



Press Release

For release at 6:00 A.M., April 6, 2020

Financial Holding Companies' Earnings, 2019

The number of financial holding companies (FHCs) was ten as of year-end 2019. Compared to the same period a year ago, the number of subsidiary units increased 34 to 243, and that of offices also increased from 7,204 to 8,622. Accordingly, the number of employees grew by 27.2% to 154,127 from a year earlier.

Table 1. Overview of Financial Holding Companies, 2019

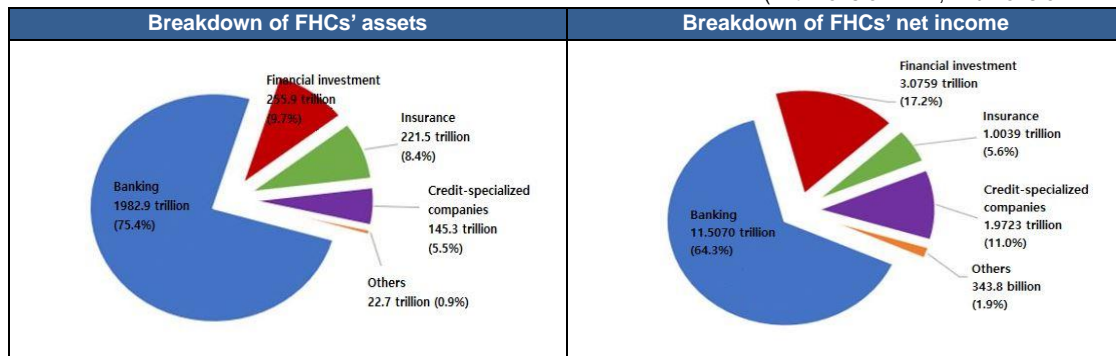
	Number of FHCs	Number of subsidiary units	Number of employees
Dec 2019	243	8,622	154,127
Dec 2018	209	7,204	121,125
Chng. (%)	34 (16.2)	1,418 (19.7)	33,002 (27.2)

The consolidated assets of the FHCs came to KRW2628.6 trillion in total at the end of 2019, up KRW560.6 trillion or 27.1% from a year ago. When it came to assets increases by sector, banking saw the biggest rise of 30.0% from the previous year. Assets of the insurance and financial investment sectors grew 21.9% and 12.1%, respectively. In addition, assets of credit-specialized companies expanded 22.8% during the same period. At the end of 2019, the FHCs' assets mostly came from the banking sector followed by financial investment, insurance and credit-specialized companies.

The consolidated net income for 2019 expanded KRW3.5928 trillion or 30.9% to KRW15.2338 trillion. Woori Financial Group's inclusion as a FHC contributed to increasing net income of the banking sector by 29.4%. The financial investment sector's net income also increased 22.6% based on greater fund-related income. Furthermore, Shinhan Financial Group's acquisition of Orange Life Insurance led banking's net income to surge by 96.2%. Meanwhile, the banking sector took the lion's share of net income for 2019, standing at 64.3%.

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

(In trillions of KRW, in billions of KRW)



The consolidated BIS total capital ratio of the FHCs for 2019 was seen at 13.54%, down 0.84%p from a year ago. The Tier 1 capital ratio also declined 0.90%p to 12.10% as well as the common equity Tier 1 (CET1) capital ratio fell 1.19%p to 11.10% in 2019.

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

(In percentage)

	Total capital ratio	Tier 1 capital ratio	CET 1 capital ratio
Dec 2019	13.54	12.10	11.10
Dec 2018	14.38	13.00	12.29
Chng. (%p)	-0.84	-0.90	-1.19

The ratio of loans classified as substandard or below (SBLs) was 0.58% for 2019, down 0.16%p from 0.74% a year earlier. Allowance for bad debts levels relative to SBLs stood at 123.29%, 6.52%p higher than 116.77% at the end of 2018. In addition, the debt ratio fell from 32.22% to 29.04%. Also, double leverage ratio declined 2.60%p from 122.86% to 120.26%.

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

(In percentage)

	SBLs	Allowance for bad debt
Dec 2019	0.58	123.29
Dec 2018	0.74	116.77
Chng. (%p)	-0.16	6.52

Table 4. Debt Ratio and Double Leverage Ratio, 2019

(In percentage)

	Debt ratio	Double leverage ratio
Jun 2019	29.04	120.26
Dec 2018	32.22	122.86
Chng. (%p)	-3.18	-2.60

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