

## Woori Financial Group (316140.KS): 1Q25 Review: Earnings below expectations but strengthens CE1 ratio; Neutral

### Earnings below expectations on higher cost and additional provisioning

Woori reported 1Q25 net profit of W616bn, missing our and Bloomberg consensus estimates by -6%/-17%. Despite a sizable NIM expansion and solid non-interest income trends, earnings weakened due to increased investments (i.e., brokerage subsidiary & digital), ERP cost carry-over and additional provisioning on HomePlus and construction completion guarantees. By slowing growth, the group CET1 ratio improved by 30bp to 12.4% and W250 quarterly DPS (+11% y-o-y) was announced.

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### CET1 ratio strengthened to 12.42% (vs. 12.5% year-end target)

With CET1 ratio enhancement as key priority, the group again stepped back in lending (-1% q-o-q) and focused on group-wide asset re-balancing. While the group plans to partially resume RWA growth in the coming quarters, management intention to exceed 12.5% is clear given tiered-TSR framework (up to 35%/40% TSR within 12.5%/13.0% CET1 ratio range). With CET1 ratio trajectory improving, we raise our 2025E TSR ratio expectation to 38% (vs. 35% previously).

### Still waiting on the regulatory approval for life insurance subsidiaries' integration

While the regulatory approval for TongYang and ABL Life insurance acquisition is still pending and may get delayed to early May to conduct further due diligence, management continued to highlight that integrating life insurers will have limited impact on CET1 ratio but will push up non-bank profit contribution and ROE by 10%pt/c1%pt and allow for a faster uplift in both CET1 and TSR ratios.

### Keeping Neutral given relative outperformance and lower TSR expectation

Following 1Q result, we fine-tune our 2025E-27E estimates and keep our TP unchanged at W17,000. Still, we are Neutral rated as we think the absolute level of TSR will likely lag peers given a weaker capital position and given relative outperformance since Oct24 (+12% vs. KB/Shinhan/Hana). We think adding non-bank operations could help lift ROE and enhance CET1 ratio, but we wait for the regulator approval on subsidiary inclusion for Tong Yang & ABL Life acquisition. As per our risks section, a successful inorganic growth strategy could pose upside risk to earnings and the share price and could cause us to revisit our thesis.

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**Exhibit 1: Earnings below expectations on higher cost and additional provisioning**

Quarterly result summary for Woori FG

(Wbn, %)

