to apply the Korea-Malaysia tax treaty on certain Korean source income. Payments made to the residents of Labuan, Malaysia will be subject to the default Korean withholding tax rates (generally 15.4 per cent. for interest and the lower of 11 per cent. of gross realisation proceeds or 22 per cent. of

capital gains (including local income tax)) rather than the reduced or exempted rate available under the Korea Malaysia tax treaty. A Labuan taxpayer, however, will be given an opportunity to obtain a refund by proving that it is entitled to the tax treaty benefits as a beneficial owner of the income and is an actual resident of Labuan, Malaysia. A Labuan taxpayer may also file an application with the National Tax Service (the “NTS”) for confirmation that it is entitled to the tax treaty benefits and obtain an advance confirmation from the NTS prior to receiving Korean source income.

In order for a Non-Resident to obtain the benefit of a tax exemption on certain Korean source incomes, such as interest and capital gains, under an applicable tax treaty, Korean tax law requires such Non-Resident (or its agents) to submit to the payer of such Korean source income an application for tax exemption under a tax treaty along with a certificate of tax residency of such Non-Resident issued by a competent authority of the Non-Resident’s country of tax residence, subject to certain exceptions. The payer of such Korean source income, in turn, is required to submit such application to the relevant district tax office by the ninth day of the month following the date of the first payment of such income. An application for tax exemption submitted by a Non-Resident remains effective for three years from submission, and if any material changes occur with respect to information provided in the application, an application reflecting such change must be newly submitted.

If the Korean source incomes are paid to Non-Residents through an overseas investment vehicle, such investment vehicle must obtain an application for tax exemption from each Non-Resident, who are the beneficial owners of the Korean source income and submit to the payer of such Korean source income an overseas investment vehicle report, together with the applications for tax exemption prepared by the Non-Resident beneficial owners. An overseas investment vehicle means an organisation established outside of Korea that manages funds collected through investment solicitation by way of acquiring, disposing of, or otherwise investing in investment targets and distributes the outcome of such management to investors.

However, this requirement does not apply to exemptions under Korean tax law.

At present, Korea has not entered into any tax treaties regarding its inheritance or gift tax.

Withholding and Gross Up

As mentioned above, interest on the Notes is exempt from any withholding or deduction on account of income tax or corporation tax pursuant to the STTCL. However, in the event that the payer or the Company is required by law to make any withholding or deduction for or on account of any Korean taxes (as more fully described in “*Terms and Conditions of the Notes—Taxation and Gross-Up*”) the Company has agreed to pay (subject to the customary exceptions as set out in “*Terms and Conditions of the Notes—Taxation and Gross-Up*”) such Additional Amounts as may be necessary in order that the net amounts received by the holder of any Note after such withholding or deduction shall equal the respective amounts which would have been received by such holder in the absence of such withholding or deduction.

The Proposed Financial Transactions Tax (“FTT”)

The European Commission published a proposal (the “**Commission’s Proposal**”) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the “Participating Member States”). However, Estonia has since stated that it will not participate.

The Commission’s Proposal has a very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances.

Under the Commission’s Proposal, the FTT could apply in certain circumstances to persons both within and outside of the Participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a Participating Member State.

A financial institution may be, or be deemed to be, “established” in a Participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a Participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a Participating Member State.

The FTT remains subject to negotiation between Participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional European Union Member States may decide to participate and/or certain of the Participating Member States may decide to withdraw.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.]

Foreign Account Tax Compliance Act

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a “foreign financial institution” may be required to withhold on certain payments it makes (“**foreign passthru payments**”) to persons that fail to meet certain certification, reporting, or related requirements. The Issuer is a foreign financial institution for these purposes. A number of jurisdictions (including Korea) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (“IGAs”), which modify the way in which FATCA applies in their jurisdictions. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, under proposed U.S. Treasury Regulations, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

CLEARANCE AND SETTLEMENT

The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of Euroclear or Clearstream currently in effect. The information in this section concerning the Clearing Systems has been obtained from sources that the Issuer believes to be reliable, but none of the Issuer, any Arranger or Dealer or any Agent takes any responsibility for the accuracy thereof. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Issuer or any other party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

The Clearing Systems

Euroclear and Clearstream

Euroclear and Clearstream each holds securities for participating organisations and facilitates the clearance and settlement of securities transactions by electronic book-entry transfer between their respective accountholders. Euroclear and Clearstream provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream have established an electronic bridge between their two systems across which their respective participants may settle trades with each other. Euroclear and Clearstream participants are world-wide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.

Distributions of principal with respect to book-entry interests in the Notes held through Euroclear or Clearstream will be credited, to the extent received by any Paying Agent, to the cash accounts of Euroclear or Clearstream participants in accordance with the relevant system's rules and procedures.

SUBSCRIPTION AND SALE

The Dealers have, in a programme agreement, such programme agreement as modified and/or supplemented and/ or restated from time to time (the “**Programme Agreement**”), agreed with the Company a basis upon which they or any of them may from time to time agree to purchase or procure purchasers for Notes. Any such agreement will extend to those matters stated under “*Form of the Notes*” and “*Terms and Conditions of the Notes.*” In the Programme Agreement, the Company has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment of the Programme and the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

In order to facilitate the offering of any Tranche of the Notes, certain persons participating in the offering of the Tranche may to the extent permitted by applicable laws and regulations engage in transactions that stabilise, maintain or otherwise affect the market price of the relevant Notes during and after the offering of the Tranche. Specifically, such persons may over-allot or create a short position in the Notes for their own account by selling more Notes than have been sold to them by the Company. Such persons may also elect to cover any such short position by purchasing Notes in the open market. In addition, such persons may stabilize or maintain the price of the Notes by bidding for or purchasing Notes in the open market and may impose penalty bids, under which selling concessions allowed to syndicate members or other broker-dealers participating in the offering of the Notes are reclaimed if Notes previously distributed in the offering are repurchased in connection with stabilization transactions or otherwise. The effect of these transactions may be to stabilize or maintain the market price of the Notes at a level above that which might otherwise prevail in the open market. The imposition of a penalty bid may also affect the price of the Notes to the extent that it discourages resales thereof. No representation is made as to the magnitude or effect of any such stabilising or other transactions. Such transactions, if commenced, may be discontinued at any time. Stabilisation activities are subject to certain prescribed time limits in certain jurisdictions.

The Dealers and certain affiliates of the Dealers may have performed banking and advisory services (which may include securities trading, commercial and investment banking, financial advice, investment management, principal investment, hedging, financing and brokerage activities) for the Company from time to time for which they have received customary fees and expenses. The Dealers and certain of their affiliates may, from time to time, engage in transactions with and perform services for the Company in the ordinary course of their business. In the ordinary course of their various business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investments and securities activities may involve securities and instruments of the Company.

The Dealers or certain of their respective affiliates may purchase the Notes and be allocated Notes for asset management and/or proprietary purposes and not with a view to distribution. The Dealers and/or their affiliates may purchase Notes for their own account and enter into transactions, including credit derivatives, such as asset swaps, repackaging and credit default swaps relating to the Notes, and/or other securities of the Company or its respective subsidiaries or associates at the same time as the offer and sale of the Notes, or in secondary market transactions. Such transactions would be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Notes to which this Prospectus relates (notwithstanding that such selected counterparties may also be purchasers of the Notes).

In addition, in the ordinary course of their business activities, the Dealers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Company or its affiliates. The Dealers and their respective affiliates may also make investment recommendations and/or publish or express independent research views with respect to such securities or financial instruments and may hold, or recommend, to clients that they acquire long and/or short positions in such securities and instruments.

If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Dealer or any affiliate of the Dealer is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by that Dealer or its affiliate on behalf of the Company in such jurisdiction.

Selling Restrictions

General

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor any other Dealer shall have any responsibility therefor.

If a jurisdiction requires that any offering of Notes under the Programme be made by a licensed broker or dealer and any Dealer or any affiliate of a Dealer is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by such Dealer or such affiliate on behalf of the Issuer in such jurisdiction.

Neither the Issuer nor any of the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Tranche, the relevant Dealer will be required to comply with such other additional restrictions as the Issuer and the relevant Dealer shall agree and as shall be set out in the applicable Pricing Supplement.

United States

The Notes have not been and will not be registered under the Securities Act, or the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and Treasury regulations promulgated thereunder. The applicable Pricing Supplement will identify whether U.S. Treasury regulation section 1.163-5(c)(2)(i)(C) (or any successor rules in substantially the same form that are applicable for the purposes of section 4701 of the U.S. Internal Revenue Code of 1986, as amended (the “Code”)) (the “TEFRA C Rules”) or U.S. Treasury regulation section 1.163-5(c)(2)(i)(D) (or any successor rules in substantially the same form that are applicable for the purposes of section 4701 of the Code) (the “TEFRA D Rules”) are applicable in relation to the Notes or, if the Notes do not have a maturity of more than 365 days, that neither the TEFRA C Rules nor the TEFRA D Rules are applicable.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver Notes (a) as part of their distribution at any time or (b) otherwise until 40 days after the completion of the distribution, as determined and certified by the relevant Dealer or, in the case of an issue of Notes on a syndicated basis, the relevant lead manager, of all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Each issuance of Notes which are also Index Linked Interest Notes or Dual Currency Notes shall be subject to such additional U.S. selling restrictions as the relevant Issuer and the relevant Dealer may agree as a term of the issuance and purchase of such Notes, which additional selling restrictions shall be set out in the applicable Pricing Supplement.

Public Offer Selling Restriction under the Prospectus Regulation

Unless the Final Terms (or Pricing Supplement, as the case may be) in respect of any Notes specifies the “Prohibition of Sales to EEA Retail Investors” as “Not Applicable,” each Dealer represents and agrees, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by the Prospectus as completed by the Final Terms (or Pricing Supplement, as the case may be) in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

- (a) the expression “retail investor” means a person who is one (or more) of the following:
 - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “MiFID II”); or
 - (ii) a customer within the meaning of Directive (EU) 2016/97 (the “Insurance Distribution Directive”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
 - (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the “Prospectus Regulation”); and
- (b) the expression an “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

If the Final Terms (or Pricing Supplement, as the case may be) in respect of any Notes specifies “Prohibition of Sales to EEA Retail Investors” as “Not Applicable,” in relation to each Member State of the European Economic Area (each, a “Relevant State”), each Dealer represents and agrees, and each further Dealer appointed under the Programme will be required to represent and agree that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by the Prospectus as completed by the pricing supplement in relation thereto to the public in that Relevant State except that it may make an offer of such Notes to the public in that Relevant State:

- (i) if the final terms in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 1(4) of the Prospectus Regulation in that Relevant State (a “Non-exempt Offer”), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant State or, where appropriate, approved in another Relevant State and notified to the competent authority in that Relevant State, provided that any such prospectus has subsequently been completed by the final terms contemplating such Non-exempt Offer, in accordance with the Prospectus Regulation, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable and the Company has consented in writing to its use for the purpose of that Non-exempt Offer;
- (ii) at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;
- (iii) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Company for any such offer; or
- (iv) at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Notes referred to in (ii) to (iv) above shall require the Company or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an “offer of Notes to the public” in relation to any Notes in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes and the expression “Prospectus Regulation” means Regulation (EU) 2017/1129.

United Kingdom

Unless the Final Terms (or the Pricing Supplement, as the case may be) in respect of any Notes specifies the “Prohibition of Sales to UK Retail Investors” as “Not Applicable”, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Prospectus as completed by the Pricing Supplement in relation thereto to any retail investor in the United Kingdom. For the purposes of this provision:

- (a) the expression “retail investor” means a person who is one (or more) of the following:
 - (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“EUWA”); or
 - (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (“FSMA”) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or
 - (iii) not a qualified investor as defined in Article 2 of the Prospectus Regulation as it forms part of domestic law by virtue of the EUWA; and
- (b) the expression “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

If the Pricing Supplement in respect of any Notes specifies “Prohibition of Sales to UK Retail Investors” as “Not Applicable”, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (i) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell the Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (the “FSMA”) by the Issuer;
- (ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Japan

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that the Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the “**Financial Instruments and Exchange Act**”). Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

Switzerland

This Prospectus is not intended to constitute an offer or solicitation to purchase or invest in the Notes. The Notes may not be publicly offered, directly or indirectly, in Switzerland within the meaning of the Swiss Financial Services Act (“**FinSA**”) and no application has or will be made to admit the Notes to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. Neither this Prospectus nor any other offering or marketing material relating to the Notes constitutes a prospectus pursuant to the FinSA, and neither this Prospectus nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland.

Republic of Italy

The offering of the Notes has not been registered with the Commissione Nazionale per le Società e la Borsa (“**CONSOB**”) pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of this Prospectus or of any other document relating to any Notes be distributed in Italy, except, in accordance with any Italian securities, tax and other applicable laws and regulations.

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that it has not offered, sold or delivered, and will not offer, sell or deliver any Notes or distribute any copy of this Prospectus or any other document relating to the Notes in Italy except:

- (a) to qualified investors (*investitori qualificati*), as defined pursuant to Article 100 of Legislative Decree no. 58 of 24 February 1998 (the “**Financial Services Act**”) and Article 34-ter, paragraph 1, letter (b) of CONSOB regulation No. 11971 of 14 May 1999 (the “**Issuers Regulation**”), all as amended from time to time; or
- (b) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Issuers Regulation.

In any event, any offer, sale or delivery of the Notes or distribution of copies of this Prospectus or any other document relating to the Notes in Italy under paragraphs (a) or (b) above must be:

- (i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in Italy in accordance with the Financial Services Act, Legislative Decree No. 385 of 1 September 1993 (the “**Banking Act**”) and CONSOB Regulation No. 20307 of 15 February 2018, all as amended from time to time;
- (ii) in compliance with Article 129 of the Banking Act, as amended from time to time, and the implementing guidelines of the Bank of Italy, as amended from time to time; and
- (iii) in compliance with any other applicable laws and regulations, including any limitation or requirement which may be imposed from time to time by CONSOB or the Bank of Italy or other competent authority.

Investors should note that, in accordance with Article 100-bis of the Financial Services Act, where no exemption from the rules on public offerings applies under paragraphs (a) and (b) above, the subsequent distribution of the Notes on the secondary market in Italy must be made in compliance with the public offer and the prospectus requirement rules provided under the Financial Services Act and the Issuers Regulation. Furthermore, where no exemption from the rules on public offerings applies, the Notes which are initially offered and placed in Italy or abroad to professional investors only but in the following year are “systematically” distributed on the secondary market in Italy become subject to the public offer and the prospectus requirement rules provided under the Financial Services Act and Issuers Regulation. Failure to comply with such rules may result in the sale of such Notes being declared null and void and in the liability of the intermediary transferring the financial instruments for any damages suffered by the purchasers of Notes who are acting outside of the course of their business or profession.

Hong Kong

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes except for Notes which are a “structured product” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the “SFO”) other than (i) to “professional investors” as defined in the SFO and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the “C(WUMP)O”) or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and
- (b) it has not issued, or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made under the SFO.

Singapore

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Prospectus has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor under Section 274 of the SFA, (ii) to a relevant person pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018 of Singapore, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within

six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law;
- (4) as specified in Section 276(7) of the SFA; or
- (5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

Notification under Section 309B(1) of the Securities and Futures Act (Chapter 289) of Singapore – Unless otherwise stated in the Pricing Supplement in respect of any Notes, the Company has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes to be issued under the Programme shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Korea

The Notes have not been and will not be registered under the Financial Investment Services and the Capital Markets Act of Korea.

Accordingly, each Dealer severally but not jointly has represented and agreed, and each further Dealer appointed under the Programme will be required to severally but not jointly represent and agree that:

- (i) in respect of the Notes in reliance on the 20% Rule, as specified in the applicable Pricing Supplement, during the first year after the issuance of the Notes, the Notes may not be offered, sold or delivered, directly or indirectly, in Korea or to, or for the account or benefit of, any resident of Korea (as defined under the Foreign Exchange Transaction Law of Korea and the regulations thereunder) other than a “qualified institutional buyer” (a “**Korean QIB**,” as defined in the Regulation on Issuance of Securities, Public Disclosure, Etc. of Korea) who is registered with the Korea Financial Investment Association (the “**KOFIA**”) as a Korean QIB, provided that (a) the Notes are denominated, and the principal and interest payments thereunder are made, in a currency other than Korean won, (b) the amount of the Notes acquired by such Korean QIBs in the primary market is limited to no more than 20% of the aggregate issue amount of the Notes, (c) the Notes are listed on one of the major overseas securities markets designated by the Financial Supervisory Service of Korea, or certain procedures, such as registration or report with a foreign financial investment regulator, have been completed for offering of the Notes in a major overseas securities market, (d) the one-year restriction on offering, delivering or selling of Notes to a Korean resident other than a Korean QIB is expressly stated in the Notes, the relevant purchase agreement and offering circular and (e) the Company and the Dealers shall individually or collectively keep the evidence of fulfilment of conditions (a) through (d) above after having taken necessary actions therefor, except as otherwise permitted by applicable Korean laws and regulations; and
- (ii) in respect of the Notes in reliance on the 20% Rule Not Applicable, as specified in the applicable Pricing Supplement, during the first year after the issuance of the Notes, the Notes may not be offered, sold or delivered, directly or indirectly, in Korea or to, or for the account or benefit of, any resident of Korea, except as otherwise permitted by applicable Korean laws and regulations.

Each Dealer severally but not jointly has undertaken, and each further Dealer appointed under the Programme will be severally but not jointly required to undertake, to ensure that any securities dealer to which it sells Notes confirms that it is purchasing such Notes as principal and agrees with such Dealer that it will comply with the restrictions described above.

GENERAL INFORMATION

Authorisation

Each issue of Notes under the Programme will be authorised by the Board of Directors of the Company at the time of issue or at a meeting held annually to approve the issue of Notes to be issued in the following fiscal year.

Listing of Notes on the SGX-ST

Approval in-principle has been received from the SGX-ST in connection with the Programme and application will be made for the listing and quotation of Notes that may be issued pursuant to the Programme and which are agreed at or prior to the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted for listing and quotation on the SGX-ST. For so long as any Notes are listed on the SGX-ST and the rules of the SGX-ST so require, such Notes, if traded on the SGX-ST, will be traded in a minimum board lot size of S\$200,000 (or its equivalent in foreign currencies).

For so long as any Notes are listed on the SGX-ST and the rules of the SGX-ST so require, in the event that any Global Note is exchanged for definitive Notes, the Company will appoint and maintain a Paying Agent in Singapore where such definitive Notes may be presented or surrendered for payment or redemption. In addition, in the event that a Global Note is exchanged for definitive Notes, an announcement of such exchange shall be made by or on behalf of the Company through the SGX-ST, and such announcement will include all material information with respect to the delivery of the definitive Notes, including details of the Paying Agent in Singapore.

Documents Available

Copies of the following documents will be available for inspection and, in the case of the documents referred to in paragraphs (ii) and (iii) below, copies may be obtained during normal business hours at the registered office of the Company for so long as the Notes are capable of being issued under the Programme:

- (i) the constitutional documents (or equivalent) of the Company;
- (ii) each of the documents which are deemed to be incorporated herein by reference (see “*Documents Incorporated by Reference*”);
- (iii) the Programme Agreement, the Agency Agreement, the Deed of Covenant and the forms of the Global Notes; and
- (iv) a copy of this Prospectus, together with any supplement to the Prospectus.

Clearing Systems

The Notes may be accepted for clearance through Euroclear and Clearstream. The appropriate common code and the International Securities Identification Number in relation to the Notes of each Tranche will be specified in the relevant Pricing Supplement. The relevant Pricing Supplement shall specify any other clearing system as shall have accepted the relevant Notes for clearance together with any further appropriate information.

Independent Accountants

With respect to the unaudited condensed consolidated interim financial statements as of March 31, 2021 and for the three-month periods ended March 31, 2021 and 2020, included in this prospectus, KPMG Samjong Accounting Corp. have reported that they applied limited procedures in accordance with professional standards for a review of such information. However, their separate report included in this prospectus states that they did not audit and they do not express an opinion on such interim financial information. Their report also includes an emphasis of matter paragraph regarding estimation uncertainty due to the COVID-19 pandemic on the Company’s unaudited condensed consolidated interim financial statements. Accordingly, the degree of reliance on their separate report on such information should be restricted in light of the limited nature of the review procedures applied.

GENERAL INFORMATION

The Company's consolidated financial statements as of and for the years ended December 31, 2020 and 2019 included in this prospectus have been audited by KPMG Samjong Accounting Corp., independent accountants, as stated in their report appearing herein, which contains an emphasis of matter paragraph regarding estimation uncertainty due to the COVID-19 pandemic on the Company's consolidated financial statements.

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Independent Auditors' Review Report

The Board of Directors and Shareholder
Korea Investment & Securities Co., Ltd.

Reviewed financial statements

We have reviewed the accompanying condensed consolidated interim financial statements of Korea Investment & Securities Co., Ltd. and its subsidiaries (collectively, the "Group") which comprise the condensed consolidated interim statement of financial position as of March 31, 2021, the condensed consolidated interim statements of comprehensive income (loss), changes in equity and cash flows for the three-month periods ended March 31, 2021 and 2020 and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's responsibility

Management is responsible for the preparation and fair presentation of these condensed consolidated interim financial statements in accordance with Korean International Financial Reporting Standards ("K-IFRS") No.1034 'Interim Financial Reporting', and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' review responsibility

Our responsibility is to issue a report on these condensed consolidated interim financial statements based on our reviews. We conducted our reviews in accordance with the Review Standards for Quarterly and Semiannual Financial Statements established by the Securities and Futures Commission of the Republic of Korea. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Korean Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements referred to above are not prepared, in all material respects, in accordance with K-IFRS No.1034, 'Interim Financial Reporting'.

Emphasis of Matter

As a matter that does not affect our review opinion, we draw attention to the following matter.

Uncertainty from impact of COVID-19

As discussed in Note 2.(b) to the condensed consolidated interim financial statements, the assumptions and estimates used by the Group for the fair value measurement and impairment testing of the financial statements are subject to change depending on the duration and severity of COVID-19, which cannot be predicted. The ultimate impact that may arise from the uncertainties from impact of COVID-19 may differ from management's estimates reflected in the accompanying condensed consolidated interim financial statements of the Group. Our opinion is not modified in respect of this matter.

Other matters

The consolidated statement of financial position of the Group as of December 31, 2020, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, which are not accompanying this report, were audited by us in accordance with Korean Standards on Auditing and our report thereon, dated March 9, 2021, expressed an unqualified opinion. The accompanying statement of financial position of the Group as of December 31, 2020, presented for comparative purposes, is not different from that audited by us from which it was derived in all material respects.

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

/s/ KPMG Samjong Accounting Corp.
Seoul, Korea
May 13, 2021

This report is effective as of May 13, 2021, the review report date. Certain subsequent events or circumstances, which may occur between the review report date and the time of reading this report, could have a material impact on the accompanying condensed consolidated interim financial statements and notes thereto. Accordingly, the readers of the review report should understand that the above review report has not been updated to reflect the impact of such subsequent events or circumstances, if any.

Korea Investment & Securities Co., Ltd. and Subsidiaries
Condensed Consolidated Interim Statements of Financial Position
As of March 31, 2021 and December 31, 2020

<i>(In won)</i>	<u>Notes</u>	<u>March 31, 2021</u>	<u>December 31, 2020</u>
Assets			
Cash and due from banks	4, 29, 30, 31	₩ 5,251,748,066,357	5,197,201,998,553
Financial assets measured at fair value through profit or loss	5, 30, 31	41,319,558,138,527	40,404,913,708,923
Derivative financial assets	16, 30, 31	820,681,366,601	1,195,172,411,125
Financial assets measured at fair value through other comprehensive income	6, 30, 31	2,291,940,969,217	2,187,136,868,466
Investments in associates	7	1,934,127,405,442	2,126,427,229,163
Financial assets measured at amortized cost	8, 30, 31	7,096,484,590,109	6,718,191,910,617
Property and equipment	9	362,084,738,820	366,303,119,826
Intangible assets	10	300,880,127,132	298,132,437,410
Investment property	11	163,996,078,369	161,540,394,374
Current tax assets		7,967,797,741	7,469,549,959
Deferred tax assets		252,745,992	151,542,071
Other financial assets measured at amortized cost	12, 29, 30, 31	2,420,865,977,289	2,248,896,828,503
Other non-financial assets	13	48,212,713,700	52,246,401,462
Total assets		<u>₩ 62,018,800,715,296</u>	<u>60,963,784,400,452</u>
Liabilities			
Deposits	14, 29, 30, 31	₩ 8,420,384,816,303	9,195,092,940,447
Financial liabilities measured at fair value through profit or loss	15, 30, 31	2,572,494,381,794	2,767,212,080,851
Derivative financial liabilities	16, 30, 31	1,299,838,059,170	1,823,686,389,685
Financial liabilities designated as measured at fair value through profit or loss	17, 30, 31	10,573,960,675,665	11,165,816,142,559
Borrowings	18, 30, 31	28,519,303,494,222	25,917,560,736,683
Defined benefit liabilities	19	5,283,764,617	4,065,090,455
Provisions	20	19,115,302,671	15,050,241,226
Current tax liabilities		3,516,681,515	2,966,390,336
Deferred tax liabilities		70,675,598,180	63,054,608,719
Other financial liabilities	21, 29, 30, 31	4,197,548,310,365	3,896,763,716,476
Other non-financial liabilities	22, 29	418,282,529,231	298,774,949,719
Total liabilities		<u>56,100,403,613,733</u>	<u>55,150,043,287,156</u>
Equity			
Equity attributable to owners of the Group			
Capital stock	1	175,816,700,000	175,816,700,000
Capital surplus		3,826,895,944,653	3,826,886,905,722
Accumulated other comprehensive income	6	83,941,497,165	29,914,854,820
Retained earnings		1,825,708,075,219	1,775,128,251,683
		<u>5,912,362,217,037</u>	<u>5,807,746,712,225</u>
Non-controlling interests		6,034,884,526	5,994,401,071
Total equity		<u>5,918,397,101,563</u>	<u>5,813,741,113,296</u>
Total liabilities and equity		<u>₩ 62,018,800,715,296</u>	<u>60,963,784,400,452</u>

See accompanying notes to the condensed consolidated interim financial statements.

Korea Investment & Securities Co., Ltd. and Subsidiaries
Condensed Consolidated Interim Statements of Comprehensive Income (Loss)

For the three-month periods ended March 31, 2021 and 2020

<i>(In won)</i>	Notes	2021	2020
Fee and commission income	29	₩ 436,166,886,766	272,210,422,628
Interest income on financial instruments measured at amortized cost and at fair value through other comprehensive income		128,777,516,795	112,127,091,728
Interest income on financial instruments measured at fair value through profit or loss		<u>140,758,438,074</u>	<u>154,715,520,247</u>
Interest income	29	<u>269,535,954,869</u>	<u>266,842,611,975</u>
Dividend income	6, 29	27,172,564,307	30,501,602,076
Gain on valuation and disposal of financial instruments	24	3,424,385,431,518	6,738,086,939,115
Gain on foreign currency transactions		459,445,282,342	581,538,853,236
Other operating revenues	29	45,121,379,960	18,369,191,854
Reversal of credit loss allowance	25	<u>4,573,089,321</u>	<u>361,825,413</u>
Operating revenues		<u>4,666,400,589,083</u>	<u>7,907,911,446,297</u>
Fee and commission expense	29	(63,632,470,631)	(61,588,154,969)
Interest expense	29	(66,394,868,079)	(94,298,262,040)
Loss on valuation and disposal of financial instruments	24	(3,327,251,304,539)	(7,195,542,981,814)
Loss on foreign currency transactions		(477,335,845,149)	(618,536,687,775)
Selling and administrative expenses	26	(274,521,601,444)	(123,515,834,083)
Other operating expenses	29	(24,802,800,551)	(1,439,802,939)
Provision for credit loss allowance	25	<u>(8,842,295,803)</u>	<u>(4,380,323,009)</u>
Operating expenses		<u>(4,242,781,186,196)</u>	<u>(8,099,302,046,629)</u>
Operating income (loss)		<u>423,619,402,887</u>	<u>(191,390,600,332)</u>
Non-operating income	29	75,778,476,680	35,379,475,284
Non-operating expenses		<u>(21,835,793,490)</u>	<u>(10,658,727,776)</u>
Profit (loss) before income tax		<u>477,562,086,077</u>	<u>(166,669,852,824)</u>
Income tax income (expense)		(126,999,939,778)	32,776,781,514
Profit (loss) for the period		<u>350,562,146,299</u>	<u>(133,893,071,310)</u>
Other comprehensive income (loss) for the period, net of tax			
<i>Items that are or will be subsequently reclassified to profit or loss:</i>			
Change in fair value of debt instruments measured at fair value through other comprehensive income		(1,816,346,725)	1,564,774,879
Change in credit risk of debt instruments measured at fair value through other comprehensive income		(3,170,921)	170,606,020
Increase in other comprehensive income of associates		456,252,570	4,067,038,779
Exchange differences on translation of foreign operations		<u>43,630,602,586</u>	<u>40,532,017,336</u>
		<u>42,267,337,510</u>	<u>46,334,437,014</u>
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Change in fair value of equity instruments measured at fair value through other comprehensive income		11,930,671,979	(86,844,881,560)
Remeasurements of the net defined benefit liabilities		721,983,649	(2,206,685,358)
Changes in credit risk of financial liabilities designated at fair value through profit or loss		<u>(812,534,290)</u>	<u>370,587,118</u>
		<u>11,840,121,338</u>	<u>(88,680,979,800)</u>
	6	<u>54,107,458,848</u>	<u>(42,346,542,786)</u>
Total comprehensive income (loss) for the period		<u>₩ 404,669,605,147</u>	<u>(176,239,614,096)</u>

See accompanying notes to the condensed consolidated interim financial statements.

Korea Investment & Securities Co., Ltd. and Subsidiaries
 Condensed Consolidated Interim Statements of Comprehensive Income (Loss),
 Continued

For the three-month periods ended March 31, 2021 and 2020

(In won)

	<u>Notes</u>	<u>2021</u>	<u>2020</u>
Total profit (loss) attributable to:			
Owners of the Group	₩	350,593,440,416	(133,737,823,006)
Non-controlling interests		(31,294,117)	(155,248,304)
	₩	<u>350,562,146,299</u>	<u>(133,893,071,310)</u>
Total comprehensive income (loss) attributable to:			
Owners of the Group	₩	404,620,082,761	(174,994,944,727)
Non-controlling interests		49,522,386	(1,244,669,369)
	₩	<u>404,669,605,147</u>	<u>(176,239,614,096)</u>

See accompanying notes to the condensed consolidated interim financial statements.

Korea Investment & Securities Co., Ltd. and Subsidiaries
Condensed Consolidated Interim Statements of Changes in Equity
For the three-month periods ended March 31, 2021 and 2020

(In won)

	Attributable to owners of the Group					
	Capital stock	Capital surplus	Accumulated other comprehensive income	Retained earnings	Non-controlling interests	Total equity
Balance at January 1, 2020	₩ 175,816,700,000	3,827,604,377,184	111,435,857,647	1,307,114,840,545	11,568,031,525	5,433,539,806,901
Total comprehensive loss for the period:						
Loss for the period	-	-	-	(133,737,823,006)	(155,248,304)	(133,893,071,310)
Other comprehensive loss for the period	-	-	(41,257,121,721)	-	(1,089,421,065)	(42,346,542,786)
Transactions with shareholder:						
Dividends	-	-	-	(240,024,958,840)	-	(240,024,958,840)
Changes of consolidated entity (changes of non-controlling interests)	-	-	-	-	64,108,512	64,108,512
Balance at March 31, 2020	₩ 175,816,700,000	3,827,604,377,184	70,178,735,926	933,352,058,699	10,387,470,668	5,017,339,342,477
Balance at January 1, 2021	₩ 175,816,700,000	3,826,886,905,722	29,914,854,820	1,775,128,251,683	5,994,401,071	5,813,741,113,296
Total comprehensive income for the period:						
Profit (loss) for the period	-	-	-	350,593,440,416	(31,294,117)	350,562,146,299
Other comprehensive income for the period	-	-	54,026,642,345	-	80,816,503	54,107,458,848
Transactions with shareholder:						
Dividends	-	-	-	(300,013,616,880)	-	(300,013,616,880)
Changes of consolidated entity (changes of non-controlling interests)	-	9,038,931	-	-	(9,038,931)	-
Balance at March 31, 2021	₩ 175,816,700,000	3,826,895,944,653	83,941,497,165	1,825,708,075,219	6,034,884,526	5,918,397,101,563

See accompanying notes to the condensed consolidated interim financial statements.

Korea Investment & Securities Co., Ltd. and Subsidiaries
Condensed Consolidated Interim Statements of Cash Flows
For the three-month periods ended March 31, 2021 and 2020

<i>(In won)</i>	<u>Note</u>	<u>2021</u>	<u>2020</u>
Cash flows from operating activities			
Profit (loss) for the period	₩	350,562,146,299	(133,893,071,310)
Adjustments for non-cash items		(48,416,803,990)	(496,465,553,829)
Changes in operating assets and liabilities		(2,243,688,974,342)	(546,325,028,534)
Interest received		256,666,594,341	262,249,258,129
Interest paid		(51,178,776,487)	(114,110,551,940)
Dividends received		24,827,929,325	15,902,560,140
Income tax paid		(22,930,859,144)	(22,293,164,685)
Net cash used in operating activities		<u>(1,734,158,743,998)</u>	<u>(1,034,935,552,029)</u>
Cash flows from investing activities			
Acquisition of financial assets measured at fair value through other comprehensive income		(850,574,594,085)	(387,477,849,695)
Disposal of financial assets measured at fair value through other comprehensive income		760,429,997,707	914,783,406,802
Acquisitions of investments in associates		(7,565,897,044)	(34,835,453,129)
Disposal of investments in associates		214,159,718,930	62,865,520,713
Acquisitions of investments in subsidiaries		-	(119,516,044,375)
Disposal of investments in subsidiaries		77,565,485,747	94,442,228,382
Acquisitions of property and equipment		(4,715,816,260)	(2,371,797,281)
Disposal of property and equipment		77,050,000	70,760,000
Acquisitions of intangible assets		(2,443,995,771)	(1,947,465,940)
Disposal of intangible assets		5,018,511	1,218,000,000
Changes in loans receivable		1,425,439	155,672,957
Changes in guarantee deposits		990,146,698	651,869,651
Changes in advance payment		(2,733,928,322)	-
Net cash provided by investing activities		<u>185,194,611,550</u>	<u>528,038,848,085</u>
Cash flows from financing activities			
Net increase in borrowings		1,208,122,497,151	1,935,702,175,165
Issue of debentures		293,861,600,000	-
Redemption of debentures		(220,000,000,000)	-
Payment of lease liabilities		(8,458,081,458)	(6,027,288,840)
Increase in non-controlling interests (liabilities)		14,788,621,235	71,638,907,004
Net cash provided by financing activities		<u>1,288,314,636,928</u>	<u>2,001,313,793,329</u>
Effect of exchange rate changes on cash and cash equivalents		<u>2,148,111,072</u>	<u>(106,703,319)</u>
Net increase (decrease) in cash and cash equivalents		(258,501,384,448)	1,494,310,386,066
Cash and cash equivalents at the beginning of the period		<u>1,411,450,283,261</u>	<u>665,932,329,767</u>
Cash and cash equivalents at the end of the period	4	<u>₩ 1,152,948,898,813</u>	<u>2,160,242,715,833</u>

See accompanying notes to the condensed consolidated interim financial statements.

Korea Investment & Securities Co., Ltd. and Subsidiaries
Notes to the Condensed Consolidated Interim Financial Statements
March 31, 2021 and 2020

1. The Group

(a) Reporting Entity

Korea Investment & Securities Co., Ltd. (the "Company") was incorporated on August 8, 1974, with capital of ₩500 million. The Company and its subsidiaries (collectively, "the Group") primarily engages in financial investment business including brokerage transactions, trading, and underwriting of securities in accordance with the Financial Investment Services and Capital Markets Act ("FSCMA"). As of March 31, 2021, the Group has 80 domestic branch offices, 8 overseas subsidiaries and 2 overseas branch offices.

Through the merger with Dongwon Securities Co., Ltd. on June 1, 2005 and a number of capital increase, the capital stock of the Company amounts to ₩175,817 million as of March 31, 2021.

As of March 31, 2021, Korea Investment Holdings Co., Ltd. owns the entire outstanding common stock of the Company.

(b) Subsidiaries

(i) Details of the subsidiaries as of March 31, 2021 and December 31, 2020 are as follows:

(in shares)

Investor	Investee	March 31, 2021		December 31, 2020	
		Number of shares	Ownership (%)	Number of shares	Ownership (%)
Korea Investment & Securities Co., Ltd.	Korea Investment Management Co., Ltd.	13,200,000	100.00	13,200,000	100.00
	Korea Investment Value Asset Management Co., Ltd.	2,626,000	100.00	2,626,000	100.00
	Korea Investment & Securities Asia, Ltd.	325,000,000	100.00	325,000,000	100.00
	Korea Investment & Securities Europe, Ltd.	5,000,000	100.00	5,000,000	100.00
	Korea Investment & Securities America, Inc.	200	100.00	200	100.00
	Korea Investment & Securities Singapore Pte. Ltd.	10,000,000	100.00	10,000,000	100.00
	KIS Vietnam Securities Corporation	258,917,281	99.72	258,917,281	99.72
	Korea Investment & Securities US, Inc.	1	100.00	-	-
	PT Korea Investment & Sekuritas Indonesia	172,500	86.25	172,500	86.25
	KIM Investments Funds(*1)	68,903	28.40	450,902	71.95
	KIARA Asia Pacific Hedge Fund	142,580	97.82	142,507	97.82
	KIM Belgium Core Office Professional Investment Private Real Estate Investment Trust	29,400,000	98.99	29,400,000	98.99
	KIM PRIVATE PLACEMENT PHILADELPHIA REAL ESTATE INVESTMENT TRUST2	46,750,960,230	69.69	46,750,960,230	69.69
	Mastern Private Real Estate Fund No.31	36,300,000,000	78.40	36,300,000,000	78.40
	Hana Real Estate Investment Trusts No.76	24,667,570,000	92.50	24,667,570,000	92.50
	KB UK Solar Power Private Fund Special Asset Trust 2	47,399,260,975	99.79	47,399,260,975	99.79
	KTB Aircraft Private Investment Trust No.22-2	24,732,075,580	99.62	26,427,408,236	99.62
	KB German Wind Private Fund Special Asset Trust	46,615,782,011	76.54	47,495,905,985	76.54
	Hana US LA Real Estate Trust No.1	43,128,492	67.73	43,128,492	67.73
	Eugene Pridium 1 / Private Placement	34,700,000,000	94.55	34,700,000,000	94.55
KIP KIS SEA-CHINA Fund	184,500	90.00	184,500	90.00	
Hyundai Aviation Investment Private Trust No.19	57,853,362,359	99.81	57,853,362,359	99.81	

Korea Investment & Securities Co., Ltd. and Subsidiaries
Notes to the Condensed Consolidated Interim Financial Statements
March 31, 2021 and 2020

1. **The Group, Continued**

(b) **Subsidiaries, Continued**

(i) Details of the subsidiaries as of March 31, 2021 and December 31, 2020 are as follows, Continued:

(in shares)

Investor	Investee	March 31, 2021		December 31, 2020	
		Number of shares	Ownership (%)	Number of shares	Ownership (%)
Korea Investment & Securities Co., Ltd.	Korea Value Classic Professional Investment Type Private Corporate Security Investment Trust 1	32,712,136,329	71.78	30,000,000,000	71.08
	Korea Value Diamond Professional Investment Type Private Corporate Security Investment Trust 1	10,125,088,900	47.45	10,125,088,900	47.03
	KIM Global Infra Professional Private Investment No.1	22,012,643,768	96.87	24,011,497,340	96.87
	Multi Asset Opportunity QI Investment Fund No. 10	-	-	50,355,331,044	89.01
	Lindeman Partners Global Private Trust No.11	40,341,226,650	66.04	43,679,476,522	66.04
	Korea Value Sapphire Value-up Professional Investment Type Private Corporate Security Investment Trust 1	3,276,817,375	37.17	2,803,521,676	36.21
	AIP Midstream Specialized Privately Placed Fund Trust #1	34,380,204,028	75.27	38,014,480,524	75.27
	MULTI ASSET GLOBAL PRIVATE EQUITY QI INVESTMENT FUND NO.3	6,300,000,000	87.66	6,300,000,000	87.66
	IGIS Global Specialized Private Placement Real Estate Investment Trust 281-1	30,017,656	99.33	29,439,235	99.33
	Multi Asset Opportunity QI Investment Fund No. 14	48,321,983,523	93.07	48,321,983,523	93.07
	KIM TDF Target 2050 Fund(*1)	5,000,000,000	30.04	5,000,000,000	37.63
	Samsung SRA Professional Type Private Real Estate Investment Trust 52	83,878,609,724	66.85	83,878,609,724	66.85
	Fine Snowman Qualified Private Investment Trust No.1	51,700,000,000	99.61	51,700,000,000	99.61
	MultiAsset Australia FuelCo Professional Investment Type Private Investment Trust No.1	25,560,067,477	88.54	25,560,067,477	88.54
	Korea Value Global Research Dividend Income Fund(Equity)	5,000,000,000	83.84	5,000,000,000	84.83
	KIM Tokyo Residence Real Estate Investment Trust	39,869,306,412	39.92	39,869,306,412	39.92
	NH-Amundi Global infra Private Fund No.21	49,375,525,737	70.47	50,000,000,000	70.47
	Reksa Dana KISI Equity fund	16,777,960	99.77	16,777,960	99.94
	Reksa Dana KISI Fixed income fund	16,777,960	98.67	16,777,960	94.42
	Reksa Dana KISI Money market fund	16,777,960	50.00	16,777,960	84.51
	PineStreet Global Corporate Finance Fund V-2	16,580,000,000	80.00	16,580,000,000	80.00
	HDC Warehouse Fund 1	-	-	35,462,497,926	73.68
	NH-Amundi BCP VIII Private Fund 1[FoF]	2,713,178,200	73.75	-	-
	HDC Credit Opportunity Fund III	1,431,971,218	90.91	-	-
	KIS Growth Co. New Tech Investment Fund 1(*1)	2,666,000,000	43.00	-	-
	KIS IB 1st Co., Ltd. and 113 other asset structured SPCs(*2)	-	-	-	-

Korea Investment & Securities Co., Ltd. and Subsidiaries
Notes to the Condensed Consolidated Interim Financial Statements
March 31, 2021 and 2020

1. The Group, Continued

(b) Subsidiaries, Continued

(i) Details of the subsidiaries as of March 31, 2021 and December 31, 2020 are as follows, Continued:

(in shares)

Investor	Investee	March 31, 2021		December 31, 2020	
		Number of shares	Ownership (%)	Number of shares	Ownership (%)
Korea Investment Management Co., Ltd.	KIM Investments Funds(*1)	442	0.18	442	0.03
	KIM Global Infra Professional Private Investment No.1	710,956,399	3.13	775,514,648	3.13
	KIM Tokyo Residence Real Estate Investment Trust	20,000,000,000	20.03	20,000,000,000	20.03
	KIM TDF Target 2050 Fund(*1)	100,000,000	0.60	100,000,000	0.75
	KIM Vietnam Fund Management	-	100.00	-	100.00
Korea Investment Value Asset Management Co., Ltd.	Korea Value Classic Professional Investment Type Private Corporate Security Investment Trust 1	5,457,155,828	11.97	5,000,000,000	11.85
	Korea Value Diamond Professional Investment Type Private Corporate Security Investment Trust 1	5,062,544,451	23.73	5,062,544,451	23.52
	Korea Value Sapphire Value-up Professional Investment Type Private Corporate Security Investment Trust 1	2,327,308,230	26.40	1,989,674,672	25.69
	Korea Value Global Research Dividend Income Fund (Equity)	200,000,000	3.35	200,000,000	3.39
	PT Korea Investment & Sekuritas Indonesia	PT KISI Asset management	24,750	99.00	24,750

(*1) Although the Group's ownership is less than 50 percent, the Group as general partner has substantial power to influence related decisions of the entity and is exposed to significant changes in profit in which the Group can also influence, and therefore, the entity was classified as a subsidiary.

(*2) As a structured entity for asset-backed securities, the ownership interest rate is less than a majority, but the consolidation entity is exposed to substantial power and variable profits for the company, so it was deemed to have control.

Korea Investment & Securities Co., Ltd. and Subsidiaries
Notes to the Condensed Consolidated Interim Financial Statements
March 31, 2021 and 2020

1. **The Group, Continued**

(b) **Subsidiaries, Continued**

(ii) Details of subsidiaries as of March 31, 2021 are as follows:

Subsidiaries(*)	Incorporation date	Location	Industry	Financial year end
Korea Investment Management Co., Ltd.	June 26, 2000	Seoul, Korea	Asset Management	Dec. 31
Korea Investment Value Asset Management Co., Ltd.	February 13, 2006	Seoul, Korea	Asset Management	Dec. 31
Korea Investment & Securities Asia, Ltd.	December 2, 1997	Hong Kong	Financial investment	Dec. 31
Korea Investment & Securities Europe, Ltd.	April 24, 1995	London, UK	Financial investment	Dec. 31
Korea Investment & Securities America, Inc.	April 18, 2000	New York, U.S.A	Financial investment	Dec. 31
Korea Investment & Securities Singapore Pte. Ltd.	February 22, 2008	Singapore	Financial investment	Dec. 31
KIS Vietnam Securities Corporation	November 29, 2010	Ho Chi Minh, Vietnam	Financial investment	Dec. 31
Korea Investment & Securities US, Inc.	January 8, 2021	New York, U.S.A	Financial investment	Dec. 31
PT Korea Investment & Sekuritas Indonesia	June 26, 2018	Indonesia	Financial investment	Dec. 31
PT KISI Asset management	April 18, 2019	Indonesia	Asset Management	Dec. 31
KIM Investments Funds	November 21, 2013	Luxembourg	Collective investment scheme	Dec. 31
KIARA Asia Pacific Hedge Fund	July 16, 2014	Cayman Islands	Collective investment scheme	Dec. 31
KIM Belgium Core Office Professional Investment Private Real Estate Investment Trust	March 21, 2018	Seoul, Korea	Collective investment scheme	Dec. 31
KIM PRIVATE PLACEMENT PHILADELPHIA REAL ESTATE INVESTMENT TRUST2	May 3, 2018	Seoul, Korea	Collective investment scheme	Dec. 31
Mastern Private Real Estate Fund No.31	June 27, 2018	Seoul, Korea	Collective investment scheme	Dec. 31
Hana Real Estate Investment Trusts No.76	June 1, 2018	Seoul, Korea	Collective investment scheme	Dec. 31
KB UK Solar Power Private Fund Special Asset Trust 2	September 17, 2018	Seoul, Korea	Collective investment scheme	Dec. 31
KTB Aircraft Private Investment Trust No.22-2	November 15, 2018	Seoul, Korea	Collective investment scheme	Dec. 31
KB German Wind Private Fund Special Asset Trust	December 20, 2018	Seoul, Korea	Collective investment scheme	Dec. 31
Hana US LA Real Estate Trust No.1	December 31, 2018	Seoul, Korea	Collective investment scheme	Dec. 31
Eugene Pridium 1 / Private Placement	December 31, 2018	Seoul, Korea	Collective investment scheme	Dec. 31
KIP KIS SEA-CHINA Fund	October 25, 2018	Seoul, Korea	Investment partnership	Dec. 31
Hyundai Aviation Investment Private Trust No.19	January 28, 2019	Seoul, Korea	Collective investment scheme	Dec. 31
Korea Value Classic Professional Investment Type Private Corporate Security Investment Trust 1	February 25, 2019	Seoul, Korea	Collective investment scheme	Dec. 31
Korea Value Diamond Professional Investment Type Private Corporate Security Investment Trust 1	March 20, 2019	Seoul, Korea	Collective investment scheme	Dec. 31
KIM Global Infra Professional Private Investment No.1	March 21, 2019	Seoul, Korea	Collective investment scheme	Dec. 31
Lindeman Partners Global Private Trust No.11	March 28, 2019	Seoul, Korea	Collective investment scheme	Dec. 31

Korea Investment & Securities Co., Ltd. and Subsidiaries
Notes to the Condensed Consolidated Interim Financial Statements
March 31, 2021 and 2020

1. The Group, Continued

(b) Subsidiaries, Continued

(ii) Details of subsidiaries as of March 31, 2021 are as follows, Continued:

Subsidiaries(*)	Incorporation date	Location	Industry	Financial year end
Korea Value Sapphire Value-up Professional Investment Type Private Corporate Security Investment Trust 1	May 20, 2019	Seoul, Korea	Collective investment scheme	Dec. 31
AIP Midstream Specialized Privately Placed Fund Trust #1	May 9, 2019	Seoul, Korea	Collective investment scheme	Dec. 31
MULTI ASSET GLOBAL PRIVATE EQUITY QI INVESTMENT FUND NO.3	June 20, 2019	Seoul, Korea	Collective investment scheme	Dec. 31
IGIS Global Specialized Private Placement Real Estate Investment Trust 281-1	July 15, 2019	Seoul, Korea	Collective investment scheme	Dec. 31
Multi Asset Opportunity QI Investment Fund No. 14	August 30, 2019	Seoul, Korea	Collective investment scheme	Dec. 31
KIM TDF Target 2050 Fund	September 5, 2019	Seoul, Korea	Collective investment scheme	Dec. 31
Samsung SRA Professional Type Private Real Estate Investment Trust 52	September 11, 2019	Seoul, Korea	Collective investment scheme	Dec. 31
Fine Snowman Qualified Private Investment Trust No.1	October 10, 2019	Seoul, Korea	Collective investment scheme	Dec. 31
MultiAsset Australia FuelCo Professional Investment Type Private Investment Trust No.1	October 14, 2019	Seoul, Korea	Collective investment scheme	Dec. 31
Korea Value Global Research Dividend Income Fund(Equity)	December 2, 2019	Seoul, Korea	Collective investment scheme	Dec. 31
KIM Tokyo Residence Real Estate Investment Trust	November 25, 2019	Seoul, Korea	Collective investment scheme	Dec. 31
NH-Amundi Global infra Private Fund No.21	December 18, 2019	Seoul, Korea	Collective investment scheme	Dec. 31
Reksa Dana KISI Equity fund	December 11, 2019	Indonesia	Collective investment scheme	Dec. 31
Reksa Dana KISI Fixed income fund	December 11, 2019	Indonesia	Collective investment scheme	Dec. 31
Reksa Dana KISI Money market fund	December 11, 2019	Indonesia	Collective investment scheme	Dec. 31
KIM Vietnam Fund Management	February 19, 2020	Vietnam	Asset Management	Dec. 31
PineStreet Global Corporate Finance Fund V-2	December 21, 2020	Korea	Collective investment scheme	Dec. 31
NH-Amundi BCP VIII Private Fund 1[FoF]	February 22, 2021	Korea	Collective investment scheme	Dec. 31
KIS Growth Co. New Tech Investment Fund 1	February 9, 2021	Korea	Collective investment scheme	Dec. 31
HDC Credit Opportunity Fund III	March 26, 2021	Korea	Collective investment scheme	Dec. 31

(*) Subsidiaries that do not perform practical business activities, such as asset-backed structured enterprises, were excluded.

Korea Investment & Securities Co., Ltd. and Subsidiaries
Notes to the Condensed Consolidated Interim Financial Statements

March 31, 2021 and 2020

(In thousands of won)

1. **The Group, Continued**

(b) **Subsidiaries, Continued**

(iii) The condensed statement of financial position of subsidiaries as of March 31, 2021 and the condensed statement of comprehensive income for the three-month period ended March 31, 2021 are as follows:

Company(*2)	2021						Total comprehensive income (loss) (*1)
	Assets	Liabilities	Equity	Operating Revenues(*1)	Net income (loss) (*1)		
Korea Investment Management Co., Ltd.	₩ 206,550,859	87,753,827	118,797,032	33,477,345	10,101,962	10,081,175	
Korea Investment Value Asset Management Co., Ltd.	669,645,437	15,236,240	654,409,197	7,374,060	3,414,920	3,414,920	
Korea Investment & Securities Asia, Ltd.	762,361,925	384,923,046	377,438,879	13,116,898	(898,865)	14,272,987	
Korea Investment & Securities Europe, Ltd.	3,333,442	292,682	3,040,760	525,546	247,608	363,877	
Korea Investment & Securities America, Inc.	8,814,878	2,688,993	6,125,885	1,142,370	(141,284)	107,920	
Korea Investment & Securities Singapore Pte. Ltd.	11,000,297	1,890,327	9,109,970	1,181,685	638,211	988,973	
KIS Vietnam Securities Corporation	347,564,724	195,595,850	151,968,874	34,960,280	4,803,748	10,874,578	
PT Korea Investment & Sekuritas Indonesia	61,945,131	20,858,153	41,086,978	2,864,847	(181,539)	(181,539)	
PT KISI Asset management	2,976,471	102,170	2,874,301	162,911	(157,607)	(157,607)	
Korea Investment & Securities US, Inc.	1,133,500	20,745	1,112,755	-	(20,426)	(4,645)	
KIM Investments Funds	59,677,189	17,128,392	42,548,797	7,313,650	6,629,833	6,629,833	
KIARA Asia Pacific Hedge Fund	347,877,691	76,132,497	271,745,194	123,234,010	11,841,234	11,841,234	
KIM Belgium Core Office Professional Investment Private Real Estate Investment Trust	30,041,706	25,289	30,016,417	256,147	18,482	18,482	
KIM PRIVATE PLACEMENT PHILADELPHIA REAL ESTATE INVESTMENT TRUST2	64,149,159	82,454	64,066,705	2,383,130	(24,385)	(24,385)	
Mastern Private Real Estate Fund No.31	148,318,851	107,931,137	40,387,714	1,791,524	296,545	296,545	
Hana Real Estate Investment Trusts No.76	28,118,783	21,702	28,097,081	1,126,244	1,110,069	1,110,069	
KB UK Solar Power Private Fund Special Asset Trust 2	47,649,023	1,247,980	46,401,043	3,494,615	1,064,698	1,064,698	
KTB Aircraft Private Investment Trust No.22-2	16,658,027	1,216,774	15,441,253	1,705,291	379,969	379,969	
KB German Wind Private Fund Special Asset Trust	62,933,085	51,818	62,881,267	3,001,783	1,040,069	1,040,069	
Hana US LA Real Estate Trust No.1	62,742,143	68,332	62,673,811	1,392,109	1,346,379	1,346,379	
Eugene Pridium 1 / Private Placement	36,700,096	11,895	36,688,201	30	(8,803)	(8,803)	
KIP KIS SEA-CHINA Fund	344,835,177	148,961,133	195,874,044	1,865,991	(580,021)	5,093,929	

Korea Investment & Securities Co., Ltd. and Subsidiaries
Notes to the Condensed Consolidated Interim Financial Statements

March 31, 2021 and 2020

(In thousands of won)

1. **The Group, Continued**

(b) **Subsidiaries, Continued**

(iii) The condensed statement of financial position of subsidiaries as of March 31, 2021 and the condensed statement of comprehensive income for the three-month period ended March 31, 2021 are as follows, Continued:

Company(*2)	2021					
	Assets	Liabilities	Equity	Operating Revenues(*1)	Net income (loss) (*1)	Total comprehensive income (loss) (*1)
Hyundai Aviation Investment Private Trust No.19	₩ 57,285,258	8,023	57,277,235	5,934,377	765,325	765,325
Korea Value Classic Professional Investment Type Private Corporate Security Investment Trust 1	48,129,357	-	48,129,357	6,288,451	5,020,853	5,020,853
Korea Value Diamond Professional Investment Type Private Corporate Security Investment Trust 1	17,245,835	1,688,421	15,557,414	21,765,478	(2,079,866)	(2,079,866)
KIM Global Infra Professional Private Investment No.1	21,848,155	2,289	21,845,866	3,412,032	1,207,029	1,207,029
Lindeman Partners Global Private Trust No.11	39,488,682	431,057	39,057,625	13,899,864	47,553	47,553
Korea Value Sapphire Value-up Professional Investment Type Private Corporate Security Investment Trust 1	9,245,986	196,600	9,049,386	1,847,395	717,020	717,020
AIP Midstream Specialized Privately Placed Fund Trust #1	44,413,694	29,170	44,384,524	7,936,550	874,030	874,030
MULTI ASSET GLOBAL PRIVATE EQUITY QI INVESTMENT FUND NO.3	86,230,973	670,842	85,560,131	1,688,438	1,588,320	4,985,662
IGIS Global Specialized Private Placement Real Estate Investment Trust 281-1	31,435,546	1,208,710	30,226,836	2,113,362	1,150,518	1,150,518
Multi Asset Opportunity QI Investment Fund No. 14	50,877,181	56,125	50,821,056	1,956,500	9,933	9,933
KIM TDF Target 2050 Fund Samsung SRA Professional Type Private Real Estate Investment Trust 52	116,538,790	7,348,076	109,190,714	6,968,170	2,628,406	2,628,406
Fine Snowman Qualified Private Investment Trust No.1	53,834,656	19,917	53,814,739	564,167	528,954	528,954
MultiAsset Australia FuelCo Professional Investment Type Private Investment Trust No.1	88,910,910	59,739,691	29,171,219	1,921,760	327,505	327,505
Korea Value Global Research Dividend Income Fund(Equity)	7,714,604	3,112	7,711,492	954,597	954,597	954,597

Korea Investment & Securities Co., Ltd. and Subsidiaries
Notes to the Condensed Consolidated Interim Financial Statements

March 31, 2021 and 2020

(In thousands of won)

1. **The Group, Continued**

(b) **Subsidiaries, Continued**

(iii) The condensed statement of financial position of subsidiaries as of March 31, 2021 and the condensed statement of comprehensive income for the three-month period ended March 31, 2021 are as follows, Continued:

Company(*2)	2021					
	Assets	Liabilities	Equity	Operating Revenues(*1)	Net income (loss) (*1)	Total comprehensive income (loss) (*1)
KIM Tokyo Residence Real Estate Investment Trust ₩	97,474,535	115,225	97,359,310	2,771,979	(5,429)	(5,429)
NH-Amundi Global infra Private Fund No.21	72,728,460	636,185	72,092,275	11,334,961	2,298,480	2,298,480
Reksa Dana KISI Equity fund	16,625,817	40,429	16,585,388	472,952	(945,765)	(740,084)
Reksa Dana KISI Fixed income fund	20,386,963	20,737	20,366,226	637,683	(1,043,140)	(795,653)
Reksa Dana KISI Money market fund	40,050,580	79,785	39,970,795	580,316	465,205	317,277
KIM Vietnam Fund Management	2,224,171	436,366	1,787,805	928,271	371,723	371,723
PineStreet Global Corporate Finance Fund V-2	22,051,902	835,834	21,216,068	1,398,820	528,374	528,374
NH-Amundi BCP VIII Private Fund 1[FoF]	3,752,783	115,668	3,637,115	110,252	(41,943)	(41,943)
KIS Growth Co. New Tech Investment Fund 1	5,602,514	-	5,602,514	-	(597,486)	(597,486)
HDC Credit Opportunity Fund III	1,509,682	508	1,509,174	3,378	(65,994)	(65,994)

(*1) These are amounts for the three-month period ended March 31, 2021.

(*2) Subsidiaries that do not perform practical business activities, such as asset-backed structured enterprises, were excluded.

Korea Investment & Securities Co., Ltd. and Subsidiaries
Notes to the Condensed Consolidated Interim Financial Statements

March 31, 2021 and 2020

(In thousands of won)

1. **The Group, Continued**

(b) **Subsidiaries, Continued**

(iv) The condensed statement of financial position of subsidiaries as of December 31, 2020 and the condensed statement of comprehensive income for the three-month period ended March 31, 2020 are as follows:

Company(*2)	2020					
	Assets	Liabilities	Equity	Operating Revenues(*1)	Net income (loss) (*1)	Total comprehensive income (loss) (*1)
Korea Investment Management Co., Ltd.	₩ 193,942,370	50,379,089	143,563,281	29,762,493	5,763,024	5,679,757
Korea Investment Value Asset Management Co., Ltd.	666,191,620	4,197,344	661,994,276	3,826,510	(135,427)	(135,427)
Korea Investment & Securities Asia, Ltd.	512,697,111	149,531,218	363,165,893	47,407,570	(17,670,707)	3,561,921
Korea Investment & Securities Europe, Ltd.	3,009,598	332,716	2,676,882	102,570	(151,782)	(27,409)
Korea Investment & Securities America, Inc.	8,482,928	2,464,963	6,017,965	631,145	(22,240)	288,948
Korea Investment & Securities Singapore Pte. Ltd.	10,026,939	1,905,942	8,120,997	433,843	92,381	552,239
KIS Vietnam Securities Corporation	298,015,362	156,921,066	141,094,296	7,129,532	1,523,505	5,102,246
PT Korea Investment & Sekuritas Indonesia	59,541,830	18,715,163	40,826,667	1,410,587	(349,821)	(349,821)
PT KISI Asset management	3,057,782	111,784	2,945,998	174,164	(255,304)	(255,304)
KIM Investments Funds	78,277,719	533,657	77,744,062	1,713,383	(36,918,068)	(30,951,676)
KIARA Asia Pacific Hedge Fund	413,759,098	164,460,347	249,298,751	68,757,924	(2,141,764)	10,601,767
KIM Belgium Core Office Professional Investment Private Real Estate Investment Trust	30,005,283	7,349	29,997,934	723,164	470,384	470,384
KIM PRIVATE PLACEMENT PHILADELPHIA REAL ESTATE INVESTMENT TRUST2	64,123,951	32,861	64,091,090	3,194,836	(104,305)	(104,305)
Mastern Private Real Estate Fund No.31	148,032,601	107,941,431	40,091,170	1,774,932	274,227	274,227
Hana Real Estate Investment Trusts No.76	26,992,579	5,567	26,987,012	1,510,051	1,493,647	1,493,647
KB UK Solar Power Private Fund Special Asset Trust 2	46,519,519	76,485	46,443,034	2,751,924	(1,976,581)	(1,976,581)
KTB Aircraft Private Investment Trust No.22-2	28,476,936	2,111,907	26,365,029	550,581	(311,624)	(311,624)
KB German Wind Private Fund Special Asset Trust	64,687,892	1,678,529	63,009,363	3,241,153	(777,278)	(777,278)
Hana US LA Real Estate Trust No.1	61,350,232	22,800	61,327,432	1,493,233	1,447,096	1,447,096
Eugene Pridium 1 / Private Placement	37,896,065	20,909	37,875,156	-	(8,931)	(8,931)
KIP KIS SEA-CHINA Fund	337,590,253	146,810,138	190,780,115	749,344	(1,905,855)	3,737,165

Korea Investment & Securities Co., Ltd. and Subsidiaries
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March 31, 2021 and 2020

(In thousands of won)

1. **The Group, Continued**

(b) **Subsidiaries, Continued**

(iv) The condensed statement of financial position of subsidiaries as of December 31, 2020 and the condensed statement of comprehensive income for the three-month period ended March 31, 2020 are as follows, Continued:

Company(*2)	2020					
	Assets	Liabilities	Equity	Operating Revenues(*1)	Net income (loss) (*1)	Total comprehensive income (loss) (*1)
Hyundai Aviation Investment Private Trust No.19	₩ 57,408,727	8,417	57,400,310	4,873,484	(95,199)	(95,199)
Korea Value Classic Professional Investment Type Private Corporate Security Investment Trust 1	45,756,182	1,063,573	44,692,609	349,759	(9,162,953)	(9,162,953)
Korea Value Diamond Professional Investment Type Private Corporate Security Investment Trust 1	20,255,443	2,456,665	17,798,778	21,556,472	20,225	20,225
KIM Global Infra Professional Private Investment No.1	22,685,513	20,589	22,664,924	2,408,368	(4,596,143)	(4,596,143)
Multi Asset Opportunity QI Investment Fund No. 10	54,951,513	53,906	54,897,607	6,455,243	(693,573)	(693,573)
Lindeman Partners Global Private Trust No.11	46,904,016	140,944	46,763,072	-	(223,367)	(223,367)
Korea Value Sapphire Value-up Professional Investment Type Private Corporate Security Investment Trust 1	8,943,383	176	8,943,207	2,581,868	(2,079,926)	(2,079,926)
AIP Midstream Specialized Privately Placed Fund Trust #1	50,211,979	70,690	50,141,289	6,666,405	(1,128,336)	(1,128,336)
MULTI ASSET GLOBAL PRIVATE EQUITY QI INVESTMENT FUND NO.3	81,121,087	546,618	80,574,469	1,707,910	1,575,276	4,634,610
IGIS Global Specialized Private Placement Real Estate Investment Trust 281-1	29,975,838	454,102	29,521,736	1,658,944	912,035	912,035
Multi Asset Opportunity QI Investment Fund No. 14	50,866,106	54,983	50,811,123	2,623,015	(73,891)	(73,891)
KIM TDF Target 2050 Fund	16,394,530	718,641	15,675,889	266,424	(953,959)	(953,959)
Samsung SRA Professional Type Private Real Estate Investment Trust 52	115,976,363	6,401,054	109,575,309	7,651,716	(6,452,269)	(6,452,269)
Fine Snowman Qualified Private Investment Trust No.1	53,305,939	20,155	53,285,784	575,343	550,368	550,368

Korea Investment & Securities Co., Ltd. and Subsidiaries
Notes to the Condensed Consolidated Interim Financial Statements

March 31, 2021 and 2020

(In thousands of won)

1. **The Group, Continued**

(b) **Subsidiaries, Continued**

(iv) The condensed statement of financial position of subsidiaries as of December 31, 2020 and the condensed statement of comprehensive income for the three-month period ended March 31, 2020 are as follows, Continued:

Company(*2)	2020					
	Assets	Liabilities	Equity	Operating Revenues(*1)	Net income (loss) (*1)	Total comprehensive income (loss) (*1)
MultiAsset Australia FuelCo Professional Investment Type Private Investment Trust No.1	₩ 29,384,692	184,738	29,199,954	2,473,480	187,336	187,336
Korea Value Global Research Dividend Income Fund(Equity)	6,673,944	5,357	6,668,587	8,575	(900,238)	(900,238)
KIM Tokyo Residence Real Estate Investment Trust	97,398,702	33,963	97,364,739	5,651,164	2,799,376	2,799,376
NH-Amundi Global infra Private Fund No.21	74,834,112	1,300,317	73,533,795	1,809,165	1,759,591	1,759,591
Reksa Dana KISI Equity fund	17,617,844	327,357	17,290,487	183,502	(5,652,673)	(6,991,985)
Reksa Dana KISI Fixed income fund	20,949,986	20,507	20,929,479	430,044	(665,636)	(2,440,903)
Reksa Dana KISI Money market fund	28,999,201	10,689	28,988,512	415,221	321,875	(2,068,734)
KIM Vietnam Fund Management	1,788,303	435,808	1,352,495	-	-	-
HDC Warehouse Fund 1	47,656,711	200,279	47,456,432	3,453,082	(274,077)	(274,077)
PineStreet Global Corporate Finance Fund V-2	20,971,176	283,483	20,687,693	-	-	-

(*1) These are amounts for the three-month period ended March 31, 2020.

(*2) Subsidiaries that do not perform practical business activities, such as asset-backed structured enterprises, were excluded.

Korea Investment & Securities Co., Ltd. and Subsidiaries
Notes to the Condensed Consolidated Interim Financial Statements
March 31, 2021 and 2020

1. The Group, Continued

(b) Subsidiaries, Continued

(v) The details of subsidiaries newly included in consolidated financial statements for the three-month period ended March 31, 2021 and for the year ended December 31, 2020 are as follows:

March 31, 2021	
Subsidiaries	Reason
Korea Investment& Securities US, Inc.	Newly acquired
NH-Amundi BCP VIII Private Fund 1[FoF]	Newly acquired
KIS Growth Co. New Tech Investment Fund 1	Newly acquired
HDC Credit Opportunity Fund III	Newly acquired
JT Gamsam 1st Co., Ltd. and 21 other assets structured SPCs	In case that the Group can make or approve decisions such as the modification or disposal of underlying assets and if the Group are exposed to significant variable returns or have rights due to the provision of credit contributions or the purchase of subordinated bonds, each entity will be recognized as the consolidated entities

Korea Investment & Securities Co., Ltd. and Subsidiaries
Notes to the Condensed Consolidated Interim Financial Statements
March 31, 2021 and 2020

1. The Group, Continued

(b) Subsidiaries, Continued

(v) The details of subsidiaries newly included in consolidated financial statements for the three-month period ended March 31, 2021 and for the year ended December 31, 2020 are as follows, Continued:

December 31, 2020	
Subsidiaries	Reason
KIM Vietnam Fund Management	Newly acquired by Korea Investment Management Co., Ltd.
HDC Warehouse Fund 1	Newly acquired
Tiger Alternative Qualified Investment Real Estate Trust No.18-2	Newly acquired
Tiger Alternative Qualified Investment Real Estate Trust No.18-1	Newly acquired
Tiger Alternative Investment 22	Newly acquired
IGIS Global Specialized Private Placement Real Estate Investment Trust 357	Newly acquired
Tiger Alternative Qualified Investment Real Estate Trust No.28	Newly acquired
PineStreet Global Corporate Finance Fund V-2	Newly acquired
KIS IB 37th Co., Ltd. and 78 other assets structured SPCs	In case that the Group can make or approve decisions such as the modification or disposal of underlying assets and if the Group are exposed to significant variable returns or have rights due to the provision of credit contributions or the purchase of subordinated bonds, each entity will be recognized as the consolidated entities

Korea Investment & Securities Co., Ltd. and Subsidiaries
Notes to the Condensed Consolidated Interim Financial Statements
March 31, 2021 and 2020

1. The Group, Continued

(b) Subsidiaries, Continued

(vi) The details of subsidiaries excluded from consolidated financial statements for the three-month period ended March 31, 2021 and for the year ended December 31, 2020 are as follows:

March 31, 2021	
Subsidiaries	Reason
Multi Asset Opportunity QI Investment Fund No. 10	Disposal
HDC Warehouse Fund 1	Disposal
Line Nambyul Suwon Co., Ltd. and 13 other asset structured SPCs	Extinguishment of a credit obligation
December 31, 2020	
Subsidiaries	Reason
Multi Asset Opportunity QI Investment Fund No. 12	Redemption
Multi Asset Opportunity QI Investment Fund No. 11	Redemption
Tiger Alternative Qualified Investment Real Estate Trust No. 18-2	Transferred to investments in associates due to decrease in the percentage of ownership
Tiger Alternative Qualified Investment Real Estate Trust No. 18-1	Disposal
Hyundai Infra Professional Investment Type Private Investment Trust No. 8	Redemption
Tiger Alternative Investment 22	Disposal
IGIS Global Specialized Private Placement Real Estate Investment Trust 357	Disposal
Tiger Alternative Qualified Investment Real Estate Trust No. 28	Disposal
Shinhan AIM Credit Fund 2	Redemption
SF The First 1st Co., Ltd. and 16 other asset structured SPCs	Extinguishment of a credit obligation

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2. Basis of Accounting

(a) Application of accounting policies

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

These condensed consolidated interim financial statements were prepared in accordance with K-IFRS No. 1034, 'Interim Financial Reporting' as part of the period covered by the Group's K-IFRS annual financial statements. These condensed consolidated interim financial statements do not include all of the disclosures required for full annual financial statements. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements as of and for the year ended December 31, 2020.

(b) Use of estimates and judgments

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

The spread of the COVID-19 pandemic since 2020 has materially affected the global economy. Accordingly, it could adversely affect the Group's financial position and results of operations. The significant accounting estimates and assumptions used in preparing the condensed consolidated interim financial statements of the Group may be adjusted due to changes in the level of uncertainty from COVID-19 in the future. The ultimate impact from COVID-19 on the Group's business, financial position or results of operations may differ from the estimates reflected in the accompanying condensed consolidated interim financial statements.

The management's judgments on the application of the accounting policies and estimates of the Group used in the condensed consolidated interim financial statements are the same as the consolidated financial statements for the year ended December 31, 2020.

3. Significant Accounting Policies

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as of and for the year ended December 31, 2020. New standards which are effective from January 1, 2021 do not have significant impact on the Group's consolidated financial statements.

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4. Cash and Due from Banks

(a) The details of cash and due from banks as of March 31, 2021 and December 31, 2020 are as follows:

	<u>March 31, 2021</u>	<u>December 31, 2020</u>
Cash and cash equivalents	₩ 1,152,948,899	1,411,450,283
Deposits for commodities derivatives	11,300,000	10,800,000
Reserve for claims of customer's deposits	405,600,000	320,600,000
Deposits for exchange-traded derivatives	1,534,136,845	1,929,262,744
Long-term deposits	979,641,890	644,659,010
Restricted due from financial institutes	34,500	34,500
Other deposits	1,168,085,932	880,395,462
	<u>₩ 5,251,748,066</u>	<u>5,197,201,999</u>

(b) Restricted deposits as of March 31, 2021 and December 31, 2020 are as follows:

	<u>March 31, 2021</u>	<u>December 31, 2020</u>
Deposits for commodities derivatives(*1)	₩ 11,300,000	10,800,000
Reserve for claims of customers' deposits (deposit) (*1)	405,600,000	320,600,000
Deposits for exchange-traded derivatives(*1)	1,534,136,845	1,929,262,744
Long-term deposits (pledged) (*2)	738,104,000	368,104,000
Restricted due from financial institutes(*3)	34,500	34,500
Other deposits(*4)	1,154,693,288	870,818,548
	<u>₩ 3,843,868,633</u>	<u>3,499,619,792</u>

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

(*2) As of March 31, 2021, long-term deposits of ₩5,000 million are collaterals for payment and settlement services, ₩733,104 million are related to securities lending and borrowing transactions and collaterals for over-the-counter derivative transactions and pledged in counterparty bank.

(*3) Restricted deposits due from financial institutes are subject to restriction in use.

(*4) Other deposits are deposits of deposits and evidence deposited in foreign currency and deposit amounts to purchase the corresponding stock, combined, bond type funds at the next day of sale according to direct sale of funds.

