

# The Current Status Of SBI Savings Bank As of September 30th, 2016

(January 1st, 2016 ~ September 30th, 2016)

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## [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

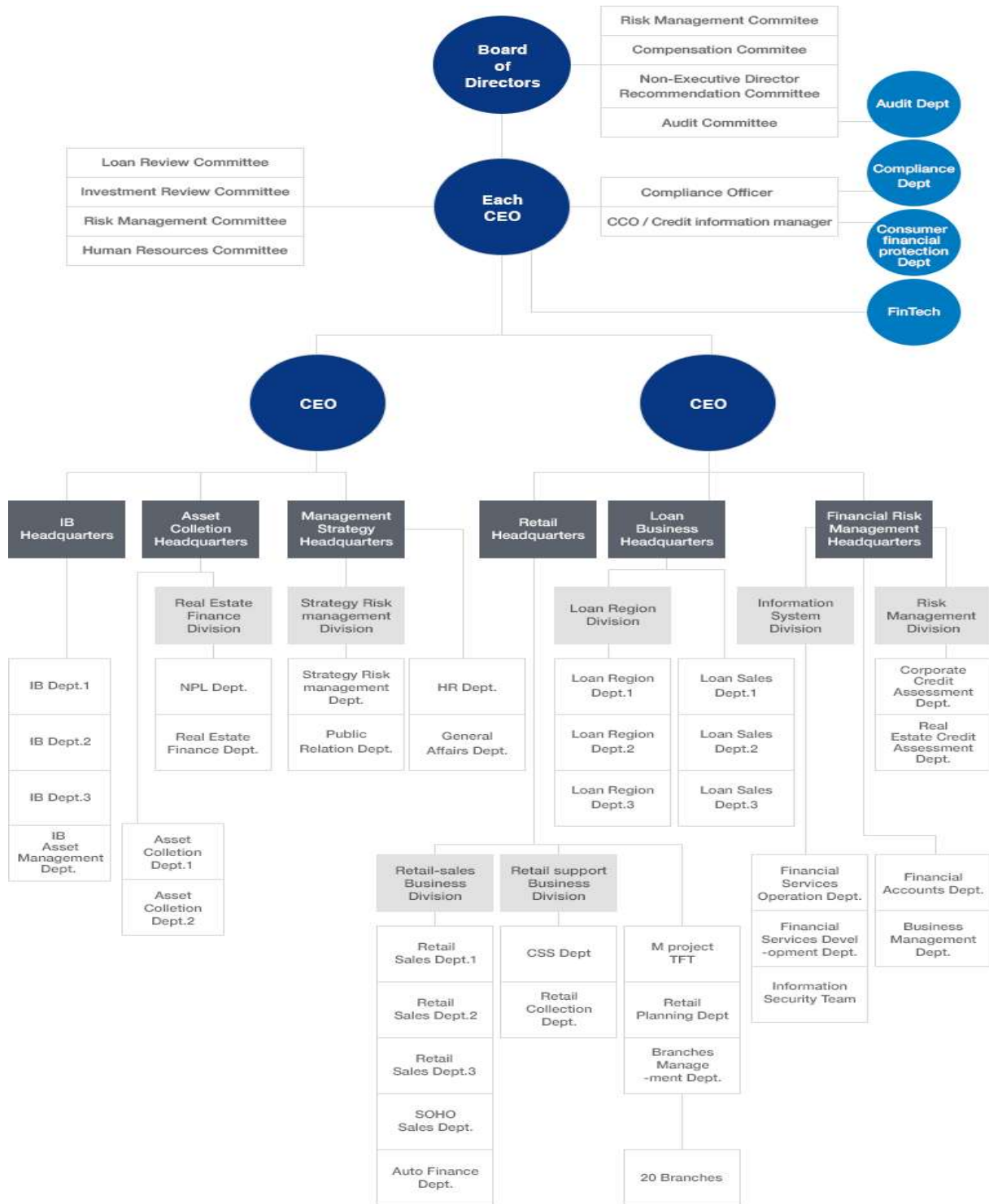
- We provide quality and reliable financial services of high quality on the basis of social calling and public interest and contribute to social development by improving public standard living and fostering companies.