| Income Statement         | 1Q24         | 2Q24         | 3Q24         | 4Q24         | 1Q25         | qoq chg %    | yoy chg %     | 1Q25 (GSe)   | diff (amt)    | diff (%)     |
|--------------------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|--------------|---------------|--------------|
| <b>Operating revenue</b> | <b>2,549</b> | <b>2,732</b> | <b>2,712</b> | <b>2,448</b> | <b>2,610</b> | 6.6%         | 2.4%          | <b>2,597</b> | <b>12.6</b>   | <b>0.5%</b>  |
| Net interest income      | 2,198        | 2,197        | 2,219        | 2,272        | 2,252        | -0.9%        | 2.4%          | 2,204        | 47.8          | 2.2%         |
| Non-interest income      | 351          | 535          | 493          | 176          | 358          | 103.4%       | 2.0%          | 393          | (35.2)        | -9.0%        |
| Fee & commission income  | 503          | 555          | 529          | 499          | 511          | 2.4%         | 1.7%          | 546          | (34.2)        | -6.3%        |
| Trading income           | 235          | 312          | 313          | 121          | 286          | 137.1%       | 21.7%         | 221          | 65.0          | 29.4%        |
| Other income             | (387)        | (333)        | (349)        | (444)        | (440)        | 0.9%         | -13.6%        | (374)        | (66.0)        | -17.6%       |
| SG&A                     | 1,032        | 1,069        | 1,057        | 1,311        | 1,306        | -0.4%        | 26.6%         | 1,298        | 7.9           | 0.6%         |
| PPOP                     | 1,517        | 1,662        | 1,655        | 1,137        | 1,303        | 14.7%        | -14.1%        | 1,299        | 4.7           | 0.4%         |
| Loan Loss Provision      | 367          | 409          | 478          | 463          | 436          | -5.8%        | 18.8%         | 385          | 50.5          | 13.1%        |
| <b>OP</b>                | <b>1,151</b> | <b>1,253</b> | <b>1,177</b> | <b>674</b>   | <b>868</b>   | <b>28.7%</b> | <b>-24.6%</b> | <b>914</b>   | <b>(45.8)</b> | <b>-5.0%</b> |
| Non-Operating Income     | (7)          | (6)          | 24           | (43)         | (5)          | 89.1%        | 30.7%         | 0            | (4.7)         | #DIV/0!      |
| PRETAX INCOME            | 1,144        | 1,247        | 1,201        | 631          | 863          | 36.7%        | -24.5%        | 914          | (50.5)        | -5.5%        |
| Taxes                    | 305          | 285          | 284          | 177          | 210          | 18.3%        | -31.3%        | 242          | (32.5)        | -13.4%       |
| NET PROFIT               | 839          | 962          | 917          | 454          | 654          | 43.9%        | -22.1%        | 672          | (18.1)        | -2.7%        |
| Minority interest        | 14.9         | 30.0         | 12.6         | 27.9         | 37.9         | 35.5%        | 153.9%        | 14.9         | 23.0          | 153.9%       |
| <b>NP (Controlling)</b>  | <b>824</b>   | <b>931</b>   | <b>904</b>   | <b>426</b>   | <b>616</b>   | <b>44.5%</b> | <b>-25.3%</b> | <b>657</b>   | <b>(41.0)</b> | <b>-6.2%</b> |
| Pref/hybrid dividends    | 35           | 40           | 44           | 40           | 40           | 0.0%         | n.m.          | 39.2         | 42.2%         | 1.1%         |
| Attributable NP          | 789          | 892          | 860          | 386          | 576          | 49.0%        | -27.0%        | 617          | (41.4)        | -6.7%        |
| One-offs                 | (39)         | (12)         | (30)         | (204)        | (247)        | n.m.         | -533.3%       |              |               |              |
| <b>Normalized NP</b>     | <b>852</b>   | <b>940</b>   | <b>926</b>   | <b>574</b>   | <b>795</b>   | <b>38.4%</b> | <b>-6.8%</b>  |              |               |              |