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

(a) The details of financial assets measured at fair value through profit or loss as of March 31, 2021 and December 31, 2020 are as follows:

	March 31, 2021	December 31, 2020
Equity instruments	₩ 3,600,028,278	3,743,072,283
Debt instruments	28,757,516,835	27,759,733,579
Reserve for claims of customers' deposits (trust) (*)	5,850,649,171	5,859,258,092
Investment in partnerships	428,755,540	401,918,880
Collective investment securities	1,869,206,621	1,613,649,973
Derivatives-linked securities	134,738,081	179,773,651
Receivables	678,663,613	847,507,251
	<u>₩ 41,319,558,139</u>	<u>40,404,913,709</u>

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

(b) The details of equity instruments of financial assets at fair value through profit or loss as of March 31, 2021 and December 31, 2020 are as follows:

	March 31, 2021		
	Book value before valuation	Fair value (book value)	Gains or losses
Stocks in Korean won	₩ 2,125,344,855	2,202,041,353	76,696,498
Stocks in Foreign currency	596,708,329	635,587,975	38,879,646
Hybrid Bonds	663,086,846	662,530,781	(556,065)
Others	96,215,806	99,868,169	3,652,363
	<u>₩ 3,481,355,836</u>	<u>3,600,028,278</u>	<u>118,672,442</u>
	December 31, 2020		
	Book value before valuation	Fair value (book value)	Gains or losses
Stocks in Korean won	₩ 1,946,206,889	2,333,214,972	387,008,083
Stocks in Foreign currency	670,167,689	787,349,836	117,182,147
Hybrid Bonds	530,114,223	533,727,207	3,612,984
Others	80,818,727	88,780,268	7,961,541
	<u>₩ 3,227,307,528</u>	<u>3,743,072,283</u>	<u>515,764,755</u>

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

(c) The details of debt instruments in financial assets measured at fair value through profit or loss as of March 31, 2021 and December 31, 2020 are as follows:

	March 31, 2021			
	Book value before valuation	Face value	Fair value (book value)	Gains or losses
National and local government bonds	₩ 4,999,011,208	4,921,442,461	4,944,865,316	(54,145,892)
Special bonds	4,851,075,364	4,835,875,134	4,849,774,586	(1,300,778)
Corporate bonds	12,107,068,728	12,034,337,656	12,098,909,472	(8,159,256)
Corporate commercial papers	3,306,853,362	3,300,100,000	3,306,775,998	(77,364)
Electronic short-term Bonds	1,342,926,146	1,342,925,715	1,343,077,049	150,903
Foreign currency bonds	2,176,473,679	2,084,213,995	2,165,398,661	(11,075,018)
Foreign currency electronic short-term bonds	1,148,242	1,152,770	1,152,795	4,553
Convertible bonds	46,514,915	41,970,000	45,430,848	(1,084,067)
Bond with warrant	2,036,762	2,000,000	2,132,110	95,348
	₩ 28,833,108,406	28,564,017,731	28,757,516,835	(75,591,571)

	December 31, 2020			
	Book value before valuation	Face value	Fair value (book value)	Gains or losses
National and local government bonds	₩ 5,053,362,599	4,967,595,879	5,046,637,590	(6,725,009)
Special bonds	5,579,029,025	5,562,041,589	5,574,408,462	(4,620,563)
Corporate bonds	10,434,731,865	10,321,744,818	10,428,468,727	(6,263,138)
Corporate commercial papers	3,178,590,267	3,177,518,000	3,185,021,059	6,430,792
Electronic short-term bonds	1,432,980,884	1,432,980,885	1,433,150,640	169,756
Foreign currency bonds	1,972,398,807	1,916,732,616	2,005,970,037	33,571,230
Foreign currency electronic short-term bonds	41,166,908	41,008,896	41,010,954	(155,954)
Convertible bonds	36,597,674	37,470,000	42,704,265	6,106,591
Bond with warrant	2,286,911	2,300,000	2,361,845	74,934
	₩ 27,731,144,940	27,459,392,683	27,759,733,579	28,588,639

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

(d) The details of reserve for claims of customers' deposits (trust) in financial assets measured at fair value through profit or loss as of March 31, 2021 and December 31, 2020 are as follows:

March 31, 2021				
	Book value before valuation	Face value	Fair value (book value)	Gains or losses
General deposits	₩ 5,277,463,253	5,281,500,000	5,287,554,361	10,091,108
Customers' deposits for exchange-traded derivatives transaction	562,261,146	562,600,000	563,094,810	833,664
	<u>₩ 5,839,724,399</u>	<u>5,844,100,000</u>	<u>5,850,649,171</u>	<u>10,924,772</u>
December 31, 2020				
	Book value before valuation	Face value	Fair value (book value)	Gains or losses
General deposits	₩ 5,415,393,494	5,435,900,000	5,451,327,042	35,933,548
Customers' deposits for exchange-traded derivatives transaction	403,299,372	406,100,000	407,931,050	4,631,678
	<u>₩ 5,818,692,866</u>	<u>5,842,000,000</u>	<u>5,859,258,092</u>	<u>40,565,226</u>

(e) The details of derivatives-linked securities of financial assets at fair value through profit or loss as of March 31, 2021 and December 31, 2020 are as follows:

March 31, 2021			
	Book value before valuation	Fair value (book value)	Gains or losses
Equity-linked securities	₩ 132,561,639	133,208,575	646,936
Equity and derivatives-linked bonds	1,731,373	1,738,260	6,887
Credit value adjustments	(371,376)	(208,754)	162,622
	<u>₩ 133,921,636</u>	<u>134,738,081</u>	<u>816,445</u>
December 31, 2020			
	Book value before valuation	Fair value (book value)	Gains or losses
Equity-linked securities	₩ 177,195,574	174,643,793	(2,551,781)
Equity and derivatives-linked bonds	2,519,672	2,531,054	11,382
Other derivatives-linked securities	3,178,524	2,970,178	(208,346)
Credit value adjustments	(514,795)	(371,374)	143,421
	<u>₩ 182,378,975</u>	<u>179,773,651</u>	<u>(2,605,324)</u>

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

(f) The details of loans in financial assets at fair value through profit or loss as of March 31, 2021 and December 31, 2020 are as follows:

	March 31, 2021		
	Book value before valuation	Fair value (book value)	Gains or losses
Loans receivable	₩ 679,606,105	678,663,613	(942,492)

	December 31, 2020		
	Book value before valuation	Fair value (book value)	Gains or losses
Loans receivable	₩ 881,329,469	847,507,251	(33,822,218)

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

(a) The details of financial assets measured at fair value through other comprehensive income as of March 31, 2021 and December 31, 2020 are as follows:

	March 31, 2021	December 31, 2020
Equity instruments(*)		
Stocks	₩ 511,304,432	494,848,212
Investment in partnerships	818,000	818,000
	<u>512,122,432</u>	<u>495,666,212</u>
Debt instruments		
Government and Public bonds	41,103,428	309,727,028
Special bonds	1,253,014,693	1,024,256,540
Corporate bonds	485,700,416	357,487,088
	<u>1,779,818,537</u>	<u>1,691,470,656</u>
	<u>₩ 2,291,940,969</u>	<u>2,187,136,868</u>

(*) This is designated as a fair value through other comprehensive income among investments in equity instruments.

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6. Financial assets measured at fair value through other comprehensive income, Continued

(b) The details of equity securities in financial assets designated as measured at fair value through other comprehensive income as of March 31, 2021 and December 31, 2020 are as follows:

March 31, 2021				
Classification	Name of investment	Acquisition cost	Book value	Reason for Designation
Stock	INDUSTRIAL BANK OF KOREA	₩ 39,272,429	23,953,400	Business & strategic alliance
	Woori Bank	324,480,000	273,104,000	"
	THE KOREA SECURITIES FINANCE CORPORATION	31,692,850	60,237,867	Securities industry related organization
	KOREA EXCHANGE	2,737,381	135,758,471	"
	Korea Securities Depository	731,735	14,688,530	"
	KOREA MONEY BROKERAGE CORPORATION	199,221	2,859,285	"
	Korea Foss Securities co., Ltd. (formerly Fund Online Korea Co., Ltd.)	1,998,000	692,308	Business strategic alliance
	PT Bursa Efek Indonesia (BEI)	10,517	10,571	Securities industry related organization
	Subtotal	401,122,133	511,304,432	
Investment in partnership	Korea Financial Investment Association	818,000	818,000	Business strategic alliance
		₩ 401,940,133	512,122,432	

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6. Financial assets measured at fair value through other comprehensive income, Continued

(b) The details of equity securities in financial assets designated as measured at fair value through other comprehensive income as of March 31, 2021 and December 31, 2020 are as follows, Continued:

December 31, 2020				
Classification	Name of investment	Acquisition cost	Book value	Reason for Designation
Stock	INDUSTRIAL BANK OF KOREA	₩ 39,272,429	23,116,600	Business & strategic alliance
	Woori Bank	324,480,000	263,099,200	"
	THE KOREA SECURITIES FINANCE CORPORATION	31,692,850	59,967,301	Securities industry related organization
	KOREA EXCHANGE	2,737,381	130,570,673	"
	Korea Securities Depository	731,735	14,633,094	"
	KOREA MONEY BROKERAGE CORPORATION	199,221	2,758,587	"
	Korea Foss Securities co., Ltd. (formerly Fund Online Korea Co., Ltd.)	1,998,000	692,308	Business strategic alliance
	PT Bursa Efek Indonesia (BEI)	10,517	10,449	Securities industry related organization
	Subtotal	<u>401,122,133</u>	<u>494,848,212</u>	
	Investment in partnership	Korea Financial Investment Association	818,000	818,000
		<u>₩ 401,940,133</u>	<u>495,666,212</u>	

(c) No equity securities designated as measured at fair value through other comprehensive income were disposed for the three-month periods ended March 31, 2021 and 2020. Accumulated amounts in other comprehensive income and profit or loss on disposal are reclassified to retained earnings and are not reclassified to profit or loss.

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6. Financial assets measured at fair value through other comprehensive income, Continued

(d) The details of dividend income in financial assets measured at fair value through other comprehensive income for the three-month periods ended March 31, 2021 and 2020 are as follows:

	2021	2020
Dividend income recognized from assets held as of the end of the reporting period	₩ 16,169,271	23,928,425

(e) The details of change in other comprehensive income in financial assets measured at fair value through other comprehensive income for the three-month periods ended March 31, 2021 and 2020 are as follows:

		March 31, 2021			
		Beginning balance	Valuation	Disposal	Ending Balance
Equity securities	₩	107,602,733	16,456,100	-	124,058,833
Debt securities		7,851,343	(863,092)	(1,642,214)	5,346,037
Subtotal		115,454,076	15,593,008	(1,642,214)	129,404,870
Tax		(31,771,876)	(4,288,076)	451,609	(35,608,343)
Total	₩	83,682,200	11,304,932	(1,190,605)	93,796,527

		March 31, 2020			
		Beginning balance	Valuation	Disposal	Ending Balance
Equity securities	₩	134,253,255	(119,786,043)	-	14,467,212
Debt securities		7,415,505	3,397,726	(1,239,416)	9,573,815
Subtotal		141,668,760	(116,388,317)	(1,239,416)	24,041,027
Tax		(38,980,915)	32,006,788	340,839	(6,633,288)
Total	₩	102,687,845	(84,381,529)	(898,577)	17,407,739

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6. Financial assets measured at fair value through other comprehensive income, Continued

(f) The details of change in loss allowance in financial assets measured at fair value through other comprehensive income for the three-month periods ended March 31, 2021 and 2020 are as follows:

	March 31, 2021			
	12-months	Lifetime ECL		Total
	ECL	Not impaired	Impaired	
Beginning balance	₩ 344,759	-	-	344,759
Replacement				
To 12-month ECL	-	-	-	-
To Lifetime ECL	-	-	-	-
To credit impaired financial asset	-	-	-	-
Provision (reversal)	(4,374)	-	-	(4,374)
Ending balance	₩ 340,385	-	-	340,385
	March 31, 2020			
	12-months	Lifetime ECL		Total
	ECL	Not impaired	Impaired	
Beginning balance	₩ 270,234	-	-	270,234
Replacement				
To 12-month ECL	-	-	-	-
To Lifetime ECL	-	-	-	-
To credit impaired financial asset	-	-	-	-
Provision (reversal)	235,319	-	-	235,319
Ending balance	₩ 505,553	-	-	505,553

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6. Financial assets measured at fair value through other comprehensive income, Continued

(g) The details of change in book value in financial assets measured at fair value through other comprehensive income the three-month periods ended March 31, 2021 and 2020 are as follows:

	March 31, 2021			
	12-months ECL	Lifetime ECL		Total
		Not impaired	Impaired	
Beginning balance	₩ 1,691,470,656	-	-	1,691,470,656
Replacement				
To 12-month ECL	-	-	-	-
To Lifetime ECL	-	-	-	-
To credit impaired financial asset	-	-	-	-
Acquisition	850,574,594	-	-	850,574,594
Disposal	(758,749,360)	-	-	(758,749,360)
Valuation	(2,505,306)	-	-	(2,505,306)
Others(*)	(972,047)	-	-	(972,047)
Ending balance	₩ 1,779,818,537	-	-	1,779,818,537

(*) Other changes are due to effective interest amortization, etc.

	March 31, 2020			
	12-months ECL	Lifetime ECL		Total
		Not impaired	Impaired	
Beginning balance	₩ 2,114,082,661	-	-	2,114,082,661
Replacement				
To 12-month ECL	-	-	-	-
To Lifetime ECL	-	-	-	-
To credit impaired financial asset	-	-	-	-
Acquisition	387,477,850	-	-	387,477,850
Disposal	(927,113,800)	-	-	(927,113,800)
Valuation	3,397,726	-	-	3,397,726
Others(*)	(834,695)	-	-	(834,695)
Ending balance	₩ 1,577,009,742	-	-	1,577,009,742

(*) Other changes are due to effective interest amortization, etc.

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7. Investments in Associates

(a) Investments in associates as of March 31, 2021 and December 31, 2020 are as follows:

Company	Location	Ownership (%)	Financial year end	March 31, 2021			Industry
				Acquisition cost	Net asset amount	Carrying amount	
Associates:							
True Friend Investment Advisory Co., Ltd.(*1)	China	100.00	December 31	₩ 3,322,800	2,907,572	2,907,571	Finance investment
Global Dynasty Natural Resource Private Equity Fund	Korea	22.39	December 31	6,733,180	-	-	Investment trust
Shanghai Fangzheng Stock Investment Partnership	China	39.60	December 31	30,938,044	50,555,241	50,555,243	Investment trust
KIP Promising Service Industry Venture Fund	Korea	22.22	December 31	5,810,000	7,756,482	7,756,482	Investment partnership
KIM Growth Corporation Professional Private Trust 1	Korea	30.00	December 31	14,085,833	18,756,602	18,756,603	Investment trust
KIM Growth Company Professional Private Investment No.3	Korea	39.10	December 31	25,884,014	26,270,611	26,270,611	Investment trust
KIP Bright (Chengdu) Investment Partnership	China	50.00	December 31	30,187,946	32,231,264	32,231,264	Investment trust
Korea Investment Industry 4.0 Venture Fund	Korea	24.65	December 31	15,872,500	23,023,891	23,023,891	Investment trust
2017 KIF-KIP Artificial Intelligence Venture Fund	Korea	20.00	December 31	7,746,840	9,381,334	9,381,334	Investment partnership
EQ Partners Green Private Equity Fund	Korea	26.43	December 31	27,407,557	26,499,606	26,499,607	Investment trust
IBK KIP Growth Stepstone No.1 Private Equity Fund	Korea	20.00	December 31	9,756,000	9,405,350	9,405,350	Investment trust
Eugene Premier Professional Investment Type Private Investment Trust No.17	Korea	40.51	December 31	28,957,927	32,616,502	32,616,502	Investment trust
JB Japan Office Private Real Estate Fund 20 1st	Korea	50.00	December 31	18,800,000	21,146,752	21,146,753	Investment trust
KIS-Emford New Tech Investment Fund 1	Korea	22.06	December 31	3,000,000	2,826,660	2,826,660	Investment partnership
KIM Private Placement London Core Office Real Estate Investment Trust	Korea	23.35	December 31	31,642,788	31,302,694	31,302,694	Investment trust
KCLAVIS Meister Fund No.46(*1)	Korea	64.52	December 31	1,612,903	1,566,709	1,566,709	Investment partnership
Hyundai YouFirst Private Real Estate Investment Trust No.23-1	Korea	48.81	December 31	28,569,402	27,866,995	27,866,994	Investment trust
AIP Euro green private real estate trust No.9	Korea	50.00	December 31	46,419,188	46,629,846	46,634,233	Investment trust
FG EURO GREEN Private Real Estate Fund No.3	Korea	25.51	December 31	24,633,250	25,845,774	25,845,773	Investment trust

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7. Investments in Associates, Continued

(a) Investments in associates as of March 31, 2021 and December 31, 2020 are as follows, Continued:

Company	Location	Ownership (%)	Financial year end	March 31, 2021			Industry
				Acquisition cost	Net asset amount	Carrying amount	
Woori Goseong Power EBL Private Special Asset Fund	Korea	33.33	December 31	₩ 30,227,700	30,230,650	30,230,650	Investment trust
Hanwha Japan Photovoltaic Private Fund 2	Korea	33.33	December 31	20,342,854	21,026,813	21,026,813	Investment trust
Eugene Aviation Private Special Asset Investment Trust No. 11 (Aircraft) (*1)	Korea	54.48	December 31	4,475,922	4,375,750	4,375,750	Investment trust
NH-Amundi Aviation Private Fund 1	Korea	28.67	December 31	14,878,864	14,637,480	14,637,480	Investment trust
NH-Amundi Aviation Private Fund 2	Korea	40.04	December 31	14,428,516	14,196,660	14,196,661	Investment trust
HANA PRIVATE REAL ESTATE INVESTMENT TRUST NO.58	Korea	35.26	December 31	31,006,489	29,899,641	29,899,640	Investment trust
NH-Amundi US Infrastructure Investment Trust II	Korea	30.30	December 31	23,173,875	22,863,079	22,863,195	Investment trust
Anda Station Professional Investment Type Private Real Estate Fund No.1	Korea	27.97	December 31	21,365,218	22,021,852	22,021,852	Investment trust
WOORI ECOWASTE PRIVATE SPECIAL ASSET FUND	Korea	25.20	December 31	31,769	25,467	25,468	Investment trust
KIS-SV New Tech Investment Fund 1	Korea	32.97	December 31	3,000,000	2,874,773	2,874,773	Investment partnership
EBEST AIP Fund No.1	Korea	36.36	December 31	545,455	524,281	524,281	Investment partnership
Samchully Midstream Private Placement Special Asset Fund 5-3	Korea	44.44	December 31	48,052,589	46,502,393	46,502,392	Investment trust
KTB Aircraft Professional Investment Private Investment Trust No.22-1	Korea	27.03	December 31	20,225,751	18,577,428	17,887,881	Investment trust
JB Australia NDIS Private Fund 1	Korea	49.50	December 31	50,000,000	43,912,837	41,751,519	Investment trust
NH Amundi Overseas Senior Loan Fund 4	Korea	31.30	December 31	43,990,132	45,844,377	45,844,377	Investment trust
Tiger Alternative Investment 8	Korea	39.35	December 31	47,620,000	47,071,794	47,071,794	Investment trust
Tiger Alternative Qualified Investment Real Estate Trust No.12	Korea	32.59	December 31	25,599,507	28,661,371	28,661,371	Investment trust
Tiger Alternative Qualified Investment Real Estate Trust No. 6	Korea	32.59	December 31	24,400,493	25,930,150	25,930,150	Investment trust
Hanon Private Equity Fund	Korea	28.57	December 31	6,000,000	6,861,207	7,095,553	Investment partnership

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Notes to the Condensed Consolidated Interim Financial Statements

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7. Investments in Associates, Continued

(a) Investments in associates as of March 31, 2021 and December 31, 2020 are as follows, Continued:

Company	Location	Ownership (%)	Financial year end	March 31, 2021			Industry
				Acquisition cost	Net asset amount	Carrying amount	
KIS-BM New Tech Investment Fund 1	Korea	31.75	December 31 ₩	2,000,000	1,933,624	1,933,624	Investment partnership
T&F 2019 Bearing Startup and Venture Private Equity Fund	Korea	23.54	December 31	2,410,546	2,394,823	2,394,823	Investment partnership
IBKC-EQP Innovative Technology Fund	Korea	40.76	December 31	5,485,729	4,976,054	4,976,054	Investment partnership
Kiwoom Infra Core Debt Investment Private Trust No.2	Korea	27.05	December 31	769,887	772,459	1,094,384	Investment trust
Tiger Alternative Qualified Investment Real Estate Trust No.14	Korea	36.26	December 31	50,000,000	46,244,409	46,244,409	Investment trust
KIM AsiaPlus Securities Feeder Investment Trust(Bond)	Korea	47.52	December 31	20,531,666	20,807,229	22,100,734	Investment trust
INMARK France Professional Private Real Estate Investment Trust 18	Korea	35.83	December 31	55,000,000	54,550,245	53,874,664	Investment trust
Petra 7 Alpha Private Equity Fund(*3)	Korea	51.92	December 31	26,061,725	25,084,443	25,084,443	Investment partnership
KIS-BM New Tech Investment Fund 2	Korea	31.95	December 31	1,000,000	978,880	978,880	Investment partnership
Tiger Alternative Qualified Investment Real Estate Trust No.18-2	Korea	23.51	December 31	27,668,700	26,462,651	26,012,651	Investment trust
Kiwoom Hero Private Equity Fund 3	Korea	30.77	December 31	2,000,000	1,951,684	1,951,684	Investment partnership
KIM Global Flex Bond Securities Trust	Korea	25.35	December 31	20,000,000	21,168,402	21,168,402	Investment trust
Koreainvestment-Brickinvestment 1 New Technology Business Investment Fund	Korea	20.62	December 31	3,000,000	2,975,106	2,975,106	Investment partnership
KIM Private Placement Smart Real Asset Investment Trust 1	Korea	20.00	December 31	6,975,000	7,407,557	7,544,321	Investment trust
Alpha US Notus Special Asset Private Investment Trust	Korea	39.96	December 31	58,605,759	59,065,510	59,065,510	Investment trust
PineStreet Global Corporate Finance Fund V-1	Korea	30.30	December 31	16,580,000	16,665,889	16,665,889	Investment trust
A ONE GALAXY KOSDAQ VENTURE PROFESSIONAL INVESTOR PRIVATE INVESTMENT FUNDS	Korea	49.50	December 31	5,000,000	4,961,286	4,961,286	Investment trust

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7. Investments in Associates, Continued

(a) Investments in associates as of March 31, 2021 and December 31, 2020 are as follows, Continued:

Company	Location	Ownership (%)	Financial year end	March 31, 2021			Industry
				Acquisition cost	Net asset amount	Carrying amount	
Hyundai Logiscore PEF I	Korea	29.41	December 31	₩ 3,000,000	2,998,259	2,998,259	Investment trust
Kakao Bank, Corp.	Korea	26.97	December 31	632,507,504	768,513,231	787,793,113	Bank
Korea Investment Aviation Professional Investors' Special Asset Investment Trust No.6(*2)	Korea	4.83	December 31	5,723,605	2,773,538	2,773,513	Investment trust
KIM Target Income Global Bond Feeder Fund2(*2)	Korea	3.00	December 31	400,000	442,776	445,896	Investment trust
KIM Target Income Global Allocation Feeder Fund2(*2)	Korea	7.38	December 31	400,000	483,769	489,224	Investment trust
KIM Global Socially Responsible ESG Companies Fund(Equity-Fund of Funds) (*2)	Korea	17.58	December 31	1,735,462	2,347,322	2,348,976	Investment trust
KIM US Dividend Aristocrats Fund (Equity) (*2)	Korea	4.72	December 31	5,000,000	6,915,781	7,005,100	Investment trust
Korea Value Platinum Plus Qualified Investor Private Investment Trust Type 2(*2)	Korea	6.60	December 31	769,300	779,630	777,485	Investment trust
Korea Value Platinum Covered Risk Investor Private Investment Trust(*2)	Korea	6.60	December 31	1,050,000	1,054,025	1,052,770	Investment trust
GEC-KIP Technology and Innovation Fund(*3)	Singapore	58.20	December 31	9,186,047	9,399,828	9,400,331	Investment trust
				₩ 1,753,606,236	1,916,736,298	1,934,127,405	

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

(*2) Although percentage of ownership does not exceed 20%, the Group has significant influence over the investee through its ability to appoint directors. Therefore, it is classified as investments in associates.

(*3) Although its equity ratio exceeds 50%, it is classified as an investment in an associate because it does not have the ability to determine financial and operating policies according to its de facto control.

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7. Investments in Associates, Continued

(a) Investments in associates as of March 31, 2021 and December 31, 2020 are as follows, Continued:

Company	Location	Ownership (%)	Financial year end	December 31, 2020			Industry
				Acquisition cost	Net asset amount	Carrying amount	
Associates:							
True Friend Investment Advisory Co., Ltd.(*1)	China	100.00	December 31	₩ 3,322,800	2,826,422	2,826,422	Finance investment
Global Dynasty Natural Resource Private Equity Fund	Korea	22.39	December 31	6,733,180	-	-	Investment trust
Shanghai Fangzheng Stock Investment Partnership	China	39.60	December 31	30,938,044	52,666,407	52,666,407	Investment trust
KIP Promising Service Industry Venture Fund	Korea	22.22	December 31	7,439,000	8,281,967	8,281,967	Investment partnership
KIM Growth Corporation Professional Private Trust 1	Korea	30.00	December 31	14,865,036	14,276,842	14,276,842	Investment trust
KIM Growth Corporation Professional Mezzanine Private Trust 2	Korea	20.55	December 31	3,004,145	3,246,154	3,558,210	Investment trust
KIM Growth Company Professional Private Investment No.3	Korea	39.10	December 31	25,884,014	27,635,920	27,635,920	Investment trust
KIP Bright (Chengdu) Investment Partnership	China	50.00	December 31	30,187,946	29,359,489	29,359,489	Investment trust
Korea Investment Industry 4.0 Venture Fund	Korea	24.65	December 31	16,100,000	22,747,234	22,747,234	Investment trust
2017 KIF-KIP Artificial Intelligence Venture Fund	Korea	20.00	December 31	8,232,840	9,842,262	9,842,262	Investment partnership
EQ Partners Green Private Equity Fund	Korea	26.43	December 31	27,356,127	26,444,910	26,444,910	Investment trust
IBK KIP Growth Stepstone No.1 Private Equity Fund	Korea	20.00	December 31	9,756,000	9,433,047	9,433,047	Investment trust
Eugene Premier Professional Investment Type Private Investment Trust No.17	Korea	40.51	December 31	28,957,927	32,060,213	32,060,213	Investment trust
JB Japan Office Private Real Estate Fund 20 1st	Korea	50.00	December 31	18,800,000	20,974,258	20,974,258	Investment trust
KIS-Emford New Tech Investment Fund 1	Korea	22.06	December 31	3,000,000	2,841,446	2,841,446	Investment partnership
KIM Private Placement London Core Office Real Estate Investment Trust	Korea	23.35	December 31	31,642,788	31,381,120	31,381,120	Investment trust
KCLAVIS Meister Fund No.46(*1)	Korea	64.52	December 31	1,612,903	1,571,602	1,571,602	Investment partnership
Hyundai YouFirst Private Real Estate Investment Trust No.23-1	Korea	48.81	December 31	28,569,402	27,557,786	27,557,786	Investment trust
AIP Euro green private real estate trust No.9	Korea	50.00	December 31	46,419,188	46,605,648	46,610,036	Investment trust
FG EURO GREEN Private Real Estate Fund No.3	Korea	25.51	December 31	24,633,250	25,225,049	25,225,049	Investment trust

Korea Investment & Securities Co., Ltd. and Subsidiaries
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7. Investments in Associates, Continued

(a) Investments in associates as of March 31, 2021 and December 31, 2020 are as follows, Continued:

Company	Location	Ownership (%)	Financial year end	December 31, 2020			Industry
				Acquisition cost	Net asset amount	Carrying amount	
Woori Goseong Power EBL Private Special Asset Fund	Korea	33.33	December 31 ₩	30,227,700	30,235,416	30,235,416	Investment trust
Hanwha Japan Photovoltaic Private Fund 2	Korea	33.33	December 31	20,923,256	21,763,190	21,763,190	Investment trust
Eugene Aviation Private Special Asset Investment Trust No. 11 (Aircraft) (*1)	Korea	54.48	December 31	4,475,922	4,393,468	4,393,468	Investment trust
NH-Amundi Aviation Private Fund 1	Korea	28.67	December 31	15,896,358	15,663,979	15,663,979	Investment trust
NH-Amundi Aviation Private Fund 2	Korea	40.04	December 31	15,427,122	15,210,363	15,210,363	Investment trust
HANA PRIVATE REAL ESTATE INVESTMENT TRUST NO.58	Korea	35.26	December 31	31,006,489	29,878,225	29,878,225	Investment trust
NH-Amundi US Infrastructure Investment Trust II	Korea	30.30	December 31	24,181,229	23,870,054	23,870,172	Investment trust
Anda Station Professional Investment Type Private Real Estate Fund No.1	Korea	31.80	December 31	38,496,957	37,320,305	37,320,305	Investment trust
Koramco Professional Investment No.69	Korea	40.00	December 31	30,417,300	30,421,859	30,421,859	Investment trust
WOORI ECOWASTE PRIVATE SPECIAL ASSET FUND	Korea	25.20	December 31	15,505,197	15,508,487	15,508,487	Investment trust
KIS-SV New Tech Investment Fund 1	Korea	32.97	December 31	3,000,000	2,889,555	2,889,555	Investment partnership
EBEST AIP Fund No.1	Korea	36.36	December 31	545,455	528,711	528,711	Investment partnership
Samchully Midstream Private Placement Special Asset Fund 5-3	Korea	44.44	December 31	48,052,589	46,695,517	46,695,517	Investment trust
KTB Aircraft Professional Investment Private Investment Trust No.22-1	Korea	27.03	December 31	21,525,867	22,177,686	19,899,256	Investment trust
JB Australia NDIS Private Fund 1	Korea	49.50	December 31	50,000,000	43,835,233	41,751,519	Investment trust
NH Amundi Overseas Senior Loan Fund 4	Korea	30.00	December 31	43,719,741	43,684,662	43,684,662	Investment trust
Tiger Alternative Investment 8	Korea	39.35	December 31	47,620,000	46,031,070	46,031,070	Investment trust
Tiger Alternative Qualified Investment Real Estate Trust No.12	Korea	32.59	December 31	25,599,507	23,545,480	23,545,480	Investment trust
Tiger Alternative Qualified Investment Real Estate Trust No. 6	Korea	32.59	December 31	24,400,493	22,413,562	22,413,562	Investment trust
Hanon Private Equity Fund	Korea	28.57	December 31	6,000,000	6,307,272	6,541,618	Investment partnership

Korea Investment & Securities Co., Ltd. and Subsidiaries
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(In thousands of won)

7. Investments in Associates, Continued

(a) Investments in associates as of March 31, 2021 and December 31, 2020 are as follows, Continued:

Company	Location	Ownership (%)	Financial year end	December 31, 2020			Industry
				Acquisition cost	Net asset amount	Carrying amount	
KIS-BM New Tech Investment Fund 1	Korea	31.75	December 31 ₩	2,000,000	1,943,455	1,943,455	Investment partnership
T&F 2019 Bearing Startup and Venture Private Equity Fund	Korea	23.54	December 31	2,410,546	2,398,338	2,398,338	Investment partnership
IBKC-EQP Innovative Technology Fund	Korea	40.00	December 31	5,383,038	4,879,044	4,879,044	Investment partnership
Kiwoom Infra Core Debt Investment Private Trust No.2	Korea	27.05	December 31	35,000,000	36,816,073	37,137,998	Investment trust
Tiger Alternative Qualified Investment Real Estate Trust No.14	Korea	36.26	December 31	50,000,000	45,803,802	45,803,802	Investment trust
Multi Asset Opportunity QI Investment Fund No. 16(*3)	Korea	56.90	December 31	30,646,056	30,325,350	30,320,575	Investment trust
KIM AsiaPlus Securities Feeder Investment Trust(Bond)	Korea	44.91	December 31	20,531,666	20,820,716	21,096,212	Investment trust
INMARK France Professional Private Real Estate Investment Trust 18	Korea	35.83	December 31	55,000,000	54,216,451	53,540,870	Investment trust
Petra 7 Alpha Private Equity Fund(*3)	Korea	51.92	December 31	26,061,725	25,144,270	25,144,270	Investment partnership
KIS-BM New Tech Investment Fund 2	Korea	31.95	December 31	1,000,000	983,801	983,801	Investment partnership
Kiwoom Hero Private Equity Fund 3	Korea	30.77	December 31	2,000,000	1,957,695	1,957,695	Investment partnership
Koreainvestment-Brickinvestment 1 New Technology Business Investment Fund	Korea	20.62	December 31	3,000,000	2,930,099	2,930,099	Investment partnership
Tiger Alternative Qualified Investment Real Estate Trust No.18-2	Korea	23.51	December 31	27,668,700	26,468,082	26,018,082	Investment trust
KIM Global Flex Bond Securities Trust	Korea	36.40	December 31	20,000,000	21,171,555	21,310,019	Investment trust
KIM Private Placement Smart Real Asset Investment Trust 1	Korea	20.00	December 31	6,975,000	7,141,723	7,278,488	Investment trust
Alpha US Notus Special Asset Private Investment Trust	Korea	39.96	December 31	58,605,759	59,045,032	59,045,032	Investment trust
PineStreet Global Corporate Finance Fund V-1	Korea	30.30	December 31	16,580,000	16,536,743	16,536,743	Investment trust

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(In thousands of won)

7. Investments in Associates, Continued

(a) Investments in associates as of March 31, 2021 and December 31, 2020 are as follows, Continued:

Company	Location	Ownership (%)	Financial year end	December 31, 2020			Industry
				Acquisition cost	Net asset amount	Carrying amount	
A ONE GALAXY KOSDAQ VENTURE PROFESSIONAL INVESTOR PRIVATE INVESTMENT FUNDS	Korea	49.50	December 31	₩ 5,000,000	4,999,520	4,999,520	Investment trust
KODEX Banks	Korea	38.55	December 31	77,541,023	83,687,620	83,687,620	Investment trust
Kakao Bank, Corp.	Korea	27.10	December 31	632,507,504	757,976,842	778,301,186	Bank
Korea Investment Aviation Professional Investors' Special Asset Investment Trust No.6(*2)	Korea	4.83	December 31	5,723,605	2,779,825	2,779,825	Investment trust
KIM Target Income Global Bond Feeder Fund2(*1)	Korea	28.78	December 31	3,300,000	3,726,426	3,726,426	Investment trust
KIM Target Income Global Allocation Feeder Fund2	Korea	64.52	December 31	4,800,000	5,820,192	5,820,192	Investment trust
KIM Global Socially Responsible ESG Companies Fund(Equity-Fund of Funds)	Korea	22.51	December 31	1,723,675	2,287,668	2,287,668	Investment trust
GEC-KIP Technology and Innovation Fund	Singapore	47.04	December 31	6,863,962	5,949,908	5,949,908	Investment trust
KIM US Dividend Aristocrats Fund (Equity) C-F(*2)	Korea	4.19	December 31	5,000,000	6,379,850	6,379,850	Investment trust
Korea Value Platinum Equity Qualified Investor Private Investment Trust Type 2(*2)	Korea	6.60	December 31	534,800	629,877	629,877	Investment trust
				₩ 1,970,332,831	2,110,171,827	2,126,427,229	

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

(*2) Although percentage of ownership does not exceed 20%, the Group has significant influence over the investee through its ability to appoint directors. Therefore, it is classified as investments in associates.

(*3) Although its equity ratio exceeds 50%, it is classified as an investment in an associate because it does not have the ability to determine financial and operating policies according to its de facto control.

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7. Investments in Associates, Continued

(b) Summary of financial information of associates as of March 31, 2021 and December 31, 2020 are as follows:

Company	March 31, 2021					
	Total assets	Total liabilities	Total equity	Operating revenues	Net income (loss)	Total comprehensive income (loss)
True Friend Investment Advisory Co., Ltd.	₩ 2,992,262	84,691	2,907,571	-	3,043	81,149
Global Dynasty Natural Resource Private Equity Fund	124,935	1,971,984	(1,847,049)	32	(7,018)	(7,018)
Shanghai Fangzheng Stock Investment Partnership	128,149,913	485,159	127,664,754	7,356,799	(7,636,635)	(5,331,223)
KIP Promising Service Industry Venture Fund	37,312,189	2,408,019	34,904,170	5,477,745	4,965,818	4,965,818
KIM Growth Corporation Professional Private Trust 1	62,724,719	202,708	62,522,011	22,044,495	19,114,318	19,114,318
KIM Growth Company Professional Private Investment No.3	67,188,529	132	67,188,396	86,195	(3,491,815)	(3,491,815)
KIP Bright (Chengdu) Investment Partnership	64,463,047	521	64,462,526	5,491,576	3,898,871	5,743,549
Korea Investment Industry 4.0 Venture Fund	93,767,791	356,575	93,411,216	959,494	4,247,263	4,247,263
2017 KIF-KIP Artificial Intelligence Venture Fund	47,095,691	189,017	46,906,674	3,212	1,354,927	1,354,927
EQ Partners Green Private Equity Fund	100,483,742	214,957	100,268,785	212,321	12,847	12,847
IBK KIP Growth Stepstone No.1 Private Equity Fund	47,349,753	322,999	47,026,754	187,815	(138,484)	(138,484)
Eugene Premier Professional Investment Type Private Investment Trust No.17	80,827,510	319,357	80,508,153	1,289,296	1,373,103	1,373,103
JB Japan Office Private Real Estate Fund 20 1st	42,297,018	3,514	42,293,504	940,978	1,109,240	1,109,240
KIS-Emford New Tech Investment Fund 1	12,814,193	-	12,814,193	-	(67,030)	(67,030)
KIM Private Placement London Core Office Real Estate Investment Trust	134,195,067	115,194	134,079,873	1,155	(335,926)	(335,926)
KCLAVIS Meister Fund No.46	2,439,837	11,438	2,428,399	10	(7,584)	(7,584)
Hyundai YouFirst Private Real Estate Investment Trust No.23-1	57,201,417	106,208	57,095,209	469,141	633,519	633,519
AIP Euro green private real estate trust NO.9	96,773,373	3,517,223	93,256,150	2,003,753	2,085,185	2,085,185
FG EURO GREEN Private Real Estate Fund No.3	101,542,674	208,265	101,334,409	1,023,707	2,433,695	2,433,695
Woori Goseong Power EBL Private Special Asset Fund	90,712,793	20,842	90,691,951	756,378	732,102	732,102
Hanwha Japan Photovoltaic Private Fund 2	63,162,760	82,321	63,080,439	621,867	830,868	830,868
Eugene Aviation Private Special Asset Investment Trust No. 11 (Aircraft)	8,033,152	934	8,032,218	156,194	133,247	133,247

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7. Investments in Associates, Continued

(b) Summary of financial information of associates as of March 31, 2021 and December 31, 2020 are as follows, Continued:

Company	March 31, 2021					
	Total assets	Total liabilities	Total equity	Operating revenues	Net income (loss)	Total comprehensive income (loss)
NH-Amundi Aviation Private Fund 1	₩ 51,052,395	3,985	51,048,410	574,696	449,702	449,702
NH-Amundi Aviation Private Fund 2	35,461,502	2,769	35,458,733	565,692	469,652	469,652
HANA PRIVATE REAL ESTATE INVESTMENT TRUST NO.58	87,719,080	2,930,915	84,788,165	3	60,727	60,727
NH-Amundi US Infrastructure Investment Trust II	75,458,686	4,640	75,454,046	7,515,873	808,276	808,276
Anda Station Professional Investment Type Private Real Estate Fund No.1	327,540,084	248,818,142	78,721,942	3,200,330	41,866,424	41,866,424
WOORI ECOWASTE PRIVATE SPECIAL ASSET FUND	122,398	21,347	101,051	342,447	322,576	322,576
KIS-SV New Tech Investment Fund 1	8,720,144	-	8,720,144	37	(44,839)	(44,839)
EBEST AIP Fund No.1	1,449,912	8,137	1,441,775	14	(12,181)	(12,181)
Samchully Midstream Private Placement Special Asset Fund 5-3	104,709,236	78,854	104,630,382	162,988	(434,532)	(434,532)
KTB Aircraft Professional Investment Private Investment Trust No.22-1	73,464,215	4,726,875	68,737,340	2,111,336	1,080,189	1,080,189
JB Australia NDIS Private Fund 1	88,761,817	57,887	88,703,930	110,286	156,759	156,759
NH Amundi Overseas Senior Loan Fund 4	449,941,743	303,474,086	146,467,657	1,780,131	1,768,814	1,768,814
Tiger Alternative Investment 8	119,751,733	115,042	119,636,691	2,564,126	2,645,082	2,645,082
Tiger Alternative Qualified Investment Real Estate Trust No.12	90,302,263	2,355,839	87,946,424	2,980,748	18,727,935	18,727,935
Tiger Alternative Qualified Investment Real Estate Trust No. 6	81,811,310	2,245,542	79,565,768	2,428,758	13,190,528	13,190,528
Hanon Private Equity Fund	24,077,265	63,040	24,014,225	3,164,709	3,110,023	3,110,023
T&F 2019 Bearing Startup and Venture Private Equity Fund	10,174,581	1,375	10,173,206	49,315	(7,142)	49,315
IBKC-EQP Innovative Technology Fund	12,454,340	247,084	12,207,256	1	(247,082)	(247,082)
Kiwoom Infra Core Debt Investment Private Trust No.2	2,878,569	23,072	2,855,497	584,718	(3,985,714)	(3,985,714)
Tiger Alternative Qualified Investment Real Estate Trust No.14	127,577,261	28,482	127,548,779	3,093,162	3,805,931	3,805,931
KIM AsiaPlus Securities Feeder Investment Trust(Bond)	43,835,648	49,784	43,785,864	699,845	(22,193)	(22,193)
INMARK France Professional Private Real Estate Investment Trust 18	166,765,308	14,520,534	152,244,774	2,486,997	931,589	931,589
Petra 7 Alpha Private Equity Fund	48,438,881	121,319	48,317,562	331	(115,238)	(115,238)
KIS-BM New Tech Investment Fund 2	3,063,896	-	3,063,896	-	(15,402)	(15,402)

Korea Investment & Securities Co., Ltd. and Subsidiaries
Notes to the Condensed Consolidated Interim Financial Statements

March 31, 2021 and 2020

(In thousands of won)

7. Investments in Associates, Continued

(b) Summary of financial information of associates as of March 31, 2021 and December 31, 2020 are as follows, Continued:

Company	March 31, 2021					
	Total assets	Total liabilities	Total equity	Operating revenues	Net income (loss)	Total comprehensive income (loss)
Tiger Alternative Qualified Investment Real Estate Trust No.18-2	₩ 109,939,194	(2,600,452)	112,539,646	193	1,194,866	1,194,866
Kiwoom Hero Private Equity Fund 3	6,358,259	15,288	6,342,971	-	(19,537)	(19,537)
KIM Global Flex Bond Securities Trust	85,111,359	1,617,074	83,494,285	308,261	(92,063)	(92,063)
Korea Investment-Brick Investment 1 New Technology Business Investment Fund	14,429,265	-	14,429,265	-	630	630
KIM Private Placement Smart Real Asset Investment Trust 1	37,604,015	566,232	37,037,783	1,363,260	1,329,166	1,329,166
Alpha US Notus Special Asset Private Investment Trust	149,001,149	1,205,307	147,795,842	5,009,373	1,251,741	1,251,741
PineStreet Global Corporate Finance Fund V-1	57,203,668	2,206,234	54,997,434	910,827	942,183	942,183
A ONE GALAXY KOSDAQ VENTURE PROFESSIONAL INVESTOR PRIVATE INVESTMENT FUNDS	10,022,789	991	10,021,798	-	(77,233)	(77,233)
Hyundai Logiscore PEF I	10,400,542	206,460	10,194,082	2,000,158	(5,918)	(5,918)
Kakao Bank, Corp.	28,616,363,358	25,766,888,355	2,849,475,003	224,910,115	46,656,185	38,357,926
Korea Investment Aviation Professional Investors' Special Asset Investment Trust No.6	57,488,078	10,160	57,477,918	9,098,727	(130,626)	(130,626)
KIM Target Income Global Bond Feeder Fund2	14,911,989	152,792	14,759,197	254,015	(198,351)	(198,351)
KIM Target Income Global Allocation Feeder Fund2	6,556,855	1,719	6,555,136	525,794	61,465	61,465
KIM Global Socially Responsible ESG Companies Fund(Equity-Fund of Funds)	13,377,090	23,721	13,353,369	844,168	208,929	208,929
KIM US Dividend Aristocrats Fund (Equity)	151,645,080	5,196,235	146,448,845	23,094,056	12,865,861	12,865,861
Korea Value Platinum Plus Qualified Investor Private Investment Trust	12,652,415	839,842	11,812,573	333,159	162,104	162,104
Korea Value Platinum Covered Risk Investor Private Investment Trust	17,413,009	1,442,937	15,970,072	100,202	68,610	68,610
GEC-KIP Technology and Innovation Fund	16,195,637	44,729	16,150,908	-	(124,109)	732,968

Korea Investment & Securities Co., Ltd. and Subsidiaries
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March 31, 2021 and 2020

(In thousands of won)

7. Investments in Associates, Continued

(b) Summary of financial information of associates as of March 31, 2021 and December 31, 2020 are as follows, Continued:

Company	December 31, 2020					
	Total assets	Total liabilities	Total equity	Operating revenues(*)	Net income (loss) (*)	Total comprehensive income (loss) (*)
True Friend Investment Advisory Co., Ltd.	₩ 2,908,079	81,657	2,826,422	-	(3,423)	109,253
Global Dynasty Natural Resource Private Equity Fund	131,953	1,971,984	(1,840,031)	40	(17,200)	(17,200)
Shanghai Fangzheng Stock Investment Partnership	133,030,287	34,310	132,995,977	23,729	(3,853,772)	137,934
KIP Promising Service Industry Venture Fund	40,146,736	2,877,884	37,268,852	2,677,775	1,761,164	1,761,164
KIM Growth Corporation Professional Private Trust 1	47,775,229	185,757	47,589,472	4,131,080	4,036,638	4,036,638
KIM Growth Corporation Professional Mezzanine Private Trust 2	15,796,438	68	15,796,370	964,494	1,674,492	1,674,492
KIM Growth Company Professional Private Investment No.3	70,680,359	148	70,680,211	59,271	(356,046)	(356,046)
KIP Bright (Chengdu) Investment Partnership	58,718,977	-	58,718,977	15,886,189	(867,987)	1,469,710
Korea Investment Industry 4.0 Venture Fund	93,688,779	1,400,000	92,288,779	620,533	240,124	240,124
2017 KIF-KIP Artificial Intelligence Venture Fund	49,440,844	229,534	49,211,310	2,542,869	2,254,002	2,254,002
EQ Partners Green Private Equity Fund	100,255,975	194,153	100,061,822	508,654	305,602	305,602
IBK KIP Growth Stepstone No.1 Private Equity Fund	47,819,784	654,547	47,165,237	267,328	(93,221)	(93,221)
Eugene Premier Professional Investment Type Private Investment Trust No.17	79,427,931	292,881	79,135,050	1,588,402	1,804,026	1,804,026
JB Japan Office Private Real Estate Fund 20 1st	42,474,635	526,120	41,948,515	1,172,689	1,801,911	1,801,911
KIS-Emford New Tech Investment Fund 1	12,881,223	-	12,881,223	-	(70,001)	(70,001)
KIM Private Placement London Core Office Real Estate Investment Trust	134,449,243	33,445	134,415,798	3,630	896,074	896,074
KCLAVIS Meister Fund No.46	2,441,257	5,274	2,435,983	15	(7,675)	(7,675)
Hyundai YouFirst Private Real Estate Investment Trust No.23-1	56,510,165	48,476	56,461,689	1,138,436	-	-
AIP Euro green private real estate trust NO.9	97,330,135	4,122,378	93,207,757	1,907,730	3,848,443	3,848,443
FG EURO GREEN Private Real Estate Fund No.3	98,986,773	86,059	98,900,714	1,143,436	(2,147,750)	(2,147,750)
Woori Goseong Power EBL Private Special Asset Fund	90,727,587	21,338	90,706,249	760,843	736,469	736,469
Hanwha Japan Photovoltaic Private Fund 2	65,320,582	31,011	65,289,571	688,594	1,599,581	1,599,581
Eugene Aviation Private Special Asset Investment Trust No. 11 (Aircraft)	8,065,645	903	8,064,742	167,116	159,910	159,910

Korea Investment & Securities Co., Ltd. and Subsidiaries
Notes to the Condensed Consolidated Interim Financial Statements

March 31, 2021 and 2020

(In thousands of won)

7. Investments in Associates, Continued

(b) Summary of financial information of associates as of March 31, 2021 and December 31, 2020 are as follows, Continued:

Company	December 31, 2020						Total comprehensive income (loss) (*)
	Total assets	Total liabilities	Total equity	Operating revenues(*)	Net income (loss) (*)		
NH-Amundi Aviation Private Fund 1	₩ 54,632,263	3,925	54,628,338	616,432	474,323	474,323	
NH-Amundi Aviation Private Fund 2	37,993,365	2,728	37,990,637	602,556	497,847	497,847	
HANA PRIVATE REAL ESTATE INVESTMENT TRUST NO.58	86,460,941	1,733,503	84,727,438	6	(332,525)	(332,525)	
NH-Amundi US Infrastructure Investment Trust II	78,794,460	17,171	78,777,289	1,088,954	1,237,447	1,237,447	
Anda Station Professional Investment Type Private Real Estate Fund No.1	269,311,518	151,947,664	117,363,854	3,658,416	1,809,375	1,809,375	
Koramco Professional Investment No.69	220,071,256	144,016,608	76,054,648	3,119,556	1,170,995	1,170,995	
WOORI ECOWASTE PRIVATE SPECIAL ASSET FUND	61,581,514	47,839	61,533,675	23,417	727,300	727,300	
KIS-SV New Tech Investment Fund 1	8,764,983	-	8,764,983	-	(45,138)	(45,138)	
EBEST AIP Fund No.1	1,453,956	-	1,453,956	19,466	7,255	7,255	
Samchully Midstream Private Placement Special Asset Fund 5-3	105,145,487	80,573	105,064,914	1,929,258	1,890,789	1,890,789	
KTB Aircraft Professional Investment Private Investment Trust No.22-1	90,325,807	8,267,349	82,058,458	2,418,732	1,264,879	1,264,879	
JB Australia NDIS Private Fund 1	88,602,858	55,687	88,547,171	-	153,463	153,463	
NH Amundi Overseas Senior Loan Fund 4	436,475,174	290,859,635	145,615,539	2,171,414	1,916,943	1,916,943	
Tiger Alternative Investment 8	117,017,123	25,514	116,991,609	2,979,500	2,526,442	2,526,442	
Tiger Alternative Qualified Investment Real Estate Trust No.12	72,398,808	150,319	72,248,489	3,590,624	2,667,406	2,667,406	
Tiger Alternative Qualified Investment Real Estate Trust No. 6	68,918,517	143,278	68,775,239	3,289,512	2,409,843	2,409,843	
Hanon Private Equity Fund	22,142,412	66,960	22,075,452	3,148,963	2,987,943	2,987,943	
KIS-BM New Tech Investment Fund 1	6,121,883	-	6,121,883	-	410	410	
T&F 2019 Bearing Startup and Venture Private Equity Fund	10,190,888	2,750	10,188,138	49,863	(6,740)	49,863	
IBKC-EQP Innovative Technology Fund	12,448,975	251,366	12,197,609	292	(303,087)	(303,087)	
Kiwoom Infra Core Debt Investment Private Trust No.2	136,120,160	24,688	136,095,472	1,571,614	3,907,391	3,907,391	
Tiger Alternative Qualified Investment Real Estate Trust No.14	126,482,341	148,820	126,333,521	2,752,120	1,348,505	1,348,505	
Multi Asset Opportunity QI Investment Fund No. 16	53,349,955	54,250	53,295,705	2	(73,366)	(73,366)	
KIM AsiaPlus Securities Feeder Investment Trust(Bond)	46,466,047	130,131	46,335,916	1,843,293	(158,104)	(158,104)	

Korea Investment & Securities Co., Ltd. and Subsidiaries
Notes to the Condensed Consolidated Interim Financial Statements

March 31, 2021 and 2020

(In thousands of won)

7. Investments in Associates, Continued

(b) Summary of financial information of associates as of March 31, 2021 and December 31, 2020 are as follows, Continued:

Company	December 31, 2020						Total comprehensive income (loss) (*)
	Total assets	Total liabilities	Total equity	Operating revenues(*)	Net income (loss) (*)		
INMARK France Professional Private Real Estate Investment Trust 18	₩ 165,938,743	14,625,558	151,313,185	2,854,265	5,412,908	5,412,908	
Petra 7 Alpha Private Equity Fund	48,560,529	127,729	48,432,800	1,687	(117,705)	(117,705)	
KIS-BM New Tech Investment Fund 2	3,079,298	-	3,079,298	-	(3,773)	(3,773)	
Kiwoom Hero Private Equity Fund 3	6,379,769	17,261	6,362,508	-	-	-	
Koreainvestment-Brickinvestment 1 New Technology Business Investment Fund	14,210,983	-	14,210,983	-	-	-	
Tiger Alternative Qualified Investment Real Estate Trust No.18-2	115,346,149	2,783,405	112,562,744	1,600	(1,590,436)	(1,590,436)	
KIM Global Flex Bond Securities Trust	58,881,420	714,957	58,166,463	-	-	-	
KIM Private Placement Smart Real Asset Investment Trust 1	35,885,258	176,641	35,708,617	-	-	-	
Alpha US Notus Special Asset Private Investment Trust	147,903,098	158,498	147,744,600	-	-	-	
PineStreet Global Corporate Finance Fund V-1	55,319,645	748,394	54,571,251	-	-	-	
A ONE GALAXY KOSDAQ VENTURE PROFESSIONAL INVESTOR PRIVATE INVESTMENT FUNDS	10,100,000	969	10,099,031	-	-	-	
Kakao Bank, Corp.	26,649,990,467	23,853,027,949	2,796,962,518	192,635,437	18,473,016	25,118,299	
KODEX Banks	217,210,696	126,267	217,084,429	-	-	-	
Korea Investment Aviation Professional Investors' Special Asset Investment Trust No.6	57,627,347	18,829	57,608,518	788	(229,462)	(229,462)	
KIM Target Income Global Bond Feeder Fund2	13,996,512	1,938,756	12,057,756	138	(815,225)	(815,225)	
KIM Target Income Global Allocation Feeder Fund2	8,958,221	3,080	8,955,141	318	(945,615)	(945,615)	
KIM Global Socially Responsible ESG Companies Fund(Equity-Fund of Funds)	13,748,053	3,543,748	10,204,305	-	(432,669)	(432,669)	
GEC-KIP Technology and Innovation Fund	13,227,159	131,305	13,095,854	-	(179,992)	(297,410)	
KIM US Dividend Aristocrats Fund (Equity)	150,455,434	1,164,497	149,290,937	-	-	-	
Korea Value Platinum Equity Qualified Investor Private Investment Trust Type 2	9,543,837	111	9,543,726	-	-	-	

(*) These are amounts for the three-month period ended March 31, 2020.

Korea Investment & Securities Co., Ltd. and Subsidiaries
Notes to the Condensed Consolidated Interim Financial Statements

March 31, 2021 and 2020

(In thousands of won)

7. Investments in Associates, Continued

(c) The changes in investments in associates for the three-month periods ended March 31, 2021 and 2020 are as follows:

Company	2021						
	Beginning balance	Acquisition (Disposal)	Replace	Dividends	Profit (loss) of associates	Changes in equity of associates	Ending balance
True Friend Investment Advisory Co., Ltd.	₩ 2,826,422	-	-	-	3,043	78,106	2,907,571
Shanghai Fangzheng Stock Investment Partnership	52,666,407	-	-	-	(3,024,107)	912,943	50,555,243
KIP Promising Service Industry Venture Fund	8,281,967	(1,629,000)	-	-	1,103,515	-	7,756,482
KIM Growth Corporation Professional Private Trust 1	14,276,842	(969,116)	-	(426,605)	5,875,482	-	18,756,603
KIM Growth Corporation Professional Mezzanine Private Trust 2(*1)	3,558,210	(3,558,210)	-	-	-	-	-
KIM Growth Company Professional Private Investment No.3	27,635,920	-	-	-	(1,365,309)	-	26,270,611
KIP Bright (Chengdu) Investment Partnership	29,359,489	-	-	-	1,949,436	922,339	32,231,264
Korea Investment Industry 4.0 Venture Fund	22,747,234	(227,500)	-	(542,704)	1,046,861	-	23,023,891
2017 KIF-KIP Artificial Intelligence Venture Fund	9,842,262	(486,000)	-	(245,913)	270,985	-	9,381,334
EQ Partners Green Private Equity Fund	26,444,910	51,429	-	-	3,268	-	26,499,607
IBK KIP Growth Stepstone No.1 Private Equity Fund	9,433,047	-	-	-	(27,697)	-	9,405,350
Eugene Premier Professional Investment Type Private Investment Trust No.17	32,060,213	-	-	-	556,289	-	32,616,502
JB Japan Office Private Real Estate Fund 20 1st	20,974,258	-	-	(338,888)	511,383	-	21,146,753
KIS-Emford New Tech Investment Fund 1	2,841,446	-	-	-	(14,786)	-	2,826,660

Korea Investment & Securities Co., Ltd. and Subsidiaries
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March 31, 2021 and 2020

(In thousands of won)

7. Investments in Associates, Continued

(c) The changes in investments in associates for the three-month periods ended March 31, 2021 and 2020 are as follows, Continued:

Company	2021						
	Beginning balance	Acquisition (Disposal)	Replace	Dividends	Profit (loss) of associates	Changes in equity of associates	Ending balance
KIM Private							
Placement London Core Office Real Estate Investment Trust	₩ 31,381,120	-	-	-	(78,426)	-	31,302,694
KCLAVIS Meister Fund No.46	1,571,602	-	-	-	(4,893)	-	1,566,709
Hyundai YouFirst Private Real Estate Investment Trust No.23-1	27,557,786	-	-	-	309,208	-	27,866,994
AIP Euro green private real estate trust NO.9	46,610,036	-	-	(1,018,435)	1,042,632	-	46,634,233
FG EURO GREEN Private Real Estate Fund No.3	25,225,049	-	-	-	620,724	-	25,845,773
Woori Goseong Power EBL Private Special Asset Fund	30,235,416	-	-	(248,800)	244,034	-	30,230,650
Hanwha Japan Photovoltaic Private Fund 2	21,763,190	(593,333)	-	(420,000)	276,956	-	21,026,813
Eugene Aviation Private Special Asset Investment Trust No. 11 (Aircraft)	4,393,468	-	-	(90,307)	72,589	-	4,375,750
NH-Amundi Aviation Private Fund 1	15,663,979	(999,168)	-	(156,277)	128,946	-	14,637,480
NH-Amundi Aviation Private Fund 2	15,210,363	(979,689)	-	(222,048)	188,035	-	14,196,661
HANA PRIVATE REAL ESTATE INVESTMENT TRUST NO.58	29,878,225	-	-	-	21,415	-	29,899,640
NH-Amundi US Infrastructure Investment Trust II	23,870,172	(994,333)	-	(257,556)	244,912	-	22,863,195
Anda Station Professional Investment Type Private Real Estate Fund No.1	37,320,305	(16,599,075)	-	(7,655,379)	8,956,001	-	22,021,852
Koramco Professional Investment No.69(*1)	30,421,859	(30,421,859)	-	-	-	-	-
WOORI ECOWASTE PRIVATE SPECIAL ASSET FUND	15,508,487	(15,474,797)	-	(89,522)	81,300	-	25,468

Korea Investment & Securities Co., Ltd. and Subsidiaries
Notes to the Condensed Consolidated Interim Financial Statements

March 31, 2021 and 2020

(In thousands of won)

7. Investments in Associates, Continued

(c) The changes in investments in associates for the three-month periods ended March 31, 2021 and 2020 are as follows, Continued:

Company	2021						
	Beginning balance	Acquisition (Disposal)	Replace	Dividends	Profit (loss) of associates	Changes in equity of associates	Ending balance
KIS-SV New Tech Investment Fund 1	₩ 2,889,555	-	-	-	(14,782)	-	2,874,773
EBEST AIP Fund No.1	528,711	-	-	-	(4,430)	-	524,281
Samchully Midstream Private Placement Special Asset Fund 5-3	46,695,517	-	-	-	(193,125)	-	46,502,392
KTB Aircraft Professional Investment Private Investment Trust No.22-1	19,899,256	(1,379,983)	-	(631,392)	-	-	17,887,881
JB Australia NDIS Private Fund 1	41,751,519	-	-	-	-	-	41,751,519
NH Amundi Overseas Senior Loan Fund 4	43,684,662	270,391	-	(545,400)	2,434,724	-	45,844,377
Tiger Alternative Investment 8	46,031,070	-	-	-	1,040,724	-	47,071,794
Tiger Alternative Qualified Investment Real Estate Trust No.12	23,545,480	-	-	(987,464)	6,103,355	-	28,661,371
Tiger Alternative Qualified Investment Real Estate Trust No. 6	22,413,562	-	-	(782,150)	4,298,738	-	25,930,150
Hanon Private Equity Fund	6,541,618	-	-	(334,643)	888,578	-	7,095,553
KIS-BM New Tech Investment Fund 1	1,943,455	-	-	-	(9,831)	-	1,933,624
T&F 2019 Bearing Startup and Venture Private Equity Fund	2,398,338	-	-	-	(3,515)	-	2,394,823
IBKC-EQP Innovative Technology Fund	4,879,044	102,692	-	-	(5,682)	-	4,976,054

Korea Investment & Securities Co., Ltd. and Subsidiaries
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7. Investments in Associates, Continued

(c) The changes in investments in associates for the three-month periods ended March 31, 2021 and 2020 are as follows, Continued:

Company	2021						
	Beginning balance	Acquisition (Disposal)	Replace	Dividends	Profit (loss) of associates	Changes in equity of associates	Ending balance
Kiwoom Infra Core Debt Investment Private Trust No.2	₩ 37,137,998	(34,471,779)	-	(493,634)	(1,078,201)	-	1,094,384
Tiger Alternative Qualified Investment Real Estate Trust No.14	45,803,802	-	-	(939,281)	1,379,888	-	46,244,409
Multi Asset Opportunity QI Investment Fund No. 16(*1)	30,320,575	(30,320,575)	-	-	-	-	-
KIM AsiaPlus Securities Feeder Investment Trust(Bond)	21,096,212	-	-	-	1,004,522	-	22,100,734
INMARK France Professional Private Real Estate Investment Trust 18	53,540,870	-	-	-	333,794	-	53,874,664
Petra 7 Alpha Private Equity Fund	25,144,270	-	-	-	(59,827)	-	25,084,443
KIS-BM New Tech Investment Fund 2	983,801	-	-	-	(4,921)	-	978,880
Tiger Alternative Qualified Investment Real Estate Trust No.18-2	26,018,082	-	-	(286,393)	280,962	-	26,012,651
Kiwoom Hero Private Equity Fund 3	1,957,695	-	-	-	(6,011)	-	1,951,684
KIM Global Flex Bond Securities Trust	21,310,019	-	-	-	(141,617)	-	21,168,402
Koreainvestment-Brickinvestment 1 New Technology Business Investment Fund	2,930,099	-	-	-	45,007	-	2,975,106
KIM Private Placement Smart Real Asset Investment Trust 1	7,278,488	-	-	-	265,833	-	7,544,321
Alpha US Notus Special Asset Private Investment Trust	59,045,032	-	-	(479,771)	500,249	-	59,065,510

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March 31, 2021 and 2020

(In thousands of won)

7. Investments in Associates, Continued

(c) The changes in investments in associates for the three-month periods ended March 31, 2021 and 2020 are as follows, Continued:

Company	2021						
	Beginning balance	Acquisition (Disposal)	Replace	Dividends	Profit (loss) of associates	Changes in equity of associates	Ending balance
PineStreet Global Corporate Finance Fund V-1	₩ 16,536,743	-	-	(156,364)	285,510	-	16,665,889
A ONE GALAXY KOSDAQ VENTURE PROFESSIONAL INVESTOR PRIVATE INVESTMENT FUNDS	4,999,520	-	-	-	(38,234)	-	4,961,286
Hyundai Logiscore PEF I	-	3,000,000	-	-	(1,741)	-	2,998,259
KODEX Banks(*1)	83,687,620	(52,496,306)	(31,191,314)	-	-	-	-
Kakao Bank, Corp.	778,301,186	-	-	-	11,370,055	(1,878,128)	787,793,113
Korea Investment Aviation Professional Investors' Special Asset Investment Trust No.6	2,779,825	-	-	-	(6,312)	-	2,773,513
KIM Target Income Global Bond Feeder Fund2	3,726,426	(3,274,738)	-	-	(5,792)	-	445,896
KIM Target Income Global Allocation Feeder Fund2	5,820,192	(5,335,176)	-	-	4,208	-	489,224
KIM Global Socially Responsible ESG Companies Fund(Equity-Fund of Funds)	2,287,668	-	-	-	61,308	-	2,348,976
KIM US Dividend Aristocrats Fund (Equity)	6,379,850	-	-	-	625,250	-	7,005,100
Korea Value Platinum Equity Qualified Investor Private Investment Trust Type 2(*1)	629,877	(629,877)	-	-	-	-	-
Korea Value Platinum Plus Qualified Investor Private Investment Trust	-	769,300	-	-	8,185	-	777,485
Korea Value Platinum Covered Risk Investor Private Investment Trust	-	1,050,000	-	-	2,770	-	1,052,770
GEC-KIP Technology and Innovation Fund	5,949,908	2,322,085	-	-	719,128	409,210	9,400,331
	₩ 2,126,427,229	(193,274,617)	(31,191,314)	(17,348,926)	49,070,563	444,470	1,934,127,405

(*1) They were excluded from investments in associates due to disposal for the three-month period ended March 31, 2021.

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7. Investments in Associates, Continued

(c) The changes in investments in associates for the three-month periods ended March 31, 2021 and 2020 are as follows, Continued:

Company	2020						
	Beginning balance	Acquisition (Disposal)	Replace	Dividends	Profit (loss) of associates	Changes in equity of associates	Ending balance
True Friend Investment Advisory Co., Ltd.	₩ 2,792,253	-	-	-	(3,423)	112,676	2,901,506
Shanghai Fangzheng Stock Investment Partnership	54,433,557	-	-	-	(1,526,094)	1,580,716	54,488,179
KIP Promising Service Industry Venture Fund	10,130,718	(1,700,000)	-	-	391,370	-	8,822,088
KIM Growth Company Professional Private Investment No.1	15,782,517	-	-	-	1,210,991	-	16,993,508
KIM Growth Corporation Professional Mezzanine Private Trust 2	8,207,912	(1,354,769)	-	(520,344)	357,672	-	6,690,471
KIM Growth Company Professional Private Investment No.3	27,132,936	2,541,500	-	-	(139,214)	-	29,535,222
KIP Bright (Chengdu) Equity Investment Partnership	34,502,941	-	-	-	(433,993)	1,168,848	35,237,796
Korea Investment Industry 4.0 Venture Fund	20,716,383	(875,000)	-	(353,917)	59,186	-	19,546,652
2017 KIF-KIP Artificial Intelligence Venture Fund	10,409,101	-	-	-	450,800	-	10,859,901
EQ Partners Green Private Equity Fund	26,703,567	-	-	-	80,766	-	26,784,333
IBK KIP Growth Stepstone No.1 Private Equity Fund	4,103,379	2,020,000	-	-	(18,644)	-	6,104,735
Eugene Premier Professional Investment Type Private Investment Trust No.17	36,699,818	(8,495,744)	-	(1,273,034)	730,870	-	27,661,910
JB Japan Office Private Real Estate Fund 20 1st	20,116,709	-	-	(339,816)	900,955	-	20,677,848
KIS-Emford New Tech Investment Fund 1	2,901,886	-	-	-	(15,441)	-	2,886,445
KIP KIS Global Fund	6,182,784	-	-	-	15,335	-	6,198,119

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7. Investments in Associates, Continued

(c) The changes in investments in associates for the three-month periods ended March 31, 2021 and 2020 are as follows, Continued:

Company	2020						Ending balance
	Beginning balance	Acquisition (Disposal)	Replace	Dividends	Profit (loss) of associates	Changes in equity of associates	
KIM Private Placement London Core Office Real Estate Investment Trust	₩ 31,505,461	-	-	-	209,200	-	31,714,661
KCLAVIS Meister Fund No.46	1,974,888	-	-	-	(4,952)	-	1,969,936
Hyundai YouFirst Private Real Estate Investment Trust No.23-1	27,354,139	-	-	-	1,284,292	-	28,638,431
AIP EURO GREEN PRIVATE REAL ESTATE TRUST NO.9	46,264,253	-	-	(1,005,299)	1,924,295	-	47,183,249
FG EURO GREEN Private Real Estate Fund No.3	24,929,637	-	-	-	(547,793)	-	24,381,844
Woori Goseong Power EBL Private Special Asset Fund	30,233,299	-	-	(246,633)	246,056	-	30,232,722
Hanwha Japan Photovoltaic Private Fund 2	22,643,895	(690,000)	-	(326,667)	533,194	-	22,160,422
Eugene Aviation Private Special Asset Investment Trust No. 11 (Aircraft)	4,359,873	58,517	-	(89,928)	87,115	-	4,415,577
NH-Amundi Aviation Private Fund 1	15,509,876	-	-	(157,705)	136,005	-	15,488,176
NH-Amundi Aviation Private Fund 2	15,098,890	(11,724)	-	(212,197)	199,324	-	15,074,293
HANA PRIVATE REAL ESTATE INVESTMENT TRUST NO.58	27,310,518	-	-	-	(117,261)	-	27,193,257
NH-Amundi US Infrastructure Investment Trust II	23,920,430	-	-	(279,978)	374,955	-	24,015,407
Anda Station Professional Investment Type Private Real Estate Fund No.1	37,869,607	-	-	(1,203,410)	575,360	-	37,241,557
Koramco Professional Investment No.69	30,421,859	-	-	(473,310)	468,398	-	30,416,947
WOORI ECOWASTE PRIVATE SPECIAL ASSET FUND	15,050,222	-	-	(183,328)	183,303	-	15,050,197

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7. Investments in Associates, Continued

(c) The changes in investments in associates for the three-month periods ended March 31, 2021 and 2020 are as follows, Continued:

Company	2020						Changes in equity of associates	Ending balance
	Beginning balance	Acquisition (Disposal)	Replace	Dividends	Profit (loss) of associates			
KIS-SV New Tech Investment Fund 1	₩ 2,949,856	-	-	-	(14,880)	-	2,934,976	
EBEST AIP Fund No.1	790,221	-	-	-	2,638	-	792,859	
Samchully Midstream Private Placement Special Asset Fund 5-3	47,750,177	(239,300)	-	(820,000)	840,351	-	47,531,228	
KTB Aircraft Professional Investment Private Investment Trust No.22-1	21,711,292	-	-	(631,562)	341,855	-	21,421,585	
JB Australia NDIS Private Fund 1	41,751,519	-	-	-	-	-	41,751,519	
NH Amundi Overseas Senior Loan Fund 4	42,546,722	-	-	(711,900)	575,083	-	42,409,905	
Tiger Alternative Investment 8	46,557,161	-	-	-	994,044	-	47,551,205	
Tiger Alternative Professional Private Special Asset Investment Trust 5	19,195,951	-	-	(677,635)	(334,237)	-	18,184,079	
Tiger Alternative Qualified Investment Real Estate Trust No.12	24,587,737	-	-	(1,098,649)	869,296	-	24,358,384	
Tiger Alternative Qualified Investment Real Estate Trust No. 6	23,436,618	-	-	(1,003,753)	785,358	-	23,218,223	
SHBNPP Uijeongbu Light Rail Transit Professional Investment Type Private Special Asset Investment Trust(*2)	20,525,901	(20,525,901)	-	-	-	-	-	
Hanon Private Equity Fund	6,250,371	-	-	(298,950)	853,698	-	6,805,119	
KIS-BM New Tech Investment Fund 1	1,983,931	-	-	-	130	-	1,984,061	
T&F 2020 Bearing Startup and Venture Private Equity Fund	2,400,817	-	-	-	(1,587)	-	2,399,230	
IBKC-EQP Innovative Technology Fund	-	1,727,054	-	-	(121,235)	-	1,605,819	
Kiwoom Infra Core Debt Investment Private Trust No.2	36,980,919	-	-	(493,649)	1,057,014	-	37,544,284	

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7. Investments in Associates, Continued

(c) The changes in investments in associates for the three-month periods ended March 31, 2021 and 2020 are as follows, Continued:

Company	2020						Changes in equity of associates	Ending balance
	Beginning balance	Acquisition (Disposal)	Replace	Dividends	Profit (loss) of associates			
Tiger Alternative Qualified Investment Real Estate Trust No.14	₩ 47,898,585	-	-	(900,286)	488,917	-	47,487,216	
Multi Asset Opportunity QI Investment Fund No. 16	3,308,263	27,325,006	-	-	(41,745)	-	30,591,524	
Shinhan AIM Real Estate Fund No.19	16,215,840	(6,000,000)	-	(297,850)	253,126	-	10,171,116	
KIM AsiaPlus Securities Feeder Investment Trust(Bond)	20,017,770	-	-	-	(77,906)	-	19,939,864	
INMARK France Professional Private Real Estate Investment Trust 18	76,018,014	(22,795,000)	-	-	1,939,478	-	55,162,492	
Petra 7 Alpha Private Equity Fund	25,396,995	-	-	-	(61,108)	-	25,335,887	
KIS-BM New Tech Investment Fund 2	-	1,000,000	-	-	(1,205)	-	998,795	
Tiger Alternative Qualified Investment Real Estate Trust No.18-2(*1)		-	27,668,700	(865,031)	(373,976)	-	26,429,693	
Kakao Bank, Corp.	505,120,491	-	-	-	4,324,365	2,068,458	511,513,314	
Korea Investment Aviation Professional Investors' Special Asset Investment Trust No.6	5,448,872	-	-	(173,928)	163,808	-	5,438,752	
KIM Target Income Global Bond Feeder Fund	5,407,100	-	-	-	(494,400)	-	4,912,700	
KIM Target Income Global Allocation Feeder Fund	5,546,250	-	-	-	(757,150)	-	4,789,100	
KIM 4th Industrial Revolution of Japan Fund(Equity)	4,456,851	-	-	-	(887,523)	-	3,569,328	
KIM Global Socially Responsible ESG Companies Fund(Equity-Fund of Funds)	1,872,247	23,675	-	-	(397,248)	-	1,498,674	
GEC-KIP Technology and Innovation Fund	6,412,345	-	(462,386)	-	(68,294)	461,296	6,342,961	
	₩ 1,697,802,124	(27,991,686)	27,206,314	(14,638,759)	17,469,294	5,391,994	1,705,239,281	

(*1) The equity ratio has been reduced, replacing investments in subsidiaries with investments in associates.

(*2) It was excluded from investments in associates due to disposal for the three-month period ended March 31, 2020.

Korea Investment & Securities Co., Ltd. and Subsidiaries
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7. Investments in Associates, Continued

(d) Accumulated unrecognized changes in equity due to discontinued use of equity method as of March 31, 2021 and December 31, 2020 are as follows:

	2021	
	Unrecognized loss	Unrecognized accumulated losses
Global Dynasty Natural Resource Private Equity Fund	₩ (1,571)	(413,518)
	2020	
	Unrecognized loss	Unrecognized accumulated losses
Global Dynasty Natural Resource Private Equity Fund	₩ (7,195)	(411,947)

Korea Investment & Securities Co., Ltd. and Subsidiaries
Notes to the Condensed Consolidated Interim Financial Statements

March 31, 2021 and 2020

(In thousands of won)

8. Financial assets measured at amortized cost

(a) Details of financial assets measured at amortized cost as of March 31, 2021 and December 31, 2020 are as follows:

		March 31, 2021	December 31, 2020
Loans and receivables at amortized cost	₩	6,950,131,394	6,571,903,361
Debt securities at amortized cost		146,353,196	146,288,550
	₩	<u>7,096,484,590</u>	<u>6,718,191,911</u>

(b) Details of loans and receivables at amortized cost as of March 31, 2021 and December 31, 2020 are as follows:

		March 31, 2021		
		Receivables	Loss allowance	Book value
Call loan	₩	3,152,119	-	3,152,119
Broker's loans(*1)		3,861,720,086	(6,856,568)	3,854,863,518
Loans receivable		2,447,941,148	(20,772,509)	2,427,168,639
Loans to employees(*2)		976,241	-	976,241
Advances for customers(*3)		16,524,521	(16,524,521)	-
Privately placed bonds		676,038,852	(12,067,975)	663,970,877
Others		11,585,117	(11,585,117)	-
	₩	<u>7,017,938,084</u>	<u>(67,806,690)</u>	<u>6,950,131,394</u>

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

(*2) The loan consists of the amount of the loan related to the housing loan, the mortgage loan, etc.

(*3) Advances for customers shall consist of the advance payments on acceptances and guarantees of bonds, advances payments on loss compensations and advance payments on acceptances and guarantees. Advance payments on acceptances and guarantees of bonds is calculated as the advance payment occurred on acceptances and guarantees of bonds if a large amount of accident compensation occurs due to the insolvency of the issuing company. Advances payments on loss compensations is an indemnity receivables that the company paid in advance in the event that a customer loses money due to embezzlement and arbitrarily selling of executives and employees.

