

Happiness with You

BNK Financial Group



About This Report

Reporting Principles and Standards

The 2015 Sustainability Report has been prepared in accordance with the Global Reporting Initiative (GRI) G4 which serves as the international sustainability standard in accordance with the Core Option. This report covers the seven core aspects for sustainability based on the current internal status and external environment analyses and issues devised through the stakeholder engagement. Moreover, the report explains the background of selecting the core aspects and materiality of the issues, BNK Financial Group's major policies, activities and performance through the Disclosures on Management Approach (DMA). Details can be found in the main part of the report.

Reporting Period

The Sustainability Report is based on data from January 2015 to December 2015. Key management activities include data from previous year and the first quarter of 2016. Data for the three years, from 2013 to 2015 is presented to help readers quantitatively identify progress.

Reporting Boundary

The scope of the report covers eight affiliates under BNK Financial Group - Busan Bank, Kyongnam Bank, BNK Securities, BNK Capital, BNK Savings Bank, BNK Asset Management, BNK Credit Information and BNK System. Financial information is written on a consolidated basis in accordance with the Korean International Financial Reporting Standards (K-IFRS). The amount of balance for loans and deposits, customer satisfaction indicators, GHG emissions and investment in social contribution are covered in the report based on exclusive standards of BNK Financial Group.

Third Party Assurance

An independent assurance provider, DNV GL, assured this report in an official verification procedure, in order to ensure the reliability and fairness of the reporting process, data, and content. The results of assurance are detailed on pages 124 to 125. An independent auditor audited financial information, and verification of greenhouse gas emissions and energy usage was conducted in accordance with the principles of the "Guideline for the Greenhouse Gas and Energy Target Management System".

For More Information

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| | |
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| Busan Bank | www.busanbank.co.kr |
| Kyongnam Bank | www.knbank.co.kr |
| BNK Securities | www.bnkfn.co.kr |
| BNK Capital | www.bnkcapital.co.kr |
| BNK Savings Bank | www.bnksb.com |
| BNK Asset Management | www.bnkasset.co.kr |
| BNK Credit Information | www.bnkci.co.kr |
| BNK System | www.bnksys.co.kr |

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Incorporation into the Dow Jones Sustainability Index (DJSI)

BNK Financial Group has been incorporated into the Asia-Pacific Index of the Dow Jones Sustainability Index jointly developed by S&P Dow Jones of the U.S. and Robeco SAM of Switzerland, which are global sustainability evaluators and investors. BNK Financial Group was highly ranked in ethical management, corporate governance, risk management, higher customer satisfaction and social contribution activities. This has triggered BNK Financial Group to exert its status as a global financial institution with a high level of sustainability. BNK Financial Group aim to generate an outstanding financial performance to achieve sustainable growth within the region as a global financial institution, and take the lead in socially responsible management.

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CEO Message

BNK's 'Happiness with You' will make a world of happiness giving hope.



BNK Financial Group will leap higher as a 'Global Best Regional Financial Group by 2020'. To this end, the 'Happiness with You' project will be more passionately practiced to grow sustainably alongside customers, shareholders and communities.

In March 2011, BNK Financial Group was launched as a financial holdings company for the first time as a regional bank. We incorporated Kyongnam Bank as an affiliate in 2014, and BNK Asset Management as another affiliate in 2015, thereby comprising eight affiliates with total assets of KRW 100 trillion. We have established our presence by being ranked Korea's fifth largest financial group. BNK Financial Group was incorporated into the Asia-Pacific Index of the world's most renowned Dow Jones Sustainability Index (DJSI) associated with sustainability. Moreover, we were ranked 178th among the World's Top 250 Safest Banks, and 3rd among domestic banks by The Banker, thereby indicating our acceptance as Korea's representative financial group. We would like to extend our gratitude to our customers, shareholders and communities for upholding consistent trust and love to in the company. As we seek to turn the current management environment where financial paradigms are rapidly changing into opportunities for development of the group, we plan to return your encouragement and love for us by successfully achieving 'Vision 2020, Global Best Regional Financial Group', our mid-and long-term management plan announced in January 2016. We set 'Great Innovation 2016, Establishing a System for Profit-Oriented Sustainable Growth' as our management measure, and plan to proceed with the following strategic tasks intensively in 2016 when we take the first step to grow higher as one of 'Asia's Top 40 Financial Groups' by 2020.

First, we will solidify 'a system for sustainable growth' through great innovation.

While launching 'SUM Bank', a mobile bank in the group level last March, we dramatically strengthened the group's future competitiveness by establishing a customer-oriented business and face-to-face and non-face-to-face omni-channels using fin-tech including big data and non-face-to-face certification. We will also beef up the fundamentals of the group to turn crises into opportunities through continued efficiency in corporate management.

Second, we will secure a differentiated basis for growth exclusive to BNK Financial Group by gathering competencies of affiliates.

We will maximize cross-affiliate synergies throughout our business in the group level by strengthening the group's roles as a control tower. We will take closer steps to 'completing a financial triangle in Asia', a mid-and long-term vision for global businesses by implementing success models in our overseas market entry, especially focusing on Busan Bank and BNK Capital.

Lastly, we will take the lead in creating a world of love by spearheading socially responsible management in the financial sector.

We will establish systematic strategies for socially responsible management and initiate the expansion of differentiated social contribution projects to upgrade our 'Happy Finance' projects that have been carried on since 2012. We will enhance customers' happiness and trust by fully enforcing righteousness and ethical management as well as the protection of financial consumers which are required of a financial group.

We promise you that BNK Financial Group will proactively practice sustainability that nurtures happiness of diverse stakeholders including customers and shareholders based on our management motto, 'To the world with the region, to a better future with the customers.'

We ask for your unwavering support and encouragement for us to leap higher as 'Asia' Top 40 and Global Best Regional Financial Group by 2020'.

Thank you.

June 2016



Chairman and CEO of BNK Financial Group **Se Whan Sung**

Korea's Super Regional Financial Group

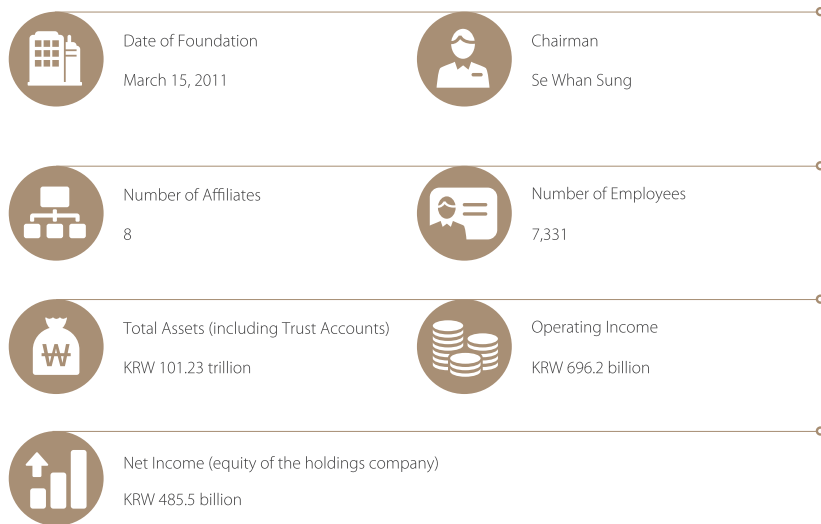
Korea's First and Best Regional Financial Group

Since its launch as the first financial holdings company as a regional bank in March 2011, BNK Financial Group has established itself as Korea's representative regional financial group with eight affiliates - Busan Bank, Kyongnam Bank, BNK Securities, BNK Capital, BNK Savings Bank, BNK Asset Management, BNK Credit Information and BNK System. Successfully leading the incorporation of Kyongnam Bank and BNK Asset Management into the group and entry of Busan Bank and BNK Capital into Southeastern Asia, we have established our presence as one of Korea's top five financial groups. Driven by the management motto of 'To the world with the region, to a better future with the customers', BNK Financial Group will leap higher as 'Asia' Top 40 and Global Best Regional Financial Group by 2020' with a big scale and profitability by 2020.

Current Status of Affiliates

Busan Bank and Kyongnam Bank as banking affiliates of BNK Financial Group cover wide-ranging banking operations, mostly loan and deposit operations, as their key businesses including card, foreign exchange, bancassurance and sales of beneficiary certificates. Non-banking affiliates i.e. - BNK Securities, BNK Capital, BNK Savings Bank, BNK Asset Management, BNK Credit Information and BNK System - are involved in a whole list of operations such as investment trading, investment brokerage, installment financing, facility leasing, domestic exchange, fund management, debt collection, credit investigation and financial IT business. BNK Financial Group is growing into a reliable financial group for all stakeholders with transparent and accountable management for the success of customers and the region.

Outline of BNK Financial Group



Share Ratio of Affiliates (As of 2015-end) (Unit: %)

| Company | Share ratio (%) |
|-------------------------------|-----------------|
| BNK Busan Bank | 100.00% |
| BNK Kyongnam Bank | 100.00% |
| BNK Securities | 100.00% |
| BNK Capital | 100.00% |
| BNK Savings Bank | 100.00% |
| BNK Asset Management | 51.01% |
| BNK Credit Information | 100.00% |
| BNK System | 100.00% |

Shareholder Status (As of 2015-end) (Unit: %)



| Shareholder | Share ratio (%) |
|-------------------------------------------------------------------|-----------------|
| ● Lotte Confectionary Co. Ltd., and related parties (8 companies) | 12.01 |
| ● National Pension Service | 10.54 |
| ● Parkland Co., Ltd., and related parties | 6.51 |
| ● The Oakmark International Small Cap Fund | 3.44 |
| ● The Government of Singapore | 1.81 |
| ● Aberdeen Global | 1.77 |
| ● Hsbc Pooled Investment Fund-Hsbc Pooled | 1.30 |
| ● Meritz Securities Co. Ltd. | 1.21 |

Credit Ratings

| Company | Moody's | | Fitch | |
|---------------|-----------|------------|-----------|------------|
| | Long-term | Short-term | Long-term | Short-term |
| Busan Bank | A2 | P-1 | BBB+ | F2 |
| Kyongnam Bank | A2 | P-1 | - | - |

Business Models of BNK Financial Group



Banking **BNK** Busan Bank **BNK** Kyongnam Bank

Busan Bank and Kyongnam Bank usually undertake their exclusive deposit and loan businesses along with exchange services including domestic and foreign exchange, payment guarantee, issuance of securities and investment. Other businesses include various auxiliary operations associated with bank laws including treasury receipt and safeguard deposit, trust operation, card and bancassurance businesses.



Financial Investment **BNK** Securities **BNK** Asset Management

We efficiently allocate capital stock by providing investment opportunities to investors as well as financing measures for financial consumers. Financial investment businesses are categorized into investment trading, investment brokerage, collective investment and discretionary investment business in accordance with the Capital Market and Financial Investment Services Act.



Specialized Credit Finance **BNK** Capital

This is a comprehensive financial business covering installment financing, facility leasing, general loan and financing in new technologies, generating profits in many areas – lease financing, auto financing and corporate loans, etc.



Savings Banking **BNK** Savings Bank

This business supplies funds in forms of short-term and long-term loans to financial consumers with the fund acquired through deposits, etc. as the main financial source, covering financial operations including domestic exchange and operations for Korea Financial Telecommunications and Clearings Institute.



Credit Investigation and Collection Agency Service **BNK** Credit Information

It is an agency service to conduct credit investigation for the property of debtors and recover debts on behalf of lenders, covering credit investigation, request for debt redemption, tender acceptance and identification of debtors' whereabouts.



System Development and Supply **BNK** System

We clearly analyze customer needs to proactively respond to the changing financial environment, providing financial IT services covering system consulting, setup and operation.

Status of Networks

(Unit: sites)

| Classification | | Domestic | | | Overseas | | | Total |
|---------------------------|-----------------------------------------------|----------|---------|------------------------|----------|---------|------------------------|-------|
| | | Branches | Offices | Representative Offices | Branches | Offices | Representative Offices | |
| Financial Holding Company | BNK Financial Group | 1 | - | - | - | - | - | 1 |
| Affiliate | Busan Bank | 202 | 67 | - | 1 | - | 2 | 272 |
| | Kyongnam Bank | 157 | 12 | - | - | - | - | 169 |
| | BNK Securities | 5 | - | - | - | - | - | 5 |
| | BNK Capital | 13 | 10 | - | - | - | - | 23 |
| | BNK Savings Bank | 3 | 4 | - | - | - | - | 7 |
| | BNK Asset Management | 1 | - | - | - | - | - | 1 |
| | BNK Credit Information | 1 | - | - | - | - | - | 1 |
| | BNK System | 1 | - | - | - | - | - | 1 |
| Grandchild Company | BNKC (Cambodia) Microfinance Institution Plc. | - | - | - | 1 | - | - | 1 |
| | BNK Capital Myanmar Co., Ltd | - | - | - | 5 | - | - | 5 |
| | BNK Capital Lao Leasing Co., Ltd | - | - | - | 1 | - | - | 1 |
| Total | | 384 | 93 | - | 8 | - | 2 | 487 |

※ The head branch is included as a single branch in the number of domestic branches.

BNK Financial Group Vision

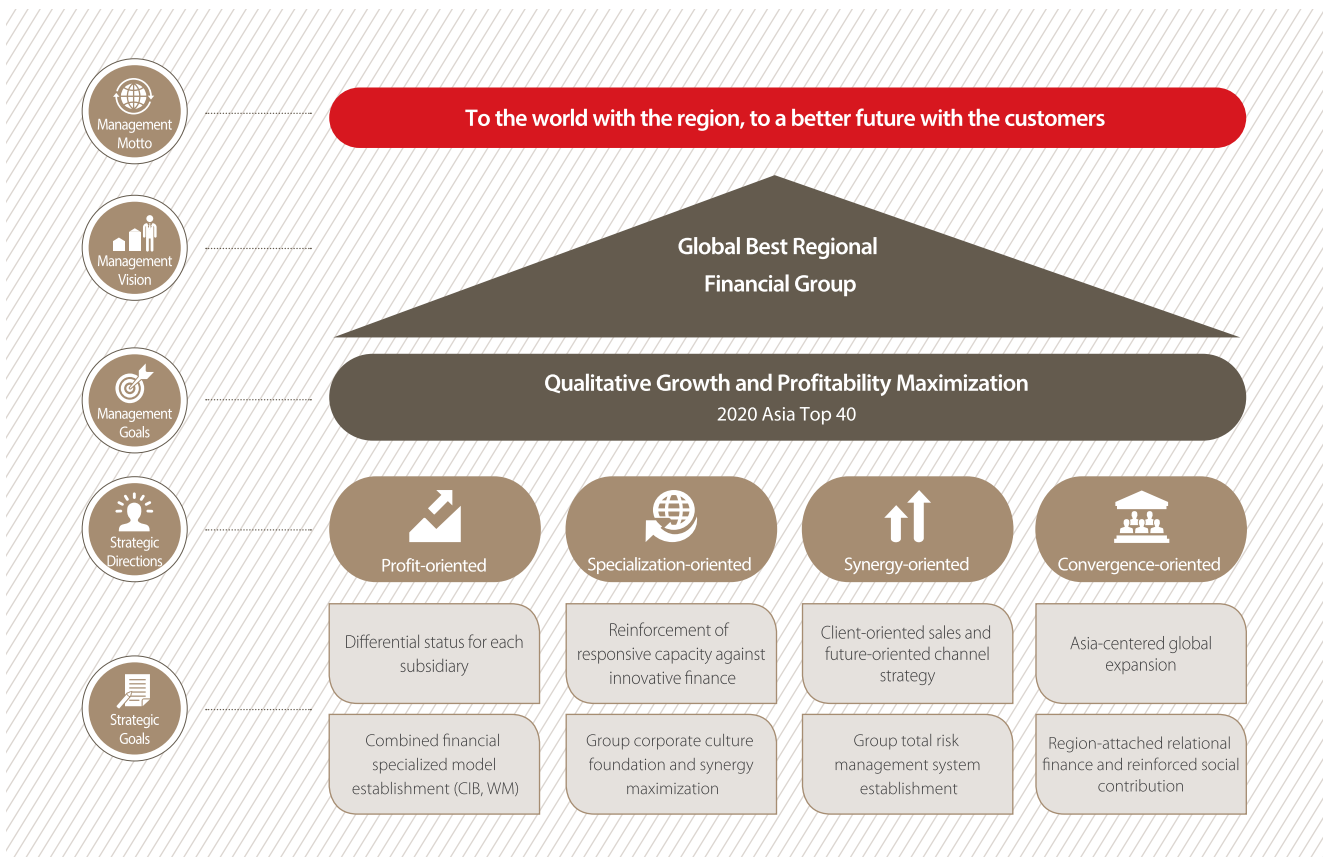
Great Innovation in Management

BNK Financial Group announced its new mid-and long-term vision - 'Vision 2020, Global Best Regional Financial Group' in January 2016. We will initiate 'great innovation in management' which dramatically improves the management landscape to cater to the directions of the group in 2016 – the initial year to commence mid and long-term management plans. This will push us to create a new trigger for further development, while overcoming the challenging management environment of low growth, low interest rate and low profit.

Establishing a System for Sustainable Growth

We are establishing a system for sustainable growth for the group as all employees are proactively engaged towards great innovative thinking and acting to nurture their own competencies in line with the group's management motto. We will achieve the group's mid-and long-term vision by discovering new profit sources through differentiated competencies of each affiliate, dynamically responding to future financing including fin-tech, maximizing synergies of the two-bank management and establishing a system to nurture competent talents.

Visions of BNK Financial Group



Happy Finance Giving Hopes

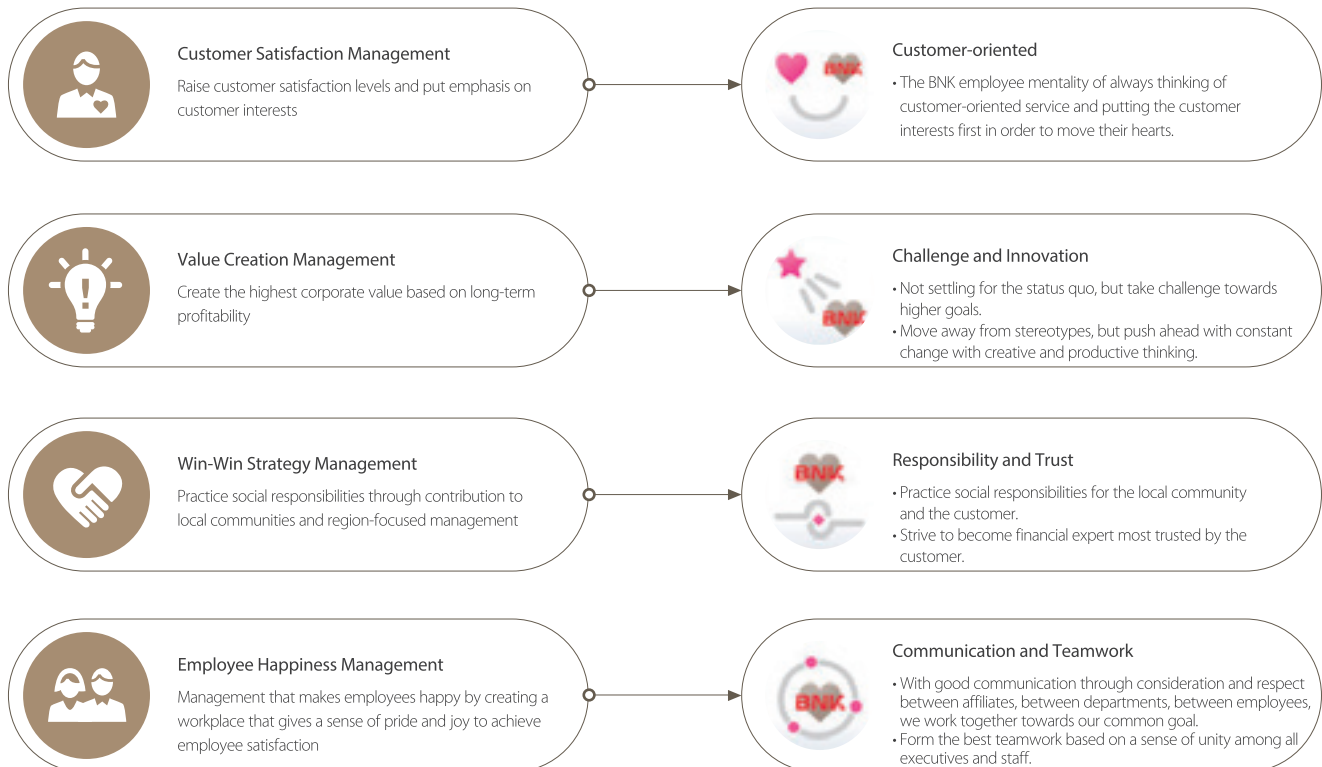
BNK Financial Group abides by four management principles – customer satisfaction management, value creation management, win-win strategy management and employee happiness management. All affiliates are painting a happy future with their stakeholders by being dynamically engaged in practicing ‘Happy Finance’ based on the principles. We are leading creative financing as well as socially responsible financing through ‘Happy Finance’, our representative socially responsible project, practicing ‘Happy Finance Giving Hope for the Future and Happy Finance Creating a Heart-warming World’.



