
WOORI BANK
ANNUAL REPORT
2017

TOGETHER FOR TOMORROW

A Leading Bank
Shaping the Future

WOORI BANK ANNUAL REPORT 2017

Woori Overview

- 006 Message from the CEO
- 010 Board of Directors
- 012 Corporate Governance
- 014 Company Structure
- 015 Woori Bank Awards 2017
- 016 News Highlights
- 020 Financial Highlights

Business Operations

- 024 Retail Banking
- 026 Wealth Management
- 028 Trust & Pension Business
- 030 Corporate Banking
- 032 SME Banking
- 034 Institutional Banking
- 036 Real Estate Finance
- 037 Global Business
- 040 International Trade Business
- 042 Financial Market Business
- 044 Investment Banking
- 045 Digital Banking
- 046 Risk Management

Corporate Social Responsibility

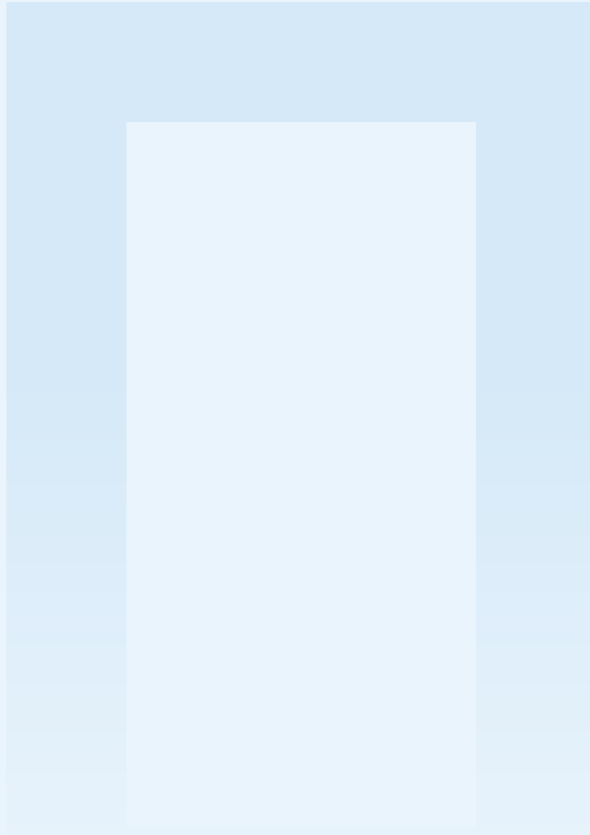
- 050 Ethical Management
- 052 Consumer Protection
- 054 Employee Satisfaction
- 056 Social Contribution Activities
- 058 Woori Smile Microcredit

Financial Review

- 061 Management's Discussion and Analysis
- 072 Independent Auditors' Report

180 Organizational Chart

182 Global Network



In 2018, change and innovation will give new life to Woori Bank.
All of us will strive to become the number one comprehensive financial group.
At Woori Bank, we build a better tomorrow, working together as one team.

TOGETHER FOR TOMORROW



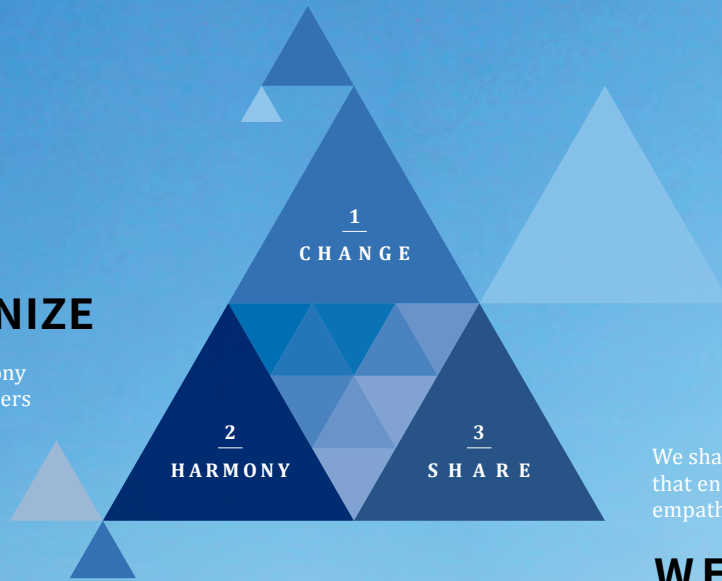
A LEADING BANK SHAPING THE FUTURE

We communicate and grow under an innovative and open corporate culture.

WE CHANGE

WE HARMONIZE

We build trust and harmony together with our customers and our society.



We share common values that encourage caring and empathy for all

WE SHARE



All

with Woori Bank

TOGETHER

Together we can take a powerful step to grow and become an all new bank. We will realize the dream of becoming the number one comprehensive financial group together with our customers through change, harmony and sharing.



WE CREATE

a better tomorrow for our customers

To gain the trust of our customers

We build a strong foundation to generate steady profits and sustainable growth.

We localize our business further and promote global business competencies.

We become a holdings company and the number one comprehensive financial group.

We fulfill our responsibility as a corporate citizen.

We grow to become a bank capable of leading the digital era.



F o r

with Woori Bank

T O M O R R O W

To build a wealthier future for our customers, we will implement inclusive banking and be a financial services company that creates a sustainable future.



Message from the CEO

Woori Overview

Message from the CEO

Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion
and Analysis
Independent Auditors'
Report

Organizational Chart

Global Network

Corporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

First of all, I would like to extend my warmest gratitude to our valued shareholders and customers for their continued support of Woori Bank.

First of all, I would like to extend my warmest gratitude to our valued shareholders and customers for their continued support of Woori Bank.

In 2017, we saw uncertainty increase around the world. The United States hiked interest rates and extended trade protectionism, while political controversies over the issue of the Terminal High Altitude Area Defense (THAAD) system affected Korea in various ways. We then witnessed the emergence of the fourth industrial revolution leading to the launch of Internet-only banks and the more immediate possibility of the technology sector offering financial services. These circumstances have made the market conditions under which we operate extremely tough.

In the face of such challenges, employees at Woori Bank have pooled their combined efforts to increase the Bank's corporate value. We have been rewarded with impressive achievements for our efforts in all areas including profitability, growth, and integrity, which in turn have brought us one step closer to our shareholders and customers.

In October 2017, Woori Bank beat all of its rivals in a competitive bid to select the primary bank for Korea's National Pension Service (NPS). In January 2018, we were re-appointed as the managing custodian bank of the National Housing & Urban Fund. These successes also helped expand Woori Bank's brand recognition.

I am deeply grateful to the shareholders for the trust and support they have shown under such severe internal and external conditions, thus empowering Woori Bank to progress and attain stable growth. To repay the continued kindness demonstrated by our shareholders, we are committed to doing our best in every step we take.

As a part of such efforts, Woori Bank recently came up with its 2018 operating slogan, "Woori All Together, All New Woori." The tagline signifies our unified commitment to revamp the bank and build a whole new organization with the help of all employees acting as one based on communication and harmony.

007

Woori Overview

Message from the CEO

Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion
and Analysis
Independent Auditors'
Report

Organizational Chart

Global Network

Corporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

Employees at Woori Bank
have pooled their combined
efforts to increase our
corporate value.



008

Woori Overview

Message from the CEO

Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion
and Analysis
Independent Auditors'
Report

Organizational Chart

Global Network

Corporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner



Woori Bank has come up with the following five management strategies in order to ensure more substantial growth, and to bring greater satisfaction and happiness to our shareholders and customers.

First, we will build a strong foundation to generate steady profits and sustainable growth. We will achieve balanced growth in interest-bearing assets, while pursuing a constant increase in non-interest income, especially in the area of asset management.

Management strategies in order to ensure more substantial growth, and to bring greater satisfaction and happiness to our shareholders and customers.

Second, we will localize our business further to promote global business competence. Focusing mostly on Southeast Asia, where we enjoy high profitability, we will expand the proportion of loans in the region. At the same time, we will strengthen our network management capabilities so that we can achieve the two goals of profitability and stability.

Third, we will grow to become a bank that is capable of leading the digital era. Digital transformation is the undisputed trend now, and Woori Bank will fully use the know-how and skills we have accumulated over the years to transform the bank into a leader in digital banking.

009

Woori Overview

Message from the CEO

- Board of Directors
- Corporate Governance
- Company Structure
- Woori Bank Awards 2017
- News Highlights
- Financial Highlights

Business Operations

- Retail Banking
- Wealth Management
- Trust & Pension Business
- Corporate Banking
- SME Banking
- Institutional Banking
- Real Estate Finance
- Global Business
- International Trade Business
- Financial Market Business
- Investment Banking
- Digital Banking
- Risk Management

Corporate Social Responsibility

- Ethical Management
- Consumer Protection
- Employee Satisfaction
- Social Contribution Activities
- Woori Smile Microcredit

Financial Review

- Management's Discussion and Analysis
- Independent Auditors' Report

Organizational Chart

Global Network

Corporate Fact Book

- Woori Bank overview
- Vision & Core Values
- 119 Years of History
- Corporate Governance
- Financial Highlights
- Global Networks
- Global Networks Strategy
- Digital Strategy
- A Trust-worthy Partner



Fourth, we will fulfill our responsibility as a corporate citizen. By implementing what we call bigger banking, which is mainly focused on inclusive, productive and trustworthy banking, we will fulfill the banking sector's collective social responsibility and be a bank that grows together with society.

Lastly, we will successfully change into a holdings company to establish ourselves as Korea's number-one comprehensive financial group. To make this happen, our employees will work as one team with the same purpose and drive as they seek to enhance Woori Bank's corporate value to the fullest and reward the unchanging support provided by shareholders.



The year 2018 marks the 119th anniversary of Woori Bank. We have maintained a history of over one hundred years, and we intend to grow for another century and beyond to become a financial brand that will be there for you always. We appreciate the generous support and interest from our shareholders and customers as we seek to realize this goal.

On a final note, from the bottom of my heart, I wish all our shareholders and customers continued health and happiness.

Thank you.

Sohn Tae-Seung

President and CEO, Woori Bank

010

Woori Overview

- Message from the CEO
- Board of Directors**
- Corporate Governance
- Company Structure
- Woori Bank Awards 2017
- News Highlights
- Financial Highlights

Business Operations

- Retail Banking
- Wealth Management
- Trust & Pension Business
- Corporate Banking
- SME Banking
- Institutional Banking
- Real Estate Finance
- Global Business
- International Trade Business
- Financial Market Business
- Investment Banking
- Digital Banking
- Risk Management

Corporate Social Responsibility

- Ethical Management
- Consumer Protection
- Employee Satisfaction
- Social Contribution Activities
- Woori Smile Microcredit

Financial Review

- Management's Discussion and Analysis
- Independent Auditors' Report

Organizational Chart

Global Network

Corporate Fact Book

- Woori Bank overview
- Vision & Core Values
- 119 Years of History
- Corporate Governance
- Financial Highlights
- Global Networks
- Global Networks Strategy
- Digital Strategy
- A Trust-worthy Partner

Board of Directors



President & Chief Executive Officer

Sohn, Tae Seung

- Executive Vice President & Head, Global Business Group, Woori Bank
- Head, Global Business Unit, Woori Bank
- LLM, Seoul National University
- LLB, Sungkyunkwan University



Standing Director

Oh, Jung Sik

- CEO, KB Capital
- Vice President, Commercial Business Division, Citibank
- Managing Director, Risk & Planning Group, Citibank
- B.A. in International Economics, Seoul National University



Outside Director

Ro, Sung Tae

- President, Hanwha Economic Research Institute
- President, Korea Economic Research Institute
- Ph.D. in Economics, Harvard University
- B.A. in Economics, Seoul National University



Shin, Sang Hoon

- President & CEO, Shinhan Financial Group
- President, Shinhan Bank
- MBA, Yonsei University
- B.A. in Business Administration, Sungkyunkwan University

011

Woori Overview

- Message from the CEO
- Board of Directors
- Corporate Governance
- Company Structure
- Woori Bank Awards 2017
- News Highlights
- Financial Highlights

Business Operations

- Retail Banking
- Wealth Management
- Trust & Pension Business
- Corporate Banking
- SME Banking
- Institutional Banking
- Real Estate Finance
- Global Business
- International Trade Business
- Financial Market Business
- Investment Banking
- Digital Banking
- Risk Management

Corporate Social Responsibility

- Ethical Management
- Consumer Protection
- Employee Satisfaction
- Social Contribution Activities
- Woori Smile Microcredit

Financial Review

- Management's Discussion and Analysis
- Independent Auditors' Report

Organizational Chart

Global Network

Corporate Fact Book

- Woori Bank overview
- Vision & Core Values
- 119 Years of History
- Corporate Governance
- Financial Highlights
- Global Networks
- Global Networks Strategy
- Digital Strategy
- A Trust-worthy Partner



Outside Director

Non-Standing Director

Park, Sang Yong

- (Current) Honorary Professor, Yonsei University
- Civilian Chair, Public Fund Oversight Committee
- Dean, School of Business, Yonsei University
- Ph.D. in Business Administration, New York University
- B.A. in Business Administration, Yonsei University

Tian, Zhiping

- (Current) Vice Managing Director, Beijing FUPU DAOHE Investment Management Ltd.
- Managing Director and Director of ICBC (London) plc. and ICBC's Middle East Division
- Managing Director, Sichuan Sub-branch, Industrial and Commercial Bank of China (ICBC)
- MBA, Southwestern University of Finance and Economics
- IMBA, University of Hong Kong
- B.A. in Economics & Governmental Administration, Shanxi University of Finance & Economics

Chang, Dong Woo

- (Current) CEO, IMM Investment
- Chief Partner, IMM Investment
- LLB, Hanyang University

Bae, Chang Sik

- (Current) Head of Human Resources Development, KDIC
- Head of Settlement and Recovery Planning 2, KDIC
- Completed, Program in Asian Security Studies, Duke University
- BA in Trade, Hankuk University of Foreign Studies

Woori Overview

- Message from the CEO
- Board of Directors
- Corporate Governance**
- Company Structure
- Woori Bank Awards 2017
- News Highlights
- Financial Highlights

Business Operations

- Retail Banking
- Wealth Management
- Trust & Pension Business
- Corporate Banking
- SME Banking
- Institutional Banking
- Real Estate Finance
- Global Business
- International Trade Business
- Financial Market Business
- Investment Banking
- Digital Banking
- Risk Management

Corporate Social Responsibility

- Ethical Management
- Consumer Protection
- Employee Satisfaction
- Social Contribution Activities
- Woori Smile Microcredit

Financial Review

- Management's Discussion and Analysis
- Independent Auditors' Report

Organizational Chart

Global Network

Corporate Fact Book

- Woori Bank overview
- Vision & Core Values
- 119 Years of History
- Corporate Governance
- Financial Highlights
- Global Networks
- Global Networks Strategy
- Digital Strategy
- A Trust-worthy Partner

Corporate Governance

As of the end of March 2018, Woori Bank's Board of Directors (BOD) consists of eight executive directors: two standing directors, one non-standing director and five outside directors who were appointed to increase the relevant expertise and independence of the BOD. The five outside directors and one non-standing director were selected based on their experience in the fields of finance, management, law, accounting and public relations. Many of them are also well-known public figures. In their respective capacities, they support and monitor Woori Bank's strategic decision-making process and overall business affairs on a regular basis.

2017 Performance

The BOD held 17 meetings in 2017 to discuss a total of 44 agenda issues and 42 briefings, all of which required decisions to be made.

Directors in a variety of fields collected information from internal and external research activities, and then offered real-world advice by utilizing their expertise to contribute significantly to improving management.

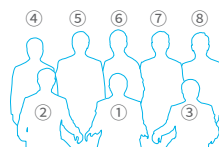
As experts in the fields of economics, business administration, accounting and law, directors contribute their expertise and information gathered from years of experience in the field to enhance the management efficiency of the bank and increase shareholder value.

During regular quarterly meetings in 2017, the BOD was informed of quarterly business results, reviewed current issues, and deliberated on the bank's management plans. Major agenda items of discussion included comprehensive briefings regarding major loans; briefings on NPLs; progress reviews and reports on review results concerning the implementation of orders handed down by the BOD; and a rundown of activities at all the committees that fall under the BOD.

At the December meeting, the Board of Directors also held in-depth discussions about major issues facing Woori Bank amid continued market changes, as well as giving final approval to the bank's 2018 draft management plan.

Board of Directors

- ① **Sohn, Tae Seung** President & Chief Executive Officer
- ② **Oh, Jung Sik** Standing Director
- ③ **Ro, Sung Tae** Outside Director
- ④ **Shin, Sang Hoon** Outside Director
- ⑤ **Park, Sang Yong** Outside Director
- ⑥ **Tian, Zhiping** Outside Director
- ⑦ **Chang, Dong Woo** Outside Director
- ⑧ **Bae, Chang Sik** Non-Standing Director



Executive Vice Presidents

- | | | |
|--|---|--|
| Jang, An Ho Retail Banking Business Group | Kim, Yeong Bae International Trade Business Group | Hong, Hyun Poong Digital Banking Business Group |
| Cho, Woon Haeng Business Support Unit / Human Resources Group | Heo, Jeong Jin Institutional Banking Business Group / Information Security Division | Cheong, Chai Pong Investment Banking Business Group |
| Park, Seong Il Compliance Officer | Lee, Dong Yeun Domestic Business Unit / Retail Banking Business Group, Small & Medium Corporate Banking Business Group | Lee, Chang Jae Real Estate Finance Business Group |
| Kim, Sun Kyu Credit Support Group | | Kim, Jeong Ki Corporate Banking Business Group |

Managing Directors

- | | | |
|--|--|---|
| Ha, Tae Joong Corporate Restructuring Division | Cho, Su Hyeong Consumer & Brand Group | Jeong, Jong Suk Wealth Management Group |
| Lee, Jong In Risk Management Group | Park, Hwa Jae Operation & Support Group | Park, Kyong Hoon Global Business Group |
| Lee, Won Duk Management & Finance Planning Group | Shin, Myung Hyuk Trust & Pension Business Group | Kim, Jong Deuk Financial Market Business Group |
| Choi, Hong Sik Next Generation ICT System Building Division | Choi, Dong Su Future Strategy Division | |

013

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion and Analysis
Independent Auditors' Report

Organizational Chart

Global Network

Corporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner



Governance Award Best Company in Governance (Board of Directors)

The Maeil Business Newspaper,
Daishin Economic
Research Institute

Committees under the Board of Directors

In order to ensure the efficient operation of the Board of Directors, Woori Bank has established a Board of Directors Management Committee, an Audit Committee, a Risk Management Committee, a Compensation Committee, and an Officer Candidate Recommendation Committee.

Board of Directors Management Committee

The Board of Directors Management Committee actively supports the activities of the BOD by studying and reviewing its overall function and operation, while also establishing and reviewing succession and training plans relating to the management team, including those of directors.

Audit Committee

The Audit Committee establishes and executes internal audit plans, makes outcome evaluations, carries out follow-up measures, and provides improvement plans to evaluate and enhance the appropriateness of the internal control systems and management performance evaluations.

Risk Management Committee

The Risk Management Committee makes decisions about risk-related policies and strategies in response to changes in the financial environment. It meets at least once every quarter, or on an ad hoc basis, to deliberate on risk management strategies and policies, risk tolerance levels and exposure, allowing it to predict, measure, and monitor overall risks arising from the bank's management and transactions in a timely manner.

Compensation Committee

The Compensation Committee monitors the design and operation of the bank's performance-based compensation systems and is in charge of independently establishing compensation policies.

Officer Candidate Recommendation Committee

The Officer Candidate Recommendation Committee recommends candidates for the positions of President & CEO, outside directors, and members of the Audit Committee.

2018 Plans

In 2018, Woori Bank will make significant improvements to its management by discussing major agenda items at BOD meetings.

The quarterly BOD meetings will continue to focus on agenda items such as carrying out an analysis of management performance results and reviewing the draft of the 2018 management plan, with ad hoc meetings also being held whenever needed to deal with agenda items related to diverse matters such as management goals, organization and financing.

In 2018, Woori Bank will maintain its position as a reliable banking partner that excels and grows through transparent and efficient management innovation.

Type of Meeting	No. of Agenda Issues	No. of Briefings	Major Issues
Shareholders' Meeting, BOD and Corporate Governance, etc.	12	2	General shareholders' meetings; corporate governance issues; management plans and strategies (establishment and implementation)
Accounting/ Financial Management	8	4	Approval and revision of closing financial statements; reporting and planning of financial results; bond issuance planning (including bonds in foreign currency) and limit controls
Portfolio & Risk Management/ Investment/Audit & Inspection/ Gov. Regulation	3	18	Integrated report on major loans; status report on bad loans; audit and internal control issues
HR/Organizational Management	3	1	Appointment and dismissal of Compliance Officers; appointment and dismissal of persons responsible for major responsibilities; appointment and dismissal of executive vice presidents and managing directors
Others	18	17	
Total	44	42	

Company Structure

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion and Analysis
Independent Auditors' Report

Organizational Chart

Global Network

Corporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

Privatization of Woori Bank

On August 22, 2016, the Public Fund Oversight Committee (PFOC) of Korea announced a plan to sell Woori Bank to oligopolistic shareholders. At the time, the state-run Korea Deposit Insurance Corporation (KDIC) owned 51.06% of the bank's stake, and the plan was to sell 30% of the KDIC stake (a bidding volume of 4~8% per bidder) through bidding in Competitive Auction Scheme. In principle, the shares were sold to the highest bidders, but, the PFOC also took into account factors other than bidding price considering the winning shareholders' potential influence on Woori Bank's management. The KDIC launched this auction process of selling its Woori Bank stake, starting with a public note of sale on August 24th, 2016. On September 23th, 2016, a total of 18 investors submitted letters of intent with bidding volumes far exceeding the range from 82% to 119% out of the KDIC's target 30% stake. As the auction closed on November 11th, 2016, 8 potential investors submitted bid letters for a total bidding volume of 33.7%. The PFOC successfully resolved to sell 29.7% stake to 7 selected bidders. The PFOC's long years of utmost effort to privatize became a reality, and it was necessary to guarantee autonomous management by the private parties. As a result, on December 16th, 2016, the PFOC decided to terminate the Memorandum of Understanding (MOU) between KDIC and Woori Bank, and actively encourage market-driven autonomous management led by oligopolistic shareholders.

Meanwhile, out of 2.97% of the KDIC's stake exempted from the sale and spared for call options for minority stakeholders selected in 2014, 2.94% was exercised by the deadline of December 8th, 2017.

Accordingly, the remaining equity stake held by the KDIC decreased to 18.43% as of the end of 2017. Given the need to recover public funds invested, the Korean government intends to continue in selling the remaining stake as early as possible.

Present Status of Woori Bank's Subsidiaries

Domestic

Woori Card Co., Ltd.	Woori Investment Bank Co., Ltd.	Woori FIS	Woori Finance Research Institute Co., Ltd.	Woori Credit Information Co., Ltd.	Woori Fund Service Co., Ltd.	Woori Private Equity Asset Management Co., Ltd.
100%	59.83%	100%	100%	100%	100%	100%

International

Woori America Bank (U.S.A.)	Woori Global Markets Asia Limited (Hong Kong)	Woori Bank China Limited (China)	AO Woori Bank (Russia)	Banco Woori Bank do Brazil S.A. (Brazil)	Woori Finance Cambodia Plc (Cambodia)	PT Bank Woori Saudara Indonesia (Indonesia)
100%	100%	100%	100%	100%	100%	79.88%
Woori Finance Myanmar Co., Ltd. (Myanmar)	Woori Wealth Development Bank (Philippines)	Woori Bank Vietnam Limited (Vietnam)				
100%	51%	100%				

015

Woori Bank Awards 2017

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion and Analysis
Independent Auditors' Report

Organizational Chart

Global Network

Coporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

The Bank of the Year 2017 Asia-Pacific	The Banker
Best Transaction Bank Award, The Future of Finance Summit	Asian Banker
Best Cash Management Bank, The Future of Finance Summit	Asian Banker
2017 Presidential Commendation for Services in Social Enterprise Incubation	Ministry of Employment and Labor
Best Bank in Preventing Voice Phishing Damages, 2017 First Half	Financial Supervisory Service
11th National Sustainable Management Award	Ministry of Strategy and Finance
Consumer's Choice Star Brand Grand Prize in Integrated Financial Membership	Maekyung Media Group
Minister's Prize in Service, the 4th Korea Big Data Awards	Maeil Business Newspaper, Ministry of Science and ICT
Governance Award, Best Company in Governance (Board of Directors)	The Maeil Business Newspaper, Daishin Economic Research Institute
Excellence in Banking Sector, the 4th Korea Retirement Pension Award	Mercer Korea
Commendation by Minister of Trade, Industry and Energy (for Promotion of Expert)	Ministry of Trade, Industry and Energy
Grand Prize, Korea's Best Banker	The Seoul Economic Daily
2017 Business Supporting the Employment of Multicultural Families	Seoul Metropolitan Government
Best Bank in Cutting Edge Banking, 2017 Asia Today Financial Grand Prize	Asia Today
Grand Prize, 2017 Risk Manager Awards (FSS [Financial Supervisory Service] Chairman's Award, awarded to one company out of all categories)	Money Today thebell
Chairman's Award of the Korea Commission for Corporate Partnership, the 4th CSV Awards	The Korean Academic Society of Business Administration
Excellence Prize, HK Wow TV Global Financial Grand Prize	HK Wow TV
2017 Customer Satisfaction + Awards (Hall of Fame in Banking)	The Korean Economic Daily
Chief Information Security Officer(CISO) of the Year	Korea Forum of Chief Information Officers, the Federation of Korean Information Industries

016

Woori Overview

- Message from the CEO
- Board of Directors
- Corporate Governance
- Company Structure
- Woori Bank Awards 2017
- News Highlights**
- Financial Highlights

Business Operations

- Retail Banking
- Wealth Management
- Trust & Pension Business
- Corporate Banking
- SME Banking
- Institutional Banking
- Real Estate Finance
- Global Business
- International Trade Business
- Financial Market Business
- Investment Banking
- Digital Banking
- Risk Management

Corporate Social Responsibility

- Ethical Management
- Consumer Protection
- Employee Satisfaction
- Social Contribution Activities
- Woori Smile Microcredit

Financial Review

- Management's Discussion and Analysis
- Independent Auditors' Report

Organizational Chart

Global Network

Corporate Fact Book

- Woori Bank overview
- Vision & Core Values
- 119 Years of History
- Corporate Governance
- Financial Highlights
- Global Networks
- Global Networks Strategy
- Digital Strategy
- A Trust-worthy Partner

News Highlights

1

Woori Bank Selected as the Primary/Custodian Bank for the National Pension Service

Woori Bank was selected as the primary and custodian bank for securities assets by the NPS, the world's third-largest pension fund in size with a total of KRW 600 trillion in funds

Woori Bank was selected as the primary and custodian bank of the National Pension Service (NPS) that manages KRW 600 trillion, the world's third largest pension fund in size. On October 16, 2017, the NPS announced that it had selected Woori Bank as the preferred bidder to become the primary bank for the NPS banking business, which includes pension premium collection, pension payment, and operational funds settlement. Korea's four major commercial banks competed in this crucial bidding, and Woori Bank focused all its competencies on becoming the successful bidder with an exclusive team to handle the NPS business. Woori made thorough preparations not only in the primary banking business but also in information projects and its mid- and long-term strategy.

These efforts paid off, and Woori Bank became the primary bank of the NPS, a position held by another bank for the past ten years. Becoming the primary bank of the world's third-largest pension fund promoted Woori's profile and brand image in and outside Korea. Woori Bank was also selected as the most preferred bidder to become the NPS custodian bank to maintain and manage the investment assets of the NPS funds. The preferred bidder

rank gives a bank the power to choose the asset category it will manage, be it securities, bonds or alternative assets. The usual order of preference is securities- bonds- alternative assets, and Woori Bank was thus able to continue with its existing custodian business. The position of custodian bank is as attractive as that of primary bank. In this bidding, Woori Bank was highly rated for its decade-long zero defect performance and experience in handling business for securities, bonds, and alternative assets. The selection helped Woori Bank to maintain its custodian banking market share and become Korea's number one bank.

2

Woori Bank's WiBee Women's Professional Basketball Team Achieves V9- Its 9th Championship and 5th Consecutive Title

The team broke new ground by winning the championship match for the fifth consecutive season in the Women's Korean Basketball League

The WiBee women's professional basketball team, dubbed the 'absolute power' of the Korean women's basketball, emerged victorious in the 2016-2017 Women's Korean Basketball League (WKBL). On March 20, the team played its third and final championship match against the Samsung Life Insurance team at the Yongin Gymnasium and scored a thrilling come-from-behind victory, winning in overtime with a score of 83-72 against its



017

Woori Overview

- Message from the CEO
- Board of Directors
- Corporate Governance
- Company Structure
- Woori Bank Awards 2017
- News Highlights
- Financial Highlights

Business Operations

- Retail Banking
- Wealth Management
- Trust & Pension Business
- Corporate Banking
- SME Banking
- Institutional Banking
- Real Estate Finance
- Global Business
- International Trade Business
- Financial Market Business
- Investment Banking
- Digital Banking
- Risk Management

Corporate Social Responsibility

- Ethical Management
- Consumer Protection
- Employee Satisfaction
- Social Contribution Activities
- Woori Smile Microcredit

Financial Review

- Management's Discussion and Analysis
- Independent Auditors' Report

Organizational Chart

Global Network

Corporate Fact Book

- Woori Bank overview
- Vision & Core Values
- 119 Years of History
- Corporate Governance
- Financial Highlights
- Global Networks
- Global Networks Strategy
- Digital Strategy
- A Trust-worthy Partner

opponent. The committed drive of all players to win the team's fifth consecutive title at the championship could be seen in their overwhelming skills and solid team synergy. With a record of 33-2 with a success rate of 0.943 percent in the regular season, the team achieved the highest winning rate among all professional sports teams in Korea. In January 2017, the team was already crowned the champion of the season with a record of 24-1, yet its control over games did not falter—it still managed to achieve a 9-1 record in the remaining ten games. The WiBee team has never stopped improving itself season after season, although it has already been crowned the most powerful team in the league. Our cheers go out to the players who are still working as hard as ever to make history with a V10 – the team's 10th victory in the championship.

3 Expanding Our Global Presence, Maintaining the Bank's No. 1 Position in Global Networks

Enlarging the foundation for global and overseas business through entry into new markets, localization, and network expansion

In 2017, Woori Bank cemented its position as a leading global bank. By the end of the year, we have 301 overseas networks in 25 countries, including the newly opened regional headquarters in Mumbai, India. Woori Bank now has the largest overseas network among Korean commercial banks. This was achieved

by expanding entry into Southeast Asian markets that offer high growth and profitability as well as by diversifying the bank's business based on models customized for the local environment, such as through the savings bank and credit finance models. Meanwhile, existing local operations (in Indonesia, Myanmar, Cambodia and other countries) are scaling up their respective businesses, enlarging sales coverage with new networks. Woori Bank also opened a local operation in Vietnam in January 2017 and acquired Wealth Development Bank in the Philippines, increasing local business growth at a rapid pace.

In terms of the bank's inorganic growth strategy through mergers and acquisitions, Woori Bank has achieved outstanding results. The bank accumulated know-how and useful experience in the process of acquiring Saudara Bank in Indonesia in 2014. Taking advantage of the knowledge gained, we pushing forward with our entry into the Southeast Asian region. The bank's push into Europe also remains active, with a new representative office opened in Katowice, Poland in February 2017 and a local operation scheduled to open soon in Germany. Woori Bank is thus building its European Financial Belt. The bank also plans to further expand in Southeast Asia, which has high growth potential, and to increase the number of its global networks to over 500. We will launch new businesses in these markets using best-selling products from Korea and our credit card business. We have high hopes for the bank's global business as it implements growth in volume and quality to realize its goal of becoming one of Asia's Top 10 and a Global Top 50 bank.



018

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion
and Analysis
Independent Auditors'
Report

Organizational Chart

Global Network

Corporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

4

Woori Bank, Named the Bank of the Year 2017 in the Asia-Pacific Region by The Banker

Woori Bank saw its position and credibility in the global arena go up as The Banker magazine named it the Bank of the Year 2017 in the Asia-Pacific Region

On November 30th, 2017, Woori Bank was named the Bank of the Year in the Asia-Pacific region at The Banker Awards 2017 hosted by the world-renowned The Banker magazine. The Banker evaluated almost 1,000 banks from 120 countries from around the world and selected the best bank from each country and region. In 2016, Woori Bank, after having been named the Best Bank of the Year in Korea, has now been selected as the Bank of the Year in the Asia Pacific region. The Banker is an international financial affairs publication founded in 1926, owned by the Financial Times. It is a highly prestigious magazine in the banking sector, which publishes the list of the Top 1,000 World Banks every year, a list most frequently quoted in the financial markets.

Woori Bank was well recognized for its global expansion strategy to overcome the limited growth potential in the Korean market. Other aspects highly rated included: intensive qualitative growth in each business area; the mobile WiBee Bank that demonstrated the bank's competitive edge within a radically changing financial environment; WiBee Talk, another mobile platform pioneering the fin-tech market in Korea; and continued enhancement of management performance based on improvements in financial services, profitability, and integrity. This designation is the pinnacle of global recognition for Woori Bank's strategy for proactive overseas expansion and digital banking to secure new growth engines. This award has provided another firm foundation for the bank to secure its credibility and status as a global bank.

5

Over 5-Million Subscribers to the WiBee Platform

WiBee Talk, a financial platform leading the digital market, now has more than five million subscribers

WiBee Talk, the first mobile messenger in the Korean banking sector, has over five million subscribers now, only 600 days since its launch in 2016. This means that the platform acquired an average of 5.3 new subscribers per minute and that its diverse services catered to the daily needs of customers. However, WiBee Talk is only one part of the entire WiBee platform. There is also mobile WiBee Bank, the first digital bank of its kind launched in Korea in 2015; WiBee Members, an integrated platform for membership management; and WiBee Market, an open market online shopping mall. Woori Bank successfully built the WiBee platform in only about a year, stirring the digital scene in the market. The bank has led digital innovation in the financial sector, successively launching various services and content such as WiBee Cam, WiBee Honey Partner, real-time foreign language translation services, as well as SORI, and AI voice recognition banking functionality for WiBee Talk. Woori Bank has integrated the WiBee platform within its 278 overseas network customer contact points as well, enhancing its retail finance reputation in each local market. The creation of value in business is moving rapidly onto the digital platform; a digital platform now correlates to the competitiveness of a business. Accordingly, Woori Bank will lead the digital market by creating an ecosystem within the WiBee platform in which people can start and end their day using WiBee Talk.



019

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion and Analysis
Independent Auditors' Report

Organizational Chart

Global Network

Corporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

6

Designated as the Best Bank in Preventing Voice Phishing Losses by the Financial Supervisory Service

Preventive actions against voice phishing promote our corporate value as a bank taking the initiative in protecting customer assets

On September 9, 2017, Woori Bank received a letter of recognition from the Financial Supervisory Service (FSS) of Korea, having been designated as the Best Bank in Preventing Voice Phishing Losses. The FSS considered the scale of prevented voice phishing scams, the number of arrests made against offenders in charge of fund withdrawals, the extent of the contribution made by bank employees and many other factors during the first half of 2017 and eventually sent out letters of appreciation to 23 employees at 21 financial companies. To prevent financial fraud, Woori Bank has constantly refined its monitoring system and opened a new direct reporting channel so that our employees can quickly communicate with the monitoring officer in the event of a large withdrawal. As a result, as of the end of November 2017, the bank has prevented 2,761 voice phishing scams and prevented associated losses of KRW 15 billion. Woori Bank prevented assets amounting to KRW 10 billion from being misappropriated in the shortest period (as of August) in the whole financial sector and contributed to arresting about 200 voice phishing offenders who tried to withdraw money, for which a total of 67 branch employees received a letter of appreciation from the police. As many of these cases were covered by the media, our image as a bank striving to protect customer assets received both internal and external media exposure, significantly promoting our corporate value. Woori Bank is committed to exerting its best efforts to respond to increasingly sophisticated voice phishing scams and to protect the precious assets of our customers.

7

Presidential Commendation for Services in Social Enterprise Incubation: Exclusive Recipient in the Financial Sector

Woori Bank was the exclusive recipient in the Korean financial sector of this commendation awarded by the Ministry of Employment and Labor

In the 2017 Ceremony for the 10th Anniversary of Social Enterprises hosted by the Ministry of Employment and Labor, Woori Bank received the Presidential Commendation for Services in Social Enterprise Incubation. This government commendation is an award given biannually since 2008 to promote awareness of social enterprises as well as develop and spread best practices in this area. Those eligible for this award are the best social enterprises that have contributed to improving social cohesion and the quality of people's lives, employers and officers who have contributed to incubating social enterprises, and organizations or individuals who have contributed to promoting social enterprises by way of financial support or management consulting. Woori Bank received this commendation in recognition of the financial support and management consulting offered to social enterprises. Woori Bank was the sole recipient of this commendation from the Korean financial sector. Since 2005, Woori Bank has been offering consulting free-of-charge for social enterprises and supports customized loan products developed specifically for them. In 2013, we concluded a Business Agreement to Support the Ecosystem of Social Enterprises with the Ministry of Employment and Labor. The bank still strives to assist and promote social enterprises through business support and purchases. The role of social enterprises is increasingly important today, and national interest in them has been heightened. Woori Bank is committed to helping social enterprises through diverse channels so that they can improve social cohesion and the quality of people's lives in Korea.



Financial Highlights

Woori Overview

- Message from the CEO
- Board of Directors
- Corporate Governance
- Company Structure
- Woori Bank Awards 2017
- News Highlights
- Financial Highlights**

Business Operations

- Retail Banking
- Wealth Management
- Trust & Pension Business
- Corporate Banking
- SME Banking
- Institutional Banking
- Real Estate Finance
- Global Business
- International Trade Business
- Financial Market Business
- Investment Banking
- Digital Banking
- Risk Management

Corporate Social Responsibility

- Ethical Management
- Consumer Protection
- Employee Satisfaction
- Social Contribution Activities
- Woori Smile Microcredit

Financial Review

- Management's Discussion and Analysis
- Independent Auditors' Report

Organizational Chart

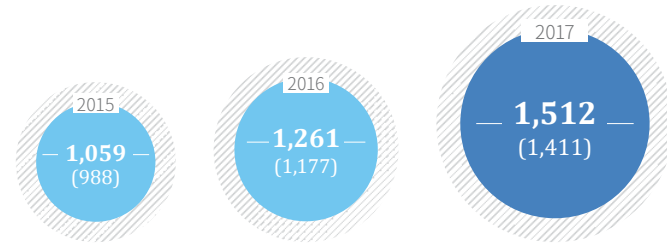
Global Network

Corporate Fact Book

- Woori Bank overview
- Vision & Core Values
- 119 Years of History
- Corporate Governance
- Financial Highlights
- Global Networks
- Global Networks Strategy
- Digital Strategy
- A Trust-worthy Partner

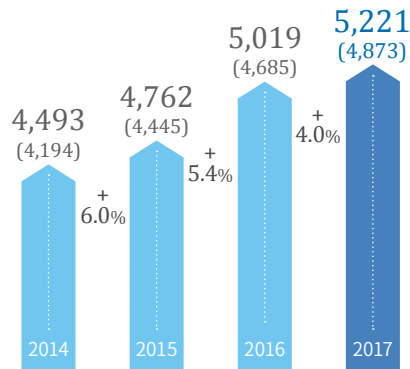
Net Income

[Wbn, US\$mn in()]



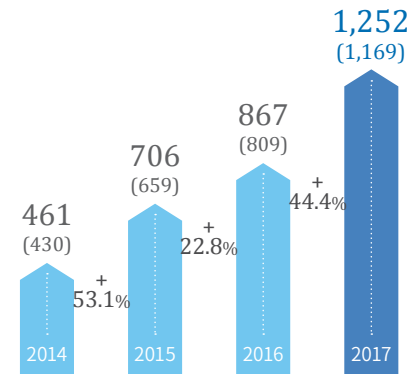
Interest Income

[Wbn, US\$mn in()]



Non Interest Income

[Wbn, US\$mn in()]

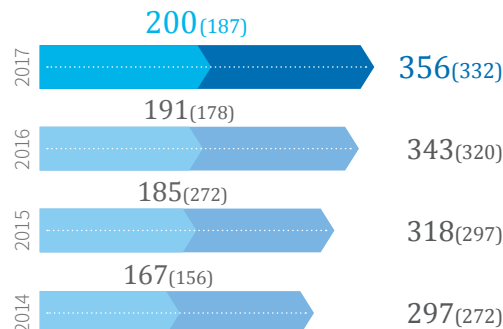


* Consolidated Basis, Based on exchange rate of KRW1,071.4/USD as of Dec. 29 2017
Net Income(Continuing Operations) attributable to owners

Assets

[Wtn, US\$bn in()]

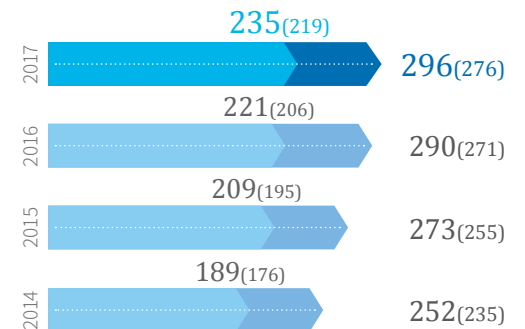
- Loan in Local Currency
- Total Assets



Funding

[Wtn, US\$bn in()]

- Deposit
- Total Funding



* Consolidated Basis, Total Assets include Trust Account
Based on exchange rate of KRW1,071.4/USD as of Dec. 29 2017

021

Woori Overview

- Message from the CEO
- Board of Directors
- Corporate Governance
- Company Structure
- Woori Bank Awards 2017
- News Highlights
- Financial Highlights**

Business Operations

- Retail Banking
- Wealth Management
- Trust & Pension Business
- Corporate Banking
- SME Banking
- Institutional Banking
- Real Estate Finance
- Global Business
- International Trade Business
- Financial Market Business
- Investment Banking
- Digital Banking
- Risk Management

Corporate Social Responsibility

- Ethical Management
- Consumer Protection
- Employee Satisfaction
- Social Contribution Activities
- Woori Smile Microcredit

Financial Review

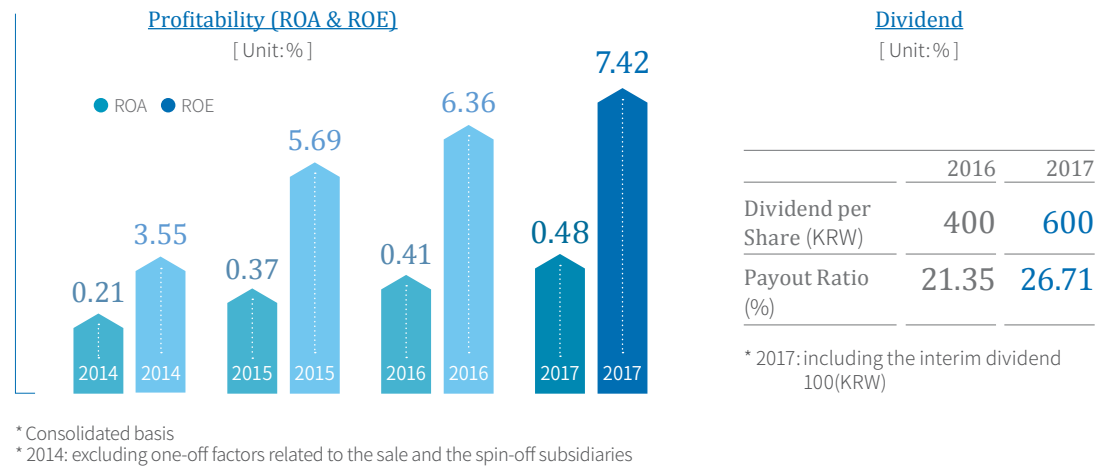
- Management's Discussion and Analysis
- Independent Auditors' Report

Organizational Chart

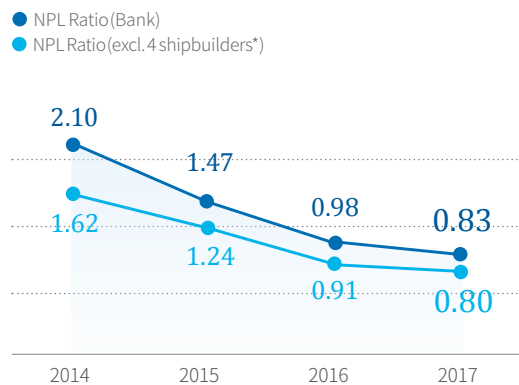
Global Network

Corporate Fact Book

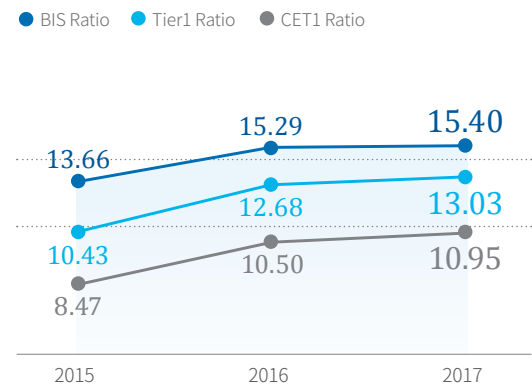
- Woori Bank overview
- Vision & Core Values
- 119 Years of History
- Corporate Governance
- Financial Highlights
- Global Networks
- Global Networks Strategy
- Digital Strategy
- A Trust-worthy Partner



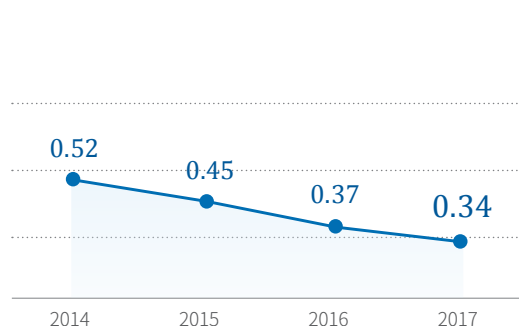
Asset Quality (NPL Ratio) [Unit:%]



Capital Adequacy [Unit:%]

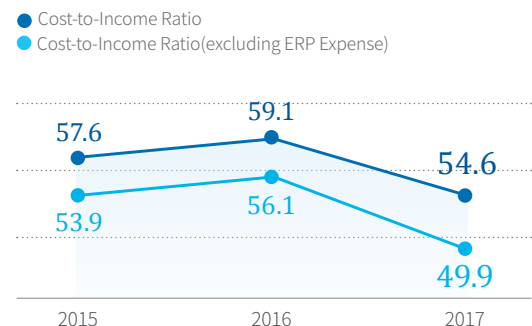


Credit Cost Ratio [Unit:%]



* Consolidated basis
Credit Cost Ratio = Credit cost / average Total Credit balance

Credit-to-Income-Ratio [Unit:%]



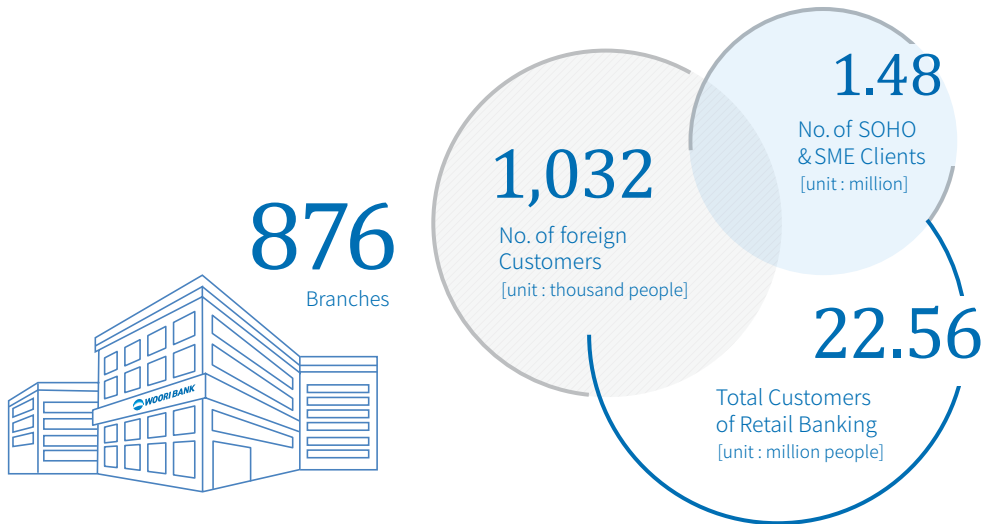
* Cost-to-income ratio = SG&A expense / (Interest Income + Non-Interest Income)



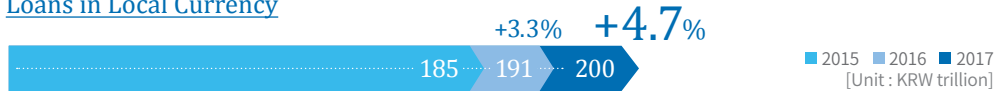
01 BUSINESS OPERATIONS

With the 4th industrial revolution underway, the market conditions are changing and evolving rapidly. Woori Bank will lead this new era, turning challenges into opportunities, diversifying our bases for revenue, and achieving stable growth. As we take our business to the next level based on the trust of our customers and shareholders, we will make sure to repay their trust with bigger profits and enhanced levels of satisfaction.

Reliable Financial Services through Balanced Growth



Loans in Local Currency



Deposits



Note) Consolidated Basis

Leaping Forward to Become a Leading Global Asset Management Bank



WM Distribution Channels

707

Managing WM distribution channels nationwide



PB&FA

721

Delivering comprehensive asset management and consulting services.



Bancassurance Sales/Income

No.1

Enhancing Our position as the leading bancassurance provider

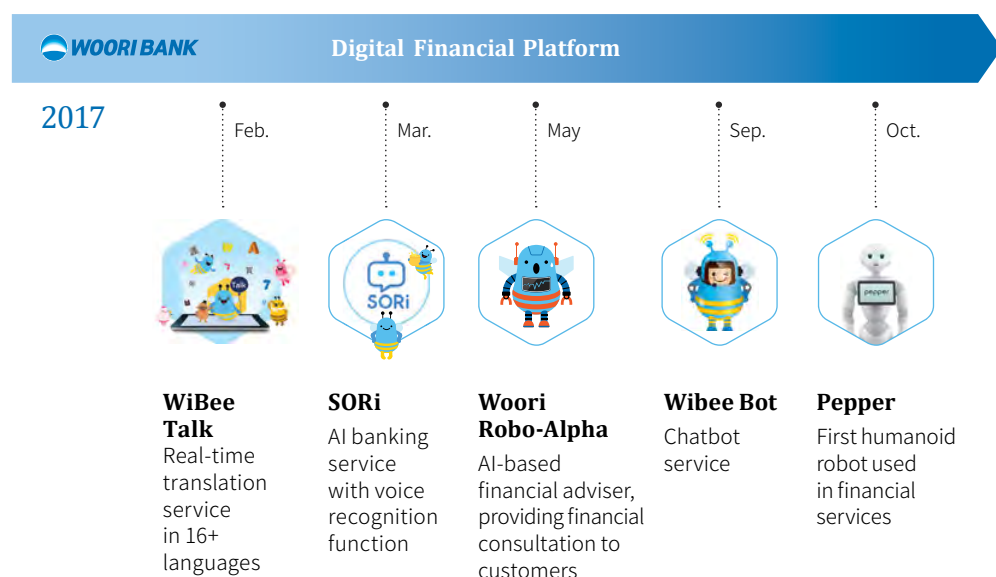
Growing Our Financial Services through a Global Network


With its 301 customer contact points internationally—the largest global network among Korean banks—Woori Bank is making its globalization push the core competency in its drive to become a leading global financial institution



Leading the 4th Industrial Revolution

Big Data + AI + Block-chain





024	Retail Banking	037	Global Business
026	Wealth Management	040	International Trade Business
028	Trust & Pension Business	042	Financial Market Business
030	Corporate Banking	044	Investment Banking
032	SME Banking	045	Digital Banking
034	Institutional Banking	046	Risk Management
036	Real Estate Finance		

024

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking

Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion
and Analysis
Independent Auditors'
Report

Organizational Chart

Global Network

Corporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

Retail Banking

The Retail Banking Business Group oversees marketing strategies for retail consumers, new market penetration, retail marketing organization management, and strategy-building for marketing channels for university and hospital clients. In our constant effort to develop new markets and manage customer relationships at the highest level, our prime concern remains providing customized financial products and services to our clients.

2017 Performance

In 2017, the number of Woori Bank retail customers is approximately 22.6 million, a number that drives us to do our best in developing innovative and differentiated products. Woori Bank has implemented projects to ensure a broader retail customer base including the Baby Project, the School Project, and the Teens Future Dream Project, presenting diverse financial products and services by life stage: products designed for infants, students, employees, homemakers and senior citizens presented using targeted marketing by customer segment.

In addition to the launch of life-stage branded products, we aim to secure more customers who use Woori Bank as their primary bank. This is why we have concluded new prime power loan (PPL) agreements for the employees of businesses with prime credit ratings and also handled loans related to employee stock ownership plans (ESOP) for companies going public with initial public offerings (IPO).

We have measures in place to enable customers to handle banking transactions without the constraints of time or place: the Tablet Branch as a tool for out-bounding banking services to reach out to customers, and the WiBee Smart Branch allows automated WiBee Smart Kiosks to handle transactions. All of these services are part of our commitment to put customer satisfaction first.

New Product Lineup by Life Stage Brand Strategy, Aiming to Attract New Customers and Make Woori the Primary Banking Partner for Existing Customers

In 2017, we launched new products and renovated our existing product line up under our life-stage brand strategy so that we can attract new customers and encourage existing customers to make Woori Bank their primary banking partner.

Our products are designed for target groups such as teenagers, college students, employees, and senior citizens at retirement age. All our products are tailored to match the generational needs and benefits preferred by each group.

The WiBee Friends Account and the School Card linked to it are offered to the bank's younger customers. As School Card usage increases, customers will be eligible for account fee exemptions. If they refer a friend or buy a group product, they will also be eligible for special interest rates. College students who are interested in employment, credentials, and language learning may open a WiBee Honey Youth Account and receive additional services as they earn certifications, go to the movies, and travel. They can also enjoy free-of-charge transfers when they pay their credit card or mobile phone bills.

The WiBee Super Primary Account is designed chiefly for full-time employees. When customers use it as a primary account to transfer their salary, pension, utility and credit card bills, transfer charges are waived (for all transfers to other Woori Bank accounts; up to five transfers per month to accounts at other banks).

We also launched products for seniors who want to enjoy life after retirement. In partnership with a Korean travel agency, Mode Tour, we released an installment deposit product with high interest rates. The Woori Well-Rich 100 Plus Package is a product that offers healthcare, spa, and other services when customers receive pension benefits from any one of the four public Korean pension schemes.

We worked in collaboration with businesses from other industries such as G Market, Auction, and Samsung Digital Plaza, as we take diverse customer needs into account and offer useful financial services for everyday life.

Branch-in-Branch for Comprehensive Financial Services

To satisfy changing customer needs, Woori Bank concluded a partnership agreement in March 2015 with Samsung Securities, Korea's number one secu-

025

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking

Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion and Analysis
Independent Auditors' Report

Organizational Chart

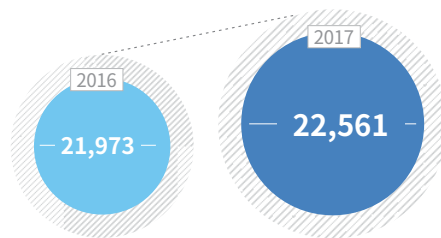
Global Network

Corporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

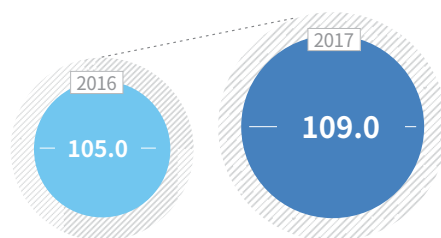
Total Customers of Retail Banking

[Unit : 1,000 people]



Total Loans of Retail Banking

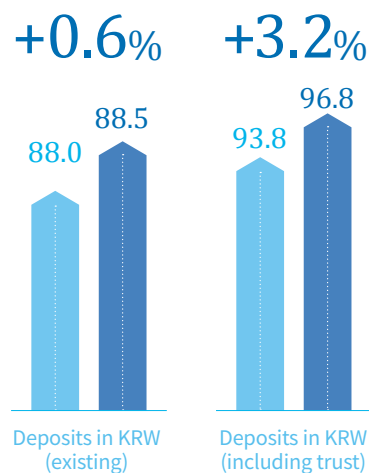
[Unit : KRW trillion]



Total Deposits of Retail Banking

[Unit : KRW trillion]

■ 2016 ■ 2017



rities firm and started branch-in-branch (BIB) operations. As of 2017, the bank runs a total of seven BIB outlets.

The BIB is not just a financial transaction window; it plays the role of a sales and services channel, which provides Woori Bank customers with additional consulting and sales capabilities. In 2018, we plan to develop products in partnership with Samsung Securities and establish more BIB operations to start marketing activities for high net worth customers and sustain the synergy between our banking and securities businesses.

Optimized and Efficient Distribution Channel Networks

Responding to the changing financial environment, Woori Bank quickly entered into areas with new growth potential and established branches in newly developed or major commercial zones. The bank also merged or relocated branches suffering from low profitability, those with overlapping geographical coverage, and strategically weak locations. While six new branches opened, 24 were merged, and 16 were relocated; as of the end of 2017, a total of 876 branches are in operation. Establishing an effective branch network improved our profitability.

To boost competitiveness in our sales organization through a highly effective channel, the bank operates Exclusive Branches for Retail Banking. This specialized retail distribution channel strengthened our sales competencies in individual retail business. With this move, we also built a distribution system under which financial centers can concentrate on corporate business, and exclusive branches can focus on retail.

We also wanted to reinforce the efficiency of workforce management and improve the skills of all our employees. To that end, we reorganized our existing windows, from the system of four basic windows to a two-team system composed of a Deposit Team and a Total Consulting Team. The integration of teams added efficiency to our human resources, and after this reorganization, we have been able to use some of our people to take charge of outbound operations, ultimately bolstering customer management and acquisition.

We now have a new kind of branch called the WiBee Smart Branch that makes use of the WiBee Smart Kiosk, our new non-face-to-face digital channel. This branch allows customers to handle banking transactions outside of business hours, subscribe to savings or deposit products, handle a variety of registration forms, pay utility bills, and use ATM functions.

2018 Plans

In 2018, the Retail Banking Business Group plans to carry out a project to expand the scope of its target customers so that we can broaden our customer base amid a slow-growth market and cut-throat sales environment. We will liaise with government subsidy projects and partner with industries that are a part of everyday life. Furthermore, we plan to launch marketing strategies targeted to appeal to customers in their 50s and 60s, in the face of very low birth rates and a quickly aging population. To make the plan more effective, we will extend our loyalty programs for pension recipients and launch exclusive packages for customers in this age group.

While we aim to optimize branches based on the scale of local financial assets, characteristics and customer base, we also plan to set up financial service channels in places where our customers require greater accessibility. For instance, there are regions where financial services are few and far between as well as new housing development project zones. By assigning our channels efficiently to such locations, we will stand by our customers and fulfill our role as a responsible banking institution.

026

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion and Analysis
Independent Auditors' Report

Organizational Chart

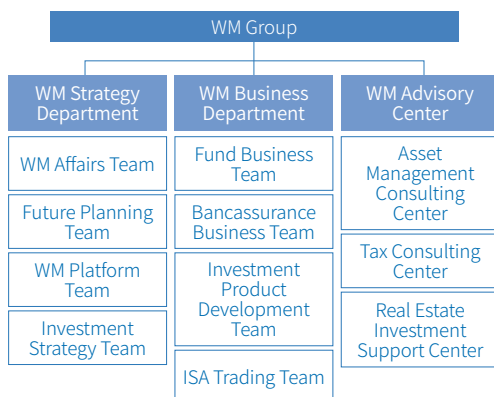
Global Network

Coporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

Wealth Management

The Wealth Management (WM) Group oversees private banking (PB) services, focusing on high-net-worth (HNW) customers and the bank-wide asset management business. The WM Group consists of 11 teams under three departments (the WM Strategy Department, WM Business Department, and WM Advisory Center). As of the end of 2017, the WM Group manages a total of 707 WM distribution channels nationwide. 721 private bankers, financial advisors (FAs), and sales professionals deliver comprehensive asset management and consulting services to around 179,000 HNW customers. Our specialists work together through an independent PB brand called Two Chairs as they offer best-in-class services.



2017 Performance

Outstanding Performance in Affiliate Products: Funds and Bancassurance

In 2017, Woori Bank achieved growth in volume, ranking first in market share measured by net fund value increase and number one in bancassurance sales/income. Total fund value went up by KRW 1.7 trillion, showing the strongest upturn among all competitors. As we held seminars for large companies and institutional customers and released tailored products by customer segment, private equity fund assets amounted to KRW 6.7 trillion in total. In the bancassurance sector, Woori Bank accounted for 32.9 percent of the total market share, thus defending its undisputable number one status and enhancing its position as the leading bancassurance provider.

Achieving the Highest Yield in Discretionary Individual Savings Accounts (ISA) in the Banking Sector; Yield-Oriented Sales for Customers

ISA is a leading wealth accumulation scheme in which Woori Bank has shown remarkable performance. We launched a discretionary ISA scheme in April 2016 and maintained the top position among all Korean commercial banks in terms of nine-month cumulative yield (as of the end of 2017). While the market conditions were rather unfavorable as other competitors collaborate with an affiliate securities firm under the same holdings company, Woori Bank showcased excellent asset management capabilities.

We also hosted an in-house Fund Returns Challenge to create a sales environment where our employees can take the initiative in developing good products and consider customer profits a priority. We also added a portfolio evaluation criterion to the fund returns index for customers and focused on generating stable profits through asset allocation.

Launch of AI-Based Robot Advisor, Woori Robo-Alpha

In May 2017, Woori Bank officially launched a robot advisor program called Woori Robo-Alpha. The Woori Robo-Alpha employs artificial intelligence (AI) to suggest the best asset allocation portfolio based on customer information and tendencies. Every three to four months, it reevaluates the portfolio and decides whether or not rebalancing is necessary. The decision is sent out to customers either by the bank's in-house WiBee Talk messenger or via text messenger services. The minimum subscription amount is set at KRW 100,000 so that anyone take advantage of wealth management at an affordable price. The new program is playing a big part in boosting our non-face-to-face digital channel growth.

Sales Cooperation Between SME RM and PB/FA

Woori Bank has established a system of cooperation between small and medium enterprise (SME) relationship managers (RMs) and PBs

The system is mainly about how to provide asset consulting to SMEs with loans from the bank, and how to induce PB customers with loans at other banks to switch to Woori Bank. We motivated our employees by including cooperation as a criterion in performance appraisals as well as by offering joint awards/rewards. Their efforts have turned many SME CEOs into Woori Bank customers, who in turn played a huge role in increasing the number of PB customers.

Thanks to such enthusiastic sales efforts and management of designated human resources, the number of PB customers (those who have more than KRW 100,000,000 in deposits) has gone up by approximately 13,000 in 2017.

027

Woori Overview

- Message from the CEO
- Board of Directors
- Corporate Governance
- Company Structure
- Woori Bank Awards 2017
- News Highlights
- Financial Highlights

Business Operations

- Retail Banking
- Wealth Management**
- Trust & Pension Business
- Corporate Banking
- SME Banking
- Institutional Banking
- Real Estate Finance
- Global Business
- International Trade Business
- Financial Market Business
- Investment Banking
- Digital Banking
- Risk Management

Corporate Social Responsibility

- Ethical Management
- Consumer Protection
- Employee Satisfaction
- Social Contribution Activities
- Woori Smile Microcredit

Financial Review

- Management's Discussion and Analysis
- Independent Auditors' Report

Organizational Chart

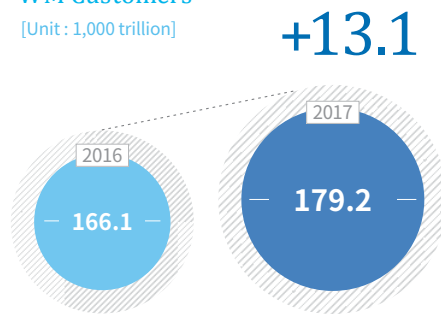
Global Network

Corporate Fact Book

- Woori Bank overview
- Vision & Core Values
- 119 Years of History
- Corporate Governance
- Financial Highlights
- Global Networks
- Global Networks Strategy
- Digital Strategy
- A Trust-worthy Partner

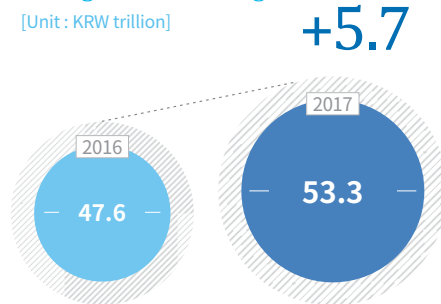
Total Number of WM Customers

[Unit : 1,000 trillion]



Total Deposits of Wealth Management Banking

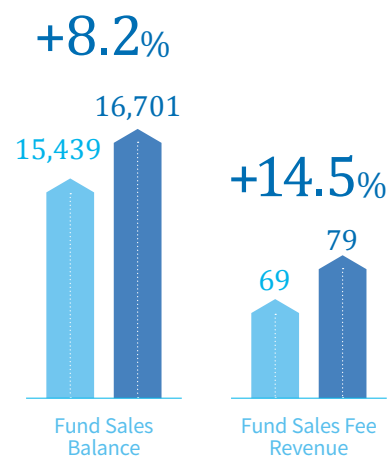
[Unit : KRW trillion]



Fund Sales Balance

[Unit : KRW trillion]

■ FY16 ■ FY17



WAMU: Woori Asset Management University: The First In-house Training Institute in the Korean Banking Sector to Foster Experts

Woori Bank has taken the initiative in recruiting and fostering asset management specialists. The Woori Asset Management University (WAMU), the first in-house asset management training institute in the Korean banking sector, offers a diverse asset management curriculum that covers everything from basic theories to intensive coursework.

In 2017, we recruited 300 next-generation PBs and FAs. Having been trained through WAMU programs to become field specialists as early as possible, they were soon assigned to branches. WAMU also conducted customized training for 645 existing PBs and FAs according to individual skill level. This is an example of how Woori Bank is using its differentiated training system and fostering asset management experts.

2018 Plans

Our 2018 vision is "Growth Based on Four Foundations; Leaping Forward to Become a Leading Asset Management Bank." Our four foundations are sustainable growth, customers, profit, and digital/caring finance, based on which we will carry out customer-centric sales.

First, we will build up our competencies focusing on channels and people so that we can offer quality asset management services to customers. New exclusive asset management branches will open to provide differentiated services. At the same time, we will implement various asset management training programs to foster professional PBs, increase our PB pool, and establish a career development program (CDP). We also offer an entirely new Master PB program. Master PBs are the bank's most competent employees who have demonstrated the best possible performance in each field. They will be encouraged to transfer their individual sales skills and know-how to boost the asset management competencies of all our employees.

Second, our goal is to pass the 200,000 mark in the number of registered PB customers and acquire 50,000 pension recipients from any of Korea's four public pension schemes as customers. We will also launch special services and exclusive products targeting SME CEOs, the families of our existing PB customers, and customers in their 50s and 60s. Since Woori Bank is the primary banking partner of the National Pension Service of Korea, we will pursue a partnership in order to add more pension recipients to our clientele pool. We will strive to increase the number of PB customers through retirement planning seminars and consulting services.

Third, we aim at quality growth in the partnership business, bolstering growth in both volume and profitability. We have raised our profit goal by more than KRW10 billion since 2017, and we will work with SMEs, global groups, and IB groups to achieve this goal. Not only in bancassurance but also in the fund business, our sales have a very strong profitability focus, and we will rank first in market share in both sectors. We also plan to start a real estate consulting business to find new sources of profit.

Finally, we will expand our non-face-to-face channel and contribute to wealth accumulation and asset management for middle and lower-income customers. The AI-based Woori Robo-Alpha will help all of our customers access and use our asset management system with ease. By integrating the newest digital techniques such as scrapping and big data, we will enable customized asset management for everyone on a 1:1 basis. Finally, we will introduce funds that provide for community donations or funds for a cause and lead the "inclusive finance" initiative included as part of the Korean government's 100 Agenda Project.

028

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion
and Analysis
Independent Auditors'
Report

Organizational Chart

Global Network

Corporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

Trust & Pension Business

The Trust and Pension Business Group is leading the market with successful business models that continually meets customer asset management needs, keeping up with a radically changing market environment. As the sales of trust products such as equity-linked trust (ELT) and the exchange-traded fund (ETF) grow, the Trust and Pension Business Group plays a leading role in pushing the bank's overall non-interest income upward.

There are experienced investment experts utilizing advanced methods at Woori Bank, based on which we can offer comprehensive consulting services to customers; this is what allows us to offer customized comprehensive financial services in a growing retirement pension market, including retirement planning according to personal investment profiles and efficient corporate retirement pension management.

We have a broad range of experience in the custody agent business gained from transactions with our diverse clientele consisting of 120 entities or so, including major institutional clients in Korea's securities custody services market as well as asset management companies. Taking advantage of our experience, we will provide custodian asset management services that allow us to take preemptive action in the face of market changes.

2017 Performance

Trust Department

The Trust Department's goal is to be "No. 1 in Generating Yield for Customers, No. 1 Growth Rate and Creating a Cash Cow," and has grown with a strategy based on customization. To gain a competitive edge in the fast growing trust business, we have built the "Trust Operation Platform" (a trust asset management system), which allows our employees to upgrade their professional competencies in asset management and investment portfolio planning.

As a result, we have promoted ELT, and ETF as core trust products. To expand our business in the future, we have developed customer-focused investment strategies by launching new products with timely market insight, and building up our product line-up. With ELT, our sales result in 2017 reached KRW 8,569 billion, or 286% of our annual target. We then developed new products and diversified underlying assets across diverse portfolios so that we can manage assets according to market conditions and individual customer needs.

Retirement Pension Business Department

Since retirement pension schemes were introduced to the market, Woori Bank implemented a customer-centric strategy with a long-term perspective to help customers enjoy a stable retirement and to cope with labor market changes such as Korea's rapidly aging society.

We publish a monthly 'Happy Life Retirement Pension Newsletter' which covers major retirement pension issues, recent trends, asset management information, and everyday life tips. For retirement pension customers who are still employed, we provide information on retirement savings and asset management performance through the Internet or mobile banking via the Happy Life Retirement Pension Lifetime Account. These services enable our customers to manage the retirement savings in their accounts with ease.