| Key ratios (% , bps)     | 1Q24  | 2Q24  | 3Q24  | 4Q24   | 1Q25   | qoq chg % | yoy chg % | 1Q25 (GSe) | diff (%) |
|--------------------------|-------|-------|-------|--------|--------|-----------|-----------|------------|----------|
| KRW loan growth (qoq)    | 1.0%  | 1.8%  | 5.2%  | -2.2%  | -0.9%  | 1.3%      | -2.0%     | -0.5%      | -0.4%    |
| KRW deposit growth (qoq) | 1.0%  | 0.9%  | 5.5%  | -4.2%  | 1.9%   | 6.1%      | 0.9%      | 0.0%       | 1.9%     |
| LDR (KRW)                | 97.2% | 97.8% | 98.8% | 97.7%  | 97.8%  | 0.1%      | 0.6%      | 97.6%      | 0.2%     |
| NIM (Group, qtrly)       | 1.74% | 1.74% | 1.67% | 1.66%  | 1.70%  | 0.04%     | -0.04%    | 1.67%      | 0.03%    |
| NIM (Bank, qtrly)        | 1.50% | 1.47% | 1.40% | 1.40%  | 1.44%  | 0.04%     | -0.06%    | 1.41%      | 0.03%    |
| NIS (Bank, qtrly)        | 1.46% | 1.45% | 1.43% | 1.41%  | 1.41%  | 0.00%     | -0.05%    | 0.0%       | 1.4%     |
| Cost-income ratio        | 40.5% | 39.1% | 39.0% | 53.6%  | 50.1%  | -3.5%     | 9.6%      | 50.0%      | 0.1%     |
| Credit cost              | 0.40% | 0.44% | 0.49% | 0.47%  | 0.45%  | -0.02%    | 0.05%     | 0.40%      | 0.05%    |
| NPL ratio %              | 0.45% | 0.56% | 0.55% | 0.57%  | 0.69%  | 0.12%     | 0.24%     | 0.57%      | 0.12%    |
| NPL coverage %           | 187%  | 150%  | 152%  | 153%   | 133%   | -20.2%    | -54.2%    | 163%       | -30.8%   |
| Delinquency %            | 0.29% | 0.32% | 0.32% | 0.32%  | 0.40%  | 0.07%     | 0.10%     | 0.38%      | 0.02%    |
| ROA                      | 0.63% | 0.70% | 0.65% | 0.29%  | 0.44%  | 0.15%     | -0.19%    | 0.47%      | -0.04%   |
| ROE                      | 11.2% | 12.5% | 11.7% | 5.1%   | 7.6%   | 2.5%      | -3.6%     | 8.1%       | -0.5%    |
| CET1 %                   | 12.0% | 12.0% | 11.9% | 12.13% | 12.42% | 0.29%     | 0.47%     | 12.3%      | 0.1%     |

