

# 1Q19 BUSINESS RESULTS



1899

## The Birth of Daehancheonil Bank

Daehancheonil Bank was established on January 30<sup>th</sup> of 1899. Unlike other domestic banks, the merchant group who founded this bank seriously valued the importance of national capital. With the royal permission of Gojong, the Emperor, capital support was granted to the merchants, who also invited financial officials to serve as bank managers. The bank's name Daehancheonil meant 'the first bank under the sky'.



2019

## Woori Financial

We will become a strong and good shareholder. As this year marks our 120th anniversary, we will continue to provide strength to our customers.



**WOORI FINANCIAL GROUP**

# Contents

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- **2019 1Q Financial Highlights**
- **Woori Financial Group**
- **Earnings**
- **Assets & Liabilities**
- **Asset Quality & Capital Adequacy**
- **Woori Card**
- **Appendix : Application Change in Accounting Standards**

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## Disclaimer

This material has been prepared by Woori Bank ("the Company") and presented solely for your information. This material contains certain preliminary data which has not yet been audited. It also contains forward-looking statements which may be materially different from what we predict today.

Accordingly, this material may differ significantly from the actual result and is subject to change without notice.

The Company, and its affiliates, accept no liability whatsoever for any losses arising from any information contained in the material.

※ Bank (consolidated) includes Woori Card and Woori Investment Bank

# 2019 1Q Financial Highlights (1) Group Net Income

## Group

	1Q19
Net Operating Revenue	1,726
Interest Income	1,455
Non-Interest Income	271
SG&A (-)	832
Impairment on Credit Loss(-)	60
Operating Income	834
Non-Operating Income	-8
Pre-Provision Income	886
Income before Corp. Tax	826
Corp. Tax (-)	211
Net Income	615
Controlling Interests	569 <sup>2)</sup>
Non-controlling Interests	46

## Bank (Consol.)\_includes Woori card & Woori investment bank (Won in billions)

1Q19	1Q18	YoY	4Q18	QoQ
1,723	1,683	2.4%	1,698	1.5%
1,454	1,367	6.4%	1,454	0.0%
269	316	-14.9%	244	10.2%
813	739	10.0%	1,238	-34.3%
60	122	-50.8%	275	-78.2%
850	822	3.4%	185	359.5%
-60 <sup>1)</sup>	-15	NA	-9	NA
850	929	-8.5%	451	88.4%
790	807	-2.1%	178	344.6%
212	212	0.0%	47	355.6%
578 <sup>1)</sup>	595	-2.9%	131	340.7%
571	590	-3.2%	130	340.6%
7	5	NA	1	NA

1) Bank : Net income of W600bn, taking into account the effect of accounting loss of W53.5bn in the process of transferring 5 subsidiaries from Woori Bank to the holding company

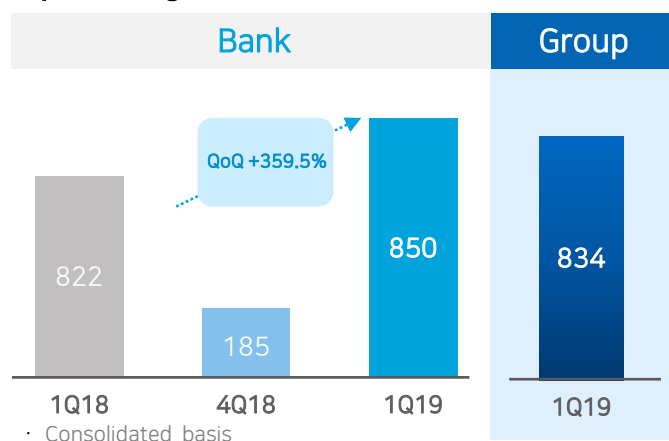
2) Group : Net income of around W600bn, considering the decrease of W38bn in controlling interests due to the application change in accounting standards.

## Group Net income of W569bn

- Net income of around W600bn, considering the decrease of W38bn in controlling interests due to the application change in accounting standards.
- Levelled-up earnings power and additional improvement in asset quality
- Balanced improvement in profitability indicators such as net operating revenue, operating income, etc.
  - Group ROA 0.67%, ROE 12.3%
  - Bank ROA 0.68%, ROE 10.6%

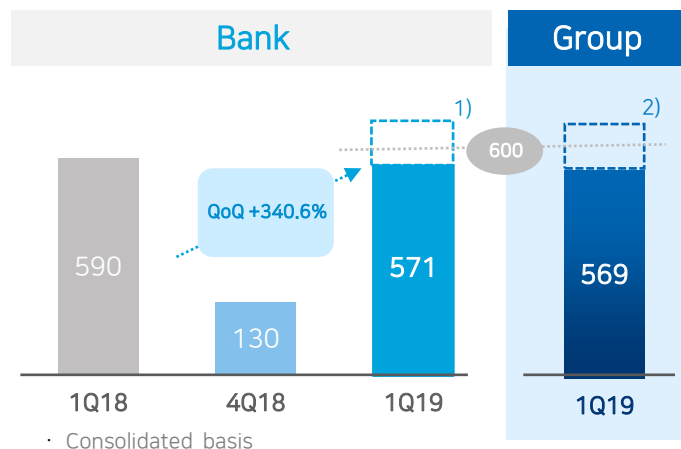
## Operating Income

(Won in billions)



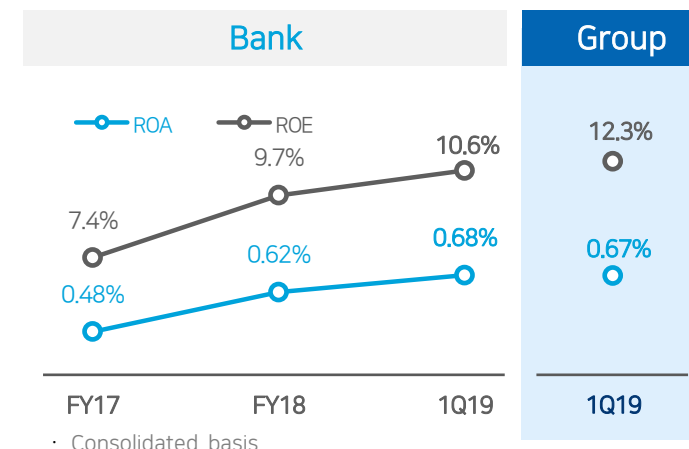
## Net Income (Controlling Interests)

(Won in billions)



## ROA, ROE

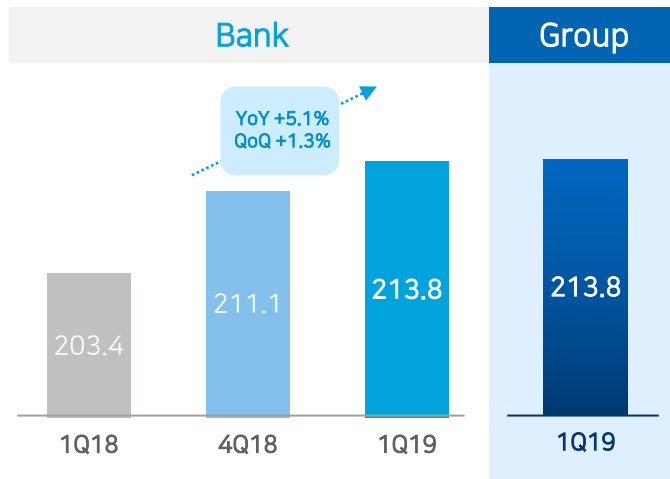
(Cumulative basis, Annualized figures)



# 2019 1Q Financial Highlights (2) Top-line (Profitability)

## Loans in Won

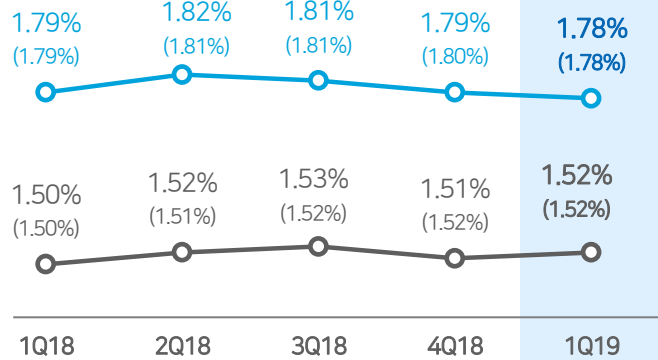
(Won in trillions)



· Consolidated basis

## NIM

— Bank + Card — Bank



· Quarterly basis, Cumulative NIM in (%)

## Solid growth mainly in corporate loans & increase in margins

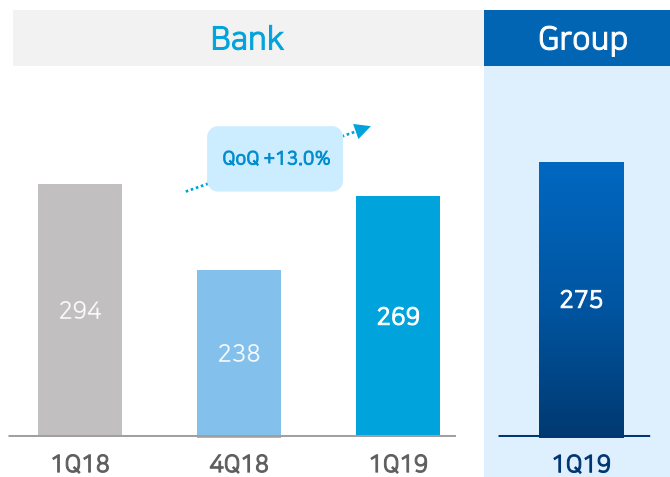
- Continuous growth in prime assets
- Margins expanded attributable to the increase in low-cost deposits

