

Taking the Lead as
**THE TOP GLOBAL
FINANCIAL GROUP**

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FINANCIAL GROUP**

Woori Financial Group Inc. has successfully enrooted the group system, thereby turning into a comprehensive financial group capable of sustainable growth. Based on the newly established foundation of a stable group system and customer trust, Woori Financial Group is making utmost efforts to maximize corporate value by engendering bold changes and innovation.

As the WHO declared COVID-19 a pandemic and the global financial market stands on the brink of a crisis, Woori Financial Group is strenuously taking action to prepare for the post-COVID era by preemptively setting up a group-wide crisis management control tower and deploying strategies that audaciously push forward digital transformation. Woori Financial Group will take a step further to faithfully fulfill the social responsibility of finance and catapult itself to become a world-leading financial group that always stands alongside customers as a reliable financial partner.

**WOORI FINANCIAL GROUP
ANNUAL REPORT
2019**

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319 Global Network

Taking a New Step Forward as a Leading Financial Group

Having established a holding company in 2019, Woori Financial Group is now poised to make another leap forward as a comprehensive financial holding company. Standing on the firm ground of the well-established group system, Woori Financial Group will become a financial group that takes the lead in the global financial market by pushing forward aggressive change and innovation under the mission of becoming a “Reliable Financial Group Shaping the Future.”

Mission

*A Reliable
Financial Group
Caring About
Customers*

Woori Financial Group strives to fulfill social responsibilities as a financial group to help our society grow, and contribute to creating a future where the country, people, and our customers are prosperous and happy.

Vision

*Korea's No. 1
Financial Group,
Leading Global
Finance*

Going beyond the No. 1 financial group with comprehensive services in Korea and representing Asia, Woori Financial Group will take the lead in global financial markets.

Core Values

*Customer
Happiness*

*Honesty
and
Trust*

*Pioneering
for the
future*

*Talent
First*

The First

In 1899, the Emperor invested 30,000 won from the royal treasury for the foundation of Woori Bank's predecessor, Daehan Cheonil Bank meaning 'No.1 bank under the sky'.

A New Start of Woori

After the government acquired 100% ownership in Woori Financial Group in 2001, the company made strenuous efforts for privatization which finally came to fruition 16 years later. The successful privatization served as a springboard for Woori Financial Group to shed its cocoon and make a new leap forward, fueled by new growth engines.

Expansion to Global Markets

Based on the largest global network in Korea, Woori Financial Group expanded into foreign financial service markets with a strategic focus on South East Asia market.

Woori Financial Group was Re-established

on January 11, 2019



**Taking the Lead as the
Top Global Financial Group**

NO.1 FINANCIAL GROUP

GLOBAL NETWORK

DIGITAL INNOVATION

BUSINESS PORTFOLIO

VISION

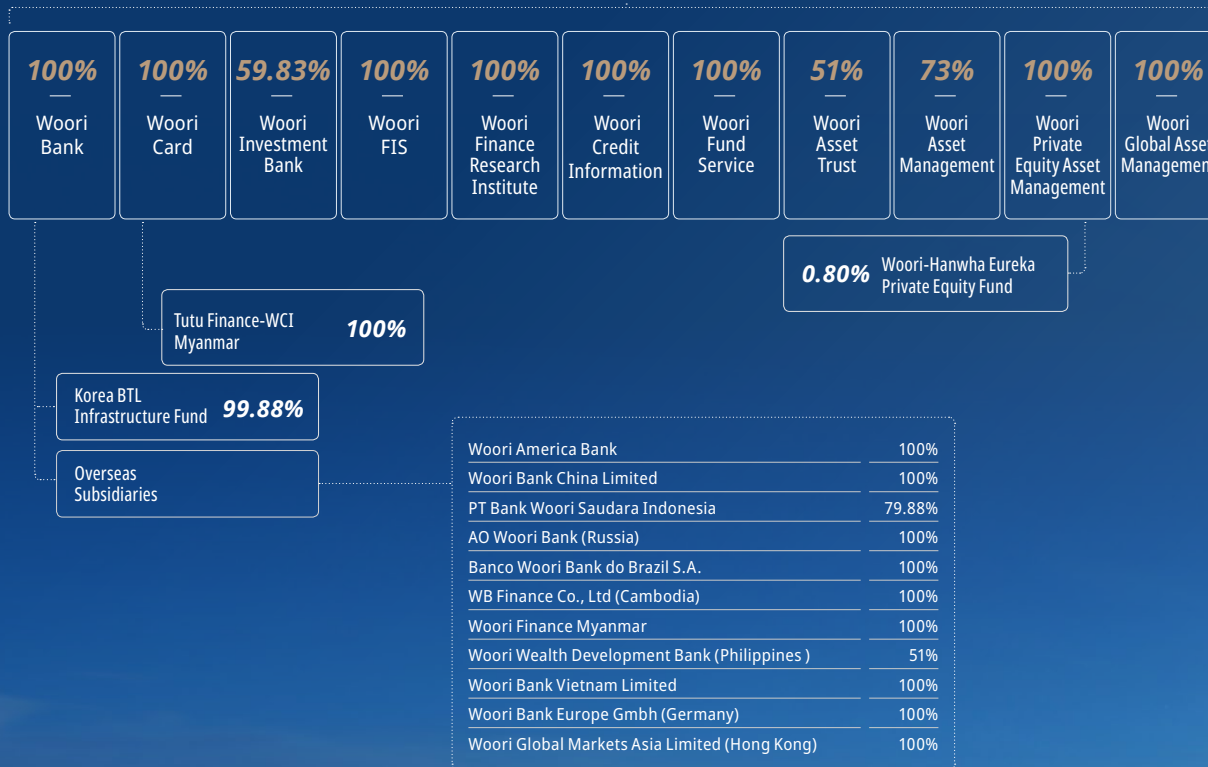
Elevating Woori's Market Status and Competitive Edge as a Full-service Financial Group

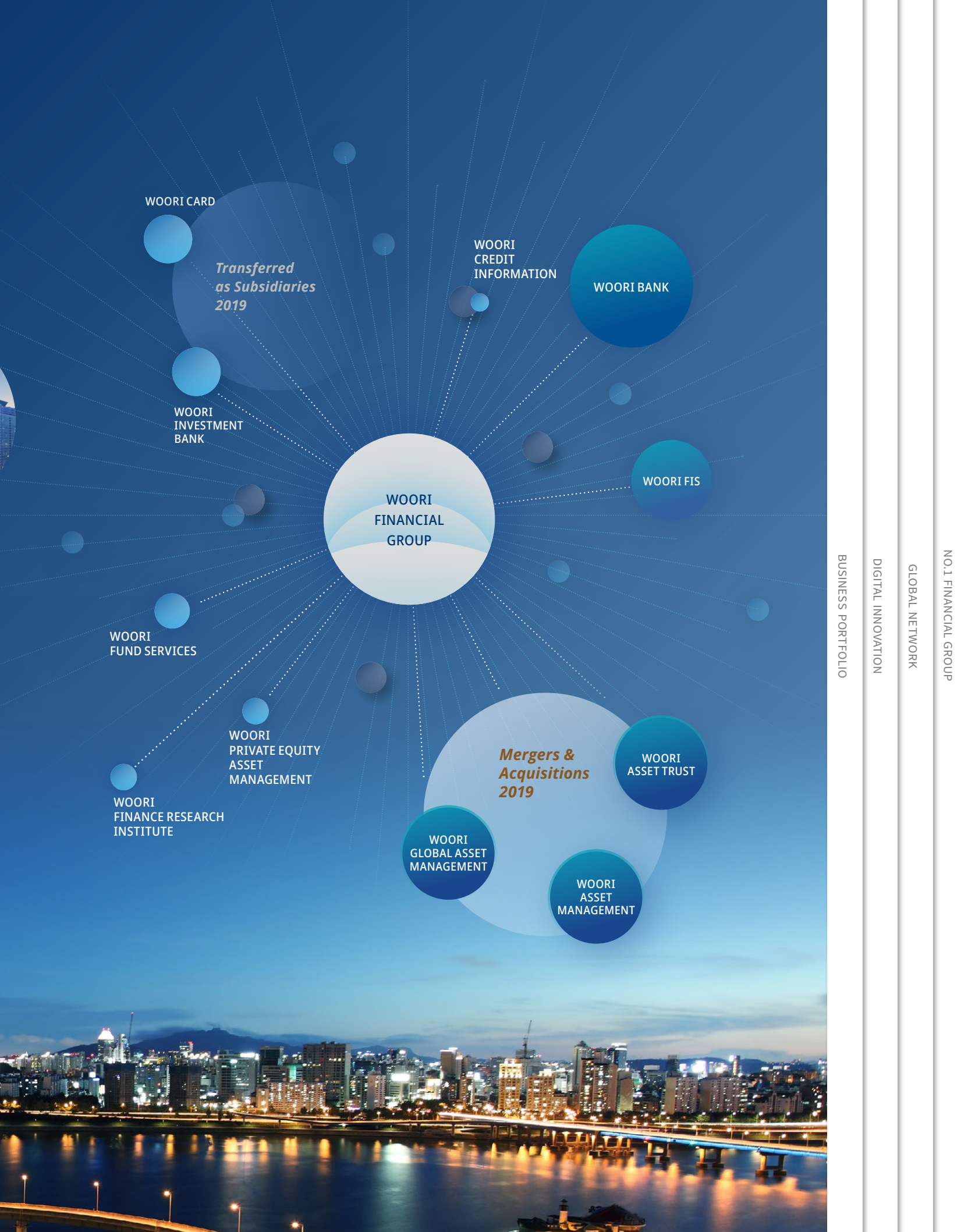
Woori Financial Group has solidified its status as a comprehensive financial group through M&As that better completed the holding company structure. Woori Financial Group will endeavor to earn the trust of its customers and will secure competitiveness to provide best-in-class financial services.



Woori Financial Group

(As of Feb. 28, 2020)





WOORI CARD

*Transferred
as Subsidiaries
2019*

WOORI
CREDIT
INFORMATION

WOORI BANK

WOORI
INVESTMENT
BANK

WOORI FIS

WOORI
FUND SERVICES

WOORI
FINANCIAL
GROUP

WOORI
PRIVATE EQUITY
ASSET
MANAGEMENT

*Mergers &
Acquisitions
2019*

WOORI
ASSET TRUST

WOORI
FINANCE RESEARCH
INSTITUTE

WOORI
GLOBAL ASSET
MANAGEMENT

WOORI
ASSET
MANAGEMENT

BUSINESS PORTFOLIO

DIGITAL INNOVATION

GLOBAL NETWORK

NO.1 FINANCIAL GROUP

Delivering the Greatest-Possible Customer Value through Digital Innovation

Woori Financial Group has declared the new digital vision of “Digital for Better Life,” facing head on the rapidly changing financial trends in this age of the “un-tact.” Furthermore, Woori Financial Group will bolster external cooperation through open innovation strategies and maximize customer value through innovative digital technologies including AI and Big Data.



Digital Vision

DIGITAL FOR BETTER LIFE

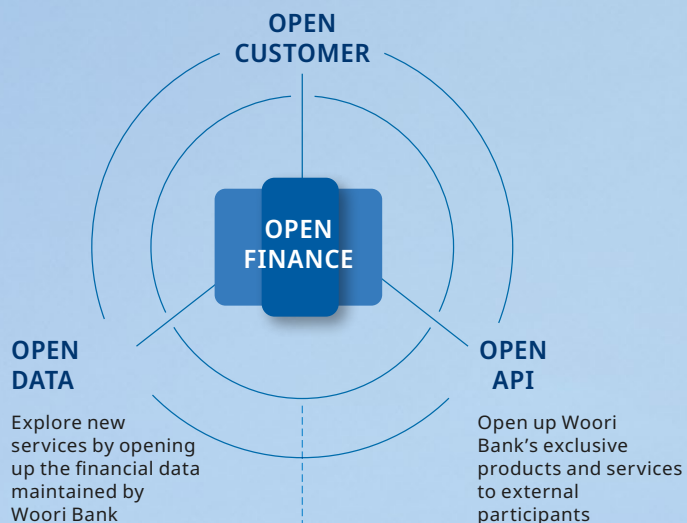
Slogan

DIGITAL FIRST, CHANGE EVERYTHING

Digital Strategy

OPEN INNOVATION STRATEGY

Open up customer channels
to external participants



*Digital First,
Change Everything*

Leading the Global Market Based on a Broader Global Network

Woori Financial Group pioneers into the global market through localized sales strategies and differentiated non face-to-face channels. Going forward, Woori Financial Group will reinforce its standing as a world-leading financial group by increasing the share of its overseas revenue to the 40-percent level of total earnings.



01 Glocalization

Vietnam

- Five new branches opened
- Bancassurance, credit card business launched

Group Total Networks

476

Overseas Subsidiaries

12

Overseas Branches
(including subbranches)

22

Representative Office

5

(As of Mar. 31, 2020)



02
Level-Up

**Vietnam, Cambodia
Myanmar, Indonesia**

- Sales channels secured in regions of promising growth
- Qualitative growth of asset portfolio driven by sound assets



Cambodia

- Merger of Woori Cambodia Finance and WB Finance approved

04
Diversification

Global Networks Strategy


03
Digitalization

**Bangladesh, China
Vietnam, Indonesia**

- QR Pay services launched
- Tablet branches expanded
- Non face-to-face-only products launched



(As of Dec. 31, 2019)


Liquidity Ratio
116.1%
+5.6%p


Net Profit of Global Business
KRW **224** billion
+15.8%


Woori Bank Vietnam
KRW **+10** billion
achieved net profit in just
3 years into incorporation

Taking a Step Further to Become the No.1 Financial Group – ‘Woori Together’

Woori Financial Group bolsters core competencies centered on the seven management strategies of 2020 and grows alongside customers by practicing sustainable management in non-financial areas. Woori Financial Group will become the No.1 comprehensive financial group through trust and innovation and will become a reliable financial group that has the unwavering trust of customers.



7 Management Strategies

Customer-Centric Business Innovation

Risk Management / Internal Controls Innovation

Sustainable Growth Engine Reinforcement

Business Portfolio Enhancement

Digital Innovation Leadership

Elevation of Global Business

Woori Together Synergy Expansion

Business Diversification

M&A

Bolstering the Business Portfolio

Implementing the Main Business Unit System

Digital Innovation

Digital Innovation Committee

Bank in Bank (BIB) System

Open API

A-D Venture

Digital Innovation Lab

Global Level Up

Expanding the Global Network

Boosting the Global Digital Competence

Creating Synergies with Local Partners Worldwide

Woori Together

Regaining

Customer Trust through Change and Innovation

Environment

Introducing electric business vehicle and launching electricity-saving campaign to reduce GHG emissions

Society

Realizing socially responsible finance through inclusive financial policies

Governance

Newly establishing the Internal Control Management Committee to reinforce governance

**Benefit from Finance,
Warmth from Sharing**

Future Direction

2020 and Beyond

No.1 Financial Group in Korea

MESSAGE FROM THE CEO

*Going Beyond
the No.1 Financial
Group in Korea*



“

We leveled-up our corporate value through successful conversion into a holding company structure after four years of planning.

Firstly, allow me to extend my heartfelt gratitude to shareholders and customers for their warm support for Woori Financial Group.

The year 2019 was a meaningful year for Woori Financial Group, as we established a holding company and successfully laid the groundwork for the group system. Backed by the strong support of our shareholders and customers, we were able to bring in two asset management companies and one real estate trust company to the Group, which allowed us to quickly become a full-fledged comprehensive financial group.

Moreover, despite harsh financial environment both at home and abroad, Woori Financial Group was recognized to have the highest growth potential in the market and to be one of the most competitive financial groups in Korea with the best-ever performance in growth and profitability.

Furthermore, we expanded our global networks to 474 as of the end of 2019 and posted tremendous growth in overseas revenue, further solidifying our position as a global financial group.

As such, the unsparing support from our shareholders and customers made 2019 a year of countless proud achievements for Woori Financial Group.

In order to boost our credibility among customers based on our stabilized group system in 2020, Woori Financial Group sets its management goal for 2020 as “Becoming the No.1 Financial Group through Customer Trust and Innovation,” thereby maximizing its corporate value and rising up to the level of support from its shareholders.

Firstly, we will continue to expand our business portfolio and build upon our firm foundation backed with more robust financial performance and a stable equity ratio, which will pave the way for continued growth as a group.

Secondly, in response to the dramatic shift in the financial paradigm, we will forge ahead as a group towards digital transformation and take on challenges in new areas with a mindset that embraces creative agility and innovation, in order to discover new growth engines for the Group.

Furthermore, to complete the most important mission of “Becoming the No.1 Financial Group through Customer Trust,” we will level up both our system and our operational competency in risk management and internal controls. We also pledge to continue groundbreaking innovation in all areas, including evaluation, organization and systems, in order to enable the framework for a customer-centric business to truly take hold.

Last but not the least, Woori Financial Group will strive to be fully socially responsible in all aspects of financial areas in 2020 by supporting innovative finance, providing microfinance and supporting SMEs.

As we move into the second year since the launching of Woori Financial Group, Inc., I ask for your kind encouragement in our journey of greater development and growth. All of us here at Woori Financial Group will continue to make our utmost effort to maximize shareholder value and bring you greater contentment.

I wish all our shareholders and customers the best of luck and happiness.

Thank you.

Son, Tae Seung

Chairman & CEO, Woori Financial Group



*Strengthening
the group's non-
banking business
and corporate
value through
M&As.*



BOARD OF DIRECTORS



Son, Tae Seung

Standing director (Chairman & CEO)

- (Current) Chairman & CEO, Woori Financial Group
- President & CEO, Woori Bank
- Head, Global Business Unit, Woori Bank
- LL.M., Seoul National University
- LL.B., Sungkyunkwan University



Lee, Won Duk

Standing director (Deputy President)

- (Current) Deputy President, Strategy Planning Unit, Woori Financial Group
- Executive Vice President, Management and Finance Planning Group, Woori Bank
- Managing Director, Future Strategy Division, Woori Bank
- M.A. in Economics, Seoul National University
- B.A. in Agricultural Economics, Seoul National University



Ro, Sung Tae

Outside director

- (Current) Chairman, Samsung Dream Scholarship Foundation
- President, Hanwha Life Economic Research Institute
- President, Korea Economic Research Institute
- M.A. and Ph.D. in Economics, Harvard University, the graduate school of Arts and Sciences
- B.A. in Economics, Seoul National University



Park, Sang Yong

Outside director

- (Current) Auditor, Yonsei Foundation
- (Current) Professor Emeritus, Yonsei University
- Civilian Chair, Public Fund Oversight Committee
- Dean, School of Business, Yonsei University
- M.A. and Ph.D. in Business Administration, New York University, the graduate school of Arts and sciences
- B.A. in Business Administration, Yonsei University


Chung, Chan Hyoung
Outside director

- CEO, POSCO Capital
- Vice Chairman, Korea Investment Management
- CEO and President, Korea Investment Management
- MBA in Finance, Korea University Business School
- B.A. in Business Administration, Korea University


Dennis Chan
Outside director

- Vice Chairman, Fubon Bank (China)
- CEO, Fubon Bank (China)
- Senior Vice President, Strategic Planning, Fubon Financial Holdings
- M.A. in Business Administration, Georgetown University, the graduate of Arts and sciences
- B.A. in Business Administration, Taipei National University


Tian, Zhiping
Outside director

- (Current) Vice President, Beijing FUPU DAOHE Investment Management Ltd.
- Vice President, ICBC Middle East Ltd. & ICBC Londong Ltd.
- Vice President, Industrial and Commercial Bank of China, Branch of Sichuan Province
- IMBA, University of Hong Kong/ MBA, Southwestern University of Finance and Economics
- B.A. in Government Economics Management, Shanxi University of Finance and Economics


Chang, Dong Woo
Outside director

- (Current) CEO, IMM Investment Corp.
- Representative Partner, IMM Investment Corp.
- ABAS Leader-AKT, Samil Accounting Corp.
- Audit Department, Younghwa Accounting Corp.
- LLB, Hanyang University


Kim, Hong Tae
Non-standing director

- (Current) Head, Office of Creative Management, KDIC
- Deputy General Manager, Department of HR and Administration, KDIC (Korea Deposit Insurance Corporation)
- Hana Bank
- B.A. in International Economics, Seoul National University

CORPORATE GOVERNANCE

Corporate Governance Policies of Woori Financial Group, Inc

In order to protect the interests of stakeholders, including shareholders and financial consumers and to promote long-term development, Woori Financial Group maintains a stable, efficient and transparent corporate governance structure. A stable corporate governance structure can be established and maintained through the checks and balances of members based on their independence, an efficient corporate governance through expertise and the dedicated operation of the Board of Directors (BOD), and a transparent corporate governance through the disclosure of work handling standards and results.

Independence of the BOD

In order for the BOD and its Committees to operate in a stable and sound manner, Woori Financial Group complies with the Act on Corporate Governance of Financial Companies and relevant regulations thereof, while incorporating key provisions into internal regulations. Woori Financial Group particularly recognizes and endeavors to uphold independence as a critical value that enables the BOD to responsibly supervise the management. In accordance with Article 35 of the Articles of Association, the Board consists of a majority of outside directors and pursuant to Article 44, the Chairman of the BOD is appointed from among outside directors. Since its establishment in 2019, Woori Financial Group's BOD has been chaired by outside directors.

As per its internal regulations on corporate governance, the Officer Candidate Recommendation Committee, Audit Committee, Risk Management Committee, Compensation Committee and Internal Control Management Committee are chaired by outside directors and consist of a majority of outside directors. In particular, outside directors must form two-thirds of a) the Officer Candidate Recommendation Committee that recommends candidates for the positions of President & CEO and outside directors; and b) the Audit Committee that oversees business execution by the management. As of the end of March 2020, these two Committees consist entirely of outside directors.

Furthermore, to prevent collusion between outside directors and the management and to ensure that outside directors are replaced sequentially, a term of office policy applies. An outside director may not serve for longer than six years at Woori Financial Group or for nine years of combined time at subsidiaries, etc.

Expertise and Diversity

To ensure professionalism and the diversity of views, the BOD consists of outside directors from various backgrounds and professional fields. As of the end of March 2020, there is one economic expert, three financial experts, one business administration expert and one accounting expert on the Board. The diversity of outside directors form an eclectic group which includes a university professor, a researcher and a financial company CEO. Woori Financial Group takes into consideration the innate nature of a financial holding company as one that spans the entire financial industry, and it therefore strives to appoint outside directors who have expertise in multiple areas. In fact, its current outside directors have expertise in two or more areas.

Moreover, as Woori Financial Group's global net income accounts for more than 10 percent of the total earnings, it forms its BOD to represent individuals from diverse national backgrounds so that a more global perspective can be reflected into its business management. As of the end of March 2020, the BOD was comprised of four members from Korea, one from China and one from Taiwan. In addition, Woori Financial Group endeavors to create more gender equity by ensuring female outside directors on the board. It mandates that women make up at least 10 percent of the outside director candidate pool, and based on this rule, Woori Financial Group plans to appoint female outside directors going forward.

Dedicated and Transparent BOD Operation

A BOD can operate efficiently with the expertise of outside directors who wholeheartedly dedicate themselves to participating on the BOD and Committee meetings. As such, dedication, along with expertise, is the standard by which Woori Financial Group appoints outside directors. In 2019, a total of 14 BOD meetings were convened with a 94-percent of directors attending. The Board discussed a total of 61 agenda items, including the establishment of corporate governance regulations, development of a Woori Financial Group business plan, submission of bidding proposals to asset management companies and the approval of an all-inclusive share swap between Woori Financial Group and Woori Card. To ensure the transparency of work handling standards, procedures and outcomes, Woori Financial Group discloses how the amendment of its internal regulations and other key matters are being handled on its website. Each year on its website and on the website of the Korea Federation of Banks, Woori Financial Group uploads the following: internal regulations including the Articles of Association and BOD Regulations; corporate governance including a run-through of BOD activities; and the Annual Report. This report consists of its internal regulations such as the Articles of Association as well as BOD regulations and activities. All materials disclosed thus far and to be disclosed going forward are and will be available on the following website: <http://www.woorifg.com>.

Composition of the BOD and Its Committees

As of the end of March 2020, BOD consists of nine directors (six outside directors, one non-standing director and two standing directors), and outside directors account for 67 percent of the BOD. Six Committees have been operating under the BOD, including the Audit Committee. On March 25th 2020, Woori Financial Group became the first financial

company in the market to establish an Internal Control Management Committee, which makes suggestions on effective internal control standards by reviewing the outcomes of the Group's operational status inspection.

*Please refer to the attachment for details on BOD composition.

Name of Committees	Members		Key Roles
<i>Audit Committee</i>	Chung, Chan Hyoung (Chairman) Ro, Sung Tae Chang, Dong Woo	Outside director Outside director Outside director	<ul style="list-style-type: none"> • Supervising the work of directors and management • Selecting and requesting the dismissal of independent auditor
<i>Risk Management Committee</i>	Park, Sang Yong (Chairman) Dennis Chan Tian, Zhiping Kim, Hong Tae Lee, Won Duk	Outside director Outside director Outside director Non-standing director Standing director	<ul style="list-style-type: none"> • Devising basic rules and strategies of risk management • Determining the level of tolerable risk • Approving the risk capital limit and loss limit • Establishing and amending risk management standards
<i>Compensation Committee</i>	Chung, Chan Hyoung (Chairman) Ro, Sung Tae Park, Sang Yong Dennis Chan Tian, Zhiping Chang, Dong Woo Kim, Hong Tae	Outside director Outside director Outside director Outside director Outside director Outside director Non-standing director	<ul style="list-style-type: none"> • Evaluating the design and operation of the performance compensation system • Establishing and implementing independent compensation policies • Determining recipients of performance compensation in the management • Evaluating performance of officers and providing compensation • Filing and disclosing Annual Reports, Reporting on the operations of performance compensation
<i>Officer Candidate Recommendation Committee</i>	Chang, Dong Woo (Chairman) Ro, Sung Tae Park, Sang Yong Chung, Chan Hyoung Dennis Chan Tian, Zhiping	Outside director Outside director Outside director Outside director Outside director Outside director	<ul style="list-style-type: none"> • Recommending candidates for the positions of Chairman & CEO, outside directors, and members of the Audit Committee.
<i>Group CEO Candidate Recommendation Committee</i>	Son, Tae Seung (Chairman) Ro, Sung Tae Park, Sang Yong Chung, Chan Hyoung Dennis Chan Tian, Zhiping Chang, Dong Woo	Standing director Outside director Outside director Outside director Outside director Outside director Outside director	<ul style="list-style-type: none"> • Recommending candidates for the position of CEO of subsidiaries
<i>Internal Control Management Committee</i>	Park, Sang Yong (Chairman) Kim, Hong Tae Son, Tae Seung	Outside director Non-standing director Standing director	<ul style="list-style-type: none"> • Matters concerning standards on building and operating the internal control system • Matters concerning outcomes of operational status inspection of the Group's internal control system

2019 NEWS HIGHLIGHTS



1

Woori Financial Group Successfully Launched and Newly Listed on the Korea Exchange

In 2019, the status of Woori Financial Group grew immensely as it became known as a comprehensive financial group and made its marvelous debut return as the leader of finance. The establishment of Woori Financial Group was approved by the Financial Services Commission in November 2018, was officially launched on January 11th 2019, and was listed on the Korea Exchange on February 13th 2019. As the sole remaining commercial bank in Korea without a holding company structure, Woori Financial Group had previously faced challenges in providing comprehensive financial services aligned with non-banking affiliates. Now that the conversion into a holding company structure is complete, the foundation has been laid for intensified competitiveness as a comprehensive financial group. Initially, Woori Financial Group was comprised of six subsidiaries which included Woori Bank, 16 second-level subsidiaries including Woori Card and one third-level subsidiary (overseas subsidiary of Woori Card). Later, this structure

was expanded to encompass 11 subsidiaries as Woori Card and Woori Investment Bank became subsidiaries and the scope of their non-banking business portfolio grew considerably. Under this new structure, the group is enhancing the financial benefits for the customers and the capacity to provide comprehensive financial services through offering customized one-stop comprehensive asset management innovations with both its products and service. Furthermore, Woori Financial Group is promoting transformation in the Korean financial market through digital innovation and taking the lead in fulfilling social responsibility for the financially underprivileged, innovative enterprises and SMEs. It started off 2019 with a revival of sorts as a comprehensive financial group, and in 2020, Woori Financial Group is expected to level up its status by truly becoming the nations' premiere comprehensive financial group that spearheads global finance.

2

Successful M&As with Non-Banking Companies Enhance the Group's Business Portfolio

Acquired Entities: Tongyang Asset Management (Woori Asset Management), ABL Global Asset Management (Woori Global Asset Management), Kukje Asset Trusts (Woori Asset Trust)

Woori Financial Group succeeded in acquiring Tongyang Asset Management and ABL Global Asset Management in August 2019 and Kukje Asset Trusts in December 2019. In its very first year, Woori Financial Group successfully completed a series of non-banking M&As with asset management companies and a real estate trust company. This not only bolstered its foundation for building a comprehensive financial group system, it brought one step closer to becoming the nation's No. 1 financial group.

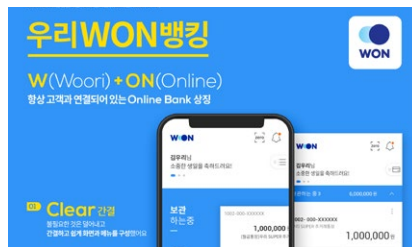
The asset management companies have already been incorporated into its affiliates, creating synergy in multiple areas by expanding fund sales through bank channels and providing various specialized products and services to Woori Bank customers. Going forward, it plans to develop these into best-in-class asset management companies by leveraging the brand and networks of Woori Financial Group. Meanwhile, Kukje Asset Trusts has been incorporated as a subsidiary in December, 2019. Upon being fully affiliated, Woori Asset Trust will raise the Group's market presence by performing key roles in real estate development finance. Woori Financial Group will continue to broaden its non-banking business portfolio through M&As with consumer loan company and savings bank as well as with security firm and insurers, thereby quickly filling in its business portfolio line-up and continuing to reinforce its status and competitiveness as a leading financial group.

3

Launch of Woori WON Banking – a New Smart Banking System

Woori Bank launched its new smart banking system, “Woori WON Banking” on August 16 2019. WON combines the ‘W’ from Woori (meaning ‘us’) with the word, ‘ON’ (meaning ‘to turn on’ and ‘online’). Woori WON Banking is an online bank that provides easy-to-use financial services for its customers to access at any time, in any place. With the aim of providing customer-centric, remote financial services, Woori Bank developed Woori WON Banking with three key values in mind: simple screen configuration and menu; timely financial information; and individually tailored services. The Woori WON Banking platform is intuitive in that it places the frequently used ‘inquiry and transfer’ functions on the home screen and offers users a choice between card-types and list-type displays. Furthermore, the product subscription process has been simplified to include only five steps and the ‘continue subscription’ feature makes continuing a subscription a seamless task. With Woori WON Banking, users can easily pay their utility bills through Naver AI and even check their Woori

Card statement without having to go through a separate process. Last but not least, Woori WON Banking offers tailored recommendations for products based on the transaction patterns and age of the particular user. Products sold on Woori WON Banking have also been realigned to strongly feature major products. Woori WON Banking was developed with the scalability of diverse services in mind in an age led by customers through open API. It is truly the most advanced service that heralds in the new age of open finance. The new smart banking system, “Woori WON Banking” is expected to take hold as a service that leads open banking in the finance sector.



4

The “Standard of Cards” Series by Woori Card Surpasses 5 Million Accounts in Subscription and Wins Brand of the Year Korea 2019 Award

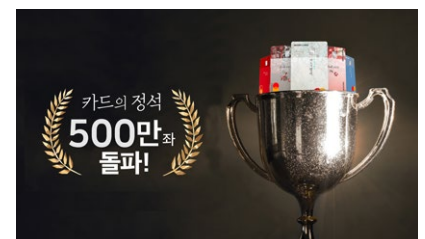
The “Standard of Cards” series, a leading product from Woori Card, surpassed 5 million subscriptions in just 20 months since its launching, which makes it the fastest growing single product series in the industry. What makes this achievement even more significant is the fact that Woori Card outcompeted a leading credit card company that had had a far larger margin of members. The key driver behind the success of the series was a “customer-centric mindset” thoroughly reflected throughout all stages of product planning, service composition and design. Advantages such as discounts and point-earning features developed through Big Data analysis and consumer research resonated with consumers. The cards also display the works of the famous Korean traditional artist, Kim Hyun-Jung, which portray Korean

aesthetics in a captivating design. Woori Card also engaged in completely new attempts with its efforts in marketing and branding. In April 2019, new products were introduced at a collaborated exhibition with the painter Kim Hyun-Jung. Woori Card also combined art and advertising, demonstrating a differentiated means of communication through a creative hybrid known as “art-vertising”. These efforts won Woori Card the Financial Sector Award at Brand of the Year 2019 Korea, hosted by the Korea Marketing Association. The “Standard of Cards” series stood out above the rest because it was widely recognized as the brand leader of the market through customer-centric and innovative branding activities

5

Woori Card and Woori Investment Bank Incorporated as Group Subsidiaries, Accelerating Completion of Holding Company Structure

In September 2019, Woori Financial Group brought in Woori Card and Woori Investment Bank, previously under Woori Bank, to the holding company. The transfer follows the initial plan of incorporating the largest-sized major affiliates (after Woori Bank) into holding company subsidiaries within the first year of establishing Woori Financial Group in order to quickly stabilize the group system and forge ahead with non-banking sector reinforcement without disruption. With this transfer, all domestic affiliates of the Woori Financial Group have been incorporated as holding company subsidiaries. Woori Card was incorporated as a 100 percent full-subsidiary of the holding company through an all-inclusive share swap. Meanwhile, taking into account that Woori Investment Bank is a stock-listed corporation, the entire 59.83 percent of its stake owned by Woori Bank was purchased in cash. As a result, Woori Financial Group boosted its capital adequacy ratio with new shares issued from the all-inclusive share swap. Woori Card and Woori Investment Bank are expected to raise their profitability by generating inter-subsidiary cooperation. Meanwhile, new shares issued through the all-inclusive share swap were initially owned by Woori Bank in the form of mutual ownership, but were later sold to Taiwan’s Fubon Financial Holding in September 2019 and then to domestic and overseas long-term investors in November 2019. By selling all the shares, Woori Bank relinquished itself from any issues regarding share overhang.



6

Woori Bank, a Digital Powerhouse, Wins Digital Management Grand Award at Management Grand Awards 2019

Woori Bank received the Digital Management Grand Award at the Management Grand Awards 2019 – the most prestigious management awards presented by the Korea Management Association Consulting (KMAC). The Management Grand Awards have been held since 1988 and honor companies that have gained great respect and credibility while presenting outstanding innovation-driven performance in the rapidly changing global business environment. Woori Bank implemented a “BiB (bank-in-bank)” system that enables the independent pursuit of business in digital finance. Independence and autonomy were guaranteed by providing full budgeting autonomy and authorization over manpower

and organizational operation. In August 2019, the customer-centric mobile banking system known as “WON Banking” was renewed, building a flagship digital marketing platform for Woori Financial Group. Moreover, based on multifaceted collaboration and partnerships with ICT companies and fintech firms including Samsung Electronics, Kakao and Bank Salad, Woori Bank continued to churn out joint products and services, while expanding the operation of its Fintech Lab in order to bolster the discovery of, as well as collaboration and partnership, with startups. Such exceptional performance in leading digital business management was recognized and honored by receiving the Grand Award.

7

Woori Financial Namsan Tower Opens Up the Era of Woori Financial Town

Woori Bank purchased Woori Financial Namsan Tower located in Sogong-ro in August, creating “Woori Financial Town” in the Hoehyeon-dong area in Jung-gu, Seoul where the head office is located. On November 1st, the head office of Woori Investment Bank in Seoul officially moved in, marking an important turning point towards becoming the No.1 comprehensive financial group in the nation. Woori Financial Group, after having been converted into a holding company in 2020, enhanced its business portfolio through successful non-banking M&As and is currently reviewing M&As with securities firms and insurers, which indicates a higher demand for office space at the headquarters. Woori Financial Namsan Tower is just across the street from the head office. With such exceptional accessibility, the location is considered optimal to concentrate the currently dispersed affiliates into one place to generate synergy and the fact

that it is facing the head office may also provide an additional added benefit for Woori Financial Group from a PR standpoint. Moreover, securing more office space can also help affiliates save on costs in office lease expenses. Woori Financial Namsan Tower consists of two basement floors and 22 floors aboveground. A massive remodeling project in 2014 secured the building and the name, “Woori Financial Namsan Tower” was chosen through a public competition held by Group employees. The Digital Financial Group and Woori Bank’s IT Group are presently in the process of moving in and with the Woori Investment Bank first to move, Group affiliates are relocating to the Tower one by one. This seems to be bolstering the synergetic effect and forming a basis for a stable collaborative system.

8

Woori Bank Becomes First Financial Company to Win Presidential Commendation Award at the 54th Invention Day

On May 27 2019, Woori Bank received commendations in the Group and Individual categories at the 54th Invention Day Ceremony at Coex, hosted by the Korea Intellectual Property Office (KIPO). The Invention Day Ceremony is a national event hosted by KIPO (Commissioner Park Won Joo) and organized by the Korea Invention Promotion Association (President Koo Ja Yeol), where the Order of Industrial Service Merit, Industrial Service Medal and Presidential Commendation Award are presented to honor those who have made significant contributions to the industrial development of Korea. Six hundred participants including Prime Minister Lee Nak Yeon, heads of invention and patent organizations, inventors and students all attended the ceremony. Woori Bank received the highest honor of “Presidential Commendation Award” in the Group Contribution to Invention category, for making investments in R&D for innovation in digital finance; raising international competitiveness through trademark branding in Korea and abroad; and producing quality intellectual property with its in-house experts. The award raised awareness for intellectual property among employees. Furthermore, by becoming the first financial entity to win this award, Woori bank also proved that intellectual property rights such as patents are not exclusive to manufacturers only. Winning this award is expected to invigorate intellectual property rights in the financial sector and lay a cornerstone for “digital finance,” in fitting in with the fourth industrial revolution.





9

CSR Fulfilled through Group-Wide Social Contribution Campaign, “Better Together Woori”, Marking the 120th Anniversary of Woori Bank and Inauguration of the Holding Company

Celebrating the 120th anniversary of the founding of Woori Bank and the launching of the holding company, Woori Financial Group deployed a Group-wide CSR campaign called, “Better Together Woori” to realize the social values of finance. Not only domestic branches, but 469 global networks in 26 nations, took part in this campaign that was carried out in two parts: once in the first half of the year (Jan. to Mar.) and once in the second half (Oct. to Nov.). Domestic branches voluntarily launched CSR activities tailored to community needs by supporting social welfare centers and the socially marginalized. Overseas networks engaged in volunteer activities that best catered to the characteristics of the host nations including support for Hangul School, the Paraplegic team, children with rare and incurable illness, and returned migrant workers. The campaigns served as a model example

of co-growth between the company and local communities. In particular, 14 different communication channels including interview videos, V-log videos and card news items were produced about global CSR activities and uploaded on the bank’s social channels (Facebook, Instagram, etc.). They received positive reviews, recording 250K hits and 24K likes. In addition, Woori Financial Group engages in a variety of CSR activities throughout the year, including the “Clean Air” support project for community children’s centers, blood drive campaigns, and Woori Box of Hope delivery on holidays. Woori Financial Group also endeavors to support natural disaster recovery by launching a support project for the recovery from the Gangwon Province forest fire, producing disaster relief kits ‘ex-ante’ and inaugurating the Woori Financial Group Volunteer Corps.

10

Woori FIS Succeeds in Building WGSS In-House

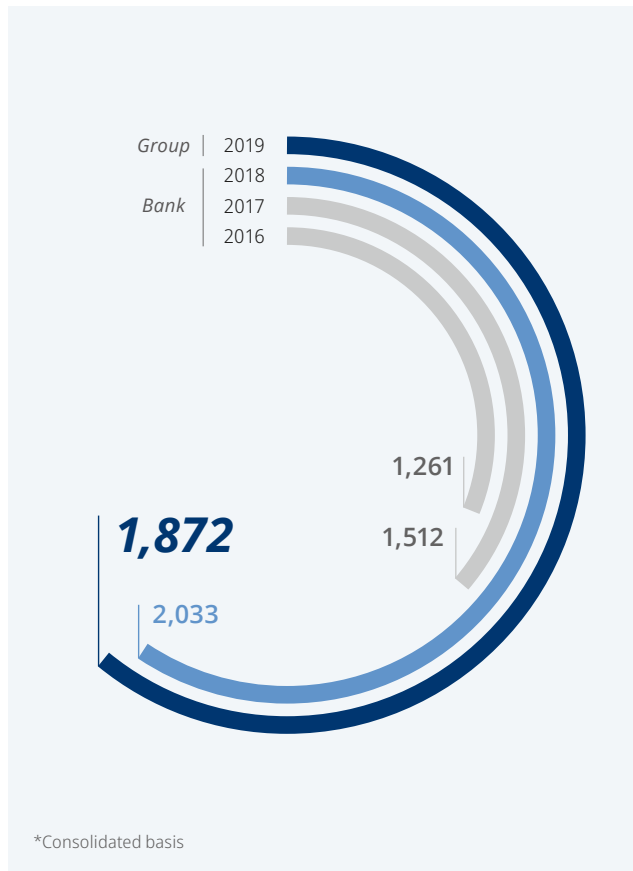
Woori FIS successfully completed the 15-month project from November 7th 2017 to February 6th 2019 of building the Woori Global Standard System (WGSS) for the overseas branches of Woori Bank (13 networks in 10 nations) and the subsidiaries in Europe and the Philippines. This project was geared towards expanding overseas networks, effectively pursuing local retail businesses and responding to compliance regulations by transitioning the banking systems (account system/information system/ local channels) of overseas branches and the information system of the parent bank from the previous WinFOS system to the new WGSS. In particular, this project was the very first large-scale project by Woori FIS that was developed in-house. The project is all the more meaningful in that Woori FIS took on the entire development process spanning design, analysis, deployment and application, unlike other projects that build new systems for overseas subsidiaries. Based on the capacity it built in operating the overseas branch system, Woori FIS contributed to the overall stable opening and operation of overseas branch systems that were high in quality, level of completion and consistency in post-development operations. Leveraging its success in expanding the new system for overseas branches of Woori Bank, Woori FIS plans to carry out the Group’s global strategy by taking active participation in the planned project to develop new systems for overseas subsidiaries. Furthermore, by utilizing its capacity to operate the best financial IT in Korea, Woori FIS is pushing ahead for the in-house development of the Group’s new IT system.



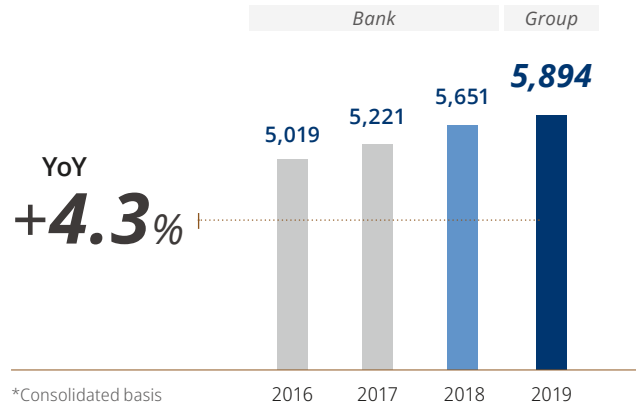
FINANCIAL HIGHLIGHTS

Net Income Attributable to Controlling Interests

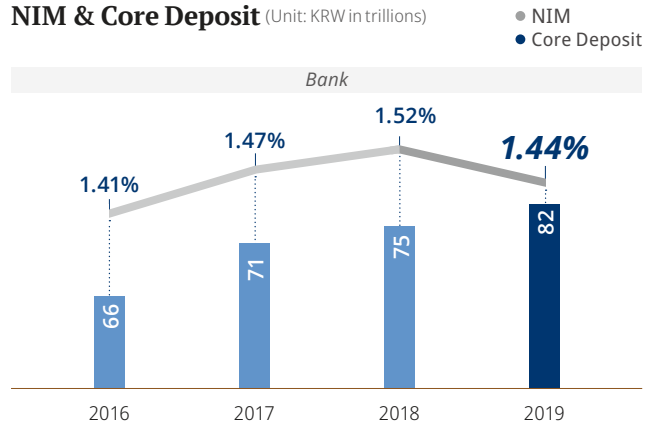
(Unit: KRW in billions)



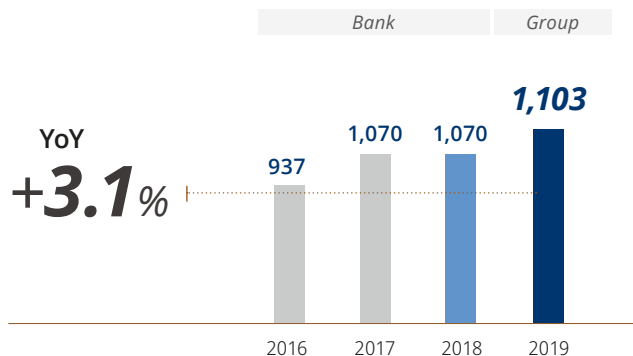
Interest Income (Unit: KRW in billions)



NIM & Core Deposit (Unit: KRW in trillions)

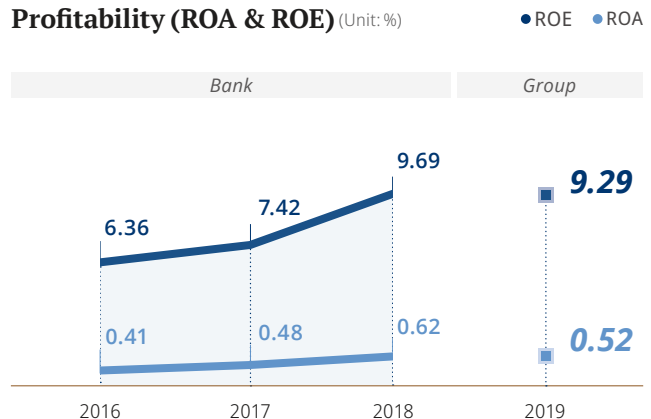


Fees and Commission (Unit: KRW in billions)



*Consolidated basis

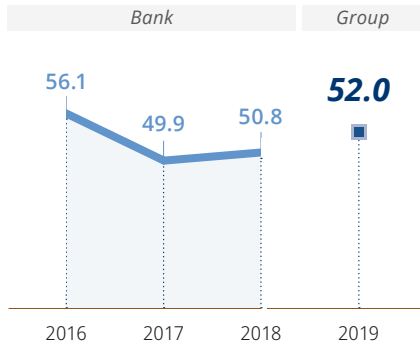
Profitability (ROA & ROE) (Unit: %)



*Consolidated basis

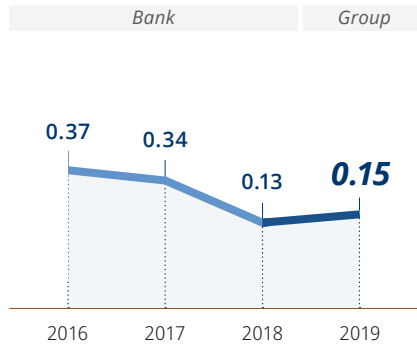
Financial Highlights

Cost-to-Income Ratio (Unit: %)



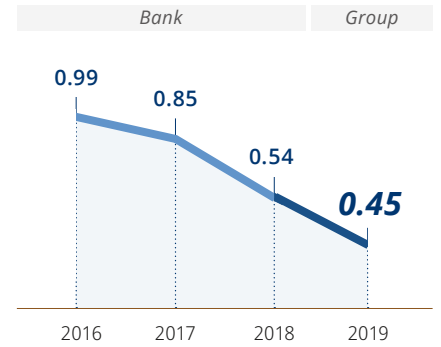
*Consolidated basis (Excluding ERP Expense)

Credit Cost Ratio (Unit: %)



*Consolidated basis

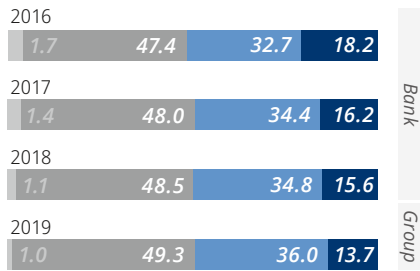
NPL Ratio (Unit: %)



*Consolidated basis

Loan Portfolio (Unit: %)

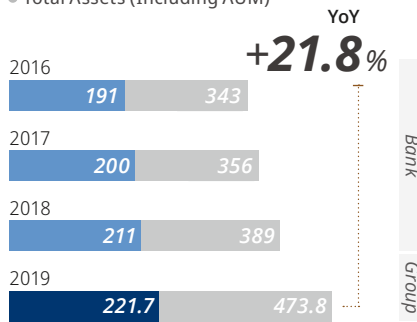
- Large Corp.
- SME
- Retail
- Public & Others



*FSS NPL reporting standards

Assets (Unit: KRW in trillions)

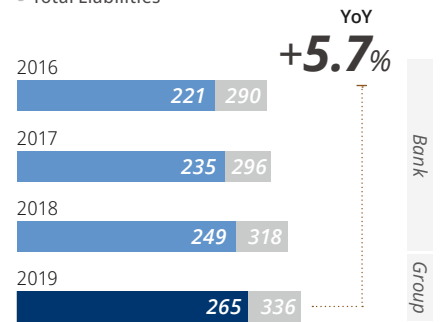
- Loans in Won
- Total Assets (Including AUM)



*Consolidated basis

Liabilities (Unit: KRW in trillions)

- Deposit
- Total Liabilities



*Consolidated basis

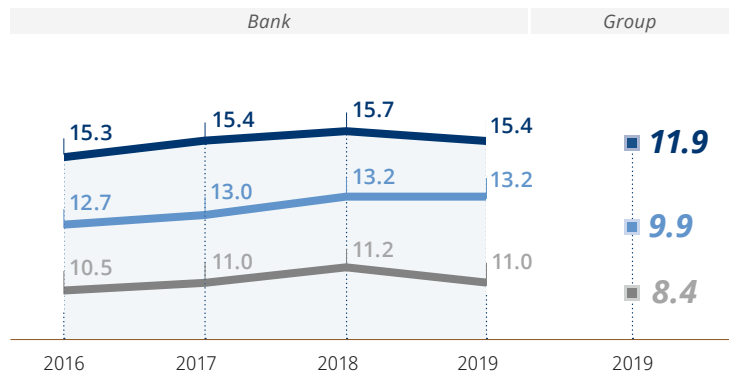
Dividend

	Bank	Group		
	2016	2017	2018	2019
Dividend per Share (KRW)	400	600	650	700
Dividend Yield (%)	3.0	3.7	4.0	5.8
Dividend Payout Ratio (%)	21.4	26.7	21.5	27

*2017 : including the interim dividend (KRW 100 per share)

Capital Adequacy (Unit: %)

- BIS Ratio
- Tier1 Ratio
- CET1 Ratio



*~ 2018 (Woori Bank) : IRB Method
2019~ (Woori Financial Group) : Standardized Method (Temporarily applied after FHC conversion / Awaiting approval for IRB approach)

GROUP VISION & STRATEGY

The controlling company, Woori Financial Group, is a holding company established in January 2019. Woori Financial Group oversees business management, which includes imposing business goals upon subsidiaries, approving business plans, determining matters concerning business performance evaluation and compensation, deciding on the corporate governance and checking on the status of work and property. Woori Financial Group also carries out subsequent funding, investment and financing support for subsidiaries.

Management Policy

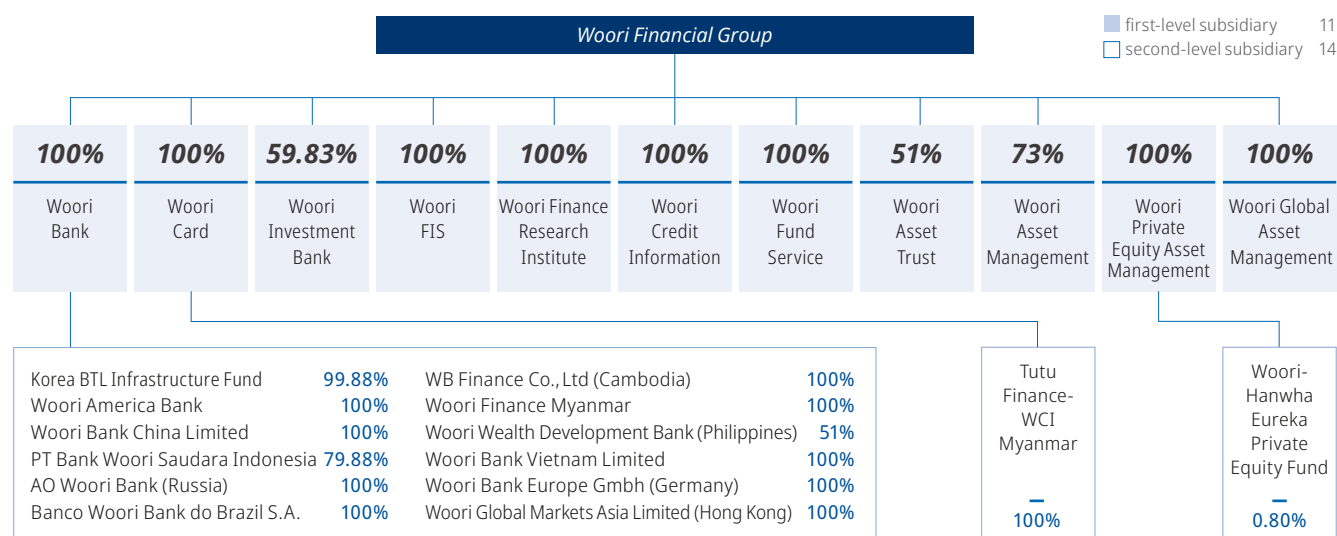
The management policy of Woori Financial Group is, "Customers First, Field Management." Woori Financial Group pledges to become a reliable companion that stands alongside customers at all times, by expanding customer-centric financial services and spreading a field-centric business culture. The vision of Woori Financial Group is "Korea's No.1 Financial Group, Leading Global Finance". It will make unwavering endeavors under the mid-to-long term goal of leapfrogging into a global leading group and becoming the No.1 comprehensive financial group in Korea.

Vision and Mission

The mission of Woori Financial Group is to become a "Reliable Financial Group Caring about Customers." It aims to become a financial company that leads the industry by growing and developing alongside its customers, society and members of the Group. To this end, Woori Financial Group has selected the core values of "customer happiness, pioneering for the future, honesty and trust and talent first." With the highest priority placed on customer happiness, it will pioneer into shaping the future and lead a healthy financial order, fulfilling the role as the finest employees in finance.

Management Plan and Strategy

The Group business goal for 2020 has been selected as, "Becoming the No.1 Financial Group through Customer Trust and Innovation." To achieve this goal, it selected seven management strategies as follows: a) Customer-Centric Business Innovation; b) Risk Management/Internal Controls Innovation; c) Sustainable Growth Engine Reinforcement; d) Business Portfolio Enhancement; e) Digital Innovation Leadership; f) Elevation of Global Business; and g) Woori Together Synergy Expansion.



History



First, “Customer-Centric Business Innovation.” Woori Financial Group will firmly establish a customer-centric business culture by improving performance evaluation to be conducive to grow with customers and stronger consumer protection. In addition, it will implement customer-oriented marketing by boosting customization to maximize customer value and involving a group of outside advisors when developing new products. Furthermore, to establish a culture of consumer protection, it will develop a pool of relevant experts and innovate its organizational culture, thereby solidifying the foundation for financial consumer protection.

Second, “Risk Management/Internal Controls Innovation.” Woori Financial Group expands the scope of risk management in every direction by bolstering a system of cross-checking risks when pursuing new business and reinforcing risk management of customer assets. Furthermore, it will revamp its internal control system by innovating relevant processes and systems.

Third, “Sustainable Growth Engine Reinforcement.” In order to gain a competitive edge in newly growing businesses including CIB, pension and asset management, it will bolster synergies among Group affiliates and enhance the competitiveness of its products and services. Woori Financial Group also optimizes its resources for business management by considering profitability when pursuing business and intensifying management of costs, with an aim to intensify efficiency-driven business management.

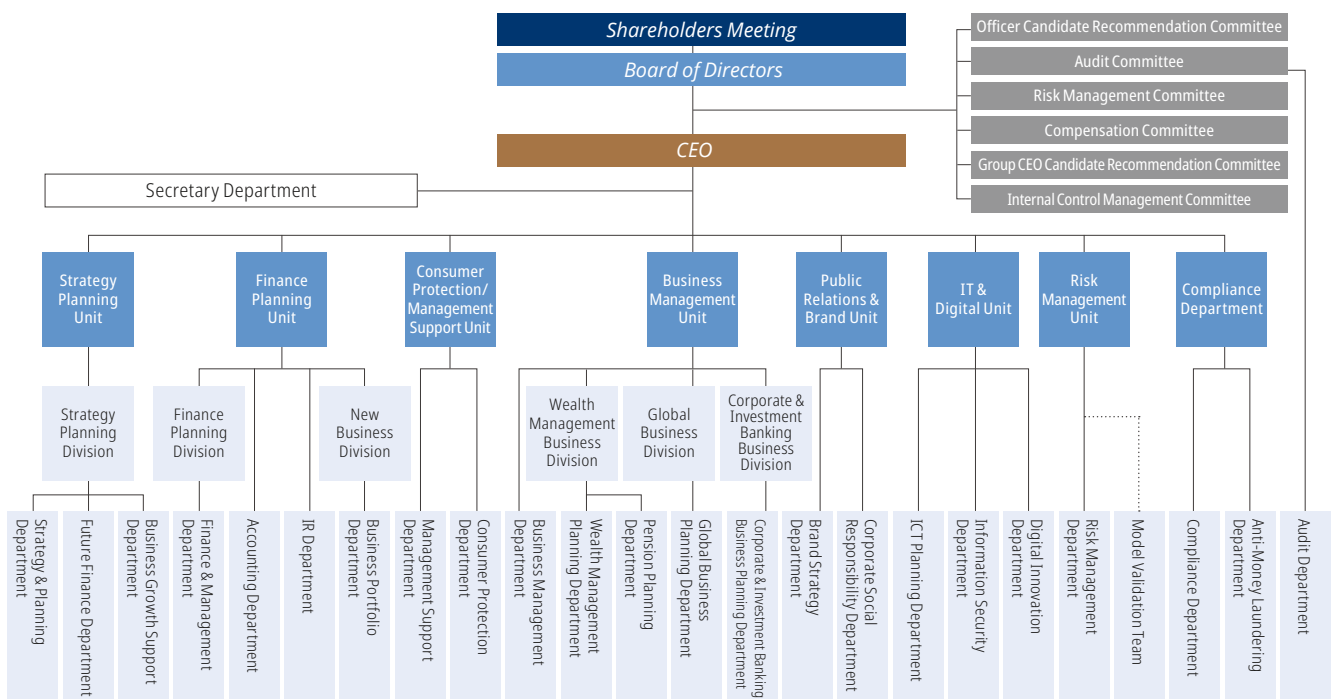
Fourth, “Business Portfolio Enhancement.” Woori Financial Group will expand its business scope in core growth areas that include consumer finance and capital market. It will also broaden product groups and operational competencies in the asset management business in order to make new subsidiaries more competitive. In addition, it will utilize the real estate trust business to build a Group-wide system of collaboration in real estate finance.

Fifth, “Digital Innovation Leadership.” Woori Financial Group will advance digital competitiveness by developing platforms in each business area such as non face-to-face channels and real estate finance, bolstering data utilization competencies and nurturing digital talents.

Sixth, “Elevation of Global Business.” Woori Financial Group will widen global business scope by expanding channels mainly in regions with promising growth prospective and pushing forward joint entry into overseas markets by Group affiliates.

Lastly, “Woori Together Synergy Expansion.” In order to expand synergetic collaboration among different business areas, Woori Financial Group will systematically discover tasks and develop them into businesses in each core area. It will also broaden the achievements of synergetic businesses currently underway and continue to discover new businesses.

In 2020, the entire Woori Financial Group will come together in making utmost efforts to achieve the business goal of becoming the No. 1 comprehensive financial group through customer trust and innovation.



SYNERGY CREATION

In January 2019, Woori Financial Group was established and new subsidiaries were subsequently incorporated under its jurisdiction, which expanded the base for Group synergy. Collaboration among subsidiaries and creation of synergetic businesses are flourishing in business units, under the goal of boosting the competencies of the comprehensive financial group. The holding company and all 11 subsidiaries participate in the Synergy Council, which plans for new business and pursues co-marketing to maximize synergy among Group subsidiaries and generate revenue, while simultaneously, seeking to save costs.

2019 Performance

Woori Financial Group implemented a Main Business Unit scheme at the Group level, that integrates and systematically manages the four major growth engine businesses of WM, global, CIB and digital sectors that previously operated at each Group affiliate level.

The WM Main Business Unit concentrates the competencies of the asset management sector, bolstering competitiveness at the Group level and performing the role of a control tower. The Global Main Business Unit plans to carry out joint entry into overseas markets through the help of Group affiliates and with the wider collaboration among them. The CIB Main Business Unit will firmly establish the existing CIB collaboration system between Woori Bank and Woori Investment Bank as well as oversee the CIB business at the Group level. The Digital Main Business Unit boosts the digital competency of the Group and focuses on raising non-face-to-face channel competitiveness. This Unit will operate the Dino Lab under the Digital Innovation Department which is a program to support fintech, reinvigorating the nurturing of fintech companies from the Group's point of view.

Meanwhile, the Pension Planning Department has been newly established to provide an impetus to the retirement pension business and preemptively respond to the paradigm shift directed toward a greater yield for customers. The Main Business Unit scheme will be solidified in advance by preparing for the incorporation of securities and insurance segments of the Group, which is planned for expansion, into the retirement pension business. Furthermore, in order to bolster internal controls and the risk management systems of Group affiliates and to ensure consistency in policy implementation through anti-money laundering (AML) surveillance, the AML Team was established under the Compliance Support Department.

In early 2019, Woori Financial Group newly established the Synergy Team under the Strategy Planning Department of the Strategy Planning Division under the Management Planning Main Business Unit. The Synergy Team is the matrix facilitator that will be involved in goal setting, planning and evaluation under the seven Main Business Unit schemes that was newly created, along with the inauguration of the holding company. The Synergy Team will hold ground and establish strategies as it directs the synergy of all employees within the Group.

This organizational restructuring is not only expected to bolster responsible business management and efficient decision-making to create synergy among Group affiliates, but also to establish a collaborative system among Group affiliates in preparation for business portfolio expansion. Based on organic cooperation among group affiliates, new business opportunities will be discovered and systematic, comprehensive financial services will be provided to maximize its competencies in serving customers.



2020 Plans

The holding company started in 2019, and this is when operational systems for Group alliances were created and synergetic competencies among subsidiaries were bolstered. Eleven subsidiaries discovered and promoted a total of 28 allied businesses, for which they engaged in cross-selling and joint sales efforts that led to both financial and non-financial achievements.

In 2020, Woori Financial Group will enter the second stage of the Group synergy roadmap to pursue "Full-Fledged Synergies (Greater Revenue)." Synergy tasks will be systematically managed by: the "Group Synergy Council," which is a meeting of executives; the "Synergy Working Level Council," a meeting of working level department heads; and unit meetings, a working level meeting convened when deemed necessary. The "Group Synergy Work Corner" and "Competition of Ideas on Group Synergy" will be prepared to raise the level of interest among employees in creating alliances and to discover new businesses.

By operating abovementioned Group synergy systems, it will promote the following core projects to make the leap forward in becoming the No.1 financial group in Korea.

First, the three main high-level units of Woori Financial Group (asset management, global, CIB) that centers around main subsidiaries – Woori Bank, Woori Card and Woori Investment Bank – will be the centerpiece in maximizing performance with strategies to create synergy and implementation of its businesses. It will also bring its joint businesses to the next level by facilitating communications among subsidiaries and coordinating their interests.

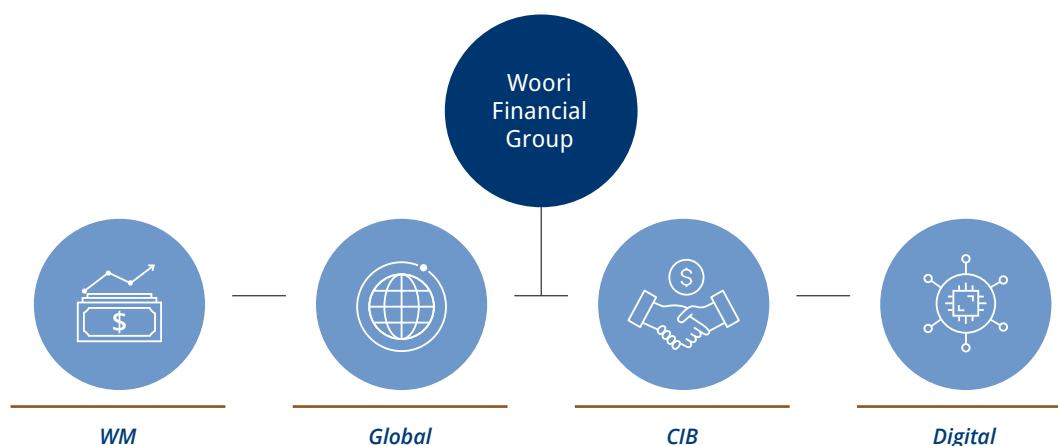
Second, Woori Financial Group will bolster non-banking competitiveness by managing the performance and supporting the growth of newly acquired asset management companies. It will discover and promote joint businesses and marketing collaborations between Woori Asset Management/Woori Global Asset Management and existing subsidiaries. In particular, it will enhance the alliances created by new subsidiaries through efforts such as sales collaboration with Woori Bank.

Third, Woori Financial Group will raise the level of interest and participation of its employees in creating synergy, in order to construct a continuum of joint effort among the three main high-level units and sales organizations. Business tasks derived from the three main units will be segmented into each sales organization to be brought front and center, while promising tasks discovered at sales organizations that require Group endeavors will be transferred up to the three main units to be rolled out Group-wide. This, in turn, will foster the creation of more continuous synergy.

Lastly, upon expanding its organization by incorporating new subsidiaries through M&As with securities firms, insurers and savings banks, Woori Financial Group will serve as a pivotal player in bolstering collaboration and widening its market share in both the banking and non-banking sectors.

4 GROWTH ENGINE BUSINESS

Woori Financial Group Inc. established the Main Business Unit structure in order to systematically manage the four growth engine businesses at the Group level. It will uncover new business opportunities and provide systematic and comprehensive financial services.



DIGITAL INNOVATION

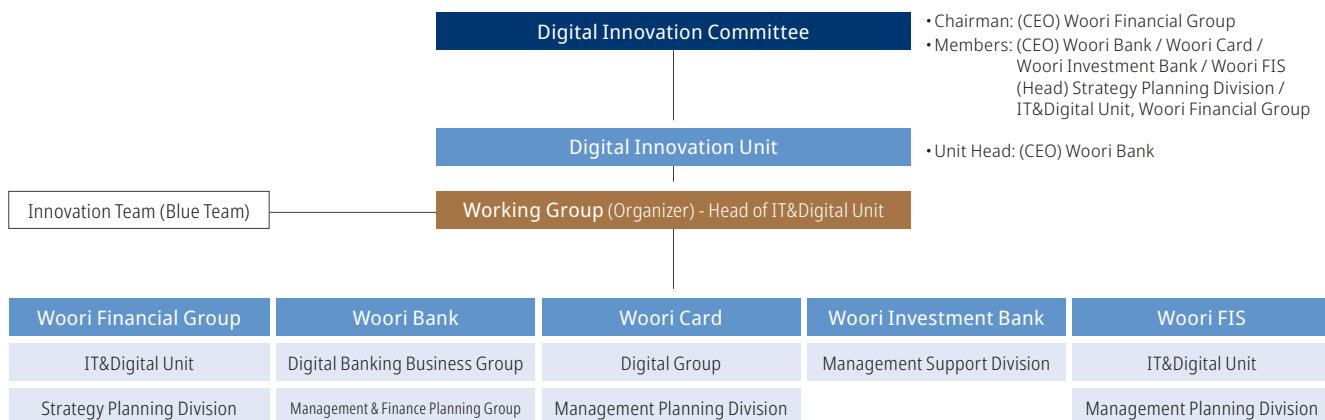
In the modern world, digital competencies have become a compelling core element of competitiveness amid the wider adoption of government policies in support of financial innovation and rapid changes in the financing environment driven by fintech/big tech companies. Woori Financial Group is preemptively responding to changes in the financial environment by developing innovative products and services through openness and collaboration with outside parties and by bolstering revenue-making competencies through solidified competitiveness in the main business of finance. To this end, it will adopt agile processes based on swift decision-making and feedback and expand the budget, workforce and organization necessary to pursue digital business, thereby solidifying status as a leading digital financial company.

2019 Performance

In 2019, Woori Financial Group continued to promote the rebalancing of its portfolio efforts that it had worked on in 2018, in order to respond to the economic slowdown. With the global slowdown hampering economic recovery in Korea, Woori Financial Group reorganized its assets with a focus on promising sectors. Second, It worked on institutional improvements to upgrade its risk management system. With stronger regulations in place, it built new systems on par with global standards, while upgrading existing systems to bolster risk management. In addition, it enhanced contingency plan and nation-by-nation risk management scheme, reinforcing the Bank's crisis management capacity. Third, it overhauled credit evaluation models to fine-tune credit risk management and acquired approval from the Financial Supervisory Service (FSS). The credit evaluation models are kept current and renewed regularly every five years.

Part 1. Customer-Centric Digital Channel Renewal

In August 2019, Woori Bank revamped its previous "One Touch Retail App" for mobile banking to "Woori WON Banking", the new name indicating that Woori Bank (W) will turn on (ON) a new age of mobile finance. Woori Financial Group plans to integrate and manage all mobile brands throughout the Group under the brand identity of "WON." Woori WON Banking was developed after four months of customer interviews and ex-ante usability tests, in order to clearly grasp consumer market demands. The results thereof were applied to the UX/UI of WON Banking, in line with its three core concepts of "Clear", "Fit" and "Lead" to provide customers with: a simple screen layout and an easy-to-use menu (Clear); customized notifications and simple transaction linkages (Fit); and new financial products recommended by the Bank for each customer (Lead). In step with increasing roles played by non-face-to-face financial channels, Woori Bank will equip WON Banking with greater user convenience and personalization, so as to develop it as a leading marketing platform of Woori Financial Group.



Part 2. Reinforcing Digital Marketing and Expanding External Collaboration

In 2019, Woori Bank promoted differentiated digital marketing and multi-dimensional collaborations with outside parties, under the goal of bolstering its development and marketing competencies based on open finance. Woori Bank is reinforcing digital direct marketing by working with outside platform companies and payment service providers at home and abroad that have a wide customer base, in response to declining branch traffic. It is also seeking to co-develop affiliated products and services with tech giants and major fintech companies, including Samsung Pay and Bank Salad.

In addition, Woori Bank promoted the development/advancement of open banking services in response to the introduction of open banking services by the Korea Financial Telecommunications & Clearings Institute in December 2019. Preparing for a full opening of its face-to-face channels, it also bolstered marketing to revitalize open banking by developing specialized products and services.

Furthermore, Woori Bank opened Dinno Lab in April 2019 – a test bed center that provides fintech companies with a development environment and tech coaching services free-of-charge and intensive support for technological development. In June, Woori Bank built an open API platform, thereby creating a collaborative environment to work with outside fintech companies and laying the foundation to develop digital business models with promising companies.

Part 3. Supporting Business with New Digital Technologies and Reinforcing Customer Experience

In June 2019, Woori Bank introduced RPA (Robotic Process Automation), seeking to improve administrative work within the Bank and boost productivity by revamping the way it works while reducing human error and supporting business activities. A total of 32 RPA tasks were selected in 2019 and are currently under development. In 2020, Woori Bank plans to add more automation tasks, while pressing ahead with quality enhancement by internalizing sophisticated technologies. In addition, Woori Bank adopted an e-document system throughout its branches, which remarkably cut down customer wait times and expedited the work handled by employees. Woori Bank also pursued further digital business innovations such as refined marketing endeavors that use models to recommend customized products and innovations that revitalize customer transactions, that were developed from boosted competencies in Big Data analysis.

2020 Plans

In 2020, customer-centric changes in the financial environment are expected to intensify as government policies for financial innovation such as revitalization of open banking and the amendment of the three parts of data-related legislations become more tangible. In addition, subsequent innovative services launched by fintech companies and tech giants are expected to fuel ever-fiercer competition among financial groups as well as between financial groups and fintech/big tech companies. Woori Bank plans to implement major digital projects under the goals of: a) reinforcing digitally-driven competitiveness in the main line of business finance, by boosting total revenue through non-face-to-face deposits and loans and by expanding non-interest income; and b) scaling out digitalization throughout all sectors of finance. In particular, Woori Bank will expand its digital business coverage by taking such action as promoting the digitalization in the inherent areas of finance that fintech/large tech companies cannot easily replicate, such as corporate finance and asset management.

In addition, it will boost digital marketing by raising non-face-to-face accessibility to financial products for customers, developing loan and deposit products exclusively available on non-face-to-face channels and revitalizing F/X and fund sales. Woori Bank will also upgrade mobile banking app services and advance its UX/UI 24/7.

Furthermore, Woori Bank will apply AI technologies to main financing businesses including sales/marketing, risk management, customer services and infrastructure, in order to build a genuine AI-powered bank system. To this end, Woori Bank plans to develop services available to customers, branches and head offices alike, based on AI-driven financial market outlooks. Woori Bank will also introduce Reg Tech to customer protection and internal control, which are its strong points. In addition, it will utilize real-time voice recognition to develop intelligent chat-bot services that provide consulting for customers and adopt a service platform based on AI and Big Data by introducing the first in-house comprehensive cloud among Korean banks.

In an environment where financial digitalization has been acutely accelerated by COVID-19, Woori Financial Group has driven forward the “digital first” strategy by fully realigning its Group vision and business management slogans, while newly establishing a control center dedicated to digital strategies. In fact, the vision, “Digital for Better Life”, was just recently declared as the Group’s digital goal going forward and it has established the “Digital Innovation Committee”, led together by Chairman Son, Tae Seung and Woori Bank CEO Kwon, Kwang Seok, to oversee operations.

GLOBAL BUSINESS

In 2019, Woori Bank achieved internally robust growth by expanding networks mainly in Southeast Asia – a region of high growth potential and profitability – and by devising locally-customized business strategies and building differentiated non-face-to-face channels. Woori Bank bolstered local retail business infrastructure to 451 – the largest among Korean banks – by scaling out business channels where growth is promising: namely, Vietnam, Cambodia, Myanmar, Indonesia, etc. In addition to building a global network, Woori Bank also continued to pursue the qualitative growth of its asset portfolio with a focus on reliably profitable assets. As a result, Woori

Bank realized a net income of USD 192 million, up 9.3 percent YoY. Woori Bank also boosted global digital competencies by expanding locally-customized digital financial services and tablet branches in strategic retail branches in regions including Bangladesh, China and Vietnam, through collaboration with other industrial sectors such as retail fintech. In step with the global trend of reinforcing compliance, Woori Bank bolstered internal control system such as AML and its specialized workforce, building a solid business system for the sustainable growth of global business.

2019 in Review

Net Profit

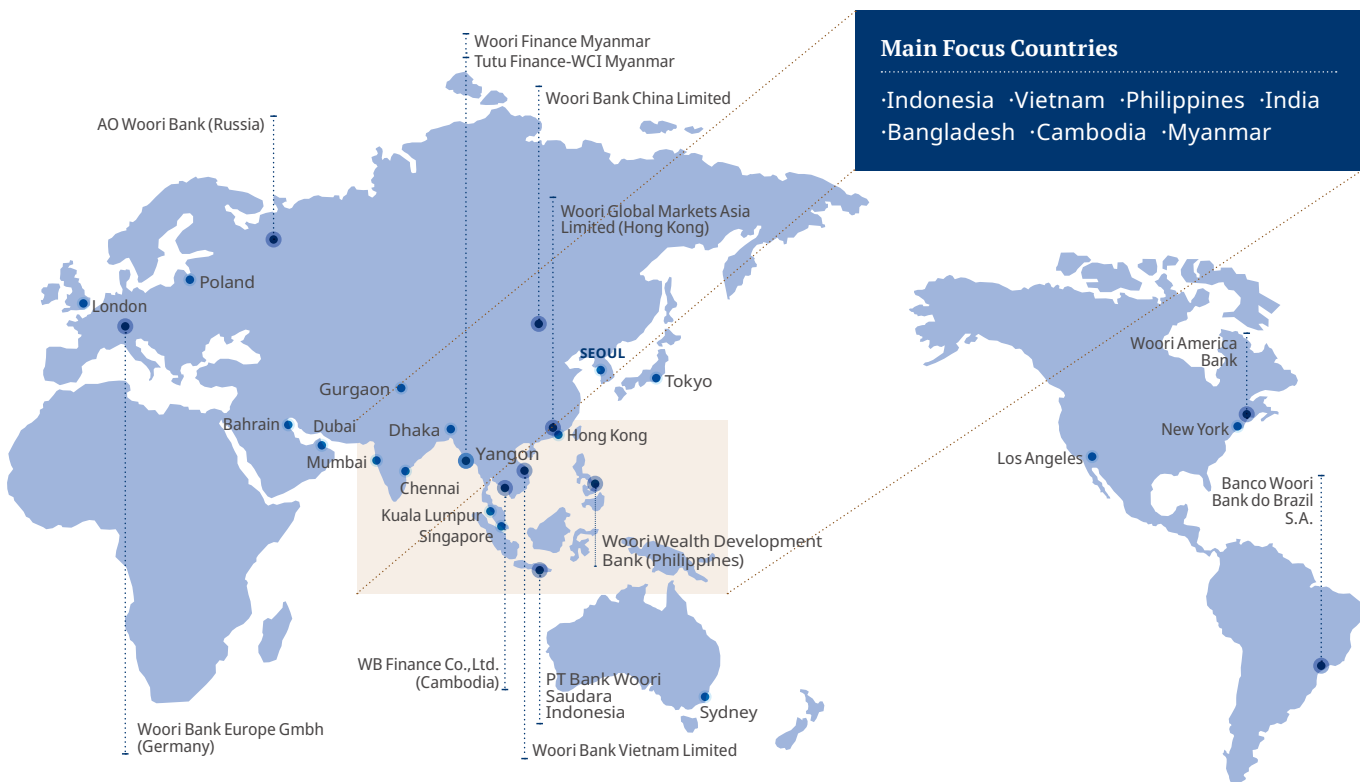
KRW 224 million
(up 15.8% y-o-y)

NPL Ratio

0.54%

Liquidity Ratio

116.1%
(up 5.6% y-o-y)



Group Global Network

476 total networks

(As of March 31, 2020)

12

Overseas subsidiaries

14

Overseas branches

8

Overseas subbranches

5

Representative offices

2019 Performance

Expanding the Global Network

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 then, its interest in international markets has remained active. In 2014, Woori Bank became the 1st Korean bank to acquire a bank listed overseas (in Indonesia), subsequently launching Woori Saudara Bank. In 2016, Woori Bank acquired a local savings bank in the Philippines, and Woori Bank is in the process of expanding synergy by collaborating with its partner, the Vicsal Group. In June 2018, Woori Bank acquired WB Finance, a savings bank in Cambodia, expanding business coverage throughout Cambodia. It also launched Woori Bank Europe in Germany in November 2018, paving the way for entry into the European market. In 2019, Woori Bank opened five branches in Vietnam including Ha Nam, Da Nang and Vinh Phuc, accelerating localized business. It also continued to seek organic growth in Bangladesh and Myanmar. Through these efforts, Woori Bank built a global network of 451 branches, the largest among Korean banks. In June, it acquired the approval for merging two local subsidiaries in Cambodia – Woori Cambodia Finance and WB Finance – thereby laying a springboard to become a local financial leader. These initiatives demonstrate its overall achievement in the qualitative growth of global network.

Securing the Drive for Sustainable Growth of the Global Business

To secure the drive for the sustainable growth of global business, Woori Bank pursued internally robust growth with a focus on high-yield core assets. To this end, it reinforced business competencies with a two-track strategy based on different economic and financial environments where it has presence: localization in emerging markets and CIB business-driven approaches in developed markets. In emerging markets, local subsidiaries reinforced market dominance through proactive localization strategies such as introducing special product line-ups for local retail customers. In advanced economies, Woori Bank focused on reinforcing competitiveness in corporate finance such as IB and FX businesses.

Boosting the Global Digital Business Infrastructure

To respond to changes in the global financial environment and to lead the trend, Woori Bank is continuing to bolster competitiveness in non-face-to-face business channels. It revitalized the ODS business by expanding tablet branches in Indonesia. Woori Bank also enhanced customer convenience by adding payment services such as QR Pay via mobile banking in Vietnam and Cambodia. Furthermore, alliances with other industrial sectors such as local fintech thrived, expanding its local retail business based on non-face-to-face channels that offer exclusive products: Woori Bank aligned with Financial OneConnect in China to offer online auto loans; and for Grab drivers in Cambodia, Woori Bank offered exclusive automobile/motorbike purchasing loans.

Building a Relationship with Global Banks

Woori Bank is leading the way in providing financial support for Korean companies with an overseas presence and with local blue chip companies by securing stable credit lines through cooperation with globally-renowned banks. Woori Bank is also contributing to the revitalization of export-import transactions among global companies by engaging in various means of trade finance including foreign bills purchase, L/C transactions such as banker's usance and payment guarantees.

Intensifying Compliance and Internal Controls

In line with the stricter compliance requirements of financial authorities around the world, Woori Bank upgraded AML/sanctions filtering system and realigned its work manual after collaborating with a consulting firm to diagnose current compliance status at its domestic and overseas branches. Woori Bank also boosted competencies in global compliance by holding weekly 'Global Compliance Working-Level Committee' meetings which invited relevant departments from the head office to share ideas on improvement suggestions and review support provided by the head office. Woori Bank is also striving to bolster expertise by training compliance personnel with both in-house programs and those that are outsourced to specialized external institutions.

2020 Plans

In 2020, the Global Business Group plans to carry out balanced and stable growth through customer-centric marketing and business innovation. Woori Bank will build a growth model based on partnerships with customers through specialized business, targeting core customers at each branch. Woori Bank will also reinforce localized business by developing a variety of customer-tailored products and services. In the Southeast Asian regions of promising growth potential, Woori Bank will seek internally robust quantitative and qualitative growth of global network through organic growth and strategies to secure core retail hubs by integrating or relocating existing branches. In Cambodia, Woori Bank will maximize synergy by completing the merger of its two subsidiaries and fully launching the integrated business. Woori Bank will elevate digital platform by completing the global mobile banking renewal project in H1, currently underway to reinforce global digital competencies. Based on this project, Woori Bank will hasten digital transformation by expanding business in mobile-only credit loans and deposit products, non-face-to-face international money transfer and payment services. Going forward, Woori Bank will respond to global economic uncertainties with systematic risk management and build an internal control system that meets global standards by meticulously managing work processes, thereby becoming a leading bank in Asia.

RISK MANAGEMENT

The US-China trade conflict that began in 2018 has slowed global economic growth and has caused a significant impact on the Korean economy whose trade is heavily reliant on the two nations. As a result, a trend of low growth in the 2 percent range per annum continues in Korea. In addition, sluggish domestic demand has put sole proprietors in peril and has pushed up loans. Outstanding household loans set a new record each year. If this situation continues, uncollectable debt will surge, which will undermine the asset soundness of banks, pushing up bad debt expenses and bringing down capital adequacy ratios. Woori Financial Group is at the crossroads of a pivotal moment when risk management takes on more importance than ever before. Woori Bank is aware that risk management must take priority and is bolstering its system in a continuous endeavor to become a steadfast and sustainable financial enterprise, a bulwark against external shock.

2019 Performance

In 2019, Woori Financial Group continued to promote the rebalancing of its portfolio efforts that it had worked on in 2018, in order to respond to the economic slowdown. With the global slowdown hampering economic recovery in Korea, it reorganized assets with a focus on promising sectors.

Second, Woori Financial Group worked on institutional improvements to upgrade risk management system. With stronger regulations in place, Woori Financial Group built new systems on par with global standards, while upgrading existing systems to bolster risk management. In addition, Woori Financial Group enhanced contingency plan and nation-by-nation risk management scheme, reinforcing the Bank's crisis management capacity.

Third, Woori Financial Group overhauled credit evaluation models to fine-tune credit risk management and acquired approval from the Financial Supervisory Service (FSS). The credit evaluation models are kept current and renewed regularly every five years.

Portfolio Rebalancing

Woori Bank has rebalanced its portfolio as part of the strategy to minimize impact from the economic downturn since 2018. With Korea's exports in decline, corporate financial soundness is expected to only get worse. As such, Woori Bank applied varied exposure thresholds by predicting growth rates in accordance with the industrial outlook, in order to induce its assets to grow in promising sectors. For assets in sectors that are growing too quickly such as in real estate leasing, Woori Bank took restrictive measures to pace that growth. As a result, asset soundness improved to an NPL ratio of 0.4 percent by the end of 2019.

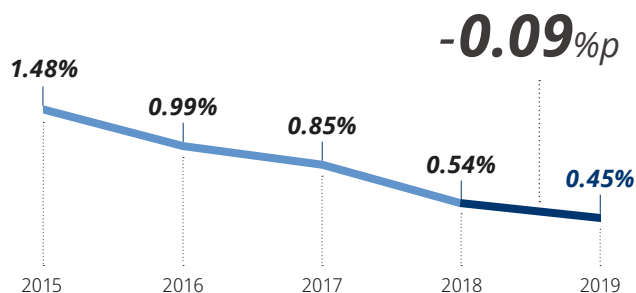
Improving the Risk Management System and Institutions

Supervisory authorities at home and abroad implement a wide range of regulations in regard to risk management, affecting a number of systems. Whenever regulations are revised, systems need to be upgraded accordingly. In 2019, Woori Bank enhanced its ALM system in line with IRRBB (interest rate risk in the banking book) and built a derivatives evaluation and verification process in step with stronger regulations on derivatives. Woori Bank also developed a CSA (credit support annex) collateral management system.

In addition, Woori Bank bolstered risk management by developing and implementing risk management systems or building upon the existing ones including the IB yield analysis system, the corporate early-warning system and the BIS ratio calculation system.

Meanwhile, Big Eye, the first Big Data-based corporate client analysis system developed by a bank in Korea, is utilizing a wider range of data and is expanding its coverage in doing so. Woori Bank is also developing a corporate bad debt detection system that will issue warning signals after analyzing the bad debt patterns of companies.

NPL Ratio (Group)



On the institutional front, Woori Bank overhauled contingency plan to prevent any crisis in the financial market from permeating the Bank. Woori Bank resets monitoring indicators and triggers to better perceive signs of crises, while inspecting and complementing action plan by level of risk, enabling to respond effectively. In addition, Woori Bank aligned risk levels with those applied to the contingency plan of the holding company, ensuring consistency with the crisis management systems of the holding company and the Bank.

Lastly, Woori Bank improved nation-by-nation risk management scheme. Previously, Banks had only imposed credit ceilings on a national basis. However, in consideration of the risk that a national crisis could potentially have on nearby regions, Woori Bank recently established credit thresholds at the regional level.

Enhancing the Credit Evaluation Model

Woori Bank operates two credit evaluation models: one for corporate borrowers and another for retail borrowers. The credit evaluation models calculate the expected default rate of the borrower and evaluate their credit ratings. In 2019, Woori Bank enhanced both the retail and corporate models by incorporating the latest data and obtained the FSS approval.

The revamped corporate credit evaluation model reflected the characteristics of SOHO loans that have recently been growing in Woori Bank's portfolio with a lower default rate compared to corporate clients. The new model also refined credit evaluation by adding sharply defined financial indicators. The retail credit evaluation model enhanced precision by segmenting its system of pools, or groups that display similar risk characteristics. Woori Bank also newly developed a model dedicated to micro-financing and another to non-face-to-face channels, in response to the growing loans extended to borrowers with mid-to-low credit ratings.

These improvements to credit evaluation models enabled Woori Bank to measure the credit risk of borrowers more meticulously. By imposing adequate credit ratings and preventing bad debt, the new models are expected to contribute to greater asset soundness.

2020 Plans

Woori Bank's two major projects of 2020.

First project is regarding emerging risk management.

Emerging risk refers to an upsurge in a risk that accompanies the dramatic growth of an asset. For example, as Woori Bank expanded global businesses in a bid to secure new income sources, its global assets and IB Business Group assets grew significantly. In addition, the increasing demand for hedging against fluctuations in interest rates and f/x rates has increased derivative transactions, while the growth of non-face-to-face transactions have accelerated the rise in digital and/or remote loans. Such fast-growing assets entail fast-growing risks that require intensive management.

In order to reinforce the management of emerging risks, Woori Bank will widen its scope of monitored assets at overseas branches and in the IB Business Group. Woori Bank will conduct inspections on a regular basis and report findings to the management. Thresholds on transactions in derivatives will be managed more intensively and management system of derivatives transaction counterparties will be enhanced. For non-face-to-face loans, Woori Bank will analyze the inherent risks of borrowers and flexibly operate lending approval strategies.

Next, bolstering credit risk management.

With the slowing global economy dampening exports, corporate performance is projected to decline. Global credit rating companies are presenting negative outlooks for Korean companies and with no sign of an economic recovery, Korean companies may be downgraded en masse. Furthermore, household loans also need to be managed due to the high delinquency rate of borrowers with mid-to-low credit ratings.

Intensive management of the high-risk group is needed to prepare against surging risks involving corporate and household loans. As such, Woori Bank will check on borrowers that are on the performing/non-performing borderline. Woori Bank will also review the criteria for handling loan products, and also devise a separate set of management measures for high-risk borrowers and high delinquency rate products, in order to minimize their impact on soundness. Furthermore, Woori Bank will act preemptively to prevent bad debt by conducting pinpoint loan reviews on sectors or regions showing a growth in risk.

SOCIAL RESPONSIBILITY

Woori Financial Group's Social Contribution

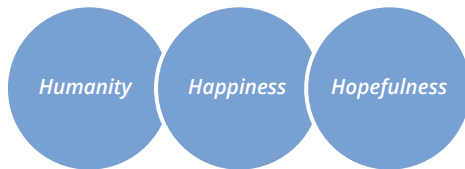
Strategies & Characteristics

Woori Financial Group engages local communities in social contribution activities to realize the value of the vision, "Benefit from Finance, Warmth from Sharing." Love for People, Pursuit of Happiness and Fulfillment of Hope are the three core values it aims to achieve under the slogan, "Better Together." Specific activities include fostering the future generation, supporting the underprivileged, spreading the spirit of philanthropy and protecting the environment. Woori Financial Group will continue to carry out social contribution activities that society truly needs, thereby generating social value.

Vision

Benefit from Finance, Warmth from Sharing

Core Value



Characteristics

CSR strategies aligned with SDGs, aimed to manage business sustainably and create social value

CSR strategies with five key words to be "Better Together"

- 1** **Inclusive finance**
Facilitating continuous, inclusive and sustainable economic growth, creating jobs
- 2** **Fostering the future generation**
Guaranteeing inclusive, equitable and decent education, promoting lifelong learning opportunities
- 3** **Supporting the underprivileged**
Reducing inequality between and within nations, contributing to social integration

- 4** **Spreading the mecenat spirit of philanthropy**
Spreading cultural value by sponsoring Korean arts, culture and sports

- 5** **Protecting the environment:**
Responding to climate change, protecting and restoring a sustainable ecosystem

Inclusive Finance



Support for microfinance

Woori Bank provides wide-ranging support for microfinance, in order to continue realizing the social value of finance by lifting the burden of financial costs for ordinary citizens and to grow alongside them. With its notable microcredit product, "New Hope Spore Loan," Woori Bank handled KRW 615.6 billion at the end of 2019. Also, non-face-to-face channels have been opened since April 2019, providing active support to the financially marginalized who find it difficult to visit branches. In addition, in September 2019, Woori Bank launched "Sunshine Loan 17" as part of the government policies to support microfinancing. "Sunshine Loan 17" is extended to borrowers who earn an income but are held back by their low credit rating from accessing first-tier financial services. Previously, these borrowers could only resort to going to second-tier financial institutions or loan sharks, but "Sunshine Loan 17" allows them entry into first-tier financial services. As of the end of 2019, KRW 24.1 billion of "Sunshine Loan 17" was extended to around 3,060 financially vulnerable borrowers. Meanwhile, Woori Bank selected branches that demonstrate a high demand for microcredit as "Woori Hope Finance Plaza" and presented asset management and debt restructuring services to ordinary citizens.

Furthermore, Woori Bank contributed KRW 1.257 billion in 2019 to the Korea Inclusive Finance Agency, in support of the microfinancing product, "Sunshine Loans for University Students and Young People." This contribution is used to provide guarantee when refinancing the loans extended to youths and university students to lower interest rates.

Support for SMEs and SOHOs

Woori Bank became the first financial institution to initiate consulting services for SMEs (SOHOs) in 2001. Today, experts including certified accountants and tax accountants at the Bank provide SMEs and SOHOs customized consulting services across-the-board, from business management and finance to tax issues. In 2019, with an aim to intensify support for start-ups by small merchants, Woori Bank established Woori Support Centers for Small Merchants in Seoul/Gyeonggi (Jongro, Myeong-dong, Eunpyeong, Pangyo) and provincial areas (Busan), where consulting programs are run for promising start-ups.

Woori New Hope Spore Loan

(Unit : KRW in trillions)



3.33

*Accumulated

Fostering the Future Generation



Woori FIS Project to Foster Future IT Talents

Woori FIS provides easy and fun programming language education for marginalized children and youth. In addition, Woori FIS selects 70 underprivileged students from specialized (vocational) high schools and provides them with scholarships. In-house IT experts also volunteer for mentoring programs, offering opportunities to students to develop their career and cultivate expertise.

1 Company 1 School Financial Education

Since 2015, Woori Bank has been taking part in the “1 Company 1 School” Financial Education campaign as one of the initiatives of the “Top 20 Financial Custom Reform Project” by the Financial Supervisory Service, striving to enhance public understanding and raise awareness regarding sound financial practices. All nationwide branches of Woori Bank have agreements with elementary, middle or high schools and are providing financial education in ways suitable to each region and school, including through outreach education, field trips to bank branches and mobile branch education. In 2019, the Bank concluded agreements with 489 schools and provided 112 sessions of financial education to a total of 7,464 students.



Woori FIS Aid for children with cancer and their rehabilitation treatment



Woori Bank Support to invite children from rural areas to Seoul

Supporting the Underprivileged



Social Contribution Campaigns of Woori Financial Group

Woori Financial Group conducted a Group-wide CSR campaign in February 2019 with domestic and global subsidiaries and branches in 26 nations, under the topic, “Good Together!”.

A total of 22 overseas networks in nations such as the US, China, Cambodia, Brazil and India mobilized 317 employees to CSR activities tailored to local needs. These needs included initiatives such as the support for the disabled and the marginalized, environmental clean-ups and the improvement of educational facilities. In Korea, 721 employees from 64 branches altruistically helped their neighbors in need and donated KRW 115.4 million to social welfare organizations.

In October 2019, second-half of CSR campaign was carried out with 1,144 employees from 97 branches at home and abroad, providing moral support, hosting cultural sharing events and donating daily necessities for underprivileged elderly citizens, persons with disabilities and children at social welfare facilities and community children’s centers. Furthermore, Woori Financial Group donated KRW 147.874 million to social welfare facilities in vulnerable communities, directly contributing to the reduction of inequality among local communities by supporting daily life, improving welfare and sharing cultural benefits. Woori Financial Group will continue its support projects in 2020, developing alongside communities through proactive CSR activities and sharing with neighbors.



Woori Financial Group produced and distributed Woori Hope Boxes (daily necessities) for the underprivileged

Spreading the Mecenat Activity



Healing Concert for Youths

Woori Bank has been running the “Healing Concert for Youths” project since 2018, sending an orchestra to perform classical music at schools for children who have little opportunity to come across such music. The Healing Concerts are a part of its culture and arts project to raise awareness of disabilities and inequality among future generation by presenting collaborative works of disabled and non-disabled performers. More than 7,000 students in 12 schools attended its concerts in 2019, and from it, became more aware of disabilities and enhanced their musical appreciation.

Woori, Warm Voices

For visually impaired children placed in the blind spots of culture, Woori Bank implemented the “Woori, Warm Voices” campaign. The Bank produced 340 high-quality audiobook CDs with the participation of professional voice actors and donated them to schools for the blind and e-libraries, along with 120 CD/MP3 players that can play the audiobooks, thereby promoting cultural life and learning opportunities for visually impaired children. Woori Bank will continue to undertake projects to provide cultural and learning support for visually impaired children, in order to raise the level of social interest in persons with visual disabilities.