#### (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 23, November, 2016

**(2) Branch and Automatic Teller Machine**

3Q in FY16: End Of September, 2016

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

**4. Number Of Employees**

3Q in FY16: End Of September, 2016

2Q in FY16: End Of June, 2016

Classification		3Q in FY16	2Q in FY16
Executive	Executive Director	14	13
	Outside Director	6	6
	Part-time Director (not Outside Director)	1	1
Employees	Manager	240	231
	Staff	236	244
Others		0	0
Total		497	495

## 5. Executives

25 October, 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/Loan Business HQ Head)
	Park In Chan	Chief Audit Executive	Chief Audit Executive
	Katsuchi Hideyuki	Senior Managing Director	Financial Risk Management 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 Division Head
	Kyung Kyu Sang	Director	Strategic Risk Management Division Head
	Kim Sang Woo	Director	FinTech TFT Head
	An Sang Hee	Director	Real Estate Finance Division General Manager
	Lee Jong Seok	Director	Information System Division General Manager/ Chief Information Security Officer
	Son Myung Seop	Director	Local Loan Sales Division General Manager
	Jang Dong Rok	Director	Compliance Officer/ Chief Customer Officer
Outside Director	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	Outside Director
	Ejiri Takashi	Outside Director	Outside Director
Part-time Director (not Outside Director)	Kawashima Katsuya	Other Outside Director	Chairman (Other Non Executive Director)

\*This list is changed in 25 October, 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
2013.12.23	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

3Q in FY16: End Of September, 2016  
1Q in FY15: End Of September, 2015  
(Unit: Hundred Million KRW, %)

Classification			3Q in FY16				1Q in FY15			
			Average	Balance	Interest	Interest	Average	Balance	Interest	Interest
			%	Amount	Rate	%	Amount	Rate		
Financing	Cost	Deposit	40,505	89.88	854	2.8	28,617	88.70	855	4.0
		Cover Note	0	0	0	0.0	0	0.00	0	0.0
		Borrowings	0	0	0	0.0	0	0.00	0	0.0
		Debentures	0	0	0	0.0	329	0.25	19	7.5
		Others	185	0.41	2	1.3	137	0.45	0	0.0
	Subtotal		40,690	90.30	856	2.8	29,083	89.40	874	4.0
	Non-Cost	Total Capital	4,204	9.33	0	0.0	3,042	10.00	0	0.0
		Other Allowances	48	0.11	0	0.0	352	0.04	0	0.0
		Others	121	0.27	0	0.0	712	0.58	0	0.0
	Subtotal		4,373	9.70	0	0.0	4,106	10.60	0	0.0
Financing Total		45,064	100.00	856	2.5	33,190	100.00	874	3.5	
Operation	Profit	Due from Bank	5,955	13.22	70	1.6	4,919	13.44	93	2.5
		Securities	2,587	5.74	283	14.6	3,028	8.57	96	4.2
		Loans	37,479	83.17	3,172	11.3	27,414	83.67	2,318	11.3
		Others	452	1.00	0	0.0	315	1.10	0	0.0
		Allowance For Bad Debts And Others (△)	3,461	7.69	0	0.0	5,287	13.36	0	0.0
	Subtotal		43,012	95.45	3,524	10.9	30,389	93.41	2,507	11.0
	Non-Profit	Cash	17	0.04	0	0.0	18	0.04	0	0.0
		Tangible Assets	146	0.32	0	0.0	164	0.48	0	0.0
		Others	1,888	4.19	0	0.0	2,620	6.06	0	0.0
	Subtotal		2,051	4.55	0	0.0	2,801	6.59	0	0.0
Operation Total		45,064	100.00	3,524	10.4	33,190	100.00	2,507	10.1	

Note 1) 3Q in FY16 : 2016.01.01 ~ 2016.09.30., 1Q in FY15 : 2015.01.01 ~ 2015.09.30