## Benign non-interest income growth driven by fee income

- Wealth management fee (trust, bancassurance, fund) grew by 20% QoQ
- FX Trading/Derivatives, on increasing trend as a result of strengthened CIB

## Fees & Commission

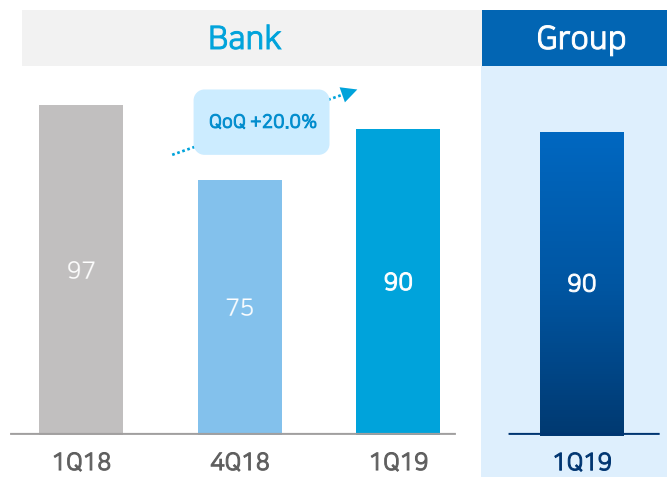
(Won in billions)



· Consolidated basis

## Wealth Management

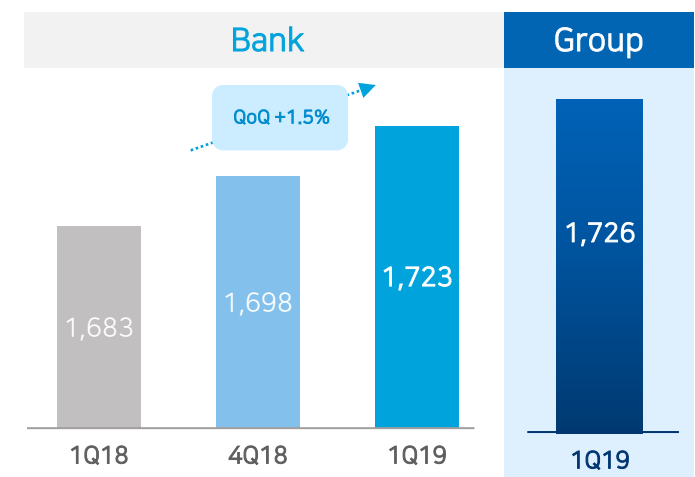
(Won in billions)



· Consolidated basis

## Net Operating Revenue

(Won in billions)

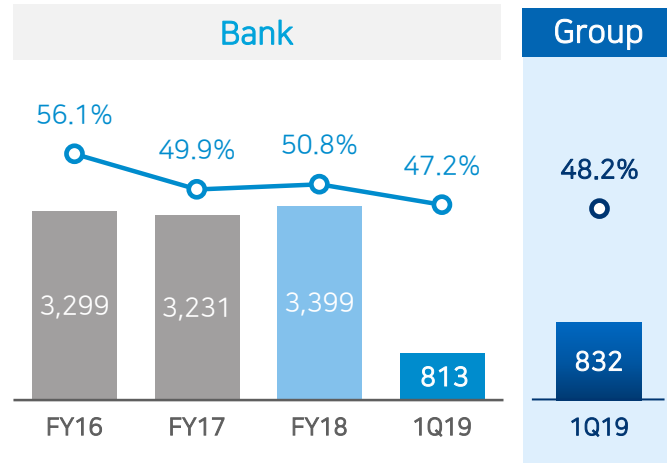


· Consolidated basis



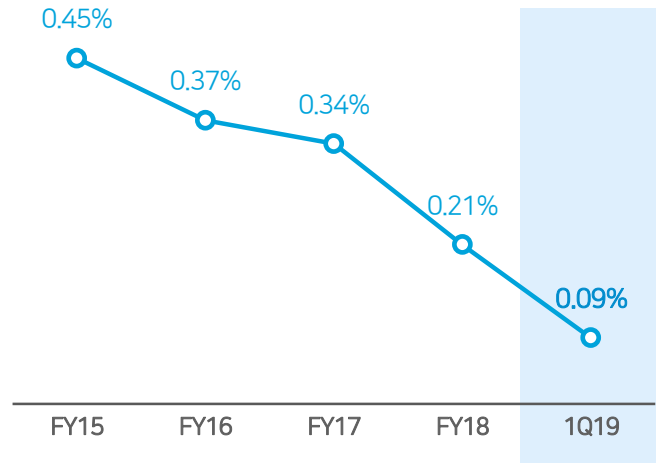
# 2019 1Q Financial Highlights (3) Bottom-line (Asset Quality)

## Cost-to-Income Ratio



· Cost-to-income ratio = SG&A expense / (Interest Income + Non-Interest Income)  
 · Note 1) Excluding ERP expense : 179bn(FY16), 304bn(FY17), 225n(FY18)

## Credit Cost Ratio



· Credit Cost Ratio = Credit cost / average Total Credit balance  
 (Consolidated basis, Annualized figures)

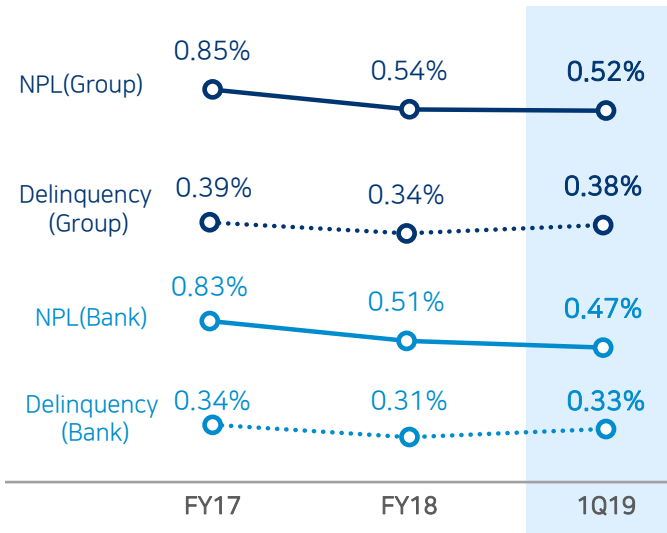
## Asset Quality in industry leading level

- NPL ratio and precautionary ratio in industry leading level  
 (Group NPL ratio 0.52%, Bank NPL ratio 0.47%)
- A result of change in loan business strategy, concentrating on the increase in prime assets

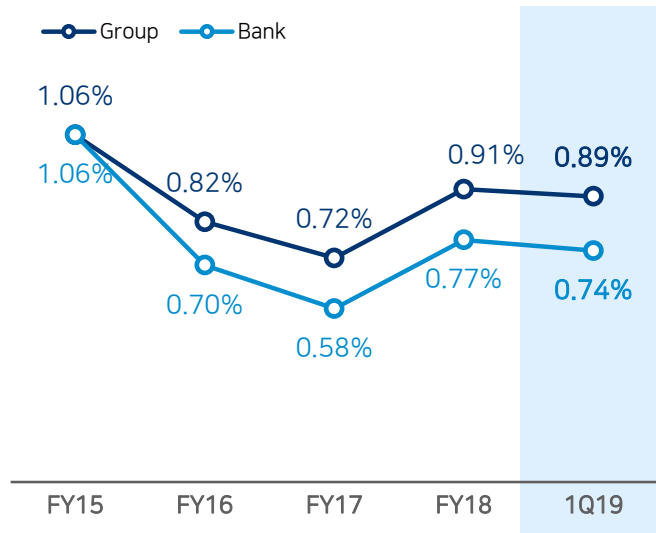
## Improved Cost Efficiency

- Improved CI Ratio, despite the cost increase from the implementation of new core banking system last year

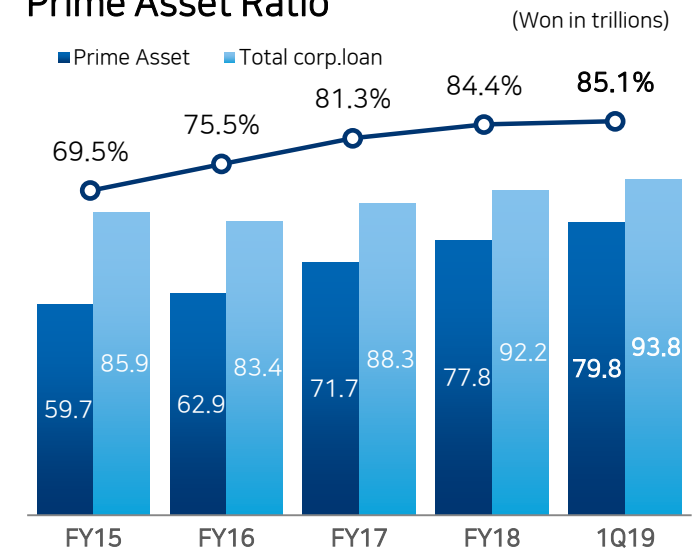
## NPL Ratio & Delinquency Ratio



## Precautionary Ratio



## Prime Asset Ratio



· Won loan basis  
 · Prime Asset : Internal credit rating of BBB and above

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## II . Woori Financial Group

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- Group Overview
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# Overview