We have launched more aggressive marketing campaigns since July 2017 when the eligibility for the Individual Retirement Pension (IRP) was expanded. As a result, our IRP asset value has grown to KRW 1,594 billion as of the end of 2017. Including this increase, our total retirement pension asset value has reached KRW 15,003.5 billion, a KRW 2,012.5 billion increase from the previous year. The number of companies for which we manage retirement pensions is 27,151 as of the end of 2017. In the unbundled contract with the Korean Workers' Compensation and Welfare Services (KWCWS), the KWCWS is in charge of operations, and Woori Bank is in charge of asset management. In 2017, we saw an increase of 6,284 in the number of subscribed companies, with a total of 34,653 subscribers.

Custody Agent Department - Successful Pension Fund Bidding, Relationship with Lager Asset Managers

We have participated in two bids to select a custodian bank for the National Pension Service and the Ministry of Land, Infrastructure and Transport. In both bids, we analyzed the institution's needs proactively and presented differentiated and customized proposals. In the end, Woori Bank was re-appointed as the custodian bank for the two institutions, achieving a sweeping victory in both cases. Our marketing targeted at insurance companies also turned two large insurers into new customers. These achievements ensure we will see a steady increase in our assets in custody.

029

Woori Overview

- Message from the CEO
- Board of Directors
- Corporate Governance
- Company Structure
- Woori Bank Awards 2017
- News Highlights
- Financial Highlights

Business Operations

- Retail Banking
- Wealth Management
- Trust & Pension Business**
 - Corporate Banking
 - SME Banking
 - Institutional Banking
 - Real Estate Finance
 - Global Business
 - International Trade Business
 - Financial Market Business
 - Investment Banking
 - Digital Banking
 - Risk Management

Corporate Social Responsibility

- Ethical Management
- Consumer Protection
- Employee Satisfaction
- Social Contribution Activities
- Woori Smile Microcredit

Financial Review

- Management's Discussion and Analysis
- Independent Auditors' Report

Organizational Chart

Global Network

Coporate Fact Book

- Woori Bank overview
- Vision & Core Values
- 119 Years of History
- Corporate Governance
- Financial Highlights
- Global Networks
- Global Networks Strategy
- Digital Strategy
- A Trust-worthy Partner

Money in Trust

[Unit: KRW Trillion]

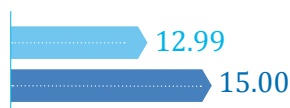
+10.9%



Retirement Pension Assets

[Unit: KRW Trillion]

+15.5%



Assets under Custody

[Unit: KRW Trillion]

+11.12%



■ 2016 ■ 2017

Retirement Pension

[Unit: Number of Subscribers]

Category	2016	2017	Charge(%)
Companies	55,640	61,804	11.1%
Employees	1,391,492	1,590,643	14.3%

*Including the number of subscribers liaised through the KWCWS

2018 Plans

Trust Department

The 2018 business goal for the Trust & Pension Business Group is to 'Dominate the Trust & Pension Market.' This goal means that we intend to become the number one bank in terms of increased trust market share. Accordingly, we plan to differentiate marketing support and continue to improve and further develop our core products.

With ELT, our core product, we will generate profits through balanced growth between high-yield products and low-yield products, based on stable structure. We also plan to promote ETFs as a key asset management product for customers.

To achieve our goals, we plan to have asset management functions in place to cope with a variety of fluctuations in the financial market while making our products globally relevant. Hence, we will upgrade our trust asset management system and risk management system.

Retirement Pension Department

As Korea becomes a super-aged society, the importance of the retirement market is increasingly highlighted in the banking industry. That is why Woori Bank has selected retirement pensions as a core growth business and has decided to carry out active marketing campaigns to secure a stable customer and profit base over the long-term.

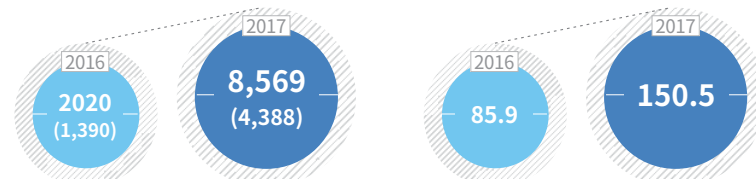
In 2018, the Retirement Pension Department will establish a foundation for growth through distinctive marketing campaigns tailored for each target customer group and become a leading retirement pension provider. We will reinforce our product management competence to enhance yield for our customers and promote efficiency in distribution channels. We will continue to lead the retirement pension market using our expert human resource pool, training support system, diverse products, professional asset management competencies, and a unique retirement planning service platform.

Custody Agent Department - Increase in Asset Value by Diversifying Customer Segments

Woori Bank has been in charge of the custody agency business for large public funds. Based on such experience, we will launch marketing campaigns to appeal to institutional customers that need to manage large-volume assets, such as insurance companies and mutual aid associations. We will upgrade our securities custody system and grow our expert human resource pool in order to become a leader in the securities custody market.

Trust Sales by Bank [Unit: KRW Billion]

ELT Sales Volume (Balance) +324.2% (+215.7%) Trust Fee Revenue +75.2%



030

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion
and Analysis
Independent Auditors'
Report

Organizational Chart

Global Network

Corporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

Corporate Banking

The Corporate Banking Business Group oversees services for corporate customers including some of the biggest Korean corporate groups such as Samsung, LG, and POSCO. As of the end of 2017, Woori Bank has primary banking partnerships with the largest number of corporate clients among all Korean banks. The two major forces driving the Corporate Banking Business Group are our general managers of corporate banking branch and banking center. The general managers of corporate banking branch have driven Woori Bank to become the best in class in Korea, the general managers of corporate banking center have supported the affiliate and partner companies of our corporate customers while taking care of retail banking targeting officers and employees at associated firms. Thanks to these competent managers, the Corporate Banking Business Group can satisfy the varying needs of our corporate clientele.

Our corporate customers have grown into major global players over the past 119 years, and we are very proud to have been their chosen financial service provider. Today, we are doing our best to offer the expertise we have gained over the years to a wider customer base.

2017 Performance

In 2017, the Corporate Banking Business Group maintained its number one market share in loans as the main creditor, producing results worthy of the title of Korea's strongest corporate banking service provider. Woori Bank also hosts the Woori Diamond Club, a social gathering where the CEOs of our large corporate customers meet. It serves as an effective channel for us to figure out different market needs in advance and strengthen customer relations. As great emphasis is being placed on corporate social responsibility today, we strive to develop products that will help companies survive and prosper together and to build a financial culture through which we can help each other.

As of the end of 2017, the Corporate Banking Business Group (including Corporate Finance Centers) is managing a total of KRW 24.5 trillion in assets, with an operating income of KRW 739.9 billion, and an export/import volume of USD 282.4 billion.

Strengthening Relationship on a Continual Basis

As our corporate customers turn into major global players, their financial needs are changing in a rapid and diverse manner. In 2003, Woori Bank started the Woori Diamond Club as a social gathering for the CEOs of our corporate customers. Celebrating its 15th anniversary this year, the club acts as a channel for us to strengthen customer relationships and understand the financial needs of our customers at the right time so that we can respond in advance to the rapidly changing environment for financial services.

Supporting 'Sangsaeng' for Large Companies and SMEs

The Korean word 'sangsaeng' refers to mutual life-giving symbiosis, as well as helping and sharing prosperity with each other. As the emphasis on corporate social responsibility grows, Woori Bank is committed to fulfilling its role as a corporate citizen, offering sangsaeng product packages in which we enter into business agreements with large corporate customers and provide loans with low interest rates to SMEs. In 2008, we launched the Sangsaeng Loan for Partners of Large Companies; as of the end of 2017, we have extended a total of KRW 570.8 billion in loans to 1,402 firms through this product. In 2013, we developed the Woori Sangsaeng Partner Loan, a loan package for settlements, and upgraded the relevant system later in 2015; as of the end of 2017, we offered a total of KRW 815.6 billion in loans to 5,010 companies. Woori Bank has the largest number of big corporate customers in Korea, and this wide client network enables us to manage a system of sangsaeng financing to encourage mutual aid, for example by reducing financial costs for SMEs. We thus contribute to the co-prosperity and growth of big companies and SMEs using our comprehensive network.

031

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion and Analysis
Independent Auditors' Report

Organizational Chart

Global Network

Corporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

Total Assets of Corporate Banking



Total Credit Exposure to Main Debtor Groups



Business Partnership with Different Industries

To move beyond the traditional banking sector and develop a new business model, we pursue diverse business partnerships with players from different sectors. In 2017, Woori Bank used the WiBee mobile platform to promote joint marketing campaigns with companies in diverse fields such as communications, dining, distribution logistics, and leisure. These efforts led to mutually beneficial relationships, resulting in increased sales for our partners and prospective opportunities for Woori Bank. Such partnerships are now a new and exceptional source of future profits.

2018 Plans

The Corporate Banking Business Group's business goal of '2018, the Four Ups for Bigger Corporate Banking' will build stronger growth in corporate banking by establishing a new sales culture.

The first goal is to ramp up margins. To enhance margins, we will diversify our sources of profit by developing new products and new markets. Our sales will be income-centric, with appropriate interest rates and fees.

The second is to ramp up volumes. We will pursue a balanced loan business, increasing loans to major, profitable companies and applying suitable risk management strategies.

The third is to ramp up partnerships. We will use our network of major corporate clients and promote transactions with their partners, officers and employees, ultimately to further expand our all-in margin business strategy.

The last is to ramp up innovation. We will continue to seek out partnerships and joint marketing efforts with players from different sectors to generate new and innovative profit sources.

Woori Bank is the main creditor bank of 13 of Korea's largest enterprises (2017)

Total number of large enterprises under main creditor bank management: 36



032

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion
and Analysis
Independent Auditors'
Report

Organizational Chart

Global Network

Corporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

SME Banking

The Small and Medium Corporate Banking (SME Banking) Business Group oversees financial services for SME clients. As of the end of 2017, it manages KRW 80.4 trillion in loans and KRW 49.5 trillion in deposits for 1.48 million customers consisting of individual entrepreneurs, SMEs, and high-potential enterprises. To maintain satisfaction levels among SME banking customers, we provide competitive products and various financial and non-financial services. Moreover, we foster and manage SME relationship managers (RMs), SOHO RMs and next-generation SME RMs. These experts in SME financing and asset management deliver top-notch financial services and content to our clients.

2017 Performance

We saw an increase of approximately 100,000 individual entrepreneurs, SMEs and high-potential enterprises amongst our clientele in 2017. Potentially non-performing assets decreased by KRW 2.5 trillion, raising the performing asset rate to 80.2% and drastically improving asset soundness.

Our marketing strategy concentrated on the acquisition of strong SMEs and retention. In 2017, we followed up on our 2016 strategic targets such as technology financing, policy financing, and guaranteed loans. Simultaneously, we stressed cross-selling in order to lock in customers and maximize profits. We also implemented various loyalty programs in order to offer better services and increase SME customer satisfaction. Another area of focus for us included training and fostering in-house SME experts.

Marketing Activities Targeting High-Yield SME Clients

In 2017, we maintained our focus from the previous year to provide marketing information to help branches appeal to high-yield SME clients such as by providing them with information on targets by product and customer and information on the corporate partners of large companies. In April 2017, we launched Woori CUBE Loan, which offers special benefits for growing businesses, including preferential interest rates, fees, and credit lines. Product sales reached KRW 8.1 trillion as of the end of 2017. As the SME Banking Business Group pursued a marketing strategy to promote high-yield assets, the size of loans to high-yield corporate clients rated BBB and above grew by KRW 8.8 trillion by the end of 2017.

Concentration on Technology Financing & Reinforcing Growth Potential

To acquire high-yield assets with a focus on technology financing, we pursued marketing that targets companies that utilize advanced technology with a strategy of preemptive sales by allowing pre-approved credit lines. The Woori R&D Plus Loan is a new product developed for companies that integrated advanced technology, and this product allowed us to help companies with excellent R&D performance endorsed by the Ministry of Industry, Commerce and Energy. To offer technology financing to more businesses, we improved our tech credit bureau (TCB) system and offered competitive interest rates. These efforts resulted in an increase in both value and the number of borrowers compared to the previous year (as of the end of 2017) by around KRW 3.5 trillion and 3,500 borrowers, respectively. In 2017, we also saw an increase of 100,000 customers and KRW 2.3 trillion in low-cost deposits, which reinforced our profitability and loan growth potential.

Productive Financing and Inclusive Financing in Action

To put productive financing in action, we broadened support for companies with advanced technology (such as leaders of the fourth industrial revolution), companies that create jobs, and start-up or venture companies. Our partnership with credit guarantee organizations, local governments, and public institutions continued throughout the year. Also, we strengthened interest rate competitiveness through policy financing and provided diverse job training programs to salespeople. Meanwhile, we increased our special contribution to the Korea Credit Guarantee Fund and the Korea Technology Finance Corporation and extended KRW 2.9 trillion in loans for letters of guarantee to new and promising SMEs, companies that create jobs, and other SMEs. Our policy financing went to not only our corporate accounts but also individual entrepreneurs: we offered

033

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion
and Analysis
Independent Auditors'
Report

Organizational Chart

Global Network

Corporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

SME Key Figures



Number of SOHO and SME Clients
Increasing in 2017



Reduction in Non-performing Assets



Percentage of Performing Assets

customized policy financing for the latter with special contributions to and contracts with the Seoul Credit Guarantee Foundation and other regional credit guarantee foundations. We also worked with Yellow Umbrella Mutual Aid to provide a stable social safety network and enter into contracts to provide inclusive financing for small business owners and social enterprises.

Diversified Special Products

Our new Woori CUBE Loan is a product with special benefits for growing SOHO and SME businesses. The main purpose of this product is to expand loans to individual entrepreneurs, SMEs, and enterprises with high potential. We then remodeled our Woori Franchise Power Account Loan to create a more tailored special product. The Woori R&D Plus Loan is a product released in line with the government policy to support companies with good R&D performance based on highly advanced technological competencies. Another product, the Woori CUBE Account, was released together with bundled products, and we expect it to bolster our sales competitiveness in the form of partnership marketing with a range of associations and organizations. Our diverse product line-up provided us with a good foundation for balanced asset growth between corporate and individual businesses.

Retaining Customers & Offering Top Notch Consulting Services

Amid the fierce competition among all banks, Woori Bank maintains customer loyalty programs and supportive consulting services to meet the varying needs of customers with a competitive leadership stance in the corporate consulting area. Our loyalty programs offer benefits for member companies and long-term customers, including support for family events (weddings, funerals, etc.) and staff training. With these programs, Woori Bank is doing its best to fulfill its duty as a true financial partner.

The corporate consulting services offered by Woori Bank are the ultimate culmination of experience and expertise gained in the Korean banking sector. We have assorted programs for companies that do business with us, covering management consulting, CFO consulting, family business succession consulting, operations consulting, tax consulting, and many more. In 2017 alone, we completed a total of 110 consulting projects, demonstrating our competitive edge in this area.

2018 Plans

In 2018, the SME Banking Business Group plans to conduct marketing campaigns to increase its proportion of high-yield assets. The basis of this plan is productive financing, with a focus on manufacturers utilizing advanced technology and companies in new growth industries. Most importantly, we will broaden the special benefits provided to clients according to financial assets and industry so that we can acquire new corporate accounts and clients in the start-up/venture sector. We will launch new special products make inclusive financing a priority, allowing customers and the bank to live and prosper together in the spirit of sangsaeng. We plan to acquire additional high-yield customers and improve the skills of our sales professionals, thus intensively expanding our foundation for profit generation by providing comprehensive financial services. Finally, we will take preemptive measures to manage potentially non-performing assets and become the number one trusted bank in the SME banking sector.

034

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion
and Analysis
Independent Auditors'
Report

Organizational Chart

Global Network

Corporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

Institutional Banking

The Institutional Banking Business Group consists of three departments. The Institutional Banking Product & Marketing Department caters to the needs of the central government, local governments, and public institutions. The Public Fund Sales Department manages the municipal and provincial treasuries of local governments and the courts. Finally, the newly established National Pension Department will take over and carry out business related to Korea's largest public pension, since Woori Bank was selected as the primary bank for the National Pension Service (NPS) that manages the world's third-largest pension scheme.

The Institutional Banking Business Group is the first in the Korean banking sector to establish an institutional banking specialist pool (institutional customer RMs), providing first-class financial services to institutional customers. As of 2017, our institutional customers include the Seoul Metropolitan Government, the Ministry of Land, Infrastructure and Transport, the Korea Land & Housing Corporation, the NPS, the Korea Railroad Corporation, and many more. Our clientele list positions us as the primary bank for the largest number of public institutions in Korea.

2017 Performance

The Institutional Banking Business Group has a strong foundation built on Woori Bank's expertise gained from 102 years of managing the Seoul Metropolitan Government's treasury. Based on such management know-how, we are broadening our transactions with government institutions, local governments, and major public agencies. Wherever our client institutions may be, we have reached out to the local community through various corporate social responsibility programs and established Woori Bank as a financial institution that stands by local communities.

In 2017, Woori Bank was selected as the primary banking partner by the National Pension Service, the world's third largest pension fund in size, and will be managing a total of KRW 600 trillion of funds for three years starting in March 2018. In 2017, Woori Bank acted as the primary bank for 105 public institutions out of 330 Korean public institutions designated by the Ministry of Strategy and Finance. As of the end of 2017, the Institutional Banking Business Group is managing a total of KRW 27.5 trillion in deposits and KRW 0.8 trillion in loans as part of its institutional business. In addition, we have built banking relationships with 4,500 institutions.

Supporting New Government and Public Agency Projects

In order to effectively support government policy and public projects, we established the System Sales Team within the Institutional Banking Products & Marketing Department to facilitate direct transactions and payment clearing between the buyers and sellers of renewable energy. As a result, Woori Bank is in charge of upgrading the Korea Power Exchange (KPX)'s REC Trading System and is serving as the KPX's dedicated settlement bank. We are also the designated bank for managing the Ministry of Trade, Industry and Energy's R&D funds. In this function, we not only manage and disperse the R&D funds including the operation of a Real-time Cash Management System (RCMS) but also provide comprehensive financial services for successful R&D firms. In addition, Woori Bank is solely in charge of international contracts and foreign exchange transactions for the Defense Acquisition Program Administration (DAPA), and we offer various financial services when settling the international purchase of goods for DAPA.

035

Woori Overview

- Message from the CEO
- Board of Directors
- Corporate Governance
- Company Structure
- Woori Bank Awards 2017
- News Highlights
- Financial Highlights

Business Operations

- Retail Banking
- Wealth Management
- Trust & Pension Business
- Corporate Banking
- SME Banking
- Institutional Banking**
- Real Estate Finance
- Global Business
- International Trade Business
- Financial Market Business
- Investment Banking
- Digital Banking
- Risk Management

Corporate Social Responsibility

- Ethical Management
- Consumer Protection
- Employee Satisfaction
- Social Contribution Activities
- Woori Smile Microcredit

Financial Review

- Management's Discussion and Analysis
- Independent Auditors' Report

Organizational Chart

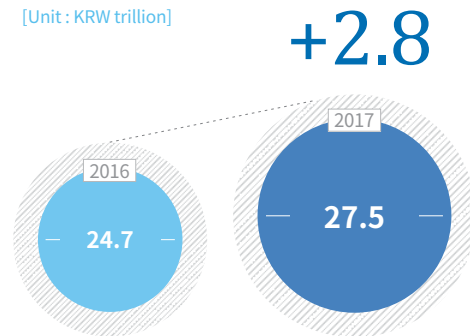
Global Network

Coporate Fact Book

- Woori Bank overview
- Vision & Core Values
- 119 Years of History
- Corporate Governance
- Financial Highlights
- Global Networks
- Global Networks Strategy
- Digital Strategy
- A Trust-worthy Partner

Total Deposits

[Unit : KRW trillion]



Number of Institutional Customers



Major Public Agencies

 National Pension Service	 Korea Land & Housing Corporation (LH)	 Korea Housing Finance Corporation (HF)	 Ministry of Land, Infrastructure and Transport	 Defense Acquisition Program Administration
 Korea Railroad Corporation	 Korea Electric Power Corporation(KEPCO)	 Korea Post	 National Health Insurance Service	 Korea Creative Content Agency
 Korea Evaluation Institute of Industrial Technology(KEIT)	 Korea Institute of Energy Technology Evaluation & Planning	 Korea Institute of Startup & Entrepreneurship Development	 Korea Institute for Advancement of Technology	 Agency for Defense Development

Maximizing Synergy with New Business

The Institutional Banking Business Group does not only provide direct financial services to institutional customers but also discovers and offers business opportunities to liaise with SMEs and individuals associated with the projects undertaken by diverse institutions. In 2017, Woori Bank was selected as the primary banking partner for the Korea Environmental Preservation Association (KEPA) and had the opportunity to provide financial services to local associations and KEPA member companies. We also worked with the Seoul Metropolitan Government, the Ministry of Environment, and other parties in our Clean Woori Campaign to promote the use of electric vehicles. In this campaign, we presented financial products specially designed for electric vehicles including loans and a credit card, and had another opportunity to acquire new customers through our efforts.

2018 Plans

We intend to provide a system for effective cash management for government and public agencies and develop partnership services related to various budget activities so that we can provide upgraded financial services on a different level as a preferred banking partner for institutional customers. Furthermore, as the primary bank for the largest number of institutions in Korea, we will seek to broaden the range of our financial services so that more employees of public agencies can do business with Woori Bank.

036

Woori Overview

- Message from the CEO
- Board of Directors
- Corporate Governance
- Company Structure
- Woori Bank Awards 2017
- News Highlights
- Financial Highlights

Business Operations

- Retail Banking
- Wealth Management
- Trust & Pension Business
- Corporate Banking
- SME Banking
- Institutional Banking
- Real Estate Finance**
- Global Business
- International Trade Business
- Financial Market Business
- Investment Banking
- Digital Banking
- Risk Management

Corporate Social Responsibility

- Ethical Management
- Consumer Protection
- Employee Satisfaction
- Social Contribution Activities
- Woori Smile Microcredit

Financial Review

- Management's Discussion and Analysis
- Independent Auditors' Report

Organizational Chart

Global Network

Corporate Fact Book

- Woori Bank overview
- Vision & Core Values
- 119 Years of History
- Corporate Governance
- Financial Highlights
- Global Networks
- Global Networks Strategy
- Digital Strategy
- A Trust-worthy Partner



Real Estate Finance

In 2013, for the systematic and professional management of real estate financing, Woori Bank enlarged the Housing Finance Division into the Real Estate Finance Business Unit, which was later renamed the Real Estate Finance Business Group. The Group also manages the Ministry of Land, Infrastructure and Transport's National Housing and Urban Fund (NHUF) as the managing custodian (formerly general treasury) bank. Our goal is to satisfy the diverse needs of our customers—hence we provide not only products that build on Woori Bank accounts but also NHUF products available for low-income individuals and families.

Demand-side Housing Subscription Loans
[Unit : %]



Housing Subscription Savings Plans
[Unit : %]



Real Estate Finance Group [End of 2017]

Category	Results	Market share	Rank
Mortgage Loans [Unit: KRW billion]	83,398.2	26.2%	2
Loans to the Demand-side [Unit: No. of subscription]	302,195	40.9%	1
Housing Subscription Savings Plan [Unit: No. of subscription]	5,447,597	26.0%	1

2017 Performance

In 2017, the Real Estate Finance Business Group once again became the undisputed leader in NHUF market share. Woori Bank has been the managing custodian bank of the NHUF for the past ten years, and a wide range of housing finance product offers showcased the Bank's distinguished business performance. Consequently, Woori Bank was selected again as the managing custodian bank for the NHUF in January 2018, as the bank in charge of business delegated by the NHUF for the next five years. We took preemptive steps to cope with market fluctuations caused by government policy changes. We also took the initiative to create demand for domestic housing finance products by developing new markets.

Increased Customer Base as the Managing Custodian Bank for the NHUF

The NHUF business is critical to broadening financing options for the demand-side of housing finance, including for low-income individuals and families. As the managing custodian bank, Woori Bank is in charge of financing and dispersing funds. As of the end of 2017, the bank accounted for a market share of 40.9 percent in loans to the demand-side and a market share of 27 percent in housing subscription savings plans. Throughout the year, one million new customers subscribed to the housing subscription savings plan designed to enable them to own a new house in the future. We will work hard to build a solid foundation for this business so that a greater number of customers will be able to utilize NHUF products through Woori Bank.

Leading Korea's Housing Finance Market with a Total Real Estate Information Platform

In 2017, the Real Estate Finance Business Group developed products for both face-to-face and non-face-to-face channels and a comprehensive real estate information platform to proactively respond to changes in the financial environment. We also took the initiative in reforming regulations. Woori Bank focuses on developing non-face-to-face real estate finance products for customer convenience. In January 2018, we launched WiBee Homes, our real estate information platform that offers property information and loan consulting services. This platform will enable us to continue leading the mobile real estate market.

2018 Plans

We intend to maintain our number one position in terms of NHUF market share in 2018, and we will do our best as the managing custodian bank for the NHUF so that customers can enjoy the funds' benefits with greater ease. We will focus on loan plans for the demand-side, which has shown a recent increase, including the Jeonse (Key Money) Deposits, Monthly Rental Loan Plans and the Beotimmok (Support) Jeonse Deposit Loan Plan. At the same time, we will focus on attracting more customers to our housing subscription savings plans. Building on our experiences, expertise, and IT system in financing and managing funds, we will actively support housing welfare projects for low-income individuals and families and take action to revitalize Korea's national housing market and help make it more transparent. We will also participate in government measures to support housing funds for consumers with real demand and establish asset portfolios that will ensure balanced asset growth, optimal profitability, and minimum risk. To that end, we will expand mortgage loans by KRW 1.5 trillion in 2018 to serve as a solid rock protecting the assets of Woori Bank customers. 2017 was the year of building a stepping stone to dominate the real estate platform market. 2018 will be the year in which we utilize our diverse and customized services to lead the real estate finance market.

037

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion
and Analysis
Independent Auditors'
Report

Organizational Chart

Global Network

Corporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

Global Business

In 2017, Woori Bank expanded its network focusing on the Southeast Asian region, which has high growth potential and profitability, implemented a sales strategy tailored to local markets, and built a unique financial platform. As a result, Woori became the number one player in the Korean banking sector in terms of global network, net profit growth, and the expansion of fintech services (in seven countries). Based on these results, Woori Bank now proudly represents innovation and growth in the global business sector. The bank's network increased particularly in such footholds as Indonesia and Vietnam, completing its retail business infrastructure optimized for Southeast Asia. With a new representative office in Poland and regional headquarters in India, we have established the largest global network among all Korean banks, with a total of 301 networks in 25 countries, preparing a foundation for global growth.

In addition, based on a localized business strategy in all overseas business units, we have pursued growth both in volume and quality, resulting in a net profit of USD 143 million, a 58.5 percent increase against the previous year. We established a global smart banking platform on a non-face-to-face basis to attract retail customers. We also transcended the borders between sectors and partnered with firms that offer digital wallets, telecommunications, and other services to offer simple settlements, simple overseas remittances, payment gateways and other services. By doing so, we overcame the constraints of the face-to-face channel and created a business model based on digital convergence.

2017 Performance

Expanding Our Overseas Network (Channels)

Woori Bank started to go global by opening its first overseas branch in November 1968 in Tokyo, becoming the first Korean commercial bank to do so. Since this first step, our interest in international markets has never faltered. In 2014, we became the first Korean bank to acquire a foreign bank in Indonesia, subsequently launching the Woori-Saudara Bank. In 2016, we became the first foreign bank in the Philippines to acquire a local bank when we acquired a stake in a local Philippine savings bank, and we are expanding it with our partner, the Vicsal Group, adding synergy to the business. In 2017, Woori Bank pursued a strategy of organic growth in Southeast Asia where growth potential and profitability are high and expanded its business coverage in Indonesia, Cambodia, Myanmar, and the Philippines.

Woori Bank also opened a representative office in Poland, branches in Gurgaon and Mumbai, and the new Indian regional headquarters. The Bank's outstanding performance reached new heights with 301 overseas networks in 25 countries, forming the largest international network of a Korean bank. In 2018, Woori Bank will establish a new subsidiary in Germany to expand its global network further and bolster business performance in the EU area. We also plan to enter Mexico, a country where many Korean companies are doing business.

Strengthening Competitiveness of Overseas Products and Cross-sector Partnerships (Business Implementation)

Woori Bank is planning and launching strategic products tailored to each local market, based on financial market trends by country. We also intend to promote product competitiveness for overseas units by using cross-sector strategic partnerships (MOUs).

In 2017, we launched and sold various products exclusively designed for overseas markets, including bills bought without recourse, global confirmation, and payment guarantees for global mutual aid societies. We pursued strategic partnerships with China's An Bang Insurance, Vietnam Post Insurance Corporation, local Indonesian insurers, as well as Korean insurers such as Hanhwa Life and Seoul Guarantee Insurance. These alliances contributed to the growth of our bancassurance business, product development, and the distribution of credit guarantee loans, resulting in positive synergy for all parties.

In 2018, we plan to reinforce strategic cooperation not only with Korean institutions but also with local financial and government institutions in the countries where we do business. Our goal is to become a Korean bank that offers the best global financial services.

038

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion and Analysis
Independent Auditors' Report

Organizational Chart

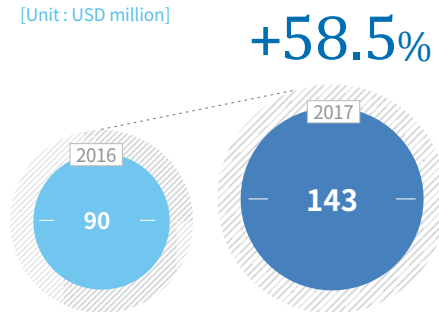
Global Network

Coporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

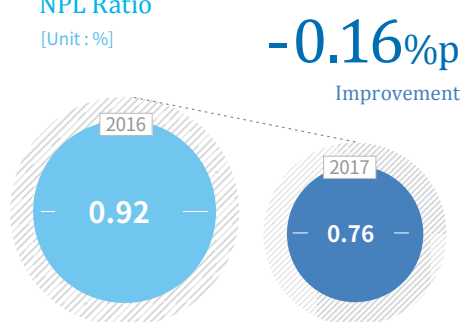
Net Profit

[Unit : USD million]



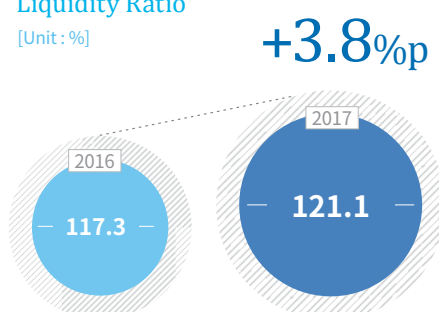
NPL Ratio

[Unit : %]



Liquidity Ratio

[Unit : %]



Expanding Business with Overseas Banks (F.I.)

Woori Bank is stepping up business partnerships and cooperation with leading global banks and provides support for Korean companies so that they can become established as quickly as possible when they enter overseas markets. By strengthening relationships with global banks, we secure stable credit lines, support financing at international offices, and ultimately ensure financing for promising Korean and local companies in overseas markets. We intend to move a step ahead in terms of compliance control, which is becoming increasingly rigorous all over the world, which is why we are implementing reinforced anti-money laundering checks and customer verification processes with other banks in foreign exchange transactions.

Strengthening Global Digital Competitiveness (Digital)

Woori Bank is promoting retail banking using the digital banking services composed of our Internet banking, mobile banking, and consulting services. In 2017, we extended our digital banking coverage by launching mobile banking services for overseas branches as well as our subsidiaries in Vietnam and Indonesia. We also utilized the consulting services in our mobile banking platform to bolster non-face-to-face marketing and sales functions. Our business strategy is based on localization, overcoming the limitations of the face-to-face channel and expanding the foundation for retail finance. Simultaneously, we have entered partnerships with fintech companies in order to provide services customized for Southeast Asian markets. In Vietnam and Indonesia, we expanded customer contact points through diverse offerings within digital banking, starting with pre-paid recharge functions for mobile phones and payment gateway services, as well as account deposits/withdrawals using partner platforms and affiliated businesses.

2018 Plans

In 2018, the Global Business Group will pursue balanced growth both in volume and quality based on risk management.

First of all, we will rebalance our asset portfolio, focusing on high-yield assets. We will make active use of our IB Desk, introduce G-CMS, broaden the line-up for global products, and reinforce localized business to accelerate qualitative growth. By doing so, we will secure new global growth engines. We will expand cross-sector partnerships with such parties as Seoul Guarantee Insurance and seek more linked business opportunities between Korean and overseas branches, ultimately enhancing profitability and growing our customer base.

039

Woori Overview

- Message from the CEO
- Board of Directors
- Corporate Governance
- Company Structure
- Woori Bank Awards 2017
- News Highlights
- Financial Highlights

Business Operations

- Retail Banking
- Wealth Management
- Trust & Pension Business
- Corporate Banking
- SME Banking
- Institutional Banking
- Real Estate Finance
- Global Business**
- International Trade Business
- Financial Market Business
- Investment Banking
- Digital Banking
- Risk Management

Corporate Social Responsibility

- Ethical Management
- Consumer Protection
- Employee Satisfaction
- Social Contribution Activities
- Woori Smile Microcredit

Financial Review

- Management's Discussion and Analysis
- Independent Auditors' Report

Organizational Chart

Global Network

Corporate Fact Book

- Woori Bank overview
- Vision & Core Values
- 119 Years of History
- Corporate Governance
- Financial Highlights
- Global Networks
- Global Networks Strategy
- Digital Strategy
- A Trust-worthy Partner

Global Networks

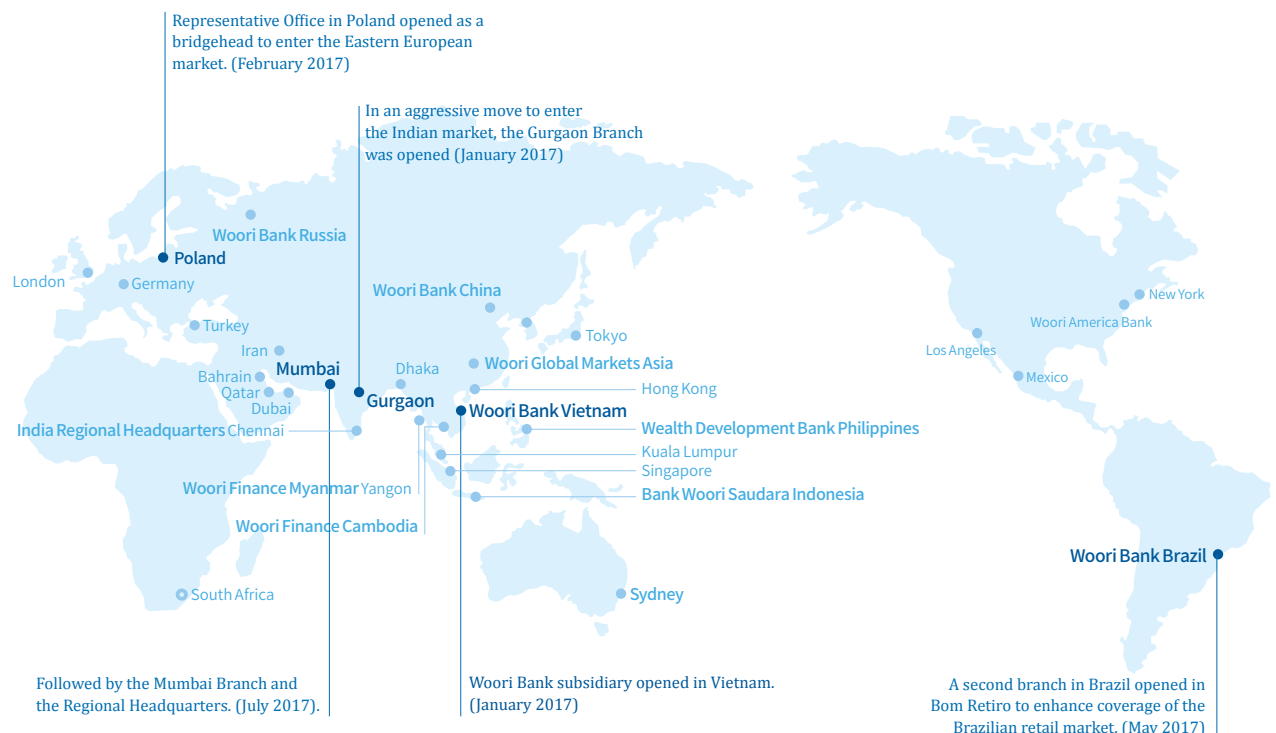


Woori Bank's strategic gateway to going global is in Southeast Asia, namely Indonesia, Vietnam and the Philippines. We will pursue a strategy of organic growth in these markets and secure 500 networks in our global network. We will also build a financial belt in Europe and America by developing new markets in Germany and Mexico. We are preparing to enter these markets in various forms, such as through microcredit and savings banks, based on the extent of development and needs in the local financial sector.

Since many Southeast Asian countries are undergoing a radical digital transformation, we plan to build tablet branches, expand our agent banking business, and introduce a biometrics-based mobile one-time password (OTP) to build up our digital competitiveness. We will foster global loan screening specialists and operate a regional screening center in Asia to manage risk preemptively, and reinforce compliance by refining our anti-money laundering system.

In 2018, the Global Business Group will achieve quality growth, secure 500 networks in our global network, offer digital services to lead the fourth industrial revolution, and manage risks while staying one step ahead. By doing so, we will become a leading bank in all the markets in which we do business, bolster our sales channels both online and offline, and localize our major subsidiaries. Our short-term goal is to become the undisputed number one Korean bank in the countries where we have a presence; our longer-term goal is to grow into a leading Asian and global bank that can compete against other prominent players in the world's banking sector.

New Global Market Development



040

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion
and Analysis
Independent Auditors'
Report

Organizational Chart

Global Network

Corporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

International Trade Business

The International Trade Business Group is in charge of establishing the marketing strategy for foreign exchange (FX) services, supporting branch offices, and developing products across Woori Bank. To offer speedy and efficient support for FX operations, we manage the International Trade Service Center, which is a business process reengineering (BPR) center, and the Global Investment Center, which is responsible for foreign direct investment (FDI), escrow, capital transactions and other services. Recently, we established the Foreign Customer Banking Business Department to serve the 2 million foreign nationals in Korea, in order to reinforce our targeted marketing efforts.

The International Trade Business Group has outstanding human resources who specialize in FX as well as expertise gained from doing business with the largest number of major Korean companies and their subsidiaries. Based on our expertise and people, we excel in a wide range of businesses including domestic and international export/import financing, consulting for overseas investment, and retail. By doing what we do, we generate non-interest income for Woori Bank and enhance our bank's image as a global player.

2017 Performance

In 2017, Woori Bank reported outstanding performance in export/import financing, FX, and international remittances, clearly overshadowing its competitors by taking advantage of competitive FX products, services, and the superior FX competencies of our employees.

We handled USD 339.3 billion in export/import financing, USD 4.1 billion in FX (cash basis), and USD 145.5 billion in international remittances. These results ensured Woori Bank enjoyed the highest FX market share in all areas among major commercial Korean banks. In terms of income, we achieved the highest FX non-interest profits ever, amounting to KRW 323.9 billion or an increase of KRW 2.8 billion compared to 2016.

In the new market of banking for foreign nationals, we have acquired over one million customers already, having the largest number of foreign national customers among all Korean commercial banks, which led to the first year of building a sustainable FX business model.

Woori Bank provides rapid money brokerage services by operating the Woori Clearing System (WCS), which is our FX settlement system with leading domestic and international financial institutions as its members. Using our superior settlement infrastructure, we have served as the exclusive FX treasury bank for the NPS, the world's third-largest pension fund, since 2014. We have also acted as the primary bank in charge of FX transactions for more than 120 public institutions, including Korean central and local governments, the Defense Acquisition Program Administration, and the Public Procurement Service. In April 2016, Woori Bank was selected as the first South Korean bank to offer won currency clearance services in China, handling the clearance and settlement in Korean won, performing the job of a market maker, and eventually establishing ourselves as the global transaction banking leader for the Korean won.

The International Trade Business Group's outstanding business performance in 2017 is the result of implementing a successful business model geared toward FX 4.0, which is about strengthening profitability and synergy according to our four business goals of enhancing profitability, promoting employee competencies, securing product competitiveness, and expanding strategic partnerships. The Group will continue to concentrate on developing new growth engines and improving business infrastructure.

Business Aimed at Foreign Customers

In 2017, the International Trade Business Group implemented a strategic gateway channel and foreign customer-friendly marketing to boost business related to foreign nationals. As a result, we attracted 127,000 new foreign customers, a big increase against the 107,000 we gained in 2016.

1. Channel Expansion

The Foreign Customer Banking Business Department opened Foreign Customer Banking Centers in Ansan and Gimhae to focus on marketing for foreign customers, and the most recent addition was made in Uijeongbu in June 2017. These three centers are specialized branches for foreigners.

The Foreign Banking Centers hired foreign staff to make our customers feel more comfortable, and also offer religious and cultural facilities including prayer rooms. We also boosted convenience and banking accessibility for foreign customers, for instance by expanding the operation of Sunday Banking Branches (special branches that open on weekends) in some major residential zones with a large foreign population.

2. Marketing for International Students Studying in Korea through Strategic Partnership

Woori Bank made agreements with several associations of international students studying in Korea and related organizations to strengthen our business

041

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion and Analysis
Independent Auditors' Report

Organizational Chart

Global Network

Coporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

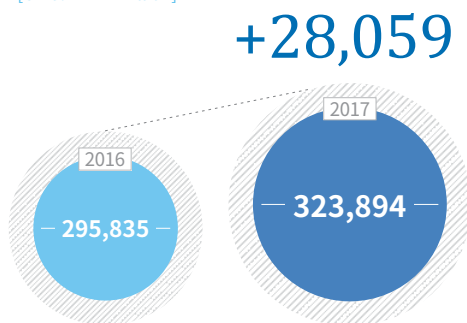
Results Of Business Performance

[Unit: USD billion, 10,000 people, %]
[Among the four major Korean banks]

Category	Results	Market share
Export financing	190.2	37.2
Import financing	149.1	35.8
Export/Import financing	339.3	36.6
FX (cash)	4.1	28.7
International remittances	145.5	24.6
No. of foreign customers	103.2	25.0

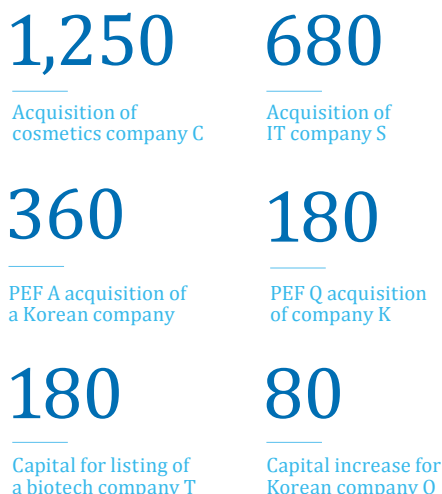
(FX) Non-Interest Income

[Unit : KRW million]



Major Successful FDI Cases

[Unit : USD million]



competitiveness in terms of foreign customers. Since Chinese and Vietnamese students represent the majority of international students studying in Korea, we entered into a group agreement with their respective student associations. We also partnered with the Korean Immigration Service Foundation that takes care of civil affairs on behalf of the Ministry of Justice and acquired some students as customers through this partnership. By doing so, we reinforced partnerships with organizations that serve foreign nationals in Korea and laid the foundation for becoming a more foreign-friendly bank.

Expanded Capital Transactions

Despite the adverse external conditions in 2017, the International Trade Business Group relied on the Global Investment Center in charge of capital transactions marketing. The Center successfully managed to reinforce the Group's deal-sourcing channels and strategize channel expansion, resulting in investments of USD 2,987 million, the amount increasing more than 9 percent compared to 2016.

We also operate 30 FDI Desks and special offices to handle capital transactions. We liaise with major organizations such as law firms, PEFs and free economic zone administrations to strengthen our deal-sourcing channels. In addition to the Jeju and Yeoksam Offices under the Global Investment Center, we plan to open a strategic gateway office in the Gyeongin (Seoul-Incheon) area in order to expand our start-up network of promising foreign investments in the future.

The International Trade Business Group will enhance the competencies of the Global Investment Center in charge of capital transactions and consulting services while expanding its deal-sourcing channels and gateway branches. Our final goal is to secure maximum competitive edge in the capital transactions market.

2018 Plans

In 2018, the International Trade Business Group will actively use AI, blockchains, IoT and other new technologies of the fourth industrial revolution to develop products and improve our internal processes. We will also move one step further to achieve a digital transformation. By doing so, we will attain a dominant position over our competitors in all areas including product and channel competitiveness, cost, and risk management, while also enhancing customer satisfaction and work efficiency. We will do our best to become a leading FX bank that can keep up with the radically changing environment.

Our products, services, and systems will be improved to offer convenient and appropriate products to our customers, and the number of dedicated branches for foreign customers will also be expanded. We will provide the right products in FDI and for our foreign customers, and we will pursue new growth engines. We intend to become a bank that specializes in handling foreign customers.

In line with our efforts since 2017, we will strengthen partnerships with organizations that serve foreign nationals. We plan to maintain our active support for the financial voucher project for multicultural families. Our goal is to become a trusted and friendly financial partner for foreign customers residing in Korea. We plan to attract more capital transactions by expanding the designated workforce for inbound capital transactions such as FDI as well as reinforcing employee training and branch support. We will partner with branches and establish professional consulting services to provide the best solutions for our customers.

In 2018, the International Trade Business Group will quickly adapt to the changing environment, provide optimal FX services based on new technologies of the fourth industrial revolution, and continue to do our best to boost customer satisfaction.

042

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion
and Analysis
Independent Auditors'
Report

Organizational Chart

Global Network

Corporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

Financial Market Business

The Financial Market Business Group consists of the Treasury Department, which manages Woori Bank's liquidity, the Trading Department, which handles FX trading, marketable securities, and financial derivatives, and the Settlement Support Department, which performs back office duties. Woori Bank is the most competitive of all Korean commercial banks in trading derivatives. We lead the market, handling forwards, swaps and options based on a wide range of underlying assets including interest rates, foreign exchange, equities, and commodities.

2017 Performance

In charge of major funding and capital management for Woori Bank, the Financial Market Business Group focused on improving profitability and maintaining stable liquidity through efficient funding and capital management. We contributed to enhancing the Bank's profitability by maintaining an optimal loan-to-deposit ratio (LDR), diversifying Korean won- and foreign currency-denominated financing, and managing our bond portfolio. We also promoted our capital adequacy and stability in financing by issuing perpetual foreign currency-denominated contingent convertible bonds (CoCos) in the first half and won-denominated CoCos (Tier II) in the second half.

Consequently, we complied with the Korean regulatory guidelines on liquidity in 2017 at a level well above the liquidity coverage ratio (LCR) (minimum 90%), the foreign currency LCR (minimum 60%), and the mid- and long-term foreign currency financing ratio (minimum 100%). These results contributed to a 0.49 percent increase in the bank-wide BIS ratio. We strengthened our competitiveness in FX and derivatives trading by diversifying trading currencies and managing positions. We also provide equity derivative services that are available through all global trading hours so that our customers can be prepared for risks arising from time zone differences.

Implementing Optimal Funds Management

Issuance of Senior Debt and CoCos in Won and Foreign Currencies

In 2017, the Financial Market Business Group established proactive financing plans to issue KRW 8.34 trillion in won-denominated senior debt, KRW 0.25 trillion in won-denominated CoCos, and USD 700 million in foreign currency senior debt, and USD 500 million in foreign currency-denominated CoCos, all with competitive interest rates. Most notably, we took preemptive action and expanded the issuing of mid- and long-term won-denominated senior bonds to prepare for interest rate hikes. We successfully issued won- and foreign currency-denominated CoCos, boosting the bank-wide BIS ratio by around 0.49 percent and building a stable foundation for business.

Successful Response to Tougher LCR Standards in July

The Treasury Department decided to take preemptive action to prevent the potential decrease in the LCR due to tougher standards (minimum LCR of 90%) implemented in July 2017. The Department increased retail deposits received from individuals and SMEs that tend to show low run-off rate and issued bank bonds, increasing high-quality liquid assets. As a result, we maintain the LCR at 102.07 and continued to manage liquidity in a stable fashion, at a higher ratio than the regulatory guidelines, even after the standard was strengthened.

Enhancing Stability with Diversified Financing of Foreign Currency

In December 2017, we set up a global certificate of deposit (CD) program that can issue Yankee and Euro CDs at the same time. The new program diversified our platforms for foreign currency financing and included overseas gateway offices as well as our head office as the issuer, assisting in our global business growth.

043

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion and Analysis
Independent Auditors' Report

Organizational Chart

Global Network

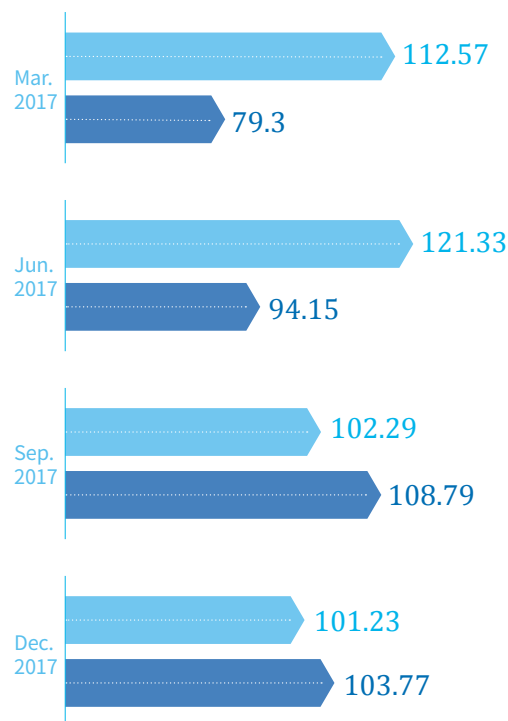
Corporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

Liquidity Coverage Ratio

[Unit : %]

- Liquidity Coverage Ratio (All currencies including KRW)
- Liquidity Coverage Ratio (Foreign Currencies)



Complying with Korean Regulatory Guidelines

As of December 2017, we have complied with Korean regulatory guidelines by maintaining 101.23% in the LCR, 103.77% in the foreign currency LCR, and 214.35% in the mid- and long-term foreign currency financing ratio.

Strengthening Competitiveness in FX and Derivatives Business

In 2017, the Financial Market Business Group strengthened its competencies to proactively respond to the volatility of the financial market and strove to build competitiveness through various measures, including creating profits from new sources.

FX Dealing

In foreign currency dealing, we bolstered our currency forecast capability for both domestic and international markets and realized outstanding trading profits by taking anticipatory and proactive action in response to the fluctuations in international financial markets. In 2017, we accounted for a higher portion of market share (8.23% in USD/KRW, 17.01% in CNY/KRW), playing the role of a leading market maker in Korea.

Derivatives

In the derivatives market, we forecast the trend of market variables such as Korean and international financial policies and changes in demand and supply, which helped us manage our positions one step ahead and establish a secure foundation for derivatives trading. We also offer FX/interest rate risk management consulting and customized 1:1 solutions for SMEs that suffer from a lack of experience and expertise in risk management.

Securities

In securities, we analyzed domestic and international monetary policies and bond markets and efficiently managed bonds and bond-type beneficiary certificates, increasing both interest and non-interest income. We also diversified our sources of non-interest income by varying and increasing bond lending transactions that receive risk-free charges.

2018 Plans

In 2018, the Financial Market Business Group plans to steadily manage bank-wide liquidity based on thorough monitoring of money markets. In trading, we will broaden both our FX and derivatives income by diversifying strategies, such as arbitrage in FX/derivatives and foreign currency/interest rate hedging in trading. The demand for risk hedging is expected to increase with growing global volatility, and we intend to broaden FX/derivatives trading further by offering the right product at the right time for all of our customers. We also have a dedicated sales team of specialists for securities firms, insurers, government agencies and other financial and public institutions. With the work of our dedicated team, we will continue to acquire exceptional customers and increase our non-interest income.

044

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business

Investment Banking

Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion and Analysis
Independent Auditors' Report

Organizational Chart

Global Network

Corporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

Investment Banking

Woori Bank's Investment Banking (IB) Business Group is in charge of diverse areas of investment, including acquisition finance (M&A), securities investments (securities, mezzanine securities, collective investment securities, foreign currency bonds), corporate finance, aircraft finance, project finance (infrastructure projects, power generation energy projects), and structured finance (asset-backed securities, real estate structured finance). The IB Business Group has the Investment Banking Department and the Project Finance Department under its umbrella to actively implement its business strategies. In M&A, we provide customized acquisition finance through a strong network we have built with sound private equities (PEs) and leading companies both in and outside Korea. In securities investment, we offer a combination of investments and loans related to various projects in real estate and infrastructure. In October

2006, we opened Woori Global Markets Asia Ltd. in Hong Kong and became Korea's first financial institution to establish a unit to specialize in overseas IB investment. Since June 2017, we have opened IB Desks in Singapore and Sydney using Woori Bank's overseas branch network. We are tapping into new opportunities overseas as well as in domestic IB markets.

2017 Performance

2017 saw us building a stepping stone to expand into quality overseas IB markets, taking advantage of Woori Bank's international network and the new IB Desks. At the same time, we steadily increased our income and realized sales-related profits of over KRW 200 billion for the third consecutive year.

We used our strong ties with high-performing PEs and companies to consistently secure rights to arrange acquisition finance deals. We also increased high-quality assets by handling large-scale structured finance deals for blue-chip businesses and expanding aircraft financing. In securities investment, we recorded impressive results as we recovered existing investments to realize large profits on dividends and sales.

2018 Plans

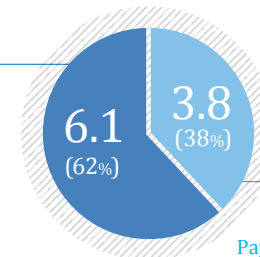
In 2018, the IB Business Group will focus on core business areas such as acquisition finance, securities investment, infrastructure finance, and structured finance to achieve growth in quality and volume. To prepare a foundation to generate future profits, we will continue to invest in growing domestic and international PEFs and participate in overseas projects through our global network, overcoming the limitations of the Korean market. Above all, we will do our best to reinforce asset soundness and effectively.

Total Assets of Investment Banking Operations in 2017

[Unit: KRW trillion]

Balance Sheet Assets

Loans **3.3** (34%)
Securities **2.8** (28%)

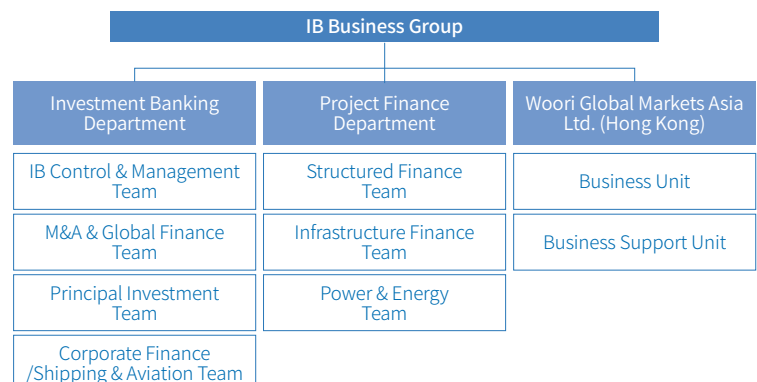


9.9 Total Assets (100%)

Off-balance Sheet Assets

Loan Agreements **0.4** (4%)
Payment Guarantees **3.4** (34%)

Investment Banking Organization



045

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion
and Analysis
Independent Auditors'
Report

Organizational Chart

Global Network

Corporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

Digital Banking

The Digital Banking Business Group is in charge of establishing Woori Bank's digital banking strategy and developing new markets. In order to respond to the exponentially growing smart banking markets ahead of time and dominate them in alliance with ICT companies, we operate a Digital Banking Strategy Department, a Digital Banking Business Department, a Platform Business Department, and an ICT Support Center. As of the end of 2017, 16.55 million Woori Bank customers are using our Internet banking and smart banking services. We provide approximately 6,000 ATMs, utilize cutting-edge technology (including smartphones and the Internet) and networks to quickly identify customer needs, provide products and services accordingly, and stand by our customers.

2017 Performance

In 2017, the Digital Banking Business Group developed financial services with new technologies and reinforced the WiBee Platform to respond to developments associated with the fourth industrial revolution, providing convenient smart banking services for our customers.

Financial Services with New Digital Technologies

Under the umbrella of the Digital Banking Business Group, we have newly established the Digital Banking Strategy Department in April 2017 in the face of the fourth industrial revolution. It is continuing to develop new business opportunities using new technologies through cross-sector technological partnerships with ICT companies.

As a result, we launched the Woori Home IoT Banking services in alliance with Samsung Electronics' Family Hub and KT's GiGAGenie. Then there came the pilot launch of Pepper, a humanoid robot with AI capabilities that was rolled out at several branches for the first time in the financial sector.

WiBee Talk now has real-time translation services for 16 languages, and we also launched voice translation services that allow both text-to-speech and speech-to-text translations. We also started an AI-based consulting system called WiBee Bot to provide real-time banking consulting services for our customers.

The Digital Banking Business Group strives to develop business models using new technologies, build a big data platform, and develop financial services based on blockchain technology.

Developing Financial Services for Customer Convenience Using Biometrics

We introduced SORI, a banking service using voice-recognition technology for the first time in the financial sector, and embedded the function into our smart banking services. We then expanded the application to WiBee Talk, WiBee Bank, and Woori-Samsung Pay Services. We also applied biometric verification services using fingerprints and offered a simple face verification login function using facial recognition technology. By using these biometric technologies, we took the initiative in providing convenient services for customers ahead of our competitors.

Offering Omni-Channel Financial Services

We expanded omni-channel financial services, including a non-face-to-face smart loan roll-over process, pre-registration of passcodes, a smart business card, and other services to allow the continuation of financial services in both online and offline environments. We also broadened the scope of services available via the online channel including our non-face-to-face identification verification service, non-face-to-face reservation service, and the issuing of important financial documents via Internet banking.

2018 Plans

In 2018, the Digital Banking Business Group will present innovative financial services based on new technologies and be ready for the fourth industrial revolution as we implement Open Innovation through partnerships with ICT and platform companies. We will strengthen our life-sharing platform through the real estate platform WiBee Homes and the WiBee Talk Ver. 3.0. We plan to offer convenient financial services by expanding the scope of our online banking services. These customer-centric banking services and the expansion of platform networks will establish Woori Bank as a leader in smart banking and a leader of the digital banking market in the future.

046

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion
and Analysis
Independent Auditors'
Report

Organizational Chart

Global Network

Corporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

Risk Management

Risk management is now essential for any financial institution to survive and increase its competitiveness. Woori Bank has gained a great deal of know-how by overcoming a range of crises in the past, based on which it introduced the Risk Adjusted Performance Measurement (RAPM) system in 2002, a first among Korean banks. The bank also successfully implemented the Basel II and the Basel III protocols to establish an advanced risk management system. Keenly recognizing that "risk management is the source of profits," Woori Bank will continue to reinforce its position as a leading bank through effective risk management in the future.

2017 Performance

Summary

Woori Bank intends to prepare a foundation and become a stronger bank by improving risk management. Aiming to achieve advanced risk management and make Woori Bank more robust, we have succeeded in taking risk management to the next level by improving the relevant systems with cutting-edge technology. We have rebuilt the asset liability management (ALM) system and completed the development of a system for investment bank (IB) asset monitoring. Currently, some of the work in progress includes developing a corporate diagnosis system, improving the loss given default (LGD) estimation system, and improving the credit scoring system for retail loans. In addition, we have continually enhanced the quality of the bank's assets through optimal portfolio management as well as reinforced global risk management and prevention of potential insolvency.

Advanced Risk Management System Using State-of-the-Art Technology

In 2017, we focused on developing and improving the bank's risk management system with cutting-edge technology to promote advanced risk management practices.

First, we have rebuilt our ALM system in response to reforms related to interest rates and liquidity-related regulations. In system development, we have made sure to integrate the ability to react immediately to potential changes in risk factors by establishing a daily calculation system of major indicators and adding a range of simulation functions. The newly built IB asset monitoring system has linked the front, middle and back offices, enabling highly detailed monitoring of IB assets.

We are currently building a corporate diagnosis system (Big-Eye), integrating the latest digital techniques of big data analysis into the bank's risk management system. This application of such advanced technology is unprecedented in the Korean banking sector. The corporate diagnosis system will provide comprehensive information on corporate and default pattern analysis, which will, in turn, make it easier to evaluate corporate credit risk and respond to solvency issues at an earlier stage. This corporate diagnosis system is expected to be completed within the first half of 2018 after a pilot test run and the addition of any necessary improvements.

In our credit scoring system, we have improved the credit scoring system for retail loans. In the initial phase for this improvement, we reviewed existing categories, checked whether new categories reflect new trends, and analyzed non-face-to-face customer characteristics. This year, we will use the analysis results of this initial preparatory stage and develop an additional credit scoring system for loans with mid-range interest rates and pursue overall improvements to the credit scoring system for retail loans.

Lastly, we have improved the LGD estimation system as a stepping stone for improving risk management.

Improvement to the Asset Management Process in 2017

In 2017, gradual economic growth continued domestically. However, since there were expectations about interest rate increases in Korea following the interest rate hike in the United States, managing "marginal" firms and household debts became even more important. Accordingly, Woori Bank concentrated on risk management through portfolio rebalancing and prevention of potential loan insolvency. We applied the return on risk weighted assets (RORWA) theory in examining loans and allowed preferential treatment for businesses with

047

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion and Analysis
Independent Auditors' Report

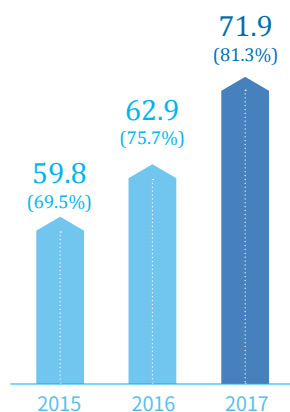
Organizational Chart

Global Network

Corporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

Prime assets of BBB0*
and above
[Unit : KRW trillion] **+5.9%p**



* Standard targets for calculation of BRR

a good outlook to ensure the bank's quality growth in consideration of capital adequacy. We also have done our best in terms of prevention by implementing themed reviews for businesses sensitive to economic conditions and exports, corporate groups that share credit risks, companies with large loans, and other debtors that require intensive risk management. As a result, our loan grade structure improved each year, and high-quality assets accounted for over 80 percent of total loans by the end of 2017.

Simultaneously, in global risk management, the bank has actively offered support to strengthen internal risk management competence in overseas branches so that they can back up the bank's overall strategy to proactively expand its global sales platform. For this purpose, the bank has conducted on-site reviews of the local operations in Vietnam, China and Russia. We have also invited risk management officers from the bank's Indonesia operation to learn about the bank's advanced risk management techniques. We have produced and distributed training material for risk management officers in international branches as part of continued efforts to boost understanding of risk management.

2018 Plans

This year's goal for the Risk Management Group is to establish a stepping stone for a new leap forward in risk management, and gradually build an efficient risk management system to achieve this goal.

First, we will pursue balanced growth through portfolio improvement. We will maintain capital adequacy and continue focusing on quality asset growth by providing support for decision-making on loans and risk management strategies that integrate RORWA. Despite the economic recovery in Korea, we expect different levels of performance in each business area. Hence, we will strive to achieve balanced growth: we will differentiate risk management by using a differential asset growth strategy in each business area and reinforce the management of large loans with concentration risks.

As the bank's global business grows in volume, we will also seek quality growth by re-establishing the global risk management system and strengthening risk management capabilities according to the type of local operation. To cope with the expansion of non-banking corporations, especially in Southeast Asia, we will set up a customized risk management system for non-banking operations. As diversification of our overseas operations continues, we plan to enhance our risk management expertise accordingly: we will expand the risk management system for derivative businesses at international branches and reinforce follow-up management of assets traded by international branches in liaison with the IB group.

To ensure the soundness of assets is improved, we will prevent loans from becoming insolvent to the maximum degree possible: we will conduct a pre-inspection of marginal companies and those showing symptoms of insolvency, diversify the targets subject to review, and intensively manage businesses sensitive to economic conditions and exports.

Lastly, we plan to improve the bank's risk management system in a range of ways. We will upgrade our corporate diagnosis (Big-Eye) system and other management systems based on big-data, develop a credit scoring system for small-loan financing to offer more financial support, proactively respond to regulations by improving the LGD estimation system and using the new ALM system, reinforce our expertise in stress testing, draw up a pilot recovery plan to institute a crisis response system, and further strengthen the bank's crisis response capabilities.

02 CORPORATE SOCIAL RESPONSIBILITY

Woori Bank strives to fulfill its responsibility as a corporate citizen to create a world in which everyone is happy and a tomorrow in which everyone's hopes and dreams come true. We will manage our business based on sharing, service, and sangsaeng (thriving together) and become a bank that achieves sustainable growth together with our society.

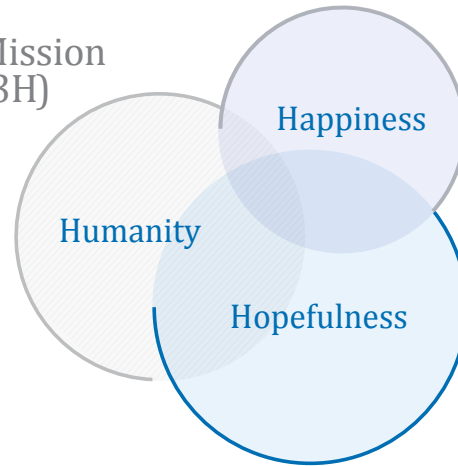


Social Contribution in Action

Vision

Sharing Love and Building Hopes and Dreams through Finance

Mission (3H)

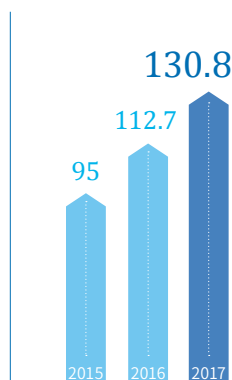


Implementation Strategy

1	2	3	4
Fulfilling our corporate social responsibility by supporting SMEs and microfinance	Implementing marketing activities for the public interest by reinforcing cooperation with non-profit organizations	Strengthening local social contributions through volunteer work with our employees	Expanding the Woori Care Fund and further supporting social welfare facilities

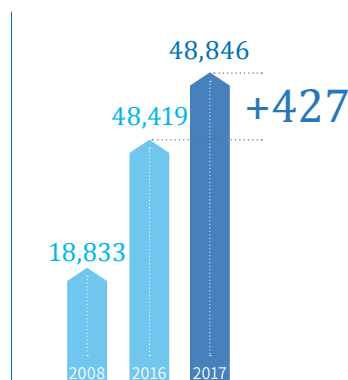
Woori Smile Microcredit's Cumulative Performance

[Unit:KRW billion]



Woori Volunteers

[Unit: No. of volunteers]



+30,013
people

An increase
over the last
10 years

+159%

*annual cumulative basis

Woori Bank will achieve sustainable growth
as a global company through fair and clean management.

Woori Bank Code of Ethics



- 1 We will provide our customers with joy and happiness.
- 2 We will offer the best value for our shareholders.
- 3 We will protect the dreams and the future of our employees.
- 4 We will fulfill our social responsibility and role as a corporate citizen.
- 5 We will act based on honesty, integrity, and fairness, and build a sound corporate culture.

 Business Principles and Philosophy

Woori Bank 2017 CSR Awards



2017 Presidential
Commendation for
Services in Social
Enterprise Incubation

[Ministry of Employment and Labor]



Best Bank in Preventing
Voice Phishing Damages,
2017 First Half

[Financial Supervisory Service]



11th National
Sustainable Management
Award

[Ministry of Strategy and Finance]



2017 Business
Supporting the Employ-
ment of Multicultural
Families

[Seoul Metropolitan Government]



2017 Customer
Satisfaction +Awards
(Hall of Fame in
Banking)

[The Korean Economic Daily]



Chief Information
Security Officer

[Korea Forum of Chief Information
Officers, the Federation of Korean
Information Industries]



050	Ethical Management
052	Consumer Protection
054	Employee Satisfaction
056	Social Contribution Activities
058	Woori Smile Microcredit

050

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

[Ethical Management](#)
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion
and Analysis
Independent Auditors'
Report

Organizational Chart

Global Network

Corporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

Ethical Management

To survive in an era of global competition and achieve sustainable development, Woori Bank has the Woori Code of Ethics and the Woori Code of Conduct in place so that employees can refer to these standards and understand the importance of corporate social responsibility and ethical management as they perform their day-to-day responsibilities.

We continuously operate various 'action programs' to help our officers and employees recognize the importance of ethical management. For Woori Bank, our employees and society as a whole, as well as our customers and shareholders, are important stakeholders. Based on the high level of ethical finance implemented through the Woori Code of Ethics, we will fulfill our social responsibilities for all stakeholders and contribute to the advancement of society.



[2017 Performance](#)

Reinforcing Ethics and Compliance Training

In 2017, Woori Bank launched various ethics and compliance training programs so that all our employees are able to understand and put the ideals of ethical management into practice.

First, we implement a bimonthly Ethics/Compliance Self-Check Test so that the employees can develop a detailed understanding of the Code of Ethics. Second, on We-Check Day, all officers and employees must participate and participate in a voluntary 'cyber pledge' to examine the behavioral standards applicable to each job rank. Third, we utilize the 'Ethics and Compliance at Work' section on the bank intranet to publish training materials on ethics and internal control online, which our employees can use for their monthly compliance training and in the field. Finally, we post a quarterly Ethics and Compliance Case Study on the intranet as a commentary on the Code of Ethics and other regulations related to internal control.

051

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion
and Analysis
Independent Auditors'
Report

Organizational Chart

Global Network

Corporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

2018 Plans

Action Programs for Ethical Management

Woori Bank offers many programs to promote ethical management. The first is the Woori Hotline, a channel through excellent practices can be commended and violations of the Code of Ethics by employees can be reported. The Woori Hotline is a channel for receiving complaints from employees, partners, and other stakeholders. This is a program that encourages employees to comply with laws, regulations, and the Code of Ethics.

Second, the Ethical Management Support Council serves as a meeting group to spread the idea of ethical management and the practice of compliance. The Council holds meetings twice a year chaired by the Compliance Officer. It discusses various agenda items, including how to uphold the Code of Ethics and how to improve ethical management, and makes necessary decisions in this regard. The Council coordinates the implementation of specific policies related to ethical management such as 'action programs' and training.

Third, Woori Bank has a Whistleblowing Program in place to report foul play by any of our employees as well as the Clean Contract System to encourage transparent and honorable agreements for all providers and businesses participating in contracts and purchases. The Bank has various measures in place to make our goal of Clean Woori Bank a reality.

