

WOORI BANK
Form 424B3
November 14, 2018
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Filed Pursuant to Rule 424(b)(3)
Registration No. 333-226345

Prospectus

Extraordinary General Meeting of Shareholders of Woori Bank

STOCK TRANSFER PROPOSAL

The board of directors of Woori Bank has approved the adoption of a financial holding company structure for our bank pursuant to a comprehensive stock transfer under Article 360-15 of the Korean Commercial Code, whereby holders of our common stock will transfer all of their shares to a new financial holding company, to be named Woori Financial Group Inc. and in return receive shares of Woori Financial Group common stock. In the stock transfer, each holder of one share of our common stock will receive one share of Woori Financial Group common stock, par value ₩5,000 per share. Holders of our American depositary shares, each of which represents three shares of our common stock, will receive one Woori Financial Group American depositary share for every American depositary share they own (subject to payment of certain applicable depositary fees). In connection with the stock transfer, Woori Financial Group will issue approximately 676,000,000 shares of its common stock to holders of our common stock. Our common stock is listed on the KOSPI Market of the Korea Exchange under the identifying code 000030, and our American depositary shares are listed on the New York Stock Exchange under the symbol WF. Following the stock transfer, the common stock and American depositary shares of Woori Financial Group are expected to be similarly listed on such stock exchanges.

We believe that the adoption of a financial holding company structure through the proposed stock transfer will help us increase customer satisfaction, generate synergies and maximize profitability, by creating an integrated system among our affiliated companies and allowing us to effectively provide various financial services, including comprehensive one-stop asset management services customized for clients, based on active expansion of non-banking and global business operations.

Before we can proceed with the stock transfer, the proposed stock transfer plan must be approved at an extraordinary general meeting of our shareholders to be held on the fifth floor of the Woori Bank Head Office Building, 51, Sogong-ro, Jung-gu, Seoul, Korea on December 28, 2018 at 10 a.m. local time. At the extraordinary general meeting of our shareholders, the shareholders will vote on the approval of the stock transfer plan and the approval of certain other matters as described in this prospectus.

This prospectus has been prepared for our shareholders and holders of our American depositary shares residing in the United States to provide information about the proposed stock transfer and the extraordinary general meeting of our shareholders. **We encourage you to read this document in its entirety, including the section entitled Risk Factors that begins on page 7.**

Holders of our common stock will be entitled to attend and vote, either in person or by proxy, at the extraordinary general meeting if they are recorded on our shareholder register on November 15, 2018, which is 43 days prior to the date of the meeting. Holders of our American depositary shares will be entitled to instruct Citibank, N.A., as

depository, as to how to vote their underlying shares of our common stock at the extraordinary general meeting in accordance with the procedures set forth in this prospectus, if those holders were recorded on such depository's register on November 15, 2018.

Your vote is important, regardless of the number of shares you own. On behalf of our board of directors, I urge you to vote in favor of the stock transfer.

Tae-Seung Sohn

President and Chief Executive Officer

Woori Bank

**WE ARE NOT ASKING YOU FOR A PROXY AND
YOU ARE REQUESTED NOT TO SEND US A PROXY.**

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities to be issued in connection with the stock transfer or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

This prospectus is dated November 13, 2018 and is expected to be first mailed to shareholders on or about such date.

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WHERE YOU CAN FIND MORE INFORMATION

We have filed a registration statement on Form F-4 to register with the U.S. Securities and Exchange Commission, or the SEC, our common stock to be delivered in connection with the stock transfer. This prospectus is a part of that registration statement. As allowed by SEC rules, this prospectus does not contain all the information you can find in the registration statement or the exhibits to the registration statement.

We are subject to the information reporting requirements of the U.S. Securities Exchange Act of 1934 and, in accordance therewith, are required to file reports, including annual reports on Form 20-F, and other information with the SEC. These materials, including annual reports and the exhibits thereto, may be read and copied at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549 by calling the SEC at 1-800-SEC-0330. We are also required to make filings with the SEC by electronic means. Any filings we make electronically will be available to the public over the Internet at the SEC's website at <http://www.sec.gov>.

The SEC permits us to incorporate by reference information into this prospectus. This means that we can disclose important information to you by referring to another document filed separately with the SEC. The information incorporated by reference is deemed to be part of this prospectus, except for any information superseded by information contained directly in this prospectus.

This prospectus incorporates by reference the documents set forth below that have been previously filed with or furnished to the SEC. These documents contain important information about us and our financial condition.

WOORI BANK SEC FILINGS

(COMMISSION FILE NO. 1-31811; CIK NO. 0001264136) FILING DATE

Annual Report on Form 20-F for the fiscal year ended
December 31, 2017

April 30, 2018

We also incorporate by reference into this prospectus additional documents that we may file with the SEC from the date of this prospectus to the date of the extraordinary general meeting. These include any amendments to our annual report on Form 20-F, as well as any of our current reports on Form 6-K specifically identified as being incorporated by reference into this prospectus.

Documents incorporated by reference are available without charge, excluding all exhibits unless an exhibit has been specifically incorporated by reference into this prospectus. Shareholders may obtain documents incorporated by reference into this prospectus from the SEC, as described above, or by requesting them in writing, by telephone or by e-mail from us at the following address:

Woori Bank

Investor Relations Department

51, Sogong-ro, Jung-gu

Seoul 04632, Korea

Telephone: +82-2-2125-2337

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Facsimile: +82-505-003-2512

e-mail: woori.ir@wooribank.com

If you would like to request documents from us, please do so by December 20, 2018 in order to receive them before the extraordinary general meeting.

You should rely only on the information contained in this prospectus to vote on the stock transfer. We have not authorized anyone to provide you with information different from that contained in the prospectus. This prospectus is dated November 13, 2018. You should not assume that the information contained in this prospectus is accurate as of any other date. Neither the mailing of this prospectus, nor the delivery of shares of our common stock, cash or other consideration should be deemed to create any implication to the contrary.

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Our fiscal year ends on December 31 of each year. All references to a particular year are to the year ended December 31 of that year.

Unless otherwise indicated, the financial information presented in this document has been prepared in accordance with International Financial Reporting Standards, or IFRS, as issued by the International Accounting Standards Board, or the IASB.

Any discrepancies in any table between totals and the sums of the amounts listed are due to rounding.

References to Korea are to the Republic of Korea.

CURRENCIES AND EXCHANGE RATES

All references to Won (₩) in this prospectus are to the currency of Korea, and all references to Dollars, U.S. dollars, \$ or U.S.\$ are to the currency of the United States of America.

The tables below set forth, for the periods and dates indicated, information concerning the noon buying rate for Won, expressed in Won per one U.S. dollar. The noon buying rate is the rate in New York City for cable transfers in foreign currencies as certified for customs purposes by the Federal Reserve Bank of New York. Unless otherwise stated, translations of Won amounts into U.S. dollars in this prospectus were made at the noon buying rate in effect on June 30, 2018 which was ₩1,111.8 to U.S.\$1.00. We do not intend to imply that the Won or U.S. dollar amounts referred to herein could have been or could be converted into U.S. dollars or Won, as the case may be, at any particular rate, or at all. On November 2, 2018, the noon buying rate was ₩1,117.7 = U.S.\$1.00.

	Won per U.S. dollar (noon buying rate)			
	Low	High	Average ⁽¹⁾	Period-End
2013	1,050.1	1,161.3	1,094.7	1,055.3
2014	1,008.9	1,117.7	1,052.3	1,090.9
2015	1,063.0	1,196.4	1,131.0	1,169.3
2016	1,090.0	1,242.6	1,159.3	1,203.7
2017	1,067.4	1,207.2	1,129.0	1,067.4
2018 (through November 2)	1,054.6	1,141.7	1,095.1	1,117.7
First six months of 2018	1,054.6	1,122.0	1,078.9	1,111.8
January	1,057.6	1,073.6	1,065.6	1,068.3
February	1,065.3	1,093.0	1,078.5	1,082.1
March	1,060.3	1,081.3	1,069.9	1,061.0
April	1,054.6	1,083.0	1,068.0	1,069.1
May	1,065.4	1,082.8	1,076.7	1,080.8
June	1,065.9	1,122.0	1,094.4	1,111.8
July	1,111.4	1,136.4	1,122.2	1,112.8
August	1,105.1	1,135.3	1,120.4	1,116.5
September	1,109.8	1,127.9	1,119.8	1,109.8
October	1,112.4	1,141.7	1,131.6	1,140.8
November (through November 2)	1,117.7	1,126.2	1,122.0	1,117.7

Source: Federal Reserve Bank of New York

- (1) The average rate for each full year or six-month period is calculated as the average of the noon buying rates on the last business day of each month during the relevant period. The average rate for a full month is calculated as the average of the noon buying rates on each business day during the relevant month (or portion thereof).

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SUMMARY

*This summary highlights the material information appearing in this prospectus. However, it may not contain all of the information that is important to you. You should carefully read the entire prospectus for a complete understanding of the proposed stock transfer. In particular, you should read the documents attached to this prospectus, including the stock transfer plan, and the other documents to which this prospectus refers you. See *Where You Can Find More Information*.*

Woori Bank

51, Sogong-ro, Jung-gu

Seoul 04632, Korea

Telephone: +82-2-2125-2337

We are one of the largest commercial banks in Korea. Our operations include a broad range of businesses, including corporate banking, consumer banking, credit card operations, investment banking, capital markets activities and other businesses. We provide a wide range of products and services to our customers, which mainly comprise small- and medium-sized enterprises and individuals, as well as some of Korea's largest corporations. As of December 31, 2017, we had, on a consolidated basis, total assets of ₩316,295 billion, total liabilities of ₩295,730 billion and total equity of ₩20,565 billion.

The Stock Transfer (see page 18)

We plan to adopt a financial holding company structure for our bank pursuant to a comprehensive stock transfer under Article 360-15 of the Korean Commercial Code. In the stock transfer, holders of our common stock will transfer all of their shares of our common stock to a new holding company, Woori Financial Group, which will be established simultaneously with such transfer. As consideration for the shares of our common stock, Woori Financial Group will issue shares of its common stock to holders of our common stock. In the stock transfer, each holder of one share of our common stock will receive one share of Woori Financial Group common stock. Holders of our American depositary shares, each of which represents three shares of our common stock, will receive one Woori Financial Group American depositary share for every American depositary share they own (subject to payment of certain applicable depositary fees).

Holders of our American depositary shares (all of which have been issued in uncertificated form) do not need to take any action in order to exchange their American depositary shares for Woori Financial Group American depositary shares. For a more complete description of the procedure for exchanging our American depositary shares for Woori Financial Group American depositary shares in the stock transfer, see *The Stock Transfer Exchange of Woori Bank Common Stock and American Depositary Shares for Woori Financial Group Common Stock and American Depositary Shares*.

In addition to the Woori Financial Group common stock and American depositary shares issued in exchange for our outstanding common stock and American depositary shares in the stock transfer, Woori Financial Group will issue its common stock to us in exchange for the outstanding common stock of certain of our wholly-owned subsidiaries that will become wholly-owned direct subsidiaries of Woori Financial Group. Specifically, in connection with the stock transfer, we will transfer all shares of common stock held by us of 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

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Management Co., Ltd., all of which are our wholly-owned subsidiaries, to Woori Financial Group. As consideration for such transferred shares, Woori Financial Group will issue shares of its common stock to us in accordance with the specified stock transfer ratio applicable to each such subsidiary. Following such stock transfer, Woori Financial Group will own 100% of the outstanding common stock of all such subsidiaries participating in the stock transfer, and each such subsidiary participating in the stock transfer will become a wholly-owned direct subsidiary of Woori Financial Group.