	Woori Financial Group (Consol.)	Subsidiaries								
		Woori Bank				Woori FIS	Woori Finance Research Institute	Woori Credit Information	Woori Fund Service	Woori PE Asset Management
		Separate	Woori Card	Woori Investment Bank	Consol.					
Total Assets <sup>1)</sup> (Wtn)	394.6	383.4 <sup>4)</sup>	9.7	2.8	394.4	0.1	0.0	0.0	0.0	0.0
Shareholder's Equity <sup>2)</sup> (Wbn)	18,810	21,109	1,706	328	21,893	28	3	29	13	37
Net Income <sup>3)</sup> (Wbn)	568.6	539.4 <sup>4)</sup>	24.0	12.3	570.7	-5.1	-0.1	0.7	0.3	-0.2
Shareholdings	Strategic Large Shareholders <sup>5)</sup> 22%	100%	100%	59.8%	-	100%	100%	100%	100%	100%

• As of Mar. 31, 2019 (K-IFRS)

Note 1) Total assets include trust account

Note 2) Excluding non-controlling interests

Note 3) Net income attributable to controlling interests


Note 4) Total Assets, Net Income for Woori Bank: Sum of Woori Bank(Only), Overseas Subsidiaries, and Others

Note 5) Strategic Large shareholders : IMM, Tongyang Life Insurance, Kiwoom Securities, Korea Investment & Securities, Hanwha Life Insurance

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## III . Earnings

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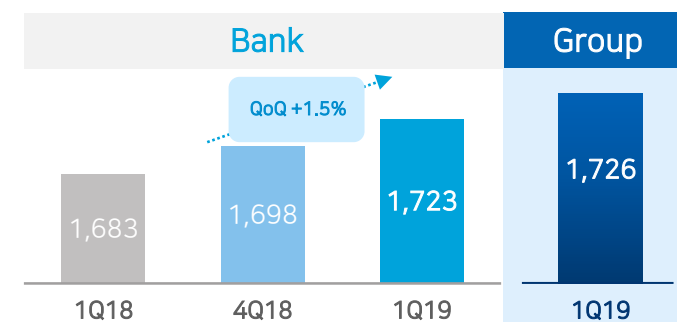
- Condensed Income Statement
  - Interest Income & NIM / NIS
  - Non-interest Income
  - Credit Cost
  - SG&A Expense
- 



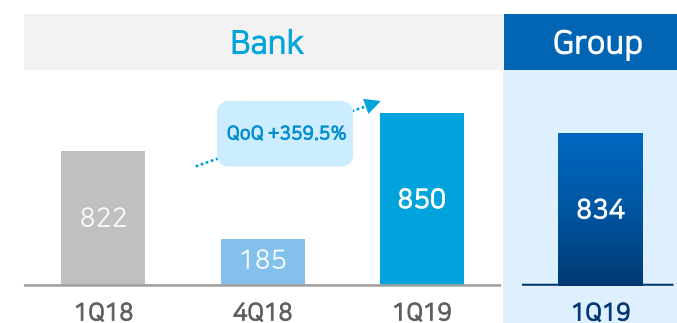
# Condensed Income Statement (Consol.)

Group		Bank (Consol.)					(Won in billions)
	1Q19	1Q19	1Q18	YoY	4Q18	QoQ	
Net Operating Revenue	1,726	1,723	1,683	2.4%	1,698	1.5%	
Interest Income	1,455	1,454	1,367	6.4%	1,454	0.0%	
Non-Interest Income	271	269	316	-14.9%	244	10.2%	
SG&A (-)	832	813	739	10.0%	1,238	-34.3%	
Impairment on Credit Loss(-)	60	60	122	-50.8%	275	-78.2%	
Operating Income	834	850	822	3.4%	185	359.5%	
Non-Operating Income	-8	-60 <sup>1)</sup>	-15	NA	-9	NA	
Pre-Provision Income	886	850	929	-8.5%	451	88.4%	
Income before Corp. Tax	826	790	807	-2.1%	178	344.6%	
Corp. Tax (-)	211	212	212	0.0%	47	355.6%	
Net Income	615	578 <sup>1)</sup>	595	-2.9%	131	340.7%	
Controlling Interests	569 <sup>2)</sup>	571	590	-3.2%	130	340.6%	
Non-controlling Interests	46	7	5	NA	1	NA	

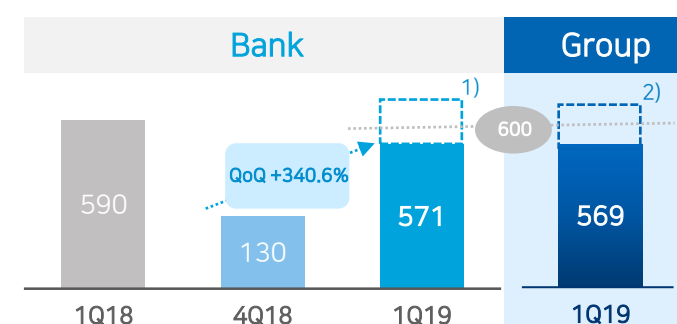
## Net Operating Revenue (Won in billions)



## Operating Income (Won in billions)



## Net Income (Controlling Interests) (Won in billions)

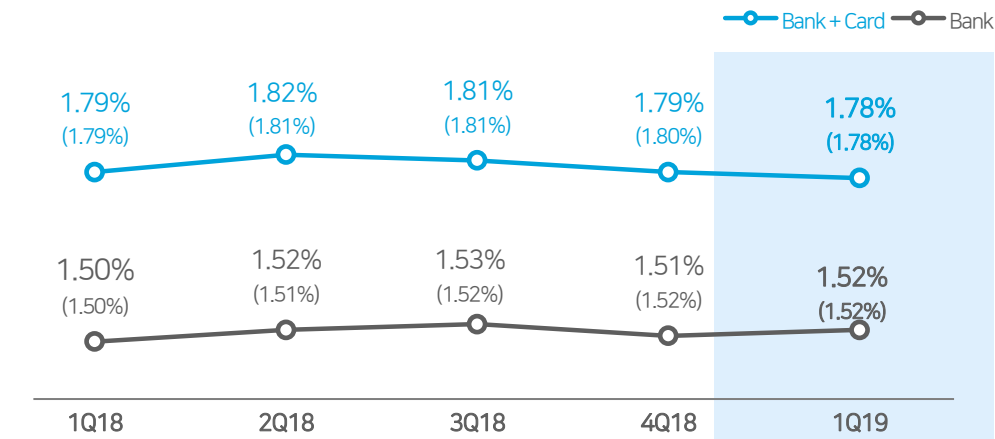


1) Bank : Net income of W600bn, taking into account the effect of accounting loss of W53.5bn in the process of transferring 5 subsidiaries from Woori Bank to the holding company  
 2) Group : Net income of around W600bn, considering the decrease of W38bn in controlling interests due to the application change in accounting standards.

# Interest Income & NIM / NIS

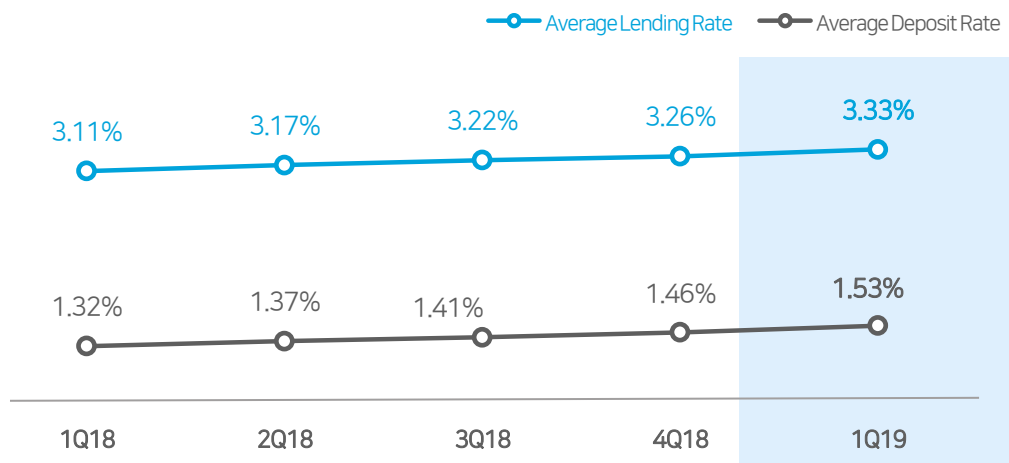
## NIM/NIS

### NIM



• Quarterly basis, Cumulative NIM in ( )