In 2018, Woori Bank aims to implement preemptive internal control measures and improve our compliance monitoring system in order to eliminate fraud and other incidents. For a culture built on transparent and ethical management, we will prepare a wide variety of training and programs.

First, we will make it mandatory for all employees to take an action pledge regarding the Code of Ethics twice a year. This pledge will cover the crucial parts of our Code of Ethics including the prohibition on improper solicitation and influence peddling, and it will serve to encourage the spirit of integrity and fairness as part of ethical management.

Second, we will offer diverse ethics training for all executives and employees. While continuing existing ethics and compliance training programs, we will also produce online educational programs on ethics and have our employees complete easy-to-understand programs based on different case studies.

Woori Bank is committed to pursuing sustainable development based on trusted and ethical management in 2018, based on which we will further enhance our position as the leading bank in Korea.

Woori Bank Code of Ethics

- 1 We will provide our customers with joy and happiness.
- 2 We will offer the best value for our shareholders.
- 3 We will protect the dreams and the future of our employees.
- 4 We will fulfill our social responsibility and role as a corporate citizen.
- 5 We will act based on honesty, integrity, and fairness, and build a sound corporate culture.

052

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion
and Analysis
Independent Auditors'
Report

Organizational Chart

Global Network

Corporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

Consumer Protection

Woori Bank has made Put Customers First in On-Site Management its bank-wide management principle.

Our core values are: customer happiness; future innovation; honesty and trust; and people first.

The most important of these is customer happiness. Based on this management philosophy, Woori Bank became the first Korean bank to establish a consumer protection division. We take consumer protection seriously and always put our customers first, thereby strengthening our position as a leader in this field.



2017 Performance

The Consumer Protection Center incorporated relevant policy trends and customer voices to enhance complaint prevention and implement related action plans. We do our best to resolve any problems and promote the rights and interests of consumers by identifying unsound practices and constantly improving bank-wide systems. We process any cases of inconvenience or damage suffered by our customers in a speedy and fair manner. We conduct independent research about our complaint handling process in order to make necessary changes. We also implement proactive anti-fraud measures to protect the valuable assets of customers.

Continued Decrease in Complaints

The Consumer Protection Center implemented various projects to prevent and reduce complaints. To come up with customized complaint reduction plans, we organized a team with staff in charge of consumer protection from each regional headquarters and provided them with support to implement autonomous complaint prevention plans.

Before the development and launch of a product, we have a proactive verification process in place in all relevant departments. As the process allows us to conduct a thorough inspection in advance, we can remove any elements that may result in complaints and ensure that the interests of our customers are not compromised. As a result, we saw a decrease in customer complaints for the fifth consecutive year, and were rated 'good' in eight criteria in the Evaluation of Financial Consumer Protection Practices conducted by the Financial Supervisory Service (FSS) of Korea.



053

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion and Analysis
Independent Auditors' Report

Organizational Chart

Global Network

Corporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

Implementing Customer-Oriented Consumer Protection Projects

To reinforce consumer protection, we continually listen to the opinions of our customers on-site and organize contests to gather new ideas related to consumer protection ideas from our branch employees. We use various channels to listen to the voices of customers and use the results to improve or add to our business processes so that complaints of the same kind will not recur in the future.

The No. 1 Bank in Preventing Financial Crimes

We used our various publicity channels to educate customers on the prevention of voice phishing that involves the impersonation of public officials or loan scams. We also offered continuous training and education programs for employees to strengthen bank-wide competencies in responding to fraud. We then launched a new Voice Phishing Direct Report Channel to provide immediate support from the head office to networks. Thanks to these efforts, we were selected by the FSS as the Best Bank in Preventing Voice Phishing Damages in the first half of 2017. The award significantly enhanced Woori Bank's image as a financial company that is serious about protecting its customers' assets.

Information Security at Woori Bank

Woori Bank continually strengthens its information security organization and enhances administrative and technical security measures to prevent any leakage of customer information.

Reinforcing the Information Security Organization

The Head of the Information Security Division bears the responsibilities of the Chief Information Security Officer (CISO) and Chief Privacy Officer (CPO), managing all the teams in charge of privacy (credit information) protection. We regularly hold Information Security Committee meetings, which are chaired by our CISO and attended by 15 department heads of Woori Bank who are in charge of information security, IT operation and development, customer information handling and other relevant responsibilities. The Committee discusses agenda items that cover IT security issues, internal control and process improvement for privacy protection, and other matters. We also have an ICT security diagnosis team with information security experts who serve as white hat hackers. This team analyzes and evaluates vulnerabilities, conducts mock hacking, and conducts an internal security review for newly launched services to ensure their safety and security.

Taking Administrative Protection Measures

To prevent the potential abuse and misuse of private information, we allow only minimal access for employees so that they can only retrieve information required to perform their jobs. We also reinforced internal control for both the head office and branches through regular monitoring. In addition, all our employees must attend bank-wide information security training at least twice a year. We also make on-site visits to promote privacy information awareness and prevent security breaches.

2018 Plans

The Consumer Protection Center has two goals for 2018: to concentrate on our bank-wide competencies and establish a clean consumer protection system, and to build a stepping stone towards Woori Bank becoming a new comprehensive financial group.

To achieve these goals, we will take preemptive action to reduce complaints, based on policies established by the financial authorities and enhance employee training to further promote the rights and interests of our consumers.

As branch offices serve as contact points for our customers, we will reinforce support for complaint prevention on-site. In the event of a product launch, we will thoroughly verify whether there are any product elements that may be disadvantageous to our customers. Finally, we will take the initiative in protecting the valuable assets of customers by upgrading our anti-fraud system in a sophisticated and powerful manner.

When we are required to consign customer information for business purposes, we disclose the scope of responsibilities and the consignee information on our website. We conduct a regular inspection of the handling of information and information protection training. Our management and supervision of consignees are always thorough to ensure that customer information is not lost, stolen, leaked, forged, falsified or damaged.

Technical Security Measures

In July 2017, Woori Bank obtained ISMS (Information Security Management System) designation from the Financial Security Institute under the Ministry of Science, ICT and Future Planning, and we renew our certification every year by passing strict standards. In 2017, Woori Bank applied cutting-edge security technology using a dynamic app tampering prevention and obfuscation system, which was a first among Korean banks. The new technological innovation bolstered the security of our mobile app services against increasingly intelligent and sophisticated external cyber violations.

2018 Plans

The Information Security Division plans to build an integrated information security management system that can ensure real-time integration, analysis, and action against both internal and external cyber violation threats. The Division will also introduce AI-based detection functionality to strengthen and enhance the Fraud Detection System (FDS). We will also conduct mock hacking drills to enable Woori Bank to be thoroughly ready for any potential cyber-attacks and protect customer information. We will always do our best in managing our systems and reinforcing security so that our customers will find a trustworthy partner in Woori Bank.

054

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion
and Analysis
Independent Auditors'
Report

Organizational Chart

Global Network

Corporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

Employee Satisfaction

Woori Bank believes that a workplace where employees are happy is a necessary foundation to be able to provide the best services to our customers. This led to the setup of the Employee Satisfaction Center in 2007, and since then, the Center has been developing and implementing diverse programs to improve employee satisfaction. We are expanding our programs to improve employee satisfaction because we believe that satisfied employees feel a strong sense of ownership and voluntarily strive to make customers happy.



2017 Performance

Implementing Programs for Greater Employee Satisfaction

Woori Bank offers original and interesting programs to boost employee satisfaction. In 2017, we offered various programs to help employees meet their cultural needs and build networks. Health for Mind & Body 365 is a program to help our employees take care of their physical and mental health, and another offered program is the Special Lectures on Culture, which encourages them to discover and enjoy new hobbies. Among our existing programs, we continue to offer those that have been the most popular among our employees, including the family get-away initiative Oh! Happy Woori and the psychological counseling program to help employees deal with feelings of insecurity or with family issues. Through these efforts, we strive to not only encourage communication and fun but also support our employees in resolving any personal problems. We are doing our best to implement Woori Bank's core belief, that the happiness of our employees and their families is the core foundation of the bank's competitiveness.

Oh! Happy Woori

Oh! Happy Woori is a family getaway program that began in July 2011 based on the idea that happy families are the very source of employee satisfaction. Employees and their families can participate in our seasonal experience programs to spend time with their families and refresh themselves physically and mentally. Last year, the program offered such experiences as Understanding Constellations, visiting Pocheon Herb Island, Korea Job World, My Mother's Family, and Korea Job World & a Taekwondo Program at the Kukkiwon. For seasonal trips, we offered the programs Together for Spring Flowers and Together in Autumn, designed to offer happy expe-



055

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion
and Analysis
Independent Auditors'
Report

Organizational Chart

Global Network

Coporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

riences for our employees and their spouses, reinforcing employee loyalty. Oh! Happy Woori events are held every month with a high participation rate from our employees, and this has become the most preferred and sought after program among all our offers. The program allows our employees an opportunity to have a great time with family and be reminded of how important family is—something that can be easily neglected when people are too focused on work.

Using the Head Office Auditorium as a Free Wedding Venue

Woori Bank rents out the auditorium at its head office building as a wedding venue for employees, free of charge. The location has been praised by our employees for its spaciousness, the ample amount of time allowed for the ceremony, and its refined decorations. The venue features a gorgeous bridal room, a separate room to perform the traditional Korean wedding ceremony known as pyebaek, and a newly renovated cafeteria for the wedding banquet. The CEO's official vehicle is also made available as the wedding getaway car. A total of 533 newlywed couples walked down the aisle in this auditorium between 2012 and 2015. Its popularity continued in 2016 and 2017, with an additional 160 pairs and 180 couples getting married there in each year respectively. The benefit of this free wedding venue offer is twofold: it not only helps our employees save on wedding costs but also boosts the sense of pride our employees feel in Woori Bank.

Benefits Offered in 2017

There are cases of employees who struggle psychologically due to family issues. Woori Bank supports struggling employees and their families by making reservations and paying for psychological and legal counseling services so that our staff are able to focus on their work with renewed energy. In addition to external counseling services, we have an in-house counselor who offers, upon request, psychological tests, counseling visits, and lectures at branches. We also have experience programs to help employees manage stress and recover mentally, such as one-day meditation courses, temple stays, and healing herbal programs.

Branch Workshop Support

We offer team-building workshops for employees outside the head office through outdoor activities, including zip-line rides, glamping, yacht rides, all-terrain vehicle (ATV) racing, and outdoor survival games. The high employee participation rate proves the popularity of these programs. By taking part in the workshops together, employees create synergy as they get the opportunity to communicate with each other freely and hence cooperate better at work after the experience.

In 2016, we hosted the Woori Pop Star event, a talent show in which employees could show off their talents and passion. In 2017, we organized the Woori Family Talk! Healing Concert in five cities (Daejeon, Changwon, Daegu, Gwangju, Busan) and created an atmosphere of harmony for our employees. The Employee Satisfaction Center thus launched various programs to make our employees happy and boost sales competencies through communication.

A Day When Woori Meets Culture

This is a support program to encourage participation of cultural activities by our employees and their families. Be it musicals, opera, or classical music, the program responds to the cultural interests of our staff and enriches their leisure time. First launched in 2012, the program made a group purchase for performances like the Little Prince (an opera), Wicked, Dream Girls, and 42nd Street (musicals). In 2017, in order to further boost employee satisfaction, we continued to group ticket purchases for musical performances such as The Bodyguard and Rebecca. We thus provided efficient and satisfying forms of support to allow our employees to return to work with greater energy and in better spirits.

Improving 'PC-Off' Policies for Work-Life Balance

The Banking industry has characteristically imposed a work environment that entailed overtime work at night. To improve such conditions, we introduced a work-life balance policy in 2013, which then became established as a part of corporate culture at Woori Bank as most offices and branches came to comply with the policy. The so-called 'PC-Off' deadline is at 19:00 to ensure employees have time for leisure activities and family life. It also increased efficiency and focus at work, reducing unnecessary overtime where possible. In the first half of 2017, we introduced flexible work hours, and in the second half, we improved the existing PC-Off policy for work-life balance by introducing a PC-Shut-Down function. We will take the initiative in realizing work and life balance for all our employees. We will continue our efforts to increase employee satisfaction with constant on-site monitoring, feedback, and consequent improvement.

Building a Healthy and Vibrant Work Culture

Woori Bank offers annual medical check-ups and blood tests in order to continually and systematically manage the health of our employees. If any symptoms should be identified after a check-up, we support affected employees with our group accident insurance and the bank's medical fee subsidy scheme to create a healthy and active work culture. Meanwhile, our employees and their families are entitled to book and use the shared condominiums Woori Bank owns all over the country. We also improved our rest and recreation center operations, extending the business hours and opening on weekends so that employees can use the center anytime. These benefits help our employees build a vibrant work culture.

Woori Daycare Center

As part of the government's policy to address the country's low birth rate and actively support working parents, Woori Bank runs a corporate daycare centers in Seoul at Mapo-gu (Happiness Center), Seongdong-gu (Love Center), and Jung-gu (Dodam Center, opened at the Woori Bank head office building in August 2016). In addition to the three existing centers, we opened the fourth center at Bundang, Gyeonggi Province (Saesol Center) in March 2018. We will continue to open new daycare centers to promote a corporate culture that encourages raising families and do our best to help working parents cope with childcare challenges. Woori Bank would like to ensure that all of our employees are happy and that our happy employees, in turn, will make our customers happy.

056

Woori Overview

- Message from the CEO
- Board of Directors
- Corporate Governance
- Company Structure
- Woori Bank Awards 2017
- News Highlights
- Financial Highlights

Business Operations

- Retail Banking
- Wealth Management
- Trust & Pension Business
- Corporate Banking
- SME Banking
- Institutional Banking
- Real Estate Finance
- Global Business
- International Trade Business
- Financial Market Business
- Investment Banking
- Digital Banking
- Risk Management

Corporate Social Responsibility

- Ethical Management
- Consumer Protection
- Employee Satisfaction
- Social Contribution Activities**
- Woori Smile Microcredit

Financial Review

- Management's Discussion and Analysis
- Independent Auditors' Report

Organizational Chart

Global Network

Coporate Fact Book

- Woori Bank overview
- Vision & Core Values
- 119 Years of History
- Corporate Governance
- Financial Highlights
- Global Networks
- Global Networks Strategy
- Digital Strategy
- A Trust-worthy Partner

Social Contribution Activities

Woori Bank has its root in the Daehan Cheonil Bank, a bank founded in 1899 by Emperor Kojong who used the imperial family's funds to protect the Korean economy. Proud of its roots as a bank built on national capital, Woori Bank has fulfilled its responsibilities to contribute to national development for the past 119 years. Today, as great emphasis is placed on the social roles and responsibilities of finance, we strive to realize our three core values of Humanity, Happiness, and Hopefulness by serving and sharing with local communities. We also implement various corporate social responsibility (CSR) programs including support for small business owners and financing for low-income individuals and families.



2017 Performance



Humanity: Humanity in Action with Local Communities

Woori[we] Love Sharing Program: Woori Bank's Signature CSR Program

Since launching the Woori Bank Volunteer Corps in July 2007, we have been engaged in a number of social contribution activities through our nationwide branch network. The Woori [We] Love Sharing Program is our signature CSR program involving welfare facilities that have sisterhood ties with 33 regional business headquarters. Our partners are mainly welfare institutions supporting elderly citizens, infants, and the disabled, as well as local children's centers. Woori Bank employees regularly visit these facilities and do volunteer work.

At the end of each year, our support extends not only to the institutions under the Woori Love Sharing program but also to other welfare facilities, supporting people who need help through our year-end CSR Campaign. We share the best CSR practices put in place by offices and branches to make our CSR activities dynamic and spread a heart-warming corporate culture.

Do-Touch: A CSR Program Using a Non-Face-to-Face Channel

Woori Bank is the first Korean bank to perform CSR activities using a non-face-to-face channel. In this new project that was held between May and August 2017, our customers had the chance to

057

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion
and Analysis
Independent Auditors'
Report

Organizational Chart

Global Network

Coporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

visit the Sweet Donations section on the WiBee Talk messenger app, read the descriptions of our partner NGOs, and choose to donate KRW 1,000. Any customer using WiBee Talk could take part in this, and if our customers added their own Honey-Money to the donation, Woori Bank offered a matching grant. The donations were used to support families going through financial crises and the children of low-income families. Woori Bank is dedicated to launching various CSR programs to enable hassle-free donations for all participants.

Sharing Daily Necessities for the Underprivileged

Woori Bank sends practical warm-hearted wishes to marginalized neighborhoods so that they can enjoy holidays and the winter season comfortably. For the Chuseok (Korean Thanksgiving) holidays, we provided daily necessities for 3,730 elderly citizens in Seoul through the Seoul Association of Senior Welfare Centers in Mapo-gu. In November 2017, we worked with the Korean Association of Social Welfare Centers to make kimchi for the winter and distribute it to about 2,300 low-income households. Woori Bank will keep working to build a society where we live together with our neighbors on the periphery.

Happiness: Pursuing Happiness Through Sharing

Woori Care Fund and Woori Children's Care Fund

Woori Bank strives to create a culture that encourages employees to donate voluntarily to good causes. The Woori Care Fund and the Woori Children's Care Fund are the result of these efforts, and they allow employees to directly donate a regular amount from their monthly payroll.

The Woori Care Fund is used for our Woori Together in Love and Support scheme, which develops and funds 120 worthy CSR programs every year. The Woori Children's Care Fund is spent to help CSR activities for children suffering from hunger and other hardships. Woori Bank thus actively builds a culture of sharing among our employees.

We are committed to implementing sharing programs not as a one-off promotion but as a contribution that has continual as well as immediate effects. We intend to firmly establish a corporate culture based on sharing and service, thus fulfilling our responsibilities as a good corporate citizen.

Sponsoring Children

The Woori Bank Woori Arts Contest boasts a long history and tradition, having been hosted 22 times so far. Preschool to high school students can participate in this contest while their families can take part in various other programs prepared for the day. The whole event is designed to allow participants to have fun and make great memories together.

In addition, the Woori Together Scholarships for Youth are given to local children's centers twice a year. 164 children received scholarships in 2017 through this program. The Special Event for Children from Islands and Remote Areas is a program that invites children to Seoul from rural or fishing villages where social and cultural resources may be relatively scarce. The event offers diverse experience programs including visits to the Gyeongbok Palace and museums.

Hopefulness: Inspiring Hope Through Communication and Mutual Prosperity

Global CSR Activities

Using more than 300 contact points around the globe, Woori Bank conducts a variety of CSR activities and fulfills its social responsibilities as a global financial company. In December 2017, our newest recruits participated in the Campaign to Share Hope with help children who became climate refugees. There are children from underdeveloped countries who have lost their homes due to climate change and natural disasters. We sent these children t-shirts with hand-drawn messages of hope as well as fortified food designed to prevent malnutrition. We also funded mangrove planting in Bangladesh, where forests are rapidly being destroyed due to climate change. Local students and residents worked with us to plant trees, and it was an opportunity to once again understand the importance of forests as a crucial source of oxygen.

Woori Multicultural Scholarship Foundation: A Reliable Partner for Multicultural Families

The Woori Multicultural Scholarship Foundation is a non-profit corporation funded by Woori Bank and other affiliates of the Woori Financial Group that was established in 2012. Its diverse projects help multicultural families in Korea to overcome cultural and linguistic differences and comfortably integrate themselves into society.

Since its foundation, a total of 2,910 children from multicultural families and immigrant spouses received around KRW 1.97 billion in scholarships. In 2017, the Foundation aimed to expand Woori's responsibilities and contribution as a corporate citizen and radically increased the number of beneficiaries and the amount of scholarship money compared to the previous year by 36 percent and 250 percent respectively. In addition to tuition support, the Foundation offered educational programs on various subjects including financial information, culture, and taekwondo. These programs are designed to aid in the healthy upbringing of multicultural children and comfortable settlement of their families in Korean society.

The Foundation also hosted Woori Wedding Day, a joint ceremony for ten multicultural couples who could not afford a wedding ceremony. It also provided subsidies related to furniture purchases for multicultural children so that they can study more efficiently, and subsidized medical costs and cultural activities. The Foundation intends to remain active in enhancing the quality of life and sense of happiness enjoyed by multicultural families.



058

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
[Woori Smile Microcredit](#)

Financial Review

Management's Discussion
and Analysis
Independent Auditors'
Report

Organizational Chart

Global Network

Corporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

Woori Smile Microcredit

Woori Bank is engaged in microcredit to spearhead efforts in practicing socially responsible banking by supporting financially struggling, socially vulnerable, and underbanked customers. In 2009, Woori Bank led the launch of the Woori Smile Microcredit Bank as a foundation, agreeing with the Woori Financial Group and its affiliates to raise a total of KRW 50 billion in funds over a five-year period, contributing KRW 10 billion a year. The Smile Microcredit Bank appointed well-known people from religious, academic, and social welfare circles as outside directors, ensuring fairness in all processes. Ten branches are working with 22 employees across the nation to support low-income families and individuals.



[Active Implementation of Social Responsibility Finance](#)

Major Performance Milestones by Smile Microcredit Bank

Woori Bank has been leading socially responsible banking by offering microcredit loans worth KRW 483.5 billion in 2017 for the financially struggling, socially vulnerable, and underbanked people of our society. We support low-to-middle class people with our products. Woori Seed of New Hope 2 is a product designed for low-income individuals with low credit rating scores. Switch Loan is a product that allows low-income individuals struggling with debt on high interest rates to switch to bank loans on lower interest rates.

Through the Smile Microcredit Bank business, Woori Bank made a total of 11,151 microcredit loans worth KRW 130.8 billion by the end of 2017. The 2017 business objective was to have “Woori Smile Microcredit Foundation support the financial independence of the people.” We strove to radically increase microcredit performance by actively visiting the field and identifying potential beneficiaries of our projects.

As a result, in 2017 we provided a total of 1,813 microcredit loans worth KRW 18.2 billion (cumulatively 11,151 loans or KRW 130.8 billion since its launch). Our projects are not just about giving out money—they are about helping our beneficiaries realize the dream of financial independence. That is why we offer on-site consulting and microcredit services, microcredit events at traditional markets, and volunteer work by Smile Volunteer Corps.

059

Woori Overview

- Message from the CEO
- Board of Directors
- Corporate Governance
- Company Structure
- Woori Bank Awards 2017
- News Highlights
- Financial Highlights

Business Operations

- Retail Banking
- Wealth Management
- Trust & Pension Business
- Corporate Banking
- SME Banking
- Institutional Banking
- Real Estate Finance
- Global Business
- International Trade Business
- Financial Market Business
- Investment Banking
- Digital Banking
- Risk Management

Corporate Social Responsibility

- Ethical Management
- Consumer Protection
- Employee Satisfaction
- Social Contribution Activities

Woori Smile Microcredit

Financial Review

- Management's Discussion and Analysis
- Independent Auditors' Report

Organizational Chart

Global Network

Corporate Fact Book

- Woori Bank overview
- Vision & Core Values
- 119 Years of History
- Corporate Governance
- Financial Highlights
- Global Networks
- Global Networks Strategy
- Digital Strategy
- A Trust-worthy Partner

Key Products of Smile Microcredit Bank

Loans for Startup Leasing: A small- or micro-business owner who has a business registration can get a loan when renting a premise to start up their business.

Loans for Operating Capital: A sole proprietor who has been running a place of business for more than six months is eligible to get this loan to purchase products, raw materials and other items.

Loans for Facility Improvement: A sole proprietor who has been running a place of business for more than six months is eligible to get this loan to improve business facilities.

Emergency Loan for Youth and College Students: Youth and college students aged 29 or under (31 in case of men who have completed their mandatory military service) can apply for this emergency loan.

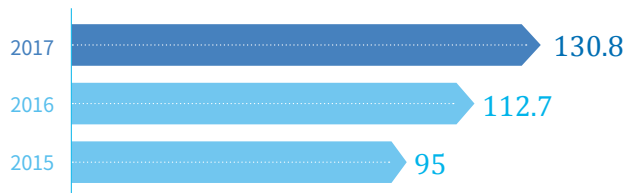
Smile Microcredit Making Your Dream of Financial Independence Come True

We plan to conclude agreements with merchant societies at traditional markets, various associations, and other business-owner related organizations to identify vulnerable small businesses and expand the scope of our support. To broaden the scope of financing for low-income individuals and families, we will further help local governments through their centers for comprehensive financial support and the centers for employment and welfare. We will also identify and spread good microcredit practices so that beneficiaries can feel confident and realize their dream of independence. By doing so, we will take the initiative in sharing and promoting the true role of microcredit and how it can help people.

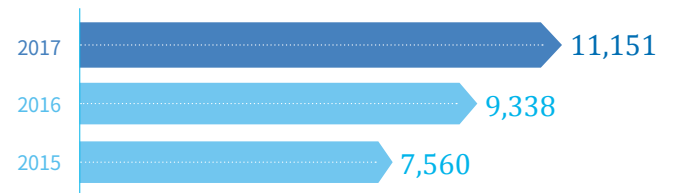
Woori Bank will enthusiastically continue these microcredit projects to help individuals and families suffering from low credit ratings and low incomes. The ultimate goal is to help them become financially independent and contribute to improving their security and welfare.

Woori Smile Microcredit's Cumulative Performance

[Unit:KRW billion]



[Unit:cases]



060

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion
and Analysis
Independent Auditors'
Report

Organizational Chart

Global Network

Corporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

03 FINANCIAL REVIEW

061 Management's Discussion and Analysis

072 Independent Auditors' Report



Financial Statements



Audit Report



U.S Securities and Exchange Commission



Business Results

061

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion and Analysis

Independent Auditors' Report

Organizational Chart

Global Network

Corporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

MANAGEMENT'S DISCUSSION AND ANALYSIS

1. Overview

In 2017, uncertainty around the world increased. The United States hiked interest rates and took up a hardened protectionist stance in trade, while political controversies over the issue of the Terminal High Altitude Area Defense (THAAD) affected us in multiple ways. Then there was the emergence of the fourth industrial revolution leading to the launch of Internet-only banks as well as the more immediate possibility of the technology sector offering financial services. In other words, the market conditions have been extremely challenging this year. Amid such conditions, Woori Bank has enhanced its financial performance over the past three years. As financial soundness indicators including our non-performing loans (NPL) ratio and delinquency ratio radically improved each year, asset quality and capital adequacy indicators also demonstrated a strong trend for the better, with the Common Equity Tier 1 ratio reaching 10.95%. This overall improvement enhanced our risk management ability, which allowed us to exhibit outstanding business performance under the low-growth and low-interest-rate environment of the past few years. Continuing our streak of great results from 2016, Woori Bank managed to surpass the previous year's net income figures in 2017 after only nine months.

Key Management Indicators

Category		(Unit: %)		
		2017 (184 th term)	2016 (183 rd term)	2015 (182 nd term)
Profitability	Return on Assets (ROA) ¹⁾	0.48	0.41	0.37
	Return on Equity (ROE) ¹⁾	7.42	6.36	5.69
	Net Interest Margin (NIM) ²⁾	1.47	1.41	1.41
Capital Adequacy	Total Equity Ratio (BIS Ratio) ¹⁾	15.40	15.29	13.66
	Common Equity Tier 1 Ratio ¹⁾	10.95	10.50	8.47
Asset Quality	NPL Ratio (Bank) ²⁾	0.83	0.98	1.47
	Delinquency Ratio ²⁾	0.34	0.46	0.82

1) Based on consolidated financial statements

2) Based on separate financial statements

In response to more rigorous regulations on household loans, we have pursued a balanced growth of assets involving household, SMEs, and large companies, while we have continuously enhanced non-interest profits by reinforcing asset management competencies to meet customer needs. In October 2017, Woori Bank beat rival banks and was selected as the primary bank for the National Pension Service (NPS). In January 2018, Woori Bank was also re-appointed as the managing custodian bank for the National Housing and Urban Funds (NHUF). Both results show how Woori Bank's business competencies are recognized and trusted.

As growth in the Korean financial market has remained stagnant, many domestic banks are accelerating entry into global markets. As of the end of 2017, Woori Bank has over 300 contact points in its global network, the largest in scale among Korean commercial banks. In an effort to add quality to growth in quantity, the bank is providing more loans in Southeast Asia and establishing new business models in consideration of the characteristics of each region. We are currently reinforcing our global management competencies and building a global risk management system through bank-wide cooperation so that we can efficiently manage our extensive network.

Through the development of digital financial technology such as big data, blockchain, and artificial intelligence (AI), it has become an immediate possibility for the technology sector to offer financial services. The emergence of Internet-only banks including K Bank and Kakao Bank is posing a threat to traditional banking business methods. Under these circumstances, Woori Bank is enhancing its financial service environment to be more user-centric, expanding banking product development based on new digital technologies, and making systematic efforts to adapt to the fourth industrial revolution. In line with such efforts, the Digital Banking Business Group and the Digital Strategy Department were established to develop and implement new digital technology-related businesses. Starting in 2017, Woori Bank plans to extend its digital ecosystem to the global arena and strengthen bank-wide digital competencies by fostering expertise and ensuring systematic management.

Since Woori Bank declared an era of 'bigger banking' in 2017 to fulfill its social responsibility as a corporate citizen, its efforts to support financing for low-income customers and investment in innovative companies have continued to make its banking efforts inclusive, productive and trustworthy. The bank is also pursuing various measures to expand business portfolios in the non-banking sector and establish a comprehensive financial services group.

062

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion and Analysis

Independent Auditors' Report

Organizational Chart

Global Network

Coporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

2. Financial Position & Business Performance Results

A. Financial Position & Business Performance Results

(1) Growth

(Unit: KRW billion)

Account	2017 (184 th term)	2016 (183 rd term)	Change (amount)	Change (percentage)
Total Assets	316,295	310,683	5,612	1.8%
Loans in KRW	200,213	191,309	8,904	4.7%
Corporate loans	89,666	84,502	5,164	6.1%
Household loans	106,814	102,570	4,244	4.1%
Public and other loans	3,733	4,237	(504)	(11.9%)

* Based on consolidated financial statements

As of the end of 2017, Woori Bank's total assets (consolidated basis) stands at KRW 316.3 trillion, a KRW 5.3 trillion (1.8%) increase from the previous year. The increase was mainly due to the year-on-year increase of loans in Korean won by KRW 8.9 trillion (4.7%), the bank's key assets. Corporate loans increased by KRW 5.2 trillion, and household loans increased by KRW 4.2 trillion, illustrating the portfolio's balanced growth. In 2018, Woori Bank will keep pursuing a strategy of balanced asset growth in consideration of risk management and profitability.

(2) Profitability

(Unit: KRW billion)

Account	2017 (184 th term)	2016 (183 rd term)	Change
I. Operating profit	2,157	1,574	583
Net interest income	5,221	5,020	201
Non-interest income	1,252	867	385
Net fees & commissions income	1,070	937	133
Dividend income	125	185	(60)
Net gain (loss) on available-for-sale (AFS) financial assets	193	(1)	194
Other operating income	(136)	(254)	118
General and administrative expenses	(3,531)	(3,478)	(53)
Impairment losses due to credit loss	(785)	(834)	49
II. Non-operating gain (loss)	(207)	(21)	(186)
III. Net income before income tax expense	1,950	1,553	397
IV. Income tax expense	419	276	143
V. Net income	1,530	1,278	252
(1) Net income attributable to owners	1,512	1,261	251
(2) Net income attributable to non-controlling interests	18	16	2

* Based on consolidated financial statements

In 2017, Woori Bank's net income reached KRW 1,512.1 billion (consolidated basis, controlling interests), achieving an increase of 19.9 percent or KRW 250.8 billion in annual growth compared to its 2016 net income of KRW 1,261.3 billion. This means an increase of net income of nearly 20 percent for two consecutive years (19.1% in 2016, 19.9% in 2017). The increase resulted largely from 1) a stable increase in both interest and non-interest income; 2) a continued decrease in bad debt expenses by businesses focused on sound assets; 3) appropriate sales and administrative expenses.

Net interest income reached KRW 5,221 billion for a four-percent increase over the previous year. Contributing factors included the first base rate increase in six and a half years by the Bank of Korea (in November 2017), market rate increases based on expectations of the former, the positive impact of our low-expense deposit increase (annual 9.9% growth) on NIM, and strong growth in loan focused on SMEs. Thanks to impressive results in asset management products and foreign currency derivatives, our non-interest income showed notable growth, with an increase of KRW 385 billion or a 44 percent increase from the previous year. Income from net fees and commissions, a main form of non-interest income, increased by KRW 133 billion (14.2%) year-on-year. This is largely due to impressive performance from asset management products, including the 82.9 percent year-on-year increase in trusts based on increased ELT sales. Although dividend income decreased by KRW 60 billion,

063

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion and Analysis

Independent Auditors' Report

Organizational Chart

Global Network

Coporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

gains on AFS financial assets increased by KRW 194 billion year-on-year. The increase in foreign currency derivatives and other factors caused other operating income to increase by KRW 118 billion over the previous year.

General and administrative expenses including personnel and non-personnel expenses were KRW 3,531 billion or an increase of KRW 53 billion year-on-year. Although Woori Bank implemented a large-scale voluntary early retirement program (ERP, covering a total of 1,012 persons at a cost of KRW 299.6 billion) to improve its mid- and long-term expenses, its impact on general and administrative expenses was a 1.5 percent increase over the previous year. If the impact of ERP were excluded, the equivalent figures would show a slight decrease. The general and administrative expenses were adequately managed by reducing the number of branches and enhancing channel efficiency, as well as through efficient human resources management. Impairment losses due to credit loss reached KRW 785 billion in 2017 (KRW 834 billion in 2016 and KRW 967 billion in 2015), a decrease of KRW 49 billion from the previous year. Despite the reserve of a large-scale allowance regarding Kumho Tire Co., Inc. in the fourth quarter of 2017, our bad debt expenses decreased by 5.9 percent over the previous year, thanks to the continued improvement of asset quality. Woori Bank has managed bad debt expenses by increasing quality credit assets and through continued monitoring and preemptive control of industries under our watch category, such as shipbuilding, construction and marine transport, as well as through rigorous risk management. In 2017, our annual bad debt expenses stood at around 34bp. Non-operating income in 2017 showed a loss of KRW 207 billion. This loss was a result of impairment losses due to the credit loss regarding Kumho Tire and the contribution of issuance costs for an outstanding cashier's check to the Korea Inclusive Finance Agency under the revised Microfinance Support Act.

2018 is expected to be another year in which the bank operates under a challenging financial environment, with a potential base interest rate increase and intensifying trade wars around the world. Woori Bank plans to maintain a strategy of growth, keeping pace with national economic growth, and focus on enhancing soundness and capital adequacy by reducing potentially delinquent assets in addition to pursuing growth based on quality assets. Since current economic conditions make it difficult to increase net interest income, we will focus our competencies on non-interest income and endeavor to reduce costs by making human resources and channels more efficient, managing general and administrative expenses on a stable level.

(3) Asset Quality

(Unit: KRW 100 million, %, %p)

Category	2017 (184 th term)		2016 (183 rd term)		2015 (182 nd term)
	Indicators	Change	Indicators	Change	Indicators
Non-performing loans (NPL)	18,542	(2,579)	21,121	(9,888)	31,009
NPL ratio	0.83	(0.15)	0.98	(0.49)	1.47
NPL coverage ratio *	87.7	3.2	84.5	14.3	70.2
Delinquency ratio	0.34	(0.12)	0.46	(0.36)	0.82

* The amendment of the Detailed Enforcement Rules for the Regulations on Supervision of Banking Business (Schedule 7, as of December 14, 2016) and the Standards for Integrated Management Disclosure for Financial Business (as of January 26, 2017) recognized bad debts reserve as capital, therefore excluding bad debt reserve from the total of allowances. The calculation has been done based on the amended regulations. Before the amendment, the amount including the bad debt reserve would have been 165.0% (2016) and 183.8% (2017).

Woori Bank has shown outstanding increases in asset quality each year through preemptive risk management and continued back-door-locking. The NPL ratio has been reduced continually, from 1.47% in 2015 to 0.98% in 2016 and 0.83% in 2017. The NPL coverage ratio is increasing annually, from 70.2% in 2015 to 84.5% in 2016 and 87.7% in 2017. With these results, the bank is thoroughly preparing for any additional losses that it may incur. Corporate loans in 2017 reached KRW 112 trillion with an NPL ratio of 1.40 percent, against the 2016 results of KRW 110 trillion and 1.62 percent. Despite the increase in the total loan amount, the NPL ratio decreased due to the inflow of sound businesses and strict portfolio management. Household loans reached KRW 107 trillion in total with an NPL ratio of 0.24 percent, against the 2016 results of KRW 103 trillion and 0.28 percent. The same trend resurfaces: an increase in total loans and a decrease in the NPL ratio (NPL as defined by FSS). The management of asset quality led to a radical reduction in the bank-wide delinquency ratio, from 0.82% in 2015 to 0.46% in 2017 and 0.34% in 2017. Since sufficient allowances have been reserved for debtors of debt restructuring in work-outs and corporate rehabilitation, the likelihood of additional losses in NPL is very low. For these debts, normalization efforts continue while we will consider sales in case normalization is impossible. Regarding industries with high risk, such as shipbuilding, construction, marine transportation, steel, and petrochemicals, our exposure continues to decrease each year, and we monitor individual debtors in these industries. The situation is being managed so that we can take preemptive action amid the uncertain financial conditions in and outside Korea.

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion and Analysis

Independent Auditors' Report

Organizational Chart

Global Network

Coporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

(4) Capital Adequacy

(Unit: KRW billion)

Category	2017 (184 th term)	2016 (183 rd term)	Change
Common equity Tier 1 capital	16,075	15,715	+361
Other Tier 1 capital	3,042	3,276	(234)
Tier 2 capital	3,487	3,911	(424)
Total risk-adjusted capital	22,603	22,901	(297)
Risk-weighted assets	146,762	149,728	(2,966)
Common equity Tier 1 ratio	10.95%	10.50%	+0.45%p
Tier 1 capital ratio	13.03%	12.68%	+0.35%p
Total capital ratio	15.40%	15.29%	+0.11%p

In 2017, the Common Equity Tier 1 capital of Woori Bank (on a consolidated basis) reached KRW 16,075 billion, an increase of KRW 361 billion or 2.3 percent from the previous year. The Tier 2 capital was KRW 3,042 billion, an increase of KRW 234 billion year-on-year, which resulted from the repayment of hybrid securities issued before the implementation of Basel III. Considering the issuance cost, Woori Bank plans to reduce the scale of its hybrid securities on a continual basis. The Tier 2 capital amounted to KRW 3,487 billion or a decrease of KRW 424 billion year-on-year, affected by such factors as the decrease in recognized subordinated debt issued before the implementation of Basel III and the falling exchange rate over the previous year.

As of the end of 2017, the total risk-adjusted capital of Woori Bank reached KRW 22,603 billion, a decrease of KRW 297 billion from the previous year.

As of the end of 2017, risk-weighted assets (consolidated basis) amounted to 146,762 billion, a decrease of KRW 2,966 billion from the previous year. This reduction is an outcome of the bank's proactive efforts to enhance capital adequacy by expanding sound assets and reducing potentially delinquent assets.

In 2017, Woori Bank achieved a common equity Tier 1 ratio of 10.95 percent, a Tier 1 capital ratio of 13.03 percent, and a total capital ratio of 15.40 percent, which translates into an increase of 0.45%p, 0.35%p, and 0.11%p respectively. Capital adequacy continues to improve, and Woori Bank is committed to maintaining this trend by realizing profits and securing an adequate level of capital.

B. New Businesses & Suspended Businesses

Woori Bank implemented a new business venture in joining the bid for the banking and currency exchange business license at the new Terminal 2 of Incheon International Airport. The number of passengers going through the new terminal annually is expected to top 18 million, which will ensure a boost in publicity and profits from remittances and transfers. In May 2017, the bank's board of directors decided that Woori Bank would participate in the bidding for the banking/currency exchange business license in the new terminal. In June, the Incheon International Airport Corporation made its selection, and we secured business rights at Terminal 2 until 2023 (with a 185m² branch, four currency exchange booths, and four ATMs). The new Woori Bank branch opened for business with the official launch of Terminal 2 on January 18, 2018.

C. Business Rationalization

(1) Alteration and Reorganization of Business Groups

Woori Bank established a cooperative system among its business groups to create synergy, reorganized its organizational structure to reinforce competitiveness in digital banking, and established new exclusive units to acquire future customers and implement bank-wide initiatives to pursue innovation.

First, we introduced a 'business unit' for cross-business collaboration. To take active action within a changing financial environment, we have regrouped closely related groups and units into domestic, global, and sales support business units for maximum organizational synergy.

Second, the Digital Banking Business Group and the Digital Strategy Department have been established to ensure a systematic response to the fourth industrial revolution. They develop and implement businesses related to new digital technologies such as big data and blockchain.

The National Pension Department was added as an exclusive unit to ensure the provision of high-quality services as Woori Bank serves as the primary bank for the NPS. Finally, the Management Innovation Department was established to bring innovation to the bank's organizational culture and change management.

065

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion and Analysis

Independent Auditors' Report

Organizational Chart

Global Network

Corporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

(2) The Voluntary Early Retirement Program and Other Matters

Since 2005, Woori Bank has implemented a Job Change Support Program that serves as our amended and upgraded ERP program. The Job Change Support Program aims to resolve the bottleneck in promotions and improve the bank's human resource structure while allowing employees to find new opportunities in the second chapter of their lives. In particular, the bank operates a center and various programs for employees who plan to change jobs to provide systematic support for a new life after retirement. As of July 2017, job change support was given to a total of 1,012 employees, offering reemployment opportunities through job sharing and other programs and improving the bank-wide human resource structure.

D. Asset Impairment Losses

Woori Bank recognized impairment losses whenever the book value of AFS securities and securities in equity method decreased by over 30 percent against their acquired values.

(Unit: KRW million)			
Category	Item	Loss amount	Cause of loss
AFS securities	Hyundai Merchant Marine	8,987	The book value of these assets decreased by over 30% against their acquired values.
AFS securities	Hyundai Cement	6,787	
AFS securities	STX Heavy Industries	4,289	
AFS securities	Dongbu Steel	1,306	
AFS securities	Oriental Precision & Engineering	1,176	
Securities in equity method	Kumho Tire	76,720	
Securities in equity method	Chinhung International	37,551	
Securities in equity method	STX	7,525	
Securities in equity method	Saman	7,267	
Securities in equity method	Poonglim Industrial	4,250	
Securities in equity method	STX (unlisted)	635	

* Based on separate standards of the bank

3. Liquidity, Sources & Applications of Fund

A. Liquidity

(Unit: KRW billion, USD million)				
Category		2017 (184 th term)	2016 (183 rd term)	2015 (182 nd term)
Integrated LCR ¹⁾	High liquidity assets	40,067	39,835	35,591
	Net cash outflows	39,581	36,344	33,365
	Liquidity coverage ratio	101.23%	109.61%	106.67%
Foreign currency LCR ²⁾	High liquidity assets	3,193	-	-
	Net cash outflows	3,077	-	-
	Liquidity coverage ratio	103.77%	-	-

1) Consolidated basis. The figures are calculated based on the average balance of December for the 184th term; based on the balance as of the end of December for the 183rd and 182nd terms.

2) Consolidated basis implemented from 2017 (as of 2017, the supervisory standard is 60%; it is expected to increase by 10%p annually, and hence will be 80% or more by 2019). The figures are calculated based on the average balance of December for the 184th term.

Woori Bank has managed liquidity in compliance with regulatory standards (80% in 2015, 85% in 2016, 90% in 2017, 95% in 2018, 100% or more in 2019) under the new liquidity index or integrated LCR introduced in 2015. The December 2017 average balance stood at 101.23 percent, over the regulatory standard (90%), with the ratio remaining stable. For foreign currency LCR applied since 2017, Woori Bank secured high liquid assets including U.S. Treasury bonds, comfortably meeting the regulatory standards at 103.77 percent in December 2017 (the standards are 60% for 2017, 70% for 2018, and 80% from 2019 onwards). To secure a stable structure of sourcing funds and properly manage a potential asset-liability maturity mismatch, we have analyzed liquidity crisis scenarios and used the results to establish and implement bank-wide liquidity risk management plans to control emergency funding, liquidity asset scale, balancing in sources of fund, and other relevant matters.

066

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion and Analysis

Independent Auditors' Report

Organizational Chart

Global Network

Coporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

B. Sources of Fund

(Unit: KRW million, %)

Item	Fund	2017(184 th term)			2016(183 rd term)			2015(182 nd term)		
		Average balance	Interest rate	%	Average balance	Interest rate	%	Average balance	Interest rate	%
Funds in	Deposits, installments	187,332,008	1.26	66.02	183,440,285	1.38	65.35	169,919,620	1.70	64.76
KRW	Certificates of deposit	4,500,100	1.66	1.59	3,466,223	1.70	1.23	1,879,832	1.92	0.72
	Borrowings in KRW	6,213,903	1.32	2.19	6,709,080	1.45	2.39	6,689,135	1.77	2.55
	Call money in KRW	1,254,623	1.23	0.44	1,159,188	1.32	0.41	1,370,253	1.62	0.52
	Others	20,168,307	2.29	7.11	18,532,241	2.60	6.60	18,944,493	2.95	7.22
	Subtotal	219,468,941	1.37	77.34	213,307,017	1.50	75.98	198,803,334	1.82	75.77
Funds in	Deposits in foreign currencies	14,338,927	0.51	5.05	14,838,684	0.47	5.29	11,568,322	0.44	4.41
foreign	Borrowings in foreign currencies	7,267,096	1.38	2.56	8,595,575	0.86	3.06	9,245,073	0.53	3.52
currencies	Call money in foreign currencies	980,001	1.14	0.35	1,401,294	0.70	0.50	1,199,484	0.53	0.46
	Debentures in foreign currencies	3,649,805	3.11	1.29	3,950,614	2.54	1.41	4,851,289	2.72	1.85
	Others	574,786	0.14	0.20	531,877	0.29	0.19	650,409	0.66	0.25
	Subtotal	26,810,615	1.12	9.45	29,318,044	0.87	10.44	27,514,577	0.88	10.49
Others	Total capital	20,134,843	-	7.10	19,617,484	-	6.99	18,501,137	-	7.05
	Provisions	351,750	-	0.12	412,553	-	0.15	640,666	-	0.24
	Others	16,993,430	-	5.99	18,070,427	-	6.44	16,907,843	-	6.44
	Subtotal	37,480,023	-	13.21	38,100,463	-	13.57	36,049,647	-	13.74
Total		283,759,580	1.16	100.00	280,725,524	1.23	100.00	262,367,557	1.47	100.00

1) Deposits in KRW = Deposits in KRW – Deposit checks & bills in the process of collection – reverse deposits with BOK – inter-bank adjustment funds (call loans)

* Deposit checks & bills in the process of collection = total checks and bills in the process of collection – checks & bills on clearing for overdrafts – inter-bank adjustment funds (call money)

* Interest for calculating interest rates is the sum of interest on deposits and installment deposits and deposit insurance premiums.

2) Deposits in foreign currencies = Deposits in foreign currencies + off-shore deposits in foreign currencies

3) Borrowings in foreign currencies = Borrowings in foreign currencies + dues to BOK in foreign currencies + off-shore borrowings in foreign currencies

4) Debentures in foreign currencies = Debentures issued in foreign currencies + offshore debentures in foreign currencies

5) Based on K-IFRS financial statements

6) Excluding merchant banking accounts

The average fund balance sourced by Woori Bank in 2017 stood at KRW 284 trillion, an increase of KRW 3 trillion over the previous year. The average funds in Korean won were KRW 219 trillion, mainly sourced by deposits from customers for the stable management of the loan-to-deposit ratio. As a result, deposits increased by KRW 4 trillion over the previous year, mainly in core liquidity deposits. To respond to increasingly rigorous LCR standards, we expanded the issuance of senior debts, and other capital including debentures increased by KRW 2 trillion over the previous year. In order to minimize the impact from the changed formula to calculate the loan-to-deposit ratio, the Bank plans to adjust funding and management portfolios according to market conditions and control profitability and the loan-to-deposit ratio at the same time. The average balance of funds in foreign currencies (converted into KRW) decreased by KRW 2.5 trillion against the previous term due to the fall in the exchange rate. In funding, we have reduced financing from the market (borrowings and debentures) and gradually increased deposits in foreign currencies for stability.

Maturity of Major Financial Debts

(Unit: KRW million)

Category	3 months or less	4 to 6 months	7 to 9 months	10 to 12 months	1 to 5 years	Over 5 years	Total
Financial liabilities at fair value through profit and loss	160,057	154,475	-	-	-	-	314,532
Deposits from customers	143,085,964	28,776,407	17,749,883	29,951,466	6,723,926	644,187	226,931,833
Borrowings	5,339,315	1,700,358	1,488,848	1,132,055	3,799,707	479,140	13,939,423
Debentures	1,570,513	2,069,703	678,054	1,512,183	14,614,016	2,843,612	23,288,081
Other financial liabilities	6,531,004	-	-	-	-	2,704,197	9,235,201
Total	156,686,853	32,700,943	19,916,785	32,595,704	25,137,649	6,671,136	273,709,070

* Derivative financial liabilities and off-balance accounts (payment guarantees and commitments) are excluded.

067

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion and Analysis

Independent Auditors' Report

Organizational Chart

Global Network

Coporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

C. Applications of Fund

(Unit: KRW million, %)

Item	Applications	2017(184 th term)			2016(183 rd term)			2015(182 nd term)		
		Average balance	Interest rate	%	Average balance	Interest rate	%	Average balance	Interest rate	%
Funds in	Deposits in KRW	3,424,567	1.28	1.21	3,171,599	1.34	1.13	2,580,842	1.72	0.98
KRW	Marketable securities in in KRW	35,186,537	1.95	12.40	33,880,119	2.58	12.07	32,994,958	2.79	12.58
	Loans in KRW	194,161,817	3.05	68.42	189,079,324	3.10	67.35	176,631,188	3.42	67.32
	Advance payments on acceptance and guarantees	26,639	3.14	0.01	51,254	0.89	0.02	64,533	1.89	0.02
	Call loans in KRW	2,275,748	1.33	0.80	3,581,382	1.41	1.28	2,083,053	1.64	0.79
	Privately placed bonds	185,092	5.94	0.07	247,292	5.19	0.09	280,702	5.98	0.11
	Credit card receivables	28	-	0.00	24	-	0.00	-	-	-
	Others	4,235,478	1.99	1.49	4,580,215	2.04	1.63	4,313,781	2.61	1.64
	Allowance for doubtful accounts in KRW (-)	(1,284,188)	-	(0.45)	(1,925,177)	-	(0.69)	(2,482,955)	-	(0.95)
	Subtotal	238,211,718	2.85	83.95	232,666,033	2.98	82.88	216,466,103	3.31	82.50
Funds in	Deposits in foreign currencies	3,791,184	0.67	1.34	3,761,286	0.43	1.34	2,872,735	0.28	1.09
foreign	Marketable securities in foreign currencies	2,735,707	1.07	0.96	1,752,884	1.13	0.62	1,375,146	1.51	0.52
currencies	Loans in foreign currencies	10,790,442	2.51	3.80	13,371,873	1.95	4.76	14,206,736	1.65	5.41
	Call loans in foreign currencies	2,506,588	1.33	0.88	2,940,858	0.85	1.05	2,040,819	0.59	0.78
	Bills bought in foreign currencies	7,417,500	1.88	2.61	7,110,164	1.53	2.53	6,899,811	1.38	2.63
	Others	48,472	2.50	0.02	13,829	9.72	0.00	17,047	6.96	0.01
	Allowance for doubtful accounts in foreign currencies (-)	(332,301)	-	(0.12)	(312,211)	-	(0.11)	(191,224)	-	(0.07)
	Subtotal	26,957,590	1.85	9.50	28,638,685	1.51	10.20	27,221,069	1.37	10.38
Others	Cash	1,201,343	-	0.42	1,169,566	-	0.42	1,116,715	-	0.43
	Property, plant and equipment for business	2,352,466	-	0.83	2,325,893	-	0.83	2,328,130	-	0.89
	Others	15,036,463	-	5.30	15,925,347	-	5.67	15,235,540	-	5.81
	Subtotal	18,590,272	-	6.55	19,420,807	-	6.92	18,680,385	-	7.12
Total		283,759,580	2.57	100.00	280,725,524	2.62	100.00	262,367,557	2.87	100.00

1) Deposits in KRW = Deposits in KRW – Reverse deposits with BOK

2) Marketable securities in KRW = Marketable securities in KRW + Loaned securities in KRW

* Interest for calculating interest rates = Securities interest (including dividend received) + Evaluation profit (net) + Gain on redemption of securities (net) + Portion excluding the gain from stock transactions (net) out of gains on sales of securities

3) Loans in KRW = Loans in KRW + Checks & bills on clearing for overdrafts

* Interest for calculating interest rates = Interest on loans in KRW – Contribution to the Korea Credit Guarantee Fund

4) Deposits in foreign currencies = Deposits in foreign currencies + Offshore deposits in foreign currencies

5) Interest on securities in foreign currencies = Interest on securities in foreign currency + Loaned securities in foreign currencies

* Interest for calculating interest rates = Securities interests (including dividend received) + Evaluation profit (net) + Gain on redemption of securities (net) + Portion excluding the gain from stock transactions (net) out of gains on sales of securities

6) Loans in foreign currencies = Loans in foreign currencies + Offshore loans in foreign currencies + Inter-bank loans in foreign currencies + Loans from foreign borrowings + Domestic import issuance bills

7) Cash = Cash – Total checks & bills in the process of collection

8) Property, plant and equipment for business = Property, plant, and equipment for business – Accumulated depreciation

9) Based on K-IFRS financial statements

10) Excluding merchant banking accounts

The average fund balance managed by Woori Bank in 2017 stood at KRW 238.2 trillion, an increase of KRW 5.5 trillion over the previous year. This result was due to an increase of loans in Korean won (KRW 5.1 trillion) and marketable securities in Korean won (KRW 1.3 trillion). Out of all loans in Korean won, household loans increased by KRW 6.3 trillion, while corporate loans decreased by KRW 1.2 trillion.

Since the Bank of Korea decreased the base rate by 25bp, the interest rates for loans in KRW had decreased, but with the high expectations for the base rate increase in the second half of 2017, the interest rate bounced back, decreasing profits from loans in Korean won by 5bp. Marketable securities in Korean won increased by KRW 1.3 trillion as high liquidity assets such as public and government bonds increased due to toughened regulations by the supervisory authority. The LCD guidelines introduced in 2015 are 85 percent for 2016, 90 percent for 2017, and 95 percent for 2018. Assets in foreign currencies stood at KRW 27.0 trillion, a decrease of KRW 1.6 trillion since the previous year. This was due to the decrease of loans in foreign currencies (KRW 2.6 trillion) and the increase of marketable securities in foreign currencies (KRW 1.0 trillion).

Woori Bank will control the applications of funds effectively so that the liquidity guidelines (for loan-to-deposit ratio, LCR, etc.) can be followed properly.

068

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion and Analysis

Independent Auditors' Report

Organizational Chart

Global Network

Coporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

4. Transactions out of Books

(Unit: KRW million)

Category		2017 (184 th term)	2016 (183 rd term)
Payment guarantees	Confirmed guarantees	6,875,021	8,270,187
	Unconfirmed guarantees	4,526,593	5,101,701
	CP purchase commitments and others	1,458,101	1,389,896
Commitments	Loan agreements	80,760,325	83,795,496
	Other agreements	4,546,090	4,840,593

5. Other Issues Required for Informed Investment Decisions

A. Environmental Impact and Employees

(1) Environmental Impact

As a financial service provider, Woori Bank's banking and trusts businesses do not have an environmentally destructive impact. Therefore, the bank is neither currently paying nor is likely to have to pay any environmental restoration ("remediation") or damage compensation expenses in the future. It has not been and is not likely to be subject to administrative measures by the government or environmental authorities. Woori Bank, however, has been designated as a company subject to premise control under Paragraph 5, Article 42 of the Framework Act on Low-Carbon, Green Growth. Accordingly, the Bank has reported to the government its greenhouse gas emissions and energy consumption as below.

(Unit: KRW million)

Category	2013	2014	2015	2016	2017
Greenhouse gas emissions (ton CO2)	95,574	93,676	91,322	88,470	88,121
Energy consumption (TJ)	1,463	1,421	1,360	1,315	1,349

(2) Employees and Other Matters

Woori Bank draws up a human resources plan based on changes in the management environment and bank-wide strategic directions. We preemptively respond to expected mid- and long-term personnel shifts. While our continued recruitment and CDP control secure experts in corporate business, our in-house training of human resources will help us become leaders in the global and fintech businesses. This is how Woori Bank has built up the best human resource pool in the financial sector. Meanwhile, as of the end of 2017, our regular employees consist of business unit and group heads (25%), managers (29%), and clerks or lower-level employees (46%), maintaining a pyramid HR structure. To build a culture that pursues work-life-balance, we introduced flexible work hours in May 2017, which has helped us boost productivity and efficiency as employees are able to work more flexible hours.

B. Derivatives and Risk Management Policy

(1) Derivatives

Woori Bank trades derivatives mainly for corporate clients. Our corporate clients are exposed to risks including rises in interest rates and fluctuations in the stock market and exchange rates. Accordingly, there is a need to hedge against any of these risks. While we offer diverse derivative products to satisfy the hedging needs of corporate clients, we also offer products to hedge against the interest rate and foreign currency risks incurring from our assets and liabilities. The trading balance of our derivatives transactions was KRW 200,645 billion in 2015, KRW 232,663 billion in 2016, and KRW 267,430 billion in 2017.

The following are Woori Bank's major derivative instruments:

- Interest rate swaps, options, and futures related to interest rate risks
- Index futures and options related to stock market fluctuations
- Currency forwards, swaps, options, and futures related to currency risks
- Derivatives offered to clients who would like to avoid the price risks associated with raw materials

069

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion and Analysis

Independent Auditors' Report

Organizational Chart

Global Network

Corporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

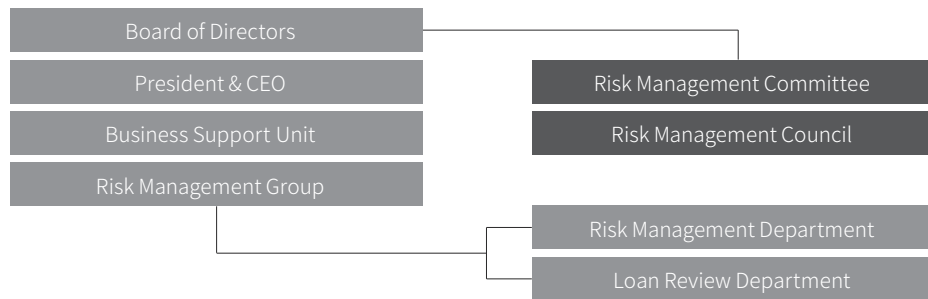
(2) Risk Management Policy

1) Overview

(A) Objective

The objective of risk management is to identify the sources of risks and measure the scale and adequacy of the bank's response to make and implement decisions to avert or mitigate the risks, thereby enhancing the soundness of the bank's investments and holdings.

(B) Risk Management Organization



① Risk Management Committee

- Top decision-making body for risk management
- Organization: Three outside directors and one non-standing director
- Major items for resolution
 - Establishment of the basic risk management strategy
 - Credit line approval and capital allocation
- Meeting cycle: Quarterly

② Risk Management Council

- Organization: Head of the Business Support Unit (chair), six heads of business groups
- Major items for resolution
 - Deliberation of risks regarding new products
 - Decisions regarding the bank's interest rate standards
 - Sourcing plan for funds (liquidity management)
- Meeting cycle: Monthly and when necessary

(C) Risk Management Strategy & Procedures

① Strategy

While eliminating excess risks and managing an adequate level of risk, we maximize our profit to risk ratio, pursuing asset soundness and profitability at the same time.

② Procedures

- Risk recognition: We analyze various sources of risks possibly associated with the bank's business activities
- Risk measurement/assessment: We determine risk measurement methods by risk type and measure the scale of risks using our measuring system, assessing the adequacy of the scale afterward.
- Risk control: We control risks in our daily, monthly and quarterly reports to avert/mitigate risks or maintain risks at adequate levels.
- Risk monitoring & reports: We continuously monitor risk levels and define the channels, content, and cycles of reporting to respond to risk situations properly.

2) Credit Risks

(A) Definition

Credit risk represents 'the potential financial losses that can incur to the Bank when the counterparty becomes insolvent or rejects transactions within the period provided in the contract.' The goal of credit risk management is to maintain the bank's credit risk exposure to a permissible degree and to optimize its rate of return considering such credit risk.

(B) Management Methods

We manage credit lines, aggregation, total exposure, and portfolios so that we can calculate and control adequate credit lines by aggregation, company, and industry as we handle loans.

① Aggregation management: We aggregate the exposures of borrowers who share credit risks and put them under a single credit risk aggregation management system to control the bank's potential exposure to credit risks.

② Total exposure management: To prevent a concentration of loans, we calculate corporate value based on future cash flow and set the ceilings per borrower within the borrower's repayment capacity from operating revenues.

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion and Analysis

Independent Auditors' Report

Organizational Chart

Global Network

Coporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

(3) Operational Risks

(A) Definition

We define operational risks as the potential risks of loss that can result from inadequate internal processes, personnel and systematic factors, as well as external factors.

(B) Operational Risk Management Method

To reinforce competitiveness, reduce the amount of risk capital, enhance operational risk management competencies, and prevent any unexpected incidents, Woori Bank has established an operational risk management system developed under Basel II since December 2005. The objectiveness of our operational risk management system has been tested internally and by an independent third party. The advanced measurement approach was submitted to the Financial Supervisory Service (FSS) and obtained FSS approval in June 2009, coming into effect on June 30.

① Operational Risk Management Tools

- Risk Self-Assessment (RSA): RSA refers to a series of risk management activities that allow self-identification and self-assessment of material operational risks and related control activities, to enable the bank to respond with measures to eliminate or improve such risks.
- Key Risk Indicators (KRI): KRIs are used for identifying and monitoring risks and tracking operational risk trends.
- Loss data: Woori Bank has built a systemic framework for collecting and managing internal loss data on a bank-wide level under the operational risk management system. It also receives external loss data from SAS Global Data and the Korea Operational Risk Data Exchange Committee for scenario analysis and risk identification.
- Scenario analysis: Operating risks characteristically lack accumulated loss data, making it difficult to take a statistical approach. To measure such operational risks, we forecast potential loss amounts and the annual frequency of operational risk events based on diverse information sources such as internal data, external data, and the opinions of our experts working at each department and branch.
- Business Continuity Plan (BCP): Woori Bank has a set of business continuity plans in place for its organizational structure, risk assessment, business impact analysis, an alternate location for continued business operations, and drills so that it can restore and continue core business operations in the event of cessation of operations due to unexpected factors like disasters and calamities.

② Operational Risk Measurement

While Woori Bank applies an advanced method of measuring operational risk capital levels, its consolidated subsidiaries take a basic indicator approach for measurement.

- The basic indicator approach sets 15 percent of the Bank's total income as operational risk capital.
- The advanced measurement approach takes a 99.9 percentile value of annual total loss distribution induced from the integrated loss distribution approach that combines loss data and scenarios to calculate operational risk capital. Based on the eight business domains and seven event types under Basel II, we added a back-office 'support' sector that is a common bank-wide function, setting a 9X7 matrix as the measuring unit for operational risk capital. We calculate the operational risk capital in consideration of all four basic factors (internal data, external data, scenarios, business environment, and internal control factors).
- Woori Bank does not rely on insurance to mitigate its operational risk capital.

4) Market Risk

(A) Definition

Market risks refer to potential losses that can incur from trading positions of a financial institution according to changes in market factors, such as interest rates, stock prices, and exchange rates. Market risks arise from changes in interest rates and exchange rates on unsettled financial instruments. Thus, all contracts are exposed to a certain level of volatility according to interest rates, credit spread, exchange rates, and equity securities prices.

Market risks can be classified as general market risks and individual risks. General market risks represent losses arising from price volatility related to events that have an impact on all markets, such as interest rates, stock prices, and exchange rates. Individual risks are losses from price volatility related to individual events by the issuer of bonds, stocks, and other securities.

(B) Market Risk Management

Market risk management refers to the entire process of identifying the sources of risks by risk factor on the trading sector, measuring the scale of market risks, and assessing the adequacy of the scale in order to make decisions to avert, take or mitigate risks.

We use both a standard approach and an internal model to measure market risks. The standard approach is used for calculating individual risks of market risk capital charge, while the internal model is for calculating the general market risks of capital charge and for managing internal risks.

071

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion and Analysis

Independent Auditors' Report

Organizational Chart

Global Network

Corporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

Relying on an internal model approved by the FSS, Woori Bank uses the historical simulation method at a 99 percent confidence level, once every 10 days, to measure Value at Risk (VaR) and calculate the market risk capital charge to compute the BIS ratio. For internal control purposes, we control daily limits by measuring VaR at 99 percent confidence level per day. Model validation is carried out through daily back-testing of the VaR measurement and actual profit/loss.

In addition to VaR, we perform monthly stress testing to measure the loss amount in the event of abnormal market situations, such as IMF borrowings or a global financial crisis.

Market risk limits, including VaR limits, loss limits and risk capital limits, are managed by business groups, departments or teams, while the Risk Management Committee sets the risk type and unit annually. Limits for subordinate units, excluding the derivatives books, are set by position-related departments within given limits. Compliance with limits is monitored by the Risk Management Department independently from working-level departments, and the monitoring reports are submitted to the Risk Management Council and Risk Management Committee on a regular basis.

(5) Liquidity Risk

(A) Definition

Liquidity risk management is aimed at preventing potential losses to a financial institution arising from a shortage of funds, a goal that can be achieved by the effective management of a liquidity crunch due to the disparity in the maturity of assets and liabilities or unexpected outflow of funds. Therefore, derivative products that involve off-balance account cash flow, as well as all assets and liabilities appearing on financial statements, are subject to our liquidity risk management activities.

(B) Methods

① Funding/Application Status Analysis by Maturity (Maturity Gap Model)

In managing liquidity risk, we determine the maturity gaps and gap ratios from cash flow statements by time group (remaining maturities or contract periods), grouping assets and liabilities according to a different ALM chart of accounts. Based on the outcomes, we maintain the gap ratios within predetermined target ratios (limits).

Our daily ALM system allows business groups to look up maturity classification reports while providing daily liquidity ratios for identifying liquidity risk management indicators and status at related departments.

② Actions in Response to Basel III

We use the Basel III liquidity standards management system to calculate and control the liquidity coverage ratio (LCR) and net stable funding ratio (NSFR) on a daily or monthly basis. We provide relevant information according to the disclosure standards imposed by the Basel Committee on Banking Supervision (BCBS).

③ Contingency Planning & Implementation

To effectively respond to capital outflow and funding risks arising from abrupt and unforeseeable changes in market environments, we have prepared bank-wide contingency plans to conduct regular monitoring of various checkpoints related to liquidity risks on a daily or weekly basis.

072

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion
and Analysis

Independent Auditors' Report

Organizational Chart

Global Network

Corporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

INDEPENDENT AUDITORS' REPORT

English Translation of a Report Originally Issued in Korean on March 14, 2018

To the Shareholders and the Board of Directors of Woori Bank

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Woori Bank and subsidiaries (the "Group"). The financial statements consist of the consolidated statements of financial position as of December 31, 2017 and the consolidated statements of comprehensive income for the years ended December 31, 2017 and 2016, consolidated statements of changes in shareholders' equity and consolidated statements of cash flows, all expressed in Korean Won, for the years ended December 31, 2017 and 2016, respectively, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

The Group's management is responsible for the preparation and fair presentation of the accompanying consolidated financial statements in accordance with Korean International Financial Reporting Standards ("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.

Independent Auditors' Responsibility

Our responsibility is to express an audit opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Korean Standards on Auditing ("KSAs"). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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073

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion
and Analysis

[Independent Auditors'
Report](#)

Organizational Chart

Global Network

Corporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as of December 31, 2017 and 2016, respectively, and its financial performance and its cash flows for the years then ended in accordance with K-IFRS.



March 14, 2018

Notice to Readers

This report is effective as of March 14, 2018, the auditors' report date. Certain subsequent events or circumstances may have occurred between the auditors' report date and the time the auditors' report is read. Such events or circumstances could significantly affect the consolidated financial statements and may result in modifications to the auditors' report.