#### (2) Maturity Structure

3Q in FY16: End Of September, 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	7,965	10,477	14,881	26,805	18,296	5,137	50,248
Loan(1)	4,134	6,646	10,951	22,067	13,725	5,137	40,929
Financing	12,275	21,505	40,075	44,611	5,628	0	50,248
Deposit Received(2)	12,275	21,505	40,075	44,611	1	0	44,612
Difference(1-2)	△8,141	△14,859	△29,124	△22,544	13,723	5,137	△3,683

### (3) Subordinated Bond Issuance

3Q in FY16: End Of September, 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

3Q in FY16: End Of September, 2016  
1Q in FY15: End Of September, 2015  
(Unit: Hundred Million KRW, %)

Classification	3Q in FY16	1Q in FY15
BIS Capital Ratio ※ Required By The Law Is More Than (8%)	11.24	11.55
BIS Basic Capital Ratio (Tier1)	9.91	10.15
Tangible Common Equity Ratio	8.87	9.93

◆ **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

3Q in FY16: End Of September, 2016  
 1Q in FY15: End Of September, 2015  
 (Unit: Hundred Million KRW)

Classification	3Q in FY16	1Q in FY15
Ordinary Capital Sum (A)	4,171	3,334
Capital Stock	15,615	15,615
Capital Surplus	102	102
Retained Earnings	△6,383	△7,025
Shares Owned By External Shareholders Of Affiliated Company	0	0
Deductions	△5,163	△5,358
Supplementary Capital Sum (B)	558	458
Upper Subordinated Debt (Claimed) With Maturity	0	0
Lower Subordinated Debt (Claimed) With Maturity	0	0
Revaluation Reserve	0	0
Gain On Valuation Of Asset Available For Sale And Others	5	6
Allowance For Bad Debts (including bad debt reserve)	553	452
Other	0	0
Long-Term Borrowing(C) For Management Normalization	0	0
Deduction Sum (D)	0	0
Equity Capital Sum (A+B+C-D)	4,729	3,792
Risk-Weighted Asset	42,092	32,841

## 9. Index Of Asset Quality

3Q in FY16: End Of September, 2016  
 1Q in FY15: End Of September, 2015  
 (Unit: Hundred Million KRW, %)

Classification	3Q in FY16	1Q in FY15
Loss Risk-Weighted Loan Ratio	35.47	48.48
Net Substandard or Lower Loan Ratio	7.03	14.51
Substandard or Lower Loan Ratio	12.55	24.06
Ratio Of Overdue Loan	11.69	22.31



## 10. Index Of Profitability

3Q in FY16: End Of September, 2016  
 1Q in FY15: End Of September, 2015  
 (Unit: Hundred Million KRW, %)

Class	3Q in FY16	1Q in FY15
Return On Assets	1.47	1.27
Expense On Assets	2.79	2.45
Ratio Of Gross Profit To Gross Costs	91.14	87.47

Note 1) Use the calculation formula based on the Financial Supervisory Service Report

## 11. Index Of Liquidity

3Q in FY16: End Of September, 2016  
 1Q in FY15: End Of September, 2015  
 (Unit: Hundred Million KRW, %)

Classification	3Q in FY16	1Q in FY15
Liquidity Coverage Ratio	113.30	71.32
Ratio of Disposable Fund	17.39	17.03
Tangible Assets Ratio	28.93	55.23

Note 1) Use the calculation formula based on the Financial Supervisory Service Report

◆ **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

3Q in FY16: End Of September, 2016  
 1Q in FY15: End Of September, 2015  
 (Unit: Hundred Million KRW, %)

Classification		3Q in FY16	1Q in FY15
Per Employee	Profit Before Allowance <sup>1)</sup>	3	3
	Deposits	86	74
	Loans	79	69
Per Branch Bank	Deposits	2,025	1,672
	Loans	1,874	1,558

Note 1) 3Q in FY16 : 2016.01.01 ~ 2016.09.30, 1Q in FY15 : 2015.01.01 ~ 2015.09.30

## [Financial Results]

### 13. Outline

Accounting Standard : Korean Generally Accepted Accounting Principles

3Q in FY16: End Of September, 2016  
1Q in FY15: End Of September, 2015  
(Unit: Hundred Million KRW, %)

