

The Current Status Of SBI Savings Bank As of September 30th, 2018

(January 1st, 2018 ~ September 30th, 2018)

[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

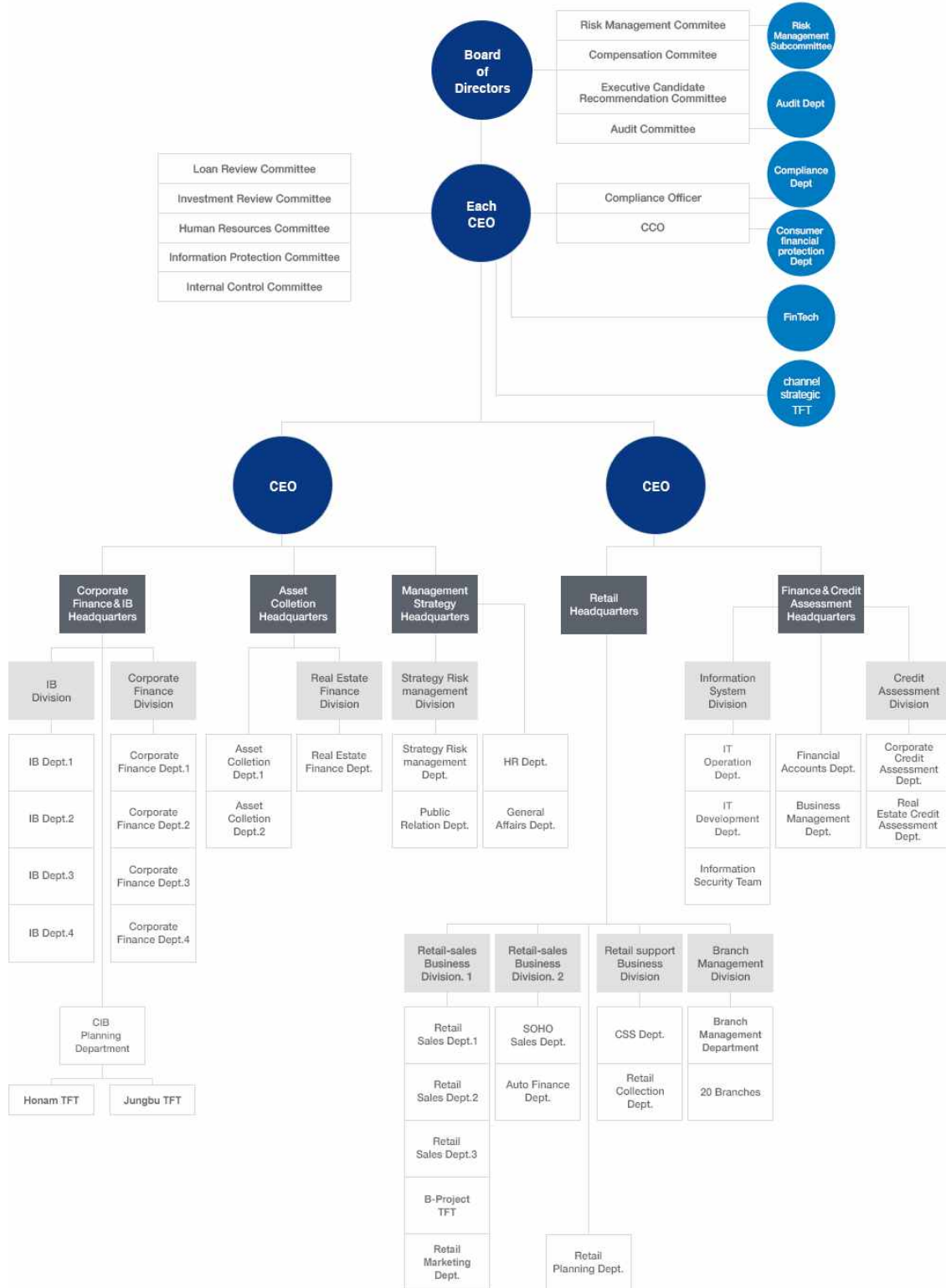
- We provide quality and reliable financial services of high quality on the basis of social calling and public interest and contribute to social development by improving public standard living and fostering companies.

(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 November 1st 2018.