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Our organizational structure as of June 30, 2018 is illustrated by the following chart:

Woori Financial Group's organizational structure after giving effect to the stock transfer is illustrated by the following chart:

Ownership of Woori Financial Group after the Stock Transfer

In connection with the stock transfer, Woori Financial Group will issue approximately 676,000,000 shares of its common stock to holders of our common stock. Assuming that we do not acquire any shares of our common stock prior to the date of the stock transfer as a result of the exercise by dissenting shareholders of appraisal rights or otherwise, immediately following the stock transfer, former holders of our common stock will own approximately 99.39% of the issued common stock of Woori Financial Group, and we will become a wholly-owned subsidiary of Woori Financial Group.

In connection with the transfer of common stock of certain of our subsidiaries to Woori Financial Group, Woori Financial Group will issue approximately 4,164,306 shares of its common stock to us. Assuming that we do not acquire any shares of our common stock prior to the date of the stock transfer as a result of the exercise by dissenting shareholders of appraisal rights or otherwise, immediately following the stock transfer, we will hold approximately 0.61% of the issued common stock of Woori Financial Group. Under Korean law, we

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will be required to dispose of such shares of Woori Financial Group common stock held by us within six months from the date of the stock transfer.

Dissent and Appraisal Rights (see page 23)

Under Korean law, subject to certain conditions, holders of shares of our common stock who oppose the stock transfer may exercise appraisal rights and require us to purchase their shares if the stock transfer is completed. However, holders of our American depositary shares opposing the stock transfer will not have any appraisal rights. In order for shareholders to exercise such right, dissenting shareholders, among other things, must have acquired their shares prior to June 19, 2018 and must submit to us a written notice of their dissent by the day prior to the extraordinary general meeting and, within 10 days of such meeting, request that their shares be repurchased.

If the stock transfer is completed, we expect to pay ₩16,079 for each share of our common stock properly submitted to us for appraisal. For a more complete description of the appraisal rights, see [The Stock Transfer Dissent and Appraisal Rights](#).

Conditions to the Completion of the Stock Transfer (see page 22)

Under the stock transfer plan, the completion of the stock transfer is subject to the following:

we must obtain from the Financial Services Commission approval of the establishment of a financial holding company under Article 3 of the Financial Holding Company Act; and

in the event the number of shares of our common stock for which appraisal rights are exercised exceeds 15% of the total issued shares of our common stock, we may suspend the stock transfer and amend the stock transfer plan.

The Extraordinary General Meeting (see page 15)

The extraordinary general meeting of our shareholders will be held on the fifth floor of the Woori Bank Head Office Building, 51, Sogong-ro, Jung-gu, Seoul, Korea on December 28, 2018 at 10 a.m. local time. The agenda for the meeting is the approval of the stock transfer plan (including the proposed articles of incorporation of Woori Financial Group and the nominees for directors of Woori Financial Group, including those who will serve as members of the Audit Committee of the board of directors).

The approval of the stock transfer plan will require a special resolution adopted by the affirmative vote of at least two-thirds of the shares of our common stock present or represented at the meeting. The shares voting to approve the stock transfer plan must also represent at least one-third of the total issued and outstanding shares of our common stock. Each share of common stock present or represented at the meeting will be entitled to one vote.

Interests of Directors and Officers in the Stock Transfer (see page 21)

You should be aware that a number of our directors and officers may have interests in the stock transfer that are different from, or in addition to, your interests as a Woori Bank shareholder. For a description of these interests, see [The Stock Transfer Interests of Certain Directors and Executive Officers in the Stock Transfer](#).

Accounting Treatment of the Stock Transfer (see page 22)

Under IFRS, we expect that the stock transfer transaction will be accounted for as a transaction among entities under common control applying the pooling of interests method of accounting. Upon the completion of

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the stock transfer, Woori Financial Group will initially recognize the transferred assets and liabilities at their book value as of the date of the stock transfer in its consolidated financial statements, and no goodwill will be recognized in connection with the transaction.

U.S. Income Tax Consequences of the Stock Transfer (see page 22)

The exchange of Woori Bank common stock or American depository shares for corresponding interests in Woori Financial Group will not be a taxable transaction for U.S. tax purposes. If you exercise your appraisal rights for your shares of our common stock and we purchase such shares for cash, the transaction will be treated for U.S. tax purposes as a taxable sale of your shares. See Tax Considerations United States Taxation.

Regulatory Matters (see page 22)

We are working to obtain all necessary regulatory approvals required under Korean and other laws and regulations in connection with the stock transfer and the establishment of Woori Financial Group as a new financial holding company. We submitted a stock transfer report to the Financial Services Commission and the Korea Exchange, pursuant to the Financial Investment Services and Capital Markets Act and related regulations, on June 19, 2018. We also submitted an application for approval of the establishment of a financial holding company, pursuant to the Financial Holding Company Act, to the Financial Services Commission of Korea on July 20, 2018. Such approval was granted by the Financial Services Commission on November 7, 2018.

Completion and Effectiveness of the Stock Transfer (see page 22)

We will complete the stock transfer when all the conditions to completion of the stock transfer are satisfied, including the approval of the stock transfer by our shareholders and the relevant Korean regulatory authorities and the absence of any suspension of the stock transfer by us as a result of the exercise of appraisal rights in respect of more than 15% of the total issued shares of our common stock. See The Stock Transfer Conditions to the Completion of the Stock Transfer. The stock transfer will become effective when we register the incorporation of Woori Financial Group with the commercial registry office of the Seoul Central District Court, pursuant to the applicable requirements of Korean law. We expect to complete the stock transfer in the first quarter of 2019.

Stock Exchange Listings (see page 23)

We expect to apply to list the Woori Financial Group common stock on the KRX KOSPI Market of the Korea Exchange and to list the Woori Financial Group American depository shares on the New York Stock Exchange. We expect that trading of our common stock on the KRX KOSPI Market of the Korea Exchange will be suspended commencing from approximately two days prior to the date of the stock transfer, and that the listing of the Woori Financial Group common stock on the KRX KOSPI Market of the Korea Exchange will not occur until approximately 33 days after the stock transfer is completed. Shareholders will not be able to trade their shares of Woori Financial Group common stock until such listing occurs. We also expect that the listing of the Woori Financial Group American depository shares on the New York Stock Exchange will occur on or about the date of completion of the stock transfer. Holders of such American depository shares will not be able to trade their American depository shares until such listing occurs.

Summary Market Price Information

Shares of our common stock are traded on the KRX KOSPI Market of the Korea Exchange and our American depository shares are traded on the New York Stock Exchange. The table below lists the closing prices of our common

stock and American depositary shares on June 18, 2018, the last trading day before the public announcement of the proposed stock transfer, and on November 8, 2018.

	June 18, 2018		November 8, 2018	
Common stock	₩	16,350	₩	15,950
American depositary shares	\$	44.90	\$	43.77

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We present below per share data under IFRS regarding our net income, cash dividends declared and book value on a historical basis.

As of or for the Year Ended December 31, 2017		
Woori Bank		
(Historical)		
Net income per share		
Basic	₩	1,999
Diluted		1,999
Dividends per share		600 ⁽¹⁾
Book value per share		25,767 ⁽²⁾

(1) Includes interim dividends of ₩100 per share of common stock declared and paid in August 2017.

(2) Calculated as equity attributable to common shareholders (owners' equity—₩20,365,892 million) minus hybrid securities (₩3,017,888 million), divided by the total number of outstanding shares of common stock (673,271,226), as of December 31, 2017.

Questions About the Stock Transfer

If you have any questions about the stock transfer or the voting procedures in connection with the extraordinary general meeting of our shareholders, you may contact:

if you are a holder of our common stock:

Woori Bank

Investor Relations Department

51, Sogong-ro, Jung-gu

Seoul 04632, Korea

Telephone: +82-2-2125-2337

Facsimile: +82-505-003-2512

e-mail: woori.ir@wooribank.com

if you are a holder of our American depositary shares:

Citibank, N.A.

Shareholder Services

P.O. Box 43077

Providence, RI 02940-3077

Telephone: 1-877-248-4237

e-mail: citibank@shareholders-online.com

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As a result of the adoption of a financial holding company structure through the proposed stock transfer, our businesses will be subject to the following new or increased risks. In addition to the risks described below, we will continue to be subject to the risks described in the documents that we have filed with the SEC that are incorporated by reference into this prospectus. You should carefully consider the following risk factors as well as the other information contained or incorporated into this prospectus in deciding whether to vote in favor of the stock transfer.

Risks Relating to the Stock Transfer

The stock transfer is subject to various conditions and may not be completed as scheduled or at all.

Under the proposed stock transfer plan, the consummation of the stock transfer is subject to a number of conditions, including the absence of any suspension of the stock transfer by us as a result of the exercise of appraisal rights in respect of more than 15% of the total issued shares of our common stock. See *The Stock Transfer* *Conditions to the Completion of the Stock Transfer*. Under Korean law, our shareholders who oppose the stock transfer may exercise appraisal rights and require us to purchase their shares if the stock transfer is completed. In the event that the number of shares of our common stock for which appraisal rights are exercised exceeds 15% of the total issued shares of our common stock, we may not complete the stock transfer as contemplated or at all. Furthermore, regulatory authorities in Korea or elsewhere may seek to block or delay the stock transfer or may impose conditions that reduce the anticipated benefits of the stock transfer or make it difficult to complete as planned. Accordingly, even if the stock transfer is approved at the extraordinary general meeting of our shareholders, the stock transfer may not be completed as scheduled or at all. If the stock transfer is not completed, we would fail to realize the anticipated benefits of the new financial holding company structure that will be created pursuant to the stock transfer. For a description of the anticipated benefits of adopting a financial holding company structure, see *The Stock Transfer* *Reasons for the Stock Transfer*.

The exercise of appraisal rights in respect of a significant number of shares of our common stock could increase the costs of the stock transfer, reduce the capital of Woori Financial Group and hurt its financial condition.

Under Korean law, our shareholders who oppose the stock transfer may exercise appraisal rights and require us to purchase their shares if the stock transfer is completed. We expect to pay ₩16,079 for each share of our common stock properly submitted to us for appraisal, which is the purchase price for such shares determined in accordance with the formula prescribed under Korean law to be applied in the event that the dissenting shareholders and we fail to agree on a purchase price through negotiations. For a description of the method of calculating the purchase price for shares in respect of which appraisal rights have been exercised, see *The Stock Transfer* *Dissent and Appraisal Rights*. If shareholders exercise appraisal rights in respect of a significant number of our shares that does not exceed 15% of the total issued shares of our common stock, we will be required to complete the stock transfer by expending funds to purchase such shares, which could reduce or adversely affect the capital of Woori Financial Group and its financial condition.

Holders of our American depositary shares will not have any dissent and appraisal rights.

Our shareholders who oppose the stock transfer may exercise appraisal rights under Korean law and require us to purchase their shares if the stock transfer is completed. However, if you are a holder of our American depositary shares, you will not have any appraisal rights in respect of the stock transfer even if you oppose it. The deposit agreement for our American depositary shares facility does not require the depositary to take any action in respect of exercising dissent and appraisal rights.