Classification		3Q in FY16		1Q in FY15	
		Amount	%	Amount	%
Asset	Cash And Due from Banks	7,057	14.04	4,484	11.83
	Securities	2,520	5.02	2,308	6.09
	Loans	38,166	75.96	27,592	72.78
	Tangible Asset	139	0.28	172	0.45
	Other Assets	2,365	4.72	3,355	8.85
<b>Asset Total</b>		<b>50,248</b>	<b>100.00</b>	<b>37,911</b>	<b>100.00</b>
Liability	Deposits	44,612	88.78	32,859	86.67
	Borrowings	0	0.00	0	0.00
	Other Liabilities	1,180	2.35	1,287	3.40
	<b>Liability Total</b>	<b>45,792</b>	<b>91.13</b>	<b>34,146</b>	<b>90.07</b>
Stockholder's Equity	Capital Stock	15,615	31.08	15,615	41.19
	Capital Surplus	102	0.20	102	0.27
	Capital Adjustment	△4,943	△9.84	△4,943	△13.04
	Accumulated Other Comprehensive Income	65	0.13	15	0.04
	Retained Earnings	△6,383	△12.70	△7,025	△18.53
	<b>Stockholder's Equity Total</b>	<b>4,457</b>	<b>8.87</b>	<b>3,765</b>	<b>9.93</b>
<b>Liability And Stockholder's Equity Total</b>		<b>50,248</b>	<b>100.00</b>	<b>37,911</b>	<b>100.00</b>

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

### 14. Operation with Loan

#### (1) Loan

3Q in FY16: End Of September, 2016  
1Q in FY15: End Of September, 2015  
(Unit: Hundred Million KRW, %)

Classification	3Q in FY16		1Q in FY15	
	Amount	%	Amount	%
Loan For Company	21,934	53.59	16,786	53.41
Loan For Personal	18,307	44.73	12,290	39.11
Other Loans	688	1.68	2,352	7.48
Total	40,929	100.00	31,428	100.00

**(2) Secured Loan By Collateral**

3Q in FY16: End Of September, 2016  
 1Q in FY15: End Of September, 2015  
 (Unit: Hundred Million KRW, %)

Classification		3Q in FY16		1Q in FY15	
			%		%
Collateral	Real Estate Property	7,779	19.01	7,492	23.84
	Movable Assets	1,275	3.12	353	1.12
	Securities	3,477	8.50	2,425	7.22
	Deposit Received	116	0.28	69	0.22
	Others	1,296	3.17	3,478	11.07
	Total	13,944	34.07	13,817	43.96
Guarantee		1,672	4.08	1,112	3.54
Credit		25,313	61.85	16,499	52.50
Total		40,929	100.00	31,428	100.00

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

3Q in FY16: End Of September, 2016  
 1Q in FY15: End Of September, 2015  
 (Unit: Hundred Million KRW, %)

Classification		3Q in FY16	1Q in FY15
S&M Company Loan	Ratio (A/B X 100)	47.05	46.81
	S&M Loan (A)	19,255	14,713
	Total (B)	40,929	31,428

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

3Q in FY16: End Of September, 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)	8,186	2,052	494	0	1,314	0	244	2,052	1,558	75.94
Construction Business (②)	12,279	1,506	869	217	377	2	41	1,506	400	26.59
Real Estate Business And Leasing Business(③)	12,279	2,011	923	628	370	1	89	2,011	462	22.99
Real Estate Property And Leasing Business(④)	12,279	776	460	160	146	0	9	776	155	20.04
<b>Total(①+②+③+④)</b>	<b>18,418</b>	<b>4,793</b>	<b>1,826</b>	<b>684</b>	<b>1,915</b>	<b>2</b>	<b>365</b>	<b>4,793</b>	<b>2,265</b>	<b>47.26</b>

**(5) Micro Personal Credit Loan**

(Unit: Hundred Million KRW,%)

Classification	End Of September, 2016	End Of June, 2016	End Of March, 2016	End Of December, 2015
Total Loan	40,929	38,804	36,113	32,728
Micro Personal Credit Loan	1,120	1,183	1,253	1,228
Proportion	2.74	3.05	3.47	3.75
Micro Personal Credit Loan Overdue Amount	114	157	170	162
Proportion	10.18	13.27	13.57	13.19

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.