(2)Branch and Automatic Teller Machine

3Q in FY18: End Of September, 2018

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

5. Number Of Employees

3Q in FY18: End Of September, 2018

2Q in FY18: End Of June, 2018

Classification		3Q in FY18	2Q in FY18
Executive	Executive Director	16	16
	Outside Director	5	5
	Part-time Director (not Outside Director)	1	1
Employees	Manager	271	261
	Staff	231	236
Others		0	0
Total		524	519

5. Executives

3Q in FY18: End Of September, 2018

Classification	Name	Position	Key Task and Role
Standing Executive	Lim Jin Gu	CEO	CEO & President (Corporate Finance & IB HQ Head)
	Jeong Jin Mun	CEO	CEO & Vice-President (Retail HQ Head)
	Park In Chan	Chief Audit Executive	Chief Audit Executive
	Taniguchi Kazutsugu	Senior Managing Director	Finance & Credit Assessment HQ Head
	Kim Mun Seok	Senior Managing Director	Management Strategy HQ Head
	Lim Young Bok	Managing Director	Asset Collection HQ Head
	Yoo Hyun Kuk	Managing Director	Retail-sales Business Division 1 Head
	Kang Dong Uk	Managing Director	Credit Assessment Division Head
	Kyung Kyu Sang	Director	Strategic Risk Management Division Head/ Chief Risk Officer
	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	Corporate Finance Division General Manager
	Park Eung Jo	Director	IB Division Head
	Lee Eun Hwa	Director	Fintech TFT head
	Han Seok Oh	Director	Retail Support Business Division Head
Jang Dong Rok	Director	Compliance Officer/ Chief Customer Officer	
Outside Director	Woo Yang Tae	Outside Director	Lawyer
	Kim Ki Hyun	Outside Director	Accountant
	Kwak Doo Hun	Outside Director	Former Korea Exchange Bank HQ Head
	Ejiri Takashi	Outside Director	Lawyer
	Park Hyung Yeon	Outside Director	Lawyer
Part-time Director (not Outside Director)	Kawashima Katsuya	Other Outside Director	Chairman (Other Non Executive Director)

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
<u>Not Applicable</u>						

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

[Performance]

7. Financing And Operation

(1) Interest Rate

3Q in FY18: End Of September, 2018
 3Q in FY17: End Of September, 2017
 (Unit: Hundred Million KRW, %)

Classification			3Q in FY18				3Q in FY17			
			Average Balance		Interest	Interest	Average Balance		Interest	Interest
			%	Amount	Rate	%	Amount	Rate		
Financing	Cost	Deposit	55,544	87.6	1,208	2.9	48,435	88.22	958	2.6
		Cover Note	0	0.0	0	0.0	0	0.00	0	0.0
		Borrowings	0	0.0	0	0.0	0	0.00	0	0.0
		Debentures	0	0.0	0	0.0	0	0.00	0	0.0
		Others	233	0.4	1	0.4	241	0.44	1	0.3
		Subtotal	55,777	87.9	1,209	2.9	48,676	88.66	959	2.6
	Non-Cost	Total Capital	6,409	10.1	0	0.0	5,139	9.36	0	0.0
		Other Allowances	32	0.1	0	0.0	37	0.07	0	0.0
		Others	1,207	1.9	0	0.0	1,050	1.91	0	0.0
		Subtotal	7,649	12.1	0	0.0	6,226	11.34	0	0.0
	Financing Total	63,426	100.0	1,209	2.5	54,902	100.00	959	2.3	
Operation	Profit	Due from Bank	5,861	9.2	80	1.8	6,005	10.94	72	1.6
		Securities	3,713	5.9	189	6.8	2,872	5.23	106	5.0
		Loans	54,264	85.6	4,527	11.2	46,284	84.30	3,897	11.3
		Call Loans	276	0.4	0	0.0	245	0.45	0	0.0
		Others	1,835	2.9	0	0.0	2,185	3.98	0	0.0
		Allowance For Bad Debts And Others (△)	62,279	98.2	4,796	10.3	53,221	96.94	4,076	10.2
		Subtotal	18	0.0	0	0.0	18	0.03	0	0.0
	Non-Profit	Cash	147	0.2	0	0.0	128	0.23	0	0.0
		Tangible Assets	982	1.5	0	0.0	1,535	2.80	0	0.0
		Others	1,147	1.8	0	0.0	1,681	3.06	0	0.0
Operation Total		63,426	100.0	4,796	10.1	54,902	100.00	4,076	9.9	