074

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion
and Analysis

[Independent Auditors'
Report](#)

Organizational Chart

Global Network

Corporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

**WOORI BANK AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

AS OF DECEMBER 31, 2017 AND 2016

	December 31, 2017	December 31, 2016
	(Korean Won in millions)	
ASSETS		
Cash and cash equivalents (Note 6)	6,908,286	7,591,324
Financial assets at fair value through profit or loss (Notes 4,7,11,12,18 and 26)	5,843,077	5,650,724
Available-for-sale financial assets (Notes 4,8,11,12 and 18)	15,352,950	20,817,583
Held-to-maturity financial assets (Notes 4,9,11,12 and 18)	16,749,296	13,910,251
Loans and receivables (Notes 4,10,11,12,18 and 45)	267,106,204	258,392,633
Investments in joint ventures and associates (Note 13)	417,051	439,012
Investment properties (Note 14)	371,301	358,497
Premises and equipment (Notes 15 and 18)	2,477,545	2,458,025
Intangible assets and goodwill (Note 16)	518,599	483,739
Assets held for sale (Note 17)	48,624	2,342
Current tax assets (Note 42)	4,722	6,229
Deferred tax assets (Note 42)	280,130	232,007
Derivative assets (Notes 4,11,12 and 26)	59,272	140,577
Net defined benefit assets (Note 24)	-	70,938
Other assets (Notes 19 and 45)	158,404	128,846
Total assets	<u>316,295,461</u>	<u>310,682,727</u>
LIABILITIES		
Financial liabilities at fair value through profit or loss (Notes 4,11,12,20 and 26)	3,427,909	3,803,358
Deposits due to customers (Notes 4,11,21 and 45)	234,695,084	221,020,411
Borrowings (Notes 4,6,11,12 and 22)	14,784,706	18,769,515
Debentures (Notes 4,6,11 and 22)	27,869,651	23,565,449
Provisions (Notes 23, 44 and 45)	410,470	428,477
Net defined benefit liability (Note 24)	43,264	64,666
Current tax liabilities (Note 42)	232,600	171,192
Deferred tax liabilities (Note 42)	22,681	22,023
Derivative liabilities (Notes 4,11,12 and 26)	67,754	7,221
Other financial liabilities (Notes 4,11,12, 25 and 45)	13,892,461	21,985,086
Other liabilities (Notes 25 and 45)	283,981	299,376
Total liabilities	<u>295,730,561</u>	<u>290,136,774</u>

(Continued)

075

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion
and Analysis

[Independent Auditors'
Report](#)

Organizational Chart

Global Network

Corporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

WOORI BANK AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS OF DECEMBER 31, 2017 AND 2016 (CONTINUED)

	December 31, 2017	December 31, 2016
	(Korean Won in millions)	
EQUITY		
Owners' equity:	20,365,892	20,386,160
Capital stock (Note 28)	3,381,392	3,381,392
Hybrid securities (Note 29)	3,017,888	3,574,896
Capital surplus (Note 28)	285,880	286,331
Other equity (Note 30)	(1,939,274)	(1,468,025)
Retained earnings (Notes 31 and 32)		
(Regulatory reserve for credit loss as of December 31, 2017 and 2016 is 2,438,191 million Won and 2,255,252 million Won, respectively		
Regulatory reserve for credit loss to be reserved as of December 31, 2017 and 2016 is 140,266 million Won and 182,939 million Won, respectively		
Planned provision of regulatory reserve for credit loss as of December 31, 2017 and 2016 is 140,266 million Won and 182,939 million Won, respectively)	15,620,006	14,611,566
Non-controlling interests	199,008	159,793
Total equity	<u>20,564,900</u>	<u>20,545,953</u>
Total liabilities and equity	<u>316,295,461</u>	<u>310,682,727</u>

See accompanying notes

076

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion and Analysis

[Independent Auditors' Report](#)

Organizational Chart

Global Network

Corporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

WOORI BANK AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
	(Korean Won in millions, except for per share data)	
Interest income	8,550,687	8,512,312
Interest expense	(3,330,037)	(3,492,768)
Net interest income (Notes 34 and 45)	5,220,650	5,019,544
Fees and commissions income	2,069,198	1,865,470
Fees and commissions expense	(998,732)	(928,339)
Net fees and commissions income (Notes 35 and 45)	1,070,466	937,131
Dividend income (Note 36)	124,992	184,510
Net gain on financial instruments at fair value through profit or loss (Note 37)	(104,827)	114,387
Net loss on available-for-sale financial assets (Note 38)	192,708	(1,035)
Impairment losses on credit loss (Notes 39 and 45)	(785,133)	(834,076)
General and administrative expenses (Notes 40 and 45)	(3,530,801)	(3,478,476)
Net other operating expenses (Notes 40 and 45)	(31,313)	(367,779)
Operating income	2,156,742	1,574,206
Share of losses of joint ventures and associates (Note 13)	(101,514)	(19,507)
Net other non-operating income (expense)	(105,722)	(1,310)
Non-operating income (loss) (Note 41)	(207,236)	(20,817)
Net income before income tax expense	1,949,506	1,553,389
Income tax expense (Note 42)	(419,418)	(275,856)
Net income (Net income after the provision of regulatory reserve for credit loss for the years ended December 31, 2017 and 2016 are 1,389,822 million Won and 1,094,594 million Won, respectively) (Note 32)	1,530,088	1,277,533
Remeasurement of the net defined benefit liability	10,497	34,162
Items that will not be reclassified to profit or loss	10,497	34,162
Gain (loss) on available-for-sale financial assets	(84,498)	12,586
Share of other comprehensive gain (loss) of joint ventures and associates	612	(7,937)
Gain (loss) on foreign currency translation of foreign operations	(208,329)	28,712
Gain on valuation of cash flow hedge	777	10,371
Equity related to non-current assets held for sale	4,145	-
Items that may be reclassified to profit or loss	(287,293)	43,732
Other comprehensive income , net of tax	(276,796)	77,894
Total comprehensive income	1,253,292	1,355,427
Net income attributable to:		
Net income attributable to owners	1,512,148	1,261,266
Net income attributable to non-controlling interests	17,940	16,267
Total comprehensive income attributable to:		
Comprehensive income attributable to owners	1,249,057	1,332,614
Comprehensive income attributable to non-controlling interests	4,235	22,813
Net income per share (Note 43)		
Basic and diluted earnings from operations per share (In Korean Won)	1,999	1,567

See accompanying notes

077

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion and Analysis

[Independent Auditors' Report](#)

Organizational Chart

Global Network

Corporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

WOORI BANK AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	Capital stock	Hybrid securities	Capital surplus	Other Equity	Retained earnings	Controlling interests	Non-controlling interests	Total equity
	(Korean Won in millions)							
January 1, 2016	3,381,392	3,334,002	294,259	(1,547,303)	13,726,122	19,188,472	121,443	19,309,915
Net income	-	-	-	-	1,261,266	1,261,266	16,267	1,277,533
Dividends	-	-	-	-	(168,317)	(168,317)	(1,286)	(169,603)
Change in capital surplus of consolidated subsidiaries	-	-	(7,928)	7,930	-	2	-	2
Changes in non-controlling interests due to acquisition of subsidiary	-	-	-	-	-	-	16,823	16,823
Gain on valuation of available-for-sale financial assets	-	-	-	12,296	-	12,296	290	12,586
Share of other comprehensive loss of joint ventures and associates	-	-	-	(7,937)	-	(7,937)	-	(7,937)
Gain on foreign currencies translation of foreign operations	-	-	-	22,436	-	22,436	6,276	28,712
Remeasurement of the net defined benefit liability	-	-	-	34,182	-	34,182	(20)	34,162
Gain on valuation of cash flow hedge	-	-	-	10,371	-	10,371	-	10,371
Dividends to hybrid securities	-	-	-	-	(206,515)	(206,515)	-	(206,515)
Issuance of hybrid securities	-	549,904	-	-	-	549,904	-	549,904
Redemption of hybrid securities	-	(309,010)	-	-	(990)	(310,000)	-	(310,000)
December 31, 2016	<u>3,381,392</u>	<u>3,574,896</u>	<u>286,331</u>	<u>(1,468,025)</u>	<u>14,611,566</u>	<u>20,386,160</u>	<u>159,793</u>	<u>20,545,953</u>
January 1, 2017	3,381,392	3,574,896	286,331	(1,468,025)	14,611,566	20,386,160	159,793	20,545,953
Net income	-	-	-	-	1,512,148	1,512,148	17,940	1,530,088
Dividends	-	-	-	-	(336,636)	(336,636)	(1,554)	(338,190)
Subsidiary capital increase	-	-	(451)	-	-	(451)	36,534	36,083
Gain(loss) on valuation of available-for-sale financial assets	-	-	-	(85,051)	-	(85,051)	553	(84,498)
Share of other comprehensive gain of joint ventures and associates	-	-	-	612	-	612	-	612
Loss on foreign currencies translation of foreign operations	-	-	-	(194,347)	-	(194,347)	(13,982)	(208,329)
Gain on valuation of cash flow hedge	-	-	-	777	-	777	-	777
Remeasurement of the net defined benefit liability	-	-	-	10,773	-	10,773	(276)	10,497
Equity related to non-current assets held for sale	-	-	-	4,145	-	4,145	-	4,145
Dividends on hybrid securities	-	-	-	-	(167,072)	(167,072)	-	(167,072)
Issuance of hybrid securities	-	559,565	-	-	-	559,565	-	559,565
Redemption of hybrid securities	-	(1,116,573)	-	(208,158)	-	(1,324,731)	-	(1,324,731)
December 31, 2017	<u>3,381,392</u>	<u>3,017,888</u>	<u>285,880</u>	<u>(1,939,274)</u>	<u>15,620,006</u>	<u>20,365,892</u>	<u>199,008</u>	<u>20,564,900</u>

See accompanying notes

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion
and Analysis

[Independent Auditors'
Report](#)

Organizational Chart

Global Network

Coporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

**WOORI BANK AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS**

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
	(Korean Won in millions)	
Cash flows from operating activities:		
Net income	1,530,088	1,277,533
Adjustment to net income:		
Income tax expense	419,418	275,856
Interest income	(8,550,687)	(8,512,312)
Interest expense	3,330,037	3,492,768
Dividend income	(124,992)	(184,510)
	<u>(4,926,224)</u>	<u>(4,928,198)</u>
Additions of expenses not involving cash outflows:		
Impairment losses due to credit loss	785,133	834,076
Loss on valuation of financial instruments at fair value through profit or loss	15,267	-
Loss on available-for-sale financial assets	-	1,035
Loss on investments in joint ventures and associates	185,020	56,264
Loss on transaction and valuation of derivatives instruments (hedging)	109,569	98,981
Loss on hedged items (fair value hedge)	-	475
Provisions	107,028	34,774
Retirement benefits	142,902	152,609
Depreciation and amortization	235,795	252,031
Loss on disposal of investments in joint ventures and associates	38,713	15,060
Loss on disposal of premises and equipment and other assets	9,994	9,718
Impairment loss on premises and equipment and other assets	390	1,936
	<u>1,629,811</u>	<u>1,456,959</u>
Deduction of incomes not involving cash inflows:		
Gain on valuation of financial instruments at fair value through profit or loss	-	75,690
Gain on available-for-sale financial assets	192,708	-
Gain on valuation of investments in joint ventures and associates	83,506	36,757
Gain on transaction and valuation of derivatives instruments (hedging)	122	130
Gain on hedged items (fair value hedge)	53,532	99,302
Reversal of provisions	2,567	1,396
Gain on disposal of investments in joint ventures and associates	39,932	23,457
Gain on disposal of premises and equipment and other assets	5,028	1,885
Reversal of impairment loss on premises and equipment and other assets	666	3,581
	<u>378,061</u>	<u>242,198</u>
Changes in operating assets and liabilities:		
Financial instruments at fair value through profit or loss	(583,068)	(99,581)
Loans and receivables	(9,647,563)	(14,433,390)
Other assets	35,953	219,323
Deposits due to customers	13,634,873	11,878,628
Provision	(122,711)	34,376
Net defined benefit liability	(46,789)	(261,097)
Other financial liabilities	(7,966,786)	5,158,055
Other liabilities	(27,550)	(6,163)
	<u>(4,723,641)</u>	<u>2,490,151</u>

(Continued)

079

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion
and Analysis

[Independent Auditors'
Report](#)

Organizational Chart

Global Network

Coporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

**WOORI BANK AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS**

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016 (CONTINUED)

	2017	2016
	(Korean Won in millions)	
Cash received from (paid for) operating activities:		
Interest income received	8,570,715	8,511,349
Interest expense paid	(3,404,608)	(3,593,358)
Dividends received	127,343	184,674
Income tax paid	(404,428)	(251,627)
Net cash provided by (used in) operating activities	<u>(1,979,005)</u>	<u>4,905,285</u>
Cash flows from investing activities:		
Cash in-flows from investing activities:		
Disposal of available-for-sale financial assets	24,912,752	20,395,744
Redemption of held-to-maturity financial assets	8,587,092	8,462,346
Disposal of investments in joint ventures and associates	70,180	97,135
Disposal of subsidiaries	203	-
Disposal of investment properties	418	-
Disposal of premises and equipment	7,428	63
Disposal of intangible assets	1,188	4,325
Disposal of assets held for sale	24,808	22,723
	<u>33,604,069</u>	<u>28,982,336</u>
Cash out-flows from investing activities:		
Net cash flows through business combination	-	132,301
Acquisition of available-for-sale financial assets	19,674,346	23,844,849
Acquisition of held-to-maturity financial assets	11,521,065	8,818,376
Acquisition of investments in joint ventures and associates	143,161	43,281
Acquisition of investment properties	9,872	4,428
Acquisition of premises and equipment	162,245	131,009
Acquisition of intangible assets	195,929	191,161
Cash out-flow related to derivatives for risk hedge	13,742	42,544
	<u>31,720,360</u>	<u>33,207,949</u>
Net cash provided by (used in) investing activities	<u>1,883,709</u>	<u>(4,225,613)</u>
Cash flows from financing activities:		
Cash inflows from financing activities:		
Increase in borrowings	9,057,999	8,259,380
Issuance of debentures	18,438,221	15,848,055
Issuance of hybrid securities	559,565	549,904
Capital increase of subsidiaries	35,841	-
	<u>28,091,626</u>	<u>24,657,339</u>
Cash outflows from financing activities:		
Decrease in borrowings	12,692,883	9,524,626
Repayment of debentures	13,620,520	14,118,720
Payment of dividends	336,636	168,317
Dividends paid on hybrid securities	177,730	201,328
Redemption of hybrid securities	1,323,400	310,000
Dividends paid on non-controlling interests	1,554	1,286
	<u>28,152,723</u>	<u>24,324,277</u>
Net cash provided by (used in) financing activities	<u>(61,097)</u>	<u>333,062</u>
Net increase (decrease) in cash and cash equivalents	<u>(156,393)</u>	<u>1,012,734</u>
Cash and cash equivalents, beginning of the period	7,591,324	6,644,055
Effects of exchange rate changes on cash and cash equivalents	<u>(526,645)</u>	<u>(65,465)</u>
Cash and cash equivalents, end of the period	<u>6,908,286</u>	<u>7,591,324</u>

See accompanying notes

080

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion
and Analysis

[Independent Auditors'
Report](#)

Organizational Chart

Global Network

Corporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

WOORI BANK AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

1. GENERAL

(1) Summary of the parent company

Woori Bank (hereinafter referred to the “Bank”), which is a controlling entity in accordance with Korean International Financial Reporting Standards (“K-IFRS”) 1110 – *Consolidated Financial Statements*, was established in 1899 and is engaged in the commercial banking business under the Banking Act, trust business and foreign exchange business under the Financial Investment Services and Capital Market Act.

Previously, Woori Finance Holdings Co., Ltd., the former holding company of Woori Financial Group, established on March 27, 2001 held a 100% ownership of the Bank. Effective November 1, 2014, Woori Finance Holdings Co., Ltd. completed its merger (the “Merger”) with and into the Bank. Accordingly, the shares of the Bank, 597 million shares, prior to the merger, were reduced to nil in accordance with capital reduction procedure, and then, in accordance with the merger ratio, the Bank newly issued 676 million shares. As a result, as of December 31, 2017, the common stock of the Bank amounts to 3,381,392 million Korean won.

During the year ended December 31, 2016, the Korea Deposit Insurance Corporation (“KDIC”), the majority shareholder of the Bank, sold its 187 million shares in the Bank in accordance with the contract of “Disposal of Woori Bank’s shares to Oligopolistic Shareholders”. In addition to the sale, during the year ended December 31, 2017, KDIC sold additional 33 million shares. As of December 31, 2017 and 2016, KDIC held 125 million shares and 158 million shares (18.43% and 23.37% ownership interest) respectively, of the Bank’s shares issued.

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

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

The head office of the Bank is located in 51, Sogong-ro, Jung Gu, Seoul, Korea. The Bank has 876 branches and offices in Korea, and 23 branches and offices overseas as of December 31, 2017.

081

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion and Analysis

[Independent Auditors' Report](#)

Organizational Chart

Global Network

Coporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

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

Subsidiaries	Main business	Percentage of ownership (%)		Location	Financial statements as of (2017)
		December 31, 2017	December 31, 2016		
Woori Bank:					
Woori FIS Co., Ltd.	System software development & maintenance	100.0	100.0	Korea	December 31
Woori Private Equity Asset Management Co., Ltd.	Finance	100.0	100.0	Korea	December 31
Woori Finance Research Institute Co., Ltd.	Other service business	100.0	100.0	Korea	December 31
Woori Card Co., Ltd.	Finance	100.0	100.0	Korea	December 31
Woori Investment Bank Co., Ltd. (*1)	Other credit finance business	59.8	58.2	Korea	December 31
Woori Credit Information Co., Ltd.	Credit information	100.0	100.0	Korea	December 31
Woori America Bank	Finance	100.0	100.0	U.S.A.	December 31
Woori Global Markets Asia Limited	"	100.0	100.0	Hong Kong	December 31
Woori Bank China Limited	"	100.0	100.0	China	December 31
AO Woori Bank	"	100.0	100.0	Russia	December 31
PT Bank Woori Saudara Indonesia 1906 Tbk(*1)	"	79.9	74.0	Indonesia	December 31
Banco Woori Bank do Brasil S.A.	"	100.0	100.0	Brazil	December 31
Korea BTL Infrastructure Fund	"	99.9	99.9	Korea	December 31
Woori Fund Service Co., Ltd.	"	100.0	100.0	Korea	December 31
Woori Finance Cambodia PLC.	"	100.0	100.0	Cambodia	December 31
Woori Finance Myanmar Co., Ltd.	"	100.0	100.0	Myanmar	December 31
Wealth Development Bank	"	51.0	51.0	Philippines	December 31
Woori Bank Vietnam Limited	"	100.0	100.0	Vietnam	December 31
Kumho Trust First Co., Ltd. (*2)	Asset securitization	0.0	0.0	Korea	December 31
Asiana Saigon Inc. (*2)	"	0.0	0.0	Korea	December 31
An-Dong Raja First Co., Ltd. (*6)	"	-	0.0	Korea	-
Consus Eighth Co., LLC (*2)	"	0.0	0.0	Korea	December 31
KAMCO Value Recreation First Securitization Specialty Co., Ltd. (*2)	"	15.0	15.0	Korea	December 31
Hermes STX Co., Ltd. (*2)	"	0.0	0.0	Korea	December 31
BWL First Co., LLC (*2)	"	0.0	0.0	Korea	December 31
Woori Poongsan Co., Ltd. (*6)	"	-	0.0	Korea	-
Deogi Dream Fourth Co., Ltd. (*2)	"	0.0	0.0	Korea	December 31
Jeonju Iwon Ltd. (*2)	"	0.0	0.0	Korea	December 31
Wonju I one Inc. (*2)	"	0.0	0.0	Korea	December 31
Heitz Third Co., Ltd. (*2)	"	0.0	0.0	Korea	December 31
Woorihansoop 1st Co., Ltd. (*2)	"	0.0	0.0	Korea	December 31
Electric Cable First Co., Ltd. (*2)	"	0.0	0.0	Korea	December 31
Woori International First Co., Ltd. (*2)	"	0.0	0.0	Korea	December 31
Woori HJ First Co., Ltd. (*2)	"	0.0	0.0	Korea	December 31
Woori WEBST 1st Co., Ltd. (*2)	"	0.0	-	Korea	December 31
HNLD 1st Inc. (*2)	"	0.0	-	Korea	December 31
Wibihansoop 1st Co., Ltd. (*2)	"	0.0	-	Korea	December 31
HNLD 1st Inc. (*2)	"	0.0	-	Korea	December 31
Uri QS 1st Co., Ltd. (*2)	"	0.0	-	Korea	December 31
Uri Display 1st Co., Ltd. (*2)	"	0.0	-	Korea	December 31
Tiger Eyes 2nd Co., Ltd. (*2)	"	0.0	-	Korea	December 31
Woori Serveone 1st Co., Ltd. (*2)	"	0.0	-	Korea	December 31
HeungkukWoori Tech Company Private Placement Investment Trust No.1 and 5 beneficiary certificates (*3)	Securities investment and others	-	-	Korea	December 31
Principle Guaranteed Trust (*4)	Trust	0.0	0.0	Korea	December 31
Principle and Interest Guaranteed Trust (*4)	"	0.0	0.0	Korea	December 31
Woori Bank and Woori Private Equity Asset Management Co., Ltd.:					
Woori Private Equity Fund (*5)	Other financial business	-	31.9	Korea	-
Woori Private Equity Fund:					
Woori EL Co., Ltd. (*5)	Other financial business	-	100.0	Korea	-

082

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion and Analysis

Independent Auditors' Report

Organizational Chart

Global Network

Corporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

Subsidiaries	Main business	Percentage of ownership (%)		Location	Financial statements as of (2017)
		December 31, 2017	December 31, 2016		
Woori Investment Bank:					
Dongwoo First Securitization Specialty Co., Ltd. (*2)	Asset securitization	5.0	5.0	Korea	December 31
Seari First Securitization Specialty Co., Ltd. (*2)	Asset securitization	5.0	-	Korea	December 31
Namjong 1st Securitization Specialty Co., Ltd. (*2)	"	5.0	-	Korea	December 31
Bukgeum First Securitization Specialty Co., Ltd. (*2)	"	5.0	-	Korea	December 31
Woori Card Co., Ltd.:					
TUTU Finance-WCI Myanmar Co., Ltd.	Finance	100.0	100.0	Myanmar	December 31
Woori Card one of 2017-1 Securitization Specialty Co., Ltd. (*2)	Asset securitization	0.5	-	Korea	December 31
Woori Card one of 2017-2 Securitization Specialty Co., Ltd. (*2)	"	0.5	-	Korea	December 31

(*1) The ownership ratio has been increased, attributed to unequal capital increase of the subsidiary.

(*2) The entity was a structured entity for the purpose of asset securitization and was in scope for consolidation. Although the Group is not a majority shareholder, the Group 1) had the power over the investee, 2) was exposed, or had rights, to variable returns from its involvement with the investee, and 3) had the ability to use its power to affect its returns.

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

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

(*5) Due to liquidation of Woori Private Equity Asset Management Co., Ltd., the entity was excluded from subsidiaries during the year ended December 31, 2017.

(*6) Due to liquidation for the years ended as of December 31, 2017, the entity was excluded from the scope for consolidation.

(3) As of December 31, 2017 and 2016, despite having more than a 50% ownership interest, the Group has not consolidated the following companies as the Group does not have the ability to control following subsidiaries:

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

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

Subsidiaries	Location	As of December 31, 2016	
		Main Business	Percentage of ownership (%)
Golden Bridge NHN Online Private Equity Investment (*)	Korea	Securities Investment	60.0
Mirae Asset Maps Clean Water Private Equity Investment Trust 7th (*)	Korea	Securities Investment	59.7
Kiwoom Yonsei Private Equity Investment Trust (*)	Korea	Securities Investment	88.9
Kiwoom Frontier Professional Investment Private Fund 6(Bond) (*)	Korea	Securities Investment	50.0

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

083

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion
and Analysis

[Independent Auditors'
Report](#)

Organizational Chart

Global Network

Coporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

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

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

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

	As of and for the year ended December 31, 2016				
	Assets	Liabilities	Operating revenue	Net income (loss) attributable to owners	Comprehensive income (loss) attributable to owners
Woori FIS Co., Ltd.	141,329	105,821	244,783	1,048	1,432
Woori Private Equity Asset Management Co., Ltd.	97,338	53,244	2,154	312	219
Woori Finance Research Institute Co., Ltd.	3,710	334	4,445	108	100
Woori Card Co., Ltd.	7,606,108	6,180,893	1,555,373	109,393	116,381
Woori Investment Bank Co., Ltd.	1,576,627	1,404,566	178,572	23,872	23,897
Woori Credit Information	31,292	4,416	27,884	543	618
Woori America Bank	2,186,049	1,973,263	73,909	15,266	20,899
Woori Global Markets Asia Limited	272,008	147,581	7,255	1,863	5,582
Woori Bank (China) Limited	4,984,017	4,466,812	475,174	32,025	11,505
AO Woori Bank	239,860	188,474	16,221	5,650	15,553
PT Bank Woori Saudara Indonesia 1906 Tbk	2,089,822	1,693,111	179,014	24,573	48,542
Banco Woori Bank do Brasil S.A.	241,229	206,043	17,059	2,786	9,600
Korea BTL Infrastructure Fund	784,770	299	33,476	29,617	29,617
Woori Fund Service Co., Ltd.	11,386	1,372	7,787	1,011	1,011
Woori Finance Cambodia PLC.	32,405	24,751	4,545	1,250	1,494
Woori Finance Myanmar Co., Ltd.	4,305	2,651	380	(613)	(569)
Wealth Development Bank	209,779	174,446	12,519	1,248	1,876
Woori Bank Vietnam Limited	159,223	278	-	(346)	3,545
Money trust under the FISCMA Act (*)	1,525,145	1,495,815	55,540	697	697

084

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion
and Analysis

[Independent Auditors'
Report](#)

Organizational Chart

Global Network

Coporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

	As of and for the year ended December 31, 2016				
	Assets	Liabilities	Operating revenue	Net income (loss) attributable to owners	Comprehensive income (loss) attributable to owners
Structured entity for the securitization of financial assets	487,431	895,824	29,480	6,912	7,138
Structured entity for the investments in securities	4,397,163	1,898,977	137,896	56,605	61,535

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

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

- Structured entity for the securitization of financial assets

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

- Structured entity for the investments in securities

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

- Money trust under the Financial Investment Services and Capital Markets Act

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

(6) The details of the limitations with regard to the transfer of assets or the redemption of liabilities within the Group are provided below.

Some subsidiaries are regulated by the rules of the jurisdictions, in which they were incorporated, with regard to funding or management of deposits. Also, there is the limitation that they must have pre-approval from their regulators in case of remittance of earnings to the Group.

(7) The Group has entered into various agreements with structured entities such as asset securitization vehicles, structured finance and investment funds, and monetary funds. Where it is determined in accordance with K-IFRS 1110 that the Group has no controlling power over such structured entities, the entities are not consolidated. The nature of interests, which the Group retains, and the risks, to which the Group is exposed, of the unconsolidated structured entities are as follows:

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

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

085

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion and Analysis

Independent Auditors' Report

Organizational Chart

Global Network

Coporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

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

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

Total assets of the unconsolidated structured entities, the carrying value of the related items recorded, the maximum exposure to risks, and the loss recognized in conjunction with the unconsolidated structured entities as of December 31, 2017 and 2016 are as follows (Unit: Korean Won in millions):

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

	December 31, 2016		
	Asset securitization vehicle	Structured finance	Investment Funds
Total asset of the unconsolidated structured entities	8,426,713	61,324,862	9,131,362
Assets recognized in the consolidated financial statements related to the unconsolidated structured entities	3,361,910	2,790,215	1,749,494
Loans and receivables	65,470	2,414,044	-
Financial assets held for trading	-	254,150	-
Available-for-sale financial assets	1,216,446	115,843	1,664,865
Held-to-maturity financial assets	2,079,648	-	-
Investments in joint ventures and associates	-	-	84,629
Derivative assets	346	6,178	-
Liabilities recognized in the consolidated financial statements related to the unconsolidated structured entities	1,363	1,224	-
Derivative liabilities	201	362	-
Other liabilities (including provisions)	1,162	862	-
The maximum exposure to risks	4,263,993	3,802,210	1,749,494
Investments	3,361,910	2,790,215	1,749,494
Purchase agreements	28,000	-	-

086

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion
and Analysis

[Independent Auditors'
Report](#)

Organizational Chart

Global Network

Coporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

	December 31, 2016		
	Asset securitization vehicle	Structured finance	Investment Funds
Credit facilities	834,083	970,195	-
Other commitments	40,000	41,800	-
Loss recognized on unconsolidated structured entities	6,353	71,185	683

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

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

	December 31, 2017	December 31, 2016
Woori Investment Bank	119,111	73,986
PT Bank Woori Saudara Indonesia 1906 Tbk	64,877	70,249
Wealth Development Bank	16,778	16,983

2) Net income attributable to non-controlling interests

	For the year ended December 31, 2017	For the year ended December 31, 2016
Woori Investment Bank	8,370	9,990
PT Bank Woori Saudara Indonesia 1906 Tbk	8,882	6,383
Wealth Development Bank	648	611

3) Dividends to non-controlling interests

	For the year ended December 31, 2017	For the year ended December 31, 2016
PT Bank Woori Saudara Indonesia 1906 Tbk	1,513	1,242

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

(1) Basis of presentation

The Group's consolidated financial statements are prepared in accordance with K-IFRS.

The significant accounting policies that have been applied for the preparation of the consolidated financial statements for the year ended December 31, 2017 are described below, and the significant accounting policies are the same as the accounting policies applied for the preparation of the previous year's consolidated financial statements, except the impacts from the adoptions of accounting standards or interpretations which are explained below.

The Group's consolidated financial statements have been prepared based on the historical cost method except for specific non-current assets and certain financial assets or liabilities reported at fair value. The historical cost is generally measured by fair value of acquired assets.

The consolidated financial statements of the Group were approved by the board of directors on March 2, 2018.

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion
and Analysis

[Independent Auditors'
Report](#)

Organizational Chart

Global Network

Coporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

- 1) The Group has newly adopted the following amendment to K-IFRS that affected the Group's accounting policies.

Amendments to K-IFRS 1007 – *Statement of Cash Flows*

The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. Additional disclosure required related to the first time application of these amendments in the current year are in note 6. Consistent with the transition provisions of the amendments, the Group has not disclosed comparative information for the prior period. Apart from the additional disclosure in note 6, the application of these amendments has no material impact on the disclosures or the amounts recognized in the Group's consolidated financial statements.

Amendments to K-IFRS 1012 – *Income Taxes*

The amendments clarify that in evaluating the deferred tax assets arising from deductible temporary difference of debt instruments measured at fair value, the carrying amount of an asset does not limit the estimation of probable future taxable profits. The application of these amendments has no material impact on the disclosures or the amounts recognized in the Group's consolidated financial statements.

Other than the amendment stated above, there are several annual improvements in the current period, but the application of the amendments has had no material effect on the Group's consolidated financial statements.

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

Enactments to K-IFRS 1109 – *Financial Instruments*

The standards include the requirements for the classification and measurement of financial instruments based on their business model whose objective is achieved both by collecting contractual cash flows and selling financial assets and based on the contractual terms that give rise on specified dates to cash flows, impairment methodology based on the expected credit losses, broadened types of instruments that qualify as hedging instruments, the types of risk components of non-financial items that are eligible for hedge accounting and the change in the hedge effectiveness test. This standards supersedes K-IFRS 1039 - *Financial Instruments: Recognition and Measurement*, and will be applied for annual periods beginning on or after January 1, 2018.

In principle, K-IFRS 1109 must be applied retrospectively. However, there are certain exemptions to the application of retroactive approach such as presenting comparative information on classification, measurement and impairment of financial instruments. In addition, K-IFRS 1109 are applied prospectively for hedge accounting with exceptions such as accounting for the time value of options.

The Group has completed the implementation of the design of the internal controls and/or financial reporting processes related to the presentation of financial instruments in order to adopt K-IFRS 1109. The Group has completed a financial impact analysis on the 2017 financial statements based on available information as of year-end in order to determine the impact of adopting K-IFRS 1109 for the first time. The expected financial impact of each key issue on the financial statement, is as follows.

a) Classification and Measurement of Financial Instruments

When K-IFRS 1109 is adopted, all recognized financial assets that in scope are subsequently measured at either amortized cost, fair value through other comprehensive income (FVTOCI), or fair value through profit or loss (FVTPL) as shown below, based on the business model for managing financial assets and based on the nature of contractual cash flows arising from the financial assets. Also, when hybrid contracts contain financial asset as its host contract, the embedded derivative will not be bifurcated as the whole hybrid contract would be classified as a financial asset.

088

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion and Analysis

[Independent Auditors' Report](#)

Organizational Chart

Global Network

Corporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

Nature of the contractual cash flow	Business Model		
	Collection of the contractual cashflow	Collection of the contractual cashflow and sale of asset	Sale of asset, others
Principal and Interest only	Amortized Cost(*1)	FVTOCI(*1)	FVTPL

Other than the above

FVTPL(*2)

- (*1) An irrevocable election is available to designate a financial asset to be classified as FVTPL, for the purpose of eliminating or reducing accounting discrepancies.
- (*2) For equity securities held for purposes other than short-term trading, an irrevocable election is available to designate them as FVTOCI financial assets.

As the requirements to classify a financial asset as either amortized cost or FVTPL are more stringent in K-IFRS 1109 than in K-IFRS 1039, the variability of net income may increase as the amount of FVTPL financial assets is increased due to the adoption of K-IFRS 1109.

As of year-end the Group currently holds loans and receivables amounting to 267,106,204 million Won, held-to-maturity financial assets amounting to 16,749,296 million Won, available-for-sale financial assets amounting to 15,352,950 million Won, and FVTPL financial assets amounting to 2,727,303 million Won.

According to K-IFRS 1109, a financial asset may be measured at amortized cost only when its cashflows are solely principal and interest on specified dates on the contract and when the purpose of holding such asset is only to receive the contractual cashflows. As of year-end the Group holds loans and receivables amounting to 267,106,204 million Won and held-to-maturity financial assets amounting to 16,749,296 million Won which are measured at amortized cost. This amount includes 51,653 million Won of hybrid contracts in which the host contract, after separating the embedded derivatives, is a debt security.

The estimated impact on the classification and measurement of Group's financial assets (except derivatives) as of year-end is presented as follows. The following information is constructed from the accounting system for financial instruments built for the purpose of adopting K-IFRS 1109.

(Unit : Korean Won in millions)

Accounts	Classification per K-IFRS 1039	Classification per K-IFRS 1109	Amount per K-IFRS 1039	Amount per K-IFRS 1109
Deposits	Loans and receivables	Amortized cost	8,870,835	8,870,835
Deposits	Financial assets at FVTPL	FVTPL	25,972	25,972
Debt securities	Financial assets at FVTPL	FVTPL	2,654,027	2,654,027
Debt securities	AFS financial assets	FVTPL	46,855	46,855
Debt securities	AFS financial assets	FVTOCI	12,874,209	12,874,209
Debt securities	AFS financial assets	Amortized cost	308,181	322,300
Debt securities	Held-to-maturity financial assets	Amortized cost	16,749,296	16,749,296
Equity securities	Financial assets at FVTPL	FVTPL	47,304	47,304
Equity securities	AFS financial assets	FVTPL	1,273,498	1,274,716
Equity securities	AFS financial assets	FVTOCI	850,207	850,207
Loans	Loans and receivables	FVTPL	279,032	280,001
Loans	Loans and receivables	Amortized cost	253,014,491	253,014,491
Other financial assets	Loans and receivables	Amortized cost	6,772,088	6,772,088
Total financial assets except derivatives			303,765,995	303,782,301

089

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion and Analysis

[Independent Auditors' Report](#)

Organizational Chart

Global Network

Corporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

Among the financial assets measured at amortized cost, loans and receivables and held-to-maturity financial assets amounting to 279,032 million Won and AFS financial assets amounting to 1,320,353 million Won would be reclassified to FVTPL financial assets as a result of adopting K-IFRS 1109.

b) Classification and Measurement of Financial Liabilities

According to the K-IFRS 1109, the amount of changes in the fair value of financial liabilities measured at FVTPL due to changes in credit risk is presented as part of other comprehensive income, and such amount is not recycled subsequently in profit or loss. However, when recognizing the fair value changes in other comprehensive income causes or magnifies accounting discrepancies, the amount is recognized in profit or loss instead.

As of year-end the Group holds financial liabilities amounting to 295,386,968 million Won, and out of this amount 251,796 million Won has been designated as FVTPL financial liabilities. In relation to these financial liabilities, the increase in fair value amounting to 31,275 million Won has been recognized as losses in the current period.

The results of the analysis conducted to determine the financial impact of applying K-IFRS 1109 on FVTPL financial liabilities as of year-end show that the cumulative changes in fair value of FVTPL financial liabilities as a result of changes in credit risk amounted to 133 million Won.

c) Impairment: Financial assets and Contract assets

K-IFRS 1109 requires the recognition of allowance for expected credit losses for debt instruments, lease receivables, contract assets, loan commitments and financial guarantee contracts measured at either amortized cost or FVTPL.

The allowance to be recognized under K-IFRS 1109 is the amount of expected 12-month credit loss or the expected lifetime credit loss, according to the 3 stages of credit risk deterioration since initial recognition as shown below.

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

(*) Credit risk may be considered to not have been significantly increased when credit risk is low at year-end.

Meanwhile, for financial assets already impaired at initial recognition, the allowance for expected credit losses per K-IFRS 1109 is the amount of cumulative changes in the expected lifetime credit losses after its initial recognition.

As of year-end the Group holds loans and receivables amounting to 267,106,204 million Won in accordance with K-IFRS 1039. In relation to this amount, the Group has recognized allowance for credit losses amounting to 1,830,242 million Won.

The expected impact on the allowance for credit losses as of year-end using the Group's system for allowances is as follows.

090

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion
and Analysis

[Independent Auditors'
Report](#)

Organizational Chart

Global Network

Coporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

(Unit : Korean Won in millions)

Accounts	Allowance for credit losses per K-IFRS 1039(A)	Allowance for credit losses per K-IFRS 1109 (B)	Increases(B-A)
Deposits	2,458	3,092	634
Debt securities	-	9,331	9,331
AFS debt securities	-	4,253	4,253
Held-to-maturity debt securities	-	5,078	5,078
Loan receivables and other financial assets	1,827,785	2,075,752	247,967
Guarantees	183,247	192,376	9,129
Loan commitments	66,115	104,887	38,772
Total	2,079,605	2,385,438	305,833

d) Hedge accounting

The requirements for hedge accounting in K-IFRS 1109 has become more lenient as compared to K-IFRS 1039. That is, more financial instruments may now be considered to be a hedged item and/or a hedging instrument, the quantitative basis for evaluating high hedge effectiveness (80~125%) has been abolished, and the retroactive assessment requirement has also been abolished. These allow the firms to concentrate on hedging activities.

There are no significant impacts to the Group's financial statements related to hedge accounting as a result of adopting K-IFRS 1109.

Enactments to K-IFRS 1115 – Revenue from Contracts with Customers

The core principle under K-IFRS 1115 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The amendments introduces a 5-step approach to revenue recognition and measurement: 1) Identify the contract with a customer, 2) Identify the performance obligations in the contract, 3) Determine the transaction price, 4) Allocate the transaction price to the performance obligations in the contract, 5) Recognize revenue when (or as) the entity satisfies a performance obligation. This standard will supersede K-IFRS 1011 - Construction Contracts, K-IFRS 1018- Revenue, K-IFRS 2113 - Customer Loyalty Programmes, K-IFRS 2115-Agreements for the Construction of Real Estate, K-IFRS 2118 - Transfers of Assets from Customers, and K-IFRS 2031-Revenue-Barter Transactions Involving Advertising Services. The enactments are effective for annual periods beginning on or after 1 January 2018.

Enactments to K-IFRS 1116—Leases

K-IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accountings treatments for both lessors and lessees. K-IFRS 16 will supersede the current lease guidance including K-IFRS 1017 Leases and the related interpretations. The enactments are effective for annual periods beginning on or after 1 January 2019.

K-IFRS 1116 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by model where a right-of-use asset and corresponding liability have to be recognized for all leases by lessees except for short-term leases and leases of low value assets.

091

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion
and Analysis

[Independent Auditors'
Report](#)

Organizational Chart

Global Network

Corporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. Furthermore, the classification of cash flows will also be affected as operating lease payments under K-IFRS 1017 are presented as operating cash flows; whereas under the K-IFRS 1116 model, the lease payments will be split into a principal and an interest portion which will be presented as financing and operating cash flows respectively.

In contrast to lessee accounting, K-IFRS 1116 substantially carries forward the lessor accounting requirements in K-IFRS 1017, and continues to require a lessor to classify a lease either as an operating lease or a finance lease. Furthermore, extensive disclosures are required by K-IFRS 1116.

In contrast, 1) for finance leases where the Group is a lessee and 2) in cases where the Group is a lessor, the Group do not anticipate that the application of K-IFRS 1116 will have a significant impact on the amounts recognized in the Group's consolidated financial statements.

Amendments to K-IFRS 1102—Share-based Payment

The amendments include: 1) when measuring the fair value of share-based payment, the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payment should be consistent with the measurement of equity-settled share-based payment, 2) Share-based payment transaction in which the Group settles the share-based payment arrangement net by withholding a specified portion of the equity instruments per statutory tax withholding requirements would be classified as equity-settled in its entirety, if otherwise would be classified as equity-settled without the net settlement feature, and 3) when a cash-settled share-based payment changes to an equity-settled share-based payment because of modifications of the terms and conditions, the original liability recognized is derecognized and the equity-settled share-based payment is recognized at the modification date fair value. Any difference between the carrying amount of the liability at the modification date and the amount recognized in equity at the same date would be recognized in profit and loss immediately. The amendments are effective for annual periods beginning on or after January 1, 2018.

Amendments to K-IFRS 1040—Transfers of Investment Property

The amendments clarify that a transfer to, or from, investment property necessitates an assessment of whether a property meets, or has ceased to meet, the definition of investment property, supported by observable evidence that a change in use has occurred. The amendments further clarify that situations other than the ones listed in K-IFRS 1040 may evidence a change in use, and that a change in use is possible for properties under construction (i.e. a change in use is not limited to completed properties). The amendments are effective for annual periods beginning on or after January 1, 2018 with earlier application permitted. Entities can apply the amendments either retrospectively (if this is possible without the use of hindsight) or prospectively.

Enactments to K-IFRS 2122—Foreign Currency Transactions and Advance Consideration

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

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

The interpretation is effective for annual periods beginning on or after January 1, 2018 with earlier application permitted. Entities can apply the interpretation either retrospectively or prospectively. Specific transition provisions apply to prospective application.

092

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion
and Analysis

[Independent Auditors'
Report](#)

Organizational Chart

Global Network

Coporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

Annual Improvements to K-IFRS 2014-2016 Cycle

The amendments include partial amendments to K-IFRS 1101 'First-time Adoption of K-IFRS' and K-IFRS 1028 'Investments in Associates and Joint Ventures.' Amendments to K-IFRS 1028 provide that an investment company such as a venture capital investment vehicle may selectively designate each of its investment in associates and/or joint ventures to be measured at FVTPL, and that such designation must be made at the time of each investment's initial recognition. In addition, when non-investment companies apply equity method to investment in associates and/or joint ventures that are investment companies, these companies may apply the same fair value measurement used by the said associates to value their own subsidiaries. This accounting treatment may be selectively applied to each associate. These amendments should be applied retrospectively and are available for early adoption.

The amendments are effective for annual periods beginning on or after 1 January 2018. The Group is neither a venture capital investment vehicle nor is adopting K-IFRS for the first time, thus it is expected that the amendments explained above will not affect the Group's financial statements. Furthermore, the Group does not own shares of an associate or a joint venture that are classified as investment companies.

The Group is in the process of evaluating the impact of the above-mentioned amendments in the consolidated financial statements.

(2) Basis of consolidated financial statement presentation

The consolidated financial statements incorporate the financial statements of the Bank and the entities (including structured entities) controlled by the Bank (and its subsidiaries, that is the Group). Control is achieved where the Group 1) has the power over the investee, 2) is exposed, or has rights, to variable returns from its involvement with the investee, and 3) has the ability to use its power to affect its returns. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- The relative size of the Group's holding of voting rights and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Group, other vote holders or other parties;
- Rights arising from other contractual arrangements;
- Any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary. Profit or loss and each component of other comprehensive income are attributed to the owner of the Group and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owner of the Group and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group transactions and, related assets and liabilities, income and expenses are eliminated in full on consolidation.

093

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion
and Analysis

[Independent Auditors'
Report](#)

Organizational Chart

Global Network

Coporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owner of the Group.

When the Group loses control of a subsidiary, a gain or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognized in other comprehensive income and accumulated in equity, the amounts previously recognized in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings). The fair value of any investment retained in the former subsidiary at the date when control is lost is recognized as the fair value on initial recognition for subsequent accounting under K-IFRS 1039 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

(3) Business Combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in net income as incurred.

At the acquisition date, the acquiree's identifiable assets, liabilities and contingent liabilities that meet the condition for recognition under K-IFRS 1103 are recognized at their fair value, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with K-IFRS 1012 *Income Taxes* and K-IFRS 1019 *Employee Benefits*, respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with K-IFRS 1102 *Share-based Payment* at the acquisition date; and
- non-current assets (or disposal groups) that are classified as held for sale in accordance with K-IFRS 1105 *Non-current Assets Held for Sale and Discontinued Operations* are measured at the lower of their previous carrying amounts and fair value less costs to sell.

Any excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest (if any) in the acquiree over the net of identifiable assets and liabilities assumed of the acquiree at the acquisition date is recognized as goodwill which is included in intangible assets.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognized immediately in net income as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another K-IFRS.

094

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion
and Analysis

[Independent Auditors'
Report](#)

Organizational Chart

Global Network

Coporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with K-IFRS 1039 *Financial Instruments: Recognition and Measurement*, or K-IFRS 1037 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognized in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured at fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognized in net income. Amounts arising from changes in value of interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to net income where such treatment would be appropriate if that interest were disposed of. In case where i) a common entity ultimately controls over all participating entities, or businesses, in business combination transaction, prior to and after the transaction continuously, and ii) the control is not temporary, the transaction meets the definition of "business combination under common control" and it is deemed that the transaction only results in the changes in legal substance, not economic substance, from the perspective of the ultimate controlling party. Thus, in such transactions, the acquirer recognizes the assets and liabilities of the acquiree on its financial statements at the book values as recognized in the ultimate controlling party's consolidated financial statements, and the difference between the book value of consideration transferred to and the book value of net assets transferred in is recognized as equity.

(4) Investments in joint ventures and associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in making decision on the financial and operating policy of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to net assets relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The net income of current period and the financial results of the joint ventures and associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with K-IFRS 1105 *Non-current Assets Held for Sale and Discontinued Operations*. Under the equity method, an investment in the joint ventures and associates is initially recognized in the consolidated statements of financial position at cost and adjusted thereafter to recognize the Group's share of the net assets of the joint ventures and associates and any impairment. When the Group's share of losses of the joint ventures and associates exceeds the Group's interest in the associate, the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint ventures and associates.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the joint ventures and associates recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognized immediately in net income.

095

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion
and Analysis

[Independent Auditors'
Report](#)

Organizational Chart

Global Network

Coporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

Upon a loss of significant influence over the joint ventures and associates, the Group discontinues the use of the equity method and measures at fair value of any investment that the Group retains in the former joint ventures and associates from the date when the Group loses significant influence. The fair value of the investment is regarded as its fair value on initial recognition as a financial asset in accordance with K-IFRS 1039 *Financial Instruments; Recognition and Measurement*. The Group recognized differences between the carrying amount and fair value in net income and it is included in determination of the gain or loss on disposal of joint ventures and associates. The Group accounts for all amounts recognized in other comprehensive income in relation to that joint ventures and associates on the same basis as would be required if the joint ventures and associates had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognized in other comprehensive income by an associate would be reclassified to net income on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to net income as a reclassification adjustment.

When the Group's ownership of interest in an associate or a joint venture decreases but the Group continues to maintain significant influence over an associate or a joint venture, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that decrease in ownership interest if the gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities. Meanwhile, if interest on associate or joint venture meets the definition of non-current asset held for sale, it is accounted for in accordance with K-IFRS 1105.

The requirements of K-IFRS 1039 *Financial Instruments; Recognition and Measurement* to determine whether there has been a loss event are applied to identify whether it is necessary to recognize any impairment loss with respect to the Group's investment in the joint ventures and associates. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with K-IFRS 1036 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognized is not allocated to any asset (including goodwill), which forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with K-IFRS 1036 to the extent that the recoverable amount of the investment subsequently increases.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When a subsidiary transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognized in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

(5) Investment in joint operation

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

When the Group operates as a joint operator, it recognizes in relation to its interest in a joint operation:

- (a) its assets, including its share of any assets held jointly;
- (b) its liabilities, including its share of any liabilities incurred jointly;
- (c) its revenue from the sale of its share of the output arising from the joint operation;
- (d) its share of the revenue from the sale of the output by the joint operation; and
- (e) its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses.

When the Group enters into a transaction with a joint operation in which it is a joint operator, such as a sale or contribution of assets, it is conducting the transaction with the other parties to the joint operation and, as such, the Group recognizes gains and losses resulting from such a transaction only to the extent of the other parties' interests in the joint operation.

096

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion
and Analysis

[Independent Auditors'
Report](#)

Organizational Chart

Global Network

Coporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

When the Group enters into a transaction with a joint operation in which it is a joint operator, such as a purchase of assets, it does not recognize its share of the gains and losses until it resells those assets to a third party.

(6) Revenue recognition

1) Interest income

Interest income on financial assets that are classified as loans and receivables, available-for-sale or held-to-maturity is determined using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial asset (or group of financial assets) and of allocating the interest income over the expected life of the asset. The effective interest rate is the rate that exactly discounts estimated future cash flows to the instrument's initial carrying amount. Calculation of the effective interest rate takes into account fees payable or receivable that is an integral part of the instrument's yield, premiums or discounts on acquisition or issue, early redemption fees and transaction costs. All contractual terms of a financial instrument are considered when estimating future cash flows.

2) Loan origination fees and costs

The commission fees earned on loans, which is part of the effective interest rate of loans, is accounted for deferred origination fees. Incremental cost related to the acquisition or disposal is accounted for deferred origination costs, and it is amortized on the effective interest method and included in interest revenues on loans.

3) Fees and commissions income

Commitment and utilization fees are determined as a percentage of the outstanding facility. If it is unlikely that a specific lending arrangement will be entered into, such fees are taken to net income over the life of the facility otherwise they are deferred and included in the effective interest rate on the advance.

Fees in respect of services are recognized as the right to consideration accrues through the provision of the service to the customer. The arrangements are generally contractual and the cost of providing the service is incurred as the service is rendered. The price is usually fixed and determinable.

Credit card fees include commission received from merchants for processing credit card transaction and annual fees received from credit card holders. Revenue from the commission is accrued to net income when the service performed and annual fee is deferred and recognized as income over the period of the service provided.

4) Trust fees and compensation related to trust accounts

The Group receives fees for its management of unconsolidated trust assets, which are recognized on an accrual basis when the management services are provided and earned. The Group also is entitled to receive performance-based fees for certain trust accounts. These performance-based fees are recognized at the end of the performance period. In addition, a certain trust account which the Group guarantees to repay the principals and minimum interests of the trust account to its beneficiaries shall be included in the consolidated financial statements. The Group recognizes incomes when earned and expenses when interests to be paid to beneficiaries are accrued.

(7) Accounting for foreign currencies

The Group's consolidated financial statements are presented in Korean Won, which is the functional currency of the Group. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at its prevailing exchange rates at the date. Foreign exchange differences on monetary items that qualify as hedging instruments in a cash flow hedge or that form part of net investment in foreign operations are recognized in equity.

097

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion and Analysis

[Independent Auditors' Report](#)

Organizational Chart

Global Network

Corporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

A monetary available-for-sale (“AFS”) financial asset is treated as if it were carried at amortized cost in the foreign currency. Accordingly, for such financial assets, exchange differences resulting from retranslating amortized cost are recognized in net income.

Non-monetary items denominated in foreign currencies that are stated at fair value are translated into Korean Won at foreign exchange rates at the dates the values were determined. Translation differences arising on non-monetary items measured at fair value are recognized in net income except for differences arising on non-monetary AFS financial assets, for example equity shares, which are included in the AFS reserve in equity unless the asset is the hedged item in a fair value hedge.

The Group identifies the most appropriate functional currency for each foreign operation based on the foreign operation’s activities. If Korean Won is not the foreign operation’s functional currency, its assets and liabilities, including goodwill and fair value adjustments arising on acquisition, are translated into Korean Won at foreign exchange rates at the end of each reporting date while the revenues and expenses are translated into Korean Won at average exchange rates for the period unless these do not approximate to the foreign exchange rates at the dates of the transactions. Foreign exchange differences arising on the translation of a foreign operation are recognized directly in equity and included in net income on its disposal.

(8) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, demand deposits, interest-earning deposits with original maturities of up to 3 months of acquisition date and highly liquid investment assets that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value.

(9) Financial assets and financial liabilities

1) Financial assets

A regular way purchase or sale of financial assets is recognized or derecognized on the trade or settlement date. A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose term requires delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

On initial recognition, financial assets are classified into financial assets at fair value through profit or loss (“FVTPL”), AFS financial assets, held-to-maturity (“HTM”) and loans and receivables.

a) Financial assets at FVTPL:

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and K-IFRS 1039 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

098

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion
and Analysis

[Independent Auditors'
Report](#)

Organizational Chart

Global Network

Coporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

Financial assets designated by the Group on initial recognition as at FVTPL are recognized at fair value, with transaction costs recognized in net income, and are subsequently measured at fair value. Gains and losses on financial assets that are designated as at FVTPL are recognized in net income as they arise.

b) AFS financial assets:

Financial assets that are not classified as HTM, financial assets at FVTPL, or loans and receivables, are classified as AFS. Financial assets can be designated as AFS on initial recognition. AFS financial assets are initially recognized at fair value plus directly related transaction costs. They are subsequently measured at fair value. Unquoted equity investments whose fair value cannot be measured reliably are carried at cost and classified as AFS financial assets. Impairment losses in monetary and non-monetary AFS financial assets and dividends on non-monetary financial assets are recognized in net income. Interest revenue on monetary financial assets is calculated using the effective interest method. Other changes in the fair value of AFS financial assets and any related tax are reported in a separate component of shareholders' equity until disposal, when the cumulative gain or loss is recognized in net income.

c) HTM investments:

A financial asset may be classified as a HTM investment only if it has fixed or determinable payments, a fixed maturity, and the Group has the positive intention and ability to hold the financial asset to maturity. HTM investments are initially recognized at fair value plus directly related transaction costs. They are subsequently measured at amortized cost using the effective interest method less any impairment losses.

d) Loans and receivables:

Non-derivative financial assets with fixed or determinable repayments that are not quoted in an active market are classified as loans and receivables, except those that are classified as AFS or as held-for-trading, or designated as at FVTPL. Loans and receivables are initially recognized at fair value plus directly related transaction costs. They are subsequently measured at amortized cost using the effective interest method less any impairment losses. Interest income is recognized using the effective interest method, except for the short-term receivables to which the present value discount is not meaningful.

2) Financial liabilities

On initial recognition financial liabilities are classified financial liabilities at FVTPL (held for trading, and financial liabilities designated as at FVTPL) and financial liabilities measured at amortized cost.

A financial liability is classified as held-for-trading if it is incurred principally for repurchase in the near term, or forms part of a portfolio of financial instruments that are managed together and for which there is evidence of short-term profit taking, or it is a derivative (not in a qualifying hedge relationship). Held-for-trading financial liabilities are recognized at fair value with transaction costs being recognized in net income. Subsequently, they are measured at fair value. Gains and losses are recognized in net income as they arise.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and K-IFRS 1039 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

099

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion
and Analysis

[Independent Auditors'
Report](#)

Organizational Chart

Global Network

Coporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

Financial liabilities that the Group designates on initial recognition as being at FVTPL are recognized at fair value, with transaction costs being recognized in net income, and are subsequently measured at fair value. Gains and losses on financial liabilities that are designated as at FVTPL are recognized in net income as they arise.

All other financial liabilities, such as deposits due to customers, borrowings, and debentures, are measured at amortized cost using the effective interest method.

3) Reclassifications

Held-for-trading and AFS financial assets that meet the definition of loans and receivables (non-derivative financial assets with fixed or determinable payments that are not quoted in an active market) may be reclassified to loans and receivables if the Group has the intention and ability to hold the financial asset for the foreseeable future or until maturity. The Group typically regards the foreseeable future as twelve months from the date of reclassification. Reclassifications are made at fair value. This fair value becomes the asset's new cost or amortized cost as appropriate. Gains and losses recognized up to the date of reclassification are not reversed.

4) Derecognition of financial assets and liabilities

The Group derecognizes a financial asset when the contractual right to the cash flows from the asset is expired, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another company. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulated gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

On derecognition of a financial assets other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset, or it retains a residual interest and such an retained interest indicates that the transferor has neither transferred nor retained substantially all the risks and rewards of ownership and has retained control of the transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair value of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part that is no longer recognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in profit or loss. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair value of those parts.

The Group derecognizes the financial liability, when Group's obligations are discharged, canceled or expired. The difference between paid cost and the carrying amount of financial liabilities is recorded in profit or loss.

100

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion
and Analysis

[Independent Auditors'
Report](#)

Organizational Chart

Global Network

Coporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

5) Fair value of financial assets and liabilities

Financial instruments classified as held-for-trading or designated as at FVTPL and financial assets classified as AFS are recognized in the financial statements at fair value. All derivatives are measured at fair value.

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. Fair values are determined from quoted prices in active markets for identical financial assets or financial liabilities where these are available. The Group characterizes active markets as those in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Where a financial instrument is not in active market characterized by low transaction volumes, price quotations which vary substantially among market participants, or in which minimal information is released publicly, fair values are established using valuation techniques rely on alternative market data or internally developed models using significant inputs that are generally readily observable from objective sources. Market data includes prices of financial instruments with similar maturities and characteristics, duration, interest rate yield curves, and measures of volatility. The amount determined to be fair value may incorporate the management of the Group's own assumptions (including assumptions that the Group believes market participants would use in valuing the financial instruments and assumptions relating to appropriate risk adjustments for nonperformance and lack of marketability).

The valuation techniques used to estimate the fair value of the financial instruments include market approach and income approach, each of which involves a significant degree of judgment. Under the market approach, fair value is determined by reference to a recent transaction involving the financial instruments or by reference to observable valuation measures for comparable companies or assets.

Under the income approach, fair value is determined by converting future amounts (e.g., cash flows or earnings) to a single present amount (discounted) using current market expectations about the future amounts. In determining value under this approach, the Group makes assumptions regarding, among other things, revenues, operating income, depreciation and amortization, capital expenditures, income taxes, working capital needs, and terminal value of the financial investments. These valuation techniques involve a degree of estimation, the extent of which depends on the instrument's complexity and the availability of market-based data.

The following are descriptions of valuation methodologies used by the Group to measure various financial instruments at fair value.

a. Financial assets at FVTPL and AFS financial assets:

The fair value of the securities included in financial assets at FVTPL and AFS financial assets are recognized in the consolidated statements of financial position based on quoted market prices, where available. For debt securities traded in the OTC market, the Group generally determines fair value based on prices obtained from independent pricing services. Specifically, with respect to independent pricing services, the Group obtains three prices per instrument from reputable independent pricing services in Korea, and generally uses the lowest of the prices obtained from such services without further adjustment. For non-marketable equity securities, the Group obtains prices from the independent pricing services. The Group validates prices received from such independent pricing services using a variety of means, including verification of the qualification of the independent pricing services, corroboration of the pricing by comparing the prices among the independent pricing services and by reference to other available market data, and review of the pricing model and assumptions used by the independent pricing services by the Group's personnel who are familiar with market-related conditions.

101

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion and Analysis

[Independent Auditors' Report](#)

Organizational Chart

Global Network

Coporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

b. Derivative assets and liabilities:

Quoted market prices are used for the Group's exchange-traded derivatives, such as certain interest rate futures and option contracts. All of the Group's derivatives are traded in OTC markets where quoted market prices are not readily available are valued using internal valuation techniques. Valuation techniques and inputs to internally developed models depend on the type of derivative and nature of the underlying rate, price or index upon which the derivative's value is based. If the model inputs for certain derivatives are not observable in a liquid market, significant judgments on the level of inputs used for valuation techniques are required.

c. Valuation Adjustments:

By using derivatives, the Group is exposed to credit risk if counterparties to the derivative contracts do not perform as expected. If counterparty fails to perform, counterparty credit risk is equal to the amount reported as a derivative asset in the consolidated statements of financial position. The amounts reported as a derivative asset are derivative contracts in a gain position. Few of the Group's derivatives are listed on an exchange. The majority of derivative positions are valued using internally developed models that use as their basis observable market inputs. Therefore, an adjustment is necessary to reflect the credit quality of each counterparty to arrive at fair value. Counterparty credit risk adjustments are applied to derivative assets, such as OTC derivative instruments, when the market inputs used in valuation models may not be indicative of the creditworthiness of the counterparty. Adjustments are also made when valuing financial liabilities to reflect the Group's own credit standing.

The adjustment is based on probability of default of a counterparty and loss given default. The adjustment also takes into account contractual factors designed to reduce the Group's credit exposure to each counterparty. To the extent derivative assets (liabilities) are subject to master netting arrangements, the exposure used to calculate the credit risk adjustment is net of derivatives in a loss (gain) position with the same counterparty and cash collateral received (paid).

6) Impairment of the financial assets

The Group assesses at the end of each reporting date whether there is any objective evidence that a financial asset or group of financial assets classified as AFS, HTM or loans and receivables is impaired. A financial asset or portfolio of financial assets is impaired and an impairment loss incurred if there is objective evidence of impairment as result of one or more events that occurred after the initial recognition asset and that event (or events) has an impact on the estimated future cash flows of the financial asset.

a) Financial assets carried at amortized cost:

If there is objective evidence that an impairment loss on a financial asset or group of financial assets classified as HTM investments or as loans and receivables has been incurred, the Group measures the amount of the loss as the difference between the carrying amount of the asset or group of assets and the present value of estimated future cash flows from the asset or group of assets discounted at the effective interest rate of the instrument at initial recognition. For collateralized loans and receivables, estimated future cash flows include cash flows that may result from foreclosure less the costs of obtaining and selling the collateral.

Impairment losses are assessed individually for financial assets that are individually significant and assessed either individually or collectively for assets that are not individually significant. In making collective assessment of impairment, financial assets are grouped into portfolios on the basis of similar risk characteristics. Future cash flows from these portfolios are estimated on the basis of the contractual cash flows and historical loss experience for assets with similar credit risk characteristics. Historical loss experience is adjusted, on the basis of observable data, to reflect current conditions not affecting the period of historical experience.

102

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion
and Analysis

[Independent Auditors'
Report](#)

Organizational Chart

Global Network

Corporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

Impairment losses are recognized in net income and the carrying amount of the financial asset or group of financial assets reduced by establishing a provision for impairment losses. If, in a subsequent period, the amount of the impairment loss reduces and the reduction can be ascribed to an event after the impairment was recognized (i.e., improvement in the credit quality of a debtor), the previously recognized loss is reversed by adjusting the provision. Once an impairment loss has been recognized on a financial asset or group of financial assets, interest income is recognized on the carrying amount using the rate of interest at which estimated future cash flows were discounted in measuring impairment.

It is not the Group's usual practice to write-off the asset at the time an impairment loss is recognized. Impaired loans and receivables are written off (i.e. the impairment provision is applied in writing down the loan's carrying value in full) when the Group concludes that there is no longer any realistic prospect of recovery of part or the entire loan. Amounts recovered after a loan has been written off are reflected to the provision for the period in which they are received.

b) Financial assets carried at fair value:

When a decline in the fair value of a financial asset classified as AFS has been recognized directly in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss is removed from other comprehensive income and recognized in net income. The loss is measured as the difference between the amortized cost of the financial asset and its current fair value. Impairment losses on AFS equity instruments are not reversed through net income, but those on AFS debt instruments are reversed, if there is a decrease in the cumulative impairment loss that is objectively related to a subsequent event.

(10) Offsetting financial instruments

Financial assets and liabilities are presented in net in the consolidated statements of financial position when the Group has an enforceable legal right to set off and an intention to settle on a net basis or to realize an asset and settle the liability simultaneously.

(11) Investment properties

The Group classifies a property held to earn rentals and/or for capital appreciation as an investment property. Investment properties are measured initially at cost, including transaction costs, less subsequent depreciation and impairment.

Subsequent costs are included in the carrying amount of the asset or recognized as a separate asset if it is probable that future economic benefits associated with the assets will flow into the Group and the cost of an asset can be measured reliably. Routine maintenance and repairs are expensed as incurred.

While land is not depreciated, all other investment properties are depreciated based on the respective assets' estimated useful lives using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any change in estimate accounted for on a prospective basis.

An investment property is derecognized from the consolidated financial statements on disposal or when it is permanently withdrawn from use and no future economic benefits are expected even from its disposal. The gain or loss on derecognition of an investment property is calculated as the difference between the net disposal proceeds and the carrying amount of the property and is recognized in profit or loss in the period of the derecognition.

(12) Premises and equipment

Premises and equipment are stated at cost less subsequent accumulated depreciation and accumulated impairment losses. The cost of an item of premises and equipment is directly attributable to their purchase or construction, which includes any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. It also includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

103

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion
and Analysis

[Independent Auditors'
Report](#)

Organizational Chart

Global Network

Coporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

Subsequent costs to replace part of the premises and equipment are recognized in carrying amount of an asset or as an asset if it is probable that the future economic benefits associated with the assets will flow into the Group and the cost of an asset can be measured reliably. Routine maintenance and repairs are expensed as incurred.

While land is not depreciated, for all other premises and equipment, depreciation is charged to net income on a straight-line basis on the estimated economic useful lives as follows:

	<u>Useful life</u>
Buildings used for business purpose	35 to 57 years
Structures in leased office	4 to 5 years
Properties for business purpose	4 to 5 years
Leased assets	Useful lives of the same kind or similar other premises and equipment

The Group reassesses the depreciation method, the estimated useful lives and residual values of premises and equipment at the end of each reporting period. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate. When the carrying amount of a fixed asset exceeds the estimated recoverable amount, the carrying amount of such asset is reduced to the recoverable amount.

(13) Intangible assets and goodwill

Intangible assets are stated at the manufacturing cost or acquisition cost plus additional incidental expenses less accumulated amortization and accumulated impairment losses. The Group's software and industrial property right (trademark) are amortized over five years using the straight-line method. The estimated useful life and amortization method are reviewed at the end of each reporting period. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

	<u>Useful life</u>
Industrial property rights	10 years
Development costs	5 years
Software and others	4 to 5 years

In addition, when an indicator that intangible assets are impaired is noted, and the carrying amount of the asset exceeds the estimated recoverable amount of the asset, the carrying amount of the asset is reduced to its recoverable amount immediately.

Goodwill acquired in a business combination is included in intangible assets. Goodwill is not amortized but tested for impairment annually to the extent of reporting unit and when there is any indication of impairment.

Goodwill acquired is allocated to each of the Group's cash-generating units ("CGU") expected to benefit from the synergies of the combination. A CGU to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the CGU may be impaired. If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the CGU on a pro-rata basis based on the carrying amount of each asset in the CGU. Any impairment loss for goodwill is recognized directly in net income in the consolidated statements of comprehensive income. An impairment loss recognized for goodwill is not reversed in subsequent periods.

(14) Impairment of non-monetary assets

Intangible assets with indefinite useful lives, such as goodwill and membership, or intangible assets that are not yet available for use are tested for impairment annually, regardless of whether or not there is any indication of impairment. All other assets are tested for impairment when there is an objective indication that the carrying amount may not be recoverable, and if the indication exists. The Group estimates the recoverable amount. Recoverable amount is the higher of value in use and net fair value less costs to sell. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and such impairment loss is recognized immediately in net income.

104

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion
and Analysis

[Independent Auditors'
Report](#)

Organizational Chart

Global Network

Coporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

(15) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

1) As a lessor

Amounts due from lessees under finance leases are recognized as receivables at the amount of the Group's net investment in the leases being the minimum lease payments and any unguaranteed residual value discount interest rate implicit in the lease. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term. Operating lease assets are included within others in other assets and depreciated over their useful lives.

2) As a lessee

Assets held under finance leases are initially recognized as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statements of financial position as a finance lease obligation. Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Contingent rentals arising under finance leases are recognized as expenses in the periods in which they are incurred. Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as expenses in the period in which they are incurred.

(16) Derivative instruments

Derivative instruments are classified as forward, futures, option, and swap, depending on the types of transactions and are classified as either trading or hedging depending on the purpose. Derivatives are initially recognized at fair value at the date the derivative contract is entered into and are subsequently measured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in net income immediately unless the derivative is designated and effective as a hedging instrument.

A derivative embedded in a contract is accounted for as a stand-alone derivative if its economic characteristics are not closely related to the economic characteristics of the host contract; unless the entire contract is measured at fair value with changes in fair value recognized in net income.

The Group designates certain hedging instruments to (a) hedge of the exposure to changes in fair value of a recognized asset or liability or an unrecognized firm commitment (fair value hedge); (b) hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognized asset or liability or a highly probable forecasted transaction (cash flow hedge); and (c) hedge of a net investment in a foreign operation.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item.

105

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion
and Analysis

[Independent Auditors'
Report](#)

Organizational Chart

Global Network

Coporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

1) Fair value hedge

Changes in the fair value of derivatives that are designated and qualified as fair value hedges are recognized in net income immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. Hedge accounting is discontinued when the Group revokes the hedging relationship or when the hedging instrument is no longer qualified for hedge accounting. The fair value adjustment to the carrying amount of the hedged item is amortized to net income from that date to maturity using the effective interest method.

2) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualified as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in net income. Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to net income when the hedged item is recognized in net income.

Hedge accounting is discontinued when the hedging instrument is expired or sold, or it is no longer qualified for hedge accounting, and any cumulative gain or loss in other comprehensive income remains in equity until the forecast transaction is ultimately recognized in net income. When a forecasted transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in net income.

(17) Assets (or Disposal group) held for sale

The Group classifies a non-current asset (or disposal group) as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

(18) Provisions

The Group recognizes provision if it has a present or contractual obligations as a result of the past event, it is probable that an outflow of resources will be required to settle the obligation, and the amount of the obligation is reliably estimated. Provision is not recognized for the future operating losses.

The Group recognizes provision related to the unused portion of point rewards earned by credit card customers, payment guarantees, loan commitment and litigations. Where the Group is required to restore a leased property that is used as a branch, to an agreed condition after the contractual term expires, the present value of expected amounts to be used to dispose, decommission or repair the facilities is recognized as an asset retirement obligation.

Where there are a number of similar obligations, the probability that an outflow will be required in settlement is determined by considering the obligations as a whole. Although the likelihood of outflow for any one item may be small, if it is probable that some outflow of resources will be needed to settle the obligations as a whole, a provision is recognized.

(19) Capital and compound financial instruments

The Group classifies a financial instrument that it issues as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement. An instrument is classified as a liability if it is a contractual obligation to deliver cash or another financial asset, or to exchange financial assets or financial liabilities on potentially unfavorable terms. An instrument is classified as equity if it evidences a residual interest in the assets of the Group after the deduction of liabilities. The components of a compound financial instrument issued by the Group are classified and accounted for separately as financial liabilities or equity as appropriate.

The Group recognizes common stock as equity and redeemable preferred stocks as a liability. Direct expenses related to the issuance of new shares or options are recognized as a deduction from equity, net of any tax effects.

106

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion
and Analysis

[Independent Auditors'
Report](#)

Organizational Chart

Global Network

Coporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

If the Group reacquires its own equity instruments, those instruments (“treasury shares”) are presented as a deduction from total equity. The gain or loss on the purchase, sale, issue, or cancellation of treasury shares is not recognized in net income but recognized directly in equity.

(20) Financial guarantee contracts

Under a financial guarantee contract, the Group, in return for a fee, undertakes to meet a customer’s obligations under the terms of a debt instrument if the customer fails to do so.

A financial guarantee is recognized as a liability; initially at fair value and will be amortized, if not designated as at FVTPL, subsequently at the higher of its initial value less cumulative amortization and any provision under the contract measured in accordance with provision policy. Amortization is calculated so as to recognize fees in net income over the period of the guarantee.

(21) Employee benefits and pensions

The Group recognizes the undiscounted amount of short-term employee benefits expecting payment in exchange for the services, when employee renders services. Also, the Group recognizes expenses and liabilities in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences. Though the Group may have no legal obligation to pay a bonus, considering some cases, the Group has a practice of paying bonuses. In such cases, the Group has a constructive obligation, and thus recognizes expenses and liabilities when the employees render service.

The Group is operating defined contribution retirement pension plans and defined benefit retirement pension plans. Contributions to defined contribution retirement pension plans are recognized as an expense when employees have rendered service entitling them to the contributions. For defined benefit retirement pension plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the consolidated statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur.

Remeasurement recognized in other comprehensive income will not be reclassified to profit or loss. Past service cost is recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are composed of service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements), net interest expense (income), and remeasurement.