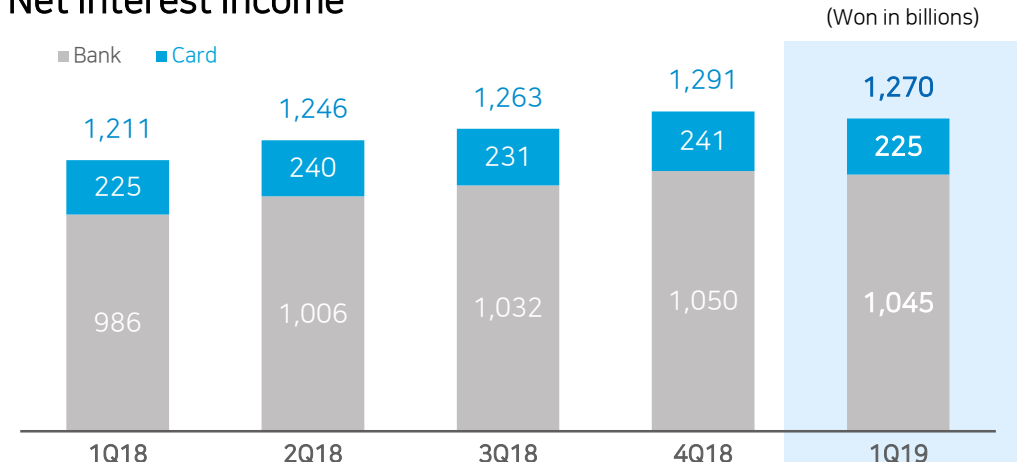
### NIS



• Quarterly average based on bank's won-denominated loans / deposits

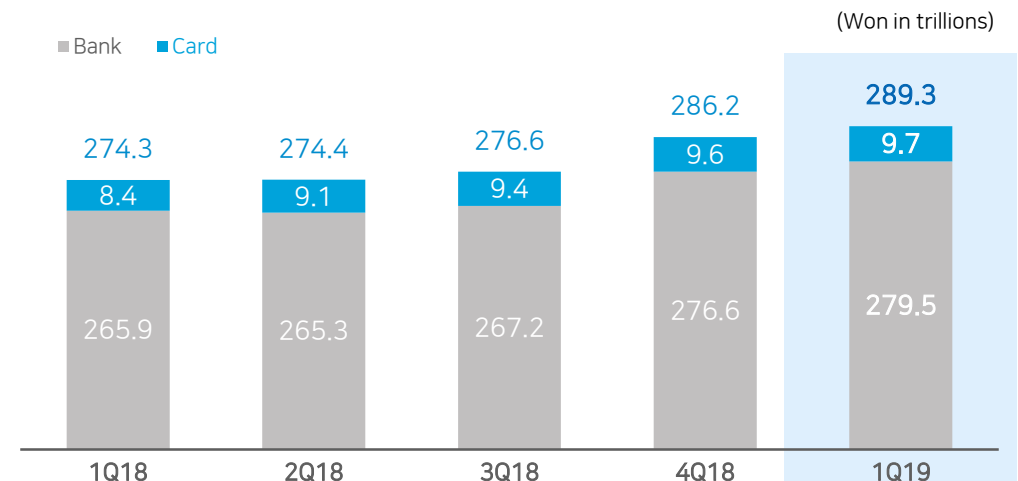
## Interest Income / Interest Earning Assets

### Net Interest Income



• Based on FSS reporting standard. Includes credit card merchant fees

### Interest Earning Assets

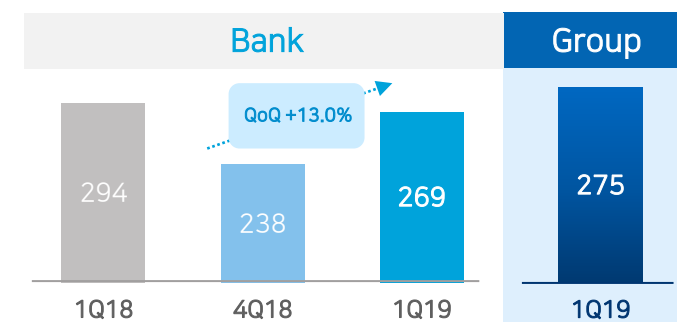


• Quarterly average balance

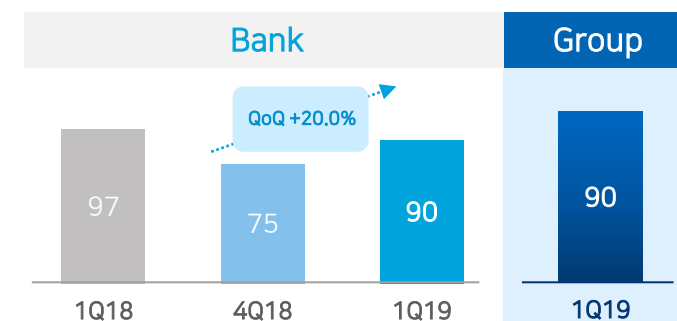
# Non-Interest Income (Consol.)

Group		Bank (Consol.)					(Won in billions)
	1Q19	1Q19	1Q18	YoY	4Q18	QoQ	
Non-Interest Income	271	269	316	-14.9%	244	10.2%	
Fees & Commission	275	269	294	-8.5%	238	13.0%	
Wealth Management	90	90	97	-7.2%	75	20.0%	
Trust	41	41	49	-16.3%	34	20.6%	
Bancassurance	23	23	23	NA	19	21.1%	
Fund	26	26	25	4.0%	22	18.2%	
Credit Card	39	37	51	-27.5%	28	32.1%	
Other Fees	146	142	146	-2.7%	136	4.4%	
FX Trading/ Derivatives	56	56	89	-37.1%	36	55.6%	
Securities	84	84	72	16.7%	59	42.4%	
Valuation/ Disposal of Loans	21	21	24	-12.5%	37	-43.2%	
Other	-165	-161	-163	NA	-126	NA	

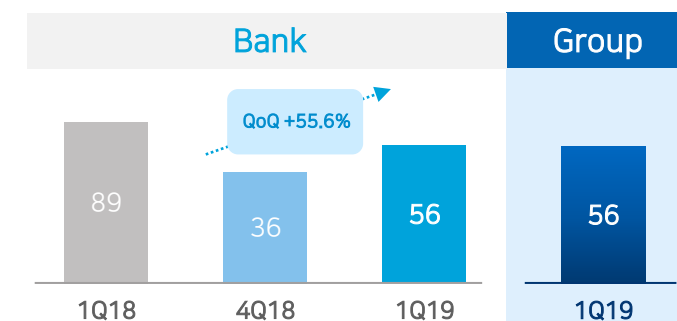
## Fees & Commission



## Wealth Management



## FX Trading/ Derivatives



# Credit Cost (Consol.)

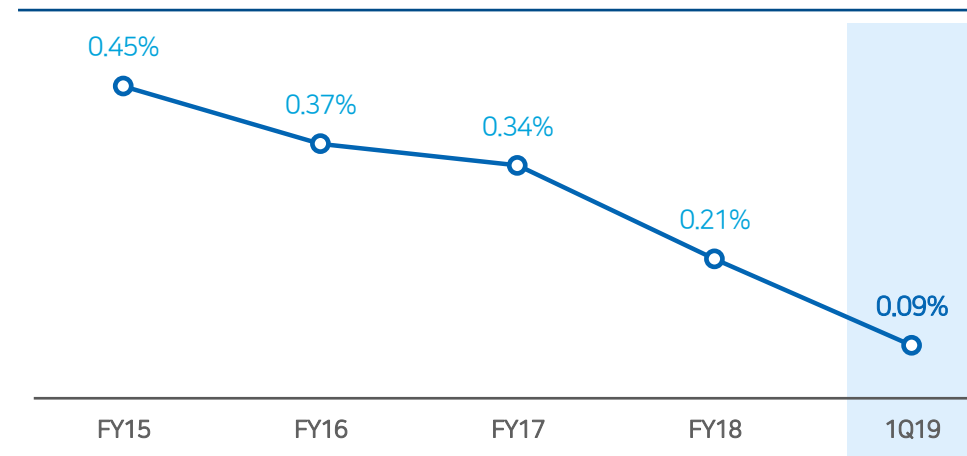
## Group

	1Q19	FY18	FY17	FY16	FY15
Credit Cost <sup>1)</sup> (Wbn)	60	330	785	834	967
Total Credit <sup>2)</sup> (Wtn)	257.0	254.3	238.5	231.2	223.2

Note 1) Net increase in provisions for loan losses, unused credit line and guarantees, Cumulative basis

Note 2) Ending balance

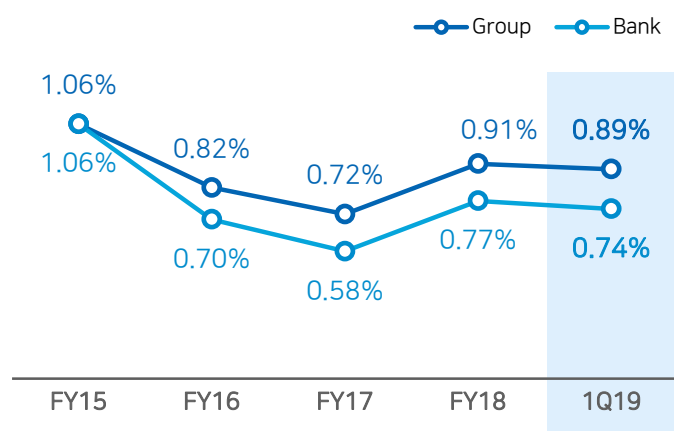
## Credit Cost Ratio



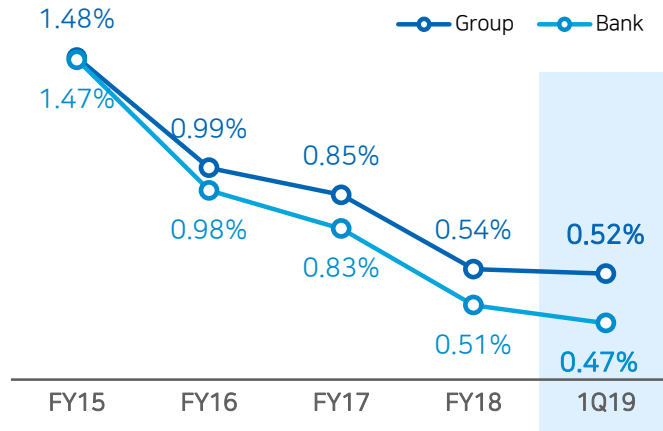
· Credit Cost Ratio = Credit cost/average Total Credit balance (Consolidated basis, Annualized figures)