Mascots of ‘Happy Finance’ - Mr. B and Angel K

We introduced ‘Mr. B’ and ‘Angel K’ as mascots of BNK Financial Group portraying the willingness and passion of BNK Financial Group, and seeking to become the wings of hope for customers in the southeastern zone in Korea. The motif for Mr. B came from the ‘Daddy Long Legs’, a reliable partner who believes in pro-active measures rather than mere words alone, while thinking of the underprivileged at all times. Angel K’s motif was derived from an angel giving -happiness to all and whose joy lies in making dreams and hopes of people come true. We aim to take the lead in making a happy world for all along with Mr. B and Angel K, the happy financial characters.

Management Principles and Core Values



Stable Corporate Governance

Composition of the Board of Directors

BNK Financial Group as a financial holding company consists of seven directors with expertise and experience in the fields of finance, economy, management and accounting. The CEO of BNK Financial Group concurrently holds the position as the chair of the BOD. We guarantee the check and monitoring functions of the BOD through internal regulations in order to ensure efficient and transparent management.

Securing the Independence of the BOD

Our executive directors are appointed at the shareholders' meeting according to the independence criteria. There is no gender discrimination. The number of outside directors can be three or more, or a majority of the total according to the Articles of Association. They are appointed at the shareholders' meeting following recommendation at the Outside Director Nominating Committee. Upon appointing outside directors, those that have special interests that might influence corporate governance and their influence are to be excluded, according to the corporate bylaws. The tenure of outside directors cannot exceed two years except for special occasions. As the CEO holds the title of the BOD chair, senior outside directors for appointment are selected to maintain the fairness of the management of BOD at all times.

Strengthening Expertise of the Board of Directors

Outside directors are selected among candidates who fulfil the expertise standard prescribed in the Articles of Association, by the Outside Director Nominating Committee. Those selected are trained to secure specialized competencies which can contribute to our sustainable development, based on which they can add value to productive management activities.

Transparent Operation of the Board of Directors

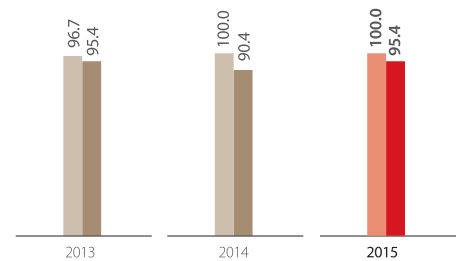
The BOD holds either regular or ad-hoc board meetings. Directors with special interests cannot exercise their decision-making right, and decisions are made upon the presence of a majority of registered directors if there is no specific provision in relevant laws or the articles of association. The minimum attendance rate required is 80% or higher. If one cannot attend for unavoidable reasons, conference calls may also be arranged. As such, we try hard to increase proactive participation of directors in corporate management.

Status of the Operation of the BOD

| | 2013 | 2014 | 2015 | Unit |
|-------------------------------------------|------|------|------|-----------------|
| Number of times the BOD has been operated | 15 | 8 | 15 | Number of times |
| Number of agenda discussed | 66 | 59 | 79 | Number of cases |
| Number of decisions deliberated on | 39 | 36 | 47 | Number of cases |
| Number of matters reported | 27 | 23 | 34 | Number of cases |

Status of Attendance at the BOD (Unit: %)

- Average attendance rate of internal directors
- Average attendance rate of outside directors



Status of Subcommittees of the BOD



Standing Directors

1. Se Whan Sung Chairman of BNK Financial Group
2. Min Ju Chung Vice President of BNK Financial Group

Non-standing Directors

3. Bong Cheol Lee
Lotte Shopping's Vice President of Policy Division

Outside Directors

4. Chang Soo Kim
Current Professor of Pusan National University
5. Il Jae Mun
Former director at the Ministry of Finance and Economy
6. Yong Kyu Cha
Former CEO of OBS Gyeongin TV
7. Chan Hong Kim
Current professor of Myongji University



Current Compensation for the BOD

(Unit: persons, KRW million)

| Type | Number of people | Total amount paid | Average compensation per individual | Note |
|-------------------------------------|------------------|-------------------|-------------------------------------|----------------------------------------------|
| Registered directors | 3 | 607 | 202 | Standing directors, Non-standing directors |
| Outside directors | 1 | 52 | 52 | Excluding members of the Audit Committee |
| Audit Committee members or auditors | 4 | 176 | 44 | Outside directors as Audit Committee members |
| Total | 8 | 835 | 104 | - |

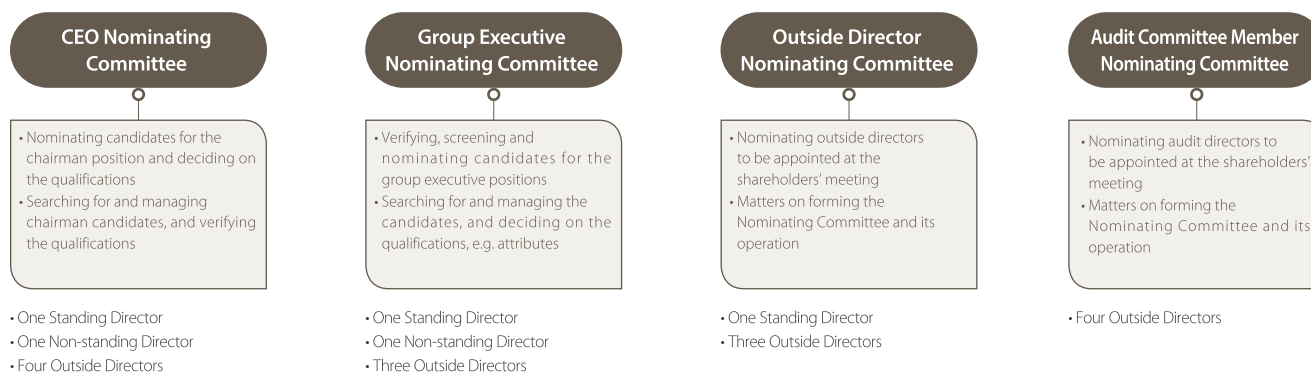
* Total amount paid and number of personnel: total amount of compensation for executives paid in 2015 (number of personnel converted on a yearly basis)
 * Average amount paid per individual: total amount paid/number of personnel
 * Standard of payment for executives' compensation: decided at the BOD within the scope approved at the shareholders' meeting

Performance Evaluation and Compensation

Performance evaluation and compensation of the top management is conducted based on comprehensive consideration of opportunities and crises in the management environment according to the financial holding company's compensation for performance standards. The ceiling of the compensation for directors, meanwhile, is approved at the shareholders' meeting, and the details are decided through the BOD resolutions. For outside directors and non-standing directors, quantitative assessment based on the attendance rate at the subcommittee and qualitative assessment on capacities, expertise, interest and participation level in the BOD, and participation level in corporate development by themselves, employees and among directors through the multi-dimensional evaluation.

Committees under the BOD

The BOD manages eight committees to enhance independence and efficiency of the BOD. Each committee consists of outside directors as a majority of members. The Audit Committee and the Audit Committee Member Nominating Committee entirely consisting of outside directors conduct effective monitoring on the top management.



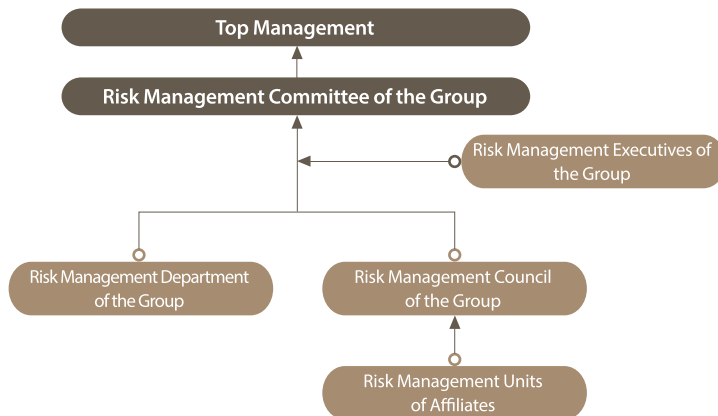
Preemptive Risk Management

Risk Management Principle

We establish risk management strategies complying with a principle which states, "All members of the group seek for continued growth and development of the group through a balance between risks and profits in conducting activities." We have a procedure to check and decide on matters that might impact risks. Such matters include entry into new businesses and product/service development and creation of new policies.

Risk Management System

BNK Financial Group is operating an integrated risk management system at the group level by unifying the definition and response process for risks by affiliates and risk factor. We maintain a balance between risks and profits, while regularly monitoring the status of the group and affiliates' risk management. For risks that have been derived, information is organically shared with relevant departments and appropriate responses are made by holding meetings.



Risk Management Committee

As the top decision-making body for risk management in the BOD level, the Risk Management Committee consists of five directors including standing directors and outside directors. The Committee decides on the basic directions and strategies for the Group's risk management, monitors the current risk level and status of risk management activities, and reviews and approves key items in the agenda. Moreover, the Committee executes the Group's risk policies and specific tasks through the Risk Committee and Risk Management Unit in each affiliate.

Risk Management Council

The Risk Management Council consists of the group's chief risk manager as the chair, and other members including the head of the holding company's risk management department and the chief risk officer of each affiliate. Meetings are held once or more to share risk management issues and information at the group level and by affiliate, to make decisions on risk policies and strategies.

Risk Management Department

The Risk Management Department of the Group implements the Group's specific policies on risk management and monitors risk management of affiliates pursuant to the operation handling procedures.

Key Tasks in Risk Management

Key Tasks

- 

Preemptive risk management against the challenging management environment
- Responding to Industrial Restructuring and Changes in the Financial Market
- 

For non-banking affiliates, preventing defaults and strengthening follow-up management of loans
- 

Advancing the risk management system by adopting the Foundation – IRB (FIRB) of the group
- 

Making responses in the group level to the adoption of the Basel by phase

Risk Response Activities

- Intensifying preventive risk management, e.g. restructuring of marginal firms and household loan defaults
 - Intensifying liquidity management resulting from changes in the money movement including facilitating fin-tech and account transfer system
 - Securing risk management capabilities against changes in the financial market including a higher interest rate and a higher exchange rate
- Responding to the aggravation of loan soundness through loan inspection and loan review
 - Thoroughly managing the internal loan ceiling for preventing defaults of high-amount loans
 - Reviewing prior risks on new products and new projects and intensifying internal control
- Raising capital adequacy by improving the BIS ration calculation system in the group
 - Strengthening integrated risk management in the group by establishing a single corporate credit evaluation model of the group
 - Increasing asset soundness through integrated information management of bankruptcies
- Preparing to respond to global capital regulations, Pillar 2 and liquidity regulations
 - Responding to the adoption of changes in the calculation criteria for new standard methods of BIS
 - Strengthening a cross-affiliate cooperative system through a task force to respond to the Basel III

Risk Management in Major Affiliates

| Affiliates | Strategy Goals | Plans and Activities to Achieve Goals |
|------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| BNIA Busan Bank | <ul style="list-style-type: none"> • Establishing a risk management culture in advance • Raising responsiveness to the financial environment and stronger regulations | <ul style="list-style-type: none"> • Improving the functions to analyze marginal firms and playing policy leading roles • Establishing a portfolio management system amid the adoption of the Foundation – IRB (FIRB) • Devising loan and deposit strategies in consideration of timely response to regulations and profitability • Intensifying capabilities to respond to crises and the analytical process |
| BNIA Kyongnam Bank | <ul style="list-style-type: none"> • Making preemptive responses to the new normal financial environment | <ul style="list-style-type: none"> • Facilitating retail banking by improving retail models and ensuring flexible management • Developing a system to detect accounting frauds and aligning with the early warning system • Easing the skewedness to loan portfolios • Establishing a market risk system to counter intensified trading regulations |
| BNIA Securities | <ul style="list-style-type: none"> • Establishing a preemptive risk management system for changes in the regulatory environment | <ul style="list-style-type: none"> • Intensifying the management of Principal Investment (PI) and debt guarantee • Distributing and managing the ceilings efficiently per department • Managing the target NCR by applying the new NCR |
| BNIA Capital | <ul style="list-style-type: none"> • Establishing a risk management system in consideration of characteristics of the portfolio | <ul style="list-style-type: none"> • Securing soundness by prior and follow-up loan management • Managing adequate liquidity through monitoring and emergency plans • Strengthening internal control functions by conducting the Risk & Control Self-Assessment (CSA) |
| BNIA Savings Bank | <ul style="list-style-type: none"> • Managing risks systematically and stably by improving the loan portfolios and diversifying risks | <ul style="list-style-type: none"> • Diversifying risks against economic fluctuations • Strengthening the management of credit concentration by adjusting loan portfolios • Managing interest rate risks stably by managing adequate spreads for assets/debts • Improving the management structure by intensifying liquidity risk management |
| BNIA Asset Management | <ul style="list-style-type: none"> • Managing risks preemptively using systematic risk measurement indicators | <ul style="list-style-type: none"> • Strengthening the management of investment ceilings by proactively leveraging exclusive property • Reinforcing preemptive liquidity risk management by establishing emergency procurement plans for operating funds • Spreading the risk management culture by sharing risk-related issues • Putting in place a risk management system by devising the crisis management guideline |

Transparent Ethical Management

Ethical Management System of the Group

BNK Financial Group applies the code of ethics and action plans for employees in the enterprise level. Regulations for employees are prescribed such as the prohibition on exchanges of gifts or entertainment, requirements for external activities, investment activities regarding equity securities, etc., anti-money laundering and the whistleblowing system for ethics violators. Matters regarding the code of ethics are available on the website of BNK Financial Group along with a code of action and relevant principles.

Expanding the Ethical Awareness among Employees

The code of ethics at BNK Financial Group is applicable to all employees and is also notified to our partners to enable them to abide by it.

Signing and Submitting the Integrity Pact

BNK Financial Group strives to establish transparent contractual relationships in accordance with the Employees' Code of Ethics and Code of Actions. The Integrity Pact completely bans the acquisition of customary fees, personal acquisition of unfair earnings and the exchanges of gifts among those in contractual and transactional relationships.

Reflecting Ethical Values in Evaluating Employees' Performance

There is an item on compliance and fulfillment of the code of actions in the employees' performance assessment, which ensures that employees should be equipped with a proper awareness of ethical acts at all times.

Managing Ethical Training Programs

We conduct programs and events to create an ethical corporate culture including theme-specific training on ethical management, Day of Self-Check on Ethics (compliance) and a system to practice ethical management. We also run a system to prevent unethical acts by prior reporting to a compliance officer on the counter party, and the detailed explanation about exchange of benefits arising from work including money, goods and other benefits. Kyongnam Bank emphasizes morality and integrity to employees in the manager position or higher by making a Code of Actions for Ethical Management for supervisors of Grade 3 or higher for the first time in the financial sector.

Employees' Code of Ethics and Code of Actions for Employees in the Group

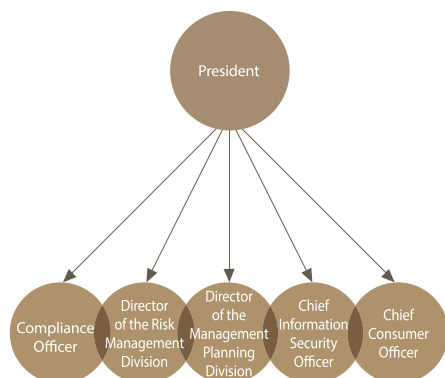


Kyongnam Bank, 'Ethical Management Action Rally'

Status of Training on Ethics and Internal Control

| Classification | Busan Bank | | | Kyongnam Bank | | | Unit |
|----------------------------------------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|-----------------|
| | 2013 | 2014 | 2015 | 2013 | 2014 | 2015 | |
| Training on Financial Accident Prevention | All employees | All employees | All employees | - | All employees | All employees | Persons |
| Accident prevention education for new employees and new branch heads | 186 | 222 | 220 | - | 173 | 229 | Persons |
| Job training for branches | 93 | 246 | 327 | - | 577 | 657 | Persons |
| Number of hours of ethical training per person | 6 | 6 | 12 | - | 12 | 13 | Hours |
| Number of times for holding ethical training courses | 12 | 12 | 12 | - | 59 | 63 | Number of times |

Organizational Chart of the Internal Control Council



Compliance with Norms for Internal Control for Banks and the Compliance Officer

The Financial Supervisory Service implemented the 'Norms for Internal Control for Banks and the Compliance Officer' for internal control in the banking sector. Busan Bank and Kyongnam Bank launched the Internal Control Council, and promoted independence in work by bringing up the prestige and guaranteeing the tenure for compliance officers. We have added self-assessment and standing monitoring operations, while establishing diverse monitoring systems.

Management of the Internal Control Council

The Internal Control Council of BNK Financial Group is a consultative body among managers in charge of internal control operations in affiliates and the group. It has been operational to increase internal control of affiliates. Its key activities include establishing an enterprise-wide response system for internal control, protection of customer information and IT security. The Internal Control Council of each affiliate is separately operated and makes self-assessment of overall internal control, identifies matters to be improved and continuously checks on internal control.

Whistleblowing System and Protection of Informants

A guideline on the whistleblowing system is disseminated at the group level to help employees report to the group's compliance officers on violations of the code of ethics and the code of actions. Anonymity is guaranteed with the presence of multiple reporting channels. Moreover, regular training is offered so that all employees are fully informed of the whistleblowing system.

Prevention of Money Laundering and Insider Trading

Employees are banned from engaging in illegal money laundering, which is reported based on a procedure for reporting suspicious transactions. Illegal acts that might occur from insider trading including the usage of undisclosed information and adjustment of the market price of securities are completely blocked.

Managing Money Laundering Prevention Programs

We have established regulations to prevent money laundering prescribed in the 'Act on the Reporting of Certain Financial Transactions' and the 'Proceeds of Crime Act' and illegal financing activities including terrorist financing pursuant to the 'Act against Terrorist Financing'. High-risk customer transactions are monitored through money laundering prevention programs for complying with major internal control provisions for money laundering, which include an obligation for customer identification, reporting of suspicious transactions and reporting of high-amount cash transactions. Track records on preventing money laundering are reported periodically to the management, the BOD and the president of Korea Finance Intelligence Unit.

Stakeholder Engagement

Directions of Stakeholder Engagement

We define five major stakeholder groups in consideration of their impact on the sustainability execution and their criticality – a group of customers, a group of employees, a group for shared growth, a policy supervision group and the media environment group. Diverse engagement and communication channels are in place to identify each group's expectations. BNK Financial Group does the utmost to grow alongside all stakeholders through dynamic communication.