Healing Concert for Youths



Woori, Warm Voices

Protecting the Environment



Environmental protection

campaign: “Woori Protects the Earth”

In order to entrench a culture of eco-friendliness within the Bank and facilitate eco-friendly business management, Woori Bank conducted a bank-wide environmental protection campaign in July and August 2019 entitled, “Woori Protects the Earth.” During the campaign period, 12,893 employees of Woori Bank joined the commitment to green action and refrained from using disposable paper cups, consequently using 116,000 fewer paper cups than the year before. Employees also saved energy by shutting off the power of their office equipment before going home. In addition, employees collected 342 reusable shopping bags and donated them to traditional markets in a bid to reduce the use of disposable plastic bags. Also, an AI-driven recyclable resource recovery robot was installed in the head office building of the Bank, spreading the culture of recycling. Through all these efforts, Woori Bank led the way in protecting the environment by engaging in various eco-friendly activities as part of daily life.

“Woori Finance Forest of Life” Project

Woori Bank engaged in reforestation endeavors to bring back the school forest of Inheung Elementary School in Goseong – one of the areas that fell victim to the wildfire that swept the Gangwon Province. The Bank donated KRW 200 million to the school and carried out a reforestation project called, “Woori Finance Forest of Life,” in order to revitalize the natural environment of the community. During the reforestation period that spanned six months from June 2019, 130 tall trees and 3,360 shrubs were planted in an area of 700m² to restore the ecosystem damaged by the fire. The newly planted species were mainly indigenous or capable of mitigating wildfires. A resting area and forest playground were also created, turning the lively forest into a harmonious place of education for nature and repose for residents.



Woori Protects the Earth

Woori Multicultural Scholarship Foundation and Its Main Project

Woori Multicultural Scholarship Foundation

In 2012, Woori Financial Group contributed KRW 20 billion and established the Woori Multicultural Scholarship Foundation. As the first of its kind in the financial sector, the Woori Multicultural Scholarship Foundation is leading the way in supporting the healthy growth of multicultural children and the stable settlement of multicultural families in Korean society.

Scholarship Program for Multicultural Children

In 2019, Woori Multicultural Scholarship Foundation selected 400 students for scholarships of KRW 626 million. In addition, the Foundation provides scholarships for multicultural students with special skills in sports, linguistics, etc., so that they may further enhance their talents. This scholarship is available for receiving education and training, acquiring qualifications and covering expenses for participating in competitions.

The Foundation's scholarship recipients in universities have formed the "Woori Nuri" supporters group, which meets each month. Scholarship students engage in a variety of programs including volunteer activities and team projects that produce videos about songs they wrote to raise awareness of multiculturalism, novels on related topics and comparison of different food and cultures.

Culture and Welfare Support Projects for Multicultural Families

Woori Multicultural Scholarship Foundation hosts a joint wedding ceremony for multicultural couples who are unable to afford a wedding. In 2019, the Foundation sponsored the entire wedding ceremony, including the wedding reception and honeymoon, for 10 multicultural couples. This is helping multicultural families to firmly establish themselves as active members in Korean society.

During the summer vacation, a group consisting of multicultural children in middle and high schools, as well as scholarship students from universities, embarked on a trip to experience global culture. The group visited Singapore – one of the most multicultural and multiracial nations in the world and experienced its history, culture and ecosystem. The group also visited the Singapore branch of Woori Bank and the National University of Singapore and communicated cross culturally with local students.

Furthermore, the Foundation deploys a number of culture and welfare support projects for the stable settlement and thriving lives of multicultural families, including projects to enhance study room environments for multicultural children, supportive programs for the cultural life of multicultural families and outstanding multicultural programs.



Supporting the Scholarship for Children from Multicultural Families



Supporting the Culture and Welfare of Multicultural Families



Supporting Excellent Programs for Multicultural Families

SPECIAL ISSUE

Woori Financial Group is doing its best to respond to COVID -19

While COVID-19 has swept the world with devastation and has officially been declared a global pandemic, Korea's response to the virus has been hailed as an exemplary model throughout the world. As COVID-19 threw the world into a "mobility crisis," Korea's efforts to prevent the infection have widely been praised for its success in quickly and methodically calling to arms the power, intellect and resources of an open democracy. Even amid the peak of the outbreak, Korea's measures never called for the closing of borders, let alone restricting domestic mobility. Such openness and well-devised prevention measures have been applauded for their pan-governmental approach, legislative and administrative systems and flexibility in policy flexibility.

Woori Financial Group is making all-out efforts of its own to help contain the spread of COVID-19. Woori Financial Group is offering not only financial support to SMEs and small merchants, but also various activities to share with local communities. To this end, Woori Financial Group strives to minimize the economic toll of the virus on customers and to fulfill social responsibilities as a financial group.

1 Woori Financial Group Maintains Solid Fundamentals with Swift Response to COVID-19

After a sober analysis of the economic turmoil and impact that COVID-19 may bring, Woori Financial Group established a Committee for Emergency Measures for Business Management to serve as the control tower of the Group in managing this crisis. The Committee devises measures to respond to the crisis Group-wide, boost customer support and add momentum to national efforts to overcome the crisis. Furthermore, with volatility in the global financial market growing dramatically more volatile, the Committee quickly inspected domestic and overseas fund assets and initiated monitoring efforts to activate the FX contingency plan if needed. In the post-COVID-19 world, the Committee plans to review a host of scenarios to prepare for even the most extreme crisis situations, adjust and manage business goals, actively cooperate with financial authorities and make policy suggestions and seek various measures to support customers.



The Chairman presides over an emergency meeting with subsidiary CEOs



Relief kits for the vulnerable



Lunch boxes for medical staff



Financial difficulties counseling



Global Goods Support
(Indonesia - Protective clothing and disinfectants)

WOORI FINANCIAL GROUP





Woori Financial Group delivers hand-made meal boxes to Daegu healthcare providers swamped by COVID-19

Anseong Training Center was offered as a COVID-19 daily treatment center



Click! Woori Together Cloud Funding for the underprivileged in the face of COVID-19



Fulfilling Social Responsibility as a Financial Group and Implementing Support Projects

Woori Financial Group has launched wide-ranging support projects since the early stages of the pandemic, standing alongside the people of Korea to overcome the hardship together. In order to surmount this national crisis, Woori Financial Group will not only provide financial support as a financial institution, but fully mobilize all available resources at the Group level to fully carry out social responsibility.

2 Financial Support

- Distributed Onnuri gift certificates (useable at traditional markets) to employees as a means to reinvigorate the markets
- Extended consignment guarantee agreement loans under the second government program for small merchants
- Provided extension on maturity and grace periods on interest rates for loans secured by a letter of guarantee
- Operated counseling windows throughout all branches to assist customers with financial difficulties triggered by COVID-19
- Provided extensions on maturity and grace periods on interest rates for loans to companies impacted by COVID-19
- Extended interest-subsidized loans with ultra-low interest rates for small merchants
- Provided grace periods on credit card billing; lowered interest rates and provided grace periods on the repayment of card loans
- Offered Woori Card emergency livelihood loans
- Lowered or exempted delinquency interests; deleted delinquency records
- Shortened the deposit cycle for merchant accounts
- Provided grace period on loan repayments and exempted delinquency interests for companies impacted by COVID-19

3 Non-Financial Support

- Distributed Onnuri gift certificates (useable at traditional markets) to employees as a means to reinvigorate the markets
- Woori Multicultural Scholarship Foundation selected 430 student recipients: For both multicultural minority children in primary and secondary schools and/or for children whose parents' business suffered profit losses due to COVID-19
- Extended the "Energy Lunch Box" project for healthcare providers in Daegu (until May 14)
- Opened up the Anseong Training Center to serve as a daily treatment center
- Donated 5,000 hazmat suits to Indonesia
- Joined the "Good Landlord Campaign"
- Provided food items to the underprivileged in the Daegu-Gyeongbuk region
- Opened ad hoc market to help farmers impacted by COVID-19
- Installed protective acrylic screens at branches to protect customers from infection
- Utilized the crowd funding platform, "Click! Woori Together" to donate relief funds
- Provided masks to a social welfare center in Mapo-gu, Seoul
- Provided Personal Protective Equipment (PPE) items to customers
- Provided respiratory disease prevention kits to marginalized families
- Installed protective acrylic screens at branches to protect customers from infection
- Donated Personal Protective Equipment (PPE): 10,000 dental masks, 100 bottles of hand sanitizer

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 its revenue sources and achieving stable growth.

Woori Bank will make sure to repay their trust with bigger profits and enhanced levels of satisfaction.



Reliable Financial Services through Balanced Growth

(Unit : Thousands Persons)

23,507

Total Customers of Retail Banking

1,032

No. of Foreign Customers

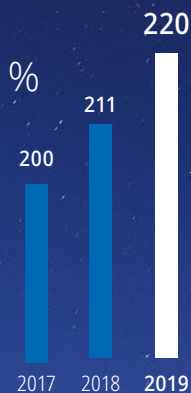
1,660

No. of SOHO & SME Customers

Loans in Won (Bank)

(Unit : KRW in trillions)

+4.3%



Woori Bank	042	Woori Fund Services	080
Woori Card	072	Woori Asset Trust	081
Woori Investment Bank	074	Woori Asset Management	083
Woori Finance Information System	076	Woori PE	085
Woori Finance Research Institute	077	Woori Global Asset Management	087
Woori Credit Information	078		

WOORI BANK

Woori Bank has consistently spearheaded bank-wide operations for digital transformation under a strategy that aims to lead digital innovation and conducted digital-focused organizational reshuffling to respond rapidly to the changing market. Moreover, Woori Bank intensified competencies to utilize digital technologies including AI, big data and RPA as core values of a 'customer-oriented approach' and 'enterprise-wide productivity innovation' and transformed mobile banking services.

*Digital
Innovation*



7 Consecutive years
**'The Asian Banker
Transaction Awards'**

Received the awards for Best Cash Management Bank at the Asian Banker Transaction Awards 2019



451 Footholds

**In 26 nations, forming the
largest global network**
among Korean commercial banks
(As of the end of Dec, 2019)



19 billion

**Invested in 20
innovative SMEs**

with the largest growth potential

Retail Banking

The Retail Banking Business Group develops marketing plans, provides products and services and establishes channel strategies for its retail customers. The Group constantly strives to efficiently and proactively meet changes in the financial environment and provide value to retail customers.

2019 Performance

In 2019, Woori Bank provided innovative and differentiated products and services to 23.5 million retail customers. The bank broadened its customer base through partnerships involving contents that are competitive in target demographics. To reach parents with newborns and toddlers, the bank have partnered with the globally popular character, Pinkfong, and to market to the youth, it has secured an e-sports (LCK, League of Legend Championships Korea) sponsorship agreement. To become a primary banking partner for more customers, Woori Bank secured new Prime Power Loan (PPL) agreements for employees of businesses that have prime credit ratings and has also handled the loans related to employee stock ownership plans (ESOP) for companies going public with initial public offerings (IPO). In the effort to boost customer satisfaction, the bank offers services that enable customers to handle banking transactions without needing to adhere to the constraints of time or place: Tablet Branch provides onsite banking services that enable employees to easily get to the customers; and WiBee Smart Branch allows automated WiBee Smart Kiosks to handle transactions.

Senior Plus+, the Very First Financial Brand Targeting Seniors

Woori Bank's Senior Plus+ is the first of its kind in the financial sector and is a specialized brand for seniors that targets the 50-plus population. The term 'Senior Plus+', means that it adds (+) satisfaction to the four key areas of post-retirement – finance, health, leisure and relationships – to help seniors more fully enjoy their golden years. To live up to its name, the dedicated website for Senior Plus+ provides not only financial services including pre- and post-retirement financial planning but also various other non-financial affiliated services that offer real-life benefits. Moreover, the bank opened senior-only gathering places called 'Senior Plus Centers' where it has hosted seminars where it has invited customers, to ensure that the service platform covers both online convenience and personable offline venues. Woori Bank also launched Senior Plus Woori Package – a group of savings and installment savings products that allow customers to freely deposit or withdraw funds, while enjoying preferential interest rates/fees along with various other services. In addition, the bank enhanced public image by holding a public competition on senior plus retirement plans in alliance with a major daily newspaper, Dong-A Ilbo, and raised its brand value by securing partnership agreements with relevant organizations to generate jobs for seniors.



BI Image



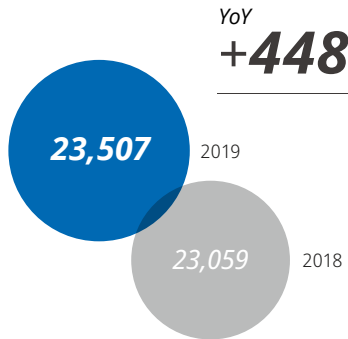
Public Competition on Senior Plus Retirement Plan



Partnership Services Offered by Senior Plus+

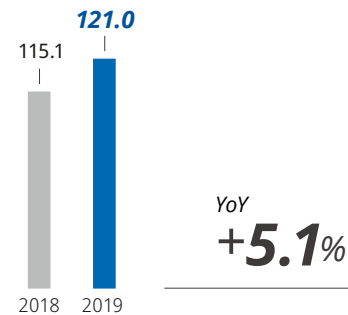
Total Customers of Retail Banking

(Unit: thousand customers)



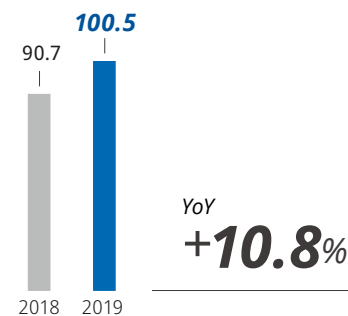
Total Loans of Retail Banking

(Unit: KRW in trillions)



Total Deposits of Retail Banking

(Unit: KRW in trillions)



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

Woori Bank offers customized products and services in line with life-cycle brand strategy in order to attract new customers and become the primary banking partner for the existing customers. While offering school banking to support school project marketing that targets youths, the bank revitalized retirement pension business and salary wire transfer services for teachers and school staff. Woori Bank sponsored the first "Pitching Festival" hosted by the Seoul Metropolitan Office of Education aimed at bolstering the capacities of student job seekers from specialized (vocational) high schools by helping them sharpen their self-introduction and content-handling skills. The bank continues to operate a pool of university student publicity ambassadors to enhance the value of its youth brand, Twenty Woori, and opened up a dedicated lounge. Woori Bank launched the First-Salary Woori Bankbook for social beginners, offering preferential fees and enhanced services to retain their business and to become their primary bank. Celebrating the 120th anniversary of the founding of Woori Bank, the bank launched the Woori 120th Customer Companion Deposit product that offers long-term customers a maximum 0.6-percent and 1.1-percent interest rates on savings accounts and installment savings accounts, respectively.

Optimized and Efficient Distribution Channel Networks

In step with the shifting financial landscape, Woori Bank quickly entered into markets that called for an increased demand for financial services, including newly developed neighborhoods, central business districts and up-and-coming areas, while merging and relocating branches with declining business or overlapping geographical coverage. While 11 new branches opened, 14 were merged, and 16 were relocated; as of the end of 2019, a total of 874 branches were in operation. To boost the competitiveness of its sales organization leveraging a highly effective channel strategy, the bank continues to operate Dedicated Branches for Retail Banking, reinforcing sales competencies in the retail business. Under this distribution system, financial centers can concentrate on corporate business and dedicated branches can focus on retail. In order to raise efficiency in personnel management and bolster the competencies of its employees, the bank also run separate windows for corporate banking, total consulting and deposits; a Total Consulting Team as an integrated window for corporate and retail banking; and a Deposit Total Consulting Team that brings together retail banking and deposits.

2020 Plans

The Retail Banking Business Group aims to become a retail leader deeply trusted by its customers. It will continue to provide new products and services that bring true value to the customers through initiatives like the "Woori Customers, Thank You" project. The group will continue to upgrade the life-cycle strategy and pursue partnerships with OTT companies in step with digital trends. Also, high on the list will be to reinforce the competitiveness of core products such as PPL and rebuild the sales process for non-face-to-face credit loans to enlarge prime assets driven by non-face-to-face channels. The group will fulfill its social responsibility by supporting microfinance and providing financial education. Furthermore, it will continue to fulfill the role as the No.1 bank that stands alongside customers by allocating efficient services in the field of microfinance, while, on the channel side, pursuing optimization of branches by type, taking into account the financial scale, characteristics and customer profiles of each region.

Corporate Banking

The Corporate Banking Business Group oversees the services for corporate customers including some of the largest Korean conglomerates such as Samsung, LG, and POSCO. As of the end of 2019, Woori Bank has banking partnerships with the largest number of corporate clients among all Korean banks. The two major forces driving the Corporate Banking Business Group are general managers from the corporate banking branch and banking center: the former have driven Woori Bank to become best in class in Korea; and the latter supports affiliates and partner companies while handling the retail banking that targets the officers and employees of corporate customers. These competent managers have served the wide-ranging financial needs of corporate clients at just the right time.

The group is very proud to have been the financial service provider of choice for corporate customers who have grown into major global players over the past 121 years, and it strives to offer the expertise it has gained throughout the years to serve a wider customer base.

Corporate Banking Total Assets of 2019

KRW **23.9** trillion

Total CIB Revenue

KRW
56.5 billion YoY **83.2%** ↑

2019 Performance

In 2019, the Corporate Banking Business Group maintained its number one market share in loans as a primary creditor. Woori Bank also hosts the Woori Diamond Club, which is a social gathering of the CEOs from large corporate customers, and serves as an effective channel to anticipate the various financial needs of customers in advance and strengthen customer relations. As corporate social responsibility has become a current focus in today's society, the bank strives to develop products that will support the mutual growth of companies and to build a culture of cooperation. As of the end of 2019, the Corporate Banking Business Group (including Corporate Finance Centers) is managing a total of KRW 23.9 trillion in assets, with an operating income of KRW 760.5 billion.

Strengthening Relationship on a Continual Basis

As the corporate customers become major global players, the speed and breath of their financial needs are continually evolving. The Woori Diamond Club that Woori Bank has been operating since 2003 acts as a channel to strengthen customer relationships and understand the specific financial needs of the customers in a timely manner. This enables the bank to provide services that respond to an economic trajectory that is constantly on the move.

Supporting 'Sangsaeng' (mutual growth) for Large Companies and SMEs

Woori Bank offers *sangsaeng* product packages in which it enters into business agreements with large corporate customers and provide loans with low interest rates to SMEs. In 2008, the bank launched the Sangsaeng Loan for Partners of Large Companies; and as of the end of 2019, it has extended a total of KRW 787.2 billion in loans to 2,549 firms through this product. In 2013, the bank developed the Woori Sangsaeng Partner Loan, a loan package for settlements, and upgraded the relevant system in 2015; and as of the end of 2019, it offered a total of KRW 440.6 billion in loans to 6,157 companies. As the banking partner of the largest pool of conglomerate customers in Korea, Woori Bank contributes to the co-prosperity and growth of large companies and SMEs by reducing financial costs for SMEs with the *sansaeng* system that operates on the basis of its broad client network.

2020 Plans

The Corporate Banking Business Group will establish a stronger basis for corporate finance by establishing a new corporate culture under its business goal of "2020! Creative Revenue Generation! G&CIB Business Expansion!" To this end, the group will first diversify its revenue sources by pioneering new financial products and venturing into new markets, while promoting income-centered business by normalizing interest rates and fees. Second, it will pursue a balanced loan business by adequately increasing conglomerate assets and managing the risks. Third, the group will further expand "all-in" margin business, based on networks with large companies, by reinvigorating all transactions associated with Woori Bank.

Woori Bank is the main creditor bank of 9 large enterprises (2019)

(Total number of large enterprises under main creditor bank management: 30)



SME Banking

The Small and Medium Corporate Banking (SME Banking) Business Group oversees financial services for SOHOs/SMEs/middle market enterprises, handling a total of KRW 89.6 trillion in deposits and KRW 57.3 trillion in loans for 1.66 million clients as of end-2019. The SME Banking Business Group considers customer satisfaction as its top priority and practices “warm-hearted finance,” supporting the sustainable growth of its customers. Even amid trying external conditions marked by low interest rates, falling interest margins and an economic recession, the group reaches beyond mere profit generation to pursue mutually beneficial growth with society and customers. To this end, it provides a total package of financial services including competitive financial products, support for the startup of new businesses and financial consulting. The SME Banking Business Group strives towards the development of the Korean financial industry and maximized corporate value by establishing Support Centers for Small Merchants, engaging in innovative/creative/inclusive finance, running counseling centers on Japan’s export regulation, developing a specialized workforce pool and improving the financial infrastructure.

2019 Performance

In 2019, the SME Banking Business Group witnessed both the quantitative and qualitative growth of assets. Year-over-year, the group recorded an increase of KRW 5.3 trillion (up 6.3 percent) in deposits and KRW 4.3 trillion (up 8.1 percent) in loans while adding 90,000 new corporate customers. Furthermore, prime asset ratio was increased to 84.3 percent (up 1.0 percent YoY), improving asset soundness dramatically. Although the interest margin is expected to decline amid low interest rates and low growth, the group minimized the fall in the interest margin mainly by boosting loans to SMEs. In addition, the group expanded loans to high-potential SMEs and reduced subprime assets, bringing down the SME delinquency rate by 0.1 percent YoY to 0.35 percent and reaching 86.5 percent collateralized. Furthermore, It had the largest growth in technology financing among Korean commercial banks by providing KRW 6 trillion to companies with outstanding technological prowess, such as parts/components/equipment companies and those with innovative growth potential. The group plans to provide a further KRW 24 trillion in technology financing over a five-year period from 2019. The group will continue to expand support for companies with excellent technologies by enhancing technology finance evaluation system with a key focus on future growth potential. It will also provide KRW 7 trillion by 2024 in support of companies in the newly growing fields of green/biohealth/fintech sectors, by aligning with policy finance institutions. Meanwhile, in step with government policies, the group extended policy loans of KRW 0.8 trillion to small merchants and the financially underprivileged, proactively carrying out inclusive finance and CSR.

Technology Finance and Innovation Finance: Quality Up!

Based on in-house technology evaluation system and specialists, Woori Bank boosted technology finance by KRW 6 trillion in 2019 alone, by issuing systematic and swift technology evaluation reports on innovative SMEs equipped with outstanding technologies that lead the fourth industrial revolution. Woori Bank also operates a variety of support programs, including indirect/direct investment and investment combined with lending, to discover and nurture companies with outstanding technologies. A direct investment of KRW 1 billion each is provided to 20 companies per year through two public competitions and an indirect investment of KRW 2.1 trillion will be raised over the next five years by investing in funds managed by policy-based investment organizations or by managing its own funds. Woori Bank continues to develop and discover outstanding financial experts by conducting specialized training in technology finance throughout its branches each year and by providing training on acquiring technology credit appraiser qualifications, which is followed up by in-house training on regulation updates.

Revitalizing Policy Finance and Guaranteed Loans in Step with Government Policy

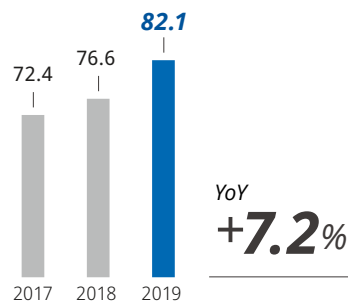
Woori Bank provided the largest amount of policy funding support among commercial banks in Korea last year, with KRW 846 billion of policy loans extended to small merchants in line with government policy. The bank made special contributions amounting to KRW 46.9 billion last year to the Korea Credit Guarantee Fund/foundations/central-local government pacts and extended KRW 500 billion in guaranteed loans, boosting asset soundness. In addition, Woori Bank actively participated in revitalizing policy funding based on competitive interest rates by utilizing on-lending arrangements with the Korea Development Bank and the Export-Import Bank of Korea, along with C1/C2 funds from the Bank of Korea.

No. of Corporate Clients

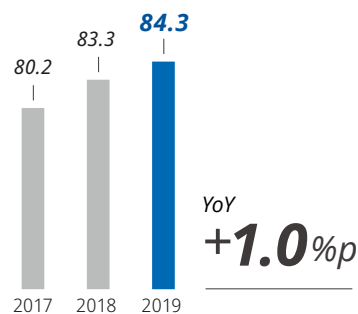
(Unit: persons)

1.66 million**Total SME loans in Won**

(Unit: KRW in trillions)

**Prime Asset Ratio(SMEs)**

(Unit: %)

**Greater Support for Cooperative Growth and Inclusive Financing!**

In order to provide intensive support to small merchants making inroads into the start-up market, Woori Bank provides not only operational funds to small merchants, new business owners and self-employed businessmen who find it difficult to finance their business, but customized consulting on business management, finance, tax and accounting as well as the success stories of start-ups. The bank operates six Woori Comprehensive Support Centers for Small Merchants in major regions where it provides customer-tailored total financial solutions. For the self-employed, the bank operates a finance academy program for which it develops and provides various educational contents. Moreover, Woori Bank selected "Revitalization of Social Economy" as a core task and laid the foundation to create an ecosystem for social economy to grow. The bank is driving forward inclusive finance and cooperative growth by entering into an agreement to provide specialized support for social enterprises, offering preferred interest rates, lower rates of guarantee fees and exemptions on various financial fees.

Practicing Corporate Social Responsibility!

Woori Bank provided around KRW 3 trillion of funding liquidity through the following measures: special business stabilization loans extended to SMEs and small merchants undergoing temporary difficulties brought on by illness or natural disasters at home and abroad; partnership agreements with financial institutions under the government; and special contributions. The bank also carried out social responsibility as a financial company by resolving the financial difficulties of and providing customized financial support to SMEs through counseling centers on Japan's export regulation, and these centers were installed throughout its branches.

2020 Plans

In 2020, Woori Bank will bolster agreements with government financial institutions and continue to boost profitability/growth potential/soundness by providing financial support to SMEs at each level of their growth. The bank will also expand financial support to innovative companies with outstanding technologies and fully implement all the steps of assistance for start-ups and new ventures from kick-start support to ex-post management. The bank will also upgrade its internal system in order to design customer-centric and customer-first financial schemes, boost the operational capabilities of SME-dedicated personnel and discover best practices to disseminate throughout the organization. In addition, Woori Bank will leap forward to become the No.1 bank by building the best-in-class customer-centric asset management system and conducting a total analysis of "Voice of Customers".

Investment Banking

Woori Bank's Investment Banking Business Group consists of three departments: the Investment Finance Department, the Project Finance Department and the Global IB Finance Department. It also contains 12 teams: the CIB Team, M&A Teams 1 and 2, the Equity Investment Team and Innovative Growth and Finance Team under the Investment Finance Department; the Infrastructure Finance Team, the Structured Finance Team, the Power and Energy Team and the Real Estate Finance Team under the Project Finance Department; the Aircraft and Ship Financing Team, the Global Syndication Team and the Global PF Team under the Global IB Finance Department.

With increasing importance placed on the IB business of banks, Woori Bank has expanded its core IB business also in the fields of blue chip equity investments, and M&A acquisition finance/power generation/infrastructure arrangements, while broadening the business scope through its global networks and IB desks.

In October 2006, Woori Bank opened Woori Global Markets Asia Ltd. in Hong Kong, becoming Korea's first financial institution to establish a business unit with a key focus on overseas IB. Since June 2017, global IB desks have been up and running in New York, London, Singapore, Sydney, Vietnam, India, Dubai and Germany, where the bank continues to generate opportunities for overseas IB business.

2019 Performance

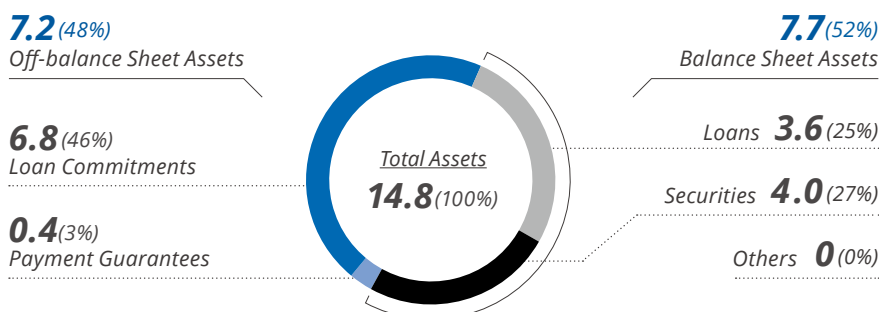
In 2019, the IB Group has increased its non-interest income by intensifying financial arrangements and making aggressive principal investments involving power generation/infrastructure projects as well as M&A finance. The IB Group has also expanded its overseas business by adding new global IB counters. In particular, the group recorded outstanding growth in global IB assets and profits by managing the largest number of global IB counters among commercial banks in Korea, enabling the IB Group to generate a sales-related income reaching KRW 300 billion in 2019. It also expanded high-yield investments through close ties with global top-tier asset management companies, provided aircraft financing, participated in overseas infrastructure/power generation projects, broadened structured finance and issued FRNs aligned with Woori Global Markets Asia Ltd. in Hong Kong, maximizing short-term profits while making preemptive investments for the future growth. Since launching the first Innovative Growth and Finance Team among Korean commercial banks at the end of 2018, the group has been creating a financial ecosystem for innovative growth initiatives of the government and investing in companies with innovative growth potential. The IB Group also hosted four public competitions up until the end of 2019, executing a total of 36 direct investments in innovative growth companies.

2020 Plans

In 2020, the IB Group will take a step forward as one of the main pillars of the holding company that creates synergetic effects. With the business goal of "Leapfrogging into a Global IB Group by Building an Innovative Profit Structure", the group plans to push forward efficient business, taking into account the BIS ratio, with a focus on "Securing Financial Leadership", "Diversifying Blue Chip Assets" and "Achieving Qualitative Growth for Global IB. Much of its focus and endeavors will be geared towards building a quicker and more efficient asset management process and system as a response to greater variability in the global capital market this year. Lastly, as asset management companies and a trust company were newly acquired in 2019, the group will continue to make an effort to create synergy with affiliates in the holding company structure by solidifying cooperative relations. In addition, the group is reinforcing CIB business based on collaboration with large shareholders in the fields of securities, insurance and asset management as well as with other business groups within the bank, while making great effort to elevate synergy at the at the level of the soon-to-be-completed holding company.

Total Assets of Investment Banking Operations in 2019

(Unit: KRW in trillions)



Financial Market Business

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

Issued Korea's First Sustainability Bonds

in KRW and USD simultaneously through a single sustainable bond framework

KRW 200 billion

USD 450 million



USD-Denominated Formosa Bonds

honored by The Asset as the Best Formosa Bond in Korea 2019

FX Market Share

Leading market maker in Korea

USD/KRW 8.29%

CNY/KRW 12.67%

2019 Performance

In charge of major funding and capital management for Woori Bank, the Financial Market Business Group focused on improving profitability in 2019 by maintaining stable liquidity and raising efficiency in funding and management. The group contributed to enhancing the Bank's profitability by maintaining an optimal loan-to-deposit ratio (LDR), diversifying financing, and downsizing short-term assets. It also promoted its capital adequacy and stability in financing by issuing perpetual foreign currency-denominated contingent convertible bonds (Co-Cos) and won-denominated CoCos.

Consequently, the group continued to comply with Korean regulatory guidelines in 2019 in terms of liquidity coverage ratio (LCR, minimum 100 percent), foreign currency LCR (minimum 80%), NSFR (minimum 100 percent) and the mid and long-term foreign currency financing ratio (minimum 100%), boosting the bank-wide BIS ratio by 0.59 percentage points.

The group strengthened its competitiveness in F/X and derivatives trading by diversifying trading currencies and aggressively managing positions. It also runs night-time equity derivative desks that are available during all global trading hours so that its customers can be prepared at all times for market risks.

Stable Management of Liquidity

Successfully Responding to the New LDR Rule

In preparation for a new LDR rule in 2020 that applies different weights to loans by borrowers, the group preemptively increased deposits and restructured its financing by issuing marketable CDs and covered bonds. As a result, Woori Bank stood fully ready for the new regulation with LDR at 98 percent as of December 2019.

Issuing CoCos in Korean Won and Foreign Currencies

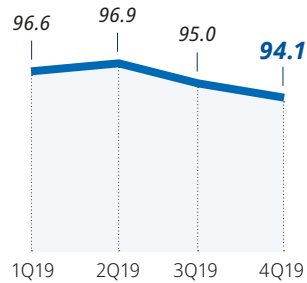
The Financial Market Business Group established preemptive financing plans and launched active IR efforts based on improved business performance, thereby issuing the largest-ever CoCos in foreign currencies amounting to USD 550 million at the lowest-ever interest rates among Korean commercial banks. The group also successfully issued KRW 300 billion in subordinated bonds at a solid interest rate, raising the bank-wide BIS ratio by 0.59 percentage points and laying a stable foundation for bank-wide business.

Fulfilling Social Responsibility by Issuing Sustainability Bonds

Leveraging the growing investment demand at home and abroad for sustainability bonds where the proceeds are used to serve environmental or social purposes, the group successfully issued Korea's first sustainability bonds in KRW and USD simultaneously through a single sustainable bond framework (KRW 200 billion, USD 450 million), boosting the image of Woori Bank and contributing to reducing financing costs. In particular, the USD-denominated Formosa bonds, which were the first sustainability Formosa bonds issued in Korea, were honored by The Asset, a global financial magazine, as the Best Formosa Bond in Korea for 2019.

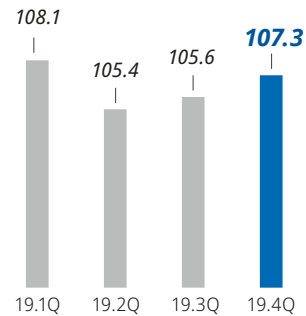
LDR (Loan-to-Deposit Ratio)

(Unit: %)



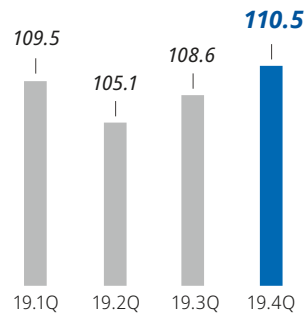
LCR (Liquidity Coverage Ratio) KRW

(Unit: %)



LCR (Liquidity Coverage Ratio) Foreign Currency

(Unit: %)



Complying with Korean Regulatory Guidelines

In 2019, through preemptive financing and stable management of liquidity, the group complied with Korean regulatory guidelines at a level well above minimum requirements, by maintaining an average LCR of 107 percent, an NSFR of 109 percent, a foreign currency LCR of 108 percent and a mid-to-long term foreign currency financing ratio of 170 percent.

Strengthening Competitiveness in the FX and Derivatives Business

In 2019, the Financial Market Business Group endeavored to stand ready to respond to the growing volatility in the financial market and boost its business competencies through measures that included profit generation from new sources.

F/X Trading

In F/X trading, the group bolstered currency forecast capabilities for both domestic and international markets and realized outstanding trading profits by taking anticipatory and proactive action in response to the fluctuations in the international financial market. In 2019, it accounted for a high market share (8.29 percent in USD/KRW, 12.67 percent in CNY/KRW) in the Seoul F/X market, performing the role of a leading market maker in Korea.

Derivatives

In the derivatives market, the group predicted the trend of market variables such as those related to Korean and international financial policies and fluctuations in supply and demand. This helped it to manage positions ahead of time and establish a secure foundation for derivatives trading. The group also offers FX/interest rate risk management consulting services and customized one-on-one solutions for SMEs who, due to insufficient experience or skills, struggle with risk management.

Securities

In securities, the group analyzed domestic and international monetary policies and bond markets and efficiently managed bonds, increasing both interest and non-interest income. It also diversified its sources of non-interest income by varying and enlarging bond lending transactions that receive risk-free charges.

2020 Plans

In 2020, the Financial Market Business Group plans to secure liquidity preemptively in order to prepare itself for liquidity regulations such as the new LDR rule, LCR and NSFR and for increased volatility in the financial market, both at home and abroad. The group will boost retail deposits, issue CDs and covered bonds and secure committed lines to manage bank-wide liquidity in a stable manner, while raising profitability through the reinforced control of funding and management portfolio.

In trading, the group will broaden both its F/X and derivatives income by diversifying strategies such as arbitrage in FX/derivatives and foreign currency/interest rate hedging. As growing global volatility is expected to drive up the demand for risk hedging, the group will continue to broaden FX/derivatives trading by offering the right product at the right time for all customers. Also, its dedicated sales team of specialists for securities firms, insurers, government agencies and other financial and public institutions will attract new, high-yield customers and boost non-interest income.

Institutional Banking

The Institutional Banking Business Group consists of the Institutional & Public Fund Customer Department which caters to the needs of the central government, local governments, courts and public institutions, in addition to the National Pension Department, the primary bank for the National Pension Service (NPS), which is one of the three largest pension funds in the world. 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 2019, its institutional customers include the Ministry of Land, Infrastructure and Transport (MOLIT), the Korea Post, NPS, the Korea Land & Housing Corporation (LH) and the Korea Railroad Corporation (KORAIL), along with several others. The group is also a coffer manager bank for the Seoul Metropolitan City and 20 District Offices in Seoul. Its clientele list positions us as the primary bank for the largest number of public institutions in Korea.

2019 Performance

The Institutional Banking Business Group is built on the robust foundation of Woori Bank's 104-year history of managing the treasury of the Seoul Metropolitan Government. Based on such a long-running management expertise, the group is broadening transactions with government institutions, local governments, and major public agencies. It reaches out earnestly to the local communities of client institutions through various corporate social responsibility programs and it has built a solid reputation as a financial institution that stands by its local communities.

Since March 2018, Woori Bank has been managing a total of KRW 600 trillion in funds as the primary banking partner for the NPS – the world's third largest pension fund. In 2019, Woori Bank provided institutional banking services as the primary bank for 105 out of 338 Korean public institutions designated by the Ministry of Economy and Finance. As of the end of 2019, the Institutional Banking Business Group is managing a total of KRW 31.7 trillion in deposits and KRW 0.6 trillion in loans, maintaining banking relationships with around 5,000 institutions.

Providing Optimal Financial Solutions for Project Execution by the Government and Public Institutions

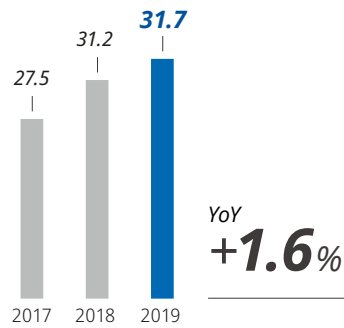
Woori Bank manages a specialized workforce for systems under the Institutional Public Fund & Customer Department to effectively support the policies and projects of the government and policy institutions, through which it provides optimal financial solutions for the execution of public projects. Selected as the primary banking partner for the Institute for Basic Science (IBS), the Korea Foundation for the Advancement of Science and Creativity (KOFAC) and the National Fusion Research Institute (NFRI) in 2019, the group has been supporting the technology-centered new growth policies of the government. In addition, based on differentiated collection and management systems, the group contributes to making financial transactions more user-friendly for institutions and citizens as the selected payment bank of seized property sales for the Korea Asset Management Corporation (KAMCO) and for traffic fines for the Korea National Police Agency (KNPA).

Maximizing Synergy within the Bank through Transactions by Institutional Customers

The Institutional Banking Business Group not only provides direct financial services to institutional customers but also explores and provides opportunities for business alignment to SMEs and individuals related to institutional projects. Designated as one of the exclusive banks for the research fund management system (Ezbaro) of the Ministry of Science and ICT, the group provides comprehensive financial services for companies that have been successful in R&D, while managing and executing R&D funds, including those for system operations. Working with major local governments, it also developed a mobile simple payment solution called, "Woori Zero Pay," laying the foundation for both lessening the burden of payment fees and attracting new customers for small merchants.

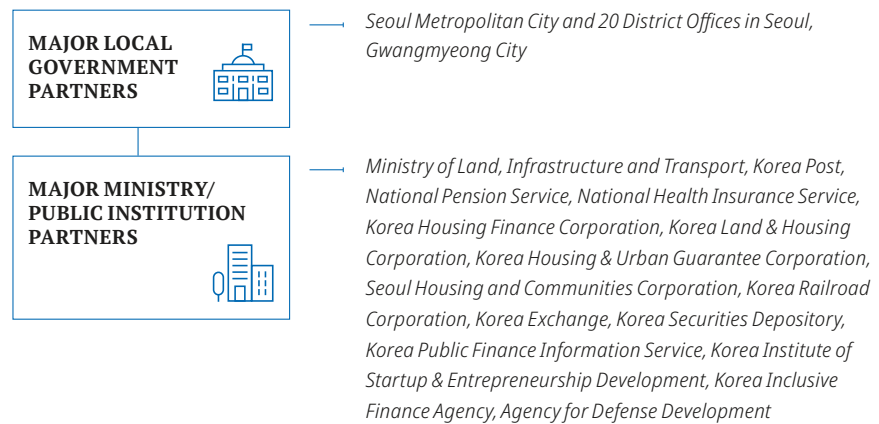
Total Deposits

(Unit: KRW in trillions)



2020 Plans

In 2020, the group intends to provide a system for effective cash management for government and public agencies and develop partnership services related to various budget activities so that it can provide upgraded financial services on a higher level as a preferred banking partner for institutional customers. Furthermore, as the primary bank for the largest number of institutions in Korea, the group will seek to broaden the range of financial services so that more employees of public agencies can do business with Woori Bank.



Real Estate Finance

For the systematic management of real estate financing in 2013, 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 the general treasury) bank. To satisfy diverse customer needs, the group provides not only products that complement Woori Bank accounts, but also NHUF products that are available for low-income individuals and families.

2019 Performance

In 2019, the Real Estate Finance Business Group ranked No.2 in terms of the quantity of mortgage loan market shares it held. The group alleviated the repayment burden of certain underprivileged groups by actively assisting them with financial support as per government policies. It also took the lead in the Korean housing finance market. Woori Bank has also been the managing custodian bank of the NHUF for the past decade, and a wide range of housing finance products have showcased the Bank's distinguished business performance. As evidence of such endeavors, Woori Bank was selected as the No.1 NHUF custodian bank once again in 2019.

Widening the Customer Base as the Managing Custodian (Formerly the General Treasury) Bank of NHUF

The NHUF business is crucial to the progress of broadening the financing options to fulfill the demand for housing finance, which includes that of bridging the divide for low-income individuals and families. As the managing custodian bank, Woori Bank is in charge of financing and dispersing funds. Even after its reselection as the managing custodian bank for the NHUF in 2018, Woori bank provided a diverse range of housing finance products, accounting for a market share of 38.1 percent in loans to the demand-side and 24.7 percent in housing subscription savings plans. In 2019 alone, 930,000 new customers joined housing subscription savings plan in hopes of someday owning their own houses.

2020 Plans

The Real Estate Finance Business Group will fully participate in government measures to provide support in the form of housing funds for non-speculative homebuyers and to establish asset portfolios that ensure balanced asset growth with optimal profitability and minimum risk. To this end, the group will expand its mortgage loans by KRW 4.6 trillion and provide a robust foundation for the assets of Woori Bank customers.

The group intends to maintain its number one position in NHUF market share and develop diverse non-face-to-face channels, bringing greater benefits to its customers as the managing custodian bank of NHUF. The group will focus on loan plans for the demand-side, which has shown a recent increase, including Jeonse (Key Money) Deposits, Monthly Rental Loan Plans and the Beotimmok (Support) Jeonse Deposit Loan Plans, as well as new housing subscription savings plans. Furthermore, the group will leverage its experience in financing and operating funds and refine IT system to support housing welfare projects for ordinary citizens and take initiatives to revitalize the health and stability of Korea's national housing market.

No.1 Custodian Bank

Selected by the Ministry of Land, Infrastructure and Transport National Housing and Urban Fund



Demand-side Loans

(Unit: no. of loans)

Performance 404,281

No.1 (38.1%) Market Share



Housing Subscription Savings Plans

(Unit: no. of plans)

Performance 5,858,945

No.1 (24.7%) Market Share



Trust & Pension

The Trust and Pension Business Group is leading the market with successful business models that continually meet customer asset management needs, keeping pace with the rapidly changing market environment. As the sales of specified money trust products have continued to grow, the Trust and Pension Business Group has been playing a leading role in driving the bank's overall non-interest income.

The group offers differentiated and customized services through comprehensive consulting on retirement pensions, from the early stages of introducing retirement pension schemes at companies and on. It employs experienced investment experts utilizing advanced methods at Woori Bank to manage customized products that are optimal for the investment tendencies of customers as part of total financial services platform, thereby leading the retirement pension market.

The group broadened its range of business with diverse clientele that consists of 120 entities, including institutional clients such as the National Pension Service (NPS), which is the largest customer in Korea's securities custody services market, and the Ministry of Land, Infrastructure and Transport (MOLIT) as well as asset management companies. Leveraging its experience in the custody agent business with institutional clients, the group aims to provide custodian asset management services that would preemptively act accordingly in the face of sudden market shifts.

2019 Performance

Trust Department

The Trust Department of Woori Bank grew considerably through customized strategies under the business goal of "Boosting Internal Robustness and Generating Profits in the Trust Business," as it concentrated on elevating specialized competencies. As a result, and with the assistance of comprehensive asset management specialists, it was able to launch a stable line of customized specified money trust products that meet both the demands of the market and the needs of customers. Despite growing market volatility, the department achieved a solid return on investment for customers and robust profits, primarily through ELT and ETF products. Furthermore, it advanced trust asset management system to regain credibility with customer base and ensure complete sales, while improving processes and building a new IT system.

Retirement Pension Business Department

Ever since retirement pension schemes were first introduced to the market, the Retirement Pension Business Department has implemented a customer-centric strategy to help customers plan and enjoy a stable retirement, while also addressing the rapid aging issue within Korean society.

The department issues a monthly 'Happy Life Retirement Pension Newsletter' for corporate and individual clients which covers major retirement pension issues, recent trends, asset management information, and simple life tips. It also provides online information on retirement savings and asset management performance or mobile banking via the Happy Life Retirement Pension Lifetime Account, enabling customers to easily manage their retirement savings.

It also streamlined wire transfer services for pension savings, which made the IRP subscription process easier, and focused on raising customer yield rates by expanding lineup of TDFs. In addition, the department maximized customer satisfaction by launching the Retirement Pension Asset Management Center. As a result, by the end of 2019, assets under custody was KRW 19.6 trillion, net amount of KRW 2.5 trillion and 14.7% increase YoY.

Trust and Custody Department

Qualitative Growth Driven by Profitability through Enhanced Growth Capacities in Each Asset Segment

Woori Bank is quickly dominating the fiduciary management market for public and private funds by establishing a cooperative system with asset management companies based on years of experience in custody business for large pension funds affiliated with the NPS, MOLIT, and others. In 2019, the Trustee and Custody Department were able to put their exceptional business skills to use by taking on more assets under custody from the NPS (KRW 10.5 trillion), insurance companies (KRW 3.1 trillion) and REITs (KRW 2.3 trillion). By diversifying assets under custody as such and solidifying customer base with a focus on reliably profitable assets, the Trustee and Custody Department raised the total volume of assets under custody by 15 percent YoY.

Customer satisfaction boosted
by operating the

Retirement Pension Asset Management Center



2020 Plans

Trust Department

Under the 2020 business goal of “Firmly Establishing a Culture of Complete Sales of Trust Products,” it plans to generate profits through the total care of customer assets and through new products by improving system in all its aspects. This in turn, will serve to reinforce customer relationships and boost package sales - and it will be accomplished through building a total management system for customer assets, not by the mere sale of products. Major products, namely ELT, ETF, MMT and bond products, will be segmented by risk and investment periods to prevent over-concentrated subscriptions into any single type of product. It will also grow in tandem with customers through presenting products with diverse portfolio combinations suitable to their investment tendencies and periods of investment.

Retirement Pension Business Department

Mindful of the growing importance of the retirement market, Woori Bank has selected retirement pensions as a core growth business and has been carrying out active marketing campaigns. In 2020, the Retirement Pension Department will engage in differentiated marketing to secure a foundation for growth, boost customer yield rates through bolstered product management capabilities and focus on raising efficiency in its sales channels. Going forward, the department will continue leadership in the retirement pension market, and rich pool of experienced personnel, its comprehensive training support system, and diverse products and specialized asset management will make this all possible.

Trust and Custody Department

Woori Bank will maintain the No.1 market share in the custody business for institutional clients by winning the bids it has won before to become the custody bank for large pension funds affiliated with the NPS and MOLIT. The department will rebuild a preemptive next-generation asset custody system to provide beneficiary-based services, in order to secure custody competitiveness. It will also expand its marketing efforts to target those with low-risk assets to move into the public REITs and real estate fund markets early on. In addition, it will lead the domestic asset custody market by aggressively targeting the niche market of overseas funds through marketing endeavors geared towards clients with assets overseas, including institutional clients and insurance companies.

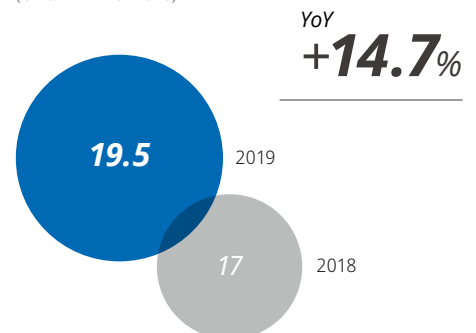
Trust and Custody Department



**Dominant Fiduciary
Manager for Public and
Private Funds**

Retirement Pension Business Department

Assets Under Custody
(Unit: KRW in trillions)



Consumer Protection

In February 2020, Woori Financial Group became the first financial holding company in Korea to establish a Financial Consumer Protection Unit to perform the role of a control tower that oversees financial consumer protection. The Financial Consumer Protection Unit will pursue consistent and systematic policies at the Group level to reinforce the entire Group's competencies to protect financial consumers. This will help it to become a reliable financial group that truly stands beside its customers.

Woori Bank

Customer Satisfaction Management Awards 2020

Korea Economic Daily



Woori CS Standard

Developed and disseminated Woori CS Standard for a globally standardized customer satisfaction management



2019 Performance

At Woori Financial Group, main subsidiaries including Woori Bank and Woori Card are leading the way in bolstering activities to protect financial consumers. Woori Bank ensures consumer protection throughout the entire business process from development to the sale of financial products by undertaking various institutional improvements including a closer monitoring of incomplete sales prevention activities under the leadership of the Chief Consumer Office. Woori Card promoted company-wide financial consumer protection activities that were led by the management. To enable swift decision-making and gain impetus in protecting consumers, the Woori Card CEO himself presides over a financial consumer protection council.

Empowering Financial Consumer Protection and Boosting Competencies

In order to make financial services more accessible for persons with disabilities and who are marginalized from the financial market, Woori Financial Group holds round table meetings with the Korea Differently Able Federation and the Korea Federation of Organizations of the Disabled to discover new ideas and reflect them into business management. Woori Financial Group also conducted capacity building training on consumer protection by establishing a training roadmap for a systematic education and by utilizing various channels including on-site in-person instruction, on-line video training and collective training, in order to make the education package more effective and to elicit greater participation from its employees.

Furthermore, the group produced and disseminated the Woori Customer Satisfaction (CS) Standard, which includes basic skills on interacting with customers, a service-providing mindset and global business etiquette in order to standardize customer satisfaction management throughout the global network that has expanded to 477 in 26 nations (two collective trainings per year, included).

Preventing Financial Fraud

In addition to building a monitoring system for financial fraud using Big Data, the group advanced relevant systems including AI-based monitoring, put up outdoor signboards and played fraud prevention videos at distribution channels as part of PR efforts to prevent customers from falling victim to such financial scams. Moreover, as a first among banks, Woori Bank hosted a public competition on anti-voice phishing UCCs for university students and displayed selected works on non-face-to-face channels including the Bank website and Youtube. As a result, Woori Bank saved 40.6 percent (KRW 44.3 billion saved) YoY by preventing such financial fraud. The Bank also contributed in the arrest of more than 520 fraud suspects. As such, it engaged in aggressive activities to prevent financial scams and protect customer property.

**Woori Bank's
Prevention Education
for Financial Consumers**

Woori Bank runs diverse financial education programs aimed at empowering financial consumers and preventing them from falling victim to illegitimate transactions



2020 Plans

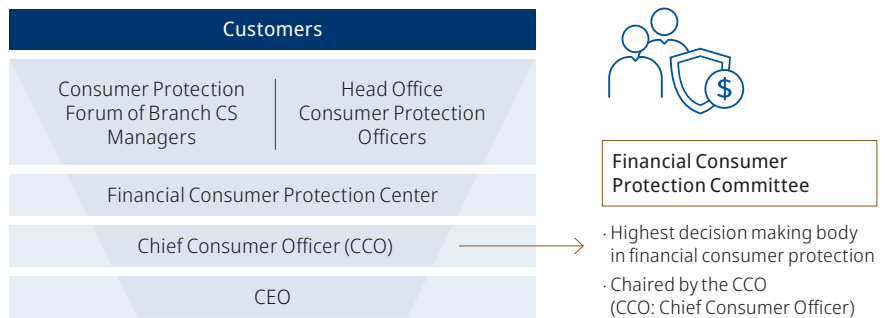
The Financial Consumer Protection Unit aims to build a monitoring system for the Group's consumer protection and establish a customer-centric culture in 2020. Under this goal, the unit will systematically inspect the Group's status of consumer protection, implement consumer protection reflecting the latest trends and solidify cooperation with Group affiliates.

The unit will build the Group's monitoring system on financial consumer protection, incorporating consumer protection policies of the Financial Services Commission and the Financial Supervisory Service. With this system, it will fully implement the policies of financial authorities and monitor consumer protection activities at all times throughout the process of development and sale of financial products.

Furthermore, the Financial Consumer Protection Unit will hold Group consumer protection roundtables and gather views from sales sites, so that consumer perception and market changes are reflected into activities in a timely manner. The unit will make main financial products and channels more user-friendly in a way that is keenly sensed by the end users themselves. Considering the continued growth of non-face-to-face transactions, it will regularly review whether essential information is provided faithfully on non-face-to-face channels such as information on financial products (interest rates applied, fees, benefits, etc.) sold on those channels and information on the right to request interest cuts.

Furthermore, the unit will operate a Financial Consumer Protection Conference attended by executive officers of the Group in charge of consumer protection to discover common tasks for the Group and make improvements. It will also include indicators on financial consumer protection activities in the evaluation of Group executives.

Financial Consumer Protection Committee



Woori Bank Measures to Bolster Consumer Protection and Customer Trust

— Heads-of-department-or-above executives to contribute part of their salaries to form consumer protection fund

— "Code of Ethics for Asset Management Sales" to be declared to protect consumers

— KPI overhaul excluding non-interest income, etc.

Compliance Management

Woori Bank's employees can easily refer to the Woori Code of Ethics and the Woori Code of Conduct to understand the importance of corporate social responsibility and ethical management as they perform their day-to-day responsibilities. By practicing the Woori Code of Ethics, the people of Woori Bank fulfill their social responsibilities for all stakeholders, which include customers, shareholders, employees, the nation and society.

Through "compliance management," Woori Bank ensures compliance with laws and principles, respects the spirit of fair competition and protects its employees, while contributing to the establishment of a fair and wholesome corporate culture that is based on mutual trust and a mindset of compliance.

2019 Performance

Reinforcing Ethics and Compliance Training

In 2019, Woori Bank launched various ethics and compliance training programs so that all its employees are able to understand and put the ideals of ethical management and compliance management into practice.

First, Woori Bank newly implemented the Woori Bank Code of Conduct and Guidelines for Conduct, and hosted an Ethics and Compliance Pledging Ceremony with all the employees. Second, the bank implemented the bimonthly "Ethics/Compliance Self-Check Test" and "We-Check Day" cyber self-pact, engaging all employees so that they can develop a clear understanding of the Code of Ethics and examine the behavioral standards applicable to each job ranking. Third, it utilized the 'Ethics and Compliance at Work' section on the bank intranet to publish training materials on ethics, internal control and compliance online, which the employees can access for their monthly compliance training and in their line of field work. Lastly, Woori Bank conducts face-to-face compliance training on banking-related laws and regulations for branch compliance officers, aimed at preventing any violations in branch business.

Action Programs for Ethical Management

Woori Bank offers many programs to promote ethical management and compliance.

The first being the Woori Hotline, a channel through which best practices and violations of the Code of Ethics can be commended and reported by employees. In other words, the Woori Hotline is a channel for employees, partners, and other stakeholders to report on compliance with ethical management standards, aimed at encouraging 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 concept of ethical management and the practice of compliance. The Council holds meetings every biannually, chaired by the Compliance Officer, to discuss and decide on specific policies related to ethical management, including measures for employees to practice the Code of Ethics and ways to improve ethical management.

Lastly, Woori Bank has a "Clean Contract System" with all its partners participating in contracts and purchases with it to encourage transparent and honorable bidding, contract signing and contract implementation.

On-Site Legal Services

Woori Bank provides prompt legal services by operating a pool of lawyers exclusively for branches with the aim of providing contingent legal counseling at business sites. In addition, the bank provides onsite support by shortening the time required for legal reviews with case-specific standard agreements uploaded on the legal portal system. Furthermore, the bank promotes better understanding among bank employees of legal cases by providing a 'Handbook on Legal FAQs' with the most frequently asked legal questions at branches, and posting the information on the portal system by job type.

2020 Plans

In 2020, Woori Bank aims to “bolster customer trust by complying with laws and regulations through an innovation of the internal controls mindset.” To this end, the Bank will reinforce internal controls and management at the head office and at its branches, establish a sales culture based on the compliance of laws and regulations, intensify its monitoring on unsound business practices and incomplete sales and build an internal control system that utilizes Reg-Tech.

To reinforce the internal controls and management at the head office and at its branches, an internal control grading system will be adopted for the heads of business groups and banking headquarters. In addition, unscheduled monitoring will be bolstered and results thereof will be reflected into the internal control grading.

Training materials for head office employees will include not only the strong points of products, but examples of incomplete sales and notes of caution, thereby training the employees on internal controls to contribute to establishing a sales culture based on compliance.

Last but not least, Woori Bank will utilize Reg-Tech and improve searches on domestic and international legislations and regulations as well as implement real-time legal Q&As to increase compliance awareness among employees.

Ethical Management Practice Program

ETHICAL MANAGEMENT SUPPORT COUNCIL



— A working-level council established for the purposes of decision making and communication on the Code of Ethics programs of practice for employees

FIT & PROPER (ELIGIBILITY REVIEW) SYSTEM



— Aimed at promoting the eligibility, ethical mindset and compliance of employees as financial professionals, this system categorizes items for additional/subtractive points based on the Code of Conduct that employees are required to comply with and presents specific criteria for evaluation. Accordingly, model practitioners receive preferential treatment and violators are met with guidance or restrictive action.

CORPORATE ETHICAL MANAGEMENT INDEX FOR CREDIT EVALUATION



— This program of practice aims at disseminating and inducing CSR and ethical management. The corporate ethical management index is reflected into the evaluation items for loan review, so that ethical management by transacting counterparties is reflected into the decision in extending loans to them and determining applicable interest rates

CLEAN CONTRACT SYSTEM



— Woori Bank has a “Clean Contract System” with all partners participating in contracts and purchases with us to encourage transparent and honorable bidding, contract signing and contract implementation. Furthermore, this system is a declaration of Woori Bank’s commitment to ethical management and aims at disseminating ethical management among partners.

CLEAN-CENTER (REPORTING AND COUNSELING)



— Best practices of Code of Ethics, misconducts and unethical behaviors can be reported to the Clean-Center, which also offers counseling on ethical matters. These measures are aimed at making the bank stronger and cleaner and establishing healthy financial customs.

Information Security

Woori Bank makes every endeavor to prevent any breach of customer information by enhancing its level of administrative and technical security.

2019 Performance

Bolstered Information Security Organization

The Head of the Information Security Group bears the responsibilities of Chief Information Security Officer (CISO) and Chief Privacy Officer (CPO), managing all teams dedicated to privacy (credit information) protection. Woori Bank holds regular Information Security Committee meetings, chaired by CISO and attended by 15 department heads at Woori Bank who handle information security, IT operations and development, customer information and other relevant areas. The Committee discusses agenda items that cover IT security issues as well as internal control and overall institutional improvements for privacy protection.

Woori Bank also have an ICT security diagnosis team consisting of former “white hat hackers” serving as information security experts. This team analyzes and evaluates vulnerabilities, conducts mock cyber attacks and performs internal security reviews for newly launched services to ensure their safety and security.

Administrative Protection Measures

To prevent the potential abuse or misuse of customer information, Woori Bank allows its employees to access only the minimal amount of customer data required to perform their job duties. The bank has also reinforced the internal controls for both the head office and the branches through the regular monitoring of unauthorized personal information queries deemed irrelevant to work duties, along with inspections of how it is managing its customer information. In addition, all employees are mandated to attend an information security training at least twice a year. Woori Bank also makes onsite visits to promote privacy awareness and prevent security breaches.

When a situation deems it necessary for the bank to consign customer information for business purposes, it discloses the scope of responsibilities and the consignee information on the website. The bank conducts a regular inspection of how customer information is handled on the part of consignees and provide information protection training. Management and supervision of consignees are always thorough to ensure that customer information is not lost, stolen, leaked, forged, falsified or damaged.



Employee campaign launched, aiming to enroot a culture of information security

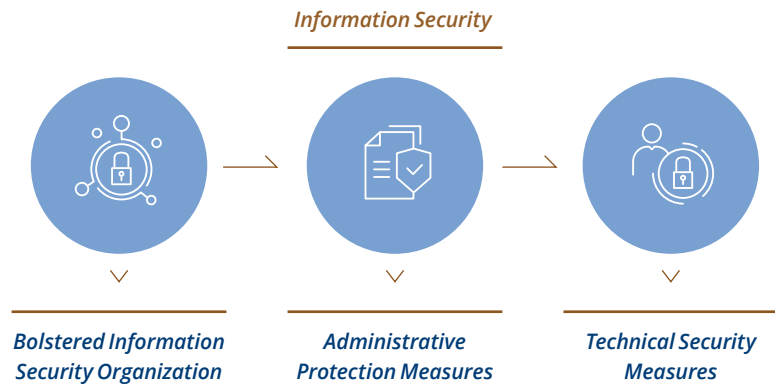
Technical Security Measures

In order to inspect information security risks preemptively, Woori Bank adopted the 'Cyber Red Team' which detects vulnerabilities at all times from the viewpoint of attackers. Woori Bank also established a cloud-based defense system to guard against large-scale DDoS attacks with the Financial Security Institute.

Woori Bank became the first financial institution in Korea to adopt a Fraud Detection System (FDS) that analyzes non-face-to-face transaction logs based on Big Data, in an effort to better respond to new or novel security threats and cyber risks. The bank also applied a solution to the smart banking system that can detect malicious or remotely controlled apps, thereby taking the lead in protecting consumers from financial scams such as voice phishing.

2020 Plans

The Information Security Department will advance its SIEM to bolster the real-time integration, analysis and response system against cyber security threats in and out of the company, while adopting specialized solutions to diversify security drills for employees in step with the rising number of malicious e-mail attacks. Furthermore, it will become the first financial institution to acquire the international ISO 27701 and the domestic ISMS-P certifications, thereby enhancing privacy protection, and ultimately become an even more trustworthy and reliable bank for its customers.



Anti-Money Laundering

As financial companies are required to establish preventive policies against international money laundering and terrorism financing, Woori Bank operates the Anti-Money Laundering Center. The Center established the AML Planning Team in addition to the existing Domestic AML Team, Overseas AML Team and Sanctions Management Team, hiring a large pool of AML specialists and expanding the organization. Furthermore, it bolstered internal control to prevent money laundering and terrorism financing by becoming the first Korean bank to adopt a three-tiered Know-Your-Customer (KYC) system on par with defense systems of global financial companies. In a bid to boost the global competitiveness and credibility of Woori Bank, the bank hired AML/BSA specialists from the Office of Foreign Assets Control (OFAC), reinforcing internal controls at the AML/Sanctions Department of its American branches. Woori Bank is also upgrading its AML/Sanctions systems throughout overseas branches and subsidiaries to be commensurate with those of global financial companies.

First AML Internal Controls System in Korea



Know Your Customer (KYC) system established and piloted at 460 branches of Woori Bank

AML Experts

110

2019 Performance

Building a Global-Level KYC System

Woori Bank built a KYC system with three lines of defense: customer identification, inspection by the Anti-Money Laundering Center and independent audit by the Inspection Office. The bank also enhanced its specialized workforce, relevant regulations, guidelines and systems to defend against money laundering and terrorism financing, in order to faithfully carry out policies of the Financial Action Task Force (FATF) and the Korea Financial Intelligence Unit (KoFIU).

Boosting a System of Compliance at Overseas Branches

Woori Bank bolstered the anti-money laundering system of its global network in order to preemptively boost compliance at its overseas branches. The bank aligned with a global consulting firm to check on the status of anti-money laundering at overseas branches and upgraded its AML system to meet the global standard. Woori Bank also engaged in various activities in order to satisfy the high standards of compliance programs required by US financial authorities, which led to remarkable improvements including the positive inspection results of its American branches by local supervisory authorities. Woori Bank was also able to mitigate money laundering risks at its overseas branches by conducting sophisticated risk assessments on all overseas branches and reflecting FATF recommendations.

Bolstering the Sanctions Compliance Program

In 2019, Woori Bank launched wide-ranging control activities to bolster and deepen its sanctions compliance program. First, the bank reinforced internal controls by extending the sanctions list of its SWIFT filtering system applied to branches at home and abroad. By adding additional names to the existing official sanctions list, it enabled itself to preemptively manage sanctions-related risks. Second, Woori Bank reinforced the Bank's internal controls by conducting a sanctions risk assessment on domestic and overseas branches. The bank was able to identify the Bank's inherent risks related to sanctions, assess the adequacy of internal control activities and close any existing vulnerabilities. Third, the bank bolstered awareness of sanctions compliance by providing sanctions training for its employees and through quickly disseminating the latest trends. Woori Bank also conducted training for executive officers by inviting outside specialists to instruct them. It also provided customized training to employees in charge of internal control at branches, new heads of branches, employees assigned to overseas branches, employees handling transactions with high-risk clients and to its client companies. Woori Bank also quickly notified employees of changes taking place in international sanctions, thereby continuously reinforcing its sanctions compliance program.

2020 Plans

Woori Bank continues to enhance the level of its AML operations by bolstering ML/TF risk assessments and KYC systems as well as improving the transaction monitoring system. In addition, its aim is to further solidify a fundamental culture of anti-money laundering by developing a pool of specialists and reinforcing AML training programs for employees. At overseas branches, the bank continues to upgrade its AML/Sanctions systems and verify its sanctions compliance program on a regular basis in order to manage and control sanctions risks preemptively. At subsidiaries, the bank is building an anti-money laundering system that meets the standards of international and local supervisory authorities by aligning with a global consulting firm to diagnose the status of the AML system.

Wealth Management

The Wealth Management (WM) Group oversees serves not only Private Banking (PB) customers but also the bank-wide asset management business including services for corporate customers.

The WM Group consists of 12 teams under three departments (the WM Strategy Department, the PB Customer Department, and the Affiliate Products Department).

The WM Strategy Department manages bank-wide assets, oversees business strategies for PB customers, and suggests bank-wide recommendations, while establishing non-face-to-face channel asset management strategies and runs the required systems.

The PB Customer Department devises business strategies for PB customers and nurtures, operates and manages a specialized workforce and channel for asset management. It also provides tax consulting, real estate advisory services and other specialized services for high-net-worth (HNW) customers of Woori Bank.

The Affiliate Products Department selects fund and bancassurance products, forms marketing strategies, develops investment products, selects affiliate products and conducts follow-up management.

As of the end of 2019, Woori Bank has a total of 737 WM distribution channels. It has 747 private bankers (PBs) and financial advisors (FAs) who, as asset management experts, deliver best-in-class comprehensive asset management services to HNW customers through a specialized PB brand called "Two Chairs".

2019 Performance

Performance of Affiliate Products (Funds and Bancassurance)

In 2019, profits reached KRW 90.2 billion in funds, driven by wide-ranging marketing efforts including the launch of 120th anniversary products and collaborations with SME relationship managers (RMs). Meanwhile, on the bancassurance front, Woori Bank ranked No.1 in market share (34.2 percent) among four major commercial banks in Korea and posted profits of KRW 86.5 billion by diversifying portfolio through the launch of new products and reinforced non-face-to-face line-up.

Developing a Specialized Workforce and Strengthening Competencies in Asset Management

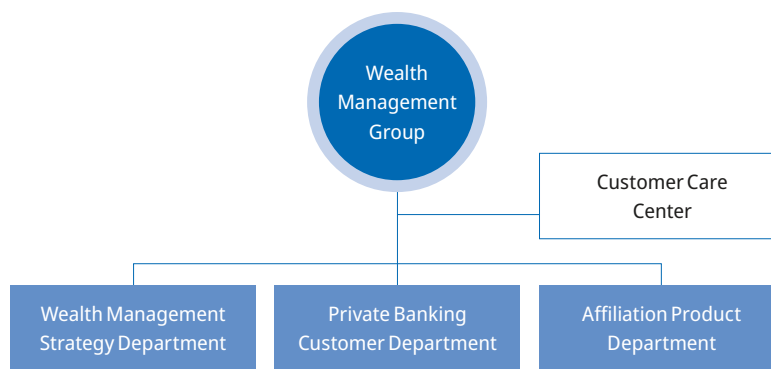
Woori Bank provides significant support and investments to foster a specialized workforce for asset management. The bank provides customized PB/FA training based on straightforward CDP and nurture next-generation personnel early on through public competitions. In particular, in 2019, it came together with external specialized institutions for high-quality training on not only PBs and FAs but next-generation personnel, in order to boost the competitiveness of its specialized workforce. To foster a pool of specialized asset managers, Woori Bank bolstered its competencies by operating separate intensive development courses on real estate, inheritances and gifts.

Expanding the Customer Base

At the core of the WM business is base of PB customers. In 2019, Woori Bank attracted 19,000 new PB customers, which is the highest increase rate (9.8 percent) among Korean commercial banks. This was the result of the targeted marketing of CEOs through collaboration between PBs/FAs and SME RMs as well as wide-ranging business support for new PB customers.

Expanding the Asset Management Business Base

Woori Bank expanded business base for PB customers by adding four new TC Premium Centers dedicated to HNW customers, where it provided specialized consulting in tax and real estate as well as comprehensive asset management services. Furthermore, it held global investment seminars in collaboration with Bank Woori Saudara Indonesia and Woori Bank China. Here, the bank expanded its global business base by providing locally-tailored investment seminars and one-on-one consulting services for Korean expats, businessmen and resident workers.



Bancassurance M/S

No.1 (34.2%)

Bancassurance takes up No.1 market share among the nation's top four commercial banks with launch of new products and reinforced non-face-to-face line-up, posting profits of KRW 86.5 billion

WM Distribution Channels

737 Channels 

Asset Management Experts

747 PBs/FAs



2020 Plans

Woori Bank will leap into becoming a more reputable asset management company that places its highest priority on its internal robustness and its customers, by improving business fundamentals through innovation across the board that encompasses asset management business, system and consumer protection.

Business System Innovation

The Chair of the Asset Management Product Committee in charge of selecting products was promoted from the head of the department level to the head of the group level and the committee members were also promoted from team leaders to division leaders. In addition, outside specialist members were appointed to boost expertise. Product and marketing organizations will be separated to provide customer-centric products and recommendations will be derived at the holding company level to present a unified direction on investments. At the product sales stage, its personnel will be given different clearance levels to sell investment products depending on their risk. A PB workforce verification scheme will be newly introduced to bolster internal the qualifications criteria. Moreover, the asset management capacity index will be developed and measured to foster PBs that can represent Woori Bank. The thresholds and return on sales of each product and management company will be reviewed on a regular basis to reinforce risk management. For ex-post management, a dedicated organization directly under the Head of the WM Group was newly established in order to ensure complete sales and customer interest protection (Customer Care Center). Furthermore, ex-post management schemes for funds including 'happy calls', tape-recording schemes and customer deliberation schemes are undergoing improvement.

Infrastructure Innovation

Woori Bank is in the process of rebuilding the asset management system that supports high rates of return and risk management. The bank also enacted and distributed the Code of Ethics for Asset Management that places customer interests the No.1 value. For overall customer demographics, Woori Bank will adopt a life-cycle asset management system to provide optimized portfolios.

Business Culture Innovation

Woori Bank overhauled the KPIs of distribution channels and PBs/FAs with a customer-centric approach. Moreover, the bank adopted a business management certification scheme, under which evaluation of executive officers reflect protection of financial consumers, so that evaluation by customers can be directly incorporated into the performance evaluation of officers.

*Distribution channel KPIs: Customer's Rate of Return 20 points (H2 2019) → Customer's Rate of Return 50 points, Customer Care 50 points (2020)

Private Asset Management Brand



Private Banking Brand of Woori Bank

— One-on-one tailored financial consulting services by asset management experts

— Private banking services dedicated to each customer offered in a fittingly refined setting

Employee Satisfaction

Woori Bank believes that a workplace where its employees are happy is a necessary foundation for providing the best services to its customers. This led to the creation of the Employee Satisfaction Center in 2007, and since then, the Center has been developing and implementing diverse programs. Woori Bank is expanding its leisure and travel programs to improve employee satisfaction with the hopes they will feel a stronger sense of ownership.

2019 Performance

Woori Bank Wibee took home the 11th championship title in the 2019-2020 WKBL Regular League. Driven by the enthusiastic cheers of employees, the excellent tactics of head coach Wie Sung-Woo and the tireless spirit of the athletes, Wibee broke its own record and made history once again with the first-ever V11 in the WKBL. Now, Wibee has its eyes set on another monumental achievement in the V12 next season.

Implementing Programs for Greater Employee Satisfaction

Woori Bank offers original and interesting programs to boost employee satisfaction. In 2019, the bank offered the “Woori Family Together Camping” program for its employees and their families. Woori Bank also provided Special Lectures on Culture to meet the cultural needs of its employees and help them build networks. Among its existing programs, the bank continues to offer the family getaway initiative, “Oh! Happy Woori,” and a psychological counseling program to help employees deal with feelings of insecurity or family issues. Woori Bank is doing its utmost to put into practice Woori Bank’s core belief that stipulates that the happiness of its 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 and is based on the idea that happy families are the very source of employee satisfaction. Employees and their families can participate in the seasonal experience programs to spend time together and refresh themselves physically and mentally. Last year’s programs included “Understanding Constellations”, “Visiting Pocheon Herb Island”, “Visiting Korea Job World”, “Visiting My Mother’s Family” and “Strawberry Picking and Smelt Fishing”. In particular, the “Companion Program with Spouses” reinforced the corporate culture that all happiness starts with family. This program has become the most preferred and sought after of all the offerings, allowing its employees an opportunity to spend quality time with their families and remind themselves of how important family is.

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 its employees for its spaciousness, the ample amount of time allowed for the ceremony, and its refined atmosphere. The venue features a



V11 in the Women’s Korean Basketball League (WKBL) 2019-2020 Season



Woori Wedding Day: A joint wedding ceremony for multicultural couples

'Oh! Happy Woori'

A family getaway program that began in July 2011 and also the leading family care program based on the idea that happy families are the very source of employee satisfaction



Prevention Training and Psychological Treatment

Woori Bank has provided prevention training and psychological treatment since 2017 for employees who interact directly with customers, to protect them from verbal and physical violence as well as sexual harassment.



gorgeous bridal room, a separate room for performing the traditional Korean wedding ceremony known as *pyebaek*, and a banquet hall for the wedding reception. The CEO's official vehicle is also made available as the wedding getaway car, which is particularly applauded by the employees. A total of 873 couples walked down the aisle in this auditorium between 2012 and 2017. Its popularity continued in 2018 and 2019, with an additional 150 and 160 couples marrying there in each year respectively. The benefit of this free wedding venue offer is twofold: it not only helps its employees save on wedding costs but also boosts the sense of pride its employees feel in Woori Bank.

2019 Programs to Protect Employees Who Interact Directly Customers

Woori Bank has provided prevention training and psychological treatment since 2017 for employees who interact directly with customers, to protect them from verbal and physical violence as well as sexual harassment. In accordance with the Occupational Safety and Health Act, the bank has produced the "Promotional Materials to Protect Direct Interactors" since October 18th 2018, in order to protect employees from verbal abuse and sexual harassment by customers. Woori Bank has distributed them to all branch offices in 2019. It also conduct training to prevent physiological or physical harm to its employees. To reinvigorate the organization and to better engage its employees in their work, the bank make reservations and provide funding for therapy sessions and legal counseling for its employees and their families. Woori Bank offers in-house professional counseling in addition to the externally run Employee Assistance Program (EAP), offering on-site counseling and small lectures at the branch level through TFT business support. In addition, the bank present employees with opportunities to manage their stress and relax with Tok-Tok Concerts and Office Training Programs. Woori Bank also lead the way in improving its organizational culture with preventive training for sexual harassment in the workplace and wide-ranging campaigns to prevent conflicts among employees.

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 corporate daycare centers in Seoul in 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, the bank opened the fourth center in Bundang, Gyeonggi Province (Saesol Center). Woori Bank will continue to open new daycare centers to promote a corporate culture that encourages a stable family life and do the best to help working parents cope with childcare challenges. Woori Bank strives to ensure that each and all of its employees are happy and that happy employees, in turn, will make its customers happy.



Woori Bank Programs to Protect Employees Who Interact Directly Customers – "On-Site Roundtable with Direct Interactors"



Woori Daycare Centers installed and operated to provide corporate support for working mothers

'A Day When Woori Meets Culture'

A support program to encourage employees and their families to take part in enriching cultural activities



Smart Health Check-Up Service

Introduced to enable quick and easy application for check-ups



Experiencing Other Cultures

The program that assists its employees to take overseas trips is gaining huge support. Woori Bank has travel agencies set up a dedicated website for its employees where they can choose from a variety of travel programs. As part of a virtuous cycle of providing welfare that inspires employees and customers and brings them satisfaction, the Woori Bank Employee Satisfaction Center runs refined and wide-ranging programs that can truly serve its employees.

A Day When Woori Meets Culture

This is a support program to encourage its employees and their families to take part in enriching cultural activities. First launched in 2012, the program made group ticket purchases in 2019 for musical performances including the Flashdance, Jekyll & Hyde, Mama Mia and Aida. Employees feel a sense of belonging and pride as the bank rents out the entire theater for the day to allow employees to choose their own showtimes and present an exclusive show just for Woori families.

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

The Banking industry has characteristically imposed a work environment that entailed overtime work into the night. To improve such conditions, Woori Bank introduced a work-life balance policy in 2013, which then became established as part of corporate culture at Woori Bank, as most offices and branches came to comply well with the policy. The so-called 'PC-Off' deadline is at 19:00 to ensure employees have time for leisure activities and family life and to help them return to work with greater efficiency and focus. In July 2019, Woori Bank took the initiative in striking the work-life balance of its employees by firmly establishing the 52-hour work week system and flexible work hours.

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 its employees. If any symptoms are identified from the check-ups, the bank supports affected employees with its group accident insurance and the Bank's medical fee subsidy plan to create a healthy and active work culture. In addition, Woori Bank also adopted the "Smart Health Check-Up Service" that is more convenient and allows for a faster application for check-ups. This service allows employees to check on their reservations, changes, and results in real-time via an app. It is built in a way that allows the health status and check-up results to be systematically cumulated and managed. Furthermore, its employees and their families are entitled to book and use the shared condominiums Woori Bank owns all over the country. These facilities are now made available to employees for much longer periods, allowing longer stays for more employees. These benefits help its employees refresh themselves and build a vibrant work culture.



"Special Lectures on Culture" meeting cultural needs of employees and supporting networking



Healthy Woori Program to create a vibrant workplace and promote the health of employees

Social Contribution Activities

Woori Bank's roots are embedded in Daehan Cheonil Bank, which was established in 1899 with funds from the imperial family by Emperor Gojong who envisioned to protect Korean commerce. For 121 long years, Woori Bank fulfilled its role to contribute to national development, driven by the pride of being the bank of Korean capital. Particularly in today's world, where the emphasis is on the social roles and responsibilities of finance, the bank continues to practice sharing in order to prosper together with local communities to realize the three values of Humanity, Happiness and Hopefulness, and carry out diverse social contribution activities including support for small merchants and microfinance in order to fulfill responsibilities as a major financial institution.

2019 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, Woori Bank has been engaged in a number of social contribution activities through its nationwide branch network. The Woori [We] Love Sharing Program is signature CSR program for all bank employees to take part in social contribution activities. It involves welfare facilities that have established sisterhood agreements with 34 regional business headquarters. The bank encourages employees to volunteer and provide sponsorship on a regular basis for the socially marginalized, including struggling youngsters, elderly citizens, and the disabled. Woori Bank also runs a social contribution campaign in the first and second half of the year, giving out awards to high-performing branches in the area of social contribution to encourage voluntary participation by employees. The donations for social welfare centers raised during the campaign period are used to support the underprivileged. In February 2019, as part of the Woori G-CSR Festival 2019, Woori Bank deployed a bank-wide social contribution campaign with the participation of subsidiaries and branches from 26 nations across the globe as well as domestic branches. From its global network, 317 employees in 22 subsidiaries and branches of Woori Financial Group from the US, China, Cambodia, Brazil and India took part, while domestically, 721 employees from 64 branches came together to help neighbors in need. Donations amounting to KRW 115.4 million were delivered to social welfare facilities to support the socially marginalized.

"Blood Drive" with Greater Compassion

Woori Bank has been conducting a 'blood drive' campaign since 2006. The campaign, carried out during July and August when the need for blood is greatest, is one of Woori Bank's longest running social contribution activities where employees from branches nationwide voluntarily visit nearby blood donation centers to donate blood and receive donation certificates. In 2019, the bank received a total of 1,078 blood donation certificates after the blood donations from Woori Financial Group employees were delivered to the Catholic University Eunpyeong at St. Mary's Hospital for patients fighting incurable illnesses, including leukemia and pediatric cancer. Woori Bank will continue the blood drive consistently, so that voluntary blood donations by its employees can help save lives.



"Good Together"—A global CSR campaign launched by Woori Financial Group



Blood Drive Campaign for underprivileged patients fighting incurable illnesses including leukemia and pediatric cancer

Woori Care Fund Project

5,760 employees
KRW 395 million

In 2019, an average of 5,760 employees voluntarily took part each month and raised a total of KRW 395 million



Sharing Daily Necessities for the Underprivileged

Woori Bank continues to engage in the act of sharing with the underprivileged during traditional holidays and the winter season. This January, the Woori Bank head office marked the beginning of the Better Together Campaign as the CEO joined 196 new recruits in distributing 2,300 Woori Hope Boxes consisting of meal kits for the New Year holidays. These kits went out to 2,300 households in Seoul, including to elderly individuals living alone and to low-income families. For the Chuseok holidays, KRW 100 million's worth of meal kits consisting of essential staples such as seasonal fruit and meat were delivered to 120 facilities in Seoul that house children, the elderly, persons with disabilities and the homeless, in an effort to reach out to the socially marginalized who live within the blind spots of welfare assistance.

Happiness: Pursuing Happiness through Sharing

Woori People's Culture of Donation: "Woori Care Fund"

Woori Bank runs the "Woori Care Fund" where employees voluntarily donate a certain percentage of their monthly pay to help fund social initiatives. Woori Care Fund was launched in 2003 for CSR purposes with the voluntary participation of employees. As of 2019, an average of 5,760 employees participated each month and raised a total of KRW 395 million. The Fund finances the "Woori Care Fund Public Competition Project" where outstanding social welfare programs are submitted by non-profit corporations and groups across the nation in the first and second half of the year to receive on-on-one matching donations from Woori Bank in a bid to support the socially marginalized. Woori Bank is now twelve years into the project since its start in 2009 and it has supported excellent social welfare programs that target marginalized children and elderly citizens who fall within the blind spots of social welfare. This project does a great deal in supporting the independence of the socially vulnerable, and provides cultural support for the marginalized. In 2019, Woori Bank donated KRW 300 million to 20 social welfare organizations and 20 community children's centers. In particular, the bank utilized leading donation platforms in Korea such as Happy Bean of Naver Co. and Together with Kakao of Daum Kakao Corp. to maximize customer donation in support of outstanding social welfare programs in the community.



Woori Hope Box delivery ceremony to wish happy New Year holidays for underprivileged neighbors in the community



Social welfare programs for the underprivileged

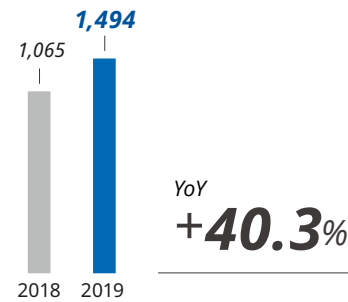
Employee Volunteers

42,636 persons



Total Expenditures on Social Contribution

(Unit: KRW in 100 millions)



Projects to Support Future Leaders

Woori Bank engages in diverse social contribution programs to lend a hand to future generations. Last year, the bank operated an education program that invited community children’s centers to visit museums and provided 40 sessions of financial education to socially marginalized children. In addition, a total of 1,262 children learned about the Bank’s history and the basics of finance through customized education program that offered diversified hands-on financial experience. Woori Bank offers Woori Together Scholarships for Youth to well-performing students at the community children’s centers that have established sisterhood ties with the Bank. In 2019, 74 children received scholarships totaling KRW 35 million. Woori Bank also hosts the Special Event for Children from Remote Islands and Areas program for children from rural or fishing villages where social and cultural resources may be relatively scarce. The event offers diverse excursion programs including visits to Gyeongbok Palace and museums.

Hopefulness: Inspiring Hope through Communication and Mutual Prosperity

“Global Volunteering” to deliver hopes

To address social issues in the global community through the bank’s global networks, Woori Bank conducts a variety of CSR activities and fulfills its social responsibilities as a global financial firm. In February 2019, its Global Volunteer Corps of 45 Woori Financial Group employees were dispatched to the YANKIN Children’s Hospital in Yangon, Myanmar. They engaged in various meaningful activities: facility maintenance and repair for children to receive medical services in a clean environment; teaching activities involving fine arts or physical education; and entertaining cultural performances to bring cheer to children exhausted from lengthy medical treatments. In July, the bank launched the Kind-Hearted Shoe-Making Campaign for children suffering from poverty all around the world. Shoes were handmade by employees and their families and donated along with monetary donations to NGOs that used them to help children living in poverty in Indonesia.

Mecenat Activities to Support the Underprivileged

Woori Bank has been running the “Healing Concert for Youths” project since 2018, sending an orchestra to perform classical music at schools for children who have little opportunity to come across such music. The Healing Concerts are a part of its culture and arts project to raise awareness of disabilities and inequality among future generation by presenting collaborative works of disabled and non-disabled performers. More than 7,000 students in 12 schools attended its



Learning about the economic role of banks and importance of saving, visiting exhibition rooms full of relics and films



Fulfilling CSR by launching global activities for the underprivileged in nations where Woori Financial Group has presence

Healing Concert for Youths

12 schools
7,000 students

Raising awareness of disabilities and inequality among students by presenting collaborative works of disabled and non-disabled performers



concert in 2019. On the Day of Persons with Physical Disabilities on November 11 2019, Woori Bank sponsored Yoo Soo-Young, a promising badminton player with physical disabilities, presenting him with a tailored sports wheelchair and funds for training. Woori Bank also supported repairs for wheelchairs by visiting welfare halls for the disabled across the nation.

2020 Plans

Benefit from Finance, Warmth from Sharing

Building a Unique Woori Culture of Sharing with Employees, Families and Customers

In 2020, Woori Bank will conduct locally tailored CSR activities with its sister organizations including Woori Love Sharing Program and continue employee campaigns in the first and second half the year. Woori Bank will conduct the Do Good! Campaign aligned with Naver Co.'s Happy Bean that will encourage family participation and host public competitions on donation platforms such as Naver Co.'s Happy Bean and Daum Kakao Corp.'s Together with Kakao to build Woori's unique culture of sharing along with employees, their families and customers.

Nurturing the Future Generation and Supporting the Underprivileged

In 2020, Woori Bank will expand its financial education sessions for community children's centers and the Woori Together Scholarships for Youth program to continue its projects to nurture the future generation. In addition, Woori Bank will work on reducing inequality and sharing with neighbors through support projects for elderly members in the area, persons with disabilities and multicultural families. Furthermore, the bank will take the lead in practicing CSR by providing immediate support whenever a natural disaster, like a fire, epidemic or typhoon strikes the country. In H1 2020, Woori Bank provided preventive kits to high-risk groups of COVID-19 in order to prevent the spread of the virus. In February, the bank delivered KRW 500 million worth of food items and monetary donations from employees to socially vulnerable elderly individuals and children's facilities in the Daegu-Gyeongbuk region. In March, Woori Bank supplied lunch boxes and health supplements every day for 400 healthcare providers in district general public hospitals in Daegu and starting in April, Woori Bank has been continuing anti-infection projects at 160 children's welfare centers in Seoul.



Supporting underprivileged children with not enough to eat as COVID-19 forces schools to suspend school meals

WOORI CARD

Woori Card was separated from Woori Bank in April 2013 in a bid to bolster Woori Financial Group's competencies in the credit card business and competitiveness in the non-banking sector. Based on an expansive banking network and customer base, Woori Card devised optimal business strategies as the credit card affiliate of the Group and is proactively pursuing new business to secure a new engine of growth. Furthermore, Woori Card places topmost priority on customer value throughout its business in developing products and services that cater to the needs of its customers. Woori Card also brings differentiated services to customers by actively forging partnerships with other industrial sectors and expanding business scope. As Woori Financial Group was inaugurated in January 2019, and Woori Card was incorporated as a subsidiary in September of that same year, Woori Card expects to generate powerful synergy with its Group affiliates.

*Customer
-Centered
Services*

2019

Woori Card wins
**2019 Family Friendly
Certification and
Government Award,**
Ministry of Gender Equality
and Family



Woori Card wins
**Check Card No.1 Award,
Korean Standard – Premium
Brand Index Grand Prix 2019,**
Korea Standards Association
/ Chosun Ilbo

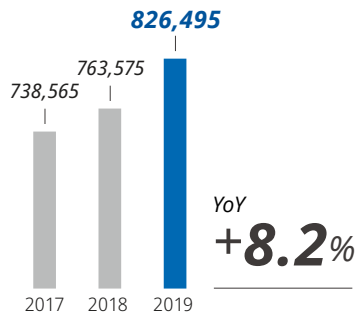


'Standard of Cards' wins
**the Credit Card Category of
Korea Good Brand Awards
2019,** Dong-A Ilbo

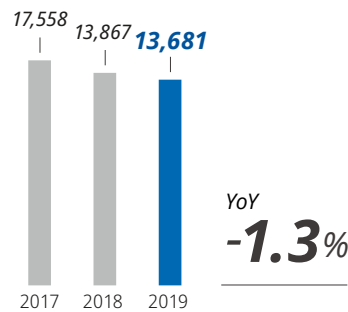


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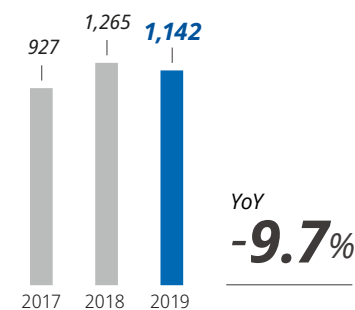
(Unit: KRW in 100 millions)

**Operating Income**

(Unit: KRW in 100 millions)

**Net Profit**

(Unit: KRW in 100 millions)

**2019 Performance****Part 1. Business Performance**

The volume of payments being settled via cards is increasing, driven by a growing membership pool, aligned business with Woori Bank and an aggressive entry into the simple payment market. Woori Card also continues to expand financial assets (long-term card loans) based on its high-value customers. In addition, as part of the efforts to develop new businesses to diversify its revenue base, Woori Card has been operating installment, lease and credit loan businesses since 2016, while continuously expanding source of long-term income. As credit card merchant fees were lowered, its profits decreased by KRW 95.6 billion in 2019. However, Woori Card overachieved its initial target for net income (KRW 81.3 billion) with KRW 114.2 billion, thanks to financial asset expansions, cost-cutting efforts and non-recurring factors relating to the BC Card litigation.

Part 2. Business Management Rationalization

Woori Card endeavors to systematically respond to the evolving business environment. Woori Card boosted focus on core functions and sped up decision-making processes by streamlining organization through functional readjustments among departments. Driven by dedicated Big Data organization, Woori Card is also pressing ahead with ultra-personalized customer management by advancing marketing efforts to a whole new level, reinforcing the loyalty of active members and boosting the usage among inactive or dormant members. In addition, Woori Card established a new digital marketing organization to respond to the changes in the digital finance ecosystem such as the growth of simple payments.

2020 Plans

Overall business conditions for the credit card industry are expected to only worsen in 2020. The pace of growth in the industry is predicted to slow amid contracted private consumption, a near-mature credit card business environment, ever-rising household debt, lower merchant fees and particularly because of universal recession triggered by COVID-19. Further threats are posed by fiercer competition from other industries such as ICT companies expanding their business in the payment and settlement market and online-only banks planning to launch credit card businesses.

In order to meet such changes head on, Woori Card sets the business goal of 2020 as “Securing the Future Growth Engine through Innovation and Challenge”, under which the company has six business strategies: Raising Value alongside Customers; Securing Sources of Income; Accelerating Digital Innovation; Bolstering Risk/Compliance Monitoring; Expanding Group Synergy; and Firmly Establishing the Foundation for Future Growth.

To this end, Woori Card plans to focus on boosting income by thoroughly managing the profitability of each business and efficiently controlling costs. In addition, Woori Card will expand profitable assets mainly through high-value members by reinforcing data analytics and advancing marketing efforts. Woori Card will also readjust portfolio to attract new members and improve cost structure.

Woori Card will secure the foundation to continuously create income by aggressively boosting the efficiency of its business management: Woori Card will actively cut costs by raising company-wide business efficiency; deploy ultra-personalized marketing driven by a dedicated Big Data organization; and bolster asset soundness by thoroughly managing risk. Furthermore, in order to secure the engine of new growth, Woori Card will make the utmost effort to align with the global networks of Woori Bank and expand synergetic businesses with Group affiliates under Woori Financial Group.

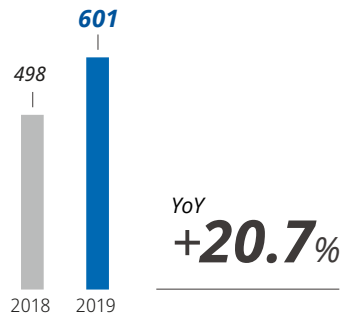
WOORI INVESTMENT BANK

Woori Investment Bank is the only company in Korea fully dedicated to total financial services with main business lines in deposits including bills issued and CMA as well as loans and securities management. Recently, Woori Investment Bank has been striving to diversify revenue base by expanding its business scope to include NPL investments and IB, while developing new sources of income through the synergy created by Woori Financial Group.

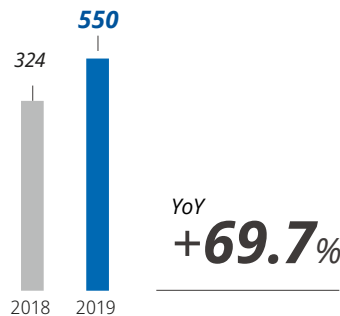


Interest Income

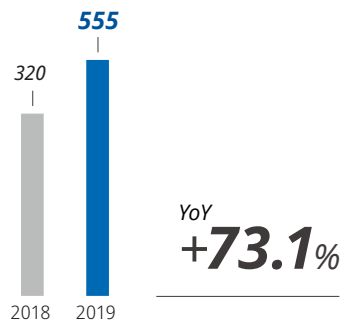
(Unit: KRW in 100 millions)

**Net Income**

(Unit: KRW in 100 millions)

**Operating Income**

(Unit: KRW in 100 millions)

**2019 Performance****Part 1. Boosting Fee Income through Bolstered IB, Diversifying Business Scope**

Amid the trends of low interest rate and low growth, Woori Investment Bank bolstered the securities business in order to expand its proportion of fee income. Woori Investment Bank revitalized IB business including deal management/arrangement/advisory services and reinforced organization and workforce in order to diversify revenue base through bonds management and acquisition/brokerage businesses. As a result, fee income in 2019 jumped 143 percent (KRW 18.4 billion) year-over-year to KRW 31.3 billion (stand-alone basis).

Part 2. Reinforcing Management of Loan Soundness

As uncertainties in the financial environment continue to unfold, Woori Investment Bank is reinforcing management for the stability of loans. Woori Investment Bank is not only monitoring risk management indicators and bolstering ex-ante reviews, but perform ex-post reviews through the newly established Loan Review Department. In 2019, its ratio of substandard-or-below loans and non-performing loans was 0.49 and 0.21 percent respectively, down 1.02 percent and 1.28 percent respectively from last year.

2020 Plans

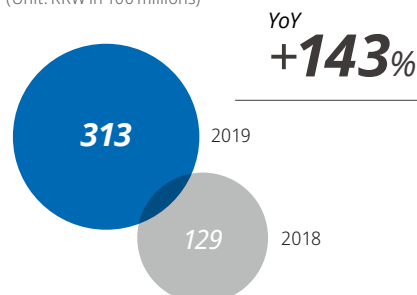
Woori Investment Bank has set its 2020 business goal as "Building a Financial Foundation through Stable Growth and Innovation," targeting a profit growth of 31 percent and asset expansion of 28 percent y-o-y. In particular, as the one and only financial investment subsidiary within the Group, Woori Investment Bank is focusing efforts on expanding non-banking business in order to drive towards Woori Financial Group's goal of becoming the "No.1 Comprehensive Financial Group."

