

The Current Status Of SBI Savings Bank As of March 31st, 2016

(January 1st, 2016 ~ March 31st, 2016)

[General Status]

1. Declaration

This document has been prepared in compliance with Article 42 of Mutual Savings Bank Regulatory Provisions. With the respect, it contains the true, actual and general information of the management of mutual savings bank. However, it is noticeable that this document hasn't been reviewed and confirmed by Financial Supervisory Service and Korea Federation of Savings Banks for accuracy and adequacy. It should be noted that this report is the English version of the original report written in Korean, ensuring the former is not deviated from the acceptable range of discrepancy in meaning.

CEO Lim Jin Gu

CEO Jeong Jin Mun

2. Management Policy

(1) Management Philosophy

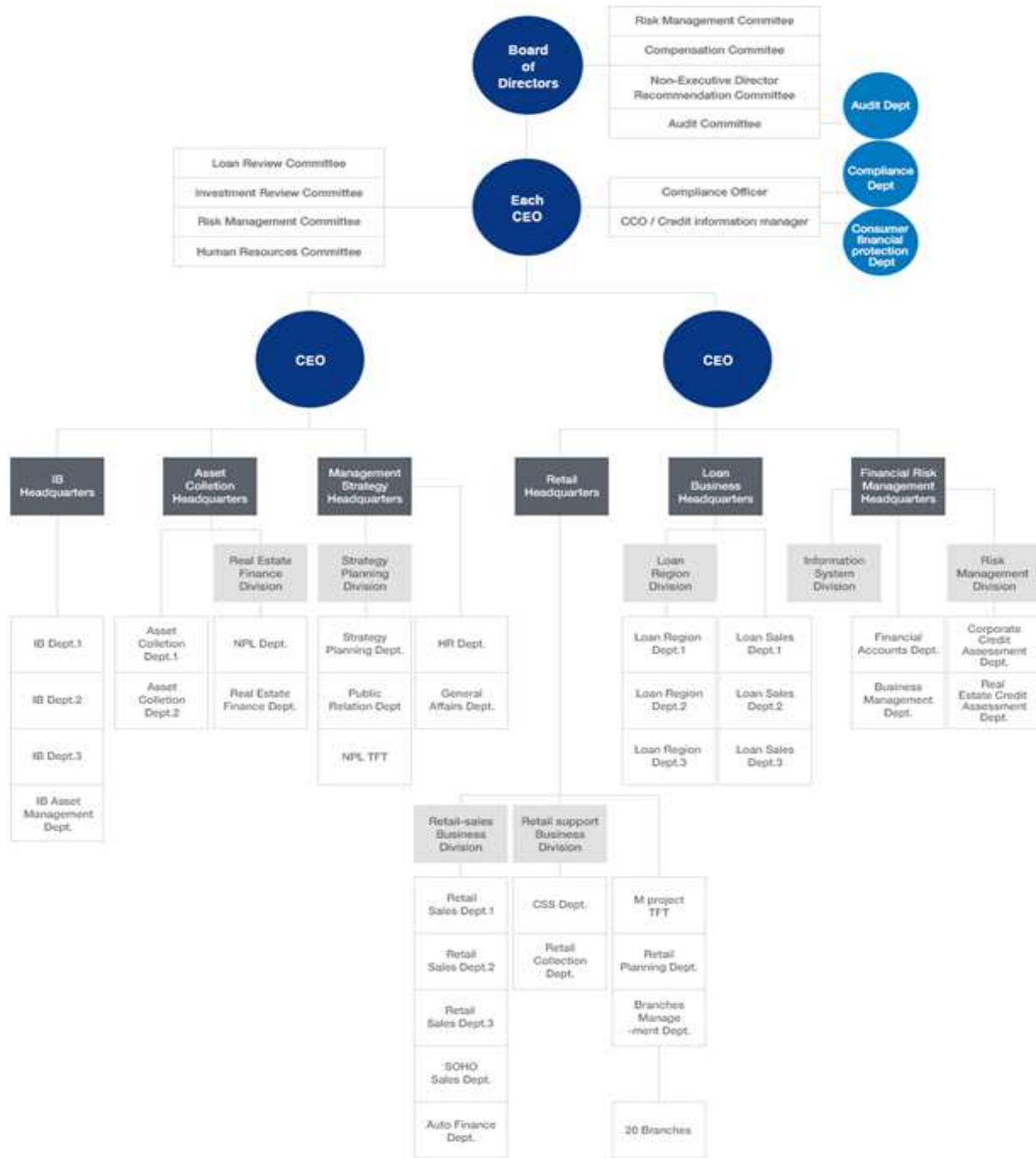
- We provide quality and reliable financial services of high quality on the basis of social calling and public interest and contribute to social development by improving public standard living and fostering companies.

(2) Management Attitude

- ① Social responsibility: We honor the social role and responsibility as a company.
- ② Pursuit of innovation: We pursue endless change and innovation.
- ③ Self-innovation: We get ready for environment change.
- ④ Righteous management: We act on righteous values and ethics.
- ⑤ Customer orientation: We aim for customer-centered service.