Stakeholder Engagement Policy

- → BNK Financial Group defines the minimal participation of stakeholders as providing management information, mutual communication and mutual activity propelling for stakeholders.
- → BNK Financial Group is doing its best provide to stakeholders, such as customers, employees, shareholders and investors, local society with trust-worthy and transparent information.
- → BNK Financial Group is currently running a communication channel, open to stakeholders at any time, regardless of issue.
- → In the case of a company-wide crisis that may severely affect BNK Financial Group, the reason for the occurrence, major contents and countermeasures will be provided to stakeholders in a timely matter to protect stakeholder rights.

| Type | Management Principle | Stakeholders | Core Expectations and Requirements |
|--------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Customer Group | <ul style="list-style-type: none"> • Customer satisfaction management • Value creation management | <ul style="list-style-type: none"> • Corporate customers • Individual customers | <ul style="list-style-type: none"> • Profit maximization • Expansion of products/services to cater to the customer demand |
| Employee Group | <ul style="list-style-type: none"> • Employee happiness management | <ul style="list-style-type: none"> • Employees • Labor union | <ul style="list-style-type: none"> • Self-realization and competency development, welfare benefits • Cooperative labor-management relationships |
| Shared Growth Group | <ul style="list-style-type: none"> • Value creation management • Win-win management • Employee happiness management | <ul style="list-style-type: none"> • Shareholders and investors • Competitors • Communities | <ul style="list-style-type: none"> • Financial stability, diversification of business areas • Sharing of information in the financial industry and joint response • Facilitation of regional economy, investment in social infrastructure |
| Policy Supervision Group | <ul style="list-style-type: none"> • Value creation management • Win-win management | <ul style="list-style-type: none"> • Government and the National Assembly • Financial Supervisory Service | <ul style="list-style-type: none"> • Achieving the purpose of foundation, complying with regulations • Soundness of a financial institution, protection of financial information |
| Medial Environment Group | <ul style="list-style-type: none"> • Customer satisfaction management • Value creation management • Win-win management | <ul style="list-style-type: none"> • Media • Environmental organizations • Academia | <ul style="list-style-type: none"> • Advertisements, providing issues • Environmental protection • Engagement in financial projects, industry-academia cooperation |

Stakeholder Selection and Feedback Gathering Process

Step 1. Stakeholder Selection

We identify our stakeholder groups in consideration of our actions for and relevance of sustainability at BNK Financial Group. We select key stakeholders critically impacting our sustainable growth through a clearly defined process.

Step 2. Stakeholder Engagement

BNK Financial Group runs communication channels to gather feedback of diverse stakeholders for sustainable growth. We pursue endless communication by frequently organizing the shareholders' meeting, customer panels, the Labor-Management Council and meetings with community.

Step 3. Sharing Stakeholder Issues

In order to share opinions and feedback of stakeholders on the execution of sustainability, BNK Financial Group shares issues with and runs organizations consisting of personnel in each affiliate.

Step 4. Reflecting Management Activities

Stakeholder opinions and core performance of sustainability critically impacting BNK Financial Group are frequently discussed at the group, which are then partially reflected in establishing a sustainable growth system.

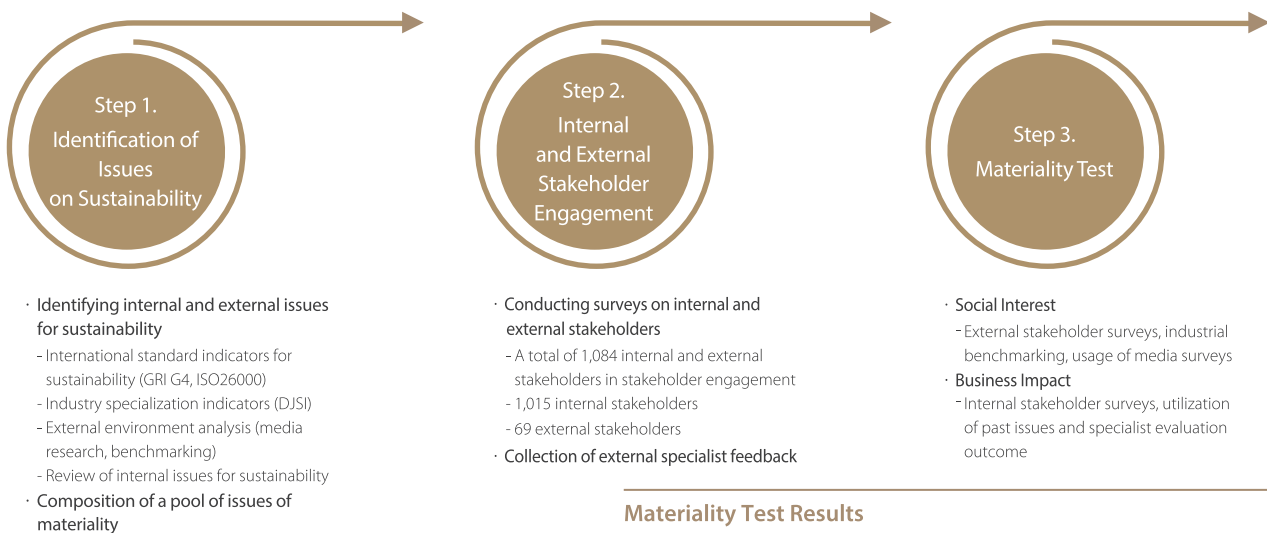
| Goals Shared | Communication Channels | Channel Management Cycle |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> • Securing financial stability and maximizing investment returns | <ul style="list-style-type: none"> • Shared growth agreements, corporate CEO seminars, training and support for excellent corporate customers • Customer centers, customer satisfaction surveys, customer evaluation organizations | <ul style="list-style-type: none"> • Frequent • Frequent |
| <ul style="list-style-type: none"> • Strengthening specialized capacities for finance • Forming a culture of communication and teamwork | <ul style="list-style-type: none"> • Employee surveys (satisfaction), employee discussion, company newsletter, in-house broadcasting • Labor-Management Council | <ul style="list-style-type: none"> • Frequent • Frequent |
| <ul style="list-style-type: none"> • Partnership and social responsibilities | <ul style="list-style-type: none"> • Shareholders' meeting, investors relations, business reports, management disclosure • Korea Federation of Bank, product and service benchmarking • Employee volunteering group, social contribution activities, financial products for public interests | <ul style="list-style-type: none"> • Regular • Frequent • Frequent |
| <ul style="list-style-type: none"> • Strengthening competitiveness in the financial industry and forging trust-based ties | <ul style="list-style-type: none"> • Engaging in government projects • Audit and sanctions, regulations and guidelines, financial authorities' seminars | <ul style="list-style-type: none"> • Frequent • Regular |
| <ul style="list-style-type: none"> • Forming an environment which is friendly to public opinions | <ul style="list-style-type: none"> • Newspaper (local, daily), broadcasting, radio • Environmental protection (clean-up) activities, financial products for environmental protection • Industry-academia cooperation, financial training programs | <ul style="list-style-type: none"> • Frequent • Frequent • Frequent |

Selection of Core Issues for Sustainability

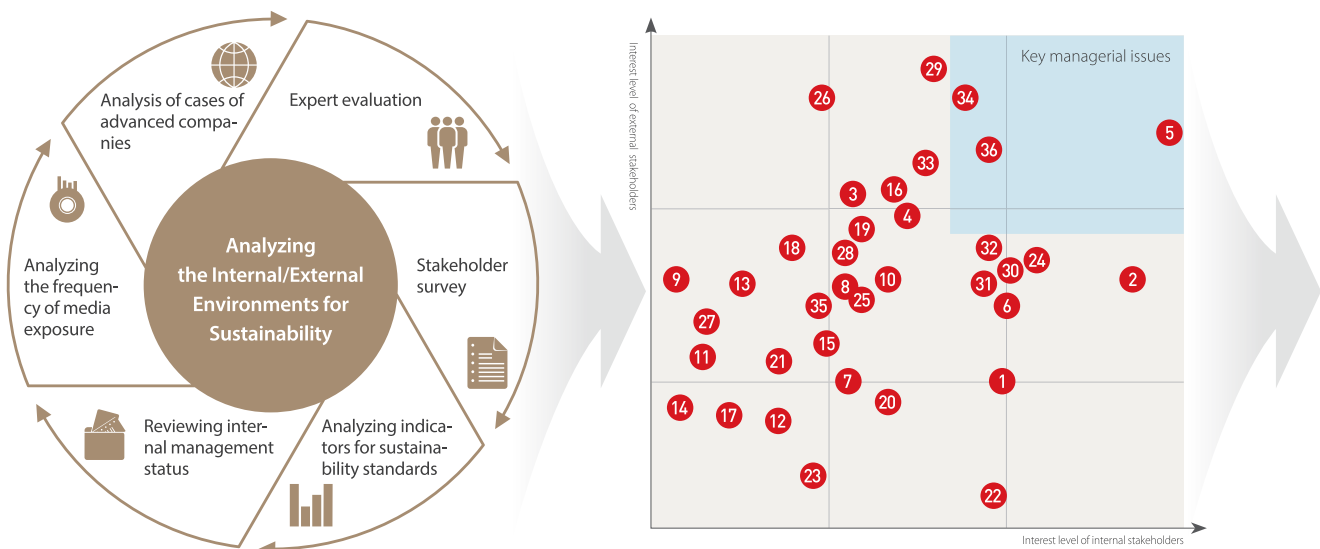
Process of Selecting Core Issues

Core issues of sustainability in BNK Financial Group are determined through the materiality test process. A pool of sustainability issues was generated in consideration of international standard indicators and the external environment, and the current management status of the group based on comprehensive analysis. In addition, internal and external surveys and collection of specialised feedback was done according to AA1000SES, which is the global standard for stakeholder engagement. The materiality test was conducted in accordance with the social interest and the business impact. As a result of the materiality test, 31 core issues on sustainability of BNK Financial Group were selected.

Process of Devising and Reflecting Core Issues

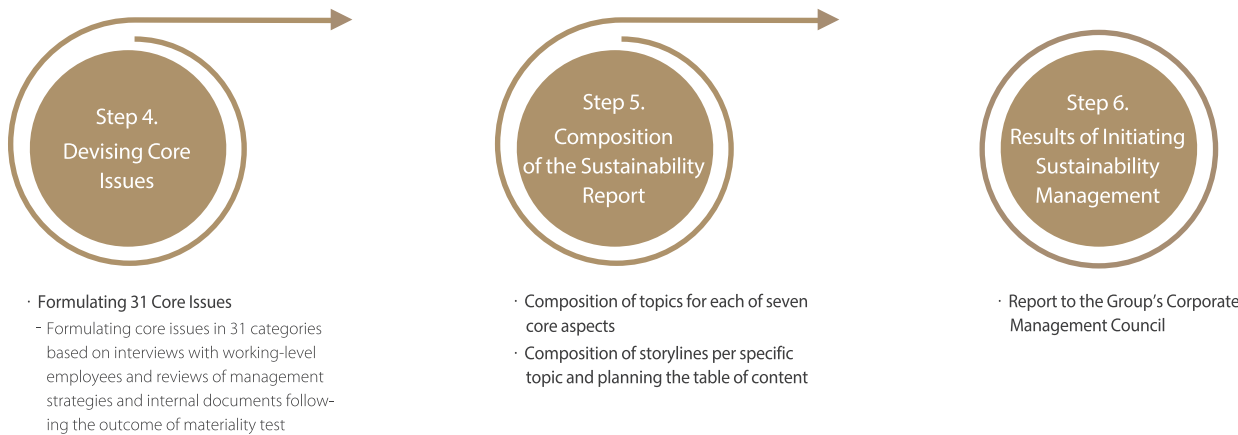


Materiality Test Results



Deciding on the Core Aspects of Sustainability

As a result of the materiality test, 31 core issues on sustainability of BNK Financial Group were discovered. We comprehensively reviewed inclusiveness and responsiveness of core issues to reconfigure them into seven core aspects. We explain the materiality, crises and opportunities on the reporting aspects, and introduce our policies, measures, activities and future plans to respond to specific topics.



| Core Aspects | Number | Title of Core Issues | Core Aspects | Number | Title of Core Issues | |
|-------------------------------------------------------|-------------------------------------------------------------------------|----------------------------------------------------------------------|------------------------------------------------------------------------------|--------------------------------------------------------------------|--------------------------------------------------------------------------------------|------------------------------------------------------------------------------------|
| Aspect 01 Establishing a sustainable growth system | 03 | Advancing into the global market and expanding business networks | Aspect 04 Shared development with communities | 29 | Efforts for win-win growth with communities | |
| | 04 | Creating added values through the expansion of business areas | | Aspect 05 Establishing a system to foster financial specialists | 15 | Prohibiting discrimination against employees (gender, age, minorities, race, etc.) |
| | 05 | Achieving a stable management performance | 16 | | Conducting training programs for intensifying competencies of employees | |
| | 06 | Securing differentiated competitiveness to respond to future finance | 19 | | Increasing employment and securing stability in employment | |
| | Aspect 02 Providing services for customer satisfaction | 07 | Maximizing profitability through management innovation | Aspect 06 Establishing a culture of a great working environment | 17 | Ensuring free subscription to the labor union and facilitating its management |
| | | 08 | Maximizing cross-affiliate synergies | | 18 | Strengthening welfare benefits systems for employees |
| | | 30 | Developing products and services to increase customers' assets | | 20 | Spreading an efficiency working culture and a corporate culture |
| | | Aspect 03 Leading social responsibilities through Finance | 31 | Managing personal information of financial consumers | Aspect 07 Leading Environmentally Friendly Management within the World of Finance | 21 |
| 32 | | | Enhancing the brand and corporate image | 09 | | Expanding green purchasing and ensuring efficient use of consumables |
| 33 | | | Preventing financial accidents/crimes | 10 | | Managing the amount of energy consumed and expanding the use of renewable energies |
| 34 | | | Retaining customers through customer satisfying services | 11 | | Conducting environmental protection activities around our business districts |
| 35 | Providing accurate information on products and services | | 12 | Establishing a system for risk management against climate change | | |
| 36 | Expanding financial accessibility of financial consumers | | 13 | Developing eco-friendly products for environmental protection | | |
| 23 | Evaluating sustainability for loan/investment targets | 14 | Sophisticating strategies, policies and systems for environmental management | | | |
| 26 | Expanding support for SMEs and micro-financing | | | | | |
| 27 | Implementing social contribution activities using business competencies | | | | | |
| 28 | Developing public interest goods for social contribution | | | | | |

* Excluded from the core aspects are items for general standard disclosure: 01 (Composition of the BOD and securing transparency in its management), 02 (Securing asset soundness through preemptive risk management), 22 (Securing a risk management system for loans/investment), 24 (Strengthening a system for ethical management and internal control) and 25 (Coming up with measures related to anti-corruption).

SUSTAINABILITY CORE ASPECTS



Aspect 01
Establishing a Sustainable
Growth System



Aspect 02
Providing Services
for Customer
Satisfaction



Aspect 03
Leading Social Responsibilities
through Finance



Aspect 07
Leading Environmentally Friendly
Management within the World of
Finance



Aspect 06
Establishing a Culture of
a Great Working
Environment



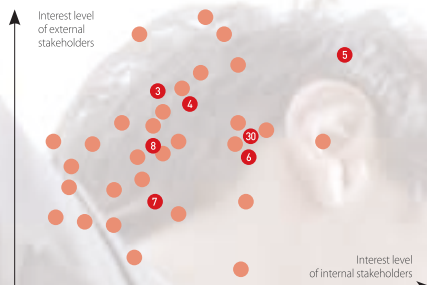
Aspect 05
Establishing a System to
Foster Financial Specialists



Aspect 04
Shared Development with
Communities



Step. 01 Materiality Test Map



Step. 02 List of Core Issues

| | |
|----------------|----------------------------------------------------------------------|
| Core Issue. 03 | Advancing into the global market and expanding business networks |
| Core Issue. 04 | Creating added values through the expansion of business areas |
| Core Issue. 05 | Achieving a stable management performance |
| Core Issue. 06 | Securing differentiated competitiveness to respond to future finance |
| Core Issue. 07 | Maximizing profitability through management innovation |
| Core Issue. 08 | Maximizing cross-affiliate synergies |
| Core Issue. 30 | Developing products and services to increase customers' assets |



Aspect 01

Establishing a Sustainable Growth System

Importance of Establishing a Sustainable Growth System

In order for a financial group to survive and grow over the long term amid the rapidly changing management environment, it must pursue its core values by establishing a sustainable growth basis. In 2016, in particular, economic uncertainties are forecast to persist including the fluctuation in the financial market and shrinkage in investment sentiment. Consequently, efforts to achieve sustainable growth are required. BNK Financial Group will strengthen its profitability in its existing businesses through stronger business efficiency and competencies to respond to changes in the financial environment. This will help us take the lead in establishing a collaborative system among affiliates to maximize synergies within the group and exploring new engines for sustainable growth.

Crises and Opportunities

• Opportunities

BNK Financial Group successfully established the portfolio basis for the group by diversifying non-banking affiliates with banking as its core business. We achieved a balanced growth between assets and profits by suggesting a management philosophy and consistent business directions and building up sustainable growth milestones. Driven by the external changes in regional development policies in Busan, Ulsan and Gyeongnam and also by the formation of a financial market there, and successful experiences with a region-focused business model, banking affiliates will intensify their market presence with retailing business at the center, while non-banking affiliates are poised to beef up their prestige within the market.

• Crises

External changes have unfolded including innovation in channels due to advancement in digital technologies, increases in investment in financial products and regulatory and institutional changes in the financial industry. There is also a continuum of a low-growth and low-margin structure in the industry. BNK Financial Group is prone to risks due to strong dependency on the interest income-oriented profit structure targeting clients of its banks and regional economy. We will secure trust from customers and the society by establishing a sustainable growth basis through management innovation and stronger profitability to overcome the uncertainties in the financial industry and inherent risks within.

Step. 03 Composition of Core Aspects



Step. 04 Table of Content for Core Aspects

- Establishing a System for Profit-oriented Sustainable Management
- Strengthening Competencies to Respond to the Future Finance
- Maximizing Synergies of the Group
- Expanding the Business Scope and Establishing the Business Network
- Developing Customized Products

Performance and Goals

BNK Financial Group recognizes the importance of establishing a sustainable growth basis in order to leap higher to become one of Asia's top 40 financial groups under the management vision of 'Global Best Regional Financial Group'. We aim to improve our future-oriented management system by not only enhancing the existing competitiveness and profitability but also continuing to achieve management innovation and strengthen competencies. As a representative regional financial group, we will offer products and services for shared growth with the region. In addition, we will focus on our growth as a global financial group that leads the future finance by establishing a differentiated presence for each affiliate and securing maximized inter-group synergies and the basis for sustainable profits.

| Type | KPIs (Short-run · a Long-Term Strategy) | | |
|------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Strengthening profitability | Sharing networks among affiliates <ul style="list-style-type: none"> · Developing hybrid financial products · Securing customers and saving cost by preventing investment overlaps | Intensifying the management of branch network <ul style="list-style-type: none"> · Maximizing efficiency by adjusting the branch network based on profitability assessment | Forming the basis for stronger profitability <ul style="list-style-type: none"> · Establishing community-based retail banking business strategies · Seeking for measures to respond to the future finance |
| Expanding networks | Securing the basis for business in Korea <ul style="list-style-type: none"> · Launching mobile bank and regional branches with growth potentials · Establishing the group-level business nationwide using face-to-face and non-face-to-face channels | Expanding advancement into global markets <ul style="list-style-type: none"> · Building up overseas business networks including China, India and Southeast Asia. · Forging business partnerships with overseas local financial institutions | Completing the process to become a comprehensive financial group <ul style="list-style-type: none"> · Launching in-house projects and establishing an integrated financial environment by M&A |

Establishing a System for Profit-Oriented Sustainable Management

Strategic Directions

BNK Financial Group's total assets (including trust accounts) stood at approximately KRW 101 trillion as of 2015-end, which is approximately a 2.4-fold growth in its asset volume within four years since the launch of the group in 2011. With the incorporation of Kyongnam Bank, we have successfully managed a two-bank system, strengthened our profitmaking capabilities to respond to the rapidly changing environment, and expanded our market dominance, thus establishing a system for sustainable growth.