(2) Maturity Structure

3Q in FY18: End Of September, 2018
 (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	10,870	12,687	18,825	37,766	29,093	2,637	69,496
Loan(1)	4,418	6,235	12,373	31,314	23,521	2,637	57,472
Financing	12,955	26,743	54,237	60,867	8,629	0	69,496
Deposit Received(2)	12,955	26,743	54,237	60,867	1	0	60,868
Difference(1-2)	△8,537	△20,507	△41,863	△29,553	23,520	2,637	△3,396

(3) Subordinated Bond Issuance

3Q in FY18: End Of September, 2018
(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 FY18: End Of September, 2018
3Q in FY17: End Of September, 2017
(Unit: Hundred Million KRW, %)

Classification	3Q in FY18	3Q in FY17
BIS Capital Ratio ※ Required By The Law Is More Than (8%)	13.70	12.02
BIS Basic Capital Ratio (Tier1)	12.42	10.73
Tangible Common Equity Ratio	10.01	9.41

◆ **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 FY18: End Of September, 2018
 3Q in FY17: End Of September, 2017
 (Unit: Hundred Million KRW, %)

Classification	3Q in FY18	3Q in FY17
Ordinary Capital Sum (A)	6,881	5,270
Capital Stock	15,615	15,615
Capital Surplus	122	122
Retained Earnings	△3,897	△5,454
Shares Owned By External Shareholders Of Affiliated Company	0	0
Deductions	△4,959	△5,012
Supplementary Capital Sum (B)	709	635
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	2	3
Allowance For Bad Debts	707	631
Long-Term Borrowing(C) For Management Normalization	0	0
Deduction Sum (D)	0	0
Equity Capital Sum (A+B+C-D)	7,591	5,904
Risk-Weighted Asset	55,398	49,129

9. Index Of Asset Quality

3Q in FY18: End Of September, 2018
 3Q in FY17: End Of September, 2017
 (Unit: Hundred Million KRW, %)

Classification	3Q in FY18	3Q in FY17
Loss Risk-Weighted Loan Ratio	15.13	23.64
Net Substandard or Lower Loan Ratio	2.51	4.03
Substandard or Lower Loan Ratio	4.59	7.32
Ratio Of Overdue Loan	4.42	7.11

10. Index Of Profitability

3Q in FY18: End Of September, 2018
 3Q in FY17: End Of September, 2017
 (Unit: Hundred Million KRW, %)

Class	3Q in FY18	3Q in FY17
Return On Assets	2.53	1.69
Expense On Assets	2.06	2.36
Ratio Of Gross Profit To Gross Costs	77.65	85.47

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

11. Index Of Liquidity

3Q in FY18: End Of September, 2018
 3Q in FY17: End Of September, 2017
 (Unit: Hundred Million KRW, %)

Classification	3Q in FY18	3Q in FY17
Liquidity Coverage Ratio	114.28	105.46
Ratio of Disposable Fund	12.56	14.18
Tangible Assets Ratio	8.19	17.27

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 FY18: End Of September, 2018
 3Q in FY17: End Of September, 2017
 (Unit: Hundred Million KRW, %)

Classification		3Q in FY18	3Q in FY17
Per Employee	Profit Before Allowance	6	5
	Deposits	110	98
	Loans	107	93
Per Branch Bank	Deposits	2,777	2,422
	Loans	2,713	2,304

[Financial Results]

13. Balance sheet

(Accounting Standard : Korean Generally Accepted Accounting Principles)

3Q in FY18: End Of September, 2018
 3Q in FY17: End Of September, 2017
 (Unit: Hundred Million KRW, %)