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We may fail to realize the anticipated benefits of the stock transfer and the new financial holding company structure.

The success of the stock transfer and the new financial holding company structure that will be created pursuant to such stock transfer will depend, in large part, on the ability of Woori Financial Group to realize the anticipated synergies, growth opportunities and cost savings from coordinating and integrating the businesses of its various subsidiaries.

Although we plan to integrate our operations and our subsidiaries' operations under the financial holding company structure, the subsidiaries of the new financial holding company, including us, will generally continue to operate as independent entities with separate management and staff. As a result, Woori Financial Group's ability to direct its subsidiaries' day-to-day operations may be limited. In addition, the integration of Woori Financial Group's subsidiaries' separate businesses and operations, as well as those of any companies it may acquire in the future, into the financial holding company structure could require a significant amount of time, financial resources and management attention. Moreover, that process could place a burden on our operations (including our risk management operations) or information technology systems and produce unintended inconsistencies in our standards, controls, procedures or policies. The realization of the anticipated benefits of our new financial holding company structure may be blocked, delayed or reduced as a result of many factors, some of which may be outside our control. These factors include:

difficulties in integrating the diverse activities and operations of the subsidiaries of Woori Financial Group or any companies it may acquire, including risk management operations and information technology systems, personnel, policies and procedures;

failure to leverage our financial holding company structure to realize operational efficiencies and to cross-sell multiple products and services;

difficulties in reorganizing personnel, branches, networks and administrative functions;

restrictions under the Korean Financial Holding Company Act and other regulations on transactions between the financial holding company and, or among, its subsidiaries;

unforeseen contingent risks, including lack of required capital resources, increased tax liabilities or restrictions in our overseas operations, relating to the stock transfer and the financial holding company structure that may become apparent in the future; and

unexpected business disruptions.

Accordingly, we may not be able to realize the anticipated benefits of the new financial holding company structure that will be created pursuant to the stock transfer, and our business, results of operations and financial condition may suffer as a result.

Our financial holding company will depend on limited forms of funding to fund its operations.

Woori Financial Group will have no significant assets other than the shares of its subsidiaries. Its primary sources of funding and liquidity will be dividends from its subsidiaries, sales of the interests in its subsidiaries and direct borrowings and issuances of equity or debt securities at the holding company level. In addition, as a financial holding company, Woori Financial Group will be required to meet certain minimum financial ratios under Korean law, including with respect to liquidity and capital adequacy. Woori Financial Group's ability to meet its obligations to its direct creditors and employees and its other liquidity needs and regulatory requirements will depend on timely and adequate distributions from its subsidiaries and its ability to sell its securities or obtain credit from its lenders.

The ability of the subsidiaries of Woori Financial Group, including us, to pay dividends to Woori Financial Group will depend on the financial condition and operating results of such subsidiaries. In the future,

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the subsidiaries may enter into agreements, such as credit agreements with lenders or indentures relating to high-yield or subordinated debt instruments, that impose restrictions on their ability to make distributions to Woori Financial Group, and the terms of future obligations and the operation of Korean law could prevent the subsidiaries from making sufficient distributions to Woori Financial Group to allow it to make payments on its outstanding obligations. See As a financial holding company, Woori Financial Group will largely depend on receiving dividends from its subsidiaries to pay dividends on its common stock. Any delay in receipt of or shortfall in payments to Woori Financial Group from its subsidiaries could result in Woori Financial Group's inability to meet its liquidity needs and regulatory requirements, including minimum liquidity and capital adequacy ratios, which may disrupt our operations at the holding company level.

In addition, creditors of Woori Financial Group will generally not be able to assert claims on the assets of the subsidiaries of Woori Financial Group. Furthermore, Woori Financial Group's inability to sell its securities or obtain funds from its lenders on favorable terms, or at all, could also result in Woori Financial Group's inability to meet its liquidity needs and regulatory requirements and may disrupt our operations at the holding company level.

As a financial holding company, Woori Financial Group will largely depend on receiving dividends from its subsidiaries to pay dividends on its common stock.

Since the principal assets at the holding company level will be the shares of its subsidiaries, Woori Financial Group's ability to pay dividends on its common stock will largely depend on dividend payments from those subsidiaries. Those dividend payments are subject to the Korean Commercial Code, the Bank Act and to regulatory limitations, generally based on capital levels and retained earnings, imposed by the various regulatory agencies with authority over those entities. The ability of Woori Financial Group's subsidiaries to pay dividends may be subject to regulatory restrictions to the extent that paying dividends would impair each of their non-consolidated profitability, financial condition or other cash flow needs. For example:

under the Korean Commercial Code, dividends may only be paid out of distributable income, an amount which is calculated by subtracting the aggregate amount of a company's paid-in capital and certain mandatory legal reserves from its net assets, in each case as of the end of the prior annual period;

under the Bank Act, a bank also must credit at least 10% of its net profit to a legal reserve each time it pays dividends on distributable income until that reserve equals the amount of its total paid-in capital; and

under the Bank Act and the requirements of the Financial Services Commission, if a bank fails to meet its required capital adequacy ratio or otherwise subject to the management improvement measures imposed by the Financial Services Commission, then the Financial Services Commission may restrict the declaration and payment of dividends by that bank.

Woori Financial Group's subsidiaries may not continue to meet the applicable legal and regulatory requirements for the payment of dividends in the future. If they fail to do so, they may stop paying or reduce the amount of the dividends they pay to Woori Financial Group, which would have an adverse effect on its ability to pay dividends on its common stock.

Woori Financial Group may be required to raise additional capital if its capital adequacy ratios deteriorate or the applicable capital requirements change in the future, but it may not be able to do so on favorable terms or at all.

Under the capital adequacy requirements of the Financial Services Commission, from January 1, 2019, Korean bank holding companies, including Woori Financial Group, will be required to maintain, among others, a minimum ratio of Tier I and Tier II capital (less any capital deductions) to risk-weighted assets of 10.5%, which includes an additional capital conservation buffer of 2.5%. Woori Financial Group may also be subject to a potential counter-cyclical capital buffer of up to 2.5%, which is determined on a quarterly basis by the Financial

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Services Commission, and if designated as a domestic systemically important bank for 2019 by the Financial Services Commission, an additional capital requirement of 1.0% in 2020. See [Principal Regulations Applicable to Financial Holding Companies](#) [Capital Adequacy](#).

In measuring risk-weighted assets for the purpose of calculating capital adequacy ratios, generally the standardized approach or the internal ratings-based approach is applied; however, for the application of the internal ratings-based approach, which relies on the internal rating system of the relevant banking holding company, the bank holding company must receive approval from the Financial Supervisory Service after a trial evaluation period of one year. It has yet to be determined whether Woori Financial Group, as a newly established bank holding company, will be allowed to apply the internal ratings-based approach (like Woori Bank) or instead will initially be required to apply the standardized approach to measure its risk-weighted assets. If Woori Financial Group is required to apply the standardized approach, its capital adequacy ratios may decline in part, compared to those of Woori Bank. In such case, Woori Financial Group may be required to obtain additional capital in the future in order to remain in compliance with the applicable capital adequacy and other regulatory requirements. However, it may not be able to obtain additional capital on favorable terms, or at all. Woori Financial Group's ability to obtain additional capital at any time may be constrained to the extent that banks, bank holding companies or other financial institutions in Korea or from other countries are seeking to raise capital at the same time. To the extent that Woori Financial Group fails to comply with applicable capital adequacy or other regulatory requirements in the future, Korean regulatory authorities may impose penalties on it ranging from a warning to suspension or revocation of its banking license.

Our directors and officers may have potential conflicts of interest in supporting the stock transfer.

Some of our directors and executive officers may have interests in the stock transfer that are different from, or in addition to, your interests. Six members of our board of directors (including our president and chief executive officer) have been nominated to serve on Woori Financial Group's board of directors, which will initially be composed of seven individuals. As of June 30, 2018, the latest date for which such information is currently available, our directors and executive officers, together with their respective affiliates, beneficially owned approximately 0.01% of the outstanding shares of our common stock.

The possibility of receiving compensation or other benefits in or following the stock transfer may have influenced these directors and officers in their support of the stock transfer. See [The Stock Transfer](#) [Interests of Certain Directors and Executive Officers in the Stock Transfer](#).

Risks Relating to Woori Financial Group Common Stock and American Depositary Shares

There has been no prior market for the common stock or American depositary shares of Woori Financial Group, and the stock transfer may not result in an active or liquid market for Woori Financial Group common stock or American depositary shares.

Woori Financial Group will be formed as a new entity in connection with the stock transfer. Accordingly, there will be no public market for Woori Financial Group's common stock or American depositary shares prior to their issuance in connection with the stock transfer. We expect that Woori Financial Group will apply to list its common stock on the KRX KOSPI Market of the Korea Exchange and to list its American depositary shares on the New York Stock Exchange. However, we expect that such listings will not occur until some time after the stock transfer is completed. If you hold shares of Woori Financial Group common stock or Woori Financial Group American depositary shares, you may not be able to trade such shares until the relevant listing occurs. Furthermore, an active public market in Woori Financial Group common stock or American depositary shares may not develop or be sustained after their issuance. In addition, if a significant number of Woori Financial Group American depositary share holders withdraw

the underlying shares of Woori Financial Group common stock from Woori Financial Group's American depositary share facility and no additional Woori Financial Group American depositary shares are issued, the liquidity of Woori Financial Group American depositary shares would be adversely affected.

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The initial market price of Woori Financial Group common stock and Woori Financial Group American depositary shares immediately after their issuance is expected to be determined, among other things, by the market prices of our common stock and American depositary shares prior to the stock transfer. The initial market price of Woori Financial Group common stock and Woori Financial Group American depositary shares may not be indicative of prices that will prevail in the trading market. You may not be able to resell your Woori Financial Group common stock or American depositary shares at or above the initial market price. Market prices of Korean companies' stock have been and continue to be volatile. Volatility in the price of Woori Financial Group common stock and American depositary shares may be caused by factors outside of our control and may be unrelated or disproportionate to Woori Financial Group's operating results.

Ownership of Woori Financial Group common stock is restricted under Korean law.

Under the Financial Holding Company Act, a single shareholder, together with its affiliates, is generally prohibited from owning more than 10% of the issued and outstanding shares of voting stock of a bank holding company such as Woori Financial Group that controls a nationwide bank, with the exception of certain shareholders that are non-financial business group companies, whose applicable limit is 4%. To the extent that the total number of shares of Woori Financial Group common stock (including those represented by American depositary shares) that you and your affiliates own together exceeds the applicable limits, you will not be entitled to exercise the voting rights for the excess shares, and the Financial Services Commission may order you to dispose of the excess shares within a period of up to six months. Failure to comply with such an order would result in a charge compelling performance of up to 0.03% of the book value of such shares per day until the date of disposal and an administrative fine of up to ₩100 million. See Supervision and Regulation of Woori Financial Group Principal Regulations Applicable to Financial Holding Companies Restrictions on Ownership of a Financial Holding Company.

A holder of Woori Financial Group American depositary shares may not be able to exercise dissent and appraisal rights unless it has withdrawn the underlying shares of Woori Financial Group common stock and become its direct shareholder.