Korea Investment & Securities Co., Ltd. and Subsidiaries
Notes to the Condensed Consolidated Interim Financial Statements

March 31, 2021 and 2020

(In thousands of won)

8. Financial assets measured at amortized cost, Continued

(b) Details of loans and receivables at amortized cost as of March 31, 2021 and December 31, 2020 are as follows, Continued:

	December 31, 2020		
	Receivables	Loss allowance	Book value
Call loan	₩ 4,312,500	-	4,312,500
Broker's loans(*1)	3,250,780,112	(6,577,278)	3,244,202,834
Loans receivable	2,554,505,863	(23,576,406)	2,530,929,457
Loans to employees(*2)	974,309	-	974,309
Advances for customers(*3)	10,677,192	(10,677,192)	-
Privately placed bonds	803,511,448	(12,027,187)	791,484,261
Others	11,585,117	(11,585,117)	-
	<u>₩ 6,636,346,541</u>	<u>(64,443,180)</u>	<u>6,571,903,361</u>

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

(*2) The loan consists of the amount of the loan related to the housing loan, the mortgage loan, etc.

(*3) Advances for customers shall consist of the advance payments on acceptances and guarantees of bonds, advances payments on loss compensations and advance payments on acceptances and guarantees. Advance payments on acceptances and guarantees of bonds is calculated as the advance payment occurred on acceptances and guarantees of bonds if a large amount of accident compensation occurs due to the insolvency of the issuing company. Advances payments on loss compensations is an indemnity receivables that the company paid in advance in the event that a customer loses money due to embezzlement and arbitrarily selling of executives and employees.

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March 31, 2021 and 2020

(In thousands of won)

8. Financial assets measured at amortized cost, Continued

(c) Changes in allowance for credit losses of loans and receivables at amortized cost for the three-month periods ended March 31, 2021 and 2020 are as follows:

	2021			
	12-months ECL	Lifetime ECL		Total
		Not impaired	Impaired	
Beginning balance	₩ 29,232,112	-	35,211,068	64,443,180
Replacement				
To 12-month ECL	-	-	-	-
To Lifetime ECL	-	-	-	-
To credit impaired financial asset	-	-	-	-
Provision (reversal)	(1,060,720)	-	5,811,330	4,750,610
Others(*)	(1,666,390)	-	279,290	(1,387,100)
Ending Balance	₩ 26,505,002	-	41,301,688	67,806,690

(*) Others are effect of exchange rate changes.

	2020			
	12-months ECL	Lifetime ECL		Total
		Not impaired	Impaired	
Beginning balance	₩ 14,464,317	-	30,046,090	44,510,407
Replacement				
To 12-month ECL	-	-	-	-
To Lifetime ECL	-	-	-	-
To credit impaired financial asset	-	-	-	-
Provision (reversal)	1,761,467	-	380,789	2,142,256
Others(*)	(196,976)	-	47,392	(149,584)
Ending Balance	₩ 16,028,808	-	30,474,271	46,503,079

(*) Others are effect of exchange rate changes.

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8. Financial assets measured at amortized cost, Continued

(d) Changes in carrying amount of loans and receivables at amortized cost for the three-month periods ended March 31, 2021 and 2020 are as follows:

	2021			
	12-months ECL	Lifetime ECL		Total
		Not impaired	Impaired	
Beginning balance	₩ 6,561,243,549	-	75,102,992	6,636,346,541
Replacement				
To 12-month ECL	-	-	-	-
To Lifetime ECL	-	-	-	-
To credit impaired financial asset	-	-	-	-
Execution and repayment	375,647,730	-	5,664,524	381,312,254
Others(*)	-	-	279,290	279,290
Ending Balance	₩ 6,936,891,279	-	81,046,806	7,017,938,085

(*) Others are amortization using effective interest method of private bond's discounted present value and effect of exchange rate changes.

	2020			
	12-months ECL	Lifetime ECL		Total
		Not impaired	Impaired	
Beginning balance	₩ 5,684,032,247	-	30,810,746	5,714,842,993
Replacement				
To 12-month ECL	-	-	-	-
To Lifetime ECL	-	-	-	-
To credit impaired financial asset	-	-	-	-
Execution and repayment	(238,954,848)	-	(807,354)	(239,762,202)
Others(*)	-	-	47,392	47,392
Ending Balance	₩ 5,445,077,399	-	30,050,784	5,475,128,183

(*) Others are amortization using effective interest method of private bond's discounted present value and effect of exchange rate changes.

(e) There is no gain or loss incurred from disposal of the loans and receivables at amortized cost for the three-month periods ended March 31, 2021 and 2020.

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8. Financial assets measured at amortized cost, Continued

(f) Details of debt securities at amortized cost as of March 31, 2021 and December 31, 2020 are as follows:

		March 31, 2021			
		Face value	Amortized cost	Loss allowance	Book value
Government and Public bonds	₩	20,000,000	19,615,336	(600)	19,614,736
Corporate bonds		127,000,000	127,000,000	(261,540)	126,738,460
	₩	<u>147,000,000</u>	<u>146,615,336</u>	<u>(262,140)</u>	<u>146,353,196</u>

		December 31, 2020			
		Face value	Amortized cost	Loss allowance	Book value
Government and Public bonds	₩	20,000,000	19,568,298	(600)	19,567,698
Corporate bonds		127,000,000	127,000,000	(279,148)	126,720,852
	₩	<u>147,000,000</u>	<u>146,568,298</u>	<u>(279,748)</u>	<u>146,288,550</u>

(g) Change in loss allowance of debt securities at amortized cost for the three-month periods ended March 31, 2021 and 2020 are as follows:

		2021			
		12-months ECL	Lifetime ECL		Total
			Not impaired	Impaired	
Beginning balance	₩	279,748	-	-	279,748
Replacement					
To 12-month ECL		-	-	-	-
To Lifetime ECL		-	-	-	-
To credit impaired financial asset		-	-	-	-
Provision (reversal)		(17,608)	-	-	(17,608)
Ending balance	₩	<u>262,140</u>	<u>-</u>	<u>-</u>	<u>262,140</u>

		2020			
		12-months ECL	Lifetime ECL		Total
			Not impaired	Impaired	
Beginning balance	₩	233,211	-	-	233,211
Replacement					
To 12-month ECL		-	-	-	-
To Lifetime ECL		-	-	-	-
To credit impaired financial asset		-	-	-	-
Provision (reversal)		(3,611)	-	-	(3,611)
Ending balance	₩	<u>229,600</u>	<u>-</u>	<u>-</u>	<u>229,600</u>

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8. Financial assets measured at amortized cost, Continued

(h) Change in carrying amount of loss allowance of debt securities at amortized cost for the three-month periods ended March 31, 2021 and 2020 are as follows:

	2021			
	12-months ECL	Lifetime ECL		Total
		Not impaired	Impaired	
Beginning balance	₩ 146,568,298	-	-	146,568,298
Replacement				
To 12-month ECL	-	-	-	-
To Lifetime ECL	-	-	-	-
To credit impaired financial asset	-	-	-	-
Acquisition	-	-	-	-
Disposal	-	-	-	-
Others(*)	47,038	-	-	47,038
Ending balance	₩ 146,615,336	-	-	146,615,336

(*) Others : Due to effective interest amortization etc.

	2020			
	12-months ECL	Lifetime ECL		Total
		Not impaired	Impaired	
Beginning balance	₩ 226,381,913	-	-	226,381,913
Replacement				
To 12-month ECL	-	-	-	-
To Lifetime ECL	-	-	-	-
To credit impaired financial asset	-	-	-	-
Acquisition	-	-	-	-
Disposal	(50,000,000)	-	-	(50,000,000)
Others(*)	45,813	-	-	45,813
Ending balance	₩ 176,427,726	-	-	176,427,726

(*) Others : Due to effective interest amortization etc.

(i) There is no gain or loss incurred from disposal of the debt securities at amortized cost for the three-month periods ended March 31, 2021 and 2020.

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9. Property and Equipment

(a) The details of property and equipment as of March 31, 2021 and December 31, 2020 are as follows:

		March 31, 2021		
		Acquisition cost	Accumulated depreciation	Carrying amount
Land	₩	185,388,627	-	185,388,627
Buildings		126,639,228	(65,943,942)	60,695,286
Vehicles		473,677	(183,877)	289,800
Furniture and equipment		119,165,658	(85,844,453)	33,321,205
Others		72,717,054	(54,978,811)	17,738,243
Right-of-use assets		99,270,114	(34,618,536)	64,651,578
	₩	<u>603,654,358</u>	<u>(241,569,619)</u>	<u>362,084,739</u>
		December 31, 2020		
		Acquisition cost	Accumulated depreciation	Carrying amount
Land	₩	187,676,845	-	187,676,845
Buildings		128,152,743	(66,052,251)	62,100,492
Vehicles		614,210	(252,253)	361,957
Furniture and equipment		117,838,114	(83,850,506)	33,987,608
Others		71,950,429	(55,463,844)	16,486,585
Right-of-use assets		99,020,773	(33,331,140)	65,689,633
	₩	<u>605,253,114</u>	<u>(238,949,994)</u>	<u>366,303,120</u>

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9. Property and Equipment, Continued

(b) Changes in property and equipment for the three-month periods ended March 31, 2021 and 2020 are as follows:

	2021					Ending balance
	Beginning balance	Acquisition	Disposal	Depreciation	Others(*)	
Land	₩ 187,676,845	-	-	-	(2,288,218)	185,388,627
Buildings	62,100,492	-	-	(824,782)	(580,424)	60,695,286
Vehicles	361,957	19,684	(67,225)	(33,642)	9,026	289,800
Furniture and equipment	33,987,608	2,296,822	(47,553)	(2,954,034)	38,362	33,321,205
Others	16,486,585	2,399,311	(27,135)	(1,541,254)	420,736	17,738,243
Right-of-use assets	65,689,633	6,880,425	(942,349)	(7,140,453)	164,322	64,651,578
	₩ 366,303,120	11,596,242	(1,084,262)	(12,494,165)	(2,236,196)	362,084,739

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

	2020					Ending balance
	Beginning balance	Acquisition	Disposal	Depreciation	Others(*)	
Land	₩ 187,677,081	-	-	-	-	187,677,081
Buildings	65,109,928	-	-	(834,451)	(463,567)	63,811,910
Vehicles	325,663	113,317	(53,306)	(4,490)	(25,405)	355,779
Furniture and equipment	33,042,181	1,163,958	(38,181)	(2,778,607)	43,880	31,433,231
Others	14,696,792	1,094,523	(106,663)	(1,636,830)	441,581	14,489,403
Right-of-use assets	62,223,896	7,367,223	(991,390)	(6,327,267)	(43,054)	62,229,408
	₩ 363,075,541	9,739,021	(1,189,540)	(11,581,645)	(46,565)	359,996,812

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

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10. Intangible Assets

(a) The details of intangible assets as of March 31, 2021 and December 31, 2020 are as follows:

	March 31, 2021			
	Acquisition cost	Accumulated amortization	Accumulated impairment loss	Carrying amount
Goodwill	₩ 233,251,894	-	-	233,251,894
Development costs	59,782,698	(35,847,469)	-	23,935,229
Software	3,463,333	(1,518,800)	-	1,944,533
Memberships	26,284,440	-	(5,583,231)	20,701,209
Others	21,048,857	(1,595)	-	21,047,262
	<u>₩ 343,831,222</u>	<u>(37,367,864)</u>	<u>(5,583,231)</u>	<u>300,880,127</u>

	December 31, 2020			
	Acquisition cost	Accumulated amortization	Accumulated impairment loss	Carrying amount
Goodwill	₩ 233,046,004	-	-	233,046,004
Development costs	56,162,333	(34,206,908)	-	21,955,425
Software	3,376,896	(1,307,557)	-	2,069,339
Memberships	25,581,614	-	(5,583,231)	19,998,383
Others	21,064,816	(1,530)	-	21,063,286
	<u>₩ 339,231,663</u>	<u>(35,515,995)</u>	<u>(5,583,231)</u>	<u>298,132,437</u>

(b) Changes in intangible assets for the three-month periods ended March 31, 2021 and 2020 are as follows:

	2021					Ending balance
	Beginning balance	Acquisition	Disposal	Amortization	Others(*2)	
Goodwill(*1)	₩ 233,046,004	73,821	-	-	132,069	233,251,894
Development costs	21,955,425	3,567,934	-	(1,845,412)	257,282	23,935,229
Software	2,069,339	-	-	(93,042)	(31,764)	1,944,533
Memberships	19,998,383	688,861	-	-	13,965	20,701,209
Others	21,063,286	-	(9,143)	(6,881)	-	21,047,262
	<u>₩ 298,132,437</u>	<u>4,330,616</u>	<u>(9,143)</u>	<u>(1,945,335)</u>	<u>371,552</u>	<u>300,880,127</u>

(*1) Goodwill arises from business combinations for the three-month period ended March 31, 2021.

(*2) Others represent fluctuations in exchange rate differences caused by overseas subsidiaries.

	2020					Ending balance
	Beginning balance	Acquisition	Disposal	Amortization	Others(*2)	
Goodwill(*1)	₩ 231,702,926	1,908,272	-	-	(308,310)	233,302,888
Development costs	19,191,326	673,832	-	(1,614,027)	(257,996)	17,993,135
Software	1,734,395	50,380	-	(55,474)	36,612	1,765,913
Memberships	19,513,975	1,223,254	(1,153,000)	-	15,082	19,599,311
Others	21,097,182	-	-	(14,389)	(76)	21,082,717
	<u>₩ 293,239,804</u>	<u>3,855,738</u>	<u>(1,153,000)</u>	<u>(1,683,890)</u>	<u>(514,688)</u>	<u>293,743,964</u>

(*1) Goodwill arises from business combinations for the three-month period ended March 31, 2020.

(*2) Others represent fluctuations in exchange rate differences caused by overseas subsidiaries.

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11. Investment Property

(a) The details of investment property as of March 31, 2021 and December 31, 2020 are as follows:

		March 31, 2021		
		Acquisition cost	Accumulated depreciation	Carrying amount
Land	₩	99,550,999	-	99,550,999
Buildings		73,828,799	(9,383,720)	64,445,079
	₩	<u>173,379,798</u>	<u>(9,383,720)</u>	<u>163,996,078</u>

		December 31, 2020		
		Acquisition cost	Accumulated depreciation	Carrying amount
Land	₩	97,262,782	-	97,262,782
Buildings		72,255,883	(7,978,271)	64,277,612
	₩	<u>169,518,665</u>	<u>(7,978,271)</u>	<u>161,540,394</u>

(b) Changes in investment property for the three-month periods ended March 31, 2021 and 2020 are as follows:

		2021				
		Beginning Balance	Acquisition	Depreciation	Reclassification(*)	Ending balance
Land	₩	97,262,782	-	-	2,288,217	99,550,999
Buildings		64,277,612	-	(461,428)	628,895	64,445,079
	₩	<u>161,540,394</u>	<u>-</u>	<u>(461,428)</u>	<u>2,917,112</u>	<u>163,996,078</u>

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

		2020				
		Beginning Balance	Disposal	Depreciation	Reclassification(*)	Ending balance
Land	₩	97,262,545	-	-	-	97,262,545
Buildings		65,954,573	-	(451,347)	(211)	65,503,015
	₩	<u>163,217,118</u>	<u>-</u>	<u>(451,347)</u>	<u>(211)</u>	<u>162,765,560</u>

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

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12. Other financial assets measured at amortized cost

(a) Details of other financial assets measured at amortized cost as of March 31, 2021 and December 31, 2020 are as follows:

	March 31, 2021	December 31, 2020
Accounts receivable	₩ 2,194,211,703	2,043,825,827
Accrued income	205,159,028	180,913,368
Guarantee deposits paid	56,213,019	57,280,034
Others	39,369,177	43,024,156
Present value discount	(6,686,869)	(6,505,986)
Loss allowance	(67,400,081)	(69,640,570)
	<u>₩ 2,420,865,977</u>	<u>2,248,896,829</u>

(b) Details of changes in loss allowance of other financial assets measured at amortized cost for the three-month periods ended March 31, 2021 and 2020 are as follows:

	2021			
	12-months ECL	Lifetime ECL		Total
		Not impaired	Impaired	
Beginning balance	₩ 3,247,170	234,054	66,159,346	69,640,570
Replacement				
To 12-month ECL	-	-	-	-
To Lifetime ECL	-	-	-	-
To credit impaired financial asset	-	(3,289)	3,289	-
Provision (reversal)	149,313	-	(2,263,957)	(2,114,644)
Others	-	-	(125,845)	(125,845)
Ending balance	<u>₩ 3,396,483</u>	<u>230,765</u>	<u>63,772,833</u>	<u>67,400,081</u>
	2020			
	12-months ECL	Lifetime ECL		Total
		Not impaired	Impaired	
Beginning balance	₩ 2,045,927	188,986	33,202,959	35,437,872
Replacement				
To 12-month ECL	-	-	-	-
To Lifetime ECL	-	-	-	-
To credit impaired financial asset	-	-	-	-
Provision (reversal)	26,892	10,691	1,882,297	1,919,880
Others	-	-	(2,435)	(2,435)
Ending balance	<u>₩ 2,072,819</u>	<u>199,677</u>	<u>35,082,821</u>	<u>37,355,317</u>

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12. Other financial assets measured at amortized cost, Continued

(c) Details of changes in carrying amount of other financial assets measured at amortized cost for the three-month periods ended March 31, 2021 and 2020 are as follows:

	2021			
	12-months ECL	Lifetime ECL		Total
		Not impaired	Impaired	
Beginning book value	₩ 2,256,889,102	1,153,826	60,494,472	2,318,537,400
Replacement				
To 12-month ECL	-	-	-	-
To Lifetime ECL	-	-	-	-
To credit impaired financial asset	-	-	-	-
Increase	169,381,081	-	435,431	169,816,512
Write-off	-	-	(87,854)	(87,854)
Ending book value	₩ <u>2,426,270,183</u>	<u>1,153,826</u>	<u>60,842,049</u>	<u>2,488,266,058</u>
	2020			
	12-months ECL	Lifetime ECL		Total
		Not impaired	Impaired	
Beginning book value	₩ 2,886,949,308	951,731	33,202,959	2,921,103,998
Replacement				
To 12-month ECL	-	-	-	-
To Lifetime ECL	-	-	-	-
To credit impaired financial asset	-	-	-	-
Increase	2,086,365,169	189,858	1,882,297	2,088,437,324
Write-off	-	-	(2,436)	(2,436)
Ending book value	₩ <u>4,973,314,477</u>	<u>1,141,589</u>	<u>35,082,820</u>	<u>5,009,538,886</u>

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13. Other Non-financial Assets

The details of other non-financial assets as of March 31, 2021 and December 31, 2020 are as follows:

	March 31, 2021	December 31, 2020
Advance payments	₩ 36,498,032	28,381,212
Prepaid expenses	11,714,682	23,865,189
	<u>₩ 48,212,714</u>	<u>52,246,401</u>

14. Deposits Received

The details of deposits received as of March 31, 2021 and December 31, 2020 are as follows:

	March 31, 2021	December 31, 2020
Customers' deposits for brokerage	₩ 6,013,339,617	6,746,670,077
Customers' deposits for exchange-traded derivatives trading	1,868,636,068	2,018,642,915
Customers' deposits for subscriptions	2,024,284	24,284
Customers' deposits for savings	27,573,805	30,731,880
Customers' deposits for REPO	10,268	10,307
Customers' deposits for collective investment securities	503,441,363	394,119,981
Deposits for foreign stocks investment	5,333,240	4,866,487
Other deposits received	26,171	27,009
	<u>₩ 8,420,384,816</u>	<u>9,195,092,940</u>

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

The Group classifies securities sold as financial liabilities measured at fair value through profit or loss. Securities sold as of March 31, 2021 and December 31, 2020 are as follows:

	March 31, 2021		
	Book value before valuation	Fair value (book value)	Gains or losses
Equity instruments	₩ 804,019,088	792,668,070	11,351,018
Debt instruments	1,778,662,178	1,779,826,312	(1,164,134)
	<u>₩ 2,582,681,266</u>	<u>2,572,494,382</u>	<u>10,186,884</u>
	December 31, 2020		
	Book value before valuation	Fair value (book value)	Gains or losses
Equity instruments	₩ 704,377,174	816,013,209	(111,636,035)
Debt instruments	1,967,014,279	1,951,198,872	15,815,407
	<u>₩ 2,671,391,453</u>	<u>2,767,212,081</u>	<u>(95,820,628)</u>

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16. Derivative Financial Instruments

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

The details of derivative financial instruments as of March 31, 2021 and December 31, 2020 are as follows:

	March 31, 2021			December 31, 2020		
	Notional Amount(*1)	Assets	Liabilities	Notional Amount(*1)	Assets	Liabilities
Interest Rate						
Futures(*2)	₩ 4,325,747,041	-	-	3,210,715,986	-	-
Swaps	9,255,782,430	122,859,035	85,156,896	8,613,431,040	275,970,043	100,936,777
	<u>13,581,529,471</u>	<u>122,859,035</u>	<u>85,156,896</u>	<u>11,824,147,026</u>	<u>275,970,043</u>	<u>100,936,777</u>
Currency						
Forwards	12,664,551,898	156,923,009	171,271,072	16,272,184,249	396,221,625	481,231,963
Futures(*2)	376,397,022	-	-	741,903,839	-	-
Swaps	2,972,031,723	26,866,939	82,626,469	2,192,939,819	28,672,971	157,252,358
	<u>16,012,980,643</u>	<u>183,789,948</u>	<u>253,897,541</u>	<u>19,207,027,907</u>	<u>424,894,596</u>	<u>638,484,321</u>
Stock and Index						
Futures(*2)	1,603,376,594	-	-	1,979,190,219	-	-
Swaps	5,480,259,331	177,462,560	417,964,393	5,735,894,604	142,318,361	431,095,239
Options	29,569,979,840	178,636,740	399,873,494	15,738,480,815	149,443,655	447,139,930
	<u>36,653,615,765</u>	<u>356,099,300</u>	<u>817,837,887</u>	<u>23,453,565,638</u>	<u>291,762,016</u>	<u>878,235,169</u>
Bond						
Forwards	80,000,000	7,932,008	-	70,000,000	2,681,235	-
Swaps	7,475,252,378	94,554,306	88,368,221	6,191,259,570	139,138,964	142,367,650
	<u>7,555,252,378</u>	<u>102,486,314</u>	<u>88,368,221</u>	<u>6,261,259,570</u>	<u>141,820,199</u>	<u>142,367,650</u>
Credit						
Swaps	1,459,866,048	12,921,878	4,743,752	1,420,814,080	13,254,499	4,716,300
Commodity						
Futures(*2)	50,494,251	-	-	140,579,958	-	-
Options	3,245,358	-	2,311,433	6,002,550	-	8,879,386
	<u>53,739,609</u>	<u>-</u>	<u>2,311,433</u>	<u>146,582,508</u>	<u>-</u>	<u>8,879,386</u>
Other						
Swaps	427,601,076	58,466,232	50,800,145	380,797,605	65,425,054	50,706,545
Credit value adjustments	-	(15,941,340)	(3,277,816)	-	(17,953,996)	(639,758)
	<u>₩ 75,744,584,990</u>	<u>820,681,367</u>	<u>1,299,838,059</u>	<u>62,694,194,334</u>	<u>1,195,172,411</u>	<u>1,823,686,390</u>

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

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

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17. Financial Liabilities designated as measured at fair value through profit or loss

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

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

(a) The Group's financial liabilities designated as measured at fair value through profit or loss as of March 31, 2021 and December 31, 2020 are as follows:

	March 31, 2021		
	Book value before valuation	Fair value (Book value)	Gains or Losses
Equity-linked securities sold	₩ 3,498,178,750	3,554,987,106	(56,808,356)
Equity-linked derivative-linked bonds sold	3,599,427,016	3,616,034,767	(16,607,751)
Other derivative-linked securities sold	213,744,850	232,094,396	(18,349,546)
Other derivative-linked bonds sold	2,039,657,908	1,995,924,855	43,733,053
Exchange traded notes sold	98,501,205	99,169,134	(667,929)
Credit derivative-linked bonds sold	1,001,888,600	1,001,877,400	11,200
Day1 profit or loss	143,517,318	102,175,407	41,341,911
Credit value adjustments	(28,823,002)	(28,302,389)	(520,613)
	₩ 10,566,092,645	10,573,960,676	(7,868,031)
December 31, 2020			
	Book value before valuation	Fair value (Book value)	Gains or Losses
Equity-linked securities sold	₩ 3,586,500,974	3,682,888,913	(96,387,939)
Equity-linked derivative-linked bonds sold	3,653,842,080	3,668,847,143	(15,005,063)
Other derivative-linked securities sold	303,621,947	271,276,717	32,345,230
Other derivative-linked bonds sold	2,480,608,125	2,383,707,105	96,901,020
Exchange traded notes sold	145,522,850	127,756,108	17,766,742
Credit derivative-linked bonds sold	1,002,863,300	1,001,888,600	974,700
Day1 profit or loss	223,562,337	58,274,558	165,287,779
Credit value adjustments	(27,112,139)	(28,823,001)	1,710,862
	₩ 11,369,409,474	11,165,816,143	203,593,331

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17. Financial Liabilities designated as measured at fair value through profit or loss, Continued

(b) The details of changes in the credit value adjustments of the financial liabilities designated as measured at fair value through profit or loss for the three-month periods ended March 31, 2021 and 2020 are as follows:

	2021	2020
Beginning credit value adjustments	₩ 28,823,001	27,112,139
Total changes in credit value adjustments		
Changes in credit value adjustments - other comprehensive income	(1,120,737)	511,155
Changes in credit value adjustments - profit or loss	600,125	(5,541,172)
Ending credit value adjustments	₩ 28,302,389	22,082,122

(c) The details of changes in credit value adjustments recognized in other comprehensive income of the financial liabilities designated as measured at fair value through profit or loss for the three-month periods ended March 31, 2021 and 2020 are as follows:

	2021	2020
Beginning balance	₩ 1,853,307	(796,504)
Increase (decrease) in credit value adjustments recognized in other comprehensive income	(1,120,737)	511,155
Income tax effect	308,203	(140,568)
Ending balance	₩ 1,040,773	(425,917)

18. Borrowings

(a) The details of borrowings as of March 31, 2021 and December 31, 2020 are as follows:

	March 31, 2021	December 31, 2020
Borrowings from KSFC	₩ 730,000,000	690,000,000
Commercial paper	1,976,200,000	2,357,000,000
Electronic short-term bonds	1,654,737,413	1,448,741,650
Other borrowings	301,881,027	446,816,616
Securities sold under repurchase agreements	13,939,073,845	11,931,080,886
Debentures	1,554,824,907	1,480,198,686
Short-term notes issued	8,362,586,302	7,563,722,899
	₩ 28,519,303,494	25,917,560,737

(b) The details of borrowings from KSFC as of March 31, 2021 and December 31, 2020 are as follows:

	Maturity	Interest rate (%)	March 31, 2021	December 31, 2020
Loans to finance securities-secured loans	2021.04.01 ~ 2022.02.10	1.03 ~ 1.4	₩ 600,000,000	90,000,000
Notes Discounted from KSFC	2021.04.05	0.65	130,000,000	600,000,000
			₩ 730,000,000	690,000,000

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18. Borrowings, Continued

(c) The details of commercial paper as of March 31, 2021 and December 31, 2020 are as follows:

	<u>Interest rate (%)</u>		<u>March 31, 2021</u>	<u>December 31, 2020</u>
Hanyang securities and others	1.05 ~ 2.56	₩	1,976,200,000	2,357,000,000

(d) The details of electronic short-term bonds as of March 31, 2021 and December 31, 2020 are as follows:

	<u>Interest rate (%)</u>		<u>March 31, 2021</u>	<u>December 31, 2020</u>
BNK Investment & Securities and others	0.81 ~ 1.65	₩	1,654,737,413	1,448,741,650

(e) The details of debentures as of March 31, 2021 and December 31, 2020 are as follows:

	<u>Date issued</u>	<u>Maturity</u>	<u>Interest Rate (%)</u>	<u>March 31, 2021</u>	<u>December 31, 2020</u>
The 11-2nd bearer, coupon and non-guaranteed bond	February 25, 2016	February 25, 2021	2.14	₩ -	20,000,000
The 12th bearer, coupon and non-guaranteed bond	April 6, 2016	April 6, 2021	2.11	80,000,000	80,000,000
The 14th bearer, coupon and non-guaranteed bond	March 20, 2018	March 20, 2021	2.72	-	200,000,000
The 15th bearer, coupon and non-guaranteed bond	July 27, 2018	July 27, 2021	2.45	200,000,000	200,000,000
The 16th bearer, coupon and non-guaranteed bond	February 28, 2019	February 28, 2022	2.14	300,000,000	300,000,000
The 17th bearer, coupon and non-guaranteed bond	August 29, 2019	August 29, 2022	1.53	200,000,000	200,000,000
The 18th non-guaranteed subordinated bond	July 9, 2020	July 9, 2026	3.30	470,000,000	470,000,000
The 19th bearer, coupon and non-guaranteed bond	February 26, 2021	February 26, 2024	1.31	280,000,000	-
KIS Vietnam Securities Corporation bond	October 30, 2020	October 30, 2021	6.30	11,980,400	11,492,400
KIS Vietnam Securities Corporation bond	March 11, 2021	March 11, 2023	6.40	14,730,000	-
				<u>1,556,710,400</u>	<u>1,481,492,400</u>
Less : Discount on debentures				<u>(1,885,493)</u>	<u>(1,293,715)</u>
				<u>₩ 1,554,824,907</u>	<u>1,480,198,685</u>

(f) The details of short-term notes issued as of March 31, 2021 and December 31, 2020 are as follows:

<u>Maturity</u>	<u>Interest rate (%)</u>		<u>March 31, 2021</u>	<u>December 31, 2020</u>
On demand ~ 12 months	0.30 ~ 5.00	₩	8,362,586,302	7,563,722,899

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18. Borrowings, Continued

(g) Changes in borrowings for the three-month periods ended March 31, 2021 and 2020 are as follows:

	2021		
	Borrowings	Debentures	Total
January 1, 2021	₩ 24,437,362,051	1,480,198,686	25,917,560,737
Changes from financing cash flows			
Borrowing of debt	1,707,639,012	293,861,600	2,001,500,612
Redemption of debt	(499,516,515)	(220,000,000)	(719,516,515)
	<u>1,208,122,497</u>	<u>73,861,600</u>	<u>1,281,984,097</u>
Changes from operating cash flows	1,227,693,485	-	1,227,693,485
Discount on debenture amortized	-	276,621	276,621
Effects from fluctuations in exchange rates	91,300,554	488,000	91,788,554
March 31, 2021	₩ <u>26,964,478,587</u>	<u>1,554,824,907</u>	<u>28,519,303,494</u>
	2020		
	Borrowings	Debentures	Total
January 1, 2020	₩ 19,308,455,384	1,203,177,107	20,511,632,491
Changes from financing cash flows			
Borrowing of debt	2,798,184,887	-	2,798,184,887
Redemption of debt	(862,482,712)	-	(862,482,712)
	<u>1,935,702,175</u>	<u>-</u>	<u>1,935,702,175</u>
Changes from operating cash flows	745,207,230	-	745,207,230
Discount on debenture amortized	-	233,080	233,080
Effects from fluctuations in exchange rates	65,282,066	170,000	65,452,066
March 31, 2020	₩ <u>22,054,646,855</u>	<u>1,203,580,187</u>	<u>23,258,227,042</u>

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19. Defined Benefit Liabilities

(a) Net defined benefit liabilities consist of defined benefit pension schemes and retirement consolation benefits and the details as of March 31, 2021 and December 31, 2020 are as follows:

	<u>March 31, 2021</u>	<u>December 31, 2020</u>
Present value of defined benefit obligation	₩ 79,931,889	81,084,056
Fair value of plan assets	<u>(74,648,124)</u>	<u>(77,018,966)</u>
Liabilities in the consolidated statement of financial position	₩ <u>5,283,765</u>	<u>4,065,090</u>

(b) Recognized expenses related to defined plans in the consolidated statements of comprehensive income for the three-month periods ended March 31, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Defined benefit plans		
Current service cost	₩ 2,378,527	2,293,788
Net interest cost	<u>(9,490)</u>	<u>15,260</u>
	<u>2,369,037</u>	<u>2,309,048</u>
Defined contribution plans		
Retirement benefits	<u>3,806,509</u>	<u>4,058,568</u>
	₩ <u>6,175,546</u>	<u>6,367,616</u>

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20. Provisions, Continued

(c) Changes in balance for off-balance sheet items for the three-month periods ended March 31, 2021 and 2020 are as follows:

	2021							
	Financial Guarantee				Undrawn commitments etc.			
	Lifetime ECL				Lifetime ECL			
	12-months ECL	Not impaired	Impaired	Total	12-months ECL	Not impaired	Impaired	Total
Beginning Balance	₩ 1,998,286,395	-	-	1,998,286,395	199,004,872	-	-	199,004,872
Replacement								
To 12-months ECL	-	-	-	-	-	-	-	-
To Lifetime ECL	-	-	-	-	-	-	-	-
To Credit impaired financial asset	-	-	-	-	-	-	-	-
Increase (decrease)	95,214,349	-	-	95,214,349	(1,722,942)	-	-	(1,722,942)
Ending balance	₩ 2,093,500,744	-	-	2,093,500,744	197,281,930	-	-	197,281,930

	2020							
	Financial Guarantee				Undrawn commitments etc.			
	Lifetime ECL				Lifetime ECL			
	12-months ECL	Not impaired	Impaired	Total	12-months ECL	Not impaired	Impaired	Total
Beginning Balance	₩ 2,492,679,307	-	-	2,492,679,307	234,649,129	-	-	234,649,129
Replacement								
To 12-months ECL	-	-	-	-	-	-	-	-
To Lifetime ECL	-	-	-	-	-	-	-	-
To Credit impaired financial asset	-	-	-	-	-	-	-	-
Increase (decrease)	(118,911,030)	-	-	(118,911,030)	13,013,897	-	-	13,013,897
Ending balance	₩ 2,373,768,277	-	-	2,373,768,277	247,663,026	-	-	247,663,026

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20. Provisions, Continued

(d) Changes in provisions for the three-month periods ended March 31, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Beginning	₩ 9,411,431	8,382,733
Provision	425,611	160,469
Reversal	(499,140)	(667,134)
Unwinding or discount	9,846	9,887
Ending	₩ <u>9,347,748</u>	<u>7,885,955</u>

21. Other Financial Liabilities

Details of other financial liabilities as of March 31, 2021 and December 31, 2020 are as follows:

	<u>March 31, 2021</u>	<u>December 31, 2020</u>
Dividends payable	₩ 300,013,617	-
Accounts payable	1,842,059,731	1,817,190,781
Accrued expenses	380,382,331	329,930,694
Other withheld	1,015,591,664	1,102,216,733
Leasehold deposits received	9,001,188	8,853,193
Financial guarantees	112,673,503	105,560,758
Non-controlling interests (liabilities)	470,742,701	465,012,261
Lease liabilities	66,841,443	67,724,305
Others	242,132	274,991
	₩ <u>4,197,548,310</u>	<u>3,896,763,716</u>

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22. Other Non-Financial Liabilities

Details of other non-financial liabilities as of March 31, 2021 and December 31, 2020 are as follows:

	<u>March 31, 2021</u>	<u>December 31, 2020</u>
Accounts payable	₩ 274,733,173	174,021,934
Accrued expenses	11,250,141	17,153,198
Taxes withheld	64,987,495	38,911,565
Unearned revenue	<u>67,311,720</u>	<u>68,688,253</u>
	<u>₩ 418,282,529</u>	<u>298,774,950</u>

23. Regulatory reserve for credit losses

(a) The details of the regulatory reserve for credit losses to be appropriated as of March 31, 2021 and December 31, 2020 are as follows:

	<u>March 31, 2021</u>	<u>December 31, 2020</u>
Beginning	₩ 74,061,344	86,476,601
Amounts to be reserved (reversed)	<u>1,304,253</u>	<u>(12,415,257)</u>
Ending	<u>₩ 75,365,597</u>	<u>74,061,344</u>

(b) The adjusted profit of the period after reflection of reserve for credit losses for the three-month periods ended March 31, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Profit (loss) for the period	₩ 350,562,146	(133,893,071)
Amounts to be reversed (reserved)	<u>(1,304,253)</u>	<u>(94,110)</u>
Adjusted profit (loss) after provision of reserve for credit losses(*)	<u>₩ 349,257,893</u>	<u>(133,987,181)</u>

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

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24. Gain (loss) on Valuation and Disposal of Financial Assets (Liabilities)

The details of gain (loss) on valuation and disposal of financial assets (liabilities) for the three-month periods ended March 31, 2021 and 2020 are as follows:

	2021		
	Profit	Loss	Net income
Financial assets measured at fair value through profit or loss	₩ 428,065,593	(272,809,693)	155,255,900
Derivative financial assets	2,825,606,526	(2,722,298,529)	103,307,997
Financial assets measured at fair value through other comprehensive income(*)	2,082,653	(402,016)	1,680,637
Financial liabilities measured at fair value through profit or loss	27,791,092	(86,200,423)	(58,409,331)
Financial liabilities designated as measured at fair value through profit or loss	140,839,568	(245,540,644)	(104,701,076)
	₩ <u>3,424,385,432</u>	<u>(3,327,251,305)</u>	<u>97,134,127</u>

(*) The valuation of equity and debt instruments designated as measured at fair value through other comprehensive income, and the profit or loss on disposal of equity instruments designated as measured at fair value through other comprehensive income are excluded because they are recognized as capital items.(Note 6)

	2020		
	Profit	Loss	Net income
Financial assets measured at fair value through profit or loss	₩ 248,018,805	(732,627,439)	(484,608,634)
Derivative financial assets	4,669,333,693	(6,186,906,978)	(1,517,573,285)
Financial assets measured at fair value through other comprehensive income(*)	2,236,629	(287,744)	1,948,885
Financial liabilities measured at fair value through profit or loss	190,185,021	(58,764,331)	131,420,690
Financial liabilities designated as measured at fair value through profit or loss	1,628,312,791	(216,956,490)	1,411,356,301
	₩ <u>6,738,086,939</u>	<u>(7,195,542,982)</u>	<u>(457,456,043)</u>

(*) The valuation of equity and debt instruments designated as measured at fair value through other comprehensive income, and the profit or loss on disposal of equity instruments designated as measured at fair value through other comprehensive income are excluded because they are recognized as capital items.(Note 6)

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25. Provision for (Reversal of) Credit Loss Allowance

The details of provision for (reversal of) credit loss allowance due to expected credit losses recognized for the three-month periods ended March 31, 2021 and 2020 are as follows:

	2021	2020
Provision for credit loss allowance:		
Financial assets measured at fair value through other comprehensive income	₩ -	(235,319)
Financial assets measured at amortized cost	(6,602,328)	(2,147,851)
Other financial assets measured at amortized cost	(584,745)	(1,919,881)
Provision for off-balance sheet items	(1,655,222)	(77,272)
	<u>(8,842,295)</u>	<u>(4,380,323)</u>
Reversal of credit loss allowance		
Financial assets measured at fair value through other comprehensive income	4,374	-
Financial assets measured at amortized cost	1,869,327	9,206
Other financial assets measured at amortized cost	2,699,388	-
Provision for off-balance sheet items	-	352,619
	<u>4,573,089</u>	<u>361,825</u>
	<u>₩ (4,269,206)</u>	<u>(4,018,498)</u>

26. Selling and Administrative Expenses

The details of selling and administrative expenses for the three-month periods ended March 31, 2021 and 2020 are as follows:

	2021	2020
Salaries	₩ 172,469,096	41,379,802
Retirement benefits	6,175,546	6,367,616
Welfare expense	12,928,097	12,860,493
Electronic data operating expense	7,896,095	6,186,460
Rent	1,258,016	927,603
Commission and fees	15,029,705	8,760,441
Entertainment expenses	3,062,341	2,729,183
Advertising	7,962,208	8,320,236
Depreciation of investment property	461,428	451,347
Depreciation of property and equipment	12,494,165	11,581,645
Research expenses	750,437	672,835
Training expenses	529,526	536,888
Amortization	1,945,335	1,683,890
Taxes and dues	9,803,054	5,853,021
Others	21,756,552	15,204,374
	<u>₩ 274,521,601</u>	<u>123,515,834</u>

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27. Assets Pledged as Collateral

The details of financial assets pledged as collateral as of March 31, 2021 and December 31, 2020 are as follows:

		March 31, 2021		
		Book value(*1)	Collateral Amount(*2)	Remark
Stock	₩	80,841,525	61,153,150	Guarantee for trading of over-the-counter derivatives
		2,080,923,107	1,638,470,355	Guarantee for lending and borrowing securities
		1,193,872	1,193,872	Asset collateral for the overdraft of transaction account
		14,793,731,157	12,581,510,723	Guarantee for trading securities under repurchase agreements (*3)
Bond		5,927,119,536	4,882,884,387	Guarantee for lending and borrowing securities
		1,262,902,635	1,210,264,850	Deposits on KRX
		2,795,210,499	2,672,345,419	Guarantee for trading of derivatives
		8,293,090	8,293,090	Asset collateral for the overdraft of transaction account
CP		54,910,615	54,910,615	Guarantee for lending and borrowing securities
	₩	<u>27,005,126,036</u>	<u>23,111,026,461</u>	

(*1) Includes financial assets measured at fair value through profit or loss and securities borrowed.

(*2) Collateral amount is the appraised amount calculated by multiplying a certain ratio to the market price of stocks and bonds. Securities, whose market price is not available, are valued at par value.

(*3) The repurchase agreement is a transaction to sell securities to customers with a condition that the Group repurchases the securities at the sale price plus a lender's return (interest and others). When a transfer of a financial asset does not qualify for derecognition, the related asset continues to be recognized, and the amount of securities sold is recognized as liabilities.

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27. Assets Pledged as Collateral, Continued

The details of financial assets pledged as collateral as of March 31, 2021 and December 31, 2020 are as follows, Continued:

	December 31, 2020		Remark
	Book value(*1)	Collateral Amount(*2)	
Stock	₩ 73,595,100	55,579,000	Guarantee for trading of over-the-counter derivatives
	2,034,905,924	1,581,804,362	Guarantee for lending and borrowing securities
	3,535,283	3,535,283	Asset collateral for the overdraft of transaction account
			Guarantee for trading securities under repurchase agreements (*3)
Bond	13,000,204,255	11,017,193,065	Guarantee for lending and borrowing securities
	7,134,702,606	6,171,339,527	Deposits on KRX
	889,417,074	848,561,909	Guarantee for trading of derivatives
	3,343,957,154	3,198,167,708	Asset collateral for the overdraft of transaction account
	15,891,367	15,891,367	Guarantee for lending and borrowing securities
CP	154,260,795	154,260,795	
Other collective investment securities	5,757,046	5,757,046	Asset collateral for the overdraft of transaction account
	<u>₩ 26,656,226,604</u>	<u>23,052,090,062</u>	

(*1) Includes financial assets measured at fair value through profit or loss and securities borrowed.

(*2) Collateral amount is the appraised amount calculated by multiplying a certain ratio to the market price of stocks and bonds. Securities, whose market price is not available, are valued at par value.

(*3) The repurchase agreement is a transaction to sell securities to customers with a condition that the Group repurchases the securities at the sale price plus a lender's return (interest and others). When a transfer of a financial asset does not qualify for derecognition, the related asset continues to be recognized, and the amount of securities sold is recognized as liabilities.

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28. Contingent Liabilities and Commitments

(a) The Group has entered into various agreements with various financial institutions as of March 31, 2021 and December 31, 2020 are as follows:

	Financial Institutions	Credit facility	
		March 31, 2021	December 31, 2020
Overdraft (including daily overdraft)	Industrial Bank of Korea and other five financial institutes	₩ 540,000,000	540,000,000
General loan	Industrial Bank of Korea and other four banks	1,285,000,000	1,285,000,000
Working capital loan (general)	KSFC	250,000,000	500,000,000
Working capital loan (trust)	KSFC	Limit of trust amount	Limit of trust amount
Note trading at a discount (general)	KSFC	200,000,000	200,000,000
Note trading at a discount	KSFC	Limit of subscription	Limit of subscription
Loans to financial securities-secured loans	KSFC	800,000,000	800,000,000

(b) As of March 31, 2021, the Group is involved in 36 lawsuits as a defendant involving ₩166,485,162 thousand and in 12 lawsuits as a plaintiff claiming ₩120,817,296 thousand. As of March 31, 2021, the Group is recognized provisions for lawsuits, advances payments on loss compensations and its allowance regard to lawsuits as a defendant of ₩1,721,806 thousand, ₩15,315,074 thousand respectively. Although the final impact of the lawsuit on the Group is not predictable, it is not expected to have significant impact on the Group's consolidated financial statements.

(c) As of March 31, 2021, the Group has agreements to purchase the commercial papers if the commercial papers are not sold in the market until the issue date under the condition that the credit ratings of the commercial papers maintain a certain level. The details of the commercial papers purchase agreements, as of March 31, 2021, are as follows:

Name	Amounts	Termination date
SM Asan 1st	₩ 65,000,000	2021-08-31
Party and Partners Co., Ltd.	20,000,000	2022-05-23
HI EULUV	50,000,000	2022-07-21
JM Asset Securitization je 1 cha Co., Ltd.	51,800,000	2023-04-27
WAbest Co., Ltd./ IQOS the 2nd Co., Ltd.	30,000,000	2023-06-20
KIS IB Plus 7th Co., Ltd.	30,300,000	2022-06-20
IQOS the 2nd Co., Ltd./ WAbest Co., Ltd.	20,000,000	2023-06-20
KIS IB Plus 11th Co., Ltd.	20,000,000	2022-12-20
Multiplex Series No.8 Limited Company	30,000,000	2021-08-30
	₩ 317,100,000	

In accordance with the commercial papers purchase agreements, the Group has commercial papers amounting to ₩10,071,696 thousand as of March 31, 2021 (₩107,786,315 thousand as of December 31, 2020) at face amount.

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28. Contingent Liabilities and Commitments, Continued

(d) Payment guarantees and other commitments provided the Group as of March 31, 2021 and December 31, 2020 are as follows:

	Beneficiary	March 31, 2021	December 31, 2020
Credit line and others	Doosan Machine Tools Co., Ltd. and others	₩ 197,281,930	199,004,872
Loan commitment for unsold house	KIS IB the 16th Co., Ltd. and others	1,030,097,710	1,038,397,710
Loan purchase commitment	True friend Hyangdong 2 nd Co., Ltd. and others	756,375,000	660,475,000
		₩ 1,983,754,640	1,897,877,582

(e) The Group's securities borrowed and securities loaned as of March 31, 2021 and December 31, 2020 are as follows:

	March 31, 2021	December 31, 2020	Valuation basis
Securities borrowed			
Stocks	₩ 1,654,298,895	1,199,875,207	Fair value
Stocks in foreign currency	216,202,335	188,860,808	Fair value
National and local government bonds	2,532,778,343	3,036,882,949	Fair value
Securities loaned			
Stocks(*)	801,364,519	789,447,518	Fair value
Foreign currency stocks	246,957,044	202,218,912	Fair value

(*) Securities loaned include ₩21,213,657 thousand of the Group's financial assets measured at fair value through profit or loss. Through securities lending transactions, the Group transfers its ownership to borrowers on condition that the borrowers return the same kind and amount of securities after certain time. As the transfer of the financial asset does not qualify for derecognition, it continues to be recognized as an asset.

(f) As of March 31, 2021, the Group has been provided with ₩213,490,000 thousand of fidelity guarantees by Seoul Guarantee Insurance Co., Ltd.

(g) The Group signed a contract to purchase a share (75% of the total share) of PT Korea Investment & Sekuritas Indonesia and has an agreement on the remaining share (25% of the total share). Under the agreement, local shareholders (25% of the total share) of PT Korea Investment & Sekuritas Indonesia are held their shares under the condition that they do not dispose their shares until the minimum joint venture period (2020 or 2023 for each shareholder) and have the right to claim the Group to purchase at the price IDR 3,025,861. The Group is obligated to purchase in response. The Group purchased an additional 22,500 shares in response to exercise of some put options by local shareholders for the year ended December 31, 2020. The remaining put option of the contracts as of March 31, 2021 is included in Note 16.

(h) The securities in custody as of March 31, 2021 and December 31, 2020 are as follows:

	March 31, 2021	December 31, 2020	Valuation basis
Trustor securities	₩ 141,204,158,653	133,590,988,935	Fair value
Saver securities	146,401,533	144,555,120	Fair value
Beneficiary securities	50,328,773,327	48,315,046,580	Basis price(*)
Other securities	7,584,993,470	7,389,082,839	Fair value
	₩ 199,264,326,983	189,439,673,474	

(*) The price was announced by the Financial Investment Association and regarded as fair value.

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29. Related Party Transactions

(a) The Group's related parties as of March 31, 2021 are as follows:

Classification	Corporate name
Parent	Korea Investment Holdings Co., Ltd
Associates	True Friend Investment Advisory Co., Ltd. Global Dynasty Natural Resource Private Equity Fund Shanghai Fangzheng Stock Investment Partnership KIP Promising Service Industry Venture Fund KIM Growth Corporation Professional Private Trust 1 KIM Growth Company Professional Private Investment No.3 KIP Bright (Chengdu) Investment Partnership Korea Investment Industry 4.0 Venture Fund 2017 KIF-KIP Artificial Intelligence Venture Fund EQ Partners Green Private Equity Fund IBK KIP Growth Stepstone No.1 Private Equity Fund Eugene Premier Professional Investment Type Private Investment Trust No.17 JB Japan Office Private Real Estate Fund 20 KIS-Emford New Tech Investment Fund 1 KIM Private Placement London Core Office Real Estate Investment Trust KCLAVIS Meister Fund No.46 Hyundai YouFirst Private Real Estate Investment Trust No.23-1 AIP Euro green private real estate trust NO.9 FG EURO GREEN Private Real Estate Fund No.3 Woori Goseong Power EBL Private Special Asset Fund Hanwha Japan Photovoltaic Private Fund 2 Eugene Aviation Private Special Asset Investment Trust No. 11 (Aircraft) NH-Amundi Aviation Private Fund 1 NH-Amundi Aviation Private Fund 2 HANA PRIVATE REAL ESTATE INVESTMENT TRUST NO.58 NH-Amundi US Infrastructure Investment Trust II Anda Station Professional Investment Type Private Real Estate Fund No.1 WOORI ECOWASTE PRIVATE SPECIAL ASSET FUND KIS-SV New Tech Investment Fund 1 EBEST AIP Fund No.1 Samchully Midstream Private Placement Special Asset Fund 5-3 KTB Aircraft Professional Investment Private Investment Trust No.22-1 JB Australia NDIS Private Fund 1 NH Amundi Overseas Senior Loan Fund 4 Tiger Alternative Investment 8 Tiger Alternative Qualified Investment Real Estate Trust No.12 Tiger Alternative Qualified Investment Real Estate Trust No. 6 Hanon Private Equity Fund KIS-BM New Tech Investment Fund 1 T&F 2019 Bearing Startup and Venture Private Equity Fund IBKC-EQP Innovative Technology Fund Kiwoom Infra Core Debt Investment Private Trust No.2 Tiger Alternative Qualified Investment Real Estate Trust No.14 KIM AsiaPlus Securities Feeder Investment Trust(Bond) INMARK France Professional Private Real Estate Investment Trust 18

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29. Related Party Transactions, Continued

(a) The Group's related parties as of March 31, 2021 are as follows, Continued:

Classification	Corporate name
Associates	Petra 7 Alpha Private Equity Fund
	KIS-BM New Tech Investment Fund 2
	Tiger Alternative Qualified Investment Real Estate Trust No.18-2
	Kiwoom Hero Private Equity Fund 3
	KIM Global Flex Bond Securities Trust
	Korea investment-Brickinvestment 1 New Technology Business Investment Fund
	KIM Private Placement Smart Real Asset Investment Trust 1
	Alpha US Notus Special Asset Private Investment Trust
	PineStreet Global Corporate Finance Fund V-1
	A ONE GALAXY KOSDAQ VENTURE PROFESSIONAL INVESTOR PRIVATE INVESTMENT FUNDS
	Hyundai Logiscore PEF I
	Kakao Bank, Corp.
	GEC-KIP Technology and Innovation Fund
	Korea Investment Aviation Professional Investors' Special Asset Investment Trust No.6
	KIM Target Income Global Bond Feeder Fund2
	KIM Target Income Global Allocation Feeder Fund2
	KIM Global Socially Responsible ESG Companies Fund (Equity-Fund of Funds)
	KIM US Dividend Aristocrats Fund (Equity)
	Korea Value Platinum Plus Qualified Investor Private Investment Trust
	Korea Value Platinum Covered Risk Investor Private Investment Trust
Entities under common control	Korea Investment Partners Co., Ltd
	Korea Investment Savings Bank
	Korea Investment Capital Co., Ltd
	KIARA CAPITAL II PTE. Ltd
	KIARA ADVISORS PTE. Ltd
	Korea Investment Private Equity
	Korea Investment & Real Estate Trust. Co., Ltd
Others	KIM Core Competency Leveraged Fund
	KIM Re-up Fund
Affiliates belonging to the large enterprise group(*1)	Woori New technology Private Equity Fund and others

(*1) The Group has included affiliates belonging to the large enterprise group designated by the Fair Trade Commission in the scope of related parties.

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29. Related Party Transactions, Continued

(b) Significant transactions with related parties for the three-month periods ended March 31, 2021 and 2020 are as follows:

Counterparty	Account	2021		2020	
		Revenue	Expense	Revenue	Expense
Parent:					
Korea Investment Holdings Co., Ltd	Rent income	₩ 253,841	-	185,233	-
	Non-operating income(*1)	69,805	-	64,505	-
	Fee and commission revenue	880	-	880	-
	Interest expense	-	1,010,887	-	684,440
Associates:					
KIS-Emford New Tech Investment Fund 1	Fee and commission revenue	-	-	20,289	-
KIS-BM New Tech Investment Fund 1	Fee and commission revenue	10,874	-	10,995	-
KIS-BM New Tech Investment Fund 2	Fee and commission revenue	5,402	-	1,321	-
KIS-SV New Tech Investment Fund 1	Fee and commission revenue	13,463	-	13,613	-
Korea investment-Brickinvestment 1 New Technology Business Investment Fund	Fee and commission revenue	21,526	-	-	-
KIM AsiaPlus Securities Feeder Investment Trust(Bond)	Fee and commission revenue	17,972	-	-	-
Korea Investment Aviation Professional Investors' Special Asset Investment Trust No.6	Fee and commission revenue	31,198	-	61,983	-
KIM Target Income Global Bond Feeder Fund2	Fee and commission revenue	1,172	-	3,115	-
KIM Target Income Global Allocation Feeder Fund2	Fee and commission revenue	1,264	-	3,112	-
KIM Global Socially Responsible ESG Companies Fund(Equity-Fund of Funds)	Fee and commission revenue	2,640	-	2,007	-
KIM 4th Industrial Revolution of Japan Fund(Equity)	Fee and commission revenue	-	-	8,741	-
KIM US Dividend Aristocrats Fund (Equity)	Fee and commission revenue	5,711	-	-	-
Korea Value Platinum Equity Qualified Investor Private Investment Trust Type 2	Fee and commission revenue	549	-	-	-
Korea Value Platinum Plus Qualified Investor Private Investment Trust	Fee and commission revenue	5,248	-	-	-
Korea Value Platinum Covered Risk Investor Private Investment Trust	Fee and commission revenue	2,193	-	-	-

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29. Related Party Transactions, Continued

(b) Significant transactions with related parties for the three-month periods ended March 31, 2021 and 2020 are as follows, Continued

Counterparty	Account	2021		2020	
		Revenue	Expense	Revenue	Expense
Associates:					
Kakao Bank, Corp.	Fee and commission revenue	₩ 3,168	-	3,168	-
	Payment fee	-	2,946,166	-	991,582
	Fee and commission expense	-	1,000,185	-	1,089,414
Entities under common control:					
Korea Investment Partners Co., Ltd	Non-operating income(*1)	2,201	-	1,211	-
	Payment fee	-	739,284	-	-
Korea Investment Savings Bank	Interest income	33,999	-	104,737	-
	Fee and commission revenue	2,200	-	2,200	-
	Non-operating income(*1)	8,918	-	4,026	-
	Interest on deposits	-	384	-	1,300
	Payment fee	-	140,000	-	-
Korea Investment Capital Co., Ltd	Non-operating income(*1)	4,759	-	2,231	-
Korea Investment & Real Estate Trust. Co., Ltd	Non-operating income(*1)	550	-	-	-
	Interest expense	-	334,272	-	135,588
	Payment fee	-	15,000	-	-
KIARA ADVISORS PTE. LTD.	Payment fee	-	1,207,269	-	1,072,029
Korea Investment Private Equity	Non-operating income(*1)	494	-	115	-
Affiliates belonging to the large enterprise group:					
KIP Global Pharma-Ecosystem Private Equity Fund(*2)	Dividend income	1,562,940	-	17,740	-
	Loss on disposition	-	979,960	-	-
Others:					
KIM Re-up Fund(*2)	Dividend income	1,165,207	-	-	-
	Loss on disposition	-	229,461	-	-
KIM Core Competency Leveraged Fund(*2)	Dividend income	975,996	-	-	-
	Loss on disposition	-	79,299	-	-
		₩ 4,204,170	8,682,167	511,222	3,974,353

(*1) Electronic data operating expense and trademark settlement received from the parent company and entities under common control.

(*2) For the three-month period ended March 31, 2021, KIM Re-up Fund, KIM Core Competency Leveraged Fund, Woori New technology Private Equity Fund, and KIP Global Pharma-Ecosystem Private Equity Fund has been reimbursed for ₩500,000 thousand, ₩561,000 thousand, ₩378,000 thousand, and ₩340,000 thousand respectively. KIP Innovative Growth Scale-Up Private Equity Fund, Korea Investment & SG Corporate Restructuring Private Equity Fund, and Korea Investment Oncorp Green Mobility No.1 Recovery Private Equity Fund has been made an additional investment for ₩2,795,000 thousand, ₩3,600,000 thousand, ₩10,000,000 thousand respectively.

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29. Related Party Transactions, Continued

(c) Significant receivables, payables, and allowances arising from related party transactions as of March 31, 2021 and December 31, 2020 are as follows:

Counterparty	Account	March 31, 2021		December 31, 2020		
		Receivables	Payables	Receivables	Payables	
Parent:						
Korea Investment Holdings Co., Ltd.	Borrowings	₩ -	90,680,000	-	87,040,000	
	Accounts payable(*)	-	274,733,173	-	174,021,934	
	Dividend payable	-	300,013,617	-	-	
	Accrued interest expense	-	2,265,634	-	1,187,440	
	Leasehold deposits received	-	486,656	-	347,478	
Associates:						
Global Dynasty Natural Resource Private Equity Fund	Others	680,441	-	680,441	-	
	Loss allowance	(680,441)	-	(680,441)	-	
Korea investment-Brickinvestmnet 1 New Technology Business Investment Fund	Unearned commission	-	43,770	-	65,296	
Kakao Bank, Corp.	Passbook deposits	942,463	-	1,028,410	-	
Korea Investment Aviation Professional Investors' Special Asset Investment Trust No.6	Accrued income	9,010	-	16,435	-	
KIM Target Income Global Bond Feeder Fund2	Accrued income	134	-	1,062	-	
KIM Target Income Global Allocation Feeder Fund2	Accrued income	142	-	1,534	-	
KIM Global Socially Responsible ESG Companies Fund(Equity-Fund of Funds)	Accrued income	698	-	670	-	
KIM AsiaPlus Securities Feeder Investment Trust(Bond)	Accrued income	6,777	-	7,164	-	
KIM US Dividend Aristocrats Fund (Equity)	Accrued income	4,775	-	4,611	-	
Korea Value Platinum Equity Qualified Investor Private Investment Trust Type 2	Accrued income	-	-	4,586	-	
Korea Value Platinum Plus Qualified Investor Private Investment Trust	Accrued income	5,248	-	-	-	
Korea Value Platinum Covered Risk Investor Private Investment Trust	Accrued income	2,193	-	-	-	
Affiliates belonging to the large enterprise group:						
Korea Investment Savings Bank	Long-term deposits	6,000,000	-	8,000,000	-	
	Accrued income	104,385	-	76,951	-	
	Customer's deposits received	-	1,653,816	-	1,348,156	
KIARA ADVISORS PTE. LTD.	Accrued expenses	-	1,228,346	-	1,193,288	
Korea Investment & Real Estate Trust. Co., Ltd	Deposits	-	195,200	-	-	
		₩	<u>7,075,825</u>	<u>671,300,212</u>	<u>9,141,423</u>	<u>265,203,592</u>

(*) Accounts payable to Korea Investment Holdings Co., Ltd. due to the application of the consolidated tax return.

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29. Related Party Transactions, Continued

(d) The commission incomes incurred from the management of related parties' pension schemes for the three-month periods ended March 31, 2021 and 2020 are ₩47,961 thousand and ₩40,828 thousand, respectively. The fees receivables as of March 31, 2021 and December 31, 2020 are ₩47,961 thousand and ₩158,585 thousand, respectively.

(e) The key management compensation for the three-month periods ended March 31, 2021 and 2020 are as follows:

	2021		
	Short-term employee benefit	Retirement benefits	Total
Registered directors	₩ 837,082	222,657	1,059,739

	2020		
	Short-term employee benefit	Retirement benefits	Total
Registered directors	₩ 3,100,887	238,810	3,339,697

(f) Details of transfer transaction with related parties for the three-month periods ended March 31, 2021 and 2020 are as follows:

Counterparty	Transaction	2021	2020
Entities under common control:			
Korea Investment Capital Co., Ltd	Transfer of privately placed bonds	₩ 10,000,000	-

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30. Carrying Amounts of Financial Instruments by Category

The carrying amounts of financial assets and liabilities by category as of March 31, 2021 and December 31, 2020 are as follows:

	March 31, 2021				Total
	Financial assets (liabilities) at fair value through profit or loss	Financial liabilities designated as measured at fair value through profit or loss	Financial assets measured at fair value through other comprehensive income	Financial assets (liabilities) measured at amortized cost	
Financial assets:					
Cash and due from banks	₩ -	-	-	5,251,748,066	5,251,748,066
Financial assets measured at fair value through profit or loss	41,319,558,139	-	-	-	41,319,558,139
Derivative financial assets	820,681,367	-	-	-	820,681,367
Financial assets measured at amortized cost	-	-	-	7,096,484,590	7,096,484,590
Financial assets measured at fair value through other comprehensive income	-	-	2,291,940,969	-	2,291,940,969
Other financial assets measured at amortized cost	-	-	-	2,420,865,977	2,420,865,977
	₩ 42,140,239,506	-	2,291,940,969	14,769,098,633	59,201,279,108
Financial liabilities:					
Deposits received	₩ -	-	-	8,420,384,816	8,420,384,816
Financial liabilities measured at fair value through profit or loss	2,572,494,382	-	-	-	2,572,494,382
Derivative financial liabilities	1,299,838,059	-	-	-	1,299,838,059
Financial liabilities designated as measured at fair value through profit or loss	-	10,573,960,676	-	-	10,573,960,676
Borrowings	-	-	-	28,519,303,494	28,519,303,494
Other financial liabilities	-	-	-	4,197,548,310	4,197,548,310
	₩ 3,872,332,441	10,573,960,676	-	41,137,236,620	55,583,529,737

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30. Carrying Amounts of Financial Instruments by Category, Continued

The carrying amounts of financial assets and liabilities by category as of March 31, 2021 and December 31, 2020 are as follows, Continued:

	December 31, 2020				
	Financial assets (liabilities) at fair value through profit or loss	Financial liabilities designated as measured at fair value through profit or loss	Financial assets measured at fair value through other comprehensive income	Financial assets (liabilities) measured at amortized cost	Total
Financial assets:					
Cash and due from banks	₩ -	-	-	5,197,201,999	5,197,201,999
Financial assets measured at fair value through profit or loss	40,404,913,709	-	-	-	40,404,913,709
Derivative financial assets	1,195,172,411	-	-	-	1,195,172,411
Financial assets measured at amortized cost	-	-	-	6,718,191,911	6,718,191,911
Financial assets measured at fair value through other comprehensive income	-	-	2,187,136,868	-	2,187,136,868
Other financial assets measured at amortized cost	-	-	-	2,248,896,829	2,248,896,829
	<u>₩ 41,600,086,120</u>	<u>-</u>	<u>2,187,136,868</u>	<u>14,164,290,739</u>	<u>57,951,513,727</u>
Financial liabilities:					
Deposits received	₩ -	-	-	9,195,092,940	9,195,092,940
Financial liabilities measured at fair value through profit or loss	2,767,212,081	-	-	-	2,767,212,081
Derivative financial liabilities	1,823,686,390	-	-	-	1,823,686,390
Financial liabilities designated as measured at fair value through profit or loss	-	11,165,816,143	-	-	11,165,816,143
Borrowings	-	-	-	25,917,560,737	25,917,560,737
Other financial liabilities	-	-	-	3,896,763,716	3,896,763,716
	<u>₩ 4,590,898,471</u>	<u>11,165,816,143</u>	<u>-</u>	<u>39,009,417,393</u>	<u>54,766,132,007</u>

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31. Fair Value of Financial Instruments

(1) Fair Value of Financial Instruments

The book value and fair value of the Group's financial assets and liabilities as of March 31, 2021 and December 31, 2020 are as follows:

	March 31, 2021		December 31, 2020	
	Book value	Fair value	Book value	Fair value
Financial assets:				
Cash and due from banks(*)	₩ 5,251,748,066	5,251,748,066	5,197,201,999	5,197,201,999
Financial assets measured at fair value through profit or loss	41,319,558,139	41,319,558,139	40,404,913,709	40,404,913,709
Derivative financial assets	820,681,367	820,681,367	1,195,172,411	1,195,172,411
Financial assets measured at fair value through other comprehensive income	2,291,940,969	2,291,940,969	2,187,136,868	2,187,136,868
Financial assets measured at amortized cost(*)	7,096,484,590	7,095,998,042	6,718,191,911	6,724,452,020
Other financial assets measured at amortized cost(*)	2,420,865,977	2,420,865,977	2,248,896,829	2,248,896,829
	<u>₩ 59,201,279,108</u>	<u>59,200,792,560</u>	<u>57,951,513,727</u>	<u>57,957,773,836</u>
Financial liabilities:				
Deposits received(*)	₩ 8,420,384,816	8,420,384,816	9,195,092,940	9,195,092,940
Financial liabilities measured at fair value through profit or loss	2,572,494,382	2,572,494,382	2,767,212,081	2,767,212,081
Derivative financial liabilities	1,299,838,059	1,299,838,059	1,823,686,390	1,823,686,390
Financial liabilities designated as measured at fair value through profit or loss	10,573,960,676	10,573,960,676	11,165,816,143	11,165,816,143
Borrowings(*)	28,519,303,494	28,522,642,622	25,917,560,737	25,927,255,295
Other financial liabilities(*)	4,197,548,310	4,197,548,310	3,896,763,716	3,896,763,716
	<u>₩ 55,583,529,737</u>	<u>55,586,868,865</u>	<u>54,766,132,007</u>	<u>54,775,826,565</u>

(*) The fair values of cash and due from banks, financial assets measured at amortized cost, other financial assets measured at amortized cost, deposits received, borrowings and other financial liabilities with maturity dates less than one year are disclosed at their book values because the difference between their book values and fair values is not significant.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. For each class of financial assets and financial liabilities, the Group discloses the fair value of that class of assets and liabilities in a way that permits it to be compared with its carrying amount at the end of each reporting period. The best evidence of fair value of financial instruments is a quoted price in an active market.

31. Fair Value of Financial Instruments, Continued

(1) Fair Value of Financial Instruments, Continued

The Group believes that valuation methods used for measuring the fair values of financial instruments are reasonable and that the fair values recognized in the statements of financial position are appropriate. However, the fair values of the financial instruments recognized in the statements of financial position may be different if other valuation methods or assumptions are used. Additionally, as there is a variety of valuation techniques and assumptions used in measuring fair value, it may be difficult to reasonably compare the fair value with that of other financial institutions.

(a) The valuation techniques and assumptions for fair value calculations of financial instruments

The Group is provided with the fair values of bonds and unlisted stocks by external valuation institutions, and the valuation technique and assumptions for fair value calculations of each financial instrument used by the external institutions are described below. In addition, there has been no significant change in these valuation techniques.

i) Corporate bonds, special bonds and others

Condensed model using credit ratings and transaction data is used. The yield curve computed by Jarrow- Lando-Turnbull Model is used to discount the future cash flows in order to result in the fair values.

ii) Beneficiary certificates

Beneficiary certificates are valued by the prices which fund management companies disclose.

iii) Unlisted stocks

Fair value of unlisted stocks is calculated by using profit approach, market approach and asset approach.

iv) Derivatives (derivative-linked securities included)

The fair value valuation method for derivatives can be categorized as follows. For derivatives traded in an active market, the quoted prices are considered as fair values. For relatively simple derivatives, fair values are measured by using valuation model with observable data from market. When valuation amounts from independent valuation institutions are used, the average value of the valuation amounts from two or more independent valuation institutions is used. For calculation of the fair value of more complex derivatives, the fair values are measured by using valuation model with inputs that are not based on observable market data, and the Group verifies the accuracy of this valuation model through regular examinations.

(b) Use of quoted price in active market

The Group measures the fair values of stocks, national and local government bonds and ELW in financial assets measured at fair value through profit or loss by referring to the quoted price in the active market. The valuation technique is used to calculate the fair values of the rest of the financial instruments measured at fair value through profit or loss and the financial instruments measured at fair value through other comprehensive income other than those mentioned above.

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31. Fair Value of Financial Instruments, Continued

(2) Day 1 Profit or Loss

If the Group uses a valuation technique that uses data not obtained from observable markets for the fair value at initial recognition of financial instruments, there could be a difference between the transaction price and the amount determined using that valuation technique. In these circumstances, the fair value of financial instruments is recognized as the transaction price and the difference is amortized by using the straight-line method over the life of the financial instruments. If the fair value of the financial instruments can be subsequently determined using observable market inputs, the remaining deferred amount is immediately recognized in profit or loss.

The aggregate difference yet to be recognized in profit or loss at the beginning and end of the period and the changes during the period are as follows:

	2021	2020
Balances at the beginning of the period (A)	₩ 58,274,558	119,805,113
Incurred during the period (B)	85,242,760	77,507,082
Amounts recognized in profit or loss during the period (C)	(41,341,911)	(44,984,697)
Balances at the end of the period (A+B+C)	₩ 102,175,407	152,327,498

(3) Fair Value Hierarchy

Assets measured at fair value or for which the fair value is disclosed are categorized within the fair value hierarchy, and the defined levels are as follows:

- Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, prices) or indirectly (that is, derived from prices)
- Level 3 Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

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31. Fair Value of Financial Instruments, Continued

(3) Fair Value Hierarchy, Continued

(a) Fair value hierarchy of financial instruments measured at fair value as of March 31, 2021 and December 31, 2020 are as follows:

	March 31, 2021			
	Book value	Level 1	Level 2	Level 3
Financial assets:				
Financial assets measured at fair value through profit or loss	₩ 41,319,558,139	9,227,548,840	29,973,335,333	2,118,673,966
Derivative financial assets	820,681,367	148,365,404	306,648,983	365,666,980
Financial assets measured at fair value through other comprehensive income	<u>2,291,940,969</u>	<u>978,228,171</u>	<u>1,098,658,169</u>	<u>215,054,629</u>
	<u>₩ 44,432,180,475</u>	<u>10,354,142,415</u>	<u>31,378,642,485</u>	<u>2,699,395,575</u>
Financial liabilities:				
Financial liabilities measured at fair value through profit or loss	₩ 2,572,494,382	2,572,494,382	-	-
Derivative financial liabilities	1,299,838,059	378,335,564	339,054,437	582,448,058
Financial liabilities designated as measured at fair value through profit or loss	<u>10,573,960,676</u>	<u>99,169,134</u>	<u>3,635,998,263</u>	<u>6,838,793,279</u>
	<u>₩ 14,446,293,117</u>	<u>3,049,999,080</u>	<u>3,975,052,700</u>	<u>7,421,241,337</u>
	December 31, 2020			
	Book value	Level 1	Level 2	Level 3
Financial assets:				
Financial assets measured at fair value through profit or loss	₩ 40,404,913,709	9,996,504,897	27,969,729,672	2,438,679,140
Derivative financial assets	1,195,172,411	144,127,931	700,864,639	350,179,841
Financial assets measured at fair value through other comprehensive income	<u>2,187,136,868</u>	<u>1,045,545,359</u>	<u>932,151,501</u>	<u>209,440,008</u>
	<u>₩ 43,787,222,988</u>	<u>11,186,178,187</u>	<u>29,602,745,812</u>	<u>2,998,298,989</u>
Financial liabilities:				
Financial liabilities measured at fair value through profit or loss	₩ 2,767,212,081	2,767,212,081	-	-
Derivative financial liabilities	1,823,686,390	433,396,123	739,421,099	650,869,168
Financial liabilities designated as measured at fair value through profit or loss	<u>11,165,816,143</u>	<u>127,756,108</u>	<u>3,651,038,011</u>	<u>7,387,022,024</u>
	<u>₩ 15,756,714,614</u>	<u>3,328,364,312</u>	<u>4,390,459,110</u>	<u>8,037,891,192</u>

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31. Fair Value of Financial Instruments, Continued

(3) Fair Value Hierarchy, Continued

(b) Fair value hierarchy of financial instruments for which the fair value is disclosed as of March 31, 2021 and December 31, 2020 is as follows:

	March 31, 2021			
	Book value	Level 1	Level 2	Level 3
Financial assets				
Cash and due from banks(*1)	₩ 5,251,748,066	1,152,948,899	-	4,098,799,167
Financial assets measured at amortized cost(*2)	7,096,484,590	-	108,987,627	6,987,010,415
Other financial assets measured at amortized cost(*1)	2,420,865,977	-	-	2,420,865,977
	<u>₩ 14,769,098,633</u>	<u>1,152,948,899</u>	<u>108,987,627</u>	<u>13,506,675,559</u>
Financial liabilities				
Deposits(*1)	₩ 8,420,384,816	-	8,420,384,816	-
Borrowings(*2)	28,519,303,494	-	28,522,642,622	-
Other financial liabilities(*1)	4,197,548,310	-	-	4,197,548,310
	<u>₩ 41,137,236,620</u>	<u>-</u>	<u>36,943,027,438</u>	<u>4,197,548,310</u>

(*1) The book value was disclosed as fair value because book value was considered a reasonable approximation of fair value.

(*2) Public bonds measured at amortized cost and public bonds out of loans and borrowings were separately calculated at fair value, and for the remaining items, the book value was disclosed as fair value because book value was considered a reasonable approximation of fair value.

	December 31, 2020			
	Book value	Level 1	Level 2	Level 3
Financial assets				
Cash and due from banks(*1)	₩ 5,197,201,999	1,411,450,283	-	3,785,751,716
Financial assets measured at amortized cost(*2)	6,718,191,911	-	109,297,113	6,615,154,907
Other financial assets measured at amortized cost(*1)	2,248,896,829	-	-	2,248,896,829
	<u>₩ 14,164,290,739</u>	<u>1,411,450,283</u>	<u>109,297,113</u>	<u>12,649,803,452</u>
Financial liabilities				
Deposits(*1)	₩ 9,195,092,940	-	9,195,092,940	-
Borrowings(*2)	25,917,560,737	-	25,927,255,295	-
Other financial liabilities(*1)	3,896,763,716	-	-	3,896,763,716
	<u>₩ 39,009,417,393</u>	<u>-</u>	<u>35,122,348,235</u>	<u>3,896,763,716</u>

(*1) The book value was disclosed as fair value because book value was considered a reasonable approximation of fair value.

