



Press Release

For release at noon, September 30, 2019

Financial Holding Companies' Earnings, First Half 2019

The number of financial holding companies (FHCs) was ten as of end-June 2019. The number of subsidiary units increased 28 to 237 compared to the end of 2018, and that of offices also increased from 7,204 to 8,611. As a result, the number of employees grew by 21.1% to 152,074 from six months earlier.

Table 1. Overview of Financial Holding Companies, First Half 2019

	Number of FHCs	Number of subsidiary units	Number of employees
Jun 2019	237	8,611	152,074
Dec 2018	209	7,204	125,553
Chng. (%)	28 (13.4)	1,407 (19.5)	26,521 (21.1)

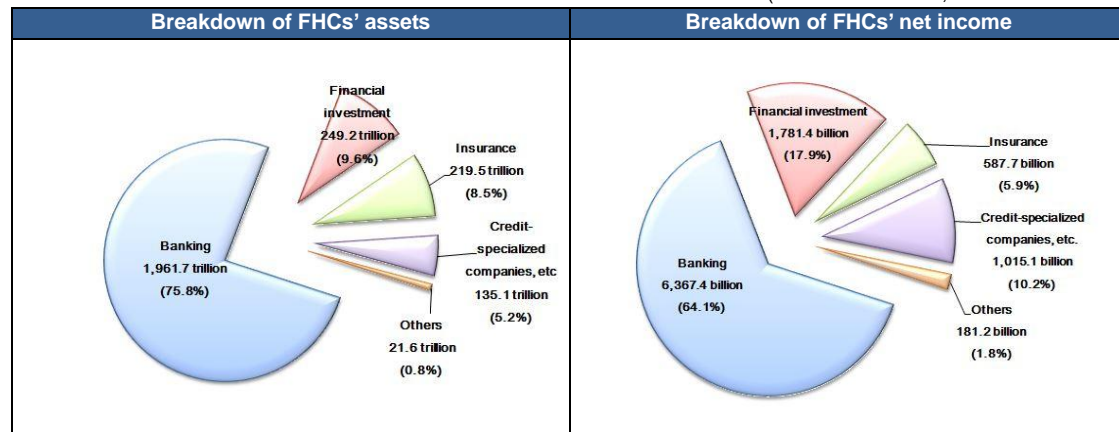
The consolidated assets of the FHCs came to KRW2587.0 trillion in total at the end of June 2019, up KRW519.0 trillion or 25.1% from six months earlier. Woori Financial Group's assets of KRW359.4 trillion were newly included in the calculation, which mostly contributed to the increase in the consolidated assets of them. Without Woori Financial Group, the consolidated assets came to grow KRW159.6 trillion compared to the end of 2018. When it came to assets increases by sector, insurance saw the biggest rise of 20.8% from six months ago. Assets of the banking and financial investment sectors grew 6.2% and 8.7%, respectively. In addition, assets of credit-specialized companies and others increased 3.6% during the same period. As of end-June, the FHCs' assets mostly came from the banking sector followed by financial investment, insurance and credit-specialized companies.

The consolidated net income for the first six months of 2019 expanded KRW1.4961 trillion or 21.2% to KRW8.5692 trillion. Woori Financial Group's net income of KRW1.1797 trillion was included in the calculation, and without Woori the consolidated net income increased KRW316.4 billion or 4.5% from the end of 2018. The financial investment sector saw the biggest growth of 35.1% followed by insurance (18.6%) and banking (0.2%). By contrast, credit-specialized companies and others' net income decreased 5.0% from six months ago. Meanwhile, the banking sector took the lion's share of net income for the first half of 2019.



Figure. Financial Holding Companies' Assets and Net Income, First Half 2019*

(In trillions of KRW, in billions of KRW)



* Woori Financial Group to be included in the calculation

The consolidated BIS total capital ratio of the FHCs for the first half of 2019 stood at 13.75%, down 0.63%p from the end of 2018. The Tier 1 capital ratio also declined 0.67%p to 12.33%. Moreover, the common equity Tier 1 (CET1) capital ratio was seen at 11.43%, down 0.86%p from six months ago.

Table 2. Consolidated BIS Capital Ratios of Financial Holding Companies, First Half 2019

(In percentage)

	Total capital ratio	Tier 1 capital ratio	CET 1 capital ratio
Jun 2019	13.75	12.33	11.43
Dec 2018	14.38	13.00	12.29
Chng. (%p)	-0.63	-0.67	-0.86

The ratio of loans classified as substandard or below (SBLs) was 0.66% for the first half, down 0.08%p from 0.74% six months earlier. Allowance for bad debts levels relative to SBLs stood at 120.12%, 3.35%p higher than 116.77% at the end of the previous year. In addition, the debt ratio fell from 32.22% to 25.79%. Also, double leverage ratio declined 4.96%p from 122.86% to 117.90%.

Table 3. SBL and Allowance for Bad Debt Level, First Half 2019

(In percentage)

	SBLs	Allowance for bad debt
Jun 2019	0.66	120.12
Dec 2018	0.74	116.77
Chng. (%p)	-0.08	3.35

Table 4. Debt Ratio and Double Leverage Ratio, First Half 2019

(In percentage)

	Debt ratio	Double leverage ratio
Jun 2019	25.79	117.90
Dec 2018	32.22	122.86
Chng. (%p)	-6.43	-4.96



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