- the performance of the financial markets in Korea and globally;
- changes in domestic and foreign laws, regulations and taxes;
- changes in competition and the pricing environment in Korea; and
- regional or general changes in asset valuations.

For further discussion of the factors that could cause actual results to differ, see the discussion under “Item 3.D. Risk Factors” contained in this annual report. We caution you not to place undue reliance on the forward-looking statements, which speak only as of the date of this annual report. 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 annual report.

Item 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not Applicable

Item 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not Applicable

Item 3. KEY INFORMATION

Item 3.A. [Reserved]

Item 3.B. *Capitalization and Indebtedness*

Not Applicable

Item 3.C. *Reasons for the Offer and Use of Proceeds*

Not Applicable

Item 3.D. *Risk Factors*

Risks relating to our corporate credit portfolio

The largest portion of our exposure is to small- and medium-sized enterprises, and financial difficulties experienced by companies in this segment may result in a deterioration of our asset quality and have an adverse impact on us.

Our loans to small- and medium-sized enterprises amounted to 112,696 billion, or 33.4% of our total loans, as of December 31, 2021, and 122,925 billion, or 35.6% of our total loans, as of December 31, 2022. As of December 31, 2022, Won-denominated loans to small- and medium-sized enterprises that were classified as substandard or below were 399 billion, representing 0.3% of such loans to those enterprises. See “Item 4.B. Business Overview—Corporate Banking—Small and Medium-Sized Enterprise Banking.” We recorded charge-offs of 117 billion in respect of our Won-denominated loans to small- and medium-sized enterprises in 2022, compared to charge-offs of 158 billion in 2021 and 219 billion in 2020. According to data compiled by the Financial Supervisory Service, the industry-wide delinquency ratios for Won-denominated loans to small- and medium-sized enterprises decreased in 2021 but increased in 2022, and was 0.32% as of December 31, 2022. The delinquency ratio for small- and medium-sized enterprises is calculated as the ratio of (1) the outstanding balance of such loans in respect of which either principal or interest payments are overdue by one month or more to (2) the aggregate outstanding balance of such loans. Our delinquency ratio for such loans denominated in Won was 0.3% as of December 31, 2021 and 0.3% as of December 31, 2022. Our delinquency ratio may increase in 2023 as a result of, among other things, adverse changes in economic conditions in Korea and globally. See

"—Other risks relating to our business—Unfavorable changes in the global financial markets could adversely affect our results of operations and financial condition." Accordingly, we may be required to take measures to decrease our exposures to these customers.

In light of the impact on the financial condition and liquidity position of small- and medium-sized enterprises in Korea as a result of the global financial crisis occurring in 2008, the Korean government introduced measures intended to encourage Korean banks to provide financial support to small- and medium-sized enterprise borrowers. For example, the Korean government requested that Korean banks, including Woori Bank, establish a "fast track" program to provide liquidity assistance to small- and medium-sized enterprises on an expedited basis. Under the "fast track" program established by Woori Bank, liquidity assistance is provided to small- and medium-sized enterprise borrowers applying for such assistance, in the form of new short-term loans or maturity extensions or interest rate adjustments with respect to existing loans, after expedited credit review and approval. The aggregate amount of outstanding small- and medium-sized enterprise loans made by us under the "fast track" program was 86 billion as of December 31, 2022, which represented 0.07% of our total small- and medium-sized enterprise loan portfolio as of such date. Furthermore, loans made by us under the "fast track" program are partially guaranteed by the Korean government's public financial institutions, including the Korea Credit Guarantee Fund and the Korea Technology Finance Corporation.

The overall prospects for the Korean economy in 2023 and beyond remain uncertain, especially in light of the COVID-19 pandemic affecting many countries worldwide, including Korea, and the Korean government may extend or renew existing or past policies and initiatives or introduce new policies or initiatives to encourage Korean banks to provide financial support to small- and medium-sized enterprises. See "—Other risks relating to our business—The COVID-19 pandemic has adversely affected and may continue to adversely affect our business, financial condition or results of operations." For example, the Financial Services Commission requested that 15 Korean banks, including Woori Bank, extend special low-rate loans to small merchants affected by the COVID-19 pandemic beginning in April 2020. Such Korean banks, including Woori Bank, provided new loans under such program until January 3, 2022. In addition, Korean financial regulatory authorities, including the Financial Services Commission and the Financial Supervisory Service, adopted guidelines for Korean banks to extend loan terms and defer interest payments with respect to small- and medium sized enterprises and small merchants affected by the COVID-19 pandemic starting from April 2020, but such measures ceased to be effective in September 2022. As of December 31, 2022, the aggregate amount of loans affected by such measures provided by the four major commercial Korean banks, including Woori Bank, Kookmin Bank, KEB Hana Bank and Shinhan Bank, was 36.8 trillion, of which 11.2 trillion was provided by Woori Bank. In October 2022, the Korean government also launched the New Start Fund, a debt adjustment program, under which pandemic-hit micro-enterprises and self-employed business owners can apply for debt adjustment, and once accepted, will be supported through customized debt adjustment plans according to their respective credit conditions and types of loans. Under the New Start Fund program, the Korean government may purchase the loan directly and then make adjustment, or if the relevant financial institution agrees, allow the relevant financial institution to restructure the loan directly. We believe that, to date, our participation in such government-led initiatives has not caused us to extend a material amount of credit that we would not have otherwise extended nor materially impacted our results of operations and financial condition in general. However, there can be no assurance that our future participation in such government-led initiatives would not lead us to extend credit to small- and medium-sized enterprise borrowers that we would not otherwise extend, or offer terms for such credit that we would not otherwise offer, in the absence of such initiatives. Furthermore, there is no guarantee that the financial condition and liquidity position of our small- and medium-sized enterprise borrowers benefiting from such initiatives will improve sufficiently for them to service their debt on a timely basis, or at all. Accordingly, increases in our exposure to small- and medium-sized enterprises resulting from such government-led initiatives may have a material adverse effect on our results of operations and financial condition.

On October 4, 2022, Woori Bank started to operate a deferment program similar to the "COVID-19 SME and Small Merchant Financial Support Program", which had been established by the Korean government for small- and medium-sized enterprises and small merchants that have been negatively impacted by the COVID-19 pandemic. Under this deferment program, with respect to loans made to borrowers which have been adversely impacted by the COVID-19 pandemic (excluding loans related to the sale or lease of real property and loans made to borrowers engaged in certain unwholesome businesses), Woori Bank may extend their maturity date up until September 30, 2025, and may defer the borrowers' payment obligation for the interests and principal of such loans up until September 2023.

Many small- and medium-sized enterprises represent sole proprietorships or very small businesses dependent on a relatively limited number of suppliers or customers and tend to be affected by fluctuations in the Korean and global economy to a greater extent than large corporate borrowers. In addition, small- and medium-sized enterprises often maintain less sophisticated financial records than large corporate borrowers. Therefore, it is generally more difficult for us to judge the level of risk inherent in lending to these enterprises, as compared to large corporations. However, in light of the COVID-19 pandemic, the Bank of Korea early implemented the Basel III final reforms in September 2020, which lowered the average risk weight of loans extended to small- and medium-sized enterprises with no credit rating from 100% to 85% in an effort to boost such lending.

In addition, many small- and medium-sized enterprises have close business relationships with large corporations in Korea, primarily as suppliers. Any difficulties encountered by those large corporations would likely harm the liquidity and financial condition of related small- and medium-sized enterprises, including those to which we have exposure, also resulting in an impairment of their ability to repay loans.

Financial difficulties experienced by small- and medium-sized enterprises as a result of, among other things, adverse changes in domestic and global economic conditions, could have an adverse impact on the ability of small- and medium-sized enterprises to make payments on their loans. For example, the COVID-19 pandemic has had a significant adverse impact on the Korean and global economy, including disruptions in supply chains, declines in the sales and deterioration in the financial conditions of small- and medium-sized enterprises. See "—Other risks relating to our business—The COVID-19 pandemic has adversely affected and may continue to adversely affect our business, financial condition or results of operations." In addition, aggressive marketing and competition among banks to lend to this segment may lead to a deterioration in the asset quality of our loans to this segment in the future. Any such deterioration would result in increased charge-offs, higher provisioning and reduced interest and fee income from this segment, which would have an adverse impact on our financial condition and results of operations.

We have exposure to companies in certain troubled industries, and financial difficulties of these companies may adversely impact us.

As of December 31, 2022, the total amount of loans provided by us to construction, shipbuilding and shipping companies in Korea amounted to 6,022 billion, 253 billion and 193 billion, or 1.7%, 0.1% and 0.1% of our total loans, respectively. We also have other exposures to Korean construction, shipbuilding and shipping companies, including in the form of guarantees extended for the benefit of such companies and debt and equity securities of such companies held by us. In the case of construction companies, we have potential exposure in the form of guarantees provided to us by general contractors with respect to financing extended by us for residential and commercial real estate development projects, as well as commitments to purchase asset-backed securities secured by the assets of companies in the construction industry and other commitments we enter into relating to project financing for such real estate projects which may effectively function as guarantees. In the case of shipbuilding companies, such exposures include refund guarantees extended by us on behalf of shipbuilding companies to cover their obligation to return a portion of the ship order contract amount to customers in the event of performance delays or defaults under shipbuilding contracts.

The construction industry in Korea has undergone significant fluctuations in recent years. Following a period of growth from 2015 to 2018, the construction industry had stagnated from 2019 to 2020, caused mainly by the uncertainty resulting from the Korean government's strengthening of mortgage and other lending regulations to control the rising real property prices. After a brief period of recovery in 2021, the construction industry has again experienced a downturn starting in 2022, caused by the rise in interest rates and the resulting decline in demand for residential property throughout Korea, as well as drastic changes in the price and availability of construction materials due to disruptions in global supply chains caused by the ongoing invasion of Ukraine by Russia. While the shipbuilding industry has experienced rapid growth in recent years led by an increase in global demand for liquefied natural gas carriers resulting from stronger environmental regulations and global energy security concerns, the prospects for this industry currently remain uncertain given the slowdown in the global economy and a rise in shipbuilding costs and resulting prices. In the case of shipping companies in Korea, the COVID-19 pandemic and the ensuing global lockdown caused a severe downturn in the industry in 2020. Although the industry subsequently showed signs of recovery from the pandemic as the levels of consumer spending and global trade began to rise, the industry currently faces difficulties, among others arising from a deteriorating global economy and disruptions in the global supply chain due to port congestions and the continuing COVID-19 lockdowns in China.

In addition, we have significant exposures to companies in the hotel, leisure and transportation industries, which have been adversely impacted by the COVID-19 pandemic. As of December 31, 2022, the total amount of loans provided by us to companies in the hotel, leisure and transportation industries amounted to an aggregate 11,244 billion, or 3.3% of our total loans. While the business activities, results of operations and financial condition of companies in such industries may recover as the impact of the pandemic decreases, the timeline for such recovery remains uncertain, and we may be required to record substantial additional allowances relating to such companies.

The allowance for credit losses that we have established against our credit exposures to companies in the Korean construction, shipbuilding and shipping industries as well as the hotel, leisure and transportation industries may not be sufficient to cover all future losses arising from these and other exposures. If the credit quality of our exposures to such companies declines further, we may incur substantial additional provisions for credit loss, which could adversely impact our results of operations and financial condition. Furthermore, although a portion of our loans to companies in the construction, shipbuilding and shipping industries as well as the hotel, leisure and transportation industries are secured by collateral, such collateral may not be sufficient to cover uncollectible amounts in respect of such loans.

A large portion of our exposure is concentrated in a relatively small number of large corporate borrowers, which increases the risk of our corporate credit portfolio.

As of December 31, 2022, our 20 largest exposures to corporate borrowers (including loans, debt and equity securities, credit-related commitments and other exposures) totaled 66,929 billion, which represented 12.1% of our total exposures. As of that date, our single largest corporate exposure was to Korea Development Bank, to which we had outstanding credits in the form of debt securities of 14,123 billion and loans in Won of 165 billion, representing 2.6% of our total exposures in the aggregate. Aside from exposure to the Korean government and government-related agencies, our next largest exposure was to Kookmin Bank, to which we had outstanding exposure of 1,028 billion representing 0.2% of our total exposures. Any deterioration in the financial condition of our large corporate borrowers, including those in industries particularly affected by the COVID-19 pandemic or to which we have significant exposures such as the hotel, leisure and transportation industries, the retail and wholesale industries and the manufacturing industry, may require us to record substantial additional allowances and may have a material adverse impact on our results of operations and financial condition.

We have exposure to the largest Korean commercial conglomerates, known as "chaebols," and, as a result, financial difficulties of chaebols may have an adverse impact on us.

Of our 20 largest corporate exposures as of December 31, 2022, 3 were to companies that were members of the 40 largest *chaebols* in Korea. As of that date, the total amount of our exposures to these *chaebols* was 21,622 billion, or 3.9% of our total exposures. If the credit quality of our exposures to *chaebols* declines as a result of financial difficulties they experience or for other reasons, we could incur additional provisions for credit loss, which would adversely impact our results of operations and financial condition. See "Item 4.B. Business Overview—Assets and Liabilities—Loan Portfolio—Exposure to Chaebols."

The allowances we have established against these exposures may not be sufficient to cover all future losses arising from these exposures. In addition, in the case of any of these companies that are currently in or in the future may enter into workout, restructuring, reorganization or liquidation proceedings, our recoveries from those companies may be limited. We may, therefore, experience future losses with respect to these exposures.

We have exposure to companies that are currently or may in the future be put in restructuring and may suffer losses as a result of additional provisions for credit loss required or the adoption of restructuring plans with which we do not agree.

As of December 31, 2022, our credit exposures to companies that were in workout or corporate restructuring amounted to 186 billion or 0.03% of our total credit exposures, of which 127 billion or 68.3% was classified as substandard or below and substantially all of which was classified as impaired. As of the same date, our allowance for credit losses on these credit exposures amounted to 65 billion, or 34.9% of these exposures. These allowances may not be sufficient to cover all future losses arising from our credit exposure to these companies. Furthermore, we have other exposure to such companies in the form of debt and equity securities of such companies held by us (including equity securities we acquired as a result of debt-to-equity conversions). Including such securities, our exposures as of December 31, 2022 to companies in workout or restructuring amounted to 186 billion, or 0.03% of our total exposures. Our exposures to such companies may also increase in the future, including as a result of adverse conditions in the Korean economy. In addition, in the case of borrowers that are or become subject to workout, we may be forced to restructure our credits pursuant to restructuring plans approved by other creditor financial institutions of the borrower, or to dispose of our credits to other creditors on unfavorable terms, which may adversely affect our results of operations and financial condition.

Risks relating to our consumer credit portfolio

We may experience increases in delinquencies in our consumer loan and credit card portfolios.

In recent years, consumer debt has increased rapidly in Korea. Our portfolio of consumer loans amounted to 148,361 billion as of December 31, 2021 and 143,940 billion as of December 31, 2022. Our credit card portfolio amounted to 9,757 billion as of December 31, 2021 and 10,370 billion as of December 31, 2022. As of December 31, 2022, our consumer loans and credit card receivables represented 41.7% and 3.0% of our total lending, respectively. See “Item 4.B. Business Overview—Consumer Banking—Lending Activities” and “Item 4.B. Business Overview—Credit Cards—Products and Services.”

The growth in our consumer loan portfolio in recent years, together with adverse changes in economic conditions in Korea and globally, may lead to increasing delinquencies and a deterioration in asset quality. The amount of our consumer loans classified as substandard or below was 354 billion (or 0.2% of our consumer loan portfolio) as of December 31, 2021 and 392 billion as of December 31, 2022 (or 0.3% of our consumer loan portfolio). We charged off consumer loans amounting to 161 billion in 2022, as compared to 173 billion in 2021 and 182 billion in 2020, and recorded provisions for credit loss in respect of consumer loans of 206 billion in 2022, as compared to 168 billion in 2021 and 131 billion in 2020. Within our consumer loan portfolio, the outstanding balance of general purpose household loans, which, unlike mortgage or home equity loans, are often unsecured and therefore tend to carry a higher credit risk, amounted to 32,003 billion, or 21.6% of our total outstanding consumer loans, as of December 31, 2021 and 28,694 billion, or 19.9% of our total outstanding consumer loans, as of December 31, 2022.

In our credit card segment, outstanding balances overdue by more than one month amounted to 79 billion, or 0.8% of our credit card receivables, as of December 31, 2021 and 143 billion, or 1.4% of our credit card receivables, as of December 31, 2022. In line with industry practice, we have restructured a portion of our delinquent credit card account balances as loans. As of December 31, 2022, these restructured loans amounted to 134 billion, or 1.3% of our credit card balances. Because these restructured loans are not initially recorded as being delinquent, our delinquency ratios do not fully reflect all delinquent amounts relating to our credit card balances. Including all restructured loans, outstanding balances overdue by more than one month accounted for 2.6% of our credit card balances as of December 31, 2022. We charged off credit card balances amounting to 220 billion in 2022, as compared to 220 billion in 2021 and 246 billion in 2020, and recorded provisions for credit loss in respect of credit card balances of 222 billion in 2022, as compared to 177 billion in 2021 and 188 billion in 2020. Delinquencies may increase in the future as a result of, among other things, adverse economic conditions in Korea, additional government regulation or the inability of Korean consumers to manage increased household debt.

A deterioration of the asset quality of our consumer loan and credit card portfolios would require us to record increased provisions for credit loss and charge-offs and adversely affect our financial condition and results of operations. In addition, our large exposure to consumer loans means that we are exposed to changes in economic conditions affecting Korean consumers. Accordingly, economic difficulties in Korea that harm those consumers could result in further deterioration in the credit quality of our consumer loan and credit card portfolios. For example, the severe impact of the COVID-19 pandemic on Korea’s economy may disrupt the business, activities and operations of our consumers, which in turn could result in a significant decrease in the number of financial transactions or the inability of our consumers to meet existing payment or other obligations to us. In addition, a rise in unemployment or an increase in interest rates in Korea could adversely affect the ability of consumers to make payments and increase the likelihood of potential defaults. See “Risks relating to Korea—Unfavorable financial and economic developments in Korea may have an adverse effect on us.”

In addition, we are exposed to changes in regulations and policies on consumer lending by the Korean government, which may adopt measures to restrict consumer lending or encourage financial institutions to provide financial support to certain types of retail borrowers. In 2014 and 2015, the Korean government implemented several measures to encourage consumer spending and revive the housing market in Korea, including loosening regulations on mortgage lending, which contributed to an increase in our portfolio of consumer loans. However, the Korean government introduced various measures from the second half of 2016 to 2021 to tighten regulations on mortgage and other lending and housing subscription in response to the rapid growth in consumer debt and concerns over speculative investments in real estate in certain areas. Although the Korean government has since begun to reverse some of these measures by introducing a number of policy measures that seek to sustain housing prices and activity levels in the Korean real estate market over the course of 2022, the impact of such policy measures are not yet clear. A decrease in housing prices, together with the high level of consumer debt and rising interest rate levels, could result in declines in consumer spending and reduced economic growth, which may lead to increases in delinquency levels of our consumer loan and credit card portfolios.

Under a pre-workout program established by Korean banks for retail borrowers with outstanding short-term debt, including Woori Bank, which has been in operation since April 2009, maturity extensions and/or interest reductions are provided to retail borrowers with total loans of 1.5 billion or less (consisting of no more than 500 million of unsecured loans and 1 billion of secured loans) who are in arrears on their payments for more than 30 days but less than 90 days or for retail borrowers with an annual income of 40 million or less who have been in arrears on their payments for 30 days or more on an aggregate basis for the 12 months prior to their application, among others. The aggregate amount of consumer credit (including credit card receivables) we provided which became subject to the pre-workout program in 2022 was 53 billion. While we believe that our operation of the pre-workout program has not had a material impact on the overall credit quality of our consumer loan and credit card portfolios to date, our participation in such government-led initiatives to provide financial support to retail borrowers may lead us to offer credit terms for such borrowers that we would not otherwise offer in the absence of such initiatives, which may have an adverse effect on our results of operations and financial condition.

A decline in the value of the collateral securing our consumer loans and our inability to realize full collateral value may adversely affect our consumer credit portfolio.

A substantial portion of our consumer loans is secured by real estate, the values of which have fluctuated significantly in recent years. Although it is our general policy to lend up to 70% of the appraised value of collateral (except in certain regulated areas designated by the government where we generally limit our lending to 50% of the appraised value of collateral, and for first-time homebuyers, we may lend up to 80% of the appraised value of collateral) and to periodically re-appraise our collateral, a downturn in the real estate markets in Korea may result in a decline in the value of the collateral securing our mortgage and home equity loans. If collateral values decline in the future, they may not be sufficient to cover uncollectible amounts in respect of secured loans extended by us. Any declines in the value of the real estate or other collateral securing our consumer loans, or our inability to obtain additional collateral in the event of such declines, could result in a deterioration in our asset quality and may require us to record additional allowances for credit losses.

In Korea, foreclosure on collateral generally requires a written petition to a court. An application, when made, may be subject to delays and administrative requirements that may decrease the value of such collateral. We cannot guarantee that we will be able to realize the full value on our collateral as a result of, among other factors, delays in foreclosure proceedings and defects in the perfection of our security interest in collateral. Our failure to recover the expected value of collateral could expose us to potential losses.

Risks relating to our financial holding company structure and strategy

We may not succeed in implementing our strategy to take advantage of, or fail to realize the anticipated benefits of, our financial holding company structure.

We were established as a new financial holding company in January 2019 pursuant to a “comprehensive stock transfer” under Korean law, following the completion of which Woori Bank, Woori FIS Co., Ltd., Woori Finance Research Institute Co., Ltd., Woori Credit Information Co., Ltd., Woori Fund Services Co., Ltd. and Woori Private Equity Asset Management Co., Ltd. became our wholly-owned subsidiaries. See “Item 4A. History and Development of the Company—Establishment of Woori Financial Group.”

One of our principal strategies is to take advantage of our financial holding company structure to become a comprehensive financial services provider capable of developing and cross-selling a diverse range of products and services to our large existing base of retail and corporate banking customers. An intended benefit of our financial holding company structure is that it enhances our ability to engage in mergers and acquisitions which we may decide to pursue as part of our strategy. Accordingly, we may consider acquiring or merging with other financial institutions, particularly in the non-banking sector, to achieve more balanced growth and further diversify our revenue base. We may also continue to seek opportunities to expand our operations in markets outside Korea. See “Item 4.B. Business Overview—Strategy” and “—We may not be able to successfully execute our overseas expansion strategy.”

The integration of companies we may acquire or merge with in the future under our 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, reduce employee morale, produce unintended inconsistencies in our standards, controls, procedures or policies, and affect our relationships with customers and our ability to retain key personnel. The realization of the anticipated benefits of our 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:

- competition from other financial institutions, as well as private equity firms and other potential acquirers, in Korea and elsewhere in terms of identifying and winning bids for attractive merger and acquisition targets in the financial industry, including the non-banking sector, which may make it challenging for us to successfully acquire, or which may require us to pay a high acquisition price for, such targets;
- difficulties in integrating the diverse activities and operations of our subsidiaries or any companies we may acquire, including risk management operations and information technology systems, personnel, policies and procedures;
- difficulties in reorganizing or reducing overlapping personnel, branches, networks and administrative functions;

- restrictions under the Financial Holding Company Act and other regulations on transactions between a financial holding company and, or among, its subsidiaries;
- failure to leverage our financial holding company structure to realize operational efficiencies and to cross-sell multiple products and services;
- unforeseen contingent risks, including lack of required capital resources, increased tax liabilities or restrictions in our overseas operations, relating to our financial holding company structure;
- unexpected business disruptions;
- failure to attract, develop and retain personnel with necessary expertise;
- loss of customers; and
- labor unrest.

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

We depend on limited forms of funding to fund our operations at the holding company level.

We are a financial holding company with no significant assets other than the shares of our subsidiaries. Our primary sources of funding and liquidity are dividends from our subsidiaries, sales of interests in our subsidiaries and direct borrowings and issuances of equity or debt securities at the holding company level. In addition, as a financial holding company, we are required to meet certain minimum financial ratios under Korean law, including with respect to liquidity and capital adequacy. Our ability to meet our obligations to our direct creditors and employees and our other liquidity needs and regulatory requirements at the holding company level depends on timely and adequate distributions from our subsidiaries and our ability to sell our securities or obtain credit from our lenders.

The ability of our subsidiaries to pay dividends to us depends on their financial condition and operating results. In the future, our 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 us, and the terms of future obligations and the operation of Korean law could prevent our subsidiaries from making sufficient distributions to us to allow us to make payments on our outstanding obligations. See "—As a financial holding company, we largely depend on receiving dividends from our subsidiaries to pay dividends on our common stock." Any delay in receipt of or shortfall in payments to us from our subsidiaries could result in our inability to meet our liquidity needs and regulatory requirements, including minimum liquidity and capital adequacy ratios, which may disrupt our operations at the holding company level.

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

As a financial holding company, we largely depend on receiving dividends from our subsidiaries to pay dividends on our common stock.

Since our principal assets at the holding company level are the shares of our subsidiaries, our ability to pay dividends on our common stock largely depends on dividend payments from those subsidiaries. Those dividend payments are subject to the Korean Commercial Code, the Bank Act and regulatory limitations, generally based on capital levels and retained earnings, imposed by the various regulatory agencies with authority over those entities. The ability of our subsidiaries to pay dividends may be subject to regulatory restrictions to the extent that paying dividends would impair their respective 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 as well as certain unrealized profits from its net assets, in each case as of the end of the prior fiscal 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 becomes subject to 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.

Our 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 us, which would have an adverse effect on our ability to pay dividends on our common stock.

The implementation of the Korean government's privatization plan may have an adverse effect on us and your interests as a shareholder.

In June 2013, the Korean government, through the Public Funds Oversight Committee of the Financial Services Commission, announced an updated plan to privatize Woori Finance Holdings, Woori Bank's former parent company, and its former subsidiaries. The privatization plan provided for the segregation of such entities into three groups and the disposal of the Korean government's interest in these entities held through the Korea Deposit Insurance Corporation, or the KDIC, in a series of transactions, most of which have been completed. Such transactions included the following:

- *Kwangju Bank and Kyongnam Bank.* In May 2014, Woori Finance Holdings established KJB Financial Group and KNB Financial Group through a spin-off of its businesses related to the holding of the shares and thereby controlling the business operations of Kwangju Bank and Kyongnam Bank, respectively. As a result of such spin-off, KJB Financial Group became the owner of the shares of Kwangju Bank previously held by Woori Finance Holdings and KNB Financial Group became the owner of the shares of Kyongnam Bank previously held by Woori Finance Holdings. Woori Finance Holdings no longer owned any shares of Kwangju Bank or Kyongnam Bank, and neither they nor their new holding companies were its subsidiaries, after the spin-off. Following such spin-off, each of these banks was merged with its holding company, and in October 2014, the KDIC sold its 56.97% ownership interest in Kwangju Bank and Kyongnam Bank to JB Financial Group and BNK Financial Group (formerly known as BS Financial Group), respectively.
- *Woori Investment & Securities and Other Subsidiaries.* In March 2014, Woori Finance Holdings sold its 52.0% ownership interest in Woori Financial to KB Financial Group. In May 2014, Woori Finance Holdings sold its 100.0% ownership interest in Woori Asset Management to Kiwoom Securities and sold its 100.0% ownership interest in Woori F&I to Daishin Securities. In June 2014, Woori Finance Holdings sold its 37.9% ownership interest in Woori Investment & Securities, its 51.6% ownership interest in Woori Aviva Life Insurance and its 100.0% ownership interest in Woori FG Savings Bank to NongHyup Financial Group in a collective sale. As a result of such sales, Woori Investment & Securities, Woori Asset Management, Woori Aviva Life Insurance, Woori FG Savings Bank, Woori F&I and Woori Financial were no longer subsidiaries of Woori Finance Holdings, and it no longer owned any shares in such former subsidiaries.
- *Woori Bank.* In November 2014, Woori Finance Holdings merged with and into Woori Bank. As a result of the merger, the other former subsidiaries of Woori Finance Holdings, including Woori Card, Woori Private Equity, Woori FIS, Woori Investment Bank and Woori Finance Research Institute, became Woori Bank's subsidiaries. In December 2014, the KDIC sold 40,143,022 shares of Woori Bank's common stock (representing 5.9% of its outstanding common stock) through a bidding process in Korea. In addition, in December 2016 and January 2017, the KDIC sold an aggregate of 200,685,395

shares of Woori Bank's common stock (representing 29.7% of its outstanding common stock) in stakes ranging from 3.7% to 6.0% to seven financial companies through a bidding process. In 2017, pursuant to a series of transactions related to call options previously granted in connection with the KDIC's sale of Woori Bank's common stock in December 2014, the KDIC sold an aggregate of 19,852,364 shares of Woori Bank's common stock (representing 2.9% of its outstanding common stock). As a result of such transactions, the KDIC's ownership interest in Woori Bank was reduced to 18.4%.

- *Woori Financial Group*. In connection with our establishment in January 2019 as a new financial holding company pursuant to a "comprehensive stock transfer" under Korean law, the KDIC received 124,604,797 shares of our outstanding common stock in exchange for the common stock of Woori Bank it owned. In June 2019, the Financial Services Commission approved the KDIC's plan to sell all such common stock in multiple transactions by 2022. In April 2021, pursuant to this plan, the KDIC sold an aggregate of 14,445,354 shares of our common stock (representing 2.0% of our outstanding common stock) in a block trade. In December 2021, the KDIC sold an aggregate 9.3% of our outstanding common stock in stakes ranging from 1.0% to 4.0% to four companies and 1.0% to our employee stock ownership association. In February 2022, the KDIC sold an aggregate of 15,860,000 shares of our common stock (representing 2.2% of our outstanding common stock) in a block trade. The KDIC further sold an aggregate of 17,000,000 shares, or 2.3%, of Woori Financial Group's outstanding common stock in a block trade in May 2022. As a result of such transactions, the KDIC currently owns 1.3% of our outstanding common stock.

See "Item 4.A. History and Development of the Company—Privatization Plan."

The implementation of the Korean government's privatization plan, including the expected sale of the KDIC's remaining ownership interest in us to third parties, may have an adverse effect on us and your interest as a shareholder. Although the KDIC has already disposed of most of its ownership interest in us, the KDIC's sale of its remaining interest to third parties may affect our business, management, strategy, capital structure and assets and liabilities and lead to diversion of management attention, a loss of customers and labor unrest. There is also no guarantee that prior sales by KDIC of its ownership interest in us will not result in unintended adverse tax consequences for us and our subsidiaries, as well as our shareholders. See "—Risks relating to our common stock and ADSs—Prior sales by the KDIC of shares of our common stock may result in adverse Korean tax consequences for you." Accordingly, the implementation of the privatization plan may have a material adverse effect on the trading price of our common stock and American depositary shares, or ADSs, and your interests as a shareholder.

We may not be able to successfully execute our overseas expansion strategy.

As part of our business strategy, we have been seeking opportunities to expand our operations in markets outside Korea, including through the opening of additional overseas branches and offices as well as strategic acquisitions and investments, particularly in South and Southeast Asia. For example, Woori Bank expanded its network of branches to India, where it established branches in Chennai, Gurgaon and Mumbai from 2012 to 2017. In October 2016, Woori Bank acquired a 51% equity interest in Wealth Development Bank, a thrift bank in the Philippines. In November 2016, Woori Bank obtained a banking license to establish a local subsidiary in Vietnam, Woori Bank Vietnam, which commenced operations in January 2017 and currently operates 20 branches throughout the country. In June 2018, Woori Bank acquired VisionFund (Cambodia) Ltd., a microfinance deposit-taking institution in Cambodia, and renamed it WB Finance Co., Ltd. In February 2020, WB Finance Co., Ltd. merged with Woori Finance (Cambodia) Plc., a Cambodian microfinance institution, and in November 2021, it obtained a commercial banking license from the Cambodian financial authorities and began its nationwide operations as Woori Bank (Cambodia) PLC. Notwithstanding the foregoing, the expansion of our operations abroad may be difficult due to the presence of established competitors in the relevant local markets. In addition, overseas expansion and the management of international operations may require significant financial expenditures as well as management attention, and will subject us to the challenges of operating in an unfamiliar business environment with different regulatory, legal and taxation systems and political, economic and social risks. Accordingly, there is no guarantee that we will be successful in executing our overseas expansion strategy. The failure of our overseas expansion strategy could have an adverse impact on our business, results of operations and financial condition.

We may not generate sufficient additional fees to achieve our revenue diversification strategy.

An important element of our overall strategy is increasing our fee income in order to diversify our revenue base. Historically, our primary source of revenues has been net interest income from our banking operations at Woori Bank. Our current sources of fee income include our investment banking, asset management, assets trustee, currency transfers and lending businesses. However, to date, except for fees collected in connection with certain of our services including investment banking, asset management and currency transfers (including foreign exchange-related commissions), we have not generated substantial fee income. We intend to continue to develop new sources of fee income as part of our business strategy, including through our current investment banking, asset management, assets trustee and lending businesses, as well as through merger with or acquisition of non-banking businesses which we may decide to pursue. For example, in March 2023, we acquired a 52% equity interest as well as the management rights in Daol Investment, which is a venture capital company with 1.4 trillion of assets under its management. See "Item 4.B. Business Overview—Strategy." However we may not be successful in our efforts to develop new sources of fee income, and the new sources of fee income we have developed may not generate sufficient additional fees to achieve our revenue diversification strategy. Although we, like many other Korean financial institutions, have begun to charge fees to our customers more regularly, customers may prove unwilling to pay additional fees, even in exchange for more attractive value-added services, and their reluctance to do so would adversely affect the implementation of our strategy to increase our fee income. Furthermore, the fees that we charge to customers are subject to regulation by Korean financial regulatory authorities, which may seek to implement regulations or measures that may have an adverse impact on our ability to achieve this aspect of our strategy.

Risks relating to competition

Competition in the Korean financial industry is intense, and we may lose market share and experience declining margins as a result.

Competition in the Korean financial market has been and is likely to remain intense. Some of the financial institutions that we compete with are larger in terms of asset size and customer base and have longer operating histories as financial holding companies, greater financial resources or more specialized capabilities than us and our subsidiaries. In addition, in the area of our core banking operations, most Korean banks have been focusing on retail customers and small- and medium-sized enterprises in recent years, although they have begun to generally increase their exposure to large corporate borrowers, and have been focusing on developing fee income businesses as increasingly important sources of revenue. In the area of credit cards, increased competition in the payments market and the resulting increase in our marketing activities, as well as the general trend towards lower merchant fees, are adversely affecting profits in the segment. In our new capital segment, our profitability may be adversely affected by increasing competition in the automobile finance and lease finance markets. The competition and market saturation resulting from this common focus may make it more difficult for us to secure retail, small- and medium-sized enterprise and large corporate customers with the credit quality and on credit terms necessary to maintain or increase our income and profitability.

In addition, the introduction of Internet-only banks in Korea is expected to increase competition in the Korean banking industry. Internet-only banks generally operate without branches and conduct most of their operations through electronic means, which enable them to minimize costs and offer customers higher interest rates on deposits or lower lending rates. In April 2017, Kbank, the first Internet-only bank in Korea, in which Woori Bank owns 12.6% of the equity with voting rights as of December 31, 2022, commenced operations. Kakao Bank and Toss Bank, both mobile-only banks, commenced operations in July 2017 and October 2021, respectively.

Furthermore, the following general regulatory reforms in the Korean financial industry have increased competition among banks and other financial institutions in Korea:

- In the second half of 2015, the Korean government implemented measures to facilitate bank account portability of retail customers by requiring commercial banks to establish systems that allow retail customers to easily switch their bank accounts at one commercial bank to another and automatically transfer the automatic payment settings of their former accounts to the new ones.
- In March 2016, the Financial Services Commission introduced an individual savings account scheme in Korea, which enables individuals to efficiently manage a wide range of retail investment vehicles, including cash deposits, investment funds and securities investment products, from a single integrated account with one financial institution and offers tax benefits on investment returns. Since the scheme backed by the Korean government allows only one individual savings account per person, financial institutions have been competing to retain existing customers and attract new customers since the launch of the individual savings account scheme. Over 30 financial institutions, including banks, securities companies and insurance companies, have registered with the Financial Services Commission to sell their individual savings account products, and we expect fierce competition among these institutions.
- In April 2019, the Financial Services Commission approved and is currently conducting test procedures for a financial regulatory sandbox, a framework set up to allow financial services providers to test new business models in a less regulated environment, as part of its efforts to work closely with the fintech sector and provide support to facilitate its development. A variety of financial services have been similarly approved for such testing under the financial regulatory sandbox.
- In December 2019, the Financial Services Commission launched an “open banking” system, which allows customers to view banking account information and make wire transfers, regardless of institution, through a single mobile application. This integrated system is expected to allow fintech firms to share payment networks with banks, thereby lowering transaction fees and encouraging the development of new payment services.
- In August 2020, amendments to the Credit Information Use and Protection Act established the framework for MyData services in Korea, which allow the collection of customers’ personal credit information from credit information providers/users or public institutions upon the customer’s request and subject to compliance requirements, so that customers may access such collected personal credit information in whole or in part. In January 2021, the Financial Services Commission granted licenses to 28 companies to operate as MyData service providers, 14 of which were fintech firms. Competition between traditional financial institutions and fintech firms is expected to intensify, particularly with respect to the relevant asset management services. As of December 31, 2022, 64 companies, including 23 fintech companies, have been granted a MyData license. MyData services are currently offered through Woori WON Banking, Woori Bank’s main mobile banking application, as well as through Woori Card’s mobile application.
- In March 2023, the Financial Services Commission and the Financial Supervisory Service jointly hosted the initial working group meeting of a task force committed to improving the management and operating practices of banks and banking system. One of the goals of the task force is to promoting competition in the banking sector. During the initial working group meeting, authorities discussed ways to allow entry of new banks and boost competition between banks and nonbanks. These measures under discussion include, without limitation, (1) introducing small licensing units and small-scale specialized banks, (2) allowing entry of additional internet-only banks, regional banks and nation-wide banks, (3) converting mutual savings banks into regional banks and regional banks into nation-wide banks, (4) allowing credit card companies to provide comprehensive payment settlement services, (5) allowing securities firms to provide payment settlement services to corporate entities, (6) permitting insurance companies to concurrently operate payment settlement services, (7) expanding banks’ loans to small and medium-sized enterprises and small-loans to lower-income groups, and (8) extending nonbanks’ scope of services in handling policy fund loans and policy mortgages. The task force has held and will hold

future working group meetings to discuss these issues and we expect that they will develop specific measures to increase competition in the banking sector in the near future. In addition, in February 2023, the Korea Fair Trade Commission conducted on-site examinations of the major banks, including us, to determine whether the banks have engaged in unfair trade practices.

Overall, we expect that such measures may not only intensify competition among traditional financial institutions in Korea, but also allow new market participants such as fintech firms to potentially gain market share in certain areas in which we operate.

The Korean financial industry is undergoing significant consolidation through which the number of nationwide commercial banks in Korea has significantly decreased since the financial crisis in Korea in the late 1990s. A number of significant mergers and acquisitions in the financial industry have also taken place in Korea in recent years, including the merger of Hana Bank into Korea Exchange Bank in 2015, KB Financial Group's acquisition of Hyundai Securities Co., Ltd. in 2016 and the subsequent merger of Hyundai Securities with and into KB Investment & Securities Co., Ltd. in 2016. In 2016, Mirae Asset Securities Co., Ltd. acquired a 43% interest in KDB Daewoo Securities Co., Ltd., and subsequently merged with and into Mirae Asset Securities. In 2014, pursuant to the implementation of the Korean government's privatization plan with respect to Woori Finance Holdings and its former subsidiaries, Woori Financial, Woori Asset Management and Woori F&I were acquired by KB Financial Group, Kiwoom Securities and Daishin Securities, respectively, and Woori Investment & Securities, Woori Aviva Life Insurance and Woori FG Savings Bank were acquired by NongHyup Financial Group. In addition, in October 2014, the KDIC's ownership interest in Kwangju Bank and Kyongnam Bank were acquired by JB Financial Group and BNK Financial Group (formerly known as BS Financial Group), respectively. See "Item 4.A. History and Development of the Company—Privatization Plan." In 2020, Hana Financial Group acquired The-K Non-Life Insurance Co., Ltd. to form Hana Insurance Co., Ltd. Orange Life Insurance, Ltd. (formerly known as ING Life Insurance Korea, Ltd.) became a wholly-owned subsidiary of Shinhan Financial Group following the acquisition of equity interests by Shinhan Financial Group in February 2019 and January 2020, which subsequently merged with and into Shinhan Life Insurance Co., Ltd. in July 2021. In 2020, Shinhan Financial Group acquired the venture capital firm Neoplux. In January 2022, Shinhan Financial Group's subsidiary, Shinhan Asset Management Co., Ltd., merged with Shinhan Alternative Investment Management Inc. In July 2022, Shinhan Financial Group acquired BNP Paribas Cardif General Insurance, and established Shinhan EZ General Insurance. In 2020, KB Financial Group acquired The Prudential Life Insurance Company of Korea Ltd., which merged with KB Life Insurance in January 2023, with the surviving entity's name changed to KB Life Insurance Co., Ltd.

We expect that consolidation in the Korean financial industry will continue. Other financial institutions may seek to acquire or merge with other entities, and the financial institutions resulting from such consolidation may, by virtue of their increased size and business scope, provide significantly greater competition for us. We also believe that foreign financial institutions, many of which have greater experience and resources than we do, may seek to compete with us in providing financial products and services either by themselves or in partnership with existing Korean financial institutions. Increased competition and continuing consolidation may lead to decreased margins, resulting in a material adverse impact on our future profitability. Accordingly, our results of operations and financial condition may suffer as a result of increasing competition in the Korean financial industry.

Competition for customer deposits may increase, resulting in a loss of our deposit customers or an increase in our funding costs.

In recent years, we have faced increasing pricing pressure on deposit products from our competitors. If we do not continue to offer competitive interest rates to our deposit customers, we may lose their business. In addition, even if we are able to match our competitors' pricing, doing so may result in an increase in our funding costs, which may have an adverse impact on our results of operations.

Other risks relating to our business

The COVID-19 pandemic has adversely affected and may continue to adversely affect our business, financial condition or results of operations.

COVID-19, an infectious disease caused by severe acute respiratory syndrome coronavirus 2, has spread globally and was declared a “pandemic” by the World Health Organization in March 2020. The global outbreak of COVID-19 has led to global economic and financial disruptions and has adversely affected our business operations. We have been subjected to and remain subject to a number of related risks, including but not limited to:

- an increase in defaults on loan payments from our customers who may not be able to meet payment obligations, which may lead to an increase in delinquency ratios and a deterioration in asset quality, resulting in increased charge-offs, higher provisioning and reduced interest and fee income;
- decreases in interest rates followed by recent increases in interest rates worldwide (see “—An increase in interest rates would decrease the value of our debt securities portfolio and raise our funding costs while reducing loan demand and the repayment ability of our borrowers, which could adversely affect us”);
- depreciation of the Won against major foreign currencies, which may increase our costs in servicing foreign currency-denominated debt and result in foreign exchange losses (see “—Unfavorable changes in the global financial markets could adversely affect our results of operations and financial condition”);
- impairments in the fair value of our investments in companies that may be adversely affected by the pandemic;
- disruption in the normal operations of our business resulting from the contraction of the disease by our employees or customers, which may necessitate our employees to be quarantined and/or our offices or branches to be temporarily shut down; and
- disruption resulting from the necessity for social distancing, including, for example, temporary arrangements for employees to work remotely, which may lead to a reduction in labor productivity.

The impact of the COVID-19 outbreak had a negative impact on our results of operations in 2022 and may continue to do so in the future, but it is not possible to predict the duration or the full magnitude of the overall harm that may result from the COVID-19 outbreak in the long term.

In addition, in response to the outbreak, Korean financial regulatory authorities, including the Financial Services Commission and the Financial Supervisory Service, have adopted policies for Korean banks to provide relief or assistance to customers. For example, the Korean government has implemented policies to extend loan terms and defer payments on interest and principal with respect to certain borrowers. In particular, in April 2020, the Korean government established the “COVID-19 SME and Small Merchant Financial Support Program” for small- and medium-sized enterprises and small merchants that are in good standing and have been negatively impacted by the COVID-19 pandemic (which excludes consumer loans and loans relating to the sale or leasing of real estate). As of December 31, 2022, our total loans (including payment guarantees) subject to this program amounted to 2,177 billion. Although the program was originally scheduled to expire in September 2021, it has been extended four times before being terminated in September 2022.

On October 4, 2022, Woori Bank started to operate a deferment program similar to the “COVID-19 SME and Small Merchant Financial Support Program”. Under this deferment program, with respect to loans made to borrowers which have been adversely impacted by the COVID-19 pandemic (excluding loans related to the sale or lease of real property and loans made to borrowers engaged in certain unwholesome businesses), Woori Bank may extend their maturity date up until September 30, 2025, and may defer the borrowers’ payment obligation for the interests and principal of such loans up until September 2023. In October 2022, the Korean government also launched the New Start Fund, a debt adjustment program, under which pandemic-hit micro-enterprises and self-employed business owners can apply for debt adjustment, and once accepted, will be supported through customized debt adjustment plans according to their respective credit conditions and types of loans. Under the New Start Fund program, the Korean government may purchase the loan directly and then make adjustment, or if the relevant financial institution agrees, allow the relevant financial institution to restructure the loan directly. See "—Risks relating to our corporate credit portfolio—The largest portion of our credit exposure is to small- and medium-sized enterprises, and financial difficulties experienced by companies in this segment may result in a deterioration of our asset quality and have an adverse impact on us."

We and our subsidiaries have also implemented additional measures, both financial, such as offering discounts on the interest rates of certain loans and waiving ATM transaction fees in certain areas in Korea affected by COVID-19, and non-financial, such as installing acrylic transparent barriers in our branches and distributing masks to protect our customers and workforce. We have also established a group emergency management committee to accurately assess the relevant risks, proactively develop countermeasures and enhance reporting and communication systems on a group-wide basis. Notwithstanding such efforts, in the event that COVID-19 or other types of widespread infectious diseases cannot be effectively and timely contained, our business, financial condition, results of operations and cash flows may continue to be adversely affected.

Unfavorable changes in the global financial markets could adversely affect our results of operations and financial condition.

The overall prospects for the Korean and global economy in 2023 and beyond remain uncertain. In recent years, the global financial markets have experienced significant volatility as a result of, among other things:

- the occurrence of severe health epidemics, such as the COVID-19 pandemic;
- hostilities, political or social tensions involving Russia (including the invasion of Ukraine by Russia and ensuing actions that the United States and other countries have taken or may take in the future) and the resulting adverse effects on the global supply of oil and other natural resources and the global financial markets;
- interest rate fluctuations as well as changes in policy rates by the U.S. Federal Reserve and other central banks, a rise in inflation rates and volatility in stock markets and exchange rates worldwide;
- financial and social difficulties affecting many countries worldwide, in particular in Latin America and Europe;
- adverse developments in the financial markets and industry, in particular those faced by several banks in the United States and Europe;
- a deterioration in economic and trade relations between the United States and its major trading partners, including China;
- escalations in trade protectionism globally and geopolitical tensions in East Asia and the Middle East;
- the slowdown of economic growth in China and other major emerging market economies; and
- political and social instability in various countries in the Middle East, including Iran, Syria, Iraq and Egypt.

In light of the high level of interdependence of the global economy, unfavorable changes in the global financial markets, including as a result of any of the foregoing developments, could have a material adverse effect on the Korean economy and financial markets, and in turn on our business, financial condition and results of operations.

We are also exposed to adverse changes and volatility in the global and Korean financial markets as a result of our liabilities and assets denominated in foreign currencies and our holdings of trading and investment securities, including structured products. The value of the Won relative to major foreign currencies in general and the U.S. dollar in particular has fluctuated widely in recent years and has been subject to significant volatility as a result of the COVID-19 pandemic, the invasion of Ukraine by Russia and the ensuing sanctions against Russia and, more recently, the widening difference in policy rates between the United States and Korea. A depreciation of the Won will increase our cost of servicing our foreign currency-denominated debt, while continued exchange rate volatility may also result in foreign exchange losses for us. Furthermore, as a result of the deterioration in global and Korean economic conditions, there has been downward pressure on securities prices, including the stock prices of Korean and foreign companies in which we hold an interest. Such developments have resulted in and may lead to further trading and valuation losses on our trading and investment securities portfolio as well as impairment losses on our investments in joint ventures and associates. See "—An increase in interest rates would decrease the value of our debt securities portfolio and raise our funding costs while reducing loan demand and the repayment ability of our borrowers, which could adversely affect us."

Adverse developments affecting the financial services industry, including events or concerns involving liquidity of financial institutions, could adversely affect our business, financial condition or results of operations.

Adverse developments affecting financial institutions, such as events involving liquidity that are rumored or actual, have in the past and may in the future lead to bank failures and market-wide liquidity problems. For example, on March 10, 2023, Silicon Valley Bank, or SVB, was closed by the California Department of Financial Protection and Innovation, which appointed the Federal Deposit Insurance Commission, or the FDIC, as receiver. To protect insured depositors, the FDIC transferred all of the deposits and substantially all of the assets of SVB to Silicon Valley Bridge Bank, N.A., a full-service bridge bank that will be operated by the FDIC as it stabilizes the institution and implements an orderly resolution. On March 12, 2023, the FDIC, which was also appointed by the New York State Department of Financial Services as receiver, transferred all of the deposits and substantially all of the assets of Signature Bank to Signature Bridge Bank, N.A. ("Bridge Bank"), a full-service bank that will be operated by the FDIC as it markets the institution to potential bidders. On March 8, 2023, Silvergate Capital Corporation, the holding company for Silvergate Bank, announced its intent to wind down operations and voluntarily liquidate Silvergate Bank.

Other banks have come under pressure and face uncertainty as a result of the failure of SVB, Signature Bank, and Silvergate Bank, and we cannot assure you whether or not the FDIC and other applicable government authorities will take similar or different actions with respect to other banking institutions. Korean financial institutions, including savings banks, Internet-only banks and the banking system generally in Korea, may experience volatile stock prices and significant losses in their equity value, and depositors may withdraw significant amounts from their accounts at these institutions, both of which could lead to closure or other significant distress. In such event, the Korean government may require us and other large financial holding companies in Korea to intervene, as it has required to do so in the past, which may strain our resources and have an adverse impact on our results of operations, cash flow, and financial condition.

In addition, we may be impacted by current or future negative perceptions and expectations about the prospects for the financial services industry, which could worsen over time and result in downward pressure on, and continued or accelerated volatility of, bank securities. Such events involving limited liquidity, defaults, non-performance or other adverse developments that affect financial institutions, transactional counterparties or other companies in the financial services industry or the financial services industry generally, or concerns or rumors about any events of these kinds or other similar risks, have in the past and may in the future lead to market-wide liquidity issues or increase our risk in various dealings with our counterparties, among others.

Our risk management system may not be fully effective at all times, including operational risk.

We seek to monitor and manage our risk exposure through a standardized risk management system, which encompasses a multi-tiered risk management governance structure under our Board Risk Management Committee, our centralized credit risk management system called the Credit Wizard system, reporting and monitoring systems, early warning systems and other risk management infrastructure, using a variety of risk management strategies and techniques. See "Item 11. Quantitative and Qualitative Disclosures about Market Risk." However, such risk management strategies and techniques employed by us and the judgments that accompany their application cannot anticipate the economic and financial outcome in all market environments, and many of our risk management strategies and techniques have a basis in historical market behavior that may limit the effectiveness of such strategies and techniques in times of significant market stress or other unforeseen circumstances. Furthermore, our risk management strategies may not be effective in a difficult or less liquid market environment, as other market participants may be attempting to use the same or similar strategies as us to deal with such market conditions. In such circumstances, it may be difficult for us to reduce our risk positions due to the activity of such other market participants.

We also seek to identify and manage our exposure to operational risk, which we define as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events, primarily through its system of comprehensive policies and control framework, including internal audits and inspections. In addition to our internal audits and inspections, the Financial Supervisory Service conducts general annual audits of our operations, as well as special audits and investigations as the need arises on particular aspects of our operations, such as risk management, internal control, credit monitoring and liquidity. In the ordinary course of these audits or investigations, the Financial Supervisory Service routinely issues warning notices where it determines that a regulated financial institution or such institution’s employees have failed to comply with the applicable laws or rules, regulations and guidelines of the Financial Supervisory Service. We have in the past received, and expect in the future to receive, such notices, and we have taken and will continue to take appropriate actions in response to such notices. For example, the Financial Supervisory Service launched an investigation into us in April 2022 after we discovered that one of our employees had embezzled an aggregate amount of approximately 70.8 billion between 2012 and 2020. The Financial Supervisory Service released an interim report in July 2022, stating that it would take all necessary actions against the embezzler, as well as our other employees and executives for any illegal or inappropriate acts, in accordance with the relevant laws and regulatory procedures. The Financial Supervisory Service also stated that it would work with the Financial Services Commission to devise a plan for improving the internal controls of banks and other financial institutions to prevent the future occurrence of any such large-scale financial incidents. For a further discussion of the incident, see “—We may suffer losses due to employee misconduct.” and “Item 8.A. Consolidated Statements and Other Financial Information—Legal Proceedings and Regulatory Actions.” While we intend to fully cooperate with the Financial Supervisory Service in its audits and investigations and take any remedial measures as necessary, no assurance can be given that these remedial measures would be sufficient to prevent similar or more adverse operational risks from materializing.

We have provided certain assets as collateral in connection with our secured borrowings and could be required to make payments and realize losses in the future relating to those assets.

We have provided certain assets as collateral for our secured borrowings in recent years. As of December 31, 2022, the aggregate amount of assets we had provided as collateral for our secured borrowings was 21,748 billion. These secured borrowings may take the form of asset securitization transactions, where we nominally sell our assets to a securitization vehicle that issues securities backed by those assets, although the assets remain on our statements of financial position. These secured borrowings are intended to be fully repaid through recoveries on collateral. Some of these nominal asset sales were with recourse, which means that if delinquencies arise with respect to such assets, we will be required to either repay a proportionate amount of the related secured borrowing (by reversing the nominal sale and repurchasing such assets) or compensate the securitization vehicle for any net shortfalls in its recoveries on such assets. If we are required to make payments on such assets, or to repay our secured borrowings on those assets and are unable to make sufficient recoveries on them, we may realize further losses on these assets.

An increase in interest rates would decrease the value of our debt securities portfolio and raise our funding costs while reducing loan demand and the repayment ability of our borrowers, which could adversely affect us.

Interest rates in Korea have been subject to significant fluctuations in the past. The Bank of Korea increased its policy rate from 1.25% to 1.50% in November 2017 and 1.75% in November 2018 in light of improved growth prospects in Korea and rising interest rate levels globally, but it again reduced its policy rate to 1.50% in June 2019 and 1.25% in October 2019 to address the sluggishness of the global and domestic economies. Amid rising concerns of a potential global recession as a result of the COVID-19 pandemic, the Bank of Korea further reduced its policy rate to 0.75% in March 2020 and 0.50% in May 2020. However, as the economy began to show signs of recovery from the COVID-19 pandemic starting from the second half of 2021, the Bank of Korea gradually raised its policy rate to 0.75% in August 2021, 1.00% in November 2021, and to pre-pandemic level of 1.25% in January 2022. More recently, in response to rising levels of household debt and inflation in Korea as well as globally, the Bank of Korea raised its policy rate to 1.50% in April 2022, 1.75% in May 2022, 2.25% in July 2022, 2.50% in August 2022, 3.00% in October 2022, 3.25% in November 2022 and 3.50% in January 2023. All else being equal, increases in interest rates in the future could lead to a decline in the value of our portfolio of debt securities, which generally pay interest based on a fixed rate. A sustained increase in interest rates will also raise our funding costs, while reducing loan demand, especially among consumers. Rising interest rates may therefore require us to re-balance our asset portfolio and our liabilities in order to minimize the risk of potential mismatches and maintain our profitability. See “Item 11. Quantitative and Qualitative Disclosures about Market Risk.” In addition, rising interest rate levels may adversely affect the Korean economy and the financial condition of our corporate and consumer borrowers, including holders of our credit cards, which in turn may lead to a deterioration in our credit portfolio. In particular, since most of our consumer and corporate loans bear interest at rates that adjust periodically based on prevailing market rates, a sustained increase in interest rates would increase the interest costs of our consumer and corporate borrowers and will adversely affect their ability to make payments on their outstanding loans.

Uncertainties regarding the transition away from the London Interbank Offered Rate, or LIBOR, or any other interest rate benchmark could have adverse consequences for market participants, including us.

The ICE Benchmark Administration, the administrator of the London Interbank Offered Rate, or LIBOR, ceased publication of short-term U.S. dollar LIBOR settings and all non-U.S. dollar LIBOR settings on a representative basis after December 31, 2021, with plans to cease publication of all other U.S. dollar LIBOR settings after June 30, 2023.

Given the extensive use of LIBOR across financial markets, the transition away from LIBOR presents various risks and challenges to financial markets and institutions, including us, and in particular, Woori Bank. We had issued, traded, held or otherwise used various products and securities that referenced LIBOR, including, among others, loans, securities, deposits, borrowings, derivatives and debentures. In response, we established a LIBOR response plan to identify the impacts and risks to its business associated with the transition away from LIBOR, and to prepare and implement an action plan to ensure a smooth transition to alternative benchmark rates, and to date, has substantively completed such transition, with a strategy in place for the remainder of such transactions that involve LIBOR settings that expire in 2023.

The ongoing transition away from LIBOR or any other interest rate benchmark could result in increased financial, operational, legal, reputational and/or compliance risks. For example, a significant challenge in our benchmark transition has been managing the impact of the LIBOR transition on the contractual mechanics of LIBOR-based financial instruments and contracts that mature after the announced deadlines. As described above, certain of the remaining instruments and contracts do not provide for alternative reference rates or appropriate fallback clauses. Even if such instruments and contracts provide for alternative reference rates, such alternative reference rates are likely to differ from the prior benchmark rates and may require us to pay interest at higher rates on the related obligations, which could adversely impact our interest expenses, results of operations and cash flows. While there are a number of international working groups focused on transition plans and the provision of fallback contract language that seek to minimize market disruption, replacement of LIBOR or any other benchmark with a new benchmark rate, such as the Secured Overnight Financing Rate, or SOFR, could adversely impact the value of and return on existing instruments and contracts. Moreover, replacement of LIBOR or other benchmark rates could result in market dislocations and have other adverse consequences for market participants, including the potential for increased costs, and litigation risks, including the potential for disputes with counterparties regarding the interpretation and enforceability of fallback contract language in LIBOR-based financial instruments and contracts.

Our funding is highly dependent on short-term deposits, which dependence may adversely affect our operations.

We meet a significant amount of our funding requirements through short-term funding sources, which consist primarily of customer deposits. As of December 31, 2022, approximately 95.3% of these deposits had maturities of one year or less or were payable on demand. In the past, a substantial proportion of these customer deposits have been rolled over upon maturity. We cannot guarantee, however, that depositors will continue to roll over their deposits in the future. In the event that a substantial number of these short-term deposit customers withdraw their funds or fail to roll over their deposits as higher-yielding investment opportunities emerge, our liquidity position could be adversely affected. We may also be required to seek more expensive sources of short-term and long-term funding to finance our operations. See “Item 5.B. Liquidity and Capital Resources—Financial Condition—Liquidity.”

Labor union unrest may disrupt our operations and hinder our ability to continue to reorganize our operations.

Most financial institutions in Korea have experienced periods of labor unrest. In recent years, we have transferred or merged some of the business operations of our subsidiaries and affiliates into one or more entities and implemented other forms of corporate and operational restructuring, including in connection with the Korean government’s privatization plan with respect to Woori Finance Holdings and its former subsidiaries. See “—Risks relating to our structure and strategy—The implementation of the Korean government’s privatization plan may have an adverse effect on us and your interests as a shareholder.” We may also decide to implement other organizational or operational changes, as well as acquisitions or dispositions, in the future. Such efforts have in the past been met with significant opposition from labor unions in Korea. Actual or threatened labor disputes may in the future disrupt the reorganization process and our business operations, which in turn may adversely impact our financial condition and results of operations.

The secondary market for corporate bonds in Korea is not fully developed, and, as a result, we may not be able to realize the full “marked-to-market” value of debt securities we hold when we sell any of those securities.

As of December 31, 2022, we held debt securities issued by Korean companies and financial institutions (other than those issued by government-owned or -controlled enterprises or financial institutions, which include the Bank of Korea, the Korea Development Bank, the Export-Import Bank of Korea, the Korea Housing Finance Corporation and the Industrial Bank of Korea, among others) with a total book value of 9,631 billion in our trading and investment securities portfolio. The market value of these securities could decline significantly due to various factors, including future increases in interest rates or a deterioration in the financial and economic condition of any particular issuer or of Korea in general. Any of these factors individually or a combination of these factors would require us to write down the fair value of these debt securities, resulting in impairment losses. Because the secondary market for corporate bonds in Korea is not fully developed, the market value of many of these securities as reflected on our consolidated statements of financial position is determined by reference to suggested prices posted by Korean rating agencies, which measure prices based on observable market data. These valuations, however, may differ significantly from the actual value that we could realize in the event we elect to sell these securities. As a result, we may not be able to realize the full “marked-to-market” value at the time of any such sale of these securities and thus may incur additional losses.

We may be required to raise additional capital if our capital adequacy ratios deteriorate or the applicable capital requirements change in the future, but we may not be able to do so on favorable terms or at all.

Under the capital adequacy requirements of the Financial Services Commission, as of December 31, 2022, we as a bank holding company were required to maintain a total minimum common equity Tier I capital adequacy ratio of 8.0%, Tier I capital adequacy ratio of 9.5% and combined Tier I and Tier II capital adequacy ratio of 11.5%, on a consolidated basis (including applicable additional capital buffers and requirements as described below), and Woori Bank as a bank was required to maintain a total minimum common equity Tier I capital adequacy ratio of 8.0%, Tier I capital adequacy ratio of 9.5% and combined Tier I and Tier II capital adequacy ratio of 11.5%, on a consolidated basis (including applicable additional capital buffers and requirements as described below). As of December 31, 2022, our common equity Tier I capital, Tier I capital and combined Tier I and Tier II capital adequacy ratios were 11.57%, 13.62% and 15.30%, respectively, and Woori Bank’s common equity Tier I capital, Tier I capital and combined Tier I and Tier II capital adequacy ratios were 12.68%, 13.67% and 15.60%, respectively, all of which exceeded the minimum levels required by the Financial

Services Commission. However, our capital base and capital adequacy ratios may deteriorate in the future if our results of operations or financial condition deteriorates for any reason, or if we are not able to deploy our funding into suitably low-risk assets.

The current capital adequacy requirements of the Financial Services Commission are derived from a set of bank capital measures, referred to as Basel III, which the Basel Committee on Banking Supervision initially introduced in 2009 and began phasing in starting from 2013. Commencing in July 2013, the Financial Services Commission promulgated a series of amended regulations implementing Basel III, pursuant to which Korean banks and bank holding companies were required to maintain a minimum ratio of common equity Tier I capital (which principally includes equity capital, capital surplus and retained earnings) to risk-weighted assets of 3.5% and Tier I capital to risk-weighted assets of 4.5% from December 1, 2013, which minimum ratios were increased to 4.0% and 5.5%, respectively, from January 1, 2014 and increased further to 4.5% and 6.0%, respectively, from January 1, 2015. Such requirements are in addition to the pre-existing requirement for a minimum ratio of Tier I and Tier II capital (less any capital deductions) to risk-weighted assets of 8.0%, which remains unchanged. The amended regulations also require an additional capital conservation buffer of 2.5% in 2022 and 2023, as well as a potential counter-cyclical capital buffer of up to 2.5%, which is determined on a quarterly basis by the Financial Services Commission. Furthermore, we and Woori Bank were each designated as a domestic systemically important bank holding company and a domestic systematically important bank, respectively, for 2022 and 2023 by the Financial Services Commission, which subjects us and Woori Bank to the additional capital requirement of 1.0% in 2022 and 2023. The implementation of Basel III in Korea may have a significant effect on the capital requirements of Korean financial institutions, including us. See “Item 4.B. Business Overview—Supervision and Regulation—Principal Regulations Applicable to Financial Holding Companies—Capital Adequacy” and “Item 4.B. Business Overview—Supervision and Regulation—Principal Regulations Applicable to Banks—Capital Adequacy.”

We 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, we may not be able to obtain additional capital on favorable terms, or at all. Our 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 we fail to comply with applicable capital adequacy or other regulatory requirements in the future, Korean regulatory authorities may impose penalties on us ranging from a warning to suspension or revocation of our banking license.

We engage in limited activities relating to Iran and Russia, which may result in regulatory or enforcement actions under relevant laws and regulations of the United States and other jurisdictions as a result of such activities, which may adversely affect our business and reputation.

The U.S. Department of the Treasury’s Office of Foreign Assets Control, or OFAC, administers and enforces certain laws and regulations (which we refer to as OFAC sanctions) that impose restrictions on activities or transactions within U.S. jurisdiction with certain countries, governments, entities and individuals that are the subject of OFAC sanctions, including Iran and Russia. Non-U.S. persons generally are not automatically bound by OFAC sanctions, but to the extent they engage in transactions completed in part in the United States or through U.S. persons (such as, for example, wiring an international payment that clears through a bank branch in New York), they are required to comply with OFAC sanctions. The European Union also enforces certain laws and regulations that impose restrictions on nationals and entities of, and business conducted in, member states with respect to activities or transactions with certain countries, governments, entities and individuals that are the subject of such laws and regulations, including with respect to targeted entities in Iran and Russia. The United Nations Security Council and other governmental entities (including Korea and the United Kingdom) also impose similar sanctions.

The United States also maintains indirect sanctions, which we refer to collectively as U.S. secondary sanctions, which provide authority for the imposition of U.S. sanctions on non-U.S. persons that engage in targeted transactions or activities with no connection to U.S. jurisdiction. Secondary sanctions are implemented under a wide and growing range of statutes and Executive Orders, and the standard language of most Executive Orders provides authority to impose sanctions on non-U.S. persons providing material support to parties subject to OFAC sanctions. Secondary sanctions have been of increasing importance in recent years, particularly (but not only) with respect to Iran, Russia, and North Korea. Iran has also been designated as a "jurisdiction of primary money laundering concern" under Section 311 of the USA PATRIOT Act, potentially subjecting banks dealing with Iranian financial institutions to increased regulatory scrutiny.

Violations of OFAC sanctions via transactions with a U.S. jurisdictional nexus can result in substantial civil or criminal penalties. Even when no such jurisdictional nexus exists, parties that engage in targeted activities under secondary sanctions may themselves become the target of OFAC sanctions, including, among other things, the blocking of any property subject to U.S. jurisdiction in which the sanctioned party has an interest, which would include a prohibition on transactions or dealings within U.S. jurisdiction involving securities of the sanctioned party. Financial institutions engaging in targeted activities could in some instances be sanctioned by termination or restriction of their ability to maintain correspondent accounts in the United States. The imposition of sanctions against foreign financial institutions pursuant to U.S. secondary sanctions is discretionary and not automatic, requiring affirmative action by the U.S. administration.

Previously, Korea benefited from a "significant reduction" exception, or SRE, that exempted Korean companies from many U.S. secondary sanctions in connection with purchases of crude oil and natural gas from Iran that met a series of conditions, including restrictions on the currencies involved and stringent limits on the use of proceeds of oil and gas purchases. The U.S. Department of State announced that as of May 2, 2019, it would discontinue the exemption.

In 2022, we engaged in the following activities relating to Iran:

- We operate certain accounts for the Central Bank of Iran, or the CBI, which were opened by the CBI pursuant to a service agreement entered into by us and the CBI in September 2010, as amended from time to time, to facilitate trade between Korea and Iran. In light of the discontinuation of the SRE, from July 8, 2019 to September 20, 2019, we limited activity in the existing CBI accounts to processing payments for exports of humanitarian goods to Iran, and due to the imposition of additional secondary sanctions against the CBI on September 20, 2019, we ceased all activity in the existing CBI accounts until July 12, 2020. Starting July 13, 2020, at the request of the Korean government, we resumed processing payments for exports of certain humanitarian goods to Iran, such as those permitted under OFAC General License No. 8A, which authorizes certain humanitarian trades involving the CBI. In resuming the transactions involving the CBI account for humanitarian trade, we consulted with the Korean government, which, in turn, received confirmation from OFAC that these transactions are currently permitted under OFAC sanctions laws. In addition, we have been conducting extensive Know Your Customer (KYC) and enhanced due diligence (EDD) reviews to ensure that all humanitarian trade transactions involving Iran and the CBI are undertaken in accordance with OFAC sanctions. In 2022, our total fee revenue from such activities amounted to 0.22 million, and as there were no expenses directly applicable to such activities under our internal management accounts, we estimate that our net income before tax from such activities also amounted to 0.22 million.

- In the past, we also provided fund transfer and financing services to Korean exporters and importers in connection with their trade transactions with Iranian parties that were permitted under the relevant Korean sanctions regime. We have discontinued all trade financing activities relating to export and import trades involving the CBI accounts since November 5, 2018. Since 2019, all such exports and imports were settled through telegraphic transfer and did not involve our financing services, including all transactions involving the CBI. However, we continue to honor our obligations on a limited basis under previously-issued bank guarantees to the extent that such activities do not violate OFAC sanctions or implicate U.S. secondary sanctions. In 2022, our total fee revenue from the relevant telegraphic transfer services amounted to 0.10 million. As there were no expenses directly applicable to such activities under our internal management accounts, we estimate that our net income before tax from such activities also amounted to 0.10 million.

- We also maintain a limited number of deposit accounts in Korea for an Iranian financial institution subject to OFAC sanctions that were opened prior to it becoming subject to OFAC sanctions. The relevant accounts have since been restricted, and no transactions are currently allowed through these accounts. Accordingly, there were no fee revenues from maintaining such deposit accounts, and there were no expenses directly applicable to such activities under our internal management accounts, in 2022.

Unless stated otherwise, we intend to continue the above activities to the extent permitted under applicable laws and regulations and not prohibited by any applicable sanctions laws.

While we do not believe that our past activities relating to Iran violated OFAC sanctions or are sanctionable under applicable U.S. secondary sanctions, U.S. authorities are afforded wide discretion and there is no guarantee that such activities will not be found to have violated OFAC sanctions or involved sanctionable activity under U.S. secondary sanctions, or that any other government will not determine that our activities violated applicable sanctions of other countries. Sanctions against Iran continue to evolve rapidly, and future changes in law could also adversely affect us.

Our business and reputation could be adversely affected if the U.S. government were to determine that our past or ongoing activities relating to Iran violated OFAC sanctions or involved sanctionable activities under U.S. secondary sanctions, or if any other government were to determine that such activities violated applicable sanctions of other countries. For example, any prohibition or conditions placed on our use of U.S. correspondent accounts could effectively eliminate our access to the U.S. financial system, including U.S. dollar clearing transactions, which would adversely affect our business, and any other sanctions or civil or criminal penalties imposed could also adversely affect our business. We intend to take all necessary measures to the extent possible to ensure that such prohibitions or conditions are not placed on us.

Furthermore, there is no guarantee that other countries (including Korea) that had provided sanctions relief to Iran in conjunction with the 2015 Joint Comprehensive Plan of Action (JCPOA) will not decide to re-impose sanctions relating to Iran, especially if there are further negative political developments relating to the Middle East or Iran’s involvement in the conflict in Ukraine. It is also possible that the United States, Korea or other countries might seek to expand their sanctions relating to Iran in the future beyond those existing currently. Such governmental actions and policies may also increase the risk of our violating certain sanctions or becoming a target of sanctions as a result of our past or future activities relating to Iran.

We have been cooperating with an investigation relating to compliance with U.S. sanctions and other U.S. laws led by the U.S. Attorney’s Office for the Southern District of New York and the New York State Office of the Attorney General regarding certain of our transactions involving sanctioned countries. We have provided the investigating authorities with information and documents pursuant to the applicable laws and regulations. We voluntarily reported the relevant transactions to OFAC, including a limited number of previous transactions that may have involved Iran, Sudan, Syria and Cuba, and shared such information with banking regulators including the Federal Reserve Bank of New York and the New York Department of Financial Services, or DFS. On December 3, 2020, OFAC concluded its investigation with a cautionary letter as its final enforcement action, and DFS also informed our counsel on February 2, 2022 that it would close its investigation without any enforcement action. However, the investigations by other U.S. government authorities have not been formally concluded and may continue to require our cooperation, although such investigations have been dormant for a number of years to our knowledge. It is not possible to predict the outcome of such investigations at this time, and there can be no assurance that such investigations will not result in an unfavorable outcome or adversely affect our business or reputation.

Following Russia’s further invasion of Ukraine in February 2022, various countries, including the United States, have imposed additional sanctions on a number of Russian individuals and entities, and restricted or prohibited certain activities relating to Russia such as making new investments or the provision of certain services. The Russian government also listed the Republic of Korea as an “unfriendly state” in March 2022. We have a Russia-based subsidiary, which represents 0.16% of our total assets and 0.19% of our revenue as of December 31, 2022. The Russian subsidiary is engaged in certain ordinary course business activities with Russian entity counterparties, some of which have become subject to additional sanctions since February 2022. Where necessary or appropriate, we have taken actions to negotiate repayment terms in Rubles to promote compliance with applicable sanctions and have prepared response plans in the event of additional sanctions. While we do not believe that such activities violate OFAC or other sanctions or would reasonably be expected to result in the imposition of U.S. secondary sanctions, U.S. authorities are afforded wide discretion and there is no guarantee that such activities will not be found to have violated OFAC sanctions or involved sanctionable activity under U.S. secondary sanctions, or that any other government will not determine that our activities violated applicable sanctions of other countries. Our business and reputation could be adversely affected if the U.S. government, or any other government, were to determine that our past or ongoing activities relating to Russia violated any of the applicable sanctions. Sanctions against Russia continue to evolve rapidly, and future changes in law could also adversely affect us. The further expansion of sanctions against Russia and the Russian financial sector by the United States or other countries (including Korea), as well as Russian countermeasures against foreign-owned companies, may adversely affect our business and reputation.

Furthermore, some of our U.S. investors may be required to divest their investments in us or forego the purchase of our securities under the laws of certain U.S. states relating to investments by state-owned entities or under internal investment policies relating to companies (or their affiliates) doing business with Iran or Russia, or investors may decide for reputational reasons to divest or forego such investments. We are aware of initiatives by U.S. governmental entities and U.S. institutional investors, such as pension funds, to adopt or consider adopting laws, regulations or policies prohibiting transactions with or investment in, or requiring divestment from, entities doing business with countries identified as state sponsors of terrorism, such as Iran, or with Russia. There can be no assurance that the foregoing will not occur or that such occurrence will not have a material adverse effect on the value of our common stock and ADSs.

Our operations may be subject to increasing and continually evolving cybersecurity and other technological risks.

With the proliferation of new technologies and the increasing use of the Internet and mobile devices to conduct financial transactions, our operations as a financial institution have been, and will continue to be, subject to an increasing risk of cyber incidents relating to these activities, the nature of which is continually evolving. Our computer systems, software and networks are subject to cyber incidents, such as disruptions, delays or other difficulties affecting our information technology systems, computer viruses or other malicious codes, loss or destruction of data (including confidential client information), unauthorized access, account takeover attempts and cyber attacks. A significant portion of our daily operations relies on our information technology systems, including customer service, billing, the secure processing, storage and transmission of confidential and other information as well as the timely monitoring of a large number of complex transactions.

South Korea’s Defense Ministry increased the Cyber Protection Condition or CPCON level from Level 4 (attention) to 3 (caution) in March 2022. In response, we have taken actions to implement cybersecurity measures that are commensurate with this increase in CPCON level. Specifically, we strengthened our systems to detect and block hacking attempts and malicious code distribution as well as DDoS response. We are also working on identifying and confirming best practices to optimize our cybersecurity measures.

We have made substantial and ongoing investments into building systems and protections to address cybersecurity and related risks including obtaining ISMS-P from Financial Security Institute and ISO27001 and ISO27701 from the International Organization for Standardization to validate our protocols, personnel, and facilities in respect of personal information data protection. Although our commitment to optimized cybersecurity and ongoing compliance will continue, there is no guarantee that such measures will provide complete protection against cyber threats.

In addition, because methods used to cause cyber attacks change frequently or, in some cases, are not recognized until launched, we may be unable to implement effective preventive measures or proactively address these methods. Furthermore, these cyber threats may arise from human error, accidental technological failure and third parties with whom we do business. If we were to be subject to a system failure or other cyber incident, it could result in the disclosure of confidential client information, damage to our reputation with our customers and in the market, customer dissatisfaction, additional costs to us, regulatory penalties, exposure to litigation and other financial losses to both us and our customers, which could have an adverse effect on our business and results of operations.

Our business may be adversely affected by legal claims and regulatory actions against us.

We are subject to the risk of legal claims and regulatory actions, which may expose us to monetary damages and legal costs, injunctive relief, criminal and civil penalties, sanctions against our management and employees

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and regulatory restrictions on our operations, as well as reputational harm. See “Item 8.A. Consolidated Statements and Other Financial Information—Legal Proceedings and Regulatory Actions.”

We are unable to predict the outcome of many of the legal claims and regulatory actions in which we are involved, and the scope of the claims or actions or the total amount in dispute in such matters may increase. Furthermore, adverse decisions, findings or resolutions in such matters could encourage other parties, including governmental authorities in other jurisdictions, to bring similar claims and actions against us. Accordingly, the outcome of current and future legal claims and regulatory actions, particularly those for which it is difficult to assess the maximum potential exposure or the ultimate adverse impact with any degree of certainty, may materially and adversely impact our business, reputation, results of operations and financial condition.

We may suffer losses due to employee misconduct.

Our businesses are exposed to risk from potential non-compliance by our employees with our policies, applicable laws or regulations, as well as other types of employee misconduct or negligence and fraud, which could result in civil, regulatory or criminal investigations, litigations and charges, regulatory sanctions and reputational or financial harm. For example, in April 2022, we became aware of, and reported to the relevant government authorities, a series of embezzlements committed between 2012 and 2020 by one of our employees. As of December 31, 2022, we determined that the aggregate amount of such embezzlements was approximately 70.8 billion but have since recovered 3.4 billion of this amount. In September 2022, the Seoul Central District court sentenced the embezzler to 13 years in prison, which decision is currently on appeal. The Financial Supervisory Service has concluded its investigation and, in January 2023, its disciplinary committee approved various penalties to be issued to certain Woori Bank employees in connection with the embezzlement. In addition, another employee of ours has been arrested under the allegation of aiding certain suspicious overseas wire transfers that are subject to pending investigations by the Korean government and alerting the transferors of such investigations. See “Item 8.A. Consolidated Statements and Other Financial Information—Legal Proceedings and Regulatory Actions.” These and other instances of employee misconduct could result in damages to our reputation, additional costs to us, regulatory penalties, exposure to litigation and other financial losses to us. There can be no assurance that we will be able to fully recoup any financial losses that we may have sustained as a result of the employee misconduct. Furthermore, it is not always possible to deter or fully prevent employee misconduct and the precautions we take to prevent and detect such activity may not always be fully effective. Accordingly, there can be no assurance that employee misconduct will not occur again in the future.

We are generally subject to Korean corporate governance and disclosure standards, which differ in significant respects from those in other countries.

Companies in Korea, including us, are subject to corporate governance standards applicable to Korean public companies which differ in many respects from standards applicable in other countries, including the United States. As a reporting company registered with the U.S. Securities and Exchange Commission and listed on the New York Stock Exchange, we are subject to certain corporate governance standards as mandated by the Sarbanes-Oxley Act of 2002. However, foreign private issuers, including us, are exempt from certain corporate governance requirements under the Sarbanes-Oxley Act or under the rules of the New York Stock Exchange. There may also be less publicly available information about Korean companies, such as us, than is regularly made available by public or non-public companies in other countries. Such differences in corporate governance standards and less public information could result in less than satisfactory corporate governance practices or disclosure to investors in certain countries.

Risks relating to government regulation and policy

Strengthening of consumer protection laws applicable to financial institutions could adversely affect our operations.

As a financial services provider, we are subject to a variety of regulations in Korea that are designed to protect financial consumers. In recent years, in light of heightened public concern regarding privacy issues, the Korean government has placed greater emphasis on protection of personal information by financial institutions and has implemented a number of measures to enhance consumer protection. Under the Personal Information Protection Act, financial institutions, as personal information managers, may not collect, store, maintain, utilize or provide resident registration numbers of their customers, unless other laws or regulations specifically require or permit the management of resident registration numbers. In addition, under the Use and Protection of Credit Information Act, a financial institution has a higher duty to protect all information that it collects from its customers and is required to treat such information as credit information. A financial institution's ability to transfer or provide the information to its affiliates or holding company is considerably restricted. Quintuple damages may be imposed on a financial institution for leakage of such information. Furthermore, under the Electronic Financial Transaction Act, a financial institution is primarily responsible for compensating its customers harmed by a cyber security breach affecting the financial institution even if the breach is not directly attributable to the financial institution.

The Financial Consumer Protection Act became effective as of March 25, 2021. Under the Act, we as a financial instrument distributor are subject to heightened investor protection measures, including stricter distribution guidelines, improved financial dispute resolution procedures, increased liability for customer losses and newly imposed penalty surcharges. See "Item 4.B. Business Overview—Supervision and Regulation—Laws and Regulations Governing Other Business Activities—The Financial Consumer Protection Act."

These and other measures that may be implemented by the Korean government to strengthen consumer protection laws applicable to financial institutions may limit our operational flexibility and cause us to incur significant additional compliance costs, as well as subject us to increased potential liability to our customers, which could adversely affect our business and performance.

The Korean government may promote lending and financial support by the Korean financial industry to certain types of borrowers as a matter of policy, which financial institutions, including us, may decide to follow.

Through its policy guidelines and recommendations, the Korean government has promoted and, as a matter of policy, may continue to attempt to promote lending by the Korean financial industry to particular types of borrowers. For example, the Korean government has in the past announced policy guidelines requesting financial institutions to participate in remedial programs for troubled corporate borrowers, as well as policies aimed at promoting certain sectors of the economy, including measures such as making low interest funding available to financial institutions that lend to these sectors. We expect that all loans or credits made pursuant to such government policies will be reviewed in accordance with our credit approval procedures. However, these or any future government policies may influence us to lend to certain sectors or in a manner in which we otherwise would not in the absence of such policies.

In the past, the Korean government has also announced policies under which financial institutions in Korea are encouraged to provide financial support to particular sectors. For example, in light of the deteriorating financial condition and liquidity position of small- and medium-sized enterprises in Korea and adverse conditions in the Korean economy affecting such enterprises, in April 2020 the Korean government temporarily introduced measures intended to encourage Korean banks to provide financial support to small- and medium-sized enterprise borrowers, including guidelines for Korean banks to extend loan terms and defer interest payments with respect to small- and medium sized enterprises and small merchants affected by the COVID-19 pandemic. See "—Risks relating to our corporate credit portfolio—The largest portion of our exposure is to small- and medium-sized enterprises, and financial difficulties experienced by companies in this segment may result in a deterioration of our asset quality and have an adverse impact on us." In addition, in September 2019, in response to increasing levels of consumer debt and amid concerns over the debt-servicing capacity of retail borrowers if interest rates were to rise, the Korean government requested Korean banks to participate in a mortgage loan refinancing program for low-income individuals with low repayment ability aimed at reducing the payment burden on outstanding mortgage loans.

The Korean government may in the future request financial institutions in Korea, including us, to make investments in or provide other forms of financial support to particular sectors of the Korean economy as a matter of policy, which financial institutions, including us, may decide to accept. We may incur costs or losses as a result of providing such financial support.

The Financial Services Commission may impose burdensome measures on us if it deems us or one of our subsidiaries to be financially unsound.

If the Financial Services Commission deems our financial condition or the financial condition of our subsidiaries to be unsound, or if we or our subsidiaries fail to meet applicable regulatory standards, such as minimum capital adequacy and liquidity ratios, the Financial Services Commission may order or recommend, among other things:

- admonitions or warnings with respect to us or our officers;
- capital increases or reductions;
- assignments of contractual rights and obligations relating to financial transactions;
- a suspension of performance by our officers of their duties and the appointment of receivers;
- disposals of property holdings or closures of subsidiaries or branch offices or downsizing;
- stock cancellations or consolidations;
- suspension of performance of duties of officers and appointment of managers;
- transfer of all or part of a business;
- mergers with other financial institutions;
- acquisition of us by a third party; and
- suspensions of a part or all of our business operations (not more than six months, in the case of a suspension of all business operations).

If any of these measures are imposed on us by the Financial Services Commission, they could harm our business, results of operations and financial condition. In addition, if the Financial Services Commission orders us to partially or completely reduce our capital, you may lose part or all of your investment.

Risks relating to Korea

Unfavorable financial and economic developments in Korea may have an adverse effect on us.

We are incorporated in Korea, and a substantial majority of our operations are located in Korea. As a result, we are subject to political, economic, legal and regulatory risks specific to Korea, and our performance and successful fulfillment of our operational strategies are dependent to a large extent on the overall Korean economy. The economic indicators in Korea in recent years have shown mixed signs of deterioration and recovery. Following a period of deterioration due to the debilitating effects of the COVID-19 pandemic on the Korean economy as well as on the economies of Korea’s major trading partners in 2020 (see “—Other risks relating to our business—The COVID-19 pandemic has adversely affected and may continue to adversely affect our business, financial condition or results of operations.”), the overall Korean economy showed some signs of recovery in 2021. However, the Korean economy in 2022 was characterized by high levels of uncertainty resulting from high inflation rates, a rise in interest rates and a depreciation of the Won against the U.S. dollar. As a result, future growth of the Korean economy is subject to many factors beyond our control, including developments in the global economy.

In recent years, adverse conditions and volatility in the worldwide financial markets, fluctuations in oil and commodity prices and the increasing weakness of the global economy, mainly due to the COVID-19 pandemic and more recently due to Russia’s invasion of Ukraine and ensuing sanctions against Russia, have contributed to the uncertainty of global economic prospects in general and have adversely affected, and may continue to adversely affect, the Korean economy. See “—Other risks relating to our business—Unfavorable changes in the global financial markets could adversely affect our results of operations and financial condition.” The value of the Won relative to major foreign currencies has fluctuated significantly and, as a result of deteriorating global and Korean economic conditions, there has been significant volatility in the stock prices of Korean companies recently. Further declines in the Korea Composite Stock Price Index, or the KOSPI, and large amounts of sales of Korean securities by foreign investors and subsequent repatriation of the proceeds of such sales may adversely affect the value of the Won, the foreign currency reserves held by financial institutions in Korea, and the ability of Korean companies to raise capital. Any future deterioration of the Korean or global economy could adversely affect our business, financial condition and results of operations.

Developments that could have an adverse impact on the Korean economy include:

- declines in consumer confidence and a slowdown in consumer spending;
- the occurrence of severe health epidemics in Korea or other parts of the world, such as the COVID-19 pandemic;
- adverse developments in the financial markets and industry;
- adverse conditions or developments in the economies of countries and regions that are important export markets for Korea, such as China, the United States, Europe and Japan, or in emerging market economies in Asia or elsewhere, including as a result of deteriorating economic and trade relations between the United States and China;
- adverse changes or volatility in foreign currency reserve levels, commodity prices (including oil prices), exchange rates (including fluctuation of the U.S. dollar, the euro or the Japanese yen exchange rates or revaluation of the Chinese Renminbi), interest rates, inflation rates or stock markets;
- deterioration in economic or diplomatic relations between Korea and its trading partners or allies, including deterioration resulting from territorial or trade disputes or disagreements in foreign policy;
- hostilities, political or social tensions involving Russia (including the invasion of Ukraine by Russia and ensuing actions that the United States and other countries have taken or may take in the future) and the resulting adverse effects on the global supply of oil and other natural resources and the global financial markets;
- increased sovereign default risk in select countries and the resulting adverse effects on the global financial markets;
- a deterioration in the financial condition or performance of small- and medium-sized enterprises and other companies in Korea due to the Korean government’s policies to increase minimum wages and limit working hours of employees;
- investigations of *chaebols* and their senior management for possible misconduct;
- a continuing rise in the level of household debt and increasing delinquencies and credit defaults by consumer and small- and medium-sized enterprise borrowers in Korea;
- social and labor unrest;
- substantial changes in the market prices of Korean real estate;
- the economic impact of any pending or future free trade agreements or of any changes to existing free trade agreements;
- a substantial decrease in tax revenues and a substantial increase in the Korean government’s expenditures for fiscal stimulus measures, unemployment compensation and other economic and social programs, in particular in light of the Korean government’s ongoing efforts to provide emergency relief payments to households and emergency loans to corporations in need of funding due to COVID-19, which, together, would likely lead to an increase in the Korean government’s debt and a national budget deficit;
- financial problems or lack of progress in the restructuring of *chaebols*, other large troubled companies (including those in the construction, shipbuilding and shipping sectors as well as the hotel, leisure and transportation sectors) and their suppliers;

- loss of investor confidence arising from corporate accounting irregularities or corporate governance issues concerning certain *chaebols*;
- increases in social expenditures to support an aging population in Korea or decreases in economic productivity due to the declining population size in Korea;
- geo-political uncertainty and risk of further attacks by terrorist groups around the world;
- natural or man-made disasters that have a significant adverse economic or other impact on Korea or its major trading partners;
- political uncertainty or increasing strife among or within political parties in Korea;
- hostilities or political or social tensions involving oil-producing countries in the Middle East (including a potential escalation of hostilities between the United States and Iran) and Northern Africa and any material disruption in the global supply of oil or sudden increase in the price of oil;
- increased reliance on exports to service foreign currency debts, which could cause friction with Korea's trading partners;
- political or social tensions involving Russia and any resulting adverse effects on the supply of oil or the global financial markets;
- an increase in the level of tensions or an outbreak of hostilities between North Korea and Korea or the United States; and
- changes in financial regulations in Korea.

Escalations in tensions with North Korea could have an adverse effect on us and the market price of our ADSs.

Relations between Korea and North Korea have been tense throughout Korea's modern history. The level of tension between the two Koreas has fluctuated and may increase abruptly as a result of current and future events. In particular, there have been heightened security concerns in recent years stemming from North Korea's nuclear weapon and ballistic missile programs as well as its hostile military actions against Korea. Some of the significant incidents in recent years include the following:

- North Korea renounced its obligations under the Nuclear Non-Proliferation Treaty in January 2003 and has conducted six rounds of nuclear tests since October 2006, including claimed detonations of hydrogen bombs, and warheads that can be mounted on ballistic missiles. Over the years, North Korea has also conducted a series of ballistic missile tests, including missiles launched from submarines and intercontinental ballistic missiles that it claims can reach the United States mainland. North Korea has increased the frequency of its missile tests in 2022, firing over 60 ballistic missiles, including 8 intercontinental ballistic missiles. In response, the Korean government has repeatedly condemned the provocations and flagrant violations of relevant United Nations Security Council resolutions. In February 2016, the government also closed the inter-Korea Gaeseong Industrial Complex in response to North Korea's fourth nuclear test in January 2016. Internationally, the United Nations Security Council has passed a series of resolutions condemning North Korea's actions and significantly expanding the scope of sanctions applicable to North Korea. Over the years, the United States and the European Union have also expanded their sanctions applicable to North Korea.
- In March 2010, a Korean naval vessel was destroyed by an underwater explosion, killing many of the crewmen on board. The Korean government formally accused North Korea of causing the sinking, while North Korea denied responsibility. Moreover, in November 2010, North Korea fired more than 100 artillery shells that hit Korea's Yeonpyeong Island near the Northern Limit Line, which acts as the de facto maritime boundary between Korea and North Korea on the west coast of the Korean peninsula, causing casualties and significant property damage. The Korean government condemned North Korea for the attack and vowed stern retaliation should there be further provocation.

North Korea's economy also faces severe challenges, which may further aggravate social and political pressures within North Korea. Although bilateral summit meetings between the two Koreas were held in April 2018, May 2018 and September 2018 and between the United States and North Korea in June 2018, February 2019 and June 2019, there can be no assurance that the level of tensions affecting the Korean peninsula will not escalate in the future. Any further increase in tensions, which may occur, for example, if North Korea experiences a leadership crisis, high-level contacts between Korea and North Korea break down or military hostilities occur, could have a material adverse effect on the Korean economy and on our business, financial condition and results of operations and the market value of our common stock and ADSs.

Labor unrest in Korea may adversely affect our operations.

Economic difficulties in Korea or increases in corporate reorganizations and bankruptcies could result in layoffs and higher unemployment. Such developments could lead to social unrest and substantially increase government expenditures for unemployment compensation and other costs for social programs. According to statistics from the Korea National Statistical Office, the unemployment rate increased from 3.8% in 2019 to 4.0% in 2020, but decreased to 3.7% in 2021 and further decreased to 2.9% in 2022. Further increases in unemployment and any resulting labor unrest in the future could adversely affect our operations, as well as the operations of many of our customers and their ability to repay their loans, and could adversely affect the financial condition of Korean companies in general, depressing the price of their securities. Any of these developments may have an adverse effect on our financial condition and results of operations.

Risks relating to our common stock and ADSs

We or our major shareholders may sell shares of our common stock in the future, and such sales may adversely affect the market price of our common stock and ADSs and may dilute your investment and relative ownership interest in us.

We have no current plans for any public offerings of our common stock, ADSs or securities exchangeable for or convertible into such securities. However, it is possible that we may decide to offer or sell such securities in the future.

IMM Private Equity, Inc., through its special purpose company Nobis1, Inc., currently owns 40,560,000 shares, or 5.57%, of our outstanding common stock. BlackRock Fund Advisors currently owns 36,888,004 shares, or 5.07%, of our outstanding common stock. See "Item 7.A. Major Shareholders." In the future, such major shareholders or any other shareholder that owns a large number of shares of our outstanding common stock may choose to sell large blocks of our common stock in a public offering or privately to a strategic or financial investor. Any future offerings or sales by us of our common stock or ADSs or securities exchangeable for or convertible into such securities, significant sales of our common stock by a major shareholder, or the public perception that such an offering or sale may occur, could have an adverse effect on the market price of our common stock and ADSs. Furthermore, any offerings by us in the future of any such securities could have a dilutive impact on your investment and relative ownership interest in us.

Prior sales by the KDIC of shares of our common stock may result in adverse Korean tax consequences for you.

Under applicable Korean tax laws, a non-Korean holder who held Woori Bank's common stock or ADSs prior to our establishment as a new financial holding company in January 2019 pursuant to a "comprehensive stock transfer" under Korean law will be able to defer taxation on any capital gains arising from the stock transfer, by virtue of the Special Tax Treatment Control Law of Korea, or the STTCL, until such holder's sale of our common stock or ADSs received in the stock transfer, at which time the tax basis of such common stock or ADSs will be the acquisition price at which such holder acquired such Woori Bank common stock or ADSs. However, non-Korean holders that are corporations may not defer such portion of tax on capital gains arising from the stock transfer that is attributable to the amount by which the market price of our common stock or ADSs (as calculated in accordance with applicable Korean laws and regulations) is in excess of the market price of

Woori Bank's common stock or ADSs. Any such non-Korean holder of our common stock or ADS, including a corporation, which seeks to defer taxation on capital gains arising from the stock transfer will be required to submit a tax deferral application in prescribed form to the Korean tax authorities when filing its tax return for the 2019 tax year. Notwithstanding the foregoing, if the KDIC disposed of 50% or more of the shares of our common stock it received in the stock transfer between the end of 2019 and the end of 2021, the deferral of taxation on capital gains will not be available, and a non-Korean holder who received our common stock or ADSs in the stock transfer will generally be subject to Korean tax on capital gains in an amount equal to the lower of (i) 11.0% (inclusive of local income tax) of the gross realization proceeds (i.e., the value of our common stock or ADSs such holder received in the stock transfer) or (ii) 22.0% (inclusive of local income tax) of the net realized gain. However, such capital gains tax may not apply, or may apply at a reduced rate, if such holder establishes its entitlement to an exemption or rate reduction under an applicable tax treaty or Korean tax law. See "Item 10.E. Taxation—Korean Taxation—Tax Treaties" for information regarding tax treaty benefits.

While the KDIC received a tax ruling from the National Tax Service of Korea in June 2019 that the sale of the shares of our common stock it received in the stock transfer will be treated as a sale of shares due to an unavoidable reason (i.e., a disposal of shares in order to fulfil a legally imposed obligation) and that the deferral of taxation on capital gains will continue to apply even if the sale occurred within two years from the end of 2019, there is no assurance that such tax ruling will be followed. Accordingly, if you received our common stock or ADSs in the stock transfer, prior sales by the KDIC of shares of our common stock may result in adverse Korean tax consequences for you.

Ownership of our 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 10.0% of the issued and outstanding shares of voting stock of a bank holding company such as us that controls a nationwide bank, with the exception of certain shareholders that are non-financial business group companies, whose applicable limit was reduced from 9.0% to 4.0% pursuant to an amendment of the Financial Holding Company Act which became effective in February 2014. To the extent that the total number of shares of our common stock (including those represented by ADSs) 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 an administrative fine of up to 0.03% of the book value of such shares per day until the date of disposal. Non-financial business group companies can no longer acquire more than 4.0% of the issued and outstanding shares of voting stock of a bank holding company pursuant to the amended Financial Holding Company Act, which grants an exception for non-financial business group companies which, at the time of the enactment of the amended provisions, held more than 4.0% of the shares thereof with the approval of the Financial Services Commission before the amendment. See "Item 4.B. Business Overview—Supervision and Regulation—Principal Regulations Applicable to Financial Holding Companies—Restrictions on Ownership of a Financial Holding Company."

You will not be able to exercise dissent and appraisal rights unless you have withdrawn the underlying shares of our common stock and become our direct shareholder.

In some limited circumstances, including the transfer of the whole or any significant part of our business and the merger or consolidation of us with another company, dissenting shareholders have the right to require us to purchase their shares under Korean law. However, if you hold our ADSs, you will not be able to exercise such dissent and appraisal rights if the depositary refuses to do so on your behalf. Our deposit agreement does not require the depositary to take any action in respect of exercising dissent and appraisal rights. In such a situation, holders of our ADSs must withdraw the underlying common stock from the ADS facility (and incur charges relating to that withdrawal) and become our direct shareholder 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.

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You may be limited in your ability to deposit or withdraw common stock.

Under the terms of our deposit agreement, holders of common stock may deposit such stock with the depositary’s custodian in Korea and obtain ADSs, and holders of ADSs may surrender ADSs to the depositary and receive common stock. However, to the extent that a deposit of common stock exceeds any limit that we may specify from time to time, that common stock will not be accepted for deposit unless our consent with respect to such deposit has been obtained. We currently have not set any such limit; however, we have the right to do so at any time. Under the terms of the deposit agreement, no consent would be required if the shares of common stock were to be obtained through a dividend, free distribution, rights offering or reclassification of such stock. We have consented, under the terms of the deposit agreement, to any deposit unless the deposit would be prohibited by applicable laws or violate our articles of incorporation. If we choose to impose a limit on deposits in the future, however, we might not consent to the deposit of any additional common stock. In that circumstance, if you surrender ADSs and withdraw common stock, you may not be able to deposit the stock again to obtain ADSs. See “Item 4.B. Business Overview—Supervision and Regulation—Restrictions Applicable to Shares” and “Item 10.D. Exchange Controls—Restrictions Applicable to Shares.”

You will not have preemptive rights in some circumstances.

The Korean Commercial Code, as amended, and our articles of incorporation require us, with some exceptions, to offer shareholders the right to subscribe for new shares of our common stock in proportion to their existing shareholding ratio whenever new shares are issued. If we offer any rights to subscribe for additional shares of our common stock or any rights of any other nature, the depositary, after consultation with us, may make the rights available to holders of our ADSs or use commercially feasible efforts to dispose of the rights on behalf of such holders, in a riskless principal capacity, and make the net proceeds available to such holders. The depositary will make rights available to holders of our ADSs only if:

- we have 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 us 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 us, that the distribution of rights is lawful and commercially feasible.

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

We are under no obligation to file any registration statement with the U.S. Securities and Exchange Commission or to endeavor to cause such a registration statement to be declared effective. Moreover, we may not be able to establish an exemption from registration under the Securities Act. Accordingly, you may be unable to participate in our rights offerings and may experience dilution in your holdings. If a registration statement is required for you to exercise preemptive rights but is not filed by us or is not declared effective, you will not be able to exercise your preemptive rights for additional ADSs and you will suffer dilution of your equity interest in us. If the depositary is unable to sell rights that are not exercised or not distributed or if the sale is not lawful or feasible, it will allow the rights to lapse, in which case you will receive no value for these rights.

Your dividend payments and the amount you may realize upon a sale of your ADSs will be affected by fluctuations in the exchange rate between the U.S. dollar and the Won.

Our common stock is listed on the KRX KOSPI Market of the Korea Exchange and quoted and traded in Won. Cash dividends, if any, in respect of the shares represented by the ADSs 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 you will receive from the depositary in respect of dividends, the U.S. dollar value of the proceeds that you would receive upon a sale in Korea of the shares of our common stock obtained upon surrender of ADSs and the secondary market price of ADSs. Such fluctuations will also affect the U.S. dollar value of dividends and sales proceeds received by holders of our common stock.

The market value of your investment may fluctuate due to the volatility of, and government intervention in, the Korean securities market.

Our common stock is listed on the KRX KOSPI Market, which has a smaller market capitalization and is more volatile than the securities markets in the United States and many European countries. The market value of ADSs may fluctuate in response to the fluctuation of the trading price of shares of our common stock on the KRX KOSPI Market. The KRX KOSPI Market has experienced substantial fluctuations in the prices and volumes of sales of listed securities and the KRX KOSPI Market has prescribed a fixed range in which share prices are permitted to move on a daily basis. The KOSPI was 2,575.9 on April 17, 2023. There is no guarantee that the stock prices of Korean companies will not decline again in the future. Like other securities markets, including those in developed markets, the Korean securities market has experienced problems including market manipulation, insider trading and settlement failures. The recurrence of these or similar problems could have a material adverse effect on the market price and liquidity of the securities of Korean companies, including our common stock and ADSs, in both the domestic and the international markets.

The Korean government has the potential ability to exert substantial influence over many aspects of the private sector business community, and in the past has exerted that influence from time to time. For example, the Korean government has induced mergers to reduce what it considers excess capacity in a particular industry and has also induced private companies to publicly offer their securities. Similar actions in the future could have the effect of depressing or boosting the Korean securities market, whether or not intended to do so. Accordingly, actions by the government, or the perception that such actions are taking place, may take place or has ceased, may cause sudden movements in the market prices of the securities of Korean companies in the future, which may affect the market price and liquidity of our common stock and ADSs.

If the Korean government deems that emergency circumstances are likely to occur, it may restrict you 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 “Item 10.D. Exchange Controls—General.”

Other Risks

You may not be able to enforce a judgment of a foreign court against us.

We are a corporation with limited liability organized under the laws of Korea. A majority of our directors and officers and other persons named in this annual report reside in Korea, and a significant portion of the assets of our directors and officers and other persons named in this annual report and a substantial majority of our assets are located in Korea. As a result, it may not be possible for you to effect service of process within the United States, or to enforce against them or us in the United States judgments obtained in United States courts based on the civil liability provisions of the federal securities laws of the United States. There is doubt as to the enforceability in Korea, either in original actions or in actions for enforcement of judgments of United States courts, of civil liabilities predicated on the United States federal securities laws.