(*2) Public bonds measured at amortized cost and public bonds out of loans and borrowings were separately calculated at fair value, and for the remaining items, the book value was disclosed as fair value because book value was considered a reasonable approximation of fair value.

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31. Fair Value of Financial Instruments, Continued

(4) Changes in Recurring Fair Value Measurements Categorized Within Level 3 of the Fair Value Hierarchy

Changes in financial instruments with level 3 fair value for the three-month periods ended March 31, 2021 and 2020 are as follows:

	2021			
	Financial assets measured at fair value through profit or loss	Net derivatives	Financial assets measured at fair value through other comprehensive income	Financial liabilities designated as measured at fair value through profit or loss
Beginning balance	₩ 2,438,679,140	(300,689,327)	209,440,008	(7,387,022,024)
Total gains or losses				
Profit or loss	22,911,736	62,601,873	-	(54,775,288)
Other comprehensive income (loss)	-	-	(17,390,999)	(1,120,737)
Purchases and issues	404,543,510	116,281,935	23,005,620	(2,232,676,609)
Sales and settlements	(747,460,420)	(94,975,559)	-	2,836,801,379
Ending Balance	₩ 2,118,673,966	(216,781,078)	215,054,629	(6,838,793,279)

	2020			
	Financial assets measured at fair value through profit or loss	Net derivatives	Financial assets measured at fair value through other comprehensive income	Financial liabilities designated as measured at fair value through profit or loss
Beginning balance	₩ 1,771,590,130	(111,485,100)	154,779,710	(9,508,820,104)
Total gains or losses				
Profit or loss	(55,694,393)	(400,945,101)	-	1,472,759,681
Other comprehensive income (loss)	-	-	(1,733,544)	(587,471)
Purchases and issues	1,353,857,511	(3,102,449)	-	(3,032,723,017)
Sales and settlements	(1,109,964,532)	94,478,550	-	2,354,156,995
Ending Balance	₩ 1,959,788,716	(421,054,100)	153,046,166	(8,715,213,916)

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31. Fair Value of Financial Instruments, Continued

(5) Valuation Techniques and Inputs

Valuation techniques and inputs used in the recurring, non-recurring fair value measurements and disclosed fair values categorized within Level 2 and Level 3 of the fair value hierarchy as of March 31, 2021 and December 31, 2020 are as follows. The valuation techniques and inputs were not disclosed when the book value was disclosed as fair value because the book value was considered as a reasonable approximation of fair value.

		March 31, 2021				
		Fair value	Level	Valuation techniques	Level	
					Inputs	Range
Recurring fair value measurements:						
Financial assets measured at fair value through profit or loss						
	₩	29,973,335,333	2	DCF Model, Monte Carlo Simulation Model, FDM Model	-	-
					Stock index volatility, Rate spread, Credit spread, Correlation coefficient between underlying asset	Volatility 1.00 ~ 100% / Rate(credit) spread 2.057 ~ 6.366% / Correlation coefficient -100 ~ 100%
		2,118,673,966	3	DCF Model, Monte Carlo Simulation Model, FDM Model, Black-Derman-Toy(BDT) Model		
Derivative financial assets						
		306,648,983	2	DCF Model, Embedded forward rate calculation	-	-
					Stock index volatility, Rate spread, Credit spread, Correlation coefficient between underlying asset	Volatility 1.00 ~ 100% / Rate(credit) spread 0.0 ~ 25.0% / Correlation coefficient -100 ~ 100%
Financial assets measured at fair value through other comprehensive income						
		365,666,980	3	DCF Model, Monte Carlo Simulation Model, FDM Model		
		1,098,658,169	2	DCF Model, Asset Liability Model, Binominal Model	-	-
		215,054,629	3	DCF Model	Discount rate Growth rate	11.19 ~ 12.8% 1%,
	₩	<u>34,078,038,060</u>				
Derivative financial liabilities						
	₩	339,054,437	2	DCF Model, Embedded forward rate calculation	-	-
					Stock index volatility, Rate spread, Credit spread, Correlation coefficient between underlying asset	Volatility 1.00 ~ 100% / Rate(credit) spread 0.00 ~ 25.00% / Correlation coefficient -100 ~ 100%
Financial liabilities designated as measured at fair value through profit or loss						
		582,448,058	3	DCF Model, Monte Carlo Simulation Model, FDM Model		
		3,635,998,263	2	Monte Carlo Simulation Model, FDM Model	-	-
		6,838,793,279	3	Monte Carlo Simulation Model, FDM Model	Stock index volatility, Rate spread, Credit spread, Correlation coefficient between underlying asset	Volatility 1.00 ~ 100% / Rate(credit) spread 0.00 ~ 25.00% / Correlation coefficient -100 ~ 100%
	₩	<u>11,396,294,037</u>				
Disclosed at fair value:						
Public bonds measured at amortized cost						
	₩	108,987,627	2	DCF Model	-	-
Loans measured at amortized cost						
		1,364,329,352	3	DCF Model	Discount rate	0.86 ~ 14.88%
	₩	<u>1,473,316,979</u>				
Borrowings (Public bonds)						
	₩	1,558,164,035	2	DCF Model	-	-

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31. Fair Value of Financial Instruments, Continued

(5) Valuation Techniques and Inputs, Continued

		December 31, 2020				
		Fair value	Level	Valuation techniques	Level	
					Inputs	Range
Recurring fair value measurements:						
Financial assets measured at fair value through profit or loss						
	₩	27,969,729,672	2	DCF Model, Monte Carlo Simulation Model, FDM Model	-	-
		2,438,679,140	3	DCF Model, Monte Carlo Simulation Model, FDM Model, Black-Derman-Toy(BDT) Model	Stock index volatility, Rate spread, Credit spread, Correlation coefficient between underlying asset	Volatility 1.00 ~ 100% / Rate(credit) spread 1.970 ~ 6.089% / Correlation coefficient -100 ~ 100%
Derivative financial assets						
		700,864,639	2	DCF Model, Embedded forward rate calculation	-	-
		350,179,841	3	DCF Model, Monte Carlo Simulation Model, FDM Model	Stock index volatility, Rate spread, Credit spread, Correlation coefficient between underlying asset	Volatility 1.00 ~ 100% / Rate(credit) spread 0.0 ~ 25.0% / Correlation coefficient -100 ~ 100%
Financial assets measured at fair value through other comprehensive income						
		932,151,501	2	DCF Model, Asset Liability Model, Binominal Model	-	-
		209,440,008	3	DCF Model	Discount rate Growth rate	10.5 ~ 12.6% 1%,
	₩	<u>32,601,044,801</u>				
Derivative financial liabilities						
	₩	739,421,099	2	DCF Model, Embedded forward rate calculation	-	-
		650,869,168	3	DCF Model, Monte Carlo Simulation Model, FDM Model	Stock index volatility, Rate spread, Credit spread, Correlation coefficient between underlying asset	Volatility 1.00 ~ 100% / Rate(credit) spread 0.00 ~ 25.00% / Correlation coefficient -100 ~ 100%
Financial liabilities designated as measured at fair value through profit or loss						
		3,651,038,011	2	Monte Carlo Simulation Model, FDM Model	-	-
		7,387,022,024	3	Monte Carlo Simulation Model, FDM Model	Stock index volatility, Rate spread, Credit spread, Correlation coefficient between underlying asset	Volatility 1.00 ~ 100% / Rate(credit) spread 0.00 ~ 25.00% / Correlation coefficient -100 ~ 100%
	₩	<u>12,428,350,302</u>				
Disclosed at fair value:						
Public bonds measured at amortized cost						
	₩	109,297,113	2	DCF Model	-	-
Loans measured at amortized cost						
		1,267,882,816	3	DCF Model	Discount rate	2.05 ~ 15.77%
	₩	<u>1,377,179,929</u>				
Borrowings (Public bonds)						
	₩	1,489,893,244	2	DCF Model	-	-

31. Fair Value of Financial Instruments, Continued

(6) Valuation Process for Fair Value Measurements Categorized Within Level 3 of the Fair Value Hierarchy

For measurements of fair value, the Group uses both in-house model and external valuation results by external valuation agencies.

In-house model is determined through designing the model by operation department as verified by the risk management department. The inputs of the fair value measurement are derived by the risk management system. Back-Office departments assess the fair value based on the designed, verified model, and derived inputs, and apply the results in accounting. The results applied in accounting are compared against the valuation results of the operation department and risk management department and significant differences are reviewed.

In regard to fair value method based on external valuation agencies, the fair value is estimated by using the average price of the price per contract unit provided by two or more external valuation agencies and derived based on contractual terms and credit ratings of the counterparty and others.

Korea Investment & Securities Co., Ltd. and Subsidiaries
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31. Fair Value of Financial Instruments, Continued

(7) Sensitivities Analysis of Recurring Fair Value Measurements Categorized Within Level 3 of the Fair Value Hierarchy

Sensitivity analysis of financial instruments is performed to measure favourable and unfavourable changes in the fair value of financial instruments which are affected by the unobservable inputs, using a statistical technique. When the fair value is affected by more than two inputs, the amounts represent the most favourable or most unfavourable.

The results of the sensitivity analysis for the effect on profit or loss from changes in inputs for each financial instrument as of March 31, 2021 and December 31, 2020 are as follows. In respect to financial assets measured at fair value through profit or loss and financial liabilities designated as measured at fair value through profit or loss, which have mutual hedging effect and financial assets measured at fair value through profit or loss whose result of analysis is not significant are excluded.

	March 31, 2021			
	Favourable changes		Unfavourable changes	
	Profit or loss	Equity	Profit or loss	Equity
Financial assets:				
Derivative financial assets(*1)	₩ 3,214,148	3,214,148	(3,214,148)	(3,214,148)
Financial assets measured at fair value through profit or loss(*2)	5,442,633	5,442,633	(9,390,203)	(9,390,203)
Financial assets measured at fair value through other comprehensive income(*2)	-	15,163,625	-	(10,525,818)
	₩ <u>8,656,781</u>	<u>23,820,406</u>	<u>(12,604,351)</u>	<u>(23,130,169)</u>
Financial liabilities:				
Derivative financial liabilities(*1)	₩ 5,263,427	5,263,427	(5,318,563)	(5,318,563)
Financial liabilities designated as measured at fair value through profit or loss(*1)	102,713,147	102,713,147	(103,476,304)	(103,476,304)
	₩ <u>107,976,574</u>	<u>107,976,574</u>	<u>(108,794,867)</u>	<u>(108,794,867)</u>

(*1) Changes in their fair value are calculated by increasing or decreasing the volatility of the underlying assets, which are significant unobservable inputs, by 10%.

(*2) Changes in their fair value are calculated by increasing or decreasing the correlation between growth rate (-1 ~ 1%) and discount rate (-1 ~ 1%), which are significant unobservable inputs.

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31. Fair Value of Financial Instruments, Continued

(7) Sensitivities Analysis of Recurring Fair Value Measurements Categorized Within Level 3 of the Fair Value Hierarchy, Continued

	December 31, 2020			
	Favourable changes		Unfavourable changes	
	Profit or loss	Equity	Profit or loss	Equity
Financial assets:				
Derivative financial assets(*1)	₩ 803,982	803,982	(803,982)	(803,982)
Financial assets measured at fair value through profit or loss(*2)	341,901	341,901	(331,208)	(331,208)
Financial assets measured at fair value through other comprehensive income(*2)	-	15,022,614	-	(10,302,462)
	₩ <u>1,145,883</u>	<u>16,168,497</u>	<u>(1,135,190)</u>	<u>(11,437,652)</u>
Financial liabilities:				
Derivative financial liabilities(*1)	₩ 6,754,097	6,754,097	(5,142,634)	(5,142,634)
Financial liabilities designated as measured at fair value through profit or loss(*1)	65,625,865	65,625,865	(65,625,865)	(65,625,865)
	₩ <u>72,379,962</u>	<u>72,379,962</u>	<u>(70,768,499)</u>	<u>(70,768,499)</u>

(*1) Changes in their fair value are calculated by increasing or decreasing the volatility of the underlying assets, which are significant unobservable inputs, by 10%.

(*2) Changes in their fair value are calculated by increasing or decreasing the correlation between growth rate (-1 ~ 1%) and discount rate (-1 ~ 1%), which are significant unobservable inputs.

32. Operating Segment Information

(1) Overall Segment Information and Operating Segment

(a) Types of products and services from which each reportable segment derives its revenues

Operating segments are presented on business basis. As of March 31, 2021, the Group is organized into four major operating segments: wealth management, corporate finance, asset management and overseas. In addition, these business divisions are based on the nature of the products and services provided, the type or class of customer, and the Group's management organization.

The details of each segment are as follows:

- i) Wealth management: securities trading, brokerage, deputy and others of securities for individual and corporate customers
- ii) Corporate finance: investment bank segment all around the asset management including security underwriting, M&A advisory and OTC derivatives business
- iii) Asset management: asset management business of Korea Investment Management Co., Ltd. and Korea Investment Value Asset Management Co., Ltd.
- iv) Overseas: overseas subsidiaries.

(b) Results of operating segment

Accounting policies of operating segments are same with those of the Group. The Group monitors the outcome of each operating segments for evaluation and decision making for resource allocations. The outcome of each operating segment is evaluated based on the operating profits differently measured from the operating profits on financial statements. The Group's tax is managed at corporate level and is not allocated to the operating segment.

(c) Factors management uses to identify reporting segment

The Group's operating segments are classified based on the risks and benefits arising from the difference in services. The Group's operating segments are managed independently by the nature of service and each one is treated as a strategic operating segment.

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32. Operating Segment Information, Continued

(2) Financial Information by Operating Segment

Financial information by operating segment for the three-month periods ended March 31, 2021 and 2020 are as follows:

	2021					
	Wealth management	Corporate finance	Asset management	Overseas	Intragroup adjustments	Total
Total profit	₩ 378,534,840	4,174,050,969	41,703,194	53,975,291	93,914,772	4,742,179,066
Profit before tax	122,616,353	355,164,381	19,270,836	5,566,523	(25,056,007)	477,562,086
Interest income	59,618,438	170,197,715	89,050	7,197,656	32,433,096	269,535,955
Interest expenses	(1,746,707)	(56,452,154)	(56,626)	(1,524,293)	(6,615,088)	(66,394,868)
Net fee and commission income	148,412,270	198,596,033	33,183,683	7,539,483	(15,197,053)	372,534,416
Net gains (losses) on valuation and disposal of financial assets (liabilities)	39,620,851	55,385,462	280,929	855,668	991,217	97,134,127
Selling and administrative expenses	(113,584,185)	(135,902,374)	(15,877,497)	(8,832,755)	(324,790)	(274,521,601)
Others	(9,704,314)	123,339,699	1,651,297	330,764	(36,343,389)	79,274,057
	2020					
	Wealth management	Corporate finance	Asset management	Overseas	Intragroup adjustments	Total
Total profit	₩ 208,353,315	7,572,585,190	34,107,237	57,475,001	70,770,179	7,943,290,922
Profit (loss) before tax	410,344	(118,233,593)	6,442,971	(16,393,467)	(38,896,108)	(166,669,853)
Interest income	38,913,039	194,866,153	168,205	8,444,055	24,451,160	266,842,612
Interest expenses	(2,623,727)	(82,617,273)	(98,108)	(1,764,516)	(7,194,638)	(94,298,262)
Net fee and commission income	78,474,371	116,825,660	26,763,565	2,068,075	(13,509,403)	210,622,268
Net gains (losses) on valuation and disposal of financial assets (liabilities)	(14,688,647)	(383,540,631)	(667,752)	(20,064,300)	(38,494,713)	(457,456,043)
Selling and administrative expenses	(86,245,616)	(16,780,235)	(16,098,055)	(5,262,245)	870,317	(123,515,834)
Others	(13,419,076)	53,012,733	(3,624,884)	185,464	(5,018,831)	31,135,406

Independent Auditors' Report

The Board of Directors and Shareholder
Korea Investment & Securities Co., Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Korea Investment & Securities Co., Ltd. and its subsidiaries (collectively, the "Group"), which comprise the consolidated statements of financial position as of December 31, 2020 and 2019, the consolidated statements of comprehensive income, change in equity and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with Korean International Financial Reporting Standards ("K-IFRS").

Basis for Opinion

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

Emphasis of Matter

As a matter that does not affect our audit opinion, we draw attention to the following matter.

Uncertainty from impact of COVID-19

As discussed in Note 2.(c) to the consolidated financial statements, the assumptions and estimates used by the Group for the fair value measurement and impairment testing of the financial statements are subject to change depending on the duration and severity of COVID-19, which cannot be predicted. The ultimate impact that may arise from the uncertainties from impact of COVID-19 may differ from management's estimates reflected in the accompanying consolidated financial statements of the Group. Our opinion is not modified in respect of this matter.

Other matter

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used in the preparation of the consolidated financial statements and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

/s/ KPMG Samjong Accounting Corp.
Seoul, Korea
March 9, 2021

This report is effective as of March 9, 2021, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying consolidated financial statements and notes thereto. Accordingly, the readers of the audit report should understand that the above audit report has not been updated to reflect the impact of such subsequent events or circumstances, if any.

Korea Investment & Securities Co., Ltd. and Subsidiaries
Consolidated Statements of Financial Position

As of December 31, 2020 and 2019

<i>(In won)</i>	<u>Notes</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Assets			
Cash and due from banks	5, 36, 39, 40, 41, 43	₩ 5,197,201,998,553	5,252,448,628,850
Financial assets measured at fair value through profit or loss	6, 40, 41, 42	40,404,913,708,923	33,409,800,774,854
Derivative financial assets	18, 40, 41, 43, 44	1,195,172,411,125	845,824,765,314
Financial assets measured at fair value through other comprehensive income	7, 40, 41, 43	2,187,136,868,466	2,613,394,543,920
Investments in associates	8	2,126,427,229,163	1,697,802,124,417
Financial assets measured at amortized cost	9, 40, 41, 43	6,718,191,910,617	5,896,481,288,143
Property and equipment	10, 13	366,303,119,826	363,075,540,288
Intangible assets	11	298,132,437,410	293,239,803,945
Investment property	12	161,540,394,374	163,217,118,238
Current tax assets	25	7,469,549,959	3,348,168,296
Deferred tax assets	25	151,542,071	224,704,735
Other financial assets measured at amortized cost	14, 39, 40, 41, 43	2,248,896,828,503	2,885,666,125,632
Other non-financial assets	15	52,246,401,462	23,278,396,846
Total assets		<u>₩ 60,963,784,400,452</u>	<u>53,447,801,983,478</u>
Liabilities			
Deposits	16, 39, 40, 41	₩ 9,195,092,940,447	3,763,255,285,363
Financial liabilities measured at fair value through profit or loss	17, 40, 41	2,767,212,080,851	3,985,471,016,882
Derivative financial liabilities	18, 40, 41	1,823,686,389,685	953,976,082,517
Financial liabilities designated as measured at fair value through profit or loss	19, 40, 41	11,165,816,142,559	13,953,486,912,664
Borrowings	20, 40, 41	25,917,560,736,683	20,511,632,491,190
Defined benefit liabilities	21	4,065,090,455	6,932,333,553
Provisions	22	15,050,241,226	13,151,500,466
Current tax liabilities	25	2,966,390,336	896,495,321
Deferred tax liabilities	25	63,054,608,719	70,510,291,785
Other financial liabilities	23, 39, 40, 41	3,896,763,716,476	4,572,790,419,423
Other non-financial liabilities	24, 39	298,774,949,719	182,159,347,413
Total liabilities		<u>55,150,043,287,156</u>	<u>48,014,262,176,577</u>
Equity			
Equity attributable to owners of the Group			
Capital stock	1, 26	175,816,700,000	175,816,700,000
Capital surplus	26	3,826,886,905,722	3,827,604,377,184
Accumulated other comprehensive income	7, 26, 35	29,914,854,820	111,435,857,647
Retained earnings	26	1,775,128,251,683	1,307,114,840,545
		<u>5,807,746,712,225</u>	<u>5,421,971,775,376</u>
Non-controlling interests		5,994,401,071	11,568,031,525
Total equity		<u>5,813,741,113,296</u>	<u>5,433,539,806,901</u>
Total liabilities and equity		<u>₩ 60,963,784,400,452</u>	<u>53,447,801,983,478</u>

See accompanying notes to the consolidated financial statements.

Korea Investment & Securities Co., Ltd. and Subsidiaries
Consolidated Statements of Comprehensive Income

For the years ended December 31, 2020 and 2019

<i>(In won)</i>	Notes	2020	2019
Fee and commission income	27, 39, 45	₩ 1,228,792,453,480	897,073,135,086
Interest income on financial instruments measured at amortized cost and at fair value through other comprehensive income		479,942,661,212	434,068,206,029
Interest income on financial instruments measured at fair value through profit or loss		<u>629,308,423,930</u>	<u>577,922,329,228</u>
Interest income	28, 39, 45	<u>1,109,251,085,142</u>	<u>1,011,990,535,257</u>
Dividend income	29, 39	72,219,479,274	69,747,733,572
Gain on valuation and disposal of financial instruments	30, 45	11,393,074,198,490	7,339,591,678,818
Gain on foreign currency transactions		2,067,272,613,992	891,608,978,495
Other operating revenues	32, 39	83,636,760,143	65,479,841,993
Reversal of credit loss allowance	31	<u>521,371,407</u>	<u>1,403,796,218</u>
Operating revenues		<u>15,954,767,961,928</u>	<u>10,276,895,699,439</u>
Fee and commission expense	27, 39, 45	(210,455,957,321)	(147,475,377,638)
Interest expense	28, 45	(338,767,730,575)	(405,329,194,305)
Loss on valuation and disposal of financial instruments	30, 45	(11,603,598,820,215)	(7,128,212,146,949)
Loss on foreign currency transactions		(2,144,995,359,100)	(940,358,842,689)
Selling and administrative expenses	33, 39, 45	(799,708,342,486)	(779,988,289,831)
Other operating expenses	32, 39	(36,979,856,267)	(18,450,014,644)
Provision for credit loss allowance	31	<u>(59,382,031,143)</u>	<u>(20,814,562,762)</u>
Operating expenses		<u>(15,193,888,097,107)</u>	<u>(9,440,628,428,818)</u>
Operating income		<u>760,879,864,821</u>	<u>836,267,270,621</u>
Non-operating income	34, 39	238,610,627,118	123,496,752,241
Non-operating expenses	34	<u>(27,530,146,513)</u>	<u>(23,487,245,958)</u>
Profit before income tax		<u>971,960,345,426</u>	<u>936,276,776,904</u>
Income tax expense	25	(264,180,270,086)	(251,857,252,214)
Profit for the year		<u>707,780,075,340</u>	<u>684,419,524,690</u>
Other comprehensive income (loss) for the year, net of tax			
<i>Items that are or will be subsequently reclassified to profit or loss:</i>			
Change in fair value of debt instruments measured at fair value through other comprehensive income		370,012,553	1,993,830,409
Increase (decrease) in other comprehensive income of associates		2,674,901,296	(2,199,744,971)
Exchange differences on translation of foreign operations		<u>(72,236,533,837)</u>	<u>25,598,557,458</u>
		<u>(69,191,619,988)</u>	<u>25,392,642,896</u>
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Change in fair value of equity instruments measured at fair value through other comprehensive income		(19,321,627,987)	(73,640,859,204)
Remeasurements of the net defined benefit liabilities		3,905,127,984	(2,070,246,175)
Changes in credit risk of financial liabilities designated at fair value through profit or loss		<u>2,649,810,777</u>	<u>(796,503,606)</u>
		<u>(12,766,689,226)</u>	<u>(76,507,608,985)</u>
	7, 35	<u>(81,958,309,214)</u>	<u>(51,114,966,089)</u>
Total comprehensive income for the year		<u>₩ 625,821,766,126</u>	<u>633,304,558,601</u>

See accompanying notes to the consolidated financial statements.

Korea Investment & Securities Co., Ltd. and Subsidiaries
 Consolidated Statements of Comprehensive Income, Continued

For the years ended December 31, 2020 and 2019

(In won)

	<u>Notes</u>	<u>2020</u>	<u>2019</u>
Total profit (loss) attributable to:			
Owners of the Group	₩	708,038,369,978	684,881,784,677
Non-controlling interests		<u>(258,294,638)</u>	<u>(462,259,987)</u>
	₩	<u>707,780,075,340</u>	<u>684,419,524,690</u>
Total comprehensive income (loss) attributable to:			
Owners of the Group	₩	626,517,367,151	632,869,276,826
Non-controlling interests		<u>(695,601,025)</u>	<u>435,281,775</u>
	₩	<u>625,821,766,126</u>	<u>633,304,558,601</u>

See accompanying notes to the consolidated financial statements.

Korea Investment & Securities Co., Ltd. and Subsidiaries
Consolidated Statements of Changes in Equity
For the years ended December 31, 2020 and 2019

(In won)

	Attributable to owners of the Group					
	Capital stock	Capital surplus	Accumulated other comprehensive income	Retained earnings	Non-controlling interests	Total equity
Balance at January 1, 2019	₩ 175,739,000,000	3,050,684,720,144	163,448,365,498	1,052,793,605,868	11,091,424,750	4,453,757,116,260
Total comprehensive income for the year:						
Profit (loss) for the year	-	-	-	684,881,784,677	(462,259,987)	684,419,524,690
Other comprehensive income (loss) for the year	-	-	(52,012,507,851)	-	897,541,762	(51,114,966,089)
	-	-	(52,012,507,851)	684,881,784,677	435,281,775	633,304,558,601
Transactions with shareholder:						
Issue of ordinary shares	77,700,000	776,919,657,040	-	-	-	776,997,357,040
Dividends	-	-	-	(430,560,550,000)	-	(430,560,550,000)
Changes of consolidated entity (changes of non-controlling interests)	-	-	-	-	41,325,000	41,325,000
	77,700,000	776,919,657,040	-	(430,560,550,000)	41,325,000	346,478,132,040
Balance at December 31, 2019	₩ 175,816,700,000	3,827,604,377,184	111,435,857,647	1,307,114,840,545	11,568,031,525	5,433,539,806,901
Balance at January 1, 2020	₩ 175,816,700,000	3,827,604,377,184	111,435,857,647	1,307,114,840,545	11,568,031,525	5,433,539,806,901
Total comprehensive income for the year:						
Profit (loss) for the year	-	-	-	708,038,369,978	(258,294,638)	707,780,075,340
Other comprehensive income (loss) for the year	-	-	(81,521,002,827)	-	(437,306,387)	(81,958,309,214)
	-	-	(81,521,002,827)	708,038,369,978	(695,601,025)	625,821,766,126
Transactions with shareholder:						
Dividends	-	-	-	(240,024,958,840)	-	(240,024,958,840)
Changes of consolidated entity (changes of non-controlling interests)	-	(717,471,462)	-	-	(4,878,029,429)	(5,595,500,891)
	-	(717,471,462)	-	(240,024,958,840)	(4,878,029,429)	(245,620,459,731)
Balance at December 31, 2020	₩ 175,816,700,000	3,826,886,905,722	29,914,854,820	1,775,128,251,683	5,994,401,071	5,813,741,113,296

See accompanying notes to the consolidated financial statements.

Korea Investment & Securities Co., Ltd. and Subsidiaries
Consolidated Statements of Cash Flows

For the years ended December 31, 2020 and 2019

(In won)

	<u>Notes</u>	<u>2020</u>	<u>2019</u>
Cash flows from operating activities			
Profit for the year	₩	707,780,075,340	684,419,524,690
Adjustments for non-cash items	36	(786,231,303,559)	(499,783,494,638)
Changes in operating assets and liabilities	36	<u>(2,288,412,675,295)</u>	<u>(3,750,325,076,798)</u>
		<u>(2,366,863,903,514)</u>	<u>(3,565,689,046,746)</u>
Interest received		1,089,245,406,632	969,107,215,439
Interest paid		(370,704,477,655)	(403,430,174,588)
Dividends received		115,724,444,341	5,734,792,325
Income tax paid		<u>(130,832,663,010)</u>	<u>(188,609,204,964)</u>
Net cash used in operating activities		<u>(1,663,431,193,206)</u>	<u>(3,182,886,418,534)</u>
Cash flows from investing activities			
Acquisition of financial assets measured at fair value through other comprehensive income		(1,916,156,341,635)	(3,550,467,221,672)
Disposal of financial assets measured at fair value through other comprehensive income		2,324,744,528,958	4,430,883,554,346
Acquisitions of investments in associates		(488,133,146,296)	(1,004,727,638,963)
Disposal of investments in associates		218,055,363,556	259,620,159,404
Acquisitions of investments in subsidiaries		(449,214,955,759)	(86,496,680,931)
Disposal of investments in subsidiaries		478,721,391,543	155,589,077,427
Acquisitions of property and equipment		(21,645,505,763)	(33,171,457,820)
Disposal of property and equipment		94,867,859	82,761,600
Acquisitions of intangible assets		(12,603,380,707)	(6,376,480,152)
Disposal of intangible assets		2,622,694,061	1,889,861,788
Changes in loans receivable		226,577,162	(239,169,560)
Changes in guarantee deposits		1,422,947,594	(656,468,156)
Changes in advance payments		<u>(8,099,549,604)</u>	<u>-</u>
Net cash provided by investing activities		<u>130,035,490,969</u>	<u>165,930,297,311</u>
Cash flows from financing activities			
Net increase in borrowings		2,181,724,135,310	2,178,414,465,768
Issue of debentures		476,050,800,000	503,456,000,000
Redemption of debentures		(200,000,000,000)	(100,000,000,000)
Payment of lease liabilities		(26,202,097,989)	(30,493,210,108)
Issue of ordinary shares		-	776,997,357,040
Dividends paid		(240,024,958,840)	(430,560,550,000)
Increase in non-controlling interests (liabilities)		100,361,928,147	261,536,238,131
Increase (decrease) in non-controlling interests (equity)		<u>(5,595,500,891)</u>	<u>41,325,000</u>
Net cash provided by financing activities		<u>2,286,314,305,737</u>	<u>3,159,391,625,831</u>
Effect of exchange rate changes on cash and cash equivalents		<u>(7,400,650,006)</u>	<u>(250,442,838)</u>
Net increase in cash and cash equivalents		745,517,953,494	142,185,061,770
Cash and cash equivalents at the beginning of the year	5, 36	<u>665,932,329,767</u>	<u>523,747,267,997</u>
Cash and cash equivalents at the end of the year	5, 36	<u>₩ 1,411,450,283,261</u>	<u>665,932,329,767</u>

See accompanying notes to the consolidated financial statements.

Korea Investment & Securities Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements

December 31, 2020 and 2019

1. **The Group**

(a) **Reporting Entity**

Korea Investment & Securities Co., Ltd. (the "Company") was incorporated on August 8, 1974, with capital of ₩500 million. The Company and its subsidiaries (collectively, "the Group") primarily engages in financial investment business including brokerage transactions, trading, and underwriting of securities in accordance with the Financial Investment Services and Capital Markets Act ("FSCMA"). As of December 31, 2020, the Group has 84 domestic branch offices, 7 overseas subsidiaries and 2 overseas branch offices.

Through the merger with Dongwon Securities Co., Ltd. on June 1, 2005 and a number of capital increase, the capital stock of the Company amounts to ₩175,817 million as of December 31, 2020.

As of December 31, 2020, Korea Investment Holdings Co., Ltd. owns the entire outstanding common stock of the Company.

(b) **Subsidiaries**

(i) Details of the subsidiaries as of December 31, 2020 and 2019 are as follows:

(in shares)

Investor	Investee	December 31, 2020		December 31, 2019	
		Number of shares	Ownership (%)	Number of shares	Ownership (%)
Korea Investment & Securities Co., Ltd.	Korea Investment Management Co., Ltd.	13,200,000	100.00	13,200,000	100.00
	Korea Investment Value Asset Management Co., Ltd.	2,626,000	100.00	2,484,000	100.00
	Korea Investment & Securities Asia, Ltd.	325,000,000	100.00	325,000,000	100.00
	Korea Investment & Securities Europe, Ltd.	5,000,000	100.00	5,000,000	100.00
	Korea Investment & Securities America, Inc.	200	100.00	200	100.00
	Korea Investment & Securities Singapore Pte. Ltd.	10,000,000	100.00	10,000,000	100.00
	KIS Vietnam Securities Corporation	258,917,281	99.72	188,990,716	99.63
	PT Korea Investment & Sekuritas Indonesia	172,500	86.25	150,000	75.00
	KIM Investments Funds	450,902	71.95	888,639	68.73
	KIARA Asia Pacific Hedge Fund	142,507	97.82	142,164	97.97
	KIM Belgium Core Office Professional Investment Private Real Estate Investment Trust	29,400,000	98.99	29,400,000	98.99
	KIM PRIVATE PLACEMENT PHILADELPHIA REAL ESTATE INVESTMENT TRUST2	46,750,960,230	69.69	42,905,461,746	69.69
	Mastern Private Real Estate Fund No.31	36,300,000,000	78.40	36,300,000,000	78.40
	Hana Real Estate Investment Trusts No.76	24,667,570,000	92.50	24,667,570,000	92.50
	KIAMCO UK Solar Power Private Fund Special Asset Trust 2	47,399,260,975	99.79	46,092,211,762	99.79
	KTB Aircraft Private Investment Trust No.22-2	26,427,408,236	99.62	26,427,408,236	99.62
	KIAMCO German Wind Private Fund Special Asset Trust	47,495,905,985	76.54	48,013,001,250	76.54
	Hana US LA Real Estate Trust No.1	43,128,492	67.73	43,128,492	67.73
	Eugene Pridium 1 / Private Placement	34,700,000,000	94.55	34,700,000,000	94.55
	KIP KIS SEA-CHINA Fund	184,500	90.00	47,250	90.00
Hyundai Aviation Investment Private Trust No.19	57,853,362,359	99.81	56,894,819,155	99.81	

Korea Investment & Securities Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements

December 31, 2020 and 2019

1. **The Group, Continued**

(b) **Subsidiaries, Continued**

(i) Details of the subsidiaries as of December 31, 2020 and 2019 are as follows, Continued:

(in shares)

Investor	Investee	December 31, 2020		December 31, 2019	
		Number of shares	Ownership (%)	Number of shares	Ownership (%)
Korea Investment & Securities Co., Ltd.	Korea Value Classic Professional Investment Type Private Corporate Security Investment Trust 1	30,000,000,000	71.08	30,000,000,000	64.85
	Korea Value Diamond Professional Investment Type Private Corporate Security Investment Trust 1	10,125,088,900	47.03	10,125,088,900	24.11
	KIM Global Infra Professional Private Investment No.1	24,011,497,340	96.87	18,706,702,773	96.87
	Multi Asset Opportunity QI Investment Fund No. 10	50,355,331,044	89.01	47,286,655,565	88.89
	Lindeman Partners Global Private Trust No.11	43,679,476,522	66.04	42,163,745,013	70.34
	Korea Value Sapphire Value-up Professional Investment Type Private Corporate Security Investment Trust 1	2,803,521,676	36.21	5,084,902,866	32.33
	Shinhan AIM Credit Fund2	-	-	25,235,604,735	98.87
	Hyundai Infra Professional Investment Type Private Investment Trust No.8	-	-	22,998,983,568	99.14
	AIP Midstream Specialized Privately Placed Fund Trust #1	38,014,480,524	75.27	35,208,890,790	75.27
	Multi Asset Opportunity QI Investment Fund No. 12	-	-	31,791,297,539	88.89
	Multi Asset Opportunity QI Investment Fund No. 11	-	-	47,021,829,971	88.89
	MULTI ASSET GLOBAL PRIVATE EQUITY QI INVESTMENT FUND NO.3	6,300,000,000	87.66	6,300,000,000	87.66
	IGIS Global Specialized Private Placement Real Estate Investment Trust 281-1	29,439,235	99.33	29,439,235	99.33
	Multi Asset Opportunity QI Investment Fund No. 14	48,321,983,523	93.07	47,876,119,670	93.07
	KIM TDF Target 2050 Fund(*1)	5,000,000,000	37.63	5,000,000,000	98.04
	Samsung SRA Professional Type Private Real Estate Investment Trust 52	83,878,609,724	66.85	59,000,000,000	100.00
	Fine Snowman Qualified Private Investment Trust No.1	51,700,000,000	99.61	51,700,000,000	99.61
	MultiAsset Australia FuelCo Professional Investment Type Private Investment Trust No.1	25,560,067,477	88.54	24,999,269,000	88.54
	Korea Value Global Research Dividend Income Fund(Equity)	5,000,000,000	84.83	5,000,000,000	86.31
	KIM Tokyo Residence Real Estate Investment Trust	39,869,306,412	39.92	39,869,306,412	39.92
	NH-Amundi Global infra Private Fund No.21	50,000,000,000	70.47	50,000,000,000	70.47

Korea Investment & Securities Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements

December 31, 2020 and 2019

1. **The Group, Continued**

(b) **Subsidiaries, Continued**

(i) Details of the subsidiaries as of December 31, 2020 and 2019 are as follows, Continued:

(in shares)		December 31, 2020		December 31, 2019	
		Number of shares	Ownership (%)	Number of shares	Ownership (%)
Korea Investment & Securities Co., Ltd.	Reksa Dana KISI Equity fund	16,777,960	99.94	16,777,960	99.95
	Reksa Dana KISI Fixed income fund	16,777,960	94.92	16,777,960	98.29
	Reksa Dana KISI Money market fund	16,777,960	84.51	16,777,960	99.57
	PineStreet Global Corporate Finance Fund V-2	16,580,000,000	80.00	-	-
	HDC Warehouse Fund 1	35,462,497,926	73.68	-	-
	Kisflight Co., Ltd. and 105 other asset structured SPCs(*2)	-	-	-	-
Korea Investment Management Co., Ltd.	KIM Investments Funds	442	0.03	442	0.03
	KIM Global Infra Professional Private Investment No.1	775,514,648	3.13	604,182,314	3.13
	KIM Tokyo Residence Real Estate Investment Trust	20,000,000,000	20.03	20,000,000,000	20.03
	KIM TDF Target 2050 Fund(*1)	100,000,000	0.75	100,000,000	0.83
	KIM Vietnam Fund Management	2,500,000	100.00	-	-
Korea Investment Value Asset Management Co., Ltd.	Korea Value Classic Professional Investment Type Private Corporate Security Investment Trust 1	5,000,000,000	11.85	5,000,000,000	10.60
	Korea Value Diamond Professional Investment Type Private Corporate Security Investment Trust 1	5,062,544,451	23.52	5,000,000,000	11.91
	Korea Value Sapphire Value-up Professional Investment Type Private Corporate Security Investment Trust 1	1,989,674,672	25.69	2,000,000,000	12.40
	Korea Value Global Research Dividend Income Fund (Equity)	200,000,000	3.39	-	-
PT Korea Investment & Sekuritas Indonesia	PT KISI Asset management	24,750	99.00	24,750	99.00

(*1) Although the Group's ownership is less than 50 percent, the Group as general partner has substantial power to influence related decisions of the entity and is exposed to significant changes in profit in which the Group can also influence, and therefore, the entity was classified as a subsidiary.

(*2) As a structured entity for asset-backed securities, the ownership interest rate is less than a majority, but the consolidation entity is exposed to substantial power and variable profits for the company, so it was deemed to have control.

Korea Investment & Securities Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements

December 31, 2020 and 2019

1. **The Group, Continued**

(b) **Subsidiaries, Continued**

(ii) Details of subsidiaries as of December 31, 2020 are as follows:

Subsidiaries(*)	Incorporation date	Location	Industry	Financial year end
Korea Investment Management Co., Ltd.	June 26, 2000	Seoul, Korea	Asset Management	Dec.31
Korea Investment Value Asset Management Co., Ltd.	February 13, 2006	Seoul, Korea	Asset Management	Dec.31
Korea Investment & Securities Asia, Ltd.	December 2, 1997	Hong Kong	Financial investment	Dec. 31
Korea Investment & Securities Europe, Ltd.	April 24, 1995	London, UK	Financial investment	Dec. 31
Korea Investment & Securities America, Inc.	April 18, 2000	New York, U.S.A	Financial investment	Dec. 31
Korea Investment & Securities Singapore Pte. Ltd.	February 22, 2008	Singapore	Financial investment	Dec. 31
KIS Vietnam Securities Corporation	November 29, 2010	Ho Chi Minh, Vietnam	Financial investment	Dec. 31
PT Korea Investment & Sekuritas Indonesia	June 26, 2018	Indonesia	Financial investment	Dec. 31
PT KISI Asset management	April 18, 2019	Indonesia	Asset Management	Dec. 31
KIM Investments Funds	November 21, 2013	Luxembourg	Collective investment scheme	Dec. 31
KIARA Asia Pacific Hedge Fund	July 16, 2014	Cayman Islands	Collective investment scheme	Dec. 31
KIM Belgium Core Office Professional Investment Private Real Estate Investment Trust	March 21, 2018	Seoul, Korea	Collective investment scheme	Dec. 31
KIM PRIVATE PLACEMENT PHILADELPHIA REAL ESTATE INVESTMENT TRUST2	May 3, 2018	Seoul, Korea	Collective investment scheme	Dec. 31
Mastern Private Real Estate Fund No.31	June 27, 2018	Seoul, Korea	Collective investment scheme	June 30
Hana Real Estate Investment Trusts No.76	June 1, 2018	Seoul, Korea	Collective investment scheme	Dec. 31
KIAMCO UK Solar Power Private Fund Special Asset Trust 2	September 17, 2018	Seoul, Korea	Collective investment scheme	Dec. 31
KTB Aircraft Private Investment Trust No.22-2	November 15, 2018	Seoul, Korea	Collective investment scheme	Dec. 31
KIAMCO German Wind Private Fund Special Asset Trust	December 20, 2018	Seoul, Korea	Collective investment scheme	Dec. 31
Hana US LA Real Estate Trust No.1	December 31, 2018	Seoul, Korea	Collective investment scheme	Dec. 31
Eugene Pridium 1 / Private Placement	December 31, 2018	Seoul, Korea	Collective investment scheme	Dec. 31
KIP KIS SEA-CHINA Fund	October 25, 2018	Seoul, Korea	Investment partnership	Dec. 31
Hyundai Aviation Investment Private Trust No.19	January 28, 2019	Seoul, Korea	Collective investment scheme	Dec. 31
Korea Value Classic Professional Investment Type Private Corporate Security Investment Trust 1	February 25, 2019	Seoul, Korea	Collective investment scheme	Dec. 31
Korea Value Diamond Professional Investment Type Private Corporate Security Investment Trust 1	March 20, 2019	Seoul, Korea	Collective investment scheme	Dec. 31
KIM Global Infra Professional Private Investment No.1	March 21, 2019	Seoul, Korea	Collective investment scheme	Dec. 31
Multi Asset Opportunity QI Investment Fund No. 10	March 21, 2019	Seoul, Korea	Collective investment scheme	Dec. 31
Lindeman Partners Global Private Trust No.11	March 28, 2019	Seoul, Korea	Collective investment scheme	Dec. 31

Korea Investment & Securities Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements

December 31, 2020 and 2019

1. **The Group, Continued**

(b) **Subsidiaries, Continued**

(ii) Details of subsidiaries as of December 31, 2020 are as follows, Continued:

Subsidiaries(*)	Incorporation date	Location	Industry	Financial year end
Korea Value Sapphire Value-up Professional Investment Type Private Corporate Security Investment Trust 1	May 20, 2019	Seoul, Korea	Collective investment scheme	Dec.31
AIP Midstream Specialized Privately Placed Fund Trust #1	May 9, 2019	Seoul, Korea	Collective investment scheme	Dec.31
MULTI ASSET GLOBAL PRIVATE EQUITY QI INVESTMENT FUND NO.3	June 20, 2019	Seoul, Korea	Collective investment scheme	Dec. 31
IGIS Global Specialized Private Placement Real Estate Investment Trust 281-1	July 15, 2019	Seoul, Korea	Collective investment scheme	Dec. 31
Multi Asset Opportunity QI Investment Fund No. 14	August 30, 2019	Seoul, Korea	Collective investment scheme	Dec. 31
KIM TDF Target 2050 Fund	September 5, 2019	Seoul, Korea	Collective investment scheme	Dec. 31
Samsung SRA Professional Type Private Real Estate Investment Trust 52	September 11, 2019	Seoul, Korea	Collective investment scheme	Dec. 31
Fine Snowman Qualified Private Investment Trust No.1	October 10, 2019	Seoul, Korea	Collective investment scheme	Dec. 31
MultiAsset Australia FuelCo Professional Investment Type Private Investment Trust No.1	October 14, 2019	Seoul, Korea	Collective investment scheme	Dec. 31
Korea Value Global Research Dividend Income Fund(Equity)	December 2, 2019	Seoul, Korea	Collective investment scheme	Dec. 31
KIM Tokyo Residence Real Estate Investment Trust	November 25, 2019	Seoul, Korea	Collective investment scheme	Dec. 31
NH-Amundi Global infra Private Fund No.21	December 18, 2019	Seoul, Korea	Collective investment scheme	Dec. 31
Reksa Dana KISI Equity fund	December 11, 2019	Indonesia	Collective investment scheme	Dec. 31
Reksa Dana KISI Fixed income fund	December 11, 2019	Indonesia	Collective investment scheme	Dec. 31
Reksa Dana KISI Money market fund	December 11, 2019	Indonesia	Collective investment scheme	Dec. 31
KIM Vietnam Fund Management	February 19, 2020	Vietnam	Asset Management	Dec. 31
HDC Warehouse Fund 1	February 20, 2020	Korea	Collective investment scheme	Dec. 31
PineStreet Global Corporate Finance Fund V-2	December 21, 2020	Korea	Collective investment scheme	Dec. 31

(*) Subsidiaries that do not perform practical business activities, such as asset-backed structured enterprises, were excluded.

Korea Investment & Securities Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements

December 31, 2020 and 2019

(In thousands of won)

1. **The Group, Continued**

(b) **Subsidiaries, Continued**

(iii) The condensed statement of financial position of subsidiaries as of December 31, 2020 and the condensed statement of comprehensive income for the year ended December 31, 2020 are as follows:

Company(*)	2020					
	Assets	Liabilities	Equity	Operating Revenues	Net income (loss)	Total comprehensive income (loss)
Korea Investment Management Co., Ltd.	₩ 193,942,370	50,379,089	143,563,281	123,232,728	35,385,645	35,158,483
Korea Investment Value Asset Management Co., Ltd.	666,191,620	4,197,344	661,994,276	16,461,260	5,256,063	5,184,608
Korea Investment & Securities Asia, Ltd.	512,697,111	149,531,218	363,165,893	135,054,803	(586,877)	(23,874,505)
Korea Investment & Securities Europe, Ltd.	3,009,598	332,716	2,676,882	1,476,359	571,301	388,795
Korea Investment & Securities America, Inc.	8,482,928	2,464,963	6,017,965	3,672,705	850,329	448,217
Korea Investment & Securities Singapore Pte. Ltd.	10,026,939	1,905,942	8,120,997	2,148,046	475,052	(55,306)
KIS Vietnam Securities Corporation	298,015,362	156,921,066	141,094,296	45,966,054	10,067,194	172,363
PT Korea Investment & Sekuritas Indonesia	59,541,830	18,715,163	40,826,667	7,105,865	(1,250,224)	(1,250,224)
PT KISI Asset management	3,057,782	111,784	2,945,998	850,723	(542,248)	(542,248)
KIM Investments Funds KIARA Asia Pacific Hedge Fund	413,759,098	164,460,347	249,298,751	180,711,913	38,742,627	38,742,627
KIM Belgium Core Office Professional Investment Private Real Estate Investment Trust	30,005,283	7,349	29,997,934	6,012,259	2,480,713	2,480,713
KIM PRIVATE PLACEMENT PHILADELPHIA REAL ESTATE INVESTMENT TRUST2	64,123,951	32,861	64,091,090	28,151,695	4,483,944	4,483,944
Mastern Private Real Estate Fund No.31	148,032,601	107,941,431	40,091,170	8,140,973	1,180,984	1,180,984
Hana Real Estate Investment Trusts No.76	26,992,579	5,567	26,987,012	3,582,537	246,945	246,945
KIAMCO UK Solar Power Private Fund Special Asset Trust 2	46,519,519	76,485	46,443,034	5,657,915	2,592,496	2,592,496
KTB Aircraft Private Investment Trust No.22-2	28,476,936	2,111,907	26,365,029	5,156,481	616,749	616,749
KIAMCO German Wind Private Fund Special Asset Trust	64,687,892	1,678,529	63,009,363	9,925,387	3,092,958	3,092,958
Hana US LA Real Estate Trust No.1	61,350,232	22,800	61,327,432	5,884,995	1,652,991	1,652,991
Eugene Pridium 1 / Private Placement	37,896,065	20,909	37,875,156	2,388,828	2,352,906	2,352,906
KIP KIS SEA-CHINA Fund	337,590,253	146,810,138	190,780,115	1,637,734	(8,588,858)	(8,588,858)

Korea Investment & Securities Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements

December 31, 2020 and 2019

(In thousands of won)

1. **The Group, Continued**

(b) **Subsidiaries, Continued**

(iii) The condensed statement of financial position of subsidiaries as of December 31, 2020 and the condensed statement of comprehensive income for the year ended December 31, 2020 are as follows, Continued:

Company(*)	2020					
	Assets	Liabilities	Equity	Operating Revenues	Net income (loss)	Total comprehensive income (loss)
Hyundai Aviation Investment Private Trust No.19	₩ 57,408,727	8,417	57,400,310	25,354,839	3,070,190	3,070,190
Korea Value Classic Professional Investment Type Private Corporate Security Investment Trust 1	45,756,182	1,063,573	44,692,609	5,708,611	5,058,994	5,058,994
Korea Value Diamond Professional Investment Type Private Corporate Security Investment Trust 1	20,255,443	2,456,665	17,798,778	72,995,237	(1,744,768)	(1,744,768)
KIM Global Infra Professional Private Investment No.1	22,685,513	20,589	22,664,924	4,762,981	844,392	844,392
Multi Asset Opportunity QI Investment Fund No. 10	54,951,513	53,906	54,897,607	12,464,313	(785,179)	(785,179)
Lindeman Partners Global Private Trust No.11	46,904,016	140,944	46,763,072	23,887,670	(6,803,643)	(6,803,643)
Korea Value Sapphire Value-up Professional Investment Type Private Corporate Security Investment Trust 1	8,943,383	176	8,943,207	8,910,988	1,514,081	1,514,081
AIP Midstream Specialized Privately Placed Fund Trust #1	50,211,979	70,690	50,141,289	12,986,900	3,526,467	3,526,467
MULTI ASSET GLOBAL PRIVATE EQUITY QI INVESTMENT FUND NO.3	81,121,087	546,618	80,574,469	6,899,789	6,386,570	6,386,570
IGIS Global Specialized Private Placement Real Estate Investment Trust 281-1	29,975,838	454,102	29,521,736	3,916,631	1,339,192	1,339,192
Multi Asset Opportunity QI Investment Fund No. 14	50,866,106	54,983	50,811,123	3,902,635	(468,629)	(468,629)
KIM TDF Target 2050 Fund	16,394,530	718,641	15,675,889	2,465,424	1,643,801	1,643,801
Samsung SRA Professional Type Private Real Estate Investment Trust 52	115,976,363	6,401,054	109,575,309	2,389,922	(11,840,060)	(11,840,060)
Fine Snowman Qualified Private Investment Trust No.1	53,305,939	20,155	53,285,784	3,652,111	3,566,379	3,566,379

Korea Investment & Securities Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements

December 31, 2020 and 2019

(In thousands of won)

1. **The Group, Continued**

(b) **Subsidiaries, Continued**

(iii) The condensed statement of financial position of subsidiaries as of December 31, 2020 and the condensed statement of comprehensive income for the year ended December 31, 2020 are as follows, Continued:

Company(*)	2020					
	Assets	Liabilities	Equity	Operating Revenues	Net income (loss)	Total comprehensive income (loss)
MultiAsset Australia FuelCo Professional Investment Type Private Investment Trust No.1	₩ 29,384,692	184,738	29,199,954	7,323,603	1,243,388	1,243,388
Korea Value Global Research Dividend Income Fund(Equity)	6,673,944	5,357	6,668,587	761,752	743,144	743,144
KIM Tokyo Residence Real Estate Investment Trust	97,398,702	33,963	97,364,739	7,578,671	2,149,998	2,149,998
NH-Amundi Global infra Private Fund No.21	74,834,112	1,300,317	73,533,795	26,633,153	8,969,182	8,969,182
Reksa Dana KISI Equity fund	17,617,844	327,357	17,290,487	1,462,700	(1,021,748)	(1,021,748)
Reksa Dana KISI Fixed income fund	20,949,986	20,507	20,929,479	2,913,372	2,418,643	2,418,643
Reksa Dana KISI Money market fund	28,999,201	10,689	28,988,512	1,886,905	1,526,892	1,526,892
KIM Vietnam Fund Management	1,788,303	435,808	1,352,495	363,414	(1,319,891)	(1,319,891)
HDC Warehouse Fund 1 PineStreet Global Corporate Finance Fund V-2	47,656,711	200,279	47,456,432	9,680,620	(671,244)	(671,244)
	20,971,176	283,483	20,687,693	249,676	(37,307)	(37,307)

(*) Subsidiaries that do not perform practical business activities, such as asset-backed structured enterprises, were excluded.

Korea Investment & Securities Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements

December 31, 2020 and 2019

(In thousands of won)

1. **The Group, Continued**

(b) **Subsidiaries, Continued**

(iv) The condensed statement of financial position of subsidiaries as of December 31, 2019 and the condensed statement of comprehensive income for the year ended December 31, 2019 are as follows:

Company(*)	2019					
	Assets	Liabilities	Equity	Operating Revenues	Net income (loss)	Total comprehensive income (loss)
Korea Investment Management Co., Ltd.	₩ 175,493,651	32,108,853	143,384,798	129,147,048	40,434,752	40,434,752
Korea Investment value Asset Management Co., Ltd.	518,169,911	3,353,501	514,816,410	17,644,602	5,303,643	5,303,643
Korea Investment & Securities Asia, Ltd.	542,476,422	155,436,024	387,040,398	34,882,200	5,433,803	15,907,438
Korea Investment & Securities Europe, Ltd.	2,359,599	71,512	2,288,087	1,103,070	15,322	93,154
Korea Investment & Securities America, Inc.	5,710,506	140,757	5,569,749	2,452,444	(329,068)	(124,662)
Korea Investment & Securities Singapore Pte. Ltd.	8,348,843	172,539	8,176,304	1,771,307	(1,220,346)	499,375
KIS Vietnam Securities Corporation	189,391,123	84,483,401	104,907,722	20,917,762	6,644,106	10,156,078
PT Korea Investment & Sekuritas Indonesia	47,996,737	2,769,859	45,226,878	5,726,876	(1,227,724)	(1,221,130)
PT KISI Asset management	3,811,639	53,223	3,758,416	154,438	(393,242)	(393,242)
KIM Investments Funds KIARA Asia Pacific Hedge Fund	160,834,960	828,317	160,006,643	(12,821,099)	(1,852,550)	(1,852,550)
KIM Belgium Core Office Professional Investment Private Real Estate Investment Trust	391,021,807	164,848,245	226,173,562	133,337,406	27,345,010	27,345,010
KIM PRIVATE PLACEMENT PHILADELPHIA REAL ESTATE INVESTMENT TRUST2	29,997,775	7,354	29,990,421	5,017,577	67,067	67,067
Mastern Private Real Estate Fund No.31	61,512,690	1,404,758	60,107,932	10,395,634	(856,145)	(856,145)
Hana Real Estate Investment Trusts No.76	149,626,422	107,949,543	41,676,879	8,100,725	(2,424,111)	(2,424,111)
KIAMCO UK Solar Power Private Fund Special Asset Trust 2	28,727,528	5,584	28,721,944	3,646,990	950,734	950,734
KTB Aircraft Private Investment Trust No.22-2	46,811,161	1,268,941	45,542,220	4,831,732	1,579,090	1,579,090
KIAMCO German Wind Private Fund Special Asset Trust	28,362,596	881,787	27,480,809	3,852,767	951,325	951,325
Hana US LA Real Estate Trust No.1	64,761,932	118,585	64,643,347	7,051,238	2,302,967	2,302,967
Eugene Pridium 1 / Private Placement	64,314,625	22,800	64,291,825	5,119,076	262,814	262,814
KIP KIS SEA-CHINA Fund Hyundai Aviation Investment Private Trust No.19	36,700,176	3,043	36,697,133	1,189,816	(2,867)	(2,867)
	209,930,552	77,796,928	132,133,624	118,637	(3,635,320)	(2,976,502)
	54,993,876	7,916	54,985,960	6,249,183	(134,794)	(134,794)

Korea Investment & Securities Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements

December 31, 2020 and 2019

(In thousands of won)

1. The Group, Continued

(b) Subsidiaries, Continued

(iv) The condensed statement of financial position of subsidiaries as of December 31, 2019 and the condensed statement of comprehensive income for the year ended December 31, 2019 are as follows, Continued:

Company(*)	2019					
	Assets	Liabilities	Equity	Operating Revenues	Net income (loss)	Total comprehensive income (loss)
Korea Value Classic Professional Investment Type Private Corporate Security Investment Trust 1	₩ 41,290,319	100,862	41,189,457	3,558,235	(2,784,829)	(2,784,829)
Korea Value Diamond Professional Investment Type Private Corporate Security Investment Trust 1	27,396,238	149,194	27,247,044	27,446,995	(3,388,659)	(3,388,659)
KIM Global Infra Professional Private Investment No.1	19,197,069	638,393	18,558,676	555,882	(752,210)	(752,210)
Multi Asset Opportunity QI Investment Fund No. 10	52,317,837	205,625	52,112,212	713,440	(760,779)	(760,779)
Lindeman Partners Global Private Trust No.11	54,999,321	31,089	54,968,232	12,958,983	(8,879,725)	(8,879,725)
Korea Value Sapphire Value-up Professional Investment Type Private Corporate Security Investment Trust 1	16,616,090	322,974	16,293,116	3,540,972	909,675	909,675
Shinhan AIM Credit Fund2	26,465,584	84,223	26,381,361	1,563,007	846,711	846,711
Hyundai Infra Professional Investment Type Private Investment Trust No.8	23,565,767	226,232	23,339,535	3,423,169	141,991	141,991
AIP Midstream Specialized Privately Placed Fund Trust #1	48,490,620	1,554,882	46,935,738	9,876,068	158,211	158,211
Multi Asset Opportunity QI Investment Fund No. 12	35,088,347	120,272	34,968,075	457,561	(479,625)	(479,625)
Multi Asset Opportunity QI Investment Fund No. 11	52,175,367	181,806	51,993,561	685,055	(580,389)	(580,389)
Multi Asset Global Private Equity QI Investment Fund No.3	82,825,812	198,655	82,627,157	3,445,129	1,036,493	1,036,493
IGIS Global Specialized Private Placement Real Estate Investment Trust 281-1	29,597,446	4,789	29,592,657	2,035,500	(46,578)	(46,578)
Multi Asset Opportunity QI Investment Fund No. 14	50,877,666	65,539	50,812,127	1,150,930	(377,223)	(377,223)
KIM TDF Target 2050 Fund	5,367,403	1	5,367,402	227,350	209,187	209,187
Samsung SRA Professional Type Private Real Estate Investment Trust 52	125,975,589	740,221	125,235,368	4,595,925	(235,243)	(235,243)

Korea Investment & Securities Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements

December 31, 2020 and 2019

(In thousands of won)

1. **The Group, Continued**

(b) **Subsidiaries, Continued**

(iv) The condensed statement of financial position of subsidiaries as of December 31, 2019 and the condensed statement of comprehensive income for the year ended December 31, 2019 are as follows, Continued:

Company(*)	2019					
	Assets	Liabilities	Equity	Operating Revenues	Net income (loss)	Total comprehensive income (loss)
Fine Snowman Qualified Private Investment Trust No.1	₩ 52,370,917	17,888	52,353,029	508,500	453,029	453,029
MultiAsset Australia FuelCo Professional Investment Type Private Investment Trust No.1	28,734,842	237,566	28,497,276	641,493	262,276	262,276
Korea Value Global Research Dividend Income Fund(Equity)	6,069,622	-	6,069,622	44,539	44,539	44,539
KIM Tokyo Residence Real Estate Investment Trust	99,561,194	33,987	99,527,207	938,304	(342,099)	(342,099)
NH-Amundi Global infra Private Fund No.21	71,052,420	2,806	71,049,614	4,526,158	97,273	97,273
Reksa Dana KISI Equity fund	20,069,144	463,710	19,605,434	140,257	70,767	70,767
Reksa Dana KISI Fixed income fund	20,061,113	10,145	20,050,968	202,989	185,566	185,566
Reksa Dana KISI Money market fund	19,659,447	3,514	19,655,933	60,750	45,357	45,357

(*) Subsidiaries that do not perform practical business activities, such as asset-backed structured enterprises, were excluded.

Korea Investment & Securities Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements

December 31, 2020 and 2019

1. **The Group, Continued**

(b) **Subsidiaries, Continued**

(v) The details of subsidiaries newly included in consolidated financial statements for the years ended December 31, 2020 and 2019 are as follows:

December 31, 2020	
Subsidiaries	Reason
KIM Vietnam Fund Management	Newly acquired by Korea Investment Management Co., Ltd.
HDC Warehouse Fund 1	Newly acquired
Tiger Alternative Qualified Investment Real Estate Trust No.18-2	Newly acquired
Tiger Alternative Qualified Investment Real Estate Trust No.18-1	Newly acquired
Tiger Alternative Investment 22	Newly acquired
IGIS Global Specialized Private Placement Real Estate Investment Trust 357	Newly acquired
Tiger Alternative Qualified Investment Real Estate Trust No.28	Newly acquired
PineStreet Global Corporate Finance Fund V-2	Newly acquired
KIS IB 37th Co., Ltd. and 78 other assets structured SPCs	In case that the Group can make or approve decisions such as the modification or disposal of underlying assets and if the Group are exposed to significant variable returns or have rights due to the provision of credit contributions or the purchase of subordinated bonds, each entity will be recognized as the consolidated entities

Korea Investment & Securities Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements

December 31, 2020 and 2019

1. **The Group, Continued**

(b) **Subsidiaries, Continued**

(v) The details of subsidiaries newly included in consolidated financial statements for the years ended December 31, 2020 and 2019 are as follows, Continued:

December 31, 2019	
Subsidiaries	Reason
PT KISI Asset management	Newly acquired by PT Korea Investment & Securitاس Indonesia
SHBNPP Uijeongbu Light Rail Transit Professional Investment Type Private Special Asset Investment Trust	Newly acquired
Hyundai Aviation Investment Private Trust No.19	Newly acquired
Korea Value Classic Professional Investment Type Private Corporate Security Investment Trust 1	Newly acquired
Hana Alternative Asset Management VOYA QI Investment Fund No.1	Newly acquired
Korea Value Diamond Professional Investment Type Private Corporate Security Investment Trust 1	Newly acquired
KIM Global Infra Professional Private Investment No.1	Newly acquired
Multi Asset Opportunity QI Investment Fund No. 10	Newly acquired
Tiger Alternative Qualified Investment Real Estate Trust No.11	Newly acquired
Lindeman Partners Global Private Trust No.11	Newly acquired
Multi Asset Opportunity QI Investment Fund No.9(USD)	Newly acquired
Petra 7 Alpha Private Equity Fund	Newly acquired
Tiger Alternative Qualified Investment Real Estate Trust No.12	Newly acquired
Tiger Alternative Qualified Investment Real Estate Trust No. 6	Newly acquired
Korea Value Sapphire Value-up Professional Investment Type Private Corporate Security Investment Trust 1	Newly acquired
INMARK France Professional Private Real Estate Investment Trust 18	Newly acquired
Shinhan AIM Credit Fund2	Newly acquired
Hyundai Infra Professional Investment Type Private Investment Trust No.8	Newly acquired
AIP Midstream Specialized Privately Placed Fund Trust #1	Newly acquired
Multi Asset Opportunity QI Investment Fund No. 12	Newly acquired
Multi Asset Opportunity QI Investment Fund No. 11	Newly acquired
KIM Corporate Loan Trust No.1	Change in percentage of ownership
Multi Asset Global Private Equity QI Investment Fund No.3	Newly acquired

Korea Investment & Securities Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements

December 31, 2020 and 2019

1. **The Group, Continued**

(b) **Subsidiaries, Continued**

(v) The details of subsidiaries newly included in consolidated financial statements for the years ended December 31, 2020 and 2019 are as follows, Continued:

December 31, 2019	
Subsidiaries	Reason
METHEUS Professional Private Real Estate Investment Trust 1	Newly acquired
INMARK UK Professional Private Real Estate Investment Trust 18	Newly acquired
Petra 7 Beta Private Equity Fund	Newly acquired
Tiger Alternative Qualified Investment	Newly acquired
Real Estate Trust No.14	Newly acquired
Multi Asset Opportunity QI Investment Fund No.15	Newly acquired
IGIS Global Specialized Private Placement Real Estate Investment Trust 281-1	Newly acquired
Multi Asset Opportunity QI Investment Fund No. 14	Newly acquired
KIM TDF Target 2050 Fund	Newly acquired
Samsung SRA Professional Type Private Real Estate Investment Trust 52	Newly acquired
Fine Snowman Qualified Private Investment Trust No.1	Newly acquired
MultiAsset Australia FuelCo Professional Investment Type Private Investment Trust No.1	Newly acquired
Korea Value Global Research Dividend Income Fund(Equity)	Newly acquired
KIM Tokyo Residence Real Estate Investment Trust	Newly acquired
NH-Amundi Global infra Private Fund No.21	Newly acquired
Reksa Dana KISI Equity fund	Newly acquired
Reksa Dana KISI Fixed income fund	Newly acquired
Reksa Dana KISI Money market fund	Newly acquired
KIS IB PLUS 11th Co., Ltd. and 25 other asset structured SPCs	In case that the Group can make or approve decisions such as the modification or disposal of underlying assets and if the Group are exposed to significant variable returns or have rights due to the provision of credit contributions or the purchase of subordinated bonds, each entity will be recognized as the consolidated entities

Korea Investment & Securities Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements

December 31, 2020 and 2019

1. **The Group, Continued**

(b) **Subsidiaries, Continued**

(vi) The details of subsidiaries excluded from consolidated financial statements for the years ended December 31, 2020 and 2019 are as follows:

December 31, 2020	
Subsidiaries	Reason
Multi Asset Opportunity QI Investment Fund No. 12	Redemption
Multi Asset Opportunity QI Investment Fund No. 11	Redemption
Tiger Alternative Qualified Investment Real Estate Trust No. 18-2	Transferred to investments in associates due to decrease in the percentage of ownership
Tiger Alternative Qualified Investment Real Estate Trust No. 18-1	Disposal
Hyundai Infra Professional Investment Type Private Investment Trust No. 8	Redemption
Tiger Alternative Investment 22	Disposal
IGIS Global Specialized Private Placement Real Estate Investment Trust 357	Disposal
Tiger Alternative Qualified Investment Real Estate Trust No. 28	Disposal
Shinhan AIM Credit Fund 2	Redemption
SF The First 1st Co., Ltd. and 16 other asset structured SPCs	Extinguishment of a credit obligation

Korea Investment & Securities Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements

December 31, 2020 and 2019

1. **The Group, Continued**

(b) **Subsidiaries, Continued**

(vi) The details of subsidiaries excluded from consolidated financial statements for the years ended December 31, 2020 and 2019 are as follows, Continued:

December 31, 2019	
Subsidiaries	Reason
KTB Aircraft Professional Investment Private Investment Trust No.22-1	Disposal
Hanhwa Europe PPP Infrastructure Private Fund Special Asset Trust 1-2	Transferred to financial assets measured at FVTPL due to decrease in the percentage of ownership
SHBNPP Uijeongbu Light Rail Transit Professional Investment Type Private Special Asset Investment Trust	Transferred to investments in associates due to decrease in the percentage of ownership
Tiger Alternative Qualified Investment Real Estate Trust No.12	Transferred to investments in associates due to decrease in the percentage of ownership
Tiger Alternative Qualified Investment Real Estate Trust No. 6	Transferred to investments in associates due to decrease in the percentage of ownership
Aarden Partners UK MSA Private Equity Fund	Transferred to financial assets measured at FVTPL due to decrease in the percentage of ownership
INMARK UK Professional Private Real Estate Investment Trust 18	Disposal
METHEUS Professional Private Real Estate Investment Trust 1	Disposal
Petra 7 Beta Private Equity Fund	Transferred to financial assets measured at FVTPL due to decrease in the percentage of ownership
Tiger Alternative Qualified Investment Real Estate Trust No.11	Disposal
KIM Corporate Loan Trust No.1	Disposal
Multi Asset Opportunity QI Investment Fund No.9(USD)	Disposal
Hana Alternative Asset Management VOYA QI Investment Fund No.1	Disposal
INMARK France Professional Private Real Estate Investment Trust 18	Transferred to investments in associates due to decrease in the percentage of ownership
Tiger Alternative Qualified Investment Real Estate Trust No.14	Transferred to investments in associates due to decrease in the percentage of ownership
KIM AsiaPlus Securities Feeder Investment Trust(Bond)	Transferred to investments in associates due to decrease in the percentage of ownership
Petra 7 Alpha Private Equity Fund	Transferred to investments in associates due to decrease in the percentage of ownership
Multi Asset Opportunity QI Investment Fund No.15	Disposal
KIS IB 14th Co., Ltd. and 15 other asset structured SPCs	Extinguishment of a credit obligation

Korea Investment & Securities Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements

December 31, 2020 and 2019

2. Basis of Accounting

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

(a) Basis of measurement

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

- Derivative financial instruments measured at fair value
- Financial instruments at fair value through profit or loss are measured at fair value
- Other comprehensive income financial instruments measured at fair value
- Conditional consideration assumed in a business combination measured at fair value
- Liabilities for defined benefit plans are recognized at the net of the total present value of defined benefit obligations less the fair value of plan assets

(b) Functional and presentation currency

The financial statements of individual companies in the Group are prepared in functional currency, the currency of the primary economic environment in which the operations of each individual entity are conducted. The consolidated financial statements of the Group are prepared and reported in won, the functional currency and presentation currency of the reporting entity parent.

(c) Use of estimates and judgments

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

The spread of the COVID-19 pandemic during 2020 has materially affected the global economy. Accordingly, it could adversely affect the Group's financial position and results of operations. The significant accounting estimates and assumptions used in preparing the consolidated financial statements of the Group may be adjusted due to changes in the level of uncertainty from COVID-19 in the future. The ultimate impact from COVID-19 on the Group's business, financial position or results of operations may differ from the estimates reflected in the accompanying consolidated financial statements.

Estimates and underlying assumptions are evaluated on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future years affected.

Information about management judgements related to application of accounting policies that may significantly affect the financial statements and uncertainties in assumptions and estimates that have significant risk on adjustments occurring within the following accounting periods is as follows:

(i) Income taxes

There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recorded, based on its best estimate, current taxes and deferred taxes that the Group will be liable in the future for the operating results as of the financial year end. However, the final outcome in the future may be different from the amounts that were initially recorded. Such differences will impact the current and deferred tax assets and liabilities in the period in which such determination is made (Note 25).

(ii) Fair value of financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period (Note 41).

2. **Basis of Accounting, Continued**

(c) Use of estimates and judgments, Continued

(iii) Impairment of financial assets

Loss allowances for financial assets are measured based on assumptions about default risk and expected loss rate. The Group considers its historical experience, current market conditions, and forward-looking information as of the reporting date in setting these assumptions and selecting input variables used in the impairment model.

(iv) Provisions

As described in Note 22, the Group recognizes provisions. The amounts are estimated based on historical data.

(v) Defined benefit liability

The present value of defined benefit liability depends on a number of factors that are determined on an actuarial basis using a number of assumptions including the discount rate (Note 21).

3. **Change in Accounting Policies**

The Group applied the following new accounting standards from January 1, 2020.

New standards and interpretations adopted

i) Amendments to K-IFRS No. 1001 Presentation of Financial Statements and K-IFRS No. 1008 Accounting policies, changes in accounting estimates and errors – Definition of Material

The amendments clarify the definition of material. Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general-purpose financial statements make on the basis of those financial statements. These amendments do not have a significant impact on the consolidated financial statements.

ii) Amendments to K-IFRS No. 1103 Business Combination – Definition of a Business

The amended definition of a business requires an acquisition to include an input and a substantive process that together significantly contribute to the ability to create outputs and the definition of output excludes the returns in the form of lower costs and other economic benefits. If substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets, an entity may elect to apply an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. These amendments do not have a significant impact on the consolidated financial statements.

iii) Amendments to K-IFRS No. 1107 Financial Instruments: Disclosure, K-IFRS No. 1109 Financial Instruments – Interest Rate Benchmark Reform

These amendments provide exceptions applying hedge accounting even though interest rate benchmark reform gives rise to uncertainties. In the exceptions, an entity shall assume that the interest rate benchmark on which the hedge item and hedging instrument are based is not altered as a result of interest rate benchmark reform when determining whether the expected cash flows is highly probable and whether an economic relationship between the hedged item and the hedging instrument exists and whether the hedge is highly effective. These amendments do not have a significant impact on the consolidated financial statements.

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4. Significant Accounting Policies

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

(a) Foreign currency transactions

In preparation of financial statements, transactions in non-functional currency are recognized using exchange rate at the date of transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the exchange rate of period end. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction, and non-monetary assets and liabilities that are measured at fair value are translated using the exchange rate at the date when the fair value was determined.

All foreign exchange differences arising from the settlement of monetary items, other than those exchange arising from the differences arising from the settlement of monetary items, net investment in foreign business, conversion of financial liabilities designated as cash flow hedges, are recognized in profit or loss. If gains and losses on non-monetary items are recognized in other comprehensive income, the effects of changes in exchange rates included in those gains and losses are also recognized in other comprehensive income and in profit or loss in the case of changes in exchange rates.

(b) Cash and cash equivalents

The Group classified investments for which the period from the acquisition to maturity is within 3 months as cash and cash equivalents. Equity investments are excluded from cash and cash equivalents. However, redeemable preference shares, for which the period from the acquisition to redemption is short, are classified as cash and cash equivalents.

(c) Non-derivative financial assets

(i) Classification and measurement

In accordance with K-IFRS No.1109, non-derivative financial assets are classified into financial assets measured at fair value recognize changes in fair value through other comprehensive income or through profit or loss and financial assets measured at amortized cost. Classification of financial assets is determined based on business model, by which financial assets are generally managed, and the characteristic of contractual cash flow.

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice.
- These include whether management's strategy focuses on earning contractual interest income, maintaining specified interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

4. Significant Accounting Policies, Continued

(c) Non-derivative financial assets, Continued

(i) Classification and measurement, Continued

- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

Non-derivative financial assets are measured at fair value at initial recognition, and if not financial assets measured at fair value through profit or loss, any costs directly related to acquisition of financial assets are added to the fair value at initial recognition.

① Financial assets measured at amortized cost

Financial asset shall be measured at amortized cost if the financial asset is held within a business model whose objective is to hold financial assets the contractual cash flows are solely payments of principal and interest on the principal amount outstanding. These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss.

② Financial assets measured at fair value through other comprehensive income

A financial asset shall be measured at fair value through other comprehensive income if the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and when the contractual cash flows are solely payments of principal and interest on the principal amount outstanding.

Debt securities classified as financial assets measured at fair value through other comprehensive income recognize interest income using effective interest method, foreign exchange gains and losses and impairment as profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Investments in equity instrument that are not held for trading can be irrevocably elected to present the subsequent changes in fair value in other comprehensive income. This election is made by each financial instrument. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment incurred from financial assets measured at fair value through other comprehensive income. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

③ Financial assets measured at fair value through profit or loss

Financial assets shall be measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income.

4. Significant Accounting Policies, Continued

(c) Non-derivative financial assets, Continued

(i) Classification and measurement, Continued

A financial asset can be irrevocably designated as financial assets measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on a different basis.