Source: Company data, Goldman Sachs Global Investment Research

## Exhibit 2: 1Q25 results comparison for Korea banks

|                      | (Wbn, %, bps)                                  | KB FG         | Shinhan FG    | Hana FG       | Woori FG      |
|----------------------|--|---------------|---------------|---------------|---------------|
|                      | <b>Net income</b>                              | <b>1,697</b>  | <b>1,488</b>  | <b>1,128</b>  | <b>616</b>    |
|                      | <b>Net income vs. consensus (standard)</b>     | <b>7%</b>     | <b>3%</b>     | <b>8%</b>     | <b>-17%</b>   |
|                      | PPOP growth, % y-o-y                           | 6%            | -3%           | -2%           | -14%          |
|                      | Net profit growth, % y-o-y                     | 63%           | 13%           | 9%            | -25%          |
| <b>Margin</b>        | <b>Group NIM, %</b>                            | <b>2.01%</b>  | <b>1.91%</b>  | <b>1.69%</b>  | <b>1.70%</b>  |
|                      | <i>NIM change, q-o-q (bp)</i>                  | <i>3bp</i>    | <i>4bp</i>    | <i>0bp</i>    | <i>4bp</i>    |
|                      | <i>NIM change, y-o-y (bp)</i>                  | <i>-10bp</i>  | <i>-9bp</i>   | <i>-8bp</i>   | <i>-4bp</i>   |
|                      | <b>Bank NIM, %</b>                             | <b>1.76%</b>  | <b>1.55%</b>  | <b>1.48%</b>  | <b>1.44%</b>  |
|                      | <i>NIM change, q-o-q (bp)</i>                  | <i>4bp</i>    | <i>3bp</i>    | <i>2bp</i>    | <i>4bp</i>    |
|                      | <i>NIM change, y-o-y (bp)</i>                  | <i>-11bp</i>  | <i>-9bp</i>   | <i>-7bp</i>   | <i>-6bp</i>   |
|                      | <i>NIS change, q-o-q (bp)</i>                  | <i>4bp</i>    | <i>4bp</i>    | <i>2bp</i>    | <i>0bp</i>    |
|                      | <i>NIS change, y-o-y (bp)</i>                  | <i>-10bp</i>  | <i>-25bp</i>  | <i>-6bp</i>   | <i>-5bp</i>   |
| <b>Asset Quality</b> | <b>NPL ratio, %</b>                            | <b>0.76%</b>  | <b>0.81%</b>  | <b>0.70%</b>  | <b>0.69%</b>  |
|                      | <i>NPL ratio change, q-o-q (%pt)</i>           | <i>0.11%</i>  | <i>0.10%</i>  | <i>0.09%</i>  | <i>0.12%</i>  |
|                      | <b>Coverage ratio, %</b>                       | <b>133.1%</b> | <b>128.8%</b> | <b>115.2%</b> | <b>132.7%</b> |
|                      | <i>Coverage ratio change, q-o-q (%pt)</i>      | <i>-17.8%</i> | <i>-14.1%</i> | <i>-13.5%</i> | <i>-20.2%</i> |
|                      | <b>Credit costs, %</b>                         | <b>0.56%</b>  | <b>0.41%</b>  | <b>0.29%</b>  | <b>0.45%</b>  |
|                      | <i>Credit costs, q-o-q (bp)</i>                | <i>7bp</i>    | <i>-26bp</i>  | <i>-17bp</i>  | <i>-2bp</i>   |
|                      | <i>Credit costs, y-o-y (bp)</i>                | <i>17bp</i>   | <i>3bp</i>    | <i>2bp</i>    | <i>5bp</i>    |
|                      | <b>Loan loss reserve, %</b>                    | <b>1.01%</b>  | <b>1.04%</b>  | <b>0.81%</b>  | <b>0.91%</b>  |