## Asset Quality Ratio Trend

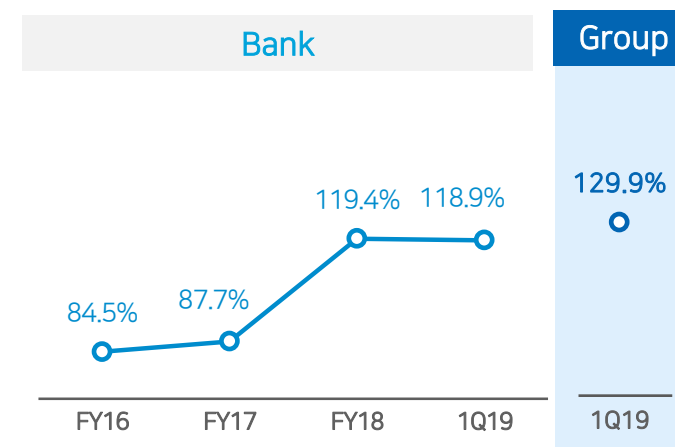
### Precautionary Ratio



### NPL Ratio



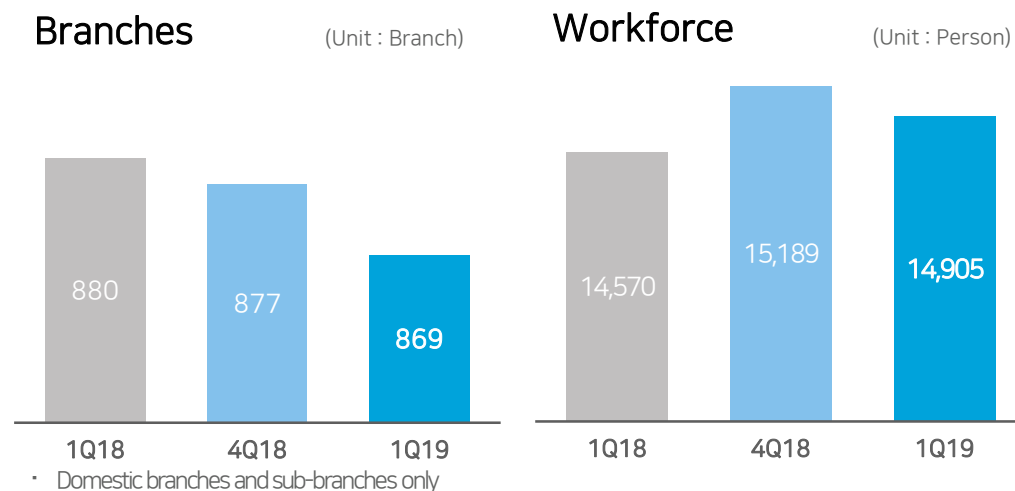
### NPL Coverage Ratio



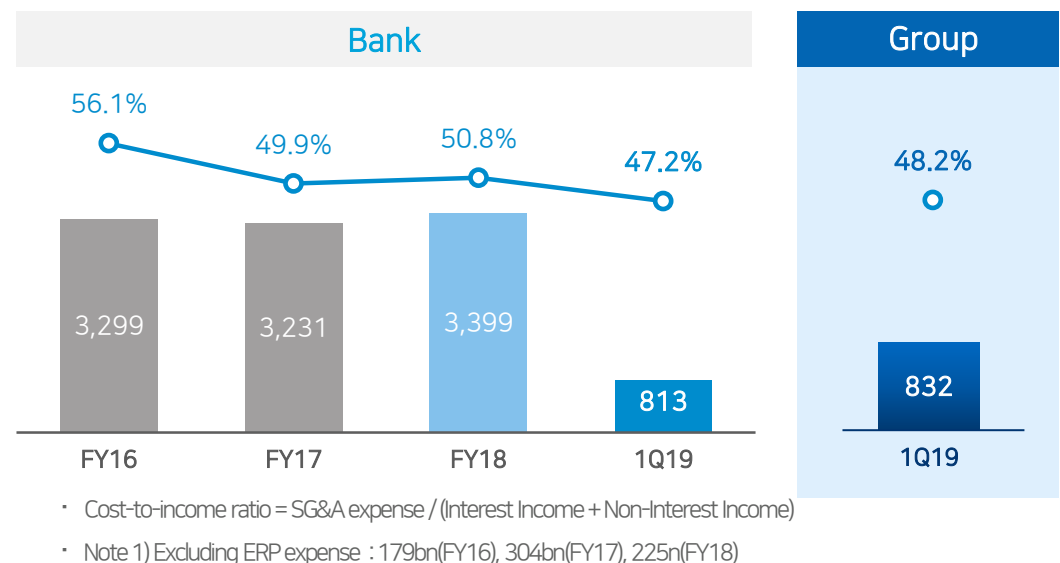
# SG&A Expense (Consol.)

Group		Bank				(Won in billions)
	1Q19	1Q19	1Q18	YoY	4Q18	QoQ
SG&A Expense	832	813	740	9.9%	1,238	-34.3%
Salaries & Benefits	526	479	444	7.9%	866	-44.7%
ERP Expense	8	-	-	NA	204	NA
Salaries & Benefits (Excluding ERP)	518	479	444	7.9%	662	-27.6%
General & Administration	175	205	219	-6.4%	290	-29.3%
Depreciation	96	94	48	95.8%	59	59.3%
Taxes & Dues	35	35	29	20.7%	23	52.2%

## Branches and Workforce (Bank)



## SG&A Expense and Cost-to-Income Ratio Trend <sup>1)</sup>





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## IV. Assets & Liabilities

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- Statement of Financial Position
  - Funding
  - Loans
- 

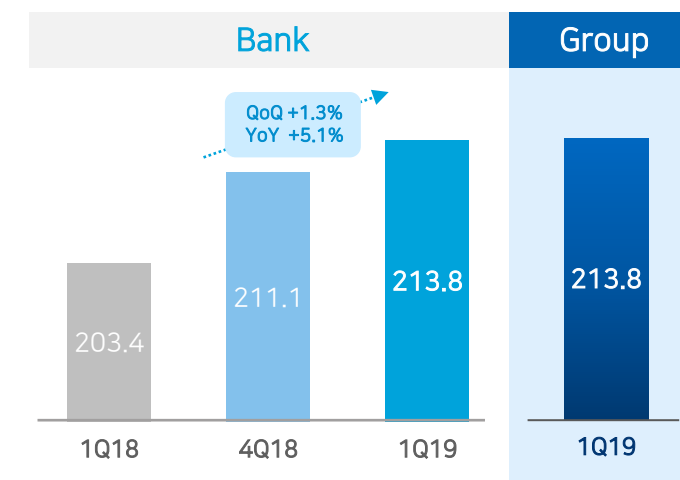
# Statement of Financial Position (Consol.)

Group		Bank	(Won in trillions)			
	1Q19	1Q19	1Q18	YoY	FY18	QoQ
Total Assets	345.1	345.1	325.8	5.9%	340.4	1.4%
Financial Assets	47.6	47.6	37.7	26.3%	47.1	1.1%
Loans and Receivables	287.7	287.7	278.1	3.5%	282.4	1.9%
Loans in Won	213.8	213.8	203.4	5.1%	211.1	1.3%
Loans in F/C	16.1	16.1	13.8	16.7%	15.2	5.9%
Foreign Bills Bought	6.5	6.5	6.8	-4.4%	7.9	-17.7%
Total Liabilities	322.9	322.9	305.3	5.8%	318.5	1.4%
Deposits	250.2	250.2	237.5	5.3%	248.7	0.6%
Borrowings	16.3	16.3	13.9	17.3%	16.2	0.6%
Debentures	28.5	28.5	27.2	4.8%	28.7	-0.7%
Shareholder's Equity <sup>1)</sup>	18.8	21.9	20.3	7.9%	21.7	0.9%
Capital Stock	3.4	3.4	3.4	0.0%	3.4	0.0%
Hybrid Securities	-	3.2	3.0	6.7%	3.2	0.0%
Retained Earnings	17.2	17.2	15.8	8.9%	17.1	0.6%
(Non-controlling Interests)	(3.4)	(0.2)	(0.2)	0.0%	(0.2)	0.0%
Group Total Assets <sup>2)</sup>	394.6	394.4	370.7	6.4%	388.9	1.4%

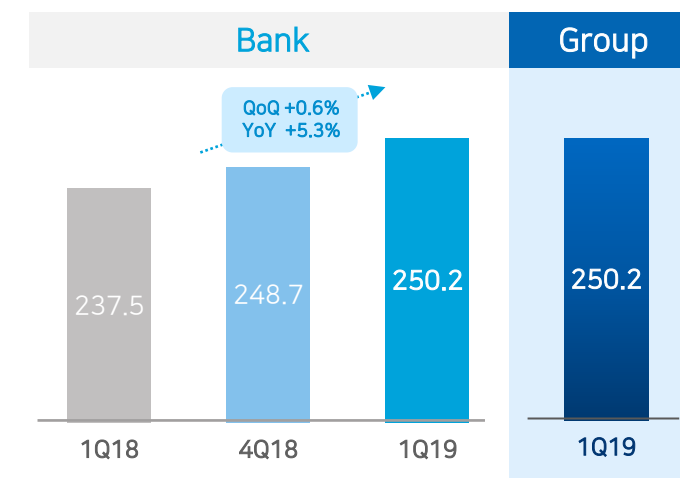
Note 1) Controlling Interests

Note 2) Total assets include trust account

## Loans in Won (Won in trillions)



## Deposits (Won in trillions)



# Funding (Bank)

## Breakdown by Funding Sources

(Won in billions)