(ii) De-recognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. In the transaction in which the Group neither retains nor transfers substantially all the risks and rewards of ownership of the financial assets, if the Group does not retain control over the asset, the Group derecognizes such financial asset; if the Group retains control over the asset, the Group continues to recognize the asset to the extent of its continuing involvement and the relevant liability is recorded.

When the Group transfers the rights to receive cash flows on a financial asset but retains substantially all of the risks and rewards of ownership, the Group continues to recognize the transferred asset and the proceeds from the transfer are recognized as a liability.

(iii) Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statements of financial position where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the assets and settle the liability simultaneously.

(d) Derivative financial instruments

Embedded contract, if the host contract is not a financial asset and meets certain requirements, are accounted for separate accounting treatment and shall be separated from the host contract.

Derivatives are initially recognized at fair value. Subsequent to initial recognition, derivatives are measured at fair value and gains and losses on valuation result from changes in fair value are generally recognized as profit or loss. Gains and loss due to change in fair value of derivatives is recognized as follows:

(i) Hedge accounting

Derivative instruments are accounted for differently depending on whether hedge accounting is applied, and therefore, are classified into trading purpose derivatives and hedging purpose derivatives. A fair value hedge is a hedge of the exposure to changes in fair value of a recognised asset or liability or an unrecognised firm commitment, or an identified portion of such an asset, liability or firm commitment, that is attributable to a particular risk and could affect profit or loss. A cash flow hedge is a hedge of the exposure to variability in cash flows that (i) is attributable to a particular risk associated with a recognised asset or liability (such as all or some future interest payments on variable rate debt) or a highly probable

4. Significant Accounting Policies, Continued

(d) Derivative financial instruments, Continued

(i) Hedge accounting, Continued:

Forecasted transaction and (ii) could affect profit or loss. For trading purpose derivatives transactions, changes in the fair value of derivatives are recognized in profit or loss.

The Group does not hold any derivatives designated as hedging derivatives as of December 31, 2020 and 2019.

(ii) Embedded derivative instruments

Derivatives embedded in other financial instruments are treated as separate derivatives and recorded at fair value if their economic characteristics and risks are not clearly and closely related to those of the host contract and the host contract is not itself held for trading or designated at FVTPL, unless the Group aggregately designates the host contract and embedded derivative as a financial instrument at FVTPL.

These embedded derivatives are separated from the host contract and are carried at fair value, with changes in their fair value recognized in profit or loss.

(iii) Other derivative financial instruments

Changes in the fair value of other derivative financial instrument not designated as a hedging instrument are recognized immediately in profit or loss.

(e) Day 1 Profit or Loss

In the case of financial instruments categorized as Level 3, which are evaluated by using data not obtained from observable markets, the Group recognizes Day 1 Profit or Loss, which is the difference between the fair value at initial recognition and the transaction price. It is amortized by using the straight-line method over the life of the financial instruments.

(f) Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditures that are directly attributable to the acquisition of the items.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate the difference between their cost and their residual values over their estimated useful lives, as follows:

Property and equipment	Estimated useful lives
Buildings	40 years
Vehicles	5 years
Tools and equipment	5 years
Leasehold improvements	5 years
Other	5 years

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

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4. Significant Accounting Policies, Continued

(g) Investment Property

Property held to earn rentals or for capital appreciation or both is classified as investment property. Investment property is measured initially at its cost. After recognition as an asset, investment property is carried at cost less accumulated depreciation and impairment losses. Investment property, except for land, is depreciated using the straight-line method over their useful lives of 40 years.

(h) Intangible Assets

Goodwill is measured as explained in Note 2. (c). (i) and carried at its cost less accumulated impairment losses. Intangible assets, except for goodwill, are initially recognized at its historical cost and carried at its cost less accumulated amortization and accumulated impairment losses.

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

Intangible Assets	Estimated useful lives
Development costs	5 years
Software	5 years
Membership rights	Indefinite
Others	5, 20 years / Indefinite

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

(i) Impairment of Financial Assets

Based on forward-looking information, the Group evaluates expected credit loss on debt instruments measured at amortized cost and fair value through other comprehensive income. Impairment is determined based on whether significant increase in credit risk incurred or not. Financial assets migrate through the following three stages based on the change in credit risk since initial recognition and loss allowances for the financial assets are measured at the 12-month expected credit losses ("ECL") or the lifetime ECL, depending on the stage.

Category	Provision for credit loss allowance
STAGE 1 When credit risk has not increased significantly since the initial recognition(*)	12-months ECL: the ECL associated with the probability of default events occurring within the next 12 months
STAGE 2 When credit risk has increased significantly since the initial recognition	Lifetime ECL: a lifetime ECL associated with the probability of default events occurring over the remaining lifetime
STAGE 3 When assets are impaired	Same as above

(*) The Group may assume that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date.

4. Significant Accounting Policies, Continued

(h) Intangible Assets, Continued

(i) Impairment of Financial Assets, Continued

The Group only recognizes the cumulative changes in lifetime expected credit losses since the initial recognition as loss allowance for credit-impaired financial assets.

The Group measures the provision at an amount equal to lifetime expected credit losses, except for the following financial assets measured at 12-month expected credit losses:

- Debt securities determined at the end of the reporting period that the credit risk is low
- Other debt securities of which credit risks have not increased significantly since initial recognition (the risk of default occurring over the expected life of the financial asset).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group considers reasonable and supportable information that is available without undue cost or effort. This includes qualitative, quantitative information and analysis based on our experience and known credit evaluation, including future oriented information.

The Group assumes that the credit risk of financial assets increases significantly if the past due date exceeds 30 days.

The Group considers that a default has occurred for financial assets in the following cases:

- If the debtor is unlikely to fully fulfil its credit obligation to the Group if the Group does not seek to recourse.
- If the number of days past due for a financial asset exceeds 90 days

Lifetime expected credit losses are expected credit losses resulting from all possible default events during the expected life of the financial instrument.

12-month expected credit losses are part of the lifetime expected credit losses that represent expected credit losses due to default events on financial instruments that may occur within 12 months of the reporting period (or if the expected life of the financial instrument is less than 12 months).

The longest period to consider when measuring expected credit losses is the maximum contractual period during which the Group is exposed to credit risk.

① Measurement of expected credit loss

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between all contractual cash flows payable under the contract and all contractual cash flows expected to be received). Expected credit losses are discounted at the effective interest rate of the relevant financial asset.

② Credit-impaired financial assets

At the end of each reporting period, the Group assesses whether the credit on financial assets measured at amortized cost and on debt securities measured at fair value through other comprehensive income are impaired. If one or more events occur that adversely affect the estimated future cash flows of the financial asset, the financial asset is considered as credit-impaired.

Evidence that financial asset is credit-impaired includes observable information as follow:

- Significant financial difficulties of the issuer or borrower
- Breach of contract, such as default in debt or past due of 90 days or more.

4. Significant Accounting Policies, Continued

(h) Intangible Assets, Continued

(i) Impairment of Financial Assets, Continued

- Inevitable mitigation of the original loan terms for economic or contractual reasons related to the financial difficulties of the borrower;
- Borrowers are more likely than not to bankrupt or possibility of other financial restructuring is high.
- Active markets for financial assets become inactive due to financial difficulties

③ Presentation of credit loss allowance in financial statements

The loss allowance for financial assets measured at amortized cost is deducted from the carrying amount of those assets. For debt instruments measured at fair value through other comprehensive income, the loss allowance is included in profit or loss and recognized in other comprehensive income.

(j) Impairment of Non-financial Assets

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

(k) Lease

The Group assesses whether the contract is, or contains, a lease at the initial contract date. If a contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration, the contract is, or contains, a lease. In determining whether a contract transfers control of the use of the identified asset, the Group uses the definition in K-IFRS No.1116 'Leases'.

(i) As a lessee

The Group, at the date of commencement or effective date of the contract change containing including lease component, shall allocate the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component. However, the Group applies a practical expedient that does not separate the non-less component to a real estate lease and accounts for the non-less component related to the lease element as a single lease element.

The Group recognizes a right-of-use asset and lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

4. Significant Accounting Policies, Continued

(k) Lease, Continued

(i) As a lessee, Continued

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownerships of the underlying asset to the Group by end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

A lease liability is measured at the present value of the lease payments that are not paid at the commencement date at the initial recognition using the interest rate implicit in the lease. If the interest rate cannot be readily determined, the present value use the lessee's incremental borrowing rate. The Group generally uses the Group's incremental borrowing rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

The lease payments included in the measurement of the lease liability consist of the following amounts:

- Fixed lease payments (including actual fixed lease payments)
- Variable lease payments that depend on an index or a rate (interest rate), initially measured using the index or rate as the commencement date
- Amounts expected to be payable under a residual value guarantee
- The exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property and equipment' and lease liabilities in 'other financial liabilities' in the consolidated statements of financial position, respectively.

Short-term leases and leases of low-value assets

The Group has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

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4. Significant Accounting Policies, Continued

(k) Lease, Continued

(ii) As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies K-IFRS No.1105 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in K-IFRS No.1109 to the net investment in the lease (See Note 4(i)). The Group further regularly reviews estimates unguaranteed residual values used in calculating the gross investment in the lease.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other revenue'.

The accounting policies applicable to the Group as a lessor in the comparative period were not different from K-IFRS No.1116.

(l) Non-derivative financial liabilities

(i) Classification and measurement

Financial liabilities at FVTPL are financial instruments held for trading. Financial liabilities are classified in financial liabilities measured at fair value through profit or loss if incurred principally for the purpose of repurchasing them in the near term. Derivatives that are not designated as hedges or bifurcated from financial instruments containing embedded derivatives are also categorized as financial liabilities measured at fair value through profit or loss.

The Group classifies non-derivative financial liabilities, except for financial liabilities measured at fair value through profit or loss, financial guarantee contracts and financial liabilities that arise when a transfer of

financial assets do not qualify for derecognition, as financial liabilities carried at amortized cost and presented as 'deposits received', 'borrowings' and 'other financial liabilities' in the statement of financial position.

4. Significant Accounting Policies, Continued

(l) Non-derivative financial liabilities, Continued

(ii) Derecognition

Financial liabilities are removed from the consolidated statement of financial position when it is extinguished, for example, when the obligation specified in the contract is discharged, cancelled or expired or when the terms of an existing financial liability are substantially modified.

(m) Securities Borrowed and Securities Sold

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

(n) Securities Purchased (Sold) under Resale (Repurchase) Agreements

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

(o) Provisions

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

(p) Employee Benefits

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

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

A defined benefit plan is a pension plan that is not a defined contribution plan. Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The liability recognized in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds and that have terms to maturity approximating to the terms of the related pension obligation. The remeasurements of the net defined benefit liability are recognized in other comprehensive income.

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

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4. Significant Accounting Policies, Continued

(q) Revenue from Contracts with Customers

The Group recognizes revenue by applying the five-step revenue recognition model below to all contracts with customers within the scope of K-IFRS No.1115 Revenue from Contracts with Customers.

- Step 1. Identifying the contract
- Step 2. Identifying performance obligations
- Step 3. Determining the transaction price
- Step 4. Allocating the transaction price to performance obligations
- Step 5. Recognizing the revenue by satisfying performance obligations

In accordance with the purpose of the fee and the standard of accounting for the related financial instruments, the Group treats the fee separately as follows:

- ① Fees that comprise effective returns for financial instruments
Fees that form part of the effective interest rate for financial instruments are generally treated as adjustments to the effective interest rate. These fees include the borrower's financial position, guarantee, assessment and office processing related to collateral and other guarantee arrangements, compensation for activities such as preparation and preparation of related documents, and the opening fee received at the time of issue of financial liabilities. However, if a financial instrument is a fair value through profit or loss measurement instrument, the fee is recognized as revenue at initial recognition of the instrument.
- ② Fees related to performance obligations satisfied over time
Fees related to performance obligations satisfied over time recognize revenue over time because control of goods or services is transferred over time. Expenses charged as consideration for the provision of services for a certain period of time, such as asset management fees and business trust fees, are recognized as income when the services are provided.
- ③ Fees related to performance obligations satisfied at a point in time
Fees related to performance obligations satisfied at a point in time are recognized as revenue when the customer controls the promised asset and the entity satisfies the performance obligation. Fees and sales commission received in exchange for negotiating or participating in negotiations for a transaction for a third party, such as the sale of shares or other securities or the arrangement of the business transfer chart, shall be recognized as revenue when the transaction is completed.

(r) Financial Income and Expense

The Group's financial income and expense are comprised of:

- Interest income
- Interest expense
- Dividend income
- Net gain or loss on disposal of investment asset of debt instrument measured at fair value through other comprehensive income
- Net gain or loss on financial asset measured at fair value through profit or loss
- Foreign exchange gain or loss on financial assets and liabilities
- Impairment loss (or reverse on impairment loss) on financial assets measured at amortized cost or investment asset on debt instrument measured at fair value through other comprehensive income

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4. Significant Accounting Policies, Continued

(r) Financial Income and Expense, Continued

Interest income or interest expense was recognized using the effective interest method. Dividend income is recognized when the right is confirmed.

The effective interest method is an interest rate that accurately matches the estimated present value of future payments or receipts during the expected life of a financial instrument with the gross carrying amount of the financial asset or the amortized cost of the financial liability.

When calculating interest income or interest expense, the effective interest rate applies to the gross carrying amount of the asset (if the asset is not credit-impaired) or to the liability at amortized cost. However, for financial assets that have subsequently been credit-impaired since initial recognition, interest income is calculated by applying an effective interest rate to the financial asset at amortized cost. If the asset is no longer considered credit-impaired, the entity calculates interest income by applying an effective interest rate to the gross carrying amount.

(s) Income taxes

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

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

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

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

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

Korea Investment Holdings Co., Ltd. ("the Parent Company") has adopted the consolidated tax return, which regards the Parent Company and its wholly owned domestic subsidiaries as a whole tax unit and levies taxes. Accordingly, the Group recognizes the amount of tax receivable from the Parent Company and the amount of tax payable to the Parent Company as accounts receivable and accounts payable, respectively.

4. Significant Accounting Policies, Continued

(t) Operating Segment Information

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

(u) Trust Accounts

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

(v) Accounts Receivable and Accounts Payable on Brokerage Transactions

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

(w) New standards and interpretations issued but not yet effective

The following new standards have been published and are mandatory for the Group for annual periods beginning after January 1, 2020, and the Group has not early adopted them.

The following amended standards and interpretations are not expected to have significant impact on the Group's consolidated financial statements.

i) Amendments to K-IFRS No.1116 Leases – Practical expedient for COVID-19-Related Rent Exemption, Concessions, Suspension

As a practical expedient, a lessee may elect not to assess whether a rent concession occurring as a direct consequence of the COVID-19 pandemic is a lease modification, and the amounts recognized in profit or loss as a result of applying this exemption should be disclosed. The amendments should be applied for annual periods beginning on or after June 1, 2020, and earlier application is permitted.

ii) Amendments to K-IFRS No.1109 Financial Instruments, K-IFRS No.1039 Financial Instruments: Recognition and Measurement, K-IFRS No.1107 Financial Instruments: Disclosure, K-IFRS No.1104 Insurance Contracts and K-IFRS No.1116 Lease – Interest Rate Benchmark Reform

In relation to interest rate benchmark reform, the amendments provide practical relief such as allowing entities to change the effective interest rate instead of changing the carrying amount and apply hedge accounting without discontinuance although the interest rate benchmark is replaced in hedging relationship. The amendments should be applied for annual periods beginning on or after January 1, 2021, and earlier application is permitted.

4. Significant Accounting Policies, Continued

(w) New standards and interpretations not yet adopted, Continued

iii) Amendments to K-IFRS No.1103 Business Combination – Reference to the Conceptual Framework

The amendments update a reference of definition of assets and liabilities qualify for recognition in revised Conceptual Framework for Financial Reporting. However, the amendments add an exception for the recognition of liabilities and contingent liabilities within the scope of K-IFRS No.1037 Provisions, Contingent Liabilities and Contingent Assets, and K-IFRS No.2121 Levies. The amendments also confirm that contingent assets should not be recognized at the acquisition date. The amendments should be applied for annual periods beginning on or after January 1, 2022, and earlier application of permitted.

iv) Amendments to K-IFRS No.1016 Property, Plant and Equipment - Proceeds before intended use

The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while the entity is preparing the asset for its intended use. Instead, the entity will recognize the proceeds from selling such items, and the costs of producing those items, as profit or loss. The amendments should be applied for annual periods beginning on or after January 1, 2022, and earlier application is permitted.

v) Amendments to K-IFRS No.1037 Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts: Cost of Fulfilling a Contract

The amendments clarify that the direct costs of fulfilling a contract include an allocation of both the incremental costs of fulfilling the contract and other costs directly related to fulfilling contracts when assessing whether the contract is onerous. The amendments should be applied for annual periods beginning on or after January 1, 2022, and earlier application is permitted.

vi) Annual improvements of K-IFRS 2018-2020 Cycle

Annual improvements of K-IFRS 2018-2020 Cycle should be applied for annual periods beginning on or after January 1, 2022, and earlier application is permitted

- K-IFRS No.1101 First time Adoption of Korean International Financial Reporting Standards – Subsidiaries that are first-time adopters
- K-IFRS No.1109 Financial Instruments – Fees related to the 10% test for derecognition of financial liabilities
- K-IFRS No.1116 Leases – Lease incentives
- K-IFRS No.1041 Agriculture – Measuring fair value

vii) Amendments to K-IFRS No.1001 Presentation of Financial Statements - Classification of Liabilities as Current or Non-current

The amendments clarify that liabilities are classified as either current or non-current, depending on the substantive rights that exist at the end of the reporting period. Classification is unaffected by the likelihood that an entity will exercise right to defer settlement of the liability or the management's expectations thereof. Also, the settlement of liability includes the transfer of the entity's own equity instruments; however, it would be excluded if an option to settle the liability by the transfer of the entity's own equity instruments is recognized separately from the liability as an equity component of a compound financial instrument. The amendments should be applied for annual periods beginning on or after January 1, 2023, and earlier application is permitted.

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4. Significant Accounting Policies, Continued

(x) Approval of Issuance of the Financial Statements

The accompanying consolidated financial statements of the Group was approved for issuance by the board of directors on February 10, 2021 and will be finalized by the board of directors on March 10, 2021.

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(In thousands of won)

5. Cash and Due from Banks

(a) The details of cash and due from banks as of December 31, 2020 and 2019 are as follows:

	December 31, 2020	December 31, 2019
Cash and cash equivalents	₩ 1,411,450,283	665,932,330
Deposits for commodities derivatives	10,800,000	3,000,000
Reserve for claims of customer's deposits	320,600,000	175,600,000
Deposits for exchange-traded derivatives	1,929,262,744	1,753,776,401
Long-term deposits	644,659,010	2,381,903,050
Restricted due from financial institutes	34,500	44,500
Other deposits	880,395,462	272,192,348
	<u>₩ 5,197,201,999</u>	<u>5,252,448,629</u>

(b) Restricted deposits as of December 31, 2020 and 2019 are as follows:

	December 31, 2020	December 31, 2019
Deposits for commodities derivatives(*1)	₩ 10,800,000	3,000,000
Reserve for claims of customers' deposits (deposit)(*1)	320,600,000	175,600,000
Deposits for exchange-traded derivatives	1,929,262,744	1,753,776,402
Long-term deposits (pledged)(*2)	368,104,000	2,111,436,520
Restricted due from financial institutes(*3)	34,500	42,500
Other deposits(*4)(*5)	870,818,548	262,964,033
	<u>₩ 3,499,619,792</u>	<u>4,306,819,455</u>

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

(*2) Long-term deposits of ₩5,000 million are collaterals for payment and settlement services, ₩363,104 million are related to securities lending and borrowing transactions and collaterals for over-the-counter derivative transactions and pledged in counterparty bank.

(*3) Restricted deposits due from financial institutes are subject to restriction in use.

(*4) Other deposits are deposits of deposits and evidence deposited in foreign currency and deposit amounts to purchase the corresponding stock, combined, bond type funds at the next day of sale according to direct sale of funds.

(*5) The Group deposits ₩1,000 million in Woori Bank's escrow account for the payment of share transfer.

Korea Investment & Securities Co., Ltd. and Subsidiaries
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6. Financial assets measured at fair value through profit or loss

(a) The details of financial assets measured at fair value through profit or loss as of December 31, 2020 and 2019 are as follows:

	December 31, 2020	December 31, 2019
Equity instruments	₩ 3,743,072,283	4,716,526,791
Debt instruments	27,759,733,579	24,622,175,178
Reserve for claims of customers' deposits (trust)(*)	5,859,258,092	1,853,526,251
Investment in partnerships	401,918,880	287,667,598
Collective investment securities	1,613,649,973	1,390,645,047
Derivatives-linked securities	179,773,651	228,168,079
Receivables	847,507,251	311,091,831
	<u>₩ 40,404,913,709</u>	<u>33,409,800,775</u>

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

(b) The details of equity instruments of financial assets at fair value through profit or loss as of December 31, 2020 and 2019 are as follows:

	December 31, 2020		
	Book value before valuation	Fair value (book value)	Gains or losses
Stocks in Korean won	₩ 1,946,206,889	2,333,214,972	387,008,083
Stocks in Foreign currency	670,167,689	787,349,836	117,182,147
Hybrid Bonds	530,114,223	533,727,207	3,612,984
Convertible preferred stock	80,818,727	88,780,268	7,961,541
	<u>₩ 3,227,307,528</u>	<u>3,743,072,283</u>	<u>515,764,755</u>
	December 31, 2019		
	Book value before valuation	Fair value (book value)	Gains or losses
Stocks in Korean won	₩ 3,107,017,044	3,317,816,563	210,799,519
Stocks in Foreign currency	693,250,384	748,499,231	55,248,847
Hybrid Bonds	600,467,471	607,592,991	7,125,520
Convertible preferred stock	39,758,947	42,618,006	2,859,059
	<u>₩ 4,440,493,846</u>	<u>4,716,526,791</u>	<u>276,032,945</u>

Korea Investment & Securities Co., Ltd. and Subsidiaries
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(In thousands of won)

6. Financial assets measured at fair value through profit or loss, Continued

(c) The details of debt instruments in financial assets measured at fair value through profit or loss as of December 31, 2020 and 2019 are as follows:

	December 31, 2020			
	Book value before valuation	Face value	Fair value (book value)	Gains or losses
National and local government bonds	₩ 5,053,362,599	4,967,595,879	5,046,637,590	(6,725,009)
Special bonds	5,579,029,025	5,562,041,589	5,574,408,462	(4,620,563)
Corporate bonds	10,434,731,865	10,321,744,818	10,428,468,727	(6,263,138)
Corporate commercial papers	3,178,590,267	3,177,518,000	3,185,021,059	6,430,792
Electronic short-term bonds	1,432,980,884	1,432,980,885	1,433,150,640	169,756
Foreign currency bonds	1,972,398,807	1,916,732,616	2,005,970,037	33,571,230
Foreign currency electronic short-term bonds	41,166,908	41,008,896	41,010,954	(155,954)
Convertible bonds	36,597,674	37,470,000	42,704,265	6,106,591
Bond with warrant	2,286,911	2,300,000	2,361,845	74,934
	₩ 27,731,144,940	27,459,392,683	27,759,733,579	28,588,639

	December 31, 2019			
	Book value before valuation	Face value	Fair value (book value)	Gains or losses
National and local government bonds	₩ 5,601,967,947	5,555,524,781	5,679,434,565	77,466,618
Special bonds	2,879,482,679	2,873,049,609	2,882,767,737	3,285,058
Corporate bonds	8,131,666,000	8,072,115,583	8,136,075,461	4,409,461
Corporate commercial papers	2,700,269,428	2,700,269,425	2,702,017,770	1,748,342
Electronic short-term bonds	2,440,609,065	2,440,609,066	2,441,053,306	444,241
Foreign currency bonds	2,227,393,374	2,160,421,694	2,252,259,922	24,866,548
Foreign currency electronic short-term bonds	1,970,918	1,957,840	1,958,125	(12,793)
Convertible bonds	522,907,570	523,096,000	523,739,185	831,615
Bond with warrant	3,000,000	3,000,000	2,869,107	(130,893)
	₩ 24,509,266,981	24,330,043,998	24,622,175,178	112,908,197

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6. Financial assets measured at fair value through profit or loss, Continued

(d) The details of reserve for claims of customers' deposits (trust) in financial assets measured at fair value through profit or loss as of December 31, 2020 and 2019 are as follows:

		December 31, 2020			
		Book value before valuation	Face value	Fair value (book value)	Gains or losses
General deposits	₩	5,415,393,494	5,435,900,000	5,451,327,042	35,933,548
Customers' deposits for exchange-traded derivatives transaction		403,299,372	406,100,000	407,931,050	4,631,678
	₩	<u>5,818,692,866</u>	<u>5,842,000,000</u>	<u>5,859,258,092</u>	<u>40,565,226</u>
		December 31, 2019			
		Book value before valuation	Face value	Fair value (book value)	Gains or losses
General deposits	₩	1,526,241,628	1,584,100,000	1,554,203,725	27,962,097
Customers' deposits for exchange-traded derivatives transaction		293,140,785	327,600,000	299,322,526	6,181,741
	₩	<u>1,819,382,413</u>	<u>1,911,700,000</u>	<u>1,853,526,251</u>	<u>34,143,838</u>

(e) The details of derivatives-linked securities of financial assets at fair value through profit or loss as of December 31, 2020 and 2019 are as follows:

		December 31, 2020		
		Book value before valuation	Fair value (book value)	Gains or losses
Equity-linked securities	₩	177,195,574	174,643,793	(2,551,781)
Equity and derivatives-linked bonds		2,519,672	2,531,054	11,382
Other derivatives-linked securities		3,178,524	2,970,178	(208,346)
Credit value adjustments		(514,795)	(371,374)	143,421
	₩	<u>182,378,975</u>	<u>179,773,651</u>	<u>(2,605,324)</u>
		December 31, 2019		
		Book value before valuation	Fair value (book value)	Gains or losses
Equity-linked securities	₩	157,738,825	167,356,753	9,617,928
Equity and derivatives-linked bonds		6,462,854	6,549,658	86,804
Other derivatives-linked securities		2,185,189	3,178,525	993,336
Other derivatives-linked bonds		49,214,770	51,442,730	2,227,960
Exchange traded note		117,150	117,150	-
Credit value adjustments		(597,340)	(476,737)	120,603
	₩	<u>215,121,448</u>	<u>228,168,079</u>	<u>13,046,631</u>

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6. Financial assets measured at fair value through profit or loss, Continued

(f) The details of loans in financial assets at fair value through profit or loss as of December 31, 2020 and 2019 are as follows:

	December 31, 2020		
	Book value before valuation	Fair value (book value)	Gains or losses
Loans receivable	₩ 881,329,469	847,507,251	(33,822,218)

	December 31, 2019		
	Book value before valuation	Fair value (book value)	Gains or losses
Loans receivable	₩ 323,680,066	311,091,831	(12,588,235)

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

(a) The details of financial assets measured at fair value through other comprehensive income as of December 31, 2020 and 2019 are as follows:

	December 31, 2020	December 31, 2019
Equity instruments(*)		
Stocks	₩ 494,848,212	498,493,883
Investment in partnerships	818,000	818,000
	<u>495,666,212</u>	<u>499,311,883</u>
Debt instruments		
Government and Public bonds	309,727,028	232,662,450
Special bonds	1,024,256,540	1,635,747,327
Corporate bonds	357,487,088	245,672,884
	<u>1,691,470,656</u>	<u>2,114,082,661</u>
	<u>₩ 2,187,136,868</u>	<u>2,613,394,544</u>

(*) This is designated as a fair value through other comprehensive income among investments in equity instruments.

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7. Financial assets measured at fair value through other comprehensive income, Continued

(b) The details of equity securities in financial assets measured at fair value through other comprehensive income as of December 31, 2020 and 2019 are as follows:

December 31, 2020				
Classification	Name of investment	Acquisition cost	Book value	Reason for Designation
Stock	INDUSTRIAL BANK OF KOREA	₩ 39,272,429	23,116,600	Business & strategic alliance
	Woori Bank	324,480,000	263,099,200	"
	THE KOREA SECURITIES FINANCE CORPORATION	31,692,850	59,967,301	Securities industry related organization
	KOREA EXCHANGE	2,737,381	130,570,673	"
	Korea Securities Depository	731,735	14,633,094	"
	KOREA MONEY BROKERAGE CORPORATION	199,221	2,758,587	"
	Korea Foss Securities co., Ltd. (formerly Fund Online Korea Co., Ltd.)	1,998,000	692,308	Business strategic alliance
	PT Bursa Efek Indonesia (BEI)	10,517	10,449	Securities industry related organization
	Subtotal	401,122,133	494,848,212	
	Investment in partnership	Korea Financial Investment Association	818,000	818,000
		₩ 401,940,133	495,666,212	

Korea Investment & Securities Co., Ltd. and Subsidiaries
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7. Financial assets measured at fair value through other comprehensive income, Continued

(b) The details of equity securities in financial assets measured at fair value through other comprehensive income as of December 31, 2020 and 2019 are as follows, Continued:

December 31, 2019				
Classification	Name of investment	Acquisition cost	Book value	Reason for Designation
Stock	INDUSTRIAL BANK OF KOREA	₩ 39,272,429	30,857,000	Business & strategic alliance
	Woori Bank	324,480,000	313,664,000	"
	THE KOREA SECURITIES FINANCE CORPORATION	8,687,230	29,245,871	Securities industry related organization
	KOREA EXCHANGE	2,737,381	106,472,208	"
	Korea Securities Depository	731,735	14,810,585	"
	KOREA MONEY BROKERAGE CORPORATION	199,221	2,543,970	"
	Fund Online Korea Co., Ltd.	1,998,000	889,030	Business strategic alliance
	PT Bursa Efek Indonesia (BEI)	10,517	11,219	Securities industry related organization
	Subtotal	<u>378,116,513</u>	<u>498,493,883</u>	
Investment in partnership	Korea Financial Investment Association	818,000	818,000	Business strategic alliance
		₩ <u>378,934,513</u>	<u>499,311,883</u>	

(c) No equity securities designated as measured at fair value through other comprehensive income were disposed for the years ended December 31, 2020 and 2019. Accumulated amounts in other comprehensive income and profit or loss on disposal are reclassified to retained earnings and are not reclassified to profit or loss.

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7. Financial assets measured at fair value through other comprehensive income, Continued

(d) The details of dividend income in financial assets measured at fair value through other comprehensive income for the years ended December 31, 2020 and 2019 are as follows:

	2020	2019
Dividend income recognized from assets held as of the end of the reporting period	₩ 23,928,439	22,408,906

(e) The details of change in other comprehensive income in financial assets measured at fair value through other comprehensive income for the years ended December 31, 2020 and 2019 are as follows:

		December 31, 2020			
		Beginning balance	Valuation	Disposal	Ending Balance
Equity securities	₩	134,253,255	(26,650,522)	-	107,602,733
Debt securities		7,415,505	2,146,542	(1,710,704)	7,851,343
Subtotal		141,668,760	(24,503,980)	(1,710,704)	115,454,076
Tax		(38,980,915)	6,738,595	470,444	(31,771,876)
Total	₩	102,687,845	(17,765,385)	(1,240,260)	83,682,200

		December 31, 2019			
		Beginning balance	Valuation	Disposal	Ending Balance
Equity securities	₩	235,826,853	(101,573,598)	-	134,253,255
Debt securities		4,585,707	6,813,087	(3,983,289)	7,415,505
Subtotal		240,412,560	(94,760,511)	(3,983,289)	141,668,760
Tax		(66,135,460)	26,059,141	1,095,404	(38,980,915)
Total	₩	174,277,100	(68,701,370)	(2,887,885)	102,687,845

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7. Financial assets measured at fair value through other comprehensive income, Continued

(f) The details of change in loss allowance in financial assets measured at fair value through other comprehensive income for the years ended December 31, 2020 and 2019 are as follows:

	December 31, 2020			
	12-months	Lifetime ECL		Total
	ECL	Not impaired	Impaired	
Beginning balance	₩ 270,234	-	-	270,234
Replacement				
To 12-month ECL	-	-	-	-
To Lifetime ECL	-	-	-	-
To credit impaired financial asset	-	-	-	-
Provision (reversal)	74,525	-	-	74,525
Ending balance	₩ 344,759	-	-	344,759
	December 31, 2019			
	12-months	Lifetime ECL		Total
	ECL	Not impaired	Impaired	
Beginning balance	₩ 349,921	-	-	349,921
Replacement				
To 12-month ECL	-	-	-	-
To Lifetime ECL	-	-	-	-
To credit impaired financial asset	-	-	-	-
Provision (reversal)	(79,687)	-	-	(79,687)
Ending balance	₩ 270,234	-	-	270,234

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7. Financial assets measured at fair value through other comprehensive income, Continued

(g) The details of change in book value in financial assets measured at fair value through other comprehensive income the years ended December 31, 2020 and 2019 are as follows:

	December 31, 2020			
	12-months ECL	Lifetime ECL		Total
		Not impaired	Impaired	
Beginning balance	₩ 2,114,082,661	-	-	2,114,082,661
Replacement				
To 12-month ECL	-	-	-	-
To Lifetime ECL	-	-	-	-
To credit impaired financial asset	-	-	-	-
Acquisition	1,893,150,722	-	-	1,893,150,722
Disposal	(2,313,094,352)	-	-	(2,313,094,352)
Valuation	2,146,542	-	-	2,146,542
Others(*)	(4,814,917)	-	-	(4,814,917)
Ending balance	₩ 1,691,470,656	-	-	1,691,470,656

(*) Other changes are due to effective interest amortization, etc.

	December 31, 2019			
	12-months ECL	Lifetime ECL		Total
		Not impaired	Impaired	
Beginning balance	₩ 2,978,672,947	-	-	2,978,672,947
Replacement				
To 12-month ECL	-	-	-	-
To Lifetime ECL	-	-	-	-
To credit impaired financial asset	-	-	-	-
Acquisition	3,550,467,222	-	-	3,550,467,222
Disposal	(4,430,883,554)	-	-	(4,430,883,554)
Valuation	18,095,376	-	-	18,095,376
Others(*)	(2,269,330)	-	-	(2,269,330)
Ending balance	₩ 2,114,082,661	-	-	2,114,082,661

(*) Other changes are due to effective interest amortization, etc.

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8. Investments in Associates

(a) Investments in associates as of December 31, 2020 and 2019 are as follows:

Company	Location	Ownership (%)	Financial year end	December 31, 2020			Industry
				Acquisition cost	Net asset amount	Carrying amount	
Associates:							
True Friend Investment Advisory Co., Ltd.(*1)	China	100.00	December 31	₩ 3,322,800	2,826,422	2,826,422	Finance investment
Global Dynasty Natural Resource Private Equity Fund	Korea	22.39	December 31	6,733,180	-	-	Investment trust
Shanghai Fangzheng Stock Investment Partnership	China	39.60	December 31	30,938,044	52,666,407	52,666,407	Investment trust
KIP Promising Service Industry Venture Fund	Korea	22.22	December 31	7,439,000	8,281,967	8,281,967	Investment partnership
KIM Growth Corporation Professional Private Trust 1	Korea	30.00	December 31	14,865,036	14,276,842	14,276,842	Investment trust
KIM Growth Corporation Professional Mezzanine Private Trust 2	Korea	20.55	December 31	3,004,145	3,246,154	3,558,210	Investment trust
KIM Growth Company Professional Private Investment No.3	Korea	39.10	December 31	25,884,014	27,635,920	27,635,920	Investment trust
KIP Bright (Chengdu) Investment Partnership	China	50.00	December 31	30,187,946	29,359,489	29,359,489	Investment trust
Korea Investment Industry 4.0 Venture Fund	Korea	24.65	December 31	16,100,000	22,747,234	22,747,234	Investment trust
2017 KIF-KIP Artificial Intelligence Venture Fund	Korea	20.00	December 31	8,232,840	9,842,262	9,842,262	Investment partnership
EQ Partners Green Private Equity Fund	Korea	26.43	December 31	27,356,127	26,444,910	26,444,910	Investment trust
IBK KIP Growth Stepstone No.1 Private Equity Fund	Korea	20.00	December 31	9,756,000	9,433,047	9,433,047	Investment trust
Eugene Premier Professional Investment Type Private Investment Trust No.17	Korea	40.51	December 31	28,957,927	32,060,213	32,060,213	Investment trust
JB Japan Office Private Real Estate Fund 20 1st	Korea	50.00	December 31	18,800,000	20,974,258	20,974,258	Investment trust
KIS-Emford New Tech Investment Fund 1	Korea	22.06	December 31	3,000,000	2,841,446	2,841,446	Investment partnership
KIM Private Placement London Core Office Real Estate Investment Trust	Korea	23.35	December 31	31,642,788	31,381,120	31,381,120	Investment trust
KCLAVIS Meister Fund No.46(*1)	Korea	64.52	December 31	1,612,903	1,571,602	1,571,602	Investment partnership
Hyundai YouFirst Private Real Estate Investment Trust No.23-1	Korea	48.81	December 31	28,569,402	27,557,786	27,557,786	Investment trust
AIP Euro green private real estate trust No.9	Korea	50.00	December 31	46,419,188	46,605,648	46,610,036	Investment trust
FG EURO GREEN Private Real Estate Fund No.3	Korea	25.51	December 31	24,633,250	25,225,049	25,225,049	Investment trust

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8. Investments in Associates, Continued

(a) Investments in associates as of December 31, 2020 and 2019 are as follows, Continued:

Company	Location	Ownership (%)	Financial year end	December 31, 2020				Industry
				Acquisition cost	Net asset amount	Carrying amount		
Woori Goseong Power EBL Private Special Asset Fund	Korea	33.33	December 31	₩ 30,227,700	30,235,416	30,235,416	Investment trust	
Hanwha Japan Photovoltaic Private Fund 2	Korea	33.33	December 31	20,923,256	21,763,190	21,763,190	Investment trust	
Eugene Aviation Private Special Asset Investment Trust No. 11 (Aircraft)(*1)	Korea	54.48	December 31	4,475,922	4,393,468	4,393,468	Investment trust	
NH-Amundi Aviation Private Fund 1	Korea	28.67	December 31	15,896,358	15,663,979	15,663,979	Investment trust	
NH-Amundi Aviation Private Fund 2	Korea	40.04	December 31	15,427,122	15,210,363	15,210,363	Investment trust	
HANA PRIVATE REAL ESTATE INVESTMENT TRUST NO.58	Korea	35.26	December 31	31,006,489	29,878,225	29,878,225	Investment trust	
NH-Amundi US Infrastructure Investment Trust II	Korea	30.30	December 31	24,181,229	23,870,054	23,870,172	Investment trust	
Anda Station Professional Investment Type Private Real Estate Fund No.1	Korea	31.80	December 31	38,496,957	37,320,305	37,320,305	Investment trust	
Koramco Professional Investment No.69	Korea	40.00	December 31	30,417,300	30,421,859	30,421,859	Investment trust	
WOORI ECOWASTE PRIVATE SPECIAL ASSET FUND	Korea	25.20	December 31	15,505,197	15,508,487	15,508,487	Investment trust	
KIS-SV New Tech Investment Fund 1	Korea	32.97	December 31	3,000,000	2,889,555	2,889,555	Investment partnership	
EBEST AIP Fund No.1	Korea	36.36	December 31	545,455	528,711	528,711	Investment partnership	
Samchully Midstream Private Placement Special Asset Fund 5-3	Korea	44.44	December 31	48,052,589	46,695,517	46,695,517	Investment trust	
KTB Aircraft Professional Investment Private Investment Trust No.22-1	Korea	27.03	December 31	21,525,867	22,177,686	19,899,256	Investment trust	
JB Australia NDIS Private Fund 1	Korea	49.50	December 31	50,000,000	43,835,233	41,751,519	Investment trust	
NH Amundi Overseas Senior Loan Fund 4	Korea	30.00	December 31	43,719,741	43,684,662	43,684,662	Investment trust	
Tiger Alternative Investment 8	Korea	39.35	December 31	47,620,000	46,031,070	46,031,070	Investment trust	
Tiger Alternative Qualified Investment Real Estate Trust No.12	Korea	32.59	December 31	25,599,507	23,545,480	23,545,480	Investment trust	
Tiger Alternative Qualified Investment Real Estate Trust No. 6	Korea	32.59	December 31	24,400,493	22,413,562	22,413,562	Investment trust	
Hanon Private Equity Fund	Korea	28.57	December 31	6,000,000	6,307,272	6,541,618	Investment partnership	

Korea Investment & Securities Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements

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(In thousands of won)

8. Investments in Associates, Continued

(a) Investments in associates as of December 31, 2020 and 2019 are as follows, Continued:

Company	Location	Ownership (%)	Financial year end	December 31, 2020			Industry
				Acquisition cost	Net asset amount	Carrying amount	
KIS-BM New Tech Investment Fund 1	Korea	31.75	December 31	₩ 2,000,000	1,943,455	1,943,455	Investment partnership
T&F 2019 Bearing Startup and Venture Private Equity Fund	Korea	23.54	December 31	2,410,546	2,398,338	2,398,338	Investment partnership
IBKC-EQP Innovative Technology Fund	Korea	40.00	December 31	5,383,038	4,879,044	4,879,044	Investment partnership
Kiwoom Infra Core Debt Investment Private Trust No.2	Korea	27.05	December 31	35,000,000	36,816,073	37,137,998	Investment trust
Tiger Alternative Qualified Investment Real Estate Trust No.14	Korea	36.26	December 31	50,000,000	45,803,802	45,803,802	Investment trust
Multi Asset Opportunity QI Investment Fund No. 16(*3)	Korea	56.90	December 31	30,646,056	30,325,350	30,320,575	Investment trust
KIM AsiaPlus Securities Feeder Investment Trust(Bond)	Korea	22.47	December 31	20,531,666	20,820,716	21,096,212	Investment trust
INMARK France Professional Private Real Estate Investment Trust 18	Korea	35.83	December 31	55,000,000	54,216,451	53,540,870	Investment trust
Petra 7 Alpha Private Equity Fund(*3)	Korea	51.92	December 31	26,061,725	25,144,270	25,144,270	Investment partnership
KIS-BM New Tech Investment Fund 2	Korea	31.95	December 31	1,000,000	983,801	983,801	Investment partnership
Kiwoom Hero Private Equity Fund 3	Korea	30.77	December 31	2,000,000	1,957,695	1,957,695	Investment partnership
Koreainvestment-Brickinvestment 1 New Technology Business Investment Fund	Korea	20.62	December 31	3,000,000	2,930,099	2,930,099	Investment partnership
Tiger Alternative Qualified Investment Real Estate Trust No.18-2	Korea	23.51	December 31	27,668,700	26,468,082	26,018,082	Investment trust
KIM Global Flex Bond Securities Trust	Korea	36.40	December 31	20,000,000	21,171,555	21,310,019	Investment trust
KIM Private Placement Smart Real Asset Investment Trust 1	Korea	20.00	December 31	6,975,000	7,141,723	7,278,488	Investment trust
Alpha US Notus Special Asset Private Investment Trust	Korea	39.96	December 31	58,605,759	59,045,032	59,045,032	Investment trust
PineStreet Global Corporate Finance Fund V-1	Korea	30.30	December 31	16,580,000	16,536,743	16,536,743	Investment trust

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(In thousands of won)

8. Investments in Associates, Continued

(a) Investments in associates as of December 31, 2020 and 2019 are as follows, Continued:

Company	Location	Ownership (%)	Financial year end	December 31, 2020			Industry
				Acquisition cost	Net asset amount	Carrying amount	
A ONE GALAXY KOSDAQ VENTURE PROFESSIONAL INVESTOR PRIVATE INVESTMENT FUNDS	Korea	49.50	December 31	₩ 5,000,000	4,999,520	4,999,520	Investment trust
KODEX Banks	Korea	38.55	December 31	77,541,023	83,687,620	83,687,620	Investment trust
Kakao Bank, Corp.	Korea	27.10	December 31	632,507,504	757,976,842	778,301,186	Bank
Korea Investment Aviation Professional Investors' Special Asset Investment Trust No.6(*2)	Korea	4.83	December 31	5,723,605	2,779,825	2,779,825	Investment trust
KIM Target Income Global Bond Feeder Fund2(*1)	Korea	28.78	December 31	3,300,000	3,726,426	3,726,426	Investment trust
KIM Target Income Global Allocation Feeder Fund2	Korea	64.52	December 31	4,800,000	5,820,192	5,820,192	Investment trust
KIM Global Socially Responsible ESG Companies Fund(Equity-Fund of Funds)	Korea	22.51	December 31	1,723,675	2,287,668	2,287,668	Investment trust
GEC-KIP Technology and Innovation Fund	Singapore	47.04	December 31	6,863,962	5,949,908	5,949,908	Investment trust
KIM US Dividend Aristocrats Fund (Equity) C-F(*2)	Korea	4.19	December 31	5,000,000	6,379,850	6,379,850	Investment trust
Korea Value Platinum Equity Qualified Investor Private Investment Trust Type 2(*2)	Korea	6.60	December 31	534,800	629,877	629,877	Investment trust
				₩ 1,970,332,831	2,110,171,827	2,126,427,229	

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

(*2) Although percentage of ownership does not exceed 20%, the Group has significant influence over the investee through its ability to appoint directors. Therefore, it is classified as investments in associates.

(*3) Although its equity ratio exceeds 50%, it is classified as an investment in an associate because it does not have the ability to determine financial and operating policies according to its de facto control.

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8. Investments in Associates, Continued

(a) Investments in associates as of December 31, 2020 and 2019 are as follows, Continued:

Company	Location	Ownership (%)	Financial year end	December 31, 2019			Industry
				Acquisition cost	Net asset amount	Carrying amount	
True Friend Investment Advisory Co., Ltd.(*1)	China	100	December 31	₩ 3,322,800	2,792,253	2,792,253	Finance investment
Global Dynasty Natural Resource Private Equity Fund	Korea	22.39	December 31	6,733,180	-	-	Investment trust
Shanghai Fangzheng Stock Investment Partnership	China	39.6	December 31	42,096,593	54,433,557	54,433,557	Investment trust
KIP Promising Service Industry Venture Fund	Korea	22.22	December 31	9,139,000	10,130,718	10,130,718	Investment partnership
KIM Growth Company Professional Private Investment No.1	Korea	30	December 31	16,461,768	15,782,517	15,782,517	Investment trust
KIM Growth Corporation Professional Mezzanine Private Trust 2	Korea	21.37	December 31	7,989,844	8,208,280	8,207,912	Investment trust
KIM Growth Company Professional Private Investment No.3	Korea	39.1	December 31	27,198,700	27,132,936	27,132,936	Investment trust
KIP Bright (Chengdu) Investment Partnership	China	50	December 31	30,187,946	34,502,941	34,502,941	Investment trust
Korea Investment Industry 4.0 Venture Fund	Korea	24.65	December 31	16,975,000	20,716,383	20,716,383	Investment trust
2017 KIF-KIP Artificial Intelligence Venture Fund	Korea	20	December 31	10,000,000	10,409,101	10,409,101	Investment partnership
EQ Partners Green Private Equity Fund	Korea	26.43	December 31	27,356,127	26,703,567	26,703,567	Investment Joint-stock Company
IBK KIP Growth Stepstone No.1 Private Equity Fund	Korea	20	December 31	4,576,000	4,103,379	4,103,379	Investment Joint-stock Company
Eugene Premier Professional Investment Type Private Investment Trust No.17	Korea	40.51	December 31	33,150,000	36,699,818	36,699,818	Investment trust
JB Japan Office Private Real Estate Fund 20 1st	Korea	50	December 31	18,800,000	20,116,709	20,116,709	Investment trust
KIS-Emford New Tech Investment Fund 1	Korea	22.06	December 31	3,000,000	2,901,886	2,901,886	Investment partnership
KIP KIS Global Fund	Korea	30	December 31	6,150,000	6,182,784	6,182,784	Investment partnership
KIM Private Placement London Core Office Real Estate Investment Trust	Korea	23.35	December 31	31,642,788	31,505,461	31,505,461	Investment trust
KCLAVIS Meister Fund No.46 (*1)	Korea	64.52	December 31	2,000,000	1,974,888	1,974,888	Investment partnership
Hyundai YouFirst Private Real Estate Investment Trust No.23-1	Korea	48.81	December 31	28,569,402	27,354,139	27,354,139	Investment trust
AIP EURO GREEN PRIVATE REAL ESTATE TRUST NO.9(*3)	Korea	50	December 31	46,419,188	46,259,865	46,264,253	Investment trust
FG EURO GREEN Private Real Estate Fund No.3	Korea	25.51	December 31	24,633,250	24,929,637	24,929,637	Investment trust
Woori Goseong Power EBL Private Special Asset Fund	Korea	33.33	December 31	30,227,700	30,233,299	30,233,299	Investment trust
Hanwha Japan Photovoltaic Private Fund 2	Korea	33.33	December 31	22,168,719	22,643,895	22,643,895	Investment trust

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8. Investments in Associates, Continued

(a) Investments in associates as of December 31, 2020 and 2019 are as follows, Continued:

Company	Location	Ownership (%)	Financial year end	December 31, 2019			Industry
				Acquisition cost	Net asset amount	Carrying amount	
Eugene Aviation Private Special Asset Investment Trust No. 11 (Aircraft)(*1)	Korea	54.48	December 31	₩ 4,417,405	4,359,873	4,359,873	Investment trust
NH-Amundi Aviation Private Fund 1	Korea	28.67	December 31	15,680,226	15,509,876	15,509,876	Investment trust
NH-Amundi Aviation Private Fund 2	Korea	40.04	December 31	15,266,535	15,098,890	15,098,890	Investment trust
HANA PRIVATE REAL ESTATE INVESTMENT TRUST NO.58	Korea	35.26	December 31	27,303,152	27,310,518	27,310,518	Investment trust
NH-Amundi US Infrastructure Investment Trust II	Korea	30.3	December 31	24,181,229	23,920,311	23,920,430	Investment trust
Anda Station Professional Investment Type Private Real Estate Fund No.1	Korea	31.8	December 31	38,496,957	37,869,607	37,869,607	Investment trust
Koramco Professional Investment No.69	Korea	40	December 31	30,417,300	30,421,859	30,421,859	Investment trust
WOORI ECOWASTE PRIVATE SPECIAL ASSET FUND	Korea	25.2	December 31	15,051,539	15,050,222	15,050,222	Investment trust
KIS-SV New Tech Investment Fund 1	Korea	32.97	December 31	3,000,000	2,949,856	2,949,856	Investment partnership
EBEST AIP Fund No.1	Korea	36.36	December 31	800,000	790,221	790,221	Investment partnership
Samchully Midstream Private Placement Special Asset Fund 5-3	Korea	44.44	December 31	48,544,737	47,750,177	47,750,177	Investment trust
KTB Aircraft Professional Investment Private Investment Trust No.22-1	Korea	27.03	December 31	21,525,867	22,108,899	21,711,292	Investment trust
JB Australia NDIS Private Fund 1	Korea	49.5	December 31	50,000,000	41,751,519	41,751,519	Investment trust
NH Amundi Overseas Senior Loan Fund 4	Korea	30	December 31	42,073,090	42,546,722	42,546,722	Investment trust
Tiger Alternative Investment 8	Korea	39.35	December 31	47,620,000	46,557,161	46,557,161	Investment trust
Tiger Alternative Professional Private Special Asset Investment Trust 5	Korea	47.55	December 31	19,600,000	19,195,951	19,195,951	Investment trust
Tiger Alternative Qualified Investment Real Estate Trust No.12	Korea	32.59	December 31	25,599,507	24,587,737	24,587,737	Investment trust
Tiger Alternative Qualified Investment Real Estate Trust No. 6	Korea	32.59	December 31	24,400,493	23,436,618	23,436,618	Investment trust
SHBNPP Uijeongbu Light Rail Transit Professional Investment Type Private Special Asset Investment Trust	Korea	20.46	December 31	20,703,984	20,604,594	20,525,901	Investment trust
Hanon Private Equity Fund	Korea	28.57	December 31	6,000,000	6,016,025	6,250,371	Investment partnership
KIS-BM New Tech Investment Fund 1	Korea	31.75	December 31	2,000,000	1,983,931	1,983,931	Investment partnership

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(In thousands of won)

8. Investments in Associates, Continued

(a) Investments in associates as of December 31, 2020 and 2019 are as follows, Continued:

Company	Location	Ownership (%)	Financial year end	December 31, 2019			Industry
				Acquisition cost	Net asset amount	Carrying amount	
T&F 2020 Bearing Startup and Venture Private Equity Fund	Korea	23.54	December 31	₩ 2,410,546	2,400,817	2,400,817	Investment partnership
IBKC-EQP Innovative Technology Fund	Korea	40	December 31	80,000	-	-	Investment partnership
Kiwoom Infra Core Debt Investment Private Trust No.2	Korea	27.05	December 31	35,000,000	36,658,994	36,980,919	Investment trust
Tiger Alternative Qualified Investment Real Estate Trust No.14	Korea	36.26	December 31	50,000,000	47,898,585	47,898,585	Investment trust
Multi Asset Opportunity QI Investment Fund No. 16(*1)	Korea	56.82	December 31	3,321,050	3,308,263	3,308,263	Investment trust
Shinhan AIM Real Estate Fund No.19(*3)	Korea	53.55	December 31	16,600,000	16,215,840	16,215,840	Investment trust
KIM AsiaPlus Securities Feeder Investment Trust(Bond)	Korea	28.5	December 31	20,000,000	20,017,770	20,017,770	Investment trust
INMARK France Professional Private Real Estate Investment Trust 18(*3)	Korea	51.14	December 31	78,500,000	76,927,994	76,018,014	Investment trust
Petra 7 Alpha Private Equity Fund (*3)	Korea	51.92	December 31	26,061,725	25,396,995	25,396,995	Investment partnership
Korea Kakao Bank, Corp.	Korea	29	December 31	489,531,600	486,829,039	505,120,491	Bank
Korea Investment Aviation Professional Investors' Special Asset Investment Trust No.6(*2)	Korea	4.83	December 31	5,611,429	5,448,872	5,448,872	Investment trust
KIM Target Income Global Bond Feeder Fund(*1)	Korea	89.97	December 31	5,000,000	5,407,100	5,407,100	Investment trust
KIM Target Income Global Allocation Feeder Fund(*1)	Korea	94.09	December 31	5,000,000	5,546,250	5,546,250	Investment trust
KIM 4th Industrial Revolution of Japan Fund(Equity)(*1)	Korea	87.42	December 31	4,500,000	4,456,851	4,456,851	Investment trust
KIM Global Socially Responsible ESG Companies Fund(Equity-Fund of Funds)(*1)	Korea	90.94	December 31	1,700,000	1,872,247	1,872,247	Investment trust
GEC-KIP Technology and Innovation Fund	China	47.04	December 31	6,863,962	6,412,345	6,412,345	Investment trust
				₩ 1,681,660,338	1,680,336,542	1,697,802,124	

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

(*2) Although percentage of ownership does not exceed 20%, the Group has significant influence over the investee through its ability to appoint directors. Therefore, it is classified as investments in associates.

(*3) Although its equity ratio exceeds 50%, it is classified as an investment in an associate because it does not have the ability to determine financial and operating policies according to its de facto control.

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8. Investments in Associates, Continued

(b) Summary of financial information of associates as of December 31, 2020 and 2019 are as follows:

Company	December 31, 2020					
	Total assets	Total liabilities	Total equity	Operating revenues	Net income (loss)	Total comprehensive income (loss)
True Friend Investment Advisory Co., Ltd.	₩ 2,908,079	81,657	2,826,422	-	902	34,169
Global Dynasty Natural Resource Private Equity Fund	131,953	1,971,984	(1,840,031)	143	(32,138)	(32,138)
Shanghai Fangzheng Stock Investment Partnership	133,030,287	34,310	132,995,977	25,088,428	23,015,422	25,262,779
KIP Promising Service Industry Venture Fund	40,146,736	2,877,884	37,268,852	3,923,948	(669,380)	(669,380)
KIM Growth Corporation Professional Private Trust 1	47,775,229	185,757	47,589,472	14,951,963	15,059,694	15,059,694
KIM Growth Corporation Professional Mezzanine Private Trust 2	15,796,438	68	15,796,370	3,822,520	5,532,470	5,532,470
KIM Growth Company Professional Private Investment No.3	70,680,359	148	70,680,211	13,387,273	15,622,019	15,622,019
KIP Bright (Chengdu) Investment Partnership	58,718,977	-	58,718,977	1,816,020	(10,748,868)	(10,286,905)
Korea Investment Industry 4.0 Venture Fund	93,688,779	1,400,000	92,288,779	14,866,682	13,230,697	13,230,697
2017 KIF-KIP Artificial Intelligence Venture Fund	49,440,844	229,534	49,211,310	7,857,536	6,001,605	6,001,605
EQ Partners Green Private Equity Fund	100,255,975	194,153	100,061,822	57	(978,701)	(978,701)
IBK KIP Growth Stepstone No.1 Private Equity Fund	47,819,784	654,547	47,165,237	2,396,912	748,341	748,341
Eugene Premier Professional Investment Type Private Investment Trust No.17	79,427,931	292,881	79,135,050	5,744,952	3,566,298	3,566,298
JB Japan Office Private Real Estate Fund 20 1st	42,474,635	526,120	41,948,515	4,052,575	4,782,593	4,782,593
KIS-Emford New Tech Investment Fund 1	12,881,223	-	12,881,223	-	(273,994)	(273,994)
KIM Private Placement London Core Office Real Estate Investment Trust	134,449,243	33,445	134,415,798	5,795,783	7,277,431	7,277,431
KCLAVIS Meister Fund No.46	2,441,257	5,274	2,435,983	83,952	52,832	52,832
Hyundai YouFirst Private Real Estate Investment Trust No.23-1	56,510,165	48,476	56,461,689	2,608,374	3,943,883	3,943,883
AIP Euro green private real estate trust NO.9	97,330,135	4,122,378	93,207,757	7,889,005	8,817,581	8,817,581
FG EURO GREEN Private Real Estate Fund No.3	98,986,773	86,059	98,900,714	5,924,864	6,744,910	6,744,910
Woori Goseong Power EBL Private Special Asset Fund	90,727,587	21,338	90,706,249	3,062,036	2,968,851	2,968,851
Hanwha Japan Photovoltaic Private Fund 2	65,320,582	31,011	65,289,571	1,372,049	3,457,888	3,457,888
Eugene Aviation Private Special Asset Investment Trust No. 11 (Aircraft)	8,065,645	903	8,064,742	661,110	606,730	606,730

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December 31, 2020 and 2019

(In thousands of won)

8. Investments in Associates, Continued

(b) Summary of financial information of associates as of December 31, 2020 and 2019 are as follows,
Continued:

Company	December 31, 2020					
	Total assets	Total liabilities	Total equity	Operating revenues	Net income (loss)	Total comprehensive income (loss)
NH-Amundi Aviation Private Fund 1	₩ 54,632,263	3,925	54,628,338	2,467,569	2,079,493	2,079,493
NH-Amundi Aviation Private Fund 2	37,993,365	2,728	37,990,637	2,434,502	2,152,265	2,152,265
HANA PRIVATE REAL ESTATE INVESTMENT TRUST NO.58	86,460,941	1,733,503	84,727,438	17,270,141	(246,232)	(246,232)
NH-Amundi US Infrastructure Investment Trust II	78,794,460	17,171	78,777,289	22,867,914	3,348,138	3,348,138
Anda Station Professional Investment Type Private Real Estate Fund No.1	269,311,518	151,947,664	117,363,854	13,900,051	4,908,896	4,908,896
Koramco Professional Investment No.69	220,071,256	144,016,608	76,054,648	14,076,848	4,694,253	4,694,253
WOORI ECOWASTE PRIVATE SPECIAL ASSET FUND	61,581,514	47,839	61,533,675	3,153,325	2,969,479	2,969,479
KIS-SV New Tech Investment Fund 1	8,764,983	-	8,764,983	-	(182,915)	(182,915)
EBEST AIP Fund No.1	1,453,956	-	1,453,956	19,622	(19,151)	(19,151)
Samchully Midstream Private Placement Special Asset Fund 5-3	105,145,487	80,573	105,064,914	2,219,270	1,011,240	1,011,240
KTB Aircraft Professional Investment Private Investment Trust No.22-1	90,325,807	8,267,349	82,058,458	10,751,788	(2,030,436)	(2,030,436)
JB Australia NDIS Private Fund 1	88,602,858	55,687	88,547,171	862,689	4,209,103	4,209,103
NH Amundi Overseas Senior Loan Fund 4	436,475,174	290,859,635	145,615,539	8,264,959	6,907,201	6,907,201
Tiger Alternative Investment 8	117,017,123	25,514	116,991,609	5,316,497	8,321,898	8,321,898
Tiger Alternative Qualified Investment Real Estate Trust No.12	72,398,808	150,319	72,248,489	6,760,581	3,253,036	3,253,036
Tiger Alternative Qualified Investment Real Estate Trust No. 6	68,918,517	143,278	68,775,239	3,289,667	2,777,770	2,777,770
Hanon Private Equity Fund	22,142,412	66,960	22,075,452	2,402,040	2,065,689	2,065,689
KIS-BM New Tech Investment Fund 1	6,121,883	-	6,121,883	-	(127,501)	(127,501)
T&F 2019 Bearing Startup and Venture Private Equity Fund	10,190,888	2,750	10,188,138	200,666	(10,532)	200,666
IBKC-EQP Innovative Technology Fund	12,448,975	251,366	12,197,609	382	(1,059,985)	(1,059,985)
Kiwoom Infra Core Debt Investment Private Trust No.2	136,120,160	24,688	136,095,472	6,397,191	7,880,962	7,880,962
Tiger Alternative Qualified Investment Real Estate Trust No.14	126,482,341	148,820	126,333,521	5,965,280	(363,694)	(363,694)
Multi Asset Opportunity QI Investment Fund No. 16	53,349,955	54,250	53,295,705	1,809	(549,548)	(549,548)
KIM AsiaPlus Securities Feeder Investment Trust(Bond)	46,466,047	130,131	46,335,916	2,521,413	2,523,419	2,523,419

Korea Investment & Securities Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements

December 31, 2020 and 2019

(In thousands of won)

8. Investments in Associates, Continued

(b) Summary of financial information of associates as of December 31, 2020 and 2019 are as follows,
Continued:

Company	December 31, 2020					
	Total assets	Total liabilities	Total equity	Operating revenues	Net income (loss)	Total comprehensive income (loss)
INMARK France Professional Private Real Estate Investment Trust 18	₩ 165,938,743	14,625,558	151,313,185	11,420,060	10,416,723	10,416,723
Petra 7 Alpha Private Equity Fund	48,560,529	127,729	48,432,800	3,295	(483,940)	(483,940)
KIS-BM New Tech Investment Fund 2	3,079,298	-	3,079,298	-	(50,702)	(50,702)
Kiwoom Hero Private Equity Fund 3	6,379,769	17,261	6,362,508	148	(137,492)	(137,492)
Koreainvestment-Brickinvestment 1 New Technology Business Investment Fund	14,210,983	-	14,210,983	-	(339,017)	(339,017)
Tiger Alternative Qualified Investment Real Estate Trust No.18-2	115,346,149	2,783,405	112,562,744	9,817,966	(884,890)	(884,890)
KIM Global Flex Bond Securities Trust	58,881,420	714,957	58,166,463	2,359,858	2,830,654	2,830,654
KIM Private Placement Smart Real Asset Investment Trust 1	35,885,258	176,641	35,708,617	1,679,337	1,517,440	1,517,440
Alpha US Notus Special Asset Private Investment Trust	147,903,098	158,498	147,744,600	15,998,640	1,099,165	1,099,165
PineStreet Global Corporate Finance Fund V-1	55,319,645	748,394	54,571,251	614,885	(142,748)	(142,748)
A ONE GALAXY KOSDAQ VENTURE PROFESSIONAL INVESTOR PRIVATE INVESTMENT FUNDS	10,100,000	969	10,099,031	-	(969)	(969)
Kakao Bank, Corp.	26,649,990,467	23,853,027,949	2,796,962,518	804,157,323	113,635,989	118,658,977
KODEX Banks	217,210,696	126,267	217,084,429	21,504,813	15,944,182	15,944,182
Korea Investment Aviation Professional Investors' Special Asset Investment Trust No.6	57,627,347	18,829	57,608,518	1,188	(57,633,946)	(57,633,946)
KIM Target Income Global Bond Feeder Fund2	13,996,512	1,938,756	12,057,756	706,215	696,105	696,105
KIM Target Income Global Allocation Feeder Fund2	8,958,221	3,080	8,955,141	722,043	720,246	720,246
KIM Global Socially Responsible ESG Companies Fund(Equity-Fund of Funds)	13,748,053	3,543,748	10,204,305	1,585,300	797,794	797,794
GEC-KIP Technology and Innovation Fund	13,227,159	131,305	13,095,854	-	(467,123)	(1,051,647)
KIM US Dividend Aristocrats Fund (Equity)	150,455,434	1,164,497	149,290,937	7,162,955	5,649,746	5,649,746
Korea Value Platinum Equity Qualified Investor Private Investment Trust Type 2	9,543,837	111	9,543,726	3,111,591	1,454,072	1,454,072

Korea Investment & Securities Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements

December 31, 2020 and 2019

(In thousands of won)

8. Investments in Associates, Continued

(b) Summary of financial information of associates as of December 31, 2020 and 2019 are as follows,
Continued:

Company	December 31, 2019						Total comprehensive income (loss)
	Total assets	Total liabilities	Total equity	Operating revenues	Net income (loss)		
Associates:							
True Friend Investment Advisory Co., Ltd.	₩ 2,874,437	82,184	2,792,253	-	(356,411)	(293,902)	
Global Dynasty Natural Resource Private Equity Fund	164,092	1,971,984	(1,807,892)	184	(34,389)	(34,389)	
Shanghai Fangzheng Stock Investment Partnership	137,467,773	9,295	137,458,478	20,289,990	18,752,180	20,047,050	
KIP Promising Service Industry Venture Fund	48,377,317	2,789,085	45,588,232	7,551,299	4,041,638	4,041,638	
KIM Growth Company Professional Private Investment No.1	52,815,690	207,302	52,608,388	34,517,408	10,283,016	10,283,016	
KIM Growth Corporation Professional Mezzanine Private Trust 2	38,410,521	226	38,410,295	1,185,730	1,665,651	1,665,651	
KIM Growth Company Professional Private Investment No.3	69,393,897	92	69,393,805	300,904	1,054,961	1,054,961	
KIP Bright (Chengdu) Investment Partnership	69,006,089	207	69,005,882	15,886,189	12,617,122	11,570,143	
Korea Investment Industry 4.0 Venture Fund	84,464,599	415,274	84,049,325	14,277,769	12,204,688	12,204,688	
2017 KIF-KIP Artificial Intelligence Venture Fund	52,045,505	-	52,045,505	4,349,592	2,972,300	2,972,300	
EQ Partners Green Private Equity Fund	101,382,617	342,094	101,040,523	3,118,512	1,575,696	1,575,696	
IBK KIP Growth Stepstone No.1 Private Equity Fund	21,208,172	691,276	20,516,896	766,135	(676,048)	(676,048)	
Eugene Premier Professional Investment Type Private Investment Trust No.17	90,776,534	189,426	90,587,108	7,440,383	4,649,960	4,649,960	
JB Japan Office Private Real Estate Fund 20 1st	40,236,793	3,376	40,233,417	2,193,050	4,134,525	4,134,525	
KIS-Emford New Tech Investment Fund 1	13,155,217	-	13,155,217	-	(272,146)	(272,146)	
KIP KIS Global Fund	20,609,279	-	20,609,279	2,651,395	2,841,832	2,841,832	
KIM Private Placement London Core Office Real Estate Investment Trust	134,981,846	33,453	134,948,393	9,088,707	8,061,194	8,061,194	
KCLAVIS Meister Fund No.46	3,067,616	6,540	3,061,076	79,247	(32,381)	(32,381)	
Hyundai YouFirst Private Real Estate Investment Trust No.23-1	56,092,757	48,310	56,044,447	3,588,361	3,606,413	3,606,413	
AIP EURO GREEN PRIVATE REAL ESTATE TRUST NO.9	92,610,388	94,171	92,516,217	5,436,801	5,418,266	5,418,266	
FG EURO GREEN Private Real Estate Fund No.3	97,828,551	86,069	97,742,482	6,091,758	7,026,467	7,026,467	

Korea Investment & Securities Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements

December 31, 2020 and 2019

(In thousands of won)

8. Investments in Associates, Continued

(b) Summary of financial information of associates as of December 31, 2020 and 2019 are as follows,
Continued:

Company	December 31, 2019						Total comprehensive income (loss)
	Total assets	Total liabilities	Total equity	Operating revenues	Net income (loss)		
Woori Goseong Power EBL Private Special Asset Fund	₩ 90,721,234	21,337	90,699,897	3,060,017	2,977,297	2,977,297	
Hanwha Japan Photovoltaic Private Fund 2	67,963,905	32,222	67,931,683	47,715	3,425,527	3,425,527	
Eugene Aviation Private Special Asset Investment Trust No. 11 (Aircraft)	8,003,998	928	8,003,070	652,950	521,786	521,786	
NH-Amundi Aviation Private Fund 1	54,094,324	3,422	54,090,902	1,807,201	1,668,903	1,668,903	
NH-Amundi Aviation Private Fund 2	37,714,598	2,386	37,712,212	2,694,790	1,871,276	1,871,276	
HANA PRIVATE REAL ESTATE INVESTMENT TRUST NO.58	86,794,727	9,348,686	77,446,041	7,311,891	4,734,931	4,734,931	
NH-Amundi US Infrastructure Investment Trust II	78,959,947	16,796	78,943,151	1,376,883	1,079,793	1,079,793	
Anda Station Professional Investment Type Private Real Estate Fund No.1	268,203,290	149,112,005	119,091,285	14,337,569	5,534,328	5,534,328	
Koramco Professional Investment No.69	220,071,256	144,016,608	76,054,648	10,257,979	4,712,426	4,712,426	
WOORI ECOWASTE PRIVATE SPECIAL ASSET FUND	59,762,262	46,865	59,715,397	2,978,528	2,811,875	2,811,875	
KIS-SV New Tech Investment Fund 1	8,947,898	-	8,947,898	-	(152,102)	(152,102)	
EBEST AIP Fund No.1	2,173,107	-	2,173,107	-	(26,893)	(26,893)	
Samchully Midstream Private Placement Special Asset Fund 5-3	107,520,330	82,431	107,437,899	8,246,206	4,219,569	4,219,569	
KTB Aircraft Professional Investment Private Investment Trust No.22-1	87,019,915	5,215,969	81,803,946	11,831,795	4,761,346	4,761,346	
JB Australia NDIS Private Fund 1	84,369,670	31,602	84,338,068	852,358	(15,296,932)	(15,296,932)	
NH Amundi Overseas Senior Loan Fund 4	141,895,023	72,618	141,822,405	9,260,495	8,554,772	8,554,772	
Tiger Alternative Investment 8	118,354,225	25,514	118,328,711	7,264,005	2,848,712	2,848,712	
Tiger Alternative Professional Private Special Asset Investment Trust 5	40,469,911	102,686	40,367,225	1,515,921	(437,506)	(437,506)	
Tiger Alternative Qualified Investment Real Estate Trust No.12	75,654,312	207,693	75,446,619	28,211	(3,104,581)	(3,104,581)	
Tiger Alternative Qualified Investment Real Estate Trust No. 6	72,112,416	197,965	71,914,451	26,973	(2,957,619)	(2,957,619)	

Korea Investment & Securities Co., Ltd. and Subsidiaries
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December 31, 2020 and 2019

(In thousands of won)

8. Investments in Associates, Continued

(b) Summary of financial information of associates as of December 31, 2020 and 2019 are as follows,
Continued:

Company	December 31, 2019					
	Total assets	Total liabilities	Total equity	Operating revenues	Net income (loss)	Total comprehensive income (loss)
SHBNPP Uijeongbu Light Rail Transit Professional Investment Type Private Special Asset Investment Trust	₩ 100,767,492	50,758	100,716,734	3,867,590	2,510,408	2,510,408
Hanon Private Equity Fund	21,191,036	134,949	21,056,087	7,127	2,024,593	2,024,593
KIS-BM New Tech Investment Fund 1	6,249,383	-	6,249,383	-	(50,617)	(50,617)
T&F 2020 Bearing Startup and Venture Private Equity Fund	10,200,658	1,988	10,198,670	71,951	(41,330)	(41,330)
IBKC-EQP Innovative Technology Fund	200,128	254,795	(54,667)	-	(254,666)	(254,666)
Kiwoom Infra Core Debt Investment Private Trust No.2	135,539,514	24,704	135,514,810	3,609,047	9,782,239	9,782,239
Tiger Alternative Qualified Investment Real Estate Trust No.14	132,275,446	164,209	132,111,237	3,724	(4,416,935)	(4,416,935)
Multi Asset Opportunity QI Investment Fund No. 16	5,825,998	3,454	5,822,544	1	(22,506)	(22,506)
Shinhan AIM Real Estate Fund No.19	112,960,282	82,677,939	30,282,343	683,440	(717,401)	(717,401)
KIM AsiaPlus Securities Feeder Investment Trust(Bond)	70,220,107	116	70,219,991	6,939	62,337	62,337
INMARK France Professional Private Real Estate Investment Trust 18	160,412,755	9,986,678	150,426,077	11,845,326	4,994,590	4,994,590
Petra 7 Alpha Private Equity Fund	49,054,420	134,822	48,919,598	18,558	(1,280,402)	(1,280,402)
Korea Kakao Bank, Corp.	22,724,107,740	21,045,386,917	1,678,720,823	664,940,288	13,732,930	16,165,622
Korea Investment Aviation Professional Investors' Special Asset Investment Trust No.6	112,940,941	19,971	112,920,970	16,871,923	(8,793,927)	(8,793,927)
KIM Target Income Global Bond Feeder Fund2	5,974,333	1	5,974,332	532,234	532,228	532,228
KIM Target Income Global Allocation Feeder Fund2	5,882,573	2	5,882,571	753,210	753,187	753,187
KIM 4th Industrial Revolution of Japan Fund(Equity)	5,207,744	109,678	5,098,066	1,503,432	703,849	703,849
KIM Global Socially Responsible ESG Companies Fund(Equity-Fund of Funds)	2,112,848	53,895	2,058,953	415,913	197,177	197,177
GEC-KIP Technology and Innovation Fund	13,669,688	36,596	13,633,092	-	(356,048)	(356,048)

Korea Investment & Securities Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements

December 31, 2020 and 2019

(In thousands of won)

8. Investments in Associates, Continued

(c) The changes in investments in associates for the years ended December 31, 2020 and 2019 are as follows:

Company	2020						
	Beginning balance	Acquisition (Disposal)	Replace	Dividends	Profit (loss) of associates	Changes in equity of associates	Ending balance
True Friend Investment Advisory Co., Ltd.	₩ 2,792,253	-	-	-	901	33,268	2,826,422
Shanghai Fangzheng Stock Investment Partnership	54,433,557	(11,907,691)	-	-	9,250,588	889,953	52,666,407
KIP Promising Service Industry Venture Fund	10,130,718	(1,700,000)	-	-	(148,751)	-	8,281,967
KIM Growth Corporation Professional Private Trust 1	15,782,517	(1,494,644)	-	(10,345,074)	10,334,043	-	14,276,842
KIM Growth Corporation Professional Mezzanine Private Trust 2	8,207,912	(4,799,502)	-	(1,971,573)	2,121,373	-	3,558,210
KIM Growth Company Professional Private Investment No.3	27,132,936	(1,550,109)	-	(6,715,006)	8,768,099	-	27,635,920
KIP Bright (Chengdu) Investment Partnership	34,502,941	-	-	-	(5,374,434)	230,982	29,359,489
Korea Investment Industry 4.0 Venture Fund	20,716,383	(875,000)	-	(355,236)	3,261,087	-	22,747,234
2017 KIF-KIP Artificial Intelligence Venture Fund	10,409,101	(1,767,160)	-	-	1,200,321	-	9,842,262
EQ Partners Green Private Equity Fund	26,703,567	-	-	-	(258,657)	-	26,444,910
IBK KIP Growth Stepstone No.1 Private Equity Fund	4,103,379	5,180,000	-	-	149,668	-	9,433,047
Eugene Premier Professional Investment Type Private Investment Trust No.17	36,699,818	(4,811,396)	-	(1,273,034)	1,444,825	-	32,060,213
JB Japan Office Private Real Estate Fund 20 1st	20,116,709	-	-	(1,533,748)	2,391,297	-	20,974,258
KIS-Emford New Tech Investment Fund 1	2,901,886	-	-	-	(60,440)	-	2,841,446
KIP-KIS Global Fund (*3)	6,182,784	(6,182,784)	-	-	-	-	-

Korea Investment & Securities Co., Ltd. and Subsidiaries
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December 31, 2020 and 2019

(In thousands of won)

8. Investments in Associates, Continued

(c) The changes in investments in associates for the years ended December 31, 2020 and 2019 are as follows, Continued:

Company	2020						
	Beginning balance	Acquisition (Disposal)	Replace	Dividends	Profit (loss) of associates	Changes in equity of associates	Ending balance
KIM Private Placement London Core Office Real Estate Investment Trust	₩ 31,505,461	-	-	(1,823,352)	1,699,011	-	31,381,120
KCLAVIS Meister Fund No.46	1,974,888	(437,402)	-	-	34,116	-	1,571,602
Hyundai YouFirst Private Real Estate Investment Trust No.23-1	27,354,139	-	-	(1,721,281)	1,924,928	-	27,557,786
AIP Euro green private real estate trust NO.9	46,264,253	-	-	(4,063,175)	4,408,958	-	46,610,036
FG EURO GREEN Private Real Estate Fund No.3	24,929,637	-	-	(1,424,906)	1,720,318	-	25,225,049
Woori Goseong Power EBL Private Special Asset Fund	30,233,299	-	-	(987,500)	989,617	-	30,235,416
Hanwha Japan Photovoltaic Private Fund 2	22,643,895	(1,263,334)	-	(770,000)	1,152,629	-	21,763,190
Eugene Aviation Private Special Asset Investment Trust No. 11 (Aircraft)	4,359,873	58,517	-	(355,453)	330,531	-	4,393,468
NH-Amundi Aviation Private Fund 1	15,509,876	227,293	-	(669,458)	596,268	-	15,663,979
NH-Amundi Aviation Private Fund 2	15,098,890	172,742	-	(922,974)	861,705	-	15,210,363
HANA PRIVATE REAL ESTATE INVESTMENT TRUST NO.58	27,310,518	3,703,337	-	(1,048,799)	(86,831)	-	29,878,225
NH-Amundi US Infrastructure Investment Trust II	23,920,430	-	-	(1,064,766)	1,014,508	-	23,870,172
Anda Station Professional Investment Type Private Real Estate Fund No.1	37,869,607	-	-	(2,110,273)	1,560,971	-	37,320,305
Koramco Professional Investment No.69	30,421,859	-	-	(1,877,701)	1,877,701	-	30,421,859
WOORI ECOWASTE PRIVATE SPECIAL ASSET FUND	15,050,222	453,659	-	(743,798)	748,404	-	15,508,487

Korea Investment & Securities Co., Ltd. and Subsidiaries
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(In thousands of won)

8. Investments in Associates, Continued

(c) The changes in investments in associates for the years ended December 31, 2020 and 2019 are as follows, Continued:

Company	2020						
	Beginning balance	Acquisition (Disposal)	Replace	Dividends	Profit (loss) of associates	Changes in equity of associates	Ending balance
KIS-SV New Tech Investment Fund 1	₩ 2,949,856	-	-	-	(60,301)	-	2,889,555
EBEST AIP Fund No.1	790,221	(254,545)	-	-	(6,965)	-	528,711
Samchully Midstream Private Placement Special Asset Fund 5-3	47,750,177	(482,800)	-	(1,021,300)	449,440	-	46,695,517
KTB Aircraft Professional Investment Private Investment Trust No.22-1	21,711,292	-	-	(1,263,276)	(548,760)	-	19,899,256
JB Australia NDIS Private Fund 1	41,751,519	-	-	-	-	-	41,751,519
NH Amundi Overseas Senior Loan Fund 4	42,546,722	1,679,680	-	(2,613,900)	2,072,160	-	43,684,662
Tiger Alternative Investment 8	46,557,161	-	-	(3,800,393)	3,274,302	-	46,031,070
Tiger Alternative Professional Private Special Asset Investment Trust 5 (*2)	19,195,951	(19,195,951)	-	-	-	-	-
Tiger Alternative Qualified Investment Real Estate Trust No.12	24,587,737	-	-	(2,102,408)	1,060,151	-	23,545,480
Tiger Alternative Qualified Investment Real Estate Trust No. 6	23,436,618	-	-	(1,928,320)	905,264	-	22,413,562
SHBNPP Uijeongbu Light Rail Transit Professional Investment Type Private Special Asset Investment Trust(*2)	20,525,901	(20,525,901)	-	-	-	-	-
Hanon Private Equity Fund	6,250,371	-	-	(298,950)	590,197	-	6,541,618
KIS-BM New Tech Investment Fund 1	1,983,931	-	-	-	(40,476)	-	1,943,455
T&F 2019 Bearing Startup and Venture Private Equity Fund	2,400,817	-	-	-	(2,479)	-	2,398,338
IBKC-EQP Innovative Technology Fund	-	5,303,038	-	-	(423,994)	-	4,879,044

Korea Investment & Securities Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements

December 31, 2020 and 2019

(In thousands of won)

8. Investments in Associates, Continued

(c) The changes in investments in associates for the years ended December 31, 2020 and 2019 are as follows, Continued:

Company	2020						
	Beginning balance	Acquisition (Disposal)	Replace	Dividends	Profit (loss) of associates	Changes in equity of associates	Ending balance
Kiwoom Infra Core Debt Investment Private Trust No.2 ₩	36,980,919	-	-	(1,974,852)	2,131,931	-	37,137,998
Tiger Alternative Qualified Investment Real Estate Trust No.14	47,898,585	-	-	(1,962,922)	(131,861)	-	45,803,802
Multi Asset Opportunity QI Investment Fund No. 16	3,308,263	27,325,006	-	-	(312,694)	-	30,320,575
Shinhan AIM Real Estate Fund No.19	16,215,840	(14,215,840)	(2,000,000)	-	-	-	-
KIM AsiaPlus Securities Feeder Investment Trust(Bond)	20,017,770	531,666	-	(531,666)	1,078,442	-	21,096,212
INMARK France Professional Private Real Estate Investment Trust 18	76,018,014	(22,795,000)	-	(3,414,520)	3,732,376	-	53,540,870
Petra 7 Alpha Private Equity Fund	25,396,995	-	-	(1,484)	(251,241)	-	25,144,270
KIS-BM New Tech Investment Fund 2	-	1,000,000	-	-	(16,199)	-	983,801
Tiger Alternative Qualified Investment Real Estate Trust No.18-2 (*1)	-	-	27,668,700	(1,442,544)	(208,074)	-	26,018,082
Kiwoom Hero Private Equity Fund 3	-	2,000,000	-	-	(42,305)	-	1,957,695
KIM Global Flex Bond Securities Trust	-	20,000,000	-	-	1,310,019	-	21,310,019
Koreainvestment-Brickinvestment 1 New Technology Business Investment Fund	-	3,000,000	-	-	(69,901)	-	2,930,099
KIM Private Placement Smart Real Asset Investment Trust 1	-	6,975,000	-	-	303,488	-	7,278,488
Alpha US Notus Special Asset Private Investment Trust	-	58,605,759	-	-	439,273	-	59,045,032

Korea Investment & Securities Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements

December 31, 2020 and 2019

(In thousands of won)

8. Investments in Associates, Continued

(c) The changes in investments in associates for the years ended December 31, 2020 and 2019 are as follows, Continued:

Company	2020						
	Beginning balance	Acquisition (Disposal)	Replace	Dividends	Profit (loss) of associates	Changes in equity of associates	Ending balance
PineStreet Global Corporate Finance Fund V-1	₩ -	16,580,000	-	-	(43,257)	-	16,536,743
A ONE GALAXY KOSDAQ VENTURE PROFESSIONAL INVESTOR PRIVATE INVESTMENT FUNDS	-	5,000,000	-	-	(480)	-	4,999,520
KODEX Banks	-	-	77,541,023	-	6,146,597	-	83,687,620
Kakao Bank, Corp.	505,120,491	142,975,904	-	-	127,956,158	2,248,633	778,301,186
Korea Investment Aviation Professional Investors' Special Asset Investment Trust No.6	5,448,872	112,176	-	(173,928)	(2,607,295)	-	2,779,825
KIM Target Income Global Bond Feeder Fund2	5,407,100	(1,838,414)	-	-	157,740	-	3,726,426
KIM Target Income Global Allocation Feeder Fund2	5,546,250	(221,850)	-	-	495,792	-	5,820,192
KIM 4th Industrial Revolution of Japan Fund(Equity)(*3)	4,456,851	(4,456,851)	-	-	-	-	-
KIM Global Socially Responsible ESG Companies Fund(Equity-Fund of Funds)	1,872,247	23,675	-	(23,675)	415,421	-	2,287,668
KIM US Dividend Aristocrats Fund (Equity)	-	5,000,000	-	-	1,379,850	-	6,379,850
Korea Value Platinum Equity Qualified Investor Private Investment Trust Type 2	-	534,800	-	-	95,077	-	629,877
GEC-KIP Technology and Innovation Fund	6,412,345	(280,221)	-	-	81,472	(263,688)	5,949,908
	₩ 1,697,802,124	185,385,857	103,209,723	(64,331,245)	201,221,622	3,139,148	2,126,427,229

(*1) The equity ratio has been reduced, replacing investments in subsidiaries with investments in associates.