구 분		3Q in FY18		3Q in FY17	
		Amount	%	Amount	%
Asset	Cash And Due from Banks	7,669	11.04	6,139	10.70
	Securities	4,020	5.78	3,085	5.38
	Loans	55,787	80.27	46,268	80.63
	Tangible Asset	148	0.21	149	0.26
	Other Assets	1,872	2.69	1,737	3.03
Asset Total		69,496	100.00	57,378	100.00
Liability	Deposits	60,868	87.58	50,624	88.23
	Borrowings	0	0.00	0	0.00
	Other Liabilities	1,670	2.40	1,358	2.37
	Liability Total	62,538	89.99	51,982	90.59
Liability Total	Capital Stock	15,615	22.47	15,615	27.21
	Capital Surplus	122	0.18	122	0.21
	Capital Adjustment	△4,938	△7.11	△4,938	△8.61
	Accumulated Other Comprehensive Income	57	0.08	53	0.09
	Retained Earnings	△3,898	△5.61	△5,454	△9.51
	Stockholder's Equity Total	6,958	10.01	5,397	9.41
Liability And Stockholder's Equity Total		69,496	100.00	57,378	100.00

14. Operation with Loan

(1) Loan

3Q in FY18: End Of September, 2018
 3Q in FY17: End Of September, 2017
 (Unit: Hundred Million KRW, %)

Classification	3Q in FY18		3Q in FY17	
	Amount	%	Amount	%
Loan For Company	32,545	56.63	26,880	55.63
Loan For Personal	24,899	43.32	21,319	44.12
Other Loans	28	0.05	123	0.25
Total	57,472	100.00	48,322	100.00

(2) Secured Loan By Collateral

3Q in FY18: End Of September, 2018
 3Q in FY17: End Of September, 2017
 (Unit: Hundred Million KRW, %)

Classification		3Q in FY18		3Q in FY17	
			%		%
Collateral	Real Estate Property	14,420	25.09	10,167	21.04
	Movable Assets	2,144	3.73	2,160	4.47
	Securities	2,302	4.01	3,050	6.31
	Deposit Received	95	0.16	122	0.25
	Others	2,325	4.05	754	1.56
	Total	21,286	37.04	16,253	33.63
Guarantee		4,317	7.51	2,820	5.84
Credit		31,870	55.45	29,249	60.53
Total		57,472	100.00	48,322	100.00

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

3Q in FY18: End Of September, 2018
 3Q in FY17: End Of September, 2017
 (Unit: Hundred Million KRW, %)

Classification		3Q in FY18	3Q in FY17
S&M Company Loan	Ratio (A/B X 100)	51.06	49.47
	S&M Loan (A)	29,348	23,903
	Total (B)	57,472	48,322

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

3Q in FY18: End Of September, 2018
(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)	11,494	1,818	918	0	861	0	39	1,818	900	49.52
Construction Business (②)	17,242	2,692	2,505	132	41	12	2	2,692	35	1.29
Real Estate Business And Leasing Business(③)	17,242	4,375	3,103	1,183	70	6	13	4,375	66	1.51
Real Estate Property And Leasing Business(④)	17,242	3,155	2,622	509	21	3	1	3,155	9	0.30
Total(①+②+③+④)	25,863	5,729	3,904	807	950	15	54	5,729	992	17.31

(5) Micro Personal Credit Loan

(Unit: Hundred Million KRW,%)

Classification	End of September, 2018	End of June, 2018	End of March, 2018	End Of December, 2017
Total Loan	57,472	55,929	53,105	48,371
Micro Personal Credit Loan	910	968	990	1,013
Proportion	1.58	1.73	1.86	2.09
Micro Personal Credit Loan Overdue Amount	50	68	62	52
Proportion	5.55	7.02	6.26	5.13

Note 1) Of total loans, the cases of loan less than 3 million KRW are recorded by quarter.

Note 2) 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 FY18: End Of September, 2018
3Q in FY17: End Of September, 2017
(Unit: Hundred Million KRW, %)

Classification	3Q in FY18				3Q in FY17			
	Balance		Average Balance		Balance		Average Balance	
		%		%		%		%
Demand Deposits	1,173	1.93	976	1.76	1,054	2.08	1,032	2.13
Time Deposits	58,601	96.28	53,257	95.88	47,466	93.76	44,853	92.60
Installment Deposit	1,094	1.80	1,311	2.36	2,104	4.16	2,550	5.26
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	60,868	100.00	55,544	100.00	50,624	100.00	48,435	100.00