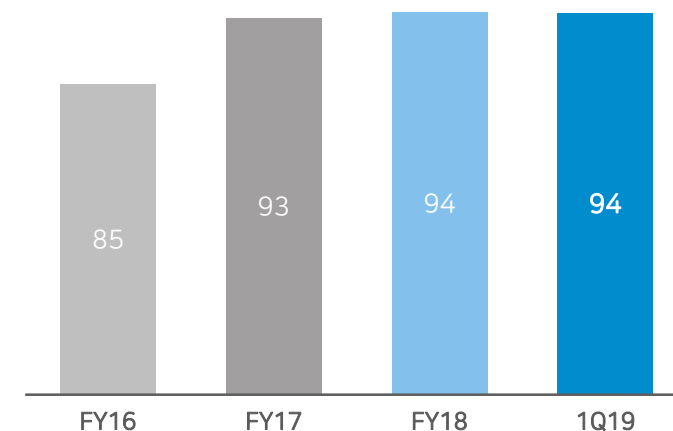
	1Q19	1Q18	YoY	FY18	QoQ
Total Funding in KRW	247,704	235,180	5.3%	246,300	0.6%
Low Cost Deposits <sup>1)</sup>	93,891	92,114	1.9%	94,047	-0.2%
Core Deposits	73,107	71,667	2.0%	75,075	-2.6%
MMDA(Corporate)	20,785	20,447	1.7%	18,972	9.6%
Savings Deposits	122,775	114,918	6.8%	121,250	1.3%
Marketable Deposits	6,681	4,180	59.8%	6,465	3.3%
Borrowings	6,667	6,476	2.9%	6,467	3.1%
Debentures	17,691	17,492	1.1%	18,071	-2.1%
Total Funding in FC	25,483	24,901	2.3%	26,238	-2.9%
Total Funding	273,187	260,081	5.0%	272,538	0.2%

· Ending Balance basis (Bank Only)

Note1) demand deposits, retail & corporate savings deposits, MMDA included

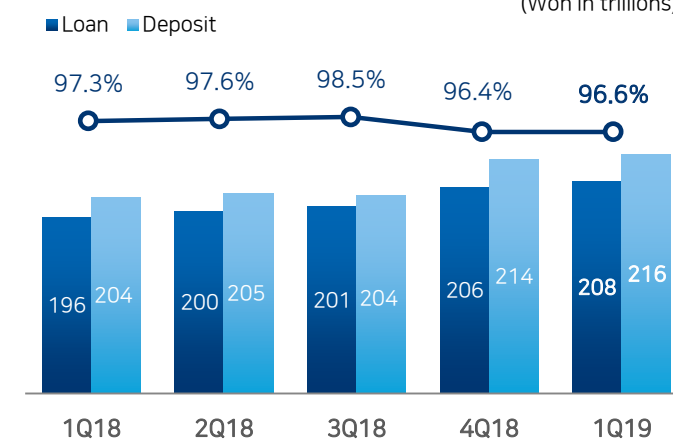
## Low Cost Deposit Trend

(Won in trillions)



## Loan-to-Deposit Ratio

(Won in trillions)



· Monthly average basis

# Loans (Bank)

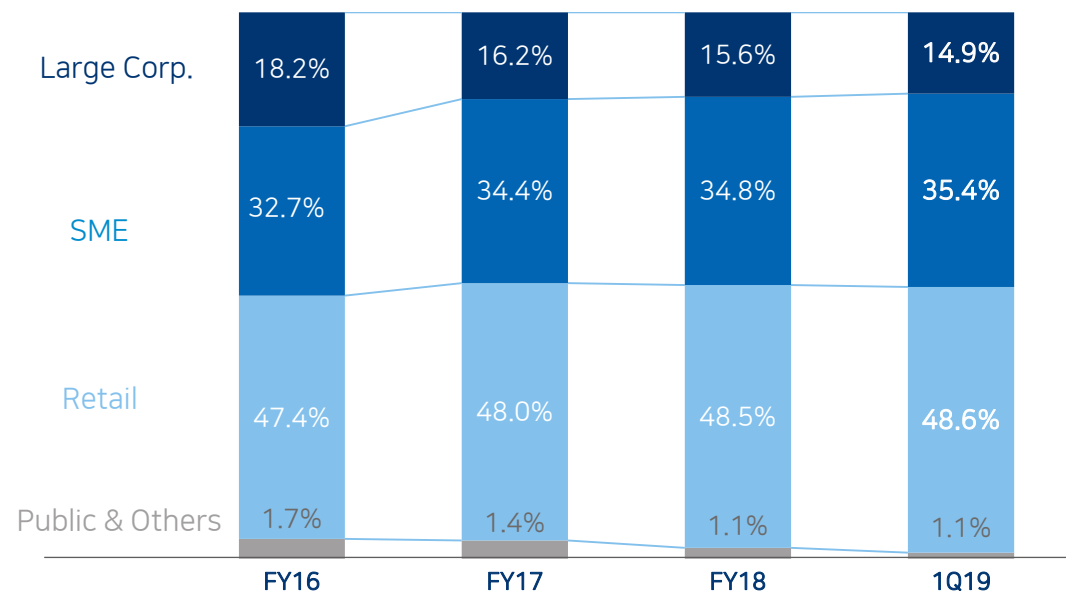
## Breakdown by Borrowers

(Won in billions)

	1Q19	1Q18	YoY	FY18	QoQ
Large Corp.	35,176	34,967	0.6%	36,463	-3.5%
SME	83,354	78,372	6.4%	81,303	2.5%
Corporate	40,915	39,511	3.6%	39,709	3.0%
SOHO	42,439	38,861	9.2%	41,594	2.0%
Retail	114,547	107,442	6.6%	113,497	0.9%
Secured	90,952	84,934	7.1%	90,188	0.8%
Unsecured	23,595	22,508	4.8%	23,309	1.2%
Public & Others	2,666	3,045	-12.4%	2,653	0.5%
Total	235,743	223,826	5.3%	233,916	0.8%

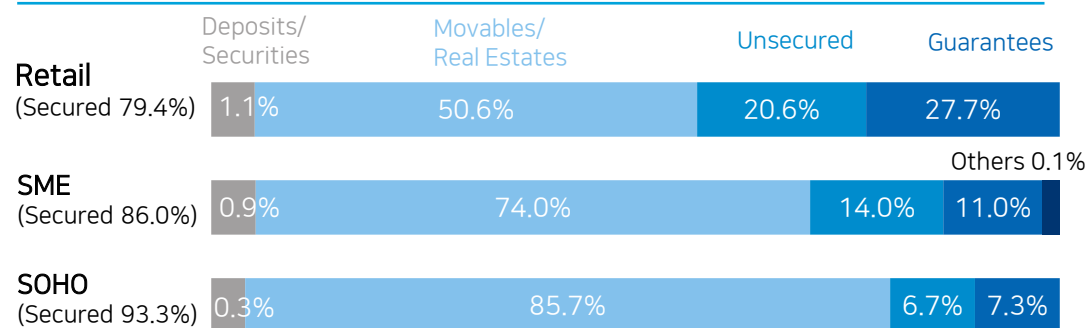
• FSS NPL reporting standards  
(including banking and trust account, foreign bills bought, guarantees and etc.)

## Loan Portfolio



• FSS NPL reporting standards

## Breakdown by Collateral




• Won Loan basis

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## V . Asset Quality / Capital Adequacy

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- Asset Quality
  - Capital Adequacy
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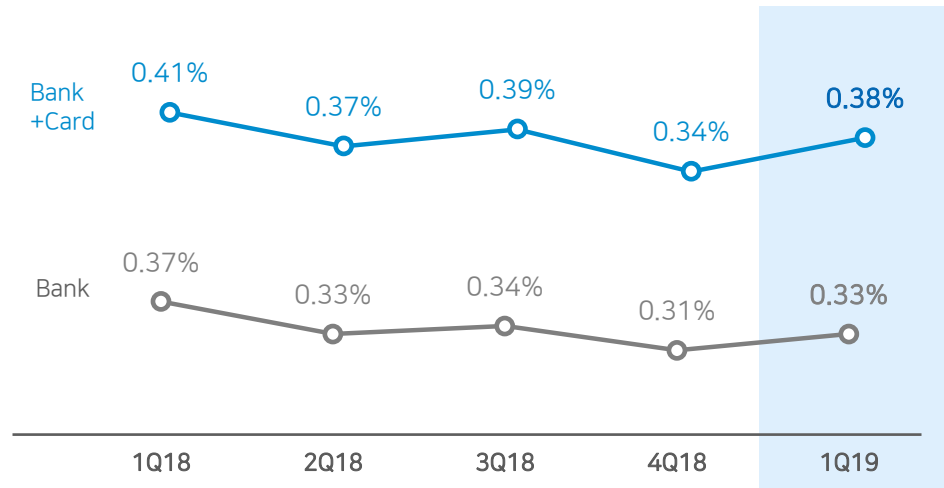