Key Activities

Management Principles of Affiliates in 2016

| Establishing a System for Profit-oriented Sustainable Management | |
|------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------|
| BNK Busan Bank | Securing unparalleled presence(profit-oriented) within the southeastern economic zone by establishing a customer-oriented management system |
| BNK Kyongnam Bank | Leaping higher as a leading bank in retail banking |
| BNK Securities | "Quantum Jump 2016" Realizing maximized profits by strengthening competitiveness and achieving efficiency in management |
| BNK Capital | Becoming a globally renowned capital company siding with customers |
| BNK Savings Bank | Laying the basis for sustainable profitmaking and higher corporate value |
| BNK Asset Management | "New Start 2016" Making a new start for a higher leap in the mid and long term |
| BNK Credit Information | Maximizing synergies of the group and expanding the business areas |
| BNK System | Maximizing the IT synergies in the group by intensifying financial IT competencies |

Initiating the 'Hidden Profit' Contest

Busan Bank initiates the bank-wide 'Hidden Profit' Contest to secure the basis for future growth amid protracted low growth and low interest rates. The bank conducted innovative campaigns by providing feedback throughout the business process in raising profits and reducing cost, exploring profit sources amid deregulation and institutional changes and adopting best practices of other banks. Consequently, the bank discovered 77 tasks in 2015 and improved the profit of an enterprises.

Running the Profit Management Committee

Kyongnam Bank has run the Profit Management Committee since January 2015 to spread the culture of profit making among employees and achieve profit-oriented corporate management. Regular meetings of the committee are held every week to review the NIM (net interest margin), net interest spread, asset soundness and the current equity status of supply and demand. As a result, profitability has skyrocketed with a dramatic improvement of the NIM year on year.



178th ranking of the World's Safest Banks selected by 'The Bankers', a global financial magazine

BNK Financial Holding was ranked 178th in the World's Top 250 Safest Banks and 3rd among domestic financial institutions by 'The Bankers', a global financial monthly magazine of the U.K.

* Selection criteria are on five areas of global major financial institutions – profitability, asset soundness, capital adequacy, liquidity and risk environment.

Strengthening Competencies to Respond to the Future Finance

Strategic Directions

We devise omni-channel strategies converging face-to-face and non-face-to-face channels as more customers using financial services resort to the latter, e.g. online banking and smart-phone banking. Busan Bank and Kyongnam Bank have pioneered the efforts to establish an advanced mobile banking system, and has launched the Fin-tech Development Council to preemptively counter the rapidly changing financial environment driven by the development of the fin-tech industry. Kyongnam Bank is currently setting up a future channel system to provide new online banking and mobile banking.

Key Activities

Launching the BNK Fin-tech Development Council

Busan Bank and Kyongnam Bank launched the BNK Fin-tech Development Council consisting of 10 specialists in banking, academia and related industries to develop the regional fin-tech industry. The bank seeks to facilitate the regional fin-tech industry, while preemptively countering the rapidly changing market situations. Moreover, the bank plans to enter the overseas fin-tech market over the long term while discovering and developing promising fin-tech companies in the region.

Issuing the Smart OTP Service

Busan Bank and Kyongnam Bank provide the smart OTP service, using the fin-tech. Once the OTP card touches a smartphone, using the NFC (near field communication) technology, a disposable certification number is generated automatically in the smart OTP service. It can be used semi-permanently, ensuring a high level of security by blocking the number leakage in an e-financial scam.

Providing the Withdrawal Service at the Window Using the BNK Smart Bankbook

Busan Bank launched the BNK Smart Bankbook for improving customer convenience and facilitating non-face-to-face transactions. Once a six-digit certification number is entered into the fin-pad at a bank window, which is received via smart banking, cash withdrawal is made available in a 'withdrawal service without a bankbook at a branch window using the BNK Smart Bankbook'. The service is expected to save costs and secure a stable profit base by expanding the non-bankbook financial product portfolio.

Expanding the 'Tablet Branch' Service to All branches

Busan Bank runs the 'tablet branch' service in 205 branches where a tablet can be used to immediately subscribe to financial products. It has enabled the expansion of the branches offering the services, and diverse financial transactions including new deposit and credit loans that have become more convenient and fulfill customer needs.

Launching 'SUM BANK', a Mobile Banking Service

BNK Financial Group launched 'SUM BANK', a mobile banking service standing for 'Simple' (and convenient), 'Useful' and 'Mobile' (mobile operations for all banking transactions). SUM BANK proactively explores mobile banking by providing a wide range of benefits to customers such as opening new accounts through non-face-to-face real-name certification, providing credit loan services, and offering the combination of Lotte Group's retail network and banking.



Launching 'SUM BANK', a Mobile Banking Service

Maximizing Synergies of the Group

Strategic Directions

BNK Financial Group has aligned a systematic management system for affiliates in line with global standards, and unified cross-affiliate business standards and policies, facilitating easier collaboration. In order to maximize synergies of the group based on a close collaborative system among affiliates, we have put in place a corporate culture for the group titled 'YES! BNK' and spread the culture to all employees within the group. We seek for greater synergies in profit-making efforts driven by the expanded customer base by providing high-quality services to customers including sharing of products and services, and ensuring joint and aligned services. We continue to explore business areas where cost can be reduced by initiating the establishment of an integrated IT center, thereby sharing resources and enabling joint procurement.

Key Activities

Securing Management Competencies with the Two-Bank System

BNK Financial Group has established an organizational system within the holding company to strengthen coordinating, planning and supporting functions, and raise operational efficiency of the two-bank system. While designating employees in charge of corporate management in each affiliate for its efficient management and support, the group has emphasized the roles to maximize synergies as a control tower by supervising various operations including the formation of a corporate culture, social contribution activities and promotion.

Conducting Cross Services of Busan Bank and Kyongnam Bank for the First Time in the Financial Industry

Bank windows of Busan Bank and Kyongnam Bank conduct cross services for accounts of both banks in line with the measures set by the Financial Supervisory Commission to strengthen competitiveness of the financial holding companies. The ATMs of both banks are made compatible without adding new ATMs. Moreover, fees are exempted in all banking services including online banking and smart banking. Wide-ranging financial services will be up for grabs through the launch of joint financial products aligned with non-banking affiliates.

Opening the Branch In Branch (BIB) in Gyeongnam and Ulsan

Kyongnam Bank opened the Branch In Branch (BIB) for the first time in the Busan, Ulsan and Gyeongnam region. BNK Securities has opened a sales department in Gyeongnam and Ulsan, to help customers for banking services in the region. Customers can thus be served with efficient and comprehensive asset management services for various financial products from the banks and securities branches in a single place.

Organizing the 'BNK's Integrated PB Seminar'

The 'BNK's Comprehensive PB Seminar' was held for 80 private bankers (PBs) of Busan Bank, Kyongnam Bank and BNK Securities. The seminar which was organized in the group level for the first time aimed to maximize synergies of a financial hybrid branch jointly operated by the banks and the securities company – a new trend in finance. PBs taking part in the seminar exchanged various ideas to improve investment portfolios suited to the financial hybrid branch and customer profits.

Organizing the Groundbreaking Ceremony for the 'IT Center of BNK Financial Group'

The groundbreaking ceremony for the 'IT Center of BNK Financial Group' was organized on January 15, 2016 to strengthen IT competitiveness in the future and take the lead in the financial environment. The IT center is to accommodate eight IT centers of the group's affiliates, integrating the management of the existing IT centers of affiliates that have been scattered. The venture is expected to generate high synergies in greater work efficiency and cost.



Opening Ceremony of the Ulsan Financial Hybrid Branch



Organizing BNK's Integrated PB Seminar'

Expanding the Business Scope and Establishing the Business Network

Strategic Directions

We are expanding our domestic and overseas networks to leap higher as a global financial group. We are also initiating business diversification to establish a balanced business portfolio of banking and non-banking affiliates. We will explore new growth engines by overcoming limitations in generating income in Korea as we concentrate on stably expanding the financial network, especially in Southeast Asia and China.

Key Activities

Securing Overseas Networks

Driven by the opening of the Busan Bank Qingdao Branch in China, which was the first of its kind to be opened by a regional bank, BNK Financial Group does its best to establish new overseas networks in China, Southeast Asia and India. The Ho Chi Minh Representative Office that opened in Vietnam in 2011 is poised to be escalated as a branch in August 2016. We will seek for further growth within the market with our existing presence, and push for setting up overseas business networks in the Asian triangle zone connecting China, India and Southeast Asia.

Qingdao Branch of China acquiring the full certification for operations in Chinese yuan

The Busan Bank Qingdao Branch acquired the full approval for business to be conducted in Chinese yuan by the China Banking Regulatory Commission in December 2015. China imposes regulations where only foreign banks meeting its threshold are eligible to apply for business approval in yuan. The Qingdao Branch acquired the full approval for business in yuan which has expanded the business scope from the U.S. dollar-oriented one. Busan Bank is accelerating its efforts for localization and its entry into the global financial market by extending further financial support to Chinese local high-yield SMEs based on the stable business capabilities of the Qingdao Branch.



Busan Bank Opening its Sihwa Industrial Complex Branch

Busan Bank Entering the Gyeonggi Region for the First Time

Busan Bank opened its first branch in Gyeonggi, which is the Sihwa Industrial Complex Branch, in June 2015. The bank plans to lay the foundation for a wide-area network in the metropolitan area covering Seoul, Incheon and Gyeonggi, while starting its business operations in the region through the branch. The Sihwa Banwol National Industry Complex where the Sihwa Industrial Complex Branch is located is Korea's largest industrial complex accommodating 19,000 corporate tenants. The branch will provide BNK-exclusive comprehensive financial services while easing financial inconveniences of Busan Bank customers in Gyeonggi. The customers are mostly corporate customers of Busan Bank and companies whose hometown is Busan, Ulsan or Gyeongnam. Consequently, Busan Bank will exert all-out efforts as a new financial partner that leads economic vitalization in Gyeonggi.

Incorporating BNK Asset Management as a Subsidiary

BNK Financial Group incorporated BNK Asset Management as its eighth subsidiary in July 2015, seeking for diversification of income sources of the group by advancing into the asset management business and expansion of cross-affiliate synergies. BNK Asset Management established in 2008 is an asset management company specializing in securities funds. The company strives to significantly intensify business activities through the incorporation, and generate synergies by leveraging the business networks of Busan Bank, Kyongnam Bank and non-banking affiliates.

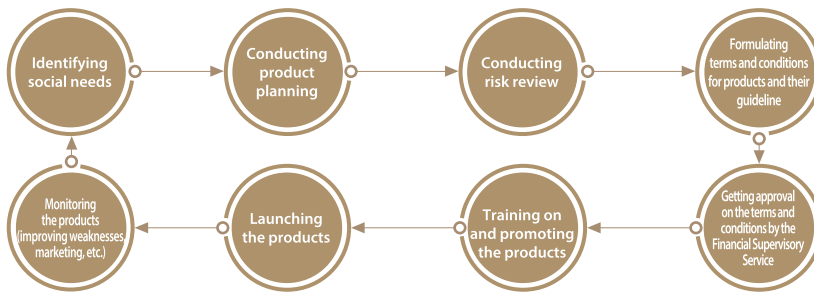
Developing Customized Products

Strategic Directions

BNK Financial Group as a financial group that prioritizes customers makes fullest efforts to proactively respond to customer needs and enhance customer satisfaction. We offer products and services catered to the needs of each financial consumer bracket and communities by continuously communicating with customers and preemptively identifying the financial trend. BNK Financial Group that prioritizes customer benefits will touch their hearts to the fullest by developing wide-ranging products and services.

Key Activities

Financial Product Development Process



Providing Customized Comprehensive Asset Management Services

Busan Bank has introduced the Wealth Management System (WMS) to offer customized asset management services to customers. The WMS was developed to enable simple asset planning at a bank window and to providing a precise asset management services for high-net-worth individuals. The bank offers services befitting various circumstances and needs of customers based on diverse options that might occur in different milestones in a lifecycle, e.g. purchase of house, preparation for marriage and education funds along with broad asset management and post-retirement life design for all the customers using Busan Bank.

Allocating One Asset Manager per Branch

All branches of Busan Bank have established the 'one-branch, one-asset manager' system where a specialized asset manager is allocated for customers to conveniently use the asset management service. As of September 2015, 15 private bankers (PBs) and 189 preliminary financial advisors (PFAs) have been allocated to 204 branches of Busan Bank. Additional units are also in operation to provide comprehensive customer-oriented specialized consulting. These include 'BNK Asset Management Doctors' Team' consisting of specialists in each field to address issues requiring further expertise by having one specialist in one branch, and 'Post-Retirement Life Design Center', a specialized unit for life planning for the elderly customers after their retirement.

Beefing Up Marketing Competencies by Allocating a Branch Retail Manager (BRM)

A Branch Retail Manager (BRM) has been allocated to 75 branches of Busan Bank and 67 branches of Kyongnam Bank to intensify marketing competencies in retail banking. Assistant branch managers of Grade 3 who hold financial certificates and tout superb competencies are allocated as retail banking managers to enable outbound business to strengthened to target the self-employed, small-office home-office (SOHO) companies and small-scale businesses around each branch.



Inaugural Ceremony for Branch Retail Managers (BRMs) in 2016

Performance of Customized Deposit Products

As of December 31, 2015

| Type | Content | Performance |
|---------------|-----------------------------------------|-------------------|
| Busan Bank | Life-Time Bankbook | KRW 115.2 billion |
| | BNK Yeonriji Savings Deposit | KRW 10.3 billion |
| | Good-Choice Free Installment Deposit | KRW 9.1 billion |
| Kyongnam Bank | e-Blue Sea Free Installment Deposit | KRW 38.3 billion |
| | Bankbook with Pension Benefits | KRW 39.4 billion |
| | Child Dream Free Installment Deposit | KRW 25.6 billion |
| | Female Only_Ruby | KRW 4.4 billion |
| | Female Only_Diamond Time Deposit | KRW 103.6 billion |
| | Female Only_Emerald Installment Deposit | KRW 5 billion |

Selling the Housing Subscription Synthesized Savings Account for the First Time as a Regional Bank

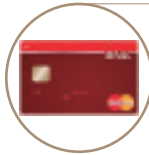
It has been suspended to newly subscribe to the existing housing subscription time deposits/savings deposits in order to integrate the all related products into a housing subscription savings account. Accordingly, Busan Bank launched the housing subscription synthesized savings account for the first time as a regional bank. The bank also organized events to increase the number of new customers by targeting the key customer bracket earlier than competitors as the bank account switching system is implemented, giving out gifts to new subscribers and providing the initial amount for underprivileged subscribers. By selling the housing subscription synthesized savings account, utmost efforts will be poured in so that inconveniences arising from having to apply for subscription in specific banks could be eased and customer churning could be prevented.

Launching Products amid the Bank Account Switching System

New products were launched to retain the existing customers and attract new ones upon responding to the bank account switching system that has been implemented since July 2015.

| | |
|--------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Life-Time Bankbook | A bankbook enhancing the convenience in bank transactions and reflecting customer features in their life cycle as it can be used for one's life time as a multi-purpose bankbook |
| BNK Yeonriji Savings Deposit ('yeonriji' means that two trees with different roots can grow together as one) | A savings deposit product to provide mileage points for cross-affiliate transactions and respond to the bank account switching service as a cross-affiliate convergence-exclusive product |
| BNK Sarangbang Time Deposit | A time deposit product offering beneficial interest rates to new customers and main ones to respond to the bank account switching service |

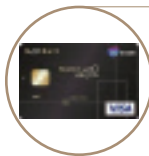
Amount used KRW **85,642** million



BNK Card

- Discounting up to 4.5% for the amount used depending on consumption patterns
- Accumulating 0.1% of the amount used in traditional markets as the Win-Win Fund for Busan, Ulsan and Gyeongnam

Amount used KRW **22,276** million



THE CARD 1472

- Providing comprehensive benefits for four core services in transportation, fuel, restaurants and communication
- Offering transportation-specialized services including KTX and air travel

Amount used KRW **16,745** million



REX Card

- A product specialized in various coupons and high-end services mainly targeting premium-level VIPs of the bank

Amount used KRW **24,282** million



Child-Happiness Card

- A product providing specialized services for paying national welfare facilities including nurseries and kindergartens and childcare

Kyongnam Bank Achieving 'Total Deposits of KRW 30 Trillion'

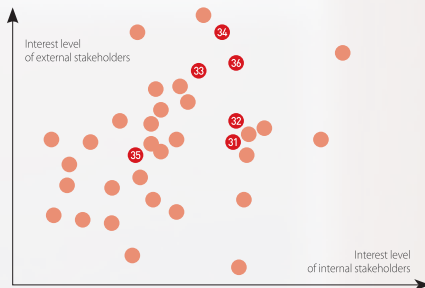
Kyongnam Bank achieved the 'total deposits of KRW 30 trillion' on May 13, 2015. The feat came two years after achieving total deposits of KRW 25 trillion in April 2013. It is attributable to the popularity of deposit products including Damoa Time Deposit offering a high interest rate amid the low interest trend and BNK Baram Bankbook providing benefits of various bank charge exemptions.

Designated as Korea's Prestige Brands

THE CARD 1472 (2015) and BNK Card (2016) were designated as Korea's prestigious brands as they were highly ranked for providing superb financial benefits and enhancing practical customer values. The excellent performance of the two cards was recognized in the actual evaluation of strategic excellence, current and future values and visions.



Step. 01 Materiality Test Map



Step. 02 List of Core Issues

| | |
|----------------|------------------------------------------------------------|
| Core Issue. 31 | Managing financial consumers' personal information |
| Core Issue. 32 | Upgrading the brand and corporate image |
| Core Issue. 33 | Preventing financial accidents/crimes |
| Core Issue. 34 | Retaining customers through customer satisfaction services |
| Core Issue. 35 | Providing accurate information on products and services |
| Core Issue. 36 | Expanding financial accessibility of financial consumers |



Aspect 02

Providing Services for Customer Satisfaction

Importance of Providing Services for Customer Satisfaction

As domestic customer needs for financial services have escalated to the extent of being global class, financial companies conduct various services to practically satisfy customers beyond their existing customer services. BNK Financial Group seeks to establish a customer-friendly image and brand that leads the market by providing advanced financial services prioritizing customer benefits, by anticipating customer requirements.

Crises and Opportunities

• Opportunities

The financial industry maximizes customer satisfaction by further focusing on counseling functions upon selling financial products and sophisticated customer management after sales. BNK Financial Group improves the procedure of managing customer complaints in a preemptive manner by catering to comprehensive financial needs for one-stop services as well as after-sales financial product management needs. Expertise and promptness have been enhanced at bank windows for customer counseling to listen to VoC and handle their complaints. CS training is provided to branch employees and security guards to enhance the convenience of handling customer services. As such, we take the lead in establishing a customer-oriented culture.

• Crises

Financial companies that are our competitors are upgrading their services to be more customer-friendly beyond merely being polite at a bank window. At a time when financial services for customers are facilitated, providing financial services that are not differentiated might lead to a shake-up of the existing and potential customers, directly impacting profit reduction for companies. Innovative activities need to take place at customer contact points which accompany differentiated services for customers.