(2) Deposits By Customer Type

3Q in FY18: End Of September, 2018
3Q in FY17: End Of September, 2017
(Unit: Hundred Million KRW, %)

Classification	3Q in FY18		3Q in FY17	
	Balance	%	Balance	%
Individual	59,106	97.11	49,587	97.95
Corporate And Group	1,035	1.70	511	1.01
Others	727	1.19	526	1.04
Total	60,868	100.00	50,624	100.00

Note 1) Based on balance

16. Write-Off And Allowance For Bad Debts

(1) Amount Of Bad Loan Write-Off

3Q in FY18 (3 Months): from July 1st, to September 30th, 2018
FY18 (Accumulated): from January 1st, to September 30th, 2018
3Q in FY17 (3 Months): from July 1st, to September 30th, 2017
FY17 (Accumulated) from January 1st, to September 30th, 2017
(Unit: Hundred Million KRW)

Classification	3Q in FY18		3Q in FY17	
	3Q in FY17 (Present Quarter)	FY17 (Cumulation)	3Q in FY16 (Present Quarter)	FY16 (Cumulation)
Amounts Of Write-Off During				
Term	14	201	75	304
General	14	201	75	304
Special	0	0	0	0

(2) Classification Of Allowance For Bad Debts

(Accounting Standard : Korean Generally Accepted Accounting Principles)

3Q in FY18: End Of September, 2018
 3Q in FY17: End Of September, 2017
 (Unit: Hundred Million KRW)

Classification	3Q in FY18	3Q in FY17
Allowance For Bad Debts	1,890	2,019
General	1,890	2,019
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

3Q in FY18: End Of September, 2018
 3Q in FY17: End Of September, 2017
 (Unit: Hundred Million KRW)

Classification	3Q in FY18	3Q in FY17
Total Loan	57,472	48,322
NPL (Non-Performing Loan or Insolvent Loan) ¹⁾	1,071	1,125
Sub-Standard Or Lower Loan ²⁾	2,637	3,535
Net sub-Standard Or Lower Loan ³⁾	1,396	1,864

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 FY18: End Of September, 2018

2Q in FY18: End Of June, 2018

(Unit: Hundred Million KRW)

Company ¹⁾	3Q in FY18	2Q in FY18	Increased Amount	Reason For Increase	Remarks
<u>Not Applicable</u>					

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 FY18: End Of September, 2018

(Unit: Hundred Million KRW)

Company	Date of Decision For Debt Reconciliation	FY18 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

3Q in FY18: End Of September, 2018

3Q in FY17: End Of September, 2017

(Unit: Hundred Million KRW)

Classification	3Q in FY18	3Q in FY17
Guarantee Of Payment	0	0
Bad Loan Write-Off	8,080	8,886
Endorsed Note	0	0
Sales Of Repurchase Paper	0	0
Transaction Of Financial Derivatives	0	0

19. Non-Operating Assets

3Q in FY18: End Of September, 2018
(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	0	264
Building	0	0	0
Movable Assets	0	0	0
Total	0	0	264

19-1. Status Of Cross-Business

3Q in FY18: End Of September, 2018
3Q in FY17: End Of September, 2017
(Unit: Hundred Million KRW, No. of Transaction, No. of Buying)

Classification	3Q in FY18		3Q in FY17	
	Performance	Number Of Transaction (Buying)	Performance	Number Of Transaction (Buying)
Installment Financing	0	0	0	0
Debit Card	38	3,789	45	1,894

[Risk Management]

20. Risk Management

(1) Risk Management Organization

- Organizational Chart



- Risk Management Committee: It is the top decision making organization for risk management.
- Composition of Risk Management Committee : Three Outside Directors
- Role of Risk Management Committee: Establishing basic policy and strategy for risk management;
Determining overall aspects of risk management practices, including enactment/revision of risk management standards, and makeup of relevant organizations.
- Risk Management Subcommittee : Committee on Risk management task relations under Risk management committee
- Composition of Risk Management Subcommittee
Finance/Credit Assessment HQ Head / Strategy Risk Management Division Head /
Credit Assessment Division Head / Corporate Credit assessment Department Head /
Business Management Department Head
- Role of Risk Management Subcommittee
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
Loan review Division / CSS Department / Sales Department(Corporate Financing / Retail / IB)
 - Market Risk: Strategy Risk Management Department / IB Department /
Business Management Department(financial sector) / Sales Department
 - Interest Risk: Strategy Risk Management Department /
Business Management Department(financial sector) / IB Department
 - Liquidity Risk: Strategy Risk Management Department /
Business Management Department(financial sector) / Sales Department
 - Operational Risk: Strategy Risk Management Department/ Business Management 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 Committee Provision, Risk Management Subcommittee Provision, Risk Management Standards.