3. Organization

(1) Organizational Chart



* This Organization was changed on 26, April, 2016

(2) Branch and Automatic Teller Machine

1Q in FY16: End Of March, 2016

Branch			Automatic Teller Machine		
Branch Store	Branch Office	Total	CD	ATM	Other
20	0	20	0	0	0

4. Number Of Employees

1Q in FY16: End Of March, 2016
FY15: End Of December, 2015

Classification		1Q in FY16	FY15
Executive	Executive Director	10	10
	Outside Director	7	6
Employees	Manager	238	217
	Staff	235	245
Position In Special Services		0	0
Total		490	478

Note 1) 1Q in FY16 : 2016.03.31. , FY15 : 2015.12.31

5. Executives

1st May, 2016

Classification	Name	Position	Key Task and Role
Standing Executive	Lim Jin Gu	CEO	CEO & President (IB HQ Head)
	Jeong Jin Mun	CEO	CEO & Vice-President (Retail HQ Head)
	Katsuchi Hideyuki	Senior Managing Director	Financial Risk Management HQ Head
	Choi Sung Dong	Managing Director	Loan Business HQ Head
	Kim Mun Seok	Managing Director	Management Strategy HQ Head
	Lim Young Bok	Managing Director	Asset Collection HQ Head
	Yoo Hyun Kuk	Director	Retail Division Head
	Kang Dong Uk	Director	Risk Management Head
	Kyung Kyu Sang	Director	Strategic Planning Head
	Park In Chan	Standing Audit Committee Member	Standing Audit Committee Member
Outside Director (Or Non-Standing Executive)	Woo Yang Tae	Outside Director	Audit Committee Member
	Song Si Young	Outside Director	Audit Committee Member
	Lee Deuk Young	Outside Director	Audit Committee Member
	Kim Ki Hyun	Outside Director	Audit Committee Member
	Kwak Doo Hun	Outside Director	Audit Committee Member
	Ejiri Takashi	Outside Director	Outside Director
	Kawashima Katsuya	Other Outside Director	Chairman (Other Non Executive Director)

*This list is changed in 1st May, 2016.

6. Capital Stock

(Unit: Hundred Million KRW)

Y/M/D	Type of Stock	Number of Issued Shares	Amounts of Increased/Decreased Capital	Type of Capital Increase/Decrease	Paid-In-Capital after After Capital Increase/Decrease	Remarks
2013.03.27	Common Stock	38,820,002	1,941	Paid-In Capital Increase(Allotment To The Third Party)	2,241	
2013.08.30	Common Stock	48,681,400	2,434	Paid-In Capital Increase(Offering To Shareholders)	4,675	
2013.12.23	Common Stock	10,004,300	500	Paid-In Capital Increase(Offering To Shareholders)	5,175	
2014.03.28	Common Stock	50,597,800	2,530	Paid-In Capital Increase(Offering To Shareholders)	7,705	
2014.06.13	Common Stock	26,997,921	1,350	Paid-In Capital Increase(Offering To Shareholders)	9,055	
2014.08.22	Common Stock	14,948,385	747	Paid-In Capital Increase(Offering To Shareholders)	9,802	
2014.10.31	Common Stock	116,244,636	5,813	Merger	15,615	

Note 1) The figures regarding capital increase/decrease and the paid-in-capital after the change are based on the transactions of the last 3 years

Note 2) The company merged SBI 2 savings bank, SBI 3 savings bank, and SBI 4 savings bank on October 31st, 2014 (as the date of merger) through the approval of the board of directors on September 18th, 2014, the approval of Financial Services Commission on October 17th, 2014 and the announcement of merger in substitution of a reporting meeting of the board of directors on October 31st, 2014.

[Performance]

7. Financing And Operation

(1) Interest Rate

1Q in FY16: End Of March, 2016
3Q in FY14: End Of March, 2015
(Unit: Hundred Million KRW, %)

Classification		1Q in FY16				3Q in FY14				
		Average	Balance	Interest	Interest	Average	Balance	Interest	Interest	
			%	Amount	Rate		%	Amount	Rate	
Financing	Cost	Deposit	38,226	89.58	281	3.3	23,859	83.11	295	5.0
		Cover Note	0	0.00	0	0.0	0	0.00	0	0.0
		Borrowings	0	0.00	0	0.0	0	0.00	0	0.0
		Call Money	0	0.00	0	0.0	0	0.00	0	0.0
		Debentures	0	0.00	0	0.0	465	1.62	9	7.6
		Others	196	0.46	0	0.0	101	0.35	0	0.0
		Subtotal	38,422	90.04	281	2.9	24,425	85.08	304	5.0
	Non-Cost	Total Capital	4,044	9.48	0	0.0	2,631	9.17	0	0.0
		Other Allowances	82	0.19	0	0.0	704	2.45	0	0.0
		Others	123	0.29	0	0.0	948	3.30	0	0.0
Subtotal		4,250	9.96	0	0.0	4,283	14.92	0	0.0	
Financing Total		42,672	100.00	281	2.6	28,708	100.00	304	4.3	
Operation	Profit	Due from Bank	6,076	14.24	24	1.6	4,528	15.77	41	3.7
		Securities	2,639	6.18	37	5.6	2,993	10.43	30	4.0
		Loans	34,602	81.09	956	11.1	23,448	81.68	704	12.1
		Call Loans	0	0.00	0	0.0	0	0.00	0	0.0
		Others	533	1.25	0	0.0	260	0.91	0	0.0
		Allowance For Bad Debts And Others (△)	3,419	8.01	0	0.0	5,221	18.19	0	0.0
		Subtotal	40,431	94.75	1,017	10.1	26,008	90.60	775	12.0
	Non-Profit	Cash	17	0.04	0	0.0	17	0.06	0	0.0
		Tangible Assets	143	0.33	0	0.0	136	0.48	0	0.0
		Others	2,081	4.88	0	0.0	2,547	8.87	0	0.0
Subtotal		2,241	5.25	0	0.0	2,700	9.40	0	0.0	
Operation Total		42,672	100.00	1,017	9.6	28,708	100.00	775	10.9	

Note 1) 1Q in FY16 : 2016.01.01 ~ 2016.03.31., 3Q in FY14 : 2015.01.01 ~ 2015.03.31.