In some limited circumstances, including the transfer of the whole or any significant part of Woori Financial Group's business and the merger or consolidation of Woori Financial Group with another company, dissenting shareholders will have the right to require Woori Financial Group to purchase their shares under Korean law. However, holders of Woori Financial Group American depositary shares will not be able to exercise such dissent and appraisal rights if the depositary refuses to do so on their behalf. The deposit agreement to be entered into between Woori Financial Group and Citibank, N.A., as depositary, will not require the depositary to take any action in respect of exercising dissent and appraisal rights. In such a situation, holders of Woori Financial Group American depositary shares must withdraw the underlying common stock from the American depositary share facility (and incur charges relating to such withdrawal) and become Woori Financial Group's direct shareholders prior to the record date of the shareholders' meeting at which the relevant transaction is to be approved, in order to exercise dissent and appraisal rights.

A holder of Woori Financial Group American depositary shares may be limited in its ability to deposit or withdraw common stock.

Under the terms of the deposit agreement to be entered into among us, Woori Financial Group and Citibank, N.A., as depositary, holders of Woori Financial Group common stock may deposit such stock with the depositary's custodian in Korea and obtain Woori Financial Group American depositary shares, and holders of such American depositary shares may surrender American depositary shares to the depositary for cancellation and receive Woori Financial Group common stock. However, to the extent that a deposit of common stock exceeds any limit that Woori Financial Group may specify from time to time, such common stock will not be accepted for deposit unless the consent of Woori

Financial Group with respect to such deposit has been obtained. Woori Financial Group is not expected to set any such limit; however Woori Financial Group has the right to do

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so at any time. Under the terms of the deposit agreement, no consent will be required for deposit if the shares of common stock are obtained through a dividend, free distribution, rights offering or reclassification of such stock. Woori Financial Group is expected to agree to consent, under the terms of the deposit agreement, to any deposit unless the deposit would be prohibited by applicable laws or violate Woori Financial Group's articles of incorporation. If Woori Financial Group chooses to impose a limit on deposits in the future, however, Woori Financial Group may not consent to the deposit of any additional common stock. As a result, if a holder surrenders American depositary shares for cancellation and withdraws common stock, it may not be able to deposit the stock again to obtain American depositary shares.

A holder of Woori Financial Group common stock or American depositary shares will not have preemptive rights in some circumstances.

The Korean Commercial Code and Woori Financial Group's articles of incorporation will require Woori Financial Group, with some exceptions, to offer shareholders the right to subscribe for new shares of Woori Financial Group common stock in proportion to their existing shareholding ratio whenever new shares are issued. If Woori Financial Group offers any rights to subscribe for additional shares of its common stock or any rights of any other nature, the depositary, after consultation with Woori Financial Group, may make the rights available to holders of Woori Financial Group American depositary shares or use reasonable efforts to dispose of the rights on behalf of such holders and make the net proceeds available to such holders. The depositary will make rights to purchase any additional shares of Woori Financial Group common stock available to holders of Woori Financial Group American depositary shares only if:

Woori Financial Group has requested in a timely manner that those rights be made available to such holders;

the depositary has received the documents that are required to be delivered under the terms of the deposit agreement, which may include confirmation that a registration statement filed by Woori Financial Group under the U.S. Securities Act of 1933, as amended, or the Securities Act, is in effect with respect to those shares or that the offering and sale of those shares is exempt from or is not subject to the registration requirements of the Securities Act; and

the depositary determines, after consulting with Woori Financial Group, that the distribution of rights is lawful and commercially feasible.

Holders of Woori Financial Group common stock located in the United States may not exercise any such rights they receive absent registration or an exemption from the registration requirements under the Securities Act.

Woori Financial Group will not be under any obligation to file any registration statement with the SEC or to endeavor to cause such a registration statement to be declared effective. Moreover, Woori Financial Group may not be able to establish an exemption from registration under the Securities Act. Accordingly, a holder of Woori Financial Group American depositary shares may be unable to participate in rights offerings by Woori Financial Group and may experience dilution in its holdings. If a registration statement is required for a holder of Woori Financial Group American depositary shares to exercise preemptive rights but is not filed by Woori Financial Group or is not declared effective, the holder will not be able to exercise its preemptive rights for additional American depositary shares and it will suffer dilution of its equity interest in Woori Financial Group. If the depositary is unable to sell rights that are not

exercised or not distributed or if the sale is not lawful or commercially feasible, it will allow the rights to lapse, in which case the holder will receive no value for these rights.

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Dividend payments received by a holder on, and the amount a holder may realize upon a sale of, its Woori Financial Group American depositary shares will be affected by fluctuations in the exchange rate between the U.S. dollar and the Won.

We expect that the Woori Financial Group common stock will be listed on the KRX KOSPI Market and quoted and traded in Won. Cash dividends, if any, in respect of the shares represented by the Woori Financial Group American depositary shares will be paid to the depositary in Won and then converted by the depositary into U.S. dollars, subject to certain conditions. Accordingly, fluctuations in the exchange rate between the Won and the U.S. dollar will affect, among other things, the amounts a registered holder or beneficial owner of Woori Financial Group American depositary shares will receive from the depositary in respect of dividends, the U.S. dollar value of the proceeds which a holder or owner would receive upon sale in Korea of the shares of Woori Financial Group common stock obtained upon surrender of Woori Financial Group American depositary shares and the secondary market price of Woori Financial Group American depositary shares. Such fluctuations will also affect the U.S. dollar value of dividends and sales proceeds received by holders of Woori Financial Group common stock.

If the Korean government deems that emergency circumstances are likely to occur, it may restrict holders of Woori Financial Group common stock and the depositary from converting and remitting dividends and other amounts in U.S. dollars.

If the Korean government deems that certain emergency circumstances, including, but not limited to, severe and sudden changes in domestic or overseas economic circumstances, extreme difficulty in stabilizing the balance of payments or implementing currency, exchange rate and other macroeconomic policies, have occurred or are likely to occur, it may impose certain restrictions provided for under the Foreign Exchange Transaction Law, including the suspension of payments or requiring prior approval from governmental authorities for any transaction. See Korean Foreign Exchange Controls and Securities Regulations General.

A holder of Woori Financial Group common stock or American depositary shares may not be able to enforce a judgment of a foreign court against Woori Financial Group.

When established, Woori Financial Group will be a corporation with limited liability organized under the laws of Korea. We expect that substantially all of its directors and officers will reside in Korea, and all or a significant portion of the assets of such directors and officers and a substantial majority of Woori Financial Group's assets will be located in Korea. As a result, it may not be possible for holders of Woori Financial Group common stock or American depositary shares to effect service of process within the United States, or to enforce in the United States against Woori Financial Group or its directors and officers judgments obtained in United States courts based on the civil liability provisions of the federal securities laws of the United States. There may be doubt as to the enforceability in Korea, either in original actions or in actions for enforcement of judgments of U.S. courts, of civil liabilities predicated on the U.S. federal securities laws.

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FORWARD-LOOKING INFORMATION

The SEC encourages companies to disclose forward-looking information so that investors can better understand a company's future prospects and make informed investment decisions. This prospectus contains forward-looking statements, which may include statements regarding the period following completion of the stock transfer.

Words and phrases such as aim, anticipate, assume, believe, contemplate, continue, estimate, expect, intend, may, objective, plan, positioned, predict, project, risk, seek to, shall, should, will like words and terms of similar substance used in connection with any discussion of the proposed stock transfer or our future operating or financial performance identify forward-looking statements. All forward-looking statements are our management's present expectations of future events and are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. In addition to the risks related to our business, the factors relating to the stock transfer discussed under "Risk Factors" and the risks related to the business of Woori Financial Group, once it is formed and becomes operational, among others, could cause actual results to differ materially from those described in the forward-looking statements. These factors include, but are not limited to, failure to realize the anticipated benefits of the stock transfer and adverse regulatory developments. We caution you not to place undue reliance on the forward-looking statements, which speak only as of the date they are made. Except as required by law, we are not under any obligation, and expressly disclaim any obligation, to update or alter any forward-looking statements, whether as a result of new information, future events or otherwise.

All subsequent forward-looking statements attributable to us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section.

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THE EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS

Time, Place and Purpose

The extraordinary general meeting of our shareholders is scheduled to be held on the fifth floor of the Woori Bank Head Office Building, 51, Sogong-ro, Jung-gu, Seoul, Korea on December 28, 2018 at 10 a.m. local time. The extraordinary general meeting is being held so that the holders of our common stock can consider and vote upon a special resolution approving the stock transfer, whereby holders of our common stock will transfer all of their shares to a new financial holding company, Woori Financial Group, and in return receive shares of Woori Financial Group common stock.

Specifically, holders of our common stock will be asked to vote on a special resolution approving the stock transfer plan (including the proposed articles of incorporation of Woori Financial Group and the nominees for directors of Woori Financial Group, including those who will serve as members of the Audit Committee of the board of directors).

An English translation of the stock transfer plan, which includes the proposed articles of incorporation of Woori Financial Group and the list of our nominees for the directors of Woori Financial Group (including those who will also serve as members of the Audit Committee of the board of directors), is attached to this prospectus as Annex I. For information regarding such nominees, see Management of Woori Financial Group.

Voting Rights, Record Date and Votes Required

Holders of common stock recorded on our shareholder register as of the applicable record date will be entitled to attend and vote, either in person or by proxy, at the extraordinary general meeting. Our board of directors has fixed the close of business on November 15, 2018 as the record date for the determination of the holders of our common stock entitled to notice of and to vote at the extraordinary general meeting. Each share of common stock present or represented at the meeting will be entitled to one vote.

The adoption of a special resolution at the extraordinary general meeting requires the affirmative vote of at least two-thirds of the shares of our common stock present or represented at the meeting. The shares voting affirmatively must also represent at least one-third of the total issued and outstanding shares of our common stock.

Holders of our common stock who are non-financial business group companies and hold an aggregate number of shares representing in excess of 4% of our total issued and outstanding common stock will not be allowed to vote the shares representing such excess.

Share Ownership of Directors and Executive Officers

As of June 30, 2018, the latest date for which such information is currently available, our directors and executive officers and their affiliates owned, in the aggregate, 62,301 shares of our common stock, which is approximately 0.01% of the shares of our common stock outstanding on that date. To our knowledge, our directors and executive officers intend to vote FOR approval of the stock transfer.

Voting by Proxy

Holders of our common stock may vote either in person at the extraordinary general meeting or by proxy. Shareholders who wish to vote their shares of common stock by proxy may be able to do so through a standing proxy in Korea. Specifically, depending on the terms of its agreement with its standing proxy in Korea, a holder of our

common stock may also be entitled to request the standing proxy to attend the extraordinary general meeting on behalf of the shareholder and vote the shareholder's shares by proxy in accordance with the

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shareholder's instructions. **Shareholders who wish to vote their shares of common stock in this manner should consult with their standing proxy.** Among other things, in order to vote its shares by proxy in this manner, a shareholder must deliver a power of attorney to its standing proxy authorizing it to vote the shares on behalf of the shareholder at the extraordinary general meeting. The standing proxy will be required to produce the original power of attorney at the meeting.

A shareholder may revoke a power of attorney after it is delivered and provide a different power of attorney to its standing proxy at any time prior to the extraordinary general meeting. A shareholder may also revoke any power of attorney and attend and vote directly at the extraordinary general meeting.