\* 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

3Q in FY16: End Of September, 2016  
1Q in FY15: End Of September, 2015  
(Unit: Hundred Million KRW, %)

Classification	3Q in FY16				1Q in FY15			
	Balance		Average Balance <sup>1)</sup>		Balance		Average Balance <sup>1)</sup>	
		%		%		%		%
Demand Deposits	933	2.09	942	2.33	970	2.95	930	2.78
Time Deposits	40,254	90.23	35,442	87.50	24,862	75.66	25,415	75.98
Installment Deposit	3,425	7.68	4,121	10.17	7,027	21.38	7,104	21.24
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	44,612	100.00	40,505	100.00	32,859	100.00	33,449	100.00

Note 1) 3Q in FY16 : 2016.01.01 ~ 2016.09.30, 1Q in FY15 : 2015.01.01 ~ 2015.09.30.

### (2) Deposits By Customer Type

3Q in FY16: End Of September, 2016  
1Q in FY15: End Of September, 2015  
(Unit: Hundred Million KRW, %)

Classification	3Q in FY16		1Q in FY15	
	Balance	%	Balance	%
Individual	44,068	98.78	32,555	99.07
Corporate And Group	314	0.70	251	0.76
Others	230	0.51	53	0.16
Total	44,612	100.00	32,859	100.00

Note 1) Based on balance

## 16. Write-Off And Allowance For Bad Debts

### (1) Amount Of Bad Loan Write-Off

3Q in FY16 (3 Months): from July 1st, to September 30st, 2016  
3Q in FY16 (Accumulated): from January 1st, to September 30st, 2016  
1Q in FY15 (3 Months): from July 1st, to September 30st, 2015  
1Q in FY15 (Accumulated) from January 1st, to September 30st, 2015  
(Unit: Hundred Million KRW)

Classification	3Q in FY16		1Q in FY15	
	Present Quarter	Cumulation	Vs. The Same Period Of Last Year	Cumulation
Amounts Of Write-Off During Term	267	630	121	743
General	267	630	121	743
Special	0	0	0	0

Note 1) 3Q in FY16 (3 Months) : 2016.07.01 ~ 2016.09.30 / 3Q in FY16(Cumulation) : 2016.01.01 ~ 2016.09.30

1Q in FY15 (3 Months) : 2015.07.01 ~ 2015.09.30 / 1Q in FY15(Cumulation) : 2015.01.01 ~ 2015.09.30

2) Fiscal Year (3Q in FY16), Previous Fiscal Year\* (FY14, FY15)

\* Annotation for previous Fiscal Year : The number includes FY14 and FY15, because of change to Fiscal Year .  
- FY14\*, FY15\* ( FY14 : 2015.01 ~ 2015.06, FY15 : 2015.07 ~ 2015.09)

## (2) Classification Of Allowance For Bad Debts

Accounting Standard : Korean Generally Accepted Accounting Principles

3Q in FY16: End Of September, 2016  
1Q in FY15: End Of September, 2015  
(Unit: Hundred Million KRW)

Classification	3Q in FY16	1Q in FY15
Allowance For Bad Debts	2,713	3,742
General	2,713	3,742
Special	0	0

### 17-1. The number of occurred civil complaints

- ※ Since overlapped, repeated, complaints for simple question, and other complaints that may not ask for responsibility to financial company are excluded , please be careful when you use and utilize.
- ※ The number of civil complaints were written based on a mutual savings bank unified management disclosure standards.
- ※ Period
  - Current quarter : 3Q in FY2016 (2016.07.01~2016.09.30)
  - Previous quarter: 2Q in FY2016 (2016.04.01~2016.06.30)