Step. 03 Composition of Core Aspects

Providing Services
for Customer Satis-
faction

Step. 04 Table of Content for Core Aspects

Discovering Customer Satisfying Services

Strengthening Customer Satisfaction Competencies

Preventing Financial Accidents and Protecting Information

Performance and Goals

BNK Financial Group provides courses in customer response skills and response to complaints at bank windows, and on-site coaching programs for all employees at branches to maximize customer satisfaction. VoC is transferred from customer events, seminars for honorary branch managers and seminars with CEOs of SMEs in order to enhance the customer satisfying services. We will strengthen the security awareness of personal information employees and customers through education. Also, we plan to expand authentication of information protection management system of all affiliates and strengthen the process of detection of suspicious transactions and high-amount cash transactions through the information protection system. We will do our best in the prevention of financial accident and the damage of the customer.

| Type | KPIs (Short-run · a Long-Term Strategy) | | |
|-------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Improving customer satisfying services | Strengthening training on customer satisfaction <ul style="list-style-type: none"> · Increasing cost and time for employee training on customer satisfaction | Improving financial accessibility <ul style="list-style-type: none"> · Securing competitiveness in non-face-to-face channels to enhance financial convenience and timeliness | Improving the score in the customer satisfaction survey <ul style="list-style-type: none"> · Providing practically satisfying services based on customer satisfaction needs |
| Preventing financial accidents and crimes | Expanding training on the prevention of financial accidents <ul style="list-style-type: none"> · Strengthening the security check for PC and mobile media · Continuing to train on fundamentals including the awareness of information protection and security | Strengthening the monitoring of money laundering and illegal transactions <ul style="list-style-type: none"> · Standardizing a system for continuous initiation and reporting of high-risk customer monitoring · Expanding the programs to block the leakage of personal information | Completing a system to prevent financial accidents <ul style="list-style-type: none"> · Initiating the certification of an information protection management system for all affiliates in the group and completing the encryption of personal information |

Discovering Customer Satisfying Services

Strategic Directions

In order to become a trusted life-time financial partner for customers, we prescribed the BNK Financial Group Charter on Financial Consumer Protection, developed the financial consumer protection system, and improved the complaint response process. As such, we enhance customer rights by providing excellent customer satisfying services. We also strive to achieve shared growth with customers by differentiating service coverage and mode suited to customer propensity and needs beyond providing financial benefits.

Key Activities

Securing a Standard System to Respond to Customer Complaints

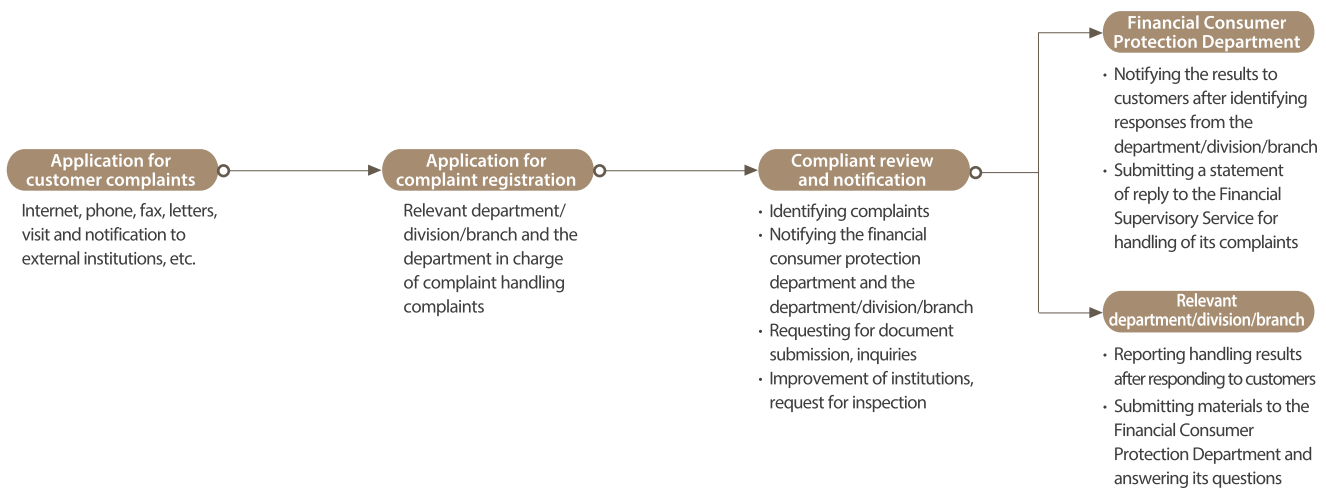
Busan Bank and Kyongnam Bank run the financial consumer protection system to protect rights of financial consumers and enhance work efficiency. Securing a standard system to respond to customer complaints by complying with the rules on financial consumers has enabled efficient handling of business operations since all employees can share the current status on complaints to make proactive responses.

Strengthening Promptness and Expertise in Customer Response

Busan Bank and Kyongnam Bank extend counseling services on demand at customer centers upon the request of branches which experience peak volumes, with their phone line in order to fulfill customer satisfaction. Busan Bank runs 214 lines in 214 branches as of December 2015, and Kyongnam Bank runs 227 lines in 141 branches, making prompt customer responses and providing specialized counseling services.

Customer Complaint Management Procedure

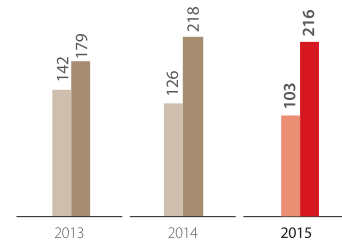
Busan Bank and Kyongnam Bank have designated one financial consumer protection manager at the supervisor level and above at each department/division/branch in order to make early responses to complaints and prevent their escalation. Customer suggestions and complaints are reflected in improving systems in banks, and some of them are utilized to improve products and services through an internal review procedure. Customer complaints received through customer centers and various customer accessible channels are transferred to relevant branches and handled accordingly. The department in charge of complaint handling reports the results back to relevant customers.



Current Status of Customer Complaints at Busan Bank

(Unit: number of cases)

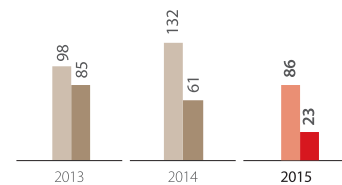
- Complaints of the Financial Supervisory Service
- Internally handled complaints



Current Status of Customer Complaints at Kyongnam Bank

(Unit: number of cases)

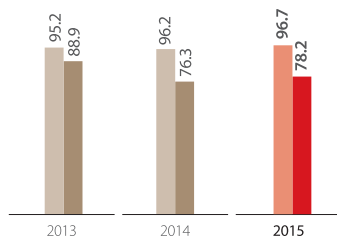
- Complaints of the Financial Supervisory Service
- Internally handled complaints



Results of the Customer Satisfaction Survey at Busan Bank

(Unit: point)

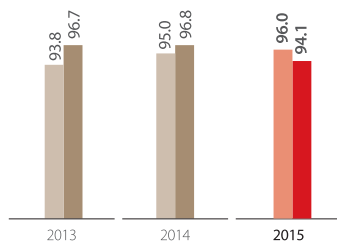
- Customer Satisfaction Index (CSI)
- Service Monitoring System (SMS)



Results of the Customer Satisfaction Survey at Kyongnam Bank

(Unit: point)

- Customer Satisfaction Index (CSI)
- Service Monitoring System (SMS)



Appointing Honorary Branch Managers

Busan Bank and Kyongnam Bank select opinion leaders every year among representatives of competent clients at each branch, who are appointed as honorary branch managers. Busan Bank has expanded its existing appointment ceremony at each branch, and in 2015, the management and branch managers at the HQ offered plaques of appointment and gratitude to 200 honorary branch managers. Kyongnam Bank appointed 228 honorary branch managers at its own appointment ceremony.

Providing CS Training to External Institutions and Competent Clients

We provide customer satisfaction (CS) training to external institutions and competent clients, strengthen ties with external institutions, and seek for shared development with the region and customers. Training covers CS mindset, service leadership, communication skills, business manners, telephone response, image making, prevention of sexual harassment at workplace, jobs for students and interviewing skills. Lectures were provided free of charge to 2,857 people on 45 occasions in 2015.

Operating the BNK Women's Academy

Busan Bank runs the BNK Women's Academy as a differentiated marketing activity for female customers. The academy runs two-month courses for annually for approximately 50 competent female customers in different areas. Thanks to high acclaims from female customers, the academy has established itself as the bank's representative cultural group and is in its fourth year.

Launching BNK Retirement Planning

Busan Bank launched 'BNK Retirement Planning Center' and its exclusive brand of 'BNK Retirement Planning'. The bank provides comprehensive retirement planning solutions for customers to effectively in the aging society by allocating retirement specialists in branches. We have expanded the brand of BNK Retirement Planning to all affiliates, and seek to lead the post-retirement financial planning market by strengthening services and products.

Running the System for 'Kyongnam Bank 100 Years+ Companies'

Kyongnam Bank adopted the system for 'Kyongnam Bank 100 Years+ Companies' to achieve shared development with regional SMEs. The bank selects companies eligible for 'Kyongnam Bank 100 Years+ Companies' following screening at the Selection Council which evaluates seven items including credit, technologies, business competency and social responsibilities, and provides incentives including plaques of recognition and various financial benefits. The on-site tour for 'Kyongnam Bank 100 Years+ Companies' takes place with the participation of CEOs of regional SMEs, which serves as a bridge between regional SMEs and competent enterprises.

Kyongnam Bank Organizing the 'Seminar with CEOs' of Regional Companies

Kyongnam Bank organized the 'Seminar with CEOs', an interactive forum to understand labor issues confronted by regional companies and seek for solutions and invited about 100 local business managers such as major customers. The seminar was held under the title of 'improving the labor market structure and devising corporate responsive measures' to share ideas on the extension of the retirement age and the wage peak system and measures for a labor-management harmony.



Appointment Ceremony for Kyongnam Bank 100 Years+ Companies



Kyongnam Bank's Seminar with CEOs

Strengthening Customer Satisfaction Competencies

Strategic Directions

BNK Financial Group conducts field-oriented CS training programs to strengthen their internal competencies for greater customer satisfaction. Training for new employees is focused on improving customer response skills over phone and in person to help them upgrade their fundamental attributes as members of BNK Financial Group. We also made the 'CS Handbook' that includes customer satisfaction cases by type and response skill. Meanwhile, we improve the efficiency of CS training and our commitment for CS actions through the 'BNK Guinness System' to give rewards to qualified employees in CS.

Key Activities

Conducting the CS-exclusive Coaching Program

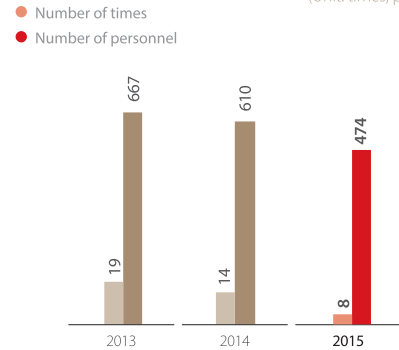
We have conducted the CS-exclusive coaching program since March 2016 to intensify service competencies of individual employees. The program is subject to non-disclosure where employees who have a CS score below the threshold or employees in need of a CS specialist can make applications. Coaching is via phone and visit over once a week. We expect to see all and upgraded CS level for all by enhancing their service mindset as we set CS-related goals for individuals and provide feedback to them.

Implementing the CS Hidden Hero Program

We have implemented the CS Hidden Hero Program where competent security guards are selected in order to enhance their basic CS competencies and CS mindset. Financial rewards and opportunities for a yacht tour are provided to 15 CS Hidden Heroes as all-out efforts are poured in to make the 'kindest bank' through CS boom-up throughout the bank.

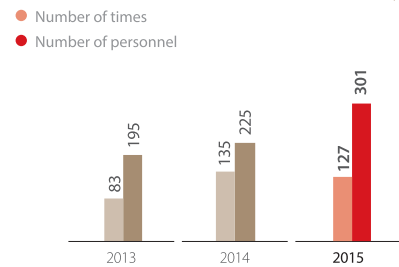
Telephone Consultation Training of Head Office Employees at Busan Bank

(Unit: times, persons)



Number of Times and Personnel for Security Guard Training for Security Guards at Busan Bank

(Unit: times, persons)



CS Training Program



CS Program for New Employees

Improving new employees' response skills at the counter and fostering basic qualities required for customer response



Basic CS Training Program

Improving basic CS skills and the mindset for customer response



Advanced CS Training Program

Training on how to respond to each complaint case at the counter based on the basic CS training program



CS Training Program for New Security Guards

Developing the security guards' response skills and basic qualities required for CS



On-site CS Coaching for Security Guards

Providing one-on-one customized intensive training by visiting security guards in branches on site



Level Up CS

Providing coaching on CS at branches and improving the awareness on implementing CS

CS Talk of Today



Hello, customers!
The weather has become very dry. You might need to put on some cream.

CS Tip

We are now airing BNK Hi-Way for 2016. It is broadcast to all affiliates every day, so we hope that you could do your best to create a consistent image as BNK employees and share the corporate culture.

* Starting Date: February 22 (Mon), 2016

* Broadcasting Time: 08:50 ~ 08:53 a.m.

BNK Hi-Way UCC Contest will be held in May, so we ask for your great interest.

Consulting of Customer Satisfaction Specialists

Busan Bank dispatches the CS Pilot Management Team consisting of CS specialists including relevant managers, employees and security guards from among those that requested for on-site training to be conducted in their branches. The CS Pilot Operation Team checks basic etiquettes on customer satisfaction, neat dressing and environmental check-up on sites, thus contributing to a better image of the bank's services.

BNK Hi-Way – Sharing the Corporate Culture

BNK Hi-Way is a video clip produced to realize the 'kindest bank', generate consistent images of employees in all affiliates, and share the corporate culture with them. They watch the video every morning to form a consensus on CS, which improves the satisfaction level of customers. In 2015, the CS score in branches rose, and group-level activities to spread the CS culture and the UCC Contest are conducted to make a consistent group culture full of vitality.

CS Talk – Raising Interest in Customer Response

Employees in all branches receive information on various subjects including making expressions to provoke customers' interest, CS tips and major issues via the messenger before their business operation starts in the morning. We are creating a customer-oriented culture where customer satisfaction is our top priority through steady communication and empathy with customers.

Operating CS Leader (CS Angel) Program

CS leaders are selected through the public consensus among employees who have outstanding customer service capabilities. They act as a CS team in a branch and promote an enjoyable workplace environment. They also contribute to spreading an excellent culture for customer satisfaction by collecting internal feedback while acting as a liaison to provide information and issues regarding customer satisfaction.



CS Clinic

Inspecting the service status in branches and on-site coaching



Training CS managers

Training on communication and mindset to facilitate CS in branches



CS Remind

Enhancing customer response skills and training on communication



Training on CS for employees specialized in bancassurance

Training on communication skills and image making



CS Refresh

Training on raising awareness about customer response for new employees who have worked for the bank for six months or higher



Training on CS for peak timers

Enhancing the basic etiquettes on CS and customer response mindset

Preventing Financial Accidents and Protecting Information

Strategic Directions

We have established a systematic security system and implement precise monitoring to preemptively respond to social needs and interests in protecting the information of financial consumers and minimizing the damage from various financial accidents. Training on the protection of financial information takes place for employees and customers. Activities to prevent the personal information leakage of financial consumers and e-financial accidents are strengthened by providing a systematic security system.

Key Activities

Operating the Information Protection Management System and Acquiring the Certification

We continue to manage and run the information protection management system according to the ISO 27001, an international standard on information protection. We analyze weaknesses of the e-financial infrastructure pursuant to the e-financial supervision rules, and strengthen the information protection management system amid the amended regulations. We have also devised plans to implement the weakness inspection results. Kyongnam Bank acquired the ISMS certification on the information protection management system for the first time as a regional bank. Consequently, we could enhance objective credibility while securing adequacy of the information protection management system and service stability.

Expanding the Fraud Detection System (FDS)

We strengthen security in e-financial transactions based on the analysis of past financial transaction records to accurately detect frauds that might occur in new financial frauds and also on the case analysis of detection policies of the Financial Security Institute and advanced banks. We have expanded the FDS to cover not only online banking and smart banking but also tele-banking so that suspicious transactions are checked out with customers' confirmation via phone. In 2015, four cases out of 344 suspicious transactions have been identified, preventing the possible damage of KRW 211,687,000 in total.

Encrypting Identifiable Numbers of Customers for the First Time in the Financial Sector

Busan Bank succeeded in encrypting the entire identifiable numbers of customers including resident registration numbers, which the bank holds. The encryption of identifiable numbers that took place for the first time in the financial sector is concurrently applied to the account system, the information system and all unit operations. Such efforts prevent misuse/abuse and illegal leakage of related data including customer information, and block the identification of data related to identifiable numbers. This enhanced customer reliability of the protection of personal information. We will serve as a secure financial institution where assets of customers are given priority by continuously reinforcing the information protection system and security policies.

Preventing Financial Accidents and Training on Information Protection

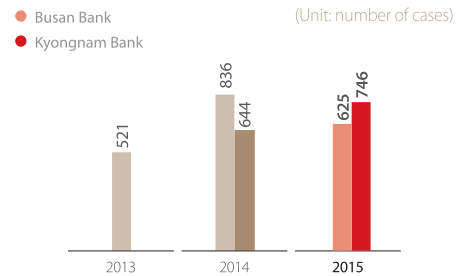
Busan Bank and Kyongnam Bank implement the security check for PCs at work by designating the monthly 'Cyber Security Check Day' to prepare against the leakage of personal information and e-financial accidents. We have made it mandatory for all employees to complete training on preventing financial accidents. Training is provided on the ethical fundamentals of protection of information by rank, basic knowledge on security by task and the IT Security Specialist Course. These courses aim to enhance security awareness of all employees and strengthen their contingency competency pursuant to the e-financial supervisory regulations.



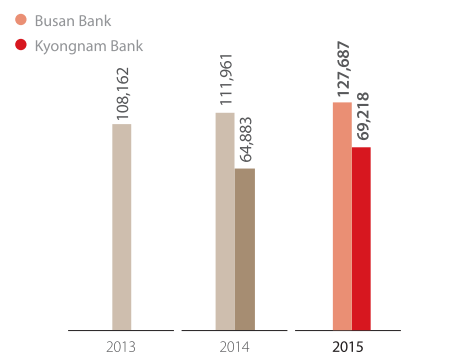
Kyongnam Bank Acquiring the ISMS Certification for the First Time as a Regional Bank

Kyongnam Bank acquired the ISMS, a certification on the information protection management system for the first time as a regional bank. Accordingly, its steady efforts for information protection have been recognized, including revising security-related work processes and risk management activities per IT system.

Number of Suspicious Transactions Reported



Number of High-amount Cash Transactions Reported

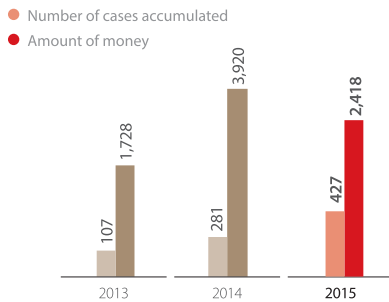




Organizing the On-site Financial Consumer Protection Event

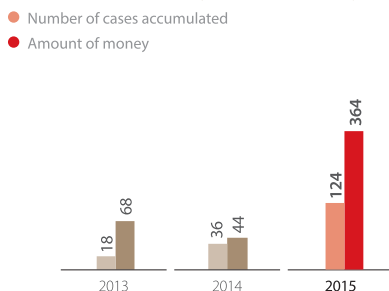
Status of Preventing Tele-financial Frauds at Busan Bank

(Unit: number of cases, KRW million)



Status of Preventing Tele-financial Frauds at Kyongnam Bank

(Unit: number of cases, KRW million)



Conducting the 'Safe Account Locking Service' to Prevent e-Financial Frauds

Busan Bank provides a new service to prevent e-financial frauds thereby protecting customers from financial frauds and strengthening security. The 'Safe Account Locking Service' enables customers to set a blocking feature against withdrawal of money from their account, preventing illegal withdrawals due to financial frauds. The 'Safe Security Card Service' blocks the leakage of a security card number by sending an indication number on the security card to the mobile phones of customers via text message when they transfer money online. Kyongnam Bank is developing the 'payment suspension service' which can prevent illegitimate withdrawals by setting up a lock to the transfer function of an account for a period set by a customer.