In step with its plan to expand the loan business, Woori Investment Bank is pressing ahead with asset expansion mainly in reliably profitable assets. Woori Investment Bank is also pushing forward loan transactions through businesses aligned with Woori Bank. Amid the continuing low interest rate trend, Woori Investment Bank will also continue to boost non-interest income through fee incomes generated by IB business and securities management/brokerage.

In the mid-to-long term, Woori Investment Bank plans to expand and raise creditworthiness. As the nation's only fully dedicated financial service provider, Woori Investment Bank is also reviewing mid-to-long term development measures from multiple angles, taking into consideration market changes and the Group's portfolio.

Boosting Fee Income through Bolstered IB

(Unit: KRW in 100 millions)

**Woori Investment Bank's First Venture Capital Fund**

KRW
26 billion in size

Result of CIB collaboration within Woori Financial Group



WOORI FINANCE INFORMATION SYSTEM

Woori FIS Co., Ltd. will drive Woori Financial Group's conversion into a holding company system and continue the expansion of its affiliates. It will reinforce customer-centric marketing that leverages non-face-to-face channels and Big Data, engaging in asset management with the use of new digital technologies and become a leading bank in the foreign currency market. It will expand the global financial belt and its global non-face-to-face channels and renew digital banking services with a user-centric perspective and revitalize the mobile web, and lastly, it will maximize its business competencies by using innovative digital technologies.

Woori FIS plans to concentrate organizational competencies on the stable operation of next-generation systems; foster personnel and secure competitiveness to deploy new digital technologies and launch new businesses for customers; secure global service personnel and reinforce their competencies; affect change in the way it works to enhance customer satisfaction; develop organization-centric IT services; and acquire operational competencies.

2019 Performance

Under the 2019 business goal of "Securing Group IT Stability and Reliability," Woori FIS focused endeavors on the three business strategies: a) Enhance Quality and Service Level; b) Bolster Efficiency in the IT Operation System; and c) Boost Organizational and Specialized Competencies. Woori FIS also focused on the six business tasks: a) enhance IT quality by optimizing IT and continuously removing risk factors; b) provide timely support to Group businesses and procure site-tailored IT services; c) bolster efficiency and competitiveness by improving the IT system and organization; d) build the computing environment for end users in mind; e) rebuild the corporate culture (enhancing organizational synergy); and f) secure competencies to support the continued growth of the organization.

2020 Plans

In 2020, Woori FIS has set three business strategies: a) (stability) IT Operations with Zero Interruption and Full Integrity; b) (innovation) Continued Reinforcement of the 2SP Business Management Innovation; and c) (expansion) Expansion of IT-Business Convergence. Woori FIS also plans to focus on nine business tasks: a) expanding the stability and availability of IT services; b) bolstering competencies to protect information against ongoing security threats; c) advancing the IT compliance and quality monitoring system; d) innovating IT service processes in a customer-centric manner; e) innovating the system to optimize IT services; f) establishing an organizational culture of dedication and respect; g) reinforcing R&D to leverage technologies; h) discovering IT-based businesses and making preemptive proposals to customers; and i) expanding services based on IT competencies.

Business Strategy



'Clean Road 90' Campaign

Establishing zero-defect IT operation system to ensure reliability of IT services

'IT and Business Convergence'

2020 Business Goal

WOORI FINANCE RESEARCH INSTITUTE

Woori Finance Research Institute (WFRI) was established in 2012 with the vision of becoming the nation's best think-tank specializing in finance and an insight provider that spearheads financial development. In order to effectively support the management in their decision-making processes, Woori Finance Research Institute conducts in-depth research across all aspects of management strategies within financial companies and within the economy and the financial market itself. Woori Finance Research Institute is establishing itself as an opinion leader of Korean finance by sharing the results of its research with customers, the authorities and financial market participants.

2019 Performance

In 2019, WFRI published 330 reports with a focus on management strategies, risk management and the discovery of new growth engines in pursuit of the stable growth of Woori Financial Group. In response to the rapidly changing management environment, Woori Finance Research Institute has decided that, in 2020, it will be concentrating efforts on digital finance research, consulting services for subsidiaries and the group's inside perspective on macro and financial variables. Furthermore, in a bid to expand the group's business portfolio, Woori Finance Research Institute plans to bolster research on global financial companies for benchmarking purposes, non-banking industries and on the nations in which the Group has presence in.



Best Financial Think Tank in Korea

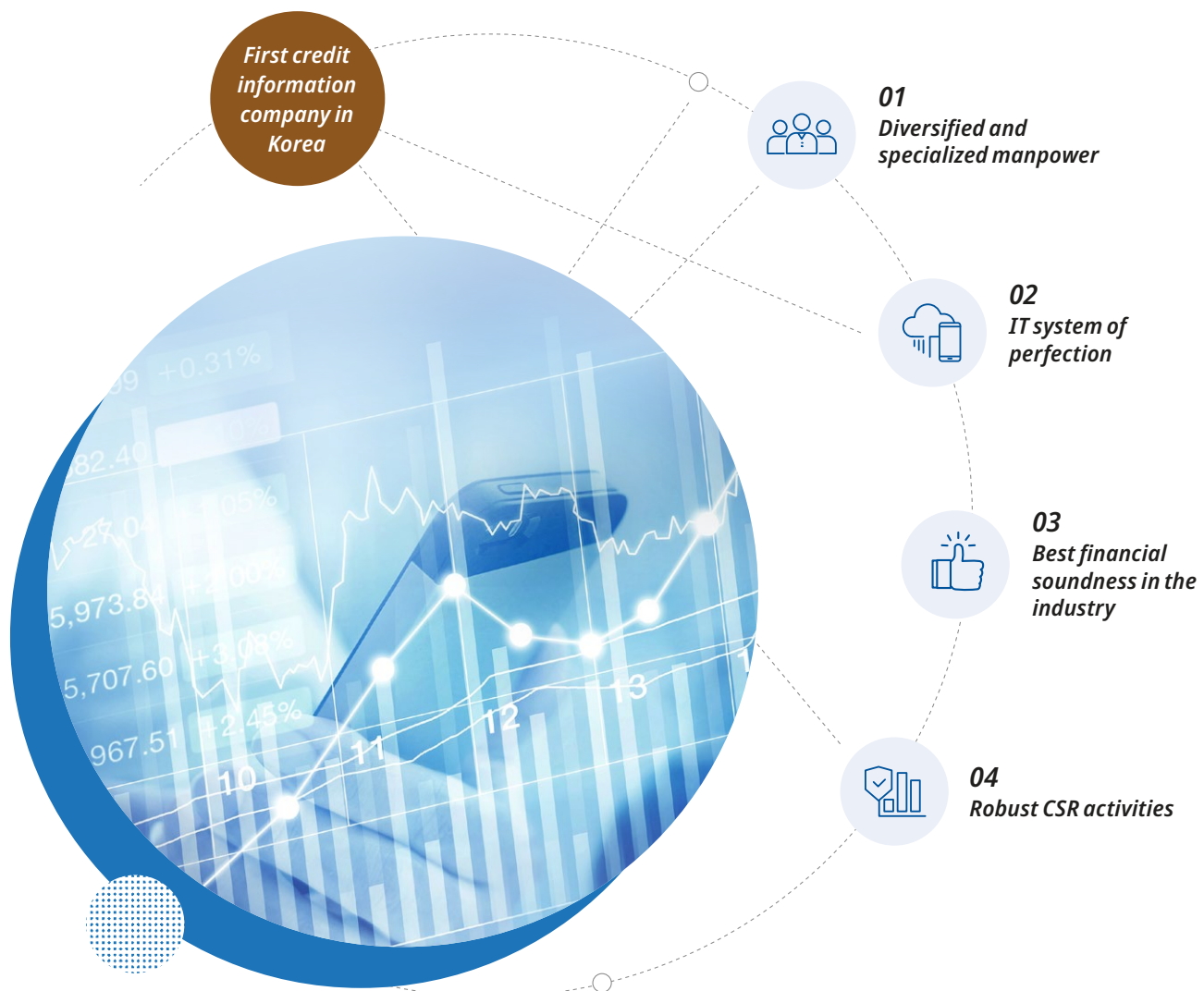
- Research on business strategies of financial institutions
- Research on financial policies and regulations
- Research on the global financial market and financial industry
- Analysis of domestic and international economic trends



WOORI CREDIT INFORMATION

Woori Credit Information's main line of business is debt collection, credit investigation and asset management. Woori Credit Information has solid financial soundness with the smallest liabilities and largest assets among credit information companies that are under financial holding companies in Korea. Furthermore, it has reinforced independent business viability by securing various business partners outside Woori Financial Group.

Woori Credit Information will secure the topmost position and lead the market, driven by vigorous sales capacity and business management efficiency.



Debt-to-Equity Ratio

(Unit: %)

Woori Credit Information

— **26.6**

Company A

— **65.9**

Company B

— **86.8****Percentage of Revenue from Non-Affiliates**

(Unit: %)

Woori Credit Information

— **31.0**

Company A

— **21.0**

Company B

— **2.3****2019 Performance****Part 1. Solid Financial Soundness**

Woori Credit Information currently operates business with zero leverage and have maintained a constant surplus ever since the founding of company. In addition, it is financially sound and has the largest assets and the lowest debt ratio (26.6 percent) among all credit information companies that are under the wings of a financial holding company in Korea.

(unit: KRW in 100 millions)

Category	Woori Credit Information	Company A	Company B
Total Assets	379	253	278
Debt-to-Equity Ratio	26.6%	65.9%	86.8%

Part 2. Highest Level of Revenue from Non-Affiliates

One measure of sales capacity for credit information companies under the umbrella of financial holding companies is the percentage of their revenue generated outside the holding company. Woori Credit Information has proven its sales capacity with the highest percentage of revenue from non-affiliates. It has secured various business partners outside the holding company and boosted revenue by expanding the scope of business continuously through proactive marketing efforts.

Category	Woori Credit Information	Company A	Company B
Percentage of Revenue from Non-Affiliates	31.0%	21.0%	2.3%

2020 Plans

Woori Credit Information's business goal this year is "Venturing into New Markets, Managing Business Based on Internal Robustness." It aims to achieve this goal based on the following systematic and efficient management strategies.

First, "Venturing into New Markets." It will concentrate its efforts toward discovering new engines of growth and diversifying sources of income in order to overcome the harsh business environment and to continue growth. It will also expand customer base by attracting more business partners.

Second, "Maximizing Efficient Management." Woori Credit Information will maximize efficiency in its business management based on a profitability analysis of each segment by efficiently managing the organization and personnel, simplifying work, building a new system, saving non-essential expenses, and bolstering the competencies of workforce.

Third, "Customer-Centric, On-Site Business Management." Woori Credit Information will earn support from customers and gain competitiveness by prioritizing customers and providing them with differentiated, tailored services that meet their needs.

Lastly, "Stronger Support Policies for Debtors." In step with government policies to boost support for the socially vulnerable, Woori Credit Information will boldly push forward measures to revitalize debt adjustment to the benefit of both debtors and Woori Credit Information. Furthermore, Woori Credit Information will fulfill social responsibility by bolstering ethical management through legitimate debt collection and reinforced individual credit information.

WOORI FUND SERVICE

Woori Fund Service is a specialized administrative management company equipped with a best-in-class system that provides various administration services including fund accounting and reference price computation for collective investment vehicles. Woori Fund Service is also increasingly being recognized as a powerhouse in handling general administration for real estate investment trusts, or REITs. Woori Fund Service endeavors to become a better service provider by stabilizing services with its new DRS system and through minimizing errors through stringent internal controls.

2019 Performance

Woori Fund Services commenced administrative management services for Woori Asset Management, which was incorporated as a subsidiary of Woori Financial Group in August 2019. Its System advancement process proceeded for six months from October 2019, involving data relocation and customized services for asset management companies. As a result, it now provides administrative management services for assets amounting to KRW 110 trillion. Woori Fund Service will also initiate administrative management services for Woori Global Asset Management in September 2020. Woori Fund Service believes this will create great synergy with asset management companies under the wings of Woori Financial Group, and will actively deploy marketing initiatives on their behalf.


2020 Plans

Recent improvements (cut-off) on the fund reference price computation scheme will be applied to the system, which will enable a sooner completion of the computation and contribute to the stabilization of this industry.

Moreover, Woori Fund Service plans to file for a patent application on the (tentatively called) "Management Direction Forwarding Service," developed to remove risks from the reference price computation. The Management Direction Forwarding Service enables the IT system to automatically notify whether management directions from asset management companies have been received or processed. This means that issues with manual processing can be prevented in advance. Woori Fund Service also aims to enter into the insurance industry based on bolstered business competitiveness by computing reference prices for variable insurance, building an IFRS system and developing an accounting system for REITs. In addition, it plans to press ahead with global business linked with its affiliates at Woori Financial Group beginning in the Asian region.



Administrative management services for KRW 110 trillion of assets



Specialized administrative management company with best-in-class system

WOORI ASSET TRUST

Woori Asset Trust is a comprehensive real estate financing company that Woori Financial Group newly acquired in 2019. On the basis of experience and customer trust cumulated over nearly 20 years, Woori Asset Trust pushes forward continued growth with over KRW 30 trillion in entrusted assets. Woori Asset Trust will provide the complete financial services for the Group to become the No.1 comprehensive real estate financing company with an excellent customer satisfaction track record by managing customer assets in a safe but highly profitable manner.

2019 Performance

Since its incorporation into the Woori Financial Group as of December 30 2019, Woori Asset Trust has restructured its organization under the leadership of the current co-CEOs, aiming to invigorate synergetic effects created by the "business management sector" and the "business promotion sector".

Despite the industry-wide recession, market impact and financial strain on Woori Asset Trust were both limited as business has a low percentage of loan-type land trusts that are high-risk in nature. Woori Asset Trust was able to generate stable profits by gradually expanding its proportion of management-type land trusts backed by completion guarantees, based on its existing strength in collateral trust, agency business and other areas that are relatively less sensitive to fluctuations in the real estate market.

(unit: %, KRW in millions)

Company	ROE(%)	ROA(%)	Net Income
Woori Asset Trust	36.4	24.5	31,122
Korea Trust	28.1	20.7	25,361
Hana Asset Trust	26.7	17.1	65,701
KB Real Estate Trust	23.4	18.4	61,713
Kyobo Asset Trust	22.7	18.0	26,473
Asia Trust	21.9	16.5	25,409
Mugunghwa Trust	21.0	11.8	18,745
Daehan Real Estate Trust	13.9	5.1	37,078
Korea Asset Investment Trust	13.8	7.6	79,598
Korea Real Estate Investment and Trust	11.8	7.0	90,737
KORAMCO REITs and Trust	8.3	3.9	21,629

Note: Data from Korea Financial Investment Association E-Disclosure Service (As of Dec. 31 2019, 11 existing companies)

2020
Pursuing Revenue
Diversification through
Internal Robustness

REITs Brand
Reputation Index No.3
Seeking reapproval as REITs AMC

Operating Income

KRW
41.15 billion

YoY
+0.34% ↑

Profitability

ROE 36.4%

ROA 24.5%

2020 Plans

Goal for this year is “Building Reliable Total Real Estate Finance,” and Woori Asset Trust plans to carry out strategies accordingly on “building a stable system”, “diversifying the revenue base”, and “revitalizing Group synergies”.

In the mid-to-long term, Woori Asset Trust will seek out opportunities to venture into new businesses by hiring outstanding talent (discovery), ensuring consistency in management policies through Group-level business administration and risk management (bolstering internal robustness), and building stable business capacity (scaling out externally).

Detailed business strategy for this year is as follows:

Build a Stable System through Organizational Restructuring (including New Set-Ups)

- Establish a Business Planning Department to build a growth engine for promoting new business by reinforcing capacity in strategic planning and financial management.

- Appoint a Risk Management Officer to an executive position (with a new, dedicated subordinate organization) to bolster internal and external risk management as well as internal controls. Improve the process of the entrustment system to take on trust businesses more selectively.

- Appoint a Compliance Officer to an executive position (with a new, dedicated subordinate organization) to firmly establish a spirit of compliance and ethical management. Conduct a regular training program to reduce and prevent litigation.

Diversifying the revenue base

- Expand market share by quickly securing management-type land trusts backed by completion guarantees in stable businesses, based on heightened credibility from being incorporated into Woori Financial Group.

- Pursue small redevelopment projects in the metropolitan area by winning the small scale reconstruction project for the Daeheung Townhouse near Namguro Station, Seoul

- Allocate essential personnel and secure a larger space to be reapproved as a REITs asset management company within the year

Revitalize Group synergies

- Promote synergy through collateral trust and land trust businesses aligned with PF loans (including introduction) extended by Woori Bank, etc.

- Promote the development of the Group’s available, unused real estate for youth housing and other government policy projects.

WOORI ASSET MANAGEMENT

Woori Asset Management is a comprehensive asset management company that carries out fund management, investment advisory business, discretionary investment and additional lines of business. On top of managing the three leading publicly offered bond funds – Woori High Plus Bond Fund, Woori High Plus Short Duration Blue Chip Bond Fund and Woori Short-Term Bond Fund – Woori Asset Management is entrusted to manage discretionary funds by multiple institutions including pension companies, insurers, banks and mutual aid associations. Woori Asset Management is also gaining substantial recognition with stock funds including index funds, small-mid high dividend funds and Samsung Group stock funds.

2019 Performance

As of end of 2019, in net asset value (NAV) terms, Woori Asset Management is entrusted to manage KRW 19.1 trillion, around the same level as was at the end 2018, and it realized a net income of KRW 8 billion. In terms of assets under management (AUM), market share was 1.57 percent, 2.3 percentage points down from the 1.80 percent at the end of 2018. Breakdown of key changes revealed that the AUM of stock funds grew by KRW 223.9 billion (up 17.4 percent y-o-y) and that of bond funds dropped by KRW 258.3 billion (down 1.8 percent q-o-q).

(unit: KRW in 100 millions)

Category	End of Dec. 2019	End of Dec. 2018	End of Dec. 2017
AUM of Woori Asset Management	191,346	191,367	213,760
AUM Total	12,151,476	10,608,562	10,280,506
Market Share	1.57%	1.80%	2.08%

(Source: Korea Financial Investment Association, funds+discretionary funds, NAV)

With interest rates on a constant decline, the AUM of domestic bond funds spiked up its YTD figures through August. Since then, however, interest rates have rebounded and investors have withdrawn their money from bond funds. Publicly offered bond funds underperformed as they are shorter-lived than competing funds as a result of going after a “bank rate plus mark-up” yield. Private equity bond funds, on the other hand, are performing solidly, under stable management that meets the needs of institutional beneficiaries.

For stock bonds, Woori Asset Management adopted a new management method focused on responsible investment and applied a Quant Model in pursuit of alpha. As a result, stock bonds are performing better, realizing a healthy yield well above the benchmark.

The Global Investment Management Unit, established on October 21 2019, will boost competitiveness by broadening the product line-up that meets the market needs. Woori Asset Management launched the Global EMP Asset Allocation Fund and is preparing a TDF (Target Date Fund) to raise its market share in retirement pensions. It also seeks to regain investors’ trust by pushing up yields on Chinese and Vietnamese funds.

AUM
KRW 19.1 trillion
Net Income
KRW 8 billion

2019
Market Share
1.57%

Net Income

KRW
8 billion ^{YoY} **+33.3%** ↑

Operating Income

KRW
10.2 billion ^{YoY} **+21%** ↑

2020 Plans

Business goal for 2020 is reliable management with highest priority on customers' yield. Under this goal, Woori Asset Management expects to increase net income by 19.5 percent to KRW 10.4 billion and add a face value amount of KRW 4.3 trillion to its AUM. Under this goal, Woori Asset Management is aggressively promoting specific tasks that include diversifying new sales channels, expanding new product line-ups, advancing a research-based management process and performance evaluation system, bolstering preemptive risk management and creating synergetic effects with Group affiliates.

Woori Asset Management foresees an annual average growth rate of around 5 percent for conventional stock and bond funds. Previously, it managed to achieve market-level growth, mainly through bond funds. This type of growth, however, is no longer viable as interest rates remain low and the market share of bond funds has reached its maximum level. As such, Woori Asset Management aims to overcome somewhat limited recognition resulting from its focus on handling small and mid-cap stocks by expanding market share in the large-cap stock market to equip itself with a new engine for growth.

In 2020, Woori Asset Management will also bolster synergetic effects with the holding company. Woori Asset Management will promote joint marketing efforts for key products including MMFs for individual investors and bond funds by reinforcing affiliated sales with Woori Bank. It will also provide "tailored" products to CIB and WM customers. In addition, Woori Asset Management plans to boost Group collaboration to prepare for the introduction of the trust-based retirement pension scheme and also develop new products by collaborating with IB. It also aims to fully step into the role of being a Solution Provider and develop solution products and TDF products that meet the needs of investors.



**Outstanding Excellence
in Domestic Bond Funds**
KG Zeroin Korea Fund Awards
Feb. 12, 2019



**Best Fund in
Domestic Bonds Category**
Maekyung Securities Awards
Feb. 21 2019

WOORI PRIVATE EQUITY ASSET MANAGEMENT


The private equity business continues to grow as key investment institutions enlarge their alternative investments and private capital assumes a larger role in the restructuring and M&A market. Woori Private Equity Asset Management is a first generation private equity fund management company in Korea that was established in October 2005. In July 2016, the company expanded its business scope by adding the management of hedge funds (“alternative investment” henceforth) to its existing business of managing private equity funds (“PEF” henceforth), thereby contributing to Woori Financial Group’s scale-out in the IB sector as the private equity asset management company of the Group. Woori Private Equity Asset Management will continue quantitative and qualitative growth as a PEF management company that leads the industry by presenting the best investment value and realizing customer satisfaction.

2019 Performance

In 2019, Woori Private Equity Asset Management achieved quantitative and qualitative growth by discovering and promoting various investment businesses under the goal of maximizing fund management performance and expanding the scope of its business. As the company was selected to undertake fiduciary management for KDB and Korea Growth Investment Corp, the PEF Department accordingly built two blind funds – one at the end of 2018 (Woori-Shinyoung Growth-Cap Private Equity Fund I, KRW 163 billion) and another in May 2019 (Woori-Q Corporate Restructuring Private Equity Fund, KRW 155.1 billion). It then went on to execute four investments in the excellent investees it discovered. The Asset Management Department ventured out of mainly investing in domestic SOC projects and expanded into the overseas development infrastructure, overseas real estate and innovative growth support funds, further boosting its profitability.

Part 1. Successful Investment Executions by the PEF Department

The PEF Department manages three funds as of end of 2019, with a total capital commitment of KRW 361.6 billion. In 2019, main focus was executing investments for the two existing blind funds. In particular, for the Woori-Shinyoung Growth-Cap Private Equity Fund I, which was developed as Woori Private Equity Asset Management and which became the fiduciary manager for KDB, it executed investments selectively in enterprises with technological prowess and growth potential. The department did so in various sectors that encompass advertising media, real estate platforms, security and anti-wiretapping device manufacturing, while generating outstanding investment performance by enhancing the value for investees. Furthermore, 60.3 percent of the total capital commitment was executed at the end of March 2020. Such remarkable records in carrying out investments laid the foundation to foster more blind funds going forward.



**The Most
Value-Creating Equity
Provider**



**15 Alternative
Investment Funds
under Management**

**KRW 1.2 trillion
in accumulated
commitments**
(As of end-2019)

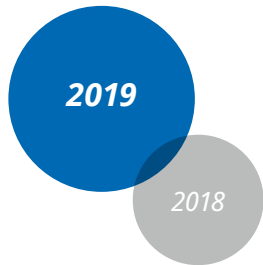
**Total Capital Commitments
in PEF**

KRW **362** billion



**Growth of Average Rate
of Management Fees**

YoY
+119.2%



Part 2. Expansion of Diverse Investments Driven by Stability and Profitability

The Alternative Investment Department manages 15 funds as of end of 2019, with accumulated commitments reaching KRW 1.1972 trillion.

In 2019, profitability was improved as the department successfully diversified its business by expanding overseas investments that display both stability and profitability, and the average rate of the management fees climbed 119.2 percent year-on-year. Moreover, as it ensures thorough management of ex-ante and ex-post risks, not a single investment has incurred a loss since the launch of the business.

2020 Plans

Woori Private Equity Asset Management will continue to grow in quantitative and qualitative terms in 2020, with the aim to leap towards becoming the industry-leading asset management company by offering the best investment value and customer satisfaction.

The PEF Department will maximize return on investment by enhancing the values of investees that compose the portfolio of the two blind funds, while making more investments to generate the best results. In addition, it will secure position as a leading player that drives the domestic PEF market by pushing ahead to foster another blind fund of around KRW 300 billion in volume by attracting investments from major institutions.

The Alternative Investment Department plans to broaden assets under management by discovering new businesses to invest in, including overseas infrastructure and real estate. The department will also produce stable investment performance with the existing business by thoroughly managing investment ex-post. The Alternative Investment Department also plans to foster a new fund amounting at around KRW 300 billion, which will bring accumulated commitments to KRW 1.5 trillion within 2020.

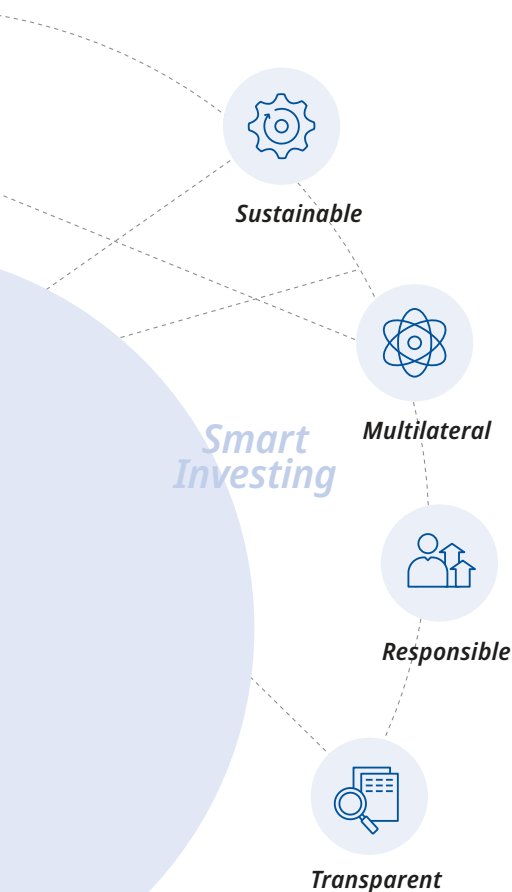
WOORI GLOBAL ASSET MANAGEMENT

Woori Global Asset Management started off as Allianz Global Investors and grew into a global asset management company with approximately KRW 9 trillion in assets under its management at the end of 2019. Woori Global Asset Management became an affiliate of Woori Financial Group in December 2019. On top of its existing strength in stocks, bonds and overseas fund of funds, the company broadened its business scope into the alternative investment market by establishing the Global Investment Unit and Alternative Investment Unit to handle investments in infrastructure, real estate and acquisition financing. Woori Global Asset Management believes that the best way to gain a competitive edge in the market begins by truly understanding the big picture. Woori Global Asset Management leaves no stone unturned in doing its utmost to fully understand the needs of both the market and its customers, and based on the solid foundation and global networks of the Woori Financial Group it presents customers with best-in-class management competencies and competitive investment solutions.

2019 Performance

In 2003, Woori Global Asset Management launched the very first fund of funds in Korea, that was based on the sophisticated asset management methodologies of the German Allianz Group, that invested overseas. Since then, Woori Global Asset Management has been spearheading the market by taking the lead in launching a wide range of overseas investment products. In 2019, the company expanded product line-up in step with customer demand by launching USD-denominated overseas bond funds and unhedged funds, firmly entrenching its leadership position in overseas bond funds. Furthermore, it broadened strategic partnerships with reputable asset management companies overseas by launching the Woori G. Artisan Global Opportunities Fund in late 2019 with Artisan Partners - a US company with a stellar track record in global stock asset management.

Moreover, as the alternative investment market has recently been posting rapid growth, Woori Global Asset Management selected alternative investments as a new growth business and established the Global Investment Unit and Alternative Investment Unit. They focus on preemptively discovering investment opportunities in reliably profitable alternative investment assets, in Korea and abroad, from which they can expect value appreciation and consistent yields. To this end, the Global Investment Unit and Alternative Investment Unit reinforced operation systems and sourcing channels and also developed and launched products in the fields of domestic and overseas acquisition finance, real estate and infrastructure.



AUM

KRW **8.7** trillion



2020 Plans

Woori Global Asset Management aims to provide investment products that guarantee reliable income for customers based on specialized and accurate in-house research and operation system as well as its sophisticated risk and compliance monitoring systems.

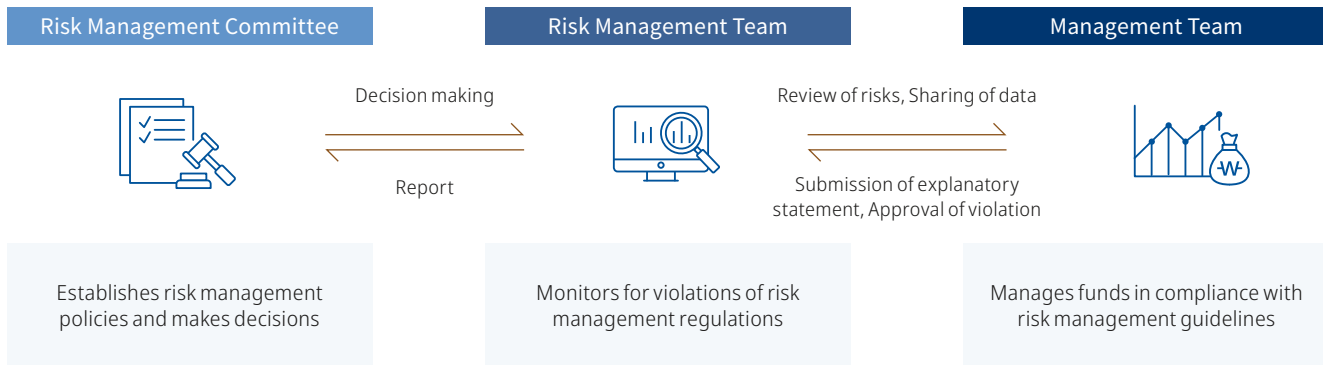
As an affiliate of Woori Financial Group, Woori Global Asset Management will strive to actively present the best investment solutions to all individual, corporate and institutional customers of the Group and generate synergy in multiple fields with other Group affiliates including through aligned business and combined product development.

In stocks, Woori Global Asset Management promotes a bold kind of management driven by fundamentals and corporate value analysis that is based on in-house research and targets mid-to-long term results. The company is building competitive asset management and risk management systems to maintain stable performance in managing domestic general stock funds and small-and-medium cap funds, while developing new products to diversify investments into overseas markets.

In bonds, Woori Global Asset Management strives to build a system that can further stabilize asset management and achieve outstanding risk-adjusted return. In the institutional discretionary sector, it will bolster collaboration with the marketing unit in order to boost AUM and also enlarge MMF net asset value through stable management.

In global and alternative investments, its goal is to become a reliable asset management company specializing in overseas funds. To help achieve this, the company will reinforce strategic partnerships with reputable asset management companies overseas and enhance the quality of its management process and communications with customers for launched products. Furthermore, based on its global networks in relation to alternative investments, the company will develop various alternative investment products in the fields of domestic and overseas real estate, infrastructure, aircraft finance and acquisition finance on top of existing focus on stock funds and bond fund of funds.

Risk Management Process



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MANAGEMENT'S DISCUSSION AND ANALYSIS

1. Disclaimers on Forecast Information

Activities, events or phenomena that are expected and predicted to occur in the future in this annual report for Woori Financial Group Inc. reflect the company's thoughts and opinions on the events and financial performance at the time when this document was prepared for disclosure in the same term. The forecast information is based on diverse assumptions associated with the future business environment, and, consequently, such assumptions may be judged to be inaccurate in the future. Moreover, the assumptions include risks, uncertainties and other factors that might cause critical differences between estimated outcomes in the forecast information indicated here and the actual outcomes. Factors that might induce such critical differences encompass factors related to internal corporate management and those related to the external environment, and include other wide-ranging factors.

Woori Financial Group has no obligation to disclose a revised report with corrections on matters prescribed in the forecast information in order to reflect risks or uncertainties that might occur after the preparation of the forecast information.

In conclusion, Woori Financial Group cannot confirm the realization of expected results or matters forecast by the Group or the occurrence of any impacts projected in this business report. Forecast information prescribed in this report is current as of the time the report was prepared. Please note that Woori Financial Group has no plan to provide updates on such risk factors or forecast information. Furthermore, it should be noted that even under such circumstances, the forecast data shall not be used as evidence for legal responsibility regarding investment outcomes for customers.

2. Overview

After establishing Woori Financial Group, Inc. on January 11 2019, Woori Financial Group Inc. acquired two asset management companies (Woori Asset Management Corp. and Woori Global Asset Management Co., Ltd.) and a real estate trust company (Woori Asset Trust Co., Ltd.). In addition, Woori Card Co., Ltd. and Woori Investment Bank Co., Ltd., which were subsidiaries of Woori Bank, were incorporated as Group subsidiaries, widening the business portfolio and solidifying the Group system.

Four percent of the shares in mutual ownership issued in the process of launching the holding company and incorporating subsidiaries were sold to Fubon Life Insurance – a Taiwanese major financial company. As such, despite harsh financial conditions, Woori Financial Group was able to complete the selling of shares, driven by thorough preparation and aggressive endeavors to attract investors, shedding any issues regarding share overhang and stabilizing the Group's governance. Furthermore, Woori Financial Group purchased the Woori Financial Namsan Tower across the street from the main office building of Woori Bank. Some of the Group affiliates have relocated to the Tower, giving impetus to building the "Namsan Woori Financial Town."

In terms of financial performance, Woori Financial Group Inc. realized a net income of KRW 2.0038 trillion on a consolidated basis in 2019 (Net Income Attributable to Controlling Interests: KRW 1.8722 trillion).

In 2019, the business environment in the financial industry was generally strained in general as the US-China trade conflicts continued, on, triggering a global recession and causing central banks in the US and other nations to lower interest rates, which also pushed down market rates. Nevertheless, Woori Financial Group realized strong performance with an improved profit structure by growing assets, mainly in reliably profitable corporate loans and expanding core deposits, while further enhancing asset soundness, that which was already one of the best in the industry.

In terms of profitability, the decline in market rates and fiercer competition for deposits brought on by the new LDR rule pushed down NIM (0.10%p on the Group basis, 0.08%p on the Bank basis). Even so, a balanced growth of financially sound corporate loans and household loans bolstered interest-bearing assets, as net interest income climbed 4.3% over the previous year (2018 Woori Bank consolidated basis, same applied henceforward) to KRW 5.8937 trillion. Non-interest income dropped 1.3% y-o-y to KRW 1.0466 trillion, but net fees and commissions income, which is core non-interest income, stood at a solid KRW 1.1026 trillion, mainly driven by the asset management business. General and administrative expenses slightly moved inched upwards due to general expenses during the initial stage of establishing the holding company and wages for new subsidiaries. Going forward, however, the CI ratio will be robustly managed with efficient channels and business strategies.

In asset quality, Woori Financial Group recorded an NPL ratio of 0.45% and delinquency ratio of 0.33% on the Group basis – the lowest level in the industry. This was possible as Woori Financial Group improved portfolio by boosting the share of financially sound assets and by proactively writing off bad debt and preemptively managing risk to restrain non-performing loans.

In terms of capital adequacy, Woori Financial Group applies the standardized approach in calculating capital adequacy ratios, this being its first year as a holding company. At end-2019, BIS total capital ratio of the Group was 11.89%, which was above the regulatory requirement of 10.5%. Woori Financial Group is also strenuously actively striving to enhance capital adequacy by issuing capital securities and boosting high-quality assets. At present, review is underway for the approval of the internal ratings-based (IRB) approach. In October 2019, major subsidiary Woori Bank acquired the approval to switch to the IRB approach. The capital adequacy ratio is expected to be enhanced once Woori Financial Group Inc. acquires the said approval.

Meanwhile, as the growth of the domestic financial market becomes stagnant, there is an increasing need to diversify the revenue base by making inroads into overseas markets. At the end of 2019, the Group owned a total of 474 global networks in 23 nations and is still aggressively actively venturing into other markets. Endeavors to boost global businesses with an aim to restructure domestic-centered revenue base led to a global business net income of KRW 224 billion, a 15.8% increase y-o-y, accounting for more than 10% of total profits. In step with the growth of digital finance in Southeast Asia, Woori Financial Group will further advance locally specialized mobile banking services and accelerate qualitative growth based on global risk management.

Key Management Indicators

(Unit: KRW in billions, %)

Category		At End-2019	
B/S	Total Assets (Including AUM)	473,794	
	Total Assets (Excluding AUM)	361,981	
	Loans in KRW ^{Note 1)}	221,687	
I/S	Net Interest Income	5,894	
	Net Fees & Commissions Income	1,103	
	Other Operating Income	△430	
	Operating Income	2,800	
	Net Income	2,038	
		Net Income Attributable to Non-Controlling Interests	165
	Net Income Attributable to Controlling Interests	1,872	
Management Indicators	ROA	Including Non-Controlling Interests	0.57
		Excluding Non-Controlling Interests	0.52
	ROE	Including Non-Controlling Interests	10.11
		Excluding Non-Controlling Interests	9.29
	NPL Ratio		0.45
BIS Total Capital Ratio ^{Note 2)}		11.89	

Note 1) Based on consolidated financial statements

Note 2) Based on standardized approach

Note 3) Net fees and commissions income: Fees and commissions income in KRW + Note 4) Other operating income: gain (loss) on insurance + gain (loss) on Valuation & Disposition of Securities + gain (loss) on Valuation and Disposal of Loan + gain (loss) on foreign exchange + gain (loss) on derivatives + provision for/reversal of credit loss reserve + provision for/reversal of allowances + dividend income and commissions income in foreign currency + fees and commissions income related to credit cards + fees and commissions income related to securities + fees and commissions income related to leases + fees and commissions income related to brand usage + fees and commissions income related to trust

Note 4) Other operating income: gain (loss) on insurance + gain (loss) on Valuation & Disposition of Securities + gain (loss) on Valuation and Disposal of Loan + gain (loss) on foreign exchange + gain (loss) on derivatives + provision for/reversal of credit loss reserve + provision for/reversal of allowances + dividend income

Although 2020 started off with expectations of an economic recovery, the outlook for both the economy in general and the financial industry is dismal, due to the unexpected COVID-19 outbreak. It seems that recovery will all depend on when the outbreak subsides, but concern of another global recession is looming as the World Health Organization has recently declared COVID-19 a pandemic. The Federal Reserve lowered its benchmark interest rate to 1.5%, subsequently, and many other nations are rolling out liquidity expansion policies, which are likely to take a toll on the profitability of banks. In addition, the creation of an innovate digital finance environment by open banking services or third-party online-only banks indicate that Woori Financial Group faces ever fiercer competition with not only other financial institutions but with ICT companies.

Provided, Woori Financial Group plans to solidify existing business prowess by presenting customer-centric comprehensive financial solutions and spearhead changes and innovations in new areas such as digital finance, thereby proactively discovering new growth engines. Moreover, in the second year into the Group system, Woori Financial Group will continue to carry out strategic M&As with capital banks, savings banks and securities firms to expand non-banking lineup. Woori Financial Group will also create synergy by bolstering the competitiveness of newly incorporated subsidiaries and boosting collaboration among Group affiliates, in order to discover new business opportunities.

3. Financial Position & Business Performance

A. Financial Position & Business Performance

(1) Growth

1) Woori Financial Group Inc.

(Unit: KRW in billions)

Category	At End-2019
Total Assets (Including AUM)	473,794
Total Assets (Excluding AUM)	361,981
Loans in KRW	221,687
Loans in Foreign Currency	26,206
Marketable Securities	53,764
Credit Card Receivables	8,399

Note 1) Based on Group consolidated financial statements

Note 2) Loans in KRW: Inclusive of inter-bank loans

Note 3) Loans in Foreign Currency: Loans in foreign currency + domestic import usance bills + bills bought, inter-bank loans in foreign currency

Note 4) Marketable Securities: Marketable securities + investment in subsidiaries + marketable securities credit loss reserve

At end-2019, the Group's total assets (including AUM) stood at KRW 473.8 trillion, growing by KRW 79.3 trillion (or 19.9%) since first disclosure as a holding company at the end of March 2019. Of this growth, newly incorporate subsidiaries (Woori Asset Management, Woori Global Asset Management, Woori Asset Trust) accounted for KRW 55.6 trillion.

At the end of 2019, on the Group basis, loans in KRW stood at KRW 221.7 trillion, loans in foreign currency at KRW 26.2 trillion, and marketable securities at KRW 53.8 trillion.

2) Woori Bank

(Unit: KRW in billions)

Category	2019 End of the (current) 186 th term	2018 End of the (previous) 185 th term	Change (amount)	Change (%)
Total Assets	348,182	340,447	7,734	2.27%
Loans in KRW	219,910	211,065	8,845	4.19%
Corporate Loans	97,080	93,856	3,224	3.43%
Household Loans	119,720	113,704	6,016	5.29%
Public and Other Loans	3,110	3,505	△395	△11.27%

Note) Based on consolidated financial statements of Woori Bank

Woori Bank – a major subsidiary of the Group – posted total assets of KRW 348.2 trillion at end-2019 (consolidated basis), which is KRW 7.7 trillion larger than the year before (2.27% growth). The main driver was the growth of loans in KRW by KRW 8.8 trillion (or 4.19%) y-o-y. Meanwhile, corporate loans increased by KRW 3.2 trillion and household loans by KRW 6 trillion, with each asset category assuming a similar share out of total as the year before. Woori Bank will continuously implement balanced asset growth strategies in 2020, taking into account risk management and profitability.

3) Financial Information of the Major Subsidiaries

(Unit: KRW in millions)

Category		At end-2019	At end-2018
Woori Card	Asset	10,087,342	9,987,400
	Liability	8,299,175	8,305,436
	Equity	1,788,167	1,681,964
Woori Investment Bank	Asset	3,398,960	2,682,660
	Liability	3,031,622	2,367,418
	Equity	367,338	315,242
Woori Asset Trust	Asset	139,839	113,786
	Liability	45,410	37,333
	Equity	94,429	76,453
Woori Asset Management	Asset	112,781	101,536
	Liability	6,017	3,824
	Equity	106,764	97,712

Note) Woori Card/Woori Investment Bank: Based on K-IFRS consolidated financial statements, Woori Asset Trust/Woori Asset Management: Based on K-IFRS separate financial statements

Woori Card saw an increase of around KRW 100 billion in total assets, driven by greater usage of credit cards and financial assets on a broader revenue base.

Credit card usage is increasing, driven by a growing membership pool, aligned business with Woori Bank and a bold entry into the simple payment market. Woori Card also continues to expand its financial assets (long-term card loan) based on high-value customers. In addition, as part of efforts to develop new businesses to diversify the revenue base, Woori Card has been operating installment, lease and credit loan businesses since 2016, while continuously expanding its sources of long-term income within the regulatory leverage ratio (600%) of credit card companies.

Woori Investment Bank recorded total assets of KRW 3.4 trillion at end of 2019, which is KRW 0.7 trillion (or 26.7%) higher than the previous year. The growth was mainly attributable to continued increase of financially sound loan transaction partners and to affiliated business with Woori Bank, in accordance with the plan to expand the loan business. Consequently, loans in KRW surged by KRW 380.1 billion (or 46%) y-o-y. Woori Investment Bank also took on bonds management in full-swing, recording a KRW 487.3 billion (or 90.2%) growth y-o-y in public bonds and financial bonds. Woori Investment Bank will continue to roll out balanced asset growth strategies, taking into account risk management and profitability.

As of end-2019, Woori Asset Trust has KRW 27.5 trillion in assets under management, which is KRW 3.9 trillion higher than the year before, in terms of the face value amount. Total assets stood at KRW 139.8 billion, recording a y-o-y growth of KRW 26 billion (or 23%). In 2019, real estate regulations were reinforced and the economy was in a downturn, which pushed up the volume of unsold new property developments. As a result, new order placements in the industry generally declined, as major companies with main lines of business in loan-type land trust downsized their businesses amid surging bad debt write-offs and widespread risks. On the other hand, as Woori Asset Trust focuses on non-loan type products, including management-type land trust, collateral trust and agency business, its new order placement and revenue increased in 2019. On top of its solid business foundation, Woori Asset Management plans to build the framework for full-fledged growth as a subsidiary of the Woori Financial Group Inc. by venturing into the business of management-type land trusts backed by completion guarantees. In the mid-to-long term, Woori Asset Management also aims to continue its growth trend by developing new businesses.

As of end of 2019, in net asset value (NAV) terms, Woori Asset Management is entrusted to manage KRW 19.2 trillion, which is similar to the 2018 year-end level. With the interest rates falling since 2019, AUM in domestic bond funds increased, but as interest rates climbed since August, the competitiveness of bond-type products has weakened and AUM therein declined. As market volatility grows, Woori Asset Management will expand its new lineup of MMF, index and EMP products, thereby facilitating the inflow of funds from institutional investors and private equity. Woori Asset Management set the goal of boosting the AUM by KRW 4.3 trillion in its face value amount. To this end, Woori Asset Management is diversifying new sales channels, expanding its new product line-up, advancing research-based management processes and performance evaluation systems, bolstering preemptive risk management and creating synergetic effects with Group affiliates.

Total Assets (including AUM) of Affiliates

(Unit: KRW in billions)

Category	At End-2019
Group	473,794
Woori Bank	403,914
Woori Card	10,087
Woori Investment Bank	3,399
Woori FIS	91
Woori Finance Research Institute	5
Woori Credit Information	38
Woori Fund Service	17
Woori Asset Trust	27,651
Woori Asset Management	19,248
Woori PE	811
Woori Global Asset Management	8,696

Note1) Woori Bank, Woori Investment Bank: Based on consolidated financial statements

(2) Profitability

1) Woori Financial Group Inc.

(Unit: KRW in billions)

Category	2019
Net Interest Income	5,894
Net Fees and Commissions Income	1,103
Other Operating Income	△430
General and Administrative Expenses	3,766
Operating Income	2,800
Non-Operating Income(Expense)	△77
Net Income before Income Tax Expense	2,723
Income Tax Expense	685
Gain (Loss) on Discontinued Operations	-
Net Income	Total 2,038
	Net Income Attributable to Non-Controlling Interests 165
	Net Income Attributable to Controlling Interests 1,872

Note 1) Net fees and commissions income: Fees and commissions income in KRW + fees and commissions income in foreign currency + fees and commissions income related to credit cards + fees and commissions income related to securities + fees and commissions income related to leases + fees and commissions income related to brand usage + fees and commissions income related to trust

Note 2) Other operating income: gain (loss) on insurance + gain (loss) on Valuation & Disposition of Securities + gain (loss) on Valuation and Disposal of Loan + gain (loss) on foreign exchange + gain (loss) on derivatives + provision for/reversal of credit loss reserve + provision for/reversal of allowances + dividend income

Although the base rate was lowered twice this year (July and October 2019), Woori Financial Group Inc. realized a total net income of KRW 2,038 billion in 2019, or KRW 1,872 billion when excluding net income attributable to non-controlling interests, based on the improvement of profit structure and the reversal of credit loss expenses.

The net interest income amounted to KRW 5,894 billion, net fees and commissions income to KRW 1,103 billion and operating income after credit loss expenses and general and administrative expenses to KRW 2,800 billion. Pursuant to the conversion into a holding company structure, net income attributable to non-controlling interests of KRW 165 billion is reflective of dividends to hybrid securities.

2) Woori Bank

(Unit: KRW in billions)

Category	2019 (current) 186 th term	2018 (previous) 185 th term	Changes
I. Operating Income	2,592	2,422	+170
Net Interest Income	5,317	5,141	+176
Non-Interest Income	887	850	+38
Net Fees and Commissions Income	972	911	+61
Securities Income	214	213	+1
Net Gain (Loss) on Disposal of Financial Assets at Amortized Cost	84	44	+40
FX/Derivatives/Other Operating Income	△383	△318	△65
Impairment Losses Due to Credit Loss	△118	△85	△33
General and Administrative Expenses	△3,494	△3,484	△10
II. Non-Operating Income (Expense)	52	48	+4
III. Net Income before Income Tax Expense	2,644	2,470	+174
IV. Gain (Loss) on Discontinued Operations	△471	299	△770
V. Income Tax Expense	645	717	△72
VI. Net Income	1,527	2,052	△525
Net Income Attributable to Controlling Interests	1,506	2,033	△528
Based on consolidated financial statements	22	18	+3

Note) Based on consolidated financial statements

In 2019, the net income (consolidated, controlling interests) of Woori Bank – major subsidiary – was KRW 1.506 trillion, down KRW 528 billion from 2018. The main reason for the fall in net income can be attributed to the accounting loss of KRW 508.8 billion in relation to the transfer of shares from seven subsidiaries, including Woori Card, to the holding company. Meanwhile, the operating income of 2019 was KRW 2.592 trillion, up KRW 170 billion y-o-y.

The decline in market rates and fiercer competition for deposits with the implementation of the new LDR rule pushed down NIM 0.08%p. Even so, net interest income was up KRW 176 billion from 2018 to KRW 5.317 trillion, on the back of the growth of interest-bearing assets. Non-interest income increased KRW 38 billion y-o-y to KRW 887 billion, with net fees and commissions income climbing KRW 61 billion and net gain on available-for-sale (AFS) financial assets (gains on sales of loans in KRW) jumping KRW 40 billion, while securities income maintained the level of the last year. FX, derivatives and other operating income altogether recorded a decline of KRW 65 billion y-o-y.

Net interest income was up 3.4% y-o-y, non-interest income 4.4% y-o-y, and continued efforts to raise cost efficiency contained the growth of general and administrative expenses to just KRW 10 billion, or 0.3%, y-o-y to KRW 3.494 trillion. Consequently, the operating income of 2019 posted a y-o-y growth of 7%.

Impairment losses due to credit loss was KRW 118 billion, up KRW 33 billion from the year before. This is mainly due to the decline in the reversal of massive allowance for credit loss relating to Kumho Tire and STX Group in 2018, despite the sustained decrease in ordinary bad debt expenses driven by efforts to improve asset soundness. Woori Bank has been managing asset soundness and bad debt expenses by boosting the share of financially sound loans, continuously monitoring and preemptively managing industries of interest including shipbuilding, construction and shipping and stringently managing risks. Driven by these endeavors, its NPL ratio in 2019 improved to the lowest-ever level of 0.4%.

In 2020, as economic uncertainties are expected to continue at home and abroad, the business environment is anticipated to be rough. However, based on robust asset soundness, Woori Bank will strive to generate stable profits through its meticulous management of risks and customer-centric innovation.

3) Woori Card

(Unit: KRW in millions)

Category	2019 (7 th Term)	2018 (6 th Term)	2017 (5 th Term)
Credit Card Payment Volume	82,649,489	76,357,503	73,833,473
Operating Revenue	1,368,140	1,386,707	1,755,810
Net Income	114,196	1,386,707	92,734

As credit card merchant fees were lowered, profits were down by KRW 95.6 billion in 2019. However, Woori Card overachieved initial target for net income with KRW 114.2 billion, thanks to financial asset expansion, cost-cutting efforts and non-recurring factors relating to the BC Card litigation.

Overall business conditions for the credit card industry are expected to continue worsen in 2020, amid contracted private consumption due to slow growth, a near-mature credit card business environment, rising household debt and lower merchant fees. More threats are posed by fiercer competition from other industries such as ICT companies expanding their businesses in the payment and settlement market and online-only banks planning to launch credit card businesses. Woori Card, however, plans to focus on boosting its revenue by thoroughly managing the profitability of each business and efficiently controlling costs. In addition, Woori Card will expand profitable assets mainly through high-value members by reinforcing data analytics and advancing marketing efforts. Woori Card will also readjust portfolio to attract new members and improve cost structure. Woori Card will secure the foundation to continuously create income by boldly boosting the efficiency of business management. Woori Card will actively cut costs by raising company-wide business efficiency and bolster asset soundness by thoroughly managing risk. Furthermore, in order to secure the engine of new growth, Woori Card will make utmost efforts to align with the global networks of Woori Bank and expand synergetic businesses with Group affiliates under Woori Financial Group Inc.

4) Woori Investment Bank

(Unit: KRW in millions)

Category	2019 (48 th Term)	2018 (47 th Term)	2017 (46 th Term)
Operating Revenue	201,329	202,168	183,595
Operating Expenses	145,790	170,086	161,446
Operating Income	55,539	32,081	22,149
Net Income before Income Tax Expense	53,945	31,732	21,890
Net Income	54,981	32,388	20,637
Total Comprehensive Income	53,719	32,369	20,824

Note 1) Based on K-IFRS separate financial statements

In 2019, Woori Investment Bank recorded an operating income of KRW 55.5 billion, 73.1% (or KRW 23.5 billion) higher than the year before. Although an increase in loans pushed up interest income, FX trading income declined y-o-y, bringing down operating revenue 0.4% (or KRW 800 million) from the previous year to KRW 201.3 billion. In terms of operating expenses, the growth of deposits mainly led to higher interest expenses.

General and administrative expenses climbed from KRW 26.1 billion in 2018 to KRW 31.2 billion in 2019, as the workforce expanded during that period. The net income after non-operating income (expense) and income tax expenses amounted to KRW 55 billion, up 69.8% (or KRW 22.6 billion) from KRW 32.4 billion in 2018. Increases in deferred tax assets led to income tax benefits of KRW 700 million and KRW 1 billion in 2018 and 2019, respectively.

Woori Investment Bank is developing and implementing vigorous growth plans with an aim to become a competitive non-banking subsidiary of the Group as well as a core subsidiary in charge of financial investments.

5) Woori Asset Trust

(Unit: KRW in millions)

Category	2019	2018	2017
Operating Revenue	75,191	63,666	53,848
Operating Expenses	34,037	22,649	18,592
Operating Income (Loss)	41,154	41,016	35,257
Net Income from Continuing Operations before Income Tax Expense(Loss)	40,876	41,202	35,224
Net Income(Loss)	30,980	31,495	27,010
Total Comprehensive Income(Loss)	30,443	31,120	27,218

Note) 2017, 2018: Based on K-IFRS separate financial statements, 2019: Based on K-IFRS consolidated financial statements and controlling interest

Woori Asset Trust observed an increase of 18% (or KRW 11.5 billion) y-o-y in operating revenue, which reached KRW 75.2 billion in 2019. Despite the negative outlook on the domestic real estate market, operating revenue increased 22% (or KRW 7.4 billion) in land trusts and other trust businesses, while interest income jumped 45% (or KRW 1.4 billion) thanks to increased lending to trust accounts driven by expansion in loan-type land trusts. Dividends also increased by 1,186% (or KRW 2.4 billion) due to the liquidation of Saengbo 4th Real Estate Investment Trust Company.

Operating expenses moved up 50% y-o-y (or KRW 11.4 billion) to KRW 34 billion. General and administrative expenses including payroll increased by 42% (or KRW 7.5 billion) as the sales organization was realigned and reinforced with a larger workforce. Meanwhile, lending to trust accounts also increased due to expansion in loan-type land trusts, increasing loan write-offs by 749% (KRW 3.5 billion).

Woori Asset Trust had one of the highest ROAs in the industry in 2019, at 25.2%. Real estate trust revenue is generally leveling off as trust fees continue to fall and three new securities firms have entered the market and are fueling competition. Woori Asset Trust plans to gradually expand its presence in the market for management-type land trusts backed by a completion guarantee, which has a lower risk relative to loan-type land trusts and higher fees compared to other trust products. In addition, Woori Asset Trust will pursue mutually beneficial success with Group affiliates. As such, the revenue and profitability of Woori Asset Trust is expected to grow.

6) Woori Asset Management

(Unit: KRW in millions)

Category	2019	2018	2017
Operating Revenue	24,990	23,999	28,110
Operating Expenses	14,754	15,584	17,837
Operating Income (Loss)	10,236	8,415	10,273
Net Income from Continuing Operations before Income Tax Expense	10,236	8,415	10,273
Net Income (Loss)	8,001	5,991	7,110
Total Comprehensive Income (Loss)	8,822	5,743	7,258

Note) Based on K-IFRS separate financial statements

Woori Asset Management recorded an operating revenue of KRW 25 billion in 2019, up 4% (or KRW 1 billion) y-o-y. With bond rates declining, AUM of publicly offered bond funds increased, pushing up investment trust fees. However, as interest rates climbed in the second half of the year, AUM curved downwards and discretionary funds were partially withdrawn, pushing down fees on discretionary investments. All in all, net fees and commissions income remained similar to those of the previous year, but the management of inherent funds boosted gains on valuation and sales of securities by 107% (or KRW 1.1 billion) y-o-y.

Operating expenses decreased by KRW 830 million (or 5.3%) y-o-y to KRW 14.7 billion. Losses on valuation and sales of securities declined by KRW 1.1 billion over the previous year, while general and administrative expenses went up KRW 230 million as the workforce expanded. Net income after non-operating income and income tax expenses reached KRW 8 billion, which is 36% (or KRW 2.1 billion) higher than the KRW 5.9 billion of 2018. The growth in net income drove up income tax expenses by 16% (or KRW 380 million) y-o-y.

The ROA of Woori Asset Management was a solid 7.41% as of 2019. Although revenue in the management industry in general is plateauing as management fees decline and deregulation spurs specialized PE management companies that fuel competition, Woori Asset Management expects its AUM to grow, based on synergetic effects created with Group affiliates.

Net Income of Affiliates

(Unit: KRW in billions)

Category	2019
Group	2,038
Woori Bank	1,906
Woori Card	114
Woori Investment Bank	53
Woori FIS	3
Woori Finance Research Institute	0
Woori Credit Information	2
Woori Fund Service	2
Woori Asset Trust	-
Woori Asset Management	2
Woori PE	△2
Woori Global Asset Management	△1

Note 1) Net income: Based on total net income (Group-based Net Income Attributable to Controlling Interests: KRW 1,872 billion + net income attributable to non-controlling interests: KRW 165 billion)

Note 2) Woori Bank: Based on separate financial statements of the Bank + overseas subsidiaries

Note 3) Newly incorporated subsidiaries of 019: Gain (loss) reflected after being incorporated into consolidated work sheet

- Date of incorporation into consolidated work sheet: Dec. 30 for Woori Asset Trust, Aug. 1 for Woori Asset Management and Woori Global Asset Management

(3) Asset Quality

1) Woori Financial Group Inc.

(Unit: KRW in billions, %)

Category	Mar 2019	June 2019	Sept 2019	Dec 2019
Total Loans	256,893	263,090	271,487	266,432
Sub-Standard or Below Loans	1,324	1,240	1,240	1,198
Sub-Standard or Below Ratio	0.52	0.47	0.46'	0.45
Coverage Ratio	129.8	131.6	136.5	133.6

Since its inception in January 2019, Woori Financial Group Inc. has been demonstrating remarkable performance every quarter in terms of asset soundness. In particular, Woori Bank – the major subsidiary of the Group – continues to raise asset quality by boosting the share of financially sound assets and by proactively writing off bad debt and preemptively managing risks to restrain non-performing loans.

Woori Financial Group Inc. is lowering its substandard or below ratio from 0.52% in Q1 to 0.47% in Q2, 0.46% in Q3 and 0.45% in Q4. Not only the substandard or below ratio but the actual amount of such loans is also declining. In addition, Woori Financial Group Inc. stands fully ready to cover additional losses should they be incurred, with a substandard and below coverage ratio (excluding reserves) of 133.6% at end-2019.

2) Asset Quality Indicators of Major Subsidiaries

(Unit: KRW in 100 millions, %)

Category	Indicator	2019	2018	2017
Woori Bank	Total Loans	2,430,845	2,339,165	2,221,185
	Sub-Standard or Below Loans	9,797	11,825	18,396
	Sub-Standard or Below Ratio	0.40	0.51	0.83
	NPL	8,793	10,156	17,249
	NPL Ratio	0.36	0.43	0.78
	Coverage Ratio(A/B)	121.80	119.42	87.71
	Total Allowance for NPL(A)	11,933	14,121	16,136
	Sub-Standard or Below Loans(B)	9,797	11,825	18,396
Woori Card	Total Loans	98,170	96,072	79,044
	Sub-Standard or Below Loans	789	772	621
	Sub-Standard or Below Ratio	0.80	0.80	0.79
	Delinquency Ratio	1.61	1.78	1.82
	Coverage Ratio(A/B)	102.84	104.02	102.74
	Credit Loss Provisions Outstanding(A)	7,641	7,273	6,356
	Minimum Regulatory Reserve for Credit Loss(B)	7,430	6,991	6,187
Woori Investment Bank	Total Loans	18,737	16,495	12,088
	Sub-Standard or Below Loans	92	248	227
	Sub-Standard or Below Ratio	0.49	1.51	1.88
	NPL	39	247	271
	NPL Ratio	0.21	1.49	2.24
	Coverage Ratio(A/B)	167.39	51.21	45.81
	Credit Loss Provisions Outstanding(A)	154	127	104
	Sub-Standard or Below Loans(B)	92	248	227
Woori Asset Trust	Assets Subject to Quality Classification	71,216	43,081	50,234
	Sub-Standard or Below Assets	26,715	4,534	2,117
	Ratio of Sub-Standard or Below Assets	37.51	10.52	4.21

Note) Based on Work Report of Financial Supervisory Service (FSS)

The substandard and below ratio of Woori Bank is on a downward trend from 0.83% in 2017 to 0.51% in 2018 and 0.40% in 2019, while the coverage ratio (excluding reserves) has been boosted from 87.7%, 119.4% and 121.8% in the respective years. As such, Woori Bank is fully prepared to cover for additional losses should they be incurred.

Corporate loans extended by Woori Bank was KRW 120 trillion in 2018 with a substandard and below ratio of 0.75%. In 2019, the numbers were KRW 123 trillion and 0.57%, respectively. As such, Woori Bank has been cutting its substandard and below ratio drastically by boosting the share of financially sound assets and by proactively writing off bad debt and preemptively managing risk to restrain non-performing loans. Household loans recorded a total of KRW 113 trillion and a substandard and below ratio of 0.25% in 2018. In 2019, total household loans amounted to KRW 120 trillion and the substandard and below ratio declined slightly to 0.23% (based on NPL criteria of FSS).

As sufficient provisions have been set aside for substandard or below loans to borrowers undergoing debt restructuring through work-out or rehabilitation procedures, additional losses are unlikely to be incurred. These companies are proactively pursuing to normalize their business and if unsuccessful, they are contemplating on closing their business through asset disposition. Woori Bank is also vigilantly monitoring risk signals from other possible NPLs, thereby preemptively responding to economic uncertainties at home and abroad.

Woori Card has seen its delinquency ratio decline consistently from 1.82% in 2017 to 1.78% in 2018 and 1.61% in 2019. By fine-tuning risk management, bolstering competencies to recover loans and constantly removing bad debt, Woori Card has been maintaining its delinquency ratio at a healthy level.

Woori Investment Bank has been striving to improve asset soundness since 2013. Bad loans that correspond to the numerator when calculating the ratio of asset soundness were reduced by recovery, sale or write-off, while financially sound assets that correspond to the denominator were boosted, resulting in improved asset soundness ratio overall. Furthermore, risk management has been reinforced in order to prevent non-performing assets. Consequently, the ratio of new non-performing assets has dropped significantly since 2013. Woori Investment Bank is also boosting both preemptive and ex-post risk management.

Loans of Woori Asset Trust, including lending to trust accounts, increased y-o-y by 68% (or KRW 30.1 billion), driven by the growth in loan-type land trusts. However, substandard and below ratio ones, including lending to trust accounts also increased 25.65% (or KRW 22.2 billion), due to the strained real estate market in Korea.

Woori Asset Management is bolstering preemptive risk management and internal controls inspection competencies as the core comprehensive asset management company of the Group. To this end, Woori Asset Management is selecting and managing the investment universe of domestic stocks and bonds more meticulously, while building a risk management system based on credit ratings of overseas bonds and establishing an internal controls system on new products. Woori Asset Management also bolstered inspection on overseas/alternative investment processing procedures.

(4) Capital Adequacy

1) Woori Financial Group, Inc.

(Unit: KRW in billions)

Category	2019 (1 st Term)
Common Equity Tier 1 Capital	19,135
Additional Tier 1 Capital	3,340
Tier 2 Capital	4,640
Total BIS Capital	27,115
Risk-Weighted Assets	228,046
Common Equity Tier 1 Ratio	8.39%
Tier 1 Capital Ratio	9.86%
BIS Capital Adequacy Ratio	11.89%

At end-2019, the Group BIS capital adequacy ratio using the Basel III standardized approach was 11.89%, which was above the requirement of 10.5%, as a result of rigorous endeavors to improve capital adequacy by issuing capital securities worth KRW 1.95 trillion and boosting high-quality assets.

Woori Financial Group, Inc. will continue to comply with regulatory requirements, realize profits and recapitalize at an adequate level to raise capital adequacy.

2) Capital Ratios of Major Subsidiaries

(Unit: KRW in 100 millions, %)

Category	Indicator		2019	2018	2017
Woori Bank	BIS Capital Adequacy Ratio	Total BIS Capital(A)	243,142	242,508	226,032
		Risk-Weighted Assets(B)	1,578,895	1,549,710	1,467,622
		BIS Capital Adequacy Ratio(A/B)	15.40	15.65	15.40
Woori Card	Adjusted Capital Ratio		18.33	18.08	20.74
		Tangible Common Equity Ratio	14.29	13.54	14.98
Woori Investment Bank	BIS Capital Adequacy Ratio	Total BIS Capital(A)	3,381	3,003	2,713
		Risk-Weighted Assets(B)	26,303	23,192	16,202
		BIS Capital Adequacy Ratio(A/B)	12.86	12.95	16.74
Woori Asset Trust	Net Operating Capital Ratio (NCR)		1,397.97	957.76	698.59
Woori Asset Management	Minimum Operating Capital Ratio		655.8	558.9	514.7

Note 1) BIS capital adequacy ratio=total BIS capital/risk-weighted assets x 100

Note 2) Woori Bank numbers are based on K-IFRS consolidated financial statements and BASEL III

Note 3) Woori Card numbers are based on FSS work report criteria

Note 4) Woori Investment Bank numbers are based on FSS work report criteria/K-IFRS consolidated financial statements

Note 5) Net capital ratio of Woori Asset Trust=(net capital-subordinated borrowings, etc.)/total risk exposures (market risk + credit risk + operating risk)x100/K-IFRS separate financial statements

Note 6) Woori Asset Management numbers are based on K-IFRS separate financial statements

Woori Bank

(Unit: KRW in billions, %)

	2019 (current) 186 th Term	2018 (previous) 185 th Term	Changes
Common Equity Tier 1 Capital	17,321	17,276	+46
Additional Tier 1 Capital	3,466	3,148	+318
Tier 2 Capital	3,527	3,828	△301
Total BIS Capital	24,314	24,251	+63
Risk-Weighted Assets	157,890	154,971	+2,919
Common Equity Tier 1 Ratio	10.97	11.15	△0.18%p
Tier 1 Capital Ratio	13.17	13.18	△0.01%p
BIS Capital Adequacy Ratio	15.40	15.65	△0.25%p

At end-2019, Woori Bank – the major subsidiary of the Group – had a Common Equity Tier 1 Capital of KRW 17.321 trillion, up KRW 46 billion (or 0.3%) y-o-y. Additional Tier 1 Capital was KRW 3.466 trillion, up KRW 318 billion y-o-y, which was driven by the issuance of new hybrid securities taking into account the redemption (exercise of call option) of previously issued ones. Going forward, Woori Bank will continuously reduce the volume of its hybrid securities, considering the cost of issuance. Tier 2 Capital amounted to KRW 3.527 trillion, down KRW 301 billion from the previous year. The decline follows a reduction in the volume of subordinated bonds recognized as equity, but the reduction was minimized through the issuance of new subordinated bonds. Total BIS Capital was KRW 24.314 trillion, which was KRW 63 billion higher than the year before.

In 2019, risk-weighted assets increased KRW 2.919 trillion (or 1.9%) y-o-y to KRW 157.89 trillion. This rate of increase is smaller than that of total assets on a consolidated basis (2.3%) and is reflective of the vigorous efforts to improve capital adequacy by boosting the share of financially sound assets and reducing potential non-performing assets.

Common Equity Tier 1 ratio, Tier 1 capital ratio and BIS capital adequacy ratio in 2019 fell by 0.18%p, 0.01%p and 0.25%p, respectively, from the year before to 10.97%, 13.17% and 15.40%. This is because the dividends of Woori Bank, as the major subsidiary of the Group, were increased y-o-y to secure sufficient funding for the dividends of the holding company in the initial days of its incorporation. Woori Bank will enhance its capital adequacy by continuing to realize profits, paying out adequate levels of dividends and expanding capital.

Woori Card had an adjusted capital ratio (ACR) of 18.33% at end-2019, which was above what is required by the Management Guidance (8% or above) as per Supervisory Regulations on Specialized Credit Financial Business. Woori Investment Bank had a strong BIS capital adequacy ratio of 12.86% at end-2019 (requirement by the Financial Investment Services and Capital Markets Act: 8%).

Woori Investment Bank is expected to see its BIS capital adequacy ratio fall with the growth of its assets under management. However, even after reflecting the asset expansion plan for 2020 under the business management plan, the ratio is set to maintain a stable level above 12%. In addition, the Total BIS Capital in December 2019 consisted of KRW 327.1 billion in Tier 1 Capital and KRW 11.1 billion in Additional Tier 1 Capital. With such a high Tier 1 percentage, there is great potential for asset expansion or recapitalization through an Additional Tier 1, if needed.

Woori Asset Trust had an equity capital of KRW 94.4 billion, which was 944.3% of the KRW 10 billion in minimum equity required of the company by the Financial Investment Services and Capital Markets Act and the Enforcement Decree thereof. The net operating capital ratio was 1,398%, up 440% y-o-y, which was the largest gain among 11 existing trust companies last year. Woori Asset Management had an equity capital of KRW 106.7 billion, while the minimum operating capital required of the company by the abovementioned Act and relevant regulations was KRW 16.1 billion. As such, the minimum operating capital ratio of Woori Asset Management was 662.73%, with a very high share of equity capital.

B. New Businesses and Suspended Businesses

Woori Financial Group, Inc. has been seeking to expand its business portfolio since the launch, based on which it is bolstering its status and competitiveness as a comprehensive financial group.

(1) Acquisition of Woori Asset Management and Woori Global Asset Management

Woori Financial Group, Inc. concluded a share purchase and sale agreements in April 2019 to acquire Woori Asset Management and Woori Global Asset Management. After obtaining approval from the Financial Services Commission, Woori Asset Management and Woori Global Asset Management were incorporated into Woori Financial Group Inc. as subsidiaries in August and December, respectively. The two companies will endeavor to create synergy by sharing management expertise and co-developing fund products with Group affiliates and by providing a wide array of products and services to its customers.

(2) Acquisition of Woori Asset Trust

Woori Financial Group, Inc. concluded a share purchase and sale agreement in April 2019 to obtain controlling interest in Woori Asset Trust, in order to expand its business scope and competitiveness in the real estate trust sector. Incorporated into Woori Financial Group Inc. as a subsidiary in December, Woori Asset Trust is expected to perform a pivotal role in real estate finance for the Group and boost the affiliated synergies.

C. Business Rationalization

(1) Alteration and Reorganization of Business Groups

1) Woori Financial Group, Inc.

① New organization established to boost competitiveness in IT (Feb. 2019)

The ICT Planning Division was established to function as the IT control tower of Woori Financial Group Inc. The ICT Planning Group was organized in February 2019 to oversee strategies in the areas of ICT planning, digital strategies and information security. This organization enabled a preemptive response to the financial innovation driven by fintech and the fourth industrial revolution, while bolstering the expertise and competitiveness in ICT.

② New organizations established to reinforce innovative growth and fintech support (May 2019)

In May 2019, the Future Finance Department and the Digital Innovation Department were established: the former with an aim to systematically support companies with innovative growth potential and build a long-term sustainable growth system for the Group; and the latter targeting the efficient discovery and nurturing of fintech companies. Woori Financial Group has since been carrying out such efforts to secure future growth engines at the Group level and to provide systematic and intensive support to companies with innovative growth potential.

③ Reorganization to bolster Group collaboration and synergy (Jul. 2019)

In July 2019, Woori Financial Group, Inc. implemented a system of Main Business Units, under which the four growth engines of asset management, global business, CIB and digital business that previously operated at each affiliate level were integrated at the Group level for systematic management. Based on the system of collaboration among Group affiliates, responsible management and efficient decision making are expected to maximize synergy. Furthermore, Woori Financial Group now has a foundation for a collaborative system that can prepare for the expansion of business portfolio.

④ Reorganization including units (Feb. 2020)

Units were established in Feb. 2020 to systematically manage businesses carried out by the Group and to reinforce responsible management. Woori Financial Group also newly established a consumer protection organization as part of innovative measures to gain customer trust. In the second year into the holding company system, Woori Financial Group will further solidify structure as a comprehensive financial group by systematically managing major businesses.

2) Woori Bank

In order to reinforce a swift decision making system in step with changes in the business environment, Woori Bank reorganized its operations to center on group leaders. Also, in order to establish a customer-centered asset management business culture, Woori Bank established an integrated bank-wide asset management strategy and ensured that the role of each group was reflected in their names. Woori Bank also newly established a dedicated organization to bolster expertise and increase the independence of customer protection.

The previous "unit-group-division" system was reorganized to a "group-division" structure, thereby bolstering a system of autonomous responsible management and swift decision making that allows a timely response to changes in the financial environment. In addition, the "WM Group" was renamed "Asset Management Group" to reflect bank-wide asset management strategies into the name and to entrench a business culture of customer-centric asset management. Furthermore, the "Consumer Protection Group" was newly established in order to promote the rights and interests of financial consumers, while the previous "Consumer & Brand Group" was reorganized into the "Consumer Protection Group" and the "Public Relations and Brand Group".

The "Consumer Protection Group" has been separated as an independent organization directly under the CEO to function as the control tower of consumer protection that oversees all the groups of Woori Bank.

3) Woori Card

Woori Card endeavors to aggressively and systematically respond to the changing business environment. Woori Card boosted focus on core functions and speeded up decision-making by streamlining organization through functional readjustments among departments. With new and dedicated Big Data organization, Woori Card is also pressing ahead with customer management by advancing marketing efforts to a higher level based on in-depth customer analysis, reinforcing the loyalty of active members and boosting usage among inactive or dormant members. In addition, Woori Card is building digital competencies with newly established and expanded digital marketing organization in order to respond to the ever-growing simple payment market and digital finance ecosystem.

4) Woori Investment Bank

Woori Investment Bank restructured its organization with an aim to diversify the revenue base and reinforce risk management by newly establishing the CIB Unit, under which CIB, DCM and venture finance organizations were realigned to maximize synergy creation among Group affiliates. Woori Investment Bank is also pressing ahead to raise work efficiency by exchanging the site and workforce with Woori Bank. In addition, the FICC Finance Department was newly established to head the bonds management and arrangements and a department in charge of ex-post management of loans was created to bolster risk management.

5) Woori Asset Trust

Woori Asset Trust restructured its organization under the leadership of co-CEOs, aiming to invigorate synergetic effects created by the business management sector and the business promotion sector. The Business Planning Department was newly established to build a growth engine for promoting new business by reinforcing capacity in strategic planning and financial management. Furthermore, a Risk Management Officer and a Compliance Officer were appointed to executive positions (with new, dedicated subordinate organizations) to bolster internal and external risk management as well as internal controls. Woori Asset Trust also realigned itself to improve the entrustment review system to take on trust businesses more selectively. In addition, efforts are being made to be reapproved as a REITs asset management company within the year.

6) Woori Asset Management

The Global Investment Management Unit is building a line-up of global fund products that continue to attract the interests of domestic investors including lifecycle funds, Global EMP Asset Allocation Fund and global bond balanced funds.

(2) Voluntary Early Retirement Program and Other Matters

Since 2005, Woori Bank has implemented an Outplacement Services Program that serves as amended and upgraded ERP program. The Outplacement Services Program (supporting individuals who are exiting the business) aims to resolve the bottleneck in promotions and improve the bank's human resource structure while allowing employees to find new opportunities during the second chapter of their lives. In particular, the bank operates a support center and various programs for employees who plan to change jobs to provide systematic support for a new career or post-retirement life. As of 2019, the Outplacement Services Program was provided to a total of 325 employees, improving the bank-wide human resource structure.

D. Asset Impairment Losses and Reduction Losses

Asset impairment losses and reduction losses incurred based on consolidated financial statements are as follows.

(Unit: KRW in millions)

Category	(current) 1 st Term	2018
Credit Loss on Financial Assets at Fair Value through Other Comprehensive Income ("FVTOCI")	(3,297)	(2,027)
Reversal of (Provision for) Credit Loss on Securities at Amortized Cost	1,415	(1,922)
Provision for Credit Loss On Loans and Other Financial Assets at Amortized Cost	(385,758)	(415,084)
Reversal of Allowance for Acceptances and Guarantees Losses	4,352	105,985
Reversal of (Provisions for) Allowance for Undrawn Commitment	9,044	(16,526)
Reversal of (Provisions for) Impairment Losses on Premises, Equipment, Intangible Assets, Goodwill and Other Assets	(28,192)	674
Provision for Impairment Losses on Investments in Joint Ventures and Associates	(3,634)	(177)

1) Woori Bank

(1) Asset Impairment Losses

Category	Loss Amount	Cause of Loss
Intangible Assets and Goodwill ^{Note 1)}	KRW 25.85 billion	Reduction in amount recoverable within the commitment period due to market changes
Shares in Affiliates	Based on separate financial statements (cost method): KRW 41.9 billion Based on consolidated financial statements (net asset value method): KRW 3.6 billion	Following the decision by the majority shareholder KT to assume loss (as requested by independent auditor)

Note 1) Assumes that the 2019 average balance of deposits and yield rate are maintained during the commitment period

(2) Reduction Losses

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

(Unit: KRW in millions)

Category	Item	Loss Amount	Cause of Loss
Securities in Equity Method	Chinlung International Inc.	1,112	Book value decreased by over 30% against acquired values
Securities in Equity Method	Saman Corp.	93	Book value decreased by over 30% against acquired values

2) Woori Investment Bank

(Unit: KRW in millions)

Category	2019 (the 48 th Term)	2018 (the 47 th Term)	2017 (the 46 th Term)
Impairment Loss on Intangible Assets and Goodwill	786	-	-
Impairment Loss on Financial Assets Available for Sale	-	-	2,018
Total	786	-	2,018

Woori Investment Bank conducts impairment tests each year on intangible assets and its activities of goodwill. Whenever there is sign of asset impairment loss and the book value of intangible assets and goods are set to exceed the estimated recoverable amount, the book value is immediately reduced to the recoverable amount. In the 2019 fiscal period, an impairment test was conducted on membership in the Bank's possession and the impairment loss was recognized for the book value of KRW 786 million that was in excess of the estimated recoverable value.

3) Woori Asset Trust

(Unit: KRW in millions)

Category	2019	2018	2017
Impairment Loss on Premises and Equipment	660	-	-
Impairment Loss on Intangible Assets and Goodwill	-	-	231
Total	660	-	231

Note 1) Based on K-IFRS separate financial statements

4. Liquidity, Sources & Applications of Fund**A. Liquidity****1) Woori Financial Group, Inc.**

(Unit: KRW in millions, %)

Category	At End-2019
Liquid Assets	45,079
Liquid Liabilities	7,475
LCR in KRW	603.1

Note 1) Based on liquid assets and liabilities with time to maturity of one month or less

Liquidity risk refers to the risk of incurring unexpected losses (abnormal disposition of assets, financing through high interest rate, etc.) or becoming insolvent due to disparities in dates of payment between assets and liabilities or the drastic outflow of funds. Each subsidiary of the Group secures an adequate level of liquidity and minimizes their risk of shortage of funds by early prediction methods and systematically managing the causes of fluctuations in liquidity, relevant to sourcing and managing funds.

Woori Financial Group, Inc. maintains an LCR in KRW at a level higher than 100% as required by law. Please refer to 4-3) Liquidity Risk in [III. Matters on Financials/5. Notes for Financial Statements] of this report for details regarding liquidity risk management based on separate financial statements, and to [III. Matters on Financials/3. Notes for Consolidated Financial Statements] 4-4) Liquidity Risk for details regarding liquidity risk management based on consolidated financial statements.

2) Woori Bank

(Unit: %)

Category	2019 (the 186th Term)	2018 (the 185th Term)	2017 (the 184th Term)
LCR (Including KRW and all other currencies)	107.27	103.40	102.06
Foreign Currency LCR	110.50	108.98	103.11

Note 1) The figures are calculated using the same method applied to management disclosure (average of the ratio per business day during the quarter.), based on the average balance of Q4 in 2019, 2018 and 2017

Woori Bank has managed liquidity levels in compliance with regulatory standards of Basel III (90% in 2017, 95% in 2018, 100% since 2019). In order to respond to regulatory LCR, highly liquid assets were expanded through deposits and debentures, preemptively. As a result, Woori Bank maintained a stable LCR above the regulatory requirement (100%) at an average of 107.27% in Q4 2019.

Foreign currency LCR has been implemented since 2017, and Woori Bank has complied with the regulatory standards (60% for 2017, 70% for 2018, and 80% from 2019 onwards). To secure a stable structure in regards to managing foreign currency LCR, Woori Bank has worked to maintain a higher Foreign Currency LCR than what is required by regulatory standards (80% in 2019), with an average of 110.50% in Q4 2019, by securing sufficient high-liquidity assets including U.S. Treasury bills, etc.

Furthermore, Woori Bank ensures that the liquidity gap ratio and concentration of funding more than satisfy regulatory guidelines in order to secure a stable funding structure. Woori Bank also checks for excessive shortages of liquid assets through periodic stress testing. If liquidity is lacking due to an unexpected crisis, Woori Bank executes contingency funding plans and utilizes committed lines from overseas financial institutions to acquire liquidity. As such, Woori Bank establishes and manages bank-wide measures to preemptively mitigate and efficiently manage liquidity risks.

3) Woori Card

Woori Card performs funding based on the principles of diversifying sourcing channels, maintaining an adequate maturity structure and securing liquidity, in order to maintain a stable funding structure.

At end-2019, outstanding debenture issues amounted to KRW 7.0809 trillion, which was KRW 34.9 billion higher than the KRW 7.0460 trillion of the previous year. In addition, Woori Card has an adequate level of liquidity and a credit line of KRW 480 billion as means to repay borrowings that reach maturity and provide operating funds without financing from the market for a certain period of time, even during an unexpected credit crunch in the financing market.

(1) Liquidity

Based on consolidated financial statements

(Unit: KRW in 100 millions)

Category	2019 (the 7 th Term)	2018 (the 6 th Term)	2017 (the 5 th Term)
Cash and Deposits	1,362	3,822	6,461
Credit Line	4,800	5,300	4,200
Total	6,162	9,122	10,661

(2) Financing through Debentures

Based on consolidated financial statements

(Unit: KRW in 100 millions)

Category	2019 (the 7 th Term)	2018 (the 6 th Term)	2017 (the 5 th Term)
Debentures Issued in KRW	60,500	60,200	54,300
Liquid Debentures	9,383	9,701	6,455
Debentures Issued in Foreign Currencies	926	559	535
Total	70,809	70,460	61,290

(3) Time to Maturity of Debentures

Based on consolidated financial statements

(Unit: KRW in 100 millions)

Category	2019 (the 7 th Term)	2018 (the 6 th Term)	2017 (the 5 th Term)
One Year or less	20,154	19,555	11,900
1 to 2 Years	17,839	20,040	19,414
2 to 3 Years	15,616	16,865	19,946
Over Three Years	17,200	14,000	10,030
Total	70,809	70,460	61,290

4) Woori Investment Bank

(Unit: %)

Category	At End-2019 (the 48 th Term)	At End-2019 (the 47 th Term)	At End-2019 (the 46 th Term)
KRW LCR	149.49	266.26	165.82
Foreign Currency LCR	109.72	105.80	102.27

LCR in KRW stood at 149.49% and foreign currency LCR at 109.72% at the end of 2019, marking a 116.77%p drop and a 3.92%p increase, respectively, year-over-year.

LCR in KRW is the ratio of assets and liabilities over a three-month period and Woori Investment Bank ensures that the figure remains at 100% or above (as per Article 8-41, Regulation on the Financial Investment Services and Capital Markets, Liquid Assets/Liquid Liabilities). At end-2019, LCR in KRW was 149.49%, which is lower than that of end-2018, but still solid.

Foreign currency LCR refers to the ratio of foreign currency liabilities and assets over a three-month period that is required to be maintained at or above 85% (as per Article 8-69, Regulation on the Financial Investment Services and Capital Markets, Liquid Assets, Liquid Liabilities). At end-2019, the figure climbed slightly from that of the previous year to a stable 109.72%.

B. Sources and Management of Fund**1) Woori Financial Group, Inc. (based on separate financial statements of the holding company)**

(Unit: KRW in billions)

Category	At End-2019
Source of Fund	
Debentures	948
Other Liabilities	153
Equity	20,106
Total Source of Fund	21,207
Management of Fund	
Cash and Deposits	1,173
Share Investments in Subsidiaries	19,874
Non-Current Assets	11
Other Assets	149
Total Management of Fund	21,207

Note 1) Other liabilities: Provisions + current income tax liabilities + deferred tax liabilities + other liabilities

Woori Financial Group, Inc. is a pure financial holding company incorporated pursuant to the Financial Holding Companies Act. Dividends from subsidiaries are its main source of revenue, and no other sales activities are pursued.

The sources of funds in 2019 include KRW 94.8 billion in debenture issuance, KRW 99.8 billion in hybrid securities and KRW 67.6 billion in dividends. Funds were managed mainly through the acquisition (including transfers) of shares in subsidiaries worth KRW 1,347 billion and hybrid securities dividends of KRW 4 billion.

3) Woori Bank

(1) Sources of Funds

(Unit: KRW in millions, %)

Category	Fund	2019 (186th Term)			2018 (185th Term)			2017 (184th Term)		
		Average balance	Interest rate	%	Average balance	Interest rate	%	Average balance	Interest rate	%
Funds in KRW	Deposits, installments	212,554,654	1.50	66.58	197,572,001	1.41	66.67	187,332,008	1.26	66.02
	Certificates of deposit	4,759,552	2.09	1.49	5,039,885	1.97	1.70	4,500,100	1.66	1.59
	Borrowings in KRW	6,965,780	1.43	2.18	6,554,881	1.47	2.21	6,213,903	1.32	2.19
	Call money in KRW	407,753	1.60	0.13	221,027	1.50	0.07	1,254,623	1.23	0.44
	Others	21,924,679	2.36	6.87	20,937,173	2.39	7.07	20,168,307	2.29	7.11
	Subtotal	246,612,418	1.59	77.25	230,324,967	1.51	77.73	219,468,941	1.37	77.34
Funds in foreign currencies	Deposits in foreign currencies	16,646,668	1.19	5.21	15,219,710	0.88	5.14	14,338,927	0.51	5.05
	Borrowings in foreign currencies	7,944,242	2.24	2.49	6,458,485	2.13	2.18	7,267,096	1.38	2.56
	Call money in foreign currencies	877,414	2.38	0.27	787,171	1.84	0.27	980,001	1.14	0.35
	Debentures in foreign currencies	4,209,041	3.89	1.32	3,669,625	3.96	1.24	3,649,805	3.11	1.29
	Others	623,209	1.11	0.20	658,810	0.38	0.22	574,786	0.14	0.20
	Subtotal	30,300,573	1.87	9.49	26,793,801	1.62	9.04	26,810,615	1.12	9.45
Others	Total Equity	21,874,591	-	6.85	20,897,275	-	7.05	20,134,843	-	7.10
	Provisions	453,821	-	0.14	433,092	-	0.15	351,750	-	0.12
	Others	20,006,615	-	6.27	17,876,203	-	6.03	16,993,430	-	5.99
	Subtotal	42,335,027	-	13.26	39,206,571	-	13.23	37,480,023	-	13.21
		319,248,018	1.40	100.00	296,325,338	1.32	100.00	283,759,580	1.16	100.00

Note 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.

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

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

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

Note 5) Excluding merchant banking accounts

The average fund balance sourced by Woori Bank in 2019 stood at KRW 319 trillion, an increase of KRW 23 trillion over the previous year. The average funds in Korean won totaled KRW 247 trillion, mainly sourced by deposits from customers for the stable management of liquidity. As a result, deposits increased by KRW 15 trillion over the previous year, mainly in core deposits and time deposits. In order to respond to the regulatory LCR requirement of 100% and changes in the LDR regulations, Woori Bank plans to ensure the stable management of liquidity through preemptive funding and boost profitability through a more robust control of portfolio funding and management. The average balance of funds in foreign currencies increased KRW 3.5 trillion y-o-y, while deposits in foreign currencies were boosted by KRW 1.4 trillion and financing from the market (borrowings and debentures) by KRW 2 trillion to stabilize funding.

Time to Maturity for Major Financial Liabilities

(Unit: KRW in millions)

Category of Financial liabilities	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	115,156	-	-	-	-	-	115,156
Depository	160,955,482	35,917,880	23,560,412	28,653,283	5,305,862	543,242	254,936,161
Borrowings	5,516,024	2,522,971	2,068,362	1,742,550	3,213,689	500,685	15,564,281
Debentures	1,775,711	2,326,926	2,770,855	1,998,438	13,872,930	1,487,529	24,232,389
Other Financial Liabilities	9,673,409	32,753	28,959	2,5170	147,182	2,547,159	12,454,632
Total	178,035,782	40,800,530	28,428,588	32,419,441	22,539,663	5,078,615	307,302,619

Note 1) Derivative financial liabilities and off-balance accounts (payment guarantees and commitments) are excluded

(2) Applications of Funds

(Unit: KRW in millions, %)

Category	Applications	2019 (186 th Term)			2018 (185 th Term)			2017 (184 th Term)		
		Average balance	Interest rate	%	Average balance	Interest rate	%	Average balance	Interest rate	%
Funds in KRW	Deposits in KRW	981,487	1.66	0.31	3,264,104	1.52	1.10	3,424,567	1.28	1.21
	Marketable Securities in KRW	45,340,836	2.10	14.20	35,898,300	2.16	12.11	35,186,537	1.95	12.40
	Loans in KRW	216,362,134	3.21	67.77	203,432,263	3.22	68.65	194,161,817	3.05	68.42
	Advance Payments On Acceptances And Guarantees	14,190	1.30	0.00	15,856	1.95	0.01	26,639	3.14	0.01
	Call Loans in KRW	693,296	1.76	0.22	1,334,138	1.67	0.45	2,275,748	1.33	0.80
	Privately Placed Bonds	82,645	2.80	0.03	135,856	2.89	0.05	185,092	5.94	0.07
	Credit Card Receivables	-	-	-	-	-	-	28	-	0.00
	Others	3,040,943	2.56	0.95	5,562,417	2.10	1.88	4,235,478	1.99	1.49
	Allowance for Doubtful Accounts in KRW(-)	△1,150,551	-	△0.3	△1,197,910	-	△0.40	△1,284,188	-	△0.45
	Subtotal	265,364,980	3.01	83.12	248,445,023	3.03	83.84	238,211,718	2.85	83.95
Funds in foreign currencies	Deposits in Foreign Currencies	5,475,080	1.91	1.71	3,664,724	1.29	1.24	3,791,184	0.67	1.34
	Marketable Securities in Foreign Currencies	4,618,998	2.09	1.45	3,467,435	1.30	1.17	2,735,707	1.07	0.96
	Loans in Foreign Currencies	13,682,670	3.41	4.29	11,346,607	3.14	3.83	10,790,442	2.51	3.80
	Call Loans in Foreign Currencies	1,491,754	2.61	0.47	2,365,465	2.07	0.80	2,506,588	1.33	0.88
	Bills Bought in Foreign Currencies	6,504,880	2.71	2.04	7,274,987	2.70	2.46	7,417,500	1.88	2.61
	Others	71,016	2.12	0.02	32,665	3.31	0.01	48,472	2.50	0.02
	Allowance for Doubtful Accounts in Foreign Currencies(-)	△228,898	-	△0.07	△390,923	-	△0.13	△332,301	-	△0.12
	Subtotal	31,615,501	2.80	9.90	27,760,961	2.50	9.37	26,957,590	1.85	9.50
Others	Cash	1,090,887	-	0.34	1,228,818	-	0.41	1,201,343	-	0.42
	Property, Plant and Equipment for Business	2,698,226	-	0.85	2,353,944	-	0.79	2,352,466	-	0.83
	Others	18,478,423	-	5.79	16,536,592	-	5.58	15,036,463	-	5.30
	Subtotal	22,267,537	-	6.97	20,119,354	-	6.79	18,590,272	-	6.55
Total	319,248,018	2.78	100.00	296,325,338	2.78	100.0	283,759,580	2.57	100.0	

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

Note 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

Note 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

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

Note 5) Marketable securities in foreign currencies = marketable securities in foreign currencies + 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

Note 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

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

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

Note 9) Based on K-IFRS financial statements

Note 10) Excluding merchant banking accounts

The average fund balance managed by Woori Bank in 2019 stood at KRW 265.3 trillion, an increase of KRW 16.9 trillion over the previous year, mainly driven by an increase of loans in KRW by KRW 12.9 trillion. Out of all loans in Korean won, household loans increased by KRW 8.4 trillion, while corporate loans increased by KRW 4.5 trillion. Yields for loans in Korean won declined 1bp from December 2018. Assets in foreign currency increased by KRW 3.8 trillion from the previous year to KRW 31.6 trillion, which is attributable to the increase of KRW 2.3 trillion and KRW 1.2 trillion in loans in foreign currency and marketable securities, respectively. Woori Bank will continuously strive to comply with the liquidity guidelines (for loan-to-deposit ratio, LCR, etc.) and ensure a stable management structure.