(*2) It was excluded from investments in associates due to disposal in this term.

(*3) It was liquidated in this term and excluded from investments in associates.

Korea Investment & Securities Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements

December 31, 2020 and 2019

(In thousands of won)

8. Investments in Associates, Continued

(c) The changes in investments in associates for the years ended December 31, 2020 and 2019 are as follows, Continued:

Company	2019						
	Beginning balance	Acquisition (Disposal)	Replace	Dividends	Profit (loss) of associates	Changes in equity of associates	Ending balance
True Friend Investment Advisory Co., Ltd.	₩ 3,086,155	-	-	-	(356,411)	62,509	2,792,253
Korea Investment Partners Venture Fund No. 11(*4)	310,432	(231,257)	-	(75,860)	(3,315)	-	-
Shanghai Fangzheng Stock Investment Partnership	43,388,782	3,106,144	-	-	7,425,862	512,769	54,433,557
KIP Promising Service Industry Venture Fund	9,232,576	-	-	-	898,142	-	10,130,718
KIM Growth Company Professional Private Investment No.1	27,851,164	(3,702,772)	-	(26,328,008)	17,962,133	-	15,782,517
KIM Growth Corporation Professional Mezzanine Private Trust 2	8,943,918	(1,091,956)	-	-	355,950	-	8,207,912
KIM Growth Company Professional Private Investment No.3	20,659,947	6,060,500	-	-	412,489	-	27,132,936
KIP Bright (Chengdu) Equity Investment Partnership	28,717,870	-	-	-	6,308,560	(523,489)	34,502,941
Korea Investment Industry 4.0 Venture Fund	14,733,185	2,975,000	-	-	3,008,198	-	20,716,383
2017 KIF-KIP Artificial Intelligence Venture Fund	5,814,641	4,000,000	-	-	594,460	-	10,409,101
EQ Partners Green Private Equity Fund	17,000,069	9,988,132	-	(701,068)	416,434	-	26,703,567
IBK KIP Growth Stepstone No.1 Private Equity Fund	4,088,589	150,000	-	-	(135,210)	-	4,103,379
Eugene Premier Professional Investment Type Private Investment Trust No.17	34,815,967	-	-	-	1,883,851	-	36,699,818
JB Japan Office Private Real Estate Fund 20 1st	19,404,977	-	-	(1,355,532)	2,067,264	-	20,116,709
KIS-Emford New Tech Investment Fund 1	2,961,918	-	-	-	(60,032)	-	2,901,886
KIP KIS Global Fund	4,430,234	900,000	-	-	852,550	-	6,182,784
KIM Corporate Loan Trust No.1(*1)	3,213,787	-	(3,214,350)	(33,344)	33,907	-	-

Korea Investment & Securities Co., Ltd. and Subsidiaries
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(In thousands of won)

8. Investments in Associates, Continued

(c) The changes in investments in associates for the years ended December 31, 2020 and 2019 are as follows, Continued:

Company	2019						Ending balance
	Beginning balance	Acquisition (Disposal)	Replace	Dividends	Profit (loss) of associates	Changes in equity of associates	
KIM Private Placement London Core Office Real Estate Investment Trust	₩ 29,985,002	1,642,788	-	(2,004,319)	1,881,990	-	31,505,461
KCLAVIS Meister Fund No.46	1,995,778	-	-	-	(20,890)	-	1,974,888
Hanhwa Europe PPP Infrastructure Private Fund Special Asset Trust 1-1(*5)	7,632,626	(7,372,988)	(125,957)	-	(133,681)	-	-
Hyundai YouFirst Private Real Estate Investment Trust No.23-1	27,577,052	(430,598)	-	(1,552,601)	1,760,286	-	27,354,139
AIP EURO GREEN PRIVATE REAL ESTATE TRUST NO.9	11,884,053	34,536,000	-	(2,865,036)	2,709,236	-	46,264,253
FG EURO GREEN Private Real Estate Fund No.3	24,633,250	-	-	(1,495,743)	1,792,130	-	24,929,637
Woori Goseong Power EBL Private Special Asset Fund	30,227,700	-	-	(986,833)	992,432	-	30,233,299
Hanwha Japan Photovoltaic Private Fund 2	22,973,927	(805,208)	-	(666,667)	1,141,843	-	22,643,895
Eugene Aviation Private Special Asset Investment Trust No. 11 (Aircraft)	4,062,707	354,698	-	(341,788)	284,256	-	4,359,873
NH-Amundi Aviation Private Fund 1	14,866,863	813,363	-	(648,886)	478,536	-	15,509,876
NH-Amundi Aviation Private Fund 2	14,516,583	749,952	-	(916,850)	749,205	-	15,098,890
HANA PRIVATE REAL ESTATE INVESTMENT TRUST NO.58	27,303,152	-	-	(1,662,356)	1,669,722	-	27,310,518
NH-Amundi US Infrastructure Investment Trust II	14,119,491	10,061,738	-	(587,984)	327,185	-	23,920,430
Anda Station Professional Investment Type Private Real Estate Fund No.1	38,496,957	-	-	(2,387,200)	1,759,850	-	37,869,607
Koramco Professional Investment No.69	30,417,300	-	-	(1,880,411)	1,884,970	-	30,421,859
WOORI ECOWASTE PRIVATE SPECIAL ASSET FUND	12,379,994	2,671,545	-	(710,001)	708,684	-	15,050,222

Korea Investment & Securities Co., Ltd. and Subsidiaries
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(In thousands of won)

8. Investments in Associates, Continued

(c) The changes in investments in associates for the years ended December 31, 2020 and 2019 are as follows, Continued:

Company	2019						Ending balance
	Beginning balance	Acquisition (Disposal)	Replace	Dividends	Profit (loss) of associates	Changes in equity of associates	
KIS-SV New Tech Investment Fund 1	₩	- 3,000,000	-	-	(50,144)	-	2,949,856
EBEST AIP Fund No.1		- 800,000	-	-	(9,779)	-	790,221
Samchully Midstream Private Placement Special Asset Fund 5-3		- 48,544,737	-	(2,669,924)	1,875,364	-	47,750,177
KTB Aircraft Professional Investment Private Investment Trust No.22-1(*2)		- (9,444,133)	30,970,000	(1,101,410)	1,286,835	-	21,711,292
JB Australia NDIS Private Fund 1		- 50,000,000	-	(675,743)	(7,572,738)	-	41,751,519
NH Amundi Overseas Senior Loan Fund 4		- 42,073,090	-	(2,092,800)	2,566,432	-	42,546,722
Tiger Alternative Investment 8		- 47,620,000	-	(2,183,682)	1,120,843	-	46,557,161
Tiger Alternative Professional Private Special Asset Investment Trust 5		- 19,600,000	-	(196,000)	(208,049)	-	19,195,951
Tiger Alternative Qualified Investment Real Estate Trust No.12(*2)		- (7,679,852)	33,279,358	-	(1,011,769)	-	24,587,737
Tiger Alternative Qualified Investment Real Estate Trust No. 6 (*2)		- (7,320,148)	31,720,642	-	(963,876)	-	23,436,618
SHBNPP Uijeongbu Light Rail Transit Professional Investment Type Private Special Asset Investment Trust(*2)		- (30,504,119)	51,208,103	(697,932)	519,849	-	20,525,901
Hanon Private Equity Fund		- (1,000,000)	7,000,000	(328,084)	578,455	-	6,250,371
KIS-BM New Tech Investment Fund 1		- 2,000,000	-	-	(16,069)	-	1,983,931
T&F 2020 Bearing Startup and Venture Private Equity Fund		- 2,410,546	-	-	(9,729)	-	2,400,817
IBKC-EQP Innovative Technology Fund		- 80,000	-	-	(80,000)	-	-
Kiwoom Infra Core Debt Investment Private Trust No.2		- 35,000,000	-	(665,338)	2,646,257	-	36,980,919

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December 31, 2020 and 2019

(In thousands of won)

8. Investments in Associates, Continued

(c) The changes in investments in associates for the years ended December 31, 2020 and 2019 are as follows, Continued:

Company	2019						Ending balance
	Beginning balance	Acquisition (Disposal)	Replace	Dividends	Profit (loss) of associates	Changes in equity of associates	
Tiger Alternative Qualified Investment Real Estate Trust No.14(*2)	₩ -	-	50,000,000	(500,000)	(1,601,415)	-	47,898,585
Multi Asset Opportunity QI Investment Fund No. 16	-	3,321,050	-	-	(12,787)	-	3,308,263
Shinhan AIM Real Estate Fund No.19	-	16,600,000	-	-	(384,160)	-	16,215,840
KIM AsiaPlus Securities Feeder Investment Trust(Bond)(*2)	-	10,000,000	10,000,000	-	17,770	-	20,017,770
INMARK France Professional Private Real Estate Investment Trust 18(*2)	-	-	78,500,000	(5,036,223)	2,554,237	-	76,018,014
Petra 7 Alpha Private Equity Fund(*2)	-	-	26,061,725	-	(664,730)	-	25,396,995
Korea Kakao Bank, Corp.	-	489,531,600	-	-	18,480,531	(2,891,640)	505,120,491
Kim EMP Global Asset Allocation Equity Balanced Fund(*3)	4,944,202	(4,944,202)	-	-	-	-	-
Korea Investment Aviation Professional Investors' Special Asset Investment Trust No.6	5,109,799	412,680	-	(675,863)	602,256	-	5,448,872
KIM Target Income Global Bond Feeder Fund	4,901,150	-	-	-	505,950	-	5,407,100
KIM Target Income Global Allocation Feeder Fund	4,778,600	-	-	-	767,650	-	5,546,250
KIM KINDEX Active Korea Treasury & Agency bonds ETF(*3)	31,673,111	(31,673,111)	-	-	-	-	-
KIM China Industry 4.0 Equity fund(*5)	2,652,393	-	(2,652,393)	-	-	-	-
KIM KOSPI Solution Fixed Income Balanced Fund(*5)	4,908,950	-	(4,908,950)	-	-	-	-
KIM 4th Industrial Revolution of Japan Fund(Equity)	2,386,680	1,500,000	-	-	570,171	-	4,456,851

Korea Investment & Securities Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements

December 31, 2020 and 2019

(In thousands of won)

8. Investments in Associates, Continued

(c) The changes in investments in associates for the years ended December 31, 2020 and 2019 are as follows, Continued:

Company	2019						Ending balance
	Beginning balance	Acquisition (Disposal)	Replace	Dividends	Profit (loss) of associates	Changes in equity of associates	
KIM Global Socially Responsible ESG Companies Fund(Equity-Fund of Funds	₩ -	1,700,000	-	-	172,247	-	1,872,247
KIP Bright (Chengdu) Investment Partnership(*3)	32,483,391	(29,947,999)	-	-	(2,432,577)	(102,815)	-
GEC-KIP Technology and Innovation Fund	-	6,863,962	-	-	(396,389)	(55,228)	6,412,345
	₩ 655,564,922	722,919,182	307,838,178	(64,023,486)	78,501,222	(2,997,894)	1,697,802,124

(*1) The equity ratio has increased, replacing investments in associates with investments in subsidiaries.

(*2) The equity ratio has been reduced, replacing investments in subsidiaries with investments in associates.

(*3) It was excluded from investments in associates due to disposal in this term.

(*4) It was liquidated in this term and excluded from investments in associates.

(*5) Since the acquisition, the equity ratio has decreased and the account has been replaced by a financial asset measured at fair value through profit or loss.

Korea Investment & Securities Co., Ltd. and Subsidiaries
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(In thousands of won)

8. Investments in Associates, Continued

(d) The financial information of associates and the carrying amount of investments in associates for the years ended December 31, 2020 and 2019 are as follows:

Company	2020					
	Net asset (A)	Ownership (%) (B)	Owned net asset (AxB)	Discontinued equity method	Others	Carrying amount
True Friend Investment Advisory Co., Ltd.	₩ 2,826,422	100.00	2,826,422	-	-	2,826,422
Global Dynasty Natural Resource Private Equity Fund	(1,840,031)	22.39	(411,947)	411,947	-	-
Shanghai Fangzheng Stock Investment Partnership	132,995,977	39.60	52,666,407	-	-	52,666,407
KIP Promising Service Industry Venture Fund	37,268,853	22.22	8,281,967	-	-	8,281,967
KIM Growth Corporation Professional Private Trust 1	47,589,472	30.00	14,276,842	-	-	14,276,842
KIM Growth Corporation Professional Mezzanine Private Trust 2	15,796,370	20.55	3,246,154	-	312,056	3,558,210
KIM Growth Company Professional Private Investment No.3	70,680,211	39.10	27,635,920	-	-	27,635,920
KIP Bright (Chengdu) Investment Partnership	58,718,977	50.00	29,359,489	-	-	29,359,489
Korea Investment Industry 4.0 Venture Fund	92,288,779	24.65	22,747,234	-	-	22,747,234
2017 KIF-KIP Artificial Intelligence Venture Fund	49,211,310	20.00	9,842,262	-	-	9,842,262
EQ Partners Green Private Equity Fund	100,061,822	26.43	26,444,910	-	-	26,444,910
IBK KIP Growth Stepstone No.1 Private Equity Fund	47,165,237	20.00	9,433,047	-	-	9,433,047
Eugene Premier Professional Investment Type Private Investment Trust No.17	79,135,050	40.51	32,060,213	-	-	32,060,213
JB Japan Office Private Real Estate Fund 20 1st	41,948,515	50.00	20,974,258	-	-	20,974,258
KIS-Emford New Tech Investment Fund 1	12,881,223	22.06	2,841,446	-	-	2,841,446

Korea Investment & Securities Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements

December 31, 2020 and 2019

(In thousands of won)

8. Investments in Associates, Continued

(d) The financial information of associates and the carrying amount of investments in associates for the years ended December 31, 2020 and 2019 are as follows, Continued:

Company	2020					Carrying amount
	Net asset (A)	Ownership (%) (B)	Owned net asset (AxB)	Discontinued equity method	Others	
KIM Private Placement London Core Office Real Estate Investment Trust	₩ 134,415,798	23.35	31,381,120	-	-	31,381,120
KCLAVIS Meister Fund No.46	2,435,983	64.52	1,571,602	-	-	1,571,602
Hyundai YouFirst Private Real Estate Investment Trust No.23-1	56,461,689	48.81	27,557,786	-	-	27,557,786
AIP Euro green private real estate trust NO.9	93,207,757	50.00	46,605,648	-	4,388	46,610,036
FG EURO GREEN Private Real Estate Fund No.3	98,900,714	25.51	25,225,049	-	-	25,225,049
Woori Goseong Power EBL Private Special Asset Fund	90,706,249	33.33	30,235,416	-	-	30,235,416
Hanwha Japan Photovoltaic Private Fund 2	65,289,571	33.33	21,763,190	-	-	21,763,190
Eugene Aviation Private Special Asset Investment Trust No. 11 (Aircraft)	8,064,742	54.48	4,393,468	-	-	4,393,468
NH-Amundi Aviation Private Fund 1	54,628,338	28.67	15,663,979	-	-	15,663,979
NH-Amundi Aviation Private Fund 2	37,990,637	40.04	15,210,363	-	-	15,210,363
HANA PRIVATE REAL ESTATE INVESTMENT TRUST NO.58	84,727,438	35.26	29,878,225	-	-	29,878,225
NH-Amundi US Infrastructure Investment Trust II	78,777,289	30.30	23,870,054	-	118	23,870,172
Anda Station Professional Investment Type Private Real Estate Fund No.1	117,363,854	31.80	37,320,305	-	-	37,320,305
Koramco Professional Investment No.69	76,054,648	40.00	30,421,859	-	-	30,421,859
WOORI ECOWASTE PRIVATE SPECIAL ASSET FUND	61,533,675	25.20	15,508,487	-	-	15,508,487
KIS-SV New Tech Investment Fund 1	8,764,983	32.97	2,889,555	-	-	2,889,555

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(In thousands of won)

8. Investments in Associates, Continued

(d) The financial information of associates and the carrying amount of investments in associates for the years ended December 31, 2020 and 2019 are as follows, Continued:

Company	2020					
	Net asset (A)	Ownership (%) (B)	Owned net asset (AxB)	Discontinued equity method	Others	Carrying amount
EBEST AIP Fund No.1 ₩	1,453,956	36.36	528,711	-	-	528,711
Samchully Midstream Private Placement Special Asset Fund 5- 3	105,064,914	44.44	46,695,517	-	-	46,695,517
KTB Aircraft Professional Investment Private Investment Trust No.22-1	82,058,458	27.03	22,177,686	-	(2,278,430)	19,899,256
JB Australia NDIS Private Fund 1	88,547,171	49.50	43,835,233	-	(2,083,714)	41,751,519
NH Amundi Overseas Senior Loan Fund 4	145,615,539	30.00	43,684,662	-	-	43,684,662
Tiger Alternative Investment 8	116,991,609	39.35	46,031,070	-	-	46,031,070
Tiger Alternative Qualified Investment Real Estate Trust No.12	72,248,489	32.59	23,545,480	-	-	23,545,480
Tiger Alternative Qualified Investment Real Estate Trust No. 6	68,775,239	32.59	22,413,562	-	-	22,413,562
Hanon Private Equity Fund	22,075,452	28.57	6,307,272	-	234,346	6,541,618
KIS-BM New Tech Investment Fund 1	6,121,883	31.75	1,943,455	-	-	1,943,455
T&F 2019 Bearing Startup and Venture Private Equity Fund	10,188,138	23.54	2,398,338	-	-	2,398,338
IBKC-EQP Innovative Technology Fund	12,197,609	40.00	4,879,044	-	-	4,879,044
Kiwoom Infra Core Debt Investment Private Trust No.2	136,095,472	27.05	36,816,073	-	321,925	37,137,998
Tiger Alternative Qualified Investment Real Estate Trust No.14	126,333,521	36.26	45,803,802	-	-	45,803,802
Multi Asset Opportunity QI Investment Fund No. 16	53,295,705	56.90	30,325,350	-	(4,775)	30,320,575
KIM AsiaPlus Securities Feeder Investment Trust (Bond)	46,335,916	44.91	20,820,716	-	275,496	21,096,212

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8. Investments in Associates, Continued

(d) The financial information of associates and the carrying amount of investments in associates for the years ended December 31, 2020 and 2019 are as follows, Continued:

Company	2020					
	Net asset (A)	Ownership (%) (B)	Owned net asset (AxB)	Discontinued equity method	Others	Carrying amount
INMARK France Professional Private Real Estate Investment Trust 18	₩ 151,313,185	35.83	54,216,451	-	(675,581)	53,540,870
Petra 7 Alpha Private Equity Fund	48,432,800	51.92	25,144,270	-	-	25,144,270
KIS-BM New Tech Investment Fund 2	3,079,298	31.95	983,801	-	-	983,801
Kiwoom Hero Private Equity Fund 3	6,362,508	30.77	1,957,695	-	-	1,957,695
Koreainvestment- Brickinvestment 1 New Technology Business Investment Fund	14,210,983	20.62	2,930,099	-	-	2,930,099
Tiger Alternative Qualified Investment Real Estate Trust No.18-2	112,562,744	23.51	26,468,082	-	(450,000)	26,018,082
KIM Global Flex Bond Securities Trust	58,166,463	36.40	21,171,555	-	138,464	21,310,019
KIM Private Placement Smart Real Asset Investment Trust 1	35,708,617	20.00	7,141,723	-	136,765	7,278,488
Alpha US Notus Special Asset Private Investment Trust	147,744,600	39.96	59,045,032	-	-	59,045,032
PineStreet Global Corporate Finance Fund V-1	54,571,251	30.30	16,536,743	-	-	16,536,743
A ONE GALAXY KOSDAQ VENTURE PROFESSIONAL INVESTOR PRIVATE INVESTMENT FUNDS	10,099,031	49.50	4,999,520	-	-	4,999,520
KODEX Banks	217,084,429	38.55	83,687,620	-	-	83,687,620
Kakao Bank, Corp.	2,796,962,518	27.10	757,976,842	-	20,324,344	778,301,186
Korea Investment Aviation Professional Investors' Special Asset Investment Trust No.6	57,608,518	4.83	2,779,825	-	-	2,779,825
KIM Target Income Global Bond Feeder Fund2	12,057,756	28.78	3,726,426	-	-	3,726,426
KIM Target Income Global Allocation Feeder Fund2	8,955,141	64.52	5,820,192	-	-	5,820,192

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8. Investments in Associates, Continued

(d) The financial information of associates and the carrying amount of investments in associates for the years ended December 31, 2020 and 2019 are as follows, Continued:

Company	2020					
	Net asset (A)	Ownership (%) (B)	Owned net asset (AxB)	Discontinued equity method	Others	Carrying amount
KIM Global Socially Responsible ESG Companies Fund(Equity-Fund of Funds)	₩ 10,204,305	22.51	2,287,668	-	-	2,287,668
GEC-KIP Technology and Innovation Fund	13,095,854	47.04	5,949,908	-	-	5,949,908
KIM US Dividend Aristocrats Fund (Equity)	149,290,937	4.19	6,379,850	-	-	6,379,850
Korea Value Platinum Equity Qualified Investor Private Investment Trust Type 2	9,543,726	6.60	629,877	-	-	629,877
	₩ <u>6,866,505,287</u>		<u>2,109,759,880</u>	<u>411,947</u>	<u>16,255,402</u>	<u>2,126,427,229</u>

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(In thousands of won)

8. Investments in Associates, Continued

(d) The financial information of associates and the carrying amount of investments in associates for the years ended December 31, 2020 and 2019 are as follows, Continued:

Company	2019					
	Net asset (A)	Ownership (%) (B)	Owned net asset (AxB)	Discontinued equity method	Others	Carrying amount
True Friend Investment Advisory Co., Ltd.	₩ 2,792,253	100.00	2,792,253	-	-	2,792,253
Global Dynasty Natural Resource Private Equity Fund	(1,807,892)	22.39	(404,752)	404,752	-	-
Shanghai Fangzheng Stock Investment Partnership	137,458,478	39.60	54,433,557	-	-	54,433,557
KIP Promising Service Industry Venture Fund	45,588,232	22.22	10,130,718	-	-	10,130,718
KIM Growth Company Professional Private Investment No.1	52,608,388	30.00	15,782,517	-	-	15,782,517
KIM Growth Corporation Professional Mezzanine Private Trust 2	38,410,295	21.37	8,208,280	-	(368)	8,207,912
KIM Growth Company Professional Private Investment No.3	69,393,805	39.10	27,132,936	-	-	27,132,936
KIP Bright (Chengdu) Investment Partnership	69,005,882	50.00	34,502,941	-	-	34,502,941
Korea Investment Industry 4.0 Venture Fund	84,049,325	24.65	20,716,383	-	-	20,716,383
2017 KIF-KIP Artificial Intelligence Venture Fund	52,045,505	20.00	10,409,101	-	-	10,409,101
EQ Partners Green Private Equity Fund	101,040,523	26.43	26,703,567	-	-	26,703,567
IBK KIP Growth Stepstone No.1 Private Equity Fund	20,516,896	20.00	4,103,379	-	-	4,103,379
Eugene Premier Professional Investment Type Private Investment Trust No.17	90,587,108	40.51	36,699,818	-	-	36,699,818
JB Japan Office Private Real Estate Fund 20 1st	40,233,417	50.00	20,116,709	-	-	20,116,709
KIS-Emford New Tech Investment Fund 1	13,155,217	22.06	2,901,886	-	-	2,901,886
KIP KIS Global Fund	20,609,279	30.00	6,182,784	-	-	6,182,784

Korea Investment & Securities Co., Ltd. and Subsidiaries
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(In thousands of won)

8. Investments in Associates, Continued

(d) The financial information of associates and the carrying amount of investments in associates for the years ended December 31, 2020 and 2019 are as follows, Continued:

Company	2019					
	Net asset (A)	Ownership (%) (B)	Owned net asset (AxB)	Discontinued equity method	Others	Carrying amount
KIM Private Placement London Core Office Real Estate Investment Trust	₩ 134,948,393	23.35	31,505,461	-	-	31,505,461
KCLAVIS Meister Fund No.46	3,061,076	64.52	1,974,888	-	-	1,974,888
Hyundai YouFirst Private Real Estate Investment Trust No.23-1	56,044,447	48.81	27,354,139	-	-	27,354,139
AIP EURO GREEN PRIVATE REAL ESTATE TRUST NO.9	92,516,217	50.00	46,259,865	-	4,388	46,264,253
FG EURO GREEN Private Real Estate Fund No.3	97,742,482	25.51	24,929,637	-	-	24,929,637
Woori Goseong Power EBL Private Special Asset Fund	90,699,897	33.33	30,233,299	-	-	30,233,299
Hanwha Japan Photovoltaic Private Fund 2	67,931,683	33.33	22,643,895	-	-	22,643,895
Eugene Aviation Private Special Asset Investment Trust No. 11 (Aircraft)	8,003,070	54.48	4,359,873	-	-	4,359,873
NH-Amundi Aviation Private Fund 1	54,090,902	28.67	15,509,876	-	-	15,509,876
NH-Amundi Aviation Private Fund 2	37,712,212	40.04	15,098,890	-	-	15,098,890
HANA PRIVATE REAL ESTATE INVESTMENT TRUST NO.58	77,446,041	35.26	27,310,518	-	-	27,310,518
NH-Amundi US Infrastructure Investment Trust II	78,943,151	30.30	23,920,311	-	119	23,920,430
Anda Station Professional Investment Type Private Real Estate Fund No.1	119,091,285	31.80	37,869,607	-	-	37,869,607
Koramco Professional Investment No.69	76,054,648	40.00	30,421,859	-	-	30,421,859
WOORI ECOWASTE PRIVATE SPECIAL ASSET FUND	59,715,397	25.20	15,050,222	-	-	15,050,222
KIS-SV New Tech Investment Fund 1	8,947,898	32.97	2,949,856	-	-	2,949,856

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8. Investments in Associates, Continued

(d) The financial information of associates and the carrying amount of investments in associates for the years ended December 31, 2020 and 2019 are as follows, Continued:

Company	2019					
	Net asset (A)	Ownership (%) (B)	Owned net asset (AxB)	Discontinued equity method	Others	Carrying amount
EBEST AIP Fund No.1 Samchully Midstream Private Placement Special Asset Fund 5-3	₩ 2,173,107	36.36	790,221	-	-	790,221
KTB Aircraft Professional Investment Private Investment Trust No.22-1	107,437,899	44.44	47,750,177	-	-	47,750,177
JB Australia NDIS Private Fund 1	81,803,946	27.03	22,108,899	-	(397,607)	21,711,292
NH Amundi Overseas Senior Loan Fund 4	84,338,068	49.50	41,751,519	-	-	41,751,519
Tiger Alternative Investment 8	141,822,405	30.00	42,546,722	-	-	42,546,722
Tiger Alternative Professional Private Special Asset Investment Trust 5	118,328,711	39.35	46,557,161	-	-	46,557,161
Tiger Alternative Qualified Investment Real Estate Trust No.12	40,367,225	47.55	19,195,951	-	-	19,195,951
Tiger Alternative Qualified Investment Real Estate Trust No. 6	75,446,619	32.59	24,587,737	-	-	24,587,737
SHBNPP Uijeongbu Light Rail Transit Professional Investment Type Private Special Asset Investment Trust	71,914,451	32.59	23,436,618	-	-	23,436,618
Hanon Private Equity Fund	100,716,734	20.46	20,604,594	-	(78,693)	20,525,901
KIS-BM New Tech Investment Fund 1	21,056,087	28.57	6,016,025	-	234,346	6,250,371
T&F 2020 Bearing Startup and Venture Private Equity Fund	6,249,383	31.75	1,983,931	-	-	1,983,931
IBKC-EQP Innovative Technology Fund	10,198,670	23.54	2,400,817	-	-	2,400,817
Kiwoom Infra Core Debt Investment Private Trust No.2	(54,667)	40.00	(21,866)	21,866	-	-
Tiger Alternative Qualified Investment Real Estate Trust No.14	135,514,810	27.05	36,658,994	-	321,925	36,980,919
	132,111,237	36.26	47,898,585	-	-	47,898,585

Korea Investment & Securities Co., Ltd. and Subsidiaries
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(In thousands of won)

8. Investments in Associates, Continued

(d) The financial information of associates and the carrying amount of investments in associates for the years ended December 31, 2020 and 2019 are as follows, Continued:

Company	2019					
	Net asset (A)	Ownership (%) (B)	Owned net asset (AxB)	Discontinued equity method	Others	Carrying amount
Multi Asset Opportunity QI Investment Fund No. 16	₩ 5,822,544	56.82	3,308,263	-	-	3,308,263
Shinhan AIM Real Estate Fund No.19	30,282,343	53.55	16,215,840	-	-	16,215,840
KIM AsiaPlus Securities Feeder Investment Trust(Bond)	70,219,991	28.51	20,017,770	-	-	20,017,770
INMARK France Professional Private Real Estate Investment Trust 18	150,426,077	51.14	76,927,994	-	(909,980)	76,018,014
Petra 7 Alpha Private Equity Fund	48,919,598	51.92	25,396,995	-	-	25,396,995
Korea Kakao Bank, Corp.	1,678,720,823	29.00	486,829,039	-	18,291,452	505,120,491
Korea Investment Aviation Professional Investors' Special Asset Investment Trust No.6	112,920,970	4.83	5,448,872	-	-	5,448,872
KIM Target Income Global Bond Feeder Fund	5,974,332	90.51	5,407,100	-	-	5,407,100
KIM Target Income Global Allocation Feeder Fund2	5,882,571	94.28	5,546,250	-	-	5,546,250
KIM 4th Industrial Revolution of Japan Fund(Equity)	5,098,066	87.42	4,456,851	-	-	4,456,851
KIM Global Socially Responsible ESG Companies Fund(Equity-Fund of Funds	2,058,953	90.93	1,872,247	-	-	1,872,247
GEC-KIP Technology and Innovation Fund	13,633,092	47.04	6,412,345	-	-	6,412,345
	₩ 5,158,019,555		1,679,909,924	426,618	17,465,582	1,697,802,124

Korea Investment & Securities Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements

December 31, 2020 and 2019

(In thousands of won)

8. Investments in Associates, Continued

(e) Accumulated unrecognized changes in equity due to discontinued use of equity method for the years ended December 31, 2020 and 2019 are as follows:

	2020	
	Unrecognized loss	Unrecognized accumulated losses
Global Dynasty Natural Resource Private Equity Fund	₩ (7,195)	(411,947)
	2019	
	Unrecognized loss	Unrecognized accumulated losses
Global Dynasty Natural Resource Private Equity Fund	₩ (193,390)	(404,752)
IBKC-EQP Innovative Technology Fund	(21,866)	(21,866)

Korea Investment & Securities Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements

December 31, 2020 and 2019

(In thousands of won and in thousands of CNY)

8. Investments in Associates, Continued

(f) The amounts of investment commitment for investments in associates as of December 31, 2020 and 2019 are as follows:

	Currency	Amount of Investment commitment	December 31, 2020		December 31, 2019	
			Actual Investment	Residual Commitment	Actual Investment	Residual Commitment
Global Dynasty Natural Resource Private Equity Fund	KRW	₩ 30,000,000	6,733,180	23,266,820	6,733,180	23,266,820
KIP Promising Service Industry Venture Fund	KRW	10,000,000	10,000,000	-	10,000,000	-
KIM Growth Corporation Professional Private Trust 1	KRW	30,000,000	28,686,000	1,314,000	28,686,000	1,314,000
KIM Growth Corporation Professional Mezzanine Private Trust 2	KRW	10,000,000	9,416,091	583,909	9,081,800	918,200
Korea Investment Industry 4.0 Venture Fund	KRW	17,500,000	17,500,000	-	14,000,000	3,500,000
2017 KIF-KIP Artificial Intelligence Venture Fund	KRW	10,000,000	10,000,000	-	6,000,000	4,000,000
KIM Growth Company Professional Private Investment No.3	KRW	43,000,000	40,309,300	2,690,700	27,198,700	15,801,300
EQ Partners Green Private Equity Fund	KRW	37,000,000	36,535,541	464,459	36,535,541	464,459
IBK KIP Growth Stepstone No.1 Private Equity Fund	KRW	20,000,000	10,296,000	9,704,000	4,576,000	15,424,000
KIP KIS Global Fund	KRW	15,000,000	-	-	6,150,000	8,850,000
EBEST AIP Fund No.1	KRW	800,000	800,000	-	800,000	-
Hanon Private Equity Fund	KRW	7,000,000	7,000,000	-	7,000,000	-
IBKC-EQP Innovative Technology Fund	KRW	20,000,000	5,383,038	14,616,962	80,000	19,920,000
KCLAVIS Meister Fund No.46	KRW	2,000,000	2,000,000	-	2,000,000	-
T&F 2019 Bearing Startup and Venture Private Equity Fund	KRW	2,500,000	2,500,000	-	2,500,000	-
PETRA 7-Alpha Private Equity Fund	KRW	26,061,725	26,061,725	-	26,061,725	-
Kis-Emford New Tech Investment Fund 1	KRW	3,000,000	3,000,000	-	3,000,000	-
Kis-Sq New Tech Investment Fund 1	KRW	3,000,000	3,000,000	-	3,000,000	-
KIS-BM New Tech Investment Fund 1	KRW	2,000,000	2,000,000	-	2,000,000	-
KIS-BM New Tech Investment Fund 2	KRW	1,000,000	1,000,000	-	-	-
Koreainvestment-Brickinvestment 1 New Technology Business Investment Fund	KRW	3,000,000	3,000,000	-	-	-

Korea Investment & Securities Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements

December 31, 2020 and 2019

(In thousands of won and in thousands of CNY)

8. Investments in Associates, Continued

(f) The amounts of investment commitment for investments in associates as of December 31, 2020 and 2019 are as follows, Continued:

	Currency	Amount of Investment commitment	December 31, 2020		December 31, 2019	
			Actual Investment	Residual Commitment	Actual Investment	Residual Commitment
Kiwoom Hero Private Equity Fund 3	KRW	₩ 2,000,000	2,000,000	-	-	-
	KRW	₩ 294,861,725	227,220,875	52,640,850	195,402,946	93,458,779
Shanghai Fangzheng Stock Investment Partnership	CNY	¥ 244,664	240,550	4,114	250,985	23,977
KIP Bright (Chengdu) Investment Partnership (LP)	CNY	180,000	180,000	-	180,000	-
	CNY	¥ 424,664	420,550	4,114	430,985	23,977

Korea Investment & Securities Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements

December 31, 2020 and 2019

(In thousands of won)

9. Financial assets measured at amortized cost

(a) Details of financial assets measured at amortized cost as of December 31, 2020 and 2019 are as follows:

	December 31, 2020	December 31, 2019
Loans and receivables at amortized cost	₩ 6,571,903,361	5,670,332,586
Debt securities at amortized cost	146,288,550	226,148,702
	<u>₩ 6,718,191,911</u>	<u>5,896,481,288</u>

(b) Details of loans and receivables at amortized cost as of December 31, 2020 and 2019 are as follows:

	December 31, 2020		
	Receivables	Loss allowance	Book value
Call loan	₩ 4,312,500	-	4,312,500
Broker's loans(*1)	3,250,780,112	(6,577,278)	3,244,202,834
Loans receivable	2,554,505,863	(23,576,406)	2,530,929,457
Loans to employees(*2)	974,309	-	974,309
Advances for customers(*3)	10,677,192	(10,677,192)	-
Privately placed bonds	803,511,448	(12,027,187)	791,484,261
Others	11,585,117	(11,585,117)	-
	<u>₩ 6,636,346,541</u>	<u>(64,443,180)</u>	<u>6,571,903,361</u>

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

(*2) The loan consists of the amount of the loan related to the housing loan, the mortgage loan, etc.

(*3) Advances for customers shall consist of the advance payments on acceptances and guarantees of bonds, advances payments on loss compensations and advance payments on acceptances and guarantees. Advance payments on acceptances and guarantees of bonds is calculated as the advance payment occurred on acceptances and guarantees of bonds if a large amount of accident compensation occurs due to the insolvency of the issuing company. Advances payments on loss compensations is an indemnity receivables that the company paid in advance in the event that a customer loses money due to embezzlement and arbitrarily selling of executives and employees.

Korea Investment & Securities Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements

December 31, 2020 and 2019

(In thousands of won)

9. Financial assets measured at amortized cost, Continued

(b) Details of loans and receivables at amortized cost as of December 31, 2020 and 2019 are as follows,
Continued:

	December 31, 2019		
	Receivables	Loss allowance	Book value
Call loan	₩ 4,242,401	-	4,242,401
Broker's loans(*1)	2,818,553,198	(7,598,453)	2,810,954,745
Loans receivable	2,357,503,129	(16,794,623)	2,340,708,506
Loans to employees(*2)	1,154,946	-	1,154,946
Advances for customers(*3)	8,002,519	(8,002,519)	-
Privately placed bonds	513,766,683	(529,695)	513,236,988
Others	11,620,117	(11,585,117)	35,000
	₩ 5,714,842,993	(44,510,407)	5,670,332,586

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

(*2) The loan consists of the amount of the loan related to the housing loan, the mortgage loan, etc.

(*3) Advances for customers shall consist of the advance payments on acceptances and guarantees of bonds, advances payments on loss compensations and advance payments on acceptances and guarantees. Advance payments on acceptances and guarantees of bonds is calculated as the advance payment occurred on acceptances and guarantees of bonds if a large amount of accident compensation occurs due to the insolvency of the issuing company. Advances payments on loss compensations is an indemnity receivables that the company paid in advance in the event that a customer loses money due to embezzlement and arbitrarily selling of executives and employees.

Korea Investment & Securities Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements

December 31, 2020 and 2019

(In thousands of won)

9. Financial assets measured at amortized cost, Continued

(c) Changes in allowance for credit losses of loans and receivables at amortized cost for the years ended December 31, 2020 and 2019 are as follows:

	2020			
	12-months	Lifetime ECL		Total
	ECL	Not impaired	Impaired	
Beginning balance	₩ 14,464,317	-	30,046,090	44,510,407
Replacement				
To 12-month ECL	-	-	-	-
To Lifetime ECL	-	-	-	-
To credit impaired financial asset	(556,650)	-	556,650	-
Provision (reversal)	17,960,836	-	5,703,649	23,664,485
Others(*)	(2,636,391)	-	(1,095,321)	(3,731,712)
Ending Balance	₩ 29,232,112	-	35,211,068	64,443,180

(*) Others are effect of exchange rate changes.

	2019			
	12-months	Lifetime ECL		Total
	ECL	Not impaired	Impaired	
Beginning balance	₩ 9,130,560	35,170	29,639,305	38,805,035
Replacement				
To 12-month ECL	-	-	-	-
To Lifetime ECL	-	-	-	-
To credit impaired financial asset	(44,325)	-	44,325	-
Provision (reversal)	5,377,487	(35,170)	3,598,784	8,941,101
Write-Off	-	-	(2,605,926)	(2,605,926)
Others(*)	595	-	(630,398)	(629,803)
Ending Balance	₩ 14,464,317	-	30,046,090	44,510,407

(*) Others are effect of exchange rate changes.

Korea Investment & Securities Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements

December 31, 2020 and 2019

(In thousands of won)

9. Financial assets measured at amortized cost, Continued

(d) Changes in carrying amount of loans and receivables at amortized cost for the years ended December 31, 2020 and 2019 are as follows:

		2020			Total
		12-months ECL	Lifetime ECL		
			Not impaired	Impaired	
Beginning balance	₩	5,684,032,247	-	30,810,746	5,714,842,993
Replacement					
To 12-month ECL		-	-	-	-
To Lifetime ECL		-	-	-	-
To credit impaired financial asset		(43,000,000)	-	43,000,000	-
Execution and repayment		920,211,302	-	2,387,566	922,598,868
Others(*)		-	-	(1,095,320)	(1,095,320)
Ending Balance	₩	<u>6,561,243,549</u>	<u>-</u>	<u>75,102,992</u>	<u>6,636,346,541</u>

(*) Others are amortization using effective interest method of private bond's discounted present value and effect of exchange rate changes.

		2019			Total
		12-months ECL	Lifetime ECL		
			Not impaired	Impaired	
Beginning balance	₩	4,716,365,105	1,450,000	30,936,206	4,748,751,311
Replacement					
To 12-month ECL		-	-	-	-
To Lifetime ECL		-	-	-	-
To credit impaired financial asset		(2,500,000)	-	2,500,000	-
Execution and repayment		970,156,450	(1,450,000)	610,863	969,317,313
Write-Off		-	-	(2,605,925)	(2,605,925)
Others(*)		10,692	-	(630,398)	(619,706)
Ending Balance	₩	<u>5,684,032,247</u>	<u>-</u>	<u>30,810,746</u>	<u>5,714,842,993</u>

(*) Others are amortization using effective interest method of private bond's discounted present value and effect of exchange rate changes.

(e) There is no gain or loss incurred from disposal of the loans and receivables at amortized cost for the years ended December 31, 2020 and 2019.

Korea Investment & Securities Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements

December 31, 2020 and 2019

(In thousands of won)

9. Financial assets measured at amortized cost, Continued

(f) Details of debt securities at amortized cost as of December 31, 2020 and 2019 are as follows:

		December 31, 2020			
		Face value	Amortized cost	Loss allowance	Book value
Government and Public bonds	₩	20,000,000	19,568,298	(600)	19,567,698
Corporate bonds		127,000,000	127,000,000	(279,148)	126,720,852
	₩	<u>147,000,000</u>	<u>146,568,298</u>	<u>(279,748)</u>	<u>146,288,550</u>
		December 31, 2019			
		Face value	Amortized cost	Loss allowance	Book value
Government and Public bonds	₩	20,000,000	19,381,913	(600)	19,381,313
Corporate bonds		207,000,000	207,000,000	(232,611)	206,767,389
	₩	<u>227,000,000</u>	<u>226,381,913</u>	<u>(233,211)</u>	<u>226,148,702</u>

Korea Investment & Securities Co., Ltd. and Subsidiaries
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December 31, 2020 and 2019

(In thousands of won)

9. Financial assets measured at amortized cost, Continued

(g) Change in loss allowance of debt securities at amortized cost for the years ended December 31, 2020 and 2019 are as follows:

	2020			
	12-months ECL	Lifetime ECL		Total
		Not impaired	Impaired	
Beginning balance	₩ 233,211	-	-	233,211
Replacement				
To 12-month ECL	-	-	-	-
To Lifetime ECL	-	-	-	-
To credit impaired financial asset	-	-	-	-
Provision (reversal)	46,537	-	-	46,537
Ending balance	₩ 279,748	-	-	279,748
	2019			
	12-months ECL	Lifetime ECL		Total
		Not impaired	Impaired	
Beginning balance	₩ 229,740	-	-	229,740
Replacement				
To 12-month ECL	-	-	-	-
To Lifetime ECL	-	-	-	-
To credit impaired financial asset	-	-	-	-
Provision (reversal)	3,471	-	-	3,471
Ending balance	₩ 233,211	-	-	233,211

Korea Investment & Securities Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements

December 31, 2020 and 2019

(In thousands of won)

9. Financial assets measured at amortized cost, Continued

(h) Change in carrying amount of loss allowance of debt securities at amortized cost for the years ended December 31, 2020 and 2019 are as follows:

	2020			
	12-months ECL	Lifetime ECL		Total
		Not impaired	Impaired	
Beginning balance	₩ 226,381,913	-	-	226,381,913
Replacement				
To 12-month ECL	-	-	-	-
To Lifetime ECL	-	-	-	-
To credit impaired financial asset	-	-	-	-
Acquisition	-	-	-	-
Disposal	(80,000,000)	-	-	(80,000,000)
Others(*)	186,385	-	-	186,385
Ending balance	₩ 146,568,298	-	-	146,568,298

(*) Others : Due to effective interest amortization etc.

	2019			
	12-months ECL	Lifetime ECL		Total
		Not impaired	Impaired	
Beginning balance	₩ 188,605,167	-	-	188,605,167
Replacement				
To 12-month ECL	-	-	-	-
To Lifetime ECL	-	-	-	-
To credit impaired financial asset	-	-	-	-
Acquisition	37,600,000	-	-	37,600,000
Disposal	-	-	-	-
Others(*)	176,746	-	-	176,746
Ending balance	₩ 226,381,913	-	-	226,381,913

(*) Others : Due to effective interest amortization etc.

(i) There is no gain or loss incurred from disposal of the debt securities at amortized cost for the years ended December 31, 2020 and 2019.

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Notes to the Consolidated Financial Statements

December 31, 2020 and 2019

(In thousands of won)

10. Property and Equipment

(a) The details of property and equipment as of December 31, 2020 and 2019 are as follows:

		December 31, 2020		
		Acquisition cost	Accumulated depreciation	Carrying amount
Land	₩	187,676,845	-	187,676,845
Buildings		128,152,743	(66,052,251)	62,100,492
Vehicles		614,210	(252,253)	361,957
Furniture and equipment		117,838,114	(83,850,506)	33,987,608
Others		71,950,429	(55,463,844)	16,486,585
Right-of-use assets		99,020,773	(33,331,140)	65,689,633
	₩	<u>605,253,114</u>	<u>(238,949,994)</u>	<u>366,303,120</u>
		December 31, 2019		
		Acquisition cost	Accumulated depreciation	Carrying amount
Land	₩	187,677,081	-	187,677,081
Buildings		127,808,076	(62,698,148)	65,109,928
Vehicles		612,599	(286,936)	325,663
Furniture and equipment		109,361,500	(76,319,319)	33,042,181
Others		68,130,284	(53,433,492)	14,696,792
Right-of-use assets		77,817,861	(15,593,965)	62,223,896
	₩	<u>571,407,401</u>	<u>(208,331,860)</u>	<u>363,075,541</u>

Korea Investment & Securities Co., Ltd. and Subsidiaries
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10. Property and Equipment, Continued

(b) Changes in property and equipment for the years ended December 31, 2020 and 2019 are as follows:

		2020					Ending balance
		Beginning balance	Acquisition	Disposal	Depreciation	Others(*)	
Land	₩	187,677,081	-	-	-	(236)	187,676,845
Buildings		65,109,928	760,967	-	(3,331,050)	(439,353)	62,100,492
Vehicles		325,663	260,478	(102,576)	(158,902)	37,294	361,957
Furniture and equipment		33,042,181	11,400,340	(56,389)	(10,394,553)	(3,971)	33,987,608
Others		14,696,792	9,223,722	(164,048)	(6,458,425)	(811,456)	16,486,585
Right-of-use assets		62,223,896	37,559,379	(6,091,298)	(27,138,051)	(864,293)	65,689,633
	₩	<u>363,075,541</u>	<u>59,204,886</u>	<u>(6,414,311)</u>	<u>(47,480,981)</u>	<u>(2,082,015)</u>	<u>366,303,120</u>

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

		2019					Ending balance	
		Beginning balance	Impact upon change in accounting standards	Acquisition	Disposal	Depreciation		Others(*)
Land	₩	187,677,081	-	-	-	-	-	187,677,081
Buildings		65,802,877	-	2,577,888	-	(3,279,210)	8,373	65,109,928
Vehicles		271,810	-	238,322	(93,435)	(175,870)	84,836	325,663
Furniture and equipment		16,354,029	-	24,448,463	(2,008)	(7,855,519)	97,216	33,042,181
Others		15,962,017	(897,482)	5,906,786	(3,340)	(6,428,891)	157,702	14,696,792
Right-of-use assets		-	37,167,195	61,336,126	(5,957,225)	(30,322,200)	-	62,223,896
	₩	<u>286,067,814</u>	<u>36,269,713</u>	<u>94,507,585</u>	<u>(6,056,008)</u>	<u>(48,061,690)</u>	<u>348,127</u>	<u>363,075,541</u>

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

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10. Property and Equipment, Continued

(c) The details of insurance policies as of December 31, 2020 and 2019 are as follows:

	Insured amount		Insured property	Insurance company
	December 31, 2020	December 31, 2019		
Package insurance	₩ 177,062,609	181,127,820		
Gas accident compensation insurance	80 million per person 300 million per accident		Buildings and others	
Elevator accident indemnity insurance	80 million per person 10 million per accident			Meritz Fire and Marine Insurance Co, Ltd.
Insurance for electronic instrument	26,761,305	12,360,043	Electronic equipment	LOTTE INSURANCE CO., LTD.
Financial transaction compensation insurance	500,000	500,000	Financial transaction	
Personal information insurance	1,000,000	1,000,000	Customer information	
Burglary insurance	5,550,000	5,780,000	Cash and securities	DB Insurance Co, Ltd.

Also, the Group has insurance coverage for automobile liability insurance policies for vehicles and package insurance policies.

11. Intangible Assets

(a) The details of intangible assets as of December 31, 2020 and 2019 are as follows:

	December 31, 2020			
	Acquisition cost	Accumulated amortization	Accumulated impairment loss	Carrying amount
Goodwill	₩ 233,046,004	-	-	233,046,004
Development costs	56,162,333	(34,206,908)	-	21,955,425
Software	3,376,896	(1,307,557)	-	2,069,339
Memberships	25,581,614	-	(5,583,231)	19,998,383
Others	21,064,816	(1,530)	-	21,063,286
	₩ 339,231,663	(35,515,995)	(5,583,231)	298,132,437

	December 31, 2019			
	Acquisition cost	Accumulated amortization	Accumulated impairment loss	Carrying amount
Goodwill	₩ 231,702,926	-	-	231,702,926
Development costs	47,610,238	(28,418,912)	-	19,191,326
Software	2,850,109	(1,115,714)	-	1,734,395
Memberships	25,821,887	-	(6,307,912)	19,513,975
Others	21,098,621	(1,439)	-	21,097,182
	₩ 329,083,781	(29,536,065)	(6,307,912)	293,239,804

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11. Intangible Assets, Continued

(b) Changes in intangible assets for the years ended December 31, 2020 and 2019 are as follows:

	2020						Ending balance
	Beginning balance	Acquisition	Disposal	Amortization	Reversal of Impairment loss	Others(*)	
Goodwill	₩231,702,926	1,738,484	-	-	-	(395,406)	233,046,004
Development costs	19,191,326	8,455,967	-	(6,466,100)	-	774,232	21,955,425
Software	1,734,395	869,081	-	(247,042)	-	(287,095)	2,069,339
Memberships	19,513,975	2,347,657	(2,047,782)	-	207,833	(23,300)	19,998,383
Others	21,097,182	32,063	(14,638)	(51,133)	-	(188)	21,063,286
	₩293,239,804	13,443,252	(2,062,420)	(6,764,275)	207,833	68,243	298,132,437

(*) Others represent fluctuations in exchange rate differences caused by overseas subsidiaries.

	2019						Ending balance
	Beginning balance	Acquisition	Disposal	Amortization	Others(*)		
Goodwill	₩ 231,329,356	-	-	-	373,570		231,702,926
Development costs	19,942,019	5,602,422	-	(6,231,479)	(121,636)		19,191,326
Software	1,585,012	621,346	(24,840)	(209,298)	(237,825)		1,734,395
Memberships	21,308,875	70,765	(1,865,000)	-	(665)		19,513,975
Others	21,159,863	9,207	(14,638)	(56,940)	(310)		21,097,182
	₩ 295,325,125	6,303,740	(1,904,478)	(6,497,717)	13,134		293,239,804

(*) Others represent fluctuations in exchange rate differences caused by overseas subsidiaries.

(c) Goodwill is allocated to each cash generating unit as of December 31, 2020 and 2019 are as follows:

	December 31, 2020	December 31, 2019
Korea Investment Management Co., Ltd.	₩ 214,578,306	214,578,306
Korea Investment Value Asset Management Co., Ltd.	11,011,366	11,011,366
KIS Vietnam Securities Corporation	2,126,888	2,257,843
PT Korea Investment & Sekuritas Indonesia	3,590,960	3,855,411
KIM Vietnam Fund Management	1,738,484	-
	₩ 233,046,004	231,702,926

Korea Investment & Securities Co., Ltd. and Subsidiaries
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11. Intangible Assets, Continued

(d) The Group performed an impairment assessment of Korea Investment Management Co., Ltd. goodwill acquired through a business combination.

(i) Specific evaluation method

The recoverable amount used in the impairment assessment was assessed based on the value in use, and the value in use was taken into account of the characteristics of the financial institution and applied the traditional approach (DCF method).

(ii) Measurement date and projection period

Measurement date for the calculation of recoverable amount is December 31, 2020 and its projection period for cash flow estimates is adjusted to 5 years. Value after the projection period was calculated by using terminal value.

(iii) Discount rate and terminal growth rate

The required rates 9.50% of return expected by shareholders were applied to the discount rates. Expected terminal growth rate after the projection period is decided to apply to 1%.

(iv) Applications index

The key indicators applied to calculate total recoverable amount of cash generating unit are as follows:

	2021	2022	2023	2024	2025
The rate of GDP growth	2.80%	2.60%	2.40%	2.50%	2.60%
The rate of CPI growth	1.30%	1.90%	1.70%	1.80%	1.70%
Nominal wage increase rate	3.40%	4.10%	4.00%	4.10%	4.10%

(v) Total recoverable amount and total book value of Korea Investment Management Co., Ltd. are as follows:

	Amount
Total recoverable amount	₩ 801,188,000
Total book value	308,259,600
Total surplus amount	₩ 492,928,400

(e) Intangible assets with indefinite useful lives as of December 31, 2020 and 2019 are as follows:

	December 31, 2020	December 31, 2019
Registration fee to Korea Financial Telecommunications & Clearings Institute	₩ 20,996,997	20,996,997
Golf memberships	16,454,762	15,958,489
Sports memberships	187,844	187,844
Other memberships	3,355,777	3,367,642
	₩ 40,995,380	40,510,972

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(In thousands of won)

12. Investment Property

(a) The details of investment property as of December 31, 2020 and 2019 are as follows:

	December 31, 2020		
	Acquisition cost	Accumulated depreciation	Carrying amount
Land	₩ 97,262,782	-	97,262,782
Buildings	72,255,883	(7,978,271)	64,277,612
	₩ 169,518,665	(7,978,271)	161,540,394

	December 31, 2019		
	Acquisition cost	Accumulated depreciation	Carrying amount
Land	₩ 97,262,545	-	97,262,545
Buildings	72,215,794	(6,261,221)	65,954,573
	₩ 169,478,339	(6,261,221)	163,217,118

(b) Changes in investment property for the years ended December 31, 2020 and 2019 are as follows:

	2020				
	Beginning Balance	Acquisition	Depreciation	Reclassification(*)	Ending balance
Land	₩ 97,262,545	-	-	237	97,262,782
Buildings	65,954,573	-	(1,805,471)	128,510	64,277,612
	₩ 163,217,118	-	(1,805,471)	128,747	161,540,394

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

	2019				
	Beginning Balance	Disposal	Depreciation	Reclassification(*)	Ending balance
Land	₩ 97,262,545	-	-	-	97,262,545
Buildings	68,344,653	-	(2,607,291)	217,211	65,954,573
	₩ 165,607,198	-	(2,607,291)	217,211	163,217,118

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

(c) The fair values of the investment property recognized at cost as of December 31, 2020 and 2019 are as follows:

	December 31, 2020	December 31, 2019
Land	₩ 96,280,727	113,778,648
Buildings	66,130,985	73,040,812
	₩ 162,411,712	186,819,460

(d) Rent income from investment property is ₩9,340,507 thousand for the year ended December 31, 2020 (₩9,157,793 thousand for the year ended December 31, 2019).

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13. Lease

(a) The details of right-of-use assets as of December 31, 2020 and 2019 are as follows:

		2020					Ending balance
		Beginning Balance	Acquisition	Disposal	Depreciation	Other	
Buildings	₩	20,151,752	30,384,352	(4,017,992)	(14,833,785)	(864,294)	30,820,033
Vehicles		767,284	1,682,847	(543,506)	(708,300)	-	1,198,325
Machinery and Equipment		40,435,545	4,450,013	(1,529,791)	(11,164,972)	-	32,190,795
Recovery allowance		869,315	1,042,167	(8)	(430,994)	-	1,480,480
	₩	<u>62,223,896</u>	<u>37,559,379</u>	<u>(6,091,297)</u>	<u>(27,138,051)</u>	<u>(864,294)</u>	<u>65,689,633</u>

		2019					Ending balance
		Beginning Balance	Adoption effect of K-IFRS No.1116	Acquisition	Disposal	Depreciation	
Buildings	₩	-	23,252,977	15,315,426	(4,044,221)	(14,372,430)	20,151,752
Vehicles		-	695,432	664,843	(3,556)	(589,435)	767,284
Machinery and Equipment		-	12,321,304	45,000,550	(1,888,982)	(14,997,327)	40,435,545
Recovery allowance		-	897,482	355,307	(20,466)	(363,008)	869,315
	₩	<u>-</u>	<u>37,167,195</u>	<u>61,336,126</u>	<u>(5,957,225)</u>	<u>(30,322,200)</u>	<u>62,223,896</u>

(b) Estimated future cash outflows of lease liabilities as of December 31, 2020 and 2019 are as follows:

		2020						Present value discount	Deduction balance	
		Up to 1 months	1~3 months	3~6 months	6~12 months	1~5 years	Over 5 years	Total		
Buildings	₩	6,187,850	2,223,345	2,981,854	4,753,985	17,129,512	-	33,276,546	(847,176)	32,429,370
Vehicles		16,363	125,803	181,438	343,188	580,120	-	1,246,912	(20,580)	1,226,332
Machinery and Equipment		834,784	1,662,892	2,123,253	4,127,437	26,538,499	-	35,286,865	(1,218,262)	34,068,603
	₩	<u>7,038,997</u>	<u>4,012,040</u>	<u>5,286,545</u>	<u>9,224,610</u>	<u>44,248,131</u>	<u>-</u>	<u>69,810,323</u>	<u>(2,086,018)</u>	<u>67,724,305</u>

		2019						Present value discount	Deduction balance	
		Up to 1 months	1~3 months	3~6 months	6~12 months	1~5 years	Over 5 years	Total		
Buildings	₩	2,601,523	1,974,355	2,732,602	4,237,953	9,683,226	-	21,229,659	(545,592)	20,684,067
Vehicles		51,083	91,713	117,252	209,104	375,222	-	844,374	(16,873)	827,501
Machinery and Equipment		745,326	1,490,652	1,976,986	3,884,739	34,627,481	-	42,725,184	(1,880,776)	40,844,408
	₩	<u>3,397,932</u>	<u>3,556,720</u>	<u>4,826,840</u>	<u>8,331,796</u>	<u>44,685,929</u>	<u>-</u>	<u>64,799,217</u>	<u>(2,443,241)</u>	<u>62,355,976</u>

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13. Lease, Continued

(c) The gains and losses related to the use of leases for the years ended December 31, 2020 and 2019 are as follows:

	2020	2019
Depreciation expenses on right-of use assets	₩ 27,138,051	30,322,200
Interest costs on lease liabilities	1,288,163	854,373
Expenses relating to short-term leases(*)	2,704	1,429,129
Expenses relating to leases of low-value assets(*)	1,402,261	1,380,103
Expenses relating to variable lease payments that are not included in the measurement of lease liabilities	-	-

(*) Expenses relating to short-term leases and leases of low-value assets are the same as the current term cash outflow, and the total cash outflow of leases for the year ended December 31, 2020 is ₩27,495,066 thousand (₩33,176,793 thousand for the year ended December 31, 2019).