If you have further questions regarding your voting rights, you should contact your standing proxy in Korea, or us at:

Woori Bank

Investor Relations Department

51, Sogong-ro, Jung-gu

Seoul 04632, Korea

Telephone: +82-2-2125-2337

Facsimile: +82-505-003-2512

e-mail: woori.ir@wooribank.com

Voting Rights of Holders of Our American Depositary Shares

Holders of our American depositary shares recorded on the applicable register of Citibank, N.A., as depositary, as of the record date will be entitled to instruct the depositary as to how to vote the shares of our common stock represented by such holders' American depositary shares at the extraordinary general meeting. Citibank, N.A. will mail a voting instruction card to holders of record of our American depositary shares as of November 15, 2018. Voting instructions may be delivered to the depositary by completing, signing and delivering a voting instruction card to the depositary prior to the applicable cut-off date. For a holder's voting instructions to be valid, the depositary must receive the voting instruction card **by no later than 10:00 a.m. (New York Time) on December 21, 2018.** Although there is no guarantee, the depositary will try to vote the shares of common stock represented by a holder's American depositary shares in accordance with the instructions of the holder, as far as practical and subject to the requirements of Korean law. Holders of our American depositary shares will be able to change their voting instructions after they send their voting instruction card with revised voting instructions to the depositary. However, such revised voting instructions will not be valid unless the depositary receives the new voting instruction card **by 10:00 a.m. (New York Time) on December 21, 2018.**

In accordance with the terms of the deposit agreement for the American depositary shares, Citibank N.A. will, to the extent it does not receive timely voting instructions from any holders of our American depositary shares, vote the shares represented by such unvoted American depositary shares in the same manner and in the same proportion on each matter as the holders of all of the outstanding shares of our common stock present or represented at the extraordinary general meeting are voting on that matter.

Holders of our American depositary shares who hold an aggregate number of shares representing in excess of 4% of our total issued and outstanding common stock will not be allowed to vote the shares representing such excess.

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If you are a holder of our American depositary shares and have further questions as to how to exercise your voting rights, you should contact the depositary at:

Citibank, N.A.

Shareholder Services

P.O. Box 43077

Providence, RI 02940-3077

Telephone: 1-877-248-4237

e-mail: citibank@shareholders-online.com

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THE STOCK TRANSFER

Background of the Stock Transfer

Our management has determined that it would be beneficial for us to reorganize our operations and those of certain of our subsidiaries under a financial holding company structure. We expect that the establishment of a new financial holding company will help lead to an efficient management structure that can effectively respond to external changes (such as changes in regulations and the earlier conversion of our competitor banks to financial holding company structures), a higher enterprise value achieved through enhanced profitability from the maximization of synergies among affiliated companies, and sustainable growth from the strengthening of customer convenience and other competitive factors.

Accordingly, on June 19, 2018, our board of directors approved a plan for a comprehensive stock transfer under Article 360-15 of the Korean Commercial Code, whereby holders of our common stock will transfer all of their shares to Woori Financial Group, a new financial holding company for our bank, and in return receive Woori Financial Group common stock. On November 8, 2018, our board of directors resolved to further supplement the stock transfer plan, including with the list of persons to be nominated to serve as directors of Woori Financial Group.

Reasons for the Stock Transfer

The purpose of the stock transfer is to reorganize the different businesses of our bank (including certain of our subsidiaries) under a financial holding company structure whereby the financial holding company would become the parent company of our bank and certain of our subsidiaries.

We believe that the adoption of a financial holding company structure will help us increase customer satisfaction, generate synergies and maximize profitability, by creating an integrated system among our affiliated companies and allowing us to effectively provide various financial services, including comprehensive one-stop asset management services customized for clients, based on active expansion of non-banking and global business operations.

Once the stock transfer is completed, we and certain of our subsidiaries will become wholly-owned subsidiaries of a new financial holding company, Woori Financial Group.

Our organizational structure as of June 30, 2018 is illustrated by the following chart:

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Woori Financial Group's organizational structure after giving effect to the stock transfer is illustrated by the following chart:

We may decide to make further changes to our organizational structure after completion of the stock transfer as we seek to maximize management efficiency under the new financial holding company structure. For example, subsequent to the establishment of Woori Financial Group, we plan to review the conversion of certain of our remaining subsidiaries such as Woori Card Co., Ltd. and Woori Investment Bank Co., Ltd. as direct subsidiaries of Woori Financial Group. In addition, new companies may be added as subsidiaries of Woori Financial Group as strategically necessary through new establishments or acquisitions.

Exchange of Woori Bank Common Stock and American Depositary Shares for Woori Financial Group Common Stock and American Depositary Shares

In connection with the stock transfer, holders of our common stock will transfer all of their shares of our common stock to the new financial holding company, Woori Financial Group, which will be established simultaneously with such transfer. As consideration for the shares of our common stock, Woori Financial Group will issue shares of its common stock to the holders of our common stock. In the stock transfer, each holder of one share of our common stock will receive one share of Woori Financial Group common stock. Holders of our American depositary shares, each of which represents three shares of our common stock, will receive one Woori Financial Group American depositary share for every American depositary share they own.

Prior to the date when the stock transfer becomes effective, the holders of our common stock must surrender their shares of our common stock to us, in our capacity as the transfer agent for the stock transfer, in the case of holders of shares of our common stock in certificated form. Any such common stock share certificates not surrendered will become invalid following the stock transfer. In the case of shares of our common stock deposited with the Korea Securities Depository and held by our shareholders in book-entry form, the Korea Securities Depository will cancel our deposit eligibility once the stock transfer is completed and cancel the share certificates for such shares, and no action regarding a surrender will be required by the holders of such shares. We expect that our common stock will be suspended from trading on the KRX KOSPI Market of the Korea Exchange starting from such date as designated by the Korea Exchange, which must be prior to the end of the period during which the shares of our common stock must be surrendered and/or cancelled. On the effective date of the stock transfer, the newly issued shares of Woori Financial Group common stock will be deposited with the Korea Securities Depository, which will be the clearing agency for such stock, and the Korea Securities

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Depository will register the newly issued shares of Woori Financial Group common stock in book-entry form in the names of the holders of our common stock of record as of the effective date of the stock transfer as consideration for the shares of our common stock previously surrendered or cancelled.

When the Woori Financial Group common stock issued in respect of our common stock underlying our American depositary shares is credited to the account of Citibank, N.A., as depository, at the Korea Securities Depository, the Korea Securities Depository will notify Citibank, N.A. of such deposit. The Deposit Agreement, under which our American depositary shares are issued, will be amended and restated as the Second Amended and Restated Deposit Agreement, effective as of the effective date of the stock transfer. We describe such deposit agreement under Description of Woori Financial Group's American Depositary Shares. Citibank, N.A. will then exchange our American depositary shares for Woori Financial Group American depositary shares.

To receive Woori Financial Group American depositary shares upon the effectiveness of the stock transfer, you do not need to take any action. Citibank, N.A. will mail a notice to registered holders of our American depositary shares informing them of the exchange of their American depositary shares for Woori Financial Group American depositary shares as well as a statement detailing the number of Woori Financial Group American depositary shares registered in their name. The Woori Financial Group American depositary shares will be issued as uncertificated American depositary shares, which are American depositary shares not evidenced by American depositary receipts.

Holders of our American depositary shares who hold the American depositary shares through The Depository Trust Company, or DTC, do not need to take any action in order to exchange their American depositary shares for Woori Financial Group American depositary shares. DTC, which is the clearing agency for our American depositary shares, will surrender our outstanding American depositary shares to Citibank, N.A. In exchange, Citibank, N.A. will deliver Woori Financial Group American depositary shares to DTC, which will credit the newly issued Woori Financial Group American depositary shares to the accounts of its participants to which our American depositary shares are credited as of the close of business on the day prior to the effective date of the stock transfer.

Citibank, N.A., as depository for the American depositary shares, may and intends to charge depository fees for the cancellation of our American depositary shares (up to U.S.\$0.05 per American depositary share cancelled) and for the issuance of Woori Financial Group American depositary shares (up to U.S.\$0.05 per American depositary share issued) to the holders of our American depositary shares (as of the close of business on the day prior to the effective date of the stock transfer), unless Citibank, N.A., Woori Bank and Woori Financial Group agree to waive the payment of all or a portion of such fees by the holders of American depositary shares. Any depository fees payable by holders of American depositary shares will be charged by the DTC participants to the accounts of the beneficial owners of our American depositary shares (as of the close of business on the day prior to the effective date of the stock transfer), and will be remitted to Citibank, N.A., as depository for the American depositary shares, by DTC and its participants on behalf of the beneficial owners.

Table of Contents**Exchange of Common Stock of Woori Bank's Subsidiaries for Woori Financial Group Common Stock**

In connection with the stock transfer, we will transfer all shares of common stock held by us of Woori FIS, Woori Finance Research Institute, Woori Credit Information, Woori Fund Services, Woori Private Equity Asset Management, all of which are our subsidiaries, to Woori Financial Group. As a result of the transfer, Woori Financial Group will own 100% of the outstanding common stock of all such subsidiaries participating in the stock transfer. As consideration for the shares of such subsidiaries' common stock, Woori Financial Group will issue shares of its common stock to us. In the stock transfer, we will receive, for each share of common stock of the following subsidiaries, which will become wholly-owned subsidiaries of Woori Financial Group, such number of shares of Woori Financial Group common stock as set forth below as the applicable stock transfer ratio:

Subsidiaries Subject to Stock Transfer	Total Number of Shares of Subsidiaries Issued		Stock Transfer Ratio	Total Number of Shares of Woori Financial Group Common Stock to Be Issued to Us⁽¹⁾
	Common Stock			
Woori FIS	4,900,000		0.2999709	1,469,857
Woori Finance Research Institute	600,000		0.1888161	113,289
Woori Credit Information	1,008,000		1.1037294	1,112,559
Woori Fund Services	2,000,000		0.4709031	941,806
Woori Private Equity Asset Management	6,000,000		0.0877992	526,795

- (1) We will not receive any fractional shares of Woori Financial Group common stock as a result of the stock transfer. Pursuant to applicable Korean laws, all fractional shares of Woori Financial Group common stock to be issued to us will be aggregated and, excluding any fraction of such aggregate amount, will be sold by Woori Financial Group at the closing price on the date of its listing on the KRX KOSPI Market of the Korea Exchange. We will receive the proceeds from such sale.

Each of the aforementioned stock transfer ratios may be changed only with the approval of our board of directors and those of all of the above subsidiaries, if (i) the capital structure of an entity is changed due to certain events, such as the issuance of new shares of capital stock, or (ii) certain events occur which would make it reasonable to change the ratio.

Interests of Certain Directors and Executive Officers in the Stock Transfer

You should be aware that a number of our directors and officers may have agreements or arrangements that provide them with interests in the stock transfer that differ from those of our shareholders. Our board of directors was aware of these interests during its deliberations of the merits of the stock transfer.

Governance Structure and Management Positions. Pursuant to the terms of the stock transfer, upon completion of the stock transfer and the formation of Woori Financial Group, the board of directors of Woori Financial Group will initially be composed of seven individuals. Six members of our board of directors (including our president and chief executive officer) have been nominated to serve on Woori Financial Group's board of directors. See Management of Woori Financial Group.

Stock Ownership. As of June 30, 2018, the latest date for which such information is currently available, our directors and executive officers, together with their respective affiliates, beneficially owned 62,301 shares representing approximately 0.01% of the outstanding shares of our common stock.

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Conditions to the Completion of the Stock Transfer

Under the stock transfer plan, the completion of the stock transfer is subject to the following:

we must obtain from the Financial Services Commission approval of the establishment of a financial holding company under Article 3 of the Financial Holding Company Act; and

in the event the number of shares of our common stock for which appraisal rights are exercised exceeds 15% of the total number of issued shares of our common stock, we may suspend the stock transfer and amend the stock transfer plan.