4) Woori Investment Bank

(1) Sources of Funds

(Unit: KRW in millions, %)

Category	Fund	2019 (48 th Term)			2018 (47 th Term)			2017 (46 th Term)		
		Average balance	Interest rate	%	Average balance	Interest rate	%	Average balance	Interest rate	%
Funds in KRW	Deposits	2,282,715	2.24	79.05	1,892,535	2.03	74.98	1,346,377	1.72	72.92
	Borrowings in KRW	111,690	1.43	3.87	712	1.64	0.03	521	1.44	0.03
	Others	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00
	Subtotal	2,394,405	2.21	82.92	1,893,247	2.03	75.01	1,346,898	1.72	72.95
Others	Total Equity	337,102	-	11.67	337,102	-	13.36	240,663	-	13.04
	Provisions	29,889	-	1.04	27,894	-	1.11	27,210	-	1.47
	Others	126,364	-	4.38	265,655	-	10.53	231,500	-	12.54
	Subtotal	493,355	-	17.08	630,651	-	24.99	499,373	-	27.05
Total		2,887,760	1.83	100.00	2,523,899	1.53	100.00	1,846,271	1.25	100.00

Note) Based on K-IFRS financial statements

(2) Applications of Funds

(Unit: KRW in millions, %)

Category	Applications	2019 (48 th Term)			2018 (47 th Term)			2017 (46 th Term)		
		Average balance	Interest rate	%	Average balance	Interest rate	%	Average balance	Interest rate	%
Funds in KRW	Deposits in KRW	157,946	1.73	5.47	167,363	1.64	6.63	127,635	1.15	6.91
	Marketable securities in KRW	802,499	2.74	27.79	540,982	3.33	21.43	414,778	3.08	22.47
	Loans in KRW	1,394,034	5.30	48.27	1,071,107	4.95	42.44	760,529	4.63	41.19
	Privately placed bonds	363,269	4.99	12.58	387,406	4.86	15.35	193,679	5.29	10.49
	Others	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00
	Allowance for doubtful accounts in KRW (-)	(13,821)	-	-0.48	(11,829)	-	-0.47	(14,839)	-	-0.80
	Subtotal	2,703,926	4.32	93.63	2,155,028	4.30	85.38	1,481,782	4.03	80.26
Funds in foreign currencies	Deposits in foreign currencies	1,438	0.04	0.05	1,524	0.15	0.06	1,624	-	0.09
	Marketable securities in foreign currencies	2,623	2.45	0.09	2,281	-0.48	0.09	404	-	0.02
	Subtotal	4,061	1.60	0.14	3,805	-0.23	0.15	2,028	0.05	0.11
Others	Cash	0	0.00	0.00	0	0.00	0.00	0	0.00	0.00
	Property, plant and equipment for business	9,415	-	0.33	9,757	-	0.39	9,198	-	0.50
	Others	170,358	-	5.90	355,308	-	14.08	353,263	-	19.13
	Subtotal	179,772	-	6.22	365,065	-	14.46	362,461	-	19.63
Total		2,887,760	4.05	100.00	2,523,899	3.67	100.00	1,846,271	3.23	100.00

Note) Based on K-IFRS financial statements

5) Woori Asset Trust

(1) Sources of Funds

(Unit: KRW in millions)

Category	2019		2018		2017	
	Balance	%	Balance	%	Balance	%
Total Liabilities	45,410	32%	37,333	27%	67,204	54%
Other Liabilities	45,410	32%	37,333	27%	67,204	54%
Other Account Payables	9,081	6%	2,292	2%	31,186	25%
Withholdings	1		1		5	
Advance Receipts	24,552	18%	26,040	19%	30,256	24%
Accrued Income Tax	4,857	3%	6,462	5%	5,339	5%
Lease Liabilities	2,443	2%	-	-	-	-
Unearned Income	-	-	102		-	-
Accrued Dividends	656		656		256	
Leasehold Deposits	-	-	-	-	12	
Allowance for Severance Benefits	-	-	230		-	-
Allowance for Trust Risk	3,820	3%	1,550	1%	150	
Total Equity	94,429	68%	76,453	55%	57,699	46%
Total	139,839	100%	113,786	100%	124,903	100%

Note) Based on K-IFRS separate financial statements

(2) Applications of Funds

(Unit: KRW in millions)

Category	2019		2018		2017	
	Balance	%	Balance	%	Balance	%
Total Assets	139,839	100%	113,786	100%	124,903	100%
Cash and Deposits	67,564	48%	61,514	54%	61,261	49%
Marketable Securities	655	1%	6,935	6%	9,603	8%
Loans	57,704	41%	35,397	31%	26,644	21%
Premises and Equipment	3,983	3%	2,539	2%	1,013	1%
Other Assets	9,933	7%	7,401	7%	26,382	21%
Total	139,839	100%	113,786	100	124,903	100%

Note) Based on K-IFRS separate financial statements

6) Woori Asset Management**(1) Sources of Funds**

(Unit: KRW in millions)

Category	2019		2018		2017	
	Average Balance	%	Average Balance	%	Average Balance	%
Sources (Total Liabilities and Equity)	107,159	100%	98,762	100%	92,981	100%
Liabilities	4,921	5%	3,930	4%	4,658	5%
Derivatives	-	0%	14	0%	499	11%
Other Liabilities	4,921	100%	3,915	100%	4,158	89%
(Accrued Income Tax)	1,506	31%	1,416	36%	1,185	28%
(Accrued Expense)	2,428	49%	2,099	54%	1,992	48%
(Others)	987	20%	400	10%	982	24%
Total Equity	102,238	95%	94,832	96%	88,324	95%

Note) Based on K-IFRS separate financial statements

(2) Applications of Funds

(Unit: KRW in millions)

Category	2019		2018		2017	
	Average Balance	%	Average Balance	%	Average Balance	%
Management (Total Assets)	107,159	100%	98,762	100%	92,981	100%
Cash and Deposits	24,757	23%	36,424	37%	42,705	46%
Securities Available for Sale	-	-	19,123	19%	39,380	42.1%
Financial Assets at Fair Value through Profit or Loss (FVTPL)	54,653	51%	20,852	21%	-	-
Financial Assets at FVTOCI	15,995	15%	12,648	13%	-	-
Investments in Affiliates	3,240	3%	1,230	1.2%	670	1%
Derivatives	25	0%	228	0.3%	2,083	2.2%
Loans	100	0.1%	180	0.3%	315	0.3%
Premises and Equipment	848	0.9%	246	0.3%	182	0.2%
Other Assets	7,541	7%	7,831	7.9%	7,646	8.2%
(Accrued Income)	5,329		5,471		5,445	
(Deferred Tax Assets)	1,639		1,774		1,543	

Note) Based on K-IFRS separate financial statements

5. Off-Balance Sheet Activities

(1) Acceptances and guarantees at the end of the current term and the previous year are as follows. (Unit: KRW in millions)

Category	End of (current) First Term	End of Previous Year
Confirmed Guarantees		
Guarantees for Loans	89,699	125,870
Acceptances	391,688	371,525
Acceptances for L/G	224,746	158,179
Other Confirmed Guarantees	6,982,889	6,452,791
Subtotal	7,689,022	7,108,365
Unconfirmed Guarantees		
Guarantees for Local L/C	193,096	305,057
Guarantees for Import L/C	3,081,390	3,322,731
Other Unconfirmed Guarantees	771,378	669,677
Subtotal	4,045,864	4,297,46
CP Purchase Commitments and Others	884,031	1,260,587
Total	12,618,917	12,666,417

Note) Based on K-IFRS separate financial statements

(2) Loan agreements at the end of the current term and the previous year are as follows. (Unit: KRW in millions)

Category	End of (current) First Term	End of Previous Year
Loan Agreements	103,651,674	97,796,704
Other Agreements	5,993,608	5,041,314

For off-balance sheet activities, please refer to 'Note 40. Contingent Liabilities and Commitments' in [III. Matters on Financials / 3. Notes for Consolidated Financial Statements] in this report.

6. Other Issues Required for Making Investment Decisions

A. Matters on Key Accounting Policies and Changes in Estimates

Please refer to 'Note 2. Standards applied in the preparation of (Consolidated) Financial Standards and Key Accounting Policies' and 'Note 3. Key Accounting Estimates and Assumptions' in [III. Matters on Finance / 3. Note on Consolidated Financial Statements and 5. Note on Financial Statements] of this report.

B. Environmental Impact and Employees

(1) Environmental Impact

Woori Financial Group Inc.'s financial services (banking, credit card, trusts business, etc.) do not have an environmentally destructive impact. Therefore, the Group is neither currently paying nor is likely to have to pay any environmental restoration or damage compensation 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, the major affiliate of Woori Financial Group Inc., 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. Please refer to [XI. Other Issues Required for Protecting Investors / 3. Environmental Sanctions, and etc. / (v) Green Management Issues].

(2) Employees and Other Matters

Woori Bank, the major subsidiary of Woori Financial Group Inc., draws up a human resource plan based on changes in the management environment and bank-wide strategic directions, thereby preemptively responding to expected personnel shifts in the mid- and long-term. While the Bank's continued recruitment and CDP control secure experts in corporate business, in-house training of human resources is nurturing a pool of future leaders in the global and fintech businesses and building up the best human resource pool in the financial sector. Meanwhile, as of the end of 2019, Woori Bank's regular employees consisting of business unit and group heads (26%), managers (26%), and clerks or lower-level employees (48%), maintaining HR in a pyramid structure.

Furthermore, another subsidiary, Woori Investment Bank, continues to hire experienced workers and new recruits in step with the broadening of assets and work scope. Woori Investment Bank is expanding its business competencies by recruiting experts from the market, while building an organization that can grow sustainably by hiring new recruits through public job openings. In addition, employees are sharpening their expertise under the training support scheme.

C. Matters on Statutory Regulations

As a financial holding company, Woori Financial Group complies with the Financial Holding Companies Act, the Act on Corporate Governance of Financial Companies and other relevant legislations.

The main contents of the Financial Holding Companies Act are as follows:

1. Incorporation of financial holding companies
2. Restriction on ownership of financial holding companies
3. Business affairs of financial holding companies and inclusion of companies as subsidiaries thereof
4. Operation of financial holding companies
5. Supervision of financial holding companies

The main contents of the Act on Corporate Governance of Financial Companies are as follows:

1. Qualifications for operating officers and the establishment of an appointment procedure for major operating officers
2. Reinforced qualifications for outside directors and procedures for nominating candidates for executive officers
3. Composition of the Board centered on outside directors and bolstering the authority of the Board
4. Establishment and disclosure of internal rules on governance
5. Qualifications for members of the Audit Committee and improvement of the appointment procedure thereof
6. Improvement of the risk management scheme and remuneration system
7. Introduction of a regular examination on the eligibility of major shareholders

D. Risk Management Policy

(1) Overview of Risk Management Policy

Woori Financial Group Inc. develops strategies to remove excessive risks and manage risks at an adequate level in order to maximize revenue relative to risks. To this end, procedure is to first recognize the risk, measurement and assess it and then control and monitor and report it. Risk is managed by the Risk Management Department based on policy resolutions. The Risk Management Committee makes decisions on risk strategies including the allocation of any capital at risk and the approval of loss limits as the top decision-making body for risk management.

(a) Risk Management Principles

The Group's risk management principles are as follows:

- All business activities must be performed in consideration of the balance between risk and revenue, within the scope of the preset risk thresholds.
- Decision making systems regarding risk must be operated in a way that allows sufficient consideration of risk by the management
- Risk management organization must be composed and operated independently from business departments
- Performance management systems must be operated to allow for the clear consideration of risks when making business decisions
- Even during normal times, precautionary views must be shared in preparation for the possible worsening of situations
- The holding company oversees the risk management of its subsidiaries

(b) Risk Management Organization

① Risk Management Committee

The Risk Management Committee performs the role of comprehensively managing and controlling risks at the Group level, in order to promptly recognize, measure, monitor and control risks that may arise in the course of business management by the holding company and subsidiaries thereof.

The major roles of the Risk Management Committee are as follows:

- Establishment of basic risk management policies and strategies:
The Risk Management Committee establishes basic policies and strategies for risk management including a risk philosophy and risk management principles, for the systematic management of risks.
- Determination of tolerable risks:
The Risk Management Committee annually determines the overall permissible risk threshold of the Group and each subsidiary by giving consideration to the economic and financial environment at home and abroad.
- Approval of Risk Capital Limit and Loss Limit:
Depending on the risk threshold determined each year, the Risk Management Committee sets aside the amount of capital at risk out of all available capital, then approves and allocates the loss limits accordingly by type of risk and subsidiary.
- Enactment and Revision of Risk Management Regulations and Group Risk Management Council Regulations:
The Risk Management Committee enacts, operates and, if necessary, revises and abolishes risk management regulations and Group Risk Management Council regulations in order to achieve optimal risk management
- Others:
The Risk Management Committee deliberates on relevant risks that accompany important matters concerning business management at the Group level that requires Board resolution, including changes to the organization, entry into new businesses and large-scale investment. The Committee is also briefed on the current status and major issues of risk management of the Group.

② Group Risk Management Council

The Group Risk Management Council has the authority to deliberate on necessary details in relation to carrying out the risk management policies established by the Risk Management Committee at the level of the holding company and subsidiaries. The Council also reaches resolution on matters delegated by the Risk Management Committee and performs the role of understanding the current status of risk management of the Group as a whole and each subsidiary as well as exchanging information on risk management among subsidiaries.

The major roles of the Group Risk Management Council are as follows:

- Matters for Resolution

- Matters delegated by the Committee
- Matters to be resolved pursuant to the [Attached Table] of the Group Risk Management Council Regulation
- Enactment and abolishment of guidelines on risk management. Provided, heads of departments in charge of risk management are delegated authority to copy and incorporate in full any changes to higher regulations such as relevant legislations and regulations of supervisory authorities and to make simple revisions to terminology or phrases, and shall report to the Council ex-post.

- Matters for Deliberation

- Matters concerning agenda tabled by the Committee (Provided, agenda for deliberation may be omitted when deemed necessary by the risk management officer of the holding company)
- Important matters among matters for resolution by the Risk Management Committees of subsidiaries and result of implementation thereof
- Adjustments to the classification of asset quality or allowances for questionable accounts in accordance with criteria set by the Committee
- Matters concerning the introduction of a new product at the Group level
- Matters the Chair is requested to deliberate on by a member or matters recognized by the Chair to be in need of deliberation

- Matters for Report

- Status of progress and management of matters deliberated or resolved by the Council
- Other matters deemed necessary by the Council

③ Risk Management Department

The Risk Management Department is responsible for overseeing the risk management affairs of the financial holding company and its subsidiaries, including the monitoring, control and reporting of risks. The department operates independently from departments within the financial holding company and business (support) departments of subsidiaries.

(2) Credit Risk

Credit risk represents 'the potential financial losses that the Bank may incur 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 risks.

(a) Management of Credit Risk

Woori Financial Group Inc. measures credit risk by taking into account the possibility of non-performance of contract obligations by a customer or counterparty, a counterparty's exposure to insolvency and the rate of loss upon insolvency.

For assets subject to credit risk management, internal capital is measured and utilized as a management indicator by accounting for risk and expected/unexpected loss. The Group allocates ceilings of internal capital to each subsidiary. Based on the allocated ceiling of the internal capital, each subsidiary then considers its business characteristics and annual financial goals to set and manage detailed ceilings for each business segment. Furthermore, loans are prevented from failing to perform and credit concentration risk is adequately controlled by monitoring large-scale exposures and credit portfolio.

The Group Risk Management Committee and Risk Management Council meet on a monthly or quarterly basis to check and adequately manage credit risks of the Group and subsidiaries including the BIS ratio, liquidity and other management indicators, current status of exposure, compliance with ceilings, delinquency ratio and fluctuations in allowances.

(b) Maximum Exposure

Maximum exposure of financial assets to credit risk indicates the uncertainty of maximum volatility in the net value of the financial assets due to volatility in a particular risk factor, before considering the book value of collateral after allowances or other credit enhancement. Provided, the maximum exposure to credit risk of derivatives is the on-balance sheet fair value amount, that of payment guarantee is the maximum amount payable upon claims by the principal debtor pursuant to the guarantee contract, and that of loan agreement is undrawn commitment.

(3) Market Risk

Market risks refer to potential losses that can be incurred 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.

(a) Market Risk Management

Market risk management refers to the entire process of identifying the sources of risks by risk factor on the trading and non-trading sectors, measuring the scale of market risks, and assessing the adequacy of the scale of market risks being taken, in order to make decisions to avert, take or mitigate risks and carry out such decisions.

Woori Financial Group Inc. uses both a standard approach and an internal model (Woori Bank) to measure market risks and the Risk Management Committee allocates the market risk capital. The risk management departments of the Group and subsidiaries manage detailed ceilings including risk limit and loss limit of trading positions. The result of risk management is reported regularly to the Risk Management Committee.

(b) Analysis of Market Risk Sensitivity

Woori Financial Group Inc. performs separate market risk sensitivity analyses for trading and non-trading segments.

For the trading segment, Group-wide market risk is managed by the standard method of the FSS, while Woori Bank measures Value at Risk (VaR) to manage and measure market risk in order to predict the market risk of its trading positions and the maximum loss expected. Based on statistical methods, VaR estimates potential losses in the portfolio that may be incurred by unfavorable volatility in the market at a certain time in the present or future. VaR indicates the estimated maximum loss at a 99 percent confidence level. Therefore, statistically speaking, it is possible (1% probability) that the actual loss turns out to be larger than what was estimated by VaR. The actual losses incurred are monitored on a regular basis for the purpose of reviewing the feasibility of assumptions, variables and factors used when calculating VaR. This approach, however, does not prevent losses in excess of the limit when there is greater market volatility.

For the non-trading segment, Woori Bank manages and measures risk by utilizing simulations on net interest income (NII) and net present value (NPV) to calculate changes in the NII and the economic value of equity (EVE).

NII is a revenue-centered indicator that shows short-term changes in revenue caused by short-term changes in the interest rate and is calculated by deducting the cost of servicing interest-burdened liabilities from the revenues generated by interest-bearing assets. NPV is an indicator of risk from an economic value point of view caused by interest rate volatility and is measured by deducting the present value of liabilities from that of assets. Meanwhile, changes in the NII indicates changes due to interest rate volatility within a certain period (i.e., one year). Changes in the EVE indicates changes that can take place as interest rate volatility impacts the present value of assets, liabilities and off-balance sheet items.

Subsidiaries other than Woori Bank measures and manages risk by calculating interest rate Earnings at Risk (EaR) and interest rate VaR.

Interest rate EaR refers to the estimated maximum changes to earnings manifested by the largest reduction in the NII that can be caused in a certain period (i.e., one year) by unfavorable volatility in the interest rate. Interest rate VaR refers to the estimated maximum loss that shows the maximum possible reduction in net asset value at a certain time in the present or future that can be caused by unfavorable volatility in the interest rate.

(4) Liquidity Risk

Liquidity risk refers to the risk of failing to perform the payment obligation at maturity on financial liabilities that consolidated companies bear.

Liquidity risk management is aimed at preventing potential losses arising from a shortage of funds by effectively managing liquidity crunches caused by disparities in the maturity of assets and liabilities or unexpected outflow of funds. Products relevant to liquidity risk that recognized as financial liabilities on the consolidated financial statements are subject to liquidity risk management.

In managing liquidity risk, Woori Financial Group Inc. groups assets and liabilities according to a different ALM chart of accounts, then determines the maturity gaps and gap ratios from cash flow statements by time group (time to maturity or contract periods). Based on the outcomes, Woori Financial Group maintains the gap ratios within predetermined target ratios (limits).

(5) Operational Risk

Woori Financial Group defines operational risks as the potential risk of loss that could result from inadequate internal processes, personnel and systematic factors, as well as external factors.

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. The objectiveness of operational risk management system has been tested internally and by an independent third party. The advanced measurement approach was submitted to and obtained approval from the FSS.

(6) Capital Management

Woori Financial Group Inc. complies with the capital adequacy standards put forth by financial supervisory bodies that are based on Basel III of the Basel Committee on Banking Supervision under the Bank for International Settlements. These standards were introduced in Korea at the end of December, 2013. The capital adequacy ratio is calculated by dividing total capital by total risk-weighted assets, based on consolidated financial statements.

D. Matters Concerning Overseas Subsidiaries

As the growth of domestic financial market remains stagnant, Woori Bank, which is the major subsidiary of Woori Financial Group Inc., has been building a global business base by expanding regional networks in Southeast Asia – a region of promising growth potential in terms of NIM, branch and financial inclusivity and economic growth rate.

Woori Bank is expanding localization endeavors through M&As with local banks (Indonesia, the Philippines, Cambodia) and the conversion of existing branches into local subsidiaries (Vietnam), while seeking to diversify through entry into new businesses such as savings banks and non-banking finance by considering market characteristics. In addition, other than entering existing business segments, Woori Bank is also striving to continue pioneering into new markets by conducting various market surveys in order to discover new business. As of end of December 2019, Woori Financial Group Inc. has global networks reaching 474.

Woori Financial Group Inc. will continue to pursue global business with its strategy to expand its customer and growth base by boosting the share of financially sound assets, reinforcing business competencies through various business models and raising global digital banking competency. Furthermore, Woori Financial Group is in the process of building a Group-wide system to support and manage global business by nurturing a pool of global professional reviewers and building a better organized risk management system. Through these endeavors, Woori Financial Group is also seeking to grow both quantitatively and qualitatively.

At end-2019, the status of overseas subsidiaries of major subsidiaries are as follows:

(Unit: %)

Category (Percentage of Ownership)	Capital Adequacy Ratio			Asset Quality				Profitability		Liquidity	
	BIS Capital Adequacy Ratio	BIS Tier 1 Capital Ratio	Tangible Common Equity Ratio	Loss-Risk Weighted Loan Ratio	Substandard and Below Ratio	Ratio of Allowance for Credit Loss	Ratio of Delinquent Loans	ROA	Expense Ratio to Total Assets	Cost to Income Ratio	Foreign Currency Liquidity Ratio
Woori America Bank (100.00%)	17.19	16.82	13.41	0.07	0.06	667.03	0.03	0.83	2.34	66.81	112.75
Indonesia Woori Saudara Bank (79.88%)	14.66	14.30	13.21	6.65	1.38	63.85	1.58	1.42	1.81	46.13	107.58
China Woori Bank (100.00%)	22.89	22.66	6.74	1.78	0.60	44.74	0.65	0.09	1.15	70.26	185.90
Russia Woori Bank (100.00%)	26.62	26.40	16.59	-	-	-	-	2.03	1.52	36.11	122.63
Brazil Woori Bank (100.00%)	20.86	20.71	15.11	0.07	0.28	195.92	0.28	0.62	2.83	68.11	317.57
Woori Finance Cambodia (100.00%)	21.00	20.08	19.18	0.11	0.04	2,418.89	0.04	4.48	4.25	41.80	133.42
Woori Finance Myanmar (100.00%)	50.29	49.40	48.89	0.19	0.23	556.86	0.29	6.95	14.86	58.25	334.39
Wealth Development Bank (51.00%)	17.36	17.01	10.55	21.72	5.84	18.19	6.36	0.33	4.64	95.51	78.80
Vietnam Woori Bank (100.00%)	15.52	15.23	15.41	0.30	0.36	259.58	0.05	1.18	2.46	64.34	129.18
WB Finance (Cambodia) (100.00%)	21.1	20.3	20.41	0.62	0.28	416.32	0.29	3.95	6.96	56.23	158.49
Europe Woori Bank (100.00%)	59.08	58.96	25.27	-	-	-	-	△2.22	3.28	304.0	100.89
Hong Kong Woori Investment Bank (100.00%)	43.18	43.18	21.41	1.57	3.37	35.60	3.37	1.20	0.78	28.41	107.65

Note) Based on K-IFRS separate financial statements

E. Korea BTL Infrastructure Fund

Korea BTL Infrastructure Fund ("the Company") is a collective investment vehicle as defined by the Act on Public-Private Partnerships in Infrastructure and an investment company as per the Financial Investment Services and Capital Markets Act. The major shareholder, Woori Bank, has committed to invest a total of KRW 1.3 trillion in the Company under a purchase agreement valid until June 4th, 2036 (extendible for up to six years).

As of end of December 2019, funds under management of the Company are fully financed by equity capital and the major shareholder, Woori Bank, has been executing equity investment through capital call since the incorporation of the Company. The Company currently invests in or extends loans to project concessionaires, concentrating on highly stable projects whose principal and interest of investment are either paid or compensated by the government. Invested projects include one BTO project, 43 BTL projects and 2 government cost compensation projects. Maintaining this tendency, investments will be made gradually with the outstanding commitment under the purchase agreement.

The Company is maintaining a robust return on investment (ROI) (as of Dec 2019, capital is KRW 811.7 billion, ROI is 4.79% [internal rate of return since incorporation, assuming recovery of investment principal at end-2019]). Most invested assets are BTL projects whose principal and interest are tied to the yield on five-year government bonds and as such, ROI is likely to fluctuate with the bond yield. At the end of December 2018, ROI based on the same assumption was 4.95%, indicating a small decline over the year in 2019, owing to the decline in the yield of five-year government bonds.

Currently, the Company is both making and redeeming investments. Following the recovery schedules for each invested project, the principals of investment will be recovered quarterly over the duration of the fund, once the investment is complete. Depending on whether new investments will be executed by the Company, either a capital increase of the Company or a redemption on investment by shareholders will be carried out systematically.

INDEPENDENT AUDITORS' REPORT

English Translation of a Report Originally Issued in Korean on March 16, 2020

To the Shareholders and the Board of Directors of Woori Financial Group Inc.

Report on the Separate Financial Statements

Audit Opinion

We have audited the separate financial statements of Woori Financial Group (the "Company"), which comprise the separate statement of financial position as of December 31, 2019, and the separate statement of comprehensive income, separate statement of changes in equity and separate statement of cash flows, for the period from January 11, 2019 (date of incorporation) to December 31, 2019, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019, and its financial performance and its cash flows for the period from January 11, 2019 (date of incorporation) to December 31, 2019 in accordance with Korean International Financial Reporting Standards ("K-IFRS").

Basis for Audit Opinion

We conducted our audits in accordance with the Korean Standards on Auditing ("KSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements, including those related to independence, that are relevant to our audit of the separate financial statements in the Republic of Korea as required by prevailing audit regulations. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

The key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate financial statements of the current period. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our audit opinion thereon, and we do not provide a separate opinion on these matters.

Impairment Losses of Subsidiary Investment Equities in compliance with K-IFRS 1036 'Impairment of Assets'***Key audit matter description***

As described in notes 2 and 9, the company accounts for its investment in subsidiaries by selecting the cost method in accordance with K-IFRS 1027 and assessing their potential for impairment. If there is any indication of objective impairment, the difference between the recoverable amount and the carrying amount of the subsidiary investment shares is recognized as impairment losses, and the recoverable amount is measured by calculating the estimated future cash flows based on the previous financial and operating plan data.

The measure of recoverable amount of subsidiary investment shares uses discount rate, growth rate and expected economic indicators, and significant management judgment is involved in determining their adequacy.

Given the high level of estimation and judgement of management, the audit of impairment assessment of subsidiary investment shares involves complex and subjective judgment by experts. Therefore, we selected the impairment loss assessment of subsidiaries' investment shares as the key audit matter.

How the scope of our audit responded to the key audit matter

Our audit procedures related to the assumptions and unobservable inputs used by management for the estimate of the recoverable amount included the following:

- The effectiveness of the design and operation of internal controls related to the impairment assessment process, including the use of external experts by the company's management, has been tested.
- We verified the process of determining the rationale of the input variables used and the discount rate, growth rate, and expected economic indicators by using the shareholder cash flow discount method by engaging a fair value valuation specialist.
- The recoverable amount was recalculated by considering the discount rate and future cash flows deemed appropriate with the fair value valuation specialist.

Responsibilities of Management and the Those Charged with Governance for the Separate Financial Statements

Management is responsible for the preparation of the accompanying separate financial statements in accordance with K-IFRS, and for such internal control as they determine is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, management of the Company is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with KSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

As part of an audit in accordance with KSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

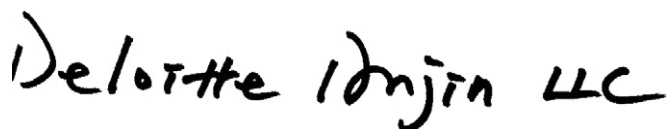
- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance of the Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance of the Company with a statement that we have complied with relevant ethical requirements, including those related to independence, and to communicate with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Tae Jin Jo.

A handwritten signature in black ink that reads "Deloitte Idnjin LLC". The signature is written in a cursive, slightly slanted style.

March 16, 2020

Notice to Readers

This report is effective as of March 16, 2020 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 separate financial statements and may result in modifications to the auditors' report.

WOORI FINANCIAL GROUP INC. SEPARATE STATEMENTS OF FINANCIAL POSITION

AS OF DECEMBER 31, 2019

	December 31, 2019 (Korean Won in millions)
ASSETS	
Cash and cash equivalents (Note 5 and 28)	43,670
Financial assets at fair value through profit or loss (“FVTPL”) (Note 4, 6, 8 and 16)	9,434
Loans and other financial assets at amortized cost (Notes 4, 7, 8 and 28)	1,269,203
Investments in subsidiaries (Note 9 and 28)	19,873,593
Premises and equipment (Note 10 and 28)	7,383
Intangible assets (Note 11)	3,310
Total assets	<u>21,206,593</u>
LIABILITIES	
Debentures (Notes 4, 8 and 12)	947,679
Provisions (Note 13)	600
Net defined benefit liability (Note 14)	3,482
Current tax liabilities (Note 25)	133,526
Deferred tax liabilities (Note 25)	154
Other financial liabilities (Notes 4, 8, 15, 28 and 29)	10,745
Other liabilities (Notes 15 and 28)	4,142
Total liabilities	<u>1,100,328</u>
EQUITY	
Owners’ equity:	
Capital stock (Note 17)	3,611,338
Hybrid security (Note 17)	997,544
Capital surplus (Note 17)	14,874,084
Other equity (Note 17)	(631)
Retained Earnings (Note 17)	
(Regulatory reserve for credit loss has no balance.	
Regulatory reserve for credit loss to be reserved is 692 million Won.	
Planned provision of regulatory reserve for credit loss is 692 million Won)	623,930
Total equity	<u>20,106,265</u>
Total liabilities and equity	<u>21,206,593</u>

See accompanying notes

WOORI FINANCIAL GROUP INC.

SEPARATE STATEMENTS OF COMPREHENSIVE INCOME

FOR THE PERIOD FROM JANUARY 11, 2019 (DATE OF INCORPORATION) TO DECEMBER 31, 2019

	For the period from January 11, 2019 (Date of incorporation) to December 31, 2019 (Korean Won in millions, except for per share data)
Interest income	7,741
Interest expense	(7,701)
Net interest income (Note 8,18 and 28)	<u>40</u>
Fees and commissions income	-
Fees and commissions expense	(15,833)
Net fees and commissions loss (Note 19 and 28)	<u>(15,833)</u>
Dividend income (Note 20 and 28)	676,000
Net gain on financial instruments at FVTPL (Note 8 and 21)	9,434
Impairment losses due to credit loss (Note 8, 22 and 28)	(263)
General and administrative expenses (Notes 23 and 28)	(39,941)
Operating income	<u>629,437</u>
Net other non-operating expense	(750)
Non-operating loss (Note 24)	<u>(750)</u>
Net income before income tax expense	628,687
Income tax expense (Note 25)	(394)
Net income for the period (Adjusted net income after the provision of regulatory reserve: For the period from January 11, 2019 (Date of incorporation) to December 31, 2019: 627,601 million Won) (Note 17)	<u><u>628,293</u></u>
Remeasurement of the net defined benefit liability	(631)
Other comprehensive loss, net of tax	<u>(631)</u>
Total comprehensive income	<u><u>627,662</u></u>
Basic and diluted income per share (in Korean Won) (Note 26)	900

See accompanying notes

WOORI FINANCIAL GROUP INC. SEPARATE STATEMENTS OF CHANGES IN EQUITY

FOR THE PERIOD FROM JANUARY 11, 2019 (DATE OF INCORPORATION) TO DECEMBER 31, 2019

	Capital stock	Capital surplus	Hybrid Security	Other equity	Retained Earnings	Total equity
	(Korean Won in millions)					
January 11, 2019						
(Date of incorporation)	3,400,822	14,565,637	-	-	-	17,966,459
New stock issuance						
(Comprehensive stock exchange)	210,516	309,460	-	-	-	519,976
New stock issuance costs	-	(1,013)	-	-	-	(1,013)
Net income	-	-	-	-	628,293	628,293
Remeasurement of the net defined benefit liability	-	-	-	(631)	-	(631)
Issuance of hybrid security	-	-	997,544	-	-	997,544
Dividends to hybrid security	-	-	-	-	(4,363)	(4,363)
December 31, 2019	3,611,338	14,874,084	997,544	(631)	623,930	20,106,265

See accompanying notes

WOORI FINANCIAL GROUP INC.

SEPARATE STATEMENTS OF CASH FLOWS

FOR THE PERIOD FROM JANUARY 11, 2019 (DATE OF INCORPORATION) TO DECEMBER 31, 2019

	For the period from January 11, 2019 (Date of incorporation) to December 31, 2019 (Korean Won in millions)
Cash flows from operating activities:	
Net income	628,293
Adjustments:	
Income tax expense	394
Interest income	(7,741)
Interest expense	7,701
Dividend income	(676,000)
	<u>(675,646)</u>
Additions of expenses not involving cash outflows:	
Impairment losses due to credit loss	263
Retirement benefits	4,899
Depreciation and amortization	4,098
	<u>9,260</u>
Deductions of incomes not involving cash in-flows:	
Gain on valuation of financial instruments at FVTPL	9,434
	<u>9,434</u>
Changes in operating assets and liabilities:	
Loans and other financial assets at amortized cost	(1,365)
Net defined benefit liabilities	(1,687)
Other financial liabilities	7,055
Other liabilities	4,142
	<u>8,145</u>
Interest income received	4,082
Interest expense paid	(6,097)
Dividend income received	676,000
Net cash provided by operating activities	<u>634,603</u>
Cash flows from investing activities:	
Cash in-flows from investing activities	-
Cash out-flows from investing activities:	
Acquisition of investments subsidiaries	1,370,785
Acquisition of premises and equipment	6,722
Acquisition of intangible assets	4,630
Increase in guarantee deposits for leases	955
Increase in other investment assets	1,130,000
	<u>2,513,092</u>
Net cash used in investing activities	<u>(2,513,092)</u>
Cash flows from financing activities:	
Cash in-flows from financing activities:	
Increase in borrowings	64,769
Issuance of debentures	947,604

WOORI FINANCIAL GROUP INC. SEPARATE INTERIM STATEMENTS OF CASH FLOWS

FOR THE PERIOD FROM JANUARY 11, 2019 (DATE OF INCORPORATION) TO DECEMBER 31, 2019
(CONTINUED)

	For the period from January 11, 2019 (Date of incorporation) to December 31, 2019 (Korean Won in millions)
Cash out-flows from financing activities:	
Decrease in borrowings	64,769
Repayment of lease liabilities	1,289
New stock issuance costs	17,337
Dividends to hybrid security	4,363
	<u>87,758</u>
Net cash provided by financing activities	<u>1,922,159</u>
Net increase in cash and cash equivalents	43,670
Cash and cash equivalents, date of incorporation (Note 5)	<u>-</u>
Cash and cash equivalents, end of the year (Note 5)	<u>43,670</u>

See accompanying notes

WOORI FINANCIAL GROUP INC.

NOTES TO SEPARATE FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2019 AND FOR THE PERIOD FROM JANUARY 11, 2019 (DATE OF INCORPORATION) TO DECEMBER 31, 2019

1. GENERAL

(1) Woori Financial Group

Effective as of January 11, 2019, Woori Financial Group Inc. (hereinafter referred to the “Company”) was established in accordance with the Financial Holding Companies Act for the main purposes of controlling subsidiaries that operate financial business and similar business closely related to finance, through comprehensive stock transfer under Article 360-15 of the Korean Commercial Code of Woori Bank, Woori FIS Co., Ltd., Woori Finance Research Institute Co., Ltd., Woori Credit Information Co., Ltd., Woori Fund Service Co., Ltd. and Woori Private Equity Asset Management Co., Ltd..

The head office of the Company is located in 51, Sogong-ro, Jung Gu, Seoul, Korea. As of September 30, 2019, the common stock of the Company amounts to 3,611,338 million Korean won, and the Korea Deposit Insurance Corporation (“KDIC”), the majority shareholder of the Company holds 124,604,797 shares (17.25% ownership interest) of the Company’s shares issued. The Company’s common stocks were listed on the Korea Exchange on February 13, 2019 and its American Depositary Shares(“ADS”) are being traded as the original stock on the New York Stock Exchange since the same date.

(2) The stock transfer of the Company and its subsidiaries on the date of incorporation is as follows (Unit: Number of shares):

Subsidiaries	Total number of issued shares	Exchange ratio per share	Number of shares in the Company
Woori Bank	676,000,000	1.0000000	676,000,000
Woori FIS Co., Ltd.	4,900,000	0.2999708	1,469,857
Woori Finance Research Institute Co., Ltd.	600,000	0.1888165	113,289
Woori Credit Information Co., Ltd.	1,008,000	1.1037292	1,112,559
Woori Fund Service Co., Ltd.	2,000,000	0.4709031	941,806
Woori Private Equity Asset Management Co., Ltd.	6,000,000	0.0877992	526,795

As of August 1, 2019, the company acquired a 73% stake in Woori Asset Management Co. (Formerly Tongyang Asset Management Co.). The remaining payment was completed in August, 2019 after the request for the change of major shareholder was approved by the Financial Service Commission in July, 2019 and the company gained 100% control of Woori Global Asset Management Co. (formerly ABL Global Asset Management Co.) to add as a consolidated subsidiary at the end of 2019.

The company paid 598,391 million won in cash and 42,103,377 new shares of the parent company to acquire 100% interest of Woori Card Co., Ltd. from its subsidiary Woori Bank on September 10, 2019. On the same date, the company also acquired 59.8% interest of Woori Investment Bank Co., Ltd. from Woori Bank with 392,795 million won in cash.

As of December 30, 2019, the company acquired a 67.2% interest in Woori Asset Trust Co. (formerly Kukje Asset Trust Co.).

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

(1) Basis of presentation

The Company's separate financial statements are prepared in accordance with Korean International Financial Reporting Standards ("K-IFRS"). Significant accounting policies applied in the preparation of the financial statements are described below.

The Company is preparing its financial statements in accordance with the K-IFRS, and the separate financial statements are prepared in accordance with K-IFRS 1027 "Separate Financial Statements". The financial statements of the parent, associate or joint venture represent the investment assets in a manner that is based on direct equity investments, not based on the reported performance and net assets of the investee.

The financial statements are prepared at the end of each reporting period on the historical cost basis, except for certain non-current assets and financial assets that are either revalued or measured in fair value. Historical cost is generally measured at the fair value of consideration given to acquire assets.

The financial statements of the company were approved with adjustments as of March 3, 2020 after the initial approval for the issuance as of February 7, 2020, and are planned to be finalized at the shareholder's meeting on March 25, 2020.

1.1 It is believed that the following issued and revised standards that have been newly applied during the current term will not have a significant impact on the company.

- K-IFRS 2123 Uncertainty over Income Tax Treatments (Issued)
- K-IFRS 1109 Financial Instruments (Revised)
- K-IFRS 1028 Investment in Associates and Joint Ventures (Revised)
- K-IFRS 1019 Employee Benefits (Revised)
- K-IFRS 1115 Revenue from Contracts with Customers (Revised)
- Annual Improvements to IFRSs 2015-2017 Cycle

The annual improvements include partial amendments of K-IFRS 1012 'Income Tax,' K-IFRS 1023 'Borrowing Cost,' K-IFRS 1103 'Business Combination' and K-IFRS 1111 'Joint Arrangements.'

1.2 The details of K-IFRSs that have been issued and published as of the date of issue approval of the financial statements but have not yet reached the effective date, and which the Company has not applied at an earlier date are as follows:

- Revised Conceptual Framework for Financial Reporting
- Revised K-IFRS 1103 'Business Combinations'
- Revised K-IFRS 1001 'Financial Statements Presentation' and K-IFRS 1008 'Accounting policies, changes in Accounting Estimates and Errors'

It is believed that the above revised standards will not have a significant impact on the company.

(2) Investments in subsidiaries and Associates in separate financial statements

The Company selects and processes the cost method in accordance with K-IFRS 1027 for investments in subsidiaries, associates and jointly controlled entities, except for those classified as held for sale in accordance with K-IFRS 1105 'Non-current Assets Held for Sale and Discontinued Operations'. Dividends received from subsidiaries, associates and jointly controlled entities are recognized as dividend income when the right to receive dividends is established.

(3) Revenue recognition

3.1 Revenue from contracts with customers

The Company recognizes revenue when the Company satisfies a performance obligation by transferring a promised good or service to a customer. When a performance obligation is satisfied, the Company shall recognize as a revenue the amount of the transaction price that is allocated to that performance obligation. The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

3.2 Revenues from sources other than contracts with customers

Interest income on financial assets measured at FVTOCI and financial assets at amortized costs is measured using the effective interest method.

The effective interest method is a method of calculating the amortized cost of debt securities (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 total carrying amount over the expected period, or shorter if appropriate. Future cash flows include commissions and cost of reward points (limited to the primary component of effective interest rate) and other premiums or discounts that are paid or received between the contractual parties, and future cash flows exclude expected credit loss when calculating the effective interest rate. All contractual terms of a financial instrument are considered when estimating future cash flows.

For purchased or originated credit-impaired financial assets, interest revenue is recognized by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition. Even if the financial asset is no longer impaired in the subsequent periods due to credit improvement, the basis of interest revenue calculation is not changed from amortized cost to unamortized cost of the financial assets.

(4) Accounting for foreign currencies

The Company's separate financial statements are presented in Korean Won, which is the functional currency of the Company. 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.

(5) Cash and cash equivalents

The Company is classifying cash on hand, demand deposits, interest-earning deposits with original maturities of up to three months on acquisition date, and highly liquid investments that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value as cash and cash equivalents.

(6) Financial assets and financial liabilities

The Company's accounting policies in accordance with the newly adopted K-IFRS 1109 are as follows:

6.1 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 FVTPL, financial assets at FVTOCI, and financial assets at amortized cost.

6.1.1 Business model

The Company evaluates the way business is being managed, and the purpose of the business model for managing a financial asset best reflects the way information is provided to the management at its portfolio level. Such information considers the following:

- The accounting policies and purpose specified for the portfolio, and the actual operation of such policies. This includes strategy of the management focusing on the receipt of contractual interest revenue, maintaining a certain level of interest income, matching the duration of financial assets and the duration of corresponding liabilities to obtain the asset, and outflow or realization of expected cash flows from disposal of assets.
- The way the performance of a financial asset held under the business model is evaluated, and the way such evaluation is being reported to the management
- The risk affecting the performance of the business model (and financial assets held under the business model), and the way such risk is being managed
- The compensation plan for the management (e.g. whether the management is being compensated based on the fair value of assets or based on contractual cash flows received)
- Frequency, amount, timing and reason for sale of financial assets in the past and forecast of future sale activities

6.1.2 Contractual cash flows

The principal is defined to be the fair value of a financial asset at initial recognition. Interest is not only composed of consideration for the time value of money, consideration for the credit risk related to remaining principal at a certain period of time, and consideration for other cost (e.g. liquidity risk and cost of operation) and fundamental risk associated with lending, but also profit.

When evaluating whether contractual cash flows are solely payments of principal and interests, the Company considers the contractual terms of the financial instrument. When a financial asset contains contractual conditions that modify the timing and amount of contractual cash flows, it is required to determine whether contractual cash flows that arise during the remaining life of the financial instrument due to such contractual condition are solely payments of principal and interest. The Company considers the following elements when evaluating the above:

- Conditions that lead to modification of timing or amount of cash flows
- Contractual terms that adjust contractual nominal interest, including floating rate features
- Early payment features and maturity extension features
- Contractual terms that limit the Company's claim on cash flows arising from certain assets (e.g. non-recourse feature)

6.1.2.1 Financial assets at FVTPL

The Company is classifying those financial assets that are not classified as either financial assets at amortized cost or financial assets at FVTOCI, and those designated to be measured at FVTPL, as financial assets at FVTPL. Financial assets at FVTPL are measured at fair value, and related profit or loss is recognized in net income. Transaction costs related to acquisition at initial recognition is recognized in net income immediately upon its occurrence.

It is possible to designate a financial asset as financial asset at FVTPL if at initial recognition: (a) it is possible to remove or significantly reduce recognition or measurement mismatch that may otherwise have occurred if not for its designation as financial asset at FVTPL; (b) the financial asset forms part of the Company's financial instrument group (A group composed of a combination of financial asset or liability), is measured at fair value and is being evaluated for its performance, and such information is provided internally; and (c) the financial asset is part of a contract that contains one or more of embedded derivatives, and is a hybrid contract in which designation as financial asset at FVTPL is allowed under K-IFRS 1109 'Financial Instruments'. However, the designation is irrevocable.

6.1.2.2 Financial assets at FVTOCI

When financial assets are held under a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and when contractual cash flows from such financial assets are solely payments of principal and interest, the financial assets are classified as financial assets at FVTOCI. Also, for investments in equity instruments that are not held for short-term trade, an irrevocable election is available at initial recognition to present subsequent changes in fair value as other comprehensive income.

At initial recognition, financial assets at FVTOCI is measured at its fair value plus any direct transaction cost and is subsequently measured in fair value. However, for equity instruments that do not have a quotation in an active market and in which fair value cannot be measured reliably, they are measured at cost. The changes in fair value except for profit or loss items such as impairment losses (reversals), interest revenue calculated by using effective interest method, and foreign exchange gain or loss, and related income tax effects are recognized as other comprehensive income until the asset's disposal. Upon derecognition, the accumulated other comprehensive income is reclassified from equity to net income for FVTOCI (debt instrument), and reclassified within the equity for FVTOCI (equity instruments)

6.1.2.3 Financial assets at amortized cost

When financial assets are held under a business model whose objective is to hold financial assets in order to collect contractual cash flows, and when contractual cash flows from such financial assets are solely payments of principal and interest, the financial assets are classified as financial assets at amortized cost. At initial recognition, financial assets at amortized cost are recognized at fair value plus any direct transaction cost. Financial assets at amortized cost is presented at amortized cost using effective interest method, less any loss allowance.

6.2 Financial liabilities

At initial recognition, financial liabilities are classified into either financial liabilities at FVTPL or financial liabilities at amortized cost.

Financial liabilities are usually classified as financial liabilities at FVTPL when they are acquired with a purpose to repurchase them within a short period of time, when they are part of a certain financial instrument portfolio that is actually and recently being managed with a purpose of short-term profit and joint management by the Company at initial recognition, and when they are derivatives that do not qualify as hedging instruments. Financial liabilities at FVTPL are measured at fair value plus direct transaction cost at initial recognition and are subsequently measured at fair value. Profit or loss arising from financial liabilities at FVTPL is recognized in net income when occurred.

It is possible to designate a financial liability as financial liability at FVTPL if at initial recognition: (a) it is possible to remove or significantly reduce recognition or measurement mismatch that may otherwise have occurred if not for its designation as financial liability at FVTPL; (b) the financial liability forms part of the Company's financial instrument group (a group composed of a combination of financial asset or liability) according to the Company's documented risk management or investment strategy, is measured at fair value and is being evaluated for its performance, and such information is provided internally; and (c) the financial liability is part of a contract that contains one or more of embedded derivatives, and is a hybrid contract in which designation as financial liability at FVTPL is allowed under K-IFRS 1109 'Financial Instruments'.

Financial liabilities designated as at FVTPL are initially recognized at fair value, with any direct transaction cost recognized in profit or loss, and are subsequently measured at fair value. Any profit or loss from financial liabilities at FVTPL are recognized in profit or loss.

Financial liabilities not classified as financial liabilities at FVTPL are measured at amortized cost. The Company is classifying liabilities such as borrowings etc. as financial liabilities at amortized cost.

6.3 Reclassification

Financial assets are not reclassified after initial recognition unless the Company modifies the business model used to manage financial assets. When the Company modifies the business model used to manage financial assets, all affected financial assets are reclassified on the first day of the first reporting period after the modification.

6.4 Derecognition

Financial assets are derecognized when contractual rights to cash flows from the financial assets are expired, or when substantially all of risk and reward for holding financial assets is transferred to another entity as a result of a sale of financial assets. If the Company does not have and does not transfer substantially all of the risk and reward of holding financial assets with control of the transferred financial assets retained, the Company recognizes financial assets to the extent of its continuing involvement. If the Company holds substantially all the risk and reward of holding a financial asset, it continues to recognize that asset and proceeds are accounted for as collateralized borrowings.

When a financial asset is fully derecognized, the difference between the book value and the sum of proceeds and accumulated other comprehensive income is recognized as profit or loss in case of FVTOCI (debt instruments), and as retained earnings for FVTOCI (equity instruments).

In cases when a financial asset is not fully derecognized, the Company allocates the book value into amounts retained in the books and removed from the books, based on the relative fair value of each portion at the date of sale, and based on the degree of continuing involvement. For the derecognized portion of the financial assets, the difference between its book value and the sum of proceeds and the portion of accumulated other comprehensive income attributable to that portion will be recognized in profit or loss in case of debt instruments and recognized in retained earnings in case of equity instruments. The accumulated other comprehensive income is distributed to the portion of book value retained in the books, and to the portion of book value removed from the books.

The Company derecognizes financial liabilities only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

When the Company exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Company accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 percent different from the discounted present value of the remaining cash flows of the original financial liability.

6.5 Fair value of financial instruments

Financial assets at FVTPL and financial assets at FVTOCI are measured and presented in financial statements at their fair values, and all derivatives are also subject to fair value measurement.

Fair value is defined as the price that would be received to exchange an asset or paid to transfer a liability in a recent transaction between independent parties that are reasonable and willing. Fair value is the transaction price of identical financial assets or financial liabilities generated in an active market. An active market is a market where trade volume is sufficient and objective price information is available due to the fact that bid and ask price differences are small.

When trade volume of a financial instrument is low, when transaction prices within the market show large differences among them, or when it cannot be concluded that a financial instrument is being traded within an active market due to disclosures being extremely limited, fair value is measured using valuation techniques based on alternative market information or using internal valuation techniques based on general and observable information obtained from objective sources. Market information includes maturity and characteristics, duration, similar yield curve, and variability measurement of financial instruments of similar nature. Fair value amount contains unique assumptions on each entity (the Company concluded that it is using assumptions applied in valuing financial instruments in the market, or risk-adjusted assumptions in case marketability does not exist).

The market approach and income approach, which are valuation techniques used to estimate the fair value of financial instruments, both require significant judgment. Market approach measures fair value using either a recent transaction price that includes the financial instrument, or observable information on comparable firm or assets. Income approach measures fair value through discounting future cash flows with a discount rate reflecting market expectations, and revenue, operating income, depreciation, capital expenditures, income tax, working capital and estimated residual value of financial investments are being considered when deriving future cash flows. Valuation techniques such as the above include estimates based on the financial instruments' complexity and usefulness of observable information in the market.

6.5.1 Expected credit losses on financial assets

The Company recognizes loss allowance on expected credit losses for the following assets:

- Financial assets at amortized cost
- Debt instruments measured at FVTOCI
- Contract assets as defined by K-IFRS 1115

Expected credit losses are weighted-average value of a range of possible results, considering the time value of money, and are measured by incorporating information on past events, current conditions and forecasts of future economic conditions that are available without undue cost or effort at the reporting date.

The methods to measure expected credit losses are classified into following three categories in accordance with K-IFRS:

- General approach: Financial assets that does not belong to below two models and unused loan commitments
- Simplified approach: When financial assets are either trade receivables, contract assets or lease receivables
- Credit impairment model: Purchased or originated credit-impaired financial assets

a) Measurement of expected credit losses on financial asset at amortized cost

The expected credit losses on financial assets at amortized cost is measured by the difference between the contractual cash flows during the period and the present value of expected cash flows. Expected cash inflows are computed for individually significant financial assets in order to calculate expected credit losses.

When financial assets that are not individually significant, they are included in a group of financial assets with similar credit risk characteristics and expected credit losses of the group are calculated collectively.

Expected credit losses are deducted through loss allowance account, and when the financial asset is determined to be uncollectible, the loss allowance is written off from the books along with the related financial asset. When loan receivable previously written off is subsequently collected, the related loss allowance is increased and changes in loss allowance are recognized in profit or loss.

b) Measurement of expected credit losses on financial asset at FVTOCI

The measurement method of expected credit loss is identical to financial asset at amortized cost, but changes in the allowance is recognized in other comprehensive income. When financial assets at FVTOCI is disposed or repaid, the related allowance is reclassified from other comprehensive income to net income.

(7) Offsetting financial instruments

Financial assets and liabilities are presented as a net amount in the statements of financial position when the Company has an enforceable legal right and an intention to settle on a net basis or to realize an asset and settle the liability simultaneously.

(8) Premises and equipment

Premises and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of premises and equipment is expenditures directly attributable to their purchase or construction, which includes any cost 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 costs of dismantling and removing the item and restoring the site on which it is located.

Subsequent costs are recognized in the carrying amount of an asset or as a separate asset (if appropriate) if it is probable that future economic benefit associated with the assets will flow into the Company 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 by applying the following estimated economic useful lives on the amount of cost or revalued amount less residual value.

	<u>Useful life</u>
Leasehold Improvement	5 years
Properties for business purpose	5 years
Right-of-use asset	Lease period

The Company reassesses the depreciation method, the estimated useful lives and residual values of premises and equipment at the end of each reporting period. If changes in the estimates are deemed appropriate, the changes are accounted for as a change in an accounting estimate. When there is an indicator of impairment and the carrying amount of a premises and equipment item exceeds the estimated recoverable amount, the carrying amount of such asset is reduced to the recoverable amount.

(9) Intangible assets and goodwill

The Company is recognizing intangible assets measured at the manufacturing cost or acquisition cost plus additional incidental expenses less accumulated amortization and accumulated impairment losses. The Company's intangible asset are amortized over the following economic lives using the straight-line method. The estimated useful life and amortization method are reviewed at the end of each reporting period. If changes in the estimates are deemed appropriate, the changes are accounted for as a change in an accounting estimate.

	<u>Useful life</u>
Software	5 years or period of use
Development cost	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.

(10) Impairment of non-monetary assets

Intangible assets with indefinite useful lives 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 by estimating the recoverable amount when there is an objective indication that the carrying amount may not be recoverable. Recoverable amount is the higher of value in use or 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.

(11) Provisions

The Company recognizes provision if (a) it has present or contractual obligations as a result of the past event, (b) it is probable that an outflow of resources will be required to settle the obligation and (c) the amount of the obligation is reliably estimated. Provision is not recognized for the future operating losses.

Where the Company is required to restore a leased property that is used as an office 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.

(12) Equity instruments issued by the Company

The Company classifies a financial instrument that it issues as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement. A financial liability is a contractual obligation to deliver cash or another financial asset to another entity. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. In case of hybrid securities that have the unconditional right to avoid contractual obligations, such as to deliver cash or other financial assets related to financial instruments, they are classified as equity instruments and presented as part of equity.

If the Company reacquires its own equity instruments, the consideration paid including the direct transaction costs (net of income tax expense) are presented as a deduction from total equity until such instruments are retired or reissued. When these instruments are reissued, the consideration received (net of direct transaction costs) is included in the shareholder's equity.

(13) Employee benefits and pensions

The Company recognizes the undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by the employees. Also, the Company recognizes expenses and liabilities in the case of accumulating compensated absences when the employees render services that entitle their right to future compensated absences. Similarly, the Company recognizes expenses and liabilities for customary profit distribution or bonuses when the employees render services, even though the Company does not have legal obligation to do so because it can be construed as constructive obligation.

The Company is operating defined benefit plans. For defined benefit plans, the defined benefit liability is calculated through an actuarial assessment using the projected unit credit method every end of the reporting period, conducted by professional actuaries. Remeasurement, comprising actuarial gains and losses, the return on plan assets (excluding interest), and the effect of the changes to the asset ceiling (if applicable) is reflected immediately in the separate statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur.

Remeasurement recognized in the statement of comprehensive income is not reclassified to profit or loss in the subsequent periods. 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 and past service cost, as well as gains and losses on curtailments and settlements), net interest expense (income) and remeasurement.

The Company 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 separate statement of financial position represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is recognized as an asset 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) the date when the Company is no longer able to cancel its proposal for termination benefits or 2) the date when the Company has recognized the cost of restructuring that accompanies the payment of termination benefits.

(14) Share-based payments

For cash-settled share-based payment transactions that provide cash in return for the goods or services received, the Company measures the goods or services received, and the corresponding liability at the fair value and recognizes as employee benefit expenses and liabilities during the vesting period.

The fair value of the liability is remeasured at the end of each reporting period and the settlement date until the liability is settled, and changes in fair value are recognized as employee benefits.

(15) Income taxes

Income tax expense is composed of current tax and deferred tax. That is, income tax expense is composed of taxes payable or refundable during the period and deferred taxes calculated by applying asset-liability method to taxable and deductible temporary differences arising from operating loss and tax credit carryforwards. 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 recognized for the change in deferred tax assets or liabilities. Deferred tax assets and liabilities are measured as of the reporting date using the enacted or substantively enacted tax rates expected to apply in the period in which the liability is settled or asset realized. Deferred tax assets, including the carryforwards of unused tax losses, are recognized to the extent it is probable that the deferred tax assets will be realized.

The Company, as a consolidation group for its wholly-owned subsidiaries applies consolidated tax return approach, in which the Company and its subsidiaries are consolidated into a single tax base and tax amount. The Company determined whether temporary differences are realizable by considering the Company and each subsidiary's future taxable income. For the changes in deferred income tax asset (liability), the Company recognized income tax expense (benefit), excluding the amounts that are directly adjusted from equity. Also, as the Company became the consolidation entity for tax filings and tax returns, it recognized the total amount of income tax payables as liabilities and individual tax amounts to be received from each of its wholly-owned subsidiaries as receivables.

Deferred income tax assets and liabilities are offset if, and only if, the Company 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 or when the entity intends to settle current tax liabilities and assets on a net basis with different taxable entities.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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 taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity or when it arises from business combination.

The tax uncertainty arises from the compensation claim filed by the Company, and refund litigation for the amount of tax levied by the tax authority due to differences in tax law analysis. In response, the Company paid taxes in accordance with K-IFRS 2123 due to the tax authority's claim, but recognized as a corporate tax asset if it is highly probable of a refund in the future.

(16) Earnings per share ("EPS")

Basic EPS is a calculation of net income per each common stock. It is calculated by dividing net income attributable to ordinary shareholders 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.

(17) Leases

17.1 Definition of lease

The Company determines whether the contract is, or contains, a lease at the date of initial application. A contract is or contains a lease if the right to control the use of an identified asset is transferred in exchange for the consideration received for a period of time. For a contract that contains a lease component, as a practical expedient, the company may elect, by class of underlying asset, not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

IFRS Interpretations Committee published its interpretation of 'Lease Period and Lease Improvement Useful Life' as of December 16, 2019. The Interpretation Committee discussed a question about how to determine the lease term for cancellable or renewable leases and according to the interpretation, the lease term will depend on both the termination penalties in the contract and the broader economics of the contract. Agenda decisions issued by the Interpretations Committee do not have an application date, but are expected to be implemented as soon as possible. The Company is currently assessing the impact of the agenda decision and does not expect a material impact to the financial statement.

17.2 Lessee

At the commencement date, the Company recognizes a right-of-use asset and a lease liability. For initial recognition, a right-of-use asset is measured at a cost less any accumulated depreciation and any accumulated impairment losses, adjusted for any remeasurement of the lease liability. If a right-of-use asset satisfies the definition of an investment property, it can be presented as an investment property. A right-of-use asset as an investment property is initially measured at a cost and subsequently measured at fair value, in line with the Company's accounting policy on the investment property.

At the commencement date, a lease liability is measured at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if the rate can be readily determined. If the rate cannot be readily determined, the Company's incremental borrowing rate can be used. Generally, the Company uses incremental borrowing rate as a discount rate.

A lease liability is subsequently measured by increasing the carrying amount to reflect interest rate on the lease liability and reducing the carrying amount to reflect the lease payments made. A lease liability is remeasured when future lease payments change, depending on the changes in an index or a rate, change in amounts expected to be payable due to residual value guarantees, assessment of whether the Company is reasonably certain to exercise the purchase option and extension option, the Company is not reasonably certain to exercise the termination options.

A Company's judgment is used when determining the lease term for some contracts that contain extension options. The assessment on whether the Company is reasonably certain to exercise the extension option could affect the lease term, and therefore, the lease liability and the right-of-use asset could be significantly affected.

The Company chose not to recognize the right-of-use asset and the lease liability for the short-term leases and some leases for which the underlying asset is of low value (e.g. IT facilities). The Company recognizes the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

17.3 Lessor

The Company classifies its leases as either an operating lease or a finance lease, and has different accounting treatments for the two types of lease.

According to the Standards, if a lessor subleases an asset, the head lease and sublease must be accounted for as separate contracts, and the sublease is classified by reference to the assets arising from its head lease.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

The significant accounting estimates and assumptions are continuously being evaluated based on numerous factors including historical experiences and expectations of future events considered to be reasonably possible. Actual results can differ from those estimates based on such definitions. The accounting estimates and assumptions that contain significant risk of materially changing current book values of assets and liabilities in the next accounting periods are as follows:

(1) Income taxes

The Company has recognized current and deferred taxes based on best estimates of expected future income tax effect arising from the Company's operations until the end of the current reporting period. However, actual tax payment may not be identical to the related assets and/or liabilities already recognized, and these differences may affect current taxes and deferred tax assets/liabilities at the time when income tax effects are finalized. 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. In this case the Company's evaluation considers various factors such as estimated future taxable profit based on forecasted operating results, which are based on historical financial performance. The Company is reviewing the book value of deferred tax assets every end of the reporting period and in the event that the possibility of earning future taxable income changes, the deferred tax assets are adjusted up to taxable income sufficient to use deductible temporary differences.

(2) Valuation of financial instruments

Financial assets at FVTPL and FVTOCI are recognized in the separate financial statements at fair value. All derivatives are measured at fair value. Valuation techniques are required in order to determine fair values of financial instruments where observable market prices do not exist. Financial instruments that are not actively traded and have low price transparency 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.

As described in Note 2, (6.5), 'Fair value of financial instruments', when valuation techniques are used to determine the fair value of a financial instrument, various general and internally developed techniques are used, and various types of assumptions and variables are incorporated during the process.

(3) Impairment of financial instruments

KIFRS 1109 requires entities to measure loss allowance equal to 12-month expected credit losses or lifetime expected credit losses after classifying financial assets into one of the three stages, which depends on the degree of increase in credit risk after their initial recognition.

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

The Company has estimated the allowance for credit losses based on reasonable and supportable information that was available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

(4) Defined benefit plan

The Company operates a defined benefit pension plan. Defined benefit obligation is calculated at every end of the reporting period by performing actuarial valuation, and estimation of assumptions such as discount rate, expected wage growth rate and mortality rate is required to perform such actuarial valuation. The defined benefit plan, due to its long-term nature, contains significant uncertainties in its estimates.

(5) Impairment of non-monetary assets

At the end of each reporting period, the company assesses the existence of impairment indications for all non-monetary assets. An intangible asset with indefinite useful life is tested for impairment annually or in the event of signs of impairment, and other non-monetary assets are tested for impairment when there are indications that the carrying amount will be not recoverable. To calculate value in use, management estimates future expected cash flows from the asset or cash-generating unit and selects an appropriate discount rate to calculate the present value of this future cash flow.

4. RISK MANAGEMENT

The Company is exposed to various risks that may arise from its operating activities and credit risk, market risk and liquidity risk are the main types of risks. In order to manage such risks, the Risk Management Committee analyzes, assesses, and establishes risk management standards, including policies, guidelines, management systems and decision-making to ensure sound management of the Group.

The Risk Management Committee, Chief Risk Officer (“CRO”) and the Risk Management Department are operated as risk management organizations. The board of directors operates the Risk Management Committee, composed of nonexecutive directors for professional risk management. The Risk Management Committee performs as the top decision-making body for risk management by establishing fundamental risk management policies that are consistent with the Group’s management strategy and by determining the Group’s acceptable level of risk.

CRO assists the Risk Management Committee and operates the Group Risk Management Council, which is composed of the risk management officers of the subsidiaries, to periodically check and improve the external environment and the Group’s risk burden. The Risk Management Department which is independently structured, controls the risk management matter of the Group and reports key risks and assists decision-making.

(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 Company’s credit risk exposure to a permissible degree and to optimize its rate of return considering such credit risk.

1.1 Credit risk management

The Company measures expected loss on assets subject to credit risk management and uses it as a management indicator.

1.2 Maximum exposure to credit risk

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

		December 31, 2019
Loans and other financial assets at amortized cost	Banks	1,228,918
	Corporates	40,285
		1,269,203
Financial assets at FVTPL	Derivatives	9,434
	Total	1,278,637

a) Credit risk exposure by geographical areas

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

	December 31, 2019	
	Korea	
Loans and other financial assets at amortized cost		1,269,203
Financial assets at FVTPL		9,434
Total		<u>1,278,637</u>

b) Credit risk exposure by industries

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

	December 31, 2019		
	Finance and insurance	Others	Total
Loans and other financial assets at amortized cost	1,267,228	1,975	1,269,203
Financial assets at FVPTL	9,434	-	9,434
Total	<u>1,276,662</u>	<u>1,975</u>	<u>1,278,637</u>

1.3 Credit risk exposure

The credit soundness for financial assets is as follows (Unit: Korean Won in millions):

	December 31, 2019									
	Stage 1		Stage 2			Stage 3	Total	Allowance for loan losses	Total, net	Collateral value of impaired asset
	Above appropriate credit rating (*1)	Less than a limited credit rating (*3)	Above appropriate credit rating (*2)	Less than a limited credit rating (*3)						
Loans and other financial assets at amortized cost	1,269,466	-	-	-	-	1,269,466	(263)	1,269,203	-	
Banks	1,229,181	-	-	-	-	1,229,181	(263)	1,228,918	-	
Corporates	40,285	-	-	-	-	40,285	-	40,285	-	
General corporates	40,285	-	-	-	-	40,285	-	40,285	-	
Total	<u>1,269,466</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,269,466</u>	<u>(263)</u>	<u>1,269,203</u>	<u>-</u>	

(*1) Credit grade of corporates are AAA ~ BBB.

(*2) Credit grade of corporates are A- ~ BBB

(*3) Credit grade of corporates are BBB- ~ C.

(2) Market risk

Market risk is the possible risk of loss arising from trading and non-trading activities in the volatility of market factors such as interest rates, stock prices, and foreign exchange rates. The Company's major market risk is interest rate risk.

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

	December 31, 2019						Total
	Within 3 months	4 to 6 months	7 to 9 months	10 to 12 months	1 to 5 years	Over 5 years	
Asset:							
Loans and other financial assets at amortized cost	445,070	733,330	-	-	-	-	1,178,400
Liability:							
Debentures	5,486	5,486	5,486	5,487	87,780	1,049,863	1,159,588

(3) Liquidity risk

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

3.1 Liquidity risk management

Liquidity risk management is to prevent potential cash shortages as a result of mismatching the assets and liabilities or unexpected cash outflows. The financial liabilities in the statement of financial position that are relevant to liquidity risk are incorporated within the scope of risk management.

The Company 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.).

3.2 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, 2019						Total
	Within 3 months	4 to 6 months	7 to 9 months	10 to 12 months	1 to 5 years	Over 5 years	
Debentures	5,486	5,486	5,486	5,487	87,780	1,049,863	1,159,588
Lease liabilities	335	335	335	336	249	-	1,590
Other financial liabilities	6,131	2,043	-	183	820	-	9,177
Total	11,952	7,864	5,821	6,006	88,849	1,049,863	1,170,355

- 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, 2019						Total
	Within 3 months	4 to 6 months	7 to 9 months	10 to 12 months	1 to 5 years	Over 5 years	
Debentures	5,486	5,486	5,486	5,487	87,780	1,049,863	1,159,588
Lease liabilities	335	335	335	336	249	-	1,590
Other financial liabilities	6,131	2,043	-	183	820	-	9,177
Total	11,952	7,864	5,821	6,006	88,849	1,049,863	1,170,355

(4) Capital management

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

According to the above regulations, the Company is required to meet the following new minimum requirements: Common Equity Tier 1 capital ratio of 7.0%, a Tier 1 capital ratio of 8.5% and a minimum total capital ratio of 10.5% as of December 31, 2019, respectively.

Details of the Group's capital adequacy ratio as of December 31, 2019 are as follows (Unit: Korean Won in millions):

	December 31, 2019
Tier 1 capital	19,135,300
Other Tier 1 capital	3,340,252
Tier 2 capital	4,639,519
Total risk-adjusted capital	27,115,071
Risk-weighted assets for credit risk	209,802,895
Risk-weighted assets for market risk	5,586,757
Risk-weighted assets for operational risk	12,656,301
Total risk-weighted assets	228,045,953
Common Equity Tier 1 ratio	8.39%
Tier 1 capital ratio	9.86%
Total capital ratio	11.89%

5. STATEMENTS OF CASH FLOWS

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

	December 31, 2019
Demand deposits	43,670

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

	For the period from January 11, 2019 (date of incorporation) to December 31, 2019
Changes in right-of-use assets due to new contract	3,439
Changes in lease liabilities due to new contract	2,812
Comprehensive stock transfer	18,502,760

- (3) Adjustments of liabilities from financing activities in current year are as follows (Unit: Korean Won in millions):

	For the period from January 11, 2019 (date of incorporation) to December 31, 2019					
	Not involving cash inflows and outflows					
	Beginning	Cash flow	Foreign Exchange	Variation of gains on valuation of hedged items	Others	Ending
Debentures	-	947,604	-	-	75	947,679
Lease liabilities	-	(1,289)	-	-	2,857	1,568
Total	-	946,315	-	-	2,932	949,247

6. FINANCIAL ASSETS AT FVTPL

- (1) Details of financial assets at FVTPL are as follows (Unit: Korean Won in millions):

	December 31, 2019
Financial assets at FVTPL	9,434

- (2) Details of financial assets at FVTPL are as follows (Unit: Korean Won in millions):

	December 31, 2019
Derivatives	9,434

- (3) As of December 31, 2019, the Company does not hold financial assets designated at FVTPL.

7. LOANS AND OTHER FINANCIAL ASSETS AT AMORTIZED COST

- (1) Details of loans and other financial assets at amortized cost are as follows (Unit: Korean Won in millions):

	December 31, 2019
Due from banks	1,129,738
Other financial assets	139,465
Total	1,269,203

- (2) Details of due from banks are as follows (Unit: Korean won in millions):

	December 31, 2019
Due from banks in local currency:	
Due from depository banks	1,130,000
Allowance for credit loss	(262)
Total	1,129,738

- (3) Changes in the loss allowance and gross carrying amount of due from banks are as follows (Unit: Korean Won in millions):

3.1 Allowance for credit losses

	For the period from January 11, 2019 (date of incorporation) to December 31, 2019			
	Stage 1	Stage 2	Stage 3	Total
Beginning balance	-	-	-	-
Transfer to 12-month expected credit losses	-	-	-	-
Transfer to lifetime expected credit losses	-	-	-	-
Transfer to credit-impaired financial assets	-	-	-	-
Net provision of loss allowance	(262)	-	-	(262)
Ending balance	(262)	-	-	(262)

3.2 Gross carrying amount

	For the period from January 11, 2019 (date of incorporation) to December 31, 2019			
	Stage 1	Stage 2	Stage 3	Total
Beginning balance	-	-	-	-
Transfer to 12-month expected credit losses	-	-	-	-
Transfer to lifetime expected credit losses	-	-	-	-
Transfer to credit-impaired financial assets	-	-	-	-
Net increase and decrease	1,130,000	-	-	1,130,000
Ending balance	1,130,000	-	-	1,130,000

- (4) Details of other financial assets are as follows (Unit: Korean Won in million):

	December 31, 2019
Receivables	134,891
Accrued income	3,641
Lease deposits	934
Allowance for credit loss	(1)
Total	139,465

- (5) Changes in the loss allowance and gross carrying amount of other financial assets are as follows (Unit: Korean Won in millions):

5.1 Allowance for credit loss

	For the period from January 11, 2019 (date of incorporation) to December 31, 2019			
	Stage 1	Stage 2	Stage 3	Total
Beginning balance	-	-	-	-
Transfer to 12-month expected credit losses	-	-	-	-
Transfer to lifetime expected credit losses	-	-	-	-
Transfer to credit-impaired financial assets	-	-	-	-
Net provision of loss allowance	(1)	-	-	(1)
Ending balance	(1)	-	-	(1)

5.2 Gross carrying amount

	For the period from January 11, 2019 (date of incorporation) to December 31, 2019			
	Stage 1	Stage 2	Stage 3	Total
Beginning balance	-	-	-	-
Transfer to 12-month expected credit losses	-	-	-	-
Transfer to lifetime expected credit losses	-	-	-	-
Transfer to credit-impaired financial assets	-	-	-	-
Net increase	139,466	-	-	139,466
Ending balance	139,466	-	-	139,466

8. 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 Company 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 Company's own assumptions reflect those that market participants would use for measuring the assets or liabilities at the measurement date.

The fair value measurement is described in the one of the following three levels used to classify fair value measurements:

- Level 1— When fair value of a financial instrument is measured using its fair value at the quoted price in the active market, the fair value of such financial instruments is classified as Level 1. The types of financial instruments generally included in Level 1 are publicly traded equity securities, derivatives, and debt securities issued by governmental bodies.
- Level 2— When fair value of a financial instrument is measured using valuation techniques, the fair value is classified as Level 2 when all major elements are market observable inputs. The types of financial instruments generally included in Level 2 are most of the debt securities both in local and foreign currencies and regular OTC derivatives such as swaps, forwards, options, etc.
- Level 3— When fair value of a financial instrument is measured using valuation techniques, the fair value is classified as Level 3 when one or more major elements are inputs that are not observable in the market. The types of financial instruments generally included in Level 3 are non-public securities, complex structured debt securities, and complex OTC derivatives.

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 Company'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 measured at fair value are as follows (Unit: Korean Won in millions):

	December 31, 2019			
	Fair value			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at FVTPL:				
Derivative assets	-	-	9,434	9,434

Financial assets measured at FVTPL are recognized at fair value. Fair value refers to the price that will be paid at the measurement date as the assets are sold or the liabilities transferred in a normal transaction between market participants.

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 Company determines the fair value using valuation methods. Valuation methods and input variables for financial assets and liabilities that are measured at fair value are given as follows:

	Valuation methods	Input variables
Derivatives	The fair value is measured considering the price and volatility of the underlying asset using the Binomial Tree, a commonly used technique in the market	Price of underlying asset, volatility, risk-free market return, corporate bond yield rate

Level 3 financial asset valuation techniques measured at fair value that are significant but unobservable inputs variables are as follows:

	Fair value valuation technique	Type	Significant but not observable input variables	Range	Correlation between unobservable inputs and fair value
Derivative assets	Optional pricing model etc.	Stock-related	Price and volatility of underlying asset	12.58% ~15.38 %	The higher the price and volatility of the underlying asset, the greater the change in fair value

The fair value of financial assets classified as level 3 uses external valuation figures.

(3) Changes in financial assets measured at fair value classified into Level 3 are as follows (Unit: Korean Won in millions):

	For the period from January 11, 2019(date of incorporation) to December 31, 2019						
	Beginning	Net Income (*)	Other comprehensive income	Purchases/ issuances	Disposals/ settlements	Transfer to or out of Level 3	Ending
Financial assets:							
Financial assets at FVTPL							
Derivatives assets	-	9,434	-	-	-	-	9,434

(*) The gain amounting to 9,434 million Won for the period from January 11, 2019 (date of incorporation) to December 31, 2019, which is from financial assets that the company holds as at the end of the periods, has been recognized in net gain on financial instruments at FVTPL in the separate statement of comprehensive income.

(4) The results of a sensitivity analysis on the rational fluctuation in the unobservable inputs used for measuring Level 3 financial instruments are as follows.

The sensitivity analysis of the financial instruments has been performed by classifying favorable and unfavorable changes based on how changes in unobservable inputs would lead to the fluctuations of financial instruments' value. When the fair value of a financial instrument is affected by more than one unobservable input, the below table reflects the most favorable or the most unfavorable circumstances. The sensitivity analysis was performed for level 3 financial instruments whose fair value changes are recognized in profit or loss and includes stock-related derivatives.

The following table shows the sensitivity analysis to disclose the effect of reasonably possible volatility on the fair value of Level 3 financial instruments (Unit: Korean Won in millions):

	As of December 31, 2019	
	Net income (loss)	
	Favorable	Unfavorable
Financial assets:		
Financial assets at FVTPL		
Derivative assets (*)	943	(943)

(*) Fair value changes of equity related derivatives assets and liabilities are calculated by increasing or decreasing historical volatility of the stock price and correlation, which are major unobservable variables, by 10%, respectively.

(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):

	December 31, 2019				
	Fair value				Book value
	Level 1	Level 2	Level 3	Total	
Financial assets:					
Loans and other financial assets at amortized cost (*)	-	-	1,269,203	1,269,203	1,269,203
Financial liabilities:					
Debentures	-	951,387	-	951,387	947,679
Other financial liabilities (*)	-	-	10,745	10,745	10,745

(*) For loans, other financial assets and liabilities at amortized cost classified as Level 3, the carrying amount was disclosed at fair value considering the carrying amount as an approximation of fair value.

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 company determines the fair value using valuation methods. For the disclosed items in which book value is considered to be the approximate value of fair value, valuation techniques and input variables are not disclosed. Valuation techniques for the fair value of financial assets and liabilities that are recorded at amortized cost are as follows.:

	Valuation methods
Debentures	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 Company.

(6) Financial instruments by category

Carrying amounts of financial assets and liabilities by category are as follows (Unit: Korean Won in millions):

	December 31, 2019		
	Financial assets at FVTPL	Financial assets at amortized cost	Total
Financial assets:			
Due from banks	-	1,129,738	1,129,738
Derivatives	9,434	-	9,434
Other financial assets at amortized cost	-	139,465	139,465
Total	9,434	1,269,203	1,278,637

	December 31, 2019	
	Financial liabilities at amortized cost	
Financial liabilities:		
Debentures		947,679
Other financial liabilities		10,745
Total		958,424

(7) Income or expense from financial assets and liabilities by each category are as follows (Unit: Korean Won in millions):

For the period from January 11, 2019(date of incorporation) to December 31, 2019				
	Interest income(expense)	Reversal of (provision for) credit losses	Others	Total
Financial assets at FVTPL	-	-	9,434	9,434
Loans and other financial assets at amortized cost	7,741	(263)	-	7,478
Financial liabilities at amortized cost	(7,701)	-	-	(7,701)
Total	40	(263)	9,434	9,211

9. INVESTMENTS IN SUBSIDIARIES

(1) Investments in subsidiaries are as follows (Unit: Korean Won in millions):

Subsidiaries (*1)	Location	Capital stock	Main business	December 31, 2019		
				Number of shares	Percentage of ownership (%)(*2)	Financial statements date of use
Woori Bank	Korea	3,381,400	Finance	676,000,000	100	December 31,2019
Woori Card Co., Ltd.	Korea	896,300	Finance	179,266,200	100	December 31,2019
Woori Investment Bank Co., Ltd.	Korea	337,100	Other credit finance	403,404,538	59.8	December 31,2019
Woori FIS Co., Ltd.	Korea	24,500	System software development & maintenance	4,900,000	100	December 31,2019
Woori Finance Research Institute Co., Ltd.	Korea	3,000	Other service business	600,000	100	December 31,2019
Woori Credit Information Co., Ltd.	Korea	5,000	Credit information	1,008,000	100	December 31,2019
Woori Fund Service Co., Ltd.	Korea	10,000	Finance	2,000,000	100	December 31,2019
Woori Asset Trust Co., Ltd.	Korea	15,300	Finance	1,560,000	67.2	December 31,2019
Woori Asset Management Corp.	Korea	20,000	Finance	2,920,000	73.0	December 31,2019
Woori Private Equity Asset Management Co., Ltd.	Korea	30,000	Finance	6,000,000	100	December 31,2019
Woori Global Asset Management Co., Ltd.	Korea	20,000	Finance	4,000,000	100	December 31,2019

(*1) Only subsidiaries invested directly by the company are included.

(*2) The percentage is based on the effective interest rate relative to the number of outstanding shares.

(2) Changes in the carrying value of investments in subsidiaries are as follows (Unit: Korean Won in millions):

	For the period from January 11, 2019 (date of incorporation) to December 31, 2019			
	Beginning balance	Acquisition	Disposal	Ending balance
Woori Bank(*1)	17,921,151	-	-	17,921,151
Woori Card Co., Ltd.(*2)	-	1,118,367	-	1,118,367
Woori Investment Bank Co., Ltd.(*2)	-	392,795	-	392,795
Woori FIS Co., Ltd.(*1)	21,754	-	-	21,754
Woori Finance Research Institute Co., Ltd.(*1)	1,677	-	-	1,677
Woori Credit Information Co., Ltd.(*1)	16,466	-	-	16,466
Woori Fund Service Co., Ltd.(*1)	13,939	-	-	13,939
Woori Asset Trust Co., Ltd.(*5)	-	224,198	-	224,198
Woori Asset Management Corp.(*3)	-	122,449	-	122,449
Woori Private Equity Asset Management Co., Ltd.(*1)	7,797	-	-	7,797
Woori Global Asset Management Co., Ltd.(*4)	-	33,000	-	33,000
Total	17,982,784	1,890,809	-	19,873,593

(*1) The Company acquired through the comprehensive stock transfer when established.

(*2) Woori Card Co., Ltd. And Woori investment Bank Co., Ltd. were transferred from second-tier subsidiaries into subsidiaries in September, 2019.

(*3) The company newly acquired 73% interest in Tongyang Asset Management Corporation and changed the name as Woori Asset Management Corporation.

(*4) The remaining payment was completed in August, 2019 after the request for the change of major shareholder was approved by the Financial Service Commission in July, 2019. The name has changed to Woori Global Asset Management Co., Ltd after acquiring.

(*5) The name has changed to Woori Asset Trust Co., Ltd., after acquiring 67.2% interest of Kukje Trust Co. in December 2019.

10. PREMISES AND EQUIPMENT

(1) Details of premises and equipment are as follows (Unit: Korean Won in millions):

	December 31, 2019			
	Building	Properties for business use	Leasehold Improvement	Total
Premises and equipment (ownership)	-	3,767	1,796	5,563
Right-of-use asset	1,436	384	-	1,820
Total	1,436	4,151	1,796	7,383

(2) Premises and equipment (ownership)

2.1 Details of premises and equipment (ownership) are as follows (Unit: Korean Won in millions):

	December 31, 2019		
	Properties for business use	Leasehold Improvement	Total
Acquisition cost	4,538	2,184	6,722
Accumulated depreciation	(771)	(388)	(1,159)
Net carrying value	3,767	1,796	5,563

2.2 Details of changes in premises and equipment (ownership) are as follows (Unit: Korean Won in millions):

	For the period from January 11, 2019 (date of incorporation) to December 31, 2019		
	Properties for business use	Leasehold Improvement	Total
Beginning balance	-	-	-
Acquisition	4,538	2,184	6,722
Depreciation	(771)	(388)	(1,159)
Ending balance	3,767	1,796	5,563

(3) Right-of-use asset

3.1 Details of right-of-use asset are as follows (Unit: Korean Won in millions):

	December 31, 2019		
	Building	Properties for business use	Total
Acquisition cost	2,871	568	3,439
Accumulated depreciation	(1,435)	(184)	(1,619)
Net carrying value	1,436	384	1,820

3.2 Details of changes in right-of-use asset are as follows (Unit: Korean Won in millions):

	For the period from January 11, 2019 (date of incorporation) to December 31, 2019		
	Building	Properties for business use	Total
Beginning balance	-	-	-
New contract	2,871	568	3,439
Depreciation	(1,435)	(184)	(1,619)
Ending balance	1,436	384	1,820

11. INTANGIBLE ASSETS

(1) Details of intangible assets are as follows (Unit: Korean Won in millions):

	December 31, 2019		
	Software	Development Cost	Total
Acquisition cost	2,729	1,901	4,630
Accumulated amortization	(1,144)	(176)	(1,320)
Net carrying value	1,585	1,725	3,310

(2) Details of changes in intangible assets are as follows (Unit: Korean Won in millions):

	For the period from January 11, 2019 (date of incorporation) to December 31, 2019		
	Software	Development Cost	Total
Beginning balance	-	-	-
Acquisition	2,729	1,901	4,630
Amortization	(1,144)	(176)	(1,320)
Ending balance	1,585	1,725	3,310

12. DEBENTURES

Details of debentures are as follows (Unit: Korean Won in millions):

	December 31, 2019	
	Interest rate (%)	Amount
Debentures in local currency:		
Others	2.13%~2.55%	950,000
Deduction:		
Discounts on bond		(2,321)
Total		<u>947,679</u>

13. PROVISIONS

(1) Details of provisions are as follows (Unit: Korean Won in millions):

	December 31, 2019
Asset retirement obligation	<u>600</u>

(2) Changes in asset retirement obligation are as follows (Unit: Korean Won in millions):

	For the period from January 11, 2019 (date of incorporation) to December 31, 2019
Beginning balance	-
Provisions provided	588
Amortization	12
Ending balance	<u>600</u>

The amount of the asset retirement obligation is the present value of the best estimate of expected future expenditure to settle the obligation – arising from leased premises as of December 31, 2019, discounted by appropriate discount rate. Expenditures on the asset retirement obligation are expected to take place at the end of the lease contract for leased assets and the average value of the actual recovery construction cost of the subsidiaries where the restoration work took place over the past three years and the average inflation rate of the previous 3-year period were used to calculate the expected expenditures.

14. NET DEFINED BENEFIT LIABILITY

The characteristics of the Company's defined benefit retirement pension plans 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 actuarial assumptions (projected unit credit method which considers the increase of projected earnings) that give the best estimate of the future cash flows that will arise under the plan liabilities.

The Company 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 a discount rate calculated based on blue chip corporate bonds earnings. A deficit may occur if the rate of return on plan assets falls short of the discount rate.
Decrease in profitability of blue chip bonds	A decrease in profitability of blue chip bonds will be partially 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	Most 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 defined benefit retirement pension plans if an inflation rate increases.

(1) Details of net defined benefit liability are as follows (Unit: Korean Won in millions):

	December 31, 2019
Present value of defined benefit obligation	14,174
Fair value of plan assets	(10,692)
Net defined benefit liability	<u>3,482</u>

(2) Changes in the carrying value of defined benefit obligation are as follows (Unit: Korean Won in millions):

	For the period from January 11, 2019 (date of incorporation) to December 31, 2019
Beginning balance	-
Succession from transferred-out company(to transferred-in company) (*)	8,276
Effect of new/transfer	3,360
Current service cost	1,415
Interest cost	253
Remeasurements	
Financial assumptions	(457)
Demographic assumptions	542
Experience adjustments	762
Retirement benefit paid	(54)
Others	77
Ending balance	<u>14,174</u>

(*) 601 million won that succeeded to the transferred in company regarding to employees transferred during the current term has been deducted.

- (3) Changes in the plan assets are as follows (Unit: Korean Won in millions):

	For the period from January 11, 2019 (date of incorporation) to December 31, 2019
Beginning balance	-
Succession from transferred-out company (*)	8,877
Interest income	129
Remeasurements	(24)
Employer's contributions	1,710
Ending balance	10,692

(*) 601 million won is supposed to succeed to the transferred-in company regarding to employees transferred during the current term.

- (4) Plan assets consist of fixed deposits and etc. as of December 31, 2019 and the realized return on plan assets amount to 105 million Won for the period from January 11, 2019 (date of incorporation) to December 31, 2019.

Meanwhile, the contribution expected to be paid in the next accounting year amounts to 1,629 million Won.

- (5) Amounts related to the defined benefit plan that are recognized in the separate statements of net income and total comprehensive income are as follows (Unit: Korean Won in millions):

	For the period from January 11, 2019 (date of incorporation) to December 31, 2019
Current service cost	1,415
Effect of new/transfer	3,360
Net interest income	124
Cost recognized in net income	4,899
Remeasurements(*)	871
Cost recognized in total comprehensive income	5,770

(*) This is an amount before considering the tax effects.

- (6) Key actuarial assumptions used in defined benefit liability measurement are as follows:

	December 31, 2019
Discount rate	2.40%
Future wage growth rate	5.27%
Mortality rate	Issued by Korea Insurance Development Institute
Retirement rate	Issued by Korea Insurance Development Institute

The weighted average maturity of the defined benefit obligation is 10.98 years.

- (7) The sensitivity to actuarial assumptions used in the assessment of defined benefit obligation is as follows (Unit: Korean Won in millions):

		December 31, 2019
Discount rate	Increase by 1% point	(1,367)
	Decrease by 1% point	1,596
Future wage growth rate	Increase by 1% point	1,535
	Decrease by 1% point	(1,345)

15. OTHER FINANCIAL LIABILITIES AND OTHER LIABILITIES

Other financial liabilities and other liabilities are as follows (Unit: Korean Won in millions):

	December 31, 2019
Other financial liabilities:	
Accounts payable	2,424
Accrued expenses	6,651
Lease liabilities	1,568
Other miscellaneous financial liabilities	102
Sub-total	<u>10,745</u>
Other liabilities:	
Other miscellaneous liabilities	4,142
Total	<u>14,887</u>

16. DERIVATIVES

Details of derivative assets as of December 31, 2019 are as follows (Unit: Korean Won in millions):

	Contract price	Assets For trading
Stock forwards	117,535	9,434

Derivatives held for trading are classified to financial assets at FVTPL in the statements of financial position (see Note 6).

17. EQUITY

(1) Details of equity are as follows (Unit: Korean Won in millions):

	December 31, 2019
Capital stock	3,611,338
Hybrid security	997,544
Capital surplus (*)	14,874,084
Capital adjustment	-
Accumulated other comprehensive income	(631)
Retained Earnings	623,930
Total equity	<u>20,106,265</u>

(*) The amount is paid-in capital in excess of par value due to comprehensive stock transfer at the date of establishment and due to the issuance of new shares at the time of stock exchange with Woori Card shareholders during the current term.

(2) The number of shares authorized and others are as follows:

	December 31, 2019
Shares of common stock authorized	4,000,000,000
Par value	5,000 won
Shares of common stock issued	722,267,683
Capital	3,611,338 million Won

(3) The Company issued 42,103,377 new shares in the stock exchange process with the shareholders of Woori Card during the current term, which changed the total number of issued shares from 680,164,306 as of the date of establishment to 722,267,683 as of the end of the current term.

(4) Hybrid security

Details of bond-type hybrid tier 1 securities classified as equity are as follows (Unit: Korean Won in millions)

Type	Issue Date	Maturity	Interest Rate (%)	December 31, 2019
Securities in local	2019-07-18	-	3.49	500,000
currency	2019-10-11	-	3.32	500,000
		Issue Cost		(2,456)
		Total		997,544

The hybrid security has no fixed maturity but can be called in advance after 5 years from the date of issuance.

(5) Accumulated other comprehensive income

Changes in the accumulated other comprehensive income are as follows (Unit: Korean Won in millions):

	For the period from January 11, 2019 (date of incorporation) to December 31, 2019			
	Beginning balance	Decrease	Income tax effect	Ending balance
Remeasurement loss related to defined benefit plan	-	(871)	240	(631)

(6) Regulatory Reserve for Credit loss

In accordance with Paragraphs 1 and 3 of Article 27 of the Regulation on the Supervision of Financial Holding Companies, the Company discloses the regulatory reserve for credit loss.

6.1 Balance of the planned regulatory reserve for credit loss is as follows (Unit: Korean Won in millions):

	December 31, 2019
Regulatory reserve for credit loss	-
Planned provision of regulatory reserve for credit loss	692
Ending balance of regulatory reserve for credit loss	692

6.2 Planned reserves provided, adjusted net income after the planned reserves provided and adjusted EPS after the planned reserves provided are as follows (Unit: Korean Won in millions, except for EPS amount):

	For the period from January 11, 2019 (date of incorporation) to December 31, 2019
Net income	628,293
Regulatory reserve for credit loss to be reserved	692
Adjusted net income after the provision of regulatory reserve	627,601
Adjusted EPS after the provision of regulatory reserve (Unit: Korean Won) (*)	899

(*) The dividends of hybrid security are excluded.

(7) Statement of appropriations of retained earnings (plan) is as follows (Unit: Korean Won in millions):

	For the period from January 11, 2019 (date of incorporation) to December 31, 2019 (Expected date of disposal: March 25, 2020)
Unappropriated retained earnings:	
Dividend on hybrid equity securities	(4,363)
Net income	628,293
	<u>623,930</u>
Appropriation of retained earnings:	
Legal reserve	62,830
Regulatory reserve for credit loss	692
Cash dividend (dividend per share (%)) 2019: 700 won (14%),	505,587
	<u>569,109</u>
Unappropriated retained earnings to be carried forward to next year	<u>54,821</u>

(8) Details of treasury stocks are as follows (Unit: Shares, Korean Won in millions):

	December 31, 2019	
	Number of shares	Book value
Beginning	-	-
Repurchase(*)	2	-
Retirement	-	-
Ending	2	-

(*) Treasury stocks have been occurred for the provision for odd-lot payment incurred during the partial stock replacement of the shareholders who possess physical stock certificate.

18. NET INTEREST INCOME

(1) Interest income recognized is as follows (Unit: Korean Won in millions):

	For the period from January 11, 2019 (date of incorporation) to December 31, 2019
Loans and other financial assets at amortized cost:	
Interest on due from banks	7,723
Interest on other receivables	18
Total	<u>7,741</u>

(2) Interest expense recognized is as follows (Unit: Korean Won in millions):

	For the period from January 11, 2019 (date of incorporation) to December 31, 2019
Interest on borrowings	495
Interest on debentures	7,149
Interest on lease liabilities	45
Other interest expense	12
Total	<u>7,701</u>

19. NET FEES AND COMMISSIONS LOSS

- (1) There is no fees and commissions income for the period from January 11, 2019 (date of incorporation) to December 31, 2019.
- (2) Details of fees and commissions expense incurred are as follows (Unit: Korean Won in millions):

	For the period from January 11, 2019 (date of incorporation) to December 31, 2019
Fees and commissions paid	8,202
Others	7,631
Total	<u>15,833</u>

20. DIVIDEND INCOME

Details of dividend income recognized are as follows (Unit: Korean Won in millions):

	For the period from January 11, 2019 (date of incorporation) to December 31, 2019
Dividend income recognized from investments in subsidiaries	<u>676,000</u>

21. NET GAIN OR LOSS ON FINANCIAL INSTRUMENTS AT FVTPL

- (1) Details of gain or loss related to net gain or loss on financial instruments at FVTPL are as follows (Unit: Korean Won in millions):

	For the period from January 11, 2019 (date of incorporation) to December 31, 2019
Gains on financial instruments at fair value through profit or loss mandatorily measured at fair value	9,434
Total	<u>9,434</u>

- (2) Details of net gain or loss on financial instrument at FVTPL are as follows (Unit: Korean Won in millions):

	For the period from January 11, 2019 (date of incorporation) to December 31, 2019
Derivatives (for trading) Equity forward Gain on valuation	<u>9,434</u>

22. IMPAIRMENT LOSS DUE TO CREDIT LOSS

Impairment loss due to credit loss are as follows (Unit: Korean Won in millions):

	For the period from January 11, 2019 (date of incorporation) to December 31, 2019
Impairment loss due to credit loss on loans and other financial assets at amortized cost	<u>263</u>

23. GENERAL AND ADMINISTRATIVE EXPENSES

(1) Details of general and administrative expenses are as follows (Unit: Korean Won in millions):

			For the period from January 11, 2019 (date of incorporation) to December 31, 2019
Employee benefits	Short-term employee benefits	Salaries	16,706
		Employee fringe benefits	5,340
		Retirement benefit service costs	4,899
		Share-based payment	819
		Sub-total	<u>27,764</u>
Depreciation and amortization			<u>4,098</u>
Other general and administrative expenses	Rent		714
	Taxes and public dues		375
	Service charges		2,290
	Computer and IT related		1,654
	Telephone and communication		482
	Operating promotion		645
	Advertising		65
	Printing		76
	Traveling		373
	Supplies		131
	Insurance premium		280
	Reimbursement		847
	Vehicle maintenance		129
	Others		18
		Sub-total	<u>8,079</u>
		Total	<u><u>39,941</u></u>

(2) Performance condition share-based payment

Details of performance condition share-based payment granted to executives as of December 31, 2019 are as follows.

2.1 Share-based payment

Subject to	Shares granted for the year 2019
Type of payment	Cash-settled
Performance evaluation period	January 11, 2019(date of incorporation) ~ December 31, 2022
Base date for payment	January 1, 2023
Number of shares measured as of the closing date (*)	78,023

(*) The number of payable stocks is granted at the initial contract date and the payment rate is determined based on the achievement of the pre-determined performance targets. Performance is evaluated as long-term performance indication including relative shareholder return, net income, return on equity (ROE), non-performing loan ratio and job performance.

2.2 The Company accounts for performance condition share-based payment according to the cash-settled method and the fair value of the liabilities is reflected in the compensation costs by re-measuring per every closing period. As of December 31, 2019, expenses and the book value of the liabilities related to the performance condition share-based payment recognized by the Company is 819 million Won.

24. NON-OPERATING LOSS

- (1) Details of other non-operating income and expenses recognized are as follows (Unit: Korean Won in millions):

	For the period from January 11, 2019 (date of incorporation) to December 31, 2019
Other non-operating income	5
Other non-operating expenses	(755)
Total	<u>(750)</u>

- (2) Details of other non-operating income recognized are as follows (Unit: Korean Won in millions):

	For the period from January 11, 2019 (date of incorporation) to December 31, 2019
Others	<u>5</u>

- (3) Details of other non-operating expenses recognized are as follows (Unit: Korean Won in millions):

	For the period from January 11, 2019 (date of incorporation) to December 31, 2019
Donation	<u>755</u>

25. INCOME TAX EXPENSE

- (1) Details of income tax expense are as follows (Unit: Korean Won in millions):

	For the period from January 11, 2019 (date of incorporation) to December 31, 2019
Current tax expense:	
Current tax expense in respect of the current period	-
Sub-total	<u>-</u>
Deferred tax expense:	
Deferred tax assets (liabilities) relating to the origination and reversal of temporary differences	154
Income tax expense relating to items that are recognized directly in equity	<u>240</u>
Income tax expense	<u><u>394</u></u>

- (2) The relationship between income before income tax expense deduction and income tax expense in the current comprehensive income statement is as follows:

		For the period from January 11, 2019 (date of incorporation) to December 31, 2019
Net income before income tax expense		628,687
Tax calculated at statutory tax rate (*)		165,527
Adjustments:		
Effects of income that is exempt from taxation		(179,186)
Effect of expenses that are not deductible in determining taxable profit		1,190
Effect of corporate tax dues to consolidate tax plans		15,839
Others		24
Sub-total		<u>(162,133)</u>
Income tax expense		394
Effective tax rate		<u>0.1%</u>

(*) The corporate tax rate is 11% up to 200 million Won in tax basis, 22% over 200 million Won to 20 billion Won, 24.2% over 20 billion Won to 300 billion Won and 27.5% over 300 billion Won.