#### A. The number of civil complaints

Division	the number of civil complaints			The number of conversions <sup>3)</sup> (per 10K customers)			note
	FY16 2Q (previous quarter)	FY16 3Q (current quarter)	rate of change (%)	FY16 2Q (previous quarter)	FY16 3Q (current quarter)	rate of change (%)	
Inside civil complaint <sup>1)</sup>	11	14	↑ 27%	0.14	0.18	↑ 28%	
Outside civil complaint <sup>2)</sup>	24	49	↑ 104%	0.31	0.63	↑ 103%	
total	35	63	↑ 80%	0.45	0.81	↑ 80%	

Note 1) civil complaint received through Internet webpage or in written

Note 2) among civil complaints received by the Financial Supervisory Service or other institutes, transmitted or fact inquiry requested civil complaints. But, direct processed civil complaint without transmit or fact inquiry by relevant institutes the Financial Supervisory Service or other institutes) are excluded.

Note 3) number of conversion = (total number of civil complaints / total customers) × 10,000

**B. the number of civil complaints by type**

Division		the number of civil complaints			The number of conversions (per 10K customers)			note
		FY16 2Q (previous quarter)	FY16 3Q (current quarter)	rate of change (%)	FY16 2Q (previous quarter)	FY16 3Q (current quarter)	rate of change (%)	
type	Deposit	6	10	↑ 67%	0.08	0.13	↑ 65%	
	loan	18	28	↑ 56%	0.23	0.36	↑ 54%	
	Loan collection	6	12	↑ 100%	0.08	0.15	↑ 98%	
	others	5	13	↑ 160%	0.07	0.17	↑ 157%	
total		35	63	↑ 80%	0.46	0.81	↑ 80%	

**17-2. Result of evaluation actual condition of financial consumer protection**

<established 2016. 8.22>

※ According to financial consumer's best practices, financial corporations get evaluated their level of consumer protection comprehensively through evaluation system of financial consumer protection's actual condition' by the Financial Supervisory Service.

※ Disclosure: saving banks that the Financial supervisory service directly evaluates (the number of civil complaints of relevant saving banks where is 2% or more in whole saving banks industry and has 1,000 billion KRW or more of total asset)

※ Inquiry of evaluation result by company is offered at Federation of Savings Banks's official website.

Division		evaluation result by item (year of 2015)	evaluation result by item (year of 2016)	evaluation result by item (year of 2017)
improvement item	1. the number of civil complaint	Good	N/A	N/A
	2. period of handling civil complaints	Good		
	3. the number of lawsuit	Normal		
	4. sustainability of sales	Good		
	5. financial accident	Good		
non-impr ovement item	6. consumer protection organization and system	Inadequacy		
	7. construction and management of consumer protection system in product development process	Inadequacy		
	8. construction and management of consumer protection system in product sales process	Normal		
	9. construction and management of civil complaint management system	Normal		
	10. disclosure of consumer's information	Normal		

**<Evaluation item of financial consumer protection's actual condition>**

Division		Evaluation items
Improve ment item	1. The number of civil complaint	- The number of civil complaints and rate of change
	2. Period of handling civil complaints	- Average period of handling civil complaints
	3. The number of lawsuit	- The number of lawsuit and lawsuit by financial corporation in dispute conciliation
	4. Sustainability of sales	- Index of financial health of financial corporations
	5. Financial accident	- The number of consumer related financial accident of financial corporations and amount
Non-im proveme nt item	6. Consumer protection organization and system	- Whether consumer protection organization has independent exclusive organization and proper human resources in order to manage corporation sales related risk effectively and whether it has been operated with actual authority or not  - Whether education for consumer protection is conducted regularly to every staff and executive and whether the result has been archived or not.
	7. Construction and management of consumer protection system in product development process	- Between general consumer protection department and sales department, whether process of pre-agreement is indicated on rules at product development and whether it is operated properly and whether operation status is monitored or not.  - Whether the process that may apply opinions like product related complaints has been established and properly managed and whether management status has been monitored or not.
	8. Construction and management of consumer protection system in product sales process	- Whether sales process is established through preparing sales regulation that sales staffs shall follow in order to prevent occurrence of incomplete sales in consumer protection viewpoint or not and whether its performance state has been monitored or not  - Whether management rules and system about customer information protection and product advertisement are established and properly managed or not and whether management status has been monitored or not
	9. Construction and management of civil complaint management system	- Whether process for fair civil complaints handling is prepared, and whether civil complaints management system is established and properly managed ,and whether management status has been monitored or not.  - Whether civil complaints handling regulation and manual has been prepared or not, and whether complaints from consumer is handled according to internal procedure, and whether system for system reform is established and managed properly, and whether management status has been monitored or not
	10. Disclosure of consumer's information	- Whether necessary information for consumers (number of civil complaints, important factor by product, required information) are properly disclosed or not  - Whether excellent case consumer protection and protection system are properly disclosed or not