(2) Maturity Structure

1Q in FY16: End Of March, 2016
(Unit: Hundred Million KRW)

Classification	Normal /Precautionary Assets And Debt Maturity					Sub-Standard or Lower Asset(C)	Total (A+B+C)
	3-Month Or Shorter	6-Month Or Shorter	12-Month Or Shorter	3-Year Or Shorter(A)	3-Year Or Longer(B)		
Operation	8,578	10,345	16,150	24,556	13,940	6,185	44,681
Loan(1)*	3,098	4,865	10,670	19,075	10,853	6,185	36,113
Financing	10,632	17,344	35,780	39,229	5,452	0	44,681
Deposit Received(2)	10,632	17,344	35,780	39,229	2	0	39,230
Difference(1-2)	△7,535	△12,479	△25,110	△20,154	10,851	6,185	△3,117

* Suspense receivable as credit is included.

(3) Subordinated Bond Issuance

1Q in FY16: End Of March, 2016
(Unit: Hundred Million KRW)

Type of Bond	The Date Of Issue	The Date Of Maturity	Issued Amount	Issued (Interest) Rate	Credit Rate	Remarks
<u>Not Applicable</u>						

8. Index Of Capital Adequacy

A. Capital Adequacy

1Q in FY16: End Of March, 2016
3Q in FY14: End Of March, 2015
(Unit: Hundred Million KRW, %)

Classification	1Q in FY16	3Q in FY14
BIS Capital Ratio ※ Required By The Law Is More Than (7%)	11.02	11.31
BIS Basic Capital Ratio (Tier1)	9.69	9.82
Tangible Common Equity Ratio	9.26	9.50

Note 1) 1Q in FY16 : 2016.03.31. , 3Q in FY14 : 2015.03.31.

◆ **BIS capital adequacy ratio (equity capital/risk-weighted assets ratio):** It represents the adequacy of financial structure of a mutual savings bank. It is one of the management guidelines set by Financial Supervisory Service on the basis of the international agreement that requests to secure a certain level of equity capital for market/operational risk, which was announced by BIS Financial Services Commission (Basel Committee on Banking Supervision). The high percentage (capital owned / market/operational risk x 100) of a company means that the company has good capital adequacy.

B. Calculation Of BIS Capital Adequacy Ratio

1Q in FY16: End Of March, 2016
3Q in FY14: End Of March, 2015
(Unit: Hundred Million KRW)

Classification	1Q in FY16	3Q in FY14
Ordinary Capital Sum (A)	3,689	3,130
Capital Stock	15,615	15,615
Capital Surplus	102	102
Retained Earnings	△6,783	△7,170
Shares Owned By External Shareholders Of Affiliated Company	0	0
Deductions	△5,246	△5,417
Supplementary Capital Sum (B)	509	477
Upper Subordinated Debt (Claimed) With Maturity	0	0
Lower Subordinated Debt (Claimed) With Maturity	0	20
Revaluation Reserve	0	0
Gain On Valuation Of Asset Available For Sale And Others	4	10
Allowance For Bad Debts	505	447
Long-Term Borrowing(C) For Management Normalization	0	0
Deduction Sum (D)	0	0
Equity Capital Sum (A+B+C-D)	4,197	3,607
Risk-Weighted Asset	38,070	31,888

9. Index Of Asset Quality

1Q in FY16: End Of March, 2016
3Q in FY14: End Of March, 2015
(Unit: Hundred Million KRW, %)

Classification	1Q in FY16	3Q in FY14
Loss Risk-Weighted Loan Ratio	38.40	53.23
Net Substandard or Lower Loan Ratio	10.83	19.05
Substandard or Lower Loan Ratio	17.13	29.85
Ratio Of Overdue Loan	16.13	26.82

Note 1) 1Q in FY16 : 2016.03.31. , 3Q in FY14 : 2015.03.31.

10. Index Of Profitability

1Q in FY16: End Of March, 2016
3Q in FY14: End Of March, 2015
(Unit: Hundred Million KRW, %)

Class	1Q in FY16	3Q in FY14
Return On Assets	0.99	△0.87
Expense On Assets	3.05	3.41
Ratio Of Gross Profit To Gross Costs	86.13	86.27

Note 1) 1Q in FY16 : 2016.03.31. , 3Q in FY14 : 2015.03.31.

11. Index Of Liquidity

1Q in FY16: End Of March, 2016
3Q in FY14: End Of March, 2015
(Unit: Hundred Million KRW, %)

Classification	1Q in FY16	3Q in FY14
Liquidity Coverage Ratio	113.79	142.76
Ratio of Disposable Fund	17.76	20.13
Tangible Assets Ratio	35.67	61.93

Note 1) 1Q in FY16 : 2016.03.31. , 3Q in FY14 : 2015.03.31.

◆ **Liquidity coverage ratio:** It is the ratio of those assets that can easily be exchanged for money to the total assets of a mutual savings bank. High liquidity ratio of a company means that the company is better able to liquidate asset.

12. Index Of Productivity

1Q in FY16: End Of March, 2016
3Q in FY14: End Of March, 2015
(Unit: Hundred Million KRW, %)

Classification		1Q in FY16	3Q in FY14
Per Employee	Profit Before Allowance	1	2
	Deposits	81	69
	Loans	74	68
Per Branch Bank	Deposits	1,911	1,591
	Loans	1,730	1,563

Note 1) 1Q in FY16 : 2016.03.31. , 3Q in FY14 : 2015.03.31.