(d) The details of operating lease payments to be received after the reporting date are as follows:

	December 31, 2020						
	Up to 1 months	1~3 months	3~6 months	6~12 months	1~5 years	Over 5 years	Total
Head office	₩ 114,321	228,642	342,963	685,926	-	-	1,371,852
Cheongnyang ni	7,168	14,336	21,504	18,810	48,000	-	109,818
Seomyeon	5,154	10,307	15,461	-	-	-	30,922
	₩ 126,643	253,285	379,928	704,736	48,000	-	1,512,592

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14. Other financial assets measured at amortized cost

(a) Details of Other financial assets measured at amortized cost as of December 31, 2020 and 2019 are as follows:

	December 31, 2020	December 31, 2019
Accounts receivable	₩ 2,043,825,827	2,653,135,438
Accrued income	180,913,368	205,951,979
Guarantee deposits paid	57,280,034	57,530,152
Others	43,024,156	12,459,111
Present value discount	(6,505,986)	(7,972,682)
Loss allowance	(69,640,570)	(35,437,872)
	<u>₩ 2,248,896,829</u>	<u>2,885,666,126</u>

(b) Details of changes in other financial assets measured at amortized cost for the years ended December 31, 2020 and 2019 are as follows:

	2020			
	12-months	Lifetime ECL		Total
	ECL	Not impaired	Impaired	
Beginning balance	₩ 2,045,927	188,986	33,202,959	35,437,872
Replacement				
To 12-month ECL	-	-	-	-
To Lifetime ECL	-	-	-	-
To credit impaired financial asset	(9,831)	-	9,831	-
Provision (reversal)	1,211,074	45,068	32,952,667	34,208,809
Write-off	-	-	(6,111)	(6,111)
Ending balance	<u>₩ 3,247,170</u>	<u>234,054</u>	<u>66,159,346</u>	<u>69,640,570</u>
	2019			
	12-months	Lifetime ECL		Total
	ECL	Not impaired	Impaired	
Beginning balance	₩ 812,967	189	24,183,332	24,996,488
Replacement				
To 12-month ECL	-	-	-	-
To Lifetime ECL	-	174,442	(174,442)	-
To credit impaired financial asset	-	-	-	-
Provision (reversal)	1,232,960	14,355	9,217,472	10,464,787
Write-off	-	-	(23,403)	(23,403)
Ending balance	<u>₩ 2,045,927</u>	<u>188,986</u>	<u>33,202,959</u>	<u>35,437,872</u>

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14. Other financial assets measured at amortized cost, Continued

(c) Details of changes in carrying amount of other financial assets measured at amortized cost for the years ended 2020 and 2019 are as follows:

	2020			
	12-months ECL	Lifetime ECL		Total
		Not impaired	Impaired	
Beginning book value	₩ 2,886,949,308	951,731	33,202,959	2,921,103,998
Replacement				
To 12-month ECL	-	-	-	-
To Lifetime ECL	-	-	-	-
To credit impaired financial asset	(798,307)	(18,425)	816,732	-
Increase during 2020	(629,261,899)	220,520	26,480,892	(602,560,487)
Write-off	-	-	(6,111)	(6,111)
Ending book value	₩ 2,256,889,102	1,153,826	60,494,472	2,318,537,400
	2019			
	12-months ECL	Lifetime ECL		Total
		Not impaired	Impaired	
Beginning book value	₩ 1,334,444,713	9,469	24,881,101	1,359,335,283
Replacement				
To 12-month ECL	-	-	-	-
To Lifetime ECL	-	872,210	(872,210)	-
To credit impaired financial asset	-	-	-	-
Increase during 2019	1,552,504,595	70,052	9,217,471	1,561,792,118
Write-off	-	-	(23,403)	(23,403)
Ending book value	₩ 2,886,949,308	951,731	33,202,959	2,921,103,998

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15. Other Non-financial Assets

The details of other non-financial assets as of December 31, 2020 and 2019 are as follows:

	December 31, 2020	December 31, 2019
Advance payments	₩ 28,381,212	13,690,840
Prepaid expenses	23,865,189	9,587,557
	<u>₩ 52,246,401</u>	<u>23,278,397</u>

16. Deposits Received

The details of deposits received as of December 31, 2020 and 2019 are as follows:

	December 31, 2020	December 31, 2019
Customers' deposits for brokerage	₩ 6,746,670,077	1,848,179,255
Customers' deposits for exchange-traded derivatives trading	2,018,642,915	1,674,941,887
Customers' deposits for subscriptions	24,284	24,284
Customers' deposits for savings	30,731,880	22,685,344
Customers' deposits for REPO	10,307	10,333
Customers' deposits for collective investment securities	394,119,981	214,254,502
Deposits for foreign stocks investment	4,866,487	3,139,178
Other deposits received	27,009	20,502
	<u>₩ 9,195,092,940</u>	<u>3,763,255,285</u>

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

The Group classifies securities sold as financial liabilities measured at fair value through profit or loss. Securities sold as of December 31, 2020 and 2019 are as follows:

	December 31, 2020		
	Book value before valuation	Fair value (book value)	Gains or losses
Equity instruments	₩ 704,377,174	816,013,209	(111,636,035)
Debt instruments	1,967,014,279	1,951,198,872	15,815,407
	<u>₩ 2,671,391,453</u>	<u>2,767,212,081</u>	<u>(95,820,628)</u>
	December 31, 2019		
	Book value before valuation	Fair value (book value)	Gains or losses
Equity instruments	₩ 951,361,522	985,896,442	(34,534,920)
Debt instruments	3,021,929,297	2,999,574,575	22,354,722
	<u>₩ 3,973,290,819</u>	<u>3,985,471,017</u>	<u>(12,180,198)</u>

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18. Derivative Financial Instruments

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

The details of derivative financial instruments as of December 31, 2020 and 2019 are as follows:

	December 31, 2020			December 31, 2019		
	Notional Amount(*1)	Assets	Liabilities	Notional Amount(*1)	Assets	Liabilities
Interest Rate						
Futures(*2)	₩ 3,210,715,986	-	-	2,438,866,704	-	-
Swaps	8,613,431,040	275,970,043	100,936,777	7,912,890,079	170,818,462	78,488,302
	<u>11,824,147,026</u>	<u>275,970,043</u>	<u>100,936,777</u>	<u>10,351,756,783</u>	<u>170,818,462</u>	<u>78,488,302</u>
Currency						
Forwards	16,272,184,249	396,221,625	481,231,963	18,124,241,681	163,817,617	138,299,048
Futures(*2)	741,903,839	-	-	745,780,248	-	-
Swaps	2,192,939,819	28,672,971	157,252,358	870,063,981	12,532,481	2,643,378
	<u>19,207,027,907</u>	<u>424,894,596</u>	<u>638,484,321</u>	<u>19,740,085,910</u>	<u>176,350,098</u>	<u>140,942,426</u>
Stock and Index						
Futures(*2)	1,979,190,219	-	-	3,229,169,217	-	-
Swaps	5,735,894,604	142,318,361	431,095,239	7,359,443,941	192,384,485	328,086,200
Options	15,738,480,815	149,443,655	447,139,930	29,135,621,736	220,570,958	296,095,669
	<u>23,453,565,638</u>	<u>291,762,016</u>	<u>878,235,169</u>	<u>39,724,234,894</u>	<u>412,955,443</u>	<u>624,181,869</u>
Bond						
Forwards	70,000,000	2,681,235	-	-	-	-
Swaps	6,191,259,570	139,138,964	142,367,650	4,700,932,164	10,276,863	94,584,950
	<u>6,261,259,570</u>	<u>141,820,199</u>	<u>142,367,650</u>	<u>4,700,932,164</u>	<u>10,276,863</u>	<u>94,584,950</u>
Credit						
Swaps	1,420,814,080	13,254,499	4,716,300	1,349,300,373	13,464,167	4,877,984
Commodity						
Futures(*2)	140,579,958	-	-	57,653,676	-	-
Options	6,002,550	-	8,879,386	22,939,620	-	9,731,309
	<u>146,582,508</u>	<u>-</u>	<u>8,879,386</u>	<u>80,593,296</u>	<u>-</u>	<u>9,731,309</u>
Other						
Swaps	380,797,605	65,425,054	50,706,545	268,713,329	77,168,233	2,588,994
Credit value adjustments	-	(17,953,996)	(639,758)	-	(15,208,501)	(1,419,752)
	<u>₩ 62,694,194,334</u>	<u>1,195,172,411</u>	<u>1,823,686,390</u>	<u>76,215,616,749</u>	<u>845,824,765</u>	<u>953,976,082</u>

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

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

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19. Financial Liabilities designated as measured at fair value through profit or loss

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

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

(a) The Group's financial liabilities designated as measured at fair value through profit or loss as of December 31, 2020 and 2019 are as follows:

	December 31, 2020		
	Book value before valuation	Fair value (Book value)	Gains or Losses
Equity-linked securities sold	₩ 3,586,500,974	3,682,888,913	(96,387,939)
Equity-linked derivative-linked bonds sold	3,653,842,080	3,668,847,143	(15,005,063)
Other derivative-linked securities sold	303,621,947	271,276,717	32,345,230
Other derivative-linked bonds sold	2,480,608,125	2,383,707,105	96,901,020
Exchange traded notes sold	145,522,850	127,756,108	17,766,742
Credit derivative-linked bonds sold	1,002,863,300	1,001,888,600	974,700
Day1 profit or loss	223,562,337	58,274,558	165,287,779
Credit value adjustments	(27,112,139)	(28,823,001)	1,710,862
	₩ 11,369,409,474	11,165,816,143	203,593,331
	December 31, 2019		
	Book value before valuation	Fair value (Book value)	Gains or Losses
Equity-linked securities sold	₩ 5,358,264,219	5,688,092,673	(329,828,454)
Equity-linked derivative-linked bonds sold	4,197,786,127	4,210,630,121	(12,843,994)
Other derivative-linked securities sold	430,161,318	456,032,731	(25,871,413)
Other derivative-linked bonds sold	2,321,921,931	2,367,990,141	(46,068,210)
Exchange traded notes sold	243,246,342	235,184,973	8,061,369
Credit derivative-linked bonds sold	900,000,000	902,863,300	(2,863,300)
Day1 profit or loss	329,399,301	119,805,113	209,594,188
Credit value adjustments	(42,794,370)	(27,112,139)	(15,682,231)
	₩ 13,737,984,868	13,953,486,913	(215,502,045)

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19. Financial Liabilities designated as measured at fair value through profit or loss, Continued

(b) The details of changes in the credit value adjustments of the financial liabilities designated as measured at fair value through profit or loss for the years ended 2020 and 2019 are as follows:

	2020	2019
Beginning credit value adjustments	₩ 27,112,139	42,794,370
Total changes in credit value adjustments		
Changes in credit value adjustments - Other comprehensive income	3,654,911	(1,098,626)
Changes in credit value adjustments - Profit or loss	(1,944,049)	(14,583,605)
Ending credit value adjustments	₩ 28,823,001	27,112,139

(c) The details of changes in credit value adjustments recognised in other comprehensive income of the financial liabilities designated as measured at fair value through profit or loss for the years ended 2020 and 2019 are as follows:

	2020	2019
Beginning balance	₩ (796,504)	-
Decrease credit value adjustments recognised in other comprehensive income	3,654,911	(1,098,626)
Income tax effect	(1,005,100)	302,122
Ending balance	₩ 1,853,307	(796,504)

20. Borrowings

(a) The details of borrowings as of December 31, 2020 and 2019 are as follows:

	December 31, 2020	December 31, 2019
Call money	₩ -	190,000,000
Borrowings from KSFC	690,000,000	250,000,000
Commercial paper	2,357,000,000	115,500,000
Electronic short-term bonds	1,448,741,650	2,342,647,200
Other borrowings	446,816,616	288,213,053
Securities sold under repurchase agreements	11,931,080,886	9,408,735,874
Debentures	1,480,198,686	1,203,177,107
Short-term notes issued	7,563,722,899	6,713,359,257
	₩ 25,917,560,737	20,511,632,491

(b) The details of call money as of December 31, 2020 and 2019 are as follows:

	Interest rate (%)	December 31, 2020	December 31, 2019
Industrial Bank of Korea and others	1.42 ~ 1.95	₩ -	190,000,000

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20. Borrowings, Continued

(c) The details of borrowings from KSFC as of December 31, 2020 and 2019 are as follows:

	<u>Maturity</u>	<u>Interest rate (%)</u>		<u>December 31, 2020</u>	<u>December 31, 2019</u>
Notes Discounted from KSFC	2021.01.04	0.75	₩	90,000,000	100,000,000
Loans to finance securities-secured loans	2021.01.01 ~ 2021.06.08	0.96 ~ 1.72		<u>600,000,000</u>	<u>150,000,000</u>
			₩	<u>690,000,000</u>	<u>250,000,000</u>

(d) The details of commercial paper as of December 31, 2020 and 2019 are as follows:

	<u>Interest rate (%)</u>		<u>December 31, 2020</u>	<u>December 31, 2019</u>
Woori Bank and others	1.05 ~ 2.86	₩	2,357,000,000	115,500,000

(e) The details of electronic short-term bonds as of December 31, 2020 and 2019 are as follows:

	<u>Interest rate (%)</u>		<u>December 31, 2020</u>	<u>December 31, 2019</u>
BNK Investment & Securities and others	1.30 ~ 1.65	₩	1,448,741,650	2,342,647,200

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20. Borrowings, Continued

(f) The details of debentures as of December 31, 2020 and 2019 are as follows:

	Date issued	Maturity	Interest Rate (%)		December 31, 2020	December 31, 2019
The 8-2nd bearer, coupon and non-guaranteed bond	September 4, 2015	September 4, 2020	2.33	₩	-	80,000,000
The 9th bearer, coupon and non-guaranteed bond	September 23, 2015	September 23, 2020	2.31		-	120,000,000
The 11-2nd bearer, coupon and non-guaranteed bond	February 25, 2016	February 25, 2021	2.14		20,000,000	20,000,000
The 12nd bearer, coupon and non-guaranteed bond	April 6, 2016	April 6, 2021	2.10		80,000,000	80,000,000
The 14th bearer, coupon and non-guaranteed bond	March 20, 2019	March 20, 2021	2.71		200,000,000	200,000,000
The 15th bearer, coupon and non-guaranteed bond	July 27, 2019	July 27, 2021	2.45		200,000,000	200,000,000
The 16th bearer, coupon and non-guaranteed bond	February 28, 2020	February 28, 2022	2.14		300,000,000	300,000,000
The 17th bearer, coupon and non-guaranteed bond	August 29, 2020	August 29, 2022	1.52		200,000,000	200,000,000
The 18th non-guaranteed subordinated bond	July 9, 2020	July 9, 2026	3.30		470,000,000	-
KIS Vietnam Securities Corporation bond	October 31, 2020	October 31, 2020	8.20		11,492,400	5,000,000
Less : Discount on debentures					(1,293,715)	(1,822,893)
					<u>₩ 1,480,198,685</u>	<u>1,203,177,107</u>

(g) The details of short-term notes issued as of December 31, 2020 and 2019 are as follows:

Maturity	Interest rate (%)	December 31, 2020	December 31, 2019
On demand ~ 12 months	0.30 ~ 2.00	₩ 7,563,722,899	6,713,359,257

(h) Changes in borrowings for the years ended December 31, 2020 and 2019 are as follows:

	2020		
	Borrowings	Debentures	Total
January 1, 2020	₩ 19,308,455,384	1,203,177,107	20,511,632,491
Changes from financing cash flows			
Borrowing of debt	3,014,686,841	476,340,800	3,491,027,641
Redemption of debt	(799,481,606)	(200,000,000)	(999,481,606)
	<u>2,215,205,235</u>	<u>276,340,800</u>	<u>2,491,546,035</u>
Changes from operating cash flows	3,068,523,911	-	3,068,523,911
Discount on debenture Amortized	-	970,779	970,779
Effects from fluctuations in exchange rates	(154,822,479)	(290,000)	(155,112,479)
December 31, 2020	<u>₩ 24,437,362,051</u>	<u>1,480,198,686</u>	<u>25,917,560,737</u>

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20. Borrowings, Continued

(h) Changes in borrowings for the years ended December 31, 2020 and 2019 are as follows, Continued:

	2019		
	Borrowings	Debentures	Total
January 1, 2019	₩ 17,621,219,494	798,987,124	18,420,206,618
Changes from financing cash flows			
Borrowing of debt	3,434,428,069	503,456,000	3,937,884,069
Redemption of debt	(1,256,013,603)	(100,000,000)	(1,356,013,603)
	<u>2,178,414,466</u>	<u>403,456,000</u>	<u>2,581,870,466</u>
Changes from operating cash flows	(476,817,842)	-	(476,817,842)
Discount on debenture amortized	-	733,983	733,983
Effects from fluctuations in exchange rates	(14,360,734)	-	(14,360,734)
December 31, 2019	₩ <u>19,308,455,384</u>	<u>1,203,177,107</u>	<u>20,511,632,491</u>

21. Defined Benefit Liabilities

(1) Defined Benefit Plans

(a) Net defined benefit liabilities consist of defined benefit pension schemes and retirement consolation benefits and the details as of December 31, 2020 and 2019 are as follows:

	December 31, 2020	December 31, 2019
Present value of defined benefit obligation	₩ 81,084,056	79,176,372
Fair value of plan assets	(77,018,966)	(72,244,040)
Liabilities in the statement of financial position	₩ <u>4,065,090</u>	<u>6,932,332</u>

(b) Changes in the present value of defined benefit obligations for the years ended December 31, 2020 and 2019 are as follows:

	2020	2019
Beginning balance	₩ 79,176,372	69,849,533
Current service cost	9,742,260	9,294,232
Interest cost	2,009,563	1,998,199
Remeasurements:		
Changes in demographic assumptions	1,029,179	4,182
Changes in financial assumptions	(4,173,551)	2,189,437
Experience adjustments	77,884	1,206,055
Payments from plans:		
Benefits paid	(6,647,703)	(5,321,979)
Transfer from associates	-	101,335
Transfer to associates	(129,948)	(144,622)
Ending balance	₩ <u>81,084,056</u>	<u>79,176,372</u>

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21. Defined Benefit Liabilities, Continued

(1) Defined Benefit Plans, Continued

(c) Changes in the fair value of plan assets for the years ended December 31, 2020 and 2019 are as follows:

	2020	2019
Beginning balance	₩ 72,244,040	67,663,238
Interest income	1,948,524	2,051,533
Remeasurements:		
Return on plan assets (excluding amounts included in interest income)	2,320,017	535,067
Contributions of employer	7,290,000	7,360,000
Payments from plans:		
Benefits paid	(6,653,666)	(5,322,511)
Transfer from associates	-	101,335
Transfer to associates	(129,949)	(144,622)
Ending balance	₩ 77,018,966	72,244,040

(d) Details of plan assets as of December 31, 2020 and 2019 are as follows:

	December 31, 2020		December 31, 2019	
	Amount	Composition (%)	Amount	Composition (%)
Cash equivalents	₩ 292,007	0.38	₩ 3,230,187	4.47
Time deposits	20,965,414	27.22	20,420,809	28.26
Bond type fund	13,653,488	17.73	13,650,669	18.90
Others	42,108,057	54.67	34,942,375	48.37
	₩ 77,018,966	100.00	₩ 72,244,040	100.00

(e) Key actuarial assumptions used as of December 31, 2020 and 2019 are as follows:

	December 31, 2020	December 31, 2019
Discount rate	2.05 ~ 2.97%	2.24 ~ 2.82%
Expected salary increase rate(*)	1.58 ~ 13.33%	1.83 ~ 13.33%

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

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21. Defined Benefit Liabilities, Continued

(1) Defined Benefit Plans, Continued

(f) The sensitivity analyses for significant actuarial assumptions used to determine the present value of the defined benefit obligation as of December 31, 2020 are as follows:

	Effect on the present value of defined benefit obligation		
	Change in assumption	Increase	Decrease
Discount rate	1.00%	₩ (6,896,192)	8,042,858
Expected salary increase rate	1.00%	8,044,143	(7,023,144)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. The sensitivity of the present value of the defined benefit obligation to changes in actuarial assumptions is calculated using the projected unit credit method, the same method applied when calculating the defined benefit obligations. The methods and assumptions used in preparing the sensitivity analyses did not change compared to the previous period.

(2) Defined Contribution Plans

Recognized expense related to the defined contribution plan for the years ended December 31, 2020 and 2019 are ₩27,679,914 thousand and ₩23,413,641 thousand, respectively.

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22. Provisions

(a) Details of provisions as of December 31, 2020 and 2019 are as follows:

	December 31, 2020	December 31, 2019
Provisions for restoration costs	₩ 9,411,431	8,382,733
Provisions for lawsuits	2,102,456	2,283,569
Provisions for other liabilities and charges	511,000	326,149
Provisions for off-balance sheet items		
Provisions for undrawn commitment	663,837	628,907
Provisions for guarantees	2,361,517	1,530,142
	<u>₩ 15,050,241</u>	<u>13,151,500</u>

(b) Changes in provisions for off-balance sheet items for the years ended December 31, 2020 and 2019 are as follows:

	2020							
	Financial Guarantee				Undrawn commitments etc.			
	12-months ECL	Lifetime ECL		Total	12-months ECL	Lifetime ECL		Total
	Not impaired	Impaired		Not impaired	Impaired			
Beginning Balance	₩ 1,530,142	-	-	1,530,142	628,907	-	-	628,907
Replacement								
To 12-months ECL	-	-	-	-	-	-	-	-
To Lifetime ECL	-	-	-	-	-	-	-	-
Provision (reversal)	831,375	-	-	831,375	34,930	-	-	34,930
Ending balance	<u>₩ 2,361,517</u>	<u>-</u>	<u>-</u>	<u>2,361,517</u>	<u>663,837</u>	<u>-</u>	<u>-</u>	<u>663,837</u>
	2019							
	Financial Guarantee				Undrawn commitments etc.			
	12-months ECL	Lifetime ECL		Total	12-months ECL	Lifetime ECL		Total
		Not impaired	Impaired		Not impaired	Impaired		
Beginning Balance	₩ 1,571,601	-	-	1,571,601	506,353	-	-	506,353
Replacement								
To 12-months ECL	-	-	-	-	-	-	-	-
To Lifetime ECL	-	-	-	-	-	-	-	-
Provision (reversal)	(41,459)	-	-	(41,459)	122,554	-	-	122,554
Ending balance	<u>₩ 1,530,142</u>	<u>-</u>	<u>-</u>	<u>1,530,142</u>	<u>628,907</u>	<u>-</u>	<u>-</u>	<u>628,907</u>

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22. Provisions, Continued

(c) Changes in balance for off-balance sheet items for the years ended December 31, 2020 and 2019 are as follows:

	2020							
	Financial Guarantee				Undrawn commitments etc.			
	Lifetime ECL		Lifetime ECL		Lifetime ECL		Lifetime ECL	
	12-months ECL	Not impaired	Impaired	Total	12-months ECL	Not impaired	Impaired	Total
Beginning Balance	₩ 2,492,679,307	-	-	2,492,679,307	234,649,129	-	-	234,649,129
Replacement								
To 12-months ECL	-	-	-	-	-	-	-	-
To Lifetime ECL	-	-	-	-	-	-	-	-
To Credit impaired financial asset	(47,000,000)	-	47,000,000	-	-	-	-	-
Decrease	(447,392,912)	-	(47,000,000)	(494,392,912)	(35,644,257)	-	-	(35,644,257)
Ending balance	₩ 1,998,286,395	-	-	1,998,286,395	199,004,872	-	-	199,004,872

	2019							
	Financial Guarantee				Undrawn commitments etc.			
	Lifetime ECL		Lifetime ECL		Lifetime ECL		Lifetime ECL	
	12-months ECL	Not impaired	Impaired	Total	12-months ECL	Not impaired	Impaired	Total
Beginning Balance	₩ 2,662,070,745	-	-	2,662,070,745	232,241,860	-	-	232,241,860
Replacement								
To 12-months ECL	-	-	-	-	-	-	-	-
To Lifetime ECL	-	-	-	-	-	-	-	-
To Credit impaired financial asset	-	-	-	-	-	-	-	-
Increase (Decrease)	(169,391,438)	-	-	(169,391,438)	2,407,269	-	-	2,407,269
Ending balance	₩ 2,492,679,307	-	-	2,492,679,307	234,649,129	-	-	234,649,129

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22. Provisions, Continued

(d) Changes in provisions for the years ended December 31, 2020 and 2019 are as follows:

	2020	2019
Beginning	₩ 8,382,733	7,171,454
Provision	1,042,167	355,371
Reversal	(921,082)	(357,897)
Reestimation adjustments	866,106	1,182,638
Unwinding or discount	41,507	31,167
Ending	₩ 9,411,431	8,382,733

Provisions for restoration costs are the present value of estimated costs to be incurred for restoration of the leased properties. Actual expenses are expected to be incurred at the end of each lease contract and five years of depreciation period of leased properties are used as discount period. Also, the average restoration expense (excluding top and bottom 10%) based on actual two-year historical data and the three-year historical average inflation rate are used to estimate the estimated costs.

23. Other Financial Liabilities

Details of other financial liabilities as of December 31, 2020 and 2019 are as follows:

	December 31, 2020	December 31, 2019
Accounts payable	₩ 1,817,190,781	2,404,178,042
Accrued expenses	329,930,694	382,469,546
Other withheld	1,102,216,733	1,237,244,442
Leasehold deposits received	8,853,193	8,901,236
Financial guarantees	105,560,758	112,959,101
Non-controlling interests (liabilities)	465,012,261	364,650,333
Lease liabilities	67,724,305	62,355,976
Others	274,991	31,743
	₩ 3,896,763,716	4,572,790,419

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24. Other Non-Financial Liabilities

Details of other non-financial liabilities as of December 31, 2020 and 2019 are as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Accounts payable	₩ 174,021,934	54,760,630
Accrued expenses	17,153,198	18,201,952
Taxes withheld	38,911,565	34,123,774
Unearned revenue	<u>68,688,253</u>	<u>75,072,991</u>
	<u>₩ 298,774,950</u>	<u>182,159,347</u>

25. Tax Expense and Deferred Tax Assets (Liabilities)

(a) Tax expense for the years ended December 31, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Current tax on profit for the year(*1)	₩ 240,641,064	192,719,508
Changes in deferred tax assets (liabilities) (*2)	(7,382,520)	37,052,195
Tax recognized directly in equity(*3)	<u>30,921,726</u>	<u>22,085,549</u>
Tax expense	<u>₩ 264,180,270</u>	<u>251,857,252</u>

(*1) Adjustment of prior year tax return and additional refund of income taxes are included.

(*2) Changes in deferred tax assets (liabilities) due to temporary differences are as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Ending balance of deferred tax assets (liabilities)	₩ (62,903,067)	(70,285,587)
Beginning balance of deferred tax assets (liabilities)	<u>(70,285,587)</u>	<u>(33,233,392)</u>
Changes in deferred tax assets (liabilities)	<u>₩ (7,382,520)</u>	<u>37,052,195</u>

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25. Tax Expense and Deferred Tax Assets (Liabilities), Continued

(a) Tax expense for the years ended December 31, 2020 and 2019 are as follows, Continued:

(*3) Deferred taxes allocated directly to equity are as follows:

	December 31, 2020		December 31, 2019	
	Temporary differences	Tax effect	Temporary differences	Tax effect
Gain (loss) on valuation of financial assets measured at fair value through other comprehensive income	₩ (26,214,684)	7,209,039	(98,743,800)	27,154,545
Loss allowance on financial assets measured at fair value through other comprehensive income	74,526	(20,495)	(79,687)	21,914
Changes in accumulated comprehensive income of equity method investees	3,689,519	(1,014,618)	(2,996,085)	796,340
Foreign currency differences	(99,033,418)	27,234,190	31,678,156	(6,977,139)
Changes in the credit value adjustments of the financial liabilities designated as measured at fair value through profit or loss	3,654,912	(1,005,101)	(1,098,626)	302,122
Remeasurements of net defined benefit liabilities	5,386,417	(1,481,289)	(2,858,013)	787,767
	<u>₩ (112,442,728)</u>	<u>30,921,726</u>	<u>(74,098,055)</u>	<u>22,085,549</u>

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25. Tax Expense and Deferred Tax Assets (Liabilities), Continued

(b) Reconciliation of profit before tax and tax expense for the years ended December 31, 2020 and 2019 are as follows:

	2020	2019
Profit before tax	₩ 971,960,345	936,276,777
Tax based on statutory rate	256,927,095	247,114,114
Adjustments:		
Adjustment of prior year tax return	364,526	6,935,300
Additional refund of income taxes	(528,461)	(13,948)
Non-deductible expense (2020: ₩16,890,076 thousand 2019: ₩24,533,683 thousand)	4,644,771	6,746,804
Non-taxable income (2020: ₩40,049,603 thousand 2019: ₩44,137,818 thousand)	(11,013,641)	(12,137,900)
Consolidated tax return effect	(1,984,564)	(8,609,363)
Others (difference of tax rate and others)	15,770,544	11,822,245
Tax expense	₩ 264,180,270	251,857,252
Effective tax rate	27.18%	26.90%

(c) The changes in accumulated temporary differences and deferred income tax assets (liabilities) for the years ended December 31, 2020 and 2019 are as follows:

	2020					
	Accumulated temporary differences			Deferred income tax assets (liabilities)(*4)		
	Beginning balance	Increase (decrease)	Ending balance	Beginning balance	Increase (decrease)	Ending balance
Joint compensation fund(*1)	₩ (440,213)	-	(440,213)	-	-	-
Accrued income	(86,149,035)	24,727,067	(61,421,968)	(23,690,985)	6,799,944	(16,891,041)
Gain on valuation of financial assets(*2)	(267,473,031)	(24,736,813)	(292,209,844)	(73,555,084)	(6,802,623)	(80,357,707)
Comprehensive income (loss) on valuation of financial assets	(115,643,363)	28,116,004	(87,527,359)	(31,801,925)	7,731,901	(24,070,024)
Present value discount	9,885,416	(933,840)	8,951,576	2,718,489	(256,806)	2,461,683
Investments in associates(*3)	11,274,884	(147,273,178)	(135,998,294)	3,100,593	(40,500,124)	(37,399,531)
Investments in subsidiaries (*3)	(62,026,591)	(81,812,036)	(143,838,627)	(17,057,313)	(22,498,309)	(39,555,622)
Severance insurance deposits	(69,744,670)	(6,672,677)	(76,417,347)	(19,179,784)	(1,834,986)	(21,014,770)
Defined benefit liabilities	72,692,873	1,769,222	74,462,095	19,990,540	486,536	20,477,076
Provisions	5,030,136	4,746,079	9,776,215	1,383,287	1,305,172	2,688,459
Provisions for others	-	511,000	511,000	-	140,525	140,525
Provisions for restoration costs	7,513,418	1,026,252	8,539,670	2,066,190	282,219	2,348,409
Accrued expenses	18,926,123	(765,419)	18,160,704	5,204,684	(210,490)	4,994,194
Loans to employees and deposits	10,634	(3,847)	6,787	2,924	(1,058)	1,866

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25. Tax Expense and Deferred Tax Assets (Liabilities), Continued

(c) The changes in accumulated temporary differences and deferred income tax assets (liabilities) for the years ended December 31, 2020 and 2019 are as follows, Continued:

	2020					
	Accumulated temporary differences			Deferred income tax assets (liabilities)(*4)		
	Beginning balance	Increase (decrease)	Ending balance	Beginning balance	Increase (decrease)	Ending balance
Intangible assets	₩ 8,287,796	(1,220,777)	7,067,019	2,279,144	(335,714)	1,943,430
Deemed cost of land	(112,685,311)	-	(112,685,311)	(30,988,461)	-	(30,988,461)
Allowance for advanced depreciation	(61,346,918)	-	(61,346,918)	(16,870,402)	-	(16,870,402)
Gain (loss) on valuation of derivatives	(241,493,078)	426,528,913	185,035,835	(66,410,596)	117,295,451	50,884,855
Gain (loss) on valuation of derivatives-linked securities	(6,602,981)	7,958,363	1,355,382	(1,815,820)	2,188,550	372,730
Gain (loss) on valuation of derivatives-linked securities sold	328,482,452	(287,669,083)	40,813,369	90,332,674	(79,108,998)	11,223,676
Other non-operating income (*1)	37,379,022	-	37,379,022	-	-	-
Depreciation	167,805	6,996	174,801	46,146	1,924	48,070
Amortization	(20,996,996)	-	(20,996,996)	(5,774,174)	-	(5,774,174)
Written-off of bad debts	503,445	121,062	624,507	138,447	33,292	171,739
Assets for financial guarantee contracts	(162,404,751)	(19,401,665)	(181,806,416)	(44,661,307)	(5,335,457)	(49,996,764)
Liabilities for financial guarantee contracts	162,010,592	21,687,915	183,698,507	44,552,913	5,964,176	50,517,089
Deposits after expiration of statute of limitations	6,295,718	721,262	7,016,980	1,731,322	198,348	1,929,670
Unearned commission income	24,184,623	(7,929,843)	16,254,780	6,650,771	(2,180,706)	4,470,065
Accrued Expenses	254,823,642	5,895,138	260,718,780	70,076,502	1,621,163	71,697,665
Others	40,893,230	81,449,415	122,342,645	11,245,638	22,398,590	33,644,228
	₩ (218,645,129)	26,845,510	(191,799,619)	(70,285,587)	7,382,520	(62,903,067)
Deferred tax assets (total)				261,520,264	(1,504,835)	260,015,429
Deferred tax liabilities (total)				(331,805,851)	8,887,355	(322,918,496)

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

(*2) Deferred tax effect has not been recognized for deductible temporary differences of ₩307,268 thousand in temporary differences related to evaluation of financial assets measured at fair value, due to the uncertainty that these will be realized in the future.

(*3) Deferred tax effect has not been recognized for deductible temporary differences of ₩3,053,347 thousand in temporary differences related to investments in associates and subsidiaries, due to the uncertainty that these will be realized in the future.

(*4) The tax effects of accumulated temporary differences are calculated by applying the applicable tax rate for the years in which the temporary differences are expected to reverse. The revised tax rate as enacted in 2020 will be effective from 2020, which is 27.5% (including residence tax).

Korea Investment & Securities Co., Ltd. and Subsidiaries
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25. Tax Expense and Deferred Tax Assets (Liabilities), Continued

(c) The changes in accumulated temporary differences and deferred income tax assets (liabilities) for the years ended December 31, 2020 and 2019 are as follows, Continued:

	2019					
	Accumulated temporary differences			Deferred income tax assets (liabilities)(*4)		
	Beginning balance	Increase (decrease)	Ending balance	Beginning balance	Increase (decrease)	Ending balance
Joint compensation fund (*1)	₩ (440,213)	-	(440,213)	-	-	-
Accrued income	(64,178,717)	(21,970,318)	(86,149,035)	(17,649,147)	(6,041,838)	(23,690,985)
Gain on valuation of financial assets(*2)	(4,470,735)	(263,002,296)	(267,473,031)	(1,229,452)	(72,325,632)	(73,555,084)
Comprehensive income (loss) on valuation of financial assets	(202,331,525)	86,688,162	(115,643,363)	(55,641,170)	23,839,245	(31,801,925)
Present value discount	13,283,658	(3,398,242)	9,885,416	3,653,006	(934,517)	2,718,489
Investments in associates (*3)	(3,829,335)	15,104,219	11,274,884	(213,398)	3,313,991	3,100,593
Investments in subsidiaries (*3)	(29,105,801)	(32,920,790)	(62,026,591)	(8,004,095)	(9,053,218)	(17,057,313)
Severance insurance deposits	(62,895,477)	(6,849,193)	(69,744,670)	(17,296,256)	(1,883,528)	(19,179,784)
Defined benefit liabilities	63,195,966	9,496,907	72,692,873	17,378,891	2,611,649	19,990,540
Provisions	39,213,861	(34,183,725)	5,030,136	10,783,812	(9,400,525)	1,383,287
Provisions for restoration costs	6,273,971	1,239,447	7,513,418	1,725,342	340,848	2,066,190
Accrued expenses	16,768,726	2,157,397	18,926,123	4,611,399	593,285	5,204,684
Loans to employees and deposits	36,747	(26,113)	10,634	10,105	(7,181)	2,924
Intangible assets	9,603,480	(1,315,684)	8,287,796	2,640,957	(361,813)	2,279,144
Deemed cost of land	(112,685,311)	-	(112,685,311)	(30,988,461)	-	(30,988,461)
Allowance for advanced depreciation	(61,346,918)	-	(61,346,918)	(16,870,402)	-	(16,870,402)
Loss on valuation of derivatives	428,346,644	(669,839,722)	(241,493,078)	117,795,327	(184,205,923)	(66,410,596)
Loss on valuation of derivatives-linked securities	19,041,283	(25,644,264)	(6,602,981)	5,236,353	(7,052,173)	(1,815,820)
Gain (loss) on valuation of derivatives-linked securities sold	(415,840,758)	744,323,210	328,482,452	(114,356,209)	204,688,883	90,332,674
Day 1 profit or loss	-	-	-	-	-	-
Other non-operating income(*1)	37,379,022	-	37,379,022	-	-	-
Depreciation	160,855	6,950	167,805	44,235	1,911	46,146
Amortization	(20,996,996)	-	(20,996,996)	(5,774,174)	-	(5,774,174)
Written-off of bad debts	579,661	(76,216)	503,445	159,407	(20,960)	138,447
Assets for financial guarantee contracts	(141,255,583)	(21,149,168)	(162,404,751)	(38,845,285)	(5,816,022)	(44,661,307)

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25. Tax Expense and Deferred Tax Assets (Liabilities), Continued

(c) The changes in accumulated temporary differences and deferred income tax assets (liabilities) for the years ended December 31, 2020 and 2019 are as follows, Continued:

	2019					
	Accumulated temporary differences			Deferred income tax assets (liabilities)(*4)		
	Beginning balance	Increase (decrease)	Ending balance	Beginning balance	Increase (decrease)	Ending balance
Liabilities for financial guarantee contracts	₩ 127,810,188	34,200,404	162,010,592	35,147,802	9,405,111	44,552,913
Deposits after expiration of statute of limitations	6,710,555	(414,837)	6,295,718	1,845,402	(114,080)	1,731,322
Unearned commission income	-	24,184,623	24,184,623	-	6,650,771	6,650,771
Accrued Expenses	197,267,000	57,556,642	254,823,642	54,248,425	15,828,077	70,076,502
Others	66,748,245	(25,855,015)	40,893,230	18,354,194	(7,108,556)	11,245,638
	₩ (86,957,507)	(131,687,622)	(218,645,129)	(33,233,392)	(37,052,195)	(70,285,587)
Deferred tax assets (total)				273,634,657	(12,114,393)	261,520,264
Deferred tax liabilities (total)				(306,868,049)	(24,937,802)	(331,805,851)

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

(*2) Deferred tax effect has not been recognized for deductible temporary differences of ₩307,268 thousand in temporary differences related to evaluation of financial assets measured at fair value, due to the uncertainty that these will be realized in the future.

(*3) Deferred tax effect has not been recognized for deductible temporary differences of ₩3,053,347 thousand in temporary differences related to investments in associates and subsidiaries, due to the uncertainty that these will be realized in the future.

(*4) The tax effects of accumulated temporary differences are calculated by applying the applicable tax rate for the years in which the temporary differences are expected to reverse. The revised tax rate as enacted in 2019 will be effective from 2019, which is 27.5% (including residence tax).

Korea Investment & Securities Co., Ltd. and Subsidiaries
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(In thousands of won)

25. Tax Expense and Deferred Tax Assets (Liabilities), Continued

(d) Current tax assets (liabilities) before offsetting as of December 31, 2020 and 2019 are as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Application of the consolidated tax return(*)		
Korea Investment & Securities Co., Ltd.	₩ (160,192,315)	(44,993,700)
Korea Investment Management Co., Ltd.	(12,036,166)	(8,864,829)
Korea Investment Value Asset Management Co., Ltd.	(1,793,453)	(902,101)
	<u>(174,021,934)</u>	<u>(54,760,630)</u>
Others		
Current tax assets	7,469,550	3,348,168
Current tax liabilities	(2,966,390)	(896,495)
	<u>₩ (169,518,774)</u>	<u>(52,308,957)</u>

(*) Current tax assets and liabilities are offset when they relate to taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis. Current tax assets (liabilities) after offsetting are recognized as receivables from or accounts payable to Korea Investment Holdings Co., Ltd. due to the application of the consolidated tax return.

Korea Investment & Securities Co., Ltd. and Subsidiaries
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(In thousands of won, except per share data)

26. Equity

(a) Details of capital stock as of December 31, 2020 and 2019 are as follows:

	December 31, 2020	December 31, 2019
Authorized number of shares (In shares)	1,600,000,000	1,600,000,000
Par value per share (won)	₩ 5,000	5,000
Common shares issued (In shares)	35,163,340	35,163,340
Capital stock-common shares	₩ 175,816,700	175,816,700

(b) The changes in the number of issued shares for the years ended December 31, 2020 and 2019 are as follows:

<i>(In shares)</i>	2020	2019
Beginning	35,163,340	35,147,800
Capital increase	-	15,540
Ending	35,163,340	35,163,340

(c) Details of capital surplus as of December 31, 2020 and 2019 are as follows:

	December 31, 2020	December 31, 2019
Paid-in capital in excess of par value	₩ 3,510,257,498	3,510,257,498
Other capital surplus(carry-over from merger)	316,629,407	317,346,879
	₩ 3,826,886,905	3,827,604,377

(d) Details of accumulated other comprehensive income as of December 31, 2020 and 2019 are as follows:

	December 31, 2020	December 31, 2019
Change in fair value- Debt instruments measured at fair value through other comprehensive income	₩ 5,942,175	5,572,161
Changes in accumulated comprehensive income of equity method investees	(3,128,143)	(5,803,044)
Foreign currency differences	(51,948,913)	19,850,315
Change in fair value- Equity instruments measured at fair value through other comprehensive income	77,989,976	97,311,604
Gains (or losses) on disposal- Equity instruments measured at fair value through other comprehensive income	2,385,080	2,385,080
Change in credit risk- Debt instruments measured at fair value through other comprehensive income	1,853,307	(796,504)
Remeasurements of net defined benefit liabilities	(3,178,627)	(7,083,755)
	₩ 29,914,855	111,435,857

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(In thousands of won)

26. Equity, Continued

(e) Retained earnings

(i) Details of retained earnings as of December 31, 2020 and 2019 are as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Legal reserves		
Earned surplus reserve(*)	₩ 87,869,500	87,869,500
Reserve for credit losses	86,476,600	72,448,651
Voluntary reserves	359,493,153	359,493,153
Unappropriated retained earnings	1,241,288,999	787,303,537
	<u>₩ 1,775,128,252</u>	<u>1,307,114,841</u>

(*) The Commercial Act of the Republic of Korea requires the Group to appropriate, as a legal reserve, an amount equal to a minimum of 10% of cash dividends paid until such reserve equals 50% of its issued capital stock. The reserve is not available for the payment of cash dividends but may be transferred to capital stock or used to reduce accumulated deficit, if any, with a resolution of the general meeting of shareholder. When capital reserves and legal reserves exceed 1.5 times of capital stock of the Group, they are deductible from capital reserves and legal reserves within the range of exceeded amounts.

Korea Investment & Securities Co., Ltd. and Subsidiaries
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(In thousands of won)

26. Equity, Continued

(e) Retained earnings, Continued

(ii) Regulatory reserve for credit losses

The Group is required to maintain a reserve in the amount short of total required accumulated allowances on losses for supervisory purposes as a reserve for credit losses. The accumulated allowance on losses required for supervisory purposes is determined by using the minimum reserve rate in Regulation on Financial Investment Business.

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

① The details of the regulatory reserve for credit losses to be appropriated as of December 31, 2020 and 2019 are as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Beginning	₩ 86,476,601	72,448,652
Amounts to be reserved (reversed)	<u>(12,415,257)</u>	<u>14,027,949</u>
Ending	₩ <u>74,061,344</u>	<u>86,476,601</u>

② The adjusted profit of the year after reflection of reserve for credit losses for the years ended December 31, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Profit for the year	₩ 707,780,075	684,419,525
Amounts to be reversed (reserved)	<u>12,415,257</u>	<u>(14,027,949)</u>
Adjusted profit after provision of reserve for credit losses(*)	₩ <u>720,195,332</u>	<u>670,391,576</u>

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

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(In thousands of won)

27. Fee and Commission Income and Fee and Commission Expense

The details of fee and commission income, and fee and commission expense for the years ended December 31, 2020 and 2019 are as follows:

	2020	2019
Fee and commission income		
Brokerage commissions	₩ 480,863,565	247,298,005
Underwriting commissions	101,836,858	79,011,973
Brokerage commissions on collective investment securities	79,057,502	92,792,945
Collective investment scheme management commission	103,636,192	103,636,193
Asset management fees	56,936,788	48,015,270
Commissions on merger & acquisition	219,116,438	135,356,740
Guarantee commissions	66,318,031	55,518,751
Trust fees and commissions received from trust accounts	28,248,572	29,396,499
Other commissions	92,778,507	106,046,759
	<u>1,228,792,453</u>	<u>897,073,135</u>
Fee and commission expense		
Fee for brokerage transactions	(88,339,100)	(59,408,352)
Introducing broker commission	(10,047,790)	(7,318,912)
Other commissions	(112,069,067)	(80,748,114)
	<u>(210,455,957)</u>	<u>(147,475,378)</u>
Net fee and commission income	₩ <u>1,018,336,496</u>	<u>749,597,757</u>

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28. Interest Income and Interest Expense

The details of interest income and interest expense for the years ended December 31, 2020 and 2019 are as follows:

	2020	2019
Interest income		
Cash and due from banks	₩ 76,655,730	76,872,885
Financial assets measured at fair value through profit or loss	629,308,424	577,922,329
Financial assets measured at fair value through other comprehensive income	29,095,203	46,834,404
Bonds measured at amortized cost	548,548	531,053
Loans measured at amortized cost	365,739,534	348,119,470
Other financial assets measured at amortized cost	7,903,646	9,001,825
	<u>1,109,251,085</u>	<u>1,011,990,535</u>
Interest expenses		
Deposits received	(9,857,020)	(14,107,310)
Borrowings	(310,692,806)	(359,360,574)
Others	(18,217,905)	(31,861,311)
	<u>(338,767,731)</u>	<u>(405,329,195)</u>
Net interest income	₩ <u>770,483,354</u>	<u>606,661,340</u>

29. Dividend Income

The details of dividend income for the years ended December 31, 2020 and 2019 are as follows:

	2020	2019
Financial assets measured at fair value through profit or loss	₩ 48,291,040	47,338,828
Financial assets measured at fair value through other comprehensive income	23,928,439	22,408,906
	<u>₩ 72,219,479</u>	<u>69,747,734</u>

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30. Gain (loss) on Valuation and Disposal of Financial Assets (Liabilities)

The details of gain (loss) on valuation and disposal of financial assets (liabilities) for the years ended December 31, 2020 and 2019 are as follows:

	2020		
	Profit	Loss	Net income
Financial assets measured at fair value through profit or loss	₩ 1,381,411,554	(605,547,447)	775,864,107
Derivative financial assets	9,394,388,548	(9,979,176,107)	(584,787,559)
Financial assets measured at fair value through other comprehensive income(*)	13,688,529	(328,417)	13,360,112
Financial liabilities measured at fair value through profit or loss	144,702,575	(374,764,191)	(230,061,616)
Financial liabilities designated as measured at fair value through profit or loss	458,882,992	(643,782,658)	(184,899,666)
	₩ <u>11,393,074,198</u>	<u>(11,603,598,820)</u>	<u>(210,524,622)</u>

(*) The valuation of equity and debt instruments designated as measured at fair value through other comprehensive income, and the profit or loss on disposal of equity instruments designated as measured at fair value through other comprehensive income are excluded because they are recognized as capital items.(Note 7)

	2019		
	Profit	Loss	Net income
Financial assets measured at fair value through profit or loss	₩ 986,982,489	(324,721,106)	662,261,383
Derivative financial assets	5,900,006,028	(4,812,567,704)	1,087,438,324
Financial assets measured at fair value through other comprehensive income(*)	15,807,996	(542,417)	15,265,579
Financial liabilities measured at fair value through profit or loss	130,127,986	(255,518,068)	(125,390,082)
Financial liabilities designated as measured at fair value through profit or loss	306,667,180	(1,734,862,852)	(1,428,195,672)
	₩ <u>7,339,591,679</u>	<u>(7,128,212,147)</u>	<u>211,379,532</u>

(*) The valuation of equity and debt instruments designated as measured at fair value through other comprehensive income, and the profit or loss on disposal of equity instruments designated as measured at fair value through other comprehensive income are excluded because they are recognized as capital items.(Note 7)

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31. Provision and Reversal for Credit Loss Allowance

The details of provision and reversal for credit loss allowance due to expected credit losses recognized for the years ended December 31, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Provision for credit loss allowance:		
Financial assets measured at fair value through other comprehensive income	₩ (74,525)	-
Financial assets measured at amortized cost	(23,837,741)	(8,944,572)
Other financial assets measured at amortized cost	(34,208,809)	(10,567,793)
Provision for off balance sheet items	<u>(1,260,956)</u>	<u>(1,302,198)</u>
	<u>(59,382,031)</u>	<u>(20,814,563)</u>
Reversal for credit loss allowance		
Financial assets measured at fair value through other comprehensive income	-	79,687
Financial assets measured at amortized cost	126,719	-
Other financial assets measured at amortized cost	-	103,006
Provision for off balance sheet items	<u>394,652</u>	<u>1,221,103</u>
	<u>521,371</u>	<u>1,403,796</u>
	<u>₩ (58,860,660)</u>	<u>(19,410,767)</u>

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32. Other Operating Income and Other Operating Expenses

The details of other operating income and other operating expenses for the years ended December 31, 2020 and 2019 are as follows:

	2020	2019
Other operating income		
Financial assets measured at fair value through profit or loss		
Distribution income from investment funds	₩ 51,555,958	42,476,415
Reversal of provisions for lawsuits	2,283,569	-
Reversal of provisions for restoration costs	921,082	357,897
Others	28,876,151	22,645,530
	<u>83,636,760</u>	<u>65,479,842</u>
Other operating expenses		
Contribution to provisions for lawsuits	(2,102,456)	(2,283,569)
Increase in provisions for restoration costs	(903,866)	(1,213,870)
Others	(33,973,534)	(14,952,576)
	<u>(36,979,856)</u>	<u>(18,450,015)</u>
Net other operating income	₩ <u>46,656,904</u>	<u>47,029,827</u>

33. Selling and Administrative Expenses

The details of selling and administrative expenses for the years ended December 31, 2020 and 2019 are as follows:

	2020	2019
Salaries	₩ 409,776,691	420,592,349
Retirement benefits	37,594,796	32,860,040
Welfare expense	51,171,904	48,359,793
Electronic data operating expense	31,466,724	20,832,708
Rent	4,762,365	4,367,600
Commission and fees	56,880,958	44,195,797
Entertainment expenses	14,820,366	14,089,369
Advertising	36,263,313	39,113,221
Depreciation of investment property	1,805,471	2,607,291
Depreciation of property and equipment	47,480,981	48,061,690
Research expenses	3,073,228	3,088,110
Training expenses	2,227,768	2,470,685
Amortization	6,764,275	6,497,717
Taxes and dues	32,530,238	33,233,594
Others	63,089,264	59,618,325
	<u>₩ 799,708,342</u>	<u>779,988,289</u>

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34. Non-operating Income and Non-operating Expenses

The details of non-operating income and non-operating expenses for the years ended December 31, 2020 and 2019 are as follows:

	2020	2019
Non-operating income:		
Gain on disposal of property and equipment	₩ 39,268	14,777
Gain on disposal of intangible assets	140,085	-
Gain on equity method investments(*)	211,051,995	94,033,851
Gain on disposal of investments in associates and subsidiaries	12,998,325	9,023,149
Rent	9,340,507	9,157,793
Others	5,040,447	11,267,182
	<u>₩ 238,610,627</u>	<u>123,496,752</u>
Non-operating expenses		
Loss on disposal of property and equipment	₩ (267,420)	(30,309)
Loss on disposal of intangible assets	(782)	-
Loss on equity method investments	(9,830,373)	(15,532,628)
Loss on disposal of investments in associates and subsidiaries	(2,437,645)	(2,139,217)
Donation	(2,687,414)	(1,863,987)
Others	(12,306,513)	(3,921,105)
	<u>₩ (27,530,147)</u>	<u>(23,487,246)</u>

(*) For the year ended December 31, 2020, Kakao Bank, Corp. issued new shares through third party allocation, and the resulting difference in equity change of ₩99,943,353 thousand was recognized as gain on equity method investments.

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35. Accumulated Other Comprehensive Income

The changes in accumulated other comprehensive income for the years ended December 31, 2020 and 2019 are as follows:

	2020			
	Beginning	Changes	Adjustments	Ending
Change in fair value- Debt instruments measured at fair value through other comprehensive income	₩ 7,685,739	2,221,068	(1,710,704)	8,196,103
Tax effect	(2,113,577)	(610,795)	470,444	(2,253,928)
Subtotal	<u>5,572,162</u>	<u>1,610,273</u>	<u>(1,240,260)</u>	<u>5,942,175</u>
Changes in accumulated comprehensive income of equity method investees	(8,004,199)	3,689,519	-	(4,314,680)
Tax effect	2,201,155	(1,014,618)	-	1,186,537
Subtotal	<u>(5,803,044)</u>	<u>2,674,901</u>	<u>-</u>	<u>(3,128,143)</u>
Foreign currency differences	27,379,745	(99,033,418)	-	(71,653,673)
Tax effect	(7,529,430)	27,234,190	-	19,704,760
Subtotal	<u>19,850,315</u>	<u>(71,799,228)</u>	<u>-</u>	<u>(51,948,913)</u>
Change in fair value- Equity instruments measured at fair value through other comprehensive income	134,253,255	(26,650,522)	-	107,602,733
Tax effect	(36,941,651)	7,328,894	-	(29,612,757)
Subtotal	<u>97,311,604</u>	<u>(19,321,628)</u>	<u>-</u>	<u>77,989,976</u>
Gains (or losses) on disposal- Equity instruments measured at fair value through other comprehensive income	3,289,766	-	-	3,289,766
Tax effect	(904,686)	-	-	(904,686)
Subtotal	<u>2,385,080</u>	<u>-</u>	<u>-</u>	<u>2,385,080</u>
Change in credit risk- Financial liabilities measured at fair value through profit or loss	(1,098,626)	3,654,912	-	2,556,286
Tax effect	302,122	(1,005,101)	-	(702,979)
Subtotal	<u>(796,504)</u>	<u>2,649,811</u>	<u>-</u>	<u>1,853,307</u>
Remeasurements of net defined benefit liabilities	(9,767,881)	5,386,417	-	(4,381,464)
Tax effect	2,684,126	(1,481,289)	-	1,202,837
Subtotal	<u>(7,083,755)</u>	<u>3,905,128</u>	<u>-</u>	<u>(3,178,627)</u>
Total	<u>₩ 111,435,858</u>	<u>(80,280,743)</u>	<u>(1,240,260)</u>	<u>29,914,855</u>

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35. Accumulated Other Comprehensive Income, Continued

The changes in accumulated other comprehensive income for the years ended December 31, 2020 and 2019 are as follows, Continued:

	2019			
	Beginning	Changes	Adjustments	Ending
Change in fair value- Debt instruments measured at fair value through other comprehensive income	₩ 4,935,628	6,733,400	(3,983,289)	7,685,739
Tax effect	(1,357,297)	(1,851,684)	1,095,404	(2,113,577)
Subtotal	<u>3,578,331</u>	<u>4,881,716</u>	<u>(2,887,885)</u>	<u>5,572,162</u>
Changes in accumulated comprehensive income of equity method investees	(5,008,114)	(2,996,085)	-	(8,004,199)
Tax effect	1,404,815	796,340	-	2,201,155
Subtotal	<u>(3,603,299)</u>	<u>(2,199,745)</u>	<u>-</u>	<u>(5,803,044)</u>
Foreign currency differences	(4,298,411)	31,678,156	-	27,379,745
Tax effect	(552,291)	(6,977,139)	-	(7,529,430)
Subtotal	<u>(4,850,702)</u>	<u>24,701,017</u>	<u>-</u>	<u>19,850,315</u>
Change in fair value- Equity instruments measured at fair value through other comprehensive income	235,826,853	(101,573,598)	-	134,253,255
Tax effect	(64,874,390)	27,932,739	-	(36,941,651)
Subtotal	<u>170,952,463</u>	<u>(73,640,859)</u>	<u>-</u>	<u>97,311,604</u>
Gains (or losses) on disposal- Equity instruments measured at fair value through other comprehensive income	3,289,766	-	-	3,289,766
Tax effect	(904,686)	-	-	(904,686)
Subtotal	<u>2,385,080</u>	<u>-</u>	<u>-</u>	<u>2,385,080</u>
Change in credit risk- Financial liabilities measured at fair value through profit or loss	-	(1,098,626)	-	(1,098,626)
Tax effect	-	302,122	-	302,122
Subtotal	<u>-</u>	<u>(796,504)</u>	<u>-</u>	<u>(796,504)</u>
Remeasurements of net defined benefit liabilities	(6,909,867)	(2,858,014)	-	(9,767,881)
Tax effect	1,896,359	787,767	-	2,684,126
Subtotal	<u>(5,013,508)</u>	<u>(2,070,247)</u>	<u>-</u>	<u>(7,083,755)</u>
Total	<u>₩ 163,448,365</u>	<u>(49,124,622)</u>	<u>(2,887,885)</u>	<u>111,435,858</u>

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36. Supplemental Cash Flows Information

(a) Cash and cash equivalents as of December 31, 2020 and 2019 are as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Cash on hand	₩ 218,182	12,219,105
Ordinary deposits	111,246,975	46,501,738
Checking deposits	11,969,822	627,577
Time deposits and installment deposits	46,314,786	24,790,078
Certificates of deposit	-	9,837,109
Foreign currency deposits	1,183,305,201	490,862,185
MMDA	24,235,347	29,648,427
Other deposits	34,159,970	51,446,111
	<u>₩ 1,411,450,283</u>	<u>665,932,330</u>

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36. Supplemental Cash Flows Information, Continued

(b) Adjustments for non-cash items of cash flows from operating activities for the years ended December 31, 2020 and 2019 are as follows:

	2020	2019
Interest income	₩ (1,109,251,085)	(1,011,990,535)
Interest expenses	338,767,731	405,329,194
Dividend income	(72,219,479)	(69,747,734)
Tax expenses	264,180,270	251,857,252
Gains on valuation of financial assets (liabilities) at fair value through profit or loss	(662,248,932)	(534,615,744)
Gains on valuation of financial liabilities designated as measured at fair value through profit or loss	(350,013,466)	(261,227,952)
Losses on valuation of financial assets (liabilities) at fair value through profit or loss	190,903,788	193,308,226
Losses on valuation of financial liabilities designated as measured at fair value through profit or loss	149,844,814	475,540,177
Gains on valuation of derivative financial assets (liabilities) held for trading	(1,077,560,334)	(977,759,252)
Losses on valuation of derivative financial assets (liabilities) held for trading	1,590,522,514	1,066,680,307
Gains on valuation of loans and receivables	(4,366,528)	-
Losses on valuation of loans and receivables	43,369,747	12,588,235
Gains on disposal of financial assets measured at fair value through other comprehensive income	(13,688,529)	(15,807,996)
Losses on disposal of financial assets measured at fair value through other comprehensive income	328,417	542,417
Provision (reversal) for credit loss allowance	58,860,660	19,410,767
Gains on equity method investments	(211,051,995)	(94,033,850)
Losses on equity method investments	9,830,373	15,532,628
Losses (gains) on disposal of investments in associates	(9,984,460)	(3,421,304)
Losses (gains) on disposal of investments in subsidiaries	(576,220)	(3,462,629)
Depreciation of property and equipment	47,480,981	48,061,690
Amortization of intangible assets	6,764,275	6,497,717
Depreciation of investment property	1,805,471	2,607,291
Losses (gains) on disposal of property and equipment & intangible assets	228,152	15,532
Reversal of impairment losses on intangible assets	(207,833)	-
Losses (gains) on foreign currency translations	(12,293,189)	(28,261,278)
Others	34,343,553	2,573,346
	₩ <u>(786,231,304)</u>	<u>(499,783,495)</u>

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36. Supplemental Cash Flows Information, Continued

(c) Changes in operating assets and liabilities of cash flows for the years ended December 31, 2020 and 2019 are as follows:

	2020	2019
Deposits in financial institutions	₩ 765,105,277	1,646,445,990
Financial assets measured at fair value through profit or loss	(6,436,333,704)	(5,497,476,125)
Derivative financial instruments	(9,042,031)	(803,880,591)
Financial assets measured at amortized cost	80,000,000	(37,600,000)
Loans at amortized cost	(925,823,074)	(1,146,380,983)
Other assets	471,283,103	(1,511,395,834)
Deposits received	5,431,837,655	(135,485,850)
Financial liabilities measured at fair value through profit or loss	(1,314,079,563)	1,074,341,877
Financial liabilities designated as measured at fair value through profit or loss	(2,597,267,522)	1,404,618,495
Securities sold under repurchase agreements	3,068,523,911	(476,817,842)
Net defined benefit liabilities	(7,384,240)	(7,115,204)
Deferred income tax credits	-	604,244
Other liabilities	(815,232,487)	1,739,816,746
	₩ <u>(2,288,412,675)</u>	<u>(3,750,325,077)</u>

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36. Supplemental Cash Flow Information, Continued

(d) Significant non-cash activities for the years ended December 31, 2020 and 2019 are as follows:

	2020	2019
Transfers among property and investment property	₩ 128,747	217,211
Replacement of right-of-use assets and lease liabilities	18,935,794	92,546,096
Replacement of provisions for restoration costs	389,867	355,307
Replacement of financial assets measured at fair value through profit or loss and investments in associates	17,500,000	7,208,030
Gain or loss on valuation of financial assets measured at fair value through other comprehensive income	(26,214,684)	(98,743,800)
Tax effect on gain or loss on valuation of financial assets measured at fair value through other comprehensive income	7,209,039	27,154,544
Loss allowance on financial assets measured at fair value through other comprehensive income	74,526	(312,567)
Tax effect on loss allowance on financial assets measured at fair value through other comprehensive income	(20,495)	85,956
Changes in accumulated other comprehensive income resulting from remeasurements of defined benefit plans	5,386,417	(2,858,014)
Tax effects from remeasurements of defined benefit plans	(1,481,289)	787,767
Changes in accumulated comprehensive income of equity method investees	3,689,519	(2,996,085)
Tax effects of changes in accumulated comprehensive income of equity method investees	(1,014,618)	796,340
Foreign currency differences	(99,033,418)	31,678,156
Tax effects of foreign currency differences	27,234,190	(6,977,139)

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37. Assets Pledged as Collateral

The details of financial assets pledged as collateral as of December 31, 2020 and 2019 are as follows:

	December 31, 2020		Remark
	Book value(*1)	Collateral Amount(*2)	
Stock	₩ 73,595,100	55,579,000	Guarantee for trading of over-the-counter derivatives
	2,034,905,924	1,581,804,362	Guarantee for lending and borrowing securities
	3,535,283	3,535,283	Asset collateral for the overdraft of transaction account
Bond	13,000,204,255	11,017,193,065	Guarantee for trading securities under repurchase agreements (*3)
	7,134,702,606	6,171,339,527	Guarantee for lending and borrowing securities
	889,417,074	848,561,909	Deposits on KRX
	3,343,957,154	3,198,167,708	Guarantee for trading of derivatives
	15,891,367	15,891,367	Asset collateral for the overdraft of transaction account
CP	154,260,795	154,260,795	Guarantee for lending and borrowing securities
Other collective investment securities	5,757,046	5,757,046	Guarantee for lending and borrowing securities
	<u>₩ 26,656,226,604</u>	<u>23,052,090,062</u>	

(*1) Includes financial assets measured at fair value through profit or loss and securities borrowed.

(*2) Collateral amount is the appraised amount calculated by multiplying a certain ratio to the market price of stocks and bonds. Securities, whose market price is not available, are valued at par value.

(*3) The repurchase agreement is a transaction to sell securities to customers with a condition that the Group repurchases the securities at the sale price plus a lender's return (interest and others). When a transfer of a financial asset does not qualify for derecognition, the related asset continues to be recognized, and the amount of securities sold is recognized as liabilities.

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37. Assets Pledged as Collateral, Continued

The details of financial assets pledged as collateral as of December 31, 2020 and 2019 are as follows,
Continued:

		December 31, 2019		
		Book value(*1)	Collateral Amount(*2)	Remark
Stock	₩	124,348,175	94,166,450	Guarantee for trading of over-the-counter derivatives
		2,497,998,014	1,998,786,558	Guarantee for lending and borrowing securities
		20,762,042	20,762,042	Asset collateral for the overdraft of transaction account
				Guarantee for trading securities under repurchase agreements(*3)
Bond		7,280,188,380	6,245,410,570	Guarantee for lending and borrowing securities
		6,125,678,205	5,009,663,308	Deposits on KRX
		606,898,143	580,023,100	
		4,072,476,206	3,828,352,736	Guarantee for trading of derivatives
		136,037,714	136,037,714	Asset collateral for the overdraft of transaction account
	₩	<u>20,864,386,879</u>	<u>17,913,202,478</u>	

(*1) Includes financial assets measured at fair value through profit or loss and securities borrowed.

(*2) Collateral amount is the appraised amount calculated by multiplying a certain ratio to the market price of stocks and bonds. Securities, whose market price is not available, are valued at par value.

(*3) The repurchase agreement is a transaction to sell securities to customers with a condition that the Group repurchases the securities at the sale price plus a lender's return (interest and others). When a transfer of a financial asset does not qualify for derecognition, the related asset continues to be recognized, and the amount of securities sold is recognized as liabilities.

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38. Contingent Liabilities and Commitments

(a) The Group has entered into various agreements with various financial institutions as of December 31, 2020 and 2019 are as follows:

	Financial Institutions	Credit facility	
		December 31, 2020	December 31, 2019
Overdraft (including daily overdraft)	Industrial Bank of Korea and other six financial institutes	₩ 540,000,000	615,000,000
General loan	Industrial Bank of Korea and other four banks	1,285,000,000	495,000,000
Working capital loan (general)	KSFC	500,000,000	500,000,000
Working capital loan (trust)	KSFC	Limit of trust amount	Limit of trust amount
Note trading at a discount (general)	KSFC	200,000,000	200,000,000
Note trading at a discount	KSFC	Limit of trust amount	Limit of subscription
Loans to financial securities-secured loans	KSFC	800,000,000	500,000,000

(b) As of December 31, 2020, the Group is involved in 38 lawsuits as a defendant involving ₩166,288,035 thousand and in 14 lawsuits as a plaintiff claiming ₩122,089,288 thousand. Related to cases pended as a defendant, the Group is reporting ₩2,102,456 thousand as provisions for restoration costs, ₩11,585,117 thousand as advances payments on loss compensations and loss allowance. Although the final impact of the lawsuit on the Group is not predictable, it is not expected to have significant impact on the Group's consolidated financial statements.

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38. Contingent Liabilities and Commitments, Continued

(c) As of December 31, 2020, the Group has agreements to purchase the commercial papers issued by Kiwi Dujeong 1st co., Ltd. and others if the commercial papers are not sold in the market until the issue date under the condition that the credit ratings of the commercial papers maintain a certain level. The details of the commercial papers purchase agreements, as of December 31, 2020, are as follows:

Name	Amounts	Termination date
SM Asan 1st Party and Partners Co., Ltd.	₩ 65,000,000	2021-08-31
HI EULUV	20,000,000	2022-05-28
JM Asset Securitization je 1 cha Co., Ltd.	50,000,000	2022-07-21
HNL2 2nd Co., Ltd.	51,800,000	2023-04-27
IQOS the 2nd Co., Ltd./ WAbest Co., Ltd.	40,000,000	2021-10-28
SF the First Co., Ltd.	80,000,000	2023-06-20
KIS IB Plus 7th Co., Ltd.	100,000	2021-07-27
IQOS the 2nd Co., Ltd./ WAbest Co., Ltd.	30,300,000	2022-06-20
KIS IB Plus 11th Co., Ltd.	20,000,000	2023-06-20
Multiplex Series No.8 Limited Company	20,000,000	2022-12-20
	₩ 407,200,000	2021-08-30

In accordance with the commercial papers purchase agreements, the Group has commercial papers amounting to ₩107,786,315 thousand as of December 31, 2020 (₩203,695,693 thousand as of December 31, 2019) at face amount.

(d) Payment guarantees and other commitments provided the Group as of December 31, 2020 and 2019 are as follows:

	Beneficiary	December 31, 2020	December 31, 2019
Credit line and others	Doosan Machine Tools Co., Ltd. and others	₩ 199,004,872	234,649,129
Loan commitment for unsold house	KIS IB the34th Co., Ltd. and others	1,038,397,710	949,700,000
Loan purchase commitment	Godeok Wonhee 1 st Co., Ltd. and others	660,475,000	914,575,000
		₩ 1,897,877,582	2,098,924,129

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38. Contingent Liabilities and Commitments, Continued

(e) The Group's securities borrowed and securities loaned as of December 31, 2020 and 2019 are as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>	<u>Valuation basis</u>
Securities borrowed			
Stocks	₩ 1,199,875,207	1,326,512,582	Fair value
Stocks in foreign currency	188,860,808	177,588,856	Fair value
National and local government bonds	3,036,882,949	2,646,191,469	Fair value
Securities loaned			
Stocks(*)	789,447,518	1,357,090,280	Fair value
Foreign currency stocks	202,218,912	175,203,497	Fair value
National and local government bonds	-	116,292,720	Fair value

(*) Securities loaned include ₩139,950,324 thousand of the Group's financial assets measured at fair value through profit or loss. Through securities lending transactions, the Group transfers its ownership to borrowers on condition that the borrowers return the same kind and amount of securities after certain time. As the transfer of the financial asset does not qualify for derecognition, it continues to be recognized as an asset.

(f) As of December 31, 2020, the Group has been provided with ₩210,055,000 thousand of fidelity guarantees by Seoul Guarantee Insurance Co., Ltd.

(g) The securities in custody as of December 31, 2020 and 2019 are as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>	<u>Valuation basis</u>
Trustor securities	₩ 133,590,988,935	76,291,839,089	Fair value
Saver securities	144,555,120	120,310,408	Fair value
Beneficiary securities	48,315,046,580	42,284,833,047	Basis price(*)
Other securities	7,389,082,839	6,509,448,176	Fair value
	<u>₩ 189,439,673,474</u>	<u>125,206,430,720</u>	

(*) The price was announced by the Financial Investment Association and regarded as fair value.

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39. Related Party Transactions

(a) The Group's related parties as of December 31, 2020 are as follows:

Classification	Corporate name
Parent	Korea Investment Holdings Co., Ltd
Associates	True Friend Investment Advisory Co., Ltd. Global Dynasty Natural Resource Private Equity Fund Shanghai Fangzheng Stock Investment Partnership KIP Promising Service Industry Venture Fund KIM Growth Corporation Professional Private Trust 1 KIM Growth Corporation Professional Mezzanine Private Trust 2 KIM Growth Company Professional Private Investment No.3 KIP Bright (Chengdu) Investment Partnership Korea Investment Industry 4.0 Venture Fund 2017 KIF-KIP Artificial Intelligence Venture Fund EQ Partners Green Private Equity Fund IBK KIP Growth Stepstone No.1 Private Equity Fund Eugene Premier Professional Investment Type Private Investment Trust No.17 JB Japan Office Private Real Estate Fund 20 1st KIS-Emford New Tech Investment Fund 1 KIM Private Placement London Core Office Real Estate Investment Trust KCLAVIS Meister Fund No.46 Hyundai YouFirst Private Real Estate Investment Trust No.23-1 AIP Euro green private real estate trust NO.9 FG EURO GREEN Private Real Estate Fund No.3 Woori Goseong Power EBL Private Special Asset Fund Hanwha Japan Photovoltaic Private Fund 2 Eugene Aviation Private Special Asset Investment Trust No. 11 (Aircraft) NH-Amundi Aviation Private Fund 1 NH-Amundi Aviation Private Fund 2 HANA PRIVATE REAL ESTATE INVESTMENT TRUST NO.58 NH-Amundi US Infrastructure Investment Trust II Anda Station Professional Investment Type Private Real Estate Fund No.1 Koramco Professional Investment No.69 WOORI ECOWASTE PRIVATE SPECIAL ASSET FUND KIS-SV New Tech Investment Fund 1 EBEST AIP Fund No.1 Samchully Midstream Private Placement Special Asset Fund 5-3 KTB Aircraft Professional Investment Private Investment Trust No.22-1 JB Australia NDIS Private Fund 1 NH Amundi Overseas Senior Loan Fund 4 Tiger Alternative Investment 8 Tiger Alternative Qualified Investment Real Estate Trust No.12 Tiger Alternative Qualified Investment Real Estate Trust No. 6 Hanon Private Equity Fund True Friend Investment Advisory Co., Ltd. Global Dynasty Natural Resource Private Equity Fund Shanghai Fangzheng Stock Investment Partnership KIP Promising Service Industry Venture Fund KIS-BM New Tech Investment Fund 1 T&F 2019 Bearing Startup and Venture Private Equity Fund IBKC-EQP Innovative Technology Fund Kiwoom Infra Core Debt Investment Private Trust No.2 Tiger Alternative Qualified Investment Real Estate Trust No.14 Multi Asset Opportunity QI Investment Fund No. 16 KIM AsiaPlus Securities Feeder Investment Trust(Bond) INMARK France Professional Private Real Estate Investment Trust 18

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39. Related Party Transactions, Continued

(a) The Group's related parties as of December 31, 2020 are as follows, Continued:

Classification	Corporate name
Associates	Petra 7 Alpha Private Equity Fund
	KIS-BM New Tech Investment Fund 2
	Tiger Alternative Qualified Investment Real Estate Trust No.18-2
	Kiwoom Hero Private Equity Fund 3
	KIM Global Flex Bond Securities Trust
	Koreainvestment-Brickinvestment 1 New Technology Business Investment Fund
	KIM Private Placement Smart Real Asset Investment Trust 1
	Alpha US Notus Special Asset Private Investment Trust
	PineStreet Global Corporate Finance Fund V-1
	A ONE GALAXY KOSDAQ VENTURE PROFESSIONAL INVESTOR PRIVATE INVESTMENT FUNDS
	KODEX Banks
	Kakao Bank, Corp.
	GEC-KIP Technology and Innovation Fund
	Korea Investment Aviation Professional Investors' Special Asset Investment Trust No.6
	KIM Target Income Global Bond Feeder Fund2
	KIM Target Income Global Allocation Feeder Fund2
	KIM Global Socially Responsible ESG Companies Fund (Equity-Fund of Funds)
KIM US Dividend Aristocrats Fund (Equity) C-F	
Korea Value Platinum Equity Qualified Investor Private Investment Trust Type 2	
Entities under common control	Korea Investment Partners Co., Ltd
	Korea Investment Savings Bank
	Korea Investment Capital Co., Ltd
	KIARA CAPITAL II PTE. Ltd
	KIARA ADVISORS PTE. Ltd
	Korea Investment Private Equity
Others	Korea Investment & Real Estate Trust. Co., Ltd
	KIM Re-up Fund
Affiliates belonging to the large enterprise group(*1)	KIM Core Competency Leveraged Fund
	Woori New technology Private Equity Fund and others

(*1) The Group has included affiliates belonging to the large enterprise group designated by the Fair Trade Commission in the scope of related parties.

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39. Related Party Transactions, Continued

(b) Significant transactions with related parties for the years ended December 31, 2020 and 2019 are as follows:

Counterparty	Account	2020		2019	
		Revenue	Expense	Revenue	Expense
Parent:					
Korea Investment Holdings Co., Ltd	Rent income	₩ 740,931	-	734,658	-
	Non-operating income(*1)	263,308	-	215,403	-
	Fee and commission revenue	880	-	880	-
	Interest expense	-	2,944,147	-	1,953,741
Associates:					
KIS-Emford New Tech Investment Fund 1	Fee and commission revenue	81,600	-	81,600	-
KIS-BM New Tech Investment Fund 1	Fee and commission revenue	44,190	-	-	-
KIS-BM New Tech Investment Fund 2	Fee and commission revenue	17,828	-	-	-
KIS-SV New Tech Investment Fund 1	Fee and commission revenue	54,637	-	27,375	-
Korea Investment-Brick Investment 1 New Technology Business Investment Fund	Fee and commission revenue	36,116	-	-	-
KIM AsiaPlus Securities Feeder Investment Trust(Bond)	Fee and commission revenue	71,631	-	24,468	-
Kim EMP Global Asset Allocation Equity Balanced Fund	Fee and commission revenue	-	-	3,131	-
Korea Investment Aviation Professional Investors' Special Asset Investment Trust No.6	Fee and commission revenue	248,975	-	238,462	-
KIM KINDEX Active Korea Treasury & Agency bonds ETF	Fee and commission revenue	-	-	15,810	-
KIM Target Income Global Bond Feeder Fund2	Fee and commission revenue	12,445	-	12,058	-
KIM Target Income Global Allocation Feeder Fund2	Fee and commission revenue	12,622	-	12,097	-
KIM China Industry 4.0 Equity fund	Fee and commission revenue	-	-	36,829	-
KIM KOSPI Solution Fixed Income Balanced Fund	Fee and commission revenue	-	-	18,190	-
KIM Global Socially Responsible ESG Companies Fund(Equity-Fund of Funds)	Fee and commission revenue	8,516	-	3,217	-
KIM 4th Industrial Revolution of Japan Fund(Equity)	Fee and commission revenue	29,285	-	23,255	-
KIM US Dividend Aristocrats Fund (Equity)	Fee and commission revenue	14,437	-	-	-
Korea Value Platinum Equity Qualified Investor Private Investment Trust Type 2	Fee and commission revenue	10,800	-	-	-

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39. Related Party Transactions, Continued

(b) Significant transactions with related parties for the years ended December 31, 2020 and 2019 are as follows, Continued:

Counterparty	Account	2020		2019	
		Revenue	Expense	Revenue	Expense
Associates:					
Kakao Bank, Corp.	Interest income	₩ -	-	366	-
	Fee and commission revenue	3,168	-	3,168	-
	Payment fee	-	6,843,000	-	1,632,163
	Fee and commission expense	-	3,476,628	-	3,912,416
Entities under common control:					
Korea Investment Partners Co., Ltd	Non-operating income(*1)	79,029	-	26,509	-
	Payment fee(*3)	-	2,750,102	-	-
Korea Investment Savings Bank	Interest income	232,602	-	2,310,265	-
	Fee and commission revenue	2,200	-	2,200	-
	Non-operating income(*1)	398,489	-	511,650	-
	Interest on deposits	-	3,271	-	8,944
Korea Investment Capital Co., Ltd	Non-operating income(*1)	287,963	-	306,753	-
	loss on disposition of bond	-	-	-	1,500
Korea Investment & Real Estate Trust. Co., Ltd	Non-operating income(*1)	4,524	-	-	-
	Interest expense	-	334,272	-	69,073
KIARA ADVISORS PTE. LTD.	Payment fee	-	-	-	7,435,233
Korea Investment Private Equity	Non-operating income(*1)	11,414	-	431	-
Affiliates belonging to the large enterprise group:					
EQP POSCO Global No.1 Natural Resources Private Equity Fund(*2)	Dividend income	830,672	-	1,014,724	-
	loss on disposition	-	1,131,309	-	-
Woori New technology Private Equity Fund(*2)	Dividend income	141,293	-	1,114,608	-
KIP Global Pharma-Ecosystem Private Equity Fund(*2)	Dividend income	1,064,518	-	4,758,325	-
	loss on disposition	-	1,684,481	-	-
EQ Partners No.2 Corporate Restructuring PEF(*2)	Dividend income	4,018,100	-	-	-
	loss on disposition	-	2,315,523	-	-

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39. Related Party Transactions, Continued

(b) Significant transactions with related parties for the years ended December 31, 2020 and 2019 are as follows, Continued:

Counterparty	Account	2020		2019	
		Revenue	Expense	Revenue	Expense
Others:					
KIM Re-up Fund(*2)	Dividend income	₩ 3,099,191	-	-	-
KIM Core Competency Leveraged Fund (*2)	Dividend income	1,068,606	-	-	-
	Loss on Disposition	-	95,751	-	-
		<u>₩ 12,889,970</u>	<u>21,578,484</u>	<u>11,496,432</u>	<u>15,013,070</u>

(*1) Electronic data operating expense and trademark settlement received from the parent company, subsidiaries, and entities under common control.

(*2) KIM Re-up Fund has been made an additional investments for ₩10,000,000 thousand and reimbursed for ₩2,582,330 thousand, EQP POSCO Global No.1 Natural Resources Private Equity Fund, Woori New technology Private Equity Fund, KIP Global Pharma-Ecosystem Private Equity Fund, KIM Core Competency Leveraged Fund, EQ Partners No.2 Corporate Restructuring PEF has been reimbursed for ₩4,513,124 thousand, ₩1,152,000 thousand, ₩1,525,000 thousand, ₩4,101,900 thousand and ₩1,442,927 thousand respectively during 2020.

(*3) The expenses that KIP KIS SEA-CHINA Fund paid to Korea Investment Partners Co., Ltd were included.

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39. Related Party Transactions, Continued

(c) Significant receivables and payables, and allowances arising from related party transactions as of December 31, 2020 and 2019 are as follows:

Counterparty	Account	December 31, 2020		December 31, 2019		
		Receivables	Payables	Receivables	Payables	
Parent:						
Korea Investment Holdings Co., Ltd.	Borrowings	₩	- 87,040,000	-	57,890,000	
	Accounts payable(*)		- 174,021,934	-	54,760,631	
	Accrued interest expense		- 1,187,440	-	1,022,861	
	Leasehold deposits received		- 347,478	-	347,478	
Associates:						
Global Dynasty Natural Resource Private Equity Fund	Others	680,441	-	680,441	-	
	Loss allowance	(680,441)	-	(680,441)	-	
KIS-SV New Tech Investment Fund 1	Unearned commission	-	-	-	32,311	
Koreainvestment-Brickinvestment 1 New Technology Business Investment Fund	Unearned commission	-	65,296	-	-	
Kakao Bank, Corp.	Passbook deposits	1,028,410	-	217,741	-	
Korea Investment Aviation Professional Investors' Special Asset Investment Trust No.6	Accrued income	16,435	-	17,707	-	
	KIM Target Income Global Bond Feeder Fund2	Accrued income	1,062	-	1,545	-
KIM Target Income Global Allocation Feeder Fund2	Accrued income	1,534	-	1,558	-	
KIM 4th Industrial Revolution of Japan Fund(Equity)	Accrued income	-	-	4,595	-	
KIM Global Socially Responsible ESG Companies Fund(Equity-Fund of Funds)	Accrued income	670	-	548	-	
KIM AsiaPlus Securities Feeder Investment Trust(Bond)	Accrued income	7,164	-	6,892	-	
KIM US Dividend Aristocrats Fund (Equity)	Accrued income	4,611	-	-	-	
Korea Value Platinum Equity Qualified Investor Private Investment Trust Type 2	Accrued income	4,586	-	-	-	
Affiliates belonging to the large enterprise group:						
Korea Investment Savings Bank	Long-term deposits	8,000,000	-	65,000,000	-	
	Accrued income	76,951	-	1,559,894	-	
	Customer's deposits received	-	1,348,156	-	1,604,210	
KIARA ADVISORS PTE. LTD.	Accrued expenses	-	1,193,288	-	4,457,655	
Korea Investment & Real Estate Trust. Co., Ltd	Borrowings	-	-	-	34,950,000	
	Accrued expenses payable	-	-	-	73,956	
		₩	<u>9,141,423</u>	<u>265,203,592</u>	<u>66,810,480</u>	<u>155,139,102</u>

(*) Accounts payable to Korea Investment Holdings Co., Ltd. due to the application of the consolidated tax return.