The Group presents the service cost and net interest expense (income) components in profit or loss, and the remeasurement component in other comprehensive income. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognized in the consolidated statement of financial position represents the actual deficit or surplus in the Group’s defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

Liabilities for termination benefits are recognized at the earlier of either 1) when the Group has become not able to cancel its proposal for termination benefits, or 2) when the Group has recognized the cost of restructuring that accompanies the payment of termination benefits.

107

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion
and Analysis

[Independent Auditors'
Report](#)

Organizational Chart

Global Network

Corporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

(22) Income taxes

Income tax expense represents the sum of the tax currently payable and deferred tax. Current income tax expense approximates taxes to be paid or refunded for the current period and deferred income tax expense is provided on an asset and liability method whereby deferred tax assets are recognized for deductible temporary differences, including operating losses and tax credit carryforwards, and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the carrying values of assets and liabilities for financial reporting purposes and their tax bases. Deferred income tax benefit or expense is then recognized for the change in deferred tax assets or liabilities between periods. Deferred tax assets and liabilities are measured at the tax rates on the date of enactment or substantive enactment that are expected to apply in the period in which the liability is settled or the asset realized. Deferred tax assets, including the carry forwards of unused tax losses, are recognized to the extent it is probable that the deferred tax assets will be realized.

Deferred income tax assets and liabilities are offset if, and only if the Group has a legally enforceable right to offset current tax assets against current tax liabilities, and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred liabilities are not recognized if the temporary difference arises from goodwill. Deferred tax assets or liabilities are not recognized if they arise from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

(23) Earnings per share (“EPS”)

Basic EPS is calculated by earnings subtracting the dividends paid to holders of preferred stock and hybrid securities from the net income attributable to ordinary shareholders from the statements of comprehensive income and dividing by the weighted average number of common shares outstanding. Diluted EPS is calculated by adjusting the earnings and number of shares for the effects of all dilutive potential common shares.

108

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion
and Analysis

[Independent Auditors'
Report](#)

Organizational Chart

Global Network

Corporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

3. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

The significant accounting estimates and assumptions are continually evaluated and are based on historical experiences and various factors including expectations of future events that are considered to be reasonable. Actual results can differ from those estimates based on such definitions. The accounting estimates and assumptions, which involve potential significant risks that may materially impact the book values of assets and liabilities on the Group's consolidated financial statements, are as follows:

(1) Income taxes

The Group is subject to income taxes in numerous jurisdictions, which requires significant judgment in determining realization of deferred tax. Actual tax payment may be different from the provision estimate and such difference may affect the income tax expense. There are various transactions and calculations for which the ultimate tax determination is uncertain. Deferred tax assets relating to tax losses carried forward and deductible temporary differences are recognized, only to the extent that it is probable that future taxable profit will be available against which the tax losses carried forward and the deductible temporary differences can be utilized. This assessment requires significant management estimates and judgments. Future taxable profit is estimated based on, among other relevant factors, forecasted operating results, which are based on historical financial performance. In the event the Group was to determine that it would be able to realize its deferred income tax assets in the future at an amount different than their net recorded amount, the Group would make an adjustment to the provision for income taxes at such time.

(2) Valuation of Financial Instruments

Financial instruments classified as held-for trading or designated as at FVTPL and financial instruments classified as AFS are recognized in the financial statements at fair value. All derivatives are measured at fair value. Financial instruments, which are not traded in active market will have less objective fair value and require broad judgment in liquidity, concentration, uncertainty in market factors and assumption in price determination and other risks. The fair value of those assets is established by using valuation techniques.

As described in the significant accounting policies in Note 2-(9)-5, 'Fair value of financial assets and liabilities', a range of valuation techniques, which include market approach and income approach and internally developed models that incorporate various types of assumptions and variables, are used to determine the fair value of financial instruments.

(3) Impairment of loans

Impairment loss for loans and receivables carried at amortized cost is measured as the difference between such assets' carrying value and the present value of estimated recoverable cash flows (not include any future loss events that have not occurred) discounted by using the initial effective interest rate. After initial recognition, when the estimated cash flow of the financial asset is affected by one or more loss events, it is determined that the financial asset is impaired.

The objective evidences that a financial asset is impaired incorporate below loss events:

- 1) Financial assets that are individually assessed
 - Past due
 - Debt restructuring
 - Possible state of debtor's bankruptcy or liquidation
 - Occurrence of significant impairment on securities
 - Breach of limit or debt covenant
 - Deterioration of operating performance
- 2) Financial assets that are not individually assessed
 - Repayment status of debtor or observable macro-economic indexes

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion
and Analysis

[Independent Auditors'
Report](#)

Organizational Chart

Global Network

Corporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant (individual evaluation of impairment), and individually or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment (collective evaluation of impairment).

There are two components to the Group's loan impairment provisions (individual and collective).

Individual assessment of impairment losses are calculated by discounting the expected future cash flows of a loan at its original effective interest rate and comparing the resultant present value with the loan's carrying amount. This process normally encompasses management's best estimate, such as operating cash flow of debtor and net realizable value of any collateral held and the timing of anticipated receipts.

Collective assessment of impairment losses are established on a portfolio basis using the methodology based on historical loss experience. The methodology based on historical loss experience is used to estimate inherent incurred loss on groups of assets for collective evaluation of impairment. Such methodology incorporates factors such as type of product and debtors, credit rating, portfolio size, loss emergence period and recovery period and applies probability of default on each assets (or pool of assets) and loss given default by type of collateral. Also, consistent assumptions are applied to form a formula-based model in estimating inherent loss and to determine factors on the basis of historical loss experience and current condition. The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

(4) Defined benefit plan

The Group operates defined benefit retirement pension plans. Defined benefit retirement pension plans are measured through actuarial valuation and the Group estimates discount rate, future wage growth rate, mortality ratio to produce actuarial valuation. Defined benefit retirement pension plans contain significant uncertainty in these estimates due to its long-term characteristic.

4. RISK MANAGEMENT

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

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

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

(1) Credit risk

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

110

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion
and Analysis

[Independent Auditors'
Report](#)

Organizational Chart

Global Network

Coporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

1) Credit risk management

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

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

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

2) Maximum exposure to credit risk

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

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

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Loans and receivables:		
Korean treasury and government agencies	8,823,584	16,058,305
Banks	26,845,309	20,242,260
Corporates	90,570,551	88,985,566
Consumers	140,866,760	133,106,502
Sub-total	<u>267,106,204</u>	<u>258,392,633</u>
Financial assets at fair value through profit or loss ("FVTPL"):		
Gold banking assets	25,972	26,180
Debt securities held for trading	2,644,333	2,644,916
Financial assets designated at FVTPL	9,694	4,348
Derivative assets for trading	3,115,775	2,898,295
Sub-total	<u>5,795,774</u>	<u>5,573,739</u>
Available-for-sale ("AFS") debt securities	13,229,244	16,541,888
Held-to-maturity ("HTM") securities	16,749,296	13,910,251
Derivative assets for hedging	59,272	140,577
Off-balance accounts :		
Guarantees	12,859,715	14,761,784
Loan commitments	80,760,325	83,795,496
Sub-total	<u>93,620,040</u>	<u>98,557,280</u>
Total	<u>396,559,830</u>	<u>393,116,368</u>

111

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion and Analysis

[Independent Auditors' Report](#)

Organizational Chart

Global Network

Corporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

a) Credit risk exposure by geographical areas

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

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

	December 31, 2016						Total
	Korea	China	USA	UK	Japan	Others (*)	
Loans and receivables	241,380,250	4,286,018	2,792,088	895,874	323,470	8,714,933	258,392,633
Financial assets at FVTPL	5,205,849	6,525	-	261,547	81	99,737	5,573,739
AFS debt securities	16,155,290	13,845	137,861	-	-	234,892	16,541,888
HTM securities	13,758,863	-	20,336	-	-	131,052	13,910,251
Derivative assets	74,166	-	-	66,342	-	69	140,577
Off-balance accounts	96,245,092	737,513	103,130	80,831	23,250	1,367,464	98,557,280
Total	372,819,510	5,043,901	3,053,415	1,304,594	346,801	10,548,147	393,116,368

(*) Others consist of financial assets in Indonesia, Vietnam, Panama, European countries and others.

b) Credit risk exposure by industries

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

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

	December 31, 2016						Total
	Service	Manufacturing	Finance and insurance	Construction	Individuals	Others	
Loans and receivables	46,040,278	35,652,974	37,711,983	3,789,670	125,558,637	9,639,091	258,392,633
Financial assets at FVTPL	77,198	360,881	4,093,567	24,140	993	1,016,960	5,573,739
AFS debt securities	1,092,279	57,781	9,568,151	63,166	-	5,760,511	16,541,888
HTM securities	1,673,971	-	8,290,451	251,599	-	3,694,230	13,910,251
Derivative assets	-	-	140,577	-	-	-	140,577
Off-balance accounts	18,423,611	26,878,320	9,927,574	4,621,971	33,603,651	5,102,153	98,557,280
Total	67,307,337	62,949,956	69,732,303	8,750,546	159,163,281	25,212,945	393,116,368

112

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion
and Analysis

[Independent Auditors'
Report](#)

Organizational Chart

Global Network

Corporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

3) Credit risk of loans and receivables

The credit exposure of loans and receivables by customer and loan condition is as follows (Unit: Korean Won in millions):

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

	December 31, 2016							
	Korean treasury and government agencies	Banks	Corporates			Sub-total	Consumers	Total
			General business	Small and medium sized enterprise	Project financing and others			
Loans and receivables neither overdue nor impaired	16,062,399	20,258,860	49,815,352	31,520,617	7,142,440	88,478,409	132,195,005	256,994,673
Loans and receivables overdue but not impaired	-	-	48,294	57,245	-	105,539	765,829	871,368
Impaired loans and receivables	-	-	1,404,568	429,955	208,372	2,042,895	510,793	2,553,688
Total	16,062,399	20,258,860	51,268,214	32,007,817	7,350,812	90,626,843	133,471,627	260,419,729
Allowance for credit losses	4,094	16,600	1,156,000	424,142	61,135	1,641,277	365,125	2,027,096
Total, net	16,058,305	20,242,260	50,112,214	31,583,675	7,289,677	88,985,566	133,106,502	258,392,633

a) Credit quality of loans and receivables

The Group manages credit quality of its loans and receivables, (neither overdue nor impaired, net of allowance) through an internal rating system. Segregation of credit quality is as follows (Unit: Korean Won in millions):

	December 31, 2017							
	Korean treasury and government agencies	Banks	Corporates			Sub-total	Consumers	Total
			General business	Small and medium sized enterprise	Project financing and others			
Upper grade (*1)	8,823,576	26,845,309	43,613,460	23,191,627	4,623,750	71,428,837	135,893,496	242,991,218
Lower grade (*2)	-	-	6,565,274	10,767,062	898,536	18,230,872	3,835,030	22,065,902
Total	8,823,576	26,845,309	50,178,734	33,958,689	5,522,286	89,659,709	139,728,526	265,057,120
Value of collateral(*3)	1,409	483,469	19,868,185	29,600,362	2,642,674	52,111,221	114,441,637	167,037,736

113

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion and Analysis

[Independent Auditors' Report](#)

Organizational Chart

Global Network

Coporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

	December 31, 2016								
	Korean treasury and government agencies	Corporates					Sub-total	Consumers	Total
		Banks	General business	Small and medium sized enterprise	Project financing and others				
Upper grade (*1)	16,058,288	20,242,260	41,461,420	18,755,963	5,337,033	65,554,416	128,374,017	230,228,981	
Lower grade (*2)	17	-	7,941,871	12,550,282	1,763,658	22,255,811	3,680,920	25,936,748	
Total	16,058,305	20,242,260	49,403,291	31,306,245	7,100,691	87,810,227	132,054,937	256,165,729	
Value of collateral(*3)	-	358,456	18,003,674	25,493,006	3,996,162	47,492,842	111,054,910	158,906,208	

(*1) AAA~BBB for corporates, and 1~6 level for consumers

(*2) BBB- ~C for corporates, and 7~10 level for consumers

(*3) The value of collateral is the allocated collateral amount when estimating the allowance for credit losses.

Allowances for credit losses, for loans and receivables neither overdue nor impaired, amounting to 634,949 million Won and 828,944 million Won as of December 31, 2017 and 2016, respectively, which are deducted from the loans and receivables above.

b) Aging analysis of loans and receivables

Aging analysis of loans and receivables (overdue but not impaired, net of allowance) is as follows (Unit: Korean Won in millions):

Past due	December 31, 2017							
	Korean treasury and government agencies	Banks	General business	Small & medium sized enterprise	Project financing and others	Sub-total	Consumers	Total
Less than 30 days	8	-	59,560	48,002	-	107,562	683,445	791,015
30~59 days	-	-	3,702	6,550	-	10,252	94,376	104,628
60~89 days	-	-	928	4,935	-	5,863	55,011	60,874
Total	8	-	64,190	59,487	-	123,677	832,832	956,517
Value of collateral (*)	-	-	4,619	46,513	-	51,132	619,867	670,999

Past due	December 31, 2016							
	Korean treasury and government agencies	Banks	General business	Small & medium sized enterprise	Project financing and others	Sub-total	Consumers	Total
Less than 30 days	-	-	45,255	41,329	-	86,584	584,995	671,579
30~59 days	-	-	1,553	8,933	-	10,486	90,296	100,782
60~89 days	-	-	337	2,123	-	2,460	49,151	51,611
Total	-	-	47,145	52,385	-	99,530	724,442	823,972
Value of collateral (*)	-	-	7,021	45,304	-	52,325	546,164	598,489

(*) The value of collateral is the allocated collateral amount when estimating the allowance for credit losses.

Allowances for credit losses, for loans and receivables that are overdue but not impaired, amounting to 50,580 million Won and 47,396 million Won as of December 31, 2017 and 2016, respectively, which are deducted from the loans and receivables above.

114

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion
and Analysis

[Independent Auditors'
Report](#)

Organizational Chart

Global Network

Corporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

c) Impaired loans and receivables

Impaired loans and receivables, net of allowance are as follows (Unit: Korean Won in millions):

	December 31, 2017							
	Korean treasury and government agencies		Corporates				Consumers	Total
	Banks	General business	Small & medium sized enterprise	Project financing and others	Sub-total			
Impaired loans	-	-	609,202	136,707	41,256	787,165	305,402	1,092,567
Value of collateral (*)	-	-	562,638	141,026	20,351	724,015	227,966	951,981

	December 31, 2016							
	Korean treasury and government agencies		Corporates				Consumers	Total
	Banks	General business	Small & medium sized enterprise	Project financing and others	Sub-total			
Impaired loans	-	-	661,778	225,045	188,986	1,075,809	327,123	1,402,932
Value of collateral (*)	-	-	482,680	236,954	42,166	761,800	250,583	1,012,383

(*) The value of collateral held is recoverable amount used when calculating allowance for credit losses.

Allowances for credit losses, for impaired loans and receivables amounting to 1,144,713 million Won and 1,150,756 million Won as of December 31, 2017 and 2016, respectively, are deducted from the impaired loans and receivables above.

4) Credit quality of debt securities

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

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

	December 31, 2016			
	Financial assets at FVTPL (*)	AFS debt securities	HTM securities	Total
AAA	1,658,332	12,490,934	13,342,384	27,491,650
AA- ~ AA+	720,535	3,372,310	466,401	4,559,246
BBB- ~ A+	266,049	618,736	101,466	986,251
Below BBB-	4,348	59,908	-	64,256
Total	2,649,264	16,541,888	13,910,251	33,101,403

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

115

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion
and Analysis

[Independent Auditors'
Report](#)

Organizational Chart

Global Network

Corporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

(2) Market risk

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

1) Market risk management

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

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

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

2) Sensitivity analysis of market risk

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

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

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

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

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

116

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion
and Analysis

[Independent Auditors'
Report](#)

Organizational Chart

Global Network

Corporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

a) Trading activities

The minimum, maximum and average VaR for the years ended December 31, 2017 and 2016, respectively, and the VaR as of December 31, 2017 and 2016, respectively, are as follows (Unit: Korean Won in millions):

Risk factor	As of	For the year ended			As of	For the year ended		
	December 31, 2017	Average	Maximum	Minimum	December 31, 2016	Average	Maximum	Minimum
Interest rate	4,183	3,799	4,918	2,467	3,250	2,844	6,430	1,367
Stock price	909	2,863	4,419	909	4,191	3,456	5,063	2,304
Foreign currencies	4,750	5,051	6,636	4,061	4,396	4,914	7,686	3,967
Commodity price	-	31	188	-	152	113	325	21
Diversification	(4,472)	(4,621)	(6,798)	(2,067)	(5,630)	(5,355)	(10,385)	(4,034)
Total VaR	5,370	7,123	9,363	5,370	6,359	5,972	9,119	3,625

b) Non-trading activities

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

	December 31, 2017		December 31, 2016	
	NII	NPV	NII	NPV
Base case	4,916,138	23,472,792	4,367,411	21,556,632
Base case (Prepay)	4,916,015	23,163,942	4,384,783	20,666,425
IR 100bp up	5,361,546	22,886,122	4,802,118	20,893,490
IR 100bp down	4,386,437	24,127,559	3,903,129	22,279,204
IR 200bp up	5,806,723	22,372,208	5,236,879	20,289,742
IR 200bp down	3,452,590	24,830,482	2,975,351	23,052,848
IR 300bp up	6,251,897	21,929,189	5,671,639	19,742,627
IR 300bp down	2,254,609	26,633,807	1,968,273	25,096,193

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

	December 31, 2017		December 31, 2016	
	EaR	VaR	EaR	VaR
	255,679	130,821	188,381	110,335

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

	December 31, 2017						
	Within 3 months	4 to 6 months	7 to 9 months	10 to 12 months	1 to 5 years	Over 5 years	Total
Asset:							
Loans and receivables	161,653,892	41,671,530	7,614,159	6,411,841	54,150,998	26,272,958	297,775,378
AFS financial assets	2,150,708	2,500,103	2,016,711	2,367,762	4,229,000	601,735	13,866,019
HTM financial assets	2,286,179	2,161,467	1,433,425	1,687,362	9,369,794	345,868	17,284,095
Total	166,090,779	46,333,100	11,064,295	10,466,965	67,749,792	27,220,561	328,925,492
Liability:							
Deposits due to customers	106,815,564	37,750,367	25,117,556	27,585,458	37,518,878	91,246	234,879,069
Borrowings	9,865,249	1,056,579	412,966	437,431	2,709,010	479,827	14,961,062
Debentures	1,955,902	2,452,240	1,018,563	1,752,847	19,770,538	2,869,766	29,819,856
Total	118,636,715	41,259,186	26,549,085	29,775,736	59,998,426	3,440,839	279,659,987

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion and Analysis

[Independent Auditors' Report](#)

Organizational Chart

Global Network

Coporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

	December 31, 2016						
	Within 3 months	4 to 6 months	7 to 9 months	10 to 12 months	1 to 5 years	Over 5 years	Total
Asset:							
Loans and receivables	148,237,350	42,032,667	8,064,502	7,757,087	55,838,192	35,245,734	297,175,532
AFS financial assets	3,165,094	2,946,992	2,854,514	2,915,226	5,029,918	713,596	17,625,340
HTM financial assets	2,770,079	1,515,213	1,246,503	1,143,170	6,853,951	892,030	14,420,946
Total	154,172,523	46,494,872	12,165,519	11,815,483	67,722,061	36,851,360	329,221,818
Liability:							
Deposits due to customers	100,051,821	36,614,529	25,028,378	25,017,836	34,513,004	40,737	221,266,305
Borrowings	13,772,710	1,044,748	491,330	368,431	2,816,565	421,677	18,915,461
Debentures	2,109,235	2,077,681	860,455	1,545,943	14,613,799	4,143,773	25,350,886
Total	115,933,766	39,736,958	26,380,163	26,932,210	51,943,368	4,606,187	265,532,652

3) Currency risk

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

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

	December 31, 2017									
	USD		JPY		CNY		EUR		Others	Total
	Foreign currency	Won equivalent	Foreign currency	Won equivalent	Foreign currency	Won equivalent	Foreign currency	Won equivalent	Won equivalent	Won equivalent
Asset:										
Loans and receivables	23,000	24,642,900	126,944	1,204,843	25,224	4,127,936	1,156	1,479,351	3,937,733	35,392,763
Financial assets at FVTPL	32	34,303	25	238	-	-	27	34,583	104,892	174,016
AFS financial assets	1,966	2,105,972	-	-	319	52,259	-	590	302,801	2,461,622
HTM financial assets	111	118,868	-	-	-	-	-	-	78,175	197,043
Total	25,109	26,902,043	126,969	1,205,081	25,543	4,180,195	1,183	1,514,524	4,423,601	38,225,444

	December 31, 2017									
	USD		JPY		CNY		EUR		Others	Total
	Foreign currency	Won equivalent	Foreign currency	Won equivalent	Foreign currency	Won equivalent	Foreign currency	Won equivalent	Won equivalent	Won equivalent
Liability:										
Financial liabilities at FVTPL	41	43,423	79	752	-	-	19	24,878	69,977	139,030
Deposits due to customers	13,744	14,725,686	195,176	1,852,440	21,865	3,578,142	883	1,129,802	2,396,826	23,682,896
Borrowings	6,604	7,080,118	2,218	21,056	-	-	247	315,685	242,874	7,659,733
Debentures	3,467	3,714,411	-	-	700	114,555	-	-	375,749	4,204,715
Other financial liabilities	2,392	2,562,740	16,125	153,043	1,802	294,950	129	165,189	588,625	3,764,547
Total	26,248	28,126,378	213,598	2,027,291	24,367	3,987,647	1,278	1,635,554	3,647,051	39,450,921
Off-balance accounts	8,108	8,687,009	33,624	319,127	1,199	196,261	406	519,843	176,886	9,899,126

	December 31, 2016									
	USD		JPY		CNY		EUR		Others	Total
	Foreign currency	Won equivalent	Foreign currency	Won equivalent	Foreign currency	Won equivalent	Foreign currency	Won equivalent	Won equivalent	Won equivalent
Asset:										
Loans and receivables	22,868	27,635,970	108,944	1,129,539	23,194	4,018,678	1,548	1,962,856	4,382,990	39,130,033
Financial assets at FVTPL	66	79,386	57	589	-	-	30	37,562	34,124	151,661
AFS financial assets	898	1,085,108	-	-	80	13,844	-	570	144,799	1,244,321
HTM financial assets	17	20,517	-	-	-	-	-	-	143,535	164,052
Total	23,849	28,820,981	109,001	1,130,128	23,274	4,032,522	1,578	2,000,988	4,705,448	40,690,067

118

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion
and Analysis

[Independent Auditors'
Report](#)

Organizational Chart

Global Network

Coporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

	December 31, 2016									
	USD		JPY		CNY		EUR		Others	Total
	Foreign currency	Won equivalent	Foreign currency	Won equivalent	Foreign currency	Won equivalent	Foreign currency	Won equivalent	Won equivalent	Won equivalent
Liability:										
Financial liabilities at										
FVTPL	75	90,908	253	2,621	-	-	88	111,098	115,980	320,607
Deposits due to										
customers	11,294	13,648,729	124,790	1,293,835	18,950	3,283,291	651	825,165	2,402,076	21,453,096
Borrowings	7,193	8,692,792	3,243	33,625	-	-	222	280,894	115,332	9,122,643
Debentures	2,931	3,541,769	-	-	700	121,282	-	-	228,720	3,891,771
Other financial										
liabilities	2,235	2,700,703	12,390	128,464	1,508	261,278	245	310,396	846,990	4,247,831
Total	23,728	28,674,901	140,676	1,458,545	21,158	3,665,851	1,206	1,527,553	3,709,098	39,035,948
Off-balance accounts	8,593	10,384,163	28,675	297,304	1,061	183,883	374	473,845	312,187	11,651,382

(3) Liquidity risk

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

1) Liquidity risk management

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

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

2) Maturity analysis of non-derivative financial liabilities

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

	December 31, 2017						
	Within 3 months	4 to 6 months	7 to 9 months	10 to 12 months	1 to 5 years	Over 5 years	Total
Financial liabilities at							
FVTPL	168,442	155,984	1,717	512	375	-	327,030
Deposits due to customers	148,008,777	29,563,310	18,175,348	32,468,110	7,409,118	2,624,594	238,249,257
Borrowings	6,115,732	1,893,173	1,489,272	1,178,107	3,924,681	479,568	15,080,533
Debentures	1,955,255	2,452,565	1,018,714	1,744,731	19,770,380	2,869,699	29,811,344
Other financial liabilities	7,121,342	162,871	825	1,003	128,940	2,730,001	10,144,982
Total	163,369,548	34,227,903	20,685,876	35,392,463	31,233,494	8,703,862	293,613,146

	December 31, 2016						
	Within 3 months	4 to 6 months	7 to 9 months	10 to 12 months	1 to 5 years	Over 5 years	Total
Financial liabilities at							
FVTPL	678,813	1,529	94	47	154,325	-	834,808
Deposits due to customers	136,835,315	28,685,473	19,254,108	30,875,962	6,284,092	2,732,019	224,666,969
Borrowings	9,146,895	2,355,336	876,836	1,486,710	4,711,273	420,720	18,997,770
Debentures	2,108,780	2,077,387	860,596	1,518,524	14,641,016	4,116,768	25,323,071
Other financial liabilities	14,813,948	27,544	5,480	1,433	84,792	2,751,825	17,685,022
Total	163,583,751	33,147,269	20,997,114	33,882,676	25,875,498	10,021,332	287,507,640

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion
and Analysis

[Independent Auditors'
Report](#)

Organizational Chart

Global Network

Coporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

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

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

	December 31, 2016						Total
	Within 3 months	4 to 6 months	7 to 9 months	10 to 12 months	1 to 5 years	Over 5 years	
Financial liabilities at FVTPL	678,813	1,529	94	47	154,325	-	834,808
Deposits due to customers	148,089,355	30,163,971	17,600,803	20,947,335	5,128,387	2,331,993	224,261,844
Borrowings	9,146,901	2,355,332	876,835	1,486,710	4,711,273	420,719	18,997,770
Debentures	2,108,780	2,077,387	860,596	1,518,524	14,641,016	4,116,768	25,323,071
Other financial liabilities	14,813,948	27,544	5,480	1,433	84,792	2,751,825	17,685,022
Total	174,837,797	34,625,763	19,343,808	23,954,049	24,719,793	9,621,305	287,102,515

3) Maturity analysis of derivative financial liabilities is as follows (Unit: Korean Won in millions):

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

The cash flow by the maturity of derivative financial liabilities as of December 31, 2017 and 2016 is as follows:

	Remaining maturity						Total
	Within 3 months	4 to 6 months	7 to 9 months	10 to 12 months	1 to 5 years	Over 5 years	
December 31, 2017	3,150,149	-	-	381	67,373	-	3,217,903
December 31, 2016	3,009,977	-	-	208	7,013	-	3,017,198

4) Maturity analysis of off-balance accounts

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

	December 31, 2017	December 31, 2016
Guarantees	12,859,715	14,761,784
Loan commitments	80,760,325	83,795,496

120

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion and Analysis

[Independent Auditors' Report](#)

Organizational Chart

Global Network

Corporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

(4) Operational risk

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

1) Operational risk management

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

2) Operational risk measurement

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

(5) Capital management

The Group complies with the standard of capital adequacy provided by financial regulatory authorities. The capital adequacy ratio is based on Basel III of Basel Committee on Banking Supervision and Basel III was applied from the end of December, 2013. The capital adequacy ratio is calculated by dividing own capital by asset (weighted with a risk premium – risk weighted assets) based on the consolidated financial statements of the Group.

According to the above regulations, the Group is required to meet the following new minimum requirements: 6.25% and 5.38%, a minimum Tier 1 ratio of 7.75% and 6.88% and a minimum total regulatory capital of 9.75% and 8.88% as of December 31, 2017 and 2016, respectively.

Details of the Bank's capital adequacy ratio as of December 31, 2017 and 2016 are as follows (Unit: Korean won in millions):

	December 31, 2017	December 31, 2016
Tier 1 capital	16,074,987	15,714,480
Other Tier 1 capital	3,041,664	3,275,496
Tier 2 capital	3,486,555	3,910,513
Total risk-adjusted capital	22,603,206	22,900,489
Risk-weighted assets for credit risk	134,767,711	138,018,500
Risk-weighted assets for market risk	2,316,938	2,277,809
Risk-weighted assets for operational risk	9,677,559	9,431,814
Total risk-weighted assets	146,762,208	149,728,123
Common Equity Tier 1 ratio	10.95%	10.50%
Tier 1 capital ratio	13.03%	12.68%
Total capital ratio	15.40%	15.29%

121

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion and Analysis

Independent Auditors' Report

Organizational Chart

Global Network

Corporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

5. OPERATING SEGMENTS

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

(1) Segment by type of customers

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

- Consumer banking: Loans/deposits and financial services for retail and individual consumers, etc.
- Corporate banking: Loans/deposits and export/import, financial services for corporations, etc.
- Investment banking: Domestic/foreign investment, structured finance, M&A, Equity & fund investment related business, venture advisory related tasks, real estate SOC development practices, etc.
- Capital market: Fund management, investment in securities and derivatives, etc.
- Credit card: Credit card, cash service and card loan, etc.
- Headquarter and others: Segments that do not belong to above operating segments

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

	For the year ended December 31, 2017								
	Consumer banking	Corporate banking	Investment banking	Capital market	Credit Cards	Headquarters and others	Sub-total	Adjustments	Total
Net Interest income	1,702,939	1,795,377	12,124	36,883	463,603	622,790	4,633,716	586,934	5,220,650
Interest income	3,149,625	2,964,813	148,500	18,834	599,550	1,360,734	8,242,056	308,631	8,550,687
Interest expense	(955,836)	(1,681,652)	(243)	-	(135,947)	(834,662)	(3,608,340)	278,303	(3,330,037)
Inter-segment	(490,850)	512,216	(136,133)	18,049	-	96,718	-	-	-
Net non-interest income	649,950	571,336	152,168	69,671	73,537	389,004	1,905,666	(745,990)	1,159,676
Non-interest income	802,387	680,778	366,523	9,548,399	1,163,575	2,683,407	15,245,069	(395,833)	14,849,236
Non-interest expense	(253,961)	(170,268)	(214,355)	(9,478,728)	(1,090,038)	(2,132,053)	(13,339,403)	(350,157)	(13,689,560)
Inter-segment	101,524	60,826	-	-	-	(162,350)	-	-	-
Other income(expense)	(1,906,561)	(1,149,288)	(63,835)	14,662	(398,652)	(939,406)	(4,443,080)	219,496	(4,223,584)
Administrative expense	(1,808,974)	(832,429)	(12,881)	(16,567)	(163,536)	(954,238)	(3,788,625)	257,824	(3,530,801)
Impairment losses due to credit loss and others	(97,587)	(316,859)	(50,954)	31,229	(235,116)	14,832	(654,455)	(38,328)	(692,783)
Operating income	446,328	1,217,425	100,457	121,216	138,488	72,388	2,096,302	60,440	2,156,742
Non-operating income(expense)	(98,510)	(3,153)	39,350	-	(5,219)	(112,734)	(180,266)	(26,970)	(207,236)
Net income before income tax expense	347,818	1,214,272	139,807	121,216	133,269	(40,346)	1,916,036	33,470	1,949,506
Income tax expense	(84,172)	(296,634)	(33,834)	(29,335)	(32,055)	63,396	(412,634)	(6,784)	(419,418)
Net income	263,646	917,638	105,973	91,881	101,214	23,050	1,503,402	26,686	1,530,088

122

Woori Overview

Message from the CEO

Board of Directors

Corporate Governance

Company Structure

Woori Bank Awards 2017

News Highlights

Financial Highlights

Business Operations

Retail Banking

Wealth Management

Trust & Pension Business

Corporate Banking

SME Banking

Institutional Banking

Real Estate Finance

Global Business

International Trade Business

Financial Market Business

Investment Banking

Digital Banking

Risk Management

Corporate Social Responsibility

Ethical Management

Consumer Protection

Employee Satisfaction

Social Contribution Activities

Woori Smile Microcredit

Financial Review

Management's Discussion
and Analysis

[Independent Auditors'
Report](#)

Organizational Chart

Global Network

Coporate Fact Book

Woori Bank overview

Vision & Core Values

119 Years of History

Corporate Governance

Financial Highlights

Global Networks

Global Networks Strategy

Digital Strategy

A Trust-worthy Partner

For the year ended December 31, 2016

	Consumer banking	Corporate banking	Investment banking	Capital market	Credit Card	Headquarter and Others	Sub-total	Adjustment	Total
Net Interest income	1,484,233	1,741,140	14,613	48,826	428,096	713,677	4,430,585	588,959	5,019,544
Interest income	2,979,811	3,026,148	153,160	19,575	556,682	1,492,147	8,227,523	284,789	8,512,312
Interest expense	(1,023,290)	(1,780,990)	(225)	(324)	(128,586)	(863,523)	(3,796,938)	304,170	(3,492,768)
Inter-segment	(472,288)	495,982	(138,322)	29,575	-	85,053	-	-	-
Net non-interest income	557,410	550,194	160,885	4,033	79,714	302,800	1,655,036	(955,696)	699,340
Non-interest income	923,810	535,514	605,026	7,590,087	986,148	4,563,280	15,203,865	(433,880)	14,769,985
Non-interest expense	(405,912)	(32,873)	(444,141)	(7,586,054)	(906,434)	(4,173,415)	(13,548,829)	(521,816)	(14,070,645)
Inter-segment	39,512	47,553	-	-	-	(87,065)	-	-	-
Other expense	(1,875,579)	(1,476,190)	(110,863)	(51,995)	(364,137)	(574,606)	(4,453,370)	308,692	(4,144,678)
Administrative expense	(1,788,672)	(966,878)	(14,983)	(17,964)	(148,001)	(793,978)	(3,730,476)	252,000	(3,478,476)
Impairment losses on credit loss and others	(86,907)	(509,312)	(95,880)	(34,031)	(216,136)	219,372	(722,894)	56,692	(666,202)
Operating income	166,064	815,144	64,635	864	143,673	441,871	1,632,251	(58,045)	1,574,206
Non-operating income(expense)	(35,081)	(1,619)	46,559	(5,288)	(1,504)	55,291	58,358	(79,175)	(20,817)
Net income before income tax expense	130,983	813,525	111,194	(4,424)	142,169	497,162	1,690,609	(137,220)	1,553,389
Income tax expense	(31,698)	(203,983)	(26,909)	1,071	(32,774)	16,476	(277,817)	1,961	(275,856)
Net income	99,285	609,542	84,285	(3,353)	109,395	513,638	1,412,792	(135,259)	1,277,533

(2) Information on products and services

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

(3) Information on geographical areas

Among the Group's revenue (interest income and non-interest income) from services, revenue from the domestic customers for the years ended December 31, 2017 and 2016 amounted to 22,279,666 million Won and 22,265,508 million Won, respectively, and revenue from the foreign customers amounted to 1,120,257 million Won and 1,016,789 million Won, respectively. Among the Group's non-current assets (investments in joint ventures and associates, investment properties, premises and equipment and intangible assets), non-current assets attributed to domestic subsidiaries as of December 31, 2017 and 2016 are 3,550,764 million Won and 3,498,327 million Won, respectively, and foreign subsidiaries are 233,732 million Won and 240,946 million Won, respectively.

123

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion
and Analysis

[Independent Auditors'
Report](#)

Organizational Chart

Global Network

Corporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

6. CASH AND CASH EQUIVALENTS

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

	December 31, 2017	December 31, 2016
Cash	2,009,363	2,113,739
Foreign currencies	617,155	742,340
Demand deposits	3,423,355	4,238,956
Fixed deposits	858,413	496,289
Total	<u>6,908,286</u>	<u>7,591,324</u>

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

	For the years ended December 31	
	2017	2016
Changes in other comprehensive income due to valuation of AFS financial assets	(84,498)	12,586
Changes in other comprehensive income (loss) of investment in associates	612	(7,937)
Changes in other comprehensive income (loss) of foreign operations translation	(208,329)	28,712
Changes in other comprehensive income related to valuation of cash flow hedging	777	10,371
Changes in other comprehensive income due to remeasurement of the net defined benefit liability	10,497	34,162
Changes in investments in associates due to equity swap and others	51,227	-
Changes in investments in associates due to accounts transfer	(62,571)	(156,708)
Changes in unpaid dividends of hybrid equity securities	(10,658)	5,187

(3) Adjustments of liabilities from financing activities in current year are as follows (Unit: Korean Won in millions):

	For the year ended December 31, 2017					
	Not involving cash inflows and outflows					
	January 1, 2017	Cash flow	Foreign Exchange	Variation of gains on valuation of hedged items	Others	December 31, 2017
Borrowings	18,769,515	(3,634,883)	(350,429)	-	503	14,784,706
Debentures	23,565,449	4,817,701	(478,249)	(39,373)	4,123	27,869,651
Total	<u>42,334,964</u>	<u>1,182,818</u>	<u>(828,678)</u>	<u>(39,373)</u>	<u>4,626</u>	<u>42,654,357</u>

124

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion
and Analysis

[Independent Auditors'
Report](#)

Organizational Chart

Global Network

Corporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

7. FINANCIAL ASSETS AT FVTPL

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

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Financial assets held for trading	5,820,787	5,633,724
Financial assets designated at FVTPL	22,290	17,000
Total	<u>5,843,077</u>	<u>5,650,724</u>

(2) Financial assets held for trading are as follows (Unit: Korean Won in millions):

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Deposits:		
Gold banking asset	25,972	26,180
Securities:		
Debt securities		
Korean treasury and government agencies	540,438	519,337
Financial institutions	1,476,498	1,444,459
Corporates	627,397	681,120
Equity securities	21,666	35,983
Beneficiary certificates	13,041	23,891
Securities loaned	-	4,459
Sub-total	<u>2,679,040</u>	<u>2,709,249</u>
Derivatives assets	<u>3,115,775</u>	<u>2,898,295</u>
Total	<u>5,820,787</u>	<u>5,633,724</u>

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

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Debt securities	9,694	4,348
Equity securities	12,596	12,652
Total	<u>22,290</u>	<u>17,000</u>

125

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion
and Analysis

[Independent Auditors'
Report](#)

Organizational Chart

Global Network

Corporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

8. AVAILABLE FOR SALE FINANCIAL ASSETS

Details of AFS financial assets are as follows (Unit: Korean Won in millions):

	As of December 31, 2017			
	Amortized cost	Cumulative gains on valuation	Cumulative losses on valuation	Fair value
Debt securities:				
Korean treasury and government agencies	2,338,760	1,193	(9,386)	2,330,567
Financial institutions	5,225,921	1,504	(10,159)	5,217,266
Corporates	2,727,016	3,851	(5,635)	2,725,232
Asset-backed securities	309,518	-	(1,337)	308,181
Bond denominated in foreign currencies	2,449,954	3,100	(10,475)	2,442,579
Other debt securities	35,154	21	(12)	35,163
Sub-total	<u>13,086,323</u>	<u>9,669</u>	<u>(37,004)</u>	<u>13,058,988</u>
Equity securities	982,393	430,921	(2,236)	1,411,078
Beneficiary certificates	697,655	18,701	(3,728)	712,628
Securities loaned	169,988	664	(396)	170,256
Total	<u>14,936,359</u>	<u>459,955</u>	<u>(43,364)</u>	<u>15,352,950</u>
	As of December 31, 2016			
	Amortized cost	Cumulative gains on valuation	Cumulative losses on valuation	Fair value
Debt securities:				
Korean treasury and government agencies	3,778,688	13,700	(3,758)	3,788,630
Financial institutions	6,310,517	7,585	(3,904)	6,314,198
Corporates	4,336,195	93,957	(20,966)	4,409,186
Asset-backed securities	250,630	-	(1,427)	249,203
Bond denominated in foreign currencies	1,226,893	1,076	(16,105)	1,211,864
Other debt securities	73,360	1,871	(3)	75,228
Sub-total	<u>15,976,283</u>	<u>118,189</u>	<u>(46,163)</u>	<u>16,048,309</u>
Equity securities	1,034,299	420,038	(724)	1,453,613
Beneficiary certificates	2,802,847	40,405	(21,170)	2,822,082
Securities loaned	493,625	3,040	(3,086)	493,579
Total	<u>20,307,054</u>	<u>581,672</u>	<u>(71,143)</u>	<u>20,817,583</u>

126

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion
and Analysis

[Independent Auditors'
Report](#)

Organizational Chart

Global Network

Corporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

9. HELD TO MATURITY FINANCIAL ASSETS

Details of HTM financial assets are as follows (Unit: Korean Won in millions):

	As of December 31, 2017			
	Amortized cost	Cumulative gains on valuation	Cumulative losses on valuation	Fair value
Korean treasury and government agencies	3,994,857	6,944	(15,266)	3,986,535
Financial institutions	7,245,426	2,923	(15,067)	7,233,282
Corporates	5,311,970	12,367	(25,326)	5,299,011
Bond denominated in foreign currencies	197,043	832	(1,024)	196,851
Total	16,749,296	23,066	(56,683)	16,715,679

	As of December 31, 2016			
	Amortized cost	Cumulative gains on valuation	Cumulative losses on valuation	Fair value
Korean treasury and government agencies	3,754,356	26,366	(6,391)	3,774,331
Financial institutions	5,168,487	9,236	(4,940)	5,172,783
Corporates	4,823,356	58,176	(7,093)	4,874,439
Bond denominated in foreign currencies	164,052	-	(428)	163,624
Total	13,910,251	93,778	(18,852)	13,985,177

10. LOANS AND RECEIVABLES

(1) Details of loans and receivables are as follows (Unit: Korean Won in millions):

	December 31, 2017	December 31, 2016
Due from banks	8,868,378	14,815,476
Loans	251,523,301	235,400,585
Other loans and receivables	6,714,525	8,176,572
Total	267,106,204	258,392,633

(2) Details of due from banks are as follows (Unit: Korean Won in millions):

	December 31, 2017	December 31, 2016
Due from banks in local currency:		
Due from The Bank of Korea ("BOK")	6,246,496	11,395,162
Due from depository banks	30,003	3
Due from non-depository institutions	150	9,811
Due from the Korea Exchange	50,000	1,625
Others	97,365	73,283
Allowance for credit losses	(1,541)	(2,798)
Sub-total	<u>6,422,473</u>	<u>11,477,086</u>
Due from banks in foreign currencies:		
Due from banks on demand	794,353	877,636
Due from banks on time	972,915	1,684,631
Others	679,554	778,418
Allowance for credit losses	(917)	(2,295)
Sub-total	<u>2,445,905</u>	<u>3,338,390</u>
Total	8,868,378	14,815,476

127

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion
and Analysis

[Independent Auditors'
Report](#)

Organizational Chart

Global Network

Corporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

(3) Details of restricted due from banks are as follows (Unit: Korean Won in millions):

Financial institution	Counterparty	December 31, 2017	Reason of restriction
Due from banks in local currency:			
Due from The BOK	The BOK		Reserve deposits under The BOK Act
Others	The Korea Exchange and others	6,246,496	Central Counter Party KRW margin and others
	Sub-total	94,394	
		<u>6,340,890</u>	
Due from banks in foreign currencies:			
Due from banks on demand	The BOK and others	787,520	Reserve deposits under The BOK Act and others
Others	The People's Bank of China and others	367,108	Reserve deposits and others
	Sub-total	<u>1,154,628</u>	
	Total	<u>7,495,518</u>	

Financial institution	Counterparty	December 31, 2016	Reason of restriction
Due from banks in local currency:			
Due from The BOK	The BOK		Reserve deposits under The BOK Act
Others	The Korea Exchange and others	11,395,162	Central counter party KRW margin and others
	Sub-total	70,304	
		<u>11,465,466</u>	
Due from banks in foreign currencies:			
Due from banks on demand	The BOK and others	854,612	Reserve deposits under The BOK Act and others
Others	The People's Bank of China and others	778,418	Reserve deposits and others
	Sub-total	<u>1,633,030</u>	
	Total	<u>13,098,496</u>	

(4) Details of loans are as follows (Unit: Korean Won in millions):

	December 31, 2017	December 31, 2016
Loans in local currency	200,213,230	191,309,481
Loans in foreign currencies	13,147,888	14,101,839
Domestic banker's letter of credit	2,516,907	3,754,030
Credit card accounts	6,827,295	6,673,765
Bills bought in foreign currencies	8,197,159	7,758,575
Bills bought in local currency	334,714	414,451
Factoring receivables	137,523	96,763
Advances for customers on guarantees	23,620	25,197
Privately placed bonds	362,319	328,405
Securitized loans	563,152	252,690
Call loans	3,003,455	2,985,077
Bonds purchased under resale agreements	16,859,064	8,854,753
Loan origination costs and fees	510,860	458,639
Others	607,325	251,635
Present value discount	(10,988)	(13,827)
Allowance for credit losses	(1,770,222)	(1,850,888)
Total	<u>251,523,301</u>	<u>235,400,585</u>

128

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion and Analysis

[Independent Auditors' Report](#)

Organizational Chart

Global Network

Corporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

(5) Details of other loan and receivables are as follows (Unit: Korean Won in millions):

	December 31, 2017	December 31, 2016
CMA accounts	135,000	190,000
Receivables	4,459,318	5,417,676
Accrued income	1,026,273	1,080,489
Telex and telephone subscription rights and refundable deposits	984,620	1,019,577
Other debtors	166,877	639,945
Allowance for credit losses	(57,563)	(171,115)
Total	<u>6,714,525</u>	<u>8,176,572</u>

(6) Changes in allowance for credit losses on loans and receivables are as follows (Unit: Korean Won in millions):

	For the year ended December 31, 2017				
	Consumers	Corporates	Credit card	Others	Total
Beginning balance	(163,858)	(1,498,842)	(155,372)	(209,024)	(2,027,096)
Net provision	(131,275)	(539,222)	(203,968)	12,192	(862,273)
Recoveries of loans previously charged off	(45,060)	(84,413)	(51,366)	(68)	(180,907)
Charge-offs	142,099	453,249	228,640	63,181	887,169
Sales of loans and receivables	898	65,145	-	29,186	95,229
Unwinding effect	8,643	36,548	-	-	45,191
Others (*)	908	211,729	1	(193)	212,445
Ending balance	<u>(187,645)</u>	<u>(1,355,806)</u>	<u>(182,065)</u>	<u>(104,726)</u>	<u>(1,830,242)</u>

	For the year ended December 31, 2016				
	Consumers	Corporates	Credit card	Others	Total
Beginning balance	(203,433)	(1,686,194)	(145,810)	(442,620)	(2,478,057)
Net provision	(73,356)	(536,359)	(207,730)	(73,318)	(890,763)
Recoveries of loans previously charged off	(53,679)	(192,183)	(44,393)	(19,233)	(309,488)
Charge-offs	155,424	722,359	242,561	236,857	1,357,201
Sales of loans and receivables	2,055	113,177	-	91,800	207,032
Unwinding effect	10,319	66,901	-	-	77,220
Others (*)	(1,188)	13,457	-	(2,510)	9,759
Ending balance	<u>(163,858)</u>	<u>(1,498,842)</u>	<u>(155,372)</u>	<u>(209,024)</u>	<u>(2,027,096)</u>

(*) Others are due to debt-equity swap, fluctuation of foreign currencies exchange rates, etc.

11. THE FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

(1) The fair value hierarchy

The fair value hierarchy is determined by the levels of judgment involved in estimating fair values of financial assets and liabilities. The specific financial instruments characteristics and market condition such as volume of transactions and transparency are reflected to the market observable inputs. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities. The Group maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value of its financial assets and financial liabilities. Fair value is measured based on the perspective of a market participant. As such, even when market assumptions are not readily available, the Group's own assumptions reflect those that market participants would use for measuring the assets or liabilities at the measurement date.

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion
and Analysis

[Independent Auditors'
Report](#)

Organizational Chart

Global Network

Coporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

The fair value measurement is described in the one of the following three levels used to classify fair value measurements:

- Level 1—fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. The types of financial assets or liabilities generally included in Level 1 are publicly traded equity securities, derivatives, and debt securities issued by governmental bodies.
- Level 2— fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices). The types of financial assets or liabilities generally included in Level 2 are debt securities not traded in active markets and derivatives traded in OTC but not required significant judgment.
- Level 3— fair value measurements are those derived from valuation technique that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). The types of financial assets or liabilities generally included in Level 3 are non-public securities and derivatives and debt securities of which valuation techniques require significant judgments and subjectivity.

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Group's assessment of the significance of a particular input to a fair value measurement in its entirety requires judgment and consideration of inherent factors of the asset or liability.

(2) Fair value hierarchy of financial assets and liabilities measured at fair value are as follows (Unit: Korean Won in millions):

	December 31, 2017			
	Level 1 (*1)	Level 2 (*1)	Level 3 (*2)	Total
Financial assets:				
Financial assets held for trading				
Deposits	25,972	-	-	25,972
Debt securities	405,942	2,238,391	-	2,644,333
Equity securities	21,666	-	-	21,666
Beneficiary certificates	-	13,041	-	13,041
Derivative assets	1,021	3,093,272	21,482	3,115,775
Sub-total	454,601	5,344,704	21,482	5,820,787
Financial assets designated at FVTPL				
Debt securities	-	-	9,694	9,694
Equity securities	-	-	12,596	12,596
Sub-total	-	-	22,290	22,290
AFS financial assets				
Debt securities	2,710,172	10,348,815	-	13,058,987
Equity securities	399,214	-	1,011,864	1,411,078
Beneficiary certificates	-	68,722	643,906	712,628
Securities loaned	69,778	100,478	-	170,256
Sub-total	3,179,164	10,518,015	1,655,770	15,352,949
Derivative assets	-	59,272	-	59,272
Total	3,633,765	15,921,991	1,699,542	21,255,298
Financial liabilities:				
Financial liabilities held for trading				
Deposits	25,964	-	-	25,964
Derivative liabilities	2,613	3,126,585	20,951	3,150,149
Securities sold	-	-	-	-
Sub-total	28,577	3,126,585	20,951	3,176,113
Financial liabilities designated at FVTPL				

130

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion
and Analysis

[Independent Auditors'
Report](#)

Organizational Chart

Global Network

Corporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

	December 31, 2017			
	Level 1 (*1)	Level 2 (*1)	Level 3 (*2)	Total
Equity-linked securities	-	-	160,057	160,057
Debentures	-	91,739	-	91,739
Sub-total	-	91,739	160,057	251,796
Derivative liabilities	-	67,754	-	67,754
Total	28,577	3,286,078	181,008	3,495,663

	December 31, 2016			
	Level 1 (*1)	Level 2 (*1)	Level 3 (*2)	Total
Financial assets:				
Financial assets held for trading				
Deposits	26,180	-	-	26,180
Debt securities	370,636	2,274,280	-	2,644,916
Equity securities	35,983	-	-	35,983
Beneficiary certificates	-	23,891	-	23,891
Securities loaned	4,459	-	-	4,459
Derivative assets	3,233	2,871,909	23,153	2,898,295
Sub-total	440,491	5,170,080	23,153	5,633,724
Financial assets designated at FVTPL				
Debt securities	-	-	4,348	4,348
Equity securities	-	-	12,652	12,652
Sub-total	-	-	17,000	17,000
AFS financial assets				
Debt securities	2,288,917	13,759,392	-	16,048,309
Equity securities	428,678	-	1,024,935	1,453,613
Beneficiary certificates	-	2,291,571	530,511	2,822,082
Securities loaned	391,279	102,300	-	493,579
Sub-total	3,108,874	16,153,263	1,555,446	20,817,583
Derivative assets	-	140,478	99	140,577
Total	3,549,365	21,463,821	1,595,698	26,608,884
Financial liabilities:				
Financial liabilities held for trading				
Deposits	26,501	-	-	26,501
Derivative liabilities	1,750	2,974,703	33,524	3,009,977
Sub-total	28,251	2,974,703	33,524	3,036,478
Financial liabilities designated at FVTPL				
Equity-linked securities	-	197	673,709	673,906
Debentures	-	92,974	-	92,974
Sub-total	-	93,171	673,709	766,880
Derivative liabilities	-	7,221	-	7,221
Total	28,251	3,075,095	707,233	3,810,579

(*1) There is no transfer between level 1 and level 2 of financial assets and liabilities measured at fair value. The Group recognizes transfers between the levels at the end of reporting period within which events or conditions change.

(*2) Certain AFS unquoted equity securities were measured at cost as of December 31, 2017 and 2016, that are amounting to 37,092 million Won and 43,202 million Won, respectively. These unquoted equity instruments mostly represent minority investments in special purposed entity vehicles such as asset securitization structures. They are measured at cost because (a) observable inputs of financial information to measure fair value was not available to obtain, or (b) there is a significant variance in likely estimated cash flows or (c) the probabilities for the various estimated cash flows could not be measured reliably. In addition, the Group has no intention to dispose these investments in the foreseeable future.

131

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion and Analysis

[Independent Auditors' Report](#)

Organizational Chart

Global Network

Coporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

Certain financial assets are carried at cost, even though under K-IFRS it is required to be subsequently measured at their fair value, since they do not have quoted market prices in an active market and cannot be measured at fair value reliably. The carrying amount of the financial assets which have been disposed for the year ended December 31, 2017 is 1,266 million Won and the related gain from the disposals is 657 million Won.

Financial assets and liabilities designated at FVTPL, held-for-trading financial assets and liabilities, AFS financial assets, and derivative assets and liabilities are recognized at fair value. Fair value is the amount 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.

Financial instruments are measured at fair value using a quoted market price in active markets. If there is no active market for a financial instrument, the Group determines the fair value using alternative assumptions and developing fair value measurement methods. Input variables and fair value measurement methods for each type of financial instruments are as follows:

	Fair value measurement methods	Input variables
Debt securities	The fair value is measured by discounting the projected cash flows of debt securities by applying the market discount rate that has been applied to a proxy company that has similar credit rating to the issuers of the securities.	Risk-free market rate, credit spread
Equity securities and Beneficiary certificates	Among DCF (Discounted Cash Flow) Model, FCFE (Free Cash Flow to Equity) Model, Comparable Company Analysis, Dividend Discount Model, Risk-adjusted Rate of Return Method, and Net Asset Value Method, more than one method is used given the characteristic of the subject of fair value measurement.	Risk-free market rate, market risk premium, Beta, etc.
Derivatives	The in-house developed model which is based on the models that are used by market participants in the valuation of general OTC derivative products, such as options, interest rate swaps, currency swap and currency forward that are based on inputs observable in the market. However, for some complicated financial instruments of which valuation should be based on some assumptions since some significant or all inputs to be used in the model are not observable in the market, the in-house derived model which is developed from the general valuation models, such as Finite Difference Method ("FDM") or Monte Carlo Simulation.	Risk-free market rate, forward rate, volatility, foreign exchange rate, stock prices, etc.
Equity-linked securities	The fair value of security linked to stock prices or derivatives is measured by the models such as DCF model, FDM, or Monte Carlo Simulation given the natures of the securities or underlying assets.	Values of underlying assets, risk-free market rate, market rate, dividend and convenience yield, volatility, correlation coefficient, credit spread, and foreign exchange rate
Debentures	The fair value is measured by discounting the projected cash flows of a debenture by applying the market discount rate that is reflecting credit rating of the Group.	Risk-free market rate, forward rate

132

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion and Analysis

[Independent Auditors' Report](#)

Organizational Chart

Global Network

Corporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

Valuation methods of financial assets and liabilities measured at fair value and classified into Level 3 and significant but unobservable inputs are as follows:

	Fair value measurement technique	Input variable	Range	Impact of changes in significant unobservable inputs on fair value measurement
Derivative assets	Option valuation model and others	Correlation coefficient	0.900~0.980	Variation of fair value increases as correlation coefficient increases.
		Volatility of underlying asset	12.1%~28.1%	Variation of fair value increases as volatility increases.
Derivative liabilities	Option valuation model and others	Correlation coefficient	0.900~0.980	Variation of fair value increases as correlation coefficient increases.
		Volatility of underlying asset	12.1%~28.1%	Variation of fair value increases as volatility increases.
Equity linked securities	Monte Carlo Simulation and others	Correlation coefficient Volatility of underlying asset	0.363~0.694	Equity linked securities' variation of fair value increases if both volatility and correlation coefficient increase. However when correlation coefficient decreases, despite the increase in volatility, the variation of fair value of equity linked securities may decrease.
Equity securities and Beneficiary certificates	External appraisal value and others	Expected growth rate	6.8%~58.9%	Fair value increases as expected growth rate increases.
		Volatility of real estate sale price	0.0%~1.0%	Fair value increases as sale price Increases
		Discount rate of lease cash flow and others	0%	Fair value increases as discount rate of lease cash flow decreases
			8.31%~8.54%	

Fair value of financial assets and liabilities classified into level 3 is measured by the Group using its own valuation techniques or using external specialists. Unobservable inputs used in the fair value measurements are produced by the internal system of the Group and the appropriateness of inputs is reviewed regularly.

133

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion
and Analysis

[Independent Auditors'
Report](#)

Organizational Chart

Global Network

Corporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

(3) Changes in financial assets and liabilities classified into level 3 are as follows (Unit: Korean Won in millions):

	For the year ended December 31, 2017						December 31, 2017
	January 1, 2017	Net Income (loss) (*1)	Other comprehensive income	Purchases/ Issuances	Disposals/ Settlements	Transfer to or out of level 3 (*2)	
Financial assets:							
Financial assets held for trading							
Derivative assets	23,153	22,362	-	1,398	(25,431)	-	21,482
Financial assets designated at FVTPL							
Debt securities	4,348	346	-	5,000	-	-	9,694
Equity securities	12,652	(56)	-	-	-	-	12,596
Sub-total	17,000	290	-	5,000	-	-	22,290
AFS financial assets							
Equity securities	1,024,935	27,986	24,442	65,961	(131,460)	-	1,011,864
Beneficiary certificates	530,511	212	(4,321)	226,975	(109,471)	-	643,906
Sub-total	1,555,446	28,198	20,121	292,936	(240,931)	-	1,655,770
Derivative assets							
Total	99	329	-	-	(428)	-	-
Financial liabilities:							
Financial liabilities held for trading							
Derivative liabilities	33,524	24,866	-	500	(37,939)	-	20,951
Financial liabilities designated at FVTPL							
Equity-linked securities	673,709	112,015	-	-	(625,667)	-	160,057
Total	707,233	136,881	-	500	(663,606)	-	181,008

(*1) The losses which increase the financial liabilities are presented as positive amounts and the gains which decrease the financial liabilities are presented as negative amounts. The loss amounting to 34,621 million Won for the year ended December 31, 2017, which is from financial assets and liabilities that the Group holds, has been recognized in net gain (loss) on financial instruments at FVTPL and net gain (loss) on AFS financial assets in the consolidated statement of comprehensive income.

(*2) The Group recognizes transfers between levels at the end of reporting period within which events have occurred or conditions have changed.

134

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion and Analysis

[Independent Auditors' Report](#)

Organizational Chart

Global Network

Coporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

	For the year ended December 31, 2016						December 31, 2016
	January 1, 2016	Net Income (loss) (*1)	Other comprehensive income (loss)	Purchases/ Issuances	Disposals/ Settlements	Transfer to or from level 3 (*2)	
Financial assets:							
Financial assets held for trading							
Derivative assets (*3)	78,676	(29,117)	-	13,640	(39,506)	(540)	23,153
Financial assets designed at FVTPL							
Debt securities	986	(161)	-	4,509	(986)	-	4,348
Equity securities	11,609	1,043	-	-	-	-	12,652
Sub-total	12,595	882	-	4,509	(986)	-	17,000
AFS financial assets:							
Equity securities (*4)	993,368	(6,986)	57,323	205,749	(205,348)	(19,171)	1,024,935
Beneficiary certificates	377,070	(868)	5,794	174,024	(25,509)	-	530,511
Others	5,308	594	(643)	-	(5,259)	-	-
Sub-total	1,375,746	(7,260)	62,474	379,773	(236,116)	(19,171)	1,555,446
Derivative assets	5,973	3,877	-	-	(9,751)	-	99
Total	1,472,990	(31,618)	62,474	397,922	(286,359)	(19,711)	1,595,698
Financial liabilities:							
Financial liabilities held for trading							
Derivative liabilities	78,607	(8,322)	-	1,155	(37,916)	-	33,524
Financial liabilities designated at FVTPL							
Equity-linked securities	747,351	71,079	-	-	(144,721)	-	673,709
Total	825,958	62,757	-	1,155	(182,637)	-	707,233

(*1) The losses which increase the financial liabilities are presented as positive amounts and the gains which decrease the financial liabilities are presented as negative amounts. The loss amounting to 94,238 million Won for the year ended December 31, 2016, which is from financial assets and liabilities that the Group holds, has been recognized in net gain (loss) on financial instruments at FVTPL and net gain (loss) on AFS financial assets in the consolidated statement of comprehensive income.

(*2) The Group recognizes transfers between levels at the end of reporting period within which events have occurred or conditions have changed.

(*3) As the variables used for the valuation of currency related derivatives were observable in the market, such derivatives were transferred into level 2 from level 3.

(*4) AFS financial assets were transferred out of level 1 to level 3 upon the change of the fair value measurement method of the assets by using market the external valuation specialists from previously using quoted prices in the active market, in the opposite case, they were transferred out of level 3 to level 1.

(4) Sensitivity analysis on the unobservable inputs used for measuring level 3 financial instruments

The sensitivity analysis of the financial instruments has been performed by classifying with favorable and unfavorable changes based on how changes in unobservable assumptions would have effects on the fluctuations of financial instruments' value. When the fair value of a financial instrument is affected by more than one unobservable assumption, the below table reflects the most favorable or the most unfavorable changes which resulted from varying the assumptions individually. The sensitivity analysis was performed for two types of level 3 financial instruments: (1) debt securities, equity securities, interest rate related derivatives, currency related derivatives, equity related derivatives, and equity-linked securities of which fair value changes are recognized as net income; (2) equity securities and beneficiary certificates of which fair value changes are recognized as other comprehensive income. Equity securities classified as level 3 but measured at costs are excluded from sensitivity analysis.

135

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion
and Analysis

[Independent Auditors'
Report](#)

Organizational Chart

Global Network

Corporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

The following table presents the sensitivity analysis to disclose the effect of reasonably possible volatility on the fair value of a level 3 financial instruments as of December 31, 2017 and 2016. (Unit: Korean Won in millions):

	For the year ended December 31, 2017				For the year ended December 31, 2016			
	Net income (loss)		Other comprehensive income (loss)		Net income (loss)		Other comprehensive income (loss)	
	Favorable	Unfavorable	Favorable	Unfavorable	Favorable	Unfavorable	Favorable	Unfavorable
Financial assets:								
Financial assets held for trading								
Derivatives assets (*1)(*2)	1,234	(526)	-	-	861	(2,248)	-	-
Financial assets designed at FVTPL								
Debt securities (*5)	265	(309)	-	-	-	-	-	-
Equity securities (*5)	670	(624)	-	-	707	(657)	-	-
AFS Financial assets								
Equity securities (*3)(*4)	-	-	28,583	(15,246)	-	-	31,412	(18,551)
Beneficiary certificates (*4)	-	-	1,861	(1,857)	-	-	2,903	(2,571)
Total	2,169	(1,459)	30,444	(17,103)	1,568	(2,905)	34,315	(21,122)
Financial liabilities:								
Financial liabilities held for trading								
Derivative liabilities (*1)(*2)	5	(513)	-	-	4,892	(3,568)	-	-
Financial liabilities designated at FVTPL								
Equity-linked securities (*1)	8	(7)	-	-	905	(857)	-	-
Total	13	(520)	-	-	5,797	(4,425)	-	-

(*1) Fair value changes of equity related derivatives assets and liabilities and equity-linked securities are calculated by increasing or decreasing historical volatility of the stock price and correlation, which are major unobservable variables, by 10%, respectively. In the case of interest rate related derivative assets and liabilities, fair value changes are calculated by increasing or decreasing the volatility of interest rate, which are major unobservable variables, by 10%, respectively.

(*2) Both derivative assets and liabilities for held for trading and hedging are included.

(*3) Fair value changes of equity securities are calculated by increasing or decreasing growth rate (0~1%) and discount rate or liquidation value (-1~1%) and discount rate. The growth rate, discount rate, and liquidation value are major unobservable variables.

(*4) Among the equity securities, even if the sensitivity analysis of the capital contributions and beneficiary certificates is not possible in practice, fair value changes of beneficiary certificates and other securities whose major unobservable variables are composed of the real estate are calculated by increasing or decreasing price fluctuation of real estate which is underlying assets and discount rate by 1%.

(*5) Changes of fair value are measured by increasing or decreasing the discount rate by 10%, which is major unobservable variable, respectively.

136

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion and Analysis

[Independent Auditors' Report](#)

Organizational Chart

Global Network

Corporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

- (5) Fair value and carrying amount of financial assets and liabilities that are recorded at amortized cost are as follows (Unit: Korean Won in millions):

	As of December 31, 2017				Book value
	Fair value				
	Level 1	Level 2	Level 3	Total	
Financial assets:					
HTM financial assets	1,206,292	15,509,387	-	16,715,679	16,749,296
Loans and receivables	-	-	265,570,649	265,570,649	267,106,204
Financial liabilities:					
Deposits due to customers	-	234,682,775	-	234,682,775	234,695,084
Borrowings	-	14,754,506	-	14,754,506	14,784,706
Debentures	-	27,889,781	-	27,889,781	27,869,651
Other financial liabilities	-	13,890,789	-	13,890,789	13,892,461
	As of December 31, 2016				Book Value
	Fair value				
	Level 1	Level 2	Level 3	Total	
Financial assets:					
HTM financial assets	741,880	13,243,297	-	13,985,177	13,910,251
Loans and receivables	-	-	259,565,952	259,565,952	258,392,633
Financial liabilities:					
Deposits due to customers	-	221,001,466	-	221,001,466	221,020,411
Borrowings	-	18,785,325	-	18,785,325	18,769,515
Debentures	-	24,004,668	-	24,004,668	23,565,449
Other financial liabilities	-	21,984,171	-	21,984,171	21,985,086

The fair values of financial instruments are measured using quoted market price in active markets. In case there is no active market for financial instruments, the Group determines the fair value using alternative assumptions through developing fair value measurement methods. Input variables and fair value measurement methods for financial assets and liabilities that are measured at amortized costs are given as follows:

	Fair value measurement technique	Input variables
Debt securities	The fair value is measured by discounting the projected cash flows of debt securities by applying the market discount rate that has been applied to a proxy company that has similar credit rating to the issuers of the securities.	Risk-free market rate and credit spread
Loans and receivables	The fair value is measured by discounting the projected cash flows of loan products by applying the market discount rate that has been applied to a proxy company that has similar credit rating to the debtor.	Risk-free market rate, credit spread and prepayment-rate
Deposit due to customers, borrowings, debentures, and other financial liabilities	The fair value is measured by discounting the projected cash flows of debt products by applying the market discount rate that is reflecting credit rating of the Group.	Risk-free market rate and forward rate

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion and Analysis

[Independent Auditors' Report](#)

Organizational Chart

Global Network

Corporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

12. DERECOGNITION AND OFFSET OF FINANCIAL INSTRUMENTS

(1) Derecognition of financial assets

1) Transferred financial assets that meet condition of derecognition

The book value, fair value of, and maximum exposure to loss from the financial assets that were derecognized from the consolidated financial statements of the Group through disposals, but the Group still have continuous involvements are given as follows (Unit: Korean Won in millions):

	December 31, 2017			
	Type of continuous involvement	Book value of continuous participation	Fair value of continuous participation	Maximum exposure to loss
Conditional disposal of loans to KAMCO (*)	Post settlement	-	-	-

(*) The post settlement had been settled up as of December 31, 2017, and there are no financial instruments which meet the derecognition conditions but the group has continuous involvements.

	December 31, 2016			
	Type of continuous involvement	Book value of continuous participation	Fair value of continuous participation	Maximum exposure to loss
Conditional disposal of loans to KAMCO (*)	Post settlement	-	-	701

(*) For ex-post settling up amount of the collateral is not fixed yet, expected cash flow cannot be reliably measured as of December 31, 2016, and the maximum exposure to loss is disclosed at the transfer price. Though the transfer does not qualify for derecognition in accordance with K-IFRS 1039 – *Financial Instrument: Recognition and Measurement*, the Group derecognized the financial asset from the consolidated financial statements applying exception for retrospective application of transactions before the date of transition to IFRSs in K-IFRS 1101 – *First-time Adoption of K-IFRS*.

2) Transferred financial assets that do not meet condition of derecognition

a) Disposal of securities under repurchase agreements

The financial instruments that were disposed but the Group agreed to repurchase at the fixed amounts at the same time, so that they did not meet the conditions of derecognition, are as follows (Unit: Korean Won in millions):

	December 31, 2017	December 31, 2016
Assets transferred		
AFS financial assets	9,998	2,546,683
HTM financial assets	5,436	7,133
Total	15,434	2,553,816
Related liabilities		
Bonds sold under repurchase agreements	3,173	2,004,905

138

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion
and Analysis

[Independent Auditors'
Report](#)

Organizational Chart

Global Network

Coporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

b) Securities loaned

When the Group loans its securities to outside parties, the legal ownerships of the securities are transferred, however, they should be returned at the end of lending period therefore the Group does not derecognize them from the consolidated financial statements as it owns majority of risks and benefits from the securities continuously regardless of the transfer of legal ownership. The carrying amounts of securities loaned are as follows (Unit: Korean Won in millions):

		December 31, 2017	December 31, 2016	Loaned to
Financial assets at FVTPL	Korean equity securities	-	4,459	Samsung Securities Co., Ltd. and others
AFS financial assets	Korean treasury and government agencies and others	170,256	493,579	Korea Securities Finance Corporation and others
	Total	<u>170,256</u>	<u>498,038</u>	

The details of the transferred financial assets that are not derecognized in their entirety, such as disposal of securities under repurchase agreement or securities loaned, are explained in Note 18.

(2) The offset of financial assets and liabilities

The Group possesses both the uncollected domestic exchange receivables and unpaid domestic exchange payable, which satisfy offsetting criteria of K-IFRS 1032. Therefore, the total number of uncollected domestic exchange receivables or unpaid domestic exchange payable has been countervailed with part of unpaid domestic exchange payable or uncollected domestic exchange receivables, respectively, and has been disclosed in loans and receivables or other financial liabilities of the Group's statements of financial position and loans and receivables, respectively.

The Group possesses the derivative assets, derivative liabilities, receivable spot exchange, and payable spot exchange which do not satisfy the offsetting criteria of K-IFRS 1032, but provide the Group the right of, under the circumstances of the trading party's defaults, insolvency, or bankruptcy, the offsetting. Item such as cash collateral cannot satisfy the offsetting criteria of K-IFRS 1032, but in accordance with the collateral arrangements and under the circumstances of the trading party's default, insolvency, or bankruptcy, the derivative assets, derivative liabilities, receivable spot exchange, and the net amount of payable spot exchange can be offset.

The Group has entered into a sale and repurchase agreements and accounted it as collateralized borrowing. Also, the Group has entered into a purchase and resale agreement and accounted it as secured loans. The repurchase and resale agreement can have the offsetting right only under the trading party's default, insolvency, or bankruptcy which do not satisfy the offsetting criteria of K-IFRS 1032, the Group recorded the collateralized borrowings in borrowings and the secured loans in loans and receivables. The Group under the repurchase agreements has offsetting right only upon the counter-party's default, insolvency or bankruptcy, thus the repurchase agreements are applied by the TBMA/ISMA Global Master Repurchase Agreement of which do not satisfy the offsetting criteria of K-IFRS 1032. The Group disclosed bonds sold (purchased) under repurchase agreements as borrowings (loans and receivables).

139

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion
and Analysis

[Independent Auditors'
Report](#)

Organizational Chart

Global Network

Coporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

As of December 31, 2017 and 2016, the financial instruments to be set off and may be covered by master netting agreements and similar agreements are given as below (Unit: Korean Won in millions):

		December 31, 2017					
		Gross amounts of recognized financial assets	Gross amounts of recognized financial assets set off	Net amounts of financial assets presented	Related amounts not set off in the consolidated statement of financial position		
					Netting agreements and others	Cash collateral received	Net amounts
Financial assets:							
	Derivative assets and others (*1)	2,992,476	1,710	2,990,766	5,787,448	174,415	796,629
	Receivable spot exchange (*2)	3,767,726	-	3,767,726			
	Bonds purchased under resale agreements (*2)	16,859,064	-	16,859,064	16,859,064	-	-
	Domestic exchanges receivable (*2)(*5)	39,050,227	38,985,354	64,873	-	-	64,873
	Total	62,669,493	38,987,064	23,682,429	22,646,512	174,415	861,502
		December 31, 2017					
		Gross amounts of recognized financial liabilities	Gross amounts of recognized financial liabilities set off	Net amounts of financial liabilities presented	Related amounts not set off in the consolidated statement of financial position		
					Netting agreements and others	Cash collateral pledged	Net amounts
Financial liabilities:							
	Derivative liabilities and others (*1)	3,160,217	1,710	3,158,507	5,866,682	157,750	857,961
	Payable spot exchange (*3)	3,723,886	-	3,723,886			
	Bonds sold under repurchase agreements (*4)	3,173	-	3,173	3,173	-	-
	Domestic exchanges payable (*3)(*5)	40,284,515	38,985,354	1,299,161	1,293,931	-	5,230
	Total	47,171,791	38,987,064	8,184,727	7,163,786	157,750	863,191
		December 31, 2016					
		Gross amounts of recognized financial assets	Gross amounts of recognized financial assets set off	Net amounts of financial assets presented	Related amounts not set off in the consolidated statement of financial position		
					Netting agreements and others	Cash collateral received	Net amounts
Financial assets:							
	Derivative assets and others (*1)	2,962,969	8,442	2,954,527	6,546,232	69,834	1,016,550
	Receivable spot exchange (*2)	4,678,089	-	4,678,089			
	Bonds purchased under resale agreements (*2)	8,854,753	-	8,854,753	8,854,753	-	-
	Domestic exchanges receivable (*2)(*5)	31,456,123	30,883,281	572,842	-	-	572,842
	Total	47,951,934	30,891,723	17,060,211	15,400,985	69,834	1,589,392

140

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion
and Analysis

Independent Auditors'
Report

Organizational Chart

Global Network

Coporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

	December 31, 2016					
	Gross amounts of recognized financial liabilities	Gross amounts of recognized financial liabilities set off	Net amounts of financial liabilities presented	Related amounts not set off in the consolidated statement of financial position		
				Netting agreements and others	Cash collateral pledged	Net amounts
Financial liabilities:						
Derivative liabilities and others (*1)	3,467,374	8,442	3,458,932	6,695,062	105,270	1,341,375
Payable spot exchange (*3)	4,682,775	-	4,682,775			
Bonds sold under repurchase agreements (*4)	2,004,905	-	2,004,905	2,004,905	-	-
Domestic exchanges payable (*3)(*5)	39,345,524	30,883,281	8,462,243	6,161,151	-	2,301,092
Total	<u>49,500,578</u>	<u>30,891,723</u>	<u>18,608,855</u>	<u>14,861,118</u>	<u>105,270</u>	<u>3,642,467</u>

(*1) The items include derivatives held for trading, derivatives for hedging and equity linked securities.

(*2) The items are included in loans and receivables.

(*3) The items are included in other financial liabilities.

(*4) The items are included in borrowings.

(*5) Certain financial assets and liabilities are presented at as net amounts.

13. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

- (1) Investments in joint ventures and associates accounted for using the equity method of accounting are as follows (Unit: Korean Won in millions):

Joint ventures and Associates	Main business	Percentage of ownership (%)		Financial statements as of December 31, 2017
		December 31, 2017	December 31, 2016	
Woori Bank and Woori Private Equity Asset Management Co., Ltd.:				
Woori Blackstone Korea Opportunity No.1 Private Equity Fund (*19)	Other finance business	-	26.4	-
Woori Bank:				
Kumho Tire Co., Inc. (*1)(*2)	Manufacturing	14.2	14.2	September 30 (*3)
Woori Service Networks Co., Ltd. (*4)	Freight & staffing services	4.9	4.9	November 30 (*3)
Korea Credit Bureau Co., Ltd. (*5)	Credit information	9.9	9.9	December 31
Korea Finance Security Co., Ltd. (*4)	Security service	15.0	15.0	November 30 (*3)
Chin Hung International Inc. (*2)(*9)	Construction	25.3	28.4	November 30 (*3)
Poonglim Industrial Co., Ltd. (*6)(*12)(*14)	Construction	29.4	31.0	September 30 (*3)
STX Engine Co., Ltd. (*1)(*2)(*20)	Manufacturing	29.2	29.2	-
Samho International Co., Ltd. (*2)(*18)	Construction	-	7.8	-
Force TEC Co., Ltd. (*6)(*15)	Freight & staffing services	-	34.4	-
STX Corporation (*1)(*2)(*6)(*13)	Wholesale of non- specialized goods	19.7	9.5	September 30 (*3)
Saman Corporation (*5)	General construction			
Dongwoo C & C Co., Ltd. (*6)	Technology service	9.2	9.2	September 30 (*3)
SJCO Co., Ltd. (*6)	Construction	23.2	23.2	-
	Aggregate transportation and wholesale	26.5	26.5	-
G2 Collection Co., Ltd. (*6)	Wholesale and retail sales	28.9	28.9	-
The Base Enterprise Co., Ltd. (*6)	Manufacturing	48.4	48.4	-
Heungjiwon Co., Ltd. (*6)(*17)	Other printing	-	27.8	-
Kyesan Engineering Co., Ltd. (*6)	Construction	23.2	23.2	-
Good Software Lap Co., Ltd. (*6)	Service	28.9	28.9	-
Wongwang Co., Ltd. (*6)	Wholesale and real estate	29.0	29.0	-

141

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion and Analysis

[Independent Auditors' Report](#)

Organizational Chart

Global Network

Coporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

		Percentage of ownership (%)		Financial statements as of December 31, 2017
		December 31, 2017	December 31, 2016	
	Joint ventures and Associates			
Sejin Construction Co., Ltd. (*6)	Construction	29.6	29.6	-
Deokwon Food Co., Ltd. (*6)(*17)	Poultry processing and storage	-	27.3	-
QTS Shipping Co., Ltd. (*6)	Complex transportation brokerage	49.4	49.4	-
DAEA SNC Co., Ltd. (*6)	Wholesale and retail sales	24.0	24.0	-
ARES-TECH Co., Ltd. (*6)	Electronic component manufacturing	23.4	23.4	-
Reading Doctors Co., Ltd. (*6)(*10)	Other service business	35.4	-	-
PREXCO Co., Ltd. (*6)(*10)	Manufacturing	28.1	-	-
Hyunwoo International Co., Ltd. (*6)(*10)	Manufacturing	25.9	-	-
Jiwon Plating Co., Ltd. (*6)(*16)	Plating	20.5	-	-
Cultizm Korea LTD Co., Ltd. (*6)(*16)	Wholesale and retail sales	31.3	-	-
Gil Co., Ltd. (*6)(*16)	Manufacturing	26.1	-	-
NK Eng Co., Ltd. (*6)(*10)	Manufacturing	23.1	-	-
Woori Growth Partnerships New Technology Private Equity Fund	Other financial business	23.1	23.1	December 31
2016KIF-IMM Woori Bank Technology Venture Fund	Other financial business	20.0	20.0	December 31
K BANK Co., Ltd. (*5)	Finance	13.0	13.0	November 30 (*3)
Smart Private Equity Fund No.2 (*11)	Other financial business	20.0	-	December 31
Woori Bank-Company K Korea Movie Asset Fund (*11)	Other financial business	25.0	-	December 31
Well to Sea No. 3 Private Equity Fund (*11)	Finance	50.0	-	September 30 (*3)
Woori Private Equity Fund:				
Woori Renaissance Holdings (*7)	Other financial business	-	51.6	-
Woori Private Equity Asset Management Co., Ltd.:				
Woori Columbus 1st Private Equity Fund (*8)	Other financial business	-	2.0	-
Woori Investment Bank Co., Ltd.				
Nomura-Rifa Private Real Estate Investment Trust No.17 (*11)	Other financial business	25.0	-	December 31

- (*1) The Group has significant influence on these entities through its position in the creditors' council which is the decision making body regarding to financial and operational policies of associates.
- (*2) The investments in associates that have quoted market prices are Kumho Tire Co., Ltd. (current period: KRW 4,425, previous year: KRW 8,480), Chin Hung International Inc. (current period: KRW 1,915, previous year: KRW 2,090), STX Engine Co., Ltd. (current period: KRW 9,150, previous year: KRW 6,630), Samho International Co., Ltd. (previous year: KRW 16,900), STX Corporation. (previous year: KRW 1,660).
- (*3) The significant transactions and events between the end of reporting period of the associates and the Group have been properly incorporated.
- (*4) Most of the significant business transactions of associates are with the Group as of December 31, 2017 and 2016.
- (*5) The Group can participate in decision-making body and exercise significant influence over associates through business partnerships.
- (*6) The carrying values of investments in Reading Doctors Co., Ltd., PREXCO Co., Ltd., Hyunwoo International Co., Ltd., Jiwon Plating Co., Ltd., Cultizm Korea LTD Co., Ltd., Gil Co., Ltd. and NK Eng Co., Ltd. are nil as of December 31, 2017 and those of investments in Force TEC Co., Ltd., STX Corporation and Deokwon Food Co., Ltd. are nil as of December 31, 2016. Furthermore, those of investments in Poonglim Industrial Co., Ltd., Dongwoo C&C Co., Ltd., SJCO Co., Ltd., G2 collection Co., Ltd., The Base Enterprise Co., Ltd., Heungjiwon Co., Ltd., Kyesan Engineering Co., Ltd., Good Software Lab Co., Ltd., Wongwang Co., Ltd., Sejin Construction Co., Ltd., QTS Shipping Co., Ltd., DAEA SNC Co., Ltd. and ARES-TECH Co., Ltd. are nil as of both December 31, 2017 and 2016.

142

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion
and Analysis

[Independent Auditors'
Report](#)

Organizational Chart

Global Network

Corporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

- (*7) The Group owns over 50% ownership as of December 31, 2016. However, the investment in this entity was accounted for using equity method as the ownership and related contracts meet the definition of joint arrangement under K-IFRS 1111 Joint Arrangements. As of December 31, 2017 the entity has been excluded from the range of associates as liquidated.
- (*8) As a general partner of Woori Columbus 1st Private Equity Fund, the Group had significant influence over the entity's operational and financial policy making process, including participating in making decision of dividend or other distribution. As such, the investment in this entity was accounted for using equity method as of December 31, 2016. The Woori Columbus 1st Private Equity Fund has been removed from the list of associated companies as it was liquidated during the current period.
- (*9) Due to consolidation of stocks and debt-equity swap, the Group's number of holding shares and ownership ratio have decreased.
- (*10) Even though the Group's ownership ratio of the entity was more than 20% as of December 31, 2016, the Group did not have significant influence over the entity due to the fact that the entity was going through workout process under receivership, and thus the entity was excluded from the investment in associates. However, as the workout process was completed during the years ended December 31, 2017, it has been included in the investment in associates.
- (*11) Due to capital contribution by the Group during the years ended December 31, 2017, the entities were included in the investment in associates.
- (*12) The Group has sold a part of shares of the associates so the number of shares holding has decreased during the years ended December 31, 2017.
- (*13) Due to debt-equity swap capital stock, the Group ownership ratio have increased during the years ended December 31, 2017.
- (*14) As the carrying amounts of certain investments in associates had been reduced to zero, the Group discontinued the use of the equity method in accounting for those investments, and unrecognized losses due to the restricted application of equity method amount to 16,344 million Won and 612 million Won as of December 31, 2017 and 2016, respectively.
- (*15) Not in scope for the associates, because the Group does not have significant influence over the entity due to the fact that it is going through workout process under receivership as of December 31, 2017.
- (*16) Due to debt-equity swap, the entity was included in the investment in associates during the years ended December 31, 2017.
- (*17) As the Group sold its entire ownership interest of the entities, it was exclude from the investment in associates during the years ended December 31, 2017.
- (*18) The entity was sold after it was transferred to assets held for sale and was excluded from the investment in associates.
- (*19) It has been removed from the list of associated companies as it was liquidated during the current period.
- (*20) The shares of STX Engine Co., Ltd. owned by the Group were reclassified as assets held for sale, as the creditor financial institutions committee entered into a contract with UAMCO.,Ltd during the current period to sell STX Engine Co., Ltd. shares.

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion
and Analysis

[Independent Auditors'
Report](#)

Organizational Chart

Global Network

Corporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

(2) Changes in the carrying value of investments in joint ventures and associates accounted for using the equity method of accounting are as follows (Unit: Korean Won in millions):

	For the year ended December 31, 2017									
	Acquisi- on cost	January 1, 2017	Share of profits (losses)	Acquisi- tion (*1)	Disposal and others (*2)	Dividends	Change in capital	Impair- ment	Others (*1)	December 31, 2017
Woori Blackstone Korea Opportunity No.1 Private Equity Fund	-	15,289	(4,617)	-	(7,369)	(3,303)	-	-	-	-
Kumho Tire Co., Inc.	175,652	200,332	(102)	-	-	-	1,545	(102,842)	-	98,933
Woori Service Networks Co., Ltd.	108	145	21	-	-	(8)	-	-	-	158
Korea Credit Bureau Co., Ltd.	3,313	5,592	371	-	-	(147)	-	-	-	5,816
Korea Finance Security Co., Ltd.	3,266	3,376	197	-	-	(54)	-	-	-	3,519
Chin Hung International Inc.	89,725	43,032	(14,375)	41,053	-	-	1,535	-	(26,144)	45,101
Poonglim Industrial Co., Ltd.	13,916	-	(6,733)	-	-	-	-	-	6,733	-
STX Engine Co., Ltd.	92,038	43,036	(1,010)	-	(46,217)	-	4,191	-	-	-
Samho Co., Ltd.	7,492	19,729	2,021	-	(16,354)	-	(73)	(5,323)	-	-
STX Corporation	42,215	-	(29,788)	8,546	-	-	417	-	27,772	6,947
Saman Corporation	8,521	8,699	(733)	-	-	-	26	(6,738)	-	1,254
Woori Growth Partnerships New Technology Private Equity Fund	13,602	13,118	(582)	15,729	(498)	-	(156)	-	-	27,611
2016KIF-IMM Woori Bank Technology Venture Fund	1,800	1,800	-	5,040	-	-	-	-	-	6,840
K BANK Co., Ltd.	32,500	30,442	(11,381)	12,892	-	-	(245)	-	27	31,735
Smart Private Equity Fund No.2	3,000	-	(68)	3,000	-	-	-	-	-	2,932
Woori Bank-Company K Korea Movie Asset Fund	1,500	-	(43)	3,000	-	-	-	-	-	2,957
Well to Sea No.3 Private Equity Fund	102,500	-	80,894	102,500	(508)	-	(577)	-	-	182,309
Woori Renaissance Holdings	-	54,422	(622)	-	-	(57,109)	-	-	3,309	-
Nomura-Rifa Private Real Estate Investment Trust No.17	1,000	-	(61)	1,000	-	-	-	-	-	939
	<u>592,148</u>	<u>439,012</u>	<u>13,389</u>	<u>192,760</u>	<u>(70,946)</u>	<u>(60,621)</u>	<u>6,663</u>	<u>(114,903)</u>	<u>11,697</u>	<u>417,051</u>

(*1) Changes in investments in joint ventures and associates due to debt-equity swap is 51,227 million Won.

(*2) The Investments in Associates reclassified as assets held for sale amount to 62,571 million Won, of which 16,354 million Won was disposed of during the current period.

144

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion
and Analysis

[Independent Auditors'
Report](#)

Organizational Chart

Global Network

Coporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

For the year ended December 31, 2016

	Acquisiti- on cost	January 1, 2016	Share of profits (losses)	Acquisi- tion (*1)	Disposal and others (*2)	Dividends	Change in capital	Impairment	December 31, 2016
Woori Blackstone Korea Opportunity Private Equity Fund No.1	43,917	56,044	10,093	-	(37,036)	(13,812)	-	-	15,289
Kumho Tire Co., Inc.	175,652	214,050	(13,172)	-	-	-	(546)	-	200,332
Woori Service Networks Co., Ltd.	108	139	18	-	-	(12)	-	-	145
Korea Credit Bureau Co., Ltd.	3,313	5,291	436	-	-	(135)	-	-	5,592
Korea Finance Security Co., Ltd.	3,266	3,711	(281)	-	-	(54)	-	-	3,376
United PF 1st Corporate financial stability	172,441	187,592	3,265	-	(190,857)	-	-	-	-
Chin Hung International Inc.	89,725	43,936	(996)	-	-	-	92	-	43,032
Poonglim Industrial Co., Ltd.	13,916	5,313	(2,378)	-	-	-	(2,935)	-	-
STX Engine Co., Ltd.	92,038	51,276	(6,665)	-	-	-	(1,575)	-	43,036
Samho Co., Ltd.	7,492	14,325	5,392	-	-	-	12	-	19,729
STX Corporation	42,215	4,251	(4,222)	-	-	-	(29)	-	-
Osung LST Co., Ltd.	15,405	10,985	(2,903)	-	(6,909)	-	-	(1,173)	-
Saman Corporation	8,521	8,521	252	-	-	-	(74)	-	8,699
K-Growth crowd 2step Fund	800	-	(13)	800	(787)	-	-	-	-
Woori Growth Partnerships New Technology Private Equity Fund	13,602	-	(640)	13,602	-	-	156	-	13,118
2016KIF-IMM Woori Bank Technology Venture Fund	1,800	-	-	1,800	-	-	-	-	1,800
K BANK Co., Ltd.	32,500	-	(1,589)	32,500	-	-	(469)	-	30,442
Woori Renaissance Holdings	63,000	37,121	17,303	-	-	(2)	-	-	54,422
Woori Columbus First PEF	1,200	1,306	(43)	-	(1,065)	(198)	-	-	-
Total	780,911	643,861	3,857	48,702	(236,654)	(14,213)	(5,368)	(1,173)	439,012

(*1) The transfers from AFS financial assets to investments in associates to investments in associates amounted to 5,421 million Won during the year ended December 31, 2016.

(*2) The transfers from investments in associates to AFS financial assets amounted to 155,220 million Won and the transfers from investments in associates to assets held for sale amounted to 6,909 million Won.

145

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion
and Analysis

[Independent Auditors'
Report](#)

Organizational Chart

Global Network

Coporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

- (3) Summary financial information relating to investments in joint ventures and associates accounted for using the equity method of accounting is as follows (Unit: Korean Won in millions):

	December 31, 2017			
	Assets	Liabilities	Operating revenue	Net income (loss)
Kumho Tire Co., Inc.	5,105,107	3,928,327	2,136,569	(61,748)
Woori Service Networks Co., Ltd.	4,982	1,780	14,887	1,003
Korea Credit Bureau Co., Ltd.	75,504	19,323	68,750	3,580
Korea Finance Security Co., Ltd.	33,915	10,461	55,610	1,071
Chin Hung International Inc.	341,284	259,454	513,285	28,698
Poonglim Industrial Co., Ltd.	241,063	309,925	107,360	(29,812)
STX Corporation	595,348	543,458	1,371,272	342,869
Saman Corporation	98,435	69,929	76,135	(6,096)
Woori Growth Partnerships New Technology Private Equity Fund	120,133	485	1,024	(3,199)
2016KIF-IMM Woori Bank Technology Venture Fund	32,815	380	6	(1,515)
K BANK Co., Ltd.	1,244,270	1,001,121	19,231	(74,403)
Smart Private Equity Fund No.2	14,711	51	1	(340)
Woori Bank-Company K Korea Movie Asset Fund	11,830	2	16	(172)
Well to Sea No.3 Private Equity Fund	5,068,424	4,534,957	131,488	162,743
Nomura-Rifa Private Real Estate Investment Trust No.17	20,265	16,507	62	(242)
	December 31, 2016			
	Assets	Liabilities	Operating revenue	Net income (loss)
Woori Blackstone Korea Opportunity No.1 Private Equity Fund	57,971	427	75,084	38,226
Kumho Tire Co., Inc.	5,079,740	3,914,306	2,156,667	(53,328)
Woori Service Networks Co., Ltd.	4,722	1,782	14,875	801
Korea Credit Bureau Co., Ltd.	71,245	17,322	59,868	3,517
Korea Finance Security Co., Ltd.	32,262	9,759	52,657	700
Chin Hung International Inc.	421,710	354,995	578,640	794
Poonglim Industrial Co., Ltd.	304,718	323,765	156,770	(15,135)
STX Engine Co., Ltd.	865,265	769,481	372,295	(22,978)
Samho Co., Ltd.	740,786	489,130	909,927	68,077
STX Corporation	781,622	1,087,469	1,252,968	(378,782)
Saman Corporation	83,380	47,175	72,850	2,746
Woori Growth Partnerships New Technology Private Equity Fund	57,339	493	37	(2,177)
2016KIF-IMM Woori Bank Technology Venture Fund	9,005	254	5	(250)
K BANK Co., Ltd.	239,806	5,633	2,927	(12,222)
Woori Renaissance Holdings Inc.	127,411	26,703	37,206	33,508
Woori Columbus 1st Private Equity Fund	811	506	3,764	(450)

146

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion
and Analysis

[Independent Auditors'
Report](#)

Organizational Chart

Global Network

Coporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

- (4) The entities that the Group has not applied equity method of accounting although the Group's ownership interest is more than 20% as of December 31, 2017 and 2016, are as follows:

	As of December 31, 2017	
	Number of shares owned	Ownership (%)
Orient Shipyard Co., Ltd. (*)	465,050	21.4%
Saenuel Co., Ltd. (*)	3,531	37.4%
E Mirae Tech Co., Ltd. (*)	7,696	41.0%
Jehin Trading Co., Ltd. (*)	81,610	27.3%
The season Co., Ltd. (*)	18,187	30.1%
Yuil PESC Co., Ltd. (*)	8,642	24.0%
Youngdong Sea Food Co., Ltd. (*)	12,106	24.0%
Sinseong Trading Co., Ltd. (*)	2,584	27.2%
CL Tech Co., Ltd. (*)	13,759	38.6%
Force TEC Co., Ltd. (*)	4,780,907	25.8%
Protronics Co., Ltd. (*)	95,921	48.1%
Instern Co., Ltd. (*)	14,296	20.1%

(*) Even though the Group's ownership interest of the entity is more than 20%, the Group does not have significant influence over the entity since it is going through work-out process under receivership, thus it is excluded from the investment in associates.

	As of December 31, 2016	
	Number of shares owned	Ownership (%)
Orient Shipyard Co., Ltd. (*)	465,050	23.0%
Saenuel Co., Ltd. (*)	3,531	37.4%
E Mirae Tech Co., Ltd. (*)	7,696	41.0%
Jehin Trading Co., Ltd. (*)	81,610	27.3%
NK Eng Co., Ltd. (*)	697,033	23.1%
The season Co., Ltd. (*)	18,187	30.1%
Yuil PESC Co., Ltd. (*)	8,642	24.0%
Youngdong Sea Food Co., Ltd. (*)	12,106	24.0%
Sinseong Trading Co., Ltd. (*)	2,584	27.2%
Reading Doctors Co., Ltd. (*)	7,398	35.4%
PREXCO Co., Ltd. (*)	919,972	28.1%
Hyunwoo International Co., Ltd. (*)	59,873	25.9%

(*) Even though the Group's ownership interest of the entity is more than 20%, the Group does not have significant influence over the entity since it is going through work-out process under receivership, thus it is excluded from the investment in associates.

147

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion
and Analysis

Independent Auditors'
Report

Organizational Chart

Global Network

Coporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

- (5) As of December 31, 2017 and 2016, the reconciliations from the net assets of associates based on the ownership ratio of the Group to its corresponding book value of investment in joint ventures and associates are as follows (Unit: Korean Won in millions except for ownership):

		As of December 31, 2017					
	Total net asset	Ownership (%)	Net assets of associates (or joint ventures)	Cost-book value differential and others	Impairment	Intercompany transaction and others	Book value
Kumho Tire Co., Inc. (*)	1,065,421	14.2	150,767	48,459	(102,843)	2,549	98,932
Woori Service Networks Co., Ltd.	3,202	4.9	158	-	-	-	158
Korea Credit Bureau Co., Ltd.	56,181	9.9	5,568	248	-	-	5,816
Korea Finance Security Co., Ltd.	23,454	15.0	3,519	-	-	-	3,519
Chin Hung International Inc. (*)	81,686	25.3	20,671	24,565	-	(136)	45,100
Poonglim Industrial Co., Ltd. (*)	(168,154)	29.4	(49,446)	54,542	(20,504)	15,408	-
STX Corporation	51,890	19.7	10,232	24,614	(27,904)	5	6,947
Saman Corporation	28,506	9.2	2,619	5,373	(6,738)	-	1,254
Woori Growth Partnerships New Technology Private Equity Fund	119,648	23.1	27,611	-	-	-	27,611
2016KIF-IMM Woori Bank Technology Venture Fund	32,435	20.0	6,487	-	-	353	6,840
K BANK Co., Ltd.	243,149	13.0	31,535	-	-	200	31,735
Smart Private Equity Fund No.2	14,660	20.0	2,932	-	-	-	2,932
Woori Bank-Company K Korea Movie Asset Fund	11,828	25.0	2,957	-	-	-	2,957
Well to Sea No.3 Private Equity Fund (*)	364,909	50.0	182,366	-	-	(57)	182,309
Nomura-Rifa Private Real Estate Investment Trust No.17	3,758	25.0	939	-	-	-	939

(*) The net asset amount is after reflecting debt-equity swap and others.

		As of December 31, 2016					
	Total net asset	Ownership (%)	Net assets of associates (or joint ventures)	Cost-book value differential and others	Impairment	Intercompany transaction and others	Book value
Woori Blackstone Korea Opportunity Private Equity Fund No.1	57,544	26.4	15,191	-	-	98	15,289
Kumho Tire Co., Inc. (*)	1,055,219	14.2	149,324	48,459	-	2,549	200,332
Woori Service Networks Co., Ltd.	2,940	4.9	145	-	-	-	145
Korea Credit Bureau Co., Ltd.	53,923	9.9	5,344	248	-	-	5,592
Korea Finance Security Co., Ltd.	22,503	15.0	3,376	-	-	-	3,376
Chin Hung International Inc. (*)	65,387	28.4	18,593	24,565	-	(126)	43,032
Poonglim Industrial Co., Ltd. (*)	(111,156)	31.0	(34,463)	54,149	(21,062)	1,376	-
STX Engine Co., Ltd.	95,784	29.2	28,002	14,954	-	80	43,036
Samho Co., Ltd.	251,656	7.8	19,729	-	-	-	19,729
STX Corporation (*)	(250,018)	9.5	(23,633)	24,614	(27,904)	26,923	-
Saman Corporation	36,205	9.2	3,326	5,373	-	-	8,699
Woori Growth Partnerships New Technology Private Equity Fund	56,846	23.1	13,118	-	-	-	13,118
2016KIF-IMM Woori Bank Technology Venture Fund	8,751	20.0	1,750	-	-	50	1,800
K BANK Co., Ltd.	234,173	13.0	30,442	-	-	-	30,442
Woori Renaissance Holdings	100,708	51.6	51,965	-	(6,441)	8,898	54,422
Woori Columbus 1st Private Equity Fund	305	2.0	6	-	-	(6)	-

(*) The net asset amount is after reflecting preferred stocks and others.

148

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion
and Analysis

[Independent Auditors'
Report](#)

Organizational Chart

Global Network

Corporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

14. INVESTMENT PROPERTIES

(1) Investment properties are as follows (Unit: Korean Won in millions):

	December 31, 2017	December 31, 2016
Acquisition cost	404,741	387,675
Accumulated depreciation	(33,440)	(29,178)
Net carrying value	<u>371,301</u>	<u>358,497</u>

(2) Changes in investment properties are as follows (Unit: Korean Won in millions):

	For the year ended December 31, 2017	For the year ended December 31, 2016
Beginning balance	358,497	351,496
Acquisition	9,872	4,428
Disposal	(458)	-
Depreciation	(3,902)	(3,762)
Transfer	2,472	6,314
Classified to assets held for sale	(371)	-
Foreign currencies translation adjustments	(324)	21
Others	5,515	-
Ending balance	<u>371,301</u>	<u>358,497</u>

(3) Fair value of investment properties is amounting to 396,587 million Won and 382,370 million Won as of December 31, 2017 and 2016, respectively. The fair value of investment property, based on the assessment that was independently performed by external appraisal agencies, is classified as level 3 on the fair value hierarchy.

(4) Rental fee earned from investment properties is amounting to 4,579 million Won and 5,027 million Won for the year ended December 31, 2017 and 2016, respectively.

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business

Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion
and Analysis

[Independent Auditors'
Report](#)

Organizational Chart

Global Network

Coporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

15. PREMISES AND EQUIPMENT

(1) Details of premises and equipment are as follows (Unit: Korean Won in millions):

	December 31, 2017						
	Land	Building	Properties for business use	Structures in leased office	Construction in progress	Structures	Total
Acquisition cost	1,487,278	867,804	1,024,186	429,665	64,559	20	3,873,512
Accumulated depreciation	-	(186,958)	(844,114)	(364,878)	-	(17)	(1,395,967)
Net carrying value	1,487,278	680,846	180,072	64,787	64,559	3	2,477,545

	December 31, 2016						
	Land	Building	Properties for business use	Structures in leased office	Construction in progress	Structures	Total
Acquisition cost	1,488,745	855,332	1,010,141	424,562	18,717	20	3,797,517
Accumulated depreciation	-	(163,633)	(820,239)	(355,604)	-	(16)	(1,339,492)
Net carrying value	1,488,745	691,699	189,902	68,958	18,717	4	2,458,025

(2) Details of changes in premises and equipment are as follows (Unit: Korean Won in millions):

	For the year ended December 31, 2017						
	Land	Building	Properties for business use	Structures in leased office	Construction in progress	Structures	Total
Beginning balance	1,488,745	691,699	189,902	68,958	18,717	4	2,458,025
Acquisition	4,755	22,579	59,694	23,420	51,797	-	162,245
Disposal	(1,840)	(2,593)	(442)	(1,231)	-	-	(6,106)
Depreciation	-	(26,156)	(74,223)	(31,728)	-	(1)	(132,108)
Classified from(to)							
assets held for sale	(2,693)	(1,059)	549	-	-	-	(3,203)
Transfer	(196)	(2,134)	5,411	-	(5,553)	-	(2,472)
Foreign currencies							
translation adjustment	(1,493)	(1,393)	(2,023)	(1,315)	(402)	-	(6,626)
Others	-	(97)	1,204	6,683	-	-	7,790
Ending balance	1,487,278	680,846	180,072	64,787	64,559	3	2,477,545

	For the year ended December 31, 2016						
	Land	Building	Properties for business use	Structures in leased office	Construction in progress	Structures	Total
Beginning balance	1,493,628	704,017	193,291	79,744	522	4	2,471,206
Acquisition	-	15,939	74,336	19,615	21,231	-	131,121
Disposal	(30)	(1,474)	(233)	(2,623)	(102)	-	(4,462)
Depreciation	-	(24,887)	(82,445)	(48,587)	-	-	(155,919)
Classified to assets held							
for sale	(4,063)	(251)	-	-	-	-	(4,314)
Transfer	(1,415)	(1,557)	-	-	(3,087)	-	(6,059)
Foreign currencies							
translation adjustment	625	516	307	376	153	-	1,977
Acquisition through							
business combination	-	-	209	442	-	-	651
Others	-	(604)	4,437	19,991	-	-	23,824
Ending balance	1,488,745	691,699	189,902	68,958	18,717	4	2,458,025

150

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion
and Analysis

[Independent Auditors'
Report](#)

Organizational Chart

Global Network

Coporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

16. INTANGIBLE ASSETS AND GOODWILL

(1) Details of intangible assets are as follows (Unit: Korean Won in millions):

	December 31, 2017						
	Goodwill	Software	Industrial property rights	Development cost	Others	Membership deposit	Total
Acquisition cost	108,707	203,418	1,063	413,296	634,150	27,337	1,387,971
Accumulated amortization	-	(162,746)	(524)	(182,846)	(516,467)	-	(862,583)
Accumulated impairment losses	-	-	-	-	(137)	(6,652)	(6,789)
Net carrying value	108,707	40,672	539	230,450	117,546	20,685	518,599

	December 31, 2016						
	Goodwill	Software	Industrial property rights	Development cost	Others	Membership deposit	Total
Acquisition cost	124,803	185,202	714	299,031	622,540	26,884	1,259,174
Accumulated amortization	-	(149,725)	(401)	(160,335)	(458,088)	-	(768,549)
Accumulated impairment losses	-	-	-	-	(88)	(6,798)	(6,886)
Net carrying value	124,803	35,477	313	138,696	164,364	20,086	483,739

(2) Details of changes in intangible assets are as follows (Unit: Korean Won in millions):

	For the year ended December 31, 2017						
	Goodwill	Software	Industrial property rights	Development cost	Others	Membership deposit	Total
Beginning balance	124,803	35,477	313	138,696	164,364	20,086	483,739
Acquisition	105	9,722	349	122,849	22,531	1,867	157,423
Disposal	-	-	-	-	(37)	(944)	(981)
Amortization (*)	-	(16,258)	(123)	(22,534)	(60,869)	-	(99,784)
Impairment losses	-	-	-	-	(78)	(159)	(237)
Transfer	-	7,987	-	(7,987)	-	-	-
Foreign currencies translation adjustment	(16,201)	(952)	-	(483)	(2,742)	(160)	(20,538)
Others	-	4,696	-	(91)	(5,623)	(5)	(1,023)
Ending balance	108,707	40,672	539	230,450	117,546	20,685	518,599

(*) Amortization of other intangible assets amounting to 48,292 million Won is included in other operating expenses.

	For the year ended December 31, 2016						
	Goodwill	Software	Industrial property rights	Development cost	Others	Membership deposit	Total
Beginning balance	103,525	38,171	344	51,357	201,769	24,640	419,806
Acquisition	-	8,708	64	92,969	30,842	2,306	134,889
Disposal	-	-	-	-	(23)	(3,785)	(3,808)
Amortization	-	(15,795)	(95)	(18,657)	(57,803)	-	(92,350)
Impairment losses	-	-	-	-	3,230	(1,585)	1,645
Foreign currencies translation adjustment	7,338	16	-	-	853	50	8,257
Acquisition through business combination	7,857	162	-	-	-	43	8,062
Others	6,083	4,215	-	13,027	(14,504)	(1,583)	7,238
Ending balance	124,803	35,477	313	138,696	164,364	20,086	483,739

151

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion
and Analysis

[Independent Auditors'
Report](#)

Organizational Chart

Global Network

Corporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

17. ASSETS HELD FOR SALE

Assets held for sale are as follows (Unit: Korean Won in millions):

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Investments in subsidiaries and associates	46,217	-
Premises and equipment	<u>2,407</u>	<u>2,342</u>
Total	<u><u>48,624</u></u>	<u><u>2,342</u></u>

18. ASSETS SUBJECT TO LIEN AND ASSETS ACQUIRED THROUGH FORECLOSURES

(1) Assets subjected to lien are as follows (Unit: Korean Won in millions):

		<u>December 31, 2017</u>		
		<u>Collateral given to</u>	<u>Amount</u>	<u>Reason for collateral</u>
Loan and receivables	Due from banks on time in local currency	Bank of China and others	6,629	Collaterals for issuing letter of guarantee and others
	Due from banks in local currency	Samsung Securities Co., Ltd. and others	10,809	Margin deposit for futures or option
	Due from banks in foreign currencies	Korea Investment & Securities Co., Ltd. and others	9,136	Foreign margin deposit for future or option and others
Financial assets at FVTPL	Financial institutions debt securities and others	Yuanta Securities Co., Ltd. and others	501,523	Substitute securities and others
AFS financial assets	Corporate bonds	Korea Securities Depository and others	9,998	Related to bonds sold under repurchase agreements (*)
	Korean treasury and government agencies bonds and others	The BOK and others	1,570,608	Settlement risk and others
HTM financial assets	Korean treasury and government agencies bonds	Korea Securities Depository	5,436	Related to bonds sold under repurchase agreements (*)
	Financial institutions debt securities and others	The BOK and others	7,605,292	Settlement risk and others
Premises and equipment	Land and building	Credit Counselling & Recovery Service and others	6,186	Leasehold rights and others
		Total	<u><u>9,725,617</u></u>	

(*) The Group enters into the repurchase agreements at predetermined price or original sale price added with certain rate of return after the disposal of securities. In this regards, the securities are provided as collaterals, and the purchasers are eligible to dispose or provide them as collateral. Therefore, as such securities have been transferred but have not been derecognized, the Group recognizes the relevant amount as liability (bond sold under repurchase agreements).

152

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion
and Analysis

[Independent Auditors'
Report](#)

Organizational Chart

Global Network

Coporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

		December 31, 2016		
		Collateral given to	Amount	Reason for collateral
Loan and receivables	Due from banks in local currency	Samsung Securities Co., Ltd. and others	24,589	Margin deposit for futures and options and others
	Due from banks in foreign currencies	Korea Investment & Securities Co., Ltd. and others	227,249	Foreign margin deposit for future or option and others
Financial assets at FVTPL	Financial institutions debt securities and others	Yuanta Securities Co., Ltd. and others	473,476	Substitute securities and others
AFS financial assets	Korean treasury and government agencies bonds	Korea Securities Depository and others	2,546,683	Related to bonds sold under repurchase agreements (*)
	Financial institutions debt securities and others	The BOK and others	836,522	Settlement risk and others
HTM financial assets	Korean treasury and government agencies bonds	Korea Securities Depository and others	7,133	Related to bonds sold under repurchase agreements (*)
	Korean treasury and government agencies bonds and others	The BOK and others	6,185,295	Settlement risk and others
Premises and equipment	Land and Building	Credit Counselling & Recovery Service and others	6,310	Leasehold rights and others
		Total	<u>10,307,257</u>	

(*) The Group enters into the repurchase agreements at predetermined price or original sale price added with certain rate of return after the disposal of securities. In this regards, the securities are provided as collaterals, and the purchasers are eligible to dispose or provide them as collateral. Therefore, as such securities have been transferred but have not been derecognized, the Group recognizes the relevant amount as liability (bond sold under repurchase agreements).

(2) The carrying amounts of buildings acquired through foreclosure are as follows (Unit: Korean Won in millions):

	December 31, 2017	December 31, 2016
Land	332	4,138
Buildings	44	1,852
Personal properties not used in business	-	202
Total	<u>376</u>	<u>6,192</u>

(3) Securities loaned are as follows (Unit: Korean Won in millions):

		December 31, 2017	December 31, 2016	Loaned to
Financial assets at FVTPL	Korean Equity securities	-	4,459	Samsung Securities Co., Ltd. and others
AFS financial assets	Korean treasury and government agencies bonds and others	170,256	493,579	Korea Securities Finance Corporation and others
Total		<u>170,256</u>	<u>498,038</u>	

Securities loaned are lending of specific securities to borrowers who agree to return the same quantity of the same security at the end of lending period. As the Group does not derecognize these securities, there are no liabilities recognized through such transactions relates to securities loaned.

153

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion
and Analysis

[Independent Auditors'
Report](#)

Organizational Chart

Global Network

Corporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

(4) Collaterals held that can be disposed and re-subjected to lien regardless of defaults of counterparties

Fair values of collaterals held can be disposed and re-subjected to lien regardless of defaults of counterparties as of December 31, 2017 and 2016 are as follows (Unit: Korean Won in millions):

	December 31, 2017	
	Fair values of collaterals	Fair values of collaterals were disposed or re-subjected to lien
Securities	17,671,490	-

	December 31, 2016	
	Fair values of collaterals	Fair values of collaterals were disposed or re-subjected to lien
Securities	8,746,101	-

19. OTHER ASSETS

Details of other assets are as follows (Unit: Korean Won in millions):

	December 31, 2017	December 31, 2016
Prepaid expenses	130,245	111,445
Advance payments	18,363	1,944
Non-operative assets	376	6,192
Others	9,420	9,265
Total	158,404	128,846

20. FINANCIAL LIABILITIES AT FVTPL

Financial liabilities at FVTPL are composed of financial liabilities held for trading and financial liabilities designated at FVTPL.

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

	December 31, 2017	December 31, 2016
Financial liabilities held for trading	3,176,113	3,036,478
Financial liabilities designated at FVTPL	251,796	766,880
Total	3,427,909	3,803,358

(2) Financial liabilities held for trading are as follows (Unit: Korean Won in millions):

	December 31, 2017	December 31, 2016
Deposits due to Customers:		
Gold banking liabilities	25,964	26,501
Derivative liabilities	3,150,149	3,009,977
Total	3,176,113	3,036,478

(3) Financial liabilities designated at FVTPL are as follows (Unit: Korean Won in millions):

	December 31, 2017	December 31, 2016
Equity linked securities index:		
Equity linked securities index in short position	160,057	673,906
Debentures:		
Debentures in local currency	91,739	92,974
Total	251,796	766,880

154

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion
and Analysis

[Independent Auditors'
Report](#)

Organizational Chart

Global Network

Coporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

- (4) Credit risk adjustments to financial liabilities designated at FVTPL is as follows (Unit: Korean Won in millions):

	For the year ended December 31	
	2017	2016
Financial liabilities designated at FVTPL subject to credit risk adjustments	251,796	766,880
Changes in fair value for credit risk adjustments	(254)	(8)
Accumulated changes in fair value for credit risk adjustments	133	349

Credit risk adjustments are applied to reflect the Group's own credit risk when measuring financial liabilities designated at FVTPL at fair value. The methodology to determine the adjustment incorporates the Group's credit spread as observed through credit ratings.

- (5) The differences between financial liabilities at FVTPL's carrying amount and nominal amount at maturity are as follows (Unit: Korean Won in millions):

	December 31, 2017	December 31, 2016
Carrying amount	251,796	766,880
Nominal amount at maturity	255,408	902,375
Difference	(3,612)	(135,495)

21. DEPOSITS DUE TO CUSTOMERS

Details of deposits due to customers by type are as follows (Unit: Korean Won in millions):

	December 31, 2017	December 31, 2016
Deposits in local currency:		
Deposits on demand	9,349,070	9,491,680
Deposits at termination	194,292,679	183,723,369
Mutual installment	34,055	37,128
Deposits on notes payables	1,323,679	943,446
Deposits on CMA	164,431	203,013
Certificate of deposits	4,436,443	3,836,430
Other deposits	1,451,841	1,360,176
Sub-total	211,052,198	199,595,242
Deposits in foreign currencies	23,682,896	21,453,096
Present value discount	(40,010)	(27,927)
Total	234,695,084	221,020,411

155

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion
and Analysis

[Independent Auditors'
Report](#)

Organizational Chart

Global Network

Coporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

22. BORROWINGS AND DEBENTURES

(1) Details of borrowings are as follows (Unit: Korean Won in millions):

	December 31, 2017		
	Lenders	Interest rate (%)	Amount
Borrowings in local currency:			
Borrowings from The BOK	The BOK	0.5 ~ 0.8	1,404,087
Borrowings from government funds	Small Enterprise And Market Service and others	0.0 ~ 2.9	1,723,340
Others	The Korea Development Bank and others	0.0 ~ 3.2	3,957,421
Sub-total			<u>7,084,848</u>
Borrowings in foreign currencies:			
Borrowings in foreign currencies	The Export-Import BOK and others	0.0 ~ 6.8	6,996,551
Offshore borrowings in foreign currencies	Commonwealth Bank	1.8	28,285
Sub-total			<u>7,024,836</u>
Bills sold	Others	0.0 ~ 1.2	36,953
Call money	Bank and others	1.5 ~ 2.7	635,061
Bonds sold under repurchase agreements	Other financial institutions	0.6 ~ 12.7	3,173
Present value discount			(165)
Total			<u>14,784,706</u>

	December 31, 2016		
	Lenders	Interest rate (%)	Amount
Borrowings in local currency:			
Borrowings from the BOK	The BOK	0.5 ~ 0.8	1,598,553
Borrowings from government funds	Small and Medium Business Corporation and others	0.0 ~ 3.5	1,534,807
Others	Seoul Metropolitan Government and others	0.0 ~ 3.8	3,922,878
Sub-total			<u>7,056,238</u>
Borrowings in foreign currencies:			
Borrowings in foreign currencies	The Export-Import BOK and others	0.0 ~ 5.2	7,737,237
Offshore borrowings in foreign currencies	Wells Fargo	1.4	18,128
Sub-total			<u>7,755,365</u>
Bills sold	Others	0.0 ~ 1.6	26,895
Call money	Bank and others	0.0 ~ 5.1	1,926,779
Bonds sold under repurchase agreements	Other financial institutions	0.0 ~ 4.5	2,004,905
Present value discount			(667)
Total			<u>18,769,515</u>

(2) Details of debentures are as follows (Unit: Korean Won in millions):

	December 31, 2017		December 31, 2016	
	Interest rate (%)	Amount	Interest rate (%)	Amount
Face value of bond(*):				
Ordinary bonds	1.5 ~ 5.8	22,468,908	1.5 ~ 11.8	18,268,403
Subordinated bonds	3.4 ~ 12.6	4,781,301	3.0 ~ 12.6	5,327,335
Other bonds	1.6 ~ 17.0	649,615	17.0	4,006
Sub-total		<u>27,899,824</u>		<u>23,599,744</u>
Discounts on bond		(30,173)		(34,295)
Total		<u>27,869,651</u>		<u>23,565,449</u>

(*) Included debentures under fair value hedge relationships are 3,102,386 million Won and 3,610,193 million Won as of December 31, 2017 and 2016, respectively. Also, debentures under cash flow hedge amounting to 699,029 million Won are included as of December 31, 2017

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion and Analysis

[Independent Auditors' Report](#)

Organizational Chart

Global Network

Corporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

23. PROVISIONS

(1) Details of provisions are as follows (Unit: Korean Won in millions):

	December 31, 2017	December 31, 2016
Asset retirement obligation	61,872	58,076
Provision for guarantee (*1)	183,247	238,117
Provisions for unused commitments	66,115	87,909
Provisions for customer reward credits	40,445	22,093
Other provisions (*2)	58,791	22,282
Total	<u>410,470</u>	<u>428,477</u>

(*1) Provision for guarantee includes provision for financial guarantee of 71,697 million Won and 67,557 million Won as of December 31, 2017 and 2016, respectively.

(*2) Other provisions consist of provision for litigation and others.

(2) Changes in provisions except for asset retirement obligation are as follows (Unit: Korean Won in millions):

	For the year ended December 31, 2017				
	Provision for guarantees	Provision for unused commitments	Provisions for customer reward credits	Other provisions	Total
Beginning balance	238,117	87,909	22,093	22,282	370,401
Provisions provided	4,876	2,028	62,593	42,042	111,539
Provisions used and others	(24,898)	(68)	(84,979)	(8,014)	(117,959)
Reversal of unused amount	(60,300)	(23,744)	-	(77)	(84,121)
Foreign currencies translation adjustments	9	(10)	-	(249)	(250)
Transfer(*)	-	-	21,808	-	21,808
Others	25,443	-	18,930	2,807	47,180
Ending balance	<u>183,247</u>	<u>66,115</u>	<u>40,445</u>	<u>58,791</u>	<u>348,598</u>

(*) According to contracts with the third parties, the Group ultimately will be reimbursed for which it has paid out on behalf of customers, which has incurred through their customer loyalty programs. Therefore, when such obligation incurs, the Group recognizes it as "transfer", but there is no impact on the Group's expense.

	For the year ended December 31, 2016				
	Provision for guarantees	Provision for unused commitments	Provisions for customer reward credits	Other provisions	Total
Beginning balance	364,141	85,313	5,445	22,581	477,480
Provisions provided	4,281	8,502	23,525	8,034	44,342
Provisions used and others	(80,017)	22	(8,158)	(11,323)	(99,476)
Reversal of unused amount	(64,061)	(5,409)	-	-	(69,470)
Foreign currencies translation adjustments	-	-	-	2,990	2,990
Transfer(*)	-	-	503	-	503
Others	13,773	(519)	778	-	14,032
Ending balance	<u>238,117</u>	<u>87,909</u>	<u>22,093</u>	<u>22,282</u>	<u>370,401</u>

(*) As the credits of the affiliates were transferred to the Group, the allowance for the provisions for customer reward credits increased, for the year ended December 31, 2016.

157

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion and Analysis

[Independent Auditors' Report](#)

Organizational Chart

Global Network

Corporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

(3) Changes in asset retirement obligation are as follows (Unit: Korean Won in millions):

	For the year ended December 31, 2017	For the year ended December 31, 2016
Beginning balance	58,076	39,121
Provisions provided	2,225	2,034
Provisions used	(1,283)	(1,279)
Amortization	428	464
Reversal of unused amount	(733)	(1)
Increase in asset retirement expense and others	3,159	17,737
Ending balance	<u>61,872</u>	<u>58,076</u>

24. NET DEFINED BENEFIT LIABILITY(ASSET)

The characteristics of the Group's defined benefit retirement pension plans characteristics are as follows:

Employees and directors with one or more years of service are entitled to receive a payment upon termination of their employment, based on their length of service and rate of pay at the time of termination. The assets of the plans are measured at their fair value at the end of reporting date. The plan liabilities are measured using the projected unit method, which takes account of projected earnings increases, using actuarial assumptions that give the best estimate of the future cash flows that will arise under the plan liabilities.

The Group is exposed to various risks through defined benefit retirement pension plan, and the most significant risks are as follows:

Volatility of asset	The defined benefit obligation was estimated with an interest rate calculated based on blue chip corporate bonds earnings. A deficit may occur if the rate of return of plan assets falls short of the interest rate.
Decrease in profitability of blue chip bonds	A decrease in profitability of blue chip bonds will be offset by some increase in the value of debt securities that the employee benefit plan owns but will bring an increase in the defined benefit obligation.
Risk of inflation	Defined benefit obligations are related to inflation rate; the higher the inflation rate is, the higher the level of liabilities. Therefore, deficit occurs in the system if an inflation rate increases.

(1) Details of net defined benefit liability (asset) are as follows (Unit: Korean Won in millions):

	December 31, 2017	December 31, 2016
Defined benefit obligation	1,071,170	984,381
Fair value of plan assets	(1,027,906)	(990,653)
Net defined benefit liability (asset)	<u>43,264</u>	<u>(6,272)</u>

158

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion
and Analysis

[Independent Auditors'
Report](#)

Organizational Chart

Global Network

Corporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

- (2) Changes in the carrying value of defined benefit obligation are as follows (Unit: Korean Won in millions):

	For the year ended December 31, 2017	For the year ended December 31, 2016
Beginning balance	984,381	901,219
Current service cost	146,750	153,660
Interest expense	26,629	24,326
Remeasurements	(20,389)	(52,402)
Foreign currencies translation adjustments	(279)	80
Retirement benefit paid	(55,552)	(34,346)
Curtailement or liquidation	(10,928)	(9,536)
Others	558	1,380
Ending balance	<u>1,071,170</u>	<u>984,381</u>

- (3) Changes in the plan assets are as follows (Unit: Korean Won in millions):

	For the year ended December 31, 2017	For the year ended December 31, 2016
Beginning balance	990,653	801,528
Interest income	30,601	25,038
Remeasurements	(14,125)	(7,304)
Employer's contributions	43,114	226,752
Retirement benefit paid	(51,877)	(33,341)
Curtailement or liquidation	(11,052)	(9,198)
Others	40,592	(12,822)
Ending balance	<u>1,027,906</u>	<u>990,653</u>

- (4) Plan assets wholly consist of time deposits as of December 31, 2017 and 2016, respectively. Among plan assets, realized returns on plan assets amount to 16,476 million Won and 17,734 million Won for the year ended December 31, 2017 and 2016, respectively.

Meanwhile, the contribution expected to be paid in the subsequent accounting year amounts to 125,818 million Won.

- (5) Current service cost, net interest income, loss (gain) on the curtailment or liquidation and remeasurements recognized in the consolidated statements of net income and total comprehensive income are as follows (Unit: Korean Won in millions):

	For the years ended December 31, 2017	For the years ended December 31, 2016
Current service cost	146,750	153,660
Net interest income	(3,972)	(712)
Loss (gain) on the curtailment or liquidation	124	(339)
Cost recognized in net income	<u>142,902</u>	<u>152,609</u>
Remeasurements(*)	(6,264)	(45,098)
Cost recognized in total comprehensive income	<u>136,638</u>	<u>107,511</u>

(*) This is an amount before considering the tax effects.

Retirement benefit service costs related to defined contribution plans are recognized 3,946 million Won and 3,747 million Won for the years ended December 31, 2017 and 2016, respectively.

159

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion and Analysis

Independent Auditors' Report

Organizational Chart

Global Network

Corporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

(6) Key actuarial assumptions used in defined benefit liability(asset) assessment are as follows:

	December 31, 2017	December 31, 2016
Discount rate	3.18%	2.85%
Future wage growth rate	6.18%	6.05%
Mortality rate	Issued by Korea Insurance Development Institute	Issued by Korea Insurance Development Institute
Retirement rate	Experience rate for each employment classification	Experience rate for each employment classification

(7) The sensitivity to actuarial assumptions used in the assessment of defined benefit obligation is as follows
(Unit: Korean Won in millions):

		December 31, 2017	December 31, 2016
Discount rate	Increase by 1% point	(116,405)	(107,203)
	Decrease by 1% point	137,151	125,395
Future wage growth rate	Increase by 1% point	136,707	124,766
	Decrease by 1% point	(117,765)	(108,344)

25. OTHER FINANCIAL LIABILITIES AND OTHER LIABILITIES

Other financial liabilities and other liabilities are as follows (Unit: Korean Won in millions):

	December 31, 2017	December 31, 2016
Other financial liabilities:		
Accounts payable	4,692,320	5,626,661
Accrued expenses	2,049,861	2,055,936
Borrowings from trust accounts	3,271,817	3,329,683
Agency business revenue	344,591	331,159
Foreign exchange payables	590,667	702,968
Domestic exchange payables	1,309,646	8,480,765
Other miscellaneous financial liabilities	1,635,156	1,458,747
Present value discount	(1,597)	(833)
Sub-total	13,892,461	21,985,086
Other liabilities:		
Unearned income	180,664	171,050
Other miscellaneous liabilities	103,317	128,326
Sub-total	283,981	299,376
Total	14,176,442	22,284,462

160

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion
and Analysis

[Independent Auditors'
Report](#)

Organizational Chart

Global Network

Coporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

26. DERIVATIVES

(1) Derivative assets and derivative liabilities are as follows (Unit: Korean Won in millions):

		December 31, 2017					
		Assets			Liabilities		
	Nominal amount	For cash flow hedge	For fair value hedge	For trading	For cash flow hedge	For fair value hedge	For trading
Interest rate:							
Futures	75,845	-	-	-	-	-	-
Swaps	130,197,378	-	59,272	223,935	-	12,103	253,972
Purchase options	630,000	-	-	12,346	-	-	-
Written options	795,000	-	-	-	-	-	12,869
Currency:							
Futures	318,217	-	-	-	-	-	-
Forwards	72,526,956	-	-	1,314,368	-	-	1,375,799
Swaps	48,176,306	-	-	1,352,924	55,651	-	1,347,905
Purchase options	2,291,154	-	-	64,267	-	-	-
Written options	4,038,237	-	-	-	-	-	58,687
Equity:							
Futures	91,436	-	-	-	-	-	-
Swaps	15,000	-	-	103	-	-	10
Purchase options	5,060,706	-	-	146,775	-	-	-
Written options	4,504,290	-	-	-	-	-	99,770
Others:							
Futures	-	-	-	-	-	-	-
Swaps	7,805	-	-	1,056	-	-	1,037
Purchase options	-	-	-	-	-	-	-
Written options	5,000	-	-	-	-	-	100
Total	268,733,330	-	59,272	3,115,775	55,651	12,103	3,150,149

		December 31, 2016				
		Assets			Liabilities	
	Notional amount	For fair value hedge	For trading	For fair value hedge	For trading	
Interest rate:						
Futures	54,785	-	-	-	-	-
Swaps	118,582,511	139,832	470,057	7,013	509,686	
Purchase options	860,000	-	21,172	-	-	
Written options	1,035,000	-	-	-	21,863	
Currency:						
Futures	493,733	-	-	-	-	-
Forwards	62,539,094	-	1,265,852	-	1,015,380	
Swaps	39,782,049	-	1,022,969	-	1,221,959	
Purchase options	1,120,949	-	42,126	-	-	
Written options	907,211	-	-	-	8,589	
Equity:						
Futures	926,392	-	-	-	-	-
Swaps	15,000	-	92	-	88	
Purchase options	3,007,969	745	73,261	-	-	
Written options	4,460,233	-	-	208	228,900	
Others:						
Futures	5,105	-	-	-	-	-
Swaps	7,918	-	2,645	-	2,331	
Purchase options	8,307	-	121	-	-	
Written options	64,352	-	-	-	1,181	
Total	233,870,608	140,577	2,898,295	7,221	3,009,977	

161

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion
and Analysis

[Independent Auditors'
Report](#)

Organizational Chart

Global Network

Corporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

Derivatives held for trading purpose are classified into financial assets or liabilities at FVTPL (see Notes 7 and 20) and derivatives for hedging are stated as a separate line item in the consolidated statements of financial position.

- (2) Gains or losses from valuation of financial instruments under hedge accounting are as follows (Unit: Korean Won in millions):

	For the year ended December 31	
	2017	2016
Gains from hedged items	110,152	98,827
Losses from hedging instruments	(109,447)	(98,851)

Meanwhile, the maximum period that the Group is exposed to cash flow risk arising from the hedging transaction discussed above will be terminated by February 2021.

Among gain (loss) on valuation of derivatives that was included in the accumulated other comprehensive income, the amount has been reclassified to loss is 56,676 million Won, before reduction of income tax effect during the year ended December 31, 2017.

27. DEFERRED DAY 1 PROFITS OR LOSSES

Changes in deferred day 1 profits or losses are as follows (Unit: Korean Won in millions):

	For the year ended December 31	
	2017	2016
Beginning balance	13,422	28,008
New transactions	500	1,337
Amounts recognized in profits or losses	(6,506)	(15,923)
Ending balance	7,416	13,422

In case some variables to measure fair values of financial instruments are not observable or available in the market, valuation techniques are utilized to evaluate such financial instruments. Those financial instruments are recorded at the fair value produced by the valuation techniques as at the time of acquisition, even though there are difference noted between the transaction price and the fair value. The table above presents the difference yet to be realized as profit or losses.

28. CAPITAL STOCK AND CAPITAL SURPLUS

- (1) The number of authorized shares and others are as follows:

	December 31, 2017	December 31, 2016
Authorized shares of common stock	5,000,000,000 Shares	5,000,000,000 Shares
Par value	5,000 Won	5,000 Won
Issued shares of common stock	676,000,000 Shares	676,000,000 Shares
Capital stock	3,381,392 million Won	3,381,392 million Won

- (2) There is no change to be disclosed in numbers of issued and outstanding shares of common stock for the year ended December 31, 2017 and 2016.

- (3) Details of capital surplus are as follows (Unit: Korean Won in millions):

	December 31, 2017	December 31, 2016
Capital in excess of par value	269,533	269,533
Other capital surplus	16,347	16,798
Total	285,880	286,331

162

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion
and Analysis

[Independent Auditors'
Report](#)

Organizational Chart

Global Network

Corporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

29. HYBRID SECURITIES

The bond-type hybrid securities classified as owner's equity are as follows (Unit: Korean Won in millions):

	Issue date	Maturity	Interest rate (%)	December 31, 2017	December 31, 2016
Securities in local currency	June 20, 2008	June 20, 2038	7.7	255,000	255,000
	March 8, 2012	March 8, 2042	5.8	-	190,000
	April 25, 2013	April 25, 2043	4.4	500,000	500,000
	November 13, 2013	November 13, 2043	5.7	200,000	200,000
	December 12, 2014	December 12, 2044	5.2	160,000	160,000
Securities in foreign currencies	June 3, 2015	June 3, 2045	4.4	240,000	240,000
	May 2, 2007	May 2, 2037	6.2	-	930,900
	June 10, 2015	June 10, 2045	5.0	559,650	559,650
	September 27, 2016	-	4.5	553,450	553,450
	May 16, 2017	-	5.3	562,700	-
Issuance cost			(12,912)	(14,104)	
Total			<u>3,017,888</u>	<u>3,574,896</u>	

The hybrid securities mentioned above are either without a maturity date or its maturity can be extended indefinitely at the maturity date without change of terms. Further, if a resolution is passed not to pay dividends on common stock, interest payments on the hybrid securities may be skipped.

30. OTHER EQUITY

(1) Details of other equity are as follows (Unit: Korean Won in millions):

	December 31, 2017	December 31, 2016
Accumulated other comprehensive income:		
Gain on valuation of available-for-sale financial assets	301,930	386,981
Share of other comprehensive loss of joint ventures and associates	(1,251)	(1,863)
Loss on foreign currency translation of foreign operations	(242,700)	(48,353)
Remeasurement loss related to defined benefit plan	(152,624)	(163,397)
Gain on valuation of cash flow hedges	777	-
Equity related to non-current assets held for sale	4,145	-
Sub-total	<u>(89,723)</u>	<u>173,368</u>
Treasury shares	(34,113)	(34,113)
Other capital adjustments	<u>(1,815,438)</u>	<u>(1,607,280)</u>
Total	<u>(1,939,274)</u>	<u>(1,468,025)</u>

163

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion
and Analysis

[Independent Auditors'
Report](#)

Organizational Chart

Global Network

Corporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

(2) Changes in the accumulated other comprehensive income are as follows (Unit: Korean Won in millions):

	For the year ended December 31, 2017				
	Beginning balance	Increase (decrease)(*)	Reclassification adjustments(*)	Income tax effect	Ending balance
Gain (loss) on valuation of available-for-sale financial assets	386,981	80,997	(164,803)	(1,245)	301,930
Share of other comprehensive income (loss) of joint ventures and associates	(1,863)	2,516	-	(1,904)	(1,251)
Loss on foreign currency translation of foreign operations	(48,353)	(193,272)	-	(1,075)	(242,700)
Remeasurement gain (loss) related to defined benefit plan	(163,397)	6,216	-	4,557	(152,624)
Gain (loss) on valuation of cash flow hedges	-	1,025	-	(248)	777
Transfer to non-current assets held for sale	-	4,145	-	-	4,145
Total	173,368	(98,373)	(164,803)	85	(89,723)

(*) For the change in gain (loss) on valuation of AFS financial assets, “increase (decrease)” represents change due to the valuation during the period, and “reclassification adjustments” explains disposal or recognition of impairment losses on AFS financial assets.

	For the year ended December 31, 2016				
	Beginning balance	Increase (decrease)(*)	Reclassification adjustments(*)	Income tax effect	Ending balance
Gain (loss) on valuation of available-for-sale financial assets	374,685	114,617	(101,647)	(674)	386,981
Share of other comprehensive income (loss) of joint ventures and associates	6,074	(9,274)	-	1,337	(1,863)
Gain (loss) on foreign currency translation of foreign operations	(70,789)	30,368	-	(7,932)	(48,353)
Remeasurement gain (loss) related to defined benefit plan	(197,579)	45,096	-	(10,914)	(163,397)
Gain (loss) on valuation of cash flow hedges	(10,371)	10,371	-	-	-
Total	102,020	191,178	(101,647)	(18,183)	173,368

(*) For the change in gain (loss) on valuation of AFS financial assets, “increase (decrease)” represents change due to the valuation during the period, and “reclassification adjustments” explains disposal or recognition of impairment losses on AFS financial assets.

164

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion
and Analysis

[Independent Auditors'
Report](#)

Organizational Chart

Global Network

Corporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

31. RETAINED EARNINGS

(1) Details of retained earnings are as follows (Unit: Korean Won in millions):

		<u>December 31, 2017</u>	<u>December 31, 2016</u>
Legal reserve	Earned surplus reserve	1,729,754	1,622,754
	Other legal reserve	45,668	44,634
	Sub-total	<u>1,775,422</u>	<u>1,667,388</u>
Voluntary reserve	Business rationalization reserve	8,000	8,000
	Reserve for financial structure improvement	235,400	235,400
	Additional reserve	7,418,806	7,073,104
	Regulatory reserve for credit loss	2,438,191	2,255,252
	Revaluation reserve	751,964	753,908
	Other voluntary reserve	11,700	11,700
	Sub-total	<u>10,864,061</u>	<u>10,337,364</u>
	Retained earnings before appropriation	<u>2,980,523</u>	<u>2,606,814</u>
	Total	<u>15,620,006</u>	<u>14,611,566</u>

i. Earned surplus reserve

In accordance with the Banking Act, earned surplus reserve are appropriated at least one tenth of the earnings after tax on every dividend declaration, not exceeding the paid in capital. This reserve may not be used other than for offsetting a deficit or transferring to capital.

ii. Other legal reserve

Other legal reserves were appropriated in the branches located in Japan, Vietnam and Bangladesh according to the banking laws of Japan, Vietnam and Bangladesh, and may be used to offset any deficit incurred in those branches.

iii. Business rationalization reserve

Pursuant to the Restriction of Special Taxation Act, the Group was previously required to appropriate, as a reserve for business rationalization, amounts equal to tax reductions arising from tax exemptions and tax credits up to December 31, 2001. The requirement was no longer effective from 2002.

iv. Reserve for financial structure improvement

From 2002 to 2014, the Finance Supervisory Services recommended banks in Korea to appropriate at least 10 percent of net income after accumulated deficit for financial structure improvement, until tangible common equity ratio equals 5.5 percent. But this reserve is not available for payment of cash dividends; however, it can be used to reduce a deficit or be transferred to capital. The reserve and appropriation is an Autonomous judgment matter of the Group since 2015.

v. Additional

Additional reserve was appropriated for capital adequacy and other management purpose.

vi. Regulatory reserve for credit loss

In accordance with Article 29 of the Regulation on Supervision of Banking Business ("RSBB"), if provisions for credit loss under K-IFRS for the accounting purpose are lower than provisions under RSBB, the Group discloses such short fall amount as regulatory reserve for credit loss.

vii. Revaluation reserve

Revaluation reserve is the amount of limited dividends set by the board of directors to be the recognized as complementary capital when the gain or loss occurred in the property revaluation by adopting K-IFRS.

165

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion
and Analysis

[Independent Auditors'
Report](#)

Organizational Chart

Global Network

Coporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

- (2) Changes in retained earnings are as follows (Unit: Korean Won in millions):

	For the year ended December 31	
	2017	2016
Beginning balance	14,611,566	13,726,122
Net attributable to owners	1,512,148	1,261,266
Dividends on common stock	(336,636)	(168,317)
Dividends on hybrid securities	(167,072)	(206,515)
Repayment of hybrid securities	-	(990)
Ending balance	15,620,006	14,611,566

32. REGULATORY RESERVE FOR CREDIT LOSS

In accordance with Paragraph 1 and 2 of Article 29 of the Regulation on the Supervision of Banking Business (“RSBB”), if the estimated provisions for credit loss under K-IFRS for the accounting purpose are lower than those in accordance with the provisions under the RSBB, the Group shall disclose the difference as the planned regulatory reserve for credit loss.

- (1) Balance of the planned regulatory reserve for credit loss is as follows (Unit: Korean Won in millions):

	December 31, 2017	December 31, 2016
Beginning balance	2,438,191	2,255,252
Planned provision of regulatory reserve for credit loss	140,266	182,939
Ending balance	2,578,457	2,438,191

- (2) Planned reserves provided, adjusted net income after the planned reserves provided and adjusted earnings per share after the planned reserves provided are as follows (Unit: Korean Won in millions, except for earnings per share amount):

	For the years ended December 31	
	2017	2016
Net income	1,530,088	1,277,533
Provision of regulatory reserve for credit loss	140,266	182,939
Adjusted net income after the provision of regulatory reserve	1,389,822	1,094,594
Adjusted EPS after the provision of regulatory reserve (Unit: Korean Won)	1,817	1,320

33. DIVIDENDS

The Bank’s dividends for the year ended December 31, 2017 and 2016 are 500 Won and 400 Won per share, respectively, and total dividend payments amount to 336,636 million Won and 269,308 million Won, respectively. Dividends for the current period will be brought up as an agenda in the annual shareholders’ meeting scheduled on March 23, 2018.

Meanwhile, the Bank paid out 67,328 million Won (100 Won per share) as an interim dividend during the year ended December 31, 2017.

166

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion
and Analysis

[Independent Auditors'
Report](#)

Organizational Chart

Global Network

Corporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

34. NET INTEREST INCOME

(1) Interest income recognized are as follows (Unit: Korean Won in millions):

	For the years ended December 31	
	2017	2016
Financial assets at FVTPL	53,348	63,408
AFS financial assets	239,030	339,518
HTM financial assets	307,965	360,054
Loans and receivables:		
Interest on due from banks	83,325	75,021
Interest on loans	7,835,957	7,635,791
Interest of other receivables	31,062	38,520
Sub-total	7,950,344	7,749,332
Total	8,550,687	8,512,312

(2) Interest expense recognized are as follows (Unit: Korean Won in millions):

	For the years ended December 31	
	2017	2016
Interest on deposits due to customers	2,380,263	2,547,142
Interest on borrowings	238,212	215,240
Interest on debentures	638,653	619,255
Other interest expense	72,909	111,131
Total	3,330,037	3,492,768

35. NET FEES AND COMMISSIONS INCOME

(1) Details of fees and commissions income recognized are as follows (Unit: Korean Won in millions):

	For the years ended December 31	
	2017	2016
Fees and commissions received (*)	673,582	660,556
Fees and commissions received for provision of guarantee	65,779	66,549
Fees and commissions received on project financing	13,394	20,213
Fees and commissions received on credit card	1,072,423	954,502
Fees and commissions received on securities	80,872	70,928
Other fees and commissions received	163,148	92,722
Total	2,069,198	1,865,470

(*) Fees and commissions received include fees income from agency commission, fees income from electronic finance, fees income related to loan, fees for import letter of credit dealing, commission received on foreign exchange and others.

(2) Details of fees and commissions expense incurred are as follows (Unit: Korean Won in millions):

	For the years ended December 31	
	2017	2016
Fees and commissions paid	164,834	162,170
Credit card commissions	828,363	760,913
Brokerage commissions	558	739
Others	4,977	4,517
Total	998,732	928,339

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion
and Analysis

[Independent Auditors'
Report](#)

Organizational Chart

Global Network

Corporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

36. DIVIDEND INCOME

Details of dividend income recognized are as follows (Unit: Korean Won in millions):

	For the years ended December 31	
	2017	2016
Dividend from financial assets at FVTPL	446	996
Dividend from AFS financial assets	124,546	183,514
Total	124,992	184,510

37. GAINS (LOSSES) ON FINANCIAL INSTRUMENTS AT FVTPL

(1) Details of gains or losses related to financial instruments at FVTPL are as follows (Unit: Korean Won in millions):

	For the years ended December 31	
	2017	2016
Gains on financial assets held for trading	6,123	185,786
Losses of financial assets designated at FVTPL	(110,950)	(71,399)
Total	(104,827)	114,387

(2) Gains (losses) on financial instruments held for trading are as follows (Unit: Korean Won in millions):

			For the years ended December 31	
			2017	2016
Financial instruments held for trading	Securities	Gain on valuation	2,764	9,323
		Gain on disposals		
	Other financial assets	Gain on valuation	20,528	24,509
		Loss on valuation	(13,757)	(12,681)
		Loss on disposals	(6,466)	(11,524)
	Sub-total	3,069	9,627	
Total of financial instruments held for trading	Interest rates derivatives	Gain on valuation	6,524	13,628
		Gain on disposals	2,353	2,404
	Currencies derivatives	Loss on valuation	(7,885)	(14,033)
		Loss on disposals	(619)	(1,644)
		Sub-total	373	355
	Sub-total	3,442	9,982	
Derivatives (for trading)	Interest rates derivatives	Gain on transactions and valuation	1,088,192	1,423,606
		Loss on transactions and valuation	(1,043,312)	(1,401,582)
	Equity derivatives	Sub-total	44,880	22,024
		Gain on transactions and valuation	7,253,426	5,804,420
		Loss on transactions and valuation	(7,408,741)	(5,683,357)
	Sub-total	(155,315)	121,063	
	Sub-total	511,220	293,657	
		Loss on transactions and valuation	(397,462)	(259,280)
		Sub-total	113,758	34,377

168

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion
and Analysis

[Independent Auditors'
Report](#)

Organizational Chart

Global Network

Coporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

	For the years ended December 31	
	2017	2016
Derivatives (for trading)	4,056	50,139
Other derivatives		
Gain on transactions and valuation		
Loss on transactions and valuation	(4,698)	(51,799)
Sub-total	(642)	(1,660)
Total of derivatives(for trading)	2,681	175,804
Total	6,123	185,786

- (3) Gains (losses) on financial instruments designated at FVTPL are as follows (Unit: Korean Won in millions):

	For the years ended December 31	
	2017	2016
Loss on equity-linked securities		
Loss on disposals of equity-linked securities	(79,965)	(24,165)
Loss on valuation of equity-linked securities	(32,511)	(52,007)
Sub-total	(112,476)	(76,172)
Gain on other securities:		
Gain on disposals of other securities	-	14
Gain on valuation of other securities	290	882
Sub-total	290	896
Gain on other financial instruments:		
Gain on valuation of other financial instruments	1,236	3,877
Total	(110,950)	(71,399)

38. GAINS (LOSSES) ON AFS FINANCIAL ASSETS

Gains (losses) on AFS financial assets are as follows (Unit: Korean Won in millions):

	For the years ended December 31	
	2017	2016
Gains on redemption of securities	47	721
Gains on transaction of securities	223,961	47,985
Impairment losses on securities	(31,300)	(49,741)
Total	192,708	(1,035)

39. IMPAIRMENT LOSSES DUE TO CREDIT LOSS

Impairment losses on loans and receivables, guarantees and loan commitment recognized for credit loss are as follows (Unit: Korean Won in millions):

	For the years ended December 31	
	2017	2016
Impairment losses due to credit loss	(862,273)	(890,763)
Reversal of provision on guarantee	55,424	59,780
Reversal of provision on (provision for) loan commitment	21,716	(3,093)
Total	(785,133)	(833,076)

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion and Analysis

[Independent Auditors' Report](#)

Organizational Chart

Global Network

Corporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

40. GENERAL ADMINISTRATIVE EXPENSES AND OTHER NET OPERATING INCOME (EXPENSES)

(1) General and administrative expenses recognized are as follows (Unit: Korean Won in millions):

		For the years ended December 31	
		2017	2016
Employee benefits	Short term	1,317,826	1,323,007
	employee benefits	559,562	466,585
	Salaries		
	Employee benefits	146,848	156,356
	Retirement benefit service costs	299,562	179,286
	Termination		
	Sub-total	2,323,798	2,125,234
Depreciation and amortization		183,601	248,269
Other general and administrative expenses	Rent	313,080	311,992
	Taxes and dues	111,248	102,531
	Service charges	198,828	244,543
	Computer and IT related	70,936	83,978
	Telephone and communication	65,015	63,699
	Operating promotion	43,850	48,115
	Advertising	68,942	76,153
	Printing	8,633	9,502
	Traveling	13,064	11,681
	Supplies	6,795	6,827
	Insurance premium	8,548	8,092
	Reimbursement	27,516	26,846
	Maintenance	16,081	16,470
	Water, light and heating	14,165	15,006
Vehicle maintenance	9,902	9,987	
Others	46,799	69,551	
	Sub-total	1,023,402	1,104,973
Total		3,530,801	3,478,476

(2) Other operating income recognized is as follows (Unit: Korean Won in millions):

		For the years ended December 31	
		2017	2016
Gains on transaction of foreign exchange		3,391,095	4,791,772
Gains on disposal of loans and receivables		205,490	204,239
Gains related to derivatives		122	130
Gains on fair value hedged items		53,532	99,302
Others (*)		86,159	112,079
Total		3,736,398	5,207,522

(*) Other income includes such incomes amounting to 29,336 million Won and 74,700 million Won for the year ended December, 2017 and 2016, respectively, that the Group recognized for it is to receive from other creditor financial institutions in accordance with the creditor financial institutions committee agreement.

(3) Other operating expenses recognized are as follows (Unit: Korean Won in millions):

		For the years ended December 31	
		2017	2016
Losses on transaction of foreign exchange		2,886,535	4,706,055
KDIC deposit insurance fees		304,055	298,804
Contribution to miscellaneous funds		286,000	295,601
Losses on disposal of loans and receivables		9,221	4,265
Losses related to derivatives		109,569	98,981
Losses on fair value hedged items		-	475
Others (*)		172,331	171,120
Total		3,767,711	5,575,301

(*) For the year ended December 31, 2017 and 2016, other expense includes losses amounting to 5,237 million Won and 109,063 million Won respectively, which are related to the Group's expected payments to other creditor financial institutions in accordance with the creditor financial institutions committee agreement. In addition, other expense for the year ended December 31, 2017 includes 48,292 million Won of intangible asset amortization expense.

170

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion
and Analysis

[Independent Auditors'
Report](#)

Organizational Chart

Global Network

Corporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

41. OTHER NON-OPERATING INCOME (EXPENSES)

- (1) Details of gains or losses on valuation of investments in joint ventures and associates are as follows (Unit: Korean Won in millions):

	For the years ended December 31	
	2017	2016
Gain on valuation	83,506	36,757
Loss on valuation	(70,117)	(55,091)
Impairment loss	(114,903)	(1,173)
Total	<u>(101,514)</u>	<u>(19,507)</u>

- (2) Other non-operating income and expenses recognized are as follows (Unit: Korean Won in millions):

	For the years ended December 31	
	2017	2016
Other non-operating income	84,361	132,272
Other non-operating expenses	(190,083)	(133,582)
Total	<u>(105,722)</u>	<u>(1,310)</u>

- (3) Other non-operating income recognized are as follows (Unit: Korean Won in millions):

	For the years ended December 31	
	2017	2016
Rental fee income	6,973	7,291
Gains on disposal of investment in joint ventures and associates	39,932	23,457
Gains on disposal of premises and equipment and other assets	5,028	1,885
Reversal of impairment loss on premises and equipment and other assets	666	3,581
Others	31,762	96,058
Total	<u>84,361</u>	<u>132,272</u>

- (4) Other non-operating expenses recognized are as follows (Unit: Korean Won in millions):

	For the years ended December 31	
	2017	2016
Depreciation on investment properties	3,902	3,762
Interest expenses of rent leasehold deposits	459	496
Losses on disposal of investment in joint ventures and associates	38,713	15,060
Losses on disposal of premises and equipment and other assets	9,994	9,718
Impairment losses on premises and equipment and other assets	390	1,936
Donation	98,132	43,939
Others	38,493	58,671
Total	<u>190,083</u>	<u>133,582</u>

171

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion
and Analysis

[Independent Auditors'
Report](#)

Organizational Chart

Global Network

Corporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

42. INCOME TAX EXPENSE

(1) Income tax expenses are as follows (Unit: Korean Won in millions):

	For the years ended December 31	
	2017	2016
Current tax expense		
Current tax expense in respect of the current year	471,669	332,996
Adjustments recognized in the current period in relation to the current tax of prior periods	(5,209)	(22,138)
Sub-total	466,460	310,858
Deferred tax expense		
Deferred tax benefit relating to the origination and reversal of temporary differences	(47,464)	(18,766)
Deferred tax charged directly to equity	422	(16,236)
Sub-total	(47,042)	(35,002)
Income tax expense	419,418	275,856

(2) Income tax expense can be reconciled to net income before income tax expense as follows (Unit: Korean Won in millions):

	For the years ended December 31	
	2017	2016
Net income before income tax expense	1,949,506	1,553,389
Tax calculated at statutory tax rate (*)	471,318	375,458
Adjustments		
Effect of income that is exempt from taxation	(55,983)	(75,166)
Effect of expense not deductible in determining taxable profit	22,254	13,664
Adjustments recognized in the current period in relation to the current tax of prior periods	(5,209)	(22,138)
Others	(12,962)	(15,962)
Sub-total	(51,900)	(99,602)
Income tax expense	419,418	275,856
Effective tax rate	21.5%	17.8%

(*) The applicable income tax rate; 1) 11% for below 200 million Won, 2) 22% for above 200 million Won and below 20 billion Won, 3) 24.2% for above 20 billion Won.

172

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion
and Analysis

[Independent Auditors'
Report](#)

Organizational Chart

Global Network

Coporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

(3) Deferred tax charged direct to equity is as follows (Unit: Korean Won in millions):

	For the year ended December 31, 2017			
	Beginning balance	Recognized as income (expense)	Recognized as other comprehensive income (expense)	Ending balance
Gain (loss) on financial assets	407,128	72,945	(1,008)	479,065
Gain (loss) on valuation using the equity method of accounting	32,859	(6,473)	(1,904)	24,482
Gain (loss) on valuation of derivatives	(43,818)	33,806	(248)	(10,260)
Accrued income	(69,959)	8,972	-	(60,987)
Provision for loan losses	(46,811)	(886)	-	(47,697)
Loan and receivables written off	53,915	(44,138)	-	9,777
Loan origination costs and fees	(108,102)	(29,218)	-	(137,320)
Defined benefit liability	225,045	54,533	4,656	284,234
Deposits with employee retirement insurance trust	(226,321)	(61,012)	-	(287,333)
Provision for guarantee	41,138	(10,536)	-	30,602
Other provision	32,392	12,761	-	45,153
Others (*)	(87,479)	16,289	(1,075)	(72,265)
Net deferred tax assets	209,987	47,043	421	257,451

(*) Among the deferred tax assets and liabilities classified as 'Others,' the deferred tax asset arising from accumulated deficit amounts to 15,652 million Won.

	For the year ended December 31, 2016			
	Beginning balance	Recognized as income (expense)	Recognized as other comprehensive income (expense)	Ending balance
Gain (loss) on financial assets	324,193	(18,467)	(666)	305,060
Gain on valuation using the equity method of accounting	5,106	26,500	1,337	32,943
Loss on valuation of derivatives	(39,774)	(4,079)	-	(43,853)
Accrued income	(82,148)	12,188	-	(69,960)
Provision for loan losses	(50,504)	3,693	-	(46,811)
Loan and receivables written off	54,225	(310)	-	53,915
Loan origination costs and fees	(103,912)	(4,190)	-	(108,102)
Defined benefit liability	203,423	32,536	(10,914)	225,045
Deposits with employee retirement insurance trust	(187,044)	(39,277)	-	(226,321)
Provision for guarantee	69,225	(28,087)	-	41,138
Other provision	27,898	4,494	-	32,392
Others	(29,470)	50,001	(5,993)	14,538
Net deferred tax assets	191,218	35,002	(16,236)	209,984

173

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion
and Analysis

[Independent Auditors'
Report](#)

Organizational Chart

Global Network

Corporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

(4) Unrealizable temporary differences are as follows (Unit: Korean Won in millions):

	December 31, 2017	December 31, 2016
Deductible temporary differences	126,818	59,803
Unused tax losses	96,135	192,138
Taxable temporary differences	<u>(1,298,586)</u>	<u>(1,263,200)</u>
Total	<u>(1,075,633)</u>	<u>(1,011,259)</u>

(5) Deferred tax charged direct to equity is as follows (Unit: Korean Won in millions):

	December 31, 2017	December 31, 2016
Loss on available-for-sale financial assets	(114,169)	(113,161)
Share of other comprehensive gain (loss) of joint ventures and associates	(954)	950
Gain on foreign operations translation	15,855	16,930
Remeasurements	56,317	51,661
Loss on valuation of cash flow hedges	<u>(248)</u>	<u>-</u>
Total	<u>(43,199)</u>	<u>(43,620)</u>

(6) Current tax assets and liabilities are as follows (Unit: Korean Won in millions):

	December 31, 2017	December 31, 2016
Current tax assets	4,722	6,229
Current tax liabilities	232,600	171,192

43. EARNINGS PER SHARE ("EPS")

Basic EPS is calculated by dividing net income by weighted average number of common shares outstanding (Unit: Korean Won in millions, except for EPS and number of shares):

	For the years ended December 31	
	2017	2016
Net income attributable to common shareholders	1,512,148	1,261,266
Dividends to hybrid securities	(167,072)	(206,515)
Net income attributable to common shareholders	1,345,076	1,054,751
Weighted average number of common shares outstanding	673 million shares	673 million shares
Basic Earnings Per Share (Unit : Korean won)	1,999	1,567

Diluted EPS is equal to basic EPS because there is no dilution effect for the year ended December 31, 2017 and 2016.

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion
and Analysis

[Independent Auditors'
Report](#)

Organizational Chart

Global Network

Coporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

44. CONTINGENT LIABILITIES AND COMMITMENTS

(1) Details of guarantees are as follows (Unit: Korean Won in millions):

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Confirmed guarantees		
Guarantee for loans	157,299	79,566
Acceptances	320,519	504,354
Guarantees in acceptances of imported goods	108,238	97,606
Other confirmed guarantees	6,288,965	7,588,661
Total	<u>6,875,021</u>	<u>8,270,187</u>
Unconfirmed guarantees		
Local letter of credit	383,117	397,588
Letter of credit	3,637,787	3,844,345
Other unconfirmed guarantees	505,689	859,768
Total	<u>4,526,593</u>	<u>5,101,701</u>
Commercial paper purchase commitments and others	<u>1,458,101</u>	<u>1,389,896</u>

(2) Details of loan commitments and others are as follows (Unit: Korean Won in millions):

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Loan commitments	80,760,325	83,795,496
Other commitments	4,546,090	4,840,593

(3) Litigation case

The Group had filed lawsuits as follows (Unit: Korean Won in millions except for number of cases):

	<u>December 31, 2017</u>		<u>December 31, 2016</u>	
	<u>As plaintiff</u>	<u>As defendant</u>	<u>As plaintiff</u>	<u>As defendant</u>
Number of cases	83 cases	155 cases	88 cases	175 cases
Amount of litigation	413,267	244,767	308,848	246,465
Provisions for litigations		9,277		5,946

(4) Other

The Group provides clearance services for payments in Korean Won in order to facilitate trade transactions between Korea and Iran. In connection with these services, the Group is currently being investigated by US government agencies including US prosecutors(United States Attorney's Office and New York State Attorney General's Office) as to whether the Group has violated United States laws by participating in prohibited transactions involving countries sanctioned by the US. The Group has decided not to disclose the required disclosures stated in K-IFRS 1037 'Provisions, Contingent Liabilities and Contingent Assets' as such information may adversely affect the current investigation against the Group.

45. RELATED PARTY TRANSACTIONS

Related parties of the Group as of December 31, 2017 and its assets and liabilities recognized as of December 31, 2017 and 2016 and major transactions with related parties for the years ended December 31, 2017 and 2016 are as follows:

(1) Related parties

	<u>Related parties</u>
Associates	Kumho Tires Co., Inc., Woori Service Networks Co., Ltd., Korea Credit Bureau Co., Ltd., Korea Finance Security Co., Ltd., Chin Hung International Inc., Poonglim Industrial Co., Ltd., STX Engine Co., Ltd, STX Corporation, 2016KIF-IMM Woori Bank Technology Venture Fund, K BANK Co., Ltd., Well to Sea No. 3 Private Equity Fund, and Others (Dongwoo C & C Co., Ltd. and other 22 associates)

175

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion
and Analysis

[Independent Auditors'
Report](#)

Organizational Chart

Global Network

Coporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

(2) Assets and liabilities from transactions with related parties are as follows (Unit: Korean Won in millions):

	Related party	A title of account	December 31, 2017	December 31, 2016
Corporation that have significant influence over the Group	KDIC (*1)	Loans	-	9
		Other assets	-	270,041
		Deposits due to customers	-	1,894,631
		Other liabilities	-	15,568
Associates	Kumho Tires Co., Inc.	Loans	170,917	299,523
		Allowance for credit loss	(156,712)	(715)
		Deposits due to customers	666	45,957
		Other liabilities	50	50
	Woori Blackstone Korea Opportunity Private Equity Fund No.1	Other assets	-	34
		Other liabilities	-	306
	Woori Service Networks Co., Ltd.	Loans	45	29
		Deposits due to customers	1,311	2,572
		Other liabilities	357	393
	Korea Credit Bureau Co., Ltd.	Loans	6	2
		Deposits due to customers	5,586	5,069
		Other liabilities	54	40
Loans		56	55	
Associates	Korea Finance Security Co., Ltd.	Deposits due to customers	2,854	2,801
		Other liabilities	7	6
		Loans	408	4,320
Chin Hung International Inc.	Allowance for credit loss	(22)	(4,287)	
	Deposits due to customers	46,220	14,047	
	Other liabilities	1,658	279	
	Deposits due to customers	4	283	
STX Engine Co., Ltd.	Loans	106,176	107,974	
	Allowance for credit loss	(88,734)	(89,531)	
	Deposits due to customers	18,092	13,260	
	Other liabilities	29	588	
Samho International Co., Ltd.(*2)	Loans	-	37,327	
	Allowance for credit loss	-	(717)	
	Deposits due to customers	-	82,917	
	Other liabilities	-	216	
STX Corporation	Loans	47,711	144,035	
	Allowance for credit loss	(31,210)	(92,643)	
	Deposits due to customers	77,555	14,412	
	Other liabilities	80	90	
K BANK Co., Ltd.	Loans	212	-	
	Other assets	-	325	
Well to Sea No.3 Private Equity Fund (*3)	Loans	73,810	-	
	Allowance for credit loss	(39)	-	
	Deposits due to customers	61	-	
	Other liabilities	27	-	
Others (*4)	Loans	499	619	
	Allowance for credit loss	(471)	(253)	
	Other assets	1	8	
	Deposits due to customers	2,906	4,460	
	Other liabilities	73	60	

176

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion
and Analysis

[Independent Auditors'
Report](#)

Organizational Chart

Global Network

Coporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

- (*1) As its ownership interest in the Group is lower than 20% as of December 31, 2017, it has been excluded from the corporation that have significant influence over the Group.
(*2) As the Group sold its entire ownership interest of the entity, it is excluded from the investment in associates during the years ended December 31, 2017.
(*3) Due to capital contribution by the Group during the years ended December 31, 2017, the entity was included in the investment in associates.
(*4) Others include Saman Corporation, Kyesan Engineering Co., Ltd., Hyunwoo International Co., Ltd., DAEA SNC Co., Ltd. and others as of December 31, 2017 and 2016.

(3) Gain or loss from transactions with related parties are as follows (Unit: Korean Won in millions):

Related party		A title of account	For the years ended December 31	
			2017	2016
Corporation that has significant influence over the group	KDIC(*1)	Interest income	-	11,778
		Interest expenses	15,331	20,966
Associates	Kumho Tires Co., Inc.	Interest income	2,641	2,430
		Fees income	5	6
		Interest expenses	1	68
		Impairment losses due to credit loss	155,997	162
	Woori Blackstone Korea Opportunity Private Equity Fund No.1	Fees income	6,225	1,364
	Woori Service Networks Co., Ltd.	Other income	30	29
		Interest expenses	24	49
		Fees expenses	543	985
		Other expenses	507	222
	Korea Credit Bureau Co., Ltd.	Interest expenses	82	138
		Fees expenses	2,079	1,915
	Korea Finance Security Co., Ltd.	Interest expenses	12	10
		Fees expenses	-	110
	Chin Hung International Inc.	Interest income	364	240
		Fees income	1	1
		Interest expenses	27	28
		Reversal of impairment losses due to credit loss	(4,265)	(481)
	Poonglim Industrial Co., Ltd.	Interest expenses	-	2
		Reversal of impairment losses due to credit loss	-	(1,557)
	STX Engine Co., Ltd.	Interest income	1,417	1,348
		Fees income	28	58
		Interest expenses	147	97
		Impairment losses due to credit loss (reversal)	(797)	63,866
	Samho International Co., Ltd. (*2)	Interest income	486	916
		Fees income	5	5
		Interest expenses	334	525
		Reversal of impairment losses due to credit loss	(717)	(5,166)
	Force TEC Co., Ltd. (*3)	Interest income	-	153

177

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion
and Analysis

[Independent Auditors'
Report](#)

Organizational Chart

Global Network

Corporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

	Related party	A title of account	For the years ended December 31	
			2017	2016
	STX Corporation	Interest income	219	1,039
		Fees income	30	75
		Interest expenses	4	7
		Impairment losses due to credit loss (reversal)	(61,432)	73,457
	Associates	Osung LST Co., Ltd. (*4)		
		Interest income	-	170
		Interest expenses	-	1
		Reversal of allowance for credit loss	-	(338)
		Woori Columbus 1st Private Equity Fund		
		Fees income	272	308
		K BANK Co., Ltd. (*5)		
		Fees income	-	296
		Other income	1,051	1,638
		Well to Sea No.3 Private Equity Fund (*6)		
		Interest incomes	982	-
		Interest expenses	4	-
		Impairment losses due to credit loss	39	-
		Others (*7)		
		Interest expenses	13	17
		Impairment losses due to credit loss	218	253

- (*1) As its ownership interest in the Group is lower than 20% as of December 31, 2017, it has been exclude from the corporation that have significant influence over the Group.
- (*2) As the Group sold its entire ownership interest of the entity, it is excluded from the investment in associates during the years ended December 31, 2017.
- (*3) The entity is not in scope for the associates, because the Group does not have significant influence over the entity due to the fact that it is going through workout process under receivership as of December 31, 2017.
- (*4) As the Group sold its ownership interests in the entities during the year ended December 31, 2016, these entities were excluded from the investment in associates.
- (*5) Due to capital contribution during the year ended December 31, 2016, the entity has been included in the investment in associates.
- (*6) Due to capital contribution by the Group during the year ended December 31, 2017, the entity was included in the investment in associates.
- (*7) Others include Saman Corporation, Kyesan Engineering Co., Ltd., Hyunwoo International Co., Ltd., DAEA SNC Co., Ltd. and others as of December 31, 2017, and Saman Corporation, Kyesan Engineering Co., Ltd., Gachi Staff Co., Ltd., QTS Shipping Co., Ltd., and others were included as of December 31, 2016, respectively.

178

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion
and Analysis

[Independent Auditors'
Report](#)

Organizational Chart

Global Network

Corporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

(4) Guarantees provided to the related parties are as follows (Unit: Korean Won in millions):

	December 31, 2017	December 31, 2016	
KDIC (*1)	-	1,500,000	Loan commitment
Kumho Tires Co., Inc.	4,181	24,187	Letter of credit and others
	636	126,435	Loan commitment
Korea Finance Security Co., Ltd.	204	205	Loan commitment
Korea Credit Bureau Co., Ltd.	29	33	Loan commitment
Woori Service Networks Co., Ltd.	155	171	Loan commitment
Chin Hung International Inc.	31,891	40,904	Loan commitment
STX Engine Co., Ltd.	68,858	63,103	Letter of credit and others
	-	685	Loan commitment
SamHo Co., Ltd. (*2)	-	30,083	Loan commitment
STX corporation	17,557	24,316	Letter of credit and others
	53	71	Loan commitment
Well to Sea No.3 Private Equity Fund (*3)	236,190	-	Loan commitment

(*1) As its ownership interest in the Group is lower than 20% as of December 31, 2017, it has been excluded from the corporation that have significant influence over the Group.

(*2) As the Group sold its entire ownership interest of the entities during the year ended December 31, 2017, they are excluded from the investment in associates.

(*3) Due to capital contribution by the Group during the year ended December 31, 2017, the entity was included in the investment in associates.

For the guarantee provided to the related parties, the Group recognized provisions for guarantees amounting to 71,459 million Won and 70,587 million Won, as of December 31, 2017 and 2016, respectively.

(5) Compensation for key management is as follows (Unit: Korean Won in millions):

	For the years ended December 31	
	2017	2016
Short term benefits	12,024	9,523
Severance payments	472	424
Total	12,496	9,947

Key management includes registered executives and non-registered executives. Outstanding assets and liabilities from transactions with key management amount to 2,439 million Won and 6,309 million Won, respectively, as of December 31, 2017. With respect to the assets, the Group has not recognized any allowance, nor provision.

46. TRUST ACCOUNTS

(1) Trust accounts of the Group are as follows (Unit: Korean Won in millions):

	Total assets		Operating income	
	December 31, 2017	December 31, 2016	For the year ended December 31, 2017	For the year ended December 31, 2016
Trust accounts	43,895,511	38,807,666	1,029,501	751,691

(2) Receivables and payables from the transactions between the Group and trust accounts are as follows (Unit: Korean Won in millions):

	December 31, 2017	December 31, 2016
Receivables		
Trust fees receivables	25,286	23,667
Payables		
Deposits due to customers	585,832	1,919,324
Borrowings from trust accounts	2,711,529	2,687,776
Total	3,297,361	4,607,100

179

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion and Analysis

[Independent Auditors' Report](#)

Organizational Chart

Global Network

Corporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

- (3) Significant transactions between the Group and trust accounts are as follows (Unit: Korean Won in millions):

	For the years ended December 31	
	2017	2016
Revenue		
Trust fees	141,999	78,616
Expense		
Interest expenses on deposits due to customers	17,768	47,604
Interest expenses on borrowings from trust accounts	31,956	45,012
Total	49,724	92,616

- (4) Principal guaranteed trusts and principal and fixed rate of return guaranteed trusts

- 1) As of December 31, 2017 and 2016, the carrying of principal guaranteed trusts and principal and fixed rate of return guaranteed trusts are as follows (Unit: Korean Won in millions):

	December 31, 2017	December 31, 2016
Principal guaranteed trusts		
Old-age pension trusts	4,058	4,513
Personal pension trusts	530,556	532,959
Pension trusts	791,920	741,759
Retirement trusts	50,035	53,773
New personal pension trusts	8,563	8,536
New old-age pension trusts	2,467	2,919
Sub-total	1,387,599	1,344,459
Principal and fixed rate of return guaranteed trusts		
Development trusts	19	19
Unspecified money trusts	801	787
Sub-total	820	806
Total	1,388,419	1,345,265

- 2) As of December 31, 2017 and 2016, the amounts that the Group has to pay by the capital guaranteed contract or the operating results of the principal and return guaranteed trusts are as follows (Unit: Korean Won in millions):

	December 31, 2017	December 31, 2016
Liabilities for the account (subsidy for trust account adjustment)	32	30

Organizational Chart

3 Unit 18 Groups 4 Divisions 65 Departments

Woori Overview

- Message from the CEO
- Board of Directors
- Corporate Governance
- Company Structure
- Woori Bank Awards 2017
- News Highlights
- Financial Highlights

Business Operations

- Retail Banking
- Wealth Management
- Trust & Pension Business
- Corporate Banking
- SME Banking
- Institutional Banking
- Real Estate Finance
- Global Business
- International Trade Business
- Financial Market Business
- Investment Banking
- Digital Banking
- Risk Management

Corporate Social Responsibility

- Ethical Management
- Consumer Protection
- Employee Satisfaction
- Social Contribution Activities
- Woori Smile Microcredit

Financial Review

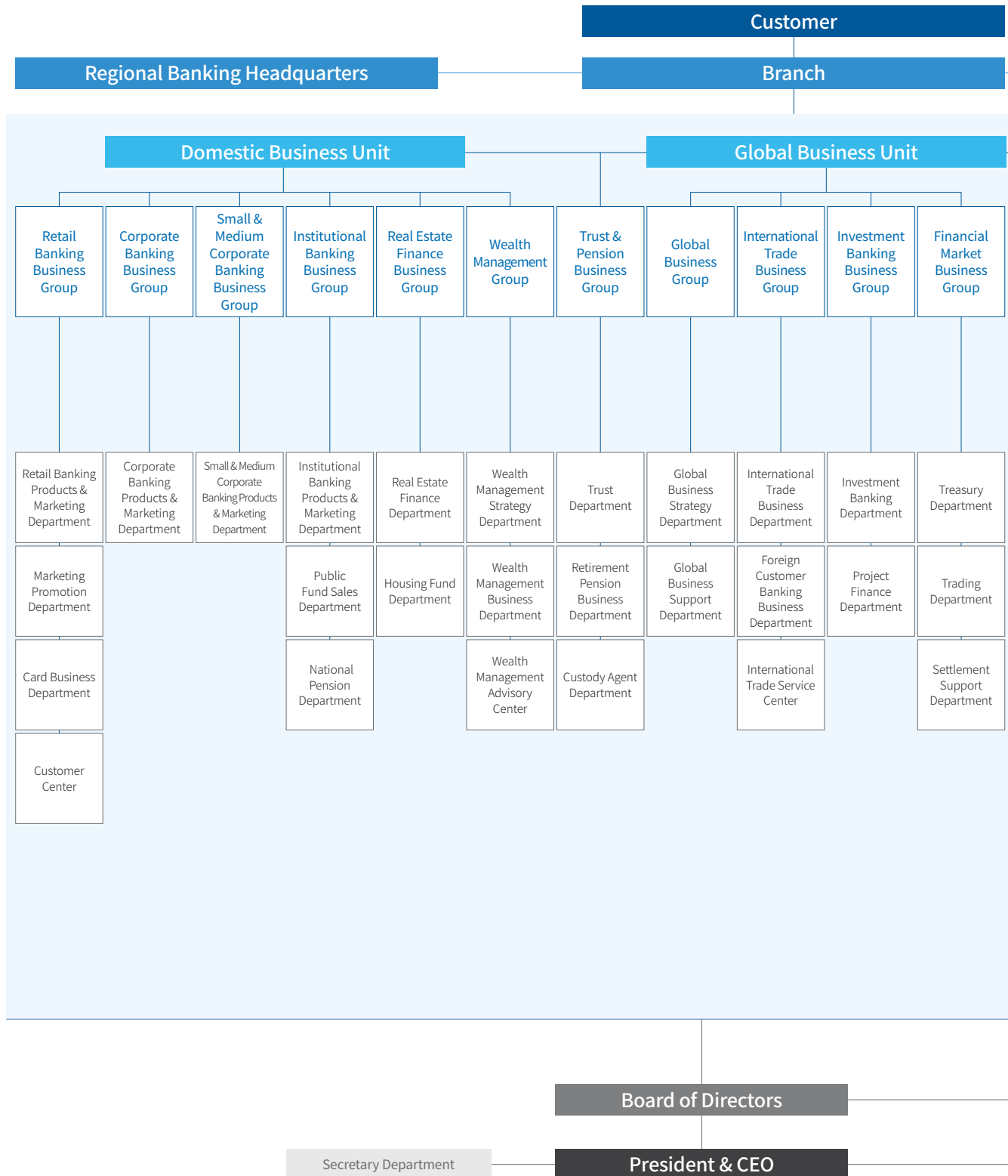
- Management's Discussion and Analysis
- Independent Auditors' Report

Organizational Chart

Global Network

Corporate Fact Book

- Woori Bank overview
- Vision & Core Values
- 119 Years of History
- Corporate Governance
- Financial Highlights
- Global Networks
- Global Networks Strategy
- Digital Strategy
- A Trust-worthy Partner



181

Woori Overview

- Message from the CEO
- Board of Directors
- Corporate Governance
- Company Structure
- Woori Bank Awards 2017
- News Highlights
- Financial Highlights

Business Operations

- Retail Banking
- Wealth Management
- Trust & Pension Business
- Corporate Banking
- SME Banking
- Institutional Banking
- Real Estate Finance
- Global Business
- International Trade Business
- Financial Market Business
- Investment Banking
- Digital Banking
- Risk Management

Corporate Social Responsibility

- Ethical Management
- Consumer Protection
- Employee Satisfaction
- Social Contribution Activities
- Woori Smile Microcredit

Financial Review

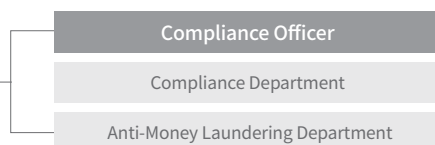
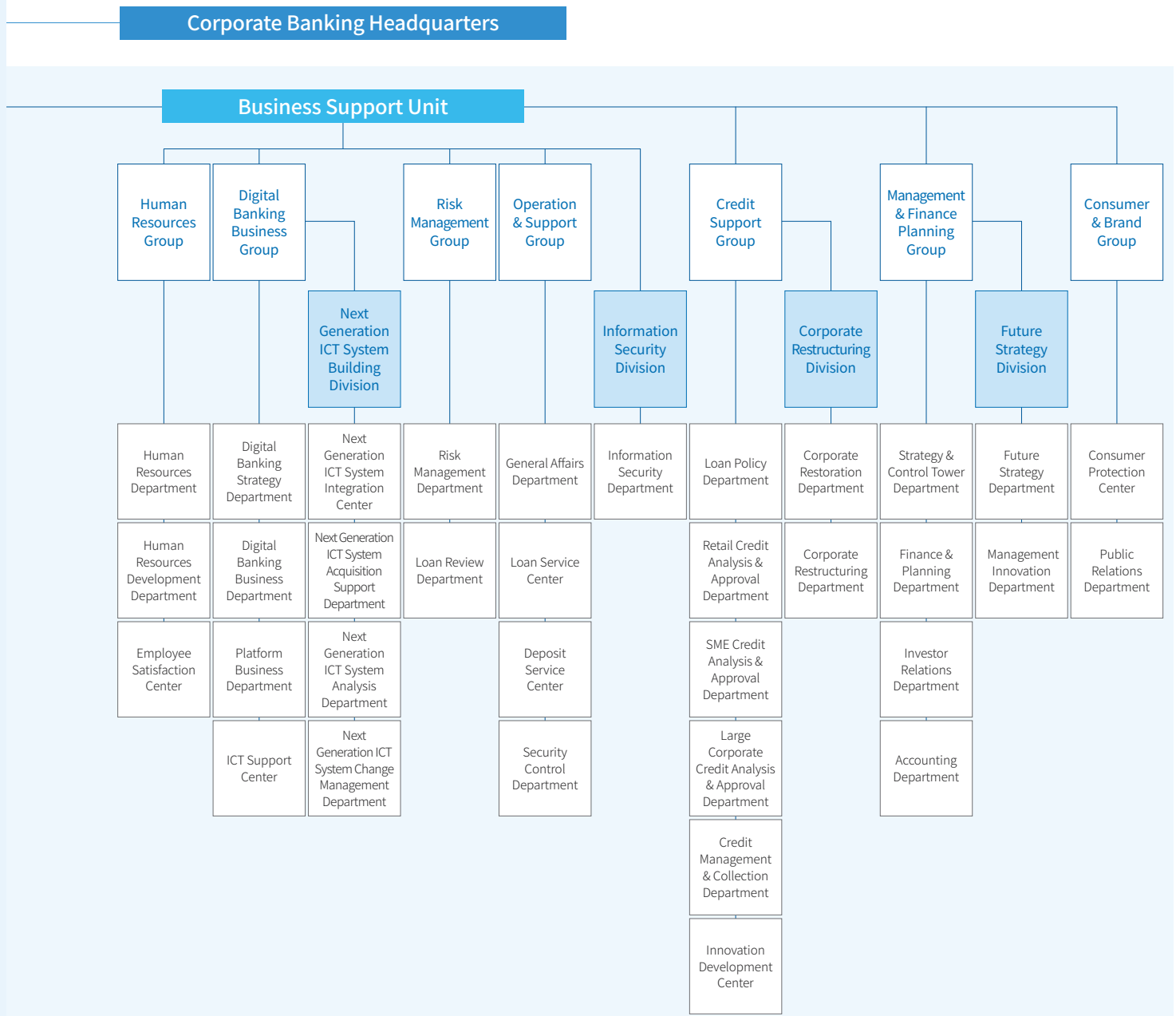
- Management's Discussion and Analysis
- Independent Auditors' Report

Organizational Chart

Global Network

Corporate Fact Book

- Woori Bank overview
- Vision & Core Values
- 119 Years of History
- Corporate Governance
- Financial Highlights
- Global Networks
- Global Networks Strategy
- Digital Strategy
- A Trust-worthy Partner



Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion
and Analysis
Independent Auditors'
Report

Organizational Chart

Global Network

Coporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

Global Network (as of the end of April, 2018)

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Jung-gu, Seoul, 100-792, Korea
Phone: +82-2-2002-3000
Swift: HVBKCRSE

Overseas Branch

1 New York Agency
245, Park Ave. 43rd Floor, New York, NY 10167, USA
Phone: 1-212-949-1900
Fax: 1-212-490-7146
Swift: HVBKUS33

2 LA Branch
3360, West Olympic Blvd. Suite 300, LA, CA90019, USA
Phone: 1-213-620-0747-8
Fax: 1-213-627-5438
Swift: HVBKUS6L

3 London Branch
9th Floor, 71 Fenchurch Street, London, EC3M 4BR, UK
Phone: 44-207-680-0680
Fax: 44-207-481-8044
Swift: HVBKGB2L

4 Tokyo Branch
Shiodome City Center 10th Floor 5-2, Higashi-
Shimbashi 1-Chome, Minato-ku, Tokyo, 105-7110,
Japan
Phone: 81-3-6891-5600
Fax: 81-3-6891-2457

5 Hong Kong Branch
Suite 1401, Two Pacific Place, 88 Queensway, Hongkong
Phone: 85-2-2521-8016
Fax: 85-2-2526-7458

6 Singapore Branch
10 Marina Boulevard #13-05 MBFC Tower 2, Singapore
018983 Singapore
Phone: 65-6422-2000
Fax: 65-6422-2001

7 Bahrain Branch
P.O. Box 1151, 4th Floor, Entrance 1, Manama Centre
Building, Manama, Bahrain
Phone: 973-17-223503
Fax: 973-17-224429

8 Dhaka Branch
Suvastu Imam Square (1st & 4th Fl.) 65 Gulshan Avenue,
Dhaka, Bangladesh
Phone: 880-2-881-3270-3
Fax: 880-2-881-3274/3241

9 DEPZ Customer Service Center
Dhaka Export Processing Zone(Old Area), Ganakbari,
Ssva, Dhaka-1349, Bangladesh
Phone: 880-2778-8030
Fax: 880-2881-3274/3241

10 Woori Bank Chittangong Sub-Branch
World Trade Center Chittagong(2nd Floor) Plopt No.
102-103, Agrabad Commercial Area, Chittagong,
Bangladesh
Phone: 880-931-728221~4
Fax: 880-931-728225

11 Woori Bank Uttara Sub-Branch
Paradise Tower(Ground Floor) Plot 11, Sector 3, Uttara
Model Town,Uttara, Dhaka 1230, Bangladesh
Phone: 880-2896-2125~6
Fax: 880-2896-2129

12 Woori Bank Mirpur Sub-Branch
Padma Bhaban(First Floor), 1/9 Mirpur Road Pallabi,
Mirpur-12, Dhaka-1216, Bangladesh
Phone: 880-2902-1061-2
Fax: 880-2902-1064

13 Woori Bank, Narayanganj Sub-Branch
Adamjee Export Processing zone, Shiddhirganj,
Narayanganj-1431 Bangladesh
Phone: 880-2769-2031~34
Fax: 880-2769-2035

14 Gaeseong Branch
Gaeseong Industrial District Phase 1, 25-1 Business
Support Center, 1st Floor 103 1st Floor, Bongdong-Ri,
Gaeseong, Hwanghae-Do, North Korea
Phone: 001-8585-2300-2
Fax: 001-8585-2303

15 Chennai Branch
6th Floor, EA Chambers, No. 49 & 50L, Whites Road,
Royapettah, Chennai 600 014, India
Phone: 91-44-3346-6900
Fax: 91-44-3346-6995

16 Gurgaon Branch
1st Floor, Salcon Platina Building, MG Road, Sector-28,
Sikanderpur, Gurgaon-122001, Haryana, India
Phone: 91-12-43049700
Fax: 91-12-4304-6730

17 Mumbai Branch
Unit 601, 6th floor, Birla Centurion, Century Mills
Compound, Pandurang Budhkar Marg, Worli, Mumbai,
Maharashtra-400030, India
phone: 91-22-6263-8100
Fax: 86-10-8440-0698

18 Sydney Branch
Suite 25.03, Level 25, 363 George Street Sydney NSW
2000 Australia
Phone: 61-2-8222-2200
Fax: 61-2-8222-2299

19 Dubai Branch
1102A, Level 11, The Gate Building, East Wing, P.O. Box
506760, DIFC, Dubai, United Arab Emirates
Phone: 971-4-325-8365
Fax: 971-4-325-8366
Swift: HVBKAEADXXX

Subsidiary

U.S.A

1 Woori America Bank
330 5th Avenue, 3rd Floor, New York, NY 10001, USA
Phone: 1-212-244-3000
Fax: 1-212-736-5929

2 Manhattan Branch
330 5th Avenue, 1st Floor, New York, NY 10001
Phone: 1-212-244-1500
Fax: 1-212-695-5593

3 Flushing Branch
136-88 39th Avenue Flushing New York, NY 11354, USA
Phone: 1-718-886-1988
Fax: 1-718-762-6898

4 Fort Lee Branch
2053 Lemoine Avenue Fort Lee, NJ 07024, USA
Phone: 1-201-363-9300
Fax: 1-201-302-0452

5 Woodside Branch
43-22 50th St. Woodside, NY 11377, USA
Phone: 1-718-429-1900
Fax: 1-718-429-2084

6 Ridgefield Branch
321 Broad Avenue #104 Ridgefield, NJ 07657, USA
Phone: 1-201-941-9999
Fax: 1-201-941-4419

7 Palisades Park Branch
225 Broad Avenue Palisades Park, NJ 07650, USA
Phone: 1-201-346-0055
Fax: 1-201-346-0075

8 Closter Branch
234 Closter Dock Road Closter, NJ 07624, USA
Phone: 1-201-784-7012
Fax: 1-201-784-7013

9 Elkins Park Branch
7300 Old York Rd Elkins Park, PA 19027
Phone: 1-215-782-1100
Fax: 1-215-782-1500

10 Annandale Branch
Seoul Plaza 4231 Markeham St, Annandale,
VA 22003, USA
Phone: 1-703-256-7633
Fax: 1-703-256-7511

11 Bayside Branch
215-10 Northern Blvd. Bayside, NY 11361, USA
Phone: 1-718-224-3800
Fax: 1-718-224-3828

12 Ellicott City Branch
100352 Baltimore National Pike Ellicott City,
MD 21042, USA
Phone: 1-443-973-3690
Fax: 1-410-461-1002

13 Wilshire Branch
3540 Wilshire Blvd. Unit 104, Los Angeles, CA 90010, USA
Phone: 1-213-382-8700
Fax: 1-213-382-8787

14 Olympic Branch
3360, West Olympic Blvd. Suite #300, LA, CA90019, USA
Phone: 1-213-738-1100
Fax: 1-213-738-1101

15 Fullerton Branch
5731 Beach Blvd., Buena Park, CA 90621, USA
Phone: 1-714-521-3100
Fax: 1-714-521-3101

16 Garden Grove Branch
10120 Garden Grove Blvd., Suite 151 Garden Grove, CA
92844, USA
Phone: 1-714-534-6300
Fax: 1-714-534-6301

17 Centreville Branch
13830 Braddock Road, Centreville, VA 20121, USA
Phone: 1-703-988-5555
Fax: 1-703-988-9554

18 Irvine Branch
14252 Culver Dr. #G, Irvine, CA 92604
Phone: 1-949-885-3760
Fax: 1-949-653-0943

19 Torrance Branch
2390 Crenshaw Boulevard, Units C, Torrance CA 90501 USA
Phone: 1-310-974-1880
Fax: 1-310-782-7004

20 Georgia LPO
2472 Pleasant Hill Rd. Duluth, GA30096, USA
Phone: 1-404-904-9880

21 San Jose LPO
2328 Walsh Ave, Santa Clara CA 95051 USA
Phone: 1-415-652-9476

22 Northern Branch
164-25 Northern Blvd. Flushing NY 11358, USA
Phone: 1-929-362-3330

183

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion
and Analysis
Independent Auditors'
Report

Organizational Chart

Global Network

Coporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

China

1 Woori Bank (China) Ltd.
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Park Chaoyang District Beijing China 100102
Phone: 86-10-8412-3000
Fax: 86-10-8441-7071

2 Woori Bank (China) Ltd. Head office business department
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Chaoyang District Beijing China 100102
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Fax: 86-10-8446-4631

3 Beijing Branch
1F, West Tower, Twin Towers, B-12 Jianguomenwai
Avenue, Chaoyang District, Beijing, 100022, China
Phone: 86-10-8453-8880
Fax: 86-10-8453-8881

4 Shanghai Branch
Drum Building 1-2F, LJZ - Plaza,1600 Century Avenue,
Pudong New Area, Shanghai, 200122, China
Phone: 86-21-5081-0707
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5 Shenzhen Branch
B0105, B0210 Rongchao Landmark, 4028 Jintian Road,
Futian District, Shenzhen, 518035 China
Phone: 86-755-3338-1234
Fax: 86-755-3338-7227

6 Suzhou Branch
101B, Sovereign Building, #8 Suhua Road Suzhou
Industrial Park, Jiangsu, 215021 China
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Fax: 86-512-6295-2141

7 TianJin Branch
No.1 Building, Aocheng Commercial Square, Binshui
West Road, Nankai District, Tianjin, 300381, China
Phone: 86-22-2338-8008
Fax: 86-22-2392-5905

8 Shanghai Puxi Sub-Branch
S115-S119, 1F Maxdo center No.8 Xingyi Rd. Changning
District Shanghai, 200336, China
Phone: 86-21-5208-1000
Fax: 86-21-6235-1036

9 Beijing Wangjing Sub-Branch
1F, No.10, Furong Street, Chaoyang District, Beijing,
100102, China
Phone: 86-10-8471-8866
Fax: 86-10-8471-5245

10 Shanghai Wuzhonglu Sub-Branch
1C, Liaoshen Building, 1068 Wuzhong Rd Minhang
District, Shanghai, 201103 China
Phone: 86-21-6446-7887
Fax: 86-21-6446-1200

11 Shenzhen Futian Sub-Branch
Room 107, 201, Daqing Building, NO.6027, Shen Nan
Road, Futian District, Shenzhen, 518040 China
Phone: 86-755-8826-9000
Fax: 86-755-8826-9038

12 Shanghai Jinxiujiangnan Sub-Branch
1F, 188 South Jinhui Road, Minhang District, Shanghai,
200237, China
Phone: 86-21-3432-1116
Fax: 86-21-3432-1112

13 Beijing Shunyi Sub-Branch
1F,Tower A, AMB Building, 2, Cangshang St, Shunyi
District, Beijing 101300, China
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Fax: 86-10-8949-3560

14 DaLian Branch
2F-218 YOMA IFC, No.128 Jinma Road, Dalian
Development Area, Dalian, 116600, China
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Fax: 86-411-8765-8515

15 Zhangjiagang Sub-Branch
B104/B205 Huachang Oriental Plaza, 11 Renmin East
Road, Zhangjiagang, Jiangsu 215600, China
Phone: 86-512-5636-6696
Fax: 86-512-5636-6697

16 Chengdu Branch
1F-3F, Ping'an Fortune Center, No.1 Renmin South
Road, Chengdu, Sichuan, 610044 China
Phone: 86-28-6557-2366
Fax: 86-28-6357-2369
Swift: HVBKCNBJ

17 Weihai Branch
No.106-1-3, Attached Qingdao Mid-Road, Weihai,
Shandong Province, China, 264200
Phone: 86-631-599-6000
Fax: 86-31-597-0030

18 Tianjin Dongmalu Sub-Branch
1-2F, Tower C, Yuding Plaza(Qixiang Street), Dongma
Road, Nankai District, Tianjin, 300090, China
Phone: 86-22-8776-9000
Fax: 86-22-8776-9901-2

19 Chongqing Branch
Unitl, Floor L2-1, Ping An Fortune Center, No.25-2, West
Main Street, Jiangbei District, Chongqing 400023, China
Phone: 86-23-6152-2222
Fax: 86-23-6152-2220

20 Shanghai Lianyang Sub-Branch
No.52, Zendai Thumb Plaza lane 199, FangDian Road,
Pudong New District, Shanghai, 200135 China
Phone: 86-21-6882-0608
Fax: 86-21-6882-8821

21 Beijing Sanyuanqiao Sub-Branch
1F-05, 2F-09, Tower A, Tianyuangang Center, C2, North
Road, East Third Ring Road, Chaoyang District, Beijing
100027, China
Phone: 86-10-8440-7177
Fax: 86-10-8441-7761/7790

22 Shenyang Branch
1F, 2F, Lotte North-Station Arcade, 9-8 Beiling Street,
Huanggu District, Shenyang City Liaoning Province,
China
Phone: 86-24-8186-0808
Fax: 86-24-8186-0801

Indonesia

1 BankWoorisaudara Head Office
Jl. Diponegoro No.28 Bandung/40115
Phone: 62-22-87831900/87831906
Fax: 62-22-87831918

2 Coperate Branch
Gd. BEJ Tower 1 Lt. 16 Jl. Jend.Sudirman Kav. 52-53
Jakarta/12190
Phone: 62-21-5151919
Fax: 62-21-5151477

3 Wastukencana Branch
Jl. Wastukencana No.79 - Bandung/40116
Phone: 62-22-4209940
Fax: 62-22-4209941

4 Cirebon Branch
Jl. DR. Wahidin No.51 - Cirebon/45122
Phone: 62-231-242006
Fax: 62-231-242066

5 Bogor Branch
Jl. Pangkalan Raya No.8, Warung Jambu - Bogor/16151
Phone: 62-251-8377887
Fax: 62-251-8377209

6 Surapati Core Branch
Jl. PHH. Mustofa No.39, Surapati Core Blok
F1 - Bandung/40192
Phone: 62-22-87241326
Fax: 62-22-87241327

7 Surabaya Branch
Kompleks Ruko 21, Jl. Raya, Gubeng No.68
E - Surabaya/60281
Phone: 62-31-5041906
Fax: 62-31-5047727

8 Semarang Branch
Imam Bonjol Square Kav 4,Jl. Imam Bonjol
No.176 - Tasikmalaya/50132
Phone: 62-24-3521906
Fax: 62-24-3521900

9 Tasikmalaya Branch
Ruko Plaza Asia Blok A5-A6, Jl. HZ. Mustofa No.326 -
Tasikmalaya/46126
Phone: 62-265-2351906
Fax: 62-265-2352206

10 Yogyakarta Branch
Jl. Mangkubumi No.45 - Yogyakarta/55232
Phone: 62-274-549280
Fax: 62-274-549285

11 Denpasar Branch
0361-223099 Ruko Griya Alamanda blok 3-4, Jl. Cok
Agung Tresna Renon-Denpasar/80235
Phone: 62-361-263755
Fax: 62-361-223099

12 The Gedung Energy Branch
Gd The Energy Lot 11 A SCBD, Jl. Jendral Sudirman Kav
52 - 53, Jakarta/12190
Phone: 62-21-29951906
Fax: 62-21-29951904

13 Ampera Branch
Jl. Ampera Raya No.20 Gd.Medco III/12560
Phone: 62-21-7821756
Fax: 62-21-7821642

14 Purwokerto Branch
Jl. Jenderal gatot Subroto No.78 Purwokerto - Jawa
Tengah/53116
Phone: 62-281-622212
Fax: 62-281-631616

15 Malang Branch
Jl. Letjen Sutoyo No.27 Malang- Jawa Timur/56141
Phone: 62-341-421906/7601906
Fax: 62-341-408188

16 Solo Branch
Jl. Ronggo Warsito No. 53 Kota, Solo - Jawa
Tengah/57131
Phone: 62-271-633600
Fax: 62-271-633433

17 Tangerang Branch
Tangerang City Business Park Blok F/50 Jl. Jend.
Sudirman No.1 Tangerang/15118
Phone: 62-21-29529226
Fax: 62-21-29529227

18 Palembang Branch
Jl. Basuki Rahmat No.886 A - Palembang/30127
Phone: 62-711-315828
Fax: 62-711-315510

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion
and Analysis
Independent Auditors'
Report

Organizational Chart

Global Network

Coporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

19 Sukabumi Branch

Jl. Jenderal Sudirman No.31-Sukabumi/43111
Phone: 62-266-6251906
Fax: 62-266-6249717

20 Pekalongan Branch

Jl. KH. Mansyur No.64, Perkalongan
Phone: 62-285-4460505
Fax: 62-285-4460506

21 Madiun Branch

Jl. Diponegoro No.110, Madiun
Phone: 62-351-4773000
Fax: 62-351-4773003

22 Jember Branch

Jl. Gajah Mada No. Ruko Gajah Mada Square Block A2-3
Phone: 62-331-421648
Fax: 62-331-4350187

23 Kediri Branch

Jl. Brawijaya No. 25A Kota Kediri
Phone: 62-354-4526726
Fax: 62-3354-4526716

24 Purwakarta Branch

Jl. Basuki Rahmat No. 94, Purwakarta/41114
Phone: 62264-8227475

25 Subang Branch

JL. Ahmad Yani No. 36/41211
Phone: 62260-421015

26 Karawaci Tangerang Branch

Ruko Pinangsia Blok H No. 1 Lippo Karawaci Kel.
Cibodas Tangerang/15139
Phone: 6221-5577636

27 Garut Branch

Jl. Ahmad Yani No. 33/44117
Phone: 62262-544670

28 Buah Batu Sub-Branch

Jl. Buah Batu No.58 Bandung/40265
Phone: 62-22-7322150
Fax: 62-22-7319626

29 Kopo Mas Sub-Branch

Komp Ruko Mas J-9 Jl. Kopo Cirangrang/40225
Phone: 62-22-5436802
Fax: 62-22-5436803

30 Cimahi Sub-Branch

Jl. Raya Cibabat No.310 Cimahi/40213
Phone: 62-22-6634656
Fax: 62-22-6634657

31 Sukajadi Sub-Branch

Jl. Sukajadi No.248/40153
Phone: 62-22-2042248
Fax: 62-22-2041213

32 Soekarno Hatta Sub-Branch

Jl. Soekarno Hatta No.618 F/40286
Phone: 62-22-7509905
Fax: 62-22-7509902

33 Pemuda Sub-Branch

Ruko Graha Mas Blok AA No.3 Taman Berdikari Sentosa
Jl.Pemuda/13220
Phone: 62-21-47862070
Fax: 62-21-4711298

34 Sumedang Sub-Branch

Jl. Prabu Geusan Ulun No.76/45311
Phone: 62-261-206527
Fax: 62-261-206528

35 Serang Sub-Branch

Jl. KH. Abdul fatah Hasan No.53 Kel. Cipare
Serang/42124
Phone: 62-254-224142
Fax: 62-254-224243

36 Cikarang Sub-Branch

Cikarang Commercial Centre Blok A1-2, Jl. Cibusarah
KM. 40 No.2 Kampung pasir sari kec. Cikarang
Selatan/17550
Phone: 62-21-89835720
Fax: 62-21-89835721

37 Atrium Sub-Branch

Jl. KH. Hasyim ashari No.49 Cideng/10410
Phone: 62-21-3451964
Fax: 62-21-3451954

38 Kebon Jeruk Sub-Branch

Jl. Kelapa Dua Raya(RayaPanjang) No.2, Rt 008, Rw 002
Kel. Kelapa Dua Kec. Kebon Jeruk/12130
Phone: 62-21-53660160
Fax: 62-21-53660164

39 Diponegoro Sub-Branch

Jl. Diponegoro No.28 Bandung/40251
Phone: 62-22-87831928/87831909
Fax: 62-22-87831919

40 Lembang Sub-Branch

Jl. Grand Hotel Lembang No.25 Bandung/40391
Phone: 62-22-2784797
Fax: 62-22-2784975

41 Cikarang Sub-Branch

Ruko Metro Boulevard Kav. A Jl. Niaga Raya No.10
Kawasan Industri Jabeka/17835
Phone: 62-21-89836020/021-89837020
Fax: 62-21-89835953

42 Majalengka Sub-Branch

Jl. KH. Abdul Halim No.447 Majalengka/45411
Phone: 62-233-8285460
Fax: 62-233-8285459

43 Kuningan Sub-Branch

Jl. Dewi Sartika No.4/45512
Phone: 62-232-8880938
Fax: 62-232-8880939

44 Indramayu Sub-Branch

Jl. DI. Panjaitan No.103/45212
Phone: 62-234-276236
Fax: 62-234-276237

45 Cibubur Sub-Branch

Cibubur Times Square Blok B1/1 Jl. Alternatif Cibubur
KM 3 Kel. Jatiraya, Kec. Jastisampurna Bekasi/17435
Phone: 62-21-84305050
Fax: 62-21-84305353

46 Cikampek Sub-Branch

Jl. Terusan Sudirman No.6B(Sudirman Center)/41373
Phone: 62-264-8385171,72
Fax: 62-264-8385088

47 Depok Sub-Branch

Jl. Margonda Raya No.1 Rt 001/011 Kelurahan Depok
Kecamatan Pancoran Mas/16431
Phone: 62-21-7522091
Fax: 62-21-7522092

48 Salatiga Sub-Branch

Ruko Wijaya Square B5 Jl.Diponegoro No.110
Salatiga/50711
Phone: 62-298-311828
Fax: 62-298-312808

49 Sidoarjo Sub-Branch

Jl. KH. Mukmin No.11 Blok B-7 Sidoarjo/60281
Phone: 62-31-8922842
Fax: 62-31-8922841

50 Mojokerto Sub-Branch

Jl. Gajah Mada No.85B/60319
Phone: 62-321-383444
Fax: 62-321-383465

51 Cianjur Sub-Branch

Jl. Abdulah Bin Nuh No.15/43253
Phone: 62-263-260941, 260943, 260945
Fax: 62-263-280712

52 Pamulang Sub-Branch

Jl. Dr. Setiabudi No.71 Kav. 6 Pamulang Timur/15417
Phone: 62-21-7403205, 7443335
Fax: 62-21-7402330

53 Sumber Sub-Branch

Jl. Dewi Sartika No.57 Sumber/45611
Phone: 62-231-8330618
Fax: 62-231-8330619

54 Bantul Sub-Branch

Jl. Jenderal Sudirman No.130 Kabupaten Bantul/55713
Phone: 62-274-367514
Fax: 62-274-368787

55 Balaraja Sub-Branch

Komplek Ruko Balaraja Center Blok A No.2 Jl. Raya
59Serang Km. 24 Talaga Sari Balaraja-tangerang/15610
Phone: 62-21-29015618
Fax: 62-21-29015474

56 Ciledug Sub-Branch

Ruko Dian Plaza Jl. Raden Fatah No.8A Kelurahan
Sudirman Selatan,Ciledug/15225
Phone: 62-21-7330545
Fax: 62-21-7330706

57 Gunung Sabeulah Sub-Branch

JL. Gunung Sabeulah Kel.Tawangsari Kec. Tawang kota
Tasikmalaya/46112
Phone: 62-265-326147
Fax: 62-265-331135

58 Magelang Sub-Branch

Ruko Metro Square Blok F No.25/56172
Phone: 62-293-326498-99
Fax: 62-293-326356

59 Padalarang Sub-Branch

Jl. Raya Padalarang No.463 H/40553
Phone: 62-22-6803940/41
Fax: 62-22-6803935

60 Patrol Sub-Branch

Jl. Raya Patrol Anjatan Blok Bunder No.52/45256
Phone: 62-234-5613627
Fax: 62-234-611919

61 Gianyar Sub-Branch

Jl. By.Pass Dharma Giri No.99/80511
Phone: 62-361-8958295
Fax: 62-361-8958194

62 Gresik Sub-Branch

Ruko KIG Jl. Tri Dharma Kav. A-14/61117
Phone: 62-31-3981758
Fax: 62-31-3981720

63 Karawang Sub-Branch

Jl. Tuparev No.499 (Johar) Kab. Karawang
Phone: 62-267-8454873-74
Fax: 62-267-8454875

64 Cibinong Sub-Branch

Jl. Raya Mayor Oking No.158 W/16918
Phone: 62-21-87904397
Fax: 62-21-87904443

65 Singaparna Sub-Branch

Jl. Raya Timur No.45 Singaparna/46416
Phone: 62-265-543111-3
Fax: 62-265-545074

185

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion
and Analysis
Independent Auditors'
Report

Organizational Chart

Global Network

Coporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

66 Ciamis Sub-Branch

Jl. Letjen. Samuji Ruko No.35/46211
Phone: 62-265-772221
Fax: 62-265-777860

67 Sleman Sub-Branch

Jl. Magelang KM 12.8 No.200/55514
Phone: 62-274-865922
Fax: 62-274-866168

68 Losari Sub-Branch

Jl. Soekarno Hatta NO.77 Losari/45192
Phone: 62-231-8832738-39
Fax: 62-231-8832736

69 Bekasi Sub-Branch

Jl. Raya Narogong KM 12.5 No.23A/17151
Phone: 62-21-82611045-46
Fax: 62-21-82605356

70 Kudus Sub-Branch

Jl. Sunan Kudus No.5 a/509000
Phone: 62-291-4249241
Fax: 62-291-4246497

71 Pamanukan Sub-Branch

Jl. Eyang Tirtapraja No.54 Kab. Subang/41254
Phone: 62-260-551773
Fax: 62-260-551774

72 Majalaya Sub-Branch

Jl. Alun-alun utara/Jl. Tengah komp ruko permata
majalaya Blok C6/40382
Phone: 62-22-85963799
Fax: 62-22-5959826

73 Pangalengan Sub-Branch

Jl. Raya Pintu Pangalengan KM-1/40378
Phone: 62-22-5979222
Fax: 62-22-5978690

74 Cilegon Sub-Branch

Jl. Jend. A. yani Komp Cilegon green megablok Blok D3
No.17 Cibeber - cilegon/42433
Phone: 62-254-8484772
Fax: 62-254-8484773

75 Rangkasbitung Sub-Branch

Jl. Raden Hardinwangun Blok A No.9/42314
Phone: 62-252-203612
Fax: 62-252-203613

76 Tabanan Sub-Branch

Jl. Ngurah Rai No.73 Kediri/82121
Phone: 62-361-814160
Fax: 62-361-814281

77 Surabaya Barat Sub-Branch

Surya inti permata II Blok C-6 Jl. HR Muhammad No.175
Surabaya/60266
Phone: 62-31-7381606
Fax: 62-31-7387007

78 Soreang Raya Sub-Branch

Jl. Raya Soreang No.412/40900
Phone: 62-22-5896880
Fax: 62-22-5897444

79 Ujung Berung Sub-Branch

Komp Ruko Bandung Timur Plaza No. RA Jl. A.H.
Nasution Kav. 46A Ujung Berung/40612
Phone: 62-22-7834128
Fax: 62-22-7834153

80 Jemur Sari/Surabaya selatan Sub-Branch

Jl. Raya Jemursari No.15C Surabaya/60237
Phone: 62-31-8480454
Fax: 62-31-8480483

81 Luragung Sub-Branch

Jl. Siliwangi No.18 Kec Luragung, Kab Kuningan/45581
Phone: 62-232-870016
Fax: 62-232-870020

82 Pangandaran Sub-Branch

Jl. Parapat, Desa Pangandaran, kec pangandaran kab
ciamis/46396
Phone: 62-265-630400, 630010
Fax: 62-265-630800

83 Purwodadi Sub-Branch

Jl. Letjend. S. Parman No.13 Kel. Purwodadi Kec.
Purwodadi Jawa Tengah/58111
Phone: 62-292-423399
Fax: 62-292-423799

84 Leuwi Liang Sub-Branch

Jl. Raya Jasinga 11A Kel. Cibeber, Kec. Leuwiliang Kab
Bogor/16640
Phone: 62-251-8640297
Fax: 62-251-8640299

85 Ciawi Sub-Branch

Jl. Perjuangan No.80 Kp.Karanganyar Rt. 04 Rw. 05
Desa Pakemitan Kec Ciawi Kab. Tasikmalaya/46156
Phone: 62-265-455163, 455167
Fax: 62-265-455162

86 Cilacap Sub-Branch

Jl. Jend. A Yani No.46 Cilacap/53212
Phone: 62-282-537929
Fax: 62-282-535522

87 Jombang Sub-Branch

Jl. KH. Wahid Hasyim No.71 Kota Jombang-Jawa
Timur/61411
Phone: 62-321-878906, 872906
Fax: 62-321-860904

88 Banjar Sub-Branch

Jl. Letjen Soewarto No.92/46321
Phone: 62-265-740557
Fax: 62-265-740558

89 Boyolali Sub-Branch

Jl. Pandanaran No.179 B Kab.Boyolali/57313
Phone: 62-276-323655
Fax: 62-276-323650

90 Martadinata Sub-Branch

Jl. RE Martadinata Pav 123 Bandung/40114
Phone: 62-22-71070901
Fax: 62-22-7107091

91 Melawai/Radio dalam Sub-Branch

JL. Radio dalam raya No.4 Kel. Gandaria Utara Kec.
Kebayoran baru Jakarta selatan/12160
Phone: 62-21-7211005
Fax: 62-21-7210970

92 Singaraja Sub-Branch

Jl. Ngurah Rai No.16 Singaraja Kelurahan Kendran
Kecamatan Buleleng/81112
Phone: 62-362-25098
Fax: 62-362-26605

93 Manonjaya Sub-Branch

Jl. RTA. Prawira Adiningrat No.214 A Desa Manonjaya
kec. Manonjaya-Tasikmalaya
Phone: 62-265-380510
Fax: 62-265-380356

94 Surabaya Utara Sub-Branch

Jl. Kertajaya Indah No.9/F-105 Surabaya/60161
Phone: 62-31-3572064
Fax: 62-31-3537005

95 Batu Sub-Branch

Jl. Brantas No.49 Batu-Malang/65314
Phone: 62-341-513709
Fax: 62-341-513712

96 Palimanan Sub-Branch

Jl. Otto Iskandardinata No.503 Palimanan
Phone: 62-231-343950
Fax: 62-231-343955

97 cibadak Sub-Branch

Jl. Raya Suryakencana RT 03 RW 08, Cibadak - Kab.
Sukabumi
Phone: 6266-531915
Fax: 62266-531917

98 Bekasi Sub-Branch

Annex Building Lt. 1 Jl. Afrika No.2 Krakatau Posco
Cilegon/42435
Phone: 62-21-82404282
Fax: 62-21-82401878

99 Wates Sub-Branch

Jl. Kolonel Sugiyono No.3-Wates
Phone: 62-274-6657325
Fax: 62-274-774338

100 Tanjung Priok Sub-Branch

Jl. Enggano No.58 C- Tanjung Priok jakarta Utara/14310
Phone: 62-21-4361667
Fax: 62-21-4361668

101 Karangnunggal Sub-Branch

Jl. Raya Karangnunggal KP. Karangmekar RT/RW 03/09
Desa Hegarwangi Kec. Bantarkalong Kab.
Phone: 62-265-258471-2
Fax: 62-265-2584570

102 Cibatu Sub-Branch

Jalan Raya Cibatu - Limbangan Ruko Perum Bunar
Indah Blok C-29 No.15-17 Rt 06 Rw 04 Desa Cibunar
Kecamatan Cibatu Kabupaten Garut
Phone: 62-262-467708
Fax: 62-262-467707

103 Wonogiri Sub-Branch

Jalan Ahmad Yani No.66, Wonogiri
Phone: 62-271-633600
Fax: 62-271-633433

104 Kawali Sub-Branch

Jl. Siliwangi No.262, Desa Kawali mukti
Phone: 62-265-791560
Fax: 62-265-791580

105 Kepanjen Sub-Branch

Jl. Kawi Ruko B 7, Kepanjen
Phone: 62-34-1379840
Fax: 62-34-1379839

106 Pamekasan Sub-Branch

Jl. Kabupaten No.114
Phone: 62-324-333905, 333906
Fax: 62-324-333604

107 Kebumen Sub-Branch

Jl. Ahmad Yani No.20, Kubumen
Phone: 62-281-6222212
Fax: 62-281-631616

108 Mangga Dua Sub-Branch

Ruko Harco Mangga Dua Blok L. No.5
Phone: 62-21-6120176
Fax: 62-21-6120179

109 Kelapa Gading Sub-Branch

Jl. Boulevard Barat Ruko MOI Blok I No.15
Phone: 62-21-29364053
Fax: 62-21-29364054

186

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion
and Analysis
Independent Auditors'
Report

Organizational Chart

Global Network

Coporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

186

110 Kayu Agung Sub-Branch

Jl. Letnan Muthtar Saleh, Kayuagung, Palembang,
South Sumatra
Phone: 62-711-315828
Fax: 62-711-315510

111 Klaten Sub-Branch

Jl. Pemuda No. 246 Klaten, solo
Phone: 62-271-633600
Fax: 62-271-633433

112 Parung Sub-Branch

Jl. Royal Parung RT002/RW006, Kacamatan Parung,
Kabupaten Bogor
Phone: 62-2151-861-9559
Fax: 62-251-861-5455

113 Pasuruan Sub-Branch

Jl. Panglima Sudirman No.45 Ruko I, Pasuruan, Malang
Phone: 62-343-561-4700
Fax: 62-343-561-4940

114 Pati Sub-Branch

Jl. Ir. Susato No.40 Pati, Jawa Tengah
Phone: 62-24-352-1906
Fax: 62-24-352-1900

115 Sumenep Sub-Branch

Jl. Trunouyo No. 244 Sumenep
Phone: 62-328-6762234
Fax: 62-328-6762242

116 Pelabuhan Ratu Sub-Branch

Jl. Siliwangi Rt/Rw 02/18, Desa Pelabuhan Ratu
Phone: 62-266-6249715

117 Posco Cilegon Sub-branch

Annex Building Lt. 1 Jl. Afrika No.2 Krakatau Posco
Cilegon/42435
Phone: 62254-369755

118 Union Square Cikarang Sub-branch

Ruko Union Square Blok A No.6 Lippo Cikarang,
Cikarang Selatan
Phone: 6221-89909797

119 Sadang Sub-Branch

Sadang Terminal Square No.07,08,25 Jl. Raya Sadang
Purwakarta/41181
Phone: 62264-8220180

120 Cikajang Sub-branch

Jl. Raya Cikajang No. 80 Garut
Phone: 6262-576094

121 Cilimus Sub-branch

Jalan Raya Cilimus RT 017/04, Desa Cilimus Kecamatan
Cilimus, Kabupaten Kuningan
Phone: 62232-615411

122 Kendal Sub-branch

Jl. Raya Utama No.9 weleri Kendal
Phone: 62294-644704

123 Wonosari Sub-branch

Jl. KH. Agus Salim No.71A Wonosari - Kab Gunungkidul
Phone: 62274-3950673

124 Purbalingga Sub-branch

Jl. Ahmad Yani No.42 Purbalingga
Phone: 62281-895553

125 Sragen Sub-branch

Jl. Sukowati No.156 Sragen
Phone: 62271-895015

126 Bintaro Sub-branch

Jl Kesehatan No 18B, Jakarta
Phone: 6221-7374693

127 KCP PROBOLINGGO

128 KCP PANDEGLANG

129 KCP PASAR ATOM

130 KCP CITRA RAYA

131 KCP CAKUNG

132 KCP PANTAI INDAH KAPUK

133 KCP CENTRAL PARK

134 KCP JEPARA

135 KCP BANJARNEGARA

136 Dalem Kaum Cash-Office

Jl. Dalem Kaum No.5 Bandung/40251
Phone: 62-22-4211906
Fax: 62-22-4206837

137 Batujajar Cash-Office

Jl. Batujajar No.324 Bandung
Phone: 62-22-86861018/17/15
Fax: 62-22-86861016

138 Cimahi Cash-Office

Cijerah II blok V No.3 Cimahi
Phone: 62-22-86065156
Fax: 62-22-6075579

139 Suci Cash-Office

Jl. PHH. Mustofa No.35/40124
Phone: 62-22-7279740
Fax: 62-22-7276361

140 Jatinangor Cash-Office

Jl. Raya Jatinangor KM 20.5 KKBI IKOPIN/45363
Phone: 62-22-7781587
Fax: 62-22-7781563

141 Darmaraja Cash-Office

Jl. Raya Darmaraja No.253 desa Darmaraja, Kec
Darmaraja Kab.Sumedang/45372
Phone: 62-262-429000, 429069, 428478
Fax: 62-262-429070

142 Cililitan Asabri Cash-Office

Jl. Mayjen Sutoyo No.11 Gedung PT Asabri (persero) Jl.
Cililitan - jakarta Timur/13630
Phone: 62-21-80876494
Fax: 62-21-80876381

143 Jatibarang Cash-Office

Jl. Letnan Joni No.178 Kec. Jatibarang - Kab
Indramayu/45273
Phone: 62-234-352911
Fax: 62-234-352910

144 Taman Topi Cash-Office

Jl. Gedong Sawah I No.1 A Pabaton Bogor/16121
Phone: 62-251-8335714
Fax: 62-251-8335721

145 Juanda/ KK Tajur Cash-Office

Jl. Raya Tajur Ruko Galaxy No.59 H Bogo
Phone: 62-251-7559203, 8384254
Fax: 62-251-7559205

146 Ungaran Cash-Office

Ruko permata hijau No.1 Jl. MT Haryono No.16 Kel
Ungaran Kec Ungaran Barat Kab. Semarang/50511
Phone: 62-24-76911017
Fax: 62-24-76911001

147 Serang Cash-Office

Jl. Raya Serang- pandeglang KM 11 Lingkungan waru
Lor, Desa/ke. Kamanisa Kec Curug Kota serang/42117
Phone: 62-254-222133
Fax: 62-254-8494615

148 Gading Serpong Cash-Office

Jl. Boulevard Raya Gading Serpong, Ruko Alexandrite 3,
No.21, Kabupaten Tangerang
Phone: 62-21-5421-2159
Fax: 62-21-5421-0975

149 Bojonegoro Cash-Office

Jl. Untung Suropati Ruko Adipura Block A-11
Phone: 62-353-311271
Fax: 62-353-311270

150 Surya Sumantri Cash-Office

Phone: 62-22-2021760
Fax: 62-22-20271073

151 Asabri Cash-Office

Jl. Kebonsari Elveka I No.5 - Surabaya Gedung Kantor
Phone: 62-31-82517971

152 KK KEMANG

153 KK CIKANDE

154 Dalem Kaum Functional Office

Jl. Dalem Kaum No.5 Bandung
Phone: 62-33-4233810
Fax: 62-22-4206837

Hong Kong

Woori Global Markets Asia Limited

Rooms 1905-1908, 19/F, Gloucester Tower, The
Landmark, 15 Queen's Road Central, Hong Kong
Phone: 852-3763-0888
Fax: 852-3763-0808

Russia

1 AO Woori Bank

8th floor, Lotte Plaza, 8, Novinsky Boulevard, Moscow,
121099, Russia
Phone: 7-495-783-9787
Fax: 7-495-783-9788

2 Saint-Petersburg Branch

1st Floor, Atlantic City, 126 Savushkina Street,
Saint-Petersburg, 197374, Russia
Phone: 7-812-327-9787
Fax: 7-812-327-9789

3 AO Woori Bank vladivostok Representative Office

Vladivostok Business-Center<Hyundai> Office No.614,
29, Semenovskaya Str. Vladivostok, 690091, Russia
Phone: 7-423-240-7014
Fax: 7-423-240-7015

Brazil

1 Woori Bank Brazil

Avenida Nacoes Unidas, 14,171, Crystal Tower, Conj.803,
Vila Gertrudes, 04794-000, Sao Paulo-SP, Brazil
Phone: 55-11-2309-4740
Fax: 55-11-3511-3300

2 Bom Retiro Branch

Rua Tres Rios, 261 Andar 2, Bom Retiro, Sao Paulo SP, Brazil
Phone: 55-11-3511-3350

187

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion and Analysis
Independent Auditors' Report

Organizational Chart

Global Network

Coporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

Cambodia

1 Woori Finance Cambodia Plc.
Building No.119B, Street271, Sangkat Phsar Doem Thkov Khan Chamkarmon, Phnom Penh.
Phone: 855-23-999-661
Fax: 855-23-999-663

2 Russey Keo Branch
House No.1A, National Road 5, Sangkat Kilomet Lek6 Khan Russey Keo, Phnom Penh.
Phone: 855-23-999-664

3 Pursenchey Branch
House No.6A, Russian Blvd, Tangoun Village, Sangkat Kakb, Khan Pursenchey, Phnom Penh.
Phone: 855-23-999-803

4 Kean svay Branch
House No.330, National Road 1, Toul Tuaut village, Korkey Communce, kean Svay district, Kandal province
Phone: 855-23-720-632

5 Takhmao Branch
Building No.31, Street2, Takhmao village, Takhmao Commune, Takhmao District, Kandal Province, Cambodia
Phone: 855-24-998-333

6 PrekPhnov Branch
National highway 5, Kandal Village, Prek Phnov commune, Phnom Penh, Cambodia
Phone: 855-23-900-945

7 Ang Snoul Branch
#109, National road No.4, Village Bek Chan, CommuneBek Chan, District Ang Snoul, Cambodia
Phone: 855-023-999-355

8 Phsar Depo Branch
#138D, St 215, Sangkat Veal Vong, Khan Prumpei Makara, Phnom Penh, Cambodia
Phone: 855-23-900-455

9 AreyKshat Branch
#154, National Rd. 21 Preak Khsev Village, Rokar Khpos Commune, S'ang District, Kandal Province, Phnom Penh, Cambodia
Phone: 855-2490-1455

10 S'ang Branch
#154, National Rd. 21 Preak Khsev Village, Rokar Khpos Commune, S'ang District, Kandal Province, Phnom Penh
Phone: 855-2490-1455

11 Steung Meanchey Branch
No.19A St, Monireth, Phumdomnak Thom, Sangkat Stoeung Meanchey, Khan Meanchey, Phnom Penh, Cambodia
Phone: 855-23-901-345

12 Chom Chao Branch
No.4A, St, Veng Sreng, Chrey Koung Village, Sangkat Chom Chao, Phnom Penh, Cambodia
Phone: 855-23-901-355

13 Char Ampov Branch
#610B, National road No.1, Doem Sleng Village, Sangkat Chabar Ampov, Khan Chbar Ampov, Phnom Penh

14 Toul Kork Branch
#1C, St 355, Phum 1, Sangkat Boeung Kok1, Khan Toul Kork, Phnom Penh Chamkar 15 15

15 Chamkar Doung Branch
#2039, St 217, Taley Village, Sangkat Dong Kor, Khan Dong Kor, Phnom Penh Kampongspeu Branch

16 Kampongspeu Branch
#751, National Highway No 4, Kampongspeu, Cambodia

17 Pshar Dey Huy Branch

18 Kandal Stueng Branch

19 Odongk Branch

20 Mukh Kampul Branch

Myanmar

1 Woori Finance Myanmar Plc.
115/A, Pyay Road, Saw Bwar Gyee Kone Ward(10 miles), Insein Township Yangon, Myanmar
Phone: 95-01-643798

2 Mingladon I Branch
115/A, Pyay Road, Saw Bwar Gyee Kone Ward(10 miles), Insein Township Yangon, Myanmar
Phone: 95-01-643798

3 NorthOkkalapa Branch
No. M(56), Thiriyadanar Wholesale Market NorthOkkalapa Township, Yangon, Myanmar
Phone: 95-99-6889-2300

4 Mingaladon II Branch
4F, 115/A Pyay Road, Saw Bwar Gyee Kone Ward(10miles), Insein Township, Yangon Myanmar
Phone: 95-01-643798

5 Nyaungdon Branch
Room No. 103, 1st Street, 5 Quarter, Nyaungdon Township, Ayarwaddy, Myanmar
Phone: 95-99-7674-7709

6 Taikkyi Branch
Room No.9, Natsinkone Road, Ohtan Ward, Taikkyi Township, Yangon, Myanmar
Phone: 95-9-7717-81028

7 Hmawbi I Branch
2F No(26) Tatkyee Kone village, Hmawbi Township, Yangon, Myanmar
Phone: 95-9-9-74563586

8 Hmawbi II Branch
1F No(26) Tatkyee Kone village, Hmawbi Township, Yangon, Myanmar
Phone: 95-9-97456395

9 Maubin I Branch
Plot No(34), No(396), Building 01, Yei Le road, Ward 7, Maubine Township, Ayeyarwaddy, Myanmar (2F)
Phone: 95 9 9712 25895

10 Maubin II Branch
Plot No(34), No(396), Building 01, Yei Le road, Ward 7, Maubine Township, Ayeyarwaddy, Myanmar (1F)
Phone: 95 9 9616 12763

11 Kawhmu Branch
No 192/B, Bogyoke St. South Wd Kawhmu Townshop, Yangon
Phone: 95 9 9742 91112

12 Insein Branch
115/A, Pyay Road, Saw Bwar Gyee Kone Ward(10 miles), Insein Township Yangon, Myanmar
Phone: 95 1 643798

13 Kungyangon Branch
No 540, Yadanar Pone 2nd St, Kangyi / Magyi Ward, Kungyangon Township, Yangon, Myanmar
Phone: 95 9 975 890019

14 Zalun Branch
Bogyok St. Nyaung Pin Zay Ward, Zalun Township, Ayeyarwady, Myanmar
Phone: 95 9 960996083

15 Kyimyindaing Branch
No. 101, Tha Yet Taw(3) Upper St. Tha Yet Taw Ward, Kyimyindaing Township, Yangon, Myanmar
Phone: 95 9 960996092

16 Hinthada I Branch

No. 49, U Wisarra St. Pha Tar Gyi Ward, Hinthada Township, Ayeyardady, Myanmar
Phone: 95 9 960996099

17 Hlain Branch

No. 101, Tha Yet Taw(3) Upper St. Tha Yet Taw Ward, Kyimyindaing Township, Yangon, Myanmar
Phone: 95 9 960996089

18 Hinthada II Branch

No. 93, Nat Maw St. Panbetan Ward, Hinthada Township, Ayeyarwady, Myanmar
Phone: 95 9 961010611

19 Hinthada III Branch

No. 93, Nat Maw St. Panbetan Ward, Hinthada Township, Ayeyarwady, Myanmar
Phone: 95 9 961010611

20 Twantay Branch

No. 49, Bo Kyoke St. Kon Gyan(Middle) Ward, Twantay Township, Yangon, Myanmar
Phone: 95 9 961010511

21 Pyapon I Branch

No. 18C, 8th St. 9th Ward, Pyapon Township, Ayeyarwady
Phone: 95 9 950311093

22 Pyapon II Branch

No. 18C, 8th St. 9th Ward, Pyapon Township, Ayeyarwady
Phone: 95 9 950311096

23 Pantanaw I Branch

No. 1, Sel Myaung St. Myo Kwet Thit 1, Pantanaw Township, Ayeyarwady, Myanmar
Phone: 95 9 764433931

24 Pantanaw II Branch

No. 1, Sel Myaung St. Myo Kwet Thit 1, Pantanaw Township, Bago, Myanmar
Phone: 95 9 764433932

25 Gyobingauk I Branch

No. 154, Ashay Myopat St. Pan Tin Ward, Gyobingauk Township, Bago, Myanmar
Phone: 95 9 764433935

26 Gyobingauk II Branch

No. 154, Ashay Myopat St. Pan Tin Ward, Gyobingauk Township, Bago, Myanmar
Phone: 95 9 764433936

27 Zigon Branch

Hlaing Htate Khaung Tin St. No. 1 Ward, Zigon Township, Bago, Myanmar
Phone: 95 9 780 113417

28 Paungde I Branch

Plot No. 79, Shwetaung Street, Min Kwet 3, Ward, Paungde Township, Bago, Myanmar
Phone: 95 9 780114012

29 Paungde II Branch

Plot No. 79, Shwetaung Street, Min Kwet 3, Ward, Paungde Township, Bago, Myanmar
Phone: 95 9 780114068

30 Lewe I Branch

No. 17 Plot, Min Wine Yat, No. 4 Ward, Lewe Township, Nay Pyi Taw, Myanmar
Phone: 95 9 402187901

31 Pyinmana I Branch

No. 181, Yarza Htarni St. Aung Thar Yar Ward, Pobbathiri Township, Nay Pyi Taw, Myanmar
Phone: 95 9 402187923

188

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion
and Analysis
Independent Auditors'
Report

Organizational Chart

Global Network

Coporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

188

32 Pyinmana II Branch

No. 181, Yarza Htarni St. Aung Thar Yar Ward, Pobbathiri Township, Nay Pyi Taw, Myanmar
Phone: 95 9 402187924

33 Lewe II Branch

No. 241, Office Street, Min Wine Yat, No. 4 Ward, Lewe Township, Nay Pyi Taw, Myanmar
Phone: 95 9 441580466

34 Dekkhinathiri Branch

No. Da-2410, Wai Da 10 St. Dekkhinathiri Township, Nay Pyi Taw, Myanmar
Phone: 95 9 441580468

35 Lewe III Branch

No. 241, Office Street, Min Wine Yat, No. 4 Ward, Lewe Township, Nay Pyi Taw, Myanmar

36 Takkon I Branch

No. (ma-127), Yin Mar Street, Area (3), Mya Waddy Ward, Takkon Township, Nay Pyi Taw

Philippines

1 Wealth Development Bank

Taft Financial Center, Cardinal Rosales Avenue, Cebu Business Park, Cebu City, Cebu

2 Alabang Branch

Unit 103, South Center Tower Condominium 2206 Market Street, Madrigal Business Par Alabang, Muntinlupa City, Manila
Phone: 63-32-415-5265
Fax: 63-32-415-5266

3 Angeles Marquee Mall Branch

Ground Floor, Marquee Mall, Don Bonifacio St., Pulung Maragul Angeles City, Pampanga
Phone: 63-45-624-0072

4 Legazpi Pacific Mall Branch

G/F Expansion II, Pacific Mall Legazpi, Landco Business Park, F. Imperial Street Cor. Circumferential Road, Legazpi City 4500
Phone: 63-52-480-0038

5 Lucena Pacific Mall Branch

Ground Floor L 1-26, Pacific Mall, M.L. Tagarao St. Landco Business Park, Brgy. III, Lucena City, Quezon
Phone: 63-42-795-3771
Fax: 63-42-795-3773

6 Taguig Market Market Branch

Ground Floor, Play Ground Zone, Metro Market Market Mall, Mckinley Parkway, Fort Bonifacio Global City, Taguig City
Phone: 63-02-889-0275
Fax: 63-02-887-4371

7 Cebu Ayala Branch

Ground Floor, Taft Financial Center, Cardinal Rosales Avenue, Cebu Business Park, Brgy. Luz, Cebu City
Phone: 63-32-415-4888
Fax: 63-32-415-5777

8 Cebu Ramos Branch

Ground Floor, Hilario Chu Bldg., No. 148 F. Ramos St. Santa Cruz, Cebu City
Phone: 63-32-412-6302
Fax: 63-32-412-6353

9 Cebu Carbon Branch

Ground Floor, M.C. Briones & Plaridel Sts., Cebu City
Phone: 63-32-416-9077
Fax: 63-32-416-9078

10 Cebu Mandaue Branch

Ground Floor, G/F Meritz Building, A.C. Cortes Ave. Ibabao, Mandaue City, Cebu
Phone: 63-32-343-8144
Fax: 63-32-343-8143

11 Cebu Tabunok Branch

Ground Floor, AGSy Bldg., National Hi-Way, Tabunok Talisay City, Cebu
Phone: 63-32-272-2955
Fax: 63-32-273-6870

12 Cebu Mandaue Pacific Mall Metro Branch

Ground Floor, Mandaue Pacific Mall Metro National Highway corner M.B. Fernan Ave. Estancia, Ibabao, Mandaue City, Metro Cebu
Phone: 63-32-239-1072
Fax: 63-32-239-1073

13 Cebu Mambaling Branch

G/F Metro Store Mambaling, Cebu, N. Bacalso Avenue corner F. Llamas Street, Basak San Nicolas, Cebu City
Phone: 63-32-414-4233

14 Tagbilaran Banking Center

Ground Floor, No. 15 JS Torralba St., Poblacion 2, Tagbilaran City, Bohol
Phone: 63-38-411-4860
Fax: 63-38-501-9098

15 Iloilo Banking Center

Ground Floor, ACCE Bldg., Mabini Ledesma St., Liberation, Iloilo City
Phone: 63-33-338-4419
Fax: 63-33-338-4417

16 Cagayan De Oro Banking Center

Ground Floor, Jammin Lui Bldg., corner A. Velez & Gomez Sts. Poblacion, Cagayan de Oro City, Misamis Oriental
Phone: 63-88-856-8974
Fax: 63-88-856-8942

17 Davao Branch

Ground Floor, Door 8, 9 & 10 Grand MenSeng Hotel Pichon St., 1-E Poblacion, Davao City, Davao del Sur
Phone: 63-82-225-3318
Fax: 63-82-255-3319

18 Tacloban Branch

Sukwan Bldg, corner Real and Burgos Streets, Tacloban City
Phone : 63-053-832-3435

19 Caloocan Branch

Rizal Avenue Extension, East Grace Park, Caloocan 1400, Metro Manila
Phone : 63-0917-870-7335

20 Gensan Branch

Gaisano mall, Jose Catolico Sr. Avenue, General Santos City, South Cotabato
Phone : 63-083-250-1238

21 Dumaguete Branch

1F Jose Building South Road Calindagan, Dumaguete City

22 Bacolod Branch

Lacson-Luzuriaga Streets, Bacolod City, Negros Occidental

Vietnam

1 Woori Bank Vietnam

34F, Keangnam Landmark 72, E6 Pham Hung Road, Tu Liem District. Hanoi, Vietnam
Phone: 63-82-225-3318
Fax: 84-4-7300-6806

2 Hanoi Branch

24F, Keangnam Landmark 72, E6 Pham Hung Road, Tu Liem District. Hanoi, Vietnam
Phone : 84-8-3821-9838

3 Ho Chi Minh Branch

2 Floor, Kumho Asiana Plaza Saigon, 39 Le Duan St., Dist 1, HCMC, Vietnam
Phone : 84-8-3821-9838

4 Bac Ninh Branch

1-2 Floor Halla Bld, Yen Phong Industrial Zone, Yen Trung Commune, Yen Phong District,

5 Bac Ninh Province, Vietnam

Overseas Office

Malaysia

Woori Bank Kuala Lumpur Representative Office

Unit 4129/4130, 41/F, Vista Tower, The Intermark 182 Jalan Tun Razak, Kuala Lumpur 50400, Malaysia
Phone: 84-04-7300-6802
Fax: 60-3-2163-9288

Myanmar

Woori Bank Yangon, Myanmar Office

No.115(A) First Floor, Pyay Road, 10 Miles, Insein Township, Yangon, Myanmar
Phone: 95-01-646951

Iran

Woori Bank Iran Representative Office

1st Floor, No; 18, J St., Moghadas Ardebili St., Mahmodiyeh, Tehran, Iran
Phone: 98-22-04-6975 / 98-90-3826-3169

Poland

Poland Representative Office

Uniwersytecka 13, 40-007, Katowice, Poland
Phone : 48-323-076-417

189

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion
and Analysis
Independent Auditors'
Report

Organizational Chart

Global Network

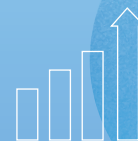
Corporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

WOORI BANK CORPORATE FACT BOOK 2017

TOGETHER FOR TOMORROW

WOORI BANK ANNUAL REPORT 2017



A LEADING
BANK
SHAPING
THE FUTURE

Woori Bank is shaping the future of Korean financial industry as a leading global bank that grows alongside customers.

WOORI BANK OVERVIEW
VISION & CORE VALUES
COMPANY HISTORY
CORPORATE GOVERNANCE
FINANCIAL HIGHLIGHTS
GLOBAL NETWORKS
DIGITAL STRATEGY
PARTNERS & AWARDS

C O R P O R A T E F A C T B O O K



190

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion and Analysis
Independent Auditors' Report

Organizational Chart

Global Network

Coporate Fact Book

Woori Bank overview

Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

01 Woori Bank Overview

(as of the end of 2017)

Established nearly 120 years ago with capital from the royal treasury of Emperor Gojong, Woori Bank has been at the forefront of building the framework for modern finance in Korea. The Bank is known for having been a trust-worthy partner to its customers throughout many of the countries historic moments.

Woori Bank is shaping the future of the Korean financial industry as a leading global bank that grows alongside customers.

Woori Bank's Subsidiaries

Domestic Subsidiaries

Woori Card	100%
Woori Investment Bank	59.83%
Woori FIS	100%
Woori Finance Research Institute	100%
Woori Credit Information	100%
Woori Fund Service Co	100%
Woori Private Equity Asset Management	100%

International Subsidiaries

Woori America Bank (U.S.A.)	100%
Woori Global Markets Asia (Hong Kong)	100%
Woori Bank China (China)	100%
AO Woori Bank (Russia)	100%
Woori Bank Brazil (Brazil)	100%
Woori Finance Cambodia (Cambodia)	100%
PT Bank Woori Saudara Indonesia (Indonesia)	79.88%
Woori Finance Myanmar (Myanmar)	100%
Woori Wealth Development Bank (Philippines)	51%
Woori Bank Vietnam (Vietnam)	100%

Credit Ratings

International Ratings

	Woori Bank	Republic of Korea
Moody's	A1	Aa2
S&P	A	AA
Fitch	A-	AA-

Domestic Ratings

NICE	Korea Investors Service	Korea Ratings
AAA	AAA	AAA

191

Woori Overview

- Message from the CEO
- Board of Directors
- Corporate Governance
- Company Structure
- Woori Bank Awards 2017
- News Highlights
- Financial Highlights

Business Operations

- Retail Banking
- Wealth Management
- Trust & Pension Business
- Corporate Banking
- SME Banking
- Institutional Banking
- Real Estate Finance
- Global Business
- International Trade Business
- Financial Market Business
- Investment Banking
- Digital Banking
- Risk Management

Corporate Social Responsibility

- Ethical Management
- Consumer Protection
- Employee Satisfaction
- Social Contribution Activities
- Woori Smile Microcredit

Financial Review

- Management's Discussion and Analysis
- Independent Auditors' Report

Organizational Chart

Global Network

Corporate Fact Book

- Woori Bank overview
- Vision & Core Values
- 119 Years of History
- Corporate Governance
- Financial Highlights
- Global Networks
- Global Networks Strategy
- Digital Strategy
- A Trust-worthy Partner

Woori Bank at a Glance

Customers



23.0 Million

Total number of customers

SME/SOHO



1.48 Million

Total number of SME customers

Conglomerates



13 Out of 36 large enterprises

Total number of large enterprises where Woori Bank is the major creditor bank

Domestic Branches



876 Branches

Total number of domestic branches

Global Networks



25 Countries
301 Networks

Overseas networks (Including Korea desk & GRM)

Employees



19,540 Employees

Total number of employees (Consolidated base)

Assets



KRW
355.5 Trillion

USD 331.8bn

Total assets (incl. trust account)

Loans



KRW
222.1 Trillion

USD 207.3bn

Total loans

Deposits



KRW
234.7 Trillion

USD 219.1bn

Total deposits

*Based on exchange rate of KRW1,071.4/USD as of Dec. 29 2017

192

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion and Analysis
Independent Auditors' Report

Organizational Chart

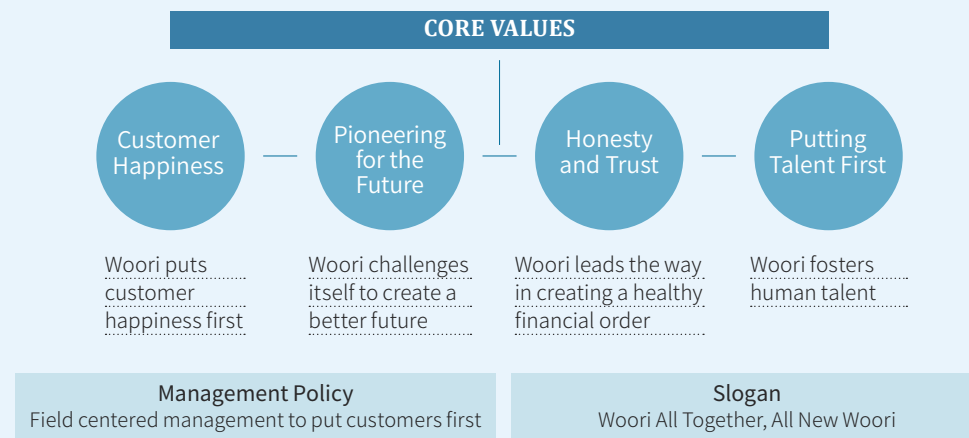
Global Network

Coporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

02 Vision & Core Values

No.1 Bank of Korea
Korea's leading provider of financial services



**Beyond Korea's No.1 Bank,
Jump to Become a Global Top Class Bank by 2020**



193

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion
and Analysis
Independent Auditors'
Report

Organizational Chart

Global Network

Corporate Fact Book

Woori Bank overview
[Vision & Core Values](#)
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

ASIA TOP 10
GLOBAL TOP 50



Woori Overview

- Message from the CEO
- Board of Directors
- Corporate Governance
- Company Structure
- Woori Bank Awards 2017
- News Highlights
- Financial Highlights

Business Operations

- Retail Banking
- Wealth Management
- Trust & Pension Business
- Corporate Banking
- SME Banking
- Institutional Banking
- Real Estate Finance
- Global Business
- International Trade Business
- Financial Market Business
- Investment Banking
- Digital Banking
- Risk Management

Corporate Social Responsibility

- Ethical Management
- Consumer Protection
- Employee Satisfaction
- Social Contribution Activities
- Woori Smile Microcredit

Financial Review

- Management's Discussion and Analysis
- Independent Auditors' Report

Organizational Chart

Global Network

Coporate Fact Book

- Woori Bank overview
- Vision & Core Values
- 119 Years of History**
- Corporate Governance
- Financial Highlights
- Global Networks
- Global Networks Strategy
- Digital Strategy
- A Trust-worthy Partner

03 119 Years of History

Woori Bank marked the important moment in history

1
The First

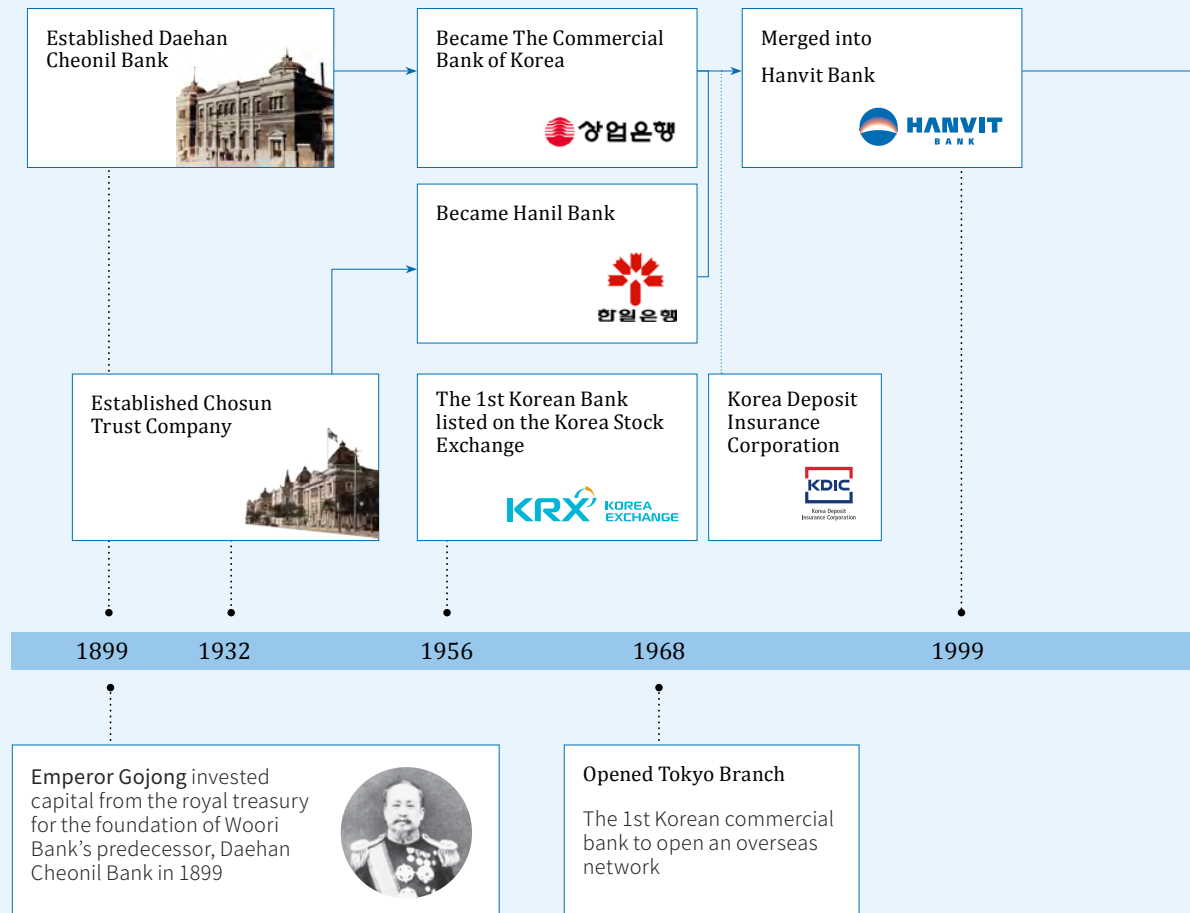
Emperor Gojong In 1899, the Emperor invested 30,000 won from the royal treasury for the foundation of Woori Bank's predecessor, Daehan Cheonil Bank.

Seoul Metropolitan Government Served as the treasury bank for the Seoul Metropolitan Government over the past 100 years.

2
Achieving Win-win Growth

National Debt Repayment Movement Managed funds raised for the National Debt Repayment Movement.

The Supporter of Korea Economy Served as the driving force behind economic growth by serving as a lender for promising exporters.



195

Woori Overview

- Message from the CEO
- Board of Directors
- Corporate Governance
- Company Structure
- Woori Bank Awards 2017
- News Highlights
- Financial Highlights

Business Operations

- Retail Banking
- Wealth Management
- Trust & Pension Business
- Corporate Banking
- SME Banking
- Institutional Banking
- Real Estate Finance
- Global Business
- International Trade Business
- Financial Market Business
- Investment Banking
- Digital Banking
- Risk Management

Corporate Social Responsibility

- Ethical Management
- Consumer Protection
- Employee Satisfaction
- Social Contribution Activities
- Woori Smile Microcredit

Financial Review

- Management's Discussion and Analysis
- Independent Auditors' Report

Organizational Chart

Global Network

Corporate Fact Book

- Woori Bank overview
- Vision & Core Values
- 119 Years of History**
- Corporate Governance
- Financial Highlights
- Global Networks
- Global Networks Strategy
- Digital Strategy
- A Trust-worthy Partner

3
Leaping Forward

Overcoming Crisis During the Asian Financial Crisis, coordinated the merger between two key players in corporate finance, Commercial Bank of Korea and Hanil Bank.

Turning circumstances around A new leap forward as Korea's No.1 bank by working together to overcome the Asian Financial Crisis.

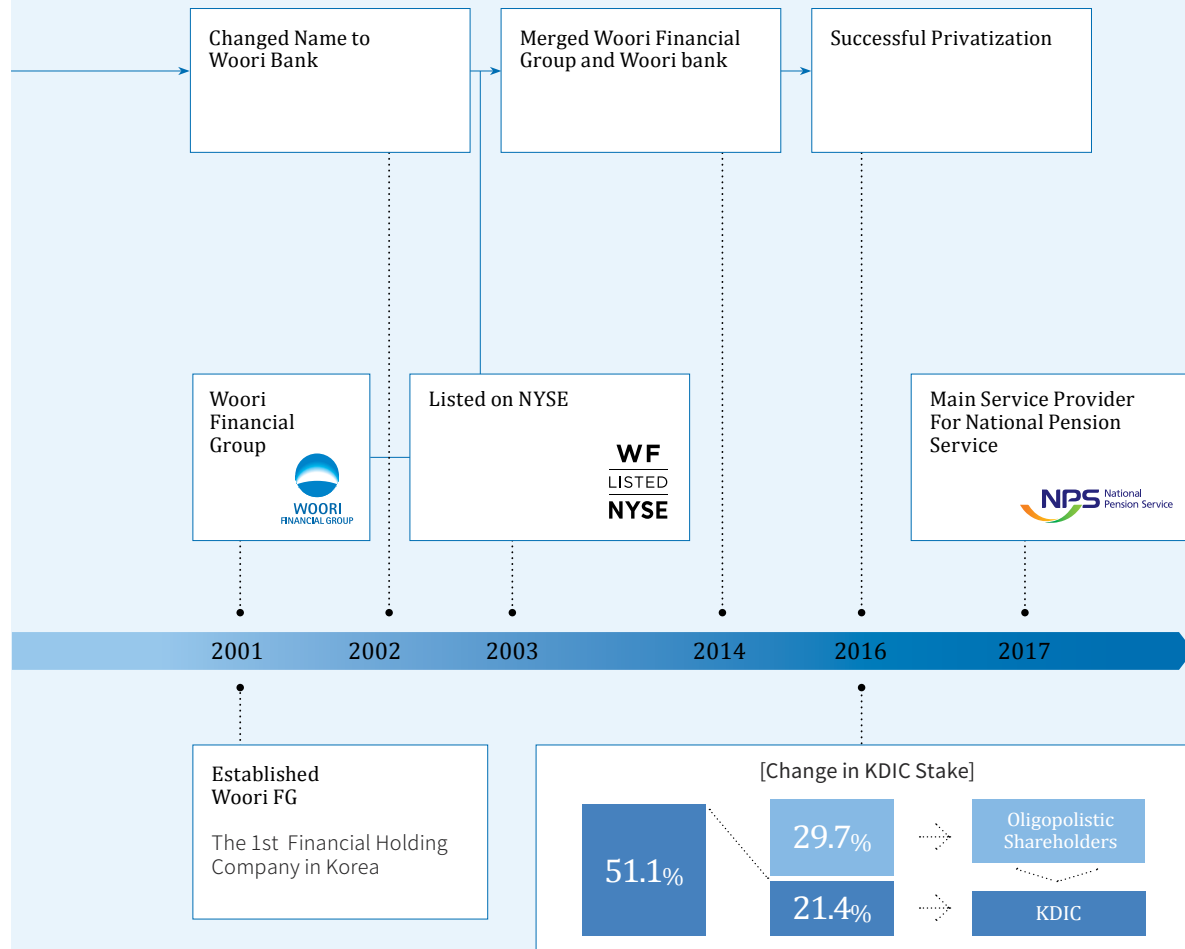
Successful Privatization MOU between KDIC and Woori Bank is terminated.

4
Taking the Lead

WiBee Bank WiBee Bank was launched as Korea's 1st mobile-only bank.

WiBee Talk WiBee Talk was launched as the 1st mobile messenger in the financial sector.

Global Network 300 The 1st Korean bank to open 300 global networks.



196

Woori Overview

- Message from the CEO
- Board of Directors
- Corporate Governance
- Company Structure
- Woori Bank Awards 2017
- News Highlights
- Financial Highlights

Business Operations

- Retail Banking
- Wealth Management
- Trust & Pension Business
- Corporate Banking
- SME Banking
- Institutional Banking
- Real Estate Finance
- Global Business
- International Trade Business
- Financial Market Business
- Investment Banking
- Digital Banking
- Risk Management

Corporate Social Responsibility

- Ethical Management
- Consumer Protection
- Employee Satisfaction
- Social Contribution Activities
- Woori Smile Microcredit

Financial Review

- Management's Discussion and Analysis
- Independent Auditors' Report

Organizational Chart

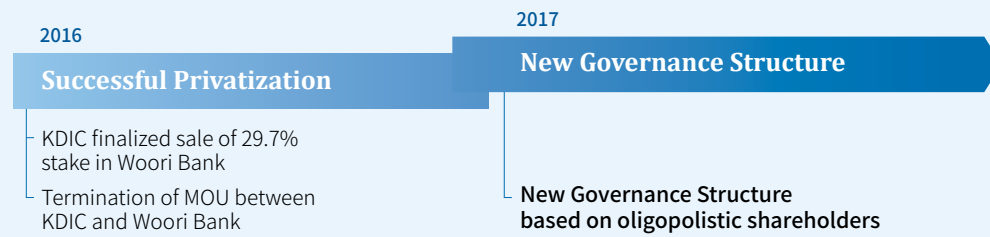
Global Network

Corporate Fact Book

- Woori Bank overview
- Vision & Core Values
- 119 Years of History
- Corporate Governance**
- Financial Highlights
- Global Networks
- Global Networks Strategy
- Digital Strategy
- A Trust-worthy Partner

04 Corporate Governance

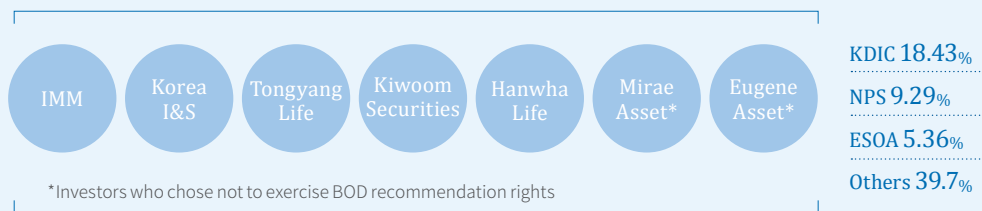
New governance structure after privatization will enable us to enhance our corporate value further.



Establishment of New Governance Structure

Shareholders (as of the end of 2017)

Oligopolistic Shareholders **27.22%**



BOD (8 Members)

CEO	Standing Auditor	Outside Directors recommended by oligopolistic shareholders	Non-standing Director recommended by KDIC (Korea Deposit Insurance Corporation)
------------	-------------------------	---	---

BOD's Active Participation in Major Management Decisions

"Enhancing Corporate Value"
with post-privatization governance structure

197

Woori Overview

- Message from the CEO
- Board of Directors
- Corporate Governance
- Company Structure
- Woori Bank Awards 2017
- News Highlights
- Financial Highlights

Business Operations

- Retail Banking
- Wealth Management
- Trust & Pension Business
- Corporate Banking
- SME Banking
- Institutional Banking
- Real Estate Finance
- Global Business
- International Trade Business
- Financial Market Business
- Investment Banking
- Digital Banking
- Risk Management

Corporate Social Responsibility

- Ethical Management
- Consumer Protection
- Employee Satisfaction
- Social Contribution Activities
- Woori Smile Microcredit

Financial Review

- Management's Discussion and Analysis
- Independent Auditors' Report

Organizational Chart

Global Network

Corporate Fact Book

- Woori Bank overview
- Vision & Core Values
- 119 Years of History
- Corporate Governance
- Financial Highlights
- Global Networks
- Global Networks Strategy
- Digital Strategy
- A Trust-worthy Partner

Board of Directors & Management

President &
Chief Executive Officer
Sohn, Tae Seung

Standing Director
Oh, Jung Sik

Non-Standing Director
Bae, Chang Sik

Outside Director
Ro, Sung Tae
Shin, Sang Hoon
Park, Sang Yong
Tian, Zhiping
Chang, Dong Woo



Governance Award
Best Company in Governance (Board of Directors)

The Maeil Business Newspaper,
Daishin Economic Research Institute

Shareholder Composition

(4% and above, as of the end of 2017)



*The total stake of Oligopolistic shareholders : 27.22%

198

Woori Overview

- Message from the CEO
- Board of Directors
- Corporate Governance
- Company Structure
- Woori Bank Awards 2017
- News Highlights
- Financial Highlights

Business Operations

- Retail Banking
- Wealth Management
- Trust & Pension Business
- Corporate Banking
- SME Banking
- Institutional Banking
- Real Estate Finance
- Global Business
- International Trade Business
- Financial Market Business
- Investment Banking
- Digital Banking
- Risk Management

Corporate Social Responsibility

- Ethical Management
- Consumer Protection
- Employee Satisfaction
- Social Contribution Activities
- Woori Smile Microcredit

Financial Review

- Management's Discussion and Analysis
- Independent Auditors' Report

Organizational Chart

Global Network

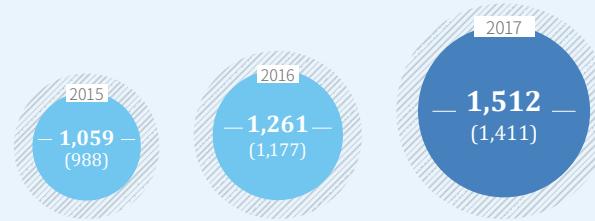
Coporate Fact Book

- Woori Bank overview
- Vision & Core Values
- 119 Years of History
- Corporate Governance
- Financial Highlights
- Global Networks
- Global Networks Strategy
- Digital Strategy
- A Trust-worthy Partner

05 Financial Highlights

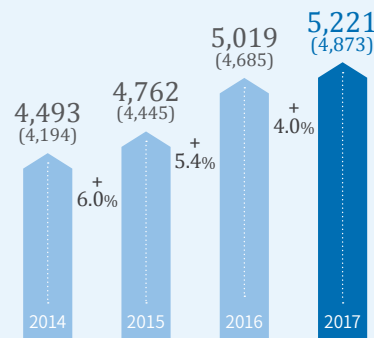
Net Income

[Wbn, U\$mn in()]



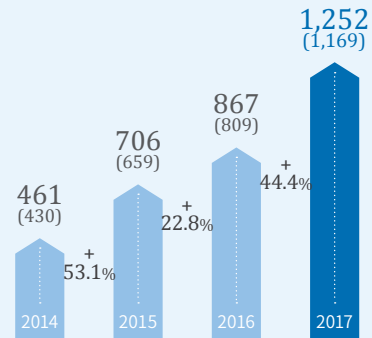
Interest Income

[Wbn, U\$mn in()]



Non Interest Income

[Wbn, U\$mn in()]

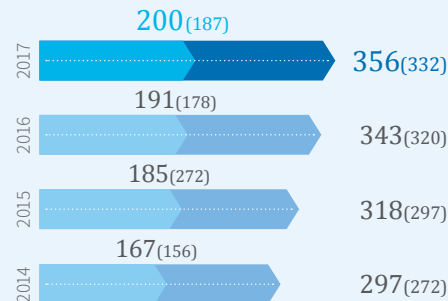


* Consolidated Basis, Based on exchange rate of KRW1,071.4/USD as of Dec. 29 2017
Net Income(Continuing Operations) attributable to owners

Assets

[Wtn, U\$bn in()]

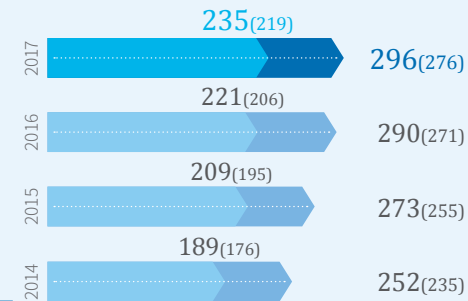
- Loan in Local Currency
- Total Assets



Funding

[Wtn, U\$bn in()]

- Deposit
- Total Funding



* Consolidated Basis, Total Assets include Trust Account
Based on exchange rate of KRW1,071.4/USD as of Dec. 29 2017

199

Woori Overview

- Message from the CEO
- Board of Directors
- Corporate Governance
- Company Structure
- Woori Bank Awards 2017
- News Highlights
- Financial Highlights

Business Operations

- Retail Banking
- Wealth Management
- Trust & Pension Business
- Corporate Banking
- SME Banking
- Institutional Banking
- Real Estate Finance
- Global Business
- International Trade Business
- Financial Market Business
- Investment Banking
- Digital Banking
- Risk Management

Corporate Social Responsibility

- Ethical Management
- Consumer Protection
- Employee Satisfaction
- Social Contribution Activities
- Woori Smile Microcredit

Financial Review

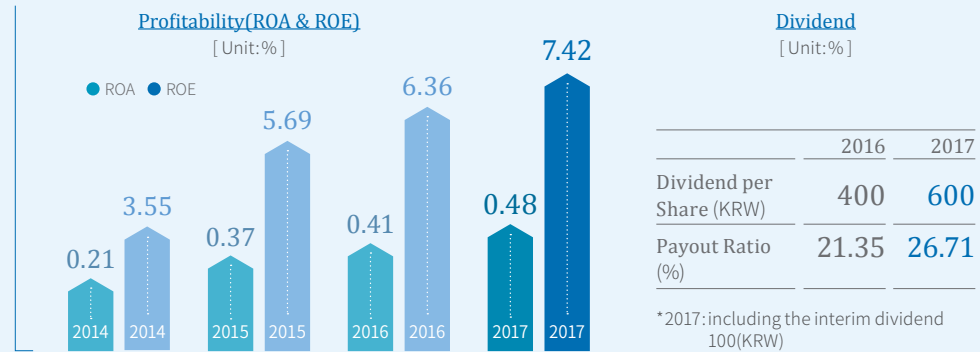
- Management's Discussion and Analysis
- Independent Auditors' Report

Organizational Chart

Global Network

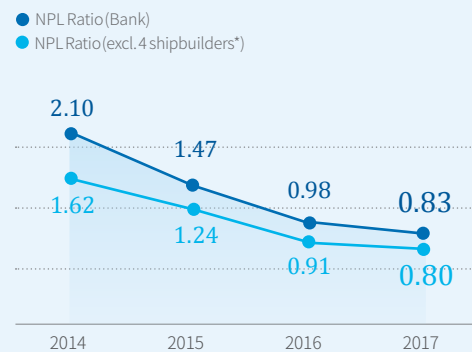
Corporate Fact Book

- Woori Bank overview
- Vision & Core Values
- 119 Years of History
- Corporate Governance
- Financial Highlights
- Global Networks
- Global Networks Strategy
- Digital Strategy
- A Trust-worthy Partner



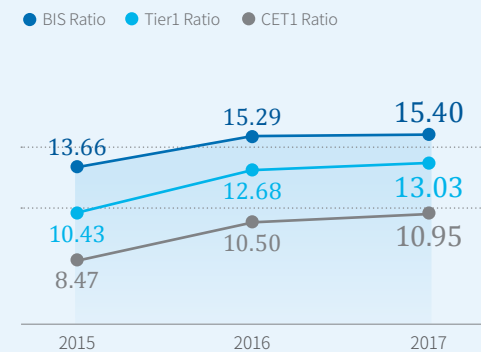
* Consolidated basis
*2014: excluding one-off factors related to the sale and the spin-off subsidiaries

Asset Quality (NPL Ratio)

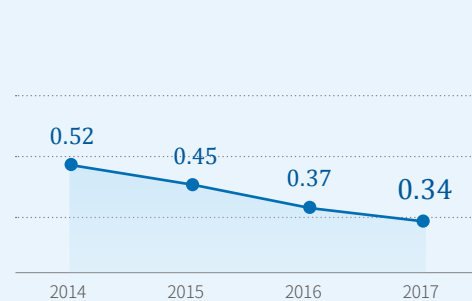
 [Unit: %]


*4 Shipbuilders: Sungdong, SPP, Daesun, STX

Capital Adequacy

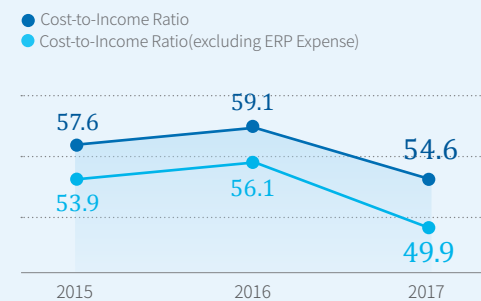
 [Unit: %]


Credit Cost Ratio

 [Unit: %]


* Consolidated basis
Credit Cost Ratio = Credit cost / average Total Credit balance

Credit-to-Income-Ratio

 [Unit: %]


* Cost-to-income ratio = SG&A expense / (Interest Income + Non-Interest Income)

200

Woori Overview

- Message from the CEO
- Board of Directors
- Corporate Governance
- Company Structure
- Woori Bank Awards 2017
- News Highlights
- Financial Highlights

Business Operations

- Retail Banking
- Wealth Management
- Trust & Pension Business
- Corporate Banking
- SME Banking
- Institutional Banking
- Real Estate Finance
- Global Business
- International Trade Business
- Financial Market Business
- Investment Banking
- Digital Banking
- Risk Management

Corporate Social Responsibility

- Ethical Management
- Consumer Protection
- Employee Satisfaction
- Social Contribution Activities
- Woori Smile Microcredit

Financial Review

- Management's Discussion and Analysis
- Independent Auditors' Report

Organizational Chart

Global Network

Coporate Fact Book

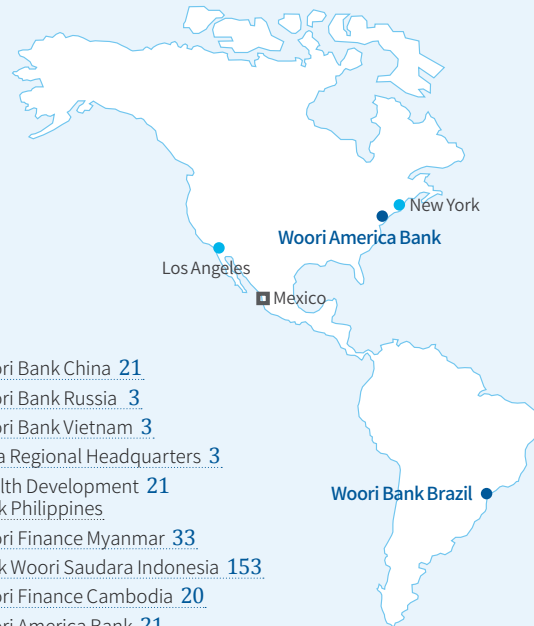
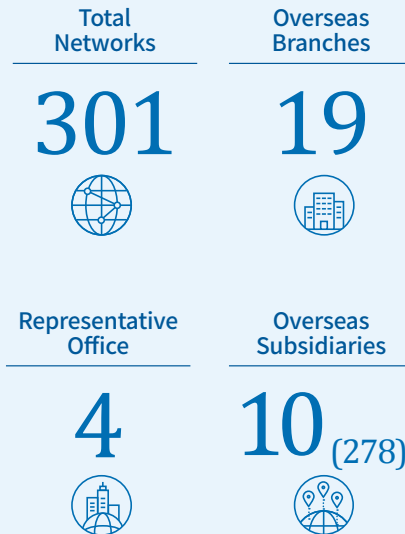
- Woori Bank overview
- Vision & Core Values
- 119 Years of History
- Corporate Governance
- Financial Highlights
- Global Networks**
- Global Networks Strategy
- Digital Strategy
- A Trust-worthy Partner

06 Global Networks

Woori Bank has a strong global presence at 301 overseas networks located in 25 countries around the globe.



GROWING OUR FINANCIAL SERVICES THROUGH A GLOBAL NETWORK



- Woori Bank China 21
- Woori Bank Russia 3
- Woori Bank Vietnam 3
- India Regional Headquarters 3
- Wealth Development 21
- Bank Philippines
- Woori Finance Myanmar 33
- Bank Woori Saudara Indonesia 153
- Woori Finance Cambodia 20
- Woori America Bank 21
- Woori Bank Brazil 2

201

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion and Analysis
Independent Auditors' Report

Organizational Chart

Global Network

Corporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

Global Business History



Overseas Branches

● Branch ● Subsidiary ● Representative Office

1968.11.11 Tokyo	1976.04.08 New York	1978.01.16 LA	1978.05.26 London	1980.03.14 Hong Kong	1980.10.28 Singapore	1983.10.01 Bahrain
1984.01.27 Woori America Bank	1996.09.21 Dhaka	1997.09.26 Hanoi	2006.02.13 Ho Chi Minh	2006.10.03 Woori Global Markets Asia (Hong Kong)	2007.11.12 Woori Bank China	2008.01.09 Woori Bank Russia
2009.02.27 Kuala Lumpur	2012.04.05 Chennai	2012.09.25 Woori Bank Brazil	2012.10.25 Yangon (Myanmar)	2013.02.19 Sydney	2014.05.19 Dubai	2014.07.29 Woori Finance Cambodia
2014.12.30 Bank Woori Saudara	2015.11.26 Woori Finance Myanmar	2016.10.28 Wealthbank (Philippines)	2016.11.07 Woori Bank Vietnam	2017.01.16 Gurgaon	2017.02.03 Poland	2017.07.31 Mumbai

202

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion
and Analysis
Independent Auditors'
Report

Organizational Chart

Global Network

Corporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

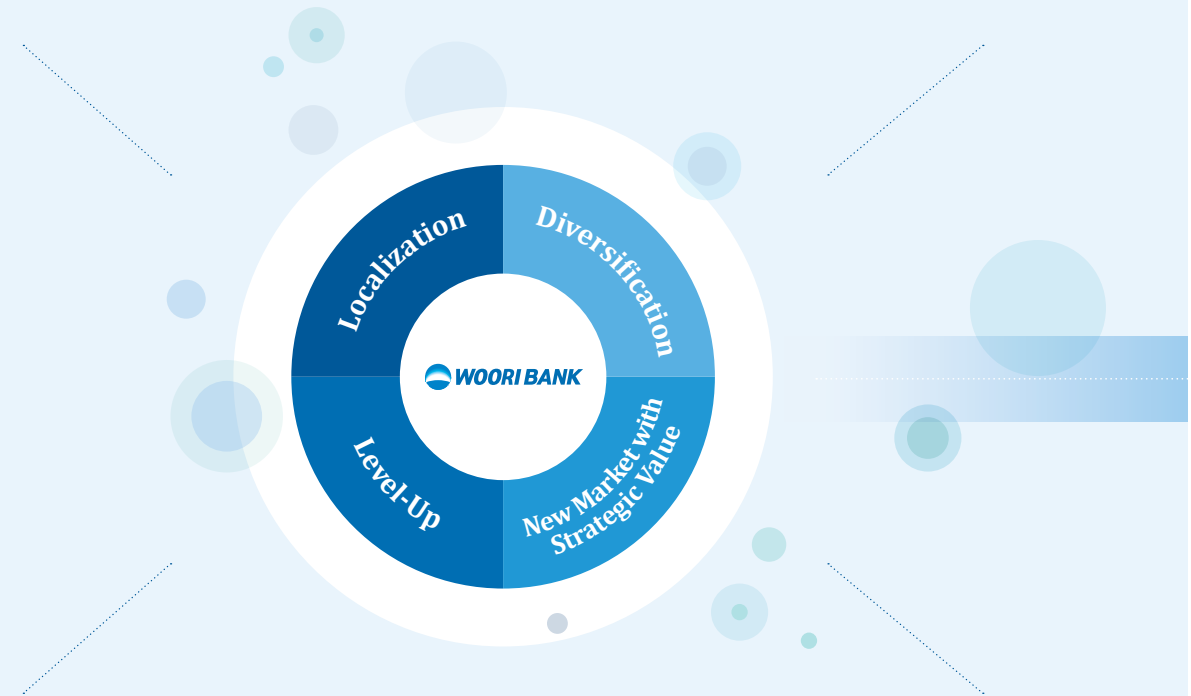
07 Global Networks Strategy

Vietnam, Philippines, India

- Convert existing branches to subsidiaries
- Expand through M&A

Cambodia, Myanmar

- Launch new businesses (i.e. Microfinance and Savings Bank) adapting to local environments



China, USA, Indonesia

- Leverage existing subsidiaries to further expand Woori Bank presence in the region

Germany, Poland, Mexico

- Enter new markets with core strategic values
- Establish financial belts connecting regions

203

Woori Overview

- Message from the CEO
- Board of Directors
- Corporate Governance
- Company Structure
- Woori Bank Awards 2017
- News Highlights
- Financial Highlights

Business Operations

- Retail Banking
- Wealth Management
- Trust & Pension Business
- Corporate Banking
- SME Banking
- Institutional Banking
- Real Estate Finance
- Global Business
- International Trade Business
- Financial Market Business
- Investment Banking
- Digital Banking
- Risk Management

Corporate Social Responsibility

- Ethical Management
- Consumer Protection
- Employee Satisfaction
- Social Contribution Activities
- Woori Smile Microcredit

Financial Review

- Management's Discussion and Analysis
- Independent Auditors' Report

Organizational Chart

Global Network

Corporate Fact Book

- Woori Bank overview
- Vision & Core Values
- 119 Years of History
- Corporate Governance
- Financial Highlights
- Global Networks
- [Global Networks Strategy](#)
- Digital Strategy
- A Trust-worthy Partner

Overseas Expansion

- Woori Bank has a strong global presence at 301 overseas networks located in 25 countries around the globe.
- We are actively expanding overseas operations by establishing financial belts on every continent.
- We aim to become one of Asia's top 10, and one of the World's Top 50 banks in the near future.

Largest Overseas Network among Korean Banks

- 301 Networks in 25 nations Worldwide (as of Dec. 2017)



Main Focus Countries



	Head Office
	Overseas Branch 19
	Overseas Subsidiary 10
	Overseas Representative Office 4
· Number of branches under overseas subsidiaries 278	

600 Overseas Networks by 2020

(Expand Networks and pursue M&As)

204

Woori Overview

- Message from the CEO
- Board of Directors
- Corporate Governance
- Company Structure
- Woori Bank Awards 2017
- News Highlights
- Financial Highlights

Business Operations

- Retail Banking
- Wealth Management
- Trust & Pension Business
- Corporate Banking
- SME Banking
- Institutional Banking
- Real Estate Finance
- Global Business
- International Trade Business
- Financial Market Business
- Investment Banking
- Digital Banking
- Risk Management

Corporate Social Responsibility

- Ethical Management
- Consumer Protection
- Employee Satisfaction
- Social Contribution Activities
- Woori Smile Microcredit

Financial Review

- Management's Discussion and Analysis
- Independent Auditors' Report

Organizational Chart

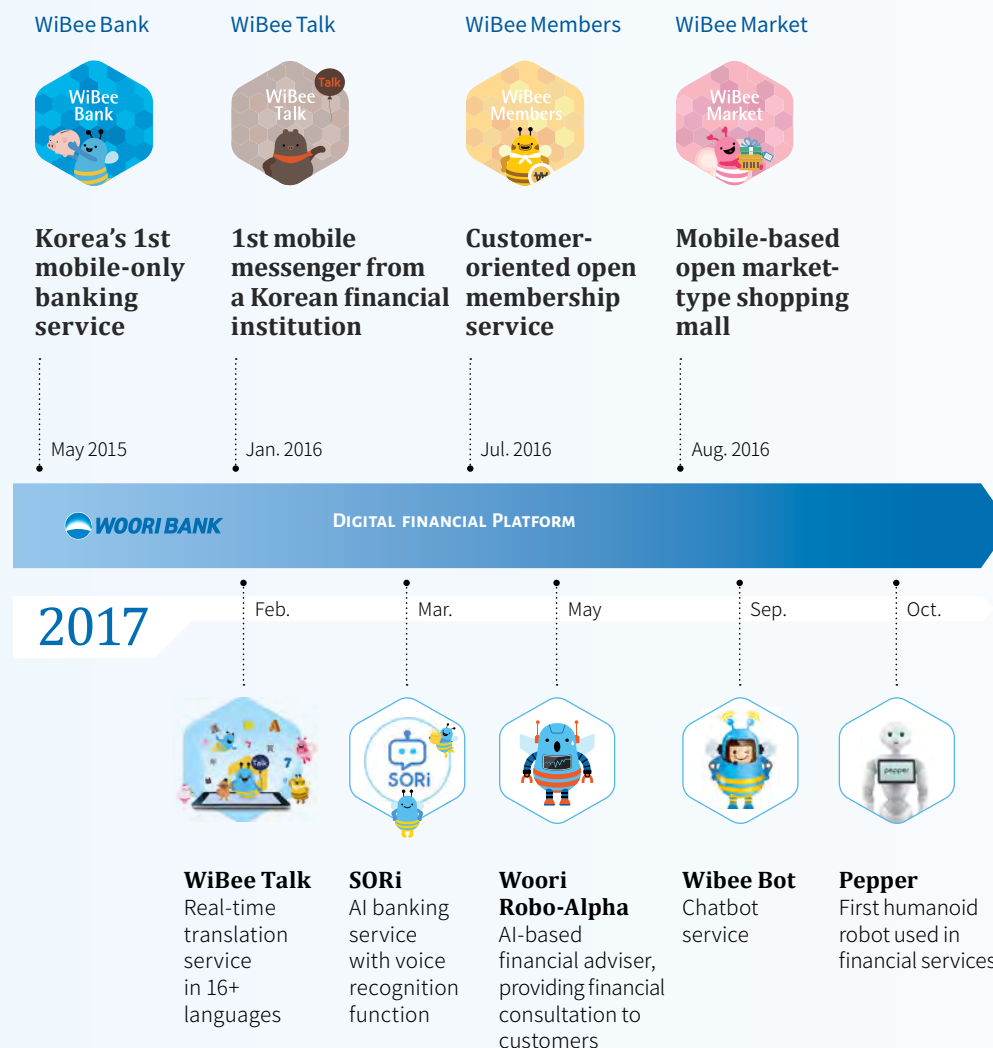
Global Network

Coporate Fact Book

- Woori Bank overview
- Vision & Core Values
- 119 Years of History
- Corporate Governance
- Financial Highlights
- Global Networks
- Global Networks Strategy
- Digital Strategy**
- A Trust-worthy Partner

08 Digital Strategy

We are taking the lead in the Digital Banking business in Korea, as the 1st Korean bank that launched a comprehensive mobile financial platform.



205

Woori Overview

- Message from the CEO
- Board of Directors
- Corporate Governance
- Company Structure
- Woori Bank Awards 2017
- News Highlights
- Financial Highlights

Business Operations

- Retail Banking
- Wealth Management
- Trust & Pension Business
- Corporate Banking
- SME Banking
- Institutional Banking
- Real Estate Finance
- Global Business
- International Trade Business
- Financial Market Business
- Investment Banking
- Digital Banking
- Risk Management

Corporate Social Responsibility

- Ethical Management
- Consumer Protection
- Employee Satisfaction
- Social Contribution Activities
- Woori Smile Microcredit

Financial Review

- Management's Discussion and Analysis
- Independent Auditors' Report

Organizational Chart

Global Network

Corporate Fact Book

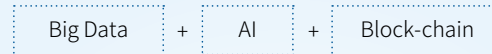
- Woori Bank overview
- Vision & Core Values
- 119 Years of History
- Corporate Governance
- Financial Highlights
- Global Networks
- Global Networks Strategy
- Digital Strategy**
- A Trust-worthy Partner

Combined with Global Strategy

Global Digital Platform will be utilized to expand local operations in Southeast Asia



Leading the 4th Industrial Revolution



206

Woori Overview

- Message from the CEO
- Board of Directors
- Corporate Governance
- Company Structure
- Woori Bank Awards 2017
- News Highlights
- Financial Highlights

Business Operations

- Retail Banking
- Wealth Management
- Trust & Pension Business
- Corporate Banking
- SME Banking
- Institutional Banking
- Real Estate Finance
- Global Business
- International Trade Business
- Financial Market Business
- Investment Banking
- Digital Banking
- Risk Management

Corporate Social Responsibility

- Ethical Management
- Consumer Protection
- Employee Satisfaction
- Social Contribution Activities
- Woori Smile Microcredit

Financial Review

- Management's Discussion and Analysis
- Independent Auditors' Report

Organizational Chart

Global Network

Coporate Fact Book

- Woori Bank overview
- Vision & Core Values
- 119 Years of History
- Corporate Governance
- Financial Highlights
- Global Networks
- Global Networks Strategy
- Digital Strategy
- A Trust-worthy Partner

09 A Trust-worthy Partner

A reliable partner for major Government Institutions and Large Enterprises.

Public Institutions



National Pension Service

Acting as a custodial bank for equity investment assets

In 2017, Woori Bank was selected as the primary banking partner by the National Pension Service, the world's third largest pension fund in size, and will be managing a total of KRW 600 trillion of funds for three years starting in March 2018.



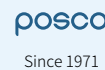
National Housing Urban Fund
Acting as the managing custodian bank



Korea Land & Housing Corporation
Acting as the primary bank for funds

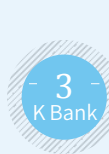
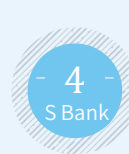


Primary Banking Relationship Partners



Number of Large Enterprises that utilize Woori Bank as a Major Creditor Bank

(as of 2017)



Major Universities & Hospitals



207

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion and Analysis
Independent Auditors' Report

Organizational Chart

Global Network

Coporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

Awards

The Bank of the Year 2017 Asia-Pacific	The Banker
Best Transaction Bank Award, The Future of Finance Summit	Asian Banker
Best Cash Management Bank, The Future of Finance Summit	Asian Banker
2017 Presidential Commendation for Services in Social Enterprise Incubation	Ministry of Employment and Labor
Best Bank in Preventing Voice Phishing Damages, 2017 First Half	Financial Supervisory Service
11th National Sustainable Management Award	Ministry of Strategy and Finance
Consumer's Choice Star Brand Grand Prize in Integrated Financial Membership	Maekyung Media Group
Minister's Prize in Service, the 4th Korea Big Data Awards	Maeil Business Newspaper, Ministry of Science and ICT
Governance Award, Best Company in Governance (Board of Directors)	The Maeil Business Newspaper, Daishin Economic Research Institute
Excellence in Banking Sector, the 4th Korea Retirement Pension Award	Mercer Korea
Commendation by Minister of Trade, Industry and Energy (for Promotion of Expert)	Ministry of Trade, Industry and Energy
Grand Prize, Korea's Best Banker	The Seoul Economic Daily
2017 Business Supporting the Employment of Multicultural Families	Seoul Metropolitan Government
Best Bank in Cutting Edge Banking, 2017 Asia Today Financial Grand Prize	Asia Today
Grand Prize, 2017 Risk Manager Awards (FSS [Financial Supervisory Service] Chairman's Award, awarded to one company out of all categories)	Money Today thebell
Chairman's Award of the Korea Commission for Corporate Partnership, the 4th CSV Awards	The Korean Academic Society of Business Administration
Excellence Prize, HK Wow TV Global Financial Grand Prize	HK Wow TV
2017 Customer Satisfaction + Awards (Hall of Fame in Banking)	The Korean Economic Daily
Chief Information Security Officer(CISO) of the Year	Korea Forum of Chief Information Officers, the Federation of Korean Information Industries

208

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion
and Analysis
Independent Auditors'
Report

Organizational Chart

Global Network

Coporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

TOGETHER FOR TOMORROW

A LEADING BANK SHAPING THE FUTURE



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209

Woori Overview

Message from the CEO
Board of Directors
Corporate Governance
Company Structure
Woori Bank Awards 2017
News Highlights
Financial Highlights

Business Operations

Retail Banking
Wealth Management
Trust & Pension Business
Corporate Banking
SME Banking
Institutional Banking
Real Estate Finance
Global Business
International Trade Business
Financial Market Business
Investment Banking
Digital Banking
Risk Management

Corporate Social Responsibility

Ethical Management
Consumer Protection
Employee Satisfaction
Social Contribution Activities
Woori Smile Microcredit

Financial Review

Management's Discussion
and Analysis
Independent Auditors'
Report

Organizational Chart

Global Network

Coporate Fact Book

Woori Bank overview
Vision & Core Values
119 Years of History
Corporate Governance
Financial Highlights
Global Networks
Global Networks Strategy
Digital Strategy
A Trust-worthy Partner

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