[Financial Results]

13. Outline

1Q in FY16: End Of March, 2016
3Q in FY14: End Of March, 2015
(Unit: Hundred Million KRW, %)

Classification	1Q in FY16		3Q in FY14		
	Amount	%	Amount	%	
Asset	Cash And Due from Banks	5,784	12.94	6,342	16.46
	Securities	2,772	6.20	1,865	4.84
	Loans	36,113	80.82	30,764	79.82
	Call Loans	0	0.00	0	0.00
	Tangible Asset	133	0.30	158	0.41
	Other Assets	2,725	6.10	3,778	9.80
	Allowance For Bad Debts And Others (△)	△2,846	△6.37	△4,368	△11.33
Asset Total	44,681	100.00	38,539	100.00	
Liability	Deposits	39,230	87.80	33,251	86.28
	Borrowings	0	0.00	400	1.04
	Call Money	0	0.00	0	0.00
	Other Liabilities	1,315	2.94	1,228	3.19
	Liability Total	40,546	90.74	34,879	90.50
Stockholder's Equity	Capital Stock	15,615	34.95	15,615	40.52
	Capital Surplus	102	0.23	102	0.27
	Capital Adjustment	△4,943	△11.06	△4,943	△12.83
	Accumulated Other Comprehensive Income	144	0.32	56	0.15
	Retained Earnings	△6,783	△15.18	△7,170	△18.60
	Stockholder's Equity Total	4,135	9.26	3,660	9.50
Liability And Stockholder's Equity Total	44,681	100.00	38,539	100.00	

Note 1) Suspense receivable as credit(3Q in FY14): It is classed into other asset category.

2) 1Q in FY16 : 2016.03.31. , 3Q in FY14 : 2015.03.31.

14. Operation with Loan

(1) Loan

1Q in FY16: End Of March, 2016
3Q in FY14: End Of March, 2015
(Unit: Hundred Million KRW, %)

Classification	1Q In FY16		3Q in FY14	
	Amount	%	Amount	%
Loan For Company	19,549	54.13	16,738	54.23
Loan For Personal	15,272	42.29	10,746	34.81
Other Loans	1,293	3.58	3,383	10.96
Total	36,113	100.00	30,867	100.00

Note 1) Suspense receivable as credit is included.

2) 1Q in FY16 : 2016.03.31. , 3Q in FY14 : 2015.03.31.

(2) Secured Loan By Collateral

1Q in FY16: End Of March, 2016
 3Q in FY14: End Of March, 2015
 (Unit: Hundred Million KRW, %)

Classification		1Q in FY16		3Q in FY14	
			%		%
Collateral	Real Estate Property	7,377	20.43	8,484	27.49
	Movable Assets	821	2.27	259	0.84
	Securities	2,390	6.62	1,668	5.40
	Deposit Received	241	0.67	85	0.27
	Others	2,068	5.73	1,471	4.77
	Total	12,897	35.72	11,967	38.77
Guarantee		1,326	3.67	983	3.19
Credit		21,890	60.61	17,917	58.04
Total		36,113	100.00	30,867	100.00

Note 1) Suspense receivable as credit is included.

2) 1Q in FY16 : 2016.03.31. , 3Q in FY14 : 2015.03.31.

(3) Loan For Small And Medium (S&M) Enterprises

1Q in FY16: End Of March, 2016
 3Q in FY14: End Of March, 2015
 (Unit: Hundred Million KRW, %)

Classification		1Q in FY16	3Q in FY14
S&M Company Loan	Ratio (A/B X 100)	46.91	50.57
	S&M Loan (A)	16,940	15,611
	Total (B)	36,113	30,867

Note 1) Suspense receivable as credit is included.

2) 1Q in FY16 2016.03.31. , 3Q in FY14 2015.03.31.

(4) Loan Exposure To Real Estate Property-Related Business And Asset Quality Classification

1Q in FY16: End Of March, 2016
(Unit: Hundred Million KRW, %)

Business Type	Conformity To Credit Offering Binding		Category of Quality							
	Limit	Amount Of Credit Offering	Loan Obligation						Overdue Amount	Delinquency Rate
			Normal	Precautionary	Sub-Standard	Recovery Doubtful	Presumed Loss	Total		
Real Estate Property PF Loan(①)	7,223	2,247	434	0	1,791	0	22	2,247	1,813	80.69
Construction Business (②)	10,834	1,348	661	110	548	25	4	1,348	565	41.90
Real Estate Business And Leasing Business(③)	10,834	2,522	879	748	859	13	24	2,522	896	35.51
Real Estate Property And Leasing Business(④)	10,834	1,307	727	223	352	0	5	1,307	357	27.33
Total(①+②+③+④)	16,251	4,810	1,247	634	2,846	38	44	4,810	2,916	60.63

* Suspense receivable as credit is not included.

(5) Micro Personal Credit Loan

(Unit: Hundred Million KRW,%)

Classification	End Of March, 2016	End Of December, 2015	End Of September, 2015	End Of June, 2014
Total Loan	36,113	32,728	31,428	30,666
Micro Personal Credit Loan	1,253	1,228	1,210	1,137
Proportion	3.47	3.75	3.85	3.71
Micro Personal Credit Loan Overdue Amount	170	162	182	190
Proportion	13.57	13.19	15.04	16.71

Note *) Of total loans, the cases of loan less than 3 million KRW are recorded by quarter.

Note *) Criterion for "being overdue": The definition of 'overdue loan' in Mutual Savings Bank Regulatory Provisions (Attachment 7) is applied.

Note*) End of March 2016(1Q in FY16), End of December 2015, End of September 2015, End of June 2015

* A savings bank whose balance of Personal Loan is lower than one billion KRW can not declare Handling Status of Personal Loan.

15. Deposits

(1) Deposits By Type

1Q in FY16: End Of March, 2016
3Q in FY14: End Of March, 2015
(Unit: Hundred Million KRW, %)

Classification	1Q in FY16				3Q in FY14			
	Balance		Average Balance		Balance		Average Balance	
		%		%		%		%
Demand Deposits	935	2.38	953	2.49	898	3.83	868	2.57
Time Deposits	34,067	86.84	32,306	84.52	25,394	76.37	26,104	77.39
Installment Deposit	4,228	10.78	4,966	12.99	6,959	20.93	6,757	20.03
Cover Note	0	0.00	0	0.00	0	0.00	0	0.00
Others	0	0.00	0	0.00	0	0.00	0	0.00
Total	39,230	100.00	38,225	100.00	33,251	100.00	33,729	100.00

Note 1) 1Q in FY16 : 2016.01.01 ~ 2016.03.31., 3Q in FY14 : 2015.01.01 ~ 2015.03.31.

(2) Deposits By Customer Type

1Q in FY16: End Of March, 2016
3Q in FY14: End Of March, 2015
(Unit: Hundred Million KRW, %)

Classification	1Q in FY16		3Q in FY14	
	Balance	%	Balance	%
Individual	38,916	99.20	32,955	99.11
Corporate And Group	240	0.61	232	0.70
Others	74	0.19	64	0.19
Total	39,230	100.00	33,251	100.00

Note 1) Based on balance

2) 1Q in FY16 : 2016.03.31. , 3Q in FY14 : 2015.03.31.

16. Write-Off And Allowance For Bad Debts

(1) Amount Of Bad Loan Write-Off

1Q in FY16 (3 Months): from January 1st, to March 31st, 2016
1Q in FY16 (Accumulated): from January 1st, to March 31st, 2016
3Q in FY14 (3 Months): from January 1st, to March 31st, 2015
3Q in FY14 (Accumulated) from January 1st, to March 31st, 2015
(Unit: Hundred Million KRW)

Classification	1Q in FY16		3Q in FY14	
	Present Quarter	Cumulation	Vs. The Same Period Of Last Year	Cumulation
Amounts Of Write-Off During Term	256	256	248	248
General	256	256	248	248
Special	0	0	0	0

Note 1) 1Q in FY16(Cumulation) : 2016.01.01 ~ 2016.03.31., 3Q in FY14(Cumulation) : 2015.01.01 ~ 2015.03.31.

(2) Classification Of Allowance For Bad Debts

1Q in FY16: End Of March, 2016
 3Q in FY14: End Of March, 2015
 (Unit: Hundred Million KRW)

Classification	1Q in FY16	3Q in FY14
Allowance For Bad Debts	2,815	4,356
General	2,815	4,356
Special	0	0

17. Current Status Of Loan Classified As NPL And Sub-Standard Or Lower

(1) Loan Classified As NPL And Sub-Standard Or Lower

1Q in FY16: End Of March, 2016
 3Q in FY14: End Of March, 2015
 (Unit: Hundred Million KRW)

Classification	1Q in FY16	3Q in FY14
Total Loan	36,113	30,867
NPL (Non-Performing Loan or Insolvent Loan) ¹⁾	1,749	2,954
Sub-Standard Or Lower Loan ²⁾	6,185	9,215
Net sub-Standard Or Lower Loan ³⁾	3,607	5,049

Note 1) NPL or insolvent loan means the sum of recovery doubtful and presumed loss loan amount.

Note 2) Loan classified as sub-standard or lower is the sum of sub-standard, recovery doubtful and presumed loss loan amount.

Note 3) Loan classified as net sub-standard or lower is the sum of sub-standard loan minus bad debt allowance.

Note 4) Suspense receivable as credit is included.

Note 5) 1Q in FY16 : 2016.03.31. , 3Q in FY14 : 2015.03.31.

◆ **NPL or insolvent loan:** It is the sum of recovery doubtful and presumed loss loan of a mutual savings bank. Low ratio of NPL over total loan means that the asset of a mutual savings bank is sound.

◦ **Recovery doubtful:** A portion of accounts receivable exceeding an expected recoverable which is anticipated to accrue, but the amount of the loss is not fixable in which cases were classified sub-standard.

◦ **Presumed loss:** A portion of accounts receivable exceeding an expected recoverable which shall be inevitably disposed of a loss because of impossibility of recovery in which cases were classified sub-standard.

◆ **Loan classified as sub-standard or lower:** It is the sum of sub-standard, recovery doubtful and presumed loss loan amount of the total loan of a mutual savings bank. Low ratio of Sub-standard loan over the total loan means that the asset of a mutual savings bank is sound.

◦ **Sub-standard:** An expected recoverable amount of accounts receivable which cases are needed specific recoverable and manageable measurement because of poor management.

(2) Current Status of Increasing Large Sum NPL Or Insolvent Loan

1Q in FY16 : End Of March, 2016
 FY15 : End Of December, 2015
 (Unit: Hundred Million KRW)

Company ¹⁾	1Q in FY16	FY15	Increased Amount	Reason For Increase	Remarks
D****(Apartment Construction)	14	0	14	Terminating legal proceeding	

Note 1) The list should be of top 20 companies whose NPL or insolvent loan amount is one billion greater than that of the previous quarter. But the name should be written like “(Ltd)*** (Business Type)” for corporate body. For individual loan, the name of company should be written like “individual loan (last name*second name)”.

2) 1Q in FY16 : 2016.03.31. , FY15 : 2015.03.31.

(3) Current Status Of Companies Under Debt Reconciliation For New Loan

1Q in FY16 : End Of March, 2016
(Unit: Hundred Million KRW)

Company	Date of Decision For Debt Reconciliation	1Q in FY16 Total Loan Balance	NPL Or Insolvent Balance	Progress Of Debt Reconciliation	Remarks
<u>Not Applicable</u>					

Note *) It should be prepared for companies whose total loan balance is over one billion one KRW.

18. Off-The-Book Trading

1Q in FY16: End Of March, 2016
3Q in FY14: End Of March, 2015
(Unit: Hundred Million KRW)

Classification	1Q in FY16	3Q in FY14
Guarantee Of Payment	0	0
Bad Loan Write-Off	10,578	10,492
Endorsed Note	0	0
Sales Of Repurchase Paper	0	0
Transaction Of Financial Derivatives	0	0

19. Non-Operating Assets

1Q in FY16 : End Of March, 2016
(Unit: Hundred Million KRW)

Classification	Acquired Amount Within A Year (From Now)	Acquired Amount Between 1 To 3 Years (From Now)	Acquired Amount 3 Years Before
Land	0	62	957
Building	0	4	194
Movable Assets	0	2	1
Total	0	68	1,152

20. Status Of Cross-Business

Note 1) 1Q in FY16 : 2016.01.01 ~ 2016.03.31., 3Q in FY14 : 2015.01.01 ~ 2015.03.31.

1Q in FY16: End Of March, 2016
3Q in FY14: End Of March, 2015
(Unit: Hundred Million KRW, No. of Transaction, No. of Buying)

Classification	1Q in FY15		1Q in FY14	
	Performance	Number Of Transaction (Buying)	Performance	Number Of Transaction (Buying)
Installment Financing	0	0	0	0
Debit Card	17	970	20	2,286

[Risk Management]

21. Risk Management

(1) Risk Management Organization

- Organizational Chart



- Risk Management Committee: It is the top decision body for risk management.

- Composition of Risk Management Committee

Finance Risk Management HQ Head / Strategic Planning Division Head /

Risk Management Division Head / Business Management Department Head

- Role of Risk Management Committee

It plays roles of establishing policies to cope with the change of financial environment; minimize management risk through focusing on asset and liabilities; and maximize and stabilize profit.

- Risk Management-Related Departments

▪ Credit Risk

Coporate Credit Assessment Department/ Real Estate Credit Assessment Department/

CSS Department / Sales Department(Corporate Financing / Retail / IB)

▪ Market Risk: IB Department / Business Management Department(financial sector) / Sales Department

▪ Interest Risk: Business Management Department(financial sector) / IB Department

▪ Liquidity Risk: Business Management Department(financial sector) / Sales Department

▪ Operational Risk: Strategic Planning Department / Information System Division

(2) Risk Management System:

- Definition

“Risk” means various uncertainty and chance of possible loss occurring during the activities of a company’s management and business.

- Various provisions Related to Risk Management

Total Risk Management Provision, Risk Management Provision, Risk Management Committee Provision.

- Contents in the provisions

They are about overall risks that can break out through the business and management by a savings bank, including risk of credit, market, liquidity, business management.

- Risk Management Committee

It is the top decision body for risk management. It plays roles of establishing policies to cope with the change of financial environment; minimize management risk through focusing on asset and liabilities; and maximize and stabilize profit. The committee shall deliberate and make decision regarding the followings:

- ① Establishing (counter)measure to cope with the change of financial environment
- ② Deliberating and conciliating financing and operation
- ③ Constructing portfolio of assets and liabilities
- ④ Performing risk management and establishing (counter)measure to cope with it
- ⑤ Regarding interest in loan and borrowing
- ⑥ Regarding the other agendas that the chairman thinks it is necessary to action for.

(3) Credit Risk Management:

- Definition

Credit Risk means the amount exposed to loss or such risk due to the default on loan or/and marketable securities of other party in business with the concerned company.

- Purpose

It is to minimize the possibility of occurrence of credit risk; thus maintain financial soundness; consequently build stable profit base; and use the knowledge as the basic data in making decision for investment priority and establishing strategy of asset resource distribution.

- Objects for Risk Management

loan, securities, derivative and so on

- Principle of Risk Management

- ① To set and manage credit offering limit by sector
- ② To prevent loan bias by constructing loan portfolio
- ③ To set and manage limit to credit risk exposure

- Methods of Risk Management

- ① To set credit limit by industry, debtor, and note drawer
- ② To establish loan portfolio; evaluate loan; prepare early warning system for non-performing loan; and review criteria for loan (credit) offering
- ③ To review the criteria of credit rating by customer and request correction or adjustment when necessary; develop, maintain and integrate methodology and measurement for credit risk such as bankruptcy rate by rating level and collect rate by collateral
- ④ To review if reserve for bad debts and depreciation and debt amount to write off are suitable for credit risk and request for correction when necessary.

- Evaluation Organization: Risk Management Committee, Loan Evaluation Committee, Corporate Credit Assessment Department, Real Estate Credit Assessment Department, Others

(4) Market Risk Management:

- Definition

Market Risk means one in which the value of marketable asset decreases in a disadvantageous

direction to interest, stock index (price), foreign exchange rate and so on. Such risks include interest risk, price fluctuation risk and FX risk

- Purpose

It is to minimize loss and maximize profit by efficiently managing the change of market price and value such as interest rate, stock index (price) and so on.

- Measuring Method

Transaction related to market risk should be evaluated and measured for loss and profit based on market value.

- Objects for Market Risk Management

Financial products that are dealt for profit margin on purchase and sale on the basis of forecasted value (interest rate, stock index) change of bond, share.

- Methods of Market Risk Management

- ① To set investment limit and loss limit of securities in proprietary account; obtain approval of it from Risk Management Committee and distribute it to risk management-related department heads for accompanying actions
- ② Risk management-related department heads can set and operate proper limit by financial commodity and dealer within the limit set in foregoing (①).
- ③ Risk management-related department heads establish detailed and specific plans and manage them such as investment policy, standard, portfolio principle, criteria for market value evaluation, investment and loss limit by commodity and dealer.
- ④ Risk management-related department heads assess concerned risk on daily, weekly and monthly base or anytime when necessary for rapid change of market situations.

(5) Liquidity Risk Management:

<Balance Of Time Deposit (e.g.) By Remaining Period>

○ Time Deposit

(Unit: Hundred Million KRW)

Classification	Within 1 Year	Within 2 Years	Within 3 Years	Over 3 Years	Total
Time Deposit	31,154	2,707	206	1	34,067

○ Loan

(Unit: Hundred Million KRW)

Classification	Within 1 Year	Within 2 Years	Within 3 Years	Within 4 Years	Within 5 Years	Over 5 Years	Total
Loan ^{1,2)}	15,679	4,249	4,631	2,777	5,279	3,498	36,113

Note 1) Loan (on compound passbook deposit) whose limit is subject to stipulated time period and that is circulated within certain time period (a month) is classified as 'one-year or shorter' loan despite its limit-stipulated time period.

Note 2) Suspense receivable as credit is included.

○ Securities

(Unit: Hundred Million KRW)

Classification	Within 1 Year	Within 2 Years	Within 3 Years	Within 4 Years	Within 5 Years	Over 5 Years	Total
Government/ Public Bond ¹⁾	10	0	0	0	0	0	10
Corporate Bond	0	0	76	0	25	309	410
Others	599	254	600	274	50	216	1,992
Total	609	254	677	274	74	525	2,412

Note 1) Government/Public Bond means monetary stabilization bond, government-guaranteed bond, treasury bill, municipal bond/local debt, and bond issued by government-invested institution.

Note *) Shares and investment securities (including other equity investments) whose maturity expiration can't be specified are excluded.

(6) Credit Scoring System (CSS):

A. Summary of Credit Scoring System (CSS)

It is a system to statistically measure the risks related to personal credit loan by using the credit rating data and the summaries offered by credit rating agencies (e.g. NICE Information Service Co., Ltd, Korea Credit Bureau, Korea Enterprise Data Co. Ltd)

B. Application Scope

Customers applying for personal credit loan (Only for Babilloan & Cyder loan)

C. Application Method

Decision making for the system approval based on personal credit risk rating, limit and interest calculation.

D. Controlling Structure

1) Establishing CSS policy based on statistical analysis

- Periodic Analysis

- i) Accuracy of credit rating of CB companies
- ii) Stability and accuracy of the credit rating by application scorecard
- iii) Validity of CSS policy

- Non-Periodic Analysis

- i) Policy rule according to reduced risk
- ii) CSS policy for new financial products

2) Deliberation of Risk Management Committee in establishing and changing policy

3) Approval by representative director of changing or establishing policy of Risk Management Committee

[Current Status Of Other Management]

22. Management Performance Of Affiliated Company

1Q in FY16: End Of March, 2016
(Unit: Hundred Million KRW)

Affiliated Company	Financial Situation		Profit-Loss Situation		Settling Day
	Total Asset	Equity Capital(Capital Stock)	Operating Profit	Net Income	
<u>Not Applicable</u>					

23. Internal Control

(1) Functions And Roles Of Audit (Regular, Special And Occasional Audit)

Audit Committee (auditor) performs the followings to evaluate and improve the propriety of overall internal control system and the performance of management.

- It sets up internal audit plans by class (finance audit, operation audit, compliance audit, management audit, IT audit and so on); evaluates the results of implementation; take follow-up measures; and purposes corrective plans.
- It evaluates the overall internal control system of the concerned company and proposes improvement plan.
- It consents to the appointment of the head of internal audit department.
- It approves the appointment of external auditor.
- It evaluates the activities of external auditor.
- It confirms the matters directed in an audit report
- It handles the matters in accordance with applicable laws and articles of association and those which the board of directors entrusts.
- It conducts an audit on the matters directed by supervisory authority, the board of directors and/or Audit Committee

24. History Of Transactions With Major Shareholders And Executives

(1) Current Status Of Credit Offering¹⁾

1Q in FY16 : End Of March, 2016

FY15 : End Of December, 2015

(Unit: Million KRW, %)

Name Of Shareholder(Or Executive) ²⁾	Name Of Shareholder(Or Executive) And Affiliate Person ³⁾	Credit Offering At The Point Of Appointment (A)	FY15 Credit Offering(B)	1Q in FY16 Credit Offering(C)	Increase/Decrease (%)	
					Vs. Dat Of Appointment (C-A)	Vs. Previous Period (C-B)
Shareholder	()	Principal	<u>Not Applicable</u>		()	()
		Affiliate Person			()	()
		Subtotal			()	()
	()	Principal			()	()
		Affiliate Person			()	()
		Subtotal			()	()
	Total	Principal			()	()
		Affiliate Person			()	()
		Sum			()	()
Executive	()	Principal	<u>Not Applicable</u>		()	()
		Affiliate Person			()	()
		Subtotal			()	()
	()	Principal			()	()
		Affiliate Person			()	()
		Subtotal			()	()
	Total	Principal			()	()
		Affiliate Person			()	()
		Subtotal			()	()
Total	Principal	()	()			
	Affiliate Person	()	()			
	Sum	()	()			

Note 1) It means credit offering stipulated in Item 6, Article 2 of Mutual Savings Banks Act.

Note 2) For shareholder, only major shareholders as defined in Item 11, Article 2 of Mutual Savings Banks Act are listed here.

For executive, the year, month and date of appointment and position – e.g. president of savings bank, Outside Director- should be written in (). For shareholder and executive not related credit offering, ‘Not applicable’ is written in the column of credit offering.

Note 3) He or she is a affiliate person to shareholder or executive as defined in Item 2, Article 30 of the enforcement ordinance under Mutual Savings Banks Act.

Note 4) 1Q in FY16 : 2016.03.31. , FY15 : 2015.03.31.

(2) History Of Other Major Transactions

A. Sales Of Real Estate Property¹⁾

1Q in FY16: End Of March, 2016
(Unit: Million KRW)

Name Of Shareholder (Or Executive) ²⁾		Name Of Shareholder (Or Executive) And Affiliate Person ³⁾		Transaction Class (Buying/Selling)	Contract Date	Contract Amount	Remarks
Share holder		Principal					<u>Not Applicable</u>
		Affiliate Person					
		Subtotal					
		Principal					
		Affiliate Person					
		Subtotal					
Executive		Principal					<u>Not Applicable</u>
		Affiliate Person					
		Subtotal					
		Principal					
		Affiliate Person					
		Subtotal					
Total		Principal					
		Affiliate Person					
		Sum					

Note 1) It is about (should be written for) the transaction of real estate property done by shareholder (or executive) and their affiliate person **during the current fiscal year (from Jan. 1st, 2016 to March 30th, 2016)**

Note 2) ,3)The same footnotes as in Form 'A'

B. Lease/Rent Of Real Estate Property¹⁾

1Q in FY16: End Of March, 2016
(Unit: Million KRW)

Name Of Shareholder (Or Executive) ²⁾	Name Of Shareholder (Or Executive) And Affiliate Person ³⁾	Transaction Class (Lease/Rent)	Contract Date	Expiration Date Of Contract	Contract Amount		Remarks
					Deposit	Annual Lease/Rent Fee	
Shareholder		Principal					<u>Not Applicable</u>
		Affiliate Person					
		Subtotal					
		Principal					
		Affiliate Person					
		Subtotal					
Executive		Principal					<u>Not Applicable</u>
		Affiliate Person					
		Subtotal					
		Principal					
		Affiliate Person					
		Subtotal					
Total		Principal					
		Affiliate Person					
		Sum					

Note 1) It is about (should be written for) the lease/rent transaction of Real Estate Property in contract with shareholder

(or executive) and their affiliate person as of the date of reporting this form

Note 2),3) The same footnotes as in Form 'A'

C. Contract For Goods And Services¹⁾

1Q in FY16: End Of March, 2016
(Unit: Million KRW)

Name Of Shareholder (Or Executive) ²⁾		Name Of Shareholder(Or Executive) And Affiliate Person ³⁾		Transaction ⁴⁾	Date of Transaction	Contract (Goods/Services) Amount	Remarks
Shareholder		Principal				<u>Not Applicable</u>	
		Affiliate Person					
		Subtotal					
		Principal					
		Affiliate Person					
		Subtotal					
Executive		Principal				<u>Not Applicable</u>	
		Affiliate Person					
		Subtotal					
		Principal					
		Affiliate Person					
		Subtotal					
Total	Principal						
	Affiliate Person						
	Sum						

Note) 1) It is about (should be written for) the supplying transaction of goods/services supplied from shareholder (or executive) and their affiliate person during the current fiscal year (from Jan. 1st, 2016 to March 30th, 2016)

Note 2) The same footnotes as in Form 'A'

Note 3) The same footnotes as in Form 'A'

Note 4) It should be expressed like ○○ Goods Supply Contract, ○○ Service Supply Contract and so on.

D. Stock Trading¹⁾

1Q in FY16: End Of March, 2016
 FY15: End Of December, 2015
 (Unit: Million KRW, -000-Note)

Name Of Shareholder (Or Executive) ²⁾	Name Of Shareholder (Or Executive) And Affiliate Person ³⁾	FY15		Buying		Selling		1Q in FY16		Remarks
		Balance On B/S	Holding Volume	Trading Amount	Trading Quantity	Trading Amount	Trading Quantity	Balance On B/S	Holding Volume	
Shareholder	Principal	<u>Not Applicable</u>								
	Affiliate Person									
	Subtotal									
	Principal									
	Affiliate Person									
	Subtotal									
Executive	Principal	<u>Not Applicable</u>								
	Affiliate Person									
	Subtotal									
	Principal									
	Affiliate Person									
	Subtotal									
Total	Principal	<u>Not Applicable</u>								
	Affiliate Person									
	Sum									

Note 1) It is about (should be written for) the trading of issued stock/shares that the shareholder (or executive) and their affiliate person have bought or/and sold during the current fiscal year (from Jan. 1st, 2016 to March 30th, 2016)

But the trading (buying and selling) for long-term investment is not included.

Note 2),3) The same footnotes as in Form 'A'

Note 4) 1Q in FY16 : 2016.03.31. , FY15 : 2015.03.31.

[Financial Statements]

1. Review Report

(1) Closing Review Report By External Auditor

- Refer to Review Report Additionally Attached

2. Financial Statement

- Refer to Review Report Additionally Attached

3. Income Statement

- Refer to Review Report Additionally Attached