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

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

3Q in FY16: End Of September, 2016  
 1Q in FY15: End Of September, 2015  
 (Unit: Hundred Million KRW)

Classification	3Q in FY16	1Q in FY15
Total Loan	40,929	31,428
NPL (Non-Performing Loan or Insolvent Loan) <sup>1)</sup>	1,924	2,595
Sub-Standard Or Lower Loan <sup>2)</sup>	5,137	7,560
Net sub-Standard Or Lower Loan <sup>3)</sup>	2,688	4,017

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.

◆ **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

3Q in FY16 : End Of September, 2016  
 2Q in FY16 : End Of June, 2016  
 (Unit: Hundred Million KRW)

Company <sup>1)</sup>	3Q in FY16	2Q in FY16	Increased Amount	Reason For Increase	Remarks
P****(Other financial Services)	100	0	100	Court Administration Application	
B****(Office & commercial building Construction)	38	0	38	Collectible Amount Changed	
C****(Real estate Consulting & Brokerage)	19	0	19	Collateral revaluation	

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)”.

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

3Q in FY16 : End Of September, 2016  
(Unit: Hundred Million KRW)

Company	Date of Decision For Debt Reconciliation	3Q 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.

### 19. Off-The-Book Trading

3Q in FY16: End Of September, 2016  
1Q in FY15: End Of September, 2015  
(Unit: Hundred Million KRW)

Classification	3Q in FY16	1Q in FY15
Guarantee Of Payment	0	0
Bad Loan Write-Off	9,925	10,231
Endorsed Note	0	0
Sales Of Repurchase Paper	0	0
Transaction Of Financial Derivatives	0	0

### 20. Non-Operating Assets

3Q in FY16 : End Of September, 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	58	818
Building	0	0	97
Movable Assets	0	0	2
Total	0	58	917

### 21. Status Of Cross-Business

3Q in FY16: End Of September, 2016  
1Q in FY15: End Of September, 2015  
(Unit: Hundred Million KRW, No. of Transaction, No. of Buying)

Classification	3Q in FY16		1Q in FY15	
	Performance	Number Of Transaction (Buying)	Performance	Number Of Transaction (Buying)
Installment Financing	0	0	0	0
Debit Card	50	2,578	63	5,768

Note1) 3Q in FY16 : 2016.01.01 ~ 2016.09.30, 1Q in FY15 : 2015.01.01 ~ 2015.09.30

# [Risk Management]

## 22. 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 Risk Management 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  
Corporate 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	36,143	3,566	545	1	40,254

○ 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 <sup>1,2)</sup>	14,699	5,720	6,016	3,551	7,059	3,884	40,929

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.

○ 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 <sup>1)</sup>	0	0	0	0	0	0	0
Corporate Bond	0	0	68	0	0	311	379
Others	669	279	393	255	82	191	1,869
Total	669	279	461	255	82	502	2,248

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]

### 23. Management Performance Of Affiliated Company

3Q in FY16: End Of September, 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>					

### 24. 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

## 25. History Of Transactions With Major Shareholders And Executives

### (1) Current Status Of Credit Offering<sup>1)</sup>

3Q in FY16: End Of September, 2016

2Q in FY16: End Of June, 2016

(Unit: Million KRW, %)

Name Of Shareholder(Or Executive) <sup>2)</sup>	Name Of Shareholder(Or Executive) And Affiliate Person <sup>3)</sup>	Credit Offering At The Point Of Appointment (A)	2Q in FY15 Credit Offering(B)	3Q 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.



**(2) History Of Other Major Transactions**

**A. Sales Of Real Estate Property<sup>1)</sup>**

3Q in FY16: End Of September, 2016  
(Unit: Million KRW)

Name Of Shareholder (Or Executive) <sup>2)</sup>		Name Of Shareholder (Or Executive) And Affiliate Person <sup>3)</sup>		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 Sep 30st, 2016)**

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

3Q in FY16: End Of September, 2016  
(Unit: Million KRW)

Name Of Shareholder (Or Executive) <sup>2)</sup>	Name Of Shareholder (Or Executive) And Affiliate Person <sup>3)</sup>	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							

**B. Lease/Rent Of Real Estate Property<sup>1)</sup>**

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 Services<sup>1)</sup>**

3Q in FY16: End Of September, 2016  
(Unit: Million KRW)

Name Of Shareholder (Or Executive) <sup>2)</sup>		Name Of Shareholder(Or Executive) And Affiliate Person <sup>3)</sup>		Transaction <sup>4)</sup>	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 Sep 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 Trading<sup>1)</sup>**

3Q in FY16: End Of September, 2016  
 FY15: End Of December, 2015  
 (Unit: Million KRW, -000-Note)

Name Of Shareholder (Or Executive) <sup>2)</sup>		Name Of Shareholder (Or Executive) And Affiliate Person <sup>3)</sup>		FY15		Buying		Selling		3Q 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		<b><u>Not Applicable</u></b>								
		Affiliate Person										
		Subtotal										
		Principal										
		Affiliate Person										
		Subtotal										
Executive		Principal		<b><u>Not Applicable</u></b>								
		Affiliate Person										
		Subtotal										
		Principal										
		Affiliate Person										
		Subtotal										
Total	Principal		<b><u>Not Applicable</u></b>									
	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 June 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'

## 26. Issued Stocks/Shares Acquired By Major Shareholders

(Unit: Million KRW)

Shareholder Class <sup>1)</sup>	Name Of Major Shareholders	Issuing Company		Holding Status At The End Of Previous Quarter				Acquisition Information						Disposal Information					Holding Status At The End Of Present Quarter					
		Name Of Company	Relation With Major Shareholder	Number Of Stocks/Shares	Share Ratio	Acquisition Cost (A)	Market Value	Date Of Acquisition	Number Of Shares Acquired	Purpose Of Acquisition	Acquisition Method <sup>2)</sup>	Acquisition Cost Per Share	Amount Of Acquisition (B)	Date Of Disposal	Number Of Shares Disposed (C)	Disposal Method <sup>2)</sup>	Disposal Cost Per Share (D)	Acquisition Cost Per Share (E)	Book Value Per Share (F)	Profit Or Loss By Disposal {C*(D-F)}	Number Of Stocks/Shares	Share Ratio	Acquisition Cost (A+B-C*E)	Market Value
Largest Shareholder	SBI HOLDINGS	Gloval gateway fund I	Relative	0	0	0	0	2016-09-09	600	Investment	Outside dealing	1	600		0		0	0	0	0	600	10	600	600
		SBIMIR AE CREATION ASEAN-M&A	Relative	4,544	9.6	4,800	5,041		0			0	0		0		0	0	0	0	4,544	9.6	4,800	4,914
		Subtotal		4,544	9.6	4,800	5,041		600			1	600		0		0	0	0	0	5,144	19.6	5,400	5,514
Total				4,544	9.6	4,800	5,041		600		1	600		0		0	0	0	0	5,144	19.6	5,400	5,514	

Note 1) The largest shareholder shareholders and major shareholder of the concerned savings bank are written here.

Note 2) Pit-transactions and over-the-counter transactions are written separately.

\* Referral legal provisions

Item 2 of Article 12 of Mutual Savings Banks Act, Item 4 of Article 9 of the enforcement ordinance under Mutual Savings Banks Act and Item 3 of Article 23 of Mutual Savings Bank \ Regulatory Provisions.

Note 3) 3Q in FY16 : 2016.09.30, 2Q in FY16 : 2016.06.30

## **[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