1Q26 Woori Financial Group Earnings Call (Apr 24, 2026) Q&A Summary

WOORI FINANCIAL GROUP

Q. Strategic Rationale for Transitioning Tongyang Life into a Wholly-Owned Subsidiary

A. Following our acquisition of the insurance subsidiaries in July 2025, we reviewed their financial and operational capabilities to strengthen our competitiveness. Since then, we have actively driven internal restructuring to upgrade their fundamentals. During this process, we determined that transitioning Tongyang Life into a wholly-owned subsidiary is the optimal path to secure greater strategic flexibility and maximize group-wide synergies. Moving forward, capturing 100% of Tongyang Life's earnings through full consolidation will allow us to drive long-term shareholder value.

Q. Factors behind the SG&A Expenses Increase in Q1 2026

A. The Q1 increase was primarily driven by KRW 12 billion in early retirement expenses, KRW 17 billion from an education tax hike, and KRW 17 billion in talent acquisition and IT infrastructure investments at our securities arm. Additionally, this quarter includes KRW 25 billion in insurance-related SG&A, which was not present in Q1 last year. We are aware that our CIR for this quarter stands at a somewhat elevated level. To address this, we are actively managing our CIR by curbing non-essential expenses and optimizing branch and headcount efficiency. At the same time, we continue to invest strategically in AI and digital transformation to drive long-term cost efficiency.

Q. Full-Year NIM Guidance

A. Our NIM expansion in Q1 2026 was largely driven by rising market interest rates, alongside disciplined profitability management anchored by a higher share of core deposits and asset rebalancing. We expect our ongoing efforts—improving asset yields, optimizing funding costs, and expanding core deposits—to sustainably support our NIM going forward. Under the assumption that the base rate remains unchanged in the second half, we are closely preparing for potential impacts from loan spread pricing adjustments and shifting deposit migration trends. Consequently, we project that we will be able to maintain our full-year NIM in the mid-to-high 1.4% range.

Q. Full-Year Credit Cost Ratio Guidance

A. In Q1 2026, our credit cost ratio stood at approximately 53 bps due to one-off provisioning at our overseas subsidiary. Excluding this non-recurring factor, however, our normalized credit cost ratio remains well-managed at around the 40 bps level. Although this one-off item led to a slight uptick in our NPL and delinquency rates, our NPL coverage ratio exceeds the industry average. Furthermore, to buffer against a potentially prolonged environment of high exchange rates and high oil prices stemming from recent geopolitical risks in the Middle East, we are maintaining a strict, preemptive stance on managing potential non-performing assets. Backed by disciplined efforts to improve our global portfolio soundness, we expect to keep our full-year credit cost comfortably within the normalized 40 bps range.

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Q. Expected Impact of the Woori Investment Securities Capital Increase

A. As of year-end 2025, Woori Investment Securities ranked 16th in terms of equity size. However, following this capital injection, we expect to rank near the top 10. With the goal of establishing a mega-investment bank (IB), we plan to execute phased recapitalization, carefully considering the timeline required to obtain the Comprehensive Financial Investment Business (CFIB) license. Our strategic focus is to first enhance the profitability of the securities subsidiary, thereby achieving a mid-to-long-term ROE target of 10%. By deploying capital directly into IB and S&T, we are committed to accelerating the subsidiary's transition into a pivotal core profit driver within the Group.

Q. Group CET1 Ratio Impact from the Woori Investment Securities Capital Increase and Tongyang Life Stock Swap

A. The recapitalization of Woori Investment Securities has no direct impact on our Group CET1 ratio. However, as we deploy RWA into the securities business, the initial RWA growth driven by asset expansion could temporarily pressure the capital ratio before being balanced out by profit improvements.

Regarding the comprehensive stock swap with Tongyang Life, the acquisition of additional shares falls under the "Significant Investments" deduction category. Nevertheless, we expect this to be offset by the capital generated from our new share issuance. Overall, we anticipate the net impact on the Group CET1 ratio to be minimal.

Q. Expected Benefits of the Insurance Subsidiaries Integration

A. Following the transition of Tongyang Life into a wholly-owned subsidiary, we are reviewing a merger of our insurance entities as part of a broader strategy to strengthen the competitiveness of the Group's insurance sector. We expect this integration to drive operational efficiencies, unlock economies of scale, and simultaneously enhance our capital management and overall financial soundness. However, a merger between the two companies requires a resolution by the Board of Directors. As of now, no definitive decisions have been made regarding its execution, structure, or timeline.

Q. Target Timeline for Woori Investment Securities to Obtain the Comprehensive Financial Investment Business (CFIB) License

A. Woori Investment Securities is permitted to hold its merchant banking license for a 10-year period, securing our ability to operate the promissory note business through July 2034. We have established a roadmap to reach KRW 3 trillion in equity by next year to qualify for the CFIB license—which we will apply for at a later stage—followed by a strategic plan to secure the KRW 4 trillion CFIB tier by 2034. We will evaluate the potential need and size of capital increases step-by-step as we reach each milestone.

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Q. Impact of the Financial Authorities' Capital Regulation Rationalization on Group CET1 Ratio

A. Following the discontinuation of our DLF and DLS businesses, we expect to qualify for the optimized operational risk guidelines under the financial regulators' capital rationalization relief framework. While this is subject to change during the Financial Supervisory Service (FSS) application and approval process, our current internal simulations estimate a potential upside of up to 17 bps to the Group CET1 ratio.

Q. Plans to Update Shareholder Return Policy Based on Enhanced Capital Ratios

A. We are on track to deliver all components of our corporate value-up plan within 2026: a minimum 10% increase in annualized DPS, non-taxable dividends over the next five years, and scaling our treasury stock holdings to the 10% level of total earnings in the short term. Additionally, our guidance for incremental buybacks in the second half remains intact, provided our CET1 ratio is expected to exceed 13% at year-end 2026. Assuming the full execution of these frameworks, we cautiously expect our 2026 total shareholder return ratio to mark a substantial step up from 2025.

Q. Future Strategy for the Remaining K-Bank Equity Share

A. Following K-Bank's IPO, we liquidated roughly a 2% stake—excluding locked-up shares—securing a KRW 19 billion gain on sale. Since this brought our total stake below 10%, we reclassified the holding from the equity method to FVOCI (Financial Assets at Fair Value through Other Comprehensive Income). Regarding the sale of our remaining stake after the mandatory lock-up period expires, the Group and the Bank will review and determine the optimal utilization plan.

Q. Estimated Costs Related to the Comprehensive Stock Swap

A. While the final outcome may vary depending on the ultimate scale of appraisal rights exercised, we do not expect the associated costs or liquidity constraints to be material, based on our past track record of executing wholly-owned subsidiary transitions.

Q. RORWA Outlook for Woori Investment Securities

A. As Woori Investment Securities is currently in its initial launching phase, its RORWA lags slightly behind the Group average. We plan to prioritize the deployment of newly injected capital toward expanding capacity in credit extension and stock-collateralized lending, which we project will positively support the subsidiary's RORWA improvement. Since the recapitalization of the securities arm is being carried out in phases, we have structured our business plan around sequential milestones: catching up to bank-level RORWA through next year, and subsequently expanding capital allocation to the retail segment to generate a higher RORWA than the banking sector over the mid-to-long term.

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Q. Changes in RWA Allocation across Subsidiaries Post-Securities Recapitalization

A. For 2026, we have allocated the highest RWA growth budget to Woori Investment Securities among all our subsidiaries. Backed by this allocation, we expect the securities arm to post significant year-on-year growth this year and contribute meaningfully to enhancing Group net income. Moving forward, we intend to sustain this strong RWA growth stance for our securities business. By maintaining this high-growth trajectory, we aim to secure our competitive edge in the capital markets externally, while transforming the subsidiary into a primary earnings driver within the Group's capital markets sector.

Q. Potential Capital Support for Post-Merger K-ICS Ratio Management Following the Insurance Subsidiaries Integration

A. At this stage, no definitive decisions have been made regarding additional capital injections into our insurance subsidiaries. If we proceed with the integration in the future, our overriding principle is to establish a stable and sustainable business model rooted in efficient capital ratio management.