- (3) Details of changes in deferred income tax assets and liabilities for the period from January 11, 2019(date of incorporation) to December 31, 2019 are as follows (Unit: Korean Won in millions):

For the period from January 11, 2019 (date of incorporation) to December 31, 2019				
	Beginning balance	Recognized as income (expense)	Recognized as other comprehensive income (expense)	Ending Balance
Gain (loss) on valuation of derivatives	-	(2,594)	-	(2,594)
Provision for loan losses	-	72	-	72
Defined benefit liability	-	1,389	233	1,622
Deposits with employee retirement insurance trust	-	(736)	7	(729)
Provisions	-	165	-	165
Share based payment	-	225	-	225
Others	-	1,085	-	1,085
Net deferred tax assets(liabilities) in total	<u>-</u>	<u>(394)</u>	<u>240</u>	<u>(154)</u>

- (4) Unrealizable temporary differences are as follows (Unit: Korean Won in millions):

		For the period from January 11, 2019 (date of incorporation) to December 31, 2019
Deductible temporary differences		3,222
Taxable temporary differences		(7,916,351)
Total		<u>(7,913,129)</u>

No deferred income tax asset has been recognized for the deductible temporary difference of 3,222million Won associated with investments in subsidiaries as of December 31, 2019, because it is not probable that the temporary differences will be reversed in the foreseeable future.

No deferred income tax liability has been recognized for the taxable temporary difference of 7,916,351 million Won associated with investment in subsidiaries as of December 31, 2019, due to the following reasons:

- The Company is able to control the temporary difference of extinguishment.
- It is probable that the temporary difference will not be reversed in the foreseeable future.

- (5) Details of accumulated deferred tax charged directly to other equity are as follows (Unit: Korean Won in millions):

	For the period from January 11, 2019 (date of incorporation) to December 31, 2019
Remeasurement of the net defined benefit liability	240

- (6) Current tax assets and liabilities are as follows (Unit: Korean Won in millions)

	December 31, 2019
Current tax assets	-
Current tax liabilities	133,526

26. EARNINGS PER SHARE

- (1) Basic earnings per share is calculated by dividing net income by weighted-average number of common shares outstanding (Unit: Korean Won in millions, except for earnings per share and number of shares):

	For the period from January 11, 2019 (date of incorporation) to December 31, 2019
Net income for the period attributable to owners	628,293
Dividends to hybrid securities	(4,363)
Net income attributable to common shareholders	623,930
Weighted-average number of common shares outstanding (Unit: shares in million)	694
Basic earnings per share (Unit: Korean Won)	900

- (2) Weighted-average number of common shares outstanding as of December 31, 2019 is as follows.

	For the period from January 11, 2019 (date of incorporation) to December 31, 2019			Accumulated number of shares outstanding during period
	Period	Number of shares	Dates	
Common shares at the time of incorporation	2019-01-11 ~ 2019-12-31	680,164,306	355	241,458,328,630
Stock issuance (Comprehensive stock exchange)	2019-09-10 ~ 2019-12-31	42,103,377	113	4,757,681,601
Purchase of treasury stock	2019-08-26 ~ 2019-12-31	(1)	128	(128)
Purchase of treasury stock	2019-12-13 ~ 2019-12-31	(1)	19	(19)
	Sub-total (①)			246,216,010,084
	Weighted average number of common shares outstanding (②)=(①/355)			693,566,226

Diluted earnings per share is equal to basic earnings per share because there is no dilution effect for the period from January 11, 2019 (date of incorporation) to December 31, 2019.

27. CONTINGENT LIABILITIES AND COMMITMENTS

(1) As of December 31, 2019, the Company has no litigation cases in progress.

(2) Details of agreements with financial institutions as of December 31, 2019 are as follows (Unit: Korea Won in millions)

Loan	Financial institutions	December 31, 2019	
		Line of credit	Loan balance
	Standard Chartered		
	Bank Korea Ltd.	65,000	-
	Kookmin Bank	35,000	-
	Total	100,000	-

(3) Other agreements

The Company decided to enter into a stock sales agreement with a major shareholder of Kukje Trust Co., Ltd. to acquire 44.5% interest (58.6% of voting rights) during July, 2019, and to acquire additional 21.3% interest (28.0% of voting rights) after a certain period. As a result, the Company acquired the interest of the first sales agreement in December 2019 and is planning to acquire the interest of the second sales agreement after a certain period.

The Company recognized 9,434 million Won of derivative assets according to the agreement as of December 31, 2019 (see Note 16).

28. RELATED PARTY TRANSACTIONS

Related parties of the Company as of December 31, 2019 and its assets and liabilities recognized as of December 31, 2019, major transactions with related parties for the period from January 11, 2019 (date of incorporation) to December 31, 2019 and compensation to key management are as follows:

(1) Related parties as of December 31, 2019 are as follows:

	Related parties
Subsidiaries	Woori Bank, Woori Card Co., Ltd., Woori Investment Bank Co., Ltd., Woori FIS Co., Ltd., Woori Finance Research Institute Co., Ltd., Woori Credit Information Co., Ltd., Woori Fund Service Co., Ltd., Woori Asset Trust Corp. Ltd., Woori Asset Management Corp., Woori Private Equity Asset Management Co., Ltd., Woori Global Asset Management Co., Ltd., Woori America Bank, PT Bank Woori Saudara Indonesia 1906 Tbk, Woori Global Markets Asia Limited, Woori Bank China Limited, AO Woori Bank, Banco Woori Bank do Brasil S.A., Korea BTL Infrastructure Fund, Woori Finance Cambodia PLC., Woori Finance Myanmar Co., Ltd., Wealth Development Bank, Woori Bank Vietnam Limited, WB Finance Co., Ltd., Woori Bank Europe, TUTU Finance-WCI Myanmar Co., Ltd., Woori Bank Principal and Interest Guaranteed Trust and Woori Bank Principal Guaranteed Trust (“Consolidated trusts”), Kumho Trust First Co., Ltd. and 62 SPCs, Heungkuk Woori Tech Company Private Placement Investment Trust No. 1 and 12 beneficiary certificates
Associates	Woori Service Networks Co., Ltd., Korea Credit Bureau Co., Ltd., Korea Finance Security Co., Ltd., Lotte card Co., Ltd, Chin Hung International Inc., 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 31 associates)

- (2) Assets and liabilities from transactions with related parties are as follows (Unit: Korean Won in millions):

Related party	Title of account	December 31, 2019
Woori Bank	Cash and cash equivalents	43,670
	Other financial assets	1,229,181
	Allowance for credit losses	(263)
	Other financial liabilities	601
Woori Card Co., Ltd.	Other financial assets	37,754
	Other financial liabilities	267
Woori FIS Co., Ltd.	Other financial assets	1,386
	Other financial liabilities	190
Woori Finance Research Institute Co., Ltd.	Other financial assets	21
	Other financial liabilities	1,320
Woori Credit Information Co., Ltd.	Other financial assets	568
Woori Fund Service Co., Ltd.	Other financial assets	556
Woori Service Networks Co., Ltd.	Other financial liabilities	64

- (3) Gains or losses from transactions with related parties are as follows (Unit: Korean Won in millions):

Related party	Title of account	For the period from January 11, 2019 (date of incorporation) to December 31, 2019
Woori Bank	Interest income	7,741
	Dividend income	676,000
	Interest expenses(*)	47
	Fees and commissions expense	4
	Impairment losses on credit loss	263
	General and administrative expenses(*)	2,365
Woori FIS Co., Ltd.	General and administrative expenses	1,492
Woori Finance Research Institute Co., Ltd.	Fees and commissions expenses	5,400
Woori Service Networks Co., Ltd.	General and administrative expenses	775

- (*) The depreciation of right-of-use assets and interest expense of lease liabilities arising from lease transactions during the current term are included.

- (4) The details of the right-of-use assets and lease liabilities due to lease transactions with related parties as of the end of the current term are as follows (Unit: Korea Won in millions):

Related party	Title of account	For the period from January 11, 2019 (date of incorporation) to December 31, 2019
Woori Bank	Right-of-use assets(*)	1,436
	Lease liabilities	1,164

- (*) Asset retirement obligations due to lease transactions are included.

- (5) There is no major borrowing and loan transactions with the related parties during the period from January 11, 2019 (date of incorporation) to December 31, 2019.

- (6) There are no guarantees provided to the related parties. The unused commitments provided from the related parties are as follows (Unit: Korean Won in millions):

	<u>December 31, 2019</u>	<u>Warranty</u>
Woori Card Co., Ltd.	495	Unused commitments

- (7) Details of compensation to key management are as follows (Unit: Korean Won in millions):

	<u>For the period from January 11, 2019 (date of incorporation) to December 31, 2019</u>	
Short-term employee benefits		3,683
Retirement benefit service costs		419
Share-based payment		529
Total		<u>4,631</u>

Key management includes registered executives and non-registered executives. As of December 31, 2019, there is no assets, liabilities, allowance and impairment loss due to credit losses from transactions with key management.

- (8) Details of equity transactions with related parties for the period from January 11, 2019 (date of incorporation) to December 31, 2019 are as follows (Unit: Korean Won in millions):

	<u>Company</u>	<u>Transaction details</u>	<u>December 31, 2019</u>
Purchase of investment interest	Woori Bank (Subsidiaries)	Woori Card Co. Ltd stocks (Investments in subsidiaries)	1,118,367
Purchase of investment interest	Woori Bank (Subsidiaries)	Woori investment bank stocks (Investments in subsidiaries)	392,795
Purchase of investment interest	Woori Bank (Subsidiaries)	Kukje Asset Trust Co. stocks (Investments in subsidiaries) (*)	23,550

(*) After the acquisition of the shares, the name has changed to Woori Asset Trust Co., Ltd.

29. LEASES

- (1) Details of lease liability are as follows (Unit: Korean Won in millions):

	<u>December 31, 2019</u>
Lease payments	
Within one year	1,341
After one year but within five years	249

- (2) Total cash outflows from lease for the period from January 11, 2019 (date of incorporation) to December 31, 2019 are as follows (Unit: Korean Won in millions):

	<u>For the period from January 11, 2019 (date of incorporation) to December 31, 2019</u>
Cash outflows from lease	1,289

- (3) The Company recognized the amount of 95 million Won as the lease payments for low-value assets for the period from January 11, 2019 (date of incorporations) to December 31, 2019. There are no lease payments that are not included in total lease payments considered for lease liability measurement as they are short-term leases.

30. EVENTS AFTER THE REPORTING PERIOD

The Coronavirus disease (COVID-19) outbreak in January, 2020 is having a negative impact on the global economy, including Korea. As a result, the macroeconomic environment is unstable overall. The Company is closing monitoring the situation; however, the impact on the Company due to the Coronavirus cannot be estimated as of the financial statements approval for the issuance date.

INDEPENDENT AUDITORS' REPORT

English Translation of a Report Originally Issued in Korean on March 16, 2020

To the Shareholders and the Board of Directors of Woori Financial Group Inc.

Report on the Audited Consolidated Financial Statements

Audit Opinion

We have audited the accompanying consolidated financial statements of Woori Financial Group and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as of December 31, 2019 and December 31, 2018, respectively, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows, for the years then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as of December 31, 2019 and December 31, 2018, respectively, and its financial performance and its cash flows for the years then ended in accordance with Korean International Financial Reporting Standards ("K-IFRS").

Basis for Audit Opinion

We conducted our audits in accordance with the Korean Standards on Auditing ("KSAs"). Our responsibilities under those standards are further described in the *Auditors Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements, including those related to independence, that are relevant to our audit of the consolidated financial statements in the Republic of Korea as required by prevailing audit regulations. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

The key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon, and we do not provide a separate opinion on these matters.

Allowance for credit loss in accordance with K-IFRS 1109 'Financial Instruments'

Key audit matter description

As described in notes 2, 3, 4 and 10, the Group estimates and records an allowance for loans based on expected credit losses. In order to estimate expected credit losses, the Group segregated its portfolio in retail, corporate and credit card loans. Loans measured at amortized cost are KRW 272,607,264 million, with loan loss allowances of KRW 1,575,020 million, as of December 31, 2019. Both the individual and collective impairment methodologies must consider historical losses adjusted for forward looking information and include multiple scenarios for macroeconomic factors. The allowance for certain loans is measured, at least in part, based on the valuation of collaterals which must take into account an expectation of when and for how much the collateral will be sold.

There was a significant amount of judgment required by management when determining the appropriateness of the forward looking and macroeconomic information used in the calculation of the expected losses in its loan portfolio.

Given the level of subjectivity and judgment, auditing the estimated allowance for loan losses involved especially complex and subjective judgment.

How the scope of our audit responded to the key audit matter

Our audit procedures related to the assumptions and unobservable inputs used by management for the estimate of impaired loans included the following:

- We tested the design and operating effectiveness of controls over the appropriateness of the cash-flows estimated to be collected in individually significant loans, including the estimates of collateral values.
- We tested the design and operating effectiveness of the controls over the appropriateness of the models used to determine the calculation of the allowance for loan losses for collectively assessed loans and most importantly the determination of the relevant model and assumptions to incorporate forward looking and macro-economic information.
- We used our credit specialists to assist us in challenging the reasonableness of the methodologies and inputs used in the calculation of the allowance for loan losses for collectively assessed loans, most importantly in determining the appropriateness of forward looking and macro-economic scenarios used by management.
- We reperformed the client's estimates of future operating cash flows from borrowers with significant loans outstanding to determine the available cash flows to repay the loans. In addition, we challenged these estimates by searching for contradictory evidence available at the balance sheet date.
- We selected samples of loans subject to individual assessments and performed the following:
 - ✓ Verified the appropriateness of the process of calculating future cash flows from borrowers with significant loans outstanding to determine the available cash flows to repay the loans.
 - ✓ With assistance of our appraisal specialists and using property auctions price information sources independently from the Group, we evaluated the reasonableness of cash flow estimates based on the future sale of collateral.

Responsibilities of Management and the Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation of the accompanying consolidated financial statements in accordance with K-IFRS, and for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management of the Group is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with KSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with KSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We are solely responsible for our audit opinion.

We communicate with the those Charged with Governance of the Group regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

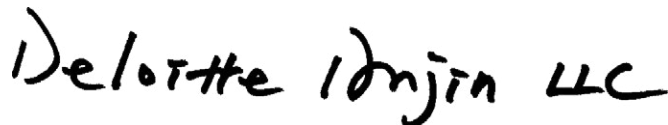
We also provide the those Charged with Governance of the Group with a statement that we have complied with relevant ethical requirements, including those related to independence, and to communicate with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those Charged with Governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

As described in the Note 43, Woori Financial Group Inc. was established on January 11, 2019 as a comprehensive transfer with shareholders of Woori Bank, Woori Finance Research Institute Co., Ltd., Woori FIS Co., Ltd., Woori Fund Service Co., Ltd., Woori Credit Information Co., Ltd., and Woori Private Equity Asset Management Co., Ltd. Under the deal, Woori Bank and its subsidiaries were incorporated into wholly-owned subsidiaries of Woori Financial Group Inc., while Woori Financial Group Inc. was listed on the Korea Exchange on February 13, 2019, replacing Woori Bank's shares in the company. American Depository Shares (ADS) has also been traded on the New York Stock Exchange as the underlying common stock since the same date. Therefore, consolidated financial statements for the comparing period ended 31 December 2018 are consolidated financial statements of Woori Bank, which have been adjusted as before the classification of assets held for sale for the Woori Finance Research Institute Co., Ltd., Woori FIS Co., Ltd., Woori Fund Service Co., Ltd., Woori Credit Information Co., Ltd., and Woori Private Equity Asset Management Co., Ltd. except Woori Bank.

In accordance with the Korean Standard on Auditing, We audited the consolidated statement of financial position as of December 31, 2018, consolidated statement of comprehensive income, consolidated statement changes in equity and consolidated statement of cash flows for the fiscal year ending the same date. The audit report of Woori Bank as of December 31, 2018 was issued with an unqualified opinion on March 19, 2019.

The engagement partner on the audit resulting in this independent auditor's report is Tae Jin Jo

The image shows a handwritten signature in black ink that reads "Deloitte IDNJIN LLC". The signature is written in a cursive, slightly slanted style.

March 16, 2020

Notice to Readers

This report is effective as of March 16, 2020 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.

WOORI FINANCIAL GROUP INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS OF DECEMBER 31, 2019 AND 2018

	December 31, 2019	December 31, 2018(Note 43)
	(Korean Won in millions)	
ASSETS		
Cash and cash equivalents (Note 6)	6,392,566	6,747,894
Financial assets at fair value through profit or loss (“FVTPL”) (Notes 4, 7, 11, 12, 18 and 26)	8,069,144	6,126,316
Financial assets at fair value through other comprehensive income(“FVTOCI”) (Notes 4, 8, 11, 12, and 18)	27,730,531	18,063,423
Securities at amortized cost (Notes 4, 9, 11, 12 and 18)	20,320,539	22,932,559
Loans and other financial assets at amortized cost (Notes 4, 10, 11, 12, 18 and 41)	293,717,693	282,457,578
Investments in joint ventures and associates (Note 13)	806,360	361,766
Investment properties (Note 14)	280,239	378,196
Premises and equipment (Notes 15 and 18)	3,364,716	2,450,492
Intangible assets and goodwill (Note 16)	844,110	597,520
Assets held for distribution (sale) (Note 17)	10,556	17,912
Net defined benefit asset (Note 24)	2,582	-
Current tax assets (Note 38)	47,367	20,730
Deferred tax assets (Note 38)	39,544	59,641
Derivative assets (Designated for hedging) (Notes 4,11,12 and 26)	121,131	35,503
Other assets (Notes 19 and 41)	233,646	197,653
Total assets	<u>361,980,724</u>	<u>340,447,183</u>
LIABILITIES		
Financial liabilities at FVTPL (Notes 4, 11, 12, 20 and 26)	2,958,302	2,282,686
Deposits due to customers (Notes 4,11,21 and 41)	264,685,578	248,690,939
Borrowings (Notes 4, 11, 12 and 22)	18,998,920	16,202,986
Debentures (Notes 4, 11 and 22)	30,858,055	28,735,862
Provisions (Notes 23, 40 and 41)	443,980	391,313
Net defined benefit liability (Note 24)	92,470	173,109
Current tax liabilities (Note 38)	182,690	159,078
Deferred tax liabilities (Note 38)	134,322	18,156
Derivative liabilities (Designated for hedging) (Notes 4,11,12 and 26)	6,837	51,408
Other financial liabilities (Notes 4,11,12, 25 and 41)	17,706,767	21,442,524
Other liabilities (Notes 25 and 41)	420,471	346,078
Total liabilities	<u>336,488,392</u>	<u>318,494,139</u>

(Continued)

WOORI FINANCIAL GROUP INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS OF DECEMBER 31, 2019 AND 2018 (CONTINUED)

	December 31, 2019	December 31, 2018(Note 43)
	(Korean Won in millions)	
EQUITY		
Owners' equity (Note 28)	21,510,370	21,739,931
Capital stock	3,611,338	3,381,392
Hybrid securities	997,544	3,161,963
Capital surplus	626,295	285,889
Other equity	(2,249,322)	(2,213,970)
Retained earnings		
Regulatory reserve for credit loss as of December 31, 2019 and 2018 is 2,356,246 million Won and 2,578,457 million Won, respectively		
Regulatory reserve for credit loss to be reserved as of December 31, 2019 and 2018 is 191,301 million Won and (-) 222,211 million Won, respectively		
Planned provision of regulatory reserve for credit loss as of December 31, 2019 and 2018 is 191,301 million Won and (-) 222,211 million Won, respectively	18,524,515	17,124,657
Non-controlling interests	3,981,962	213,113
Total equity	<u>25,492,332</u>	<u>21,953,044</u>
Total liabilities and equity	<u>361,980,724</u>	<u>340,447,183</u>

See accompanying notes

WOORI FINANCIAL GROUP INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018(Note 43)
	(Korean Won in millions, except for per share data)	
Interest income	10,576,770	9,684,499
Financial assets at FVTPL	50,619	54,243
Financial assets at FVTOCI	474,751	280,371
Financial assets at amortized cost	10,051,400	9,349,885
Interest expense	(4,683,064)	(4,033,548)
Net interest income (Notes 11, 30 and 41)	<u>5,893,706</u>	<u>5,650,951</u>
Fees and commissions income	1,709,326	1,680,764
Fees and commissions expense	(606,698)	(610,790)
Net fees and commissions income (Notes 11, 31 and 41)	<u>1,102,628</u>	<u>1,069,974</u>
Dividend income (Note 32)	107,959	90,552
Net gain on financial instruments at FVTPL (Notes 11 and 33)	25,455	214,443
Net gain on financial assets at FVTOCI (Notes 11 and 34)	11,015	2,047
Net gain arising on financial assets at amortized cost	102,115	79,532
Net gain on disposals of securities at amortized cost	-	431
Net gain on disposals of loans and other financial assets at amortized cost	102,115	79,101
Impairment losses due to credit loss (Notes 11, 35 and 41)	(374,244)	(329,574)
General and administrative expenses (Notes 36 and 41)	(3,766,077)	(3,624,033)
Other net operating expenses (Notes 36 and 41)	(302,581)	(394,591)
Operating income	<u>2,799,976</u>	<u>2,759,301</u>
Share of gain of joint ventures and associates	83,997	3,019
Other non-operating income (expense)	(160,924)	42,552
Non-operating income (expense) (Note 13 and 37)	<u>(76,927)</u>	<u>45,571</u>
Net income before income tax expense	2,723,049	2,804,872
Income tax expense (Note 38)	(685,453)	(753,223)

Continued)

WOORI FINANCIAL GROUP INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR YEARS ENDED DECEMBER 31, 2019 AND 2018 (CONTINUED)

	2019	2018(Note 43)
	(Korean Won in millions, except for per share data)	
Net income		
(Net income after the provision of regulatory reserve for credit loss for the years ended December 31, 2019 and 2018, is 1,846,295 million Won and 2,010,774 million Won, respectively) (Note 28)	2,037,596	2,051,649
Items that will not be reclassified to profit or loss:		
Net loss on valuation of equity securities at FVTOCI	(58,129)	(30,855)
Net gain on valuation of financial liabilities designated at FVTPL due to own credit risk	-	100
Remeasurement gain (loss) related to defined benefit plan	(34,648)	(84,629)
	(92,777)	(115,384)
Items that may be reclassified to profit or loss:		
Net gain on valuation of debt securities at FVTOCI	43,988	33,360
Share of other comprehensive gain of joint ventures and associates	613	2,958
Net gain(loss) on foreign currency translation of foreign operations	101,781	(4,379)
Net loss on valuation of cash flow hedge	(1,823)	(4,646)
Other comprehensive income on valuation of assets held for sale	-	(4,145)
	144,559	23,148
Other comprehensive income(loss), net of tax	51,782	(92,236)
Total comprehensive income	2,089,378	1,959,413
Net income attributable to:		
Net income attributable to shareholders	1,872,207	2,033,182
Net income attributable to non-controlling interests	165,389	18,467
Total comprehensive income attributable to:		
Comprehensive income attributable to shareholders	1,914,393	1,943,885
Comprehensive income attributable to non-controlling interests	174,985	15,528
Earnings per share (Note 39)		
Basic and diluted earnings per share (In Korean Won)	2,727	2,796

See accompanying notes

WOORI FINANCIAL GROUP INC. AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR YEARS ENDED DECEMBER 31, 2019 AND 2018

	Capital Stock	Hybrid securities	Capital surplus	Other equity	Retained earnings	Shareholder 's equity in total	Non- controlling interests	Total equity
	(Korean Won in millions)							
January 1, 2018	3,381,392	3,017,888	285,880	(1,939,274)	15,620,006	20,365,892	199,008	20,564,900
Cumulative effect of change in accounting policy	-	-	-	(392,176)	177,091	(215,085)	723	(214,362)
Adjusted balance, beginning of period	3,381,392	3,017,888	285,880	(2,331,450)	15,797,097	20,150,807	199,731	20,350,538
Net income	-	-	-	-	2,033,182	2,033,182	18,467	2,051,649
Dividends to common stocks	-	-	-	-	(336,636)	(336,636)	(2,128)	(338,764)
Change in capital of subsidiaries	-	-	9	-	-	9	(18)	(9)
Net gain on valuation of financial liabilities designated as at FVTPL due to own credit risk	-	-	-	100	-	100	-	100
Changes in other comprehensive income due to redemption of financial liabilities designated as at FVTPL	-	-	-	(4)	4	-	-	-
Net gain (loss) on valuation of financial assets at FVTOCI	-	-	-	2,733	-	2,733	(228)	2,505
Changes in other comprehensive income due to disposal of equity securities at FVTOCI	-	-	-	(1,009)	1,009	-	-	-
Changes in capital due to equity method	-	-	-	2,958	(10,647)	(7,689)	-	(7,689)
Loss on foreign currency translation of foreign operations	-	-	-	(1,929)	-	(1,929)	(2,450)	(4,379)
Loss on valuation of cash flow hedge	-	-	-	(4,646)	-	(4,646)	-	(4,646)
Remeasurement loss related to defined benefit plan	-	-	-	(84,368)	-	(84,368)	(261)	(84,629)
Capital related to assets held for distribution (sale) (Note 43)	-	-	-	(4,145)	-	(4,145)	-	(4,145)
Dividends to hybrid securities	-	-	-	-	(151,194)	(151,194)	-	(151,194)
Issuance of hybrid securities	-	398,707	-	-	-	398,707	-	398,707
Redemption of hybrid securities	-	(254,632)	-	(368)	-	(255,000)	-	(255,000)
Appropriation of retained earnings	-	-	-	208,158	(208,158)	-	-	-
December 31, 2018	3,381,392	3,161,963	285,889	(2,213,970)	17,124,657	21,739,931	213,113	21,953,044
January 1, 2019	3,381,392	3,161,963	285,889	(2,213,970)	17,124,657	21,739,931	213,113	21,953,044
Exchange of non-controlling interests in hybrid securities	-	(3,161,963)	-	-	-	(3,161,963)	3,161,963	-
Net income	-	-	-	-	1,872,207	1,872,207	165,389	2,037,596
Dividends to common shares	-	-	-	-	(437,626)	(437,626)	(2,014)	(439,640)
Changes in subsidiaries' capital	-	-	438	-	-	438	(50)	388
Net loss on valuation of financial assets at FVTOCI	-	-	-	(14,101)	-	(14,101)	(40)	(14,141)
Changes in other comprehensive income due to disposal of equity securities at FVTOCI	-	-	-	29,368	(29,368)	-	-	-
Changes in capital due to equity method	-	-	1,153	613	-	1,766	-	1,766
Gain on foreign currency translation of foreign operations	-	-	-	91,748	-	91,748	10,033	101,781
Loss on valuation of cash flow hedge	-	-	-	(1,823)	-	(1,823)	-	(1,823)
Remeasurement loss related to defined benefit plan	-	-	-	(34,251)	-	(34,251)	(397)	(34,648)
Comprehensive stock exchange(Note 1)	229,946	-	351,663	-	-	581,609	-	581,609
Acquisition of subsidiaries	-	-	-	-	-	-	69,534	69,534
New stocks issue cost	-	-	(12,848)	-	-	(12,848)	-	(12,848)
Net increase of treasury stocks	-	-	-	4,245	-	4,245	-	4,245
Dividends to hybrid securities	-	-	-	-	(4,362)	(4,362)	(134,421)	(138,783)
Issuance of hybrid securities	-	997,544	-	-	-	997,544	658,470	1,656,014
Redemption of hybrid securities	-	-	-	(277)	-	(277)	(159,618)	(159,895)
Appropriation of retained earnings	-	-	-	368	(368)	-	-	-
Other changes in consolidated capital	-	-	-	(111,242)	(625)	(111,867)	-	(111,867)
December 31, 2019	3,611,338	997,544	626,295	(2,249,322)	18,524,515	21,510,370	3,981,962	25,492,332

See accompanying notes

WOORI FINANCIAL GROUP INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018(Note 43)
	(Korean Won in millions)	
Cash flows from operating activities:		
Net income	2,037,596	2,051,649
Adjustments to net income:		
Income tax expense	685,453	753,223
Interest income	(10,576,770)	(9,684,499)
Interest expense	4,683,064	4,033,548
Dividend income	(107,959)	(90,552)
	<u>(5,316,212)</u>	<u>(4,988,280)</u>
Additions of expenses not involving cash outflows:		
Impairment loss due to credit loss	374,244	329,574
Loss on financial assets at FVTOCI	1,375	1,053
Loss on derivatives (designated for hedge)	3,686	36,483
Loss on fair value hedge	86,214	17,299
Loss on other provisions	129,682	28,350
Loss on valuation of investments in joint ventures and associates	19,778	22,772
Loss on disposal of investments in joint ventures and associates	-	2,931
Retirement benefit	165,125	142,712
Depreciation and amortization	505,718	272,550
Loss on disposal of premises and equipment, intangible assets and other assets	3,433	1,160
Impairment loss on premises and equipment, intangible assets and other assets	28,295	87
	<u>1,317,550</u>	<u>854,971</u>
Deductions of income not involving cash inflows:		
Gain on valuation of financial assets at FVTPL	246,175	215,711
Gain on redemption of debentures	-	1,597
Gain on securities at FVTOCI	12,390	3,100
Gain on securities at amortized cost	-	431
Gain on derivatives (designated for hedge)	126,651	35,810
Gain on fair value hedge	231	42,797
Gain on other provisions	3,302	2,014
Gain on valuation of investments in joint ventures and associates	103,775	25,791
Gain on disposal of investments in joint ventures and associates	-	50,511
Gain on disposal of premises and equipment, intangible assets and other assets	1,632	30,278
Reversal of impairment loss on premises and equipment, intangible assets and other assets	103	761
	<u>494,259</u>	<u>408,801</u>
Changes in operating assets and liabilities:		
Financial instruments at FVTPL	(506,772)	670,872
Loans and other financial assets at amortized cost	(11,265,714)	(15,718,714)
Other assets	86,237	32,328
Deposits due to customers	15,407,222	13,995,747
Provisions	(63,751)	(11,920)
Net defined benefit liability	(293,008)	(135,313)
Other financial liabilities	(4,719,399)	7,411,617
Other liabilities	30,693	96,900
	<u>(1,324,492)</u>	<u>6,341,517</u>
Cash received from operating activities:		
Interest income received	10,478,357	9,617,201
Interest expense paid	(4,383,916)	(3,847,275)
Dividends received	107,940	90,651
Income tax paid	(552,215)	(551,560)
	<u>5,650,166</u>	<u>5,309,017</u>
Net cash provided by operating activities	<u>1,870,349</u>	<u>9,160,073</u>

(Continued)

WOORI FINANCIAL GROUP INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (CONTINUED)

	2019	2018(Note 43)
	(Korean Won in millions)	
Cash flows from investing activities:		
Cash in-flows from investing activities:		
Disposal of financial assets at FVTPL	11,357,056	11,919,335
Disposal of financial assets at FVTOCI	14,303,197	9,146,307
Redemption of securities at amortized cost	8,709,947	9,426,757
Disposal of investments in joint ventures and associates	30,098	51,435
Disposal of investment properties	193	3,512
Disposal of premises and equipment	7,735	5,545
Disposal of intangible assets	939	9,199
Disposal of assets held for distribution (sale)	5,608	80,347
	<u>34,414,773</u>	<u>30,642,437</u>
Cash out-flows from investing activities:		
Net cash out-flows of business combination	296,813	134,967
Acquisition of financial assets at FVTPL	11,823,630	12,322,160
Acquisition of financial assets at FVTOCI	23,775,062	13,275,429
Acquisition of securities at amortized cost	6,092,078	15,622,847
Acquisition of investments in joint ventures and associates	389,096	48,272
Acquisition of investment properties	70,346	15,195
Acquisition of premises and equipment	429,547	118,668
Acquisition of intangible assets	126,342	176,067
	<u>43,002,914</u>	<u>41,713,605</u>
Net cash used in investing activities	<u>(8,588,141)</u>	<u>(11,071,168)</u>
Cash flows from financing activities:		
Cash in-flows from financing activities:		
Increase in borrowings	14,467,287	9,606,126
Issuance of debentures	25,510,713	21,505,849
Issuance of hybrid securities	1,656,014	398,707
Retirement of treasury stocks	760,101	-
	<u>42,394,115</u>	<u>31,510,682</u>
Cash out-flows from financing activities:		
Cash out-flows from hedging activities	5,520	-
Decrease in borrowings	11,385,530	8,349,005
Redemption of debentures	23,651,950	20,903,518
Redemption of lease liabilities	217,867	-
New stock issue cost	17,337	-
Acquisition of treasury stocks	184,164	-
Dividends paid	437,626	336,636
Redemption of hybrid securities	160,000	255,000
Dividends paid to hybrid securities	161,052	147,625
Dividends paid to non-controlling interest	2,014	2,128
Capital reduction with consideration for non-controlling interest	50	-
	<u>36,223,110</u>	<u>29,993,912</u>
Net cash provided by financing activities	<u>6,171,005</u>	<u>1,516,770</u>
Net decrease in cash and cash equivalents	(546,787)	(394,325)
Cash and cash equivalents, beginning of the period	6,747,894	6,908,286
Effects of exchange rate changes on cash and cash equivalents	191,459	233,933
Cash and cash equivalents, end of the period (Note 6)	<u>6,392,566</u>	<u>6,747,894</u>

See accompanying notes

WOORI FINANCIAL GROUP INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

1. GENERAL

(1) Summary of the parent company

Woori Financial Group, Inc. (hereinafter referred to the “Group”) is primarily aimed at controlling subsidiaries that operate in the financial industry or those that are closely related to the financial industry through the ownership of shares and was established on January 11, 2019 under the Financial Holding Company Act through the comprehensive transfer with shareholders of Woori Bank, Woori FIS Co., Ltd., Woori Finance Research Institute Co., Ltd., Woori Credit Information Co., Ltd., Woori Fund Services Co., Ltd. and Woori Private Equity Asset Management Co. Ltd. The headquarters of the company is located at 51, Sogong-ro, Jung-gu, Seoul, Korea, and the capital is 3,611,338 million Won as of the end of the current term while the Korea Deposit Insurance Corp. (KDIC), the company’s largest shareholder, owns 124,604,797 shares (17.25%) of the company’s stocks issued. The company’s stocks were listed on the Korea Exchange on February 13, 2019, and its American Depository Shares (ADS) are also being traded as the underlying common stock on the New York Stock Exchange since the same date.

The details of stock transfer from the company and subsidiaries as of incorporation are as follows (Unit: Number of shares)

Stock transfer company	Total number of issued shares	Exchange ratio per share	Number of Parent company’s stocks
Woori Bank	676,000,000	1.0000000	676,000,000
Woori FIS Co., Ltd.	4,900,000	0.2999708	1,469,857
Woori Finance Research Institute Co., Ltd.	600,000	0.1888165	113,289
Woori Credit Information Co., Ltd.	1,008,000	1.1037292	1,112,559
Woori Fund Service Co., Ltd.	2,000,000	0.4709031	941,806
Woori Private Equity Asset Management Co., Ltd.	6,000,000	0.0877992	526,795

As of August 1, 2019, the parent company acquired a 73% interest in Tongyang Asset Management Co. and changed the name to Woori Asset Management Corp. Also, as of August 1, 2019, the parent company gained 100% control of ABL Asset Management Co., Ltd., added it as a consolidated subsidiary and changed the name to Woori Global Asset Management Co., Ltd. on December 6, 2019.

The parent company paid 598,391 million Won in cash and 42,103,377 new shares of the parent company to acquire 100% interest of Woori Card Co., Ltd. from its subsidiary Woori Bank on September 10, 2019. On the same date, the company also acquired 59.83% interest of Woori Investment Bank Co., Ltd. from Woori Bank with 392,795 million Won in cash.

As of December 30, 2019, the parent acquired a 67.2% interest (excluding treasury stocks, 51% interest including treasury stocks) in Woori Asset Trust Co., Ltd (formerly Kukje Asset Trust Co., Ltd) and added it as a consolidated subsidiary at the end of 2019.

(2) The companies and subsidiaries (hereinafter ‘consolidated company’) as of December 31, 2019 and 2018 are as follows:

Subsidiaries	Main business	Percentage of ownership (%)		Location	Financial statements date of use
		December 31, 2019	December 31, 2018		
Woori Financial Group Inc.					
Woori Bank	Bank	100.0	-	Korea	December 31
Woori Card Co., Ltd.	Finance	100.0	-	Korea	December 31
Woori Investment Bank Co., Ltd.	Other credit finance business	59.8	-	Korea	December 31
Woori FIS Co., Ltd.	System software development & maintenance	100.0	-	Korea	December 31

Subsidiaries	Main business	Percentage of ownership (%)		Location	Financial statements date of use
		December 31, 2019	December 31, 2018		
Woori Finance Research Institute Co., Ltd.	Other service business	100.0	-	Korea	December 31
Woori Credit Information Co., Ltd.	Credit information	100.0	-	Korea	December 31
Woori Fund Service Co., Ltd.	Finance	100.0	-	Korea	December 31
Woori Asset Trust Co., Ltd. (*1)	Real-estate	67.2	-	Korea	December 31
Woori Asset Management Corp.	Finance	73.0	-	Korea	December 31
Woori Private Equity Asset Management Co., Ltd.	Finance	100.0	-	Korea	December 31
Woori Global Asset Management Co., Ltd.	Finance	100.0	-	Korea	December 31
Woori Bank					
Woori Card Co., Ltd.	Finance	-	100.0	Korea	December 31
Woori Investment Bank Co., Ltd.	Other credit finance business	-	59.8	Korea	December 31
Woori FIS Co., Ltd.	System software development & maintenance	-	100.0	Korea	December 31
Woori Finance Research Institute Co., Ltd.	Other service business	-	100.0	Korea	December 31
Woori Credit Information Co., Ltd.	Credit information	-	100.0	Korea	December 31
Woori Fund Service Co., Ltd.	Finance	-	100.0	Korea	December 31
Woori Private Equity Asset Management Co., Ltd.	Finance	-	100.0	Korea	December 31
Woori America Bank	Finance	100.0	100.0	America	December 31
Woori Global Markets Asia Limited	Finance	100.0	100.0	Hong Kong	December 31
Woori Bank China Limited	Finance	100.0	100.0	China	December 31
AO Woori Bank	Finance	100.0	100.0	Russia	December 31
PT Bank Woori Saudara Indonesia 1906 Tbk	Finance	79.9	79.9	Indonesia	December 31
Banco Woori Bank do Brasil S.A.	Finance	100.0	100.0	Brazil	December 31
Korea BTL Infrastructure Fund	Finance	99.9	99.9	Korea	December 31
Woori Finance Cambodia PLC.	Finance	100.0	100.0	Cambodia	December 31
Woori Finance Myanmar Co., Ltd.	Finance	100.0	100.0	Myanmar	December 31
Wealth Development Bank	Finance	51.0	51.0	Philippines	December 31
Woori Bank Vietnam Limited	Finance	100.0	100.0	Vietnam	December 31
WB Finance Co., Ltd.	Finance	100.0	100.0	Cambodia	December 31
Woori Bank Europe	Finance	100.0	100.0	Germany	December 31
Kumho Trust First Co., Ltd. (*2)	Asset securitization	0.0	0.0	Korea	December 31
Asiana Saigon Inc. (*2)	Asset securitization	0.0	0.0	Korea	December 31
KAMCO Value Recreation First Securitization Specialty Co., Ltd. (*2)	Asset securitization	15.0	15.0	Korea	December 31
Hermes STX Co., Ltd. (*2)	Asset securitization	0.0	0.0	Korea	December 31
BWL First Co., LLC (*2)	Asset securitization	0.0	0.0	Korea	December 31
Deogi Dream Fourth Co., Ltd. (*2)	Asset securitization	0.0	0.0	Korea	December 31
Jeonju Iwon Ltd. (*2)	Asset securitization	0.0	0.0	Korea	December 31
Wonju I one Inc. (*2)	Asset securitization	0.0	0.0	Korea	December 31
Heitz Third Co., Ltd. (*2)	Asset securitization	0.0	0.0	Korea	December 31
Woorihansoop 1st Co., Ltd. (*2)	Asset securitization	0.0	0.0	Korea	December 31
Electric Cable First Co., Ltd. (*2)	Asset securitization	0.0	0.0	Korea	December 31
Woori International First Co., Ltd. (*2)	Asset securitization	0.0	0.0	Korea	December 31
Woori WEBST 1st Co., Ltd. (*2)	Asset securitization	0.0	0.0	Korea	December 31
Wibihansoop 1st Co., Ltd. (*2)	Asset securitization	0.0	0.0	Korea	December 31
Uri QS 1st Co., Ltd. (*2)	Asset securitization	0.0	0.0	Korea	December 31
Uri Display 1st Co., Ltd. (*2)	Asset securitization	0.0	0.0	Korea	December 31
Tiger Eyes 2nd Co., Ltd. (*2)	Asset securitization	0.0	0.0	Korea	December 31
Woori Serveone 1st Co., Ltd. (*2)	Asset securitization	0.0	0.0	Korea	December 31
Uri Display 2nd Co., Ltd. (*2)	Asset securitization	0.0	0.0	Korea	December 31
Woori the Colony Unjung Securitization Specialty Co., Ltd. (*2)	Asset securitization	0.0	0.0	Korea	December 31
Woori Dream 1st Co., Ltd. (*2)	Asset securitization	0.0	0.0	Korea	December 31
Woori Dream 2nd Co., Ltd. (*2)	Asset securitization	0.0	0.0	Korea	December 31
Woori H 1st Co., Ltd. (*2)	Asset securitization	0.0	0.0	Korea	December 31
Woori HS 1st Co., Ltd.	Asset securitization	-	0.0	Korea	December 31
Woori HS 2nd Co., Ltd. (*2)	Asset securitization	0.0	0.0	Korea	December 31
Woori Sinnonhyeon 1st Inc. (*2)	Asset securitization	0.0	0.0	Korea	December 31
Woori K 1st Co., Ltd. (*2)	Asset securitization	0.0	0.0	Korea	December 31
Uri S 1st Co., Ltd. (*2)	Asset securitization	0.0	0.0	Korea	December 31
Smart Casting Inc. (*2)	Asset securitization	0.0	0.0	Korea	December 31
Uri Display 3rd Co., Ltd. (*2)	Asset securitization	0.0	-	Korea	December 31

Subsidiaries	Main business	Percentage of ownership (%)		Location	Financial statements date of use
		December 31, 2019	December 31, 2018		
TY 1st Co., Ltd. (*2)	Asset securitization	0.0	-	Korea	December 31
Woori HJ 2nd Co., Ltd. (*2)	Asset securitization	0.0	-	Korea	December 31
Woori-HJ 3rd Co., Ltd. (*2)	Asset securitization	0.0	-	Korea	December 31
Uri K 2nd Co., Ltd. (*2)	Asset securitization	0.0	-	Korea	December 31
Woori KC No.1 Co., Ltd. (*2)	Asset securitization	0.0	-	Korea	December 31
Woori Lake 1st, Ltd. (*2)	Asset securitization	0.0	-	Korea	December 31
Woori QSell 2nd Co., Ltd. (*2)	Asset securitization	0.0	-	Korea	December 31
Quantum Jump the 1st Co., Ltd. (*2)	Asset securitization	0.0	-	Korea	December 31
Quantum Jump the 2nd Co., Ltd. (*2)	Asset securitization	0.0	-	Korea	December 31
Woori BK the 1st Co., Ltd. (*2)	Asset securitization	0.0	-	Korea	December 31
Woori-HC 1st Co., Ltd. (*2)	Asset securitization	0.0	-	Korea	December 31
Wivi Synergy 1st Co., Ltd. (*2)	Asset securitization	0.0	-	Korea	December 31
ATLANTIC TRANSPORTATION 1 S.A. (*2)	Asset securitization	0.0	-	Marshall islands	December 31
Woori Gongdeok First Co., Ltd. (*2)	Asset securitization	0.0	-	Korea	December 31
HD Project Co., Ltd. (*2)	Asset securitization	0.0	-	Korea	December 31
Woori HW 1st Co., Ltd. (*2)	Asset securitization	0.0	-	Korea	December 31
Woori HC 2nd Co., Ltd. (*2)	Asset securitization	0.0	-	Korea	December 31
Woori Dream 3rd Co., Ltd. (*2)	Asset securitization	0.0	-	Korea	December 31
Woori SJS 1st Co., Ltd. (*2)	Asset securitization	0.0	-	Korea	December 31
G5 Pro Short-term Bond Investment Fund 13 (*3)	Securities investment and others	100.0	100.0	Korea	December 31
Heungkuk Global Private Placement Investment Trust No. 1 (*3)	Securities investment and others	98.5	98.5	Korea	December 31
AI Partners UK Water Supply Private Placement Investment Trust No.2 (*3)	Securities investment and others	97.3	97.3	England	December 31
Consus Sakhalin Real Estate Investment Trust 1st (*3)	Securities investment and others	75.0	75.0	Korea	December 31
Multi Asset Global Real Estate Investment Trust No. 5-2 (*3)	Securities investment and others	99.0	-	Korea	December 31
Igis Australia Investment Trust No. 209-1 (*3)	Securities investment and others	99.4	-	Korea	December 31
Woori Global Development Infrastructure Synergy Company Private Placement Investment Trust No.1 (*3)	Securities investment and others	99.9	-	Korea	December 31
IGIS Global Private Placement Real Estate Fund No. 316-1 (*3)	Securities investment and others	99.3	-	Korea	December 31
Principal Guaranteed Trust (*4)	Trust	0.0	0.0	Korea	December 31
Principal and Interest Guaranteed Trust (*4)	Trust	0.0	0.0	Korea	December 31
Multi Asset Global Real Estate Investment Trust No. 5-2: MAGI No.5 LuxCo S.a.r.l. (*2)	Asset securitization	54.6	-	Luxembourg	December 31
MAGI No.5 LuxCo S.a.r.l.: ADP 16 Brussels (*2)	Asset securitization	0.0	-	Belgium	December 31
Woori Investment Bank Co., Ltd.: 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	5.0	Korea	December 31
Seari Second Securitization Specialty Co., Ltd. (*2)	Asset securitization	5.0	5.0	Korea	December 31
Namjong 1st Securitization Specialty Co., Ltd. (*2)	Asset securitization	5.0	5.0	Korea	December 31
Bukgeum First Securitization Specialty Co., Ltd. (*2)	Asset securitization	5.0	5.0	Korea	December 31
Bukgeum Second Securitization Specialty Co., Ltd. (*2)	Asset securitization	5.0	5.0	Korea	December 31
WS1909 Securitization Specialty Co., Ltd. (*2)	Asset securitization	5.0	-	Korea	December 31
One Punch Korea the 1st Co., Ltd. (*2).	Asset securitization	0.0	-	Korea	December 31
One Punch blue the 1 st Co., Ltd. (*2)	Asset securitization	0.0	-	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	0.5	Korea	December 31
Woori Card one of 2017-2 Securitization Specialty Co., Ltd. (*2)	Asset securitization	0.5	0.5	Korea	December 31

Subsidiaries	Main business	Percentage of ownership (%)		Location	Financial statements date of use
		December 31, 2019	December 31, 2018		
Woori Card one of 2018-1 Securitization Specialty Co., Ltd. (*2)	Asset securitization	0.5	0.5	Korea	December 31
WOORI CARD 2019-1 ASSET SECURITIZATION SPECIALTY CO., LTD. (*2)	Asset securitization	0.5	-	Korea	December 31
Woori Private Equity Asset Management Co., Ltd. and Woori Investment Bank Co., Ltd.:					
Japanese Hotel Real Estate Private Equity Fund 1 (*3)	Securities investment and others	45.5	-	Korea	December 31
Woori Asset Management Corp.:					
Woori china convertible bond fund (*3)	Securities investment and others	98.6	-	Korea	December 31
Woori Global Asset Management Co.,Ltd.:					
WOORIG China Value Equity (C/C(F)) (*3)	Securities investment and others	95.1	-	Korea	December 31
Woori Bank, Woori Investment Bank Co., Ltd and Woori Private Equity Asset Management Co., Ltd.:					
Woori Innovative Growth Professional Investment Type Private Investment Trust No.1(*3)	Securities investment and others	60.0	-	Korea	December 31
Woori bank and Woori Investment Bank Co., Ltd.:					
Heungkuk Woori Tech Company Private Placement Investment Trust No. 1 (*3)	Securities investment and others	100.0	98.0	Korea	December 31

(*1) As of December 31, 2018, Woori bank held 8.6% interest and hold 67.2% interest as of December 31, 2019 as acquiring 58.6% interests additionally during current period.

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

(*3) The entity is a structured entity for the purpose of investment in securities. Although the Group is not a majority shareholder, the Group 1) has the power over the investee, 2) is exposed to 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.

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

(3) The Group has not consolidated the following entities as of December 31, 2019 and 2018 despite having more than 50% ownership interest:

Subsidiaries	As of December 31, 2019		
	Location	Main Business	Percentage of ownership (%)
Golden Bridge NHN Online Private Equity Investment (*)	Korea	Securities Investment	60.0
Mirae Asset Maps Clean Water Private Equity Investment Trust 7th (*)	Korea	Securities Investment	59.7
Kiwoom Yonsei Private Equity Investment Trust (*)	Korea	Securities Investment	88.9
IGIS Europe Private Placement Real Estate Fund No. 163-2 (*)	Korea	Securities Investment	97.9
IGIS Global Private Placement Real Estate Fund No. 148-1 (*)	Korea	Securities Investment	75.0
IGIS Global Private Placement Real Estate Fund No. 148-2 (*)	Korea	Securities Investment	75.0
Mirae Asset Seoul Ring Expressway Private Special Asset Fund No. 1 (*)	Korea	Securities Investment	66.7
Hangkang Sewage Treatment Plant Fund (*)	Korea	Securities Investment	55.6
KIM Pocheon-Hwado Highway Infra Private Placement Special Asset Fund (*)	Korea	Securities Investment	55.2

(*) Since the investee is a private equity investment fund, the Group does not have the power over the fund's activities even though it holds more than 50% of ownership interest.

As of December 31, 2018

Subsidiaries	Location	Main Business	Percentage of ownership (%)
Golden Bridge NHN Online Private Equity Investment (*)	Korea	Securities Investment	60.0
Mirae Asset Seobu Underground Expressway Professional Investment (*)	Korea	Securities Investment	65.8
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	89.6
IGIS Europe Private Placement Real Estate Fund No. 163-2 (*)	Korea	Securities investment	97.9
IGIS Global Private Placement Real Estate Fund No. 148-1 (*)	Korea	Securities investment	75.0
IGIS Global Private Placement Real Estate Fund No. 148-2 (*)	Korea	Securities investment	75.0
KB Nongso Sewage Treatment Equipment Private Special Asset (*)	Korea	Securities investment	50.0
Mirae Asset Seoul Ring Expressway Private Special Asset Fund No. 1 (*)	Korea	Securities investment	66.2
Hangkang Sewage Treatment Plant Fund (*)	Korea	Securities investment	55.6
Consus KyungJu Green Private Placement Real Estate Fund No. 1 (*)	Korea	Securities investment	52.4

(*) Since the investee is a private equity investment fund, the Group does not have the power over the fund's activities even though it holds more than 50% of ownership interest.

- (4) The summarized financial information of the major subsidiaries are as follows. The financial information of each subsidiary was prepared on the basis of consolidated financial statements. (Unit: Korean Won in millions):

As of and for the year ended December 31, 2019

	Assets	Liabilities	Operating revenue	Net income (loss) attributable to owners	Comprehensive income (loss) attributable to owners
Woori Bank (*1)	348,181,658	325,526,568	22,240,947	1,505,547	1,531,793
Woori Card Co., Ltd.	10,087,342	8,299,175	1,368,234	114,196	111,782
Woori Investment Bank Co., Ltd.	3,398,960	3,031,622	204,655	53,358	52,095
Woori FIS Co., Ltd.	91,079	55,112	244,923	3,107	3,119
Woori Finance Research Institute Co., Ltd.	5,447	1,999	5,452	160	117
Woori Credit Information Co., Ltd.	37,872	7,948	39,118	1,698	1,389
Woori Fund Service Co., Ltd.	16,852	2,109	11,071	1,735	1,735
Woori Asset Trust Co., Ltd. (*2)	139,839	45,410	-	-	-
Woori Asset Management Corp. (*2)	113,037	6,301	9,204	1,720	2,544
Woori Private Equity Asset Management Co., Ltd.	38,243	2,985	4,152	(2,087)	(2,124)
Woori Global Asset Management Co., Ltd. (*2)	32,807	3,230	3,588	(1,360)	(1,360)

(*1) The amount is prepared based on the consolidated financial statements of Woori Bank (reflecting the classification of profit or loss of the discontinued operation).

(*2) The income or loss information of Woori Asset Management Corp. and Woori Global Asset Management Co., Ltd. are prepared based on the income or loss from August 1, 2019, the date on which the power was obtained, to December 31, 2019. In addition, the Group acquired Woori Asset Trust Co., Ltd on December 30, 2019, thus the income or loss information of Woori Asset Trust Co., Ltd are not included.

As of and for the year ended December 31, 2018

	Assets	Liabilities	Operating revenue	Net income (loss) attributable to owners	Comprehensive income (loss) attributable to owners
Woori FIS Co., Ltd.	96,260	63,412	271,651	2,840	269
Woori Private Equity Asset Management Co., Ltd.	38,820	1,439	1,713	(2,794)	(2,843)
Woori Finance Research Institute Co., Ltd.	3,891	560	4,708	7	(109)
Woori Card Co., Ltd.	9,987,057	8,305,093	1,371,301	114,767	106,517
Woori Investment Bank Co., Ltd.	2,682,660	2,367,418	205,446	25,552	25,533
Woori Credit Information Co., Ltd.	34,921	6,386	36,883	1,657	1,411
Woori America Bank	2,182,454	1,878,117	90,975	20,510	32,335
Woori Global Markets Asia Limited	517,627	396,216	18,748	5,144	9,647
Woori Bank China Limited	5,470,927	4,953,813	366,973	21,879	19,194
AO Woori Bank	305,521	256,260	19,433	5,163	(3,234)
PT Bank Woori Saudara Indonesia 1906 Tbk	2,355,975	1,853,768	192,719	40,385	27,109
Banco Woori Bank do Brasil S.A.	179,130	149,146	13,971	1,262	(2,326)

As of and for the year ended December 31, 2018

	Assets	Liabilities	Operating revenue	Net income (loss) attributable to owners	Comprehensive income (loss) attributable to owners
Korea BTL Infrastructure Fund	777,437	299	29,760	26,057	26,057
Woori Fund Service Co., Ltd.	14,448	1,440	10,052	1,597	1,597
Woori Finance Cambodia PLC.	93,239	71,133	11,038	2,826	3,676
Woori Finance Myanmar Co., Ltd.	19,340	6,886	4,496	640	(1,256)
Wealth Development Bank	218,134	184,344	13,668	80	(451)
Woori Bank Vietnam Limited	954,580	720,554	48,716	10,710	13,618
WB Finance Co., Ltd.	268,794	225,655	24,310	2,421	2,329
Woori Bank Europe	58,399	311	5	(5,959)	(5,974)
Money trust under the FISCMA Act	1,582,765	1,552,594	54,860	259	259
Structured entity for the securitization of financial assets	1,369,745	1,786,869	53,578	4,990	(5,681)
Structured entity for the investments in securities	63,676	142	1,826	(1,299)	(3,009)

(*) The financial statements of the major subsidiaries as of December 31, 2018 are prepared based on the Woori Bank which was the controlling company at the end of the previous term.

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

- Structured entity for asset securitization

The structured entity which 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 provision of 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 funding to the structured entity by the Group, 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 solely principal to some of its trust products. Due to the financial guarantees, the Group may be obliged 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.

As of December 31, 2019, the Group provides 2,241,640 million Won of credit facilities for the structured entities mentioned above.

- (6) The Group has entered into various agreements with structured entities such as asset securitization, structured finance, investment fund, and monetary trust. The characteristics and the nature of risks related to unconsolidated structured entities over which the Group does not have control in accordance with K-IFRS 1110 are as follows:

The ownership interests on unconsolidated structured entities that the Group hold are classified into asset securitization vehicles, structured finance, investment fund and real-estate trust, based on the nature and the purpose of the structured entities.

Unconsolidated structured entities classified as ‘asset securitization vehicles’ are entities that issue asset-backed securities, pay the principal and interest or distributes dividends on asset-backed securities through borrowings or profits from the management, operation and sale of securitized assets. The Group transfers related risks by the purchase commitments of asset-backed securities or issuance of asset-backed securities through credit grants, and the structured entities recognize related interest or fee revenue. There are entities that provide additional funding and conditional debt acquisition commitments before the Group’s financial support, but the Group is still exposed to losses arising from the purchase of financial assets issued by the structured entities when it fails to renew the securities.

Unconsolidated structured entities classified as ‘structured financing’ include real estate project financing investment vehicle, social overhead capital companies, and special purpose vehicles for ship (aircraft) financing. Each entity is incorporated as a separate company with a limited purpose in order to efficiently pursue business goals. ‘Structured financing’ is a financing method for large-scale risky business, with investments made based on feasibility of the specific business or project, instead of credit of business owner or physical collaterals. The investors receive profits from the operation of the business. The Group recognizes interest revenue, profit or loss from assessment or transactions of financial instruments, or dividend income. With regard to uncertainties involving structured financing, there are entities that provide financial support such as additional fund, guarantees and prioritized credit grants prior to the Group’s intervention, but the Group is exposed to possible losses due to loss of principal from reduction in investment value or irrecoverable loans arising from failure to collect scheduled cash flows and cessation of projects.

Unconsolidated structured entities classified as ‘investment funds’ include investment trusts and private equity funds. An investment trust orders the investment and operation of funds to the trust manager in accordance with trust contract with profits distributed to the investors. Private equity funds finances money required to acquire equity securities to enable direction of management and/or improvement of ownership structure, with profit distributed to the investors. The Group recognizes pro rata amount of valuation gain or loss on investment and dividend income as an investor and may be exposed to losses due to reduction in investment value.

‘Real estate trust’ is to be entrusted the underlying property for the purpose of managing, disposing, operating or developing from the consignor who owns the property and distributes the proceeds achieved through the trust to the beneficiary. When the consignee does not fulfill his or her important obligations in the trust contract or it is, in fact, difficult to run the business, the Group may be exposed to the threat of compensating the loss.

The total assets of the unconsolidated structured entity held by the Group, the carrying amount of the items recognized in the financial statements, the maximum loss exposure, and the losses from the unconsolidated structured entity are as follows. The maximum loss exposure includes the amount of investment recognized in the financial statements and the amount that is likely to be confirmed in the future when satisfies certain conditions by contracts such as purchase arrangements, credit offerings.

	December 31, 2019			
	Asset securitization vehicle	Structured Finance	Investment Funds	Real-estate trust
Total asset of the unconsolidated structured entities	8,230,254	62,879,421	18,265,273	152,257
Assets recognized in the consolidated financial statements related to the unconsolidated structured entities	5,128,616	2,982,217	1,411,639	57,928
Financial assets at FVTPL	324,414	28,834	1,109,621	655
Financial assets at FVTOCI	2,006,230	42,305	-	-
Financial assets at amortized cost	2,796,695	2,897,620	120,072	57,273
Investments in joint ventures and associates	-	7,475	181,946	-
Derivative assets	1,277	5,983	-	-
Liabilities recognized in the consolidated financial statements related to the unconsolidated structured entities	184	1,291	-	2,808
Derivative liabilities	-	15	-	-
Other liabilities (provisions)	184	1,276	-	2,808
The maximum exposure to risks	5,561,394	3,532,539	1,457,398	77,117
Investment assets	5,128,616	2,982,217	1,411,639	57,928
Credit facilities	432,778	550,322	45,759	19,189
Loss recognized on unconsolidated structured entities	-	4,660	34,312	5,218
	December 31, 2018			
	Asset securitization vehicle	Structured finance	Investment funds	
Total asset of the unconsolidated structured entities	6,796,235	58,161,494	11,138,822	
Assets recognized in the consolidated financial statements related to the unconsolidated structured entities	2,571,835	2,831,842	1,530,767	
Financial assets at FVTPL	285,156	70,219	1,197,844	
Financial assets at FVTOCI	281,919	48,961	-	
Financial assets at amortized cost	2,003,921	2,511,055	71,150	
Investments in joint ventures and associates	-	197,393	261,773	
Derivative assets	839	4,214	-	
Liabilities recognized in the consolidated financial statements related to the unconsolidated structured entities	1,260	905	-	
Derivative liabilities	116	248	-	
Other liabilities (provisions)	1,144	657	-	
The maximum exposure to risks	3,252,329	3,408,271	1,587,325	
Investments	2,571,835	2,831,842	1,530,767	
Credit facilities	680,494	576,429	56,558	
Loss recognized on unconsolidated structured entities	5,764	11,609	13,868	

- (7) As of December 31, 2019 and 2018, the share of non-controlling interests on the net income and equity of subsidiaries in which non-controlling interests are significant are as follows: (Unit: Korean Won in millions):

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

	December 31, 2019	December 31, 2018
Woori Bank (*)	3,660,814	-
Woori Investment Bank	151,170	130,088
Woori Asset Trust Co., Ltd	40,161	-
Woori Asset Management Corp	29,800	-
PT Bank Woori Saudara Indonesia 1906 Tbk	83,315	68,250
Wealth Development Bank	18,524	16,557

(*) Hybrid securities issued by Woori Bank

2) Net income attributable to non-controlling interests

	For the year ended December 31, 2019	For the year ended December 31, 2018
Woori Bank (*)	134,421	-
Woori Investment Bank	21,588	10,262
Woori Asset Trust Co., Ltd	-	-
Woori Asset Management Corp	408	-
PT Bank Woori Saudara Indonesia 1906 Tbk	8,502	8,126
Wealth Development Bank	427	39

(*) Distribution of the hybrid securities issued by Woori Bank

3) Dividends to non-controlling interests

	For the year ended December 31, 2019	For the year ended December 31, 2018
PT Bank Woori Saudara Indonesia 1906 Tbk	1,981	2,082

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

(1) Basis of presentation

The Group's consolidated financial statements are prepared in accordance with Korean International Financial Reporting Standards ("K-IFRS")

The significant accounting policies applied in the preparation of consolidated financial statements as of and for the year ended December 31, 2019 are stated below, and the accounting policies applied are identical to ones used in the preparation of Woori Bank's previous period consolidated financial statements, except for the effects of adopting new standards or interpretations as explained below.

The consolidated financial statements, as described in following paragraphs of accounting policy, are prepared at the end of each reporting period in historical cost basis, except for certain non-current assets and financial assets that are either revalued or measured in fair value. Historical cost is generally measured at the fair value of consideration given to acquire assets.

The consolidated financial statements of the Group were approved for the issuance on March 3, 2020 by the Board of Directors, and the final approval will be made in the annual general shareholders' meeting on March 25, 2020.

1) The standards and interpretations that are newly adopted by the Group during the current period, and the changes in accounting policies thereof are as follows:

① K-IFRS 1109 'Financial Instruments,' K-IFRS 1107 'Financial Instruments: Disclosure' amendments

The Group has adopted the amendments of K-IFRS 1109 and 1107 for the first time in the current year. The amendments mainly deal with the addition of temporary exceptions from applying specific hedge accounting requirements while the uncertainty arises from interest rate benchmark reform. The amendment requires that for the purpose of determining whether a forecast transaction (or a component thereof) is highly probable, an entity shall assume that the interest rate benchmark on which the hedged cash flows (contractually or non-contractually specified) are based is not altered as a result of interest rate benchmark reform. When applying the prospective assessment, the amendment further requires that an entity shall assume that the hedged risk or the interest rate benchmark on which the hedged item or the hedging instrument is based is not altered as a result of the reform. Additionally, for a hedge of a non-contractually specified benchmark component of interest rate risk, an entity shall apply the requirement that the risk component shall be separately identifiable only at the inception of the hedging relationship. Meanwhile, an entity shall prospectively cease applying the temporary exceptions to a hedged item at the earlier of: (a) when the uncertainty arising from interest rate benchmark reform is no longer present with respect to the timing and the amount of the interest rate benchmark-based cash flows of the hedged item; and (b) when the hedging relationship that the hedged item is part of is discontinued. Note 26 sets out details of the hedge accounting applied by the Group. These amendments will be effective from January 1, 2020 but the Group has applied such amendments in current year as the early adoption is permitted.

② K-IFRS 1116 Leases

The Group initially applied K-IFRS 1116 on January 1, 2019.

K-IFRS 1116 introduces an accounting model for the single lessee and as a result, the Group, as a lessee, recognizes right-of-use assets which represent a lessee's right to use an underlying asset and lease liabilities which represent an obligation to make lease payments. An accounting model for the lessor is similar to the previous accounting policy.

The Group recognized the cumulative effects due to the initial application of K-IFRS 1116 on January 1, 2019, which is the date of initial application. Therefore, the comparative financial information applies K-IFRS 1017 and K-IFRS 2104 as reported previously, and was not restated. The details of the changes to the accounting policy are described below.

i) Definition of lease

Previously, the Group determined whether an arrangement is, or contains, a lease on the arrangement date by applying K-IFRS 2104 'Determining whether an arrangement contains a lease' which focused on 'risks and consideration'. The Group has started to determine whether the contract is, or contains, a lease, based on the new definition of a lease. Under K-IFRS 1116, a contract determines whether a lease includes control of the use of an underlying asset that is identified in exchange for consideration.

On the date of initial application for K-IFRS 1116, the Group elected to apply a practical expedient which does not require the Group to reassess whether the contract is a lease. The Group applied K-IFRS 1116 only to the contracts that were previously identified as a lease and did not reassess the contracts that were not identified as a lease in line with K-IFRS 1017 and K-IFRS 2104. Therefore, the definition of lease under K-IFRS 1116 is only applicable to contracts that are entered into or modified after January 1, 2019.

For the agreed or revalued date of the contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease and non-lease components.

The Group elected not to recognize right-to-use assets and lease liabilities for certain leases of low-value assets (e.g. IT facilities) and short-term leases (less than one year). The Group will recognize the related lease payments as expenses equally over the lease period.

IFRS Interpretations Committee published its interpretation of 'Lease Period and Lease Improvement Useful Life' as of December 16, 2019. The Interpretation Committee discussed a question about how to determine the lease term for cancellable or renewable leases and according to the interpretation, the lease term will depend on both the termination penalties in the contract and the broader economics of the contract. Agenda decisions issued by the Interpretations Committee do not have an application date, but are expected to be implemented as soon as possible. The Group is currently assessing the impact of the agenda decision and does not expect a material impact to the financial statements.

ii) Lessee

The Group leases various assets, including buildings, vehicles and IT equipment.

Previously, the Group classified its leases either as operating leases or as finance leases based on whether the lease substantially transfers the risk and reward of owning the underlying assets. According to K-IFRS 1116, the Group recognizes right-of-use assets and lease liabilities for most of its leases, which means most of its leases are presented in the statement of financial position.

For the right-of-use assets that do not satisfy the definition of an investment property, the Group presents those assets as the same item as the item that the corresponding underlying asset would have been presented for. Right-of-use assets that meet the definition of investment properties would be presented as investment properties.

The Group presents lease liability as other financial liabilities in the consolidated statement of financial position.

iii) Regulation on lease terms

On the date of initial application, a lease classified as an operating lease in accordance with K-IFRS 1017 is measured at present value of the remaining lease payments discounted at the incremental borrowing rate of the subsidiary as of January 1, 2019. However, the Group chose an exception that does not apply the lessee's recognition, measurement and presentation on low value asset leases. The right-of-use asset is measured as follows:

- The same amount as lease liability (pre-paid or incurred (unpaid) lease payments are adjusted). The Group applies this method to all leases.

When the Group applies K-IFRS 1116 to the leases classified as operating leases in accordance with K-IFRS 1017, following practical expedients are used:

- Opening direct costs are excluded from the measurement of the right-of-use asset at the date of initial application.
- An entity should apply K-IFRS 1037 'Provisions, Contingent Liabilities and Contingent Assets' right before the date of initial application to determine whether a lease is a loss-bearing contract and therefore conduct an impairment review.
- The right-of-use assets and lease liabilities are not recognized for short-term leases (residual term less than a year)
- If the contract includes a lease extension or exit option, use hindsight to determine the lease term.

iv) Impacts to the financial statements

a) Impacts at date of initial application

At the date of initial application of K-IFRS 1116, the Group additionally recognized the right-of-use assets and lease liabilities, and the impacts as of January 1, 2019 are as follows (Unit: Korean Won in millions):

	January 1, 2019
Right-of-use assets presented as premises and equipment(*)	435,791
Lease liability(*)	377,030

(*) The differences have occurred due to prepaid, unpaid lease payment, transfer, etc. and there is no effect on retained earnings.

When measuring lease liabilities for leases that were previously classified as operating lease, the Group used its incremental borrowing rate as of January 1, 2019 as the discount rate. The applied weighted-average incremental borrowing rate is 2.0~5.6%.

	January 1, 2019
Operating leases as of December 31, 2018	398,147
- Application of exemption rule for low value assets leases	(616)
- Application of exemption rule for leases with remaining terms are less than 12 months at the time of transition	(187)
Operating lease agreement after subtraction of exemption rule applied items as of December 31, 2018	397,344
Amount discounted with incremental borrowing rate at the date of initial application(January 1, 2019)	377,030
Lease liabilities recognized at the date of initial application(January 1, 2019)	377,030

b) Impacts during the transition

The Group recognized depreciation expenses and interest expenses instead of the operating lease expenses for the leases in line with K-IFRS 1116. The Group recognized depreciation expenses of 229,727 million Won and interest expenses of 9,086 million Won for the lease for the year ended December 31, 2019.

③ It is believed that the following issued, revised standards will not have a significant impact on the Group.

- K-IFRS 2123 Uncertainty over Income Tax Treatments (Issued)
- K-IFRS 1109 Financial Instrument (Revised)
- K-IFRS 1028 Investment in Associates and Joint Ventures (Revised)
- K-IFRS 1019 Employee Benefits (Revised)
- K-IFRS 1115 Revenue from Contracts with Customers (Revised)
- Annual Improvements to IFRSs 2015-2017 Cycle

The annual improvements include partial amendments of K-IFRS 1012 'Income Tax,' K-IFRS 1023 'Borrowing Cost,' K-IFRS 1103 'Business Combination' and K-IFRS 1111 'Joint Arrangements'.

- 2) The details of K-IFRSs that have been issued and published as of the date of issue approval of financial statements but have not yet reached the effective date, and which the Group has not applied at an earlier date are as follows:
- Revised Conceptual Framework for Financial Reporting
 - Revised K-IFRS 1103 ‘Business Combinations’
 - Revised K-IFRS 1001 ‘Financial Statements Presentation’ and K-IFRS 1008 ‘Change and Error of Accounting Policy and Accounting Estimates’

It will be applied to period beginning on or after January 1, 2020. It is believed that revised standards listed above, will not have a significant impact on the company

- 3) The standards and interpretations that are newly adopted by the Group during the previous period, and the changes in accounting policies thereof are as follows:
- Adoption of K-IFRS 1109 – *Financial instruments*
The Group initially applied K-IFRS 1109 and related amendments made to other standards during the previous period, with January 1, 2018 as the date of initial application. K-IFRS 1109 introduces new rules on: 1) classification and measurement of financial assets and financial liabilities, 2) impairment of financial assets, and 3) hedge accounting. Additionally, the Group adopted consequential amendments to K-IFRS 1037 Financial Instruments: Disclosures that were applied to the disclosures for 2018.

a) Classification and measurement of financial assets

All financial assets included in the scope of K-IFRS 1109 are subsequently measured at amortized cost or fair value based on the Group’s business model for the management of financial assets and the nature of the contractual cash flows of the financial assets.

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

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

All other debt instruments and equity instruments are measured at their fair value at the end of subsequent accounting periods, and any change in the fair value is recognized as profit or loss (Financial assets at fair value through profit or loss (“FVTPL”)).

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

The Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument within the scope of this standard that is neither held for trading nor is a contingent consideration recognized by an acquirer in a business combination to which K-IFRS 1103 applies.

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

As of the date of initial application of K-IFRS 1109, there are no debt instruments classified either as financial assets at amortized cost or FVTOCI that are designated as financial assets at fair value through profit or loss.

When debt instruments measured at FVTOCI are derecognized, the cumulative gain or loss recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. On the other hand, for equity instruments designated as financial assets at fair value through other comprehensive income, cumulative gains or losses previously recognized in other comprehensive income are subsequently reclassified to retained earnings. Debt instruments measured subsequently at amortized cost or at FVTOCI are subject to impairment.

The classification and measurement of financial assets and liabilities in accordance with K-IFRS 1109 and K-IFRS 1039 as of January 1, 2018 are as follows (Unit: Korean Won in millions):

	Classification in accordance with K-IFRS 1039	Classification in accordance with K-IFRS 1109	Amount in accordance with K-IFRS 1039	Reclassification	Remeasurement(*2)	Amount in accordance with K-IFRS 1109
Deposit	Loans and receivables	Loan and other financial assets at amortized cost	8,870,835	-	-	8,870,835
Deposit	Financial assets at FVTPL	Financial assets at FVTPL	25,972	-	-	25,972
Debt securities	Financial assets at FVTPL	Financial assets at FVTPL(*1)	2,654,027	-	-	2,654,027
Equity securities	Financial assets at FVTPL	Financial assets at FVTPL(*1)	47,304	-	-	47,304
Derivative assets	Financial assets at FVTPL	Financial assets at FVTPL(*1)	3,115,775	(2,137)	-	3,113,638
Equity securities	AFS financial assets	Financial assets at FVTPL(*1)	1,273,498	1,219	-	1,274,717
Equity securities	AFS financial assets	Financial assets at FVTOCI	850,207	-	-	850,207
Debt securities	AFS financial assets	Financial assets at FVTPL	46,855	-	-	46,855
Debt securities	AFS financial assets	Financial assets at FVTOCI	12,874,209	-	-	12,874,209
Debt securities	AFS financial assets	Securities at amortized cost	308,181	-	14,119	322,300
Debt securities	HTM financial assets	Securities at amortized cost	16,749,296	-	-	16,749,296
Loans	Loans and receivables	Financial assets at FVTPL (*1)	279,032	918	50	280,000
Loans	Loans and receivables	Loan and other financial assets at amortized cost	253,014,491	-	-	253,014,491
Derivative assets (Designated for hedging)	Derivative assets (Designated for hedging)	Derivative assets (Designated for hedging)	59,272	-	-	59,272
Other financial assets	Loans and receivables	Loan and other financial assets at amortized cost	6,772,088	-	-	6,772,088
	Total financial assets		<u>306,941,042</u>	<u>-</u>	<u>14,169</u>	<u>306,955,211</u>

	Classification in accordance with K-IFRS 1039	Classification in accordance with K-IFRS 1109	Amount in accordance with K-IFRS 1039	Reclassification	Remeasurement(*2)	Amount in accordance with K-IFRS 1109
Deposit due to customers	Financial liabilities at FVTPL	Financial liabilities at FVTPL	25,964	-	-	25,964
Deposit due to customers	Financial liabilities at amortized cost	Financial liabilities at amortized cost	234,695,084	-	-	234,695,084
Borrowings	Financial liabilities at amortized cost	Financial liabilities at amortized cost	14,784,706	-	-	14,784,706
Debentures	Financial liabilities at FVTPL	Financial liabilities at FVTPL	91,739	-	-	91,739
Debentures	Financial liabilities at amortized cost	Financial liabilities at amortized cost	27,869,651	-	-	27,869,651
Equity-linked securities	Financial liabilities at FVTPL	Financial liabilities at FVTPL	160,057	-	-	160,057
Derivatives liabilities	Financial liabilities at FVTPL	Financial liabilities at FVTPL	3,150,149	-	-	3,150,149
Derivatives liabilities (Designated for hedging)	Derivatives liabilities (Designated for hedging)	Derivatives liabilities (Designated for hedging)	67,754	-	-	67,754
Other financial liabilities	Financial liabilities at amortized cost	Financial liabilities at amortized cost	13,892,461	-	-	13,892,461
Provision for financial guarantee	Provision	Financial liabilities at amortized cost	71,697	-	-	71,697
	Total financial liabilities		<u>294,809,262</u>	<u>-</u>	<u>-</u>	<u>294,809,262</u>

(*1) Under K-IFRS 1039, the embedded derivatives out of hybrid financial instruments were accounted for as derivative assets or liabilities if the criteria for separation of the embedded derivatives were met; and the host contracts in those instruments were recorded as available-for-sale financial assets or loans and receivables respectively. However, since K-IFRS 1109 requires financial instruments to be accounted for based on the terms of the entire financial instrument, hybrid financial assets are revalued and classified as financial assets at fair value through profit or loss.

(*2) The remeasurement effect due to expected credit losses is not included (The remeasurement effect of expected credit losses is as follows: b) Impairment of financial assets).

At the date of the initial application of K-IFRS 1109, there were no financial assets or liabilities measured at FVTPL that were reclassified to FVTOCI or amortized cost category.

The financial assets at FVTPL or FVTOCI that are reclassified to the amortized cost measurement category as of the date of initial application of K-IFRS 1109, and the related valuation gain or loss and fair value of the financial assets as of December 31, 2018 had it not been reclassified, are as follows (Unit: Korean Won in millions):

Account subject	Category before the adoption of K-IFRS 1109	Amount of valuation gain/loss had it not been reclassified	Fair value
Debt securities(*)	AFS financial assets	2	257,665

(*) Those financial assets that are removed from the books as of December 31, 2018 are not presented in the table above.

b) Impairment of financial assets

The impairment model under K-IFRS 1109 reflects expected credit losses, as opposed to incurred credit losses under K-IFRS 1039. Under the impairment approach in K-IFRS 1109, it is no longer necessary for a credit event to have occurred before credit losses are recognized. Instead, the Group accounts for expected credit losses and changes in those expected credit losses. The amount of expected credit losses should be updated at each reporting date to reflect changes in credit risk since initial recognition.

The Group is required to recognize the expected credit losses for financial instruments measured at amortized cost or FVTOCI (debt instrument), and unused loan commitments and financial guarantee contracts that are subject to the impairment provisions of K-IFRS 1109. In particular, K-IFRS 1109 requires the Group to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset. If the credit risk of a financial instruments does not increase significantly after initial recognition (excluding “purchased or originated credit-impaired loans” - for financial assets already impaired at initial recognition), the Group measures the loss allowance on the financial instruments at the amount equivalent to the expected 12-month credit loss.

Management assessed the impairment of the Group's financial assets, lending arrangements and financial guarantees at the date of initial application by using reasonable and supportive measures that can be used without undue cost or effort in determining the credit risk of the financial instruments at initial recognition in accordance with K-IFRS 1109 and in comparing above credit risk with the credit risk at the date of initial application. As of January 1, 2018, the results of the assessment are as follows (Unit: Korean Won in millions):

	Classification in accordance with K-IFRS 1039	Classification in accordance with K-IFRS 1109	Loss allowance in accordance with K-IFRS 1039(A)	Loss allowance in accordance with K-IFRS 1109 (B)	Increases (B-A)
Deposit	Loans and receivables	Loans and other financial assets at amortized cost	2,458	3,092	634
Debt securities					
AFS securities	AFS financial assets	Financial assets at FVTOCI	-	4,236	4,236
HTM securities	HTM financial assets	Securities at amortized cost	-	5,078	5,078
Loans and other financial assets	Loans and receivables	Loans and other financial assets at amortized cost	1,827,785	2,076,873	249,088
Payment guarantee			183,247	192,924	9,677
Loan commitment			66,115	104,985	38,870
	Total		2,079,605	2,387,188	307,583

c) Classification and measurement of financial liabilities

One of the major changes related to the classification and measurement of financial liabilities as a result of the adoption of K-IFRS 1109 is the accounting for change in the fair value of financial liabilities designated as at fair value through profit or loss due to the changes in issuer's own credit risk. The Group recognizes the effect of changes in the credit risk of financial liabilities designated as at FVTOCI in other comprehensive income, except for cases where it creates or enlarges accounting mismatch of the profit or loss. Changes in fair value due to credit risk of financial liabilities are not subsequently reclassified to profit or loss, but are reclassified as retained earnings when financial liabilities are derecognized.

In accordance with K-IFRS 1039, the entire of changes in fair value of financial liabilities designated as at FVTPL are recognized in profit or loss. As of January 1, 2018, the Group designated 251,796 million Korean Won of FVTPL out of 294,813,795 million of financial liabilities to be measured at FVTPL, and recognized 133 million Korean Won as accumulated other comprehensive loss in relation to the changes in own credit risk of financial liabilities.

d) Hedge accounting

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

In accordance with the transitional provisions of K-IFRS 1109 on hedge accounting, the Group adopted the hedge accounting provisions of K-IFRS 1109 prospectively from January 1, 2018. As of the date of initial application, the Group concluded that the hedging relationship in accordance with K-IFRS 1039 is appropriate for hedge accounting under K-IFRS 1109, thus the hedging relationship is considered to exist continually. Since the major conditions for hedging instruments and the hedged items are consistent, all hedging relationships are consistent within the effectiveness assessment requirements of K-IFRS 1109. The Group has not designated a hedging relationship in accordance with K-IFRS 1109 in which the hedge relationship would not have met the requirements for hedge accounting under K-IFRS 1039.

e) Effect on equity as a result of adoption of K-IFRS 1109

The effect on equity due to the adoption of K-IFRS 1109 as of January 1, 2018 is as follows (Unit: Korean Won in millions):

- Impact on accumulated other comprehensive loss due to financial assets at FVTOCI, etc.

	<u>Amount</u>
Balance as of December 31, 2017 (prior to K-IFRS 1109)	(89,724)
Adjustments	(392,176)
Reclassification of available-for-sale financial assets to financial assets at FVTPL	(152,124)
Recognition of expected credit losses of debt securities at FVTOCI	4,293
Reclassification of available for sale financial assets(equity securities) to financial assets at FVTOCI	(397,508)
Effect on changes in credit risk of financial liabilities at fair value through profit or loss designated as upon initial recognition	(133)
Others	3,500
Income tax effect	149,796
Balance as of January 1, 2018 (based on K-IFRS 1109)	<u>(481,900)</u>

- Retained earnings impact

	Amount
Balance as of December 31, 2017 (prior to K-IFRS 1109)	15,620,006
Adjustments	177,091
Reclassification of available-for-sale financial assets to financial assets at FVTPL	152,124
Recognition of expected credit losses of debt instruments at FVTOCI	(4,293)
Reclassification of available-for-sale financial assets(equity securities) to financial assets at FVTOCI	397,508
Effect on revaluation of financial assets at amortized cost from loan and receivables or AFS financial assets	282
Recognition of expected credit losses of financial assets at amortized cost which were previously loan and receivables	(240,683)
Effect on provision for guarantees and unused loan commitments on liabilities	(48,548)
Effect on changes in credit risk of financial liabilities at fair value through profit or loss designated as upon initial recognition	133
Others	(4,950)
Income tax effect	(74,482)
Balance as of January 1, 2018 (based on K-IFRS 1109)	<u>15,797,097</u>

(2) Basis of consolidated financial statement presentation

The consolidated financial statements incorporate the financial statements of the Group and the entities (including structured entities) controlled by the Group (and its subsidiaries, which 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. The carrying amount of the non-controlling interest after the acquisition is the amount initially recognized plus the amount of proportionate interest of the non-controlling interest in the changes in equity since the acquisition. 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.

Non-controlling interest of a subsidiary are separately identified from the equity of the Group. 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. The carrying amount of the non-controlling interest after the acquisition is the amount initially recognized with the amount entitled to the proportionate interest of the non-controlling interest when there are changes in equity since the acquisition. 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.

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 parent company.

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 1109 Financial Instruments 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 as the sum of the acquisition-date fair values of the assets transferred by the Group in exchange for control of the acquiree, liabilities assumed by the Group for the former owners of the acquiree and the equity interests issued by the Group. Acquisition-related costs are generally recognized in profit or loss as incurred.

At the acquisition date, the acquiree's identifiable acquires assets, liabilities and contingent liabilities that meet the condition for recognition under K-IFRS 1103 are recognized at their fair value, except for the followings:

- 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 are measured in accordance with K-IFRS 1105 'Non-current Assets Held for Sale and Discontinued Operations'

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.

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.

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 other than the above is remeasured at subsequent reporting dates 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 (or other comprehensive income, if applicable). 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 recognized, identical to the treatment assuming interests are sold directly.

In case where i) a common entity ultimately controls over all participating entities, or businesses, in a 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, and 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 in 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.

If the initial accounting for a business combination is not completed by the end of the reporting period in which the business combination occurred, the Group reports in consolidated financial statements the provisional amount of items that have not been accounted for. If there is new information about the facts and circumstances that existed as of the acquisition date during the measurement period (see above), the Group retrospectively adjusts the provisional amounts recognized at the acquisition date or recognizes additional assets and liabilities to reflect the information that would have affected the measurement of the amount recognized at the acquisition date if it had already known at the acquisition date.

(4) Investments in joint ventures and associates

An associate is an entity over which the Group has significant influence, and that is not a subsidiary or a joint venture. 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 assets and liabilities 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.

Investment in joint ventures and associates are accounted for and applied with the equity method from the time the investee becomes an associate or a joint venture.

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 exists after the review, it is recognized immediately in net income.

The requirements of K-IFRS 1028 - Investments in Associates and Joint Ventures 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 ceases to use the equity method from the time it fails meet the definition of an associate or a joint venture. 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 1109 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 or a joint venture 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 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.

The Group applies K-IFRS 1109 'Financial Instruments', including the impairment requirements, to its long-term investment interests in associates and joint ventures that form part of its net investment without applying the equity method. In addition, when applying K-IFRS 1109 to long-term investments, the Group does not consider adjustments to the carrying amount required by K-IFRS 1028. Examples of such adjustments include an impairment assessment or an adjustment to the carrying amount of the long-term investment interest resulting from the allocation of losses to the investee in accordance with K-IFRS 1028.

(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:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation;
- 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 K-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.

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 proportional share of profit or loss until the asset is sold to a third party.

(6) Revenue recognition

K-IFRS 1115 requires the recognition of revenues based on transaction price allocated to the performance obligation when or as the Group performs that obligation to the customer. Since revenues other than those from contracts with customers, such as interest revenue and loan origination fee (cost), are measured through effective interest rate method.

1) Revenues from contracts with customers

The Group recognizes revenue when the Group satisfies a performance obligation by transferring a promised good or service to a customer. When a performance obligation is satisfied, the Group shall recognize as a revenue the amount of the transaction price that is allocated to that performance obligation. The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

The Group is recognizing revenue by major sources as shown below:

① Fees and commission received for brokerage

The fees and commission received for agency are the amount of consideration or fee expected to be entitled to receive in return for providing goods or services to the other parties with the Group acting as an agency, such as in the case of sales of bancassurance and beneficiary certificates. The majority of these fees and commission received for brokerage are from the business activities relevant to Banking segment.

② *Fees and commission received related to credit*

The fees and commission received related to credit mainly include the lending fees received from the loan activity and the fees received in the L/C transactions. Except for the fees and commission accounted for in calculating the effective interest rate, it is generally recognized when the performance obligation has been performed. The majority of these fees and commission received related to credit are from the business activities relevant to Banking, Credit card and Investment banking segment.

③ *Fees and commission received for electronic finance*

The fees and commission received for electronic finance include fees received in return for providing various kinds of electronic financial services through firm-banking and CMS. These fees are recognized as revenue immediately upon the completion of services. The majority of these fees and commission received for electronic finance are from the business activities relevant to Banking and Investment banking segment.

④ *Fees and commission received on foreign exchange handling*

The fees and commission received on foreign exchange handling consist of various fees incurred when transferring foreign currency. The point of processing the customer's request is the time when performance obligation is satisfied, and revenue is immediately recognized when fees and commission are received after requests are processed. The business activities relevant to these fees and commission received on foreign exchange handling are substantially attributable to Banking segment.

⑤ *Fees and commission received on foreign exchange*

The fees and commission received on foreign exchange consist of fees related to the issuance of various certificates, such as exchange, import and export performance certificates, purchase certificates, etc. The point of processing the customer's request is the time when performance obligation is satisfied, and revenue is immediately recognized when fees and commission are received after requests are processed. The business activities relevant to these fees and commission received on foreign exchange are substantially attributable to Banking segment.

⑥ *Fees and commission received for guarantee*

The fees and commission received for guarantee include the fees received for the various warranties. The activities related to the warranty consist mainly of performance obligations satisfied over time and fees and commission are recognized over the guarantee period. The business activities relevant to these fees and commission received for guarantee are substantially attributable to Banking segment.

⑦ *Fees and commission received on credit card*

The fees and commission received on credit card consist mainly of merchant account fees and annual fees. The Group recognizes merchant account fees by multiplying agreed commission rate to the amount paid by using the credit card. The annual fees are performance obligation satisfied over time and are recognized over agreed periods after the annual fees are paid in advance. The business activities relevant to these fees and commission received on credit card are substantially attributable to Credit cards segment.

⑧ *Fees and commission received on securities business*

The fees and commission received on securities business consist mainly of fees and commission for the sale of beneficiary certificates, and these fees are recognized when the beneficiary certificates are sold to customers. The business activities relevant to these fees and commission received on securities business are substantially attributable to Banking and Investment banking segment.

⑨ Fees and commission from trust management

The fees and commission from trust management consist of fees and commission received in return for the operation and management services for entrusted assets. These operation and management services are performance obligations satisfied over time, and revenue is recognized over the service period. Among the fees and commission from trust management, variable considerations such as profit commission that are affected by the value of entrusted assets and base return of the future periods are recognized as revenue when limitations to the estimates are lifted. The majority of these fees and commission received for brokerage are from the business activities relevant to Banking segment.

⑩ Fees and commission received on credit Information

The fees and commission received on credit Information are composed of the fees and commission received by performing credit investigation and proxy collection services. Credit investigation fees and commission are the amount received in return for verifying the information requested by the customer and are recognized as revenue at the time the verification is completed. Proxy collection service fees are recognized by multiplying the applicable rate to the collected amount at the time when collection services are completed. The majority of these fees and commission received for brokerage are from the business activities relevant to other segment.

⑪ Other fees

Other fees are usually fees related to remittances, but include fees related to various other services provided to customers by the Group. These fees are recognized when transactions occur at the customers' request and services are provided, at the same time when commission are received. These other fees occur across all operating segments.

2) Revenues from sources other than contracts with customers

① Interest income

Interest income on financial assets measured at FVTOCI and financial assets at amortized costs is measured using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a debt instrument 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 unamortized cost over the expected period, or shorter if appropriate. Future cash flows include commissions and cost of reward points (limited to the primary component of effective interest rate) and other premiums or discounts that are paid or received between the contractual parties when calculating the effective interest rate, but does not include expected credit losses. All contractual terms of a financial instrument are considered when estimating future cash flows.

For purchased or originated credit-impaired financial assets, interest revenue is recognized by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition. Even if the financial asset is no longer impaired in the subsequent periods due to credit improvement, the basis of interest revenue calculation is not changed from amortized cost to unamortized cost of the financial assets.

② Loan origination fees and costs

The commission fees earned on loans, which is part of the effective interest of loans, is accounted for as deferred origination fees. Incremental costs related to the origination of loans are accounted for as deferred origination fees and is being added or deducted to/from interest income on loans using effective interest rate method.

(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. The effective portion of the changes in fair value of a derivative that qualifies as a cash flow hedge and the foreign exchange differences on monetary items that form part of net investment in foreign operations are recognized in equity.

Assets and liabilities of the foreign operations subject to consolidation are translated into Korean Won at foreign exchange rates at the end of the reporting period. Except for situations in which it is required to use exchange rates at the date of transaction due to significant changes in exchange rates during the period, items that belong to profit or loss shall be measured by average exchange rate, with foreign exchange differences recognized as other comprehensive income and added to equity (allocated to non-controlling interests, if appropriate). When foreign operations are disposed, the controlling interest's share of accumulated foreign exchange differences related to such foreign operations will be reclassified to profit or loss, while non-controlling interest's corresponding share will not be reclassified.

Adjustments to fair value of identifiable assets and liabilities, and goodwill arising from the acquisition of foreign operations will be treated as assets and liabilities of the corresponding foreign operation, and is translated using foreign exchange rates at the end of the period. The foreign exchange differences are recognized in other comprehensive income.

(8) Cash and cash equivalents

The Group is classifying cash on hand, demand deposits, interest-earning deposits with original maturities of up to three months on acquisition date, and highly liquid investments that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value as cash and cash equivalents.

(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 FVTPL, financial assets at FVTOCI, and financial assets at amortized cost according to its business model and contractual cash flows.

a) Business model

The Group evaluates the way business is being managed, and the purpose of the business model for managing a financial asset best reflects the way information is provided to the management at its portfolio level. Such information considers the following:

- The accounting policies and purpose specified for the portfolio, the actual operation of such policies. This includes strategy of the management focusing on the receipt of contractual interest revenue, maintaining a certain level of interest income, matching the duration of financial assets and the duration of corresponding liabilities to obtain the asset, and outflow or realization of expected cash flows from disposal of assets
- The way the performance of a financial asset held under the business model is evaluated, and the way such evaluation is being reported to the management
- The risk affecting the performance of the business model (and financial assets held under the business model), and the way such risk is being managed
- The compensation plan for the management (e.g. whether the management is being compensated based on the fair value of assets or based on contractual cash flows received)
- Frequency, amount, timing and reason for sale of financial assets in the past, and forecast of future sale activities.

b) Contractual cash flows

The principal is defined to be the fair value of a financial assets at initial recognition. Interest is not only composed of consideration for the time value of money, consideration for the credit risk related to remaining principal at a certain period of time, and consideration for other cost (e.g. liquidity risk and cost of operation) and fundamental risk associated with lending, but also profit.

When evaluating whether contractual cash flows are solely payments of principal and interests, the Group considers the contractual terms of the financial instrument. When a financial asset contains contractual conditions that modify the timing and amount of contractual cash flows, it is required to determine whether contractual cash flows that arise during the remaining life of the financial instrument due to such contractual condition are solely payments of principal and interest. The Group considers the following elements when evaluating the above:

- Conditions that lead to modification of timing or amount of cash flows
- Contractual terms that adjust contractual nominal interest, including floating rate features
- Early payment features and maturity extension features
- Contractual terms that limit the Group's claim on cash flows arising from certain assets (e.g. non-recourse feature)

① Financial assets at FVTPL

The Group is classifying those financial assets that are not classified as either financial assets at amortized cost or financial assets at FVTOCI, and those designated to be measured at FVTPL, as financial assets at FVTPL. Financial assets at FVTPL are measured at fair value, and related profit or loss is recognized in net income. Transaction costs related to acquisition at initial recognition is recognized in net income immediately upon its occurrence.

It is possible to designate a financial asset as financial asset at FVTPL if at initial recognition: (a) it is possible to remove or significantly reduce recognition or measurement mismatch that may otherwise have occurred if not for its designation as financial asset at FVTPL; (b) the financial asset forms part of the Group's financial instrument group (a group composed of a combination of financial asset or liability), is measured at fair value and is being evaluated for its performance, and such information is provided internally; and (c) the financial asset is part of a contract that contains one or more of embedded derivatives, and is a hybrid contract in which designation as financial asset at FVTPL is allowed under K-IFRS 1109 'Financial Instruments'. However, the designation is irrevocable.

② Financial assets at FVTOCI

When financial assets are held under a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and when contractual cash flows from such financial assets are solely payments of principal and interest, the financial assets are classified as financial assets at FVTOCI. Also, for investments in equity instruments that are not held for short-term trade, an irrevocable election is available at initial recognition to present subsequent changes in fair value as other comprehensive income.

At initial recognition, financial assets at FVTOCI is measured at its fair value plus any direct transaction cost, and is subsequently measured in fair value. However, for equity instruments that do not have a quotation in an active market and in which fair value cannot be measured reliably, they are measured at cost. The income tax effects related to the changes in fair value except for profit or loss items such as impairment losses (reversals), interest revenue calculated by using effective interest method, and foreign exchange gain or loss about debt instrument are recognized as other comprehensive income until the asset's disposal. Upon derecognition, the accumulated other comprehensive income is reclassified from equity to net income for FVTOCI (debt instrument), and reclassified within the equity for FVTOCI (equity instruments).

③ Financial assets at amortized cost

When financial assets are held under a business model whose objective is to hold financial assets in order to collect contractual cash flows, and when contractual cash flows from such financial assets are solely payments of principal and interest, the financial assets are classified as financial assets at amortized cost. At initial recognition, financial assets at amortized cost are recognized at fair value plus any direct transaction cost. Financial assets at amortized cost is presented at amortized cost using effective interest method, less any loss allowance.

2) Financial liabilities

At initial recognition, financial liabilities are classified into either financial liabilities at FVTPL or financial liabilities at amortized cost.

Financial liabilities are usually classified as financial liabilities at FVTPL when they are acquired with a purpose to repurchase them within a short period of time, when they are part of a certain financial instrument portfolio that is actually and recently being managed with a purpose of short-term profit and joint management by the Group at initial recognition, and when they are derivatives that do not qualify as hedging instruments. Financial liabilities at FVTPL are measured at fair value plus direct transaction cost at initial recognition, and are subsequently measured at fair value. Profit or loss arising from financial liabilities at FVTPL is recognized in net income when occurred.