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39. Related Party Transactions, Continued

(d) The commission incomes incurred from the management of related parties' pension schemes for the years ended December 31, 2020 and 2019 are ₩162,429 thousand and ₩148,901 thousand, respectively. The fees receivables as of December 31, 2020 and 2019 are ₩158,585 thousand and ₩149,190 thousand as of December 31, 2020 and 2019, respectively.

(e) Financial transactions with related parties

Counterparty		December 31, 2020				
		Rights Offering	Buying of securities	Selling of securities	Deposit	Termination
Parent:						
Korea Investment Holdings Co., Ltd.	Borrowings	-	-	-	USD 80,000,000	USD 50,000,000
Entities under common control:						
Korea Investment Savings Bank	Time Deposits	₩	-	-	3,000,000	60,000,000

Counterparty		December 31, 2019				
		Rights Offering	Buying of securities	Selling of securities	Deposit	Termination
Parent:						
Korea Investment Holdings Co., Ltd.	Capital stock	₩	777,000,000	-	-	-
	Securities		-	489,531,600	-	-
	Borrowings		-	-	-	-
Entities under common control:						
Korea Investment Savings Bank	Time Deposits	₩	-	-	69,000,000	111,000,000

(f) The key management compensation for the years ended December 31, 2020 and 2019 are as follows:

	2020		
	Short-term employee benefit	Retirement benefits	Total
Registered directors	₩ 6,478,430	2,017,987	8,496,417
	2019		
	Short-term employee benefit	Retirement benefits	Total
Registered directors	₩ 5,508,976	911,667	6,420,643

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40. Carrying Amounts of Financial Instruments by Category

Financial assets and liabilities are measured at fair value or amortized cost. Measurement policies for each category of financial assets and financial liabilities are disclosed in Note 4, 'Significant accounting policies'.

The carrying amounts of financial assets and liabilities by category as of December 31, 2020 and 2019 are as follows:

	December 31, 2020				
	Financial assets(liabilities) at fair value through profit or loss	Financial liabilities designated as measured at fair value through profit or loss	Financial assets measured at fair value through other comprehensive income	Financial assets(liabilities) measured at amortized cost	Total
Financial assets:					
Cash and due from banks	₩ -	-	-	5,197,201,999	5,197,201,999
Financial assets measured at fair value through profit or loss	40,404,913,709	-	-	-	40,404,913,709
Derivative financial assets	1,195,172,411	-	-	-	1,195,172,411
Financial assets measured at amortized cost	-	-	-	6,718,191,911	6,718,191,911
Financial assets measured at fair value through other comprehensive income	-	-	2,187,136,868	-	2,187,136,868
Other financial assets measured at amortized cost	-	-	-	2,248,896,829	2,248,896,829
	₩ 41,600,086,120	-	2,187,136,868	14,164,290,739	57,951,513,727
Financial liabilities:					
Deposits received	₩ -	-	-	9,195,092,940	9,195,092,940
Financial liabilities measured at fair value through profit or loss	2,767,212,081	-	-	-	2,767,212,081
Derivative financial liabilities	1,823,686,390	-	-	-	1,823,686,390
Financial liabilities designated as measured at fair value through profit or loss	-	11,165,816,143	-	-	11,165,816,143
Borrowings	-	-	-	25,917,560,737	25,917,560,737
Other financial liabilities	-	-	-	3,896,763,716	3,896,763,716
	₩ 4,590,898,471	11,165,816,143	-	39,009,417,393	54,766,132,007

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40. Carrying Amounts of Financial Instruments by Category, Continued

The carrying amounts of financial assets and liabilities by category as of December 31, 2020 and 2019 are as follows, Continued:

	December 31, 2019				
	Financial assets (liabilities) at fair value through profit or loss	Financial liabilities designated as measured at fair value through profit or loss	Financial assets measured at fair value through other comprehensive income	Financial assets (liabilities) measured at amortized cost	Total
Financial assets:					
Cash and due from banks	₩ -	-	-	5,252,448,629	5,252,448,629
Financial assets measured at fair value through profit or loss	33,409,800,775	-	-	-	33,409,800,775
Derivative financial assets	845,824,765	-	-	-	845,824,765
Financial assets measured at amortized cost	-	-	-	5,896,481,288	5,896,481,288
Financial assets measured at fair value through other comprehensive income	-	-	2,613,394,544	-	2,613,394,544
Other financial assets measured at amortized cost	-	-	-	2,885,666,126	2,885,666,126
	₩ 34,255,625,540	-	2,613,394,544	14,034,596,043	50,903,616,127
Financial liabilities:					
Deposits received	₩ -	-	-	3,763,255,285	3,763,255,285
Financial liabilities measured at fair value through profit or loss	3,985,471,017	-	-	-	3,985,471,017
Derivative financial liabilities	953,976,083	-	-	-	953,976,083
Financial liabilities designated as measured at fair value through profit or loss	-	13,953,486,913	-	-	13,953,486,913
Borrowings	-	-	-	20,511,632,491	20,511,632,491
Other financial liabilities	-	-	-	4,572,790,419	4,572,790,419
	₩ 4,939,447,100	13,953,486,913	-	28,847,678,195	47,740,612,208

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41. Fair Value of Financial Instruments

(1) Fair Value of Financial Instruments

The book value and fair value of the Group's financial assets and liabilities as of December 31, 2020 and 2019 are as follows:

	December 31, 2020		December 31, 2019	
	Book value	Fair value	Book value	Fair value
Financial assets:				
Cash and due from banks(*)	₩ 5,197,201,999	5,197,201,999	5,252,448,629	5,252,448,629
Financial assets measured at fair value through profit or loss	40,404,913,709	40,404,913,709	33,409,800,775	33,409,800,775
Derivative financial assets	1,195,172,411	1,195,172,411	845,824,765	845,824,765
Financial assets measured at fair value through other comprehensive income	2,187,136,868	2,187,136,868	2,613,394,544	2,613,394,544
Financial assets measured at amortized cost(*)	6,718,191,911	6,724,452,020	5,896,481,288	5,888,260,389
Other financial assets measured at amortized cost(*)	2,248,896,829	2,248,896,829	2,885,666,126	2,885,666,126
	<u>₩ 57,951,513,727</u>	<u>57,957,773,836</u>	<u>50,903,616,127</u>	<u>50,895,395,228</u>
Financial liabilities:				
Deposits received(*)	₩ 9,195,092,940	9,195,092,940	3,763,255,285	3,763,255,285
Financial liabilities measured at fair value through profit or loss	2,767,212,081	2,767,212,081	3,985,471,017	3,985,471,017
Derivative financial liabilities	1,823,686,390	1,823,686,390	953,976,083	953,976,083
Financial liabilities designated as measured at fair value through profit or loss	11,165,816,143	11,165,816,143	13,953,486,913	13,953,486,913
Borrowings(*)	25,917,560,737	25,927,255,295	20,511,632,491	20,521,460,076
Other financial liabilities(*)	3,896,763,716	3,896,763,716	4,572,790,419	4,572,790,419
	<u>₩ 54,766,132,007</u>	<u>54,775,826,565</u>	<u>47,740,612,208</u>	<u>47,750,439,793</u>

(*) The fair values of cash and due from banks, financial assets measured at amortized cost, other financial assets measured at amortized cost, deposits received, borrowings and other financial liabilities with maturity dates less than one year are disclosed at their book values because the difference between their book values and fair values is not significant.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. For each class of financial assets and financial liabilities, the Group discloses the fair value of that class of assets and liabilities in a way that permits it to be compared with its carrying amount at the end of each reporting period. The best evidence of fair value of financial instruments is a quoted price in an active market.

41. Fair Value of Financial Instruments, Continued

(1) Fair Value of Financial Instruments, Continued

The Group believes that valuation methods used for measuring the fair values of financial instruments are reasonable and that the fair values recognized in the statements of financial position are appropriate. However, the fair values of the financial instruments recognized in the statements of financial position may be different if other valuation methods or assumptions are used. Additionally, as there is a variety of valuation techniques and assumptions used in measuring fair value, it may be difficult to reasonably compare the fair value with that of other financial institutions.

(a) The valuation techniques and assumptions for fair value calculations of financial instruments

The Group is provided with the fair values of bonds and unlisted stocks by external valuation institutions, and the valuation technique and assumptions for fair value calculations of each financial instrument used by the external institutions are described below. In addition, there has been no significant change in these valuation techniques.

i) Corporate bonds, special bonds and others

Condensed model using credit ratings and transaction data is used. The yield curve computed by Jarrow- Lando-Turnbull Model is used to discount the future cash flows in order to result in the fair values.

ii) Beneficiary certificates

Beneficiary certificates are valued by the prices which fund management companies disclose.

iii) Unlisted stocks

Fair value of unlisted stocks is calculated by using profit approach, market approach and asset approach.

iv) Derivatives (derivative-linked securities included)

The fair value valuation method for derivatives can be categorized as follows. For derivatives traded in an active market, the quoted prices are considered as fair values. For relatively simple derivatives, fair values are measured by using valuation model with observable data from market. When valuation amounts from independent valuation institutions are used, the average value of the valuation amounts from two or more independent valuation institutions is used. For calculation of the fair value of more complex derivatives, the fair values are measured by using valuation model with inputs that are not based on observable market data, and the Group verifies the accuracy of this valuation model through regular examinations.

(b) Use of quoted price in active market

The Group measures the fair values of stocks, national and local government bonds and ELW in financial assets measured at fair value through profit or loss by referring to the quoted price in the active market. The valuation technique is used to calculate the fair values of the rest of the financial instruments measured at fair value through profit or loss and the financial instruments measured at fair value through other comprehensive income other than those mentioned above.

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41. Fair Value of Financial Instruments, Continued

(2) Day 1 Profit or Loss

If the Group uses a valuation technique that uses data not obtained from observable markets for the fair value at initial recognition of financial instruments, there could be a difference between the transaction price and the amount determined using that valuation technique. In these circumstances, the fair value of financial instruments is recognized as the transaction price and the difference is amortized by using the straight-line method over the life of the financial instruments. If the fair value of the financial instruments can be subsequently determined using observable market inputs, the remaining deferred amount is immediately recognized in profit or loss.

The aggregate difference yet to be recognized in profit or loss at the beginning and end of the year and the changes during the year are as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Balances at the beginning of the year (A)	₩ 119,805,113	110,731,392
Incurred during the year (B)	103,775,171	218,667,909
Amounts recognized in profit or loss during the year (C)	<u>(165,305,726)</u>	<u>(209,594,188)</u>
Balances at the end of the year (A+B+C)	₩ <u>58,274,558</u>	<u>119,805,113</u>

(3) Fair Value Hierarchy

Assets measured at fair value or for which the fair value is disclosed are categorized within the fair value hierarchy, and the defined levels are as follows:

- Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, prices) or indirectly (that is, derived from prices)
- Level 3 Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

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41. Fair Value of Financial Instruments, Continued

(3) Fair Value Hierarchy, Continued

(a) Fair value hierarchy of financial instruments measured at fair value as of December 31, 2020 and 2019 are as follows:

	December 31, 2020			
	Book value	Level 1	Level 2	Level 3
Financial assets:				
Financial assets measured at fair value through profit or loss	₩ 40,404,913,709	9,996,504,897	27,969,729,672	2,438,679,140
Derivative financial assets	1,195,172,411	144,127,931	700,864,639	350,179,841
Financial assets measured at fair value through other comprehensive income	<u>2,187,136,868</u>	<u>1,045,545,359</u>	<u>932,151,501</u>	<u>209,440,008</u>
	<u>₩ 43,787,222,988</u>	<u>11,186,178,187</u>	<u>29,602,745,812</u>	<u>2,998,298,989</u>
Financial liabilities:				
Financial liabilities measured at fair value through profit or loss	₩ 2,767,212,081	2,767,212,081	-	-
Derivative financial liabilities	1,823,686,390	433,396,123	739,421,099	650,869,168
Financial liabilities designated as measured at fair value through profit or loss	<u>11,165,816,143</u>	<u>127,756,108</u>	<u>3,651,038,011</u>	<u>7,387,022,024</u>
	<u>₩ 15,756,714,614</u>	<u>3,328,364,312</u>	<u>4,390,459,110</u>	<u>8,037,891,192</u>
December 31, 2019				
	Book value	Level 1	Level 2	Level 3
Financial assets:				
Financial assets measured at fair value through profit or loss	₩ 33,409,800,775	10,310,108,329	21,328,102,316	1,771,590,130
Derivative financial assets	845,824,765	165,330,728	347,168,561	333,325,476
Financial assets measured at fair value through other comprehensive income	<u>2,613,394,544</u>	<u>1,116,240,642</u>	<u>1,342,374,192</u>	<u>154,779,710</u>
	<u>₩ 36,869,020,084</u>	<u>11,591,679,699</u>	<u>23,017,645,069</u>	<u>2,259,695,316</u>
Financial liabilities:				
Financial liabilities measured at fair value through profit or loss	₩ 3,985,471,017	3,985,471,017	-	-
Derivative financial liabilities	953,976,083	289,734,779	219,430,728	444,810,576
Financial liabilities designated as measured at fair value through profit or loss	<u>13,953,486,913</u>	<u>235,184,973</u>	<u>4,209,481,836</u>	<u>9,508,820,104</u>
	<u>₩ 18,892,934,013</u>	<u>4,510,390,769</u>	<u>4,428,912,564</u>	<u>9,953,630,680</u>

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41. Fair Value of Financial Instruments, Continued

(3) Fair Value Hierarchy, Continued

(b) Fair value hierarchy of financial instruments for which the fair value is disclosed as of December 31, 2020 and 2019 is as follows:

	December 31, 2020			
	Book value	Level 1	Level 2	Level 3
Financial assets				
Cash and due from banks(*1)	₩ 5,197,201,999	1,411,450,283	-	3,785,751,716
Financial assets measured at amortized cost(*2)	6,718,191,911	-	109,297,113	6,615,154,907
Other financial assets measured at amortized cost(*1)	2,248,896,829	-	-	2,248,896,829
	<u>₩ 14,164,290,739</u>	<u>1,411,450,283</u>	<u>109,297,113</u>	<u>12,649,803,452</u>
Financial liabilities				
Deposits(*1)	₩ 9,195,092,940	-	9,195,092,940	-
Borrowings(*2)	25,917,560,737	-	25,927,255,295	-
Other financial liabilities(*1)	3,896,763,716	-	-	3,896,763,716
	<u>₩ 39,009,417,393</u>	<u>-</u>	<u>35,122,348,235</u>	<u>3,896,763,716</u>

(*1) The book value was disclosed as fair value because book value was considered a reasonable approximation of fair value.

(*2) Public bonds measured at amortized cost and public bonds out of loans and borrowings were separately calculated at fair value, and for the remaining items, the book value was disclosed as fair value because book value was considered a reasonable approximation of fair value.

	December 31, 2019			
	Book value	Level 1	Level 2	Level 3
Financial assets				
Cash and due from banks(*1)	₩ 5,252,448,629	665,932,330	-	4,586,516,299
Financial assets measured at amortized cost(*2)	5,896,481,288	-	108,854,868	5,779,405,521
Other financial assets measured at amortized cost(*1)	2,885,666,126	-	-	2,885,666,126
	<u>₩ 14,034,596,043</u>	<u>665,932,330</u>	<u>108,854,868</u>	<u>13,251,587,946</u>
Financial liabilities				
Deposits(*1)	₩ 3,763,255,285	-	3,763,255,285	-
Borrowings (*2)	20,511,632,491	-	20,521,460,076	-
Other financial liabilities(*1)	4,572,790,419	-	-	4,572,790,419
	<u>₩ 28,847,678,195</u>	<u>-</u>	<u>24,284,715,361</u>	<u>4,572,790,419</u>

(*1) The book value was disclosed as fair value because book value was considered a reasonable approximation of fair value.

(*2) Public bonds measured at amortized cost and public bonds out of loans and borrowings were separately calculated at fair value, and for the remaining items, the book value was disclosed as fair value because book value was considered a reasonable approximation of fair value.

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41. Fair Value of Financial Instruments, Continued

(4) Changes in Recurring Fair Value Measurements Categorized Within Level 3 of the Fair Value Hierarchy

(a) Changes in financial instruments with level 3 fair value for the years ended December 31, 2020 and 2019 are as follows:

	2020			
	Financial assets measured at fair value through profit or loss	Net derivatives	Financial liabilities measured at fair value through other comprehensive income	Financial liabilities designated as measured at fair value through profit or loss
Beginning balance	₩ 1,771,590,130	(111,485,100)	154,779,710	(9,508,820,104)
Total gains or losses				
Profit or loss	18,731,228	(85,249,002)	-	14,204,410
Other comprehensive income (loss)	-	-	31,654,678	3,654,911
Purchases and issues	4,285,562,484	31,319,780	23,005,620	(6,043,313,244)
Sales and Settlements	(3,637,204,702)	(135,275,005)	-	8,147,252,003
Ending Balance	₩ 2,438,679,140	(300,689,327)	209,440,008	(7,387,022,024)

	2019			
	Financial assets measured at fair value through profit or loss	Net derivatives	Financial liabilities measured at fair value through other comprehensive income	Financial liabilities designated as measured at fair value through profit or loss
Beginning balance	₩ 1,003,412,015	(351,303,220)	142,309,559	(8,638,312,643)
Total gains or losses				
Profit or loss	(29,499,048)	507,538,357	-	(1,166,089,470)
Other comprehensive income (loss)	-	-	12,470,151	(1,098,626)
Purchases and issues	6,193,653,965	5,706,720	-	(11,455,491,651)
Sales and Settlements	(5,395,976,802)	(273,426,957)	-	11,752,172,286
Ending Balance	₩ 1,771,590,130	(111,485,100)	154,779,710	(9,508,820,104)

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41. Fair Value of Financial Instruments, Continued

(4) Changes in Recurring Fair Value Measurements Categorized Within Level 3 of the Fair Value Hierarchy, Continued

(b) The amounts recognized in profit or loss related to the level 3 fair value changes and gains or losses of remaining financial assets and liabilities at the end of the reporting period recorded as gain (loss) on valuation and disposal of financial assets (liabilities) for the years ended December 31, 2020 and 2019 are as follows:

	2020			
	Financial assets measured at fair value through profit or loss	Financial liabilities measured at fair value through other comprehensive income	Net derivatives	Financial liabilities designated as measured at fair value through profit or loss
Total gains or losses included in profit or loss	₩ 18,731,228	-	(85,249,002)	14,204,410
Total gains or losses included in profit or loss for financial instruments held at the end of the reporting period	7,629,534	-	(78,569,699)	196,111,223
	2019			
	Financial assets measured at fair value through profit or loss	Financial liabilities measured at fair value through other comprehensive income	Net derivatives	Financial liabilities designated as measured at fair value through profit or loss
Total gains or losses included in profit or loss	₩ (29,499,048)	-	507,538,357	(1,166,089,470)
Total gains or losses included in profit or loss for financial instruments held at the end of the reporting period	(61,173,544)	-	137,878,590	(210,176,979)

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41. Fair Value of Financial Instruments, Continued

(5) Valuation Techniques and Inputs

Valuation techniques and inputs used in the recurring, non-recurring fair value measurements and disclosed fair values categorized within Level 2 and Level 3 of the fair value hierarchy as of December 31, 2020 and 2019 are as follows. The valuation techniques and inputs were not disclosed when the book value was disclosed as fair value because the book value was considered as a reasonable approximation of fair value.

		December 31, 2020				
		Fair value	Level	Valuation techniques	Level	
					Inputs	Range
Recurring fair value measurements:						
Financial assets measured at fair value through profit or loss						
	₩	27,969,729,672	2	DCF Model, Monte Carlo Simulation Model, FDM Model	-	-
		2,438,679,140	3	DCF Model, Monte Carlo Simulation Model, FDM Model, Black-Derman-Toy(BDT) Model	Stock index volatility, Rate spread, Credit loss, Correlation coefficient between underlying asset	Volatility 1.00 ~ 100% / Rate(credit) spread 1.970 ~ 6.089% / Correlation coefficient -100 ~ 100%
Derivative financial assets						
		700,864,639	2	DCF Model, Embedded forward rate calculation	-	-
		350,179,841	3	DCF Model, Monte Carlo Simulation Model, FDM Model	Stock index volatility, Rate spread, Credit loss, Correlation coefficient between underlying asset	Volatility 1.00 ~100% / Rate(credit) spread 0.0 ~ 25.0% / Correlation coefficient -100 ~100%
Financial assets measured at fair value through other comprehensive income						
		932,151,501	2	DCF Model, Asset Liability Model, Binominal Model	-	-
		209,440,008	3	DCF Model	Discount rate Growth rate	10.5 ~ 12.6% 1%,
	₩	<u>32,601,044,801</u>				
Derivative financial liabilities						
	₩	739,421,099	2	DCF Model, Embedded forward rate calculation	-	-
		650,869,168	3	DCF Model, Monte Carlo Simulation Model, FDM Model	Stock index volatility, Rate spread, Credit loss, Correlation coefficient between underlying asset	Volatility 1.00 ~ 100% / Rate(credit) spread 0.00 ~ 25.00% / Correlation coefficient -100 ~ 100%
Financial liabilities designated as measured at fair value through profit or loss						
		3,651,038,011	2	Monte Carlo Simulation Model, FDM Model	-	-
		7,387,022,024	3	Monte Carlo Simulation Model, FDM Model	Stock index volatility, Rate spread, Credit loss, Correlation coefficient between underlying asset	Volatility 1.00 ~ 100% / Rate(credit) spread 0.00 ~ 25.00% / Correlation coefficient -100 ~ 100%
	₩	<u>12,428,350,302</u>				
Disclosed at fair value:						
Public bonds measured at amortized cost						
	₩	109,297,113	2	DCF Model	-	-
Loans measured at amortized cost						
		1,267,882,816	3	DCF Model	Discount rate	2.05 ~ 15.77%
	₩	<u>1,377,179,929</u>				
Borrowings (Public bonds)						
	₩	1,489,893,244	2	DCF Model	-	-

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41. Fair Value of Financial Instruments, Continued

(5) Valuation Techniques and Inputs, Continued

		December 31, 2019				
		Fair value	Level	Valuation techniques	Level	
					Inputs	Range
Recurring fair value measurements:						
Financial assets measured at fair value through profit or loss						
	₩	21,328,102,316	2	DCF Model, Monte Carlo Simulation Model, FDM Model	-	-
				DCF Model, Monte Carlo Simulation Model, FDM Model, Black-Derman-Toy(BDT) Model	Stock index volatility, Rate spread, Credit loss, Correlation coefficient between underlying asset	Volatility 1.00 ~ 100% / Rate(credit) spread 1.745 ~ 9.188% / Correlation coefficient -100 ~ 100%
		1,771,590,130	3	DCF Model, Embedded forward rate calculation	-	-
Derivative financial assets						
		347,168,561	2	DCF Model, Monte Carlo Simulation Model, FDM Model	Stock index volatility, Rate spread, Credit loss, Correlation coefficient between underlying asset	Volatility 1.00 ~ 100% / Rate(credit) spread 0.00 ~ 25.00% / Correlation coefficient -100 ~ 100%
Financial assets measured at fair value through other comprehensive income						
		333,325,476	3	DCF Model, Asset Liability Model, Binominal Model	-	-
		1,342,374,192	2	DCF Model	Discount rate	10.59 ~ 15.32%
		154,779,710	3	DCF Model	Growth rate	2%,
	₩	<u>25,277,340,385</u>				
Derivative financial liabilities						
	₩	219,430,728	2	DCF Model, Embedded forward rate calculation	-	-
				DCF Model, Monte Carlo Simulation Model, FDM Model	Stock index volatility, Rate spread, Credit loss, Correlation coefficient between underlying asset	Volatility 1.00 ~ 100% / Rate(credit) spread 0.00 ~ 25.00% / Correlation coefficient -100 ~ 100%
		444,810,576	3	Monte Carlo Simulation Model, FDM Model	-	-
Financial liabilities designated as measured at fair value through profit or loss						
		4,209,481,836	2	Monte Carlo Simulation Model, FDM Model	Stock index volatility, Rate spread, Credit loss, Correlation coefficient between underlying asset	Volatility 1.00 ~ 100% / Rate(credit) spread 0.00 ~ 25.00% / Correlation coefficient -100 ~ 100%
		9,508,820,104	3	Monte Carlo Simulation Model, FDM Model	-	-
	₩	<u>14,382,543,244</u>				
Disclosed at fair value:						
Public bonds measured at amortized cost						
	₩	108,854,868	2	DCF Model	-	-
Loans measured at amortized cost						
		1,034,209,760	3	DCF Model	Discount rate	2.5 ~ 18.9%
	₩	<u>1,143,064,628</u>				
Borrowings (Public bonds)						
	₩	1,208,004,692	2	DCF Model	-	-

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41. Fair Value of Financial Instruments, Continued

(6) Valuation Process for Fair Value Measurements Categorized Within Level 3 of the Fair Value Hierarchy

For measurements of fair value, the Group uses both in-house model and external valuation results by external valuation agencies.

In-house model is determined through designing the model by operation department as verified by the risk management department. The inputs of the fair value measurement are derived by the risk management system. Back-Office departments assess the fair value based on the designed, verified model, and derived inputs, and apply the results in accounting. The results applied in accounting are compared against the valuation results of the operation department and risk management department and significant differences are reviewed.

In regard to fair value method based on external valuation agencies, the fair value is estimated by using the average price of the price per contract unit provided by two or more external valuation agencies and derived based on contractual terms and credit ratings of the counterparty and others.

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41. Fair Value of Financial Instruments, Continued

(7) Sensitivities Analysis of Recurring Fair Value Measurements Categorized Within Level 3 of the Fair Value Hierarchy

Sensitivity analysis of financial instruments is performed to measure favourable and unfavourable changes in the fair value of financial instruments which are affected by the unobservable inputs, using a statistical technique. When the fair value is affected by more than two inputs, the amounts represent the most favourable or most unfavourable.

The results of the sensitivity analysis for the effect on profit or loss from changes in inputs for each financial instrument as of December 31, 2020 and 2019 are as follows. In respect to financial assets measured at fair value through profit or loss and financial liabilities designated as measured at fair value through profit or loss, which have mutual hedging effect and financial assets measured at fair value through profit or loss whose result of analysis is not significant are excluded.

	December 31, 2020			
	Favourable changes		Unfavourable changes	
	Profit or loss	Equity	Profit or loss	Equity
Financial assets:				
Derivative financial assets(*1)	₩ 803,982	803,982	(803,982)	(803,982)
Financial assets measured at fair value through profit or loss(*2)	341,901	341,901	(331,208)	(331,208)
Financial assets measured at fair value through other comprehensive income(*2)	-	15,022,614	-	(10,302,462)
	₩ <u>1,145,883</u>	<u>16,168,497</u>	<u>(1,135,190)</u>	<u>(11,437,652)</u>
Financial liabilities:				
Derivative financial liabilities(*1)	₩ 6,754,097	6,754,097	(5,142,634)	(5,142,634)
Financial liabilities designated as measured at fair value through profit or loss(*1)	65,625,865	65,625,865	(65,625,865)	(65,625,865)
	₩ <u>72,379,962</u>	<u>72,379,962</u>	<u>(70,768,499)</u>	<u>(70,768,499)</u>

(*1) Changes in their fair value are calculated by increasing or decreasing the volatility of the underlying assets, which are significant unobservable inputs, by 10%.

(*2) Changes in their fair value are calculated by increasing or decreasing the correlation between growth rate (-1 ~ 1%) and discount rate (-1 ~ 1%), which are significant unobservable inputs.

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41. Fair Value of Financial Instruments, Continued

(7) Sensitivities Analysis of Recurring Fair Value Measurements Categorized Within Level 3 of the Fair Value Hierarchy, Continued

	December 31, 2019			
	Favourable changes		Unfavourable changes	
	Profit or loss	Equity	Profit or loss	Equity
Financial assets:				
Derivative financial assets(*1)	₩ 12,611,210	12,611,210	(12,611,210)	(12,611,210)
Financial assets measured at fair value through profit or loss(*2)	1,153,538	1,153,538	(1,673,711)	(1,673,711)
Financial assets measured at fair value through other comprehensive income(*2)	-	13,220,514	-	(8,712,010)
	₩ <u>13,764,748</u>	<u>26,985,262</u>	<u>(14,284,921)</u>	<u>(22,996,931)</u>
Financial liabilities:				
Derivative financial liabilities(*1)	₩ 14,243,031	14,243,031	(14,243,031)	(14,243,031)
Financial liabilities designated as measured at fair value through profit or loss(*1)	160,691,129	160,691,129	(160,691,129)	(160,691,129)
	₩ <u>174,934,160</u>	<u>174,934,160</u>	<u>(174,934,160)</u>	<u>(174,934,160)</u>

(*1) Changes in their fair value are calculated by increasing or decreasing the volatility of the underlying assets, which are significant unobservable inputs, by 10%.

(*2) Changes in their fair value are calculated by increasing or decreasing the correlation between growth rate (-1 ~ 1%) and discount rate (-1 ~ 1%), which are significant unobservable inputs.

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42. Financial Asset Transfer Transactions

As of December 31, 2020, there is no transaction that the Group has continuing involvement although the Group transferred and derecognized the financial assets from the financial statements. Details of transferred financial assets that are not derecognized in its entirety such as securities sold under repurchase agreements, securities loaned and others are described in Notes 37 and 38.

43. Financial Risk Management

43.1 Summary

(1) Overview of Financial Risk Management Policy

The financial risks that the Group is exposed to are credit risk, liquidity risk, market risk, operational risk and others.

The note regarding financial risk management provides information about the risks that the Group is exposed to, including the objectives, policies and processes for assessing and managing the risks and net operating capital ratio management. Additional quantitative information is disclosed throughout these notes to financial statements.

The Group's risk management system focuses on increasing transparency, developing the risk management environment, preventing transmission of risk to other related subsidiaries, and the pre-emptive response to risk due to rapid changes in the financial environment to support the Group's long-term strategy and business decisions efficiently. Credit risk, liquidity risk, market risk, operational risk, and credit concentration risk are recognized as the Group's key risks. These risks are measured and managed by quantifying regulatory capital and VaR (Value at Risk) using a statistical method.

(2) Risk Management Organization

(a) Board of directors

Board of directors are the ultimate decision-making authority that appoint and dismiss risk management committee, establish and amend the risk management committee policies, establish the Group's criteria for risk limit, decide on basic policy of risk management, approve large-scale investments.

(b) Risk management committee

The risk management committee is formed by the chief executive officer and two or more directors appointed by board of directors (including one or more external director). The risk management committee executes the operations delegated by board of directors in accordance with risk management committee policy. The risk management committee formulates and revises the risk management committee regulations, decides on company-wide limits, etc. and conducts preliminary deliberations on matters for Board of Directors resolution such as investment in entities exceeding a set amount, acquiring and disposing of investment assets, approval of corporate credit, etc.

(c) Risk management working level committee

Risk management working level committee, as a decision-making organization in risk management, appoints its members among the Group's executives, heads of business units and departments through recommendation by chief risk office, and deliberate and decide about major risk-related policies and matters delegated by the risk management committee. (allocation of risk limits and position limits for each sector, review of new products, investment in entities below a set amount, acquisition and disposal of investment assets, etc.)

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43. Financial Risk Management, Continued

43.1 Summary, Continued

(2) Risk Management Organization, Continued

(d) Chief Risk Officer (CRO)

Chief Risk Officer oversees all risk management tasks and exercise comprehensive authority over Risk Management Division

(e) Risk management division

Risk management division carries out procedures required for risk management of the Group, such as supporting the risk management committee, reporting the Group's risk level and computing financial stability ratio.

(f) Department Risk Managers

Department Risk Managers monitor and report on risk exposure and position limits in their departments

(3) Risk Management System

The Group built the integrated risk management system for risk management advancement, which is designed for reasonable price valuation that reflects risks and the management of risk limit to raise the soundness of assets and allocate resources efficiently. Moreover, the Group constructed Risk Adjusted Performance Measure (RAPM) system to make sure the risk management is the center of the operation.

Additionally, the Group restructured the company-wide information system by upgrading the Risk Data Mart (the "RDM") and improved its assessment system for measuring the fair value and risks of over-the-counter derivatives. Moreover, the Group has upgraded and computerized its database to improve the effectiveness of the system and enhance follow-up measures.

(4) Risk Management Strategy and Policy

As an allocation of risk capital and risk limit establishment process, the risk capital is allocated through resolution of board meetings and risk management committee meetings, and the amount of risk capital is anticipated for each risk sector, business sector and department by reflecting annual management strategy and business plans.

Moreover, the limit is reallocated through the quarterly practical-affair council meetings in order to reflect the changes in market and environment on efficient limitation management.

December 31, 2020 and 2019

43. Financial Risk Management, Continued

43.2 Credit Risk

(1) Overview of Credit Risk

The Group is exposed to certain level of credit risk and the credit risk is the risk of possible loss to portfolio due to counterparty's default, breach of covenant and loss of credibility. Credit risk exposure occurs in investment activities such as loans, debt instruments, derivative transactions, and non-trading accounts, or can exist in relating to off-balance accounts.

(2) Credit Risk Management

The Group only works with counterparties whose credit rating is above certain level in order to mitigate risks of counterparty's default, breach of covenant and loss of credibility, and sets sufficient amount of collaterals. Also, credit risk is constantly managed through computation of credit VaR and credit exposure management. Exceptional transactions are to be authorized by risk management council.

The Group manages the counterparty's credit ratings by using investment ratings. Information on investment ratings are obtained from both independent credit-rating agency and internal credit ratings. When information on investment ratings cannot be obtained, internal credit ratings are decided by using other public financial information and its own transaction information on major clients.

The Group monitors the credit concentration risk by managing credit risk limits on a counterparty or a group of counterparties in order to prevent excessive exposure concentration.

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43. Financial Risk Management, Continued

43.2 Credit Risk, Continued

(3) Maximum Exposure to Credit Risk

(a) Statement of financial position items

The maximum exposure to credit risk related to financial instruments on the statements of financial position as of December 31, 2020 and 2019, are as follows. The maximum exposure is expressed in gross amount, which the risk mitigation effect through collateral and other credit reinforcements are not considered.

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Cash and due from banks(*)		
Cash equivalent	₩ 1,411,232,100	653,713,225
Deposits	3,785,751,715	4,586,516,299
Financial assets measured at fair value through profit or loss		
Debt securities	27,759,733,580	24,622,175,178
Reserve for claims of customers' deposits (trust)	5,859,258,092	1,853,526,251
Investment in partnership	401,918,880	287,667,598
Collective investment securities	1,613,649,973	1,390,645,047
Derivatives-linked securities	179,773,651	228,168,079
Loans	847,507,251	311,091,831
Derivative financial instruments	1,195,172,411	845,824,765
Financial assets measured at fair value through other comprehensive income		
Debt securities	1,691,470,657	2,114,082,661
Financial assets measured at amortized cost		
Debt securities	6,571,903,361	5,670,332,586
Loans	146,288,550	226,148,702
Other financial assets measured at amortized cost	2,248,896,829	2,885,666,126
	<u>₩ 53,712,557,050</u>	<u>45,675,558,348</u>

(*) Cash is not included.

(b) Off-balance accounts

The maximum exposure to credit risk related to the off-balance accounts as of December 31, 2020 and 2019 are as follows:

	<u>December 31, 2020</u>	<u>December 31, 2019</u>
Commercial paper purchase agreements(*)	₩ 299,413,685	628,404,307
Payment guarantees, etc.	1,897,877,582	2,098,924,129
	<u>₩ 2,197,291,267</u>	<u>2,727,328,436</u>

(*) As of December 31, 2020, commercial papers of ₩107,786,315 thousand (₩203,695,093 thousand in 2019), purchased by the Group in accordance with commercial paper purchase agreements are not included.

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43. Financial Risk Management, Continued

43.2 Credit Risk, Continued

(4) Credit Risk Concentration Analysis

(a) Loans

(i) Most of counterparties of loan transactions, before considering collateral and other credit reinforcements, are concentrated in Korea. The ratios of individuals and corporations of loans and allowances as of December 31, 2020 and 2019 are as follows:

		December 31, 2020			
		Loans	Ratio (%)	Allowances	Book value
Individuals	₩	3,229,363,167	43.15	(16,045,025)	3,213,318,142
Corporations		4,254,490,625	56.85	(48,398,155)	4,206,092,470
	₩	<u>7,483,853,792</u>	<u>100.00</u>	<u>(64,443,180)</u>	<u>7,419,410,612</u>
		December 31, 2019			
		Loans	Ratio (%)	Allowances	Book value
Individuals	₩	2,751,399,217	45.66	(14,391,525)	2,737,007,692
Corporations		3,274,535,607	54.34	(30,118,882)	3,244,416,725
	₩	<u>6,025,934,824</u>	<u>100.00</u>	<u>(44,510,407)</u>	<u>5,981,424,417</u>

(ii) The details of the Group's loans by industry as of December 31, 2020 and 2019 are as follows:

		December 31, 2020			
		Loans	Ratio (%)	Allowances	Book value
Manufacturing	₩	107,825,892	1.44	(374,220)	107,451,672
Financial service		2,626,449,745	35.09	(15,910,004)	2,610,539,741
Service		651,959,845	8.71	(11,569,768)	640,390,077
Construction		443,544,582	5.93	(14,579,970)	428,964,612
Others(*)		3,654,073,728	48.83	(22,009,218)	3,632,064,510
	₩	<u>7,483,853,792</u>	<u>100.00</u>	<u>(64,443,180)</u>	<u>7,419,410,612</u>

(*) All loans and allowances of individual counterparties are classified as others.

		December 31, 2019			
		Loans	Ratio (%)	Allowances	Book value
Manufacturing	₩	183,750,539	3.05	(2,422,229)	181,328,310
Financial service		1,798,930,670	29.85	(2,840,401)	1,796,090,269
Service		510,855,214	8.48	(8,781,936)	502,073,278
Construction		531,451,964	8.82	(13,462,204)	517,989,760
Others(*)		3,000,946,437	49.80	(17,003,637)	2,983,942,800
	₩	<u>6,025,934,824</u>	<u>100.00</u>	<u>(44,510,407)</u>	<u>5,981,424,417</u>

(*) All loans and allowances of individual counterparties are classified as others.

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43. Financial Risk Management, Continued

43.2 Credit Risk, Continued

(4) Credit Risk Concentration Analysis, Continued

(b) Securities (debt instruments)

Most of securities (debt instruments), before considering collateral and other credit reinforcements, are concentrated in securities issued in Korea. The details of the Group's securities (debt instruments) by industry as of December 31, 2020 and 2019 are as follows:

	December 31, 2020		December 31, 2019	
	Amount	Ratio (%)	Amount	Ratio (%)
Financial assets measured at fair value through profit or loss:				
Government and government funded institutions	₩ 10,696,257,857	28.41	8,644,465,236	28.14
Banking and insurance	16,758,403,268	44.51	9,966,394,087	32.44
Others	8,359,673,051	22.20	9,771,322,830	31.82
	<u>35,814,334,176</u>	<u>95.12</u>	<u>28,382,182,153</u>	<u>92.40</u>
Financial assets measured at fair value through other comprehensive income:				
Government and government funded institutions	1,333,983,569	3.54	1,868,409,777	6.08
Banking and insurance	357,487,042	0.95	245,672,838	0.79
Others	46	-	46	-
	<u>1,691,470,657</u>	<u>4.49</u>	<u>2,114,082,661</u>	<u>6.87</u>
Financial assets measured at amortized cost:				
Government and government funded institutions	19,568,298	0.05	19,381,313	0.06
Banking and insurance	86,720,252	0.23	124,367,389	0.40
Others	40,000,000	0.11	82,400,000	0.27
	<u>146,288,550</u>	<u>0.39</u>	<u>226,148,702</u>	<u>0.73</u>
	<u>₩ 37,652,093,383</u>	<u>100.00</u>	<u>30,722,413,516</u>	<u>100.00</u>

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43. Financial Risk Management, Continued

43.2 Credit Risk, Continued

(5) Credit Quality of Financial Assets

(a) Loans

(i) Classification of loans and receivables at amortized cost by the measurement method of expected credit losses as of December 31, 2020 and 2019 are as follows:

		December 31, 2020					
		Lifetime ECL			Total	Allowance for credit loss	Book value
		12-months ECL	Not impaired	Impaired(*)			
Call Loan	₩	4,312,500	-	-	4,312,500	-	4,312,500
Broker's loans		3,244,202,822	-	6,577,290	3,250,780,112	(6,577,278)	3,244,202,834
Loans receivable		2,508,602,469	-	45,903,394	2,554,505,863	(23,576,406)	2,530,929,457
Loans to employees		803,151,448	-	360,000	803,511,448	(12,027,187)	791,484,261
Advances for customers		974,309	-	-	974,309	-	974,309
Privately placed bonds		-	-	10,677,192	10,677,192	(10,677,192)	-
Others		-	-	11,585,117	11,585,117	(11,585,117)	-
	₩	<u>6,561,243,548</u>	<u>-</u>	<u>75,102,993</u>	<u>6,636,346,541</u>	<u>(64,443,180)</u>	<u>6,571,903,361</u>

(*) Impaired loans consist of bonds guarantee, advances for customers and others. The Group recognized impairment losses for the difference between the carrying amount and the present value of the estimated future cash flows.

		December 31, 2019					
		Lifetime ECL			Total	Allowance for credit loss	Book value
		12-months ECL	Not impaired	Impaired(*)			
Call Loan	₩	4,242,401	-	-	4,242,401	-	4,242,401
Broker's loans		2,810,190,088	-	8,363,110	2,818,553,198	(7,598,453)	2,810,954,745
Loans receivable		2,355,003,129	-	2,500,000	2,357,503,129	(16,794,623)	2,340,708,506
Loans to employees		513,406,683	-	360,000	513,766,683	(529,695)	513,236,988
Advances for customers		1,154,946	-	-	1,154,946	-	1,154,946
Privately placed bonds		-	-	8,002,519	8,002,519	(8,002,519)	-
Others		35,000	-	11,585,117	11,620,117	(11,585,117)	35,000
	₩	<u>5,684,032,247</u>	<u>-</u>	<u>30,810,746</u>	<u>5,714,842,993</u>	<u>(44,510,407)</u>	<u>5,670,332,586</u>

(*) Impaired loans consist of bonds guarantee, advances for customers and others. The Group recognized impairment losses for the difference between the carrying amount and the present value of the estimated future cash flows.

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43. Financial Risk Management, Continued

43.2 Credit Risk, Continued

(5) Credit Quality of Financial Assets, Continued

(a) Loans, Continued

(ii) Mitigation effect of credit risk on loans due to collateral and credit enhancement as of December 31, 2020 and 2019 are as follows:

		December 31, 2020					
		Financial assets measured at fair value through profit or loss	Loans measured at amortized cost			Subtotal	Total
			12-month expected credit loss	Lifetime expected credit loss			
				Not impaired	impaired		
Securities(*)	₩	-	4,727,702,760	-	-	4,727,702,760	4,727,702,760
Guarantee		462,971,913	26,934,089	-	-	26,934,089	489,906,002
Total	₩	462,971,913	4,754,636,849	-	-	4,754,636,849	5,217,608,762

(*) It includes securities provided to KSFC as collateral in relation to margin financing loan.

		December 31, 2019					
		Financial assets measured at fair value through profit or loss	Loans measured at amortized cost			Subtotal	Total
			12-month expected credit loss	Lifetime expected credit loss			
				Not impaired	impaired		
Securities(*)	₩	-	4,596,674,831	-	-	4,596,674,831	4,596,674,831
Guarantee		265,644,643	397,726,475	-	-	397,726,475	663,371,118
Total	₩	265,644,643	4,994,401,306	-	-	4,994,401,306	5,260,045,949

(*) It includes securities provided to KSFC as collateral in relation to margin financing loan.

Korea Investment & Securities Co., Ltd. and Subsidiaries
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December 31, 2020 and 2019

(In thousands of won)

43. Financial Risk Management, Continued

43.2 Credit Risk, Continued

(5) Credit Quality of Financial Assets, Continued

(b) Securities (debt instruments)

(i) Classification of securities exposed to credit risk (debt instruments) by the measurement method of expected credit losses as of December 31, 2020 and 2019 are as follows:

		December 31, 2020					
		Lifetime expected credit loss		Balance of securities	Credit loss allowance(*)	Book value	
		12-month expected credit loss	Not impaired				Impaired
Financial assets measured at fair value through other comprehensive income(*)	₩	1,691,470,657	-	-	1,691,470,657	-	1,691,470,657
Financial assets measured at amortized cost		146,568,298	-	-	146,568,298	(279,748)	146,288,550
	₩	<u>1,838,038,955</u>	<u>-</u>	<u>-</u>	<u>1,838,038,955</u>	<u>(279,748)</u>	<u>1,837,759,207</u>

(*) Expected credit loss of Financial assets measured at fair value through other comprehensive income presented in accumulated other comprehensive income is ₩344,760 thousand.

		December 31, 2019					
		Lifetime expected credit loss		Balance of securities	Credit loss allowance(*)	Book value	
		12-month expected credit loss	Not impaired				Impaired
Financial assets measured at fair value through other comprehensive income(*)	₩	2,114,082,661	-	-	2,114,082,661	-	2,114,082,661
Financial assets measured at amortized cost		226,381,913	-	-	226,381,913	(233,211)	226,148,702
	₩	<u>2,340,464,574</u>	<u>-</u>	<u>-</u>	<u>2,340,464,574</u>	<u>(233,211)</u>	<u>2,340,231,363</u>

(*) Expected credit loss of Financial assets measured at fair value through other comprehensive income presented in accumulated other comprehensive income is ₩349,921 thousand.

Korea Investment & Securities Co., Ltd. and Subsidiaries
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December 31, 2020 and 2019

(In thousands of won)

43. Financial Risk Management, Continued

43.2 Credit Risk, Continued

(5) Credit Quality of Financial Assets, Continued

(b) Securities (debt instruments), Continued

(ii) The credit quality of securities (debt instruments) that are neither past due nor impaired as of December 31, 2020 and 2019 are as follows:

		December 31, 2020			
		Financial assets measured at fair value through profit or loss	Financial assets measured at fair value through other comprehensive income	Financial assets measured at amortized cost (*1)	Total
Grade 1	₩	7,023,364,514	634,726,157	-	7,658,090,671
Grade 2		1,968,662,156	30,197,819	-	1,998,859,975
Grade 3		1,820,341,681	30,327,328	-	1,850,669,009
Grade 4		3,352,088,034	163,879,160	20,000,000	3,535,967,194
Grade 5		826,148,310	10,512,514	36,000,000	872,660,824
Grade 6		2,590,730,032	-	15,000,000	2,605,730,032
Grade 7		305,733,116	-	-	305,733,116
Grade 8		489,329,749	-	-	489,329,749
Grade 9		87,929,594	-	16,000,000	103,929,594
Grade 10		3,490,055	-	-	3,490,055
Unclassified assets(*2)		<u>17,346,516,935</u>	<u>821,827,679</u>	<u>59,568,298</u>	<u>18,227,912,912</u>
	₩	<u>35,814,334,176</u>	<u>1,691,470,657</u>	<u>146,568,298</u>	<u>37,652,373,131</u>

(*1) Financial assets measured at amortized cost are the amount before applying credit loss allowance.

(*2) Investment in partnership, collective investment in securities, securities with high credit quality such as treasury bonds and local government bonds, derivatives-linked securities and reserve for claims of customers' deposits are classified as unclassified assets.

Korea Investment & Securities Co., Ltd. and Subsidiaries
Notes to the Consolidated Financial Statements

December 31, 2020 and 2019

(In thousands of won)

43. Financial Risk Management, Continued

43.2 Credit Risk, Continued

(5) Credit Quality of Financial Assets, Continued

(b) Securities (debt instruments), Continued

(ii) The credit quality of securities (debt instruments) that are neither past due nor impaired as of December 31, 2020 and 2019 are as follows, Continued:

		December 31, 2019			
		Financial assets measured at fair value through profit or loss	Financial assets measured at fair value through other comprehensive income	Financial assets measured at amortized cost (*1)	Total
Grade 1	₩	4,557,941,688	140,469,396	-	4,698,411,084
Grade 2		1,173,493,169	-	-	1,173,493,169
Grade 3		1,503,915,946	-	-	1,503,915,946
Grade 4		3,323,439,789	32,477,091	56,000,000	3,411,916,880
Grade 5		778,763,766	72,726,352	36,000,000	887,490,118
Grade 6		2,809,818,714	-	15,000,000	2,824,818,714
Grade 7		296,755,021	-	-	296,755,021
Grade 8		89,035,241	-	-	89,035,241
Grade 9		82,063,832	-	16,000,000	98,063,832
Grade 10		6,215,364	-	-	6,215,364
Unclassified assets(*2)		<u>13,760,739,623</u>	<u>1,868,409,822</u>	<u>103,381,913</u>	<u>15,732,531,358</u>
	₩	<u>28,382,182,153</u>	<u>2,114,082,661</u>	<u>226,381,913</u>	<u>30,722,646,727</u>

(*1) Financial assets measured at amortized cost are the amount before applying credit loss allowance.

(*2) Investment in partnership, collective investment in securities, securities with high credit quality such as treasury bonds and local government bonds, derivatives-linked securities and reserve for claims of customers' deposits are classified as unclassified assets.

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Notes to the Consolidated Financial Statements

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(In thousands of won)

43. Financial Risk Management, Continued

43.2 Credit Risk, Continued

(5) Credit Quality of Financial Assets, Continued

(b) Securities (debt instruments), Continued

The grades of credit quality of securities (debt instruments) are as follows:

Credit quality	External rating agencies
Grade 1	AAA
Grade 2	AA+
Grade 3	AA0
Grade 4	AA-
Grade 5	A+
Grade 6	A0
Grade 7	A-
Grade 8	BBB+
Grade 9	BBB0
Grade 10	BBB-

The Group gives internal credit ratings to the investment qualified companies with external rating agencies' current ratings of BBB- or higher.

Counterparties with current ratings of AAA to AA- (short-term quality: A1) are automatically matched to internal grades 1 to 4. Companies with internal grades 5 to 10 are automatically matched to current ratings from A+ to BBB- (short-term quality: A2+ to A3-), and internal ratings are given differently according to the result by the Group's internal rating standards for companies.

(iii) Mitigation effect of credit risk on securities (debt securities) due to collateral and credit enhancement as of December 31, 2020 and 2019 are as follows:

	Collateral types	December 31, 2020	December 31, 2019
Financial assets measured at fair value through profit or loss	Guarantee	₩ 9,097,470,128	9,106,354,258
Financial assets measured at fair value through other comprehensive income	Guarantee	198,416,000	599,206,283
Financial assets measured at amortized cost	Guarantee	-	173,081,498
		₩ <u>9,295,886,128</u>	<u>9,878,642,039</u>

Korea Investment & Securities Co., Ltd. and Subsidiaries
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43. Financial Risk Management, Continued

43.2 Credit Risk, Continued

(5) Credit Quality of Financial Assets, Continued

(c) Account receivables and payables from securities transactions

Account receivables recognized for securities trading, which are classified as other financial assets measured at amortized cost and other financial assets, as of December 31, 2020 and 2019 are as follows:

	December 31, 2020	December 31, 2019
Account receivables from securities transactions ₩	1,887,106,800	1,404,450,250

The Group recognizes receivables and payables between Korea Exchange and customers regarding securities brokerage transactions on the trade date. The Group is exposed to credit risks for the period between the trade date and settlement date of investment brokerage business, which is standardized by related regulations (generally less than two business days from the trade date). As a central counterparty, Korea Exchange mitigates the payment default risk by managing Joint Compensation Fund, and the Group mitigates customer default risk through margin requirements system. Also, the Group can collect the receivables through covering. Therefore, the credit risk that the Group actually bears is linked to the price fluctuation risk of securities between the trade date and the settlement date.

The Group recognizes assets and liabilities on trade date for regular-way transactions and is exposed to the market risk and credit risk for the period from trade date and settlement date.

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43. Financial Risk Management, Continued

43.3 Liquidity Risk

(a) Overview of Liquidity Risk

Liquidity risk is the risk of insolvency or loss due to a disparity between the inflow and outflow of funds, unexpected outflow of funds, and obtaining funds at a high price or disposing of securities at an unfavourable price due to lack of available funds. The Group manages its liquidity risk through analysis of the contractual maturity of all financial assets, liabilities and off-balance items such as commitments and financial guarantee contracts. The Group discloses them by maturity groups: On demand, up to six months, between over six months and twelve months, between one year and five years, and over five years.

Cash flows disclosed for the maturity analysis are undiscounted contractual principal and interest to receive (pay) and, thus, differ from the amount in the financial statements which are based on the present value of expected cash flows in some cases. The amount to be disclosed is determined by referring to the index at the end of the reporting period when the receivables or payables amounts are not confirmed.

(b) Liquidity Risk Management Policy

The liquidity risk is managed by Liquidity Risk Management Policy and related guidelines which are applied to the risk management policies and procedures that address all the possible risks that arise from the overall business of the Group. For the purpose of liquidity management, the accumulated liquidity gap ratio and liquidity ratio on all transactions affecting the inflows and outflows of funds and transactions of off-balance are measured. The Group sets reasonable fund level and allocates certain amount of fund available for use to each department so the total use of fund does not exceed the reasonable level. Status of short-term fund is reported to management on a daily basis.

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43. Financial Risk Management, Continued

43.3 Liquidity Risk, Continued

(c) Analysis on Remaining Contractual Maturities of Financial Assets and Liabilities

The remaining contractual maturities of financial assets and liabilities as of December 31, 2020 and 2019 are as follows:

	December 31, 2020					
	On demand	Up to 6 months	6~12 months	1~5 years	Over 5 years	Total
Liabilities:						
Deposits received	₩ (9,195,092,940)	-	-	-	-	(9,195,092,940)
Financial liabilities measured at fair value through profit or loss	(60,408,128)	(1,265,883,375)	(261,610,100)	(335,803,140)	(843,507,338)	(2,767,212,081)
Financial liabilities designated as measured at fair value through profit or loss	(28,823,001)	(988,818,732)	(2,960,395,624)	(3,933,024,250)	(3,254,754,536)	(11,165,816,143)
Derivative financial liabilities	-	(795,471,125)	(521,522,747)	(338,581,787)	(168,110,731)	(1,823,686,390)
Borrowings(*1)	(16,442,847,207)	(3,536,388,439)	(3,276,014,915)	(2,287,295,104)	(477,706,998)	(26,020,252,663)
Other financial liabilities	(3,499,672,237)	(342,244,283)	(8,179,794)	(40,760,069)	-	(3,890,856,383)
	<u>₩ (29,226,843,513)</u>	<u>(6,928,805,954)</u>	<u>(7,027,723,180)</u>	<u>(6,935,464,350)</u>	<u>(4,744,079,603)</u>	<u>(54,862,916,600)</u>
Off-balance items:						
Commercial paper purchase commitment(*2)	₩ -	(299,413,685)	-	-	-	(299,413,685)
Payment guarantee(*3)	(1,897,877,582)	-	-	-	-	(1,897,877,582)
Investment partnership agreement(*4)	-	(53,327,723)	-	-	-	(53,327,723)
	<u>₩ (1,897,877,582)</u>	<u>(352,741,408)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,250,618,990)</u>

(*1) Cash flows of interest are included.

(*2) It is based on assumption that cash outflows occur on the earliest date of the agreements.

(*3) Occurrence of loss sharing is uncertain and it is included in 'on demand' category.

(*4) It is based on assumption that cash outflows occur on the earliest date of the agreements.

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(In thousands of won)

43. Financial Risk Management, Continued

43.3 Liquidity Risk, Continued

(c) Analysis on Remaining Contractual Maturities of Financial Assets and Liabilities, Continued

The remaining contractual maturities of financial assets and liabilities as of December 31, 2020 and 2019 are as follows, Continued:

	December 31, 2019					
	On demand	Up to 6 months	6~12 months	1~5 years	Over 5 years	Total
Liabilities:						
Deposits received	₩ (3,763,255,285)	-	-	-	-	(3,763,255,285)
Financial liabilities measured at fair value through profit or loss	(72,990,871)	(1,334,139,102)	(1,663,825,049)	(1,613,193)	(912,902,802)	(3,985,471,017)
Financial liabilities designated as measured at fair value through profit or loss	(29,846,440)	(732,758,189)	(3,615,730,287)	(6,226,577,819)	(3,348,574,178)	(13,953,486,913)
Derivative financial liabilities	(29,175,231)	(320,206,223)	(295,398,581)	(196,561,144)	(112,634,902)	(953,976,081)
Borrowings(*1)	(12,695,159,770)	(5,004,868,427)	(1,737,602,325)	(1,116,321,166)	-	(20,553,951,688)
Other financial liabilities	<u>(2,655,717,688)</u>	<u>(1,307,565,805)</u>	<u>(8,018,570)</u>	<u>(43,616,333)</u>	-	<u>(4,014,918,396)</u>
	<u>₩ (19,246,145,285)</u>	<u>(8,699,537,746)</u>	<u>(7,320,574,812)</u>	<u>(7,584,689,655)</u>	<u>(4,374,111,882)</u>	<u>(47,225,059,380)</u>
Off-balance items:						
Commercial paper purchase commitment(*2)	₩ -	(628,404,307)	-	-	-	(628,404,307)
Payment guarantee(*3)	(2,098,924,129)	-	-	-	-	(2,098,924,129)
Investment partnership agreement(*4)	-	(95,970,465)	-	-	-	(95,970,465)
	<u>₩ (2,098,924,129)</u>	<u>(724,374,772)</u>	-	-	-	<u>(2,823,298,901)</u>

(*1) Cash flows of interest are included.

(*2) It is based on assumption that cash outflows occur on the earliest date of the agreements.

(*3) Occurrence of loss sharing is uncertain and it is included in 'on demand' category.

(*4) It is based on assumption that cash outflows occur on the earliest date of the agreements.

Korea Investment & Securities Co., Ltd. and Subsidiaries
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(In thousands of won)

43. Financial Risk Management, Continued

43.4 Market Risk

(1) Overview of Market Risk

Market risk is the risk of possible losses which arise from changes in market factors, such as interest rate, stock price, foreign exchange rate, commodity value and others that affect the fair value of securities, derivative financial instrument, and others. The most significant risks associated with trading positions are interest rate risks (interest rate risks from debt instruments or interest rate bearing securities), and other risks are stock price risks and currency risks. In addition, the Group is exposed to credit risks associated with non-trading positions. Market risk is daily managed by establishing the limits considering products' natures such as position limits for each business units, departments and dealers, loss limits, market VaR limits from the standard method designated by the Regulation on Financial Investment Business and internal model calculated by risk management system and sensitivity limits (duration, delta, gamma, vega, and others).

(2) Value at Risk ("VaR")

Market VaR determined by the standard method as of December 31, 2020 and 2019 are as follows:

	December 31, 2020	December 31, 2019
Stock	₩ 675,908,864	530,277,549
Interest rate	418,541,118	547,584,913
Collective investment securities and others	846,019,922	857,080,799
Foreign currency	39,718,894	37,044,461
Option	34,225,212	22,879,800
Commodity	11,735,852	3,647,158
	<u>₩ 2,026,149,862</u>	<u>1,998,514,680</u>

(3) Risk Management by Market Risk Factors

The Group's market risk is comprised of interest rate risk, foreign exchange rate risk and stock price risk.

(a) Interest rate risk

Trading position interest rate risk usually arises from debt instruments denominated in Korean won. The Group's trading strategy is to benefit from short-term movements in the prices of debt instruments arising from changes in interest rates.

The product prices of the Group's trading accounts are disclosed daily. The risks related to trading accounts are managed by using market value based method such as market VaR and sensitivity analysis.

(b) Foreign exchange rate risk

Foreign exchange rate risk arises through ownership of assets and liabilities, denominated in currencies other than Korean won, from non-trading positions, or through foreign currency forward agreements, currency swaps and foreign currency trading securities.

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43. Financial Risk Management, Continued

43.4 Market Risk, Continued

(3) Risk Management by Market Risk Factors, Continued

(b) Foreign exchange rate risk, Continued

The Group computes foreign currency's net position regularly to follow the Regulation on Financial Investment Business and reports to the financial supervisory service.

Also, the Group manages the risk for total position exposed to foreign exchange rate including non-trading position by using market price based method such as market VaR and sensitivity analysis.

(c) Stock price risk

Stock price risk arises in the Group's foreign currency stocks and Korean won stocks.

Hedging instruments of equity linked securities and equity linked warrant comprise most of stock trading portfolio and certain security proprietary trading ("prop trading") is composed of trading securities on the exchange, futures contracts maturing in a month or two, and others under the restriction of position limitation, sale at loss, loss limitation, and others. Marketable stocks among non-trading positions and stock beneficiary certificates are included in stock price risk and market VaR is computed.

Risk management committee allocates position and loss limitations, and risk management department monitors asset management department's possible breach of limitations and other special matters on a daily basis.

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43. Financial Risk Management, Continued

43.5 Operational Risk

(1) Concept

The Group defines operation risk to the extent of financial risk and non-financial risks incurred by unreasonable or wrong internal process, labor, system and external incidents.

(2) Operational Risk Management

The purpose of operational risk management is not only to comply with supervisory and regulatory requirements but also to promote a risk management culture, strengthen internal controls, innovate processes and provide timely feedback to management and employees. The Group defines the process clearly by maintaining internal regulations, sets work manual to systematize works and evaluate each space department's management risks in order to check on the department's risk management.

Contingency plan is designed for important risk management factors such as IT systems in order to prepare for emergency situations and to keep the work continuity.

43.6 Capital Adequacy

The Group complies with the regulation of Net Capital Ratio ("NCR") in accordance with the Financial Investment Services and Capital Markets Act ("FSCMA"). If the NCR, which is net capital (= assets - liabilities - non cashable assets + supplementary capital) to total risk amounts (= market risk + credit risk + operating risk), decreases below 100%, Financial Supervisory Service can force the Group to take actions to increase the ratio.

As of December 31, 2020, the Group's NCR complies with the minimum requirement pursuant to FSCMA.

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44. Offsetting Financial Assets and Financial Liabilities

The Group is subject to enforceable master netting arrangements or similar agreements for derivative transactions and others. Details of the Group's recognized financial assets and liabilities subject to enforceable master netting arrangements or similar agreements as of December 31, 2020 and 2019 are as follows:

	December 31, 2020					
	Gross amount	Offset amount	Net amounts presented in the statement of financial position	Amounts not offset		
				Recognized financial instruments	Financial collateral (Including cash collateral)	Net amount
Financial assets						
Securities Lent Over-the-counter ("OTC") derivative assets(*)	₩ 789,447,518	-	789,447,518	(789,447,518)	-	-
Accounts receivable (Customers)	1,021,157,083	-	1,021,157,083	(597,866,821)	(93,481,244)	329,809,018
Accounts receivable (KRX)	7,771,117,433	(6,284,966,495)	1,486,150,938	-	-	1,486,150,938
Accounts receivable (Payment and settlement)	7,693,577,164	(7,658,256,686)	35,320,478	-	-	35,320,478
	743,114,432	(735,735,292)	7,379,140	-	-	7,379,140
	₩ 18,018,413,630	(14,678,958,473)	3,339,455,157	(1,387,314,339)	(93,481,244)	1,858,659,574
Financial liabilities						
Bonds sold under repurchase agreements (with institutions)	₩ (2,224,316,585)	-	(2,224,316,585)	2,224,316,585	-	-
OTC derivative liabilities(*)	(1,370,952,459)	-	(1,370,952,459)	597,866,821	143,021,182	(630,064,456)
Accounts payable (Customers)	(7,579,215,250)	6,284,966,495	(1,294,248,755)	-	-	(1,294,248,755)
Accounts payable (KRX)	(7,869,249,057)	7,658,256,686	(210,992,371)	-	-	(210,992,371)
Deposits received (Payment and settlement)	(740,701,828)	735,735,292	(4,966,536)	-	-	(4,966,536)
	₩ (19,784,435,179)	14,678,958,473	(5,105,476,706)	2,822,183,406	143,021,182	(2,140,272,118)

(*) Financial collateral to OTC derivative instruments includes collateral that does not have master netting arrangements.

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44. Offsetting Financial Assets and Financial Liabilities. Continued

The Group is subject to enforceable master netting arrangements or similar agreements for derivative transactions and others. Details of the Group's recognized financial assets and liabilities subject to enforceable master netting arrangements or similar agreements as of December 31, 2020 and 2019 are as follows, Continued:

	December 31, 2019					
	Gross amount	Offset amount	Net amounts presented in the statement of financial position	Amounts not offset		Net amount
				Recognized financial instruments	Financial collateral (Including cash collaterals)	
Financial assets						
Securities Lent	₩ 666,236,972	-	666,236,972	(666,236,972)	-	-
OTC derivative assets(*)	675,277,141	-	675,277,141	(343,998,888)	(93,423,974)	237,854,279
Accounts receivable (Customers)	1,919,431,476	(739,743,792)	1,179,687,684	-	-	1,179,687,684
Accounts receivable (KRX)	2,057,634,621	(2,007,551,629)	50,082,992	-	-	50,082,992
Accounts receivable (Payment and settlement)	668,720,362	(477,634,259)	191,086,103	-	-	191,086,103
₩	5,987,300,572	(3,224,929,680)	2,762,370,892	(1,010,235,860)	(93,423,974)	1,658,711,058
Financial liabilities						
Bonds sold under repurchase agreements (with institutions)	₩ (2,770,495,484)	-	(2,770,495,484)	2,770,495,484	-	-
OTC derivative liabilities(*)	(651,292,161)	-	(651,292,161)	343,998,888	59,757,011	(247,536,262)
Accounts payable (Customers)	(1,894,918,814)	739,743,792	(1,155,175,022)	-	-	(1,155,175,022)
Accounts payable (KRX)	(2,021,937,145)	2,007,551,629	(14,385,516)	-	-	(14,385,516)
Deposits received (Payment and settlement)	(484,263,428)	477,634,259	(6,629,169)	-	-	(6,629,169)
₩	(7,822,907,032)	3,224,929,680	(4,597,977,352)	3,114,494,372	59,757,011	(1,423,725,969)

(*) Financial collateral to OTC derivative instruments includes collateral that does not have master netting arrangements.

45. Operating Segment Information

(1) Overall Segment Information and Operating Segment

(a) Types of products and services from which each reportable segment derives its revenues

Operating segments are presented on business basis. As of December 31, 2020, the Group is organized into four major operating segments: wealth management, corporate finance, asset management and overseas. In addition, these business divisions are based on the nature of the products and services provided, the type or class of customer, and the Group's management organization.

The details of each segment are as follows:

- i) Wealth management: securities trading, brokerage, deputy and others of securities for individual and corporate customers
- ii) Corporate finance: investment bank segment all around the asset management including security underwriting, M&A advisory and OTC derivatives business
- iii) Asset management: asset management business of Korea Investment Management Co., Ltd. and Korea Investment Value Asset Management Co., Ltd.
- iv) Overseas: overseas subsidiaries.

(b) Results of operating segment

Accounting policies of operating segments are same with those of the Group. The Group monitors the outcome of each operating segments for evaluation and decision making for resource allocations. The outcome of each operating segment is evaluated based on the operating profits differently measured from the operating profits on financial statements. The Group's tax is managed at corporate level and is not allocated to the operating segment.

(c) Factors management uses to identify reporting segment

The Group's operating segments are classified based on the risks and benefits arising from the difference in services. The Group's operating segments are managed independently by the nature of service and each one is treated as a strategic operating segment.

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45. Operating Segment Information, Continued

(2) Financial Information by Operating Segment

Financial information by operating segment for the years ended December 31, 2020 and 2019 are as follows:

	2020					
	Wealth management	Corporate finance	Asset management	Overseas	Intragroup adjustments	Total
Total profit	₩ 910,940,560	14,522,962,986	147,237,285	196,369,352	415,868,406	16,193,378,589
Profit before tax	245,685,127	587,019,691	54,256,082	11,614,912	73,384,533	971,960,345
Interest income	175,592,682	781,566,384	476,179	32,625,858	118,989,982	1,109,251,085
Interest expenses	(8,354,497)	(290,736,845)	(252,904)	(5,611,622)	(33,811,863)	(338,767,731)
Net fee and commission income	402,218,253	531,766,739	113,663,072	19,176,519	(48,488,087)	1,018,336,496
Net gains (losses) on valuation and disposal of financial assets (liabilities)	187,369,229	(382,587,701)	773,349	(7,775,063)	(8,304,436)	(210,524,622)
Selling and administrative expenses	(409,771,327)	(297,991,683)	(64,918,692)	(25,946,335)	(1,080,305)	(799,708,342)
Others	(101,369,213)	245,002,797	4,515,078	(854,445)	46,079,242	193,373,459
	2019					
	Wealth management	Corporate finance	Asset management	Overseas	Intragroup adjustments	Total
Total profit	₩ 622,640,919	9,439,067,458	150,006,450	67,053,256	121,624,369	10,400,392,452
Profit before tax	85,007,800	793,520,804	62,151,569	10,575,441	(14,978,837)	936,276,777
Interest income	160,247,646	761,142,002	1,224,040	23,165,400	66,211,447	1,011,990,535
Interest expenses	(12,910,956)	(370,696,824)	(445,205)	(2,817,016)	(18,459,193)	(405,329,194)
Net fee and commission income	236,477,148	398,252,050	126,964,155	10,613,070	(22,708,666)	749,597,757
Net gains (losses) on valuation and disposal of financial assets (liabilities)	132,876,075	102,678,959	(497,921)	2,703,968	(26,381,549)	211,379,532
Selling and administrative expenses	(364,579,787)	(324,827,831)	(68,616,189)	(20,765,904)	(1,198,579)	(779,988,290)
Others	(67,102,326)	226,972,448	3,522,689	(2,324,077)	(12,442,297)	148,626,437

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46. Interests in Unconsolidated Structured Entities

(a) Information about interests in unconsolidated structured entities, which the Group does not have control over, including the nature, purpose and activities of the structured entity and how the structured entity is financed, are as follows:

Nature	Purpose	Activities	Financing method
Asset securitization	Receipt of commission fee from credit offering on SPC, an agreement to purchase ABCP and others.	i) Implementation of an asset securitization plan ii) Purchase and collection of securitized assets iii) Issuance and redemption of ABS and ABCP	i) Issuance of ABS and ABCP based on securitized assets
Project financing	i) Project Financing funding for social overhead capital (SOC) and real estate ii) Loans to SPC for merger and acquisition	i) Construction of SOC facilities and real estate ii) M&A financing	i) Loan agreements, credit granting and investment commitments
Investment fund	i) Investments in securities ii) Investments in private equity funds and partnerships.	i) Management and operation of fund assets ii) Payment of fund remuneration and distribution of operating income	i) Sale of beneficiary securities ii) Capital contribution from general partners and limited partners

(b) Details of the size of the interest in unconsolidated structured entities and the nature of risks related as of December 31, 2020 and 2019 are as follows:

Nature	December 31, 2020		
	Asset securitization	Project financing	Investment fund
Total assets of unconsolidated structured entities	₩ 705,366,412	13,813,401,661	14,906,041,021
Assets recognized in the consolidated financial statements			
Loans measured at amortized cost	-	760,675,239	-
Financial assets measured at fair value through profit or loss	107,786,315	610,503,274	674,949,860
Investment in associate	-	-	1,344,751,032
	₩ 107,786,315	1,371,178,513	2,019,700,892
Maximum exposure to loss(*)			
Investments	₩ 107,786,315	1,371,178,513	2,019,700,892
Purchase agreement	299,413,685	-	-
Credit offerings	1,717,772,710	199,004,872	-
Investment commitment	-	-	53,327,686
	₩ 2,124,972,710	1,570,183,385	2,073,028,578
The way that the maximum exposure to loss is determined	Amount of credit offerings and purchase agreement	Amount of loan agreement	Amount of investment commitment

(*) Maximum exposure to loss includes the investments recognized in the consolidated financial statements and the amounts which are probable to be determined when certain conditions are met by agreements including purchase agreements, credit offerings and others.

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46. Interests in Unconsolidated Structured Entities, Continued

(b) Details of the size of the interest in unconsolidated structured entities and the nature of risks related as of December 31, 2020 and 2019 are as follows, Continued:

Nature	December 31, 2019		
	Asset securitization	Project financing	Investment fund
Total assets of unconsolidated structured entities	₩ 15,343,433,679	22,631,232,101	10,558,184,917
Assets recognized in the financial statements of the Group			
Loans measured at amortized cost	284,251,907	651,505,990	-
Financial assets measured at fair value through profit or loss	203,695,693	-	738,284,690
Investment in associate	-	-	1,189,889,380
	₩ 487,947,600	651,505,990	1,928,174,070
Maximum exposure to loss(*)			
Investments	₩ 487,947,600	651,505,990	1,928,174,070
Purchase agreement	628,404,307	-	-
Credit offerings	1,864,275,000	234,649,129	-
Investment commitment	-	-	97,348,388
	₩ 2,980,626,907	886,155,119	2,025,522,458
The way that the maximum exposure to loss is determined	Amount of credit offerings and purchase agreement	Amount of loan agreement	Amount of investment commitment

(*) Maximum exposure to loss includes the investments recognized in the consolidated financial statements and the amounts which are probable to be determined when certain conditions are met by agreements including purchase agreements, credit offerings and others.

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47. Business Combination

The Group acquired 95% of the total shares of KIM Vietnam Fund Management at ₩3,126,334 thousand and included the company in a subsidiary on February 19, 2020. The Group acquired 4% shares at ₩131,334 thousand on June 12, 2020 and 1% additional shares at ₩32,856 thousand on July 22, 2020. The Group owns 2.5 million shares which are 100% of the outstanding shares as of December 31, 2020.

The consideration transferred paid to KIM Vietnam Fund Management, and the fair value of assets acquired and liabilities assumed at the date of acquisition are as follows:

Classification	Amount
Consideration transferred	
Cash	₩ 3,126,334
Fair value of assets acquired and liabilities assumed(*)	
Cash and cash equivalent	1,278,989
Other financial assets measured at amortized cost	4,157
Other financial liabilities	(101)
Other non-financial liabilities	(875)
Fair value of identifiable net assets	1,282,170
Non-controlling interest	(64,108)
Controlling interest	1,218,062
Goodwill	1,908,272
	₩ 3,126,334

(*) The goodwill as of December 31, 2020 is subject to change according to the result of fair value measurement of the identifiable assets and liabilities for distribution consideration transferred.

The operating revenues and net loss of KIM Vietnam Fund Management included in the consolidated statement of comprehensive income after the acquisition date are as follows:

Classification	Amount
Operation revenues	₩ 363,414
Net income (loss)	(1,319,891)

If KIM Vietnam Fund Management was included in the consolidated statement of comprehensive income from January 1, 2020, the operation revenues and net loss from the company are as follows:

Classification	Amount
Operation revenues	₩ 366,641
Net income (loss)	(1,330,001)

Cash flow related to the business combination is as follows:

Classification	Amount
Consideration transferred	₩ (3,126,334)
Cash held by the acquired subsidiary	1,278,989
Net cash flow	₩ (1,847,345)

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