Under Korean law, our shareholders who oppose the stock transfer may exercise appraisal rights and require us to purchase their shares if the stock transfer is completed. See [Dissent and Appraisal Rights](#).

Completion and Effectiveness of the Stock Transfer

We will complete the stock transfer when all the conditions to completion of the stock transfer are satisfied, including the approval of the stock transfer by our shareholders and the relevant Korean regulatory authorities, and the absence of any suspension of the stock transfer by us as a result of the exercise of appraisal rights in respect of more than 15% of the total issued shares of our common stock. See [Conditions to the Completion of the Stock Transfer](#). The stock transfer will become effective when we register the incorporation of Woori Financial Group with the commercial registry office of the Seoul Central District Court, pursuant to the applicable requirements of Korean law. We expect to complete the stock transfer in the first quarter of 2019.

U.S. Income Tax Consequences of the Stock Transfer

The exchange of Woori Bank common stock or American depositary shares for corresponding interests in Woori Financial Group will not be a taxable transaction for U.S. tax purposes. In general, U.S. holders will not recognize gain or loss for U.S. tax purposes when they exchange our common stock or American depositary shares for Woori Financial Group common stock or American depositary shares pursuant to the stock transfer. A U.S. holder's tax basis in Woori Financial Group common stock or American depositary shares received in the stock transfer will equal the U.S. holder's tax basis in our common stock or American depositary shares exchanged, and a U.S. holder's holding period in Woori Financial Group common stock or American depositary shares received will include the holder's holding period in our common stock or American depositary shares exchanged. If you exercise your appraisal rights for your shares of our common stock and we purchase such shares for cash, the transaction will be treated for U.S. tax purposes as a taxable sale of your shares. See [Tax Considerations](#) [United States Taxation](#).

Accounting Treatment of the Stock Transfer

The stock transfer transaction involving our shareholders is a transaction among entities under common control, for which there is no specifically applicable accounting standard under IFRS. In the absence of an IFRS accounting standard that specifically applies to a transaction, the management of the relevant company must use its judgment in developing and applying an accounting policy in accordance with paragraphs 10 and 11 of International Accounting Standard 8, *Accounting Policies, Changes in Accounting Estimates and Errors*. In making such judgment, the management of the company may consider similar accounting standards and accepted industry practices, and accordingly, we expect that the stock transfer transaction will be accounted for as a transaction among entities under

common control applying the pooling of interests method of accounting. Upon the completion of the stock transfer, Woori Financial Group will initially recognize the transferred assets and liabilities at their book value as of the date of the stock transfer in its consolidated financial statements, and no goodwill will be recognized in connection with the transaction.

Regulatory Matters

We have summarized below the material regulatory requirements affecting the stock transfer and the establishment of Woori Financial Group as a new financial holding company. Although we have not yet received

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all of the required approvals we discuss, we anticipate that we will receive them in time to complete the stock transfer in January 2019.

Establishment of a Financial Holding Company

Under the Financial Holding Company Act, we are required to obtain an approval from the Financial Services Commission for the establishment of a financial holding company in connection with the stock transfer. We submitted an application to the Financial Services Commission on July 20, 2018 for approval of the establishment of a financial holding company. Such approval was granted by the Financial Services Commission on November 7, 2018.

Stock Transfer Report

Under the Financial Investment Services and Capital Markets Act and related regulations, we are required to submit a stock transfer report to the Financial Services Commission and the Korea Exchange immediately upon any resolution by our board of directors to undertake a comprehensive stock transfer. We submitted the stock transfer report to the Financial Services Commission and the Korea Exchange on June 19, 2018, the date of the relevant resolution by our board of directors.

Stock Exchange Listings

We expect to apply to list the Woori Financial Group common stock on the KRX KOSPI Market of the Korea Exchange and to list the Woori Financial Group American depositary shares on the New York Stock Exchange. We expect that trading of our common stock on the KRX KOSPI Market of the Korea Exchange will be suspended commencing from approximately two days prior to the date of the stock transfer, and that the listing of the Woori Financial Group common stock on the KRX KOSPI Market of the Korea Exchange will not occur until approximately 33 days after the stock transfer is completed. Shareholders will not be able to trade their shares of Woori Financial Group common stock until such listing occurs. We also expect that the listing of the Woori Financial Group American depositary shares on the New York Stock Exchange will occur on or about the date of completion of the stock transfer. Holders of such American depositary shares may not be able to trade their American depositary shares until such listing occurs.

Dissent and Appraisal Rights

Holders of our common stock who oppose the stock transfer will be entitled to appraisal rights under Korean law. Appraisal rights may be exercised with respect to all or a portion of the shares of our common stock owned by a shareholder as of November 15, 2018, the record date for the extraordinary general meeting of shareholders. However, holders of our American depositary shares will not have any appraisal rights in respect of the stock transfer, since they are not holders of record of the underlying shares of our common stock.

Under the Korean Commercial Code, the Financial Investment Services and Capital Markets Act and the Financial Holding Company Act, in order to exercise the appraisal rights, a holder of our common stock must:

be able to prove that the applicable shares owned by such shareholder were acquired prior to June 19, 2018 (or that, by the next business day after such date, (i) a purchase agreement for such shares had been executed, (ii) a loan agreement for such shares had been terminated, or (iii) a legal act relating to the acquisition of such shares had been taken), and that such shareholder has maintained the ownership

of such shares from the next business day until the date of the exercise of such appraisal rights. Appraisal rights will be lost with respect to shares that were sold and then repurchased during such period;

provide written notice to us of such shareholder's dissent to the stock transfer, during the period from December 7 to December 27, 2018, the day prior to the date of the extraordinary general

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meeting (except that beneficial owners who have entrusted their shares to a securities company must provide written notice of their dissent to such securities company, by no later than three business days prior to the date of the extraordinary general meeting);

not vote their shares in favor of the stock transfer at the extraordinary general meeting; and

within 10 days after the date of the extraordinary general meeting, request that we purchase such shareholder's shares in a written statement specifying the class and the number of such shares, accompanied by the share certificates held by such shareholder (except that beneficial owners who have entrusted their shares to a securities company must submit an application to exercise appraisal rights to such securities company, by no later than two business days prior to the end of such 10-day period).

If the stock transfer is approved at the extraordinary general meeting, we will purchase the shares of each dissenting shareholder who has properly submitted a purchase request, within one month from the 10th day after the extraordinary general meeting. Shareholders wishing to exercise their appraisal rights must hold their shares until we purchase such shares within such one-month period. In the event that the number of shares of our common stock for which appraisal rights are exercised exceeds 15% of the total issued shares of our common stock, we may not complete the stock transfer, in which case we will not purchase any shares of dissenting shareholders. See Conditions to the Completion of the Stock Transfer.

Under Korean law, the purchase price for shares in respect of which appraisal rights have been exercised is to be determined through negotiation between the dissenting shareholders and us. However, if the dissenting shareholders and we fail to agree on a purchase price, Korean law provides that the purchase price will be calculated as the arithmetic average of the weighted average closing share prices of our common stock for (1) the two-month period, (2) the one-month period and (3) the one-week period ending immediately prior to June 19, 2018, the date our board of directors approved the stock transfer. The appraisal price to be paid by us was calculated as follows using the formula described above:

		Woori Bank Common Stock	
(1)	Two-month daily closing price weighted average	₩	15,822
(2)	One-month daily closing price weighted average		15,988
(3)	One-week daily closing price weighted average		16,427
Appraisal Price (arithmetic average of (1), (2) and (3))		₩	16,079

Under Korean law, if we or our shareholders owning 30% or more of the shares of our common stock in respect of which appraisal rights have been exercised do not accept the appraisal price calculated as set forth above, we or such shareholders may contest such appraisal price by submitting a request to adjust the price to Financial Services Commission within one month from the date of the extraordinary general meeting.

Notwithstanding the final appraisal price determined by the Financial Services Commission, dissenting shareholders may have the right to contest such final appraisal price in court.

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If you wish to find out more information about how to exercise your appraisal rights, you should contact your standing proxy in Korea, or us at the following address:

Woori Bank

Investor Relations Department

51, Sogong-ro, Jung-gu

Seoul 04632, Korea

Telephone: +82-2-2125-2337

Facsimile: +82-505-003-2512

e-mail: woori.ir@wooribank.com

The Stock Transfer Plan

We believe that the foregoing summary describes all material terms of the stock transfer plan. However, because the stock transfer plan is the primary legal document that governs the stock transfer, we urge you to read the full version of the stock transfer plan, which is attached as Annex I to this prospectus.

Articles of Incorporation of Woori Financial Group

The proposed articles of incorporation of Woori Financial Group, which are included as part of the stock transfer plan attached as Annex I to this prospectus, were prepared by us and are expected to be adopted at the time of the establishment of Woori Financial Group. For a summary of the material provisions of the proposed articles of incorporation of Woori Financial Group and the rights of shareholders of Woori Financial Group under the proposed articles of incorporation, see Description of Woori Financial Group's Capital Stock.

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INFORMATION ABOUT WOORI BANK

For information about us, including an overview of our business, organizational structure and property and a review of our operations and financial results, see our Annual Report on Form 20-F for the year ended December 31, 2017, which is incorporated by reference into this prospectus, as supplemented by the following. The following supplements certain information about us appearing under the headings corresponding to the headings below in our Annual Report on Form 20-F for the year ended December 31, 2017. If the information below differs from the information in our Annual Report on Form 20-F for the year ended December 31, 2017, you should rely on the information below.

Item 3. KEY INFORMATION

Item 3.A. Selected Financial Data

The selected consolidated financial and operating data set forth below have been derived from our unaudited consolidated interim financial statements as of June 30, 2018 and for the six-month periods ended June 30, 2017 and 2018, which have been prepared in accordance with IFRS as issued by the IASB.

IFRS 9 *Financial Instruments*, or IFRS 9, is effective for annual periods beginning on or after January 1, 2018 and replaces International Accounting Standard 39 *Financial Instruments: Recognition and Measurement*, or IAS 39. We have applied IFRS 9 in our unaudited consolidated interim financial statements as of and for the six-month period ended June 30, 2018 included elsewhere in this prospectus. As permitted by the transition rules of IFRS 9, our comparative unaudited consolidated interim financial statements as of December 31, 2017 and for the six-month period ended June 30, 2017 included elsewhere in this prospectus have not been restated to retroactively apply IFRS 9. For information regarding the impact of the application of IFRS 9 to our consolidated financial statements, see Item 5.A. Operating Results Changes in Accounting Standards below and Note 2-(1)-a) of the notes to our unaudited consolidated interim financial statements included elsewhere in this prospectus.

You should read the following data together with the more detailed information contained in Item 5. Operating and Financial Review and Prospects below and our unaudited consolidated interim financial statements included elsewhere in this prospectus. Our results of operations for the six-month period ended June 30, 2018 are not necessarily indicative of our results of operations for the full year 2018.