# Asset Quality (Bank)

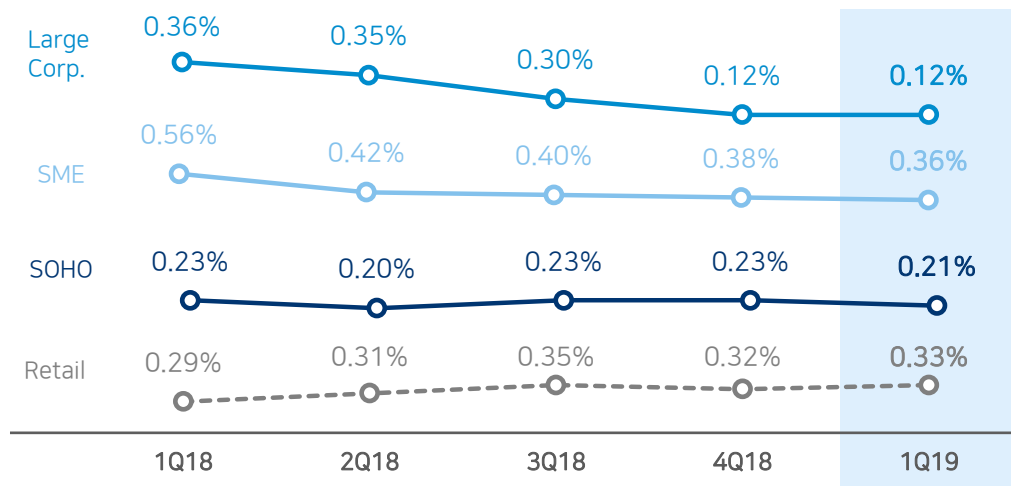
Group		Bank				
		(Won in billions)				
Asset Breakdown	1Q19	1Q19	1Q18	YoY	FY18	QoQ
Total Credit Offerings	256,955	235,743	223,826	5.3%	233,916	0.8%
Precautionary	2,294	1,752	1,295	35.3%	1,806	-3.0%
	0.89%	0.74%	0.58%	0.16%p	0.77%	-0.03%p
Substandard & Below (NPL)	1,324	1,110	1,774	-37.4%	1,182	-6.1%
	0.52%	0.47%	0.79%	-0.32%p	0.51%	-0.04%p
Loan Loss Reserve (LLR)	1,720	1,320	1,768	-25.3%	1,412	-6.5%
LLR/Substandard & Below Loans	129.9%	118.9%	99.9%	19.0%p	119.4%	-0.5%p

· Bank Only

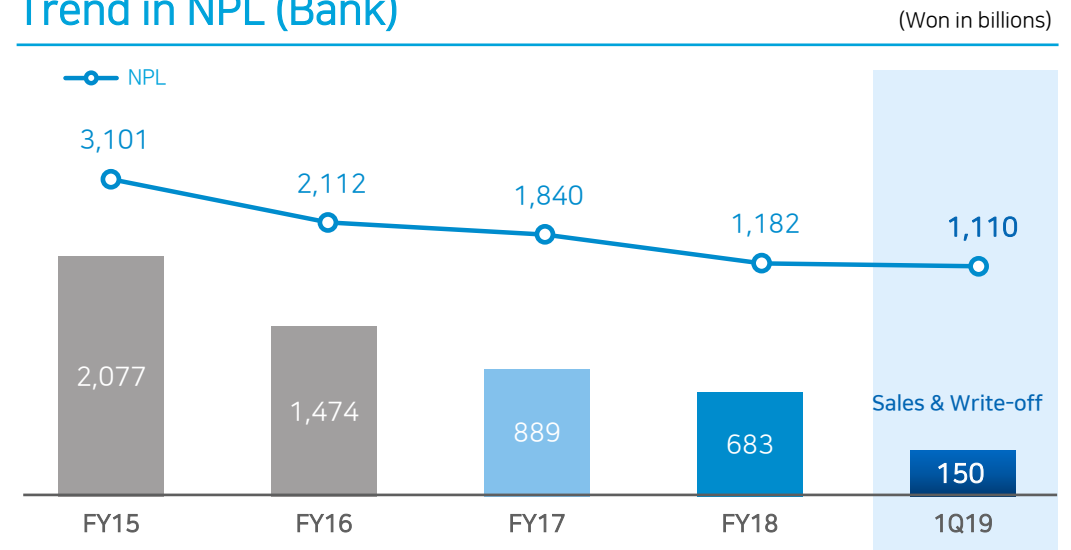
## Delinquency Ratio



## Delinquency Ratio (Bank)



## Trend in NPL (Bank)



# Capital Adequacy (Consol.)

## Group

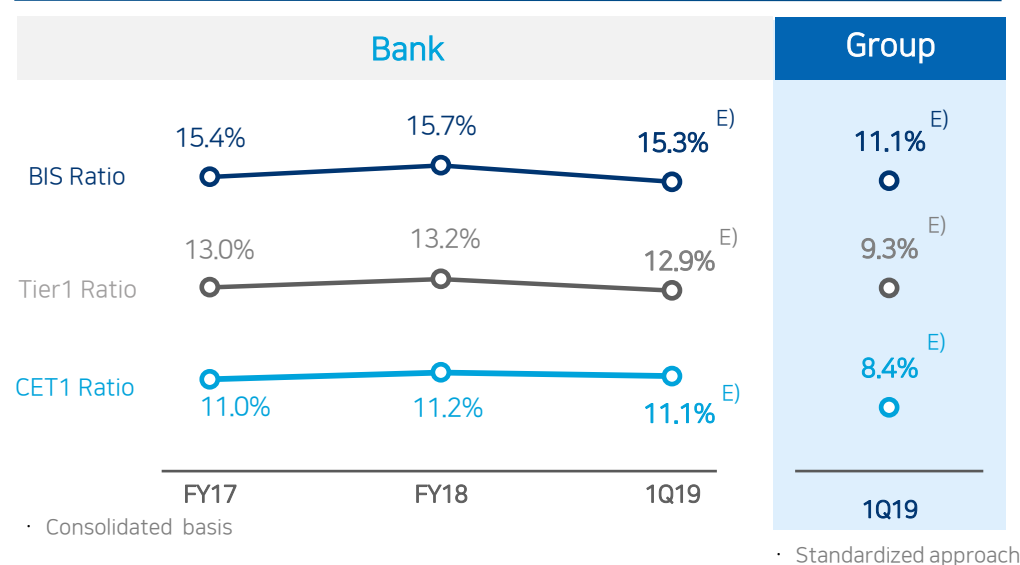
	1Q19
Total Capital	23,935
Common Equity	18,134
Tier 1 Capital	20,127
Tier 2 Capital	3,808
Risk-Weighted Assets	216,205

## Bank (Consol.)

(Won in billions)

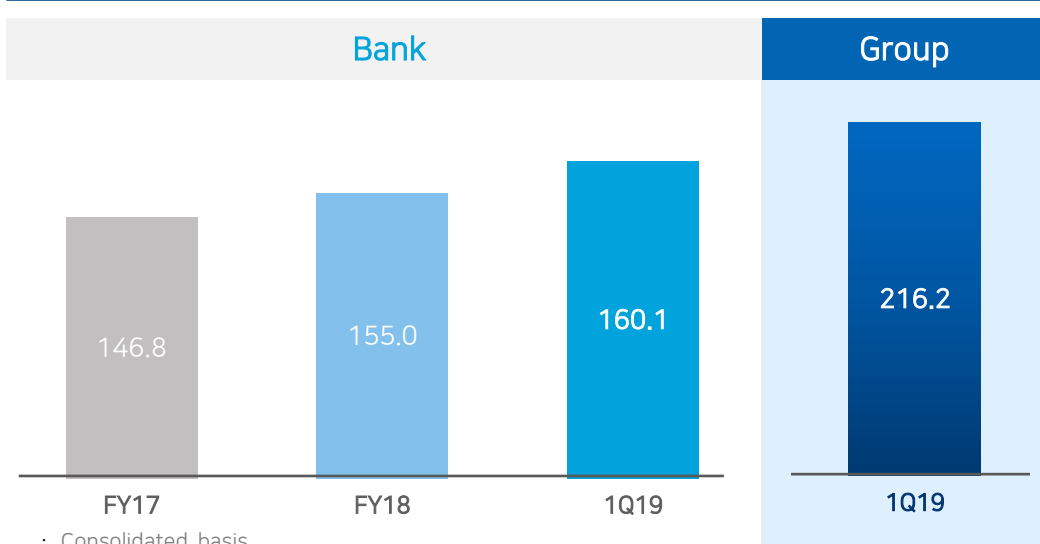
	1Q19	1Q18	YoY	FY18	QoQ
Total Capital	24,481	22,606	8.3%	24,251	1.0%
Common Equity	17,724	16,592	6.8%	17,276	2.6%
Tier 1 Capital	20,701	19,439	6.5%	20,423	1.4%
Tier 2 Capital	3,780	3,167	19.3%	3,828	-1.2%
Risk-Weighted Assets	160,112	149,859	6.8%	154,971	3.3%

## BIS Ratio Trend



## Risk-Weighted Assets

(Won in billions)



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## VI. Woori Card

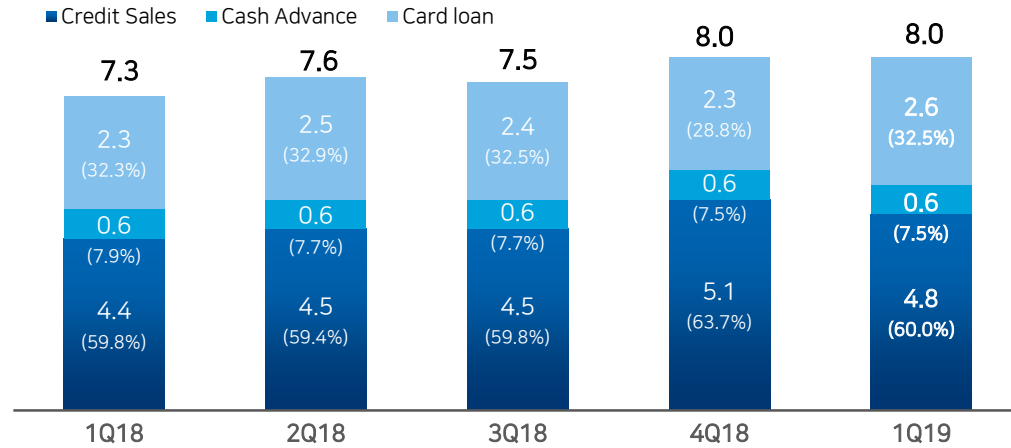
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- Woori Card at a Glance