It is possible to designate a financial liability as financial liability at FVTPL if at initial recognition: (a) it is possible to remove or significantly reduce recognition or measurement mismatch that may otherwise have occurred if not for its designation as financial liability at FVTPL; (b) the financial asset forms part of the Group's financial instrument group (a group composed of a combination of financial asset or liability) according to the Group's documented risk management or investment strategy, is measured at fair value and is being evaluated for its performance, and such information is provided internally; and (c) the financial liability is part of a contract that contains one or more of embedded derivatives, and is a hybrid contract in which designation as financial liability at FVTPL is allowed under K-IFRS 1109 'Financial Instruments'. Financial liabilities designated as at FVTPL are initially recognized at fair value, with any direct transaction cost recognized in profit or loss, and are subsequently measured at fair value. Any profit or loss from financial liabilities at FVTPL are recognized in profit or loss.

Financial liabilities not classified as financial liabilities at FVTPL are measured at amortized cost. The Group is classifying liabilities such as deposits due to customers, borrowings and debentures as financial liabilities at amortized cost.

3) Reclassification

Financial assets are not reclassified after initial recognition unless the Group modifies the business model used to manage financial assets. When the Group modifies the business model used to manage financial assets, all affected financial assets are reclassified on the first day of the first reporting period after the modification.

4) Derecognition

Financial assets are derecognized when contractual rights to cash flows from the financial assets are expired, or when substantially all of risk and reward for holding financial assets is transferred to another entity as a result of a sale of financial assets. If the Group does not have and does not transfer substantially all of the risk and reward of holding financial assets with control of the transferred financial assets retained, the Group recognizes financial assets to the extent of its continuing involvement. If the Group holds substantially all the risk and reward of holding a financial asset, it continues to recognize that asset and proceeds are accounted for as collateralized borrowings.

When a financial asset is fully derecognized, the difference between the book value and the sum of proceeds and accumulated other comprehensive income is recognized as profit or loss in case of FVTOCI (debt instruments), and as retained earnings for FVTOCI (equity instruments).

In case when a financial asset is not fully derecognized, the Group allocates the book value into amounts retained in the books and removed from the books, based on the relative fair value of each portion at the date of sale, and based on the degree of continuing involvement. For the derecognized portion of the financial assets, the difference between its book value and the sum of proceeds and the portion of accumulated other comprehensive income attributable to that portion will be recognized in profit or loss in case of debt instruments and recognized in retained earnings in case of equity instruments. The accumulated other comprehensive income is distributed to the portion of book value retained in the books, and to the portion of book value removed from the books.

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

When the Group exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 percent different from the discounted present value of the remaining cash flows of the original financial liability

5) Fair value of financial instruments

Financial assets at FVTPL and financial assets at FVTOCI are measured and presented in consolidated financial statements at their fair values, and all derivatives are also subject to fair value measurement.

Fair value is defined as the price that would be received to exchange an asset or paid to transfer a liability in a recent transaction between independent parties that are reasonable and willing. Fair value is the transaction price of identical financial assets or financial liabilities generated in an active market. An active market is a market where trade volume is sufficient and objective price information is available due to the fact that bid and ask price differences are small.

When trade volume of a financial instrument is low, when transaction prices within the market show large differences among them, or when it cannot be concluded that a financial instrument is being traded within an active market due to disclosures being extremely shallow, fair value is measured using valuation techniques based on alternative market information or using internal valuation techniques based on general and observable information obtained from objective sources. Market information includes maturity and characteristics, duration, similar yield curve, and variability measurement of financial instruments of similar nature. Fair value amount contains unique assumptions on each entity (the Group concluded that it is using assumptions applied in valuing financial instruments in the market, or risk-adjusted assumptions in case marketability does not exist).

The market approach and income approach, which are valuation techniques used to estimate the fair value of financial instruments, both require significant judgment. Market approach measures fair value using either a recent transaction price that includes the financial instrument, or observable information on comparable firm or assets. Income approach measures fair value through discounting future cash flows with a discount rate reflecting market expectations, and revenue, operating income, depreciation, capital expenditures, income tax, working capital and estimated residual value of financial investments are being considered when deriving future cash flows. Valuation techniques such as the above include estimates based on the financial instruments' complexity and usefulness of observable information in the market.

The valuation techniques used in the evaluation of financial instruments are explained below.

a) Financial assets at FVTPL and Financial assets at FVTOCI

The fair value of equity securities included in financial assets at FVTPL and financial assets at FVTOCI category is recognized in the statement of financial position at its available market price. Debt securities traded in the over-the-counter market are generally recognized at an amount computed by an independent appraiser. When the Group uses the fair value determined by independent appraisers, the Group usually obtains three values from three different appraisers for each financial instrument, and selects the minimum amount without making additional adjustments. For equity securities without marketability, the Group uses the amount determined by the independent appraiser. The Group verifies the prices obtained from appraisers in various ways, including the evaluation of independent appraisers' competency, indirect verification through comparison between appraisers' price and other available market information, and reperformed by employees who have knowledge of valuation models and assumptions that appraisers used.

b) Derivatives

The Group's transactions involving derivatives such as futures and exchange traded options are measured at market value. For exchange traded derivatives classified as level 2 in the fair value hierarchy, the fair value is estimated using internal valuation techniques. If there are no publicly available market prices because they are traded over-the-counter, fair value is measured through internal valuation techniques. When using internal valuation techniques to derive fair value, the types of derivatives, base interest rate or characteristics of prices, or stock market indices are considered. When variables used in the internal valuation techniques are not observable information in the market, such variables may contain significant estimates.

c) Adjustment of valuation amount

The Group is exposed to credit risk when a counterparty to a derivative contract does not perform its contractual obligation, and the exposure amount is equal to the amount of derivative asset recognized in the statement of financial position. When the Group earns income through valuation of derivatives, such income is recognized as derivative asset in the statement of financial position. Some of the derivatives are traded in the market, but most of the derivatives are measured at estimated fair value derived from internal valuation models that use observable information in the market. As such, in order to estimate the fair value there should be an adjustment made to incorporate counterparty's credit risk, and credit risk adjustment is being considered when valuing derivative assets such as over-the counter derivatives. The amount of financial liabilities is also adjusted by the Group's own credit risk when valuing them.

The amount of adjustment is derived from counterparty's probability of default and loss given default. This adjustment considers contractual matters that are designed to reduce the Group's exposure to each counterparty's credit risk. When derivatives are under master netting arrangement, the exposure used in the computation of credit risk adjustment is a net amount after adding/deducting cash collateral received (or paid) from loss(or gain) position derivatives with the same counterparty.

6) Expected credit losses on financial assets

The Group recognizes loss allowance on expected credit losses for the following assets:

- Financial assets at amortized cost
- Debt instruments measured at FVTOCI
- Contract assets as defined by K-IFRS 1115

Expected credit losses are weighted-average value of a range of possible results, considering the time value of money, and are measured by incorporating information on current conditions and forecasts of future economic conditions that are available without undue cost or effort.

The methods to measure expected credit losses are classified into following three categories in accordance with K-IFRS:

- General approach: Financial assets that does not belong to below two models and unused loan commitments
- Simplified approach: When financial assets are either trade receivables, contract assets or lease receivables
- Credit impairment model: Purchased or originated credit-impaired financial assets

The measurement of loss allowance under general approach is differentiated depending on whether the credit risk has increased significantly after initial recognition. That is, loss allowance is measured based on 12-month expected credit loss when the credit risk has not increased significantly after initial recognition, while loss allowance is measured at lifetime expected credit loss when credit risk has increased significantly. Lifetime is the expected remaining life of the financial instrument up to the maturity date of the contract.

The measurement of loss allowance under simplified approach is always based on lifetime expected credit loss, and loss allowance under credit impairment model is measured as the cumulative change in lifetime expected credit loss since initial recognition.

a) Measurement of expected credit losses on financial asset at amortized cost

The expected credit losses on financial assets at amortized cost is measured by the difference between the contractual cash flows during the period and the present value of expected cash flows. Expected cash inflows are computed for individually significant financial assets in order to calculate expected credit losses.

When financial assets that are not individually significant, they are included in a group of financial assets with similar credit risk characteristics and expected credit losses of the group are calculated collectively.

Expected credit losses are deducted through loss allowance account, and when the financial asset is determined to be uncollectible, the loss allowance is written off from the books along with the related financial asset. When loan receivable previously written off is subsequently collected, the related loss allowance is increased and changes in loss allowance are recognized in profit or loss.

b) Measurement of expected credit losses on financial asset at FVTOCI

The measurement method of expected credit loss is identical to financial asset at amortized cost, but changes in the loss allowance is recognized in other comprehensive income. When financial assets at FVTOCI is disposed or repaid, the related loss allowance is reclassified from other comprehensive income to net income.

(10) Offsetting financial instruments

Financial assets and liabilities are presented as a net amount in the statements of financial position when the Group has an enforceable legal right 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, and the book value of a portion of an asset that are replaced by a subsequent expenditure is removed from the books. Routine maintenance and repairs are expensed as incurred.

While land is not depreciated, all other investment properties are depreciated based on the depreciation method and useful lives of premises and equipment. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, and when it is deemed appropriate to change them, the effect of any change is accounted for as a change in accounting estimates.

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 the 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 accumulated depreciation and accumulated impairment losses. The cost of an item of premises and equipment is expenditure directly attributable to their purchase or construction, which includes any cost 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 costs of dismantling and removing the item and restoring the site on which it is located.

Subsequent costs are recognized in the carrying amount of an asset or as a separate asset (if appropriate) if it is probable that future economic benefit 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 by applying the following estimated economic useful lives on the amount of cost or revalued amount less residual value.

	Useful life
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
Right-of-use 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 changes in the estimates are deemed appropriate, the changes are accounted for as a change in an accounting estimate. When there is an indicator of impairment and the carrying amount of a premises and equipment item exceeds the estimated recoverable amount, the carrying amount of such asset is reduced to the recoverable amount.

(13) Intangible assets and goodwill

The Group is recognizing intangible assets measured at the manufacturing cost or acquisition cost plus additional incidental expenses less accumulated amortization and accumulated impairment losses. The Group's intangible asset are amortized over the following economic lives using the straight-line method. The estimated useful life and amortization method are reviewed at the end of each reporting period. If changes in the estimates are deemed appropriate, the changes are accounted for as a change in an accounting estimate.

	Useful life
Industrial property rights	10 years
Development costs	5 years
Software and others	4 to 10 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.

Goodwill acquired in a business combination is included in intangible assets. Goodwill is not amortized, but is subject to an impairment test at the cash-generating unit level every year, and whenever there is an indicator that goodwill is impaired.

Goodwill resulting from an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

Goodwill is allocated to each of the Group's cash-generating unit (or groups of cash-generating units) that is expected to benefit from the synergies of the combination. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

(14) Impairment of non-monetary assets

Intangible assets with indefinite useful lives 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 by estimating the recoverable amount when there is an objective indication that the carrying amount may not be recoverable. Recoverable amount is the higher of value in use or 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.

(15) Leases

As the Group applied IFRS 16 using the revised retrospective method, the comparative financial information has not been prepared. The Group also applied K-IFRS 1017 and 2104. The accounting policies in accordance with K-IFRS 1017 and 2104 are separately disclosed.

1) Accounting policy applied as of January 1, 2019.

The Group determines whether the agreement is a lease or includes a lease at the time of the agreement. In exchange for consideration in the contract, if the control over the use of the identified asset is transferred for a period of time, the contract is a lease or includes a lease. In determining whether a contract transfers control of the use of the identified asset, the Group uses the definition of a lease in IFRS 16.

This accounting policy applies to contracts entered into as of January 1, 2019.

① The Group as a lessee

The Group recognizes the right-of-use asset and the lease liability at the commencement date of the lease. The right-of-use asset is measured at cost, which comprises the amount of the initial measurement of the lease liability, lease payments made at or before the commencement date (less any lease incentives received), initial direct costs, and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located.

The right-of-use asset is subsequently depreciated on a straight-line basis from the commencement of the lease to the end of the lease term. However, if the lease transfers ownership of the underlying asset to the lessee by the end of the lease term or if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, the lessee depreciates the right-of-use asset same as a fixed asset from the commencement date to the end of the useful life of the underlying asset. The right-of-use asset may be reduced by an impairment of the underlying asset or adjusted by 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. The lease payments are discounted using the interest rate implicit in the lease, if that cannot be readily determined, the Group uses its incremental borrowing rate. The Group generally uses the incremental borrowing rate.

The lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments (including in-substance fixed payments)
- Variable lease payments that depend on an index(or a rate), initially measured using the index or rate as at the commencement date
- Amounts expected to be payable by the lessee under residual value guarantees
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option, lease payments of the extended period if the lessee is reasonably certain to exercise extension option, and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease

The lease liability is subsequently increased by the interest expense recognized for the lease liability and decreased by reflecting the payment of the lease payments. The lease liability is remeasured if the future lease payments change depending on changes in the index(or a rate), changes in the expected amount to be paid under the residual value guarantee, and changes in the assessment of whether the purchase or extension option is reasonably certain to be exercised or not to exercise the terminate option.

When remeasuring a lease liability, the related right-of-use asset is adjusted and if the carrying amount of the right-of-use asset decreases to zero, the remeasurement amount is recognized in profit or loss.

The Group applies its judgment when determining the lease term for some lease contracts that include the extension option. The assessment of whether the Group is reasonably certain to exercise the option significantly affects the lease term and therefore has a significant impact on the amount of lease liabilities and the right-of-use asset.

In the statement of financial position, the Group classified the right-of-use assets that do not meet the definition of investment property as 'premises and equipment' and the lease liabilities as 'other financial liabilities.'

The Group has chosen a practical expedient that does not recognize the right-of-use asset and lease liabilities for short-term leases with a lease term less than 12 months and leases for which the underlying asset is of low value. The Group recognizes the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

② The Group as a lessor

At the date of the agreement or the effective date of the modification containing the lease element, the Group allocates the consideration of the contract to each lease element on the basis of its relative stand-alone price.

As a lessor, the Group classifies its leases as either an operating lease or a finance lease at the commencement date.

The Group subsequently judges whether the lease transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset, otherwise a lease is classified as an operating lease.

If the agreement contains both lease and non-lease elements, the Group applies K-IFRS 1115 to allocate the consideration of the contract.

The Group applies the derecognition and impairment provisions of K-IFRS 1109 to its net investment in the lease. The Group also carries out regular review of the unguaranteed residual value used to calculate total lease investment.

The Group recognizes lease payments from operating lease as income on a straight-line basis.

The accounting policy that the Group has applied as a lessor is not different from K-IFRS 1116.

2) Accounting policy applied until January 1, 2019

The Group classifies a lease as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, and all lease contracts other than finance leases are classified as operating leases.

① The Group as a lessee

In case of finance leases, the lesser amount of the present value of the minimum lease payments at the commencement date of the lease term or the fair value of the leased asset are recognized as financial lease assets and liabilities in the statement of financial position. Lease payments are allocated as interest expense and repayment of the lease liability so that the same period interest rate is calculated for the balance of the liability. Adjustment to the lease payments are accounted for as expenses during the period.

The operating lease payments are recognized as an expense on a straight-line basis if there is no other systematic basis that is more representative of the pattern in which benefit from the use of underlying asset. Adjustment lease payments from the operating leases are accounted for as expenses during the period in which they are incurred.

② The Group as a lessor

The Group recognizes a finance lease receivable equal to the present value of the minimum lease and the non-guaranteed residual value, which is the net investment of the finance lease. The accounting for recognizing interest income by reporting period is carried out on a financial lease receivable after the commencement date of the lease term by applying a method in which a certain interest rate of the Group's net investment in the lease is calculated.

The Group recognizes income from lease payments of operating lease on a straight line basis over the lease term, and the direct costs of the lease incurred during the negotiation and contract phase of the operating lease is added to the carrying value of the lease asset and recognized as an expense over the lease term on a straight-line basis. Operating lease assets are included in other assets and are depreciated over their economic useful life.

(16) Derivative instruments

Derivative instruments are classified as forwards, futures, options and swaps, depending on the types of transactions and are classified at the point of transaction as either trading or hedging based on its purpose.

Derivatives are initially recognized at fair value at the date of contract and are subsequently measured at 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 or effective as a hedging instrument. If derivatives have been designated as hedging instruments and if it is effective, the point of recognition of gain or loss depends on the characteristics of hedging relationship.

Derivatives that have positive (+) fair values are recognized as financial assets and those that have negative (-) fair values are recognized as financial liabilities. Derivatives are not offset in the consolidated financial statements unless they have legally enforceable right to set off or are intended to set off.

1) Embedded derivatives

Embedded derivatives are components of a hybrid financial instrument that includes a non-derivative host contract. It has an effect of modifying part of cash flows of the hybrid financial instrument similar to an independent derivative.

Embedded derivatives that are part of a hybrid contract of which the host contract is a financial asset within the scope of K-IFRS 1109 is not separated. The classification is done by considering the hybrid contract as a whole, and subsequent measurement is either at amortized cost or fair value.

If embedded derivatives are part of a hybrid contract of which the host contract is not a financial asset within the scope of K-IFRS 1109 (e.g. financial liability), then these are treated as separate derivatives if embedded derivatives meet the definition of a derivative, characteristics & risk of the embedded derivatives are not closely related to that of host contract, and if the host contract is not measured at FVTPL.

2) Hedge accounting

The Group is applying K-IFRS 1109 in regard to hedge accounting. The Group is designating certain derivatives as hedging instrument against fair value changes in relation to the interest rate risk, foreign currency translation and interest rate risk, and foreign currency translation risk.

The Group is documenting the relationship between hedging instruments and hedged items at the commencement of hedging in accordance with their purpose and strategy. Also, the Group documents at the commencement and subsequent dates whether the hedging instrument effectively counters the changes in fair value of hedged items. A hedging instrument is effective only when it meets all the following criteria:

- When there is an economic relationship between the hedged items and hedging instruments.
- When the effect of credit risk is not stronger than the change in value due to the economic relationship between the hedged items and hedging instruments.
- When the hedge ratio of hedging relationship is equal to the proportion of the number of items that the group actually hedges and the number of hedging instruments that the Group actually uses to hedge the number of hedged items.

When a hedging relationship no longer meets the hedging effectiveness requirements related to hedge ratio, but when the purpose of risk management on designated hedging relationship is still maintained, the hedge ratio of the hedging relationship is adjusted so that hedging relationship may meet the requirements again (Hedge ratio readjustment).

The Group has designated derivatives as hedging instrument except for the portion on foreign currency basis spread. The fair value change due to foreign currency basis spread is recognized in other comprehensive income and is accumulated in equity. If the hedged item is related to transactions, the accumulated other comprehensive income is reclassified to profit or loss when the hedged item affects the profit or loss. However, when non-monetary items are subsequently recognized due to hedged items, the accumulated equity is removed from the equity directly, and is included in the initial book value of the recognized non-monetary items. Such transfers does not affect other comprehensive income. But if part or all of accumulated equity is not expected to be recovered in the future periods, the amount not expected to be recovered is immediately reclassified to profit or loss. If the hedged item is time-related, then the foreign currency basis spread on the day the derivative is designated as a hedging instrument that is related to the hedged item is reclassified to profit or loss over the term of the hedge.

3) Fair value hedge

Gain or loss arising from valid hedging instrument is recognized in profit or loss. However, when the hedging instrument mitigates risks on equity instruments designated as financial assets at FVTOCI, related gain or loss is recognized in other comprehensive income.

The book value of hedged items that are not measured in fair value is adjusted by the changes in fair value arising from the hedged risk, with resulting gain or loss reflected in net income. In case of debt instruments measured at FVTOCI, book value is an amount that is already adjusted to fair value and thus gain or loss arising from the hedged risk is recognized in profit or loss instead of other comprehensive income without adjustments in book value. When the hedged item is equity instruments measured at FVTOCI, the gain or loss arising from hedged risk is retained at other comprehensive income in order to match the gain or loss with hedging instruments.

When gains or losses arising from the hedged risk are recognized in profit or loss of the current term, they are recognized as items related to the hedged items.

Hedge accounting ceases to apply only when hedging relationship (or part of it) does not meet the requirements of hedge accounting (even after hedging relationship readjustment, if applicable). This treatment holds in case of lapse, disposal, expiry and exercise of hedging instruments, and this cease of treatment applies prospectively. The fair value adjustments made to book value of hedged item due to hedged risk is amortized from the date of discontinuance of hedge accounting and is recognized in profit or loss.

4) Cash flow hedge

The Group recognizes the effective portion of changes in the fair value of derivatives and other valid hedging instruments that are designated and qualified as cash flow hedges in other comprehensive income to the extent of cumulative fair value changes of the hedged item from the starting date of hedge accounting and it is cumulated in the cash flow hedge reserve. 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 affects net income. However, when non-monetary assets or liabilities are subsequently recognized due to expected transactions involving hedged items, the valuation gain or loss accumulated in the equity as other comprehensive income is removed from the equity and included in the initial book value of the recognized non-monetary assets or liabilities. Such transfers does not affect other comprehensive income. Also, if the cash flow hedge reserve is loss and accumulated other comprehensive income is a loss and part or all of the losses are not expected to be recovered in the future periods, the said amount is immediately reclassified to profit or loss.

Hedge accounting ceases to apply only when hedging relationship (or part of it) does not meet the requirements of hedge accounting (even after hedging relationship readjustment, if applicable). This treatment holds in case of lapse, disposal, expiry and exercise of hedging instruments, and this cease of treatment applies prospectively. At the point of cessation of cash flow hedge, the valuation gain or loss recognized as accumulated other comprehensive income continues to be recognized as equity, and is reclassified to profit or loss when the expected transaction is ultimately recognized as profit or loss. However, when transactions are no longer expected to occur, the valuation gain or loss of hedging instrument recognized as accumulated other comprehensive income is immediately reclassified to profit or loss.

(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

Provisions are recognized if it has 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. A provision is not recognized for the future operating losses.

The Group recognizes provisions related to the payment guarantees, loan commitment and litigations. Under the terms of lease agreement, the cost incurred by the Group to recover the leased asset to its original state are recognized as provisions at the commencement of the lease or during a specific period in which the obligation is incurred as a result of the using the asset. The provisions are measured as the best estimate of the expenditure required to recover the asset, which is regularly reviewed and sated to the new situation.

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.

At the end of each reporting period, the remaining provision balance is reviewed an assessed to determine if the current best estimate is being recognized.

(19) Equity instruments issued by the Group

1) 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. A financial liability is a contractual obligation to deliver cash or another financial asset to another entity. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The compound financial instruments are financial instruments where it is neither a financial liability nor an equity instrument because it was designed to contain both equity and debt elements.

If the Group reacquires its own equity instruments, the consideration paid including the direct transaction costs (net of tax expense) are presented as a deduction from total equity until such instruments are retired or reissued. When these instruments are reissued, the consideration received (net of direct transaction costs) is included in the shareholder's equity.

2) Hybrid securities

The Group classifies hybrid securities that have the unconditional right to avoid contractual obligations, such as to deliver cash or other financial assets in relation to financial instruments into equity instruments and presents as part of equity. Meanwhile, hybrid securities issued by subsidiaries of the group are classified as non-controlling interests according to the criteria, and the distribution paid is treated as net profit attributable to non-controlling interests in the consolidated comprehensive income statement.

(20) Financial guarantee contracts

A financial guarantee contract is a contract where the issuer must pay a certain amount of money in order to compensate losses suffered by the creditor when debtor defaults on a debt instrument in accordance with original or modified contractual terms.

A financial guarantee is initially measured at fair value and is subsequently measured at the higher of the amounts below unless it is designated to be measured at FVTPL or when it arises from disposal of an asset.

- Loss allowance in accordance with K-IFRS 1109
- Initial book value less accumulated profit measured in accordance with K-IFRS 1115

(21) Employee benefits and pensions

The Group recognizes the undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by the employees. Also, the Group recognizes expenses and liabilities in the case of accumulating compensated absences when the employees render services that entitle their right to future compensated absences. Similarly, the Group recognizes expenses and liabilities for customary profit distribution or bonuses when the employees render services, even though the Group does not have legal obligation to do so because it can be construed as constructive obligation.

The Group is operating defined contribution plans and defined benefit plans. Contributions to defined contribution plans are recognized as an expense when employees have rendered services entitling them to receive the benefits. For defined benefit plans, the defined benefit liability is calculated through an actuarial assessment using the projected unit credit method every end of the reporting period, conducted by a professional actuaries. Remeasurement, comprising actuarial gains and losses, the return on plan assets (excluding the amount included in net interest from net defined benefit liability (asset)), and the effect of the changes to the asset ceiling is reflected immediately in the separate statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur.

Remeasurement recognized in the consolidated statement of comprehensive income is not reclassified to profit or loss in the subsequent periods. 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 and past service cost, as well as gains and losses on 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 recognized as an asset 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 the date when the Group is no longer able to cancel its proposal for termination benefits or the date when the Group has recognized the cost of restructuring that accompanies the payment of termination benefits.

(22) Income taxes

Income tax expense is composed of current tax and deferred tax. That is, income tax expense is composed of taxes payable or refundable during the period and deferred taxes calculated by applying asset-liability method to taxable and deductible temporary differences arising from operating loss and tax credit carryforwards.

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 recognized for the change in deferred tax assets or liabilities. Deferred tax assets and liabilities are measured as of the reporting date using the enacted or substantively enacted tax rates expected to apply in the period in which the liability is settled or asset is realized. Deferred tax assets, including the carryforwards 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 or when the entity intends to settle current tax liabilities and assets on a net basis with different taxable entities.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent 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 the initial recognition of 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 taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity or when it arises from business combination.

The tax uncertainty arises from the compensation claim filed by the Group, and refund litigation for the amount of tax levied by the tax authority due to differences in tax law analysis. In response, the Group paid taxes in accordance with K-IFRS 2123 due to the tax authority's claim, but recognized as a corporate tax asset if it is highly probable of a refund in the future.

(23) Criteria of calculating earnings per share ("EPS")

Basic EPS is a calculation of net income per each common stock. It is calculated by dividing net income attributable to ordinary shareholders 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.

(24) Share-based payment

For cash-settled share-based payment transactions that provide cash in return for the goods or services received, the Group measures the goods or services received, and the corresponding liability at the fair value and recognizes as employee benefit expenses and liabilities during the vesting period. The fair value of the liability is remeasured at the end of each reporting period and the settlement date until the liability is settled, and changes in fair value are recognized as employee benefits.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

The significant accounting estimates and assumptions are continuously being evaluated based on numerous factors including historical experiences and expectations of future events considered to be reasonably possible. Actual results can differ from those estimates based on such definitions. The accounting estimates and assumptions that contain significant risk of materially changing current book values of assets and liabilities in the next accounting periods are as follows:

(1) Income taxes

The Group has recognized current and deferred taxes based on best estimates of expected future income tax effect arising from the Group's operations until the end of the current reporting period. However, actual tax payment may not be identical to the related assets and/or liabilities already recognized, and these differences may affect current taxes and deferred tax assets/liabilities at the time when income tax effects are finalized. 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. In this case the Group's evaluation considers various factors such as estimated future taxable profit based on forecasted operating results, which are based on historical financial performance. The Group is reviewing the book value of deferred tax assets every end of the reporting period and in the event that the possibility of earning future taxable income changes, the deferred tax assets are adjusted up to taxable income sufficient to use deductible temporary differences.

(2) Valuation of financial instruments

Financial assets at FVTPL and FVTOCI are recognized in the consolidated financial statements at fair value. All derivatives are measured at fair value. Valuation techniques are required in order to determine fair values of financial instruments where observable market prices do not exist. Financial instruments that are not actively traded and have low price transparency 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.

As described in Note 2-(9)-5), 'Fair value of financial instruments', when valuation techniques are used to determine the fair value of a financial instrument, various general and internally developed techniques are used, and various types of assumptions and variables are incorporated during the process.

(3) Impairment of financial instruments

K-IFRS 1109 requires entities to measure loss allowance equal to 12-month expected credit losses or lifetime expected credit losses after classifying financial assets into one of the three stages, which depends on the degree of increase in credit risk after their initial recognition.

	Stage 1	Stage 2	Stage 3
	Credit risk has not significantly increased since initial recognition (*)	Credit risk has significantly increased since initial recognition	Credit has been impaired
Allowance for expected credit losses	Expected 12-month credit losses: Expected credit losses due to possible defaults on financial instruments within a 12-month period from the 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 not to have been significantly increased when credit risk is low at year-end.

The Group has estimated the allowance for credit losses based on reasonable and supportable information that was available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Probability of default (PD) and Loss given default (LGD) for each category of financial asset is being calculated by considering factors such as debtor type, credit rating and portfolio. The estimates are regularly being reviewed in order to reduce discrepancies with actual losses.

In measuring the expected credit losses, the Group is using reasonable and supportable macroeconomic indicators such as economic growth rates, interest rates, market index rates, etc., in order to forecast future economic conditions.

The Group is conducting the following procedures to estimate and apply future economic forecast information.

- Development of prediction models by analyzing the correlation between default rates of corporate and retail exposures per year and macroeconomic indicators
- Calculation of predicted default rate incorporating future economic forecasts by applying estimated macroeconomic indicators provided by verified institutions such as Bank of Korea and National Assembly Budget Office to the prediction model developed.

At the end of every reporting period, the Group evaluates whether credit risk reflecting forward-looking information has significantly been increased since the date of initial recognition. When evaluating whether credit risk has significantly been increased, the changes in the probability of default over the financial instrument's remaining life is used instead of changes in the amount of expected credit losses. The Group performs the above evaluation with distinctions made to corporate and retail exposures, and indicators of significant increase in credit risk are as follows:

Corporate Exposures	Retail Exposures
Asset quality level 'Precautionary' or lower	Asset quality level 'Precautionary' or lower
More than 30 days past due	More than 30 days past due
'Warning' level in early warning system	Significant decrease in credit rating(*)
Debtor experiencing financial difficulties (Capital impairment, Adverse opinion or Disclaimer of opinion by external auditors)	
Significant decrease in credit rating (*)	

(*) Determining whether there has been a significant decrease in the credit rating of corporate and retail exposures applies only to credit ratings that are measured through 12-month expected credit loss. The Woori Bank, which is an important subsidiary of the Group, has applied the above indicators of significant decrease in credit rating since initial recognition as follows, and the estimation method is regularly being monitored.

	Credit rating	Significant increased indicator of the credit rating
Corporate	AAA ~ A+	More than or equal to 4 steps
	A- ~ BBB	More than or equal to 3 steps
	BBB- ~ BB+	More than or equal to 2 steps
	BB ~ BB-	More than or equal to 1 step
Retail	1 ~ 3	More than or equal to 3 steps
	4 ~ 5	More than or equal to 2 steps
	6 ~ 10	More than or equal to 1 step

The Group sees no significant increase in credit risk after initial recognition for debt securities, etc. with a credit rating of A + or higher, which are deemed to have low credit risk at the end of the reporting period

The Group concludes that credit is impaired when financial assets are under conditions stated below:

- When principal of loan is overdue for 90 days or longer due to significant deterioration in credit
- For loans overdue for less than 90 days, when it is determined that not even a portion of the loan will be recovered unless claim actions such as disposal of collaterals are taken
- When other objective indicators of impairment has been noted for the financial asset.

The Group determines which loan is subject to write-off in accordance with internal guidelines, and writes off loan receivables when it is determined that the loans are practically irrecoverable. For example, loans are practically irrecoverable when application is made for rehabilitation under the Debtor Rehabilitation and Bankruptcy Act and loans are confirmed as irrecoverable by the court's decision to waive debtor's obligation, or when it is impossible to recover the loan amount through legal means such as auctioning of debtor's assets or through any other means of recovery available. Notwithstanding the write-off, the Group may still exercise its right of collection after the asset has been written off in accordance with its collection policies.

(4) Defined benefit plan

The Group operates a defined benefit pension plan. Defined benefit obligation is calculated at every end of the reporting period by performing actuarial valuation, and estimation of assumptions such as discount rate, expected wage growth rate and mortality rate is required to perform such actuarial valuation. The defined benefit plan, due to its long-term nature, contains significant uncertainties in its estimates.

4. RISK MANAGEMENT

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

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

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

(1) Credit risk

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

1) Credit risk management

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

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

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

2) Maximum exposure to credit risk

The Group's maximum exposure to credit risk shows the uncertainties related to the maximum possible variation of financial assets' net value as a result of changes in the specific risk factors, prior to the consideration of collaterals that are recorded at net book value after allowances and other credit enhancements. However, the maximum exposure is the fair value amount (recorded on the books) for derivatives, maximum contractual obligation for payment guarantees and unused amount of commitments for loan commitment.

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

		December 31, 2019	December 31, 2018
Loans and other financial assets at amortized cost	Korean treasury and government agencies	14,797,040	13,547,154
	Banks	18,597,206	22,283,842
	Corporates	101,041,110	96,627,671
	Consumers	159,282,337	149,998,911
	Sub-total	<u>293,717,693</u>	<u>282,457,578</u>
Financial assets at FVTPL (*)	Deposit	27,901	26,935
	Debt securities	2,337,085	1,824,155
	Loans	212,473	385,450
	Derivative assets	2,921,903	2,026,079
	Sub-total	<u>5,499,362</u>	<u>4,262,619</u>
Financial assets at FVTOCI	Debt securities	26,795,161	17,112,249
Securities at amortized cost	Debt securities	20,320,539	22,932,559
Derivative assets	Derivative assets (Designated for hedging)	121,131	35,503
Off-balance accounts	Guarantees	12,618,917	12,666,417
	Unused loan commitments	103,651,674	97,796,704
	Sub-total	<u>116,270,591</u>	<u>110,463,121</u>
	Total	<u>462,724,477</u>	<u>437,263,629</u>

(*) Puttable financial instruments are not included

a) Credit risk exposure by geographical areas

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

	December 31, 2019						Total
	Korea	China	USA	UK	Japan	Others (*)	
Loans and other financial assets at amortized cost	268,316,454	5,108,144	5,077,666	1,844,374	1,172,209	12,198,846	293,717,693
Securities at amortized cost	20,104,604	-	66,747	-	-	149,188	20,320,539
Financial assets at FVTPL	5,488,229	10,409	-	-	724	-	5,499,362
Financial assets at FVTOCI	24,553,655	332,319	144,601	102,311	2	1,662,273	26,795,161
Derivative assets (Designated for hedging)	121,131	-	-	-	-	-	121,131
Off-balance accounts	<u>112,602,603</u>	<u>1,211,857</u>	<u>387,795</u>	<u>78,850</u>	<u>46,662</u>	<u>1,942,824</u>	<u>116,270,591</u>
Total	<u>431,186,676</u>	<u>6,662,729</u>	<u>5,676,809</u>	<u>2,025,535</u>	<u>1,219,597</u>	<u>15,953,131</u>	<u>462,724,477</u>

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

	December 31, 2018						Total
	Korea	China	USA	UK	Japan	Others (*)	
Loans and other financial assets at amortized cost	261,547,407	4,592,153	4,597,119	1,526,532	893,354	9,301,013	282,457,578
Securities at amortized cost	22,757,048	-	70,578	-	-	104,933	22,932,559
Financial assets at FVTPL	4,261,110	1,243	-	-	266	-	4,262,619
Financial assets at FVTOCI	15,697,518	261,085	103,755	24,960	2,247	1,022,684	17,112,249
Derivative assets (Designated for hedging)	35,503	-	-	-	-	-	35,503
Off-balance accounts	107,632,858	801,978	343,323	136,727	35,000	1,513,235	110,463,121
Total	<u>411,931,444</u>	<u>5,656,459</u>	<u>5,114,775</u>	<u>1,688,219</u>	<u>930,867</u>	<u>11,941,865</u>	<u>437,263,629</u>

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

b) Credit risk exposure by industries

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

	December 31, 2019						Total
	Service	Manufacturing	Finance and insurance	Construction	Individuals	Others	
Loans and other financial assets at amortized cost	51,233,088	32,983,972	36,141,770	3,291,001	155,120,055	14,947,807	293,717,693
Securities at amortized cost	8,545,838	-	10,979,001	364,591	-	431,109	20,320,539
Financial assets at FVTPL	162,780	128,666	4,084,698	39,193	15,430	1,068,595	5,499,362
Financial assets at FVTOCI	85,609	139,098	18,968,456	10,047	9,241	7,582,710	26,795,161
Derivative assets (Designated for hedging)	-	-	121,131	-	-	-	121,131
Off-balance accounts	17,813,366	23,841,881	10,015,897	4,161,139	53,335,209	7,103,099	116,270,591
Total	<u>77,840,681</u>	<u>57,093,617</u>	<u>80,310,953</u>	<u>7,865,971</u>	<u>208,479,935</u>	<u>31,133,320</u>	<u>462,724,477</u>

	December 31, 2018						Total
	Service	Manufacturing	Finance and insurance	Construction	Individuals	Others	
Loans and other financial assets at amortized cost	48,319,987	34,972,072	40,338,823	3,295,967	145,715,074	9,815,655	282,457,578
Securities at amortized cost	1,157,512	-	13,414,743	527,847	-	7,832,457	22,932,559
Financial assets at FVTPL	120,659	153,159	3,117,845	16,118	7,614	847,224	4,262,619
Financial assets at FVTOCI	382,409	109,749	13,017,646	224,665	5,535	3,372,245	17,112,249
Derivative assets (Designated for hedging)	-	-	35,503	-	-	-	35,503
Off-balance accounts	17,645,104	22,300,388	9,654,685	4,146,708	49,948,865	6,767,371	110,463,121
Total	<u>67,625,671</u>	<u>57,535,368</u>	<u>79,579,245</u>	<u>8,211,305</u>	<u>195,677,088</u>	<u>28,634,952</u>	<u>437,263,629</u>

3) Credit risk exposure

a) Financial assets

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

	December 31, 2019							
	Stage 1		Stage 2		Stage 3	Total	Loss allowance	Total, net
	Above appropriate credit rating (*1)	Less than a limited credit rating (*3)	Above appropriate credit rating (*2)	Less than a limited credit rating (*3)				
Loans and other financial assets at amortized cost	255,709,205	19,823,451	8,712,860	9,625,024	1,504,172	295,374,712	(1,657,019)	293,717,693
Korean treasury and government agencies	14,789,933	10,390	-	-	1	14,800,324	(3,284)	14,797,040
Banks	18,336,664	109,667	150,318	-	21,907	18,618,556	(21,350)	18,597,206
Corporates	82,286,304	15,201,687	485,469	3,267,311	792,375	102,033,146	(992,036)	101,041,110
General business	45,769,233	6,191,625	441,089	1,620,761	544,238	54,566,946	(678,237)	53,888,709
Small- and medium-sized enterprise	32,180,551	8,507,800	44,380	1,586,865	230,901	42,550,497	(287,027)	42,263,470
Project financing and others	4,336,520	502,262	-	59,685	17,236	4,915,703	(26,772)	4,888,931
Consumers	140,296,304	4,501,707	8,077,073	6,357,713	689,889	159,922,686	(640,349)	159,282,337
Securities at amortized cost	20,326,050	-	-	-	-	20,326,050	(5,511)	20,320,539
Financial assets at FVTOCI (*4)	26,684,601	110,560	-	-	-	26,795,161	(8,569)	26,795,161
Total	302,719,856	19,934,011	8,712,860	9,625,024	1,504,172	342,495,923	(1,671,099)	340,833,393

	December 31, 2019			
	Collateral value			
	Stage1	Stage2	Stage3	Total
Loans and other financial assets at amortized cost	169,438,539	14,451,806	692,139	184,582,484
Korean treasury and government agencies	-	-	-	-
Banks	612,200	2,028	-	614,228
Corporates	55,602,818	2,335,496	394,860	58,333,174
General business	22,291,348	1,023,766	240,771	23,555,885
Small- and medium-sized enterprise	31,517,538	1,311,730	145,061	32,974,329
Project financing and others	1,793,932	-	9,028	1,802,960
Consumers	113,223,521	12,114,282	297,279	125,635,082
Securities at amortized cost	-	-	-	-
Financial assets at FVTOCI (*4)	-	-	-	-
Total	169,438,539	14,451,806	692,139	184,582,484

(*1) Credit grade of corporates are AAA ~ BBB, and consumers are grades 1 ~ 6.

(*2) Credit grade of corporates are A- ~ BBB, and consumers are grades 1 ~ 6.

(*3) Credit grade of corporates are BBB- ~ C, and consumers are grades 7 ~ 10.

(*4) Financial assets at FVTOCI has been disclosed as the amount before deducting loss allowance because loss allowance does not reduce the carrying amount.

December 31, 2018								
	Stage 1		Stage 2		Stage 3	Total	Loss allowance	Total, net
	Above appropriate credit rating (*1)	Less than a limited credit rating (*3)	Above appropriate credit rating (*2)	Less than a limited credit rating (*3)				
Loans and other financial assets at amortized cost	252,921,186	17,624,416	6,330,382	5,739,850	1,693,148	284,308,982	(1,851,404)	282,457,578
Korean treasury and government agencies	13,549,305	1,009	1	-	-	13,550,315	(3,161)	13,547,154
Banks	22,163,951	105,583	27,777	-	14,307	22,311,618	(27,776)	22,283,842
Corporates	77,160,502	15,550,301	655,907	3,424,215	1,034,030	97,824,955	(1,197,284)	96,627,671
General business	43,173,952	6,474,057	526,303	1,723,704	716,722	52,614,738	(817,002)	51,797,736
Small- and medium-sized enterprise	29,510,917	8,527,542	107,998	1,547,761	277,825	39,972,043	(335,469)	39,636,574
Project financing and others	4,475,633	548,702	21,606	152,750	39,483	5,238,174	(44,813)	5,193,361
Consumers	140,047,428	1,967,523	5,646,697	2,315,635	644,811	150,622,094	(623,183)	149,998,911
Securities at amortized cost	22,939,039	-	195	-	250	22,939,484	(6,925)	22,932,559
Financial assets at FVTOCI (*4)	16,940,654	146,442	25,153	-	-	17,112,249	(6,177)	17,112,249
Total	292,800,879	17,770,858	6,355,730	5,739,850	1,693,398	324,360,715	(1,864,506)	322,502,386

December 31, 2018				
	Collateral value			
	Stage1	Stage2	Stage3	Total
Loans and other financial assets at amortized cost	163,329,105	8,836,440	698,593	172,864,138
Korean treasury and government agencies	11,600	-	-	11,600
Banks	361,024	3,334	-	364,358
Corporates	51,595,949	2,509,620	426,325	54,531,894
General business	19,907,948	1,167,993	241,651	21,317,592
Small- and medium-sized enterprise	29,780,716	1,291,222	184,674	31,256,612
Project financing and others	1,907,285	50,405	-	1,957,690
Consumers	111,360,532	6,323,486	272,268	117,956,286
Securities at amortized cost	-	-	-	-
Financial assets at FVTOCI (*4)	-	-	-	-
Total	163,329,105	8,836,440	698,593	172,864,138

(*1) Credit grade of corporates are AAA ~ BBB, and consumers are grades 1 ~ 6.

(*2) Credit grade of corporates are A- ~ BBB, and consumers are grades 1 ~ 6.

(*3) Credit grade of corporates are BBB- ~ C, and consumers are grades 7 ~ 10.

(*4) Financial assets at FVTOCI has been disclosed as the amount before deducting loss allowance because loss allowance does not reduce the carrying amount.

b) Guarantees and loan commitments

The credit quality of the guarantees and loan commitments as of December 31, 2019 and 2018 are as follows (Unit: Korean Won in millions):

Financial assets	December 31, 2019					
	Stage 1		Stage 2		Stage3	Total
	Above appropriate credit rating (*1)	Less than a limited credit rating (*3)	Above appropriate credit rating (*2)	Less than a limited credit rating (*3)		
Off-balance accounts						
Guarantees	10,952,917	1,333,561	355	223,657	108,427	12,618,917
Loan						
Commitments	97,854,790	3,479,295	1,388,136	906,033	23,420	103,651,674
Total	<u>108,807,707</u>	<u>4,812,856</u>	<u>1,388,491</u>	<u>1,129,690</u>	<u>131,847</u>	<u>116,270,591</u>

(*1) Credit grade of corporates are AAA ~ BBB, and consumers are grades 1 ~ 6.

(*2) Credit grade of corporates are A- ~ BBB, and consumers are grades 1 ~ 6.

(*3) Credit grade of corporate are BBB- ~ C, and consumers are grades 7 ~ 10.

Financial assets	December 31, 2018					
	Stage 1		Stage 2		Stage3	Total
	Above appropriate credit rating (*1)	Less than a limited credit rating (*3)	Above appropriate credit rating (*2)	Less than a limited credit rating (*3)		
Off-balance accounts						
Guarantees	11,212,772	1,063,551	7,147	261,599	121,348	12,666,417
Loan						
commitments	91,734,567	3,632,586	1,529,330	880,518	19,703	97,796,704
Total	<u>102,947,339</u>	<u>4,696,137</u>	<u>1,536,477</u>	<u>1,142,117</u>	<u>141,051</u>	<u>110,463,121</u>

(*1) Credit grade of corporates are AAA ~ BBB, and consumers are grades 1 ~ 6.

(*2) Credit grade of corporates are A- ~ BBB, and consumers are grades 1 ~ 6.

(*3) Credit grade of corporate are BBB- ~ C, and consumers are grades 7 ~ 10.

4) Collateral and other credit enhancements

During the current period, there have been no significant changes in the value of collateral or other credit enhancements held by the Group and there have been no significant changes in collateral or other credit enhancements due to changes in the collateral policy of the Group. As of December 31, 2019, there are no financial assets that do not recognize the allowance for losses just because financial assets have collateral.

5) For the financial assets that record loss allowance as total expected credit loss, the amortized cost before the change in contractual cash flows is 18,735 million Won, and the net loss due to the change is 82 million Won.

6) As the Group manages receivables that have not lost the right of claim to the debtor for the grounds of incomplete statute limitation and uncollected receivables under the related laws as receivable charge-offs, the balance as of December 31, 2019 and 2018 are 9,667,169 million Won and 9,578,796 million Won.

(2) Market risk

Market risk is the possible risk of loss arising from trading position and non-trading position as a result of the volatility of market factors such as interest rates, stock prices and foreign exchange rates.

1) Market risk management

Market risk management refers to the process of making and implementing decisions for the avoidance, acceptance or mitigation of risks by identifying the underlying source of the risks and measuring its level, and evaluating the appropriateness of the level of accepted market risks.

a) Trading activities

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 managing internal risk. The Value at Risk (VaR) methodology is used to manage and measure market risk.

Woori Bank, a subsidiary of the Group, uses the internal model approved by the Financial Supervisory Service to measure the VaR using the Historical Simulation Method based on a 99% confidence level and a 10-day retention period, and calculates the required capital risk for calculating the BIS ratio. For internal management purposes, limit management is performed on a daily basis measuring VaR based on a 99% confidence and 1 day retention period. In addition, Woori Bank perform a daily verification that compares VaR measurement and profit and loss to verify the suitability of the model.

The minimum, maximum and average VaR of the Group for the year ended December 31, 2019 and 2018, respectively, and the VaR of the Group as of December 31, 2019 and 2018, respectively, are as follows (Unit: Korean Won in millions):

Risk factor	December 31, 2019	For the year ended December 31, 2019			December 31, 2018	For the year ended December 31, 2018		
		Average	Maximum	Minimum		Average	Maximum	Minimum
Interest rate	5,052	3,406	5,725	1,176	3,107	3,702	5,528	1,730
Stock price	3,730	3,203	5,935	1,146	2,353	2,669	5,081	1,138
Foreign currencies	5,028	5,033	6,469	4,395	4,972	4,678	6,136	3,439
Commodity price	-	1	32	-	-	3	24	-
Diversification	(6,233)	(5,127)	(9,229)	(2,339)	(4,445)	(4,869)	(8,155)	(1,815)
Total VaR(*)	7,577	6,516	8,932	4,378	5,987	6,183	8,614	4,492

(*) VaR (Value at Risk): Retention period of 1 day, Maximum expected losses under 99% level of confidence.

b) Non-trading activities

For non-trading sectors of the bank, consolidated trusts and subsidiaries of the Bank, the risk is managed and measured by Δ NII(change in Net Interest Income) and Δ EVE(change in Economic Value of Equity) through NII(Net Interest Income) and NPV(Net Present Value) simulation, and for the remaining subsidiaries, the risk is managed and measured with interest rate EaR(Earning at Risk, maximum of the expected change for profit or loss) and interest rate VaR that are in accordance with BIS Framework.

NII is primarily an indicator of changes in profit from short-term changes in interest rates and is measured by deducting the interest expenses on the liability from the interest income from the asset. NPV is primarily an indicator of the risk of an economic value perspective resulting from unfavorable changes in interest rates and is measured by subtracting the present value of the liability from the present value of the asset. Δ NII represents a change in net interest income that may occur over a certain period (e.g., 1 year) due to unfavorable changes in interest rates, and Δ EVE indicates the economic value changes in equity capital that could be caused by changes in interest rates affecting the present value of asset, liabilities, and others. The interest rate EaR represents the maximum amount of decrease in net interest income that could result from unfavorable changes in interest rate over a certain period (e.g., 1 year), and the interest rate VaR represents the maximum expected loss that indicates how much net asset value can decrease at present or in the future due to unfavorable changes in interest rates.

For assets and liabilities as of December 31, 2019 that include bank, consolidated trusts and subsidiaries of the bank, details of Δ EVE and Δ NII calculated based on interest rate risk in banking book (IRRBB) are as follows (Unit: Korean Won in millions):

December 31, 2019	
Δ EVE(*1)	Δ NII(*2)
490,981	162,023

(*1) Δ EVE: change in Economic Value of Equity

(*2) Δ NII: change in Net Interest Income

NII and NPV according to interest rate change scenario for assets and liabilities held by banks and connected trusts as of December 31, 2018 are as follows (Unit: Korean Won in millions):

	December 31, 2018	
	NII (*1)	NPV (*2)
Base case	4,895,332	24,636,678
Base case (Prepay)	4,887,799	24,225,946
IR 100bp up	5,575,470	24,415,761
IR 100bp down	4,329,543	24,907,344
IR 200bp up	6,603,132	24,232,738
IR 200bp down	3,508,859	25,245,667
IR 300bp up	7,560,155	24,079,415
IR 300bp down	3,352,267	25,680,084

(*1) NII: Net Interest Income

(*2) NPV: Net Portfolio Value

For the remaining subsidiaries except the bank, consolidated trusts, and consolidated subsidiaries of the bank as of December 31, 2019, and for the subsidiaries other than the bank and consolidated trusts as of December 31, 2018, the interest rate EaR and VaR calculated based on the BIS Framework are as follows (Unit: Korean Won in millions):

December 31, 2019		December 31, 2018	
EaR (*1)	VaR (*2)	EaR (*1)	VaR (*2)
92,439	87,872	248,364	141,484

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

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

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

		December 31, 2019						
		Within 3 months	4 to 6 months	7 to 9 months	10 to 12 months	1 to 5 years	Over 5 years	Total
Asset:								
Loans and other financial assets at amortized cost		153,023,603	49,505,606	12,505,250	10,506,470	57,582,270	5,209,670	288,332,869
Financial assets at FVTPL		150,149	23,648	63,825	34,299	131,206	13,347	416,474
Financial assets at FVTOCI		5,414,586	5,486,113	3,450,669	3,174,893	9,367,756	318,371	27,212,388
Securities at amortized cost		1,844,868	1,696,004	738,383	1,409,549	14,869,227	858,142	21,416,173
Total		<u>160,433,206</u>	<u>56,711,371</u>	<u>16,758,127</u>	<u>15,125,211</u>	<u>81,950,459</u>	<u>6,399,530</u>	<u>337,377,904</u>
Liability:								
Deposits due to customers		116,490,812	45,803,202	32,683,132	26,740,013	43,175,232	59,305	264,951,696
Borrowings		12,105,234	1,910,759	1,048,991	706,952	3,264,861	509,359	19,546,156
Debentures		2,378,211	2,894,577	3,330,658	2,466,142	19,211,409	2,537,391	32,818,388
Total		<u>130,974,257</u>	<u>50,608,538</u>	<u>37,062,781</u>	<u>29,913,107</u>	<u>65,651,502</u>	<u>3,106,055</u>	<u>317,316,240</u>
		December 31, 2018						
		Within 3 months	4 to 6 months	7 to 9 months	10 to 12 months	1 to 5 years	Over 5 years	Total
Asset:								
Loans and other financial assets at amortized cost		159,894,065	45,387,214	8,878,060	9,903,959	46,459,450	4,201,379	274,724,127
Financial assets at FVTPL		371,984	32,278	24,951	64,838	145,121	27,536	666,708
Financial assets at FVTOCI		2,579,442	1,775,435	1,486,953	2,223,494	9,289,742	185,320	17,540,386
Securities at amortized cost		2,449,416	2,251,180	1,735,698	1,946,948	15,177,608	402,671	23,963,521
Total		<u>165,294,907</u>	<u>49,446,107</u>	<u>12,125,662</u>	<u>14,139,239</u>	<u>71,071,921</u>	<u>4,816,906</u>	<u>316,894,742</u>
Liability:								
Deposits due to customers		100,232,916	44,207,416	29,419,951	35,427,657	40,130,055	72,276	249,490,271
Borrowings		9,971,680	1,924,390	670,404	518,167	2,723,156	626,364	16,434,161
Debentures		2,153,916	2,416,483	2,201,070	2,584,230	18,955,400	2,403,077	30,714,176
Total		<u>112,358,512</u>	<u>48,548,289</u>	<u>32,291,425</u>	<u>38,530,054</u>	<u>61,808,611</u>	<u>3,101,717</u>	<u>296,638,608</u>

(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, 2019									
		USD		JPY		CNY		EUR		Others	Total
		Foreign currency	Korean Won equivalent	Foreign currency	Korean Won equivalent	Foreign currency	Korean Won equivalent	Foreign currency	Korean Won equivalent	Korean Won equivalent	Korean Won equivalent
Asset	Loans and other financial assets at amortized cost	22,916	26,531,794	150,462	1,600,140	31,393	5,203,131	2,258	2,929,312	5,272,352	41,536,729
	Financial assets at FVTPL	165	190,733	5,322	56,602	25	4,155	105	135,827	64,185	451,502
	Financial assets at FVTOCI	2,679	3,102,752	-	-	2,005	332,319	25	33,017	406,753	3,874,841
	Securities at amortized cost	319	369,677	-	-	-	-	40	52,139	97,092	518,908
	Total	<u>26,079</u>	<u>30,194,956</u>	<u>155,784</u>	<u>1,656,742</u>	<u>33,423</u>	<u>5,539,605</u>	<u>2,428</u>	<u>3,150,295</u>	<u>5,840,382</u>	<u>46,381,980</u>
Liability	Financial liabilities at FVTPL	251	291,102	4,415	46,957	-	-	68	87,776	83,790	509,625
	Deposits due to customers	13,208	15,291,671	166,108	1,766,526	27,739	4,597,467	1,727	2,240,884	3,247,164	27,143,712
	Borrowings	6,588	7,627,665	11,061	117,634	16	2,743	515	668,060	499,046	8,915,148
	Debentures	3,999	4,629,944	-	-	-	-	105	136,230	271,790	5,037,964
	Other financial liabilities	<u>3,016</u>	<u>3,492,462</u>	<u>11,240</u>	<u>119,529</u>	<u>3,079</u>	<u>510,281</u>	<u>359</u>	<u>466,240</u>	<u>6,906</u>	<u>4,595,418</u>
Total	<u>27,062</u>	<u>31,332,844</u>	<u>192,824</u>	<u>2,050,646</u>	<u>30,834</u>	<u>5,110,491</u>	<u>2,774</u>	<u>3,599,190</u>	<u>4,108,696</u>	<u>46,201,867</u>	
Off-balance accounts	<u>7,030</u>	<u>8,139,395</u>	<u>34,316</u>	<u>364,946</u>	<u>4,525</u>	<u>749,973</u>	<u>560</u>	<u>726,323</u>	<u>634,870</u>	<u>10,615,507</u>	
		December 31, 2018									
		USD		JPY		CNY		EUR		Others	Total
		Foreign currency	Korean Won equivalent	Foreign currency	Korean Won equivalent	Foreign currency	Korean Won equivalent	Foreign currency	Korean Won equivalent	Korean Won equivalent	Korean Won equivalent
Asset	Loans and other financial assets at amortized cost	20,406	22,816,027	167,419	1,696,255	29,880	4,863,230	1,994	2,550,147	4,742,340	36,667,999
	Financial assets at FVTPL	74	82,197	1,425	14,434	-	-	59	75,169	79,584	251,384
	Financial assets at FVTOCI	1,472	1,645,595	-	-	1,604	261,085	-	-	729,581	2,636,261
	Securities at amortized cost	52	58,489	-	-	-	-	-	-	175,552	234,041
	Total	<u>22,004</u>	<u>24,602,308</u>	<u>168,844</u>	<u>1,710,689</u>	<u>31,484</u>	<u>5,124,315</u>	<u>2,053</u>	<u>2,625,316</u>	<u>5,727,057</u>	<u>39,789,685</u>
Liability	Financial liabilities at FVTPL	118	131,927	1,956	19,815	-	-	55	70,250	121,658	343,650
	Deposits due to customers	11,159	12,477,154	169,770	1,720,072	23,967	3,900,923	887	1,135,149	4,392,936	23,626,234
	Borrowings	6,606	7,386,616	3,834	38,847	381	61,947	286	365,585	505,541	8,358,536
	Debentures	3,645	4,075,084	-	-	-	-	-	-	285,339	4,360,423
	Other financial liabilities	<u>2,522</u>	<u>2,820,290</u>	<u>28,955</u>	<u>293,362</u>	<u>1,818</u>	<u>295,919</u>	<u>193</u>	<u>246,584</u>	<u>18,527</u>	<u>3,674,682</u>
Total	<u>24,050</u>	<u>26,891,071</u>	<u>204,515</u>	<u>2,072,096</u>	<u>26,166</u>	<u>4,258,789</u>	<u>1,421</u>	<u>1,817,568</u>	<u>5,324,001</u>	<u>40,363,525</u>	
Off-balance accounts	<u>7,453</u>	<u>8,333,153</u>	<u>33,347</u>	<u>337,868</u>	<u>1,557</u>	<u>253,366</u>	<u>474</u>	<u>606,714</u>	<u>823,655</u>	<u>10,354,756</u>	

(4) 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, 2019						
	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	115,156	-	-	-	-	-	115,156
Deposits due to customers	166,474,535	36,697,168	24,634,859	31,233,844	6,590,119	1,877,594	267,508,119
Borrowings	8,596,202	2,948,384	2,162,846	1,880,424	3,682,214	520,936	19,791,006
Debentures	2,378,211	2,894,577	3,330,658	2,466,142	19,211,409	2,537,391	32,818,388
Lease liabilities	46,072	42,549	37,420	35,210	232,985	40,698	434,934
Other financial liabilities	11,242,367	60,981	119,633	10,344	71,561	2,660,640	14,165,526
Total	<u>188,852,543</u>	<u>42,643,659</u>	<u>30,285,416</u>	<u>35,625,964</u>	<u>29,788,288</u>	<u>7,637,259</u>	<u>334,833,129</u>

	December 31, 2018						
	Within 3 months	4 to 6 months	7 to 9 Months	10 to 12 months	1 to 5 years	Over 5 years	Total
Financial liabilities at FVTPL	191,825	-	-	-	-	-	191,825
Deposits due to customers	145,187,689	33,825,662	22,186,833	42,046,740	7,098,907	1,870,334	252,216,165
Borrowings	6,373,835	2,846,294	1,874,069	1,607,985	3,156,128	642,017	16,500,328
Debentures	2,153,916	2,416,483	2,201,070	2,584,230	18,955,400	2,403,077	30,714,176
Other financial liabilities	14,240,022	44,572	169,996	1,201	90,615	2,288,560	16,834,966
Total	<u>168,147,287</u>	<u>39,133,011</u>	<u>26,431,968</u>	<u>46,240,156</u>	<u>29,301,050</u>	<u>7,203,988</u>	<u>316,457,460</u>

- 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, 2019						
		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		115,156	-	-	-	-	-	115,156
Deposits due to customers		175,309,271	38,219,793	23,649,424	24,102,750	5,547,232	150,233	266,978,703
Borrowings		8,596,202	2,948,384	2,162,846	1,880,424	3,682,214	520,936	19,791,006
Debentures		2,378,211	2,894,577	3,330,658	2,466,142	19,211,409	2,537,391	32,818,388
Lease liabilities		46,072	42,549	37,420	35,210	232,985	40,698	434,934
Other financial liabilities		11,242,367	60,981	119,633	10,344	71,561	2,660,640	14,165,526
Total		197,687,279	44,166,284	29,299,981	28,494,870	28,745,401	5,909,898	334,303,713

		December 31, 2018						
		Within 3 months	4 to 6 months	7 to 9 months	10 to 12 months	1 to 5 years	Over 5 years	Total
Financial liabilities at FVTPL		191,825	-	-	-	-	-	191,825
Deposits due to customers		163,787,990	38,126,886	20,993,436	23,262,092	5,230,533	17,649	251,418,586
Borrowings		6,373,835	2,846,294	1,874,069	1,607,985	3,156,128	642,017	16,500,328
Debentures		2,153,916	2,416,483	2,201,070	2,584,230	18,955,400	2,403,077	30,714,176
Other financial liabilities		14,240,022	44,572	169,996	1,201	90,615	2,288,560	16,834,966
Total		186,747,588	43,434,235	25,238,571	27,455,508	27,432,676	5,351,303	315,659,881

3) Maturity analysis of derivative financial liabilities

Derivatives held for trading purpose are not managed in accordance with their contractual maturity, since the Group holds such financial instruments with the purpose of disposing or redemption before their maturity. As such, those derivatives are incorporated as “within 3 months” in the table below. Derivatives designated for hedging purpose are estimated by offsetting cash inflows and cash outflows.

The cash flow by the maturity of derivative financial liabilities as of December 31, 2019 and 2018 is as follows (Unit: Korean Won in millions):

		Remaining maturity						
		Within 3 months	4 to 6 months	7 to 9 months	10 to 12 months	1 to 5 years	Over 5 years	Total
December 31, 2019	Cash flow risk hedge	1,839	(341)	(298)	(247)	6,249	-	7,202
	Trading purpose	2,843,195	-	-	-	-	-	2,843,195
December 31, 2018	Cash flow risk hedge	(1,880)	(683)	8,080	14,133	14,103	-	33,753
	Fair value risk hedge	(3,835)	9,448	(3,541)	9,133	6,991	-	18,196
	Trading purpose	2,090,861	-	-	-	-	-	2,090,861

4) Maturity analysis of off-balance accounts (Guarantees and loan commitments)

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. 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, unused loan commitments, and other guarantees, however, under the terms of the guarantees and unused 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, 2019	December 31, 2018
Guarantees	12,618,917	12,666,417
Loan commitments	103,651,674	97,796,704

(5) Operational risk

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

1) Operational risk management

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

2) Operational risk measurement

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

(6) Capital management

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

According to the above regulations, the Group is required to meet the following new minimum requirements: Tier 1 common capital ratio of 7.00%, a Tier 1 capital ratio of 8.5% and a minimum total capital ratio of 10.5% as of December 31, 2019.

Details of the Group’s capital adequacy ratio as of December 31, 2019 are as follows (Unit: Korean Won in millions):

	December 31, 2019
Tier 1 capital	19,135,300
Other Tier 1 capital	3,340,252
Tier 2 capital	4,639,519
Total risk-adjusted capital	27,115,071
Risk-weighted assets for credit risk	209,802,895
Risk-weighted assets for market risk	5,586,757
Risk-weighted assets for operational risk	12,656,301
Total risk-weighted assets	228,045,953
Common Equity Tier 1 ratio	8.39%
Tier 1 capital ratio	9.86%
Total capital ratio	11.89%

5. OPERATING SEGMENTS

In evaluating the results of the Group and allocating resources, the Group's Chief Operation Decision Maker ("CODM") utilizes the information per type of customers. With the establishment of Woori Financial Group Inc. during the current term, the company reports to the CODM according to the organizational sectors below. This financial information of the segments is regularly reviewed by the CODM to make decisions about resources to be allocated to each segment and evaluate its performance.

(1) Segment by type of organization

The Group's reporting segments consist of banking, credit card, comprehensive finance and other sectors, and the composition of such reporting segments was divided based on internal report data periodically reviewed by the management to evaluate the performance of the segment and make decisions on the resources to be distributed.

	Operational scope
Banking	Loans/deposits and relevant services for Woori Bank and overseas subsidiaries' customers
Credit card	Credit card, cash services, card loans and relevant work of Woori Card Co., Ltd.
Investment banking	Securities operation, sale of financial instruments, project financing and other related activities for comprehensive financing of Woori Investment bank Co., Ltd.
Others	Woori Financial Group Inc., Woori FIS Co., Ltd., Woori Finance Research Institute, Woori Credit Information Co., Ltd., Woori Fund Services Inc., Woori Asset Management Corp., Ltd., Woori Private Equity Asset Management Co., Ltd., Woori Global Asset Management Co., Ltd.

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

	For the year ended December 31, 2019						Total
	Banking	Credit card	Investment banking	Others (*1)	Sub-total	Adjustments (*2)	
Net Interest income(expense)	4,583,386	553,956	54,077	2,290	5,193,709	699,997	5,893,706
Non-interest income(expense)	1,557,247	31,842	33,539	957,880	2,580,508	(1,533,917)	1,046,591
Impairment losses due to credit loss	(32,621)	(259,604)	(572)	(538)	(293,335)	(80,909)	(374,244)
General and administrative expense(*3)	(3,478,535)	(190,062)	(31,183)	(323,528)	(4,023,308)	257,231	(3,766,077)
Net operating income(expense)	2,629,477	136,132	55,861	636,104	3,457,574	(657,598)	2,799,976
Non-operating income(expense)	(151,348)	13,889	(3,501)	(1,545)	(142,505)	65,578	(76,927)
Net income(expense) before tax	2,478,129	150,021	52,360	634,559	3,315,069	(592,020)	2,723,049
Tax income(expense)	(616,110)	(35,825)	998	(1,294)	(652,231)	(33,222)	(685,453)
Net income(loss)	1,862,019	114,196	53,358	633,265	2,662,838	(625,242)	2,037,596

(*1) Other subsidiaries include gains and losses from Woori Financial Group Inc., Woori FIS Co., Ltd., Woori Finance Research Co., Ltd., Woori Credit Information Co., Ltd., Woori Fund Service Inc., Woori Asset Management Corp., Woori Private Equity Asset Management Co., Ltd. and Woori Global Asset Management Co., Ltd.

(*2) Adjustments were made for the presentation of profit or loss in accordance with the Accounting Standards from the reporting segments in accordance with the Managerial Accounting Standards.

(*3) Depreciation and amortization 481,176 million Won are included in General and administrative expense. There are the Banking (435,227 million Won), Credit card (28,367 million Won), Investment banking (2,212 million Won), others (16,492 million Won) and adjustments (-) 1,122 million Won) respectively.

	For the year ended December 31, 2018 (*1)						
	Banking	Credit card	Investment Banking	Others (*2)	Reporting segment total	Adjustments (*3)	Total
Net Interest income(expense)	4,453,511	509,999	43,081	1,142	5,007,732	643,219	5,650,951
Non-interest income(expense)	1,517,141	59,971	19,814	297,196	1,894,122	(832,165)	1,061,957
Impairment losses due to credit loss	4,913	(227,144)	(3,898)	(166)	(226,296)	(103,278)	(329,574)
General and administrative expense (*4)	(3,416,320)	(170,765)	(26,081)	(292,826)	(3,905,993)	281,960	(3,624,033)
Net operating income(expense)	2,559,245	172,060	32,915	5,345	2,769,565	(10,264)	2,759,301
Non-operating income(expense)	69,897	(5,547)	(295)	199	64,255	(18,684)	45,571
Net income(expense) before tax	2,629,142	166,513	32,621	5,545	2,833,821	(28,949)	2,804,872
Tax income(expense)	(713,178)	(39,979)	743	(2,238)	(754,651)	1,428	(753,223)
Net income(loss)	1,915,964	126,534	33,364	3,307	2,079,169	(27,520)	2,051,649

(*1) For comparative display, the category information of each customer from the previous term has been reclassified to profit or loss by operating segment according to the organization.

(*2) Other subsidiaries include gains and losses from Woori FIS Co., Ltd., Woori Finance Research Co., Ltd., Woori Credit Information Co., Ltd., Woori Fund Service Inc. and Woori Private Equity Asset Management Co., Ltd.

(*3) Adjustments were made for the presentation of profit or loss in accordance with the Accounting Standards from the reporting segments in accordance with the Managerial Accounting Standards.

(*4) Depreciation and amortization 216,735 million Won are included in General and administrative expense. There are the Banking (177,882 million Won), Credit card (11,477 million Won), Investment banking (977 million Won), others (26,398 million Won) and adjustments (1 million Won), respectively.

- (3) Operating profit or loss and major non-current assets from external customers for the period are as follows (Unit: Korean Won in millions):

	For the year ended December 31, 2019	
	Operating income(expense) from external customers	Major non-current assets (*)
Domestic	2,500,504	4,908,140
Foreign	299,472	387,284
Total	2,799,976	5,295,424

(*) Investments in joint ventures and associates, investment properties, premises and equipment and intangible assets and right-of-use assets are included in major non-current assets.

	For the year ended December 31, 2018	
	Operating income(expense) from external customers	Major non-current assets (*)
Domestic	2,505,813	3,551,924
Foreign	253,488	236,050
Total	2,759,301	3,787,974

(*) Investments in joint ventures and associates, investment properties, premises and equipment and intangible assets and right-of-use assets are included in major non-current assets.

- (4) Information about major customers

The Group does not have any single customer that generates 10% or more of the Group's total revenue as of December 31, 2019 and 2018.

6. STATEMENTS OF CASH FLOWS

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

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Cash	1,957,997	2,107,861
Foreign currencies	625,999	725,083
Demand deposits	3,684,044	3,512,216
Fixed deposits	124,526	402,734
Total	<u>6,392,566</u>	<u>6,747,894</u>

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

	<u>For the years ended December 31</u>	
	<u>2019</u>	<u>2018</u>
Changes in other comprehensive income related to valuation of financial assets at FVTOCI	(14,141)	2,505
Changes in other comprehensive income related to valuation of equity method investments	613	2,958
Changes in other comprehensive income related to valuation loss on cash flow hedge	(1,823)	(4,646)
Changes in equity related to assets held for sale	-	(4,145)
Changes in financial assets at FVTOCI as a result of debt-equity swap	96,527	14,378
Changes in investments in associates due to accounts transfer	651	(89,151)
Classified to premises and equipment from investment properties	166,892	-
Changes in intangible assets related to account payables	29,705	-
Classified to assets held for distribution (sale) from premises and equipment	(95)	6,243
Increase in right-of-use assets and lease liabilities	692,103	-
Changes in unpaid dividends on hybrid equity securities	-	3,569
Comprehensive stock exchange	581,609	-

- (3) Adjustments of liabilities from financing activities in current and prior year are as follows (Unit: Korean Won in millions):

	For the year ended December 31, 2019						
	Not involving cash inflows and outflows						
	Beginning balance	Cash flow	Foreign Exchange	Variation of gains on valuation of hedged items	Business Combination (Note 45)	Others	Ending balance
Borrowings	16,202,986	3,081,757	(285,607)	-	-	(216)	18,998,920
Debentures	28,735,862	1,858,762	155,433	85,984	-	22,014	30,858,055
Lease liabilities(*)	377,030	(217,867)	(819)	-	5,552	255,149	419,045
Total	45,315,878	4,722,652	(130,993)	85,984	5,552	276,947	50,276,020

(*) The amount of lease liability at the beginning of the current in applying K-IFRS 1116 is reflected.

	For the year ended December 31, 2018						
	Not involving cash inflows and outflows						
	Beginning balance	Cash flow	Foreign Exchange	Variation of gains on valuation of hedged items	Others	Ending balance	
Borrowings	14,784,706	1,257,121	161,078	-	81	16,202,986	
Debentures	27,869,651	612,331	267,339	(25,498)	12,039	28,735,862	
Total	42,654,357	1,869,452	428,417	(25,498)	12,120	44,938,848	

7. FINANCIAL ASSETS AT FVTPL

- (1) Details of financial assets at FVTPL as of December 31, 2019 and 2018 are as follows (Unit: Korean Won in millions):

	December 31, 2019	December 31, 2018
Financial assets at fair value through profit or loss measured at fair value	8,069,144	6,126,316

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

	December 31, 2019	December 31, 2018
Deposits:		
Gold banking asset	27,901	26,935
Securities:		
Debt securities		
Korean treasury and government agencies	872,954	516,173
Financial institutions	600,303	533,393
Corporates	762,265	774,589
Others	101,563	-
Equity securities	688,350	455,666
Capital contributions	515,199	422,614
Beneficiary certificates	1,366,233	985,417
Sub-total	4,906,867	3,687,852
Loans	212,473	385,450
Derivatives assets	2,921,903	2,026,079
Total	8,069,144	6,126,316

- (3) Financial assets at fair value through profit or loss designated as upon initial recognition is nil as of December 31, 2018 and 2019.

8. FINANCIAL ASSETS AT FVTOCI

- (1) Details of financial assets at FVTOCI as of December 31, 2019 and 2018 is as follows (Unit: Korean Won in millions):

	December 31, 2019	December 31, 2018
Debt securities:		
Korean treasury and government agencies	1,152,711	1,358,378
Financial institutions	17,769,924	11,252,790
Corporates	3,917,004	1,824,843
Bond denominated in foreign currencies	3,874,785	2,636,209
Sub-total	<u>26,714,424</u>	<u>17,072,220</u>
Equity securities	935,370	951,174
Securities loaned	80,737	40,029
Total	<u>27,730,531</u>	<u>18,063,423</u>

- (2) Details of equity securities designated as financial assets at FVTOCI as of December 31, 2019 and 2018 are as follows (Unit: Korean Won in millions):

Purpose of acquisition	December 31, 2019	December 31, 2018	Remarks
Investment for strategic business partnership purpose	678,846	662,934	
Debt-equity swap	256,480	287,990	
Others	44	250	Cooperative insurance, etc.
Total	<u>935,370</u>	<u>951,174</u>	

- (3) Changes in the loss allowance and gross carrying amount of financial assets at FVTOCI are as follows (Unit: Korean Won in millions):

1) Allowance for credit losses

	For the year ended December 31, 2019			
	Stage 1	Stage 2	Stage 3	Total
Beginning balance	(5,939)	(238)	-	(6,177)
Transfer to 12-month expected credit losses	-	-	-	-
Transfer to lifetime expected credit losses	-	-	-	-
Transfer to credit-impaired financial assets	-	-	-	-
Net provision of loss allowance	(3,297)	-	-	(3,297)
Disposal	615	238	-	853
Others (*)	52	-	-	52
Ending balance	<u>(8,569)</u>	<u>-</u>	<u>-</u>	<u>(8,569)</u>

(*) Others consist of foreign currencies translation, etc.

	For the year ended December 31, 2018			
	Stage 1	Stage 2	Stage 3	Total
Beginning balance	(4,107)	(129)	-	(4,236)
Transfer to 12-month expected credit losses	-	-	-	-
Transfer to lifetime expected credit losses	-	-	-	-
Transfer to credit-impaired financial assets	-	-	-	-
Net provision of loss allowance	(1,918)	(109)	-	(2,027)
Others (*)	86	-	-	86
Ending balance	<u>(5,939)</u>	<u>(238)</u>	<u>-</u>	<u>(6,177)</u>

(*) Others consist of foreign currencies translation, etc.

2) Gross carrying amount

	For the year ended December 31, 2019			
	Stage 1	Stage 2	Stage 3	Total
Beginning balance	17,087,096	25,153	-	17,112,249
Transfer to 12-month expected credit losses	-	-	-	-
Transfer to lifetime expected credit losses	-	-	-	-
Transfer to credit-impaired financial assets	-	-	-	-
Acquisition	23,774,375	-	-	23,774,375
Disposal / Redemption	(14,224,358)	(25,000)	-	(14,249,358)
Gain (loss) on valuation	48,956	(153)	-	48,803
Amortization based on effective interest method	14,629	-	-	14,629
Business combination (Note 45)	24,985	-	-	24,985
Others (*)	69,478	-	-	69,478
Ending balance	<u>26,795,161</u>	<u>-</u>	<u>-</u>	<u>26,795,161</u>

(*) Others consist of foreign currencies translation, etc.

	For the year ended December 31, 2018			
	Stage 1	Stage 2	Stage 3	Total
Beginning balance	12,843,997	30,212	-	12,874,209
Transfer to 12-month expected credit losses	-	-	-	-
Transfer to lifetime expected credit losses	-	-	-	-
Transfer to credit-impaired financial assets	-	-	-	-
Acquisition	13,275,429	10,000	-	13,285,429
Disposal / Redemption	(9,146,307)	(15,047)	-	(9,161,354)
Gain (loss) on valuation	70,017	(59)	-	69,958
Amortization based on effective interest method	10,195	47	-	10,242
Others (*)	33,765	-	-	33,765
Ending balance	<u>17,087,096</u>	<u>25,153</u>	<u>-</u>	<u>17,112,249</u>

(*) Others consist of foreign currencies translation, etc.

- (4) During the term, the Group sold its equity securities., designated as financial assets at FVTOCI in accordance with the sale settlement of the creditors and the fair value at disposal is 34,841 million Won and the cumulative loss at disposal is 38,995 million Won.

9. SECURITIES AT AMORTIZED COST

- (1) Details of securities at amortized cost as of December 31, 2019 and December 31, 2018 are as follows
(Unit: Korean Won in millions):

	December 31, 2019	December 31, 2018
Korean treasury and government agencies	8,044,040	7,523,458
Financial institutions	6,694,614	9,474,922
Corporates	5,068,489	5,707,063
Bond denominated in foreign currencies	518,907	234,041
Allowance for credit losses	(5,511)	(6,925)
Total	<u>20,320,539</u>	<u>22,932,559</u>

- (2) Changes in the loss allowance and gross carrying amount of securities at amortized cost are as follows
(Unit: Korean Won in millions):

1) Loss allowance

	For the years ended December 31, 2019			
	Stage 1	Stage 2	Stage 3	Total
Beginning balance	(6,924)	-	-	(6,924)
Transfer to 12-month expected credit losses	-	-	-	-
Transfer to lifetime expected credit losses	-	-	-	-
Transfer to credit-impaired financial assets	-	-	-	-
Net reversal of loss allowance	1,415	-	-	1,415
Others (*)	(2)	-	-	(2)
Ending balance	(5,511)	-	-	(5,511)

(*) Others consist of foreign currencies translation, etc.

	For the year ended December 31, 2018			
	Stage 1	Stage 2	Stage 3	Total
Beginning balance	(5,078)	-	-	(5,078)
Transfer to 12-month expected credit losses	-	-	-	-
Transfer to lifetime expected credit losses	-	-	-	-
Transfer to credit-impaired financial assets	-	-	-	-
Net provision of loss allowance	(1,922)	-	-	(1,922)
Disposal	22	-	-	22
Others (*)	54	-	-	54
Ending balance	(6,924)	-	-	(6,924)

(*) Others consist of foreign currencies translation, etc.

2) Gross carrying amount

	For the year ended December 31, 2019			
	Stage 1	Stage 2	Stage 3	Total
Beginning balance	22,939,484	-	-	22,939,484
Transfer to 12-month expected credit losses	-	-	-	-
Transfer to lifetime expected credit losses	-	-	-	-
Transfer to credit-impaired financial assets	-	-	-	-
Acquisition	6,092,078	-	-	6,092,078
Disposal/Redemption	(8,709,947)	-	-	(8,709,947)
Amortization based on effective interest method	(3,286)	-	-	(3,286)
Others (*)	7,721	-	-	7,721
Ending balance	20,326,050	-	-	20,326,050

(*) Others consist of foreign currencies translation, etc.

	For the year ended December 31, 2018			
	Stage 1	Stage 2	Stage 3	Total
Beginning balance	16,749,296	-	-	16,749,296
Transfer to 12-month expected credit losses	-	-	-	-
Transfer to lifetime expected credit losses	-	-	-	-
Transfer to credit-impaired financial assets	-	-	-	-
Acquisition	15,622,847	-	-	15,622,847
Disposal/Redemption	(9,426,757)	-	-	(9,426,757)
Amortization based on effective interest method	(7,970)	-	-	(7,970)
Others (*)	2,068	-	-	2,068
Ending balance	22,939,484	-	-	22,939,484

(*) Others consist of foreign currencies translation, etc.

10. LOANS AND OTHER FINANCIAL ASSETS AT AMORTIZED COST, AND LOANS AND RECEIVABLES

(1) Details of loans and other financial assets at amortized cost as of December 31, 2019 and loans and receivables as of December 31, 2018 are as follows (Unit: Korean Won in millions):

	December 31, 2019	December 31, 2018
Due from banks	14,492,223	14,151,012
Loans	271,032,244	260,819,917
Other financial assets	8,193,226	7,486,649
Total	<u>293,717,693</u>	<u>282,457,578</u>

(2) Details of due from banks are as follows (Unit: Korean Won in millions):

	December 31, 2019	December 31, 2018
Due from banks in local currency:		
Due from The Bank of Korea (“BOK”)	11,028,850	11,034,602
Due from depository banks	82,509	90,988
Due from non-depository institutions	378	76
Due from the Korea Exchange	50,113	30,000
Others	43,253	85,915
Loss allowance	(2,865)	(3,069)
Sub-total	<u>11,202,238</u>	<u>11,238,512</u>
Due from banks in foreign currencies:		
Due from banks on demand	1,122,521	828,022
Due from banks on time	1,296,842	1,288,303
Others	872,617	798,493
Loss allowance	(1,995)	(2,318)
Sub-total	<u>3,289,985</u>	<u>2,912,500</u>
Total	<u>14,492,223</u>	<u>14,151,012</u>

(3) Details of restricted due from banks are as follows (Unit: Korean Won in millions):

	Counterparty	Amount	Reason of restriction
Due from banks in local currencies:			
Due from BOK	The BOK	11,028,850	Reserve deposits under the BOK Act
Due from KSFC	Korea Securities Finance Corp.	50,000	Customer's deposit reserve
Others	The Korea Exchange and others	41,645	Central counterparty KRW margin and others
	Sub-total	11,120,495	
Due from banks in foreign currencies:			
Due from banks on demand	The BOK and others	1,103,917	Reserve deposits under the BOK Act and others
Foreign currency deposits on time	National Bank Cambodia	58	Reserve deposits and others
Others	Korea Investment & Securities and others	872,603	Overseas futures and options trade deposits and others
	Sub-total	1,976,578	
	Total	13,097,073	
	Counterparty	December 31, 2018	Reason of restriction
Due from banks in local currencies:			
Due from BOK	The BOK	11,034,602	Reserve deposits under the BOK Act
Due from KSFC	Korea Securities Finance Corp.	30,000	Customer's deposit reserve
Others	The Korea Exchange and others	51,889	Central counterparty KRW margin and others
	Sub-total	11,116,491	
Due from banks in foreign currencies:			
Due from banks on demand	The BOK and others	780,576	Reserve deposits under the BOK Act and others
Others	The People's Bank of China and others	798,493	Reserve deposits and others
	Sub-total	1,579,069	
	Total	12,695,560	

- (4) Changes in the loss allowance and gross carrying amount of due from banks are as follows (Unit: Korean Won in millions):

1) Allowance for credit losses

	For the year ended December 31, 2019			
	Stage 1	Stage 2	Stage 3	Total
Beginning balance	(5,387)	-	-	(5,387)
Transfer to 12-month expected credit losses	-	-	-	-
Transfer to lifetime expected credit losses	-	-	-	-
Transfer to credit-impaired financial assets	-	-	-	-
Reversal of loss allowance	544	-	-	544
Others (*)	(17)	-	-	(17)
Ending balance	(4,860)	-	-	(4,860)

(*) Others consist of foreign currencies translation, etc.

	For the year ended December 31, 2018			
	Stage 1	Stage 2	Stage 3	Total
Beginning balance	(3,092)	-	-	(3,092)
Transfer to 12-month expected credit losses	-	-	-	-
Transfer to lifetime expected credit losses	-	-	-	-
Transfer to credit-impaired financial assets	-	-	-	-
Net provision of loss allowance	(2,219)	-	-	(2,219)
Others (*)	(76)	-	-	(76)
Ending balance	(5,387)	-	-	(5,387)

(*) Others consist of foreign currencies translation, etc.

2) Gross carrying amount

	For the year ended December 31, 2019			
	Stage 1	Stage 2	Stage 3	Total
Beginning balance	14,156,399	-	-	14,156,399
Transfer to 12-month expected credit losses	-	-	-	-
Transfer to lifetime expected credit losses	-	-	-	-
Transfer to credit-impaired financial assets	-	-	-	-
Net increase(decrease)	313,991	-	-	313,991
Business combination (Note 45)	35,910	-	-	35,910
Others(*)	(9,217)	-	-	(9,217)
Ending balance	14,497,083	-	-	14,497,083

(*) Others consist of foreign currencies translation, etc.

	For the year ended December 31, 2018			
	Stage 1	Stage 2	Stage 3	Total
Beginning balance	8,870,835	-	-	8,870,835
Transfer to 12-month expected credit losses	-	-	-	-
Transfer to lifetime expected credit losses	-	-	-	-
Transfer to credit-impaired financial assets	-	-	-	-
Net increase(decrease)	5,302,244	-	-	5,302,244
Others(*)	(16,680)	-	-	(16,680)
Ending balance	14,156,399	-	-	14,156,399

(*) Others consist of foreign currencies translation, etc.

(5) Details of loans are as follows (Unit: Korean Won in millions):

	December 31, 2019	December 31, 2018
Loans in local currency	221,484,049	210,701,421
Loans in foreign currencies	18,534,270	15,239,032
Domestic banker's usance	2,899,651	2,934,366
Credit card accounts	8,398,605	8,051,384
Bills bought in foreign currencies	4,772,093	7,874,457
Bills bought in local currency	61,362	22,885
Factoring receivables	20,905	45,851
Advances for customers on guarantees	12,616	13,810
Private placement bonds	307,339	365,531
Securitized loans	2,250,042	1,377,072
Call loans	3,290,167	2,669,080
Bonds purchased under resale agreements	8,981,752	11,701,951
Others	980,448	1,037,283
Loan origination costs and fees	620,791	574,178
Discounted present value	(6,826)	(10,308)
Allowance for credit losses	(1,575,020)	(1,778,076)
Total	<u>271,032,244</u>	<u>260,819,917</u>

(6) Changes in the loss allowance of loans are as follows (Unit: Korean Won in millions):

	For the year ended December 31, 2019					
	Consumers			Corporates		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Beginning balance	(114,509)	(48,368)	(129,906)	(348,311)	(349,619)	(527,673)
Transfer to 12-month expected credit losses	(14,430)	13,661	769	(58,537)	49,884	8,653
Transfer to lifetime expected credit losses	14,022	(15,332)	1,310	8,215	(20,473)	12,258
Transfer to credit-impaired financial assets	8,603	10,312	(18,915)	3,308	17,852	(21,160)
Net reversal(provision) of loss allowance	21,802	(38,203)	(146,204)	86,565	6,855	(75,392)
Recovery	-	-	(61,914)	-	-	(66,359)
Charge-off	-	-	217,382	-	-	222,537
Disposal	-	-	2,763	-	1	42,095
Interest income from impaired loans	-	-	9,647	-	-	17,887
Business combination (Note 45)	-	-	-	(9)	(2,008)	(3,150)
Others (*)	(636)	(32)	(520)	(15,489)	(210)	259
Ending balance	<u>(85,148)</u>	<u>(77,962)</u>	<u>(125,588)</u>	<u>(324,258)</u>	<u>(297,718)</u>	<u>(390,045)</u>

	For the year ended December 31, 2019					
	Credit card accounts			Total		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Beginning balance	(64,787)	(78,131)	(116,772)	(527,607)	(476,118)	(774,351)
Transfer to 12-month expected credit losses	(15,712)	15,231	481	(88,679)	78,776	9,903
Transfer to lifetime expected credit losses	6,031	(6,317)	286	28,268	(42,122)	13,854
Transfer to credit-impaired financial assets	98,647	94,116	(192,763)	110,558	122,280	(232,838)
Net reversal(provision) of loss allowance	(98,888)	(96,434)	(40,343)	9,479	(127,782)	(261,939)
Recovery	-	-	(60,365)	-	-	(188,638)
Charge-off	-	-	281,420	-	-	721,339
Disposal	-	-	-	-	1	44,858
Interest income from impaired loans	-	-	-	-	-	27,534
Business combination (Note 45)	-	-	-	(9)	(2,008)	(3,150)
Others (*)	(17)	2	14	(16,142)	(240)	(247)
Ending balance	<u>(74,726)</u>	<u>(71,533)</u>	<u>(128,042)</u>	<u>(484,132)</u>	<u>(447,213)</u>	<u>(643,675)</u>

(*) Changes due to debt-equity swap, foreign currencies translation, and etc.

	For the year ended December 31, 2018					
	Consumers			Corporates		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Beginning balance	(101,479)	(41,358)	(117,168)	(365,251)	(255,922)	(905,243)
Transfer to 12-month expected credit losses	(9,848)	8,966	882	(24,324)	22,658	1,666
Transfer to lifetime expected credit losses	5,905	(7,183)	1,278	15,074	(407,780)	392,706
Transfer to credit-impaired financial assets	79,078	47,343	(126,421)	62,731	97,750	(160,481)
Net reversal(provision) of loss allowance	(86,224)	(56,164)	(49,637)	(68,381)	193,392	(94,004)
Recovery	-	-	(51,855)	-	-	(127,630)
Charge-off	-	-	204,552	-	-	290,109
Disposal	-	33	1,633	-	237	49,902
Interest income from impaired loans	-	-	7,945	-	-	23,381
Others (*)	(1,941)	(5)	(1,115)	31,840	46	1,921
Ending balance	<u>(114,509)</u>	<u>(48,368)</u>	<u>(129,906)</u>	<u>(348,311)</u>	<u>(349,619)</u>	<u>(527,673)</u>

	For the year ended December 31, 2018					
	Credit card accounts			Total		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Beginning balance	(57,134)	(71,463)	(102,858)	(523,864)	(368,743)	(1,125,269)
Transfer to 12-month expected credit losses	(13,846)	13,738	108	(48,018)	45,362	2,656
Transfer to lifetime expected credit losses	5,871	(6,194)	323	26,850	(421,157)	394,307
Transfer to credit-impaired financial assets	82,406	84,048	(166,454)	224,215	229,141	(453,356)
Net reversal(provision) of loss allowance	(82,083)	(98,260)	(33,205)	(236,688)	38,968	(176,846)
Recovery	-	-	(57,565)	-	-	(237,050)
Charge-off	-	-	242,879	-	-	737,540
Disposal	-	-	-	-	270	51,535
Interest income from impaired loans	-	-	-	-	-	31,326
Others (*)	(1)	-	-	29,898	41	806
Ending balance	<u>(64,787)</u>	<u>(78,131)</u>	<u>(116,772)</u>	<u>(527,607)</u>	<u>(476,118)</u>	<u>(774,351)</u>

(*) Changes due to debt-equity swap, foreign currencies translation, and etc.

(7) Changes in the gross carrying amount of loans are as follows (Unit: Korean Won in millions):

	For the year ended December 31, 2019					
	Consumers			Corporates		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Beginning balance	110,619,242	6,028,009	391,494	131,453,727	5,031,258	1,020,658
Transfer to 12-month expected credit losses	2,626,998	(2,614,767)	(12,231)	1,560,734	(1,550,164)	(10,570)
Transfer to lifetime expected credit losses	(8,238,499)	8,256,600	(18,101)	(2,306,186)	2,341,881	(35,695)
Transfer to credit-impaired financial assets	(152,128)	(104,129)	256,257	(252,249)	(142,902)	395,151
Charge-off	-	-	(217,382)	-	-	(222,537)
Disposal	-	(55)	(67,924)	-	(70)	(161,318)
Net increase (decrease)	6,397,570	883,149	85,561	3,985,392	(809,566)	(266,432)
Business combination (Note 45)	100	-	-	2,561	40,161	21,000
Ending balance	111,253,283	12,448,807	417,674	134,443,979	4,910,598	740,257

	For the year ended December 31, 2019					
	Credit card accounts			Total		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Beginning balance	6,861,844	982,772	208,989	248,934,813	12,042,039	1,621,141
Transfer to 12-month expected credit losses	258,674	(258,166)	(508)	4,446,406	(4,423,097)	(23,309)
Transfer to lifetime expected credit losses	(307,100)	307,450	(350)	(10,851,785)	10,905,931	(54,146)
Transfer to credit-impaired financial assets	(124,675)	(104,712)	229,387	(529,052)	(351,743)	880,795
Charge-off	-	-	(281,420)	-	-	(721,339)
Disposal	-	-	-	-	(125)	(229,242)
Net increase (decrease)	589,724	(41,512)	72,269	10,972,686	32,071	(108,602)
Business combination (Note 45)	-	-	-	2,661	40,161	21,000
Ending balance	7,278,467	885,832	228,367	252,975,729	18,245,237	1,386,298

	For the year ended December 31, 2018					
	Consumers			Corporates		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Beginning balance	103,502,347	5,487,758	326,739	131,096,396	4,466,354	1,622,409
Transfer to 12-month expected credit losses	1,921,485	(1,912,046)	(9,439)	1,081,702	(1,077,895)	(3,807)
Transfer to lifetime expected credit losses	(3,186,506)	3,199,993	(13,487)	(2,275,984)	2,733,860	(457,876)
Transfer to credit-impaired financial assets	(218,943)	(127,447)	346,390	(348,503)	(275,189)	623,692
Charge-off	-	-	(204,552)	-	-	(290,109)
Disposal	-	(478)	(31,910)	-	(2,781)	(166,347)
Net increase (decrease)	8,600,859	(619,771)	(22,247)	1,900,116	(813,091)	(307,304)
Ending balance	110,619,242	6,028,009	391,494	131,453,727	5,031,258	1,020,658

	For the year ended December 31, 2018					
	Credit card accounts			Total		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Beginning balance	5,721,743	935,266	177,983	240,320,486	10,889,378	2,127,131
Transfer to 12-month expected credit losses	221,984	(221,841)	(143)	3,225,171	(3,211,782)	(13,389)
Transfer to lifetime expected credit losses	(287,623)	288,027	(404)	(5,750,113)	6,221,880	(471,767)
Transfer to credit-impaired financial assets	(104,459)	(95,758)	200,217	(671,905)	(498,394)	1,170,299
Charge-off	-	-	(242,879)	-	-	(737,540)
Disposal	-	-	-	-	(3,259)	(198,257)
Net increase (decrease)	1,310,199	77,078	74,215	11,811,174	(1,355,784)	(255,336)
Ending balance	6,861,844	982,772	208,989	248,934,813	12,042,039	1,621,141

(8) Details of other financial assets are as follows (Unit: Korean Won in millions):

	December 31, 2019	December 31, 2018
CMA accounts	199,000	185,999
Receivables	5,653,997	4,864,738
Accrued income	1,012,240	1,002,964
Telex and telephone subscription rights and refundable deposits	949,118	986,834
Other receivables	456,010	514,055
Allowance for credit losses	(77,139)	(67,941)
Total	8,193,226	7,486,649

- (9) Changes in the allowances for credit losses on other financial assets are as follows (Unit: Korean Won in millions):

	For the year ended December 30, 2019			
	Stage 1	Stage 2	Stage 3	Total
Beginning balance	(3,469)	(1,971)	(62,501)	(67,941)
Transfer to 12-month expected credit losses	(207)	198	9	-
Transfer to lifetime expected credit losses	116	(43)	(73)	-
Transfer to credit-impaired financial assets	19	159	(178)	-
Net reversal (provision) of loss allowance	802	(9)	(6,854)	(6,061)
Charge-off	-	-	2,506	2,506
Disposal	-	-	1,685	1,685
Business combination (Note 45)	(401)	-	(7,268)	(7,669)
Others	(56)	-	397	341
Ending balance	(3,196)	(1,666)	(72,277)	(77,139)

	For the year ended December 30, 2018			
	Stage 1	Stage 2	Stage 3	Total
Beginning balance	(2,955)	(1,832)	(54,211)	(58,998)
Transfer to 12-month expected credit losses	(150)	139	11	-
Transfer to lifetime expected credit losses	105	(416)	311	-
Transfer to credit-impaired financial assets	6,509	304	(6,813)	-
Net provision of loss allowance	(6,583)	(166)	(31,550)	(38,299)
Charge-off	-	-	28,200	28,200
Disposal	-	1	1,264	1,265
Others	(395)	(1)	287	(109)
Ending balance	(3,469)	(1,971)	(62,501)	(67,941)

- (10) Changes in the gross carrying amount of other financial assets are as follows (Unit: Korean Won in millions):

	For the year ended December 30, 2019			
	Stage 1	Stage 2	Stage 3	Total
Beginning balance	7,454,390	28,193	72,007	7,554,590
Transfer to 12-month expected credit losses	8,036	(8,019)	(17)	-
Transfer to lifetime expected credit losses	(17,678)	17,740	(62)	-
Transfer to credit-impaired financial assets	(952)	(918)	1,870	-
Charge-off	-	-	(2,506)	(2,506)
Disposal	-	-	(2,212)	(2,212)
Net increase (decrease)	606,457	55,651	41,138	703,246
Business combination (Note 45)	9,591	-	7,656	17,247
Ending balance	8,059,844	92,647	117,874	8,270,365

	For the year ended December 30, 2018			
	Stage 1	Stage 2	Stage 3	Total
Beginning balance	6,662,335	29,124	79,912	6,771,371
Transfer to 12-month expected credit losses	7,573	(7,556)	(17)	-
Transfer to lifetime expected credit losses	(11,418)	11,734	(316)	-
Transfer to credit-impaired financial assets	(7,580)	(1,110)	8,690	-
Charge-off	-	-	(28,201)	(28,201)
Disposal	-	(5)	(1,640)	(1,645)
Net increase (decrease)	803,480	(3,994)	13,579	813,065
Ending balance	7,454,390	28,193	72,007	7,554,590

(*) Others consist of foreign currencies translation, etc.

11. 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.

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 assets or liabilities 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, 2019			
	Level 1 (*)	Level 2 (*)	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss mandatorily measured at fair value				
Deposits	27,901	-	-	27,901
Debt securities	420,330	1,910,929	5,826	2,337,085
Equity securities	157,895	1,834	528,621	688,350
Capital contributions	-	-	515,199	515,199
Beneficiary certificates	1	90,498	1,275,734	1,366,233
Loans	-	59,844	152,629	212,473
Derivative assets (Designated for trading)	3,057	2,893,798	25,048	2,921,903
Sub-total	609,184	4,956,903	2,503,057	8,069,144
Financial assets at FVTOCI				
Debt securities	2,146,163	24,568,261	-	26,714,424
Equity securities	441,672	-	493,698	935,370
Securities loaned	-	80,737	-	80,737
Sub-total	2,587,835	24,648,998	493,698	27,730,531
Derivative assets (Designated for hedging)	-	121,131	-	121,131
Total	3,197,019	29,727,032	2,996,755	35,920,806
Financial liabilities:				
Financial liabilities at fair value through profit or loss mandatorily measured at fair value				
Deposits due to customers	27,530	-	-	27,530
Derivative liabilities (Designated for trading)	4,336	2,766,771	72,039	2,843,146
Sub-total	31,866	2,766,771	72,039	2,870,676
Financial liabilities at fair value through profit or loss designated as upon initial recognition				
Equity-linked securities	-	-	87,626	87,626
Derivative liabilities (Designated for hedging)	-	6,516	321	6,837
Total	31,866	2,773,287	159,986	2,965,139

(*) There were no transfers between Level 1 and Level 2 of financial assets and liabilities measured at fair value. The Group recognizes transfers among levels at the end of reporting period in which events have occurred or conditions have changed.

	December 31, 2018			
	Level 1 (*)	Level 2 (*)	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss mandatorily measured at fair value				
Deposits	26,935	-	-	26,935
Debt securities	239,794	1,575,972	8,389	1,824,155
Equity securities	53,806	-	401,860	455,666
Capital contributions	-	-	422,614	422,614
Beneficiary certificates	2,130	128,988	854,299	985,417
Loans	-	205,000	180,450	385,450
Derivative assets (Designated for trading)	13,216	1,964,065	48,798	2,026,079
Sub-total	335,881	3,874,025	1,916,410	6,126,316
Financial assets at FVTOCI				
Debt securities	1,838,409	15,233,811	-	17,072,220
Equity securities	482,327	-	468,847	951,174
Securities loaned	-	40,029	-	40,029
Sub-total	2,320,736	15,273,840	468,847	18,063,423
Derivative assets (Designated for hedging)	-	35,503	-	35,503
Total	2,656,617	19,183,368	2,385,257	24,225,242
Financial liabilities:				
Financial liabilities at fair value through profit or loss mandatorily measured at fair value				
Deposits due to customers	27,058	-	-	27,058
Derivative liabilities (Designated for trading)	2,245	2,071,925	16,691	2,090,861
Sub-total	29,303	2,071,925	16,691	2,117,919
Financial liabilities at fair value through profit or loss designated as upon initial recognition				
Equity-linked securities	-	-	164,767	164,767
Derivative liabilities (Designated for hedging)	-	51,408	-	51,408
Total	29,303	2,123,333	181,458	2,334,094

(*) There were no transfers between Level 1 and Level 2 of financial assets and liabilities measured at fair value. The Group recognizes transfers among levels at the end of reporting period in which events have occurred or conditions have changed.

Financial assets and liabilities at fair value through profit or loss, financial assets at FVTOCI, and derivative assets (Designated for hedging) and liabilities (Designated for hedging) 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 valuation methods. Valuation methods and input variables for each type of financial instruments are as follows:

- ① Valuation methods and input variables for each type of financial instrument classified into level 2 in December 31, 2019 and 2018 are as follows:

	Valuation methods	Input variables
Loans	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
Debt securities and Securities loaned	Fair value is measured by discounting the future cash flows of debt securities applying the risk-free market rate.	Risk-free market rate Credit spread
Beneficiary certificates	The beneficiary certificates classified as Level 2 are MMF and are measured at base price.	Base price
Derivatives	The fair value is measured through option model (Closed Form), DCF Model, FDM, Monte Carlo Simulation and etc.	Market rate, foreign exchange rate, stock prices and value of underlying assets, volatility, and etc.

- ② Valuation methods and input variables for each type of financial instrument classified into level 3 in December 31, 2019 and 2018 are as follows:

	Valuation methods	Input variables
Loans	The fair value of Loans is measured by the Binomial tree given the values of underlying assets and volatility.	Values of underlying assets, Volatility
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, capital contributions 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, corporate Beta, etc.
Derivatives	Fair value is measured by models such as option model (Closed form), DCF model, FDM and Monte Carlo Simulation.	Market rate, values of underlying assets such as foreign exchange rate and stock prices, volatility, etc.
Equity-linked securities	Fair value is measured by models such as option model (Closed form), DCF model, FDM and Monte Carlo Simulation.	Values of underlying assets, market rate, dividend, volatility, correlation coefficient and foreign exchange rate, etc.

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	Type	Input variable	Range	Impact of changes in significant unobservable inputs on fair value measurement
Loans	Binomial tree, DCF		Stock, Volatility of underlying asset	14.50%~46.06%	Variation of fair value as volatility of underlying asset increases.
Derivative assets	Option valuation model and others	Interest rate related	Correlation coefficient	0.90~0.98	Variation of fair value increases as correlation coefficient increases.
		Equity related	Volatility of underlying asset	16.30%~41.20%	Variation of fair value increases as volatility increases.
			Correlation coefficient	0.237~0.675	Variation of fair value increases as correlation coefficient increases.
	DCF model	Currency related	Credit risk adjustment ratio	7.70%~100.00%	Variation of fair value increases as credit risk adjustment ratio increases.
Derivative liabilities	Option valuation model and others	Interest rate related	Correlation coefficient	0.90~0.98	Variation of fair value increases as correlation coefficient increases.
		Equity related	Volatility of underlying asset	16.30%~41.20%	Variation of fair value increases as volatility increases.
			Correlation coefficient	0.237~0.675	Variation of fair value increases as correlation coefficient increases.
			Volatility of underlying	21.40%~22.40%	Variation of fair value increases as volatility increases.
Equity-linked securities	Monte Carlo Simulation and others		Correlation coefficient	0.294~0.675	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 a compound financial instrument may decrease.
			Volatility of underlying asset	19.10%~25.30%	
Equity securities, capital contributions, debt securities, and beneficiary certificates	External appraisal value and others		Terminal growth rate	0.00%~ 9.15%	Fair value increases as terminal growth rate increases.
			Discount rate	0.35%~19.21%	Fair value increases as discount rate decreases.
			Volatility of real estate sale price	0.00	Fair value increases as real estate sale price increases.
			Volatility of underlying assets	13.21%~52.48%	Variation of fair value increases as volatility of underlying assets increases

Fair value of financial assets and liabilities classified into Level 3 is measured by the Group using its own valuation methods 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.

(3) Changes in financial assets and liabilities measured at fair value classified into Level 3 are as follows (Unit: Korean Won in millions):

	For the year ended December 31, 2019							December 31, 2019
	January 1, 2019	Business combination	Net Income (loss) (*1)	Other comprehensive income	Purchases/ issuances	Disposals/ settlements	Transfer to or out Level 3 (*2)	
Financial assets:								
Financial assets at fair value through profit or loss mandatorily measured at fair value								
Debt securities	8,389	-	476	-	2,000	(5,039)	-	5,826
Equity securities	401,860	-	59,537	-	95,511	(28,287)	-	528,621
Capital contributions	422,614	707	(13,270)	-	173,064	(67,916)	-	515,199
Beneficiary certificates	854,299	-	18,450	-	578,228	(183,684)	8,441	1,275,734
Loans	180,450	-	6,854	-	60,696	(95,371)	-	152,629
Derivative assets	48,798	-	16,935	-	1,115	(40,343)	(1,457)	25,048
Sub-total	1,916,410	707	88,982	-	910,614	(420,640)	6,984	2,503,057
Financial assets at FVTOCI								
Equity securities	468,847	1,408	-	23,063	687	(306)	(1)	493,698
Total	2,385,257	2,115	88,982	23,063	911,301	(420,946)	6,983	2,996,755
Financial liabilities:								
Financial liabilities at fair value through profit or loss mandatorily measured at fair value								
Derivative liabilities (Designated for trading)	16,691	-	84,033	-	(11,140)	(14,817)	(2,728)	72,039
Financial liabilities at fair value through profit or loss designated as upon initial recognition								
Equity-linked securities	164,767	-	33,237	-	1,809	(112,187)	-	87,626
Derivatives liabilities (designated for hedging)	-	-	-	-	321	-	-	321
Total	181,458	-	117,270	-	(9,010)	(127,004)	(2,728)	159,986

(*1) The losses that increase financial liabilities are presented as positive amounts, and the gains that decrease financial liabilities are presented as negative amounts. The loss amounting to 21,809 million Won for the years ended December 31, 2019, which is from financial assets and liabilities that the Group holds as at the end of the periods, has been recognized in net gain (loss) on financial assets at FVTPL and net gain (loss) on financial assets at FVTOCI 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.

	For the year ended December 31, 2018						
	January 1, 2018	Net Income (loss) (*1)	Other comprehensiv -e income	Purchases/ issuances	Disposals/ settlements	Transfer to or out of Level 3 (*2)	December 31, 2018
Financial assets:							
Financial assets at fair value through profit or loss mandatorily measured at fair value							
Debt securities	9,694	(28)	-	3,000	(4,277)	-	8,389
Equity securities	280,171	56,271	-	67,953	(2,535)	-	401,860
Capital contributions	294,121	16,119	-	144,207	(31,833)	-	422,614
Beneficiary certificates	654,066	16,391	-	5,151,535	(4,971,003)	3,310	854,299
Loans	165,001	3,378	-	150,103	(138,032)	-	180,450
Derivative assets	19,346	75,696	-	4,722	(50,966)	-	48,798
Sub-total	1,422,399	167,827	-	5,521,520	(5,198,646)	3,310	1,916,410
Financial assets at FVTOCI							
Equity securities	451,287	-	19,688	432	(2,560)	-	468,847
Total	1,873,686	167,827	19,688	5,521,952	(5,201,206)	3,310	2,385,257
Financial liabilities:							
Financial liabilities at fair value through profit or loss mandatorily measured at fair value							
Derivative liabilities	20,951	46,409	-	255	(50,921)	(3)	16,691
Financial liabilities at fair value through profit or loss designated as upon initial recognition							
Equity-linked securities	160,057	(16,243)	-	183,039	(162,086)	-	164,767
Total	181,008	30,166	-	183,294	(213,007)	(3)	181,458

(*1) The losses that increase financial liabilities are presented as positive amounts, and the gains that decrease financial liabilities are presented as negative amounts. The gain amounting to 137,777 million Won for the years ended December 31, 2018, which is from financial assets and liabilities that the Group holds as at the end of the periods, has been recognized in net gain (loss) on financial assets at FVTPL and net gain (loss) on financial assets at FVTOCI 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.

(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) interest rate related derivatives, currency related derivatives, equity related derivatives, equity-linked securities beneficiary certificates and loans of which fair value changes are recognized as net income; (2) equity securities of which fair value changes are recognized as other comprehensive income.

Among the financial instruments that are classified as Level 3 amounting to 3,156,741 million Won and 2,566,715 million Won as of December 31, 2019 and 2018 respectively, investments of 2,194,320 million Won and 1,641,875 million Won that are considered to provide the best estimate of fair value are excluded from the sensitivity analysis.

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 (Unit: Korean Won in millions):

	December 31, 2019			
	Net income (loss)		Other comprehensive income (loss)	
	Favorable	Unfavorable	Favorable	Unfavorable
Financial assets:				
Financial assets at fair value through profit or loss mandatorily measured at fair value				
Derivative assets (*1)	640	(935)	-	-
Loans (*2)	152	(128)	-	-
Debt securities	652	(640)	-	-
Equity securities (*3) (*4)	16,104	(10,929)	-	-
Beneficiary certificates (*4)	1,125	(1,125)	-	-
Financial assets at FVTOCI				
Equity securities (*3) (*4)	-	-	26,380	(11,981)
Total	18,673	(13,757)	26,380	(11,981)
Financial liabilities:				
Financial liabilities at fair value through profit or loss mandatorily measured at fair value				
Derivative liabilities (*1)	1,054	(816)	-	-
Financial liabilities at FVTPL designated as upon initial recognition				
Equity-linked securities (*1)	136	(142)	-	-
Total	1,190	(958)	-	-

- (*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%.
- (*2) Fair value changes of equity securities are calculated by increasing or decreasing stock prices (-10%~10%) and volatility (-10~10%) and discount rate. The stock prices, volatility, and discount rate are major unobservable variables.
- (*3) Fair value changes of equity securities are calculated by increasing or decreasing growth rate (0~1%) and discount rate (-1~1%) or liquidation value (-1~1%). The growth rate, discount rate, and liquidation value are major unobservable variables.
- (*4) 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%.

	December 31, 2018			
	Net income (loss)		Other comprehensive income (loss)	
	Favorable	Unfavorable	Favorable	Unfavorable
Financial assets:				
Financial assets at fair value through profit or loss mandatorily measured at fair value				
Derivative assets (*1)	4,578	(4,352)	-	-
Loans	146	(127)	-	-
Debt securities	68	(35)	-	-
Equity securities (*2) (*3)	12,700	(9,165)	-	-
Beneficiary certificates (*3)	1,582	(1,582)	-	-
Financial assets at FVTOCI				
Equity securities (*2) (*3)	-	-	23,798	(10,078)
Total	19,074	(15,261)	23,798	(10,078)
Financial liabilities:				
Financial liabilities at fair value through profit or loss mandatorily measured at fair value				
Derivative liabilities (*1)	2,433	(2,751)	-	-
Financial liabilities at fair value through profit or loss designated as upon initial recognition				
Equity-linked securities (*1)	1,561	(1,669)	-	-
Total	3,994	(4,420)	-	-

(*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%.

(*2) Fair value changes of equity securities are calculated by increasing or decreasing growth rate (0~1%) and discount rate or liquidation value (-1~1%). The growth rate, discount rate, and liquidation value are major unobservable variables.

(*3) 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) Fair value and carrying amount of financial assets and liabilities that are recorded at amortized cost are as follows (Unit: Korean Won in millions):

	December 31, 2019				Book value
	Fair value				
	Level 1	Level 2	Level 3	Total	
Financial assets:					
Securities at amortized cost	3,123,898	17,378,920	-	20,502,818	20,320,539
Loans and other financial assets at amortized cost	25,902	54,507	283,058,699	283,139,108	293,717,693
Financial liabilities:					
Deposits due to customers	-	264,909,974	-	264,909,974	264,685,578
Borrowings	-	18,919,018	-	18,919,018	18,998,920
Debentures	-	31,173,189	-	31,173,189	30,858,055
Other financial liabilities	-	17,693,559	-	17,693,559	17,706,767
	December 31, 2018				Book value
	Fair value				
	Level 1	Level 2	Level 3	Total	
Financial assets:					
Securities at amortized cost	3,618,213	19,417,130	-	23,035,343	22,932,559
Loans and other financial assets at amortized cost	-	-	282,342,760	282,342,760	282,457,578
Financial liabilities:					
Deposits due to customers	-	248,763,952	-	248,763,952	248,690,939
Borrowings	-	16,203,070	-	16,203,070	16,202,986
Debentures	-	28,765,251	-	28,765,251	28,735,862
Other financial liabilities	-	21,461,397	-	21,461,397	21,442,524

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 by using valuation methods. Valuation methods and input variables for financial assets and liabilities that are measured at amortized cost are given as follows:

	Valuation methods	Input variables
Securities at amortized cost	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, prepayment rate, etc.
Loans and other financial assets at amortized cost	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, prepayment rate, etc.
Deposits 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, forward rate, etc.

(6) Financial instruments by category

Carrying amounts of financial assets and liabilities by each category are as follows (Unit: Korean Won in millions):

Financial assets	December 31, 2019				
	Financial asset at FVTPL	Financial assets at FVTOCI	Financial assets at amortized cost	Derivatives assets (Designated for hedging)	Total
Deposits	27,901	-	14,492,223	-	14,520,124
Securities	4,906,867	27,730,531	20,320,539	-	52,957,937
Loans	212,473	-	271,032,244	-	271,244,717
Derivative assets	2,921,903	-	-	121,131	3,043,034
Other financial assets	-	-	8,193,226	-	8,193,226
Total	8,069,144	27,730,531	314,038,232	121,131	349,959,038

Financial liabilities	December 31, 2019				
	Financial liabilities at FVTPL	Financial liabilities at amortized cost		Derivatives liabilities (Designated for hedging)	Total
Deposits due to customers	27,530	264,685,578		-	264,713,108
Borrowings	87,626	18,998,920		-	19,086,546
Debentures	-	30,858,055		-	30,858,055
Derivative liabilities	2,843,146	-		6,837	2,849,983
Other financial liabilities (*)	-	17,769,531		-	17,769,531
Total	2,958,302	332,312,084		6,837	335,277,223

(*) Other financial liabilities include 62,764 million Won of financial guarantee liabilities measured at amortized cost included in provisions.

Financial assets	December 31, 2018				
	Financial asset at FVTPL	Financial assets at FVTOCI	Financial assets at amortized cost	Derivatives assets (Designated for hedging)	Total
Deposits	26,935	-	14,151,012	-	14,177,947
Securities	3,687,852	18,063,423	22,932,559	-	44,683,834
Loans	385,450	-	260,819,917	-	261,205,367
Derivative assets	2,026,079	-	-	35,503	2,061,582
Other financial assets	-	-	7,486,649	-	7,486,649
Total	6,126,316	18,063,423	305,390,137	35,503	329,615,379

Financial liabilities	December 31, 2018				
	Financial liabilities at FVTPL	Financial liabilities at amortized cost		Derivatives liabilities (Designated for hedging)	Total
Deposits due to customers	27,058	248,690,939		-	248,717,997
Borrowings	164,767	16,202,986		-	16,367,753
Debentures	-	28,735,862		-	28,735,862
Derivative liabilities	2,090,861	-		51,408	2,142,269
Other financial liabilities(*)	-	21,490,341		-	21,490,341
Total	2,282,686	315,120,128		51,408	317,454,222

(*) Other financial liabilities include 47,817 million Won of financial guarantee liabilities measured at amortized cost included in provisions.

(7) Income or expense from financial instruments by category

Income or expense from financial assets and liabilities by each category during the years ended December 31, 2019 and 2018 are as follows (Unit: Korean Won in millions):

	December 31, 2019				
	Interest Income(expense)	Fees and Commissions Income(expense)	Provision (reversal) of credit loss	Others	Total
Financial assets at FVTPL	50,277	89,817	-	112,434	252,528
Financial assets at FVTOCI	474,751	-	(3,297)	31,995	503,449
Securities at amortized cost	436,340	-	1,415	-	437,755
Loans and other financial assets at amortized cost	9,615,060	296,435	(385,758)	102,115	9,627,852
Financial liabilities at FVTPL	-	-	-	-	-
Financial liabilities at amortized cost	(4,682,722)	-	-	-	(4,682,722)
Net derivatives (designated for hedging)	-	-	-	36,982	36,982
Off-balance provisions	-	71,106	13,396	-	84,502
Total	5,893,706	457,358	(374,244)	283,526	6,260,346

	December 31, 2018				
	Interest Income(expense)	Fees and Commissions Income(expense)	Provision (reversal) of credit loss	Others	Total
Financial assets at FVTPL	54,243	86,845	-	264,850	405,938
Financial assets at FVTOCI	280,371	66	(2,027)	24,707	303,117
Securities at amortized cost	376,788	-	(1,922)	431	375,297
Loans and other financial assets at amortized cost	8,973,097	317,316	(415,084)	79,101	8,954,430
Financial liabilities at FVTPL	(3,164)	-	-	17,485	14,321
Financial liabilities at amortized cost	(4,030,384)	27,742	-	25,498	(3,977,144)
Net derivatives (designated for hedging)	-	-	-	(672)	(672)
Off-balance provisions	-	-	89,459	-	89,459
Total	5,650,951	431,969	(329,574)	411,400	6,164,746

12. DERECOGNITION AND OFFSET OF FINANCIAL INSTRUMENTS

(1) Derecognition of financial instruments

Transferred financial assets that do not meet the condition of derecognition in their entirety.

1) Bonds sold 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, 2019	December 31, 2018
Assets transferred	Financial assets at FVTPL	407,985	-
	Financial assets at FVTOCI	56,975	33,588
	Securities at amortized cost	42,841	5,552
	Loans and other financial assets at amortized cost	82,594	-
	Total	<u>590,395</u>	<u>39,140</u>
Related liabilities	Bonds sold under repurchase agreements	<u>569,002</u>	<u>42,907</u>

2) 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 the securities loaned are as follows (Unit: Korean Won in millions):

		December 31, 2019	December 31, 2018	
Financial assets at FVTOCI	Korean financial institution's debt securities and others	80,737	40,029	Loaned to Korea Securities Finance Corporation
	Total	<u>80,737</u>	<u>40,029</u>	

The details of the transferred financial assets that do not meet the conditions of derecognition in their entirety, such as disposal of securities under repurchase agreement or securities loaned, are explained in Note 18. The Group does not have continuing involvement in transferred financial assets.

(2) The offset of financial assets and liabilities

The Group possesses both the uncollected domestic exchange receivables and the 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 offset with part of unpaid domestic exchange payable or uncollected domestic exchange receivables and has been disclosed in loans at amortized cost and other financial assets and other financial liabilities of the Group's statements of financial position respectively.

The Group possesses the derivative assets, derivative liabilities, receivable spot exchange and payable spot exchange that do not satisfy the offsetting criteria of K-IFRS 1032, but provide the Group under the circumstances of the trading party's defaults, insolvency or bankruptcy, with the right of offsetting. Items 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 net amount of derivative assets and derivative liabilities, receivable spot exchange and payable spot exchange can be offset.

The Group has entered into a resale and repurchase agreement and accounted it as a collateralized borrowing. The Group has also entered into a resale and purchase agreement and accounted it as a secured loans. The Group under the repurchase agreements has an offsetting right only upon the counterparty's default, insolvency or bankruptcy; thus, the repurchase agreements are applied by the TBMA/ISMA Global Master Repurchase Agreement, which does not satisfy the offsetting criteria of K-IFRS 1032. The Group disclosed bonds sold under repurchase agreements as borrowings and bonds purchased under resale agreements as loan at amortized cost and other financial assets.

As of December 31, 2019 and 2018, the financial instruments to be off set and may be covered by master netting agreements and similar agreements are as follows (Unit: Korean Won in millions):

	December 31, 2019					
	Gross amounts of recognized financial assets	Gross amounts of recognized financial assets setoff	Net amounts of financial assets presented	Related amounts not setoff in the consolidated statement of financial position		
				Netting agreements and others	Cash collateral received	Net amounts
Financial assets:						
Derivative assets (*1)	3,032,894	-	3,032,894			
Receivable spot exchange (*2)	5,112,206	-	5,112,206	7,058,885	111,122	975,093
Bonds purchased under resale agreements (*2)	8,981,752	-	8,981,752	8,981,752	-	-
Domestic exchange settlement credits (*2)(*6)	31,642,486	31,269,258	373,228	-	-	373,228
Total	<u>48,769,338</u>	<u>31,269,258</u>	<u>17,500,080</u>	<u>16,040,637</u>	<u>111,122</u>	<u>1,348,321</u>
Financial liabilities:						
Derivative liabilities (*1)	2,824,449	-	2,824,449			
Equity-linked securities in short position (*3)	87,626	-	87,626			
Payable spot exchange (*4)	5,111,386	-	5,111,386	7,071,549	172,488	779,424
Bonds sold under repurchase agreements (*5)	569,002	-	569,002	180,402	388,600	-
Domestic exchange settlement debits (*4)(*6)	32,531,186	31,269,258	1,261,928	1,257,280	-	4,648
Total	<u>41,123,649</u>	<u>31,269,258</u>	<u>9,854,391</u>	<u>8,509,231</u>	<u>561,088</u>	<u>784,072</u>

(*1) The items include derivatives held for trading, derivatives designated for hedging.

(*2) The items are included in loan at amortized cost and other financial assets.

(*3) The items are equity linked securities related to derivatives and are included in financial liabilities at FVTPL.

(*4) The items are included in other financial liabilities.

(*5) The items are included in borrowings.

(*6) Certain financial assets and liabilities are presented as net amounts.

December 31, 2018						
	Gross amounts of recognized financial assets	Gross amounts of recognized financial assets setoff	Net amounts of financial assets presented	Related amounts not setoff in the consolidated statement of financial position		
				Netting agreements and others	Cash collateral received	Net amounts
Financial assets:						
Derivative assets (*1)	1,908,542	-	1,908,542			
Receivable spot exchange (*2)	4,200,532	-	4,200,532	5,527,117	66,857	515,100
Bonds purchased under resale agreements (*2)	11,701,951	-	11,701,951	11,701,951	-	-
Domestic exchange settlement credits (*2)(*6)	30,090,598	29,699,412	391,186	-	-	391,186
Total	<u>47,901,623</u>	<u>29,699,412</u>	<u>18,202,211</u>	<u>17,229,068</u>	<u>66,857</u>	<u>906,286</u>
Financial liabilities:						
Derivative liabilities (*1)	1,862,681	-	1,862,681			
Equity-linked securities index in short position (*3)	164,767	-	164,767			
Payable spot exchange (*4)	4,206,027	-	4,206,027	5,540,147	115,615	577,713
Bonds sold under repurchase agreements (*5)	42,907	-	42,907	42,907	-	-
Domestic exchange settlement debits (*4)(*6)	36,832,774	29,699,412	7,133,362	6,231,538	-	901,824
Total	<u>43,109,156</u>	<u>29,699,412</u>	<u>13,409,744</u>	<u>11,814,592</u>	<u>115,615</u>	<u>1,479,537</u>

(*1) The items include derivatives held for trading, derivatives designated for hedging.

(*2) The items are included in loan at amortized cost and other financial assets.

(*3) The items are equity linked securities related to derivatives and are included in financial liabilities at FVTPL.

(*4) The items are included in other financial liabilities.

(*5) The items are included in borrowings.

(*6) Certain financial assets and liabilities are presented 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:

Joint ventures and associates	Main business	Percentage of ownership (%)		Location	Financial statements as of
		December 31, 2019	December 31, 2018		
Woori Bank:					
Woori Service Networks Co., Ltd. (*1)	Freight & staffing services	4.9	4.9	Korea	November 30, 2019(*5)
Korea Credit Bureau Co., Ltd. (*2)	Credit information	9.9	9.9	Korea	December 31, 2019
Korea Finance Security Co., Ltd. (*1)	Security service	15.0	15.0	Korea	November 30, 2019 (*5)
Saman Corporation (*2)	General construction	9.2	9.2	Korea	September 30, 2019(*5)
Wongwang Co., Ltd. (*4)	Technology service	29.0	29.0	Korea	-
Sejin Construction Co., Ltd. (*4)	Wholesale and real estate	29.6	29.6	Korea	-
ARES-TECH Co., Ltd. (*4)	Construction	23.4	23.4	Korea	-
Reading Doctors Co., Ltd. (*4)	Electronic component manufacturing	35.4	35.4	Korea	-
Cultizm Korea LTD Co., Ltd. (*4)	Other services	31.3	31.3	Korea	-
NK Eng Co., Ltd. (*4)	Wholesale and retail sales	23.1	23.1	Korea	-
Woori Growth Partnerships New Technology Private Equity Fund	Manufacturing	23.1	23.1	Korea	December 31, 2019
2016KIF-IMM Woori Bank Technology Venture Fund	Other financial services	20.0	20.0	Korea	December 31, 2019
K BANK Co., Ltd. (*2)	Finance	14.5	14.1	Korea	November 30, 2019 (*5)
Smart Private Equity Fund No.2	Other financial services	20.0	20.0	Korea	December 31, 2019
Woori Bank-Company K Korea Movie Asset Fund	Other financial services	25.0	25.0	Korea	December 31, 2019
Well to Sea No. 3 Private Equity Fund (*7)	Finance	50.0	50.0	Korea	September 30, 2019(*5)
Partner One Value Up I Private Equity Fund	Other financial services	23.3	23.3	Korea	December 31, 2019
IBK KIP Seongjang Dideemdol 1st Private Investment Limited Partnership	Other financial services	20.0	20.0	Korea	December 31, 2019
Crevisse Raim Impact 1st Startup Venture Specialist Private Equity Fund	Other financial services	25.0	25.0	Korea	December 31, 2019
LOTTE CARD Co., Ltd. (*8)	Credit card and installment financing	20.0	-	Korea	September 30, 2019(*5)
Japanese Hotel Real Estate Private Equity Fund 2 (*8)	Other financial services	19.9	-	Korea	October 31, 2019(*5)
Woori Investment Bank Co., Ltd.:					
Nomura-Rifa Private Real Estate Investment Trust No.17 (*6)	Other financial services	-	19.4	Korea	-
Woori Private Equity Asset Management Co., Ltd.:					
Uri Hanhwa Eureka Private Equity Fund	Other financial services	0.8	0.8	Korea	December 31, 2019
Japanese Hotel Real Estate Private Equity Fund 1:					
Godo Kaisha Oceanos 1 (*8)	Other financial services	47.8	-	Japan	October 31, 2019(*5)
Woori bank and Woori card Co., Ltd.:					

Joint ventures and associates	Main business	Percentage of ownership (%)		Location	Financial statements as of
		December 31, 2019	December 31, 2018		
Dongwoo C & C Co., Ltd. (*4)	Construction	24.5	24.5	Korea	-
SJCO Co., Ltd. (*4)	Aggregate transportation and wholesale	28.7	26.5	Korea	-
G2 Collection Co., Ltd. (*4)	Wholesale and retail sales	29.2	28.9	Korea	-
The Base Enterprise Co., Ltd. (*4)	Manufacturing	48.4	48.4	Korea	-
Kyesan Engineering Co., Ltd. (*4)	Construction	23.3	23.3	Korea	-
Good Software Lap Co., Ltd. (*4)	Service	29.4	29.4	Korea	-
QTS Shipping Co., Ltd. (*4)	Complex transportation brokerage	49.8	49.4	Korea	-
DAEA SNC Co., Ltd. (*4)	Wholesale and retail sales	25.5	24.0	Korea	-
Force TEC Co., Ltd. (*4)	Manufacturing	25.8	25.8	Korea	-
Sinseong Trading Co., Ltd. (*4)	Manufacturing	27.9	27.2	Korea	-
PREXCO Co., Ltd. (*4)	Manufacturing	28.1	28.1	Korea	-
Jiwon Plating Co., Ltd. (*4)	Plating	20.8	20.8	Korea	-
Gil Co., Ltd. (*6)	Manufacturing	-	26.1	Korea	-
Youngdong Sea Food Co., Ltd. (*4)	Processed sea food manufacturing	24.5	24.0	Korea	-
Woori Bank, Woori Investment Bank Co., Ltd. and Woori Private Equity Asset Management Co., Ltd.:					
Woori-Shinyoung Growth-Cap Private Equity Fund I (*8)	Other financial services	31.9	-	Korea	December 31, 2019
Woori Bank and Woori Investment Bank Co., Ltd.:					
Chin Hung International Inc. (*3)	Construction	25.3	25.3	Korea	November 30, 2019 (*5)
PCC-Woori LP Secondary Fund (*8)	Other financial services	38.8	-	Korea	December 31, 2019
Woori Bank and Woori Private Equity Asset Management Co., Ltd.:					
Woori-Q Corporate Restructuring Private Equity Fund (*8)	Trust and collective investment	38.4	-	Korea	December 31, 2019

(*1) Most of the significant business transactions of associates are with the Group as of December 31, 2019 and 2018.

(*2) The Group can participate in decision-making body and exercise significant influence over financial policies and operational policies decision making of the associates.

(*3) Equity securities that have published market price among investment assets of associates are common shares of Chin Hung International Inc. Quoted market prices of Chin Hung International Inc. are 2,310 Won and 2,065 Won as of December 31, 2019 and 2018, respectively.

(*4) There is no investment balance as of December 31, 2019 and 2018.

(*5) The equity method was applied using the most recent financial statements available from the settlement date because no financial statements were available at the end of December and the significant transactions or events that occurred between the end of the reporting period of the associate and the end of the reporting period of the subsidiary were duly reflected.

(*6) The entity was excluded from the associate as the group sold its entire stake during the year ended December 31, 2019.

(*7) The Group has signed a contract that the Group (or the third party designated by the Group) has the priority to purchase the underlying assets (Aju Capital Co. Ltd.) when it is disposed by Well to Sea No. 3 Private Equity Fund.

(*8) Due to capital contribution by the Group for the year ended December 31, 2018, the entities have been included in and associates.

(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, 2019							December 31, 2019
	Acquisition cost	January 1, 2019	Share of profits (losses)	Acquisition	Disposal and others	Dividends	Change in capital	
Woori Service Networks Co., Ltd.	108	157	31	-	-	(2)	-	186
Korea Credit Bureau Co., Ltd.	3,313	6,790	190	-	-	(135)	-	6,845
Korea Finance Security Co., Ltd.	3,267	3,456	(169)	-	-	-	-	3,287
Chin Hung International Inc.	130,779	44,741	6,426	-	-	-	9	51,176
Saman Corporation	8,521	1,014	(198)	-	-	-	33	849
Woori Growth Partnerships New Technology Private Equity Fund	18,666	25,091	1,466	309	(7,490)	(164)	-	19,212
2016KIF-IMM Woori Bank Technology Venture Fund	12,385	15,300	1,193	-	(2,615)	-	1,263	15,141
K BANK Co., Ltd.	73,150	43,709	(18,233)	5,807	-	-	(29)	31,254
Smart Private Equity Fund No.2	2,915	2,890	(41)	-	(85)	-	-	2,764
Woori Bank-Company K Korea Movie Asset Fund	3,000	2,700	623	-	-	-	-	3,323
Well to Sea No.3 Private Equity Fund	101,483	197,393	30,343	-	-	(18,836)	123	209,023
Partner One Value Up I Private Equity Fund	10,000	9,948	(40)	-	-	-	-	9,908
IBK KIP Seongjang Dideemdol 1st Private Investment Limited Partnership	4,576	4,426	-	150	-	-	-	4,576
Crevisse Raim Impact 1st Startup Venture Specialist Private Equity Fund	4,375	3,025	-	1,350	-	-	-	4,375
Woori-Shinyoung Growth-Cap Private Equity Fund I	12,665	-	(824)	12,665	-	-	-	11,841
LOTTE CARD Co.,Ltd	346,000	-	63,444	346,000	-	-	-	409,444
Woori-Q Corporate Restructuring Private Equity Fund	6,129	-	(83)	6,129	-	-	-	6,046
PCC-Woori LP Secondary Fund	2,525	-	-	2,525	-	-	-	2,525
Nomura-Rifa Private Real Estate Investment Trust No.17	1,000	787	(136)	-	(651)	-	-	-
Uri Hanhwa Eureka Private Equity Fund	350	339	3	-	-	-	-	342
Godo Kaisha Oceanos 1	10,870	-	2	10,870	(15)	(105)	200	10,952
Japanese Hotel Real Estate Private Equity Fund 2	3,291	-	-	3,291	-	-	-	3,291
	<u>759,368</u>	<u>361,766</u>	<u>83,997</u>	<u>389,096</u>	<u>(10,856)</u>	<u>(19,242)</u>	<u>1,599</u>	<u>806,360</u>

For the year ended December 31, 2018

	Acquisiti- on cost	January 1, 2018	Share of profits (losses)	Acquisi- tion	Disposal and others (*)	Dividends	Change in capital	Impair- ment	Others	December 31, 2018
Kumho Tire Co., Inc.	175,652	98,933	(10,451)	-	(83,286)	-	(5,196)	-	-	-
Woori Service Networks Co., Ltd.	108	158	1	-	-	(2)	-	-	-	157
Korea Credit Bureau Co., Ltd.	3,313	5,816	1,087	-	-	(113)	-	-	-	6,790
Korea Finance Security Co., Ltd.	3,267	3,519	(10)	-	-	(54)	1	-	-	3,456
Chin Hung International Inc.	130,779	45,101	1,206	-	-	-	(1,725)	-	159	44,741
Poonglim Industrial Co., Ltd.	13,916	-	-	-	-	-	-	-	-	-
STX Corporation	50,760	6,947	(816)	-	(5,865)	-	(266)	-	-	-
Saman Corporation	8,521	1,254	(98)	-	-	-	35	(177)	-	1,014
Woori Growth Partnerships New Technology Private Equity Fund	25,847	27,611	950	360	(3,346)	(484)	-	-	-	25,091
2016KIF-IMM Woori Bank Technology Venture Fund	15,000	6,840	-	8,160	-	-	300	-	-	15,300
K BANK Co., Ltd.	67,343	31,735	(10,705)	21,951	-	-	144	-	584	43,709
Smart Private Equity Fund No.2	3,000	2,932	(42)	-	-	-	-	-	-	2,890
Woori Bank-Company K Korea Movie Asset Fund	3,000	2,957	(257)	-	-	-	-	-	-	2,700
Well to Sea No.3 Private Equity Fund	101,992	182,309	22,546	-	(508)	(517)	(6,437)	-	-	197,393
Partner One Value Up Ist Private Equity Fund	10,000	-	(52)	10,000	-	-	-	-	-	9,948
IBK KIP Seongjang Dideemdol 1st Private Investment Limited Partnership	4,426	-	-	4,426	-	-	-	-	-	4,426
Crevisse Raim Impact 1st Startup Venture Specialist Private Equity Fund	3,025	-	-	3,025	-	-	-	-	-	3,025
Nomura-Rifa Private Real Estate Investment Trust No.17	1,000	939	(152)	-	-	-	-	-	-	787
Uri Hanhwa Eureka Private Equity Fund	350	-	(11)	350	-	-	-	-	-	339
	<u>621,299</u>	<u>417,051</u>	<u>3,196</u>	<u>48,272</u>	<u>(93,005)</u>	<u>(1,170)</u>	<u>(13,144)</u>	<u>(177)</u>	<u>743</u>	<u>361,766</u>

(*) The amount transferred from the investments in joint ventures and associates to financial assets at FVTOCI is 83,286 million Won.

- (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, 2019			
	Assets	Liabilities	Operating revenue	Net income (loss)
Woori Service Networks Co., Ltd.	5,742	1,969	17,572	1,322
Korea Credit Bureau Co., Ltd.	96,855	30,289	91,200	1,480
Korea Finance Security Co., Ltd.	32,574	10,660	61,939	(1,265)
Chin Hung International Inc.	335,147	229,764	499,152	26,617
Saman Corporation	92,206	66,184	91,088	(485)
Woori Growth Partnerships New Technology Private Equity Fund	83,583	330	7,866	6,355
2016KIF-IMM Woori Bank Technology Venture Fund	72,768	343	8,939	7,462
K BANK Co., Ltd.	2,679,968	2,464,168	84,928	(89,779)
Smart Private Equity Fund No.2	13,872	51	2	(204)
Woori Bank-Company K Korea Movie Asset Fund	13,294	2	4,532	2,492
Well to Sea No.3 Private Equity Fund	7,073,363	6,470,540	524,319	48,357
Partner One Value Up I Private Equity Fund	42,602	-	457	(175)
IBK KIP Seongjang Dideemdol 1st Private Investment Limited Partnership	21,208	691	766	(676)
Crevisse Raim Impact 1st Startup Venture Specialist Private Equity Fund	16,939	124	10	(494)
Woori-Shinyoung Growth-Cap Private Equity Fund I	37,642	620	2	(2,679)
LOTTE CARD Co.,Ltd (*)	12,936,977	10,659,889	1,366,512	42,538
Woori-Q Corporate Restructuring Private Equity Fund	15,975	823	-	(823)
PCC-Woori LP Secondary Fund	6,498	-	-	(2)
Uri Hanhwa Eureka Private Equity Fund	41,950	236	41	(436)
Godo Kaisha Oceanos 1	70,869	47,960	778	119
Japanese Hotel Real Estate Private Equity Fund 2	16,561	6	-	(600)

(*) The amount is after reflecting the fair value adjustment that occurred when acquiring the shares and the adjustments that occurred by difference of accounting policies with the Group.

	December 31, 2018			
	Assets	Liabilities	Operating revenue	Net income (loss)
Woori Service Networks Co., Ltd.	5,066	1,886	15,803	819
Korea Credit Bureau Co., Ltd.	88,797	22,788	78,018	9,901
Korea Finance Security Co., Ltd.	35,155	12,114	60,706	17
Chin Hung International Inc.	412,205	332,268	606,192	6,402
Saman Corporation	97,720	69,915	75,825	(869)
Woori Growth Partnerships New Technology Private Equity Fund	109,167	440	5,943	4,117
2016KIF-IMM Woori Bank Technology Venture Fund	73,231	12	16	(1,510)
K BANK Co., Ltd.	2,024,856	1,807,502	60,039	(69,256)
Smart Private Equity Fund No.2	14,502	51	1	(209)
Woori Bank-Company K Korea Movie Asset Fund	10,805	5	1,663	(299)
Well to Sea No.3 Private Equity Fund	5,968,591	5,395,307	429,742	39,711
Partner One Value Up Ist Private Equity Fund	42,776	-	326	(224)
IBK KIP Seongjang Dideemdol 1st Private Investment Limited Partnership	21,200	757	390	(1,268)
Crevisse Raim Impact 1st Startup Venture Specialist Private Equity Fund	12,014	105	3	(191)
Nomura-Rifa Private Real Estate Investment Trust No.17	20,197	16,178	10	(228)
Uri Hanhwa Eureka Private Equity Fund	42,332	181	1	(1,349)

- (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, 2019 and 2018, are as follows:

Associate (*)	December 31, 2019	
	Number of shares owned	Ownership (%)
Orient Shipyard Co., Ltd.	464,812	21.4
Saenuel Co., Ltd.	3,531	37.4
E Mirae Tech Co., Ltd.	7,837	41.8
Jehin Trading Co., Ltd.	83,056	27.7
The Season Company Co., Ltd.	18,283	30.3
Yuil PESC Co., Ltd.	8,642	24.0
CL Tech Co., Ltd.	13,759	38.6

Associate (*)	December 31, 2018	
	Number of shares owned	Ownership (%)
Orient Shipyard Co., Ltd.	464,812	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 Company Co., Ltd.	18,187	30.1
Yuil PESC Co., Ltd.	8,642	24.0
CL Tech Co., Ltd.	13,759	38.6

- (*) 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 joint ventures and associates.

- (5) As of December 31, 2019 and 2018, the reconciliations from the net assets of the associates to the book value of the shares of the investment in joint ventures and associates are as follows (Unit: Korean Won in millions except for ownership):

	December 31, 2019						
	Total net asset	Ownership (%)	Ownership portion of net assets	Basis difference	Impairment	Intercompany transaction	Book value
Woori Service Networks Co., Ltd.	3,773	4.9	186	-	-	-	186
Korea Credit Bureau Co., Ltd.	66,566	9.9	6,597	246	-	2	6,845
Korea Finance Security Co., Ltd.	21,914	15.0	3,287	-	-	-	3,287
Chin Hung International Inc. (*1)	105,383	25.3	26,646	24,565	-	(35)	51,176
Saman Corporation	26,022	9.2	2,391	5,373	(6,915)	-	849
Woori Growth Partnerships New Technology Private Equity Fund	83,253	23.1	19,215	-	-	(3)	19,212
2016KIF-IMM Woori Bank Technology Venture Fund	72,425	20.0	14,485	-	-	656	15,141
K BANK Co., Ltd. (*1) (*2)	215,800	14.5	31,248	3,634	(3,634)	6	31,254
Smart Private Equity Fund No.2	13,821	20.0	2,764	-	-	-	2,764
Woori Bank-Company K Korea Movie Asset Fund	13,292	25.0	3,323	-	-	-	3,323
Well to Sea No.3 Private Equity Fund (*1)	418,250	50.0	209,041	-	-	(18)	209,023
Partner One Value Up 1st Private Equity Fund	42,602	23.3	9,909	-	-	(1)	9,908
IBK KIP Seongjang Dideemdol 1st Private Investment Limited Partnership	20,517	20.0	4,103	-	-	473	4,576
Crevisse Raim Impact 1st Startup Venture Specialist Private Equity Fund	16,815	25.0	4,204	-	-	171	4,375
Woori-Shinyoung Growth-Cap Private Equity Fund I	37,022	31.9	11,841	-	-	-	11,841
LOTTE CARD Co., Ltd (*1)	2,047,220	20.0	409,444	-	-	-	409,444

	December 31, 2019						
	Total net asset	Ownership (%)	Ownership portion of net assets	Basis difference	Impairment	Intercompany transaction	Book value
Woori-Q Corporate Restructuring Private Equity Fund	15,152	38.4	5,813	-	-	233	6,046
PCC-Woori LP Secondary Fund	6,498	38.8	2,524	-	-	1	2,525
Uri Hanhwa Eureka Private Equity Fund	41,714	0.8	342	-	-	-	342
Godo Kaisha Oceanos 1	22,909	47.8	10,952	-	-	-	10,952
Japanese Hotel Real Estate Private Equity Fund 2	16,555	19.9	3,291	-	-	-	3,291

(*1) The net asset equity amount is after the debt-for-equity swap, non-controlling etc.

(*2) As a result of conducting an impairment test on the investment stocks of the related companies, the recoverable value was less than the carrying amount and thus the impairment loss was recognized.

	December 31, 2018						
	Total net asset	Ownership (%)	Ownership portion of net assets	Basis difference	Impairment	Intercompany transaction	Book value
Woori Service Networks Co., Ltd.	3,180	4.9	157	-	-	-	157
Korea Credit Bureau Co., Ltd.	66,009	9.9	6,544	246	-	-	6,790
Korea Finance Security Co., Ltd.	23,041	15.0	3,456	-	-	-	3,456
Chin Hung International Inc. (*)	79,793	25.3	20,192	24,565	-	(16)	44,741
Saman Corporation	27,805	9.2	2,556	5,373	(6,915)	-	1,014
Woori Growth Partnerships New Technology Private Equity Fund	108,727	23.1	25,091	-	-	-	25,091
2016KIF-IMM Woori Bank Technology Venture Fund	73,219	20.0	14,644	-	-	656	15,300
K BANK Co., Ltd. (*)	290,597	14.1	40,984	2,725	-	-	43,709
Smart Private Equity Fund No.2	14,451	20.0	2,890	-	-	-	2,890
Woori Bank-Company K Korea Movie Asset Fund	10,800	25.0	2,700	-	-	-	2,700
Well to Sea No.3 Private Equity Fund (*)	396,248	50.0	198,027	-	-	(634)	197,393
Partner One Value Up 1st Private Equity Fund	42,776	23.3	9,948	-	-	-	9,948
IBK KIP Seongjang Dideemdol 1st Private Investment Limited Partnership	20,443	20.0	4,089	-	-	337	4,426
Crevisse Raim Impact 1st Startup Venture Specialist Private Equity Fund	11,909	25.0	2,977	-	-	48	3,025
Nomura-Rifa Private Real Estate Investment Trust No.17	4,019	19.4	780	-	-	7	787
Uri Hanhwa Eureka Private Equity Fund	42,151	0.8	339	-	-	-	339

(*) The net asset equity amount is after the debt-for-equity swap.

14. INVESTMENT PROPERTIES

- (1) Details of investment properties are as follows (Unit: Korean Won in millions):

	December 31, 2019	December 31, 2018
Acquisition cost	299,802	416,796
Accumulated depreciation	(19,563)	(38,600)
Net carrying value	<u>280,239</u>	<u>378,196</u>

- (2) Changes in investment properties are as follows (Unit: Korean Won in millions):

	For the years ended December 31	
	2019	2018
Beginning balance (*)	178,910	371,301
Acquisition	70,346	15,195
Disposal	(193)	(3,045)
Depreciation	(2,225)	(4,045)
Transfers from(to) premises and equipment	32,394	7,623
Classified to assets held for sale	-	(10,056)
Foreign currencies translation adjustments	402	(5)
Others	605	1,228
Ending balance	<u>280,239</u>	<u>378,196</u>

(*) 199,286 million Won is deducted which was reclassified from the investment properties to premises and equipment at the beginning of the period within the net carrying amount of the previous term.

- (3) Fair value of investment properties amounted to 502,305 million Won and 438,534 million Won as of December 31, 2019 and 2018, respectively. The fair value of investment properties has been assessed on the basis of recent similar real estate market price and officially assessed land price in the area of the investment properties, is classified as level 3 on the fair value hierarchy.
- (4) Rental fee earned from investment properties is amounting to 10,106 million Won and 5,080 million Won for the years ended December 31, 2019 and 2018, respectively. Operating expenses directly related to the investment properties where rental fee was earned amounted to 3,010 million Won and 4,120 million Won.
- (5) The lease payments expected to be received in the future under lease contracts as of December 31, 2019 and 2018 are as follows (Unit: Korean Won in millions):

	December 31, 2019	December 31, 2018
Lease payments:		
Within a year	6,574	5,454
More than 1 year and within 2 years	4,924	3,702
More than 2 years and within 3 years	4,018	3,009
More than 3 years and within 4 years	3,618	2,619
More than 4 years and within 5 years	3,126	2,222
More than 5 years	241	-
Total	<u>22,501</u>	<u>17,006</u>

15. PREMISES AND EQUIPMENT

(1) Details of premises and equipment as of December 31, 2019 are as follows (Unit: Korean Won in millions):

	December 31, 2019						Total
	Land	Building	Equipment and vehicles	Leasehold improvement	Construction in progress	Structures	
Premises and equipment(owned)	1,761,159	802,299	278,016	54,839	1,287	2	2,897,602
Right-of-use asset	-	449,878	17,236	-	-	-	467,114
Carrying value	1,761,159	1,252,177	295,252	54,839	1,287	2	3,364,716

(2) Details of premises and equipment(owned) as of December 31, 2019 and 2018 are as follows (Unit: Korean Won in millions):

	December 31, 2019						Total
	Land	Building	Equipment and vehicles	Leasehold improvement	Construction in progress	Structures	
Acquisition cost	1,761,159	1,063,756	1,123,101	463,181	1,287	20	4,412,504
Accumulated depreciation	-	(261,457)	(845,085)	(408,342)	-	(18)	(1,514,902)
Net carrying value	1,761,159	802,299	278,016	54,839	1,287	2	2,897,602

	December 31, 2018						Total
	Land	Building	Equipment and vehicles	Leasehold improvement	Construction in progress	Structures	
Acquisition cost	1,481,871	872,282	1,031,431	446,264	9,099	20	3,840,967
Accumulated depreciation	-	(210,370)	(791,418)	(388,670)	-	(17)	(1,390,475)
Net carrying value	1,481,871	661,912	240,013	57,594	9,099	3	2,450,492

- (3) Details of changes in premises and equipment are as follows (Unit: Korean Won in millions):

	For the year ended December 31, 2019						Total
	Land	Building	Equipment and vehicles	Leasehold improvement	Construction in progress	Structures	
Beginning balance	1,481,871	661,912	240,013	57,594	9,099	3	2,450,492
Acquisitions	186,303	87,667	119,474	28,788	7,315	-	429,547
Disposals	(3,015)	(2,245)	(1,203)	(2,738)	-	-	(9,201)
Depreciation	-	(30,766)	(87,453)	(27,134)	-	(1)	(145,354)
Classified to assets held for sale	(21)	(74)	-	-	-	-	(95)
Transfer	93,956	83,260	3,670	912	(14,886)	-	166,912
Foreign currencies translation adjustments	880	801	1,459	609	36	-	3,785
Business combination (Note 45)	1,185	74	926	1	-	-	2,186
Others	-	1,670	1,130	(3,193)	(277)	-	(670)
Ending balance	<u>1,761,159</u>	<u>802,299</u>	<u>278,016</u>	<u>54,839</u>	<u>1,287</u>	<u>2</u>	<u>2,897,602</u>

	For the year ended December 31, 2018						Total
	Land	Building	Equipment and vehicles	Leasehold improvement	Construction in progress	Structures	
Beginning balance	1,487,278	680,846	180,072	64,787	64,559	3	2,477,545
Acquisitions	1,372	14,701	76,783	17,527	8,285	-	118,668
Disposals	(29)	-	(5,192)	(737)	(187)	-	(6,145)
Depreciation	-	(26,014)	(76,171)	(32,162)	-	-	(134,347)
Classified to assets held for sale	(3,651)	(2,592)	-	-	-	-	(6,243)
Transfer	(2,863)	(4,760)	63,432	-	(63,432)	-	(7,623)
Foreign currencies translation adjustments	(236)	(257)	(69)	323	(126)	-	(365)
Business combination	-	-	969	661	-	-	1,630
Others	-	(12)	189	7,195	-	-	7,372
Ending balance	<u>1,481,871</u>	<u>661,912</u>	<u>240,013</u>	<u>57,594</u>	<u>9,099</u>	<u>3</u>	<u>2,450,492</u>

- (4) Details of right-of-use assets as of December 31, 2019 are as follows (Unit: Korean Won in millions):

	December 31, 2019		
	Building	Other tangible assets	Total
Acquisition cost	615,201	25,563	640,764
Accumulated depreciation	(165,323)	(8,327)	(173,650)
Net carrying value	<u>449,878</u>	<u>17,236</u>	<u>467,114</u>

- (5) Details of changes in right-of-use assets as of December 31, 2019 are as follows (Unit: Korean Won in millions):

	December 31, 2019		
	Building	Other tangible assets	Total
Beginning balance	416,828	18,963	435,791
New contracts	251,992	8,306	260,298
Termination	(3,803)	(178)	(3,981)
Depreciation	(219,743)	(9,984)	(229,727)
Business combination (Note 45)	5,438	114	5,552
Others	(834)	15	(819)
Ending balance	<u>449,878</u>	<u>17,236</u>	<u>467,114</u>

16. INTANGIBLE ASSETS

(1) Details of intangible assets are as follows (Unit: Korean Won in millions):

	December 31, 2019							
	Goodwill	Software	Industrial property rights	Development cost	Other intangible assets	Membership deposit	Construction in progress	Total
Acquisition cost	350,682	174,132	1,576	517,224	862,313	32,583	4,066	1,942,576
Accumulated amortization	-	(138,300)	(884)	(292,031)	(638,005)	-	-	(1,069,220)
Accumulated impairment losses	-	-	-	-	(25,993)	(3,253)	-	(29,246)
Net carrying value	<u>350,682</u>	<u>35,832</u>	<u>692</u>	<u>225,193</u>	<u>198,315</u>	<u>29,330</u>	<u>4,066</u>	<u>844,110</u>

	December 31, 2018							
	Goodwill	Software	Industrial property rights	Development cost	Other intangible assets	Membership deposit	Construction in progress	Total
Acquisition cost	153,602	156,109	1,258	469,226	729,052	27,025	10,415	1,546,687
Accumulated amortization	-	(126,382)	(696)	(228,906)	(589,618)	-	-	(945,602)
Accumulated impairment losses	-	-	-	-	(137)	(3,428)	-	(3,565)
Net carrying value	<u>153,602</u>	<u>29,727</u>	<u>562</u>	<u>240,320</u>	<u>139,297</u>	<u>23,597</u>	<u>10,415</u>	<u>597,520</u>

(2) Details of changes in intangible assets are as follows (Unit: Korean Won in millions):

	For the year ended December 31, 2019							
	Goodwill	Software	Industrial property rights	Development cost	Other intangible assets	Membership deposit	Construction in progress	Total
Beginning balance	153,602	29,727	562	240,320	139,297	23,597	10,415	597,520
Acquisitions	-	13,133	318	41,373	87,538	4,931	8,754	156,047
Disposal	-	-	-	-	-	(675)	-	(675)
Amortization (*1)	-	(9,389)	(188)	(64,415)	(54,421)	-	-	(128,413)
Impairment losses (*2)	-	-	-	-	(25,858)	(939)	-	(26,797)
Transfer	-	-	-	7,915	7,188	-	(15,103)	-
Foreign currencies translation adjustment	10,234	1,269	-	-	1,023	60	-	12,586
Business combination (Note 45)	186,846	835	-	-	43,530	2,143	-	233,354
Others	-	257	-	-	18	213	-	488
Ending balance	<u>350,682</u>	<u>35,832</u>	<u>692</u>	<u>225,193</u>	<u>198,315</u>	<u>29,330</u>	<u>4,066</u>	<u>844,110</u>

(*1) Amortization of other intangible assets amounting to 22,317 million Won is included in other operating expenses.

(*2) The impairment test for other intangible assets indicates that the recoverable value is less than the carrying amount and thus the impairment loss is recognized.

	For the year ended December 31, 2018							
	Goodwill	Software	Industrial property rights	Development cost	Other intangible assets	Membership deposit	Construction in progress	Total
Beginning balance	108,707	40,672	539	77,241	117,546	20,685	153,209	518,599
Acquisitions	-	6,839	195	20,935	45,205	5,162	97,067	175,403
Disposal	-	(4,359)	-	-	(196)	(2,871)	-	(7,426)
Amortization (*)	-	(14,028)	(172)	(46,045)	(73,913)	-	-	(134,158)
Reversal of impairment loss	-	-	-	-	-	674	-	674
Transfer	-	-	-	188,189	51,672	-	(239,861)	-
Business combination	46,752	763	-	-	-	-	-	47,515
Foreign currencies translation adjustment	(1,857)	(165)	-	-	(227)	(53)	-	(2,302)
Others	-	5	-	-	(790)	-	-	(785)
Ending balance	<u>153,602</u>	<u>29,727</u>	<u>562</u>	<u>240,320</u>	<u>139,297</u>	<u>23,597</u>	<u>10,415</u>	<u>597,520</u>

(*) Amortization of other intangible assets amounting to 51,770 million Won is included in other operating expenses.

(3) Goodwill.

- 1) Details of allocated goodwill based on each cash-generating unit as of December 31, 2019 and 2018 are as follows (Unit: Korean Won in million):

Cash-generating unit (*1)	December 31, 2019	December 31, 2018
Woori Asset Management Corp.	43,036	-
Woori Global Asset Management Co., Ltd.	2,030	-
Woori Asset Trust Co., Ltd.	141,780	-
PT Bank Woori Saudara Indonesia 1906 Tbk (*2)	106,173	98,229
WB Finance Co., Ltd (*3)	49,374	47,681
Others	8,289	7,692
Total	350,682	153,602

(*1) Allocated to the cash-generating unit that will benefit from the synergy effect of the business combination, and the cash-generating unit is generally comprised of the operating or sub-sectors.

(*2) The Group has acquired Saudara Bank to expand retail sales in Indonesia, and recognized the goodwill as it is expected to strengthen our competitiveness by securing a local sales network in Indonesia.

(*3) The Group has acquired VisionFund Cambodia to expand Cambodian retail sales, and recognized goodwill based on the economies of scale and acquired customer base.

2) Impairment test

The recoverable amount of the cash-generating unit is measured at larger amount among the fair value less costs to sell or the value to use.

The net fair value is calculated by deducting costs of disposal from the amount received from the sale of the cash-generating unit in an arm's length transaction between the parties with reasonable judgment and willingness to negotiate. In case of difficulty in measuring this amount, the sale amount of a similar cash-generating unit in the past market is calculated by reflecting the characteristics of the cash-generating unit. If reliable information related to fair value less costs to sell is not available, value in use is considered as recoverable amount. Value in use is the present value of future cash flows expected to be generated by the cash-generating unit. Future cash flows are estimated based on the latest financial budget approved by the management, with an estimated period of up to five years. The Group estimates cash flows based on an annual growth rate of up to 4.0% in relation to cash flows after the longest period. The main assumptions used to estimate cash flows are about the size of the market and the share of the group. The appropriate discount rate for discounting future cash flows is the pre-tax discount rate, including assumptions about risk-free interest rates, market risk premium, and systemic risk of cash-generating units. The impairment test, which compares the carrying amount and recoverable amount of the cash-generating unit to which goodwill has been allocated, is conducted every year and every time an impairment sign occurs.

Category	Woori Asset Management Corp.	Woori Global Asset Management Co., Ltd	PT Bank Woori Saudara Indonesia 1906 Tbk	WB Finance Co., Ltd
Discount rate (%)	7.3	8.8	18.3	17.3
Terminal growth rate (%)	1.0	1.0	4.0	3.0
Recoverable amount.	145,820	45,367	952,692	133,149
Carrying amount	106,735	29,577	577,075	93,143

As a result of the impairment test on goodwill, it is determined that the carrying amount of the cash-generating unit to which the goodwill has been allocated will not exceed the recoverable amount.

17. ASSETS HELD FOR DISTRIBUTION (SALE)

As of the end of the current term, the Group is planning to sell lands, buildings and machinery items that are from subsidiary companies, Seari First Securitization Specialty Co., Ltd., Namjong 1st Securitization Specialty Co., Ltd., Bukgeum First Securitization First Specialty Co., Ltd. and Bukgeum Second Securitization Specialty Co., Ltd., and therefore they are classified as assets held for sale. In addition, tangible assets that are highly likely to be sold within another year are classified as held for sale.

Assets held for distribution (sale) are as follows (Unit: Korean Won in millions):

	December 31, 2019	December 31, 2018
Lands	5,164	7,280
Buildings	4,815	7,736
Others	577	2,896
Total	<u>10,556</u>	<u>17,912</u>

The Group measured assets held for sale at the lower of their net fair value or carrying amount

18. ASSETS SUBJECT TO LIEN AND ASSETS ACQUIRED THROUGH FORECLOSURES

(1) Assets subjected to lien are as follows (Unit: Korean Won in millions):

		December 31, 2019		
		Collateral given to	Amount	Reason for collateral
Financial assets at FVTPL	Korean treasury and government bonds and others	Nonghyup bank	19,720	Related to bonds sold under repurchase agreements (*)
	Korean corporate debt securities	Kookmin bank and others	168,327	Related to bonds sold under repurchase agreements (*)
	Korean corporate debt securities	Eugene investment & futures co., Ltd. .	3,008	Collateral for futures transaction
	Korean financial institutions' debt securities and others	Nonghyup bank and others	219,938	Related to bonds sold under repurchase agreements (*)
Financial assets at FVTOCI	Korean financial institutions' debt securities and others	BOK and others	5,127,383	Settlement risk
	Foreign corporate debt securities	Spain BBVA and others	56,975	Related to bonds sold under repurchase agreements (*)
	Korean corporate debt securities	Nonghyup bank futures and others	9,042	Collateral for futures transaction
Securities at amortized cost	Korean treasury and government bonds	Korea Securities Depository	5,570	Related to bonds sold under repurchase agreements (*)
	Korean treasury and government bonds and others	The BOK and others	6,190,630	Settlement risk and others
	Foreign financial institutions' debt securities	NATIXIS and others	37,271	Related to bonds sold under repurchase agreements (*)
Loan at amortized cost and other financial assets	Due from banks in local currency	Branch of IBK at Phnom Penh and others	11,352	Collateral deposits for local currency borrowings
	Due from banks in local currencies	Daishin AMC and others	1,500	Right of pledge
	Other due from banks in local currencies	Samsung Securities Co., Ltd. and others	17,345	Margin deposit for futures or option
	Other due from banks in foreign currencies	Korea Investment & Securities Co., Ltd. and others	180,919	Foreign margin deposit for future or option and others
	Foreign currency loans	Industrial and Commercial Bank of China	82,594	Related to bonds sold under repurchase agreements (*)

		December 31, 2019			
		Collateral given to	Amount	Reason for collateral	
Premises and equipment	Land and building	Credit Counselling & Recovery Service and others	689	Right to collateral and others	
		Total	<u>12,132,263</u>		
		December 31, 2018			
		Collateral given to	Amount	Reason for collateral	
Loan at amortized cost and other financial assets	Due from banks on time in local currency	Daishin AMC and others	1,500	Right of pledge	
		Due from banks in local currencies	Samsung Securities Co., Ltd. and others	38,112	Margin deposit for futures or option
		Due from banks in foreign currencies	Korea Investment & Securities Co., Ltd. and others	202,156	Foreign margin deposit for future or option and others
Financial assets at FVTOCI	Korean financial institutions' debt securities and others	The BOK and others	2,919,042	Settlement risk and others	
	Korean financial institutions' debt securities	Banco Bilbao Vizcaya Argentaria, S.A	33,588	Related to bonds sold under repurchase agreements (*)	
Securities at amortized cost	Korean treasury and government bonds	Korea Securities Depository	5,552	Related to bonds sold under repurchase agreements (*)	
	Korean treasury and government bonds and others	The BOK and others	6,382,188	Settlement risk and others	
Premises and equipment	Land and building	Credit Counselling & Recovery Service and others	5,987	Right to collateral and others	
		Total	<u>9,588,125</u>		

(*) The Group has the agreements to repurchase the sold assets at the predetermined price or the price that includes the rate of return and to provide the guarantee on the assets. The transferee has the right to sell or to provide as guarantee. Therefore, the Group does not derecognize the assets, but recognizes the relevant amounts as liability (bonds sold under repurchase agreements).

(2) As of December 31, 2019 and December 31, 2018 there is no asset acquired through foreclosures.

(3) Securities loaned are as follows (Unit: Korean Won in millions):

		December 31, 2019	December 31, 2018	Loaned to
Financial assets at FVTOCI	Korean financial institutions' debt securities and others	<u>80,737</u>	<u>40,029</u>	Korea Securities Finance Corporation
	Total	<u>80,737</u>	<u>40,029</u>	

Securities loaned are lending of specific securities to borrowers who agree to return the same amount 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.

(4) Collaterals held that can be disposed and re-subjected to lien regardless of defaults of counterparties

Fair values of collaterals held that can be disposed and re-subjected to lien regardless of defaults of counterparties as of December 31, 2019 and 2018 are as follows (Unit: Korean Won in millions):

	December 31, 2019	
	Fair values of collaterals	Fair values of collaterals were disposed or re-subjected to lien
Securities	9,340,517	-
	December 31, 2018	
	Fair values of collaterals	Fair values of collaterals were disposed or re-subjected to lien
Securities	12,262,041	-

19. OTHER ASSETS

Details of other assets are as follows (Unit: Korean Won in millions):

	December 31, 2019	December 31, 2018
Prepaid expenses	135,010	161,129
Advance payments	78,306	18,467
Others	20,330	18,057
Total	<u>233,646</u>	<u>197,653</u>

20. FINANCIAL LIABILITIES AT FVTPL

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

	December 31, 2019	December 31, 2018
Financial instruments at fair value through profit or loss mandatorily measured at fair value	2,870,676	2,117,919
Financial liabilities at fair value through profit or loss designated as upon initial recognition	87,626	164,767
Total	<u>2,958,302</u>	<u>2,282,686</u>

(2) Financial liabilities at fair value through profit or loss mandatorily measured at fair value are as follows (Unit: Korean Won in millions):

	December 31, 2019	December 31, 2018
Deposits		
Gold banking liabilities	27,530	27,058
Derivative liabilities	2,843,146	2,090,861
Total	<u>2,870,676</u>	<u>2,117,919</u>

- (3) Financial liabilities at fair value through profit or loss designated as upon initial recognition as of December 31, 2019 and 2018 are as follows (Unit: Korean Won in millions):

	December 31, 2019	December 31, 2018
Equity-linked securities		
Equity-linked securities in short position	87,626	164,767
Total	<u>87,626</u>	<u>164,767</u>

Financial liabilities at fair value through profit or loss designated as upon initial recognition are designated in order to eliminate or significantly reduce accounting mismatch arising from recognition or measurement.

- (4) There are no accumulated changes in credit risk adjustments to financial liabilities at fair value through profit or loss designated as upon initial recognition.

The adjustment to reflect Group's credit risk is considered in measuring the fair value of equity-linked securities index. The Group's credit risk is determined by adjusting credit spread observed in credit rating of Group.

- (5) The difference between carrying amount and maturity amount of financial liabilities at fair value through profit or loss designated as upon initial recognition (Financial liabilities designated as at FVTPL) are as follows (Unit: Korean Won in millions):

	December 31, 2019	December 31, 2018
Carrying amount	87,626	164,767
Nominal amount at maturity	97,503	217,280
Difference	<u>(9,877)</u>	<u>(52,513)</u>

- (6) Changes in equity in relation to financial liabilities at fair value through profit or loss designated as upon initial recognition

The cumulative gain or loss realized as a result of the derecognition of financial liabilities designated as at fair value through profit or loss that is presented in other comprehensive income and transferred within equity is 4 million (after income tax expense) Won for the year ended December 31, 2018.

21. DEPOSITS DUE TO CUSTOMERS

Details of deposits due to customers by type are as follows (Unit: Korean Won in millions):

	December 31, 2019	December 31, 2018
Deposits in local currency:		
Deposits on demand	8,655,228	11,076,417
Deposits at termination	224,115,771	204,051,570
Mutual installment	28,574	30,783
Deposits on notes payables	2,174,995	1,891,556
Deposits on CMA	150,300	137,316
Customer deposit for security investment	-	30,000
Certificate of deposits	973,625	6,510,571
Other deposits	1,451,470	1,409,505
Sub-total	<u>237,549,963</u>	<u>225,137,718</u>
Deposits in foreign currency:		
Deposits in foreign currencies	27,143,710	23,626,234
Present value discount	(8,095)	(73,013)
Total	<u>264,685,578</u>	<u>248,690,939</u>

22. BORROWINGS AND DEBENTURES

(1) Details of borrowings are as follows (Unit: Korean Won in millions):

December 31, 2019			
	Lenders	Interest rate (%)	Amount
Borrowings in local currency:			
Borrowings from The BOK	The BOK	0.5~0.8	1,770,726
Borrowings from government funds	Small Enterprise And Market Service and others	0.0~2.8	1,844,798
Others	The Korea Development Bank and others	0.0~5.0	6,070,201
Sub-total	9,685,725		
Borrowings in foreign currencies(*):			
Borrowings in foreign currencies	The Export-Import Bank of Korea and others	(0.3)~8.3	8,566,872
Offshore borrowings in foreign currencies	HSBC, HKG	3.0	34,734
Sub-total			8,601,606
Bills sold	Others	0.0~1.6	9,367
Call money	Bank and others	(0.3)~3.5	133,519
Bonds sold under repurchase agreements	Other financial institutions	1.4~12.7	569,002
Present value discount			(299)
Total			18,998,920

(*) Included borrowing in foreign currencies under cash flow hedge amounting to 34,443 million Won as of December 31, 2019.

December 31, 2018			
	Lenders	Interest rate (%)	Amount
Borrowings in local currency:			
Borrowings from The BOK	The BOK	0.5 ~ 0.8	1,335,459
Borrowings from government funds	Small Enterprise And Market Service and others	0.0 ~ 3.5	1,771,379
Others	The Korea Development Bank and others	0.0 ~ 4.0	4,716,231
Sub-total			7,823,069
Borrowings in foreign currencies:			
Borrowings in foreign currencies	The Export-Import Bank of Korea and others	0.0 ~ 7.5	7,308,857
Offshore borrowings in foreign currencies	JPMORGAN CHASE BANK	2.9	33,543
Sub-total			7,342,400
Bills sold	Others	0.0 ~ 1.8	19,336
Call money	Bank and others	0.0 ~ 7.3	975,358
Bonds sold under repurchase agreements	Other financial institutions	0.8 ~ 12.7	42,907
Present value discount			(84)
Total			16,202,986

(2) Details of debentures are as follows (Unit: Korean Won in millions):

	December 31, 2019		December 31, 2018	
	Interest rate (%)	Amount	Interest rate (%)	Amount
Face value of bond(*):				
Ordinary bonds	0.0~4.3	23,207,600	1.6 ~ 4.5	22,432,183
Subordinated bonds	2.1~5.9	6,732,687	3.0 ~ 12.6	5,358,838
Other bonds	1.2~17.0	942,421	1.9 ~ 17.0	974,230
Sub-total		30,882,708		28,765,251
Discounts on bonds		(24,653)		(29,389)
Total		30,858,055		28,735,862

(*) Included debentures under fair value hedge amounting to 3,151,172 million Won and 2,956,565 million Won as of December 31, 2019 and 2018, respectively. Debentures under cash flow hedge amounting to 829,082 million Won and 823,219 million Won are also included as of December 31, 2019 and 2018, respectively.

23. PROVISIONS

(1) Details of provisions are as follows (Unit: Korean Won in millions):

	December 31, 2019	December 31, 2018
Asset retirement obligation	66,485	67,200
Provisions for guarantees (*1)	92,486	89,761
Provisions for unused loan commitments	112,554	121,535
Provisions for customer reward credits (*2)	-	49,180
Other provisions (*3)	172,455	63,637
Total	443,980	391,313

(*1) Provisions for guarantees includes provision for financial guarantee of 62,764 million Won and 47,817 million Won as of December 31, 2019 and 2018, respectively.

(*2) The provisions for existing points that are paid to credit card members and others have been reclassified to other liabilities.

(*3) Other provisions consist of provision for litigation, loss compensation and others.

(2) Changes in provisions for guarantees and unused loan commitments are as follows (Unit: Korean Won in millions):

1) Provisions for guarantees

	For the year ended December 31, 2019			
	Stage1	Stage2	Stage3	Total
Beginning balance	44,903	33,760	11,098	89,761
Transfer to 12-month expected credit loss	13,568	(13,568)	-	-
Transfer to expected credit loss for the entire period	(317)	532	(215)	-
Transfer to credit-impaired financial assets	(30)	(32)	62	-
Provisions used	(27,711)	-	-	(27,711)
Net provision (reversal) of unused amount	(14,400)	5,611	4,437	(4,352)
Others (*)	34,788	-	-	34,788
Ending balance	50,801	26,303	15,382	92,486

(*) Others have occurred as a result of new financial guarantee contract valued at initial fair value.

	For the year ended December 31, 2018			
	Stage1	Stage2	Stage3	Total
Beginning balance	47,132	18,281	127,511	192,924
Transfer to 12-month expected credit loss	92	(92)	-	-
Transfer to expected credit loss for the entire period	(237)	91,008	(90,771)	-
Transfer to credit-impaired financial assets	(38)	(29)	67	-
Provisions used	(20,429)	-	-	(20,429)
Net reversal of unused amount	(4,866)	(75,410)	(25,709)	(105,985)
Others (*)	23,249	2	-	23,251
Ending balance	44,903	33,760	11,098	89,761

(*) Others have occurred as a result of new financial guarantee contract valued at initial fair value.

2) Provisions for unused loan commitment

	For the year ended December 31, 2019			
	Stage1	Stage2	Stage3	Total
Beginning balance	74,624	45,285	1,626	121,535
Transfer to 12-month expected credit loss	11,771	(11,024)	(747)	-
Transfer to expected credit loss for the entire period	(1,813)	1,945	(132)	-
Transfer to credit-impaired financial assets	(213)	(275)	488	-
Net provision(reversal) of unused amount	(19,394)	7,233	3,117	(9,044)
Others	63	-	-	63
Ending balance	65,038	43,164	4,352	112,554

	For the year ended December 31, 2018			
	Stage1	Stage2	Stage3	Total
Beginning balance	75,232	27,875	1,878	104,985
Transfer to 12-month expected credit loss	7,770	(7,396)	(374)	-
Transfer to expected credit loss for the entire period	(2,376)	2,525	(149)	-
Transfer to credit-impaired financial assets	(213)	(1,579)	1,792	-
Net provision(reversal) of unused amount	(5,813)	23,860	(1,521)	16,526
Others	24	-	-	24
Ending balance	74,624	45,285	1,626	121,535

(3) Changes in asset retirement obligation are as follows (Unit: Korean Won in millions):

	For the years ended December 31	
	2019	2018
Beginning balance	67,200	61,872
Provisions provided	2,729	1,489
Provisions used	(2,276)	(913)
Reversal of provisions unused	(2,926)	(1,038)
Amortization	435	564
Increase in restoration costs and others	994	5,226
Business Combination (Note 45)	329	-
Ending balance	66,485	67,200

The amount of the asset retirement obligation is the present value of the best estimate of future expected expenditure to settle the obligation – arising from leased premises as of December 31, 2019, discounted by appropriate discount rate. The restoration cost is expected to occur by the end of each premise's lease period, and the Group has used average lease period of each category of leases terminated during the past years in order to rationally estimate the lease period. In addition, the Group used average amount of actual recovery cost for the past 3 years and the inflation rate for last year in order to estimate future recovery cost.

(4) Changes in other provisions are as follows (Unit: Korean Won in millions):

	For the year ended December 31, 2019
	Other provisions
Beginning balance	63,637
Provisions provided	109,875
Provisions used	(6,123)
Reversal of provisions unused	(171)
Foreign currencies translation adjustments	1,193
Others	224
Business combination (Note 45)	3,820
Ending balance	<u>172,455</u>

	For the year ended December 31, 2018		
	Provisions for customer reward credits	Other provisions	Total
Beginning balance	40,445	58,791	99,236
Provisions provided	70,138	8,384	78,522
Provisions used	(98,170)	(6,940)	(105,110)
Reversal of unused amount	-	(52)	(52)
Foreign currencies translation adjustments	-	(194)	(194)
Transfer (*1)	9,228	-	9,228
Others	27,539	3,648	31,187
Ending balance (*2)	<u>49,180</u>	<u>63,637</u>	<u>112,817</u>

(*1) Provision for customer reward credits have increased for the Group due to the point transfer from partners during the year ended in December 31, 2018.

(*2) The provisions for existing points that are paid to credit card members and others have been reclassified to other liabilities.

(5) Others

- As of September 23, 2019, the Group temporarily suspended the won-payment business due to tightened U.S. sanctions on Iran while it was ongoing to settle 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) and Office of Foreign Assets Control as to whether the Group has violated United States laws by participating in prohibited transactions involving the following countries: Iran, Sudan, Syria and Cuba, which have been sanctioned by the US.
- The Group recognized the provision of the estimated compensation amount related to the miss-selling of the Derivative Linked Fund (DLF) incurred during the current term and a fine is expected to be imposed by the Financial Supervisory Service as the best estimate for the expenditure required to meet its obligations at the end of the reporting period. The Group estimated such provision will be paid at the request of each counter party, and estimates all amount will be paid within 2020. On the other hand, the actual amount of compensation of the Group may change due to interest rate changes since the end of the reporting period.

24. NET DEFINED BENEFIT LIABILITY(ASSET)

The retirement benefits of the Group are based on the defined retirement benefit plans. 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 salary 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 are as follows (Unit: Korean Won in millions):

	December 31, 2019	December 31, 2018
Present value of defined benefit obligation	1,442,859	1,275,020
Fair value of plan assets	(1,352,971)	(1,101,911)
Net defined benefit liability(*)	89,888	173,109

(*) Net defined benefit liability of 89,888 million Won at the end of the current term is the subtracted amount of the net defined benefit asset of 2,582 million Won from the net defined benefit liability of 92,470 million Won.

(2) Changes in the carrying value of defined benefit obligation are as follows (Unit: Korean Won in millions):

	For the year ended December 31, 2019	For the year ended December 31, 2018
Beginning balance	1,275,020	1,071,170
Subsequent amount from transfer company	93	-
Current service cost (*)	163,369	144,394
Interest cost (*)	32,693	32,143
Financial assumption	32,831	59,429
Remeasurements	49,453	7,728
Demographic assumptions	(33,518)	33,697
Experience adjustment	179	(3)
Foreign currencies translation adjustments	(79,908)	(74,952)
Retirement benefit paid	4,674	-
Business combination (Note 45)	(2,027)	1,414
Others	1,442,859	1,275,020
Ending balance	1,442,859	1,275,020

- (3) Changes in the plan assets are as follows (Unit: Korean Won in millions):

	For the year ended December 31, 2019	For the year ended December 31, 2018
Beginning balance	1,101,911	1,027,906
Subsequent amount from transfer company	93	-
Interest income	30,937	33,825
Remeasurements	125	(14,783)
Employer's contributions	292,095	128,926
Retirement benefit paid	(76,304)	(71,672)
Others	(2,255)	(2,291)
Business combination (Note 45)	6,369	-
Ending balance	<u>1,352,971</u>	<u>1,101,911</u>

- (4) Plan assets wholly consist of fixed deposits as of December 31, 2019 and 2018. Among plan assets, realized returns on plan assets amount to 31,062 million Won and 19,042 million Won for the years ended December 31, 2019 and 2018, respectively.

Meanwhile, the contribution expected to be paid in the next accounting year amounts to 156,396 million Won.

- (5) Current service cost, net interest income, loss (gain) on the curtailment or settlement and remeasurements recognized in the consolidated statements comprehensive income are as follows (Unit: Korean Won in millions):

	For the year ended December 31, 2019	For the year ended December 31, 2019
Current service cost	163,369	144,394
Net interest expense (Income)	1,756	(1,682)
Cost recognized in net income	<u>165,125</u>	<u>142,712</u>
Remeasurements	48,641	115,637
Cost recognized in total comprehensive income	<u>213,766</u>	<u>258,349</u>

Retirement benefits related to defined contribution plans recognized as expenses are 3,297 million Won and 2,437 million Won for the years ended December 31, 2019 and 2018, respectively.

- (6) Key actuarial assumptions used in net defined benefit liability measurement are as follows:

	December 31, 2019	December 31, 2018
Discount rate	2.18~2.50%	2.69%
Future wage growth rate	1.89~6.00%	6.18%
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

The weighted average maturity of defined benefit liability is a minimum of 6.91 to a maximum 11.85 years.

- (7) The sensitivity to actuarial assumptions used in the assessment of defined benefit obligation is as follows (Unit: Korean Won in millions):

		December 31, 2019	December 31, 2018
Discount rate	Increase by 1% point	(151,104)	(116,812)
	Decrease by 1% point	178,434	136,990
Future wage growth rate	Increase by 1% point	176,169	135,767
	Decrease by 1% point	(152,174)	(118,020)

25. OTHER FINANCIAL LIABILITIES AND OTHER LIABILITIES

Other financial liabilities and other liabilities are as follows (Unit: Korean Won in millions):

	December 31, 2019	December 31, 2018
Other financial liabilities:		
Accounts payable	6,131,339	5,409,268
Accrued expenses	2,516,231	2,224,330
Borrowings from trust accounts	3,277,795	3,747,492
Agency business revenue	362,820	396,735
Foreign exchange payables	1,153,457	539,554
Domestic exchange settlement credits	1,261,928	7,134,966
Lease liabilities	419,045	-
Other miscellaneous financial liabilities	2,587,193	1,992,663
Present value discount	(3,041)	(2,484)
Sub-total	<u>17,706,767</u>	<u>21,442,524</u>
Other liabilities:		
Unearned income	224,840	204,034
Other miscellaneous liabilities	195,631	142,044
Sub-total	<u>420,471</u>	<u>346,078</u>
Total	<u>18,127,238</u>	<u>21,788,602</u>

26. DERIVATIVES

(1) Derivative assets and derivative liabilities are as follows (Unit: Korean Won in millions):

	December 31, 2019						
	Nominal amount	Assets			Liabilities		
		For cash flow hedge	For fair value hedge	For trading	For cash flow hedge	For fair value hedge	For trading
Interest rate:							
Futures	124,737	-	-	-	-	-	-
Swaps	150,731,987	-	111,764	300,750	1,323	-	413,195
Purchase options	460,000	-	-	11,888	-	-	-
Written options	395,789	-	-	-	-	-	9,655
Currency:							
Futures	1,934	-	-	-	-	-	-
Forwards	113,988,295	-	-	1,447,811	321	-	1,030,246
Swaps	82,125,050	9,367	-	966,181	5,193	-	1,106,423
Purchase options	1,588,746	-	-	18,835	-	-	-
Written options	2,341,179	-	-	-	-	-	9,403
Equity:							
Futures	630,562	-	-	-	-	-	-
Forwards	11	-	-	-	-	-	-
Swaps	1,280,436	-	-	1,217	-	-	54,393
Purchase options	8,851,984	-	-	175,221	-	-	-
Written options	8,978,953	-	-	-	-	-	219,831
Total	<u>371,499,663</u>	<u>9,367</u>	<u>111,764</u>	<u>2,921,903</u>	<u>6,837</u>	<u>-</u>	<u>2,843,146</u>

	December 31, 2018					
	Nominal Amount	Assets		Liabilities		
		For fair value hedge	For trading	For cash flow hedge	For fair value hedge	For trading
Interest rate:						
Futures	-	-	-	-	-	-
Swaps	150,710,490	35,503	218,140	665	17,654	266,207
Purchase options	530,000	-	10,461	-	-	-
Written options	525,000	-	-	-	-	12,438
Currency:						
Futures	320,213	-	-	-	-	-
Forwards	88,376,776	-	843,621	-	-	777,039
Swaps	67,179,195	-	761,907	33,089	-	773,701
Purchase options	1,933,454	-	17,544	-	-	-
Written options	3,134,774	-	-	-	-	20,747
Equity:						
Futures	186,737	-	-	-	-	-
Swaps	441,573	-	31,377	-	-	1,217
Purchase options	4,925,315	-	143,029	-	-	-
Written options	6,145,935	-	-	-	-	239,512
Total	324,409,462	35,503	2,026,079	33,754	17,654	2,090,861

Derivatives held for trading are classified into financial assets at FVTPL (Note 7) and financial liabilities at FVTPL (Note 20), and derivatives designated for hedging are presented as a separate line item in the consolidated statements of financial position.

(2) Overview of the Group's hedge accounting

The hedging relationships the entity applies fair value hedge accounting and cash flow hedge accounting to are affected by interest rate which is related with Interest Rate Benchmark Reform. The interest rates to which the hedging relationships are exposed are USD 1M LIBOR, USD 3M LIBOR, USD 6M LIBOR, and 3M EURIBOR. The nominal amounts of hedging instruments related to 1M LIBOR, 3M LIBOR, 6M LIBOR and 3M EURIBOR are USD 400,000,000, USD 2,230,000,000, USD 500,000,000, and EUR 26,635,556, respectively. The entity pays close attention to discussions in the market and industry regarding the applicable alternative benchmark interest rates for the exposed interest rate. The entity judges related uncertainty is expected to be no longer present when the exposed interest rates are replaced by the applicable benchmark interest rates.

1) Fair value hedge

As of the current period end, the Group has applied fair value hedge on fixed interest rate foreign currency denominated debentures amounting to 3,151,172 million Won. The purpose of the hedging is to avoid fair value volatility risk of fixed interest rate foreign currency denominated debentures derived from fluctuations of market interest rate, and as such the Group entered into interest rate swap agreements designated as hedging instruments.

Pursuant to the interest rate swap agreement, by swapping the calculated difference between the fixed interest rate and floating interest rate applied to the nominal value, the fair value fluctuation risk is hedged as the foreign currency denominated debentures fixed interest rate terms are converted to floating interest rate. Pursuant to the interest rate swap agreement, hedge ratio is determined by matching the nominal value of hedged instrument to the face value of the hedged item.

In this hedging relationship, only the market interest rate fluctuation, which is the most significant part of the fair value change of the hedged item, is designated as the hedged risk, and other risk factors including credit risk are not included in the hedged risk. Therefore, the ineffective portion of the hedge could arise from fluctuations in the timing of the cash flow of the hedged item, the change in the total amount and price of the hedged item, or significant credit risk fluctuation of either party of the hedging instrument.

The interest rate swap agreements and the hedged items are subject to fluctuations in the underlying market rate of interest and the Group expects the fair value of the interest rate swap contract and the value of the hedged item to generally change in the opposite direction.

The fair value of the interest rate swap at the end of the reporting period is determined by discounting future cash flows estimated by using the yield curve at the end of the reporting period and the credit risk embedded in the contract and the average interest rate is determined based on the outstanding balance at the end of the reporting period. The variable interest rate applied to the interest rate swap is USD Libor 3M (6M) plus spread. In accordance with the terms of each interest rate swap contract designated as a hedging instrument, the Group receives interest at a fixed interest rate and pays interest at a variable interest rate.

2) Cash Flow Hedge

As of the December, 31 2019, the Group has applied cash flow hedge on local currency denominated debentures amounting to 99,941 million Won, debentures on foreign currency amounting to 729,141 million Won and Borrowings in foreign currency amounting to 34,443 million Won. The Group's hedging strategies are to ① Mitigate risks of cash flow fluctuation from variable interest rate debentures on local currency due to changes in market interest rate by entering into an interest rate swap contract and thereby designating it as hedging instrument; ② Mitigate the risks of cash flow fluctuation from principal and interest of variable-interest rate debentures denominated in foreign currency due to changes in foreign exchange rates and interest rates by entering into a currency swap contract and thereby designating it as hedging instrument; ③ Mitigate the risks of cash flow fluctuation from principal and interest of fixed-interest rate debentures denominated in foreign currency due to changes in foreign exchange rates by entering into a currency swap contract and thereby designating it as hedging instrument and ④ Mitigate the risks of cash flow fluctuation in variable-interest rate foreign currency borrowings resulting from changes in market interest rates and designate it as a hedging instrument through entering into currency swap contracts and interest rate swap contracts.

This means exchanging a predetermined nominal amount as set forth in the interest rate swap contract adjusted by the differences between the fixed and variable interest rates, which results in the conversion of interest rates of debentures in local currency and borrowings in foreign currency from variable interest into fixed interest, eliminating the cash flow fluctuation risk.

In addition, this also means a payment of predetermined principal amount as set forth in the currency swap adjusted by fixed interest rate, an exchange of an amount calculated by applying variable interest rate to USD or applying fixed interest rate to SGD, and an exchange of the principal denominated in KRW and principal denominated in foreign currency at maturity eliminating cash flow fluctuation risk on principal and interest.

The hedge ratio is determined by matching the nominal amount of the hedging instrument to the face amount of the hedged item in accordance with interest rate swap and currency swap.

Only interest rate and foreign exchange rate fluctuation risk, which is the most significant factor in the cash flow fluctuation of the hedged item, is addressed in this hedging relationship, and other risk factors such as credit risk are not subject to hedging.

Thus, there could be hedge ineffectiveness arising from price margin set by the counterparty of hedging instruments and unilateral change in credit risk of any party in the transaction.

The interest rate swap, currency swap contract and the hedged item are all affected by the changes in market interest rate and foreign exchange rates which are basic factors of the derivative. The Group expects that the value of interest rate swap contract, currency swap contract and the hedged item will generally fluctuate in opposite direction.

- (3) The nominal amounts of the hedging instrument are as follows (Unit: USD, EUR, SGD, JPY and Korean Won in millions):

	December 31, 2019			
	1 year or less	1 year to 5 years	More than 5 years	Total
Fair value hedge				
Interest rate risk				
Interest rate swap (USD)	350,000,000	2,000,000,000	300,000,000	2,650,000,000
Cash flow hedge				
Interest rate risk				
Interest rate swap (EUR)	-	26,635,556	-	26,635,556
Interest rate swap (KRW)	-	100,000	-	100,000
Foreign currencies translation risk and interest rate risk				
Currency swap(USD)	150,000,000	330,000,000	-	480,000,000
Foreign currencies translation risk				
Currency swap (SGD)	136,000,000	68,000,000	-	204,000,000
Currency forward (JPY)	49,325,155	1,059,903,932	-	1,109,229,087
	December 31, 2018			
	1 year or less	1 year to 5 years	More than 5 years	Total
Fair value hedge				
Interest rate risk				
Interest rate swap (USD)	-	1,350,000,000	1,300,000,000	2,650,000,000
Cash flow hedge				
Interest rate risk				
Interest rate swap (KRW)	-	100,000	-	100,000
Foreign currencies translation risk and interest rate risk				
Currency swap (USD)	50,000,000	450,000,000	-	500,000,000
Foreign currencies translation risk				
Currency swap (SGD)	-	204,000,000	-	204,000,000

- (4) The average interest rate and average currency rate of the hedging instrument as of December 31, 2019 and December 31, 2018 are as follows:

	December 31, 2019	
	Average interest rate and average exchange rate	
Fair value hedge		
Interest rate risk		
Interest rate swap (USD)	Fixed 3.96% receipt and Libor 3M+1.61% floating paid Fixed 5.88% receipt and Libor 6M+2.15% floating paid	
Cash flow hedge		
Interest rate risk		
Interest rate swap (EUR)	3M EURIBOR receipt, EUR 0.09% paid	
Interest rate swap (KRW)	CMS 3Y+0.40% receipt, 2.38% paid	
Foreign currencies translation risk and interest rate risk		
Currency swap (USD)	USD 3M Libor+0.8% receipt, KRW 1.45% paid, KRW/USD = 1,155 USD 1M Libor+0.54% receipt, KRW 1.53% paid, KRW/USD = 1,158	
Foreign currencies translation risk		
Currency swap (SGD)	SGD 1.91% receipt, KRW 1.98% paid, KRW/SGD = 828	
Currency forward (JPY)	KRW/JPY = 10.47	

December 31, 2018	
Average interest rate and average exchange rate	
Fair value hedge	
Interest rate risk	
Interest rate swaps (USD)	Fixed 3.96% receipt and Libor 3M+1.61% floating paid Fixed 5.88% receipt and Libor 6M+2.15% floating paid
Cash flow hedge	
Interest rate risk	
Interest rate swap (KRW)	CMS 3Y+0.40% receipt, 2.38% paid
Foreign currencies translation risk and interest rate risk	
Currency swap (USD)	USD 3M Libor+0.70% receipt, KRW 1.74% paid, KRW/USD = 1,136 USD 1M Libor+0.52% receipt, KRW 1.70% paid, KRW/USD = 1,178
Foreign currencies translation risk	
Currency swap (SGD)	SGD 1.91% receipt, KRW 1.98% paid, KRW/SGD = 828

- (5) The amounts related to items designated as hedging instruments are as follows (Unit: Korean Won in millions, USD, EUR, SGD and JPY):

December 31, 2019					
	Nominal amounts of the hedging instrument	Carrying amounts of the hedging instrument		Line item in the statement of financial position where the hedging instrument is located	Changing in fair value used for calculating hedge ineffectiveness
		Assets	Liabilities		
Fair value hedge					
Interest rate risk					
Interest rate swap	USD 2,650,000,000	111,764	-	Derivative assets (designated for hedging)	90,244
Cash flow hedge					
Interest rate risk					
Interest rate swap	EUR 26,635,556	-	43	Derivative liabilities (designated for hedging)	(43)
Interest rate swap	KRW 100,000	-	1,280	Derivative liabilities (designated for hedging)	(615)
Foreign currency translation risk and interest rate risk					
Currency swap	USD 480,000,000	4,070	5,193	Derivative assets (designated for hedging) Derivative liabilities (designated for hedging)	22,364
Foreign currency translation risk					
Currency swap	SGD 204,000,000	5,297	-	Derivative assets (designated for hedging)	8,918
Currency forward	JPY 1,109,229,087	-	321	Derivative liabilities (designated for hedging)	321

December 31, 2018					
	Nominal amounts of the hedging instrument	Carrying amounts of the hedging instrument		Line item in the statement of financial position where the hedging instrument is located	Changing in fair value used for calculating hedge ineffectiveness
		Assets	Liabilities		
Fair value hedge Interest rate risk Interest rate swap	USD 2,650,000,000			Derivative assets (Designated for hedging) Derivative liabilities (Designated for hedging)	
		35,503	17,654		(27,362)
Cash flow hedge Interest rate risk Interest rate swap	KRW 100,000	-	665	Derivative liabilities (Designated for hedging)	(665)
Foreign currencies translation risk and interest rate risk Currency swap	USD 500,000,000	-	28,907	Derivative liabilities (Designated for hedging)	21,582
Foreign currencies translation risk Currency swap	SGD 204,000,000	-	4,182	Derivative liabilities (Designated for hedging)	2,353

- (6) Details of carrying amount to hedge and amount due to hedge accounting are as follows (Unit: Korean Won in millions):

December 30, 2019							
	Carrying amounts of the hedging item		Accumulated amount of fair value hedge adjustments on the hedged item included in the carrying amount of the hedged item		Line item in the statement of financial position in which the hedged item is included	Changing in fair value used for calculating hedge ineffectiveness	Cash flow hedge reserve (*)
	Assets	Liabilities	Assets	Liabilities			
Fair value hedge Interest rate risk Debentures	-	3,151,172	-	91,368	Debentures	(85,984)	-
Cash flow hedge Interest rate risk Borrowings in foreign currency	-	34,443	-	-	Borrowing foreign currency	43	(43)
Debentures	-	99,941	-	-	Debentures	663	(821)
Foreign currencies translation risk and interest rate risk Debentures	-	554,433	-	-	Debentures	(25,057)	(2,525)
Foreign currencies translation risk Debentures	-	174,708	-	-	Debentures	(8,315)	(2,304)

(*) After tax amount

		December 31, 2018						
		Carrying amounts of the hedging item		Accumulated amount of fair value hedge adjustments on the hedged item included in the carrying amount of the hedged item		Line item in the statement of financial position in which the hedged item is included	Changing in fair value used for calculating hedge ineffectiveness	Cash flow hedge reserve (*)
		Assets	Liabilities	Assets	Liabilities			
Fair value hedge								
Interest rate risk								
	Debtentures	-	2,956,565	-	5,200	Debtentures	25,498	-
Cash flow hedge								
Interest rate risk								
	Debtentures	-	99,911	-	-	Debtentures	521	(371)
Foreign currencies translation risk and interest rate risk								
	Debtentures	-	557,186	-	-	Debtentures	(16,790)	(1,211)
Foreign currencies translation risk								
	Debtentures	-	166,122	-	-	Debtentures	(1,762)	(2,287)

(*) After tax amount

- (7) Amounts recognized in profit or loss due to the ineffective portion of fair value hedges during the current period are as follows (Unit: Korean Won in millions):

		For the year ended December 30, 2019	
		Hedge ineffectiveness recognized in profit or loss	Line item in the profit or loss that includes hedge ineffectiveness
			Other net operating income(expense)
Fair value hedge	Interest rate risk	4,260	
		For the year ended December 30, 2018	
		Hedge ineffectiveness recognized in profit or loss	Line item in the profit or loss that includes hedge ineffectiveness
			Other net operating income(expense)
Fair value hedge	Interest rate risk	(1,864)	

- (8) Reclassification of profit or loss from other comprehensive income and equity related to cash flow hedges are as follows (Unit: Korean Won in millions):

		For the year ended December 31, 2019					
		Changes in the value of hedging instruments recognized in cash flow hedge reserve	Hedge ineffectiveness recognized in profit or loss	Changes in the value of foreign basis spread recognized in OCI	Line item in the profit or loss that includes hedge ineffectiveness	Amounts reclassified from cash flow hedge reserve to profit or loss	Line item affected in profit or loss due to reclassification
Cash flow hedge	Interest rate risk				Other net operating income (expense)		Other net operating income (expense)
		(658)	-	-	(expense)	-	
	Foreign currencies translation risk and interest rate risk	21,420	944	838	Other net operating income (expense)	(23,541)	Other net operating income (expense)
	Foreign currencies translation risk	7,638	1,601	560	Other net operating income (expense)	(8,215)	Other net operating income (expense)
		For the year ended December 31, 2018					
		Changes in the value of hedging instruments recognized in cash flow hedge reserve	Hedge ineffectiveness recognized in profit or loss	Changes in the value of foreign basis spread recognized in OCI	Line item in the profit or loss that includes hedge ineffectiveness	Amounts reclassified from cash flow hedge reserve to profit or loss	Line item affected in profit or loss due to reclassification
Cash flow hedge	Interest rate risk				Other net operating income (expense)		Other net operating income (expense)
		(517)	(148)	-	(expense)	-	
	Foreign currencies translation risk and interest rate risk	21,429	153	(882)	Other net operating income (expense)	(23,084)	Other net operating income (expense)
	Foreign currencies translation risk	2,353	-	(491)	Other net operating income (expense)	(3,601)	Other net operating income (expense)

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 years ended December 31	
	2019	2018
Beginning balance	25,463	7,416
New transactions	53,289	23,678
Amounts recognized in losses	(26,493)	(5,631)
Ending balance	52,259	25,463

In case some variables to measure fair values of financial instruments are not observable in the market, valuation techniques are utilized to evaluate such financial instruments. Those financial instruments are recorded the transaction price 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. EQUITY

(1) Details of equity as of December 31, 2019 and 2018 are as follows (Unit: Korean Won in millions):

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Capital		
Common stock capital	3,611,338	3,381,392
Hybrid securities (*1)	997,544	3,161,963
Capital surplus		
Paid in capital in excess of par (*2)	608,348	269,533
Equity method	1,153	-
Others	16,794	16,356
Sub-total	<u>626,295</u>	<u>285,889</u>
Capital adjustments		
Treasury stocks	-	(34,113)
Other adjustments (*3)	(1,748,667)	(1,607,647)
Sub-total	<u>(1,748,667)</u>	<u>(1,641,760)</u>
Accumulated other comprehensive income		
Financial assets at FVTOCI	(71,914)	(87,182)
Gain(loss) on evaluation of investment stocks by equity method	915	302
Gain(loss) from foreign business translation	(152,987)	(244,735)
Remeasurements of defined benefit plan	(270,977)	(236,726)
Gain(loss) on evaluation of cash flow hedge	(5,692)	(3,869)
Sub-total	<u>(500,655)</u>	<u>(572,210)</u>
Retained earnings (*4)	18,524,515	17,124,657
Non-controlling interest (*1) (*5)	3,981,962	213,113
Total	<u>25,492,332</u>	<u>21,953,044</u>

(*1) At the end of the previous term, hybrid securities were issued by Woori Bank, a subsidiary company, and were classified as non-controlling interests of capital from the 11th of January, 2019.

(*2) Capital surplus increased as new shares were issued through a comprehensive stock exchange of shares when Woori Financial Inc. was established. (Note 1)

(*3) Included capital transaction gains and losses recognized by the 2014 merger of Woori Bank and (formerly) Woori Financial Group Inc. During the current term, the Group entered to acquire and additional interest in the Woori Asset Trust Co., Ltd., reducing the capital adjustment by 111,242 million Won.

(*4) The regulatory reserved for credit loss under the relevant laws as of December 31, 2019 and 2018 are 2,356,246 million Won, and 2,578,457 million Won, respectively.

(*5) 69,533 million Won increased as of December 31, 2019 due to business combination of Woori Asset Management Corp., and Woori Asset Trust Co., Ltd. (Note 45)

(2) The number of authorized shares and others of the Group are as follows:

	<u>December 31, 2019</u>
Shares of common stock authorized	4,000,000,000 Shares
Par value	5,000 Won
Shares of common stock issued	722,267,683 Shares
Capital stock	3,611,338 million Won

(3) Details of changes in shares of the Group issued are as follows:

	<u>December 31, 2019</u>
Date of incorporation (*1)	680,164,306
Increase (*2)	42,103,377
Decrease	-
Ending Balance	<u>722,267,683</u>

(*1) The number of shares issued by Woori Bank at the end of the business combination period is 676,000,000. When Woori Financial Group Inc. was established, 4,164,306 shares were issued as a result of stock comprehensive exchange with Woori Bank which is a shareholder of Woori FIS Co., Ltd., Woori Finance Management Research Institute Co., Ltd., Woori Credit Information Co., Ltd., Woori Private Equity Asset Management Co., Ltd., and Woori Fund Service Co., Ltd.

(*2) New stocks were issued for the comprehensive stock exchange which was to transfer Woori Card Co., Ltd., as a first level of subsidiary from second-tier subsidiary in September, 2019.

(4) Hybrid securities

The bond-type hybrid securities classified as owner's equity are as follows (Unit: Korean Won in millions):

	<u>Issue date</u>	<u>Maturity</u>	<u>Interest rate (%)</u>	<u>December 31, 2019</u>
Securities in local currency	July 18, 2019	-	3.49	500,000
	October 11, 2019	-	3.32	500,000
	Issuance cost			<u>(2,456)</u>
	Total			<u>997,544</u>

The hybrid securities mentioned above do not have maturity date but are redeemable after 5 years.

(5) Capital adjustment

Details of changes in capital adjustments are as follows (Unit: Korean Won in millions):

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Beginning balance	(1,641,760)	(1,849,551)
Losses on redemption of hybrid securities	(277)	(368)
Net increase of treasury stocks	4,245	-
Transaction with other owners (*)	<u>(110,875)</u>	<u>208,159</u>
Ending balance	<u>(1,748,667)</u>	<u>(1,641,760)</u>

(*) 111,242 million Won is included which has been reduced by the Group to obtain an additional stake in the Woori Asset Trust Co., Ltd.

(6) Accumulated other comprehensive income

Changes in the accumulated other comprehensive income are as follows (Unit: Korean Won in millions):

	For the year ended December 31, 2019				
	Beginning balance	Increase (decrease) (*)	Reclassification adjustments	Income tax effect	Ending balance
Net gain (loss) on valuation of financial assets at FVTOCI	(87,182)	(24,180)	43,021	(3,573)	(71,914)
Share of other comprehensive gain (loss) of joint ventures and associates	302	(1,420)	-	2,033	915
Gain (loss) on foreign currency translation of foreign operations	(244,735)	96,157	-	(4,409)	(152,987)
Remeasurement gain (loss) related to defined benefit plan	(236,726)	(48,244)	-	13,993	(270,977)
Gain (loss) on valuation of derivatives designated as cash flow hedges	(3,869)	(32,719)	31,756	(860)	(5,692)
Total	(572,210)	(10,406)	74,777	7,184	(500,655)

(*) The increase and decrease of financial asset valuation profit or loss at fair value through other comprehensive income is a change due to the period evaluation and includes the amount of 29,368 million Won replaced by retained earnings due to the disposal of the equity securities.

	For the year ended December 31, 2018				
	Beginning balance	Increase (decrease) (*1)(*2)	Reclassification adjustments	Income tax effect	Ending balance
Net gain (loss) on valuation of financial assets at FVTOCI	(88,906)	(8,677)	8,015	2,386	(87,182)
Gain (loss) on financial liabilities at FVTPL designated as upon initial recognition due to own credit risk	(96)	132	-	(36)	-
Share of other comprehensive gain (loss) of joint ventures and associates	(2,656)	4,080	-	(1,122)	302
Gain (loss) on foreign currency translation of foreign operations	(242,806)	(2,661)	-	732	(244,735)
Remeasurement gain (loss) related to defined benefit plan	(152,358)	(111,401)	-	27,033	(236,726)
Gain (loss) on valuation of derivatives designated as cash flow hedges	777	30,655	(26,871)	(8,430)	(3,869)
Transfer to assets held for distribution (sale)	4,145	(4,145)	-	-	-
Total	(481,900)	(92,017)	(18,856)	20,563	(572,210)

(*1) Net gain (loss) on valuation of financial assets at FVTOCI included the 1,009 million Won transfer to retained earnings due to disposal of equity securities.

(*2) Gain (loss) on financial liabilities at fair value through profit or loss designated as upon initial recognition due to credit risk included the 4 million Won transferred to retained earnings due to redemption.

(7) Regulatory Reserve for Credit Loss

In accordance with Paragraphs 1 and 3 of Article 27 of the Financial holding company Supervision Regulations, the Group calculates and discloses the regulatory reserve for credit loss.

1) Balance of the regulatory reserve for credit loss

Balance of the planned regulatory reserve for credit loss is as follows (Unit: Korean Won in millions):

	December 31, 2019	December 31, 2018(*)
Beginning balance	2,356,246	2,578,457
Planned provision of regulatory reserve (reversal) for credit loss	191,301	(222,211)
Ending balance	2,547,547	2,356,246

(*) The amount is calculated and accumulated in accordance with Article 29 of the Banking Supervision Regulations, paragraphs 1 and 2.

2) Planned reserves provided, adjusted net income after the planned reserves provided and adjusted EPS after the planned reserves provided are as follows (Unit: Korean Won in millions, except for EPS amount):

	For the years ended December 31	
	2019	2018
Net income	2,037,596	2,051,649
Provision of regulatory reserve for credit loss(*)	191,301	40,875
Adjusted net income after the provision of regulatory reserve	1,846,295	2,010,774
Adjusted EPS after the provision of regulatory reserve (Unit: Korean Won)	2,689	2,762

(*) The amount of reserve for credit loss for the year ended December 31, 2018 is calculated considering only the change in the reserve for credit loss after the accounting policy change due to adoption of K-IFRS 1109. Therefore, the effect of reducing the reserve for credit losses due to changes in accounting policies was excluded.

(8) Treasury stock

Details of treasury stocks are as follows (Unit: Shares, Korean Won in millions):

	December 31, 2019	
	Number of shares	Book value
Beginning balance	2,728,774	34,113
Acquisition(*)	57,721,387	799,886
Disposal	(60,450,159)	(833,999)
Ending balance	2	-

(*) At the establishment of Woori Financial Group Inc., Woori Bank acquired 15,618,008 shares of the Group. (The comprehensive stock transfer of Woori FIS Co., Ltd., Woori Finance Research Institute Co., Ltd., Woori Credit Information Co., Woori Fund Services Co., Woori Private Equity Asset Management Co. and the parent company, Woori Financial Group Inc. :4,164,306 shares, execution of the right to purchase shares from shareholders who were against to comprehensive stock transfer: 11,453,702 shares) In September 2019, Woori Bank acquired 42,103,377 additional shares of Woori Financial Group Inc. through a comprehensive exchange of shares of Woori Card Co., Ltd. and Woori Financial Group Inc., the parent company. 2 shares of treasury stocks have been incurred for the provision for odd-lot payment incurred during the partial stock replacement of the shareholders who possess physical stock certificate.

29. DIVIDENDS

Dividends for the years 2019 and 2018 are 700 Won and 650 Won, respectively, and the total amount of dividends paid are 505,587 million Won and 437,626 million Won, respectively. The dividends for the current period will be submitted as an agenda in the upcoming annual shareholders' meeting scheduled on March 25, 2020.

30. NET INTEREST INCOME

(1) Interest income recognized is as follows (Unit: Korean Won in millions):

	For the years ended December 31	
	2019	2018
Financial assets at FVTPL	50,619	54,243
Financial assets at FVTOCI	474,751	280,371
Financial assets at amortized cost		
Securities at amortized cost	436,340	376,788
Loans and other financial assets at amortized cost:		
Interest on due from banks	141,330	112,581
Interest on loans	9,443,740	8,832,485
Interest of other receivables	29,990	28,031
Sub-total	10,051,400	9,349,885
Total	10,576,770	9,684,499

(2) Interest expense recognized are as follows (Unit: Korean Won in millions):

	For the years ended December 31	
	2019	2018
Interest on deposits due to customers	3,424,441	2,917,165
Interest on borrowings	383,213	306,739
Interest on debentures	777,322	720,394
Other interest expense	89,002	89,250
Interest on lease liabilities	9,086	-
Total	4,683,064	4,033,548

31. 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	
	2019	2018
Fees and commission received for brokerage	156,578	162,344
Fees and commission received related to credit	189,597	173,233
Fees and commission received for electronic finance	137,289	121,250
Fees and commission received on foreign exchange handling	61,756	60,433
Fees and commission received on foreign exchange	92,408	66,036
Fees and commission received for guarantee	71,106	65,254
Fees and commission received on credit card	548,580	598,705
Fees and commission received on securities business	113,346	96,379
Fees and commission from trust management	180,290	177,456
Fees and commission received on credit Information	12,626	12,985
Other fees	145,750	146,689
Total	1,709,326	1,680,764

(2) Details of fees and commissions expense incurred are as follows (Unit: Korean Won in millions):

	For the years ended December 31	
	2019	2018
Fees and commissions paid	189,789	174,669
Credit card commission	407,689	428,613
Brokerage commission	775	1,833
Others	8,445	5,675
Total	606,698	610,790

32. DIVIDEND INCOME

(1) Details of dividend income recognized are as follows (Unit: Korean Won in millions):

	For the years ended December 31	
	2019	2018
Dividend income related to financial assets at FVTPL	86,979	67,892
Dividend income financial assets at FVTOCI	20,980	22,660
Total	107,959	90,552

(2) Details of dividends related to financial assets at FVTOCI are as follows (Unit: Korean Won in millions):

	For the years ended December 31	
	2019	2018
Dividend income recognized from assets held		
Equity securities	20,980	22,386
Dividend income recognized in assets derecognized	-	274
Total	20,980	22,660

33. NET GAIN OR LOSS ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS MANDATORILY MEASURED AT FAIR VALUE

(1) Details of gains or losses related to net gain or loss on financial instruments at FVTPL are as follows (Unit: Korean Won in millions):

	For the years ended December 31	
	2019	2018
Gain on financial instruments at fair value through profit or loss mandatorily measured at fair value	58,692	196,959
Gain on financial instruments at fair value through profit or loss designated as upon initial recognition	(33,237)	17,484
Total	25,455	214,443

(2) Details of net gain or loss on financial instruments at fair value through profit or loss mandatorily measured at fair value and financial instruments held for trading are as follows (Unit: Korean Won in millions):

			For the years ended December 31	
			2019	2018
Financial assets at FVTPL (financial assets held for trading)	Securities	Gain on valuation	121,794	137,237
		Gain on disposals	64,600	45,105
		Loss on valuation	(61,288)	(25,499)
		Loss on disposals	(19,018)	(26,728)
		Sub-total	106,088	130,115
	Loans	Gain on valuation	1,037	1,606
		Gain on disposals	519	4,136
		Loss on valuation	(21)	(4,805)
		Loss on disposals	-	(117)
		Sub-total	1,535	820
	Other financial assets	Gain on valuation	2,062	2,050
		Gain on disposals	1,901	530
		Loss on valuation	(1,755)	(2,280)
		Loss on disposals	(1,815)	(86)
		Sub-total	393	214
	Sub-total	108,016	131,149	
Derivatives (for trading)	Interest rate derivatives	Gain on transactions and valuation	1,507,254	1,255,581
		Loss on transactions and valuation	(1,615,833)	(1,303,244)
		Sub-total	(108,579)	(47,663)
	Currency derivatives	Gain on transactions and valuation	6,872,513	4,935,922
		Loss on transactions and valuation	(6,855,447)	(4,822,915)
		Sub-total	17,066	113,007
	Equity derivatives	Gain on transactions and valuation	839,196	486,560
		Loss on transactions and valuation	(796,336)	(484,986)
		Sub-total	42,860	1,574
	Other derivatives	Gain on transactions and valuation	695	4,138
		Loss on transactions and valuation	(1,366)	(5,246)
		Sub-total	(671)	(1,108)
		Sub-total	(49,324)	65,810
		Total	58,692	196,959

- (3) Details of net gain(loss) on financial instruments at fair value through profit or loss designated as upon initial recognition and Losses on financial instruments designated as at fair value through profit or loss are as follows (Unit: Korean Won in millions):

	For the years ended December 31	
	2019	2018
Gain(loss) on equity-linked securities:		
Loss on disposal of equity-linked securities	(16,006)	(2,058)
Gain(loss) on valuation of equity-linked securities	(17,231)	17,945
Sub-total	(33,237)	15,887
Gain on other financial instruments:		
Gain on valuation of other financial instruments	-	1,597
Total	(33,237)	17,484

34. NET GAIN OR LOSS ON FINANCIAL ASSETS AT FVTOCI AND AFS FINANCIAL ASSETS

Details of net gain or loss on financial assets at FVTOCI recognized are as follows (Unit: Korean Won in millions) :

	For the years ended December 31	
	2019	2018
Gain on redemption of securities	15	53
Gain on transactions of securities	11,000	1,994
Total	11,015	2,047

35. REVERSAL OF (PROVISION FOR) IMPAIRMENT LOSSES DUE TO CREDIT LOSS

Reversal of (provision for) impairment losses due to credit loss are as follows (Unit: Korean Won in millions):

	For the years ended December 31	
	2019	2018
Impairment loss due to credit loss on financial assets measured at FVTOCI	(3,297)	(2,027)
Impairment loss due to credit loss on securities at amortized cost	1,415	(1,922)
Reversal for credit loss on loan and other financial assets at amortized cost	(385,758)	(415,084)
Reversal of provision on guarantee	4,352	105,985
Reversal of provision on (provision for) unused loan commitment	9,044	(16,526)
Total	(374,244)	(329,574)

36. GENERAL AND ADMINISTRATIVE EXPENSES AND OTHER NET OPERATING INCOME (EXPENSES)

(1) Details of general and administrative expenses recognized are as follows (Unit: Korean Won in millions):

			For the years ended December 31	
			2019	2018
Employee benefits	Short-term employee benefits	Salaries Employee fringe benefits	1,584,791	1,484,236
		Share based payments	475,238	468,012
		Retirement benefit service costs	6,328	-
		Termination	168,423	145,149
		Sub-total	156,441	225,106
			2,391,221	2,322,503
Depreciation and amortization			481,176	216,735
Other general and administrative expenses	Rent		85,705	321,198
	Taxes and public dues		137,137	115,454
	Service charges		235,117	222,530
	Computer and IT related		93,573	88,689
	Telephone and communication		70,220	70,618
	Operating promotion		45,594	43,540
	Advertising		85,887	72,450
	Printing		7,845	8,601
	Traveling		13,255	12,757
	Supplies		7,736	7,071
	Insurance premium		9,668	8,355
	Reimbursement		23,577	23,474
	Maintenance		18,495	17,384
	Water, light and heating		15,272	14,686
	Vehicle maintenance		10,564	10,264
	Others		34,035	47,724
		Sub-total	893,680	1,084,795
		Total	3,766,077	3,624,033

(2) Details of other operating income recognized are as follows (Unit: Korean Won in millions):

		For the years ended December 31	
		2019	2018
Gain on transactions of foreign exchange		602,115	1,227,561
Gain related to derivatives(Designated for hedging)		126,651	35,810
Gain on fair value hedged items		231	42,797
Others (*)		45,706	82,417
	Total	774,703	1,388,585

(*) Other income includes income amounting to 29,316 million Won for the years ended December 31, 2018, that the Group recognized for it is to receive from other creditor financial institutions in accordance with the creditor financial institutions committee agreement.

(3) Details of other operating expenses recognized are as follows (Unit: Korean Won in millions):

	For the years ended December 31	
	2019	2018
Losses on transactions of foreign exchange	192,331	991,423
KDIC deposit insurance premium	333,600	315,315
Contribution to miscellaneous funds	317,667	298,416
Losses related to derivatives (Designated for hedging)	3,686	36,483
Losses on fair value hedged items	86,214	17,299
Others (*)	143,786	124,240
Total	1,077,284	1,783,176

(*) Other expense includes such expenses amounting to 1,594 million for the years ended December 31, 2018, 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, it includes 22,317 million Won and 51,770 million Won, respectively, of intangible asset amortization expense for the years ended December 31, 2019 and 2018, respectively.

(4) Share-based payment

Details of performance condition share-based payment granted to executives as of December 31, 2019 is as follows.

1) Performance condition share-based payment

Subject to	Shares granted for the year 2019
Type of payment	Cash-settled
Vesting period	January 1, 2019 ~ December 31, 2022
Date of payment	2023-01-01
Number of shares measured as of the closing date (*)	524,746 shares

(*) The number of payable stocks is granted at the initial contract date and the payment rate is determined based on the achievement of the pre-determined performance targets. Performance is evaluated as long-term performance indication including relative shareholder return, net income, return on equity (ROE), non-performing loan ratio and job performance.

2) The Group accounts for performance condition share-based payments according to the cash-settled method and the fair value of the liabilities is reflected in the compensation costs by re-measuring every closing period. As of December 31, 2019, the book value of the liabilities related to the performance condition share-based payments recognized by the Group is 6,328 million Won.

37. 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	
	2019	2018
Gains on valuation of investments in joint ventures and associates	103,775	25,791
Losses on valuation of investments in joint ventures and associates	(16,144)	(22,595)
Impairment losses of investments in joint ventures and associates	(3,634)	(177)
Total	83,997	3,019

- (2) Details of other non-operating income and expenses recognized are as follows (Unit: Korean Won in millions):

	For the years ended December 31	
	2019	2018
Other non-operating incomes	68,459	129,709
Other non-operating expenses	(229,383)	(87,157)
Total	(160,924)	42,552

- (3) Details of other non-operating income recognized are as follows (Unit: Korean Won in millions):

	For the years ended December 31	
	2019	2018
Rental fee income	10,106	6,835
Gains on disposal of investments in joint ventures and associates	-	50,511
Gains on disposal of premises and equipment, intangible assets and other assets	1,632	30,278
Reversal of impairment loss of premises and equipment, intangible assets and other assets	103	761
Others	56,618	41,324
Total	68,459	129,709

- (4) Details of other non-operating expenses recognized are as follows (Unit: Korean Won in millions):

	For the years ended December 31	
	2019	2018
Depreciation on investment properties	2,225	4,045
Interest expenses of refundable deposits	834	620
Losses on disposal of investment in joint ventures and associates	-	2,931
Losses on disposal of premises and equipment, intangible assets and other assets	3,433	1,160
Impairment losses of premises and equipment, intangible assets and other assets	28,295	87
Donation	62,545	51,983
Others	132,051	26,331
Total	229,383	87,157

38. INCOME TAX EXPENSE

(1) Details of income tax expenses are as follows (Unit: Korean Won in millions):

	For the years ended December 31	
	2019	2018
Current tax expense:		
Current tax expense with respect to the current period	612,680	432,645
Adjustments recognized in the current period in relation to the tax expense of prior periods	(65,227)	5,923
Sub-total	547,453	438,568
Deferred tax expense	138,000	314,655
Income tax expense	685,453	753,223

(2) Income tax expense reconciled to net income before income tax expense is as follows (Unit: Korean Won in millions):

	For the years ended December 31	
	2019	2018
Net income before income tax expense	2,723,049	2,804,872
Tax calculated at statutory tax rate (*)	738,476	760,978
Adjustments:		
Effect of income that is exempt from taxation	(61,730)	(49,418)
Effect of expenses that are not deductible in determining taxable income	31,549	18,639
Adjustments recognized in the current period in relation to the current tax of prior periods	(65,227)	5,923
Others	42,385	17,101
Sub-total	(53,023)	(7,755)
Income tax expense	685,453	753,223
Effective tax rate	25.2%	26.9%

(*) The applicable income tax rate: 1) 11% for taxable income below 200 million Won, 2) 22% for above 200 million Won and below 20 billion Won, 3) 24.2% for above 20 billion Won and below 300 billion Won, 4) 27.5% for above 300 billion Won.

(3) Changes in cumulative temporary differences for the years ended December 31, 2019 and 2018, are as follows (Unit: Korean Won in millions):

	For the year ended December 31, 2019				Ending Balance
	Beginning balance	Business combination	Recognized as income (expense)	Recognized as other comprehensive income (expense) (*2)	
Gain (loss) on financial assets	372,346	1,360	(91,781)	(3,573)	278,352
Gain on valuation using the equity method of accounting	28,354	90	(17,648)	(83)	10,713
Gain (loss) on valuation of derivatives	(27,507)	6	(48,217)	306	(75,412)
Accrued income	(55,846)	(52)	(10,486)	-	(66,384)
Provision for loan losses	(52,345)	-	(366)	-	(52,711)
Loan and receivables written off	6,672	-	221	-	6,893
Loan origination costs and fees	(154,431)	-	(8,011)	-	(162,442)
Defined benefit liability	360,087	1,131	21,234	13,850	396,302
Deposits with employee retirement insurance trust	(318,330)	(1,131)	(62,458)	143	(381,776)
Provision for guarantee	11,374	-	(3,459)	-	7,915
Other provision	75,194	76	10,958	2,228	88,456
Others (*1)	(204,083)	(6,927)	72,013	(5,687)	(144,684)
Net deferred tax assets	41,485	(5,447)	(138,000)	7,184	(94,778)

(*1) Among the deferred tax assets and liabilities classified as 'Others,' the deferred tax asset arising from unused tax losses amounts to 21,656 million Won.

(*2) Includes 2,737 million Won presented on non-controlling interests.

For the year ended December 31, 2018

	K-IFRS 1109 adoption effect				Business combination	Recognized as income (expense)	Recognized as other comprehensive income (expense)(*2)	Ending Balance
	Beginning balance	Recognized as retained earnings	Recognized as other comprehensive income (loss)	Beginning balance after K-IFRS 1109 adoption				
Gain (loss) on financial assets	479,065	(150,140)	149,796	478,721	-	(102,170)	(4,205)	372,346
Gain on valuation using the equity method of accounting	24,482	-	-	24,482	-	3,203	669	28,354
Gain (loss) on valuation of derivatives	(10,260)	(3,990)	-	(14,250)	-	(13,617)	360	(27,507)
Accrued income	(60,987)	-	-	(60,987)	621	4,520	-	(55,846)
Provision for loan losses	(47,697)	47,446	-	(251)	399	(52,493)	-	(52,345)
Loan and receivables written off	9,777	-	-	9,777	-	(3,105)	-	6,672
Loan origination costs and fees	(137,320)	36	-	(137,284)	-	(17,147)	-	(154,431)
Defined benefit liability	284,234	-	-	284,234	317	43,821	31,715	360,087
Deposits with employee retirement insurance trust	(287,333)	-	-	(287,333)	-	(31,092)	95	(318,330)
Provision for guarantee	30,602	1,370	-	31,972	-	(20,598)	-	11,374
Other provision	45,153	25,879	-	71,032	-	4,162	-	75,194
Others(*1)	(72,265)	4,917	-	(67,348)	44	(130,137)	(6,642)	(204,083)
Net deferred tax assets	257,451	(74,482)	149,796	332,765	1,381	(314,653)	21,992	41,485

(*1) Among the deferred tax assets and liabilities classified as 'Others,' the deferred tax asset arising from unused tax losses amounts to 18,154 million Won.

(*2) Includes 1,429 million Won presented on non-controlling interests.

(4) Unrealizable temporary differences are as follows (Unit: Korean Won in millions):

	December 31, 2019	December 31, 2018
Deductible temporary differences	171,714	272,911
Tax loss carry forward	41,546	149,035
Taxable temporary differences	(8,024,406)	(868,541)
Total	(7,811,146)	(446,595)

No deferred income tax asset has been recognized for the deductible temporary difference of 165,679 million Won associated with investments in subsidiaries and associates as of December 31, 2019, because it is not probable that the temporary differences will be reversed in the foreseeable future. 6,035 million Won associated with others, respectively, as of December 31, 2019, due to the uncertainty that these will be realized in the future.

No deferred income tax liability has been recognized for the taxable temporary difference of KRW 8,024,406 million associated with investment in subsidiaries and associates as of December 31, 2019, due to the following reasons:

- The Group is able to control the timing of the reversal of the temporary difference.
- It is probable that the temporary difference will not be reversed in the foreseeable future.

As of December 31, 2019, the expected extinctive date of tax loss carry forward that are not recognized as deferred tax assets are as follows (Unit: Korean Won in millions):

	1 year or less	1 – 2 years	2 – 3 years	More than 3 years
Tax loss carry forward	-	-	-	41,546

(5) Details of accumulated deferred tax charged directly to other equity are as follows (Unit: Korean Won in millions):

	December 31, 2019	December 31, 2018
Gain on valuation of financial assets at FVTOCI	27,849	31,422
Gain on foreign currency translation of foreign operations	1,748	(285)
Remeasurements of the net defined benefit liability	3,774	8,183
Gain on derivatives designated as cash flow hedge	102,120	88,127
Gain on valuation of financial assets at FVTOCI	280	1,140
Total	135,771	128,587

(6) Current tax assets and liabilities are as follows (Unit: Korean Won in millions)

	December 31, 2019	December 31, 2018
Current tax assets	47,367	20,730
Current tax liabilities	182,690	159,078

39. EARNINGS PER SHARE (“EPS”)**(1) Basic earnings per share**

Basic EPS is calculated by dividing net income attributable to common shareholders 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	
	2019	2018
Net income attributable to Owners	1,872,207	2,033,182
Dividends to hybrid securities	(4,362)	(151,194)
Net income attributable to common shareholders	1,867,845	1,881,988
Weighted average number of common shares outstanding	685 million shares	673 million shares
Basic EPS	2,727 Won	2,796 Won

(2) Weighted-average number of ordinary shares

The weighted average number of common shares outstanding is as follows:

	For the year ended December 31, 2019			Accumulated number of shares outstanding during period
	Period	Number of shares	Dates	
Common shares issued at the beginning of the period	2019-01-01 ~ 2019-12-31	673,271,226	365	245,743,997,490
Purchase of treasury stock	2019-01-08 ~ 2019-12-31	(11,453,702)	358	(4,100,425,316)
Disposal of treasury stock	2019-03-22 ~ 2019-12-31	18,346,782	285	5,228,832,870
Disposal of treasury stock(*)	2019-09-26 ~ 2019-12-31	28,890,707	97	2,802,398,579
Disposal of treasury stock(*)	2019-11-12 ~ 2019-12-31	13,212,670	40	528,506,800
Sub-total (①)				250,203,310,423
Weighted average number of common shares outstanding (②)=(①/365)				685,488,522

(*) Woori Bank disposed 42,103,377 shares of Woori Financial Group Inc. which were acquired through comprehensive stock exchange with the shares of Woori Card Co., Ltd., and its parent company, Woori Financial Group Inc.

	For the year ended December 31, 2018			Accumulated number of shares outstanding during period
	Period	Number of shares	Dates	
Common shares issued at the beginning of the period	2018-01-01 ~ 2018-12-31	673,271,226	365	245,743,997,490
Sub-total (①)				245,743,997,490
Weighted average number of common shares outstanding (②)=(①/365)				673,271,226

Diluted EPS is equal to basic EPS because there is no dilution effect for the years ended December 31, 2019 and 2018.

40. CONTINGENT LIABILITIES AND COMMITMENTS

(1) Details of guarantees are as follows (Unit: Korean Won in millions):

	December 31, 2019	December 31, 2018
Confirmed guarantees		
Guarantee for loans	89,699	125,870
Acceptances	391,688	371,525
Guarantees in acceptances of imported goods	224,746	158,179
Other confirmed guarantees	6,982,889	6,452,791
Sub-total	<u>7,689,022</u>	<u>7,108,365</u>
Unconfirmed guarantees		
Local letters of credit	193,096	305,057
Letters of credit	3,081,390	3,322,731
Other unconfirmed guarantees	771,378	669,677
Sub-total	<u>4,045,864</u>	<u>4,297,465</u>
Commercial paper purchase commitments and others	<u>884,031</u>	<u>1,260,587</u>
Total	<u>12,618,917</u>	<u>12,666,417</u>

(2) Details of unused loan commitments and others are as follows (Unit: Korean Won in millions):

	December 31, 2019	December 31, 2018
Loan commitments	103,651,674	97,796,704
Other commitments	5,993,608	5,041,314

(3) Litigation case

Legal cases where the Group is involved are as follows (Unit: Korean Won in millions):

	December 31, 2019		December 31, 2018	
	As plaintiff	As defendant	As plaintiff	As defendant
Number of cases (*)	119 cases	415 cases	77 cases	154 cases
Amount of litigation	291,880	391,362	494,645	246,826
Provisions for litigations		27,029		17,925

(*) The number of lawsuits as of December 31, 2019 and 2018 does not include fraud lawsuits, etc. and those lawsuits that are filed only to extend the statute of limitation.

(4) Recently, the FSS announced 'Results of interim inspection of Lime Asset Management Co., Ltd and future countermeasures' regarding the deferment of the redemption of Lime Asset Management Co., Ltd. The status of the sale of the Lime Asset Management Co., Ltd. operation deferral fund of the Group is 357.7 billion Won for 1,640 accounts as of the end of December 2019. Currently, a full-time management team is dispatched to monitor the implementation of the normal repurchase and management plan of lime and proper performance of internal control work.

(5) The Group decided to enter into a stock sales agreement with a major shareholder of Woori Asset Trust Co., Ltd (formerly Kukje Asset Trust Co., Ltd) to acquire 44.5% interest (58.6% of voting rights) during July, 2019, and to acquire additional 21.3% interest (28.0% of voting rights) after a certain period. As a result, the Group acquired the interest of the first sales agreement in December 2019 and is planning to acquire the interest of the second sales agreement after a certain period. In regards to this acquisition, the Group recognized 111,242 million as other financial liabilities for the second sales agreement.

41. RELATED PARTY TRANSACTIONS

Related parties of the Group as of December 31, 2019 and 2018, and assets and liabilities recognized, guarantees and commitments, major transactions with related parties and compensation to key management for the years ended December 31, 2019 and 2018 are as follows:

(1) Related parties

	Related parties
Associates	Woori Service Networks Co., Ltd., Korea Credit Bureau Co., Ltd., Korea Finance Security Co., Ltd., LOTTE CARD Co., Ltd, Chin Hung International Inc., 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 31 associates)

(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, 2019	December 31, 2018
Associates	Woori Service Networks Co., Ltd.	Loans	23	69
		Loss allowance	(1)	-
		Deposits due to customers	1,881	1,967
		Accrued expenses	6	-
		Other liabilities	429	333
	Korea Credit Bureau Co., Ltd.	Loans	3	7
		Deposits due to customers	26	6,494
		Other liabilities	-	19
	Korea Finance Security Co., Ltd.	Loans	1,860	57
		Loss allowance	(3)	(4)
		Deposits due to customers	1,371	5,040
		Other liabilities	-	10
	Chin Hung International Inc.	Loans	244	411
		Loss allowance	(2)	(204)
		Deposits due to customers	5,381	11,605
		Other liabilities	321	2,974
	LOTTE CARD Co. Ltd.	Loans	7,500	-
		Loss allowance	(30)	-
		Deposits due to customers	2,726	-
	K BANK Co., Ltd.	Loans	141	190
Account receivables		24	-	
Other assets		4	-	
Well to Sea No.3 Private Equity Fund	Loans	4,490	1,857	
	Loss allowance	(8)	(9)	
	Deposits due to customers	714	356	
	Other liabilities	47	64	
Others (*)	Loans	84	4,783	
	Loss allowance	(84)	(324)	
	Other assets	338	9	
	Deposits due to customers	5,577	8,049	
	Other liabilities	172	165	

(*) Others include Saman Corporation., Woori-Shinyoung Growth-Cap Private Equity Fund, Uri Hanhwa Eureka Private Equity Fund, Kyesan Engineering Co., Ltd. and DAEA SNC Co., Ltd. etc., as of December 31, 2019 and 2018.

(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	
			2019	2018
Associates	Kumho Tire Co., Inc. (* 1)	Interest income	-	1,098
		Reversal of allowance for credit loss	-	(156,712)
	Woori Service Networks Co., Ltd	Other income	32	30
		Interest expenses	20	14
		Reversal of allowance for credit loss	(3)	-
		Fees expenses	448	561
		Other expenses	1,423	580
	Korea Credit Bureau Co., Ltd.	Interest expenses	29	62
		Fees expenses	2,608	2,310
	Associates	Korea Finance Security Co., Ltd.	Interest expenses	9
Provisions for allowance for credit loss			8	4
Other expenses			112	146
Chin Hung International Inc		Interest expenses	35	43
		Provisions for allowance for credit loss	44	182
STX Engine Co., Ltd. (*2)		Interest income	-	333
		Interest expenses	-	86
		Reversal of allowance for credit loss	-	(88,734)
STX Corporation(*2)		Interest expenses	-	2
		Reversal of allowance for credit loss	-	(31,210)
LOTTE CARD Co., Ltd.	Interest income	213	-	
	Fees income	593	-	
	Interest expenses	53	-	
	Provisions for allowance for credit loss	30	-	
K BANK Co., Ltd.	Fees income	1,468	1,134	
	Other income	-	19	
Well to Sea No.3 Private Equity Fund	Interest income	1,774	2,179	
	Interest expenses	11	9	
	Reversal of allowance for credit loss	(18)	(30)	
Others (*3,4)	Interest income	-	233	
	Fees income	1,281	23	
	Other income	17	14	
	Interest expenses	55	40	
	Reversal of allowance for credit loss	(5)	(147)	

(*1) The Group lost significant influence over the entity due to the termination of the joint management procedures of the creditors' financial institution during the year ended December 31, 2018, and thus the entity was excluded from the list of associates.

(*2) The shares of the entity were sold after it was transferred to assets held for distribution (sale) during the year ended December 31, 2018 and thus was excluded from the list of associates.

(*3) Others include Saman Corporation, Woori-Shinyoung Growth-Cap Private Equity Fund, Uri Hanhwa Eureka Private Equity Fund, PCC-Woori LP Secondary Fund, Kyesan Engineering Co., Ltd. and DAEA SNC Co., Ltd. etc., as of December 31, 2019.

(*4) Others include Saman Corporation, Uri Hanhwa Eureka Private Equity Fund, Kyesan Engineering Co., Ltd, DAEA SNC Co., Ltd. etc., as of December 31, 2018.

- (4) Major loan transactions with related parties for the years ended December 31, 2019 and 2018 are as follows (Unit: Korean Won in millions):

		For the year ended December 31, 2019				
Related parties		Beginning balance	Loan	Collection	Others	Ending balance(*1)
Associates	Well to Sea No. 3 Private Equity Fund	1,857	2,633	-	-	4,490
	Korea Finance Security Co., Ltd.	-	1,800	-	-	1,800
	LOTTE CARD Co., Ltd.	-	7,500	-	-	7,500
		For the year ended December 31, 2018				
Related parties		Beginning balance	Loan	Collection	Others	Ending balance(*1)
Associates	Kumho Tire Co., Inc.(*2)	57,470	-	7,057	(50,413)	-
	Well to Sea No. 3 Private Equity Fund	73,810	16,857	88,810	-	1,857
	STX Engine Co., Ltd. (*3)	39,886	-	2,177	(37,709)	-

(*1) Payments that occurred for business reasons among related parties are excluded and net increase or decrease was used for limited credit loan.

(*2) The Group lost significant influence over the entity due to the termination of the joint management procedures of the creditors' financial institution during the year ended December 31, 2018, and thus the entity was excluded from the list of associates.

(*3) The shares of the entity were sold after it was transferred to assets held for distribution (sale) during the year ended December 31, 2018 and thus was excluded from the list of associates.

- (5) Details of changes in major deposits due to customers with related parties for the years ended December 31, 2019 and 2018 are as follows (Unit: Korean Won in millions):

		For the year ended December 31, 2019			
Related parties		Beginning balance	Borrowings	Repayment and others	Ending balance (*1)
Associates	Saman Corporation	2,436	86	-	2,522
	Woori Service Networks Co., Ltd	1,180	1,460	1,460	1,180
	Chin Hung International Inc	765	400	765	400
	Korea Credit Bureau Co., Ltd.	6,000	-	6,000	-
	Partner One Value Up I Private Equity Fund	1,403	1,617	1,870	1,150
	Korea Finance Security Co., Ltd.	535	25	560	-
		For the year ended December 31, 2018			
Related parties		Beginning balance	Borrowings	Repayment and others	Ending balance (*1)
Associates	Saman Corporation	2,334	102	-	2,436
	Woori Service Networks Co., Ltd	1,135	1,025	980	1,180
	Chin Hung International Inc	765	765	765	765
	Korea Credit Bureau Co., Ltd.	4,000	12,000	10,000	6,000
	Partner One Value Up I Private Equity Fund	-	1,803	400	1,403
	Korea Finance Security Co., Ltd.	635	560	660	535
	STX Corporation (*2)	330	-	330	-
	STX Engine Co., Ltd.(*2)	10,256	-	10,256	-
	Kumho Tire Co., Inc.(*2)	37	-	37	-
	Hyunwoo International Co., Ltd.(*2)	41	-	41	-

(*1) Details of payment between related parties and demand deposit due to customers etc. are excluded.

(*2) Excluded from associates due to disposal during the previous year.

- (6) There are no major borrowing transactions with related parties for the years ended December 31, 2019 and 2018.

(7) Guarantees provided to the related parties are as follows (Unit: Korean Won in millions):

	December 31, 2019	December 31, 2018	Warranty
Korea Finance Security Co., Ltd.	400	203	Unused loan commitment
Korea Credit Bureau Co., Ltd.	32	28	Unused loan commitment
Woori Service Networks Co., Ltd.	177	131	Unused loan commitment
Chin Hung International Inc.	32,055	32,058	Unused loan commitment
K BANK Co., Ltd.	159	15	Unused loan commitment
Well to Sea No.3 Private Equity Fund	210,510	208,143	Unused loan commitment
LOTTE CARD Co. Ltd.	150,000	-	Unused loan commitment

There no recognized provisions for guarantees provided to the related parties as of December 31, 2019 and 2018, respectively.

(8) Amount of derivatives-related commitments with the related parties

Warrantee	For the years ended December 31		
	2019	2018	Warranty
Well to Sea No.3 Private Equity Fund	584,377	439,243	Open interest

(9) Compensation for key management is as follows (Unit: Korean Won in millions):

	For the years ended December 31	
	2019	2018
Short-term employee salaries	13,427	12,326
Retirement benefit service costs	783	489
Share-based compensation	2,494	-
Total	<u>16,704</u>	<u>12,815</u>

Key management includes registered executives and non-registered executives. Outstanding assets from transactions with key management amount to 2,414 million Won and 2,816 million Won, as of December 31, 2019 and 2018 respectively and with respect to the assets, the Group has not recognized any allowance nor related impairment loss due to credit losses. Also, liabilities from transaction with key management amount to 6,543 million Won and 6,096 million Won, respectively, as of December 31, 2019 December 31, 2018,

42. TRUST ACCOUNTS

(1) Trust accounts of the Bank are as follows (Unit: Korean Won in millions):

	Total assets		Operating income	
			For the years ended December 31	
	December 31, 2019	December 31, 2018	2019	2018
Trust accounts	60,288,399	53,560,071	1,118,746	1,049,105

(2) Receivables and payables between the Bank and trust accounts are as follows (Unit: Korean Won in millions):

	December 31, 2019	December 31, 2018
Receivables:		
Trust fees receivables	31,533	28,703
Payables:		
Deposits due to customers	392,453	574,330
Borrowings from trust accounts	2,730,806	3,020,371
Total	3,123,259	3,594,701

(3) Significant transactions between the Bank and trust accounts are as follows (Unit: Korean Won in millions):

	For the years ended December 31	
	2019	2018
Revenue:		
Trust fees	171,072	177,913
Termination fees	488	5,885
Total	171,560	183,798
Expense:		
Interest expenses on deposits due to customers	6,684	7,813
Interest expenses on borrowings from trust accounts	40,489	38,873
Total	47,173	46,686

(4) Principal guaranteed trusts and principal and interest guaranteed trusts are as follows;

- 1) The carrying value of principal guaranteed trusts and principal and interest guaranteed trusts are as follows (Unit: Korean Won in millions):

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Partial principal guaranteed trusts		
Personal trust	9,430	9,989
Corporate trust	630	633
Deposit purpose	1,651	1,737
Sub-total	<u>11,711</u>	<u>12,359</u>
Principal guaranteed trusts		
Old-age pension trusts	3,298	3,564
Personal pension trusts	516,913	521,200
Pension trusts	824,735	819,102
Retirement trusts	34,374	42,187
New personal pension trusts	7,807	8,104
New old-age pension trusts	1,742	2,134
Sub-total	<u>1,388,869</u>	<u>1,396,291</u>
Principal and interest guaranteed trusts		
Development trusts	19	19
Unspecified money trusts	871	835
Sub-total	<u>890</u>	<u>854</u>
Total	<u>1,401,470</u>	<u>1,409,504</u>

- 2) The amounts that the Bank must pay by the operating results of the principal guaranteed trusts or the principal and interest guaranteed trusts are as follows (Unit: Korean Won in millions):

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Liabilities for the account (subsidy for trust account adjustment)	35	33

43. RESTRUCTURING OF THE GOVERNANCE STRUCTURE OF THE GROUP

(1) Establishment of the Group

On November 7, 2018, Woori Bank, a subsidiary of the parent company, obtained approval from the Financial Services Commission for the establishment of a holding company, and Woori Bank, held an extraordinary general meeting of shareholders on December 28, 2018 to approve the comprehensive transfer of six companies' shares of Woori Bank and its subsidiaries Woori Finance Management Research Institute, Woori FIS Co., Ltd., Woori Fund Services Inc., Woori Credit Information Co. and Woori Private Equity Asset Management Co. to establish the financial holding company. As a result, Woori Bank and its subsidiaries Woori Finance Research Institute Co., Ltd., Woori FIS Co., Ltd., Woori Fund Services Inc., Woori Credit Information Co., Ltd., and Woori Private Equity Asset Management Co., Ltd. were transferred as wholly-owned subsidiaries to the Group. The Group's common stocks were listed on the Korea Exchange on February 13, 2019 and its American Depositary Shares (ADSs) are being traded underlying common stock on the New York Stock Exchange since the same date.

(2) Accounting treatment of the Group

From the perspective of the Group, the establishment of the parent company in a comprehensive share transfer of the controlling, subordinate or subsidiary to restructure the governance under the same control is a transaction that lacks commercial substance with no change in the assets and liabilities of the subsidiary, with no significant change in the existing owners' absolute and relative interest in the Group net assets. Therefore, the Group accounted for the governance restructuring as it saw the consolidation entity continuing and presented the consolidated financial statements and notes in comparison. Consolidated financial statements in the comparative period are consolidated financial statements of Woori Bank and its subsidiaries (before the scheduled sale classification of five subsidiaries excluding Woori Bank) and consolidated financial statements in the first (current) period are consolidated financial statements of the parent and its subsidiaries, including Woori Bank.

44. LEASES

(1) The future lease payments under the lease contracts are as follows (Unit: Korean Won in millions):

	December 31, 2019
Lease payments	
Within one year	161,251
After one year but within five years	232,985
After five years	40,698
Total	<u>434,934</u>

(2) Total cash outflows from lease are as follows (Unit: Korean Won in millions):

	For the year ended December 31, 2019
Cash outflows from lease	<u>217,867</u>

- (3) Details of lease payments that are not included in the measurement of lease liabilities due to the fact that they are short-term leases or leases for which the underlying asset is of low value are as follows (Unit: Korean Won in millions):

	For the years ended December 31
Lease payments for short-term leases	1,964
Lease payments for which the underlying asset is of low value	332
Total	<u>2,296</u>

45. BUSINESS COMBINATION

(1) General

As of August 1, 2019, the Group acquired 73% interests in Tong Yang Asset Management Co., Ltd. and changed the name of Tong Yang Asset Management Co., Ltd. to Woori Asset Management Corp. As of August 1, 2019, the Group obtained control of 100% of ABL Global Asset Management Co., Ltd. and transferred it as a subsidiary as of December 6, 2019, and changed its name to Woori Global Asset Management Co., Ltd.. As of December 30, 2019, the Group acquired 67.2% interests (including 8.6% interest that Woori Bank held) in the Kukje Asset Trust Co., Ltd. and changed the name Woori Asset Trust Co., Ltd.. The main reasons for the business combination are to maximize synergy between the consolidated subsidiaries and to strengthen the non-bank business portfolio.

The operating profit and net profit of Woori Asset Management Corp., reflected in the consolidated statement of comprehensive income for the five months after the acquisition date, are 2,365 million Won and 1,720 million Won, respectively, and the operating and net losses of Woori Global Asset Management Co., Ltd. are 1,751 million Won and 1,360 million Won, respectively. Assuming that the acquisition of Woori Asset Management Corp., Woori Global Asset Management Co., Ltd. and Woori Asset Trust Co., Ltd. was settled on January 1, 2019, the starting date of the annual reporting period, the operating and net profit of Woori Asset Management Corp. would be 10,572 and 7,976 million Won, respectively, the operating and net losses of Woori Global Asset Management Co., Ltd. would be 3,711 million and 2,774 million Won, respectively, and the operating and net profit of Woori Asset Trust Co., Ltd. would be 41,154 million and 30,981 million Won.

(2) Identifiable net assets

Identified assets and liabilities as of December 31, 2019 are as follows (Unit: Korean Won in millions):

	Accounts	Woori Asset Management Corp.	Woori Global Asset Management Co., Ltd.	Woori Asset Trust Co., Ltd.	
Assets	Cash and cash equivalent	12,914	2,318	67,555	
	Financial assets at FVTPL	49,446	2,470	654	
	Financial assets at FVTOCI	26,393	-	-	
	Financial assets at amortized cost (*1) (*3)	16,739	25,612	61,792	
	Premises and equipment	1,610	2,145	3,983	
	Intangible assets (*2)	6,667	264	39,577	
	Deferred tax assets	1,547	1,551	1,524	
	Others	63	60	1,828	
		Sub-total	115,379	34,420	176,913
	Liabilities	Financial liabilities	5,129	3,329	12,180
Provision liabilities		221	108	3,820	
Deferred tax liabilities		1,085	13	8,971	
Others		159	-	29,410	
		Sub-total	6,594	3,450	54,381
Fair value of net identifiable assets		108,785	30,970	122,532	

(*1) The acquired financial assets at amortized cost were estimated at fair value. The contractual total of the financial assets at amortized cost of Woori Asset Management Corp. is 18,680 million Won, and the contractual cash flows that are not expected to be recovered as of the acquisition date are 1,941 million Won. Woori Global Asset Management Co., Ltd. has a contractual total of 25,613 million Won for financial assets measured at amortized cost. The contractual total of Woori Asset Trust Co., Ltd.'s financial assets at amortized cost are 72,686 million Won and will be recovered as of the acquisition date. Unexpected contractual cash flow is 10,894 million Won.

(*2) The intangible assets of Woori Asset Management Corp. and Woori Asset Trust Co., Ltd. each include 6,456 million Won in customer relationships and 37,074 million Won in order backlog as a result of business combination and were valued at fair value through the Multi-Period Over-Return Act (MEEM) as they were judged separately identifiable intangible assets. A multi-term excess profit method is a method to estimate the future cash flows generated by each intangible asset and to discount the cash flows generated purely by that intangible asset to its present value by deducting the portion of the asset's contribution to that cash flow generation.

(*3) The Group has set 100% loan loss allowance for non-collected accrued income from operation Woori Asset Management Corp. In addition, although the fund investors have filed a lawsuit seeking compensation for damages, this financial effect was not reflected in the consolidated financial statements as of the end of the current term because the possibility of loss and extent of loss cannot be measured reliably at the end of the current term.

If, within one year of the acquisition date, new information obtained about the facts and circumstances that existed at the acquisition date requires the adjustment of the amounts recognized at the acquisition date, or the recognition of additional provisions existing at the acquisition date, the accounting for the business combination will be adjusted.

(3) Goodwill

Recognized goodwill as a result of business combination are as follows (Unit: Korean Won in million):

	Woori Asset Management Corp.	Woori Global Asset Management Co., Ltd.	Woori Asset Trust Co., Ltd.
Transfer price	122,450	33,000	224,150
Fair value of net identifiable asset	108,785	30,970	122,532
Non-controlling interest (*)	29,371	-	40,162
Goodwill	43,036	2,030	141,780

(*) The non-controlling interest in Woori Asset Management Corp. and Woori Asset Trust Co., Ltd. acquired during the year ended December 31, 2019, was measured as the proportion of the non-controlling interest in the acquiree's identifiable net assets.

In the event of a business combination, the consideration transferred includes the premium paid to acquire Woori Asset Management Corp., Woori Global Asset Management Co., Ltd. and Woori Asset Trust Co., Ltd. which results in goodwill. In addition, the consideration paid for the business combination includes expected synergies, revenue growth, and the amount related to future market growth. However, these benefits through Woori Global Asset Management Co., Ltd. did not meet the identifiable intangible asset recognition requirements and were not recognized separately from goodwill.

The Group also acquired a relationship with a customer of Woori Asset Management Corp. and order backlog of Woori Asset Trust Co., Ltd. as part of the acquisition. These relationships with customers were recognized separately from goodwill because they met the reparability criteria to meet the recognition requirements for intangible assets.

(4) Business combination cost

The Group incurred 2,634 million Won, including legal fees and due diligence fees, in relation to the business combination, and the amount was recognized as a fee expense in the consolidated statement of comprehensive income of the Group.

(5) Net cash outflow due to business combination

Details of net cash outflows due to business combination are as follows (Unit: Korean Won in million):

	Woori Asset Management Corp.	Woori Global Asset Management Co., Ltd.	Woori Asset Trust Co., Ltd.
Consideration paid in cash	122,450	33,000	224,150
Acquired cash and cash equivalents	12,914	2,318	67,555
Deduction in total	109,536	30,682	156,595

46. EVENTS AFTER THE REPORTING PERIOD

The Coronavirus disease (COVID-19) outbreak in January, 2020 is having a negative impacts on the global economy, including Korea. As a result, the macroeconomic environment is unstable overall. The Group is closely monitoring the situation; however, the impact on the Group due to the Coronavirus cannot be estimated as of the financial statements approval for the issuance date.

GLOBAL NETWORK

(AS OF THE END OF MARCH, 2020)

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Wastukencana Branch

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Cirebon Branch

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Komp Surapati Core F-01-02 Bandung
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Surabaya Branch

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Semarang Branch

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Tasikmalaya Branch

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Purwokerto Branch

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Purwokerto - Jawa Tengah/53116
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Phone: 62266-6251906

Pekalongan Branch

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Subang Branch

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Karawaci Tangerang Branch

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Medan Branch

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Mojokerto Sub-Branch

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Jl. RTA. Prawira Adiningrat No.214 A Desa Manonjaya kec.
Manonjaya-Tasikmalaya
Phone: 62265-380510

Surabaya Utara /kertajaya Sub-Branch

Jl. Kertajaya Indah No. 9/F-105 Surabaya/60161
Phone: 6231-5927202

Batu Sub-Branch

Jl. Brantas No.49 Batu-Malang/65314
Phone: 62341-513709

Palimanan Sub-Branch

Jl. Otto Iskandardinata No.503 Palimanan
Phone: 62231-343950

Cibadak Sub-Branch

Jl. Raya Suryakencana RT 03 RW 08,
Cibadak - Kab. Sukabumi
Phone: 6266-531915

Kemang Pratama Bekasi Sub-branch

Jl. Niaga Raya Blok P No.22C RT 001/021 Kel. Bekasi
Phone: 62254-369755

Wates Sub-Branch

Jl. Kolonel Sugiyono No.3-Wates
Phone: 62274-6657325

Karangnunggal Sub-Branch

Jl. Raya Karangnunggal KP.Karangmekar RT/RW 03/09
Desa Hegarwangi Kec. Bantarkalong Kab.
Phone: 62265 - 2584571/2584572

Wonogiri Sub-Branch

Jalan Ahmad Yani No 66, Wonogiri
Phone: 62271-633600

Kawali Sub-Branch

Jl. Siliwangi No.262, Desa Kawali mukti
Phone: 62265 791560

Kepanjen Sub-Branch

Jl. Kawi Ruko B7, Kepanjen
Phone: 6234 1-379840

Pamekasan Sub-Branch

Jl. Kabupaten No.114
Phone: 62324 333905/62324 333906

Kebumen Sub-Branch

Jl. Ahmad Yani No.20, Kubumen
Phone: 62287 3878168

Mangga Dua Sub-Branch

Ruko Harco Mangga Dua Blok L. No.5
Phone: 6221 62306495

Kelapa Gading Sub-Branch

Jl. Boulevard Barat Ruko MOI Blok I No.15
Phone: 62 21 29364053

Kayu Agung Sub-Branch

Jl. Letnan Muthtar Saleh, Kayuagung, Palembang,
South Sumatra
Phone: 62-711-315828

Klaten Sub-Branch

Jl. Pemuda No. 246 Klaten, solo
Phone: 62-271-633600

Parung Sub-Branch

Jl. Rayal Parung RT002/RW006, Kacamatan Parung, Kabu-
paten Bogor
Phone: 62-2151-861-9559

Pasuruan Sub-Branch

Jl. Panglima Sudirman No.45 Ruko 1, Pasuruan, Malang
Phone: 62-343-561-4700

Pati Sub-Branch

Jl. Ir. Susato No.40 Pati, Jawa Tengah
Phone: 62-24-352-1906

Sumenep Sub-Branch

Jl. Trunouyo No. 244 Sumenep
Phone: 62-3428-6762234

Pelabuhan Ratu Sub-Branch

Jl. Siliwangi Rt/Rw 02/18, Desa Pelabuhan Ratu
Phone: 62-266-6249715

Posco Cilegon Sub-branch

Annex Building Lt. 1 Jl. Afrika No.2 Krakatau Posco
Cilegon/42435
Phone: 62254-369755

Union Square Cikarang Sub-branch

Ruko Union Square Blok A No.6 Lippo Cikarang,
Cikarang Selatan
Phone: 6221-89909797

Sadang Sub-Branch

Sadang Terminal Square No.07,08,25 Jl. Raya Sadang
Purwakarta/41181
Phone: 62264-8220180

Cikajang Sub-branch

Jl. Raya Cikajang No. 80 Garut
Phone: 6262-576094

Cilimus Sub-branch

Jalan Raya Cilimus RT 017/04, Desa Cilimus Kecamatan
Cilimus, Kabupaten Kuningan
Phone: 62232-615411

Kendal Sub-branch

Jl. Raya Utama No.9 weleri kendal
Phone: 62294-644704

Wonosari Sub-branch

Jl. KH. Agus Salim No.71A Wonosari - Kab Gunungkidul
Phone: 62274-3950673

Purbalingga Sub-branch

Jl. Ahmad Yani No.42 Purbalingga
Phone: 62281-895553

Sragen Sub-branch

Jl. Sukowati No.156 Sragen
Phone: 62271-895015

Bintaro Sub-branch

Jl Kesehatan No 18B, Jakarta
Phone: 6221-7374693

KCP PROBOLINGGO

Ruko Manunggal No. 2, Jl. Soekarno Hatta
Phone: 62233-54491787

KCP PANDEGLANG

Jl. Raya Labuan KM 1
Phone: 6225-35554739

KCP PASAR ATOM

Jl. Pangampon No. 75
Phone: 6231-3503350

KCP CITRA RAYA

Ruko Cikupa Niaga Mas Blok A No. 12
Phone: 6212-9014270

KCP CAKUNG

Jl. Jawa Raya Blok A 14 No. 7 (Kawasan Berikat Nusantara)
Phone: 6214-84556

KCP PANTAI INDAH KAPUK

Jl. Marina Raya, Rukan Cordoba Blok A Nomor 11
Phone: 6212-2571768

KCP CENTRAL PARK

Ruko Garden Shopping Arcade No. 9 A-C
Phone: 6212-9334623

KCP JEPARA

Jl. Pemuda No. 21 D-E
Phone: 6291-4290507

KCP BANJARNEGARA

Jl. Letjend S Parman No. 29
Phone: 6286-5963716

Lawang Sub-branch

Ruko Lawang View Kav 8, Jl. Thamrin, Kecamatan Lawang
Phone: 62-341-423540

Purworejo Sub-branch

Jl. Ahmad Yani no.93, Purworejo
Phone: 62-75-321457

Brebes Sub-branch

Jl. Jenderal Ahmad Yani No 26 F
Phone: 6288-34511421

Karanganyar Sub-branch

Jalan Raya Palur Jurug RT 004/RW 001 Desa Ngringo, Kec.
Jaten, Kab. Karanganyar
Phone: 62-271-6882712

Dalem Kaum Cash-Office

Jl Dalam Kaum No. 5 - Kota.Bandung
Phone: 6222-4211906

Batujujar Cash-Office

Jl. Batujujar No.324 Bandung
Phone: 6222-86861018/17/15

Antapani / Suci Cash-Office

Jl. Terusan Jakarta Ruko Pelangi Antapani No. 4 Antapani
Bandung
Phone: 6222-7279740

Jatinangor Cash-Office

Jl. Raya Jatinangor KM 20.5 KKBI IKOPIN/45363
Phone: 6222-7781587

Darmaraja Cash-Office

Jl. Raya Darmaraja No.253 desa Darmaraja,
Kec Darmaraja Kab.Sumedang/45372
Phone: 62262-429000,429069,428478

Ciililitan Asabri Cash-Office

Jl. Mayjen Sutoyo No.11 Gedung PT Asabri (persero) Jl.
Ciililitan - Jakarta Timur/13630
Phone: 6221-80876494

Jatibarang Cash-Office

Jl. Letnan Joni No.178 Kec.
Jatibarang - Kab Indramayu/45273
Phone: 62834-352911

Pacar Anyar / Taman Topi Cash-Office

Jl. Sawojajar No.12 B, Kota. Bogor
Phone: 62251-8574423

Ciwai bogor / Juanda Cash-Office

Jl. Raya Sukabumi Km 2 Pertokoan MJ Center, Kab. Bogor
Phone: 62251-8243874

Ungaran Cash-Office

Ruko permata hijau No.1 Jl. MT Haryono No. 16
Kel Ungaran Kec Ungaran Barat Kab. Semarang/50511
Phone: 6224-76911017

Serang / pamila CilegonCash-Office

Jl. Raya Serang- pandeglang KM 11 Lingkungan waru Lor,
Desa/kel. Kamanisa Kec Curug Kota serang/42117
Phone: 62254-222133

Gading Serpong Cash-Office

Jl. Boulevard Raya Gading Serpong, Ruko Alexandrite 3,
No.21, Kabupaten Tangerang
Phone: 62-21-5421-2159

Bojonegoro Cash-Office

Jl. Untung Suropati Ruko Adipura Block A-11
Phone: 62-353-311271

Surya symantri Cash-Office

Jl. Surya Sumantri No. 06 RT. 05 RW. 04
Phone: 62-22-2021760

Asabri Cash-Office

Jl. Gayungan PTT, No. 43, Surabaya – 60235,
Gedung Kantor Asabri Surabaya
Phone: 62-31-82517971

KK KEMANG

Kemang Square Lt 2, Unit I-11 & I-12, Jl.
Kemang Raya No. 3 A
Phone: 6221-22716210

KK CIKANDE

Jl. Raya Jakarta - Serang KM 68,
Ruko Grand Permata No. 10
Phone: 6225-47951546

Kalasan Cash-Office

Jl. Laksda Adisucipto KM.10, Ruko Airport Square
RT.001 RW.001 Purwomartani, Kalasan, Sleman,
D.I Yogyakarta 55281
Phone: 6227-44332487

Dalem Kaum Functional Office

Jl. Dalem Kaum No.5 Bandung
Phone: 6222- 4233810

Hong Kong

Woori Global Markets Asia Limited

Rooms 1907-1909, 19/F, Gloucester Tower,
The Landmark, 15 Queen's Road Central, Hong Kong
Phone: 852-3763-0888

Russia

AO Woori Bank

8th floor., Lotte Plaza, 8, Novinsky Boulevard,
Moscow, 121099, Russia
Phone: 7-495-783-9787

AO Woori Bank Saint-Petersburg Br.

1st Floor, Atlantic City, 126 Savushkina Street,
Saint-Petersburg, 197374, Russia
Phone: 7-812-327-9787

AO Woori Bank Vladivostok Representative Office

Vladivostok Business-Center<Hyundai> Office No. 614,
29, Semenovskaya Str. Vladivostok, 690091, Russia
Phone: 7-423-240-7014

Brazil

Woori Bank Brasil

Avenida das Nacoes Unidas, 14,171, Crystal Tower,
Conj.803, Vila Gertrudes, 04794-000, Sao Paulo-SP,Brazil
Phone: 55-11-3511-3300

Woori Bank Brasil Bom Retiro Branch

Rua Tres Rios, 261 Andar 2, Bom Retiro, Sao Paulo SP, Brasil
Phone: 55-11-3511-3350

Myanmar

Woori Finance Myanmar Plc.

115/A, Pyay Road, Saw Bwar Gyee Kone Ward(10 miles),
Insein Township Yangon, Myanmar
Phone: 95-01-643798

MingaladonI Branch

115/A, Pyay Road, Saw Bwar Gyee Kone Ward(10 miles),
Insein Township Yangon, Myanmar
Phone: 95-01-643798

NorthOkkalapa Branch

No. M(56), Thiriyadanar Wholesale Market
NorthOkkalapa Township, Yangon, Myanmar
Phone: 95-99-6889-2300

MingaladonII Branch

4F, 115/A Pyay Road, Saw Bwar Gyee Kone Ward(10miles),
Insein Township, Yangon Myanmar
Phone: 95-1-643798

Nyaungdon Branch

Room No. 103, 1st Street, 5 Quarter, Nyaungdon
Township, Ayarwaddy, Myanmar
Phone: 95-99-7674-7709

Taikkyi Branch

Room No.9, Natsinkone Road, Ohtan Ward,
Taikkyi Township, Yangon, Myanmar
Phone: 95-9-7717-81028

Hmawbi I Branch

2F No(26) Tatkyee Kone village, Hmawbi Township,
Yangon, Myanmar
Phone: 95-9-974563586

Hmawbi II Branch

1F No(26) Tatkyee Kone village, Hmawbi Township,
Yangon, Myanmar
Phone: 95-9-97456395

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

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

Kawhmu Branch

No 192/B, Bogyoke St. South Wd Kawhmu Townshop,
Yangon
Phone: 95 9 9742 91112

Insein Branch

115/A, Pyay Road, Saw Bwar Gyee Kone Ward(10 miles),
Insein Township Yangon, Myanmar
Phone: 95 1 643798

Kungyangon Branch

No 540, Yadanar Pone 2nd St, Kangyi / Magyi Ward, Kung-
yangon Township, Yangon, Myanmar
Phone: 95 9 975 890019

Zalun Branch

Bogyok St. Nyaung Pin Zay Ward, Zalun Township, Ayeyar-
wady, Myanmar
Phone: 95 9 960996083

Kyimyindaing Branch

No. 101, Tha Yet Taw(3) Upper St. Tha Yet Taw Ward,
Kyimyindaing Township, Yangon, Myanmar
Phone: 95 9 960996092

Hinthada I Branch

No. 49, U Wisarra St. Pha Tar Gyi Ward,
Hinthada Township, Ayeyardady, Myanmar
Phone: 95 9 960996099

Hlaing Branch

No. 101, Tha Yet Taw(3) Upper St. Tha Yet Taw Ward,
Kyimyindaing Township, Yangon, Myanmar
Phone: 95 9 960996089

Hinthada II Branch

No. 93, Nat Maw St. Panbetan Ward,
Hinthada Township, Ayeyarwady, Myanmar
Phone: 95 9 961010611

Hinthada III Branch

No. 93, Nat Maw St. Panbetan Ward,
Hinthada Township, Ayeyarwady, Myanmar
Phone: 95 9 961010611

Twantay Branch

No. 49, Bo Kyoke St. Kon Gyan(Middle) Ward,
Twantay Township, Yangon, Myanmar
Phone: 95 9 961010511

Pyapon I Branch

No. 18C, 8th St. 9th Ward, Pyapon Township,
Ayeyarwady
Phone: 95 9 950311093

Pyapon II Branch

No. 18C, 8th St. 9th Ward, Pyapon Township,
Ayeyarwady
Phone: 95 9 950311096

Pantanaw I Branch

No. 1, Sel Myaung St. Myo Kwet Thit 1,
Pantanaw Township, Ayeyarwady, Myanmar
Phone: 95 9 764433931

Pantanaw II Branch

No. 1, Sel Myaung St. Myo Kwet Thit 1,
Pantanaw Township, Ayeyarwady, Myanmar
Phone: 95 9 764433932

Gyobingauk I Branch

No. 154, Ashay Myopat St. Pan Tin Ward,
Gyobingauk Township, Bago, Myanmar
Phone: 95 9 764433935

Gyobingauk II Branch

No. 154, Ashay Myopat St. Pan Tin Ward,
Gyobingauk Township, Bago, Myanmar
Phone: 95 9 764433936

Zigon Branch

Hlaing Htate Khaung Tin St. No. 1 Ward,
Zigon Township, Bago, Myanmar
Phone: 95 9 780 113417

Paungde I Branch

Plot No. 79, Shwetaung Street, Min Kwet 3, Ward,
Paungde Township, Bago, Myanmar
Phone: 95 9 780114012

Paungde II Branch

Plot No. 79, Shwetaung Street, Min Kwet 3, Ward,
Paungde Township, Bago, Myanmar
Phone: 95 9 780114068

Lewe I Branch

No. 17 Plot, Min Wine Yat, No. 4 Ward,
Lewe Township, Nay Pyi Taw, Myanmar
Phone: 95 9 402187901

Pyinmana I Branch

No. 181, Yarza Htarni St. Aung Thar Yar Ward,
Pobbathiri Township, Nay Pyi Taw, Myanmar
Phone: 95 9 402187923

Pyinmana II Branch

No. 181, Yarza Htarni St. Aung Thar Yar Ward,
Pobbathiri Township, Nay Pyi Taw, Myanmar
Phone: 95 9 402187924

Lewe II Branch

No. 241, Office Street, Min Wine Yat, No. 4 Ward,
Lewe Township, Nay Pyi Taw, Myanmar
Phone: 95 9 441580466

Dekkhinathiri Branch

No. Da-2410, Wai Da 10 St. Dekkhinathiri Township,
Nay Pyi Taw, Myanmar
Phone: 95 9 441580468

Lewe III Branch

No. 241, Office Street, Min Wine Yat, No. 4 Ward,
Lewe Township, Nay Pyi Taw, Myanmar
Phone: 95 9 403663020

Takkon I Branch

No. (ma-127), Yin Mar Street, Area (3),
Mya Waddy Ward, Takkon Township, Nay Pyi Taw
Phone: 95 9 441473341

Takkon II Branch

No. 93, Thatoeminsaw Yat, Aung Zaya Ward,
Takkon Township, Nay Pyi Taw
Phone: 95 9 441481276

Ottarathiri Branch

No. Ou-1513, Shwe Nant Thar Ward,
Ottarathiri Township, Nay Pyi Taw
Phone: 95 9 893642032

Taungwingyi Branch

No. 174, Ohntaw No. 2 Ward,
Taungwingyi Township, Magway
Phone: 95-9-692687628

Natmauk Branch

No.22, Plot U Paing No.105, East Aung San Ward,
Natmauk Township, Magway
Phone: 95-9-891504155

Nattalin Branch

No.52, Apyin Tharzi Street, Tharzi Ward,
Nattalin Township, Bago
Phone: 95-9-773579731

Philippines**Wealth Development Bank**

Taft Financial Center, Cardinal Rosales Avenue,
Cebu Business Park, Cebu City, Cebu
Phone: 63-32-415-5265

ALABANG BRANCH

Unit 103, South Center Tower Condominium 2206 Market
Street, Madrigal Business Par Alabang, Muntinlupa City
Phone: 63-2-801-5335

ANGELES MARQUEE MALL BRANCH

Ground Floor, Marquee Mall, Don Bonifacio St.,
Pulung Maragul Angeles City, Pampanga
Phone: 63-45-624-0072

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

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

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

CEBU AYALA BRANCH

Ground Floor, Taft Financial Center, Cardinal Rosales
Avenue, Cebu Business Park, Brgy. Luz, Cebu City
Phone: 63-32-415-4888

CEBU RAMOS BRANCH

Ground Floor, Hilario Chu Bldg., No. 148 F. Ramos St.
Santa Cruz, Cebu City
Phone: 63-32-412-6302

CEBU CARBON BRANCH

Ground Floor, M.C. Briones & Plaridel Sts., Cebu City
Phone: 63-32-416-9077

CEBU MANDAUE BRANCH

Ground Floor, G/F Meritz Building, A.C. Cortes Ave.
Ibabao, Mandaue City, Cebu
Phone: 63-343-8144

CEBU TABUNOK BRANCH

Ground Floor, AGSy Bldg., National Hi-Way,
Tabunok Talisay City, Cebu
Phone: 63-32-272-2955

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

CEBU MAMBALING BRANCH

G/F Metro Store Mambaling, Cebu, N. Bacalso Avenue
corner F. Llamas Street, Basak San Nicolas, Cebu City
Phone: 63-414-4233

TAGBILARAN BANKING CENTER

Ground Floor, No. 15 JS Torralba St., Poblacion 2,
Tagbilaran City, Bohol
Phone: 63-411-4860

ILOILO BANKING CENTER

Ground Floor, ACCE Bldg., Mabini Ledesma St.,
Liberation, Iloilo City
Phone: 63-338-4419

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

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

TACLOBAN BRANCH

Sukwan Bldg, corner Real and Burgos Streets, Tacloban City
Phone: 63-053-832-3435

CALOOCAN BRANCH

Rizal Avenue Extension, East Grace Park,
Caloocan 1400, Metro Manila
Phone: 63-0917-870-7335

GENSAN BRANCH

Gaisano mall, Jose Catolico Sr. Avenue, General Santos City,
South Cotabato
Phone: 63-083-250-1238

DUMAGUETE BRANCH

1F Jose Building South Road Calindagan, Dumaguete City
Phone: 63-035-523-5532

BACOLOD BRANCH

Lacson-Luzuriaga Streets, Bacolod City, Negros Occidental
Phone: 63-034-447-0227

BUTUAN BRANCH

JC Aquino Ave, corner, Pareja Subdivision, Butuan City,
Mindanao
Phone: 63-0917-870-7390

NAGA BRANCH

Ground Floor, Super Metro Camarines Sur,
Panganiban Drive, Naga City, Casmrines Sur
Phone: 63-054-881-2836

BAGUIO BRANCH

NRC Building, Abanao Street, Baguio City, Benguet,
Cordillera Administrative Region
Phone: 63-074-665-2394

BINONDO BRANCH

Lucky Chinatown Mall, Reina Regente St. Binondo, Manila,
National Capital Region

Vietnam

Wooribank Vietnam

34F, Keangnam Landmark 72, E6 Pham Hung Road,
Tu Liem District. Hanoi, Vietnam
Phone: 84-04-7300-6802

Hanoi Branch

24F, Keangnam Landmark 72, E6 Pham Hung Road,
Tu Liem District. Hanoi, Vietnam
Phone: 84-4-3831-5281

Hochiminh Branch

No. 7,8,9, 2nd Floor, Mplaza Saigon, 39 Le Duan St.,
Ben Nghe Ward, Dist. 1, HCMC, Vietnam
Phone: 84-8-3821-9839

Bac Ninh Branch

1-2 Floor Halla Bld, Yen Phong Industrial Zone,
Yen Trung Commune, Yen Phong District,
Bac Ninh Province, Vietnam
Phone: 84-222-369-9431

Hai Phong Branch

NO. 4, Lot 22A, Le Hong Phong Street (Cat Bi Airport New
Urban Area), Dong Khe Ward, Ngo Quyen District, Hai
Phong City, Vietnam
Phone: 84-255-730-0101

Thai Nguyen Branch

2nd Floor, Gate 1, Samsung Electronics Vietnam Co.,Ltd.
Thai Nguyen, Yen Binh Industrial Zone, Dong Tien ward,
Pho Yen town, Thai Nguyen Province, Vietnam
Phone: 84-208-730-0010

Binh Duong Branch

10th Floor, Becamex Building, No.230, Binh Duong boulev-
vard, Thu Dau Mot City, Binh Duong Province, Vietnam
Phone: 84-274-222-2631

Phu My Hung Transaction Office

Unit SA-01, Riverpark Residence Complex,
341 Ha Huy Tap Street, Tan Phong Ward, District 7,
Ho Chi Minh City, Vietnam
Phone: 84-28-7303-0510

Dong Nai Branch

Ton Duc Thang road, Nhon Trach 3 Industrial Zone,
Phase1, Hiep Phuoc ward, Nhon Trach district,
Dong Nai Provincem Vietnam
Phone: 84-251-730-0370

Ha Nam Branch

1st and 2nd floor, Tien Loc Building, Commercial Service
Zone 4, Thanh Chau ward, Phu Ly City,
Ha Nam Province, Vietnam
Phone: 84-266-730-0020

Da Nang Branch

2nd floor, Phi Long Technology Building, 52 Nguyen Van
Linh Road, Nam Duong Ward, Hai Chau District,
Da Nang City, Vietnam
Phone: 84-236-730-0321

Bien Hoa Branch

5th Floor, Sonadezi Building, No 1, Road 1, Bien Hoa 1
Industrial Zone, An Binh Ward, Bien Hoa City,
Dong Nai Province, Vietnam
Phone: 84-251-730-0270

Sai Gon Branch

Ground floor and 8th Floor, E-Town 1 Building,
no. 364 Cong Hoa St. Ward 13, Tan Binh District,
Ho Chi Minh City, Vietnam
Phone: 84-28-7300-2710

Vinh Phuc Branch

1st and 2nd Floor, Bao Quan Hotel, 396 Me Linh Street,
Lien Bao ward, Vinh Yen City, Vinh Phuc Province,
Vietnam
Phone: 84-211-730-0010

Cambodia

WB Finance

Building 398, Preah Monivong Blvd, Sangkat Boeun Keng
Kang 1, Khan Chamkarmon, Phnom Penh 12302,
Kingdom of Cambodia

Phnom Penh Head Office

Lot No. 398, Monivong Blvd., Sangkat Beung Keng Kang 1,
khan Chamkar Mon, Phnom Penh.
Phone: 023969269

Kandal Regional Office

#240, National Road 2, Krapeu Ha Village,
Sangkat Preak Ruessei, Ta Khmao City, Kandal Province
Phone: 087634444

Sa'ang Branch Office

National Road no.21, Preaek Run village,
Preaek Koy commune, S'ang district, Kandal province
Phone: 087777993

Kien Svay Branch Office

National Road no.1, Tuol Tnaot village, Kaki commune,
Kien Svay district, Kandal province
Phone: 087777488

Kandal Stueng Branch Office

#86, National Road no. 2, Preaek Roka village,
Preaek Roka Commune, Kandal Stueng district,
Kandal province
Phone: 087777132

Leuk Daek (Kampong Phnom) Branch Office

National Road No. 1, Ampil Tuek village, Kampong
Phnum commune, Leuk Daek district, Kandal province
Phone: 087777279

Prey Veng Branch Office

National Road No 11. Village 8, Sangkat Kampong Leav,
Prey Veng city, Prey Veng province
Phone: 010855644

Sithor Kandal Branch Office

Preaek Sandaek Village Preaek Changkran Commune, Sithor
Kandal District Prey Veng Province.
Phone: 010855220

Svay Rieng and Svay Chrom Regional Office

Keansang Village, Svay Rieng Commune,
Svay Rieng City, Svay Rieng Province
Phone: 068855973

Preah Sdech Branch Office

Krasang Tong village, Angkor Reach commune,
Preah Sdach district, Prey Veng province
Phone: 0889201571

Kampong Trabaek Branch Office

Doun Tong village, Prasat commune,
Kampong Trabaek district, Prey Veng province
Phone: 0886450320

Mesang Branch Office

Vang Villegge Chiphouch Commune,
Mesang District, Prey veng Province
Phone: 010855188

Chantrea Branch Office

Thnal Cheat Village, Sangkat Chrok Mates,
Bavith City, Svay Rieng province
Phone: 0889204613

Romeashek Branch Office

Tatrav Village, Kampong Trach Commune,
Romeashek District, Svayreing province
Phone: 0884831787

Kampong Ro Branch Office

Svay Anat Village, Nhor Commune,
Kampong Rou District, Svay Rieng Province
Phone: 0889204643

Rumduol Branch Office

Chak Village, Kampong Chak commune Rumduol
District Svay Rieng Province
Phone: 0889204641

Takeo Regional Office

National Road No. 2, Thnori bek village,
Sangkat Roka Krao, Doun Kaev city, Takeo province
Phone: 015493888

Bati Branch Office

National Road no. 2, Smau Khnei village,
Trapeang Sab commune, Bati district, Takeo province
Phone: 0884839823

Tramkok Branch Office

Prey Rumdeng Village, Angk Ta Saom Commune,
Tram Kak District, Takeo province
Phone: 060855213

Kirivong Branch Office

Po Khvet Village, Phrah Bat Choan Chum Commune,
Kirivong District, Takeo Province
Phone: 060855886

Koh Andaet Branch Office

Prey Malong Khang Tbong Village, Prey Khla commune,
Koh Andaet district, Takeo province
Phone: 0884839711

Samraong Branch Office

Krang Lang Village, Cheung Kuon Commune,
Samraong District, Takeo province
Phone: 0888551219

Prey Kabas Branch Office

#408, St 108, Prey Lavea Ket Village,
Prey Lavea Commune, Prey Kabas district, Takeo province
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Kampot (Chhouk) Regional Office

National Road no. 3, Damnak Toap Khang Tboung village,
Krang Snay commune, Chhuk district, Kampot province
Phone: 0974855014

Banteay Meas Branch Office

Samrong village, Samrong Krom commune,
Banteay Meas district, Kampot province
Phone: 0884844237

Angkor Chey Branch Office

Pral Village, Tani Commune, Angkor Chey District,
Kampot Province
Phone: 060855085

Kampong Trach Branch Office

Kampong Trach Ti Muoy Village, Kampong Trach Khang
Kaeut Commune, Kampong Trach District,
Kampot Province
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Kampong Som Branch Office

Village no. 03, Sangkat Lak 02, Quarter,
Metapheap Ward, Preah Sihanouk City
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Sre Ambel Branch Office

Trapeang village, Sre Ambel commune,
Sre Ambel district, Koh Kong province
Phone: 0884837124

Basedth Branch Office

Slab Leaeng village, Svay Rompea commune,
Basedth district, Kampong Speu province
Phone: 0884874229

Kampong Speu Regional Office

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Thum Commune/Sangkat, Chbar Mon
Municipality/District/Khan, Kampong Speu Province
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Korng Pisey Branch Office

Tuol Ta Sokh Village, Saen Die Commune,
Samraong Tong District, Kampong Speu Province
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Oudong-1 Branch Office

Bat Doeung village, Khsem Khsan commune,
Oudongk district, Kampong Speu province
Phone: 060855776

Kraing Chek (Oudong II) Branch Office

Ta Ni village, Krang Chek Commune,
Odongk District, Kampong Speu province
Phone: 0884839856

Thpong Branch Office

Tranh Veang Village, Prambei Mum Commune,
Thpong District, Kampong Speu Province
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Oral Branch Office

Phsar Kontourt village, Sangkea Sartorb Commune,
Oral district, Kampong Speu province.
Phone: 066574593

Phnum Sruoch Branch Office

Krang Khcheay village, Tang Sya commune,
Phnum Sruoch district, Kampong Speu province
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Tuek Phors Branch Office

Srae Ta Chey Vallage, Akphivoadth Commune,
Tuek Phos District, Kampong Chhnang Province
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Kampong Chhnang Regional Office

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Kampong Chhnang province
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Kampong Leaeng Branch Office

Kampong Boeng village, Kampong Hau commune,
Kampong Leng district, Kampong Chhnang province
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Kampong Tralach Branch Office

Soben Village, Peani Commune, Kampong Tralach
District, Kampong Chhnang Province
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Boribour Branch Office

Cheung Khnar Village, Ponley Commune,
Boribour District, Kampong Chhnang Province
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Pursat Branch Office

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Svay At Commune, Pursat District, Pursat province
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Krakor Branch Office

National Road 5, Phsar village, Anlong Tnaot commune, Kra-
kor district, Pursat province
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Phnum Kravanh Branch Office

Pich Ban Village, Leach Commune, Phnum Kravanh
District, Pursat Province
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Veal Veang Branch Office

Pramaoy village, Pramaoy commune,
Veal Veang district, Pursat province
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Kampong Thom Regional Office

House #009 Group 01 National Road no. 6,
Stueng Saen Village, Sangkat Kampong Krabao,
Stoung Sen City and Kampong Thom Province
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Romlong Branch Office

Rom Chek Village, Treal Commune, Baray District,
Kompong Thom Province
Phone: 060855388

Stoung Branch Office

National Road no. 6, Leap Tong village, Kampong Chen
Tboung commune, Stoung district, Kampong Thom province
Phone: 0884836778

Baray Branch Office

Prey Ta Trav Village, Balang Commune, Baray District,
Kampong Thom Province
Phone: 0713855039

Sandan Branch Office

Toekmleang village, Sandan commune, Sandan district,
Kampong Thom province
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Prasat Sambour Branch Office

Sambo Village, Sambo commune,
Prasat Sambour district, Kampong Thom province
Phone: 0884836883

Chamka Loeu Branch Office

Thnol Bek Lech Village, Svay Tearb Commune,
Chamkar Loeu District, Kampong Cham Province.
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Battambang Regional Office

#99, No. 03, Mphej Osakphea village, Sangkat Svay Pao,
Battambang city, Battambang province
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Banan Branch Office

Banan Village Kantueu Pir Commune,
Banan District, Battambang Province
Phone: 010855775

Ratanak Mondul Branch Office

#34, Sdau village, Sdau Commune,
Rotonak Mondol distrcit, Battambang province
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Moung Ruessei Branch Office

Pou Muoy Village, Kear Commune,
Moung Ruessei District, Battambang Province
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Bakan Branch Office

Khnach Romeas Village, Beung Khnar Commune,
Bakan District, Pursat Province
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Pailin Branch Office

O'Tapuk Le village, Pailin commune, Pailin city,
Pailin province
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Samlout Branch Office

Ou Tontuem village, Ta sanh commune,
Samlout district, Battambang province
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Kamrieng Branch Office

Dong Village, Boeng Reang Commune,
Kamrieng District, Battambang Province
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Preah Vihear Regional Office

Lor Et village, Sangkat Kampong Branak,
Preah Vihea city, Preah Vihea province
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Kuleaen Branch Office

Kuleaen Tboung Village, Kuleaen Tboung commune,
Kuleaen district, Preah Vihear province
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Sangkum Thmey Satellite Office

Tbeang Village, Chamraeun commune,
Sangkum Thmei district, Preah Vihear province
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Rovieng Branch Office

Tang Trak Village, Robieb commune, Rovieng District,
Preah Vihear Province
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Trapaing Prasat Branch Office

Trapeang Prasat Village, Trapeang Prasat commune,
Trapeang Prasat District, Oddar Meanchey Province
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Choam Khsant Branch Office

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Choam Khsant commune, Choam Khsant district,
Preah Vihear province
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Kampong Cham city, Kampong Cham province
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Prey Chhor Branch Office

Doun Die village, Chrey Vean commune,
Prey Chhor district, Kampong Cham province
Phone: 0884842218

Stoeung Trang Branch Office

Tnaot Ta Say Village, Preak Kak Commune,
Stueng Trang District, Kampong Cham Province.
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Chulkiri Branch Office

Prey Kri Tbung Village, Prey Kri commune,
Chulkiri district, Kampong Chhnang province
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Tbong Khmom Branch Office

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Koh Sotin Branch Office

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Ponhea Kraek Branch Office

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Kratie Regional Office

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Chhloung Branch Office

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Snuol Branch Office

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Keo Sema Branch Office

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Keo Sema District, Mondol Kiri Province
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Dambae Branch Office

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Dambae district, Kampong Cham province
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Memot Branch Office

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Memot District, Kampong Cham Province
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Banteay Mean Chey Regional Office

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Sangkat Kampong Svay, Serei Saophoan city,
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Ou Chrov Branch Office

#15A, National Road no.5, Palilai village, Sangkat Paoy
Paet, Paoy Paet city, Banteay Mean Chey province
Phone: 0884845706

Thma Puok Branch Office

Kasen village, Thma Puok commune, Thma Puok district,
Banteay Mean Chey province
Phone: 0884839749

Bavel Branch Office

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Bavel district, Battambang province
Phone: 090281942

Phnum Proek Branch Office

Phnum Toch village, Pech Chenda commune,
Phnum Proek district, Battambang province
Phone: 090855342

Siem Reap Regional Office

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Sangkat Slor Kram, Siem Reap city, Siem Reap province
Phone: 0884845477

Puok Branch Office

Puok Chas Village, Puok Commune, Puok District,
Siem Reap Province
Phone: 0884836879

Srey Snom Branch Office

Chroy Neang Nguon village, Chroy Neang Nguon commune,
Srey Snam district, Siem Reap province
Phone: 060270442

Angkor Chum Branch Office

Kbal Cham Village, Char Chhuk commune,
Angkor Chum District, Siem Reap Province.
Phone: 087555476

Samraong Chong Kal Branch Office

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Samraong District, Oddar Meanchey province
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Chi Kraeng Branch Office

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Commune, Chikrek District, Siem Reap Province.
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Preah Net Preah Branch Office

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Chob Veari commune, Preah Netr Preah district,
Banteay Mean Chey province
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Stueng Mean Chey Branch Office

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Khan Mean Chey, Phnom Penh
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Punhea Lueu Branch Office

#87, National Road No. 5, Tep Pranom village, Vihea
Luong commune, Ponhea Lueu district, Kandal province
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Mukh Kampoul Branch Office

La Edth Village, Preaek Dambang Commune,
Mukh Kampul District, Kandal Province
Phone: 0884842169

Khsach Kandal (Preaek Tameak) Branch Office

Knong village, Preaek Tameak commune,
Khsach Kandal district, Kandal province
Phone: 0884842027

Svay Pak Branch Office

National Road No. 5, Lu Village Svay Pak,
Khan Russey Keo, Phnom Penh
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Chaom Chau Branch Office

Prey Svay Village, Sangkat Chaom Chau,
Khan Pur SenChey, Phnom Penh
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Chruoy Changvar Branch Office

lot No. A-01, Street 6A, Phum 3, Sangkat Chrouy Chang Var,
Khan Chroy Chang Var, Phnom Penh City
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Srey Sonthor Branch Office

Santey village, Preaek Po commune,
Srey Sonthor district, Kampong Cham
Phone: 0884845245

Ratanakiri Regional Office

Chey Chumnas Village, sangkat Labanseak,
City Banlung, Ratanakiri Province
Phone: 0884830845

Stoeung Treng Branch Office

Spean Thmor Village, Stoeung Treng Commune, Stoeung
Treng District Stoeung Treng Province
Phone: 0713261010

Koh Nhek Branch Office

Reangsei village, Srae Sangkum commune,
Kaoh Nheak district, Mondul Kiri province
Phone: 0713855124

Borkeo Branch Office

Phum Muoy village, La Minh Commune,
Bar Kaev District, Ratanakiri Province,
Phone: 0713260505

Saen Monourom Branch Office

Chambak Village, Spean Mean Chey Commune,
Saen Monourom District, Mondul Kiri Province
Phone: 0713855100

Kampot Branch

Kampong Bay Khang Cheung Village, Kampong Bay Sang-
kat, Kampot City, Kampot Province
Phone: 855-68-435555

Kamchaymear Branch

National Road No. 8, Tean Phleung Village,
Smaong Khang Cheung Commune,
Kamchay Mear District, Prey Veng Province
Phone: 855-10-855747

Thmakoul Branch

National Road No. 5, Paoy Yong Village,
Ta Pung Commune, Thma Koul District,
Battambang Province
Phone: 855-69-855755

Khemarak Phoumin Branch

Street Khemara Phoumin, Group 7, Phum Ti Pir Village,
Sangkat Smach Mean Chey, Khemara Phoumin
Municipality, Koh Kong Province
Phone: 855-88-8558025

Cheungprey Branch

National Road No.6 Skon Village, Soutlib Commune,
Cheung Prey District, Kampong Cham Province
Phone: 855-97-6447373

Krolkor Branch

St 1 Thlok Village, Kraol kou Commune,
Svay Chrum District, Svay Rieng Province
Phone: 855-87-666945

Peraing Branch

National Road No.8, Snay Pol Village, Roka Commune, Pea
Reang District, PreyVeng Provice
Phone: 855-81-709967

Prey Nop Branch

Road No.4 Veal Meas Village, Veal Renh Commune,
Prey Nop District, Preah Sihanouk Province
Phone: 855-68-855997

Baphnom Branch

#022 St317 Chheu Kach Village, Chheu Kach Commune, Ba
phnom Distirict, Prey Veng Province
Phone: 855-93-855773

Koh Thom Branch

Kampong Svay Kraom Village, Preaek Thmei Commune, Koh
Thom District, Kandal Province
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Russey Keo Branch

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Pursenchey Branch

House No 6A, Russian Federation Blvd, Phum Ta Ngoun,
Sangkat Kakab, Khan Pur Senchey, Phnom Penh.
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Keam svay Branch

House No. 330, National Road 1, Toul Tnaot village,
Korkir Communce, Kien Svay district, Kandal province
Phone: 855-23-720-632

Takhmao Branch

Building No. 31, National Road 2, Ta Khmau village,
Sangkat Ta Khmau, Krong Ta Khmau, Kandal Province
Phone: 855-24-998-333

PrekPhnov Branch

National Road 5, Phum Kandal, Sangkat Preaek Phnov,
Khan Preae Phnov, Phnom Penh
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Ang Snoul Branch

House No 183, National Road 4, Trapeang Krasang Village,
Baek Chan Commune, Angk Snoul District, Kandal Province
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Phsar Depo Branch

House No 138D, St 215, Sangkat Veal Vong,
Khan Prampir Meakkakra, Phnom Penh
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AreyKshat Branch

House No 76, Road No.380, Preaek Lvea Village,
Preaek Ta Kov Commune , Khsach Kandal District,
Kandal Province
Phone: 855-24 900-488

S'ang Branch

House No 154, National Road 21, Preaek Khsev Village, Rokar
Khpos Commune, S'ang District, Kandal Province
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Steung Meanchey Branch

House No 19A, Samdech Preah Monireth Blvd,
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Khan Meanchey, Phnom Penh
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Chom Chao Branch

House No 4A, Veng Sreng Blvd, Phum Chrey Kaong,
Sangkat Chaom Chau 2, Khan Pur Senchey, Phnom Penh
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Char Ampov Branch

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Sangkat Chbar Ampov Ti Pir, Khan Chbar Ampov, Phnom Penh
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Toul Kork Branch

House No 1C, St 355, Phum 1, Sangkat Boeng Kak Ti Muoy,
Khan Tuol Kouk, Phnom Penh
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Chamkar Doung Branch

House No 2039, St 217, Ta lei Village, Sangkat Dangkao,
Khan Dangkao, Phnom Penh
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Kampongspeu Branch

House No 751, National Highway No 4, Chambak Village,
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Kampong Speu Province
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Kandal Stueng Branch

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Kandal Stueng District, Kandal Province
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Odongk Branch

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Mukh Kampul Branch

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