|                      | <i>Loan loss reserve, q-o-q (%pt)</i>          | <i>0.03%</i>  | <i>0.02%</i>  | <i>0.01%</i>  | <i>0.04%</i>  |
|                      | <b>Delinquency ratio, %</b>                    | <b>0.37%</b>  | <b>0.37%</b>  | <b>0.35%</b>  | <b>0.40%</b>  |
|                      | <i>Overdue 30D+ ratio, q-o-q (%pt)</i>         | <i>0.06%</i>  | <i>0.07%</i>  | <i>0.02%</i>  | <i>0.07%</i>  |
|                      | <i>Overdue 30D+ loans, % q-o-q</i>             | <i>21.3%</i>  | <i>24.8%</i>  | <i>5.9%</i>   | <i>21.3%</i>  |
| <b>Capital</b>       | <b>BIS ratio, %</b>                            | <b>16.6%</b>  | <b>16.0%</b>  | <b>15.7%</b>  | <b>15.7%</b>  |
|                      | <i>BIS ratio change, q-o-q (bp)</i>            | <i>14bp</i>   | <i>18bp</i>   | <i>9bp</i>    | <i>3bp</i>    |
|                      | <b>CET ratio, %</b>                            | <b>13.7%</b>  | <b>13.3%</b>  | <b>13.2%</b>  | <b>12.4%</b>  |
|                      | <i>CET ratio change, q-o-q (bp)</i>            | <i>15bp</i>   | <i>22bp</i>   | <i>9bp</i>    | <i>29bp</i>   |
|                      | <b>Tier-1 capital ratio, %</b>                 | <b>15.4%</b>  | <b>15.0%</b>  | <b>14.9%</b>  | <b>14.3%</b>  |
|                      | <i>Tier-1 capital ratio change, q-o-q (bp)</i> | <i>25bp</i>   | <i>27bp</i>   | <i>22bp</i>   | <i>11bp</i>   |
| <b>TSR</b>           | (T+1) Cash dividend (W bn)                     | 335           | 281           | 250           | 149           |
|                      | (T+1) Buyback (W bn)                           | 364           | 317           | 117           | 50            |
|                      | <i>TSR run-rate (as % of FY TSR GSe)</i>       | <i>27%</i>    | <i>28%</i>    | <i>24%</i>    | <i>19%</i>    |
| <b>BS growth</b>     | KRW loan growth, % y-o-y                       | 6.8%          | 7.5%          | 2.5%          | 3.8%          |
|                      | KRW loan growth, % q-o-q                       | 0.9%          | 0.1%          | 0.4%          | -0.9%         |
|                      | KRW deposit growth, % y-o-y                    | -3.8%         | -3.2%         | -4.1%         | 0.9%          |
|                      | KRW deposit growth, % q-o-q                    | -1.9%         | -0.8%         | -3.2%         | 6.1%          |
| <b>Others</b>        | Net interest income growth, y-o-y              | 2.9%          | 1.4%          | 2.3%          | 2.4%          |
|                      | Net interest income growth, q-o-q              | 0.6%          | -1.9%         | 4.1%          | -0.9%         |
|                      | Fee income % growth, y-o-y                     | -5.7%         | -3.6%         | 1.7%          | 1.7%          |
|                      | Effective tax rate, %                          | 26.3%         | 24.4%         | 25.9%         | 24.3%         |
|                      | (KRW) Loans / Deposits ratio, %                | 98.5%         | 95.8%         | 98.7%         | 97.8%         |
|                      | Cost / Income ratio, %                         | 35.3%         | 37.3%         | 38.9%         | 50.1%         |