- 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 Subcommittee

It is the decision making organization 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, Loan review 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	52,079	3,097	3,424	1	58,601

○ 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⁾	13,840	9,353	10,041	6,749	11,331	6,158	57,472

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 ¹⁾	0	0	0	0	0	0	0
Corporate Bond	124	0	0	66	10	304	504
Others	1,249	349	922	247	223	156	3,146
Total	1,373	349	922	313	233	460	3,650

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)

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]

21. Management Performance Of Affiliated Company

3Q in FY18: End Of September, 2018
(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>					

22. 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

(2) Approach to Inspection of Internal audit department

- 1) Inspection of regulation fulfillment
- 2) Examination on system and enhancement monitoring for prevention of financial accidents
- 3) Checking incidental works to perform audit

(3) Frequency of audit

Classification	Auditor	Subject	Frequency
daily audit	full time auditor	Whole department	Everyday
spot audit	audit department	Branches for savings	as occasion calls
regular audit	audit department	Whole department	once a year
special audit	audit department	Whole department	on demand
Occasional audit	audit department	Branches for savings and loan	Everyday

(4) Inspection organization(the number of people, concurrent position, etc.) and details of activity

Name	The number of people	Details of activity	Concurrent position
Audit department	8	Auditing whole department	-

(5) Composition·detailed operation standards·performance of loan review committee and inspection department

Classification	Composition	Detailed operation standards	performance
Lone review committee	5 people including the chairperson	-selection of subject for loan evaluation, based on delegation and decision criteria -For managing soundness of loans and prevention of insolvent loan, considering comprehensively the debtor's credit, financial position, business plan, collateral configuration, ability for repayment, trade performance, and so on. -Decision made by two-thirds or more of incumbent members' agreement	Spot operation as subject of examination arises
Inspection department	3 people among compliance department	-propriety of asset soundness classification and accumulation of allowance for bad debt expense -propriety of loan evaluation and authorization -compliance of loan contract -compliance of regulations relating to loan and the bylaws -propriety of post management of loan -accuracy and timeliness of loan officers' recognition of problematic loan -other necessary things to secure soundness of loan	- New inspection : Within 10 business days after loan review committee making decision -Regularly inspection : More than once a year(More than 5 hundred million won for same person)

23-1. 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 : 2Q in FY2018 (2018.04.01~2018.06.30)

- Previous quarter: 1Q in FY2018 (2018.01.01~2018.03.31)

A. The number of civil complaints

Division	the number of civil complaints			The number of conversions ³⁾ (per 10K customers)			note
	FY18 2Q (previous quarter)	FY18 3Q (current quarter)	rate of change (%)	FY18 2Q (previous quarter)	FY18 3Q (current quarter)	rate of change (%)	
Inside civil complaint ¹⁾	0	0	-	0.00	0.00	-	
Outside civil complaint ²⁾	20	18	↓ 10.0%	0.24	0.21	↓ 12.5%	
Total	20	18	↓ 10.0%	0.24	0.21	↓ 12.5%	

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
	FY18 2Q (previous quarter)	FY18 3Q (current quarter)	rate of change (%)	FY18 2Q (previous quarter)	FY18 3Q (current quarter)	rate of change (%)	
type	deposit	4	1	↓ 75.0%	0.05	0.01	↓ 80.0%
	loan	11	11	-	0.13	0.13	-
	loan collection	2	4	↑ 100.0%	0.02	0.05	↑ 150.0%
	others	3	2	↓ 33.3%	0.04	0.02	↓ 50.0%
total	20	18	↓ 10.0%	0.24	0.21	↓ 12.5%	