Table of Contents**Consolidated Statement of Comprehensive Income Data**

	Six-month period ended June 30,		
	2017 (in billions of Won except per share data)	2018 (in billions of Won except per share data)	2018 ⁽¹⁾ (in millions of U.S.\$ except per share data)
Interest income	₩ 4,189	₩ 4,643	U.S.\$ 4,176
Interest expense	(1,639)	(1,879)	(1,690)
Net interest income	2,550	2,764	2,486
Fees and commissions income	1,014	1,113	1,001
Fees and commissions expense	(476)	(510)	(459)
Net fees and commissions income	538	603	542
Dividend income	59	50	45
Net gain on financial instruments at fair value through profit or loss (IFRS 9)		117	105
Net loss on financial instruments at fair value through profit or loss (IAS 39)	(146)		
Net gain on financial assets at fair value through other comprehensive income		1	1
Net gain on available-for-sale financial assets	104		
Net gain arising on financial assets at amortized cost		31	28
Reversal of allowance for (impairment losses due to) credit loss	(284)	29	26
General and administrative expenses	(1,538)	(1,567)	(1,410)
Net other operating income (expenses) ⁽²⁾	201	(220)	(197)
Operating income	1,484	1,808	1,626
Share of loss of joint ventures and associates	(64)	(2)	(2)
Net other non-operating income (expenses)	10	(5)	(4)
Non-operating loss	(54)	(7)	(6)
Net income before income tax expense	1,430	1,801	1,620
Income tax expense	(321)	(485)	(436)
Net income	₩ 1,109	₩ 1,316	U.S.\$ 1,184
Net gain on valuation of equity securities at fair value through other comprehensive income	₩	₩ 31	U.S.\$ 28
Net gain on valuation of financial liabilities designated as at fair value through profit or loss due to own credit risk		1	1
	(3)		

Items out of change in equity method securities due to change in equity of investee that will not be reclassified to profit or loss				
Remeasurement loss related to defined benefit plan	(10)	(59)		(53)
Items that will not be reclassified to profit or loss	(13)	(27)		(24)
Net gain on valuation of debt securities at fair value through other comprehensive income		10		9
Net loss on valuation of available-for-sale financial assets	(29)			
Share of other comprehensive gain of joint ventures and associates	5			
Gain (loss) on foreign currency translation of foreign operations	(68)	36		32
Net loss on valuation of cash flow hedge	(2)	(6)		(6)
Net loss on disposal of assets held for sale		(5)		(4)
Items that may be reclassified to profit or loss	(94)	35		31
Other comprehensive income (loss), net of tax	(107)	8		7
Total comprehensive income	₩ 1,002	₩ 1,324	U.S.\$	1,191
Net income attributable to owners	1,098	1,306		1,175
Net income attributable to non-controlling interests	11	10		9
Comprehensive income attributable to owners	996	1,315		1,183
Comprehensive income attributable to non-controlling interests	6	9		8
Basic and diluted earnings per share	₩ 1,497	₩ 1,828	U.S.\$	1.644

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	Six-month period ended June 30,		
	2017 (in billions of Won except per share data)	2018	2018 ⁽¹⁾ (in millions of U.S.\$ except per share data)
Per common share data:			
Net income (loss) per share basic	₩ 1,497	₩ 1,828	U.S.\$ 1.644
Weighted average common shares outstanding basic (in thousands)	673,271	673,271	673,271
Net income per share diluted	₩ 1,497	₩ 1,828	U.S.\$ 1.644
Weighted average common shares outstanding diluted (in thousands)	673,271	673,271	673,271
Cash dividends paid per share	₩ 400	₩ 500	U.S.\$ 0.45

- (1) Won amounts are expressed in U.S. dollars at the rate of ₩1,111.8 to U.S.\$1.00, the noon buying rate in effect on June 30, 2018 as quoted by the Federal Reserve Bank of New York in the United States.
- (2) For a description of net other operating income (expenses), see Note 40 of the notes to our unaudited consolidated interim financial statements included elsewhere in this prospectus.

Table of Contents**Consolidated Statement of Financial Position Data**

	As of December 31, 2017 (in billions of Won)	As of June 30, 2018⁽¹⁾ (in millions of U.S.\$)	
Assets			
Cash and cash equivalents	₩ 6,908	₩ 5,920	U.S.\$ 5,325
Financial assets at fair value through profit or loss (IFRS 9)		6,341	5,703
Financial assets at fair value through profit or loss (IAS 39)	5,843		
Financial assets at fair value through other comprehensive income		14,645	13,172
Available-for-sale financial assets	15,353		
Securities at amortized cost		17,702	15,922
Held-to-maturity financial assets	16,749		
Loans and other financial assets at amortized cost		277,720	249,793
Loans and receivables	267,106		
Investments in joint ventures and associates	417	413	371
Investment properties	371	381	343
Premises and equipment	2,478	2,451	2,204
Intangible assets and goodwill	519	653	588
Assets held for sale	49	19	17
Current tax assets	5	11	10
Deferred tax assets	280	90	81
Derivative assets	59	12	11
Other assets ⁽²⁾	158	203	183
Total assets	₩ 316,295	₩ 326,561	U.S.\$ 293,723
Liabilities			
Financial liabilities at fair value through profit or loss (IFRS 9)	₩	₩ 2,578	U.S.\$ 2,319
Financial liabilities at fair value through profit or loss (IAS 39)	3,428		
Deposits due to customers	234,695	237,900	213,977
Borrowings	14,785	15,900	14,301
Debentures	27,869	26,753	24,063
Provisions	410	386	348
Net defined benefit liability	43	100	90
Current tax liabilities	233	154	139
Deferred tax liabilities	23	15	13
Derivative liabilities	68	68	61

Other financial liabilities ⁽³⁾	13,892	21,408	19,255
Other liabilities ⁽⁴⁾	284	303	272
Total liabilities	₩ 295,730	₩ 305,565	U.S.\$ 274,838
Equity			
Owners equity			
Capital stock	₩ 3,381	₩ 3,381	U.S.\$ 3,041
Hybrid securities	3,018	2,763	2,485
Capital surplus	286	286	257
Other equity ⁽⁵⁾	(1,939)	(2,113)	(1,901)
Retained earnings	15,620	16,473	14,817
Non-controlling interests	199	206	186
Total equity	₩ 20,565	₩ 20,996	U.S.\$ 18,885
Total liabilities and equity	₩ 316,295	₩ 326,561	U.S.\$ 293,723

(1) Won amounts are expressed in U.S. dollars at the rate of ₩1,111.8 to U.S.\$1.00, the noon buying rate in effect on June 30, 2018 as quoted by the Federal Reserve Bank of New York in the United States.

(2) For a description of other assets, see Notes 19 of the notes to our unaudited consolidated interim financial statements included elsewhere in this prospectus.

(3) For a description of other financial liabilities, see Note 25 of the notes to our unaudited consolidated interim financial statements included elsewhere in this prospectus.

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(4) For a description of other liabilities, see Note 25 of the notes to our unaudited consolidated interim financial statements included elsewhere in this prospectus.

(5) For a description of other equity, see Note 30 of the notes to our unaudited consolidated interim financial statements included elsewhere in this prospectus.

Profitability Ratios and Other Data

	Six-month period ended June 30,	
	2017	2018
	(in billions of Won, except percentages)	
Return on average assets ⁽¹⁾	0.71%	0.81%
Return on average equity ⁽²⁾	10.60	12.50
Net interest spread ⁽³⁾	1.66	1.74
Net interest margin ⁽⁴⁾	1.71	1.78
Cost-to-income ratio ⁽⁵⁾	50.63	56.35
Average equity as a percentage of average total assets	6.72	6.51
Total revenue ⁽⁶⁾	₩ 5,220	₩ 5,955
Operating expense ⁽⁷⁾	3,452	4,176
Operating margin ⁽⁸⁾	1,768	1,779
Operating margin as a percentage of total revenue	33.87%	29.87%

(1) Represents annualized net income attributable to owners as a percentage of average total assets. Average balances are based on daily balances for us and on quarterly balances for all of our subsidiaries and our structured companies.

(2) Represents annualized net income attributable to owners as a percentage of average equity. Average balances are based on daily balances for us and on quarterly balances for all of our subsidiaries and our structured companies.

(3) Represents the difference between the annualized yield on average interest-earning assets and annualized cost of average interest-bearing liabilities.

(4) Represents the ratio of annualized net interest income to average interest-earning assets.

(5) Represents the ratio of non-interest expense (excluding impairment losses due to credit loss) to the sum of net interest income and non-interest income.

(6) Represents the sum of interest income, fees and commissions income, dividend income, net gain (loss) on financial instruments at fair value through profit or loss, net gain on financial assets at fair value through other comprehensive income and net gain arising on financial assets at amortized cost (or net gain (loss) on available-for-sale financial assets).

The following table shows how total revenue is calculated:

	Six-month period ended June 30,	
	2017	2018
	(in billions of Won)	
Interest income	₩ 4,189	₩ 4,643
Fees and commissions income	1,014	1,113
Dividend income	59	50
		117

Net gain on financial instruments at fair value through profit or loss (IFRS 9)		
Net loss on financial instruments at fair value through profit or loss (IAS 39)	(146)	
Net gain on financial assets at fair value through other comprehensive income		1
Net gain on available-for-sale financial assets	104	
Net gain arising on financial assets at amortized cost		31
Total revenue	₩ 5,220	₩ 5,955

- (7) Represents interest expense, fees and commissions expense, general and administrative expense and net other operating income (expense), excluding reversal of allowance for (impairment losses due to) credit loss of ₩(284) billion and ₩29 billion for the six-month period ended June 30, 2017 and 2018, respectively.

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The following table shows how operating expense is calculated:

	Six-month period ended June 30,	
	2017	2018
	(in billions of Won)	
Interest expense	₩ 1,639	₩ 1,879
Fees and commissions expense	476	510
General and administrative expenses	1,538	1,567
Net other operating expenses (income)	(201)	220
Operating expense	₩ 3,452	₩ 4,176

(8) Represents total revenue less operating expense.

Asset Quality Data

	As of December 31, 2017	As of June 30, 2018
	(in billions of Won, except percentages)	
Total loans ⁽¹⁾	₩ 252,793	₩ 250,340
Total non-performing loans ⁽²⁾	1,853	1,267
Other impaired loans not included in non-performing loans	374	723
Total non-performing loans and other impaired loans	2,227	1,990
Total allowance for credit losses	1,770	1,750
Non-performing loans as a percentage of total loans	0.73%	0.51%
Non-performing loans as a percentage of total assets	0.59	0.39
Total non-performing loans and other impaired loans as a percentage of total loans	0.88	0.79
Allowance for credit losses as a percentage of total loans	0.70	0.70

(1) Not including due from banks and other receivables, and prior to deducting allowance for credit losses and present value discount or reflecting deferred origination costs.

(2) Defined as those loans that are past due by 90 days or more or classified as substandard or below based on the Financial Services Commission's asset classification criteria. See Item 4.B. Business Overview Assets and Liabilities Asset Quality of Loans Loan Classifications of our Annual Report on Form 20-F for the year ended December 31, 2017, which is incorporated by reference into this prospectus.

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The following tables show our average balances and interest rates for the six-month periods ended June 30, 2017 and 2018:

	Six-month period ended June 30,					
	Average Balance ⁽¹⁾	2017 Interest Income	Average Yield ⁽²⁾	Average Balance ⁽¹⁾	2018 Interest Income	Average Yield ⁽²⁾
(in billions of Won, except percentages)						
Assets						
Interest-earning assets						
Due from banks	₩ 15,468	₩ 41	0.54%	₩ 17,036	₩ 61	0.72%
Loans ⁽³⁾						
Commercial and industrial	94,737	1,531	3.24	98,337	1,660	3.38
Trade financing	12,169	113	1.86	11,760	149	2.54
Lease financing ⁽⁴⁾	27	1	4.13	87	2	3.49
Other commercial	8,694	97	2.24	11,756	138	2.34
General purpose household ⁽⁵⁾	65,091	1,101	3.38	70,881	1,264	3.56
Mortgage	47,924	695	2.90	47,655	747	3.14
Credit cards ⁽⁶⁾	6,683	272	8.14	7,223	291	8.06
Total loans	235,325	3,810	3.24	247,699	4,251	3.44
Securities						
Trading ⁽⁷⁾	2,691	27	2.00	3,959	29	1.46
Investment ⁽⁸⁾	32,988	294	1.78	29,692	288	1.94
Total securities	35,679	321	1.80	33,651	317	1.88
Other	10,969	17	0.30	11,756	14	0.24
Total average interest-earning assets	297,441	4,189	2.82	310,142	4,643	3.00
Total average non-interest-earning assets	10,739			11,028		
Total average assets	₩ 308,180	₩ 4,189	2.72%	₩ 321,170	₩ 4,643	2.90%

	Six-month period ended June 30,					
	Average Balance ⁽¹⁾	2017 Interest Expense	Average Cost ⁽²⁾	Average Balance ⁽¹⁾	2018 Interest Expense	Average Cost ⁽²⁾
(in billions of Won, except percentages)						

Liabilities						
Interest-bearing liabilities						
Deposits due to customers						
Demand deposits	₩ 8,176	₩ 26	0.64%	₩ 8,445	₩ 25	0.60%
Time and savings deposits	184,981	994	1.08	194,776	1,143	1.18
Certificates of deposit	4,192	36	1.72	4,383	42	1.92
Other deposits	24,188	118	0.98	26,386	149	1.12
Total deposits	221,537	1,174	1.06	233,990	1,359	1.16
Borrowings	18,512	116	1.26	14,907	130	1.74
Debentures	24,469	306	2.50	27,307	347	2.54
Other	18,990	43	0.46	19,875	43	0.44
Total average interest-bearing liabilities	283,508	1,639	1.16	296,079	1,879	1.26
Total average non-interest-bearing liabilities	3,958			4,196		
Total average liabilities	287,466	1,639	1.14	300,275	1,879	1.26
Total average equity	20,714			20,895		
Total average liabilities and equity	₩ 308,180	₩ 1,639	1.06%	₩ 321,170	₩ 1,879	1.18%

(1) Average balances are based on daily balances for us and on quarterly balances for all of our subsidiaries and our structured companies.

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- (2) On an annualized basis.
- (3) Not including other receivables, and prior to deducting allowance for credit losses and present value discount or reflecting deferred origination costs.
- (4) Includes automobile lease financing to consumer borrowers.
- (5) Includes home equity loans.
- (6) Interest income from credit cards is derived from interest on credit card loans and credit card installment purchases.
- (7) Includes financial assets at fair value through profit or loss.
- (8) Includes financial assets at fair value through other comprehensive income and securities at amortized cost (or available-for-sale financial assets and held-to-maturity financial assets).

Analysis of Changes in Net Interest Income Volume and Rate Analysis

The following table provides an analysis of changes in interest income, interest expense and net interest income based on changes in volume and changes in rates, for the six-month period ended June 30, 2018 compared to the six-month period ended June 30, 2017. Information is provided with respect to: (1) effects attributable to changes in volume (changes in volume multiplied by prior rate) and (2) effects attributable to changes in rate (changes in rate multiplied by prior volume). Changes attributable to the combined impact of changes in rate and volume have been allocated proportionately to the changes due to volume changes and changes due to rate changes.

	First six months of 2018 vs. first six months of 2017 increase/(decrease) due to changes in		
	Volume	Rate	Total
	(in billions of Won)		
Interest-earning assets			
Due from banks	₩ 4	₩ 16	₩ 20
Loans⁽¹⁾			
Commercial and industrial	58	71	129
Trade financing	(4)	40	36
Lease financing ⁽²⁾	2	(1)	1
Other commercial	34	7	41
General purpose household ⁽³⁾	98	65	163
Mortgage	(4)	56	52
Credit cards	22	(3)	19
Securities			
Trading ⁽⁴⁾	13	(11)	2
Investment ⁽⁵⁾	(29)	23	(6)
Other	1	(4)	(3)
Total interest income	₩ 195	₩ 259	₩ 454
Interest-bearing liabilities			
Deposits due to customers			
Demand deposits	₩ 1	₩ (2)	₩ (1)
Time and savings deposits	53	96	149
Certificates of deposit	2	4	6
Other deposits	11	20	31

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Borrowings	(23)	37	14
Debtentures	35	6	41
Other	2	(2)	
Total interest expense	₩ 81	₩ 159	₩ 240
Net interest income	₩ 114	₩ 100	₩ 214

- (1) Not including other receivables and prior to deducting allowance for credit losses and present value discount or reflecting deferred origination costs.
- (2) Includes automobile lease financing to consumer borrowers.
- (3) Includes home equity loans.
- (4) Includes financial assets at fair value through profit or loss.
- (5) Includes financial assets at fair value through other comprehensive income and securities at amortized cost (or available-for-sale financial assets and held-to-maturity financial assets).

Table of Contents**Item 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS****Item 5.A. Operating Results****Overview**

The following discussion is based on our unaudited consolidated interim financial statements, which have been prepared in accordance with IFRS as issued by the IASB. This discussion should be read together with our unaudited consolidated interim financial statements and related notes included elsewhere in this prospectus. Unless otherwise specified, the information provided below is stated on a consolidated basis.

Changes in Accounting Standards

IFRS 9, issued by the International Accounting Standard Board in July 2014, is a new accounting standard aimed at improving and simplifying the accounting treatment of financial instruments and is effective for annual periods beginning on or after January 1, 2018. IFRS 9 replaces IAS 39 and requires all financial assets to be classified and measured on the basis of an entity's business model for managing financial assets and the contractual cash flow characteristics of the financial assets. A new impairment model is introduced which requires recording of allowance for credit losses based on expected credit losses instead of incurred losses (as was the case under IAS 39), and recognition of any subsequent changes in expected credit losses in profit or loss. Also, hedge accounting rules are amended to allow more hedging instruments and hedged items to qualify for hedge accounting. The impact on our financial statements due to the application of IFRS 9 depends on judgments made by us in applying the new standard, the nature of financial instruments held by us and macroeconomic variables.

We have applied IFRS 9 in our unaudited consolidated interim financial statements as of and for the six-month period ended June 30, 2018 included elsewhere in this prospectus. As permitted by the transition rules of IFRS 9, our comparative unaudited interim consolidated financial statements as of December 31, 2017 and for the six-month period ended June 30, 2017 included elsewhere in this prospectus have not been restated to retroactively apply IFRS 9.

The classification of financial assets in accordance with IAS 39 and IFRS 9 as of January 1, 2018 is as follows:

Account	Classification according to IAS 39	Classification according to IFRS 9		
		(in billions of Won)	(in billions of Won)	
Deposit	Loans and receivables	₩ 8,871	Loans and other financial assets at amortized cost	₩ 8,871
Deposit	Financial assets at fair value through profit or loss	26	Financial assets at fair value through profit or loss	26
Debt securities	Financial assets at fair value through profit or loss	2,654	Financial assets at fair value through profit or loss ⁽¹⁾	2,654
Equity securities	Financial assets at fair value through profit or loss	47	Financial assets at fair value through profit or loss ⁽¹⁾	47
Derivatives		3,116		3,114

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	Financial assets at fair value through profit or loss		Financial assets at fair value through profit or loss ⁽¹⁾	
Equity securities	Available-for-sale financial assets	1,274	Financial assets at fair value through profit or loss ⁽¹⁾	1,275
Equity securities	Available-for-sale financial assets	850	Financial assets at fair value through other comprehensive income	850
Debt securities	Available-for-sale financial assets	47	Financial assets at fair value through profit or loss	47

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Account	Classification according to IAS 39		Classification according to IFRS 9	
		(in billions of Won)		(in billions of Won)
Debt securities	Available-for-sale financial assets	12,874	Financial assets at fair value through other comprehensive income	12,874
Debt securities	Available-for-sale financial assets	308	Securities at amortized cost	322
Debt securities	Held-to-maturity financial assets	16,749	Securities at amortized cost	16,749
Loans	Loans and receivables	279	Financial assets at fair value through profit or loss ⁽¹⁾	280
Loans	Loans and receivables	253,014	Loans and other financial assets at amortized cost	253,014
Derivatives	Derivatives	60	Derivatives	60
Other financial assets	Loans and receivables	6,772	Loans and other financial assets at amortized cost	6,772
Total financial assets		₩ 306,941		₩ 306,955

⁽¹⁾ Under IAS 39, the embedded derivatives of hybrid financial instruments were accounted for as derivatives assets or liabilities if the criteria for separation of the embedded derivatives were met and the rest of the host contracts in those instruments were recorded as available-for-sale financial assets or loans and receivables. Since IFRS 9 requires financial instruments be accounted for based on the terms of the entire financial instrument, hybrid financial assets are revalued and recorded as financial assets at fair value through profit or loss.

For additional information regarding IFRS 9 and the impact of its application to our consolidated financial statements, see Note 2-(1)-a) of the notes to our unaudited consolidated interim financial statements included elsewhere in this prospectus.

Among other things, the application of IFRS 9 resulted in a one-off increase of ₩308 billion in our allowance for credit losses (and related decreases within our retained earnings) in the opening balances as of January 1, 2018 for our consolidated statement of financial position. The application of IFRS 9 may continue to result in higher impairment loss allowances that are recognized earlier, on a forward-looking basis and on a broader scope of financial instruments than was the case under IAS 39. In addition, the move from incurred to expected credit losses will have the potential to impact our performance under stressed economic conditions. Measurement requires increased complexity in our impairment modeling as it involves a greater degree of management judgment with respect to forward-looking information. We expect that impairment charges will tend to be more volatile as a result.

Table of Contents**Results of Operations****Net Interest Income**

The following table shows, for the periods indicated, the principal components of our interest income.

	Six-month period ended June 30,		Percentage change First six months of 2018 / First six months of 2017 (%)
	2017 (in billions of Won)	2018	
Interest income			
Financial assets at fair value through profit or loss (IFRS 9)	₩	₩ 29	N/A ⁽¹⁾
Financial assets at fair value through profit or loss (IAS 39)	27		N/A
Financial assets at fair value through other comprehensive income		119	N/A
Available-for-sale financial assets	144		N/A
Securities at amortized cost		169	N/A
Held to maturity financial assets	149		N/A
Financial assets at amortized cost:			N/A
Interest on due from banks		61	N/A
Interest on loans		4,251	N/A
Interest on other receivables		14	N/A
Subtotal		4,326	N/A
Loans and receivables:			
Interest on due from banks	41		N/A
Interest on loans	3,810		N/A
Interest on other receivables	18		N/A
Subtotal	3,869		N/A
Total interest income	4,189	4,643	10.8%
Interest expense			
Deposits	(1,174)	(1,359)	15.8
Borrowings	(116)	(130)	12.1
Debentures	(306)	(347)	13.4
Others	(43)	(43)	

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Total interest expense	(1,639)	(1,879)	14.6
Net interest income	₩ 2,550	₩ 2,764	8.4
Net interest margin ⁽²⁾	1.71%		