Source: Company data

**Valuation and risks**

Following 1Q result, we fine-tune our 2025E-27E estimates and keep our TP unchanged at W17,000. Our 12-month target price is based on a target P/B multiple of 0.39x (was 0.38x) derived using the Gordon Growth Model. Still, we are Neutral rated as we think the absolute level of TSR will likely lag peers given a weaker capital position and given relative outperformance since Oct24 (+12% vs. KB/Shinhan/Hana). We think adding non-bank operations could help lift ROE and enhance CET1 ratio, but we wait for the regulator approval on subsidiary inclusion for Tong Yang & ABL Life acquisition. As per our risks section, a successful inorganic growth strategy could pose upside risk to earnings and the share price and could cause us to revisit our thesis.

## Exhibit 3: Summary financials for WFG

| Profit model (Wbn)                         | 2023A          | 2024A          | 2025E          | 2026E          | 2027E          |
|--|----------------|----------------|----------------|----------------|----------------|
| Operating revenue                          | 9,837          | 10,440         | 10,681         | 10,649         | 10,930         |
| Net interest income                        | 8,743          | 8,886          | 9,028          | 8,971          | 9,163          |
| Non-interest income                        | 1,095          | 1,554          | 1,654          | 1,678          | 1,767          |
| Fee income                                 | 1,720          | 2,086          | 2,250          | 2,362          | 2,481          |
| Other income                               | (626)          | (532)          | (596)          | (684)          | (714)          |
| SG&A expenses                              | 4,443          | 4,469          | 4,932          | 4,810          | 4,955          |
| Preprovision ops profits                   | 5,394          | 5,971          | 5,749          | 5,839          | 5,975          |
| <b>Core preprovision ops profits</b>       | <b>6,020</b>   | <b>6,504</b>   | <b>6,346</b>   | <b>6,523</b>   | <b>6,689</b>   |
| Total provision charge                     | 1,895          | 1,716          | 1,601          | 1,288          | 1,320          |
| Non operating gains                        | 18             | (32)           | (5)            | -              | -              |
| Pretax profit                              | 3,517          | 4,223          | 4,144          | 4,551          | 4,656          |
| <b>Core pretax profit</b>                  | <b>4,125</b>   | <b>4,787</b>   | <b>4,745</b>   | <b>5,235</b>   | <b>5,369</b>   |
| Tax  | 891            | 1,051          | 1,079          | 1,206          | 1,234          |
| Minorities                                 | 121            | 85             | 81             | 72             | 87             |
| <b>Net profits</b>                         | <b>2,506</b>   | <b>3,086</b>   | <b>2,984</b>   | <b>3,273</b>   | <b>3,335</b>   |
| Dividends                                  | 747            | 891            | 896            | 985            | 1,034          |
| Dividends payout (%)                       | 29.8           | 28.9           | 30.0           | 30.1           | 31.0           |
| Earnings Growth Drivers (%)                | 2023A          | 2024A          | 2025E          | 2026E          | 2027E          |
| Net interest margin                        | 1.82           | 1.70           | 1.68           | 1.62           | 1.60           |
| Provision charge/ total loans              | 0.53           | 0.45           | 0.41           | 0.32           | 0.32           |
| YoY GROWTH (%)                             |                |                |                |                |                |
| Customer deposits                          | 4.6            | 2.7            | 3.2            | 2.1            | 2.1            |
| Loans (KRW)                                | 5.5            | 5.8            | 2.4            | 2.4            | 2.5            |
| Operating revenues                         | -0.1           | 6.1            | 2.3            | -0.3           | 2.6            |
| Net interest income                        | 0.5            | 1.6            | 1.6            | -0.6           | 2.1            |
| Non-interest income                        | -4.7           | 41.9           | 6.4            | 1.5            | 5.3            |
| Fee income                                 | 0.6            | 21.3           | 7.8            | 5.0            | 5.0            |
| Other income                               | -11.5          | 15.0           | -12.1          | -14.7          | -4.3           |
| SG&A expenses                              | -1.9           | 0.6            | 10.4           | -2.5           | 3.0            |
| Preprovision operating profits             | 1.5            | 10.7           | -3.7           | 1.6            | 2.3            |
| <b>Core preprovision operating profits</b> | <b>2.4</b>     | <b>8.0</b>     | <b>-2.4</b>    | <b>2.8</b>     | <b>2.5</b>     |
| Provision charges                          | 114.0          | -9.4           | -6.7           | -19.6          | 2.5            |
| Pretax profit                              |                |                |                |                |                |
| <b>Core pretax profit</b>                  | <b>-21.6</b>   | <b>20.1</b>    | <b>-1.9</b>    | <b>9.8</b>     | <b>2.3</b>     |
| NPAT                                       | -17.4          | 16.1           | -0.9           | 10.3           | 2.6            |
| DuPont analysis                            | 2023A          | 2024A          | 2025E          | 2026E          | 2027E          |
| <b>ROE</b>                                 | <b>8.8</b>     | <b>10.0</b>    | <b>9.1</b>     | <b>9.4</b>     | <b>9.0</b>     |
| x leverage                                 | 18.2           | 17.5           | 17.2           | 16.7           | 15.9           |
| <b>= ROA</b>                               | <b>0.49</b>    | <b>0.57</b>    | <b>0.53</b>    | <b>0.56</b>    | <b>0.56</b>    |
| % of assets                                |                |                |                |                |                |
| Net interest income                        | 1.8            | 1.7            | 1.7            | 1.6            | 1.6            |
| Net non-interest income                    | 0.2            | 0.3            | 0.3            | 0.3            | 0.3            |
| Operating revenues                         | 2.0            | 2.0            | 2.0            | 1.9            | 1.9            |
| SG&A                                       | (0.9)          | (0.9)          | (0.9)          | (0.9)          | (0.9)          |
| PPOP                                       | 1.1            | 1.2            | 1.1            | 1.1            | 1.1            |
| Loan loss provisions                       | (0.4)          | (0.3)          | (0.3)          | (0.2)          | (0.2)          |
| Net non-op income                          | 0.0            | 0.0            | 0.0            | 0.0            | 0.0            |
| Pretax profits                             | 0.7            | 0.8            | 0.8            | 0.8            | 0.8            |
| Taxes                                      | (0.2)          | (0.2)          | (0.2)          | (0.2)          | (0.2)          |
| Balance sheet (Wbn)                        | 2023A          | 2024A          | 2025E          | 2026E          | 2027E          |
| Gross loans                                | 373,148        | 398,472        | 423,154        | 433,495        | 444,441        |
| NPLs                                       | 1,357          | 2,211          | 2,777          | 2,902          | 3,035          |
| Loan loss reserves                         | 2,986          | 3,382          | 4,109          | 4,693          | 5,343          |
| <b>Total interest earning assets</b>       | <b>465,313</b> | <b>494,896</b> | <b>518,125</b> | <b>529,770</b> | <b>542,083</b> |
| Other non-interest earning assets          | 32,692         | 30,858         | 29,539         | 30,045         | 30,560         |
| <b>Total assets</b>                        | <b>498,005</b> | <b>525,753</b> | <b>547,665</b> | <b>559,815</b> | <b>572,643</b> |
| Customer deposits                          | 357,784        | 367,295        | 378,908        | 386,776        | 395,075        |
| Total interest-bearing liabilities         | 430,010        | 445,619        | 458,820        | 468,641        | 479,007        |
| <b>Total equity</b>                        | <b>33,397</b>  | <b>35,895</b>  | <b>37,229</b>  | <b>39,661</b>  | <b>42,136</b>  |
| CAMEL RATIOS (%)                           | 2023A          | 2024A          | 2025E          | 2026E          | 2027E          |
| C: Tier 1 capital ratio                    | 12.0           | 12.1           | 12.6           | 13.0           | 13.3           |
| C: Equity/loans                            | 9.0            | 9.0            | 8.8            | 9.1            | 9.5            |
| C: Equity/assets                           | 6.7            | 6.8            | 6.8            | 7.1            | 7.4            |
| A: NPL ratio                               | 0.37           | 0.57           | 0.70           | 0.71           | 0.72           |
| A: Loan loss reserves/NPLs                 | 220.07         | 152.95         | 147.98         | 161.71         | 176.06         |
| E: Net interest margin                     | 1.82           | 1.70           | 1.68           | 1.62           | 1.60           |
| E: Non int inc/oper revenues               | 11.1           | 14.9           | 15.5           | 15.8           | 16.2           |
| E: Cost-income ratio                       | 45.2           | 42.8           | 46.2           | 45.2           | 45.3           |
| E: ROAA                                    | 0.49           | 0.57           | 0.53           | 0.56           | 0.56           |
| L: Loan/deposit ratio (KRW)                | 98.7           | 97.7           | 98.3           | 98.6           | 99.0           |
| Valuation (current price)                  | 2023A          | 2024A          | 2025E          | 2026E          | 2027E          |
| P/E - basic (X)                            | 5.0            | 4.2            | 4.3            | 3.8            | 3.7            |
| P/B (X)                                    | 0.46           | 0.42           | 0.39           | 0.36           | 0.32           |
| P/PPOP (X)                                 | 2.3            | 2.2            | 2.2            | 2.2            | 2.1            |
| Dividend yield (%)                         | 5.8            | 6.9            | 7.1            | 8.0            | 8.7            |
| EPS  | 3,438          | 4,151          | 4,057          | 4,510          | 4,676          |
| PPOPPS                                     | 7,390          | 8,034          | 7,815          | 8,046          | 8,379          |
| BPS  | 37,313         | 40,788         | 43,926         | 48,516         | 53,732         |
| Tangible BPS                               | 36,795         | 39,385         | 42,070         | 45,964         | 50,168         |
| DPS  | 1,000          | 1,200          | 1,220          | 1,380          | 1,500          |
| Market dimensions (bank only)              | 2023A          | 2024A          | 2025E          | 2026E          | 2027E          |
| No of branches                             | 740            | 715            | 715            | 715            | 715            |
| No of staff                                | 12,868         | 13,269         | 13,269         | 13,269         | 13,269         |
| Revenues/staff                             | 258            | 307            | 286            | 279            | 292            |
| Net profits/staff                          | 195            | 229            | 208            | 199            | 208            |

Note: Per share items are sum of quarterly numbers

Source: Company data, Goldman Sachs Global Investment Research

## Price Target Risks and Methodology - Woori Financial Group

Our 12m TP of W17,000 is based on a target P/B multiple of 0.39X, derived using the GGM formula [(ROE-g)/(COE-g)]. Upside risk: (1) Successful inorganic growth strategy could be an upside risk to earnings and the share price; (2) Stronger-than-expected economic turnaround, leading to lower-than-expected preemptive provisioning. Downside risk: (1) Overhang risk from strategic or financial investors given that the lock-up period is over. (2) Execution risks in potential M&A of non-bank entities, and

dilutive M&A could depress earnings as well as valuations.

|           |                                  |                       |                       |                |                |              |
|-----------|----------------------------------|-----------------------|-----------------------|----------------|----------------|--------------|
| 316140.KS | 12m Price Target: <b>W17,000</b> | Price: <b>W17,300</b> | Downside: <b>1.7%</b> |                |                |              |
| Neutral   | GS Forecast                      |                       |                       |                |                |              |
|           | Market cap: W12.5tr / \$8.7bn    | <b>12/24</b>          | <b>12/25E</b>         | <b>12/26E</b>  | <b>12/27E</b>  |              |
|           | 3m ADTV: W31.4bn / \$21.7mn      | <b>3,086.0</b>        | <b>2,983.8</b>        | <b>3,273.4</b> | <b>3,334.7</b> |              |
|           | South Korea                      | 3,086.0               | 2,988.4               | 3,281.4        | 3,330.8        |              |
|           | Korea Financials                 | <b>EPS (W) New</b>    | <b>4,151</b>          | <b>4,057</b>   | <b>4,510</b>   | <b>4,676</b> |
|           | M&A Rank: 3                      | EPS (W) Old           | 4,151                 | 4,064          | 4,526          | 4,679        |
|           |                                  | EPS growth (%)        | 20.7                  | (2.3)          | 11.2           | 3.7          |
|           |                                  | P/E (X)               | 3.6                   | 4.3            | 3.8            | 3.7          |
|           |                                  | P/B (X)               | 0.3                   | 0.4            | 0.3            | 0.3          |
|           |                                  | Price/PPOP (X)        | 2.1                   | 2.2            | 2.1            | 2.1          |
|           | Dividend yield (%)               | 8.0                   | 7.1                   | 8.0            | 8.7            |              |
|           |                                  | <b>3/25</b>           | <b>6/25E</b>          | <b>9/25E</b>   | <b>12/25E</b>  |              |
|           | EPS (W)                          | 845                   | 1,209                 | 1,218          | 822            |              |

Source: Company data, Goldman Sachs Research estimates, FactSet. Price as of 25 Apr 2025 close.

# Disclosure Appendix

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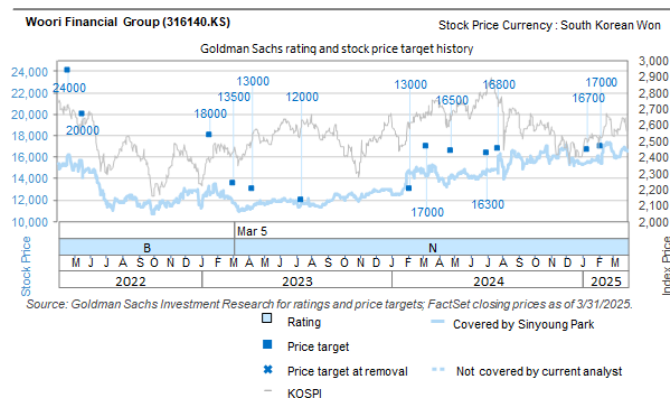
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## Target price history table(s)

### Woori Financial Group (316140.KS)

Date of report Target price (W)

|           |        |
|-----------|--------|
| 07-Feb-25 | 17,000 |
| 13-Jan-25 | 16,700 |
| 25-Jul-24 | 16,800 |
| 03-Jul-24 | 16,300 |
| 26-Apr-24 | 16,500 |
| 10-Mar-24 | 17,000 |
| 06-Feb-24 | 13,000 |
| 13-Jul-23 | 12,000 |

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