C. the number of civil complaints by type

Division		the number of civil complaints			The number of conversions (per 10K customers)			note
		FY18 2Q (previous quarter)	FY18 3Q (current quarter)	rate of change (%)	FY18 2Q (previous quarter)	FY18 3Q (current quarter)	rate of change (%)	
type	deposit	3	1	↓ 66.7%	0.04	0.01	↓ 75.0%	
	mortgage loan	2	2	-	0.02	0.02	-	
	credit loan	12	10	↓ 16.7%	0.14	0.12	↓ 14.3%	
	bancassurance	0	0	-	0.00	0.00	-	
	others	3	5	↑ 66.7%	0.04	0.06	↑ 50.0%	
total		20	18	↓ 10.0%	0.24	0.21	↓ 12.5%	

23-2. Result of evaluation actual condition of financial consumer protection

※ 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	Good	Good
	2. period of handling civil complaints	Good	Good	Good
	3. the number of lawsuit	Normal	Normal	Good
	4. sustainability of sales	Good	Good	Good
	5. financial accident	Good	Good	Good
non-impr ovement item	6. consumer protection organization and system	Inadequacy	Normal	Good
	7. construction and management of consumer protection system in product development process	Inadequacy	Normal	Good
	8. construction and management of consumer protection system in product sales process	Normal	Good	Good
	9. construction and management of civil complaint management system	Normal	Good	Good
	10. disclosure of consumer's information	Normal	Normal	Good

<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

24. History Of Transactions With Major Shareholders And Executives

(1) Current Status Of Credit Offering¹⁾

3Q in FY18 : End Of September, 2018

2Q in FY18 : End Of June, 2018

(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)	2Q in FY18 Credit Offering(B)	3Q in FY18 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 Property¹⁾

3Q in FY18: End Of September, 2018
(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 July 1st, 2018 to September 30th, 2018)**

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

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

B. Lease/Rent Of Real Estate Property¹⁾

3Q in FY18: End Of September, 2018
(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) The same footnotes as in Form 'A'

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

C. Contract For Goods And Services¹⁾

3Q in FY18: End Of September, 2018
(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 July 1st, 2018 to September 30th, 2018).

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⁾

3Q in FY18 : End Of September, 2018
 2Q in FY18 : End Of June, 2018
 (Unit: Million KRW, -000-Note)

Name Of Shareholder (Or Executive) ²⁾		Name Of Shareholder (Or Executive) And Affiliate Person ³⁾		2Q in FY18 (Previous)		Buying		Selling		3Q in FY18 (Present)		Remarks
				Balance On B/S	Holding Volume	Trading Amount	Trading Quantity	Trading Amount	Trading Quantity	Balance On B/S	Holding Volume	
Shareholder	Principal	Principal		<u>Not Applicable</u>								
		Affiliate Person										
		Subtotal										
	Affiliate Person	Principal										
		Affiliate Person										
		Subtotal										
Executive	Principal	Principal		<u>Not Applicable</u>								
		Affiliate Person										
		Subtotal										
	Affiliate Person	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 July 1st, 2018 to September 30th, 2018).**

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

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

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

25. Issued Stocks/Shares Acquired By Major Shareholders

(Unit: Million KRW)

Shareholder Class ¹⁾	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 ²⁾	Acquisition Cost Per Share	Amount Of Acquisition (B)	Date Of Disposal	Number Of Shares Disposed (C)	Disposal Method ²⁾	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	2,100	10	2,100	1,998													2,100	10	2,100	2,040		
		SBIMIR AE CREATION ASEAN-M&A	Relative	3,254	9.6	4,543	3,472														3,254	9.6	4,543	3,563	
		SBIGrowth Strategy M&A	Relative	1,900	4.49	1,900	1,900	2018-07-09	852	Investment	Outside dealing	1	852									2,752	4.49	2,752	2,752
		Subtotal				7,254		8,543		7,367			852									8,106		9,395	8,355
Total				7,254		8,543		7,367			852									8,106		9,395	8,355		

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 FY18 : 2018.09.30., 2Q in FY18 : 2018.06.30

[Financial Statements]

26. Review Report

(1) Closing Review report By External Auditor

- Refer to Review Report Additionally Attached

27. Financial Statement

- Refer to Review Report Additionally Attached

28. Income Statement

- Refer to Review Report Additionally Attached

29. Consolidated Review Report

- Not Applicable