# Woori Card at a Glance

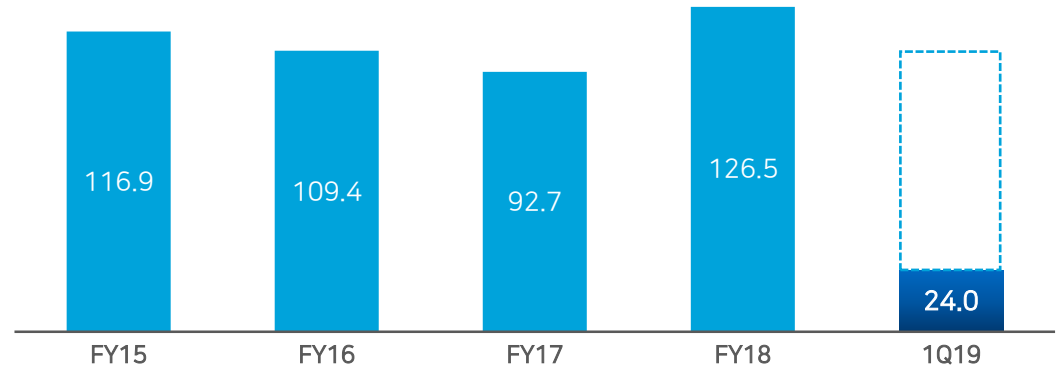
## Asset Breakdown

(Won in trillions)



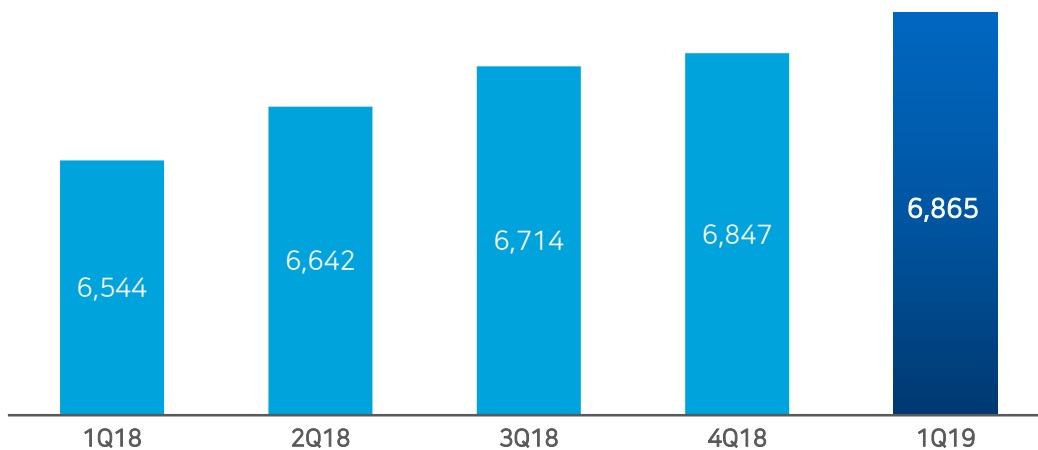
## Net Income

(Won in billions)



## Effective Members<sup>1)</sup>

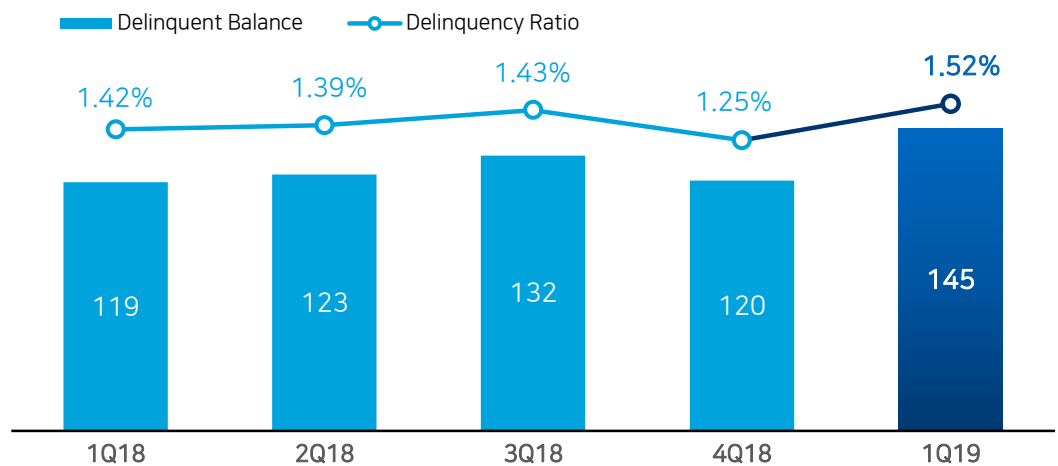
(Unit : thousand persons)



Note 1) Members who used at least once within one month

## Delinquency Ratio

(Won in billions)



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## Appendix : Application Change in Accounting Standards

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# Appendix : Application Change in Accounting Standards

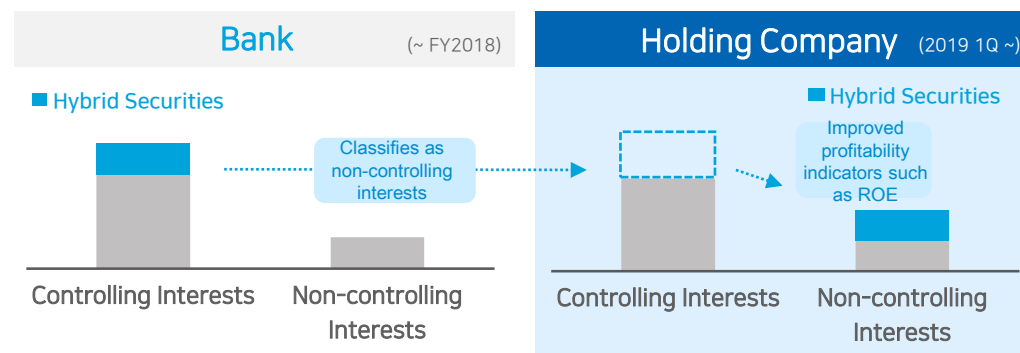
## 1. Accounting Standards for Hybrid Securities issued by Woori Bank

Holding company does not recognize hybrid securities issued by Woori Bank as an owner's equity

- Total Equity in B/S: Hybrid Securities classified as non-controlling interests
- Net Income in I/S: Hybrid Securities interest classified as non-controlling interests

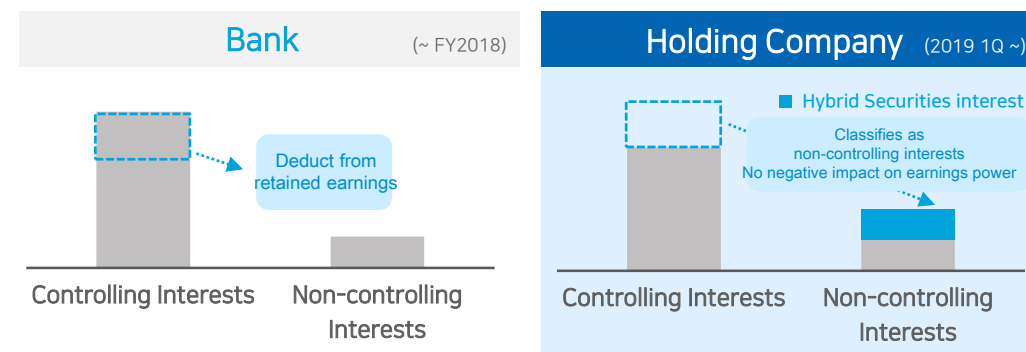
### Shareholder's Equity (B/S)

(Consolidated basis)



### Net Income (Controlling Interest) (I/S)

(Consolidated basis)



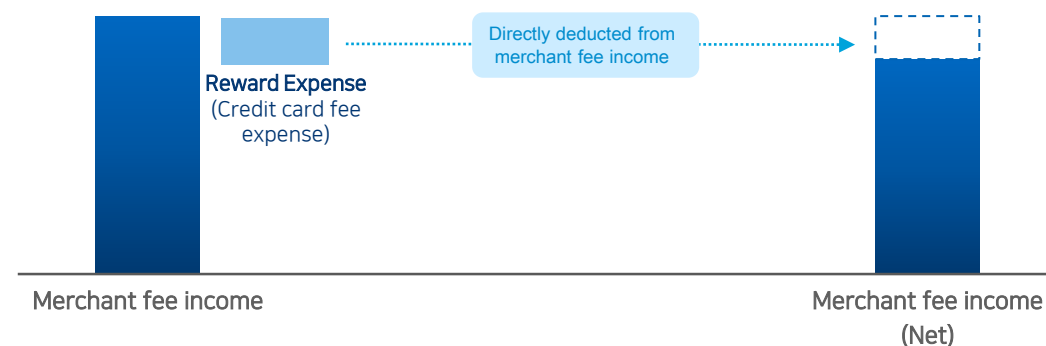
## 2. Accounting Change in Credit Card Business (IFRS15)

No impact on net income, but will impact NIM calculation  
(Implies equally to all credit card business entities)

- 'Reward expense' included in credit card fee expense (excluded in NIM calculation) will directly be deducted from merchant fee income (included in NIM calculation)

### NIM

Income included in NIM calculation



### P/L