Acquiring Additional Confirmation for Subscribers to the Device Designation Service

Busan Bank implemented a procedure for additional certification of the device designation service including PCs to prevent the reoccurrence of misusing the service for illegal transactions after acquiring personal information and security card numbers. When the daily cumulative amount exceeds KRW 2 million, a phone call is made automatically to the pre-registered phone number for confirmation (2-channel confirmation) to check the authenticity of the and then approve of the transaction. By doing so, we proactively respond to e-financial frauds and prevent damage to customers.

Organizing the On-site Financial Consumer Protection Event

Kyongnam Bank organized the 'On-site Financial Consumer Protection Event' to prevent financial frauds for local residents who visited the floor of the Sales Division at the head branch. Ten employees at the Financial Consumer Protection Department conducted activities to prevent financial frauds for customers that visited the Sales Division and provided counseling on their financial complaints. They explained ways to prevent and handle financial frauds to the elderly who are prone to financial frauds. Kyongnam Bank strives to protect financial consumers as a representative regional bank by making considerate attempts for individuals and recognizing the importance of strengthening systems and security devices.

Counseling on the Prevention of Financial Frauds to the Elderly Living Alone

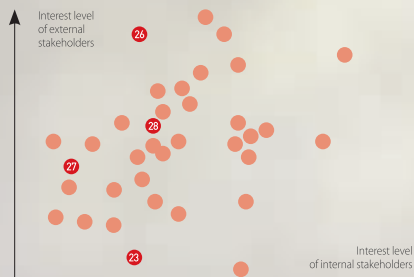
Kyongnam Bank enables its counselors to form a one-on-one relationship with the elderly living alone and calls them twice a week to check on their well being and counsel on scam prevention. The purpose is to prevent financial frauds against the elderly locals living alone. In 2013, the bank signed an MOU with the Ministry of Health and Welfare for the first time as a regional bank on the Solitary Elderly Love Campaign. The bank has informed of ways to prevent damage from voice phishing and illegal private finance to 33 senior citizens living alone. The bank also, checks on their health status and provides practical information to ease their life. The bank plans to strengthen activities to protect the financial information by continuous expansion of the one-on-one ties.

Making Preemptive Responses against DDos Attacks

We run the reinforced information security system by establishing a security check system on employees' PCs for official use and a solution to protect personal information on print-outs, re-establishing a response system against DDos attacks and conducting countering drills. Our preemptive defense against DDos attacks in June 2015 estimated to have been performed by a hacking group located in Europe was evaluated to be a best practice by the Financial Security Institute.



Step. 01 Materiality Test Map



Step. 02 List of Core Issues

| | |
|----------------|--------------------------------------------------------------------------|
| Core Issue. 23 | Evaluating sustainability of deposit/investment targets |
| Core Issue. 26 | Expanding support for SMEs and micro-financing |
| Core Issue. 27 | Conducting social contribution activities leveraging business competency |
| Core Issue. 28 | Developing public interest products for social contribution |



Aspect 03

Leading Social Responsibilities through Finance

Importance of Leading Social Responsibilities through Finance

The essence of the financial business lies in not only stably generating income by managing customers' money but also practicing social responsibilities enabling companies, customers and the society to grow together through finance. Providing public-interest products and services driven by finance amid the rapidly changing global environment and the prolonged economic slowdown can contribute to the development of a sustainable community. BNK Financial Group is leading financial activities for shared growth in multifaceted aspects by offering specialized loan products and technological financing for SMEs, and launching micro-financing products.

Crises and Opportunities

• Opportunities

BNK Financial Group can establish a closer trust relationship with the community by providing products and services suited to customers and companies thanks to its nature as a representative financial institution in the community. By enhancing our image as a trustworthy financial partner, we can retain loyal customers and increase the scope of prospective customers. We can take the lead in sustainable growth, while contributing to facilitating the regional economy through practices of social responsibilities required of finance.

• Crises

Financial products and services supporting SMEs and the working class for finance to make social contribution might induce short-term financial burdens because of higher cost and lower profitability. Systematic and professional risk management in operations is required as customers eligible for the products and services might be prone to moral hazards by perceiving them as lenient financial support.

Step. 03 Composition of Core Aspects

Leading Social Responsibilities through Finance

Step. 04 Table of Content for Core Aspects

- Extending Specialized Financial Support for SMEs
- Supporting to Stabilize Livelihood of the Working Class
- Developing Financial Products for Public Good

Performance and Goals

BNK Financial Group continues to expand financial support to practice 'Happy Finance' to give hopes to SMEs and the working class. Loans extended to SMEs by Busan Bank and Kyongnam Bank stood at approximately KRW 37,710 billion. They have lowered the loan interest rate to ensure financial stability for those under financial stress and run programs for credit recovery. We will lead the efforts of fulfilling social responsibilities through finance based on closely developed ties with the community as well as our differentiated competencies including technological and relationship financing.

| Type | KPIs (Short-run · a Long-Term Strategy) | | |
|-----------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Discovering region-specific business models | Facilitating site-oriented localized business <ul style="list-style-type: none"> · Expanding technological and relationship financing · Establishing on-site service infrastructure (setting up mobile platforms including portable branches) | Establishing a system to provide customized products and services <ul style="list-style-type: none"> · Reinforcing management consulting competencies and a supporting system for regional companies | Reinforcing ties with communities and establishing a system for shared growth <ul style="list-style-type: none"> · Developing programs to support win-win cooperation with the government and regional public agencies · Supporting to form cross-company networks to facilitate region-specific projects |
| Strengthening projects for win-win growth with small enterprises and the working class | Supporting comprehensive micro-financing <ul style="list-style-type: none"> · Strengthening micro-financing support for low-income class, the financially underprivileged and high interest-rate debt holders · Facilitating micro-deposit product sales specialized for low-income class | Raising the satisfaction level of financial services for the financially underprivileged <ul style="list-style-type: none"> · Strengthening financial services in financially alienated regions through mobile branches · Reinforcing the operation of flexible operating hours in banks | Reinforcing support for small enterprises <ul style="list-style-type: none"> · Expanding the scale of credit loans aligned with partner agencies and guaranteed loans · Providing services to improve competencies for management consulting and fund management |

Extending Specialized Financial Support for SMEs

Strategic Directions

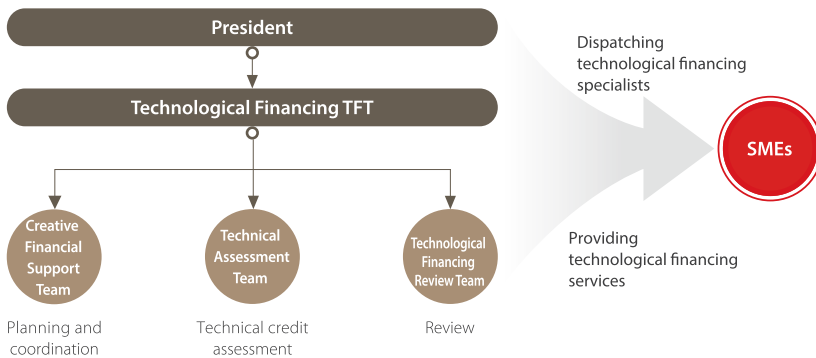
We are keenly involved in activities to support growth of local SMEs despite the challenging economic situations. Fin-tech services have been upgraded for SMEs with competent technologies and top-notch performance has been generated in relationship financing thanks to the continued localized business strategies.

Information including the morality of CEOs, their management capabilities and social reputation on business competencies will be reflected in loan reviews so that local SMEs can be sustainably discovered and fostered.

Key Activities

Launching the Exclusive Technological Financing Team

Busan Bank runs an exclusive task force with technological financing TFT falling directly under the president to extend systematic technological financing support. The bank dispatches technological financing specialists on sites, preemptively discovers SMEs with superb technical skills but lacking in financial capabilities, and provides systematic technological financing services ranging from technical assessment to consulting on financial support.



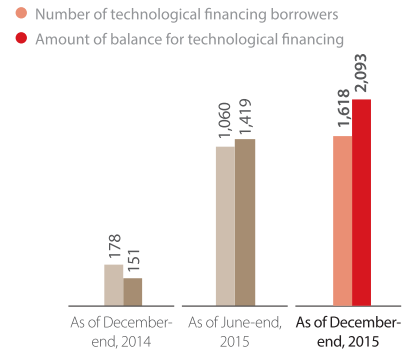
Expanding the Signing of Technological Financing MOUs

We sign technological financing MOUs to extend financial support for local SMEs with superb technicality and growth potential, and discover and foster competitive hidden champions.

| | Signed with | Fund scale | Targets for support | Support coverage |
|------------------------------------------------------------------------------------------------|------------------------------------------|--------------------------------------------------------------------------------|------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| MOU to facilitate the creative economy | • Korea Technology Finance Corporation | • BNK IP Agreement-Guaranteed Special Loan, maximum KRW 10 billion per company | • Local SMEs | • Creative Loan for Innovative Enterprises • BNK Special Loan for IP Agreement Guarantee • BNK Special Loan for Agreement Guarantee for Excellent Tech Companies 1+1 |
| MOU to discover and foster creative companies | • Korea Credit Guarantee Fund | • KRW 300 billion to be raised by Busan Bank and Kyongnam Bank, respectively | • SMEs contributing to facilitating the regional economy | • Special Loan for V-Plus Agreement Guarantee • BNK Special Loan for Tech SMEs |
| Agreement on financial support for Gyeongnam's Core Strategic Industries for the Next 50 Years | • South Gyeongsang Provincial Government | • Ceiling of KRW 500 billion | • Companies related to Gyeongnam's Core Strategic Industries for the Next 50 Years | • Kyongnam Bank Cluster Corporate Loan • Considering sustainability of SMEs by concurrently assessing technical capabilities, financial stability and records of social contribution |

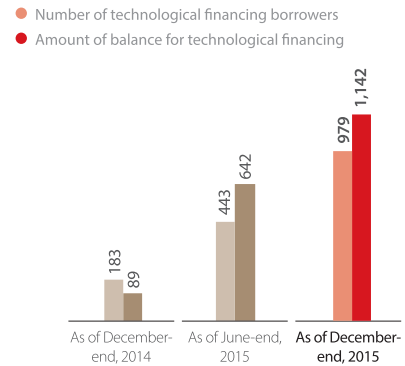
Busan Bank's Track Records on Technological Financing

(Unit: number of cases, KRW billion)

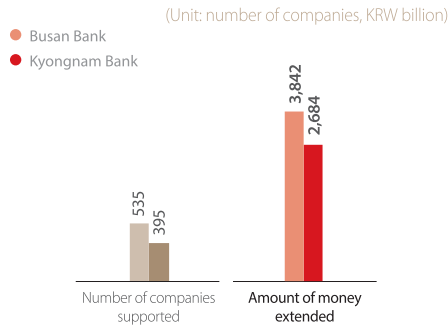


Kyongnam Bank's Records on Technological Financing

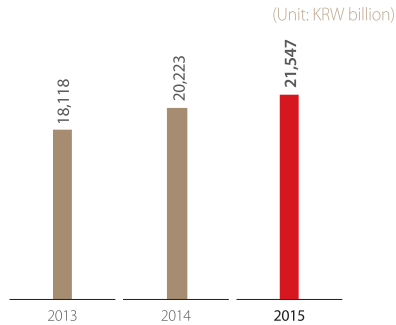
(Unit: number of cases, KRW billion)



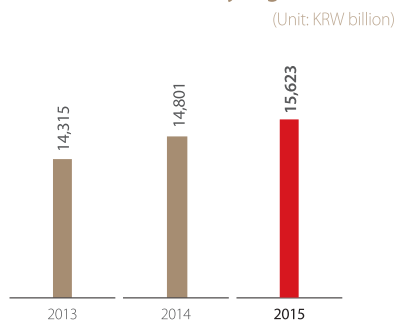
Records of Relationship Financing Loans



Balance of SME Loans at Busan Bank



Balance of SME Loans at Kyongnam Bank



Selected as an excellent institution supporting SMEs

Busan Bank Ranked First for Three Times in a Row at the Technological Financing Performance Assessment

Busan Bank was ranked first three times in a row, as the only domestic bank having its largest technological financing support for SMEs in Korea in the technological financing assessment in the 'Innovativeness Assessment of Banks' organized by the Financial Services Commission. Also, Kyongnam Bank ranked second followed by Busan Bank in the second half of 2015 and received excellent qualitative and quantitative assessment.

Enhancing the Relationship Financing Performance through Localized Business

Busan Bank opened the SME Support Center, an exclusive management consulting organization, providing 325 management consulting cases free of charge to SMEs. Kyongnam Bank allocated credit-marketing officers (CMOs) as a special workforce in relationship financing to branches and related departments. The bank also provided training opportunities to raise competitiveness of SMEs by running the Academy for SME Employees in conjunction with the Small and Medium Business Administration (SMBA). Consequently, Busan Bank was ranked first among all the banks in Korea, and Kyongnam Bank was rated second among regional banks in terms of the loan balance in relationship financing.

Launching the Special Loan for Win-Win Growth with SMEs

Busan Bank and Kyongnam Bank launched the Special Loan for Win-Win Growth with SMEs, a win-win fund worth KRW 1 trillion in total to facilitate regional SMEs in Busan, Ulsan and Gyeongnam and the economy for the working class. Busan Bank extended loans of KRW 878.8 billion in 3,129 cases to SMEs holding excellent technological capabilities local native companies that have used the bank for long and small-scale companies. Utmost efforts are poured in as financial support for financially struggling SMEs due to the economic slowdown by extending loans promptly.

Busan Bank, Designated as 'an Excellent Institution for SME Support'

Busan Bank was selected 'an excellent institution for SME support' at the 'award ceremony for individuals that contributed to the eradication of five financial evils harming people's livelihood in 2015' organized by the Financial Services Commission. 'The bank's efforts for steadily initiating relationship financing were highly recognized, which have been practically helpful to SMEs. These include creation of jobs in SMEs, support for the Win-Win Growth Fund, and discovery of and development support for local hidden champions. The bank will proactively practice shared growth with SMEs as regional financial partners driven by relationship financing and local SME support.

Records of Customized Loans for SMEs

(Unit: KRW 100 million)

| Type | Explanations | Records |
|-----------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------|---------|
| Win-Win Growth Loan for SMEs | It is a special support fund for strategic industries of local governments and knowledge integration-based creative companies | 10,629 |
| Fisheries Warehouse Finance | It is a product to extend finance with fisheries stocked in a container ship or a warehouse as collateral | 6,697 |
| Partner Loan | It is a financial product supporting regional SMEs with high growth potentials | 6,717 |
| Loan for Land Subscription Fund | It is a loan product to extend a subscription fund in partnership with local governments and Korea Land Corporation | 3,240 |
| Corporate Loan for Regional Investment | It is a loan product to support companies investing in business facilities in the region | 972 |

Supporting to Stabilize Livelihood of the Working Class

Strategic Directions

We initiate programs for financial support and job creation for small enterprises and the self-employed, the low-income group and the financially underprivileged. We contribute to revitalizing the regional economy by reducing the financial burden of the working class, the basis of the regional economy through diverse financial support projects.

Key Activities

Signing an MOU for Financial Support for Small Companies and Exempting the Interest Rate for Loans

Busan Bank signed an 'MOU for financial support for small companies to revitalize the regional economy' with Busan Credit Guarantee Foundation. The bank extended KRW 3 billion for a guarantee fund, KRW 100 billion for the MOU-covered loan and Korea Credit Guarantee Fund-guaranteed loan of KRW 50 billion, totaling KRW 200 billion. Kyongnam Bank additionally waived the loan interest rate of maximum 0.3% for small regional enterprises with a long history and the socially vulnerable. Benefits of loan interest rate exemptions were provided to 72 self-employed individuals who have completed cyber financial training.

Signing an MOU on O2O (On-line to Off-line) Marketing Support

Busan Bank signed an MOU with Busan Metropolitan Government and the Small Enterprise and Market Service to support O2O (On-line to Off-line) marketing. The bank provides the O2O marketing service to small enterprises in Busan. The service sends marketing messages to smartphones of customers in a certain boundary, using the beacons as mobile marketing tools for near field communication. The service has been provided on a pilot scale to 100 small enterprises for the first time in the financial sector. It will be expanded to 5,000 stores throughout Busan by 2017.

Operating Credit Recovery Supporting Programs

Kyongnam Bank conducted the '2015 Credit Recovery Supporting Program' to give hopes to the financially underprivileged. The program aims to ease the burden to debt holders through a debt relief depending on debt holding period, and cancel the information of individuals of default to enable their normal financial transactions. The debt relief rate was differentially applied depending on the holding period and the amount. Recipients of the livelihood protection scheme, in particular, are subject to another 20% relief from the rate.



Signing a Comprehensive MOU to Revitalizing Housing Finance and Housing Welfare of Local Residents

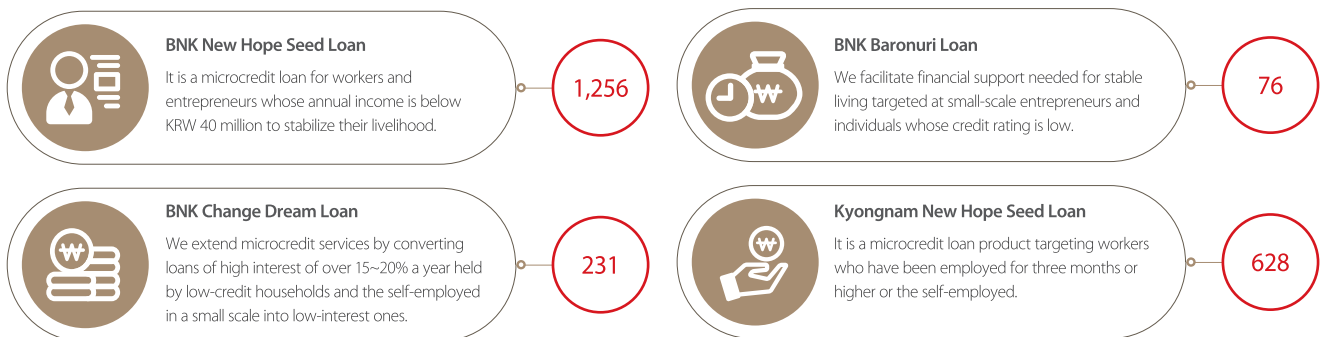
Busan Bank and Kyongnam Bank decided to initiate joint projects to enhance the housing welfare of local residents by launching and promoting housing finance products to revitalize housing finance for the working class, and jointly conduct regional customized social contribution activities.



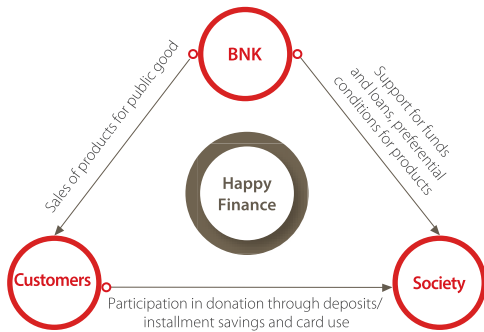
Signing an MOU for O2O Marketing Support

Major Records of Microcredit Loans

(Unit: KRW 100 million)



Developing Financial Products for Public Good



Forming a Public Interest Trust for the Youth Hope Fund

Strategic Directions

As a representative regional financial group, BNK Financial Group fulfills social responsibilities and launches diverse products for public interest to provide opportunities for indirect social contribution to customers through products designed for public good.

Key Activities

Launching Jointly Developed Deposit Products, 'BNK Danbi (Sweet Rain) Savings Account' and 'BNK Baram (Wish) Savings Account'

Busan Bank and Kyongnam Bank jointly launched 'BNK Danbi (Sweet Rain) Savings Account' and 'BNK Baram (Wish) Savings Account' as deposit products for public good. A part of the revenues from the product sales will be extended to three organizations of Community Chest in Busan, Ulsan and Gyeongnam, respectively, for the next three years.

Forming the Charitable Trust for the Youth Hope Fund

Busan Bank and Kyongnam Bank launched the 'Charitable Trust for the Youth Hope Fund' to create jobs for the youth. All its branches have an exclusive counter for the charitable trust so that anyone who would like to donate can subscribe to it in a subscription-friendly environment. Employees of affiliates under BNK Financial Group as trendsetters, donated 50% of their voluntary returned wages, which will be used for projects to create jobs for youths.

Major Loan Products

(As of December of 2015)

| Product Name | Number of Cases | Amount of Balance | Major Characteristics |
|----------------------------------------------------------------------------------------------|-----------------|-----------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Extending Special Financial Support for SMEs Hit Hard by MERS | 238 cases | KRW 9.7 billion | A management stabilization fund at a low interest rate and suspending the loan repayment in order to ease the financial burden for struggling SMEs due to MERS |
| Special Guarantee Loan to Stabilize the Management of Small Enterprises | 1,647 cases | KRW 39.7 billion | A low-interest rate fund to small enterprises financially struggling due to the economic slowdown amid the spread of MERS by signing an MOU with Korean Federation Of Credit Guarantee Foundations |
| Facilitating the Employment of the Disabled and Extending the Occupation Rehabilitation Fund | 46 cases | KRW 4.1 billion | A low-interest rate loan for the cost for procurement and improvement of facilities and equipment for the disabled/elderly to entrepreneurs employing or planning to employ the disabled/elderly |
| Extending a One-Stop Loan for SMEs | 59 cases | KRW 189.6 billion (Based on the volume coverage) | A public interest loan product to give scholarships to children of employees of borrowing firms |

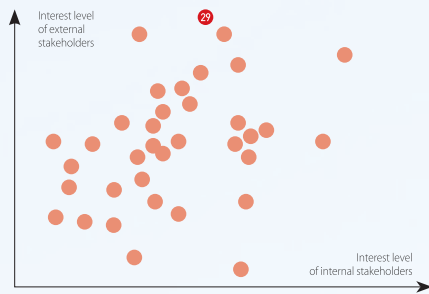
Major Deposit/Installment Savings Products and Card Products

(As of December of 2015)

| Product Name | Remaining Balance/Amount Used | Year-on-Year Change | Major Characteristics |
|---------------------------------------|-------------------------------|---------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| BNK Community Love Savings Account | KRW 821.5 billion | KRW 132 billion | Daily donation of KRW 365,000 accumulated for 365 days to create money for the Love Temperature 36.5°C Relay Donation that makes donations when required |
| BNK Hope Fostering Installment Saving | KRW 3.9 billion | KRW 2.1 billion | An installment saving scheme that gives high interest rates for socially neglected classes, including livelihood security recipients, child-headed households, North Korean defectors and multi-cultural families |
| BNK Happiness Keeper Savings Account | KRW 1.6 billion | KRW 0.7 billion | A product for protecting the socially underprivileged, including the basic livelihood security recipients, so that they can deposit only the money received in accordance with law |
| Social Welfare Facility Subsidy Card | KRW 50.2 billion | KRW 4.7 billion | Exempting finance charges of social welfare facilities that receive subsidies from Busan, Ulsan and Gyeongnam and donating a certain percentage of the amount used to such facilities |
| B Smart Card | KRW 98.5 billion | KRW 20.3 billion | Money accumulated from card usage being used for constructing a library in local community |



Step. 01 Materiality Test Map



Step. 02 List of Core Issues

| | |
|----------------|---------------------------------------------|
| Core Issue. 29 | Efforts for Win-Win Growth with Communities |
|----------------|---------------------------------------------|



Aspect 04

Shared Development with Communities

Importance of Shared Development with Communities

A company is given the responsibility to play an exemplary role in the society as its significantly influential member. Social contribution activities as a form of corporate social responsibilities, accompany systematic activities to identify and resolve actual issues in the society beyond mere donation. Under the management motto, 'To the world with the region, to a better future with the customers', BNK Financial Group with its roots in communities is opening up a way to ease economic and social imbalances in communities and grow along with everyone.

Crises and Opportunities

• Opportunities

Forming close ties with local residents based on balanced development with communities and the establishment of foundation for self-sufficiency of the socially vulnerable is considered as a precious asset for companies. Social contribution activities that identify diverse needs of residents and consider specifics of communities can help companies enjoy a higher reputation and brand recognition and generate win-win values.

• Crises

Communities gradually demand companies to be involved in social contribution activities. Companies conduct various forms of social contribution activities pursuant to government policies that encourage voluntary and proactive social responsibilities to be played by companies. Against this backdrop, companies that consider social contribution activities as one-time formalities may be neglected by communities. However, if they implement such activities with genuineness and creativity over the long term, they would be able to remain as long-lasting companies that stay with communities.

Step. 03 Composition of Core Aspects



Step. 04 Table of Content for Core Aspects

Initiating Strategic Social Contribution

Key Social Contribution Activities



Performance and Goals

BNK Financial Group is steadily engaged in social contribution activities with creativity and tradition. We seek to become a financial group that co-prospers with regional residents through public interest projects for co-existence with communities as well as mecenat projects to expand cultural accessibility and projects for sharing with the underprivileged. In 2015, we introduced social contribution characters – 'Mr. B' and 'Angel K' to help us to strategically implement social contribution activities. We will further strive to devise matters for improvement and solve them in order to establish our social contribution brand and have a wider presence.

| Type | KPIs (Short-run · a Long-Term Strategy) | | |
|------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Engaging in Strategic Social Contribution Activities | Securing an exclusive representative presence as a social contribution company in Busan, Ulsan and Gyeongnam · Discovering partnering projects with regional companies and strengthening the generation of shared values with regional public agencies and retailers | Turning BNK's social contribution efforts as a brand and spreading it to a wider region · Establishing an exclusive social contribution brand by continuously initiating core projects in each social contribution sector | Globalizing the social contribution brand · Achieving the management vision of 'Global Best Regional Financial Group' by globalizing social contribution through consistent development of global social contribution activities |

Initiating Strategic Social Contribution

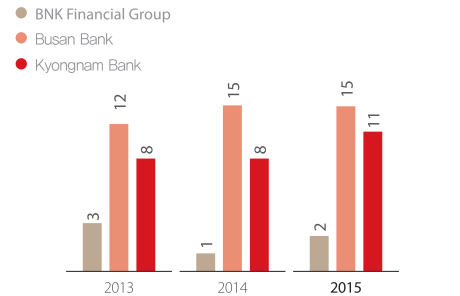
Strategic Directions

Under the corporate slogan of 'Happiness with You,' we establish social contribution strategies and conduct systematic activities. We plan to raise the quality of activities based on continued feedback, and maximize win-win effects with communities by realigning projects to be associated with profits. We will establish areas of social contribution activities exclusive to ourselves by proactively initiating joint projects of Busan Bank and Kyongnam Bank, and creating a new win-win model with communities covering Busan, Ulsan and Gyeongnam.

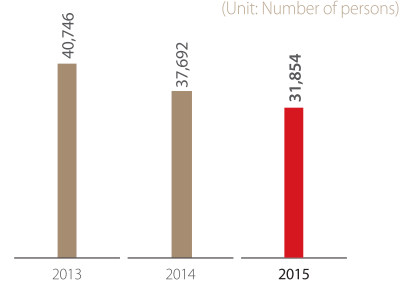
Launching 'BNK Talent Donation Volunteering Group'

Busan Bank launched 'BNK Talent Donation Volunteering Group' to differentiate regional social contribution activities and change a paradigm for volunteering. The volunteering group consists of teams in seven sectors – financial training, language, mountain climbing, art, storytelling of children's books, IT and music. It is run through talent donation of 150 volunteering employees. Applications from recipient institutions are accepted over once a month in order for us to provide customized volunteering for communities, satisfying both volunteers and recipients.

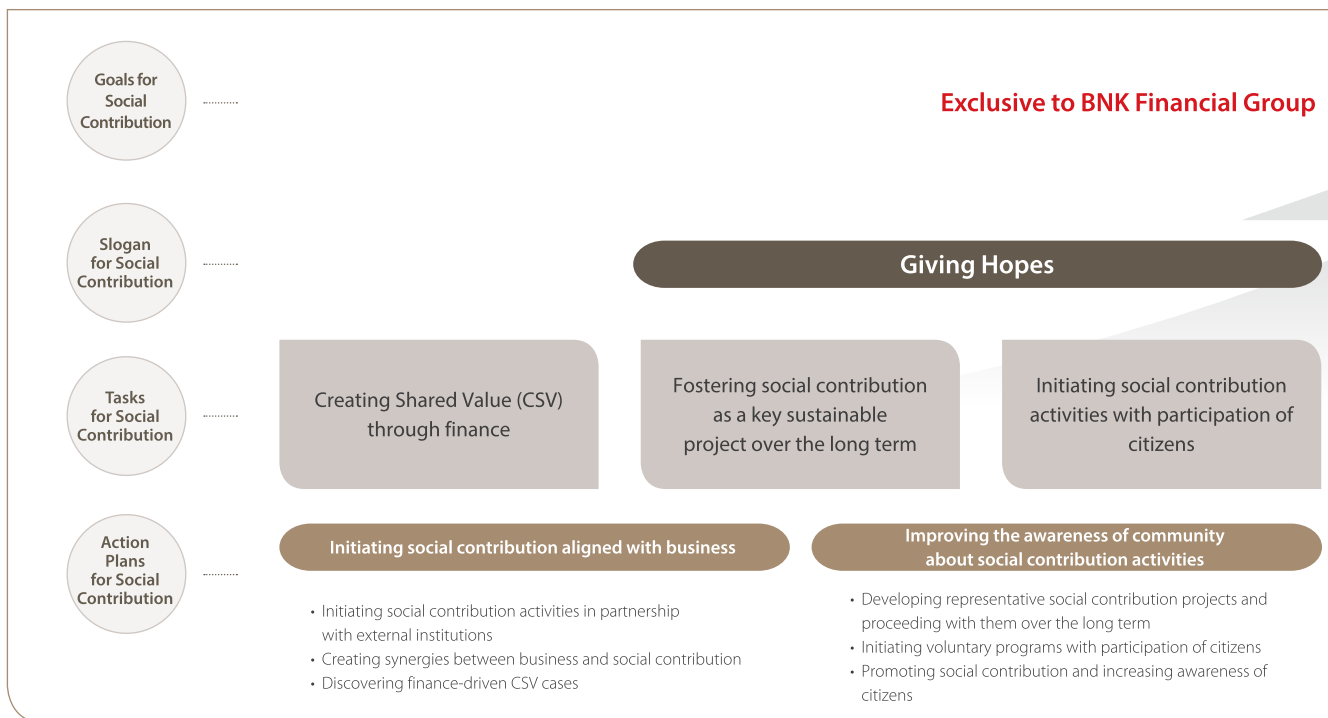
Number of Employees Exclusively in Charge of Social Contribution at BNK Financial Group
(Unit: Number of persons)



Number of Volunteers for Social Contribution at BNK Financial Group
(Unit: Number of persons)



Strategies for Social Contribution





2015 National Sharing Grand Award

Busan Bank, Winning the Presidential Prize at the 'National Sharing Grand Award'

Busan Bank won the presidential prize at the '2015 National Sharing Grand Award'. The award was co-developed by the Ministry of Health and Welfare and the Community Chest of Korea in order to spread the culture of sharing. BNK Financial Group was awarded the best prize in corporate social contribution due to its steady regional social contribution activities. All affiliates in the group recognize regional social contribution activities as not only a core value but also a praiseworthy corporate culture. We will imbue warmth in communities by passionately practicing social contribution.



Running 'BNK Talent Donation Volunteering Group'

Amount Invested for Social Contribution (including micro-financing)

(Unit: KRW 100 million)

| Type | 2013 | 2014 | 2015 |
|-------------------------------|------|------|------|
| BNK Financial Group | 22.7 | 0.1 | 0.2 |
| BNK Busan Bank | 317 | 372 | 292 |
| BNK Kyongnam Bank | 159 | 134 | 164 |
| BNK Securities | 0.07 | 0.21 | 0.2 |
| BNK Capital | 0.83 | 0.4 | 0.4 |
| BNK Savings Bank | 2.45 | 2.3 | 0.1 |
| BNK Credit Information | 0 | 0 | 0 |
| BNK Asset Management | 0 | 0.1 | 0.1 |
| BNK System | 0 | 0.12 | 0.1 |
| Total | 502 | 509 | 457 |

Areas of Social Contribution Activities

Happy Finance

Revitalizing volunteering activities

Combining region win-win growth and social contribution

Conducting BNK Happy Donation Sharing Project

Social contribution activities with stories

- Engaging in genuine and heart-touching social contribution
- Discovering activities to turn regional agenda into stories
- Contributing to a higher quality of life for many citizens

Lifting employees' mind ('Mind-up') to facilitate volunteering

- Running 'BNK Talent Donation Volunteering Group'
- Improving the program to encourage excellent volunteers

Key Social Contribution Activities

Organizing the Sisterhood Ceremony for 'One Company One School for Financial Education Program'

We take the lead in providing financial education programs to students by catering to the interest of schools as well as the Financial Supervisory Service's 'One Company One School for Financial Education Program'. The program is for employees to provide financial education by forging sisterhood ties with elementary, middle and high schools near the head branch or branches of financial companies. Busan Bank signed a sisterhood agreement with 85 schools in Busan, and Kyongnam Bank did the same with 61 schools in Gyeongnam and Ulsan. They will provide diverse financial education sessions and job experience programs down the road.



Signing Ceremony for the One Company One School for Financial Education Program.

Education and Scholarships

BNK Financial Group conducts education and scholarship projects to foster future talents and enhance financial knowledge of consumers. We do the best to foster the future of our society through continued initiation of education and scholarship projects specialized in each target group ranging from elementary school students to university students.



Plaque Hanging Ceremony for Creating BNK Happy Study Room



Creating BNK Happy Study Room

Another project of ours is a social contribution activity partnering with eight construction companies. The project aims to improve the environment of regional childcare centers and study rooms that support children of low-income households through remodeling. We have sponsored the remodeling projects for 68 study rooms in Busan, Ulsan and the Gyeongnam regions with the total cost of KRW 2.1 billion.



Organizing the Essay Contest for Women and the Drawing Performance Contest for Children

We organized the Essay Contest for Women and the Drawing Performance Contest for Children to provide them with opportunities for creative art experience. The contests are representative regional culture events with the participation of 80,000 residents in Gyeongnam and Ulsan, serving as gateways for regional potential artists and grounds for cultural and educational enrichment.



Organizing the Essay Contest for Women and the Drawing Performance Contest for Children



Providing On-site/In-house Financial Education

Instructors specialized in financial education at BNK Financial Group provide 'on-site financial education' and 'in-house financial education' to the financially underprivileged. Hands-on classes on financial classes were offered 1,515 times to 163,719 students in Busan, Ulsan and Gyeongnam.



Organizing BNK Junior Business Leaders Course

The volunteering team for financial education at Busan Bank organized a tour of major financial institutions as well as courses on finance, economy and business manners every Saturday for 45 students at commercial high schools for girls in the region.



Completion Ceremony at BNK Junior Business Leaders Course



Being Recognized as the Excellent Sponsor of Culture and Art

Being Recognized as the Excellent Sponsor of Culture and Art for the third consecutive years

Busan Bank won the 'ArtisTree Sponsor Award' given to corporate sponsors in culture and art for three consecutive years by the Arts Council of Korea with the bank's efforts being recognized for having facilitated the regional culture and art for the first time as a regional bank. Busan Bank has conducted diverse activities to develop culture and art in communities including 'BNK Happy Music Camp,' 'BNK Art Contest for Young Artists' and 'BNK Art Gallery'.



Musical on Safety Experiences, 'Help Me, Mr. Safety'

Culture and Art

We expand opportunities for the development of culture and art in communities, and the culturally underprivileged in experiencing culture and art. Driven by the uniqueness and traditions of BNK Financial Group, we plan to make steady efforts to create values in culture and art that can be felt by everyone in communities.



Opera Watching Event for Regional Residents



Producing a Musical on Safety Experiences

We produced a musical for children's safety experiences titled 'Help Me, Mr. Safety' in partnership with Busan Office of Education and the Metropolitan City Fire Safety Headquarters. We visited elementary schools in Busan on 16 occasions for students to learn safety rules and be engaged in safety programs.



BNK SSAMZIE Economic Concert

We organize performances by visiting patients in medical institutions with lack of access to cultural performances due to long years of illness. Classical concerts and musical gala concerts are offered under contracts with hospital associations in Busan, Ulsan and Gyeongnam.



Opera Watching Event for Regional Residents

We provide opportunities for enjoying cultural experiences including operas to 1,600 regional residents. Kyongnam Bank has contributed to the development of the regional culture by sponsoring operas by signing a sisterhood contract with Gyeongnam Opera Troupe since 2002 for 14 years.



Walkathon on Dullegil (Trail) in Changwon



Walkathon on Dullegil (Trail) in Changwon

Kyongnam Bank held a walkathon in Dullegil in Changwon to celebrate the completion of constructing the trail in Changwon in September 2015 and to revitalize the regional economy for the working class. We spent a meaningful time to enjoy the natural landscape and work on health improvement with 7,000 residents in the region.

Winning the 2015 Changwon Commerce and Industry Award for Regional Contribution

The Changwon Commerce and Industry Award is the most authoritative award in the regional economic circles by promoting the regional commerce and industry and discovering dignitaries that have contributed to volunteering in the region. Kyongnam Bank won the Changwon Commerce and Industry Award for the first time as a regional bank. It was attributable to its leadership roles in diverse social contribution projects including social volunteering, support for culture and art, scholarship and job creation in the region by founding Kyongnam Bank Love Sharing Foundation. Kyongnam Bank will fulfil its roles as a regional bank by spreading such sharing practices.



Winning the Changwon Commerce and Industry Award for Regional Contribution

Love Sharing

We focus on creating the basis for shared growth by co-prospering with communities. To this end, we declared 'Giving Hopes through Happy Finance' as our management slogan. We do our best to become a financial group that can give better hopes and happiness to communities.



BNK Kid Giggle Park



Creating BNK Kid Giggle Park

We formed 'BNK Kid Giggle Park', a water park-type theme park, which is open throughout four seasons for anyone in partnership with Busan Metropolitan Government. We will make sure that the park could be full of laughter and happiness as the name expresses children's laughter.



BNK Yes! Leader (The Junior Board)

The Youth Board of Busan Bank and the Junior Board of Kyongnam Bank conducted environmental cleanup including waste collection in the seaside road of 2km. They enjoyed a festival with 11 disabled children in Gyeongnam Social Welfare Center and gave them souvenirs, conducting genuine social contribution activities.



Volunteering of BNK Yes! Leader (The Junior Board)



Sharing Samgyetang out of Love

We served samgyetang (chicken ginseng soup), an energizing food, to the elderly in hot summer. The event took off with an intent for them to overcome the scorching heat in summer in a healthy way by providing samgyetang to 37,000 neighbors since 2008.



Sharing Samgyetang out of Love



Changwon Himang (Hope) Food Market

Kyongnam Bank supports low-income and underprivileged people in the region by running 'Changwon Himang (Hope) Food Market' in conjunction with Changwon City Government. Recipients can select food and daily necessities worth KRW 30,000, and the volunteering group conducts such activities as packaging, delivery and giving guidance.



Presenting Ceremony of the Donation Fund from Gonggam Donation Project

Giving 'Gonggam (Empathy or Like) Donation Fund' Raised through Clicks of Regional Residents

Busan Bank conducts 'Gonggam Donation Fund Project' for the first time in the financial sector. An amount of donation worth KRW 1,000 is accumulated per click to show one 'likes' or 'empathizes with' stories of the underprivileged posted on the website on social contribution. A maximum of KRW 3 million is given out as a donation fund per story for two stories a week. About KRW 30 million has been donated to 20 stories as of October 2015. Our social contribution activities will be carried on which can be empathized by citizens.



Busan Bank, Plaque Hanging Ceremony for the Village Superintendent's Office, 'Masil'

Communities

We continuously conduct social contribution activities to provide hope and happiness to the underprivileged as a financial group that grows together with the region. Our environmental protection activities are steadily progressing. This tops the common agenda for mankind, where we strive to make a greener environment and a greener city.



Busan Bank, the Event of Urban Green Gardening



Making Happy Villages

We established the Village Superintendent's Office, Masil, along with Urimaul, a welfare organization, to restore impoverished villages with a poor residential environment. We plan to set an alternative example of urban restoration by addressing issues confronted by villages, by talking with their residents. This is not a local government-led campaign.



Urban Green Gardening Event

We have carried on diverse volunteering activities to make Busan Citizens Park, a landmark in Busan, a more beautiful and pleasant space. We aim to conduct steady activities to turn the park into a pleasant premium park by removing hazardous plants and weeds in the park.



Kyongnam Bank, Visiting Job Counseling Counter



Donating Gift Certificates for Regional Traditional Markets in Busan, Ulsan and Gyeongnam

Every year since 2008, BNK Financial Group purchased gift certificates for traditional markets worth KRW 4.5 billion for the New Year, chuseok holidays (Korean Thanksgiving) and year-end celebrations. In 2016, Busan Bank and Kyongnam Bank offered the gift certificates worth KRW 630 million to 12,600 underprivileged households in Busan, Ulsan and Gyeongnam before the New Year's Day.

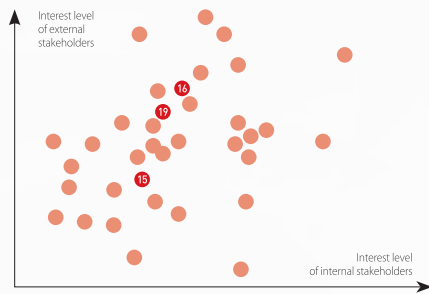


Visiting Job Counseling Counter

We operated the Visiting job-counseling center to resolve regional unemployment and achieve economic growth. Jobseekers are provided with information on jobs and training programs through systematic counseling from job counselors, and companies looking for new employees are matched with suitable candidates, which contributes to job creation.



Step. 01 Materiality Test Map



Step. 02 List of Core Issues

| | |
|----------------|-------------------------------------------------------------------------|
| Core Issue. 15 | Prohibiting discrimination against employees |
| Core Issue. 16 | Conducting training programs for intensifying competencies of employees |
| Core Issue. 19 | Increasing employment and securing stability in employment |



Aspect 05

Establishing a System to Foster Financial Specialists

Importance of Establishing a System to Foster Financial Specialists

As customer needs for financial products and services have diversified, and the global financial environment has rapidly changed, discovering and fostering competent talents with expertise and passion has become a prerequisite for sustainable growth of corporates. Retaining excellent financial specialists in the financial industry is now their core competitiveness. As such, innovative thinking and building up of competencies is essential for long-term survival of companies in the competitive financial market.

Crises and Opportunities

• Opportunities

The goal of securing financial specialists in the global financial market and achieving stronger growth through expertise build-up has become more important, regardless of time and space within the financial industry. If developing human resources based on their competencies takes place based on alignment with corporate strategies, performance orientation and formation of specific goals, it can be a new innovative methodology to achieve corporate management mottos.

• Crises

Securing and developing excellent human resources in the financial industry, a representative service industry, is now core competitiveness for companies. Hasty pursuit of performance orientation without making investments for strengthening competencies of employees might put them in a danger of losing long-term growth potentials, instead of generating short-term performance. In order to induce employees to generate performance, institutions need to improve the quality of human resources, and corresponding activities must precede the same.

Step. 03 Composition of Core Aspects



Step. 04 Table of Content for Core Aspects

Managing Competency-Oriented Financial Specialists

Operating Programs Fostering Financial Specialists

Performance and Goals

BNK Financial Group runs training programs in multiple areas including competency build-up by seniority to foster talents, preparations to advance into the global market and enhancing fundamental attributes required for financial specialists. The goal is to develop talents suited to the ideal talents we have in mind such as innovative challengers, value creators and professional financial specialists. We also take the lead in establishing a productivity-oriented working culture through fair and rational performance evaluation and rewards, and improving the job environment in Korea by recruiting talents from specialized high schools, regional talents, women and the socially underprivileged.

| Type | KPIs (Short-run · a Long-Term Strategy) | | |
|------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Establishing a system for personnel management | Employing competent talents <ul style="list-style-type: none"> · Operating a differentiated recruitment process by job type · Expanding the employment opportunities for graduates of specialized high schools and interns | Setting up a rational performance evaluation system <ul style="list-style-type: none"> · Forming consensus on setting performance goals and strengthening feedback · Reshuffling the performance-oriented wage system | Supporting the post-retirement life planning for retiree candidates <ul style="list-style-type: none"> · Transferring know-how on high skills and business operations · Running programs to suggest measures to utilize one's career in the financial industry |
| Devising a system to foster financial talents | Strengthening global talents <ul style="list-style-type: none"> · Developing a program to upgrade global talents with the entry of our overseas projects | Suggesting career growth paths <ul style="list-style-type: none"> · Fostering specialists by developing customized career growth paths by job category | Evaluating the productivity of human capital <ul style="list-style-type: none"> · Establishing a productivity evaluation model for human capital against the amount of investment made for training |

Managing Competency-Oriented Financial Specialists

Strategic Directions

The ideal talents pursued by BNK Financial Group are financial specialists that create new values with passion and innovation by challenging themselves for all types of tasks with a sense of ownership. We create a sound working environment by establishing an open recruitment system with no discrimination against anyone regardless of gender, religion and type of work and a fair compensation scheme to provide equal opportunities to all employees.

Ideal Talents of BNK Financial Group

| | |
|------------------------------------|--------------------------------------------------------------------------------------------------------|
| Innovative Challengers | Proactively participating in all relevant tasks by exploring the future with a sense of ownership |
| Value Creators | Passionately leading all relevant tasks driven by performance-oriented thinking and dynamic actions |
| Professional Financial Specialists | Growing as professional financial specialists with the highest level of expertise and job capabilities |

Key Activities

Busan Bank and Kyongnam Bank, Jointly Organizing a Unique Job Show

Busan Bank and Kyongnam Bank set the same time period for recruiting new employees and the same recruitment requirements to maximize synergies of the two-bank system, and jointly held 'BNK Financial Group Job Show'. Participants of the show were selected through prior registration among university students and graduates. The show garnered a hugely positive feedback as it covered various topics in the order of the latest recruitment trends, and BNK strategies for each job opening.

Hiring More Recruits from Graduates of Specialized High Schools

We recruited 28 new employees from specialized high schools in 2015, sponsoring 50% of tuition fees in undergraduate programs for bankers wishing to enter college after they acquire a job organized through the industry-university cooperation. We also hire high school graduates from districts where our branches are located beyond the ones in Busan, Ulsan and Gyeongnam through the locally specialized recruitment scheme.

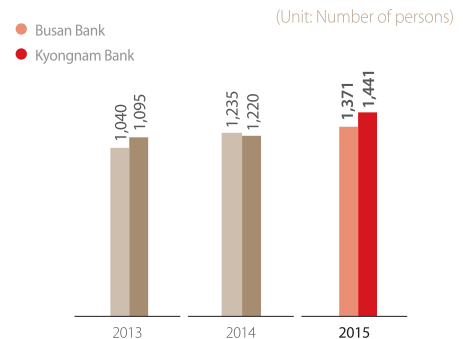
Increasing Employment of Employees with Disabilities

We seek to increase the employment of the disabled according to the provision on mandatory employment in the Employment Promotion and Vocational Rehabilitation of Disabled Persons Act. Three specialized employees with disabilities were recruited thanks to the wage of executives they returned, and a subcontracting agreement on recruiting the disabled has been signed with a sheltered workplace for the disabled to outsource printing and publication of books and advertisement. Work opportunities are steadily provided to the disabled and we were listed as one of the best practices in a booklet on case studies of hiring the disabled published by Korea Employment Agency for the Disabled in 2015.

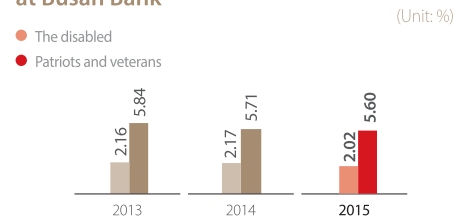
Non-discriminatory Composition of Employees

Employee evaluation takes place through a transparent procedure. We ensure against discrimination based on gender or disabilities by complying with laws including the Labor Standards Act and the Gender Equality Act. Busan Bank appointed a woman as department director for the first time in 2016. We will increase the ratio of female managers through various schemes including a female executive quota.

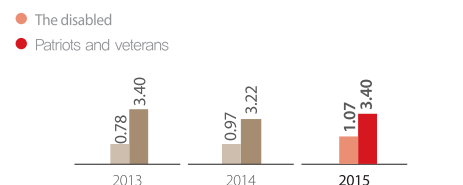
Accumulated Number of Interns



Ratio of the Socially Vulnerable Employed at Busan Bank



Ratio of the Socially Vulnerable Employed at Kyongnam Bank





Winning the Presidential Award for the Merit of Job Creation

Winning the Presidential Award for Category of Job Creation

Busan Bank won the presidential award in the category of support for job creation at the '2015 Ceremony for Government Awards for the Merit of Job Creation'. The bank has steadily carried out activities to create new jobs by increasing the recruitment of new employees, recruiting the socially underprivileged and graduates of specialized high schools and re-employing retirees. Financial site tours and job shows are annually conducted every year, and large-scale job shows are organized for university students in Busan, Ulsan and Gyeongnam for them to obtain financial jobs. These efforts of ours manifest the diversification of our job creation programs.

Guaranteeing Favorable Economic Conditions for Retirees

We guarantee favorable post-retirement economic conditions by implementing the re-employment scheme for retirees. We strive to expand job openings by discovering new jobs using the operational know-how of retirees to increase the usefulness of employees. Kyongnam Bank formulated a guideline on re-employment of retirees thereby enhancing the work satisfaction of retirees based on fair and rational re-employment standards. There has been no case of dismissal following restructuring and organizational changes as of the end of 2015.

Status of Re-employment of Retirees at Kyongnam Bank

(Unit: Number of persons)

| Type | 2014 | 2015 |
|-----------------------|------|------|
| Internal branch audit | 18 | 33 |
| Branch managers | 3 | 13 |
| Others | - | 6 |
| Total | 21 | 52 |

Management by Objectives (MBO)

We increased the efficiency of the existing performance evaluation system to enhance employees' contribution to performance and job immersion. The cycle of performance evaluation has been changed from yearly to quarterly to enable a more accurate performance evaluation. The HQ sets strategic tasks for objective management in consideration of characteristics by department, and key performance indicators reflecting them are reflected in evaluation. Branches are evaluated based on key performance indicators and objectives depending on environmental factors, and work-related complaints gathered by employees are reflected in the performance evaluation system.

Leadership Assessment

Leadership of assistant branch managers and supervisors is evaluated at Kyongnam Bank to help them check and improve their own attributes and competencies. Random IDs and passwords are given to each branch for anonymous evaluation so that employees can provide genuine feedback. The results are used as references to address drawbacks and enhance leadership. We will improve a communication culture among employees, while strengthening efforts to develop leadership based on continued evaluation.

Providing Reasonable Compensation

We make a comprehensive review of the results of systematic performance evaluation and employees' contribution to performance in providing various types of compensation to employees in the form of profit sharing, incentives and others. Bonuses, incentives and additional scores for personnel rating are provided to high performing employees in various campaigns and promotional activities, thereby increasing their motivation for work.

Operating Programs Fostering Financial Specialists

Strategic Directions

We operate systematic courses to foster financial specialists to develop talents as proactive challengers. We foster them as global financial talents by providing customized training programs depending on their competency. Such talents are selected through our recruitment process which is open and fair. The whole group shares the importance of continued talent development by emphasizing the importance of self-development to employees and offering diverse opportunities for their goals.

Key Activities

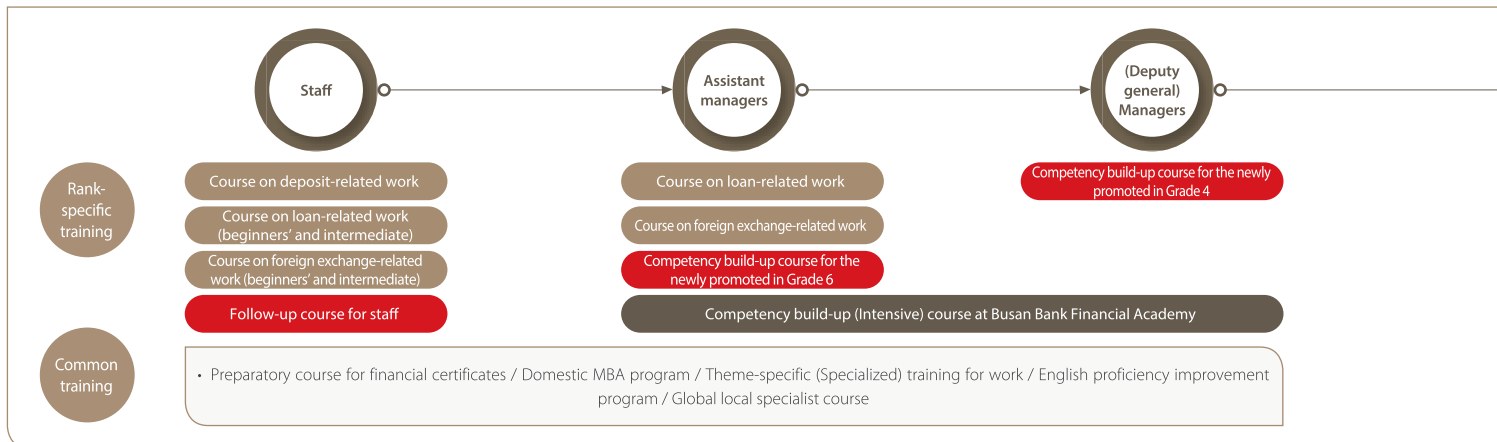
Implementing the 'One Hundred-Year Plan for Talents'

Busan Bank implemented the 'One Hundred-Year Plan for Talents' as a program to develop talents to help them to be equipped with global competitiveness. In order to strengthen specialized competencies and global competitiveness of employees, the bank has invested KRW 10 billion for three years since 2015, which will be used to run systematic training programs including financial training, expansion of the MBA program, language proficiency courses and overseas trips for financial experiences. The bank will establish its presence as a global bank by fostering future talents and raising its competitiveness.

Running Special Programs for Corporate Managers and Candidates for Corporate Manager

Busan Bank runs two-track training programs for corporate manager candidates and current corporate managers to seek for management stability and achieve sustainable growth as a global bank. The SERI-CEO course takes place every morning for them to identify trends in diverse fields including corporate management, economy and literature and make creative decisions. Renowned guest speakers are invited for special lectures at least once a month. The current management is induced to take the CEO courses organized by universities and outside institutions. We plan to run special training programs to share the management philosophy of the CEO and solve issues.

Training Programs for Competency Build-up per Rank at Busan Bank



Running Domestic MBA Programs

We conduct domestic MBA programs to foster specialists in specific banking areas. In 2015, 46 employees were selected to be trained as financial talents with expertise in 10 selected fields (risk management, accounting, marketing, statistics, law, international commerce, HR, real estate, IT and ship financing). They are provided complete support to complete masters' programs in universities they have selected themselves.

Fostering Globally Competitive Financial Specialists

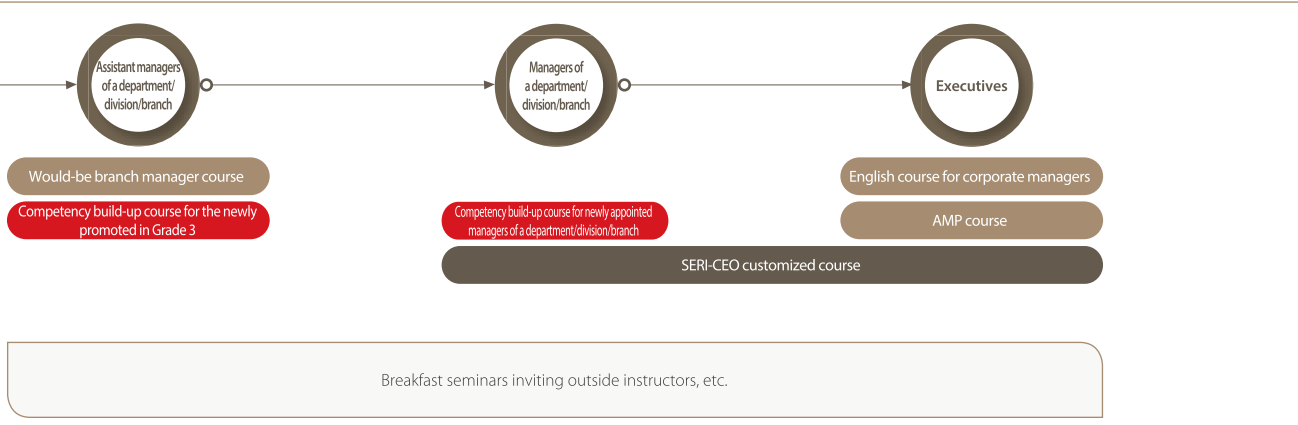
Overseas job training is provided to foster globally competitive financial specialists in Japan, Hong Kong, Singapore and the U.K. Specialists in each department benchmark their counterparts in advanced financial institutions overseas. We also take part in specialist courses in overseas universities to foster local financial specialists. Such types of localized talent development policies contribute to business activities of overseas subsidiaries of our existing partners and companies, which have advanced abroad and are locally aligned.

Conducting the Work and Learning Dual System

Busan Bank conducts the work and learning dual system for the first time as a bank. The aim is to be proactively engaged in realizing a meritocratic society as part of the government's national agenda, helping newly hired employees better adapt to the work environment and enhancing their business skills. The curriculum covers deposit-related work, e-banking services, protection of financial consumers and practical guidance of financial products. Group training was carried out for 159 new employees, and on-site training took place under the instruction of two relevant employees in each branch.

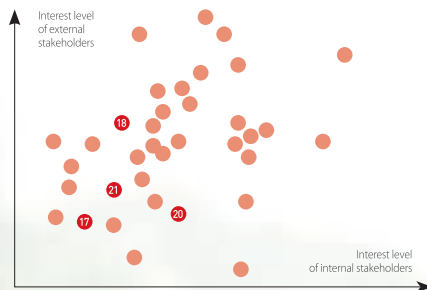
Conducting a Mentoring Program for New Employees

We have designated employees with ranks equal to or higher than assistant managers as mentors for new employees as mentees in a mentoring program with activities more than once a week. The mentoring program helps new employees to adapt to their organization faster and enhance their business competencies, while providing opportunities for sustainable growth. Starting with 41 mentor-mentee pairs in 2009, about 1,010 pairs are working together.





Step. 01 Materiality Test Map



Step. 02 List of Core Issues

| | |
|----------------|----------------------------------------------------------------------------------|
| Core Issue. 17 | Enabling flexible subscription to the labor union and facilitating its operation |
| Core Issue. 18 | Intensifying welfare benefits for employees |
| Core Issue. 20 | Spreading the culture of efficiency in work and the corporate culture |
| Core Issue. 21 | Vitalizing the grievance handling system on labor and human rights |



Aspect 06

Establishing a Culture of a Great Working Environment

Importance of Establishing a Culture of a Great Working Environment

Having a pleasant working environment and providing family-friendly working conditions are important indicators for a great work place with a good work-life balance. We continuously strive for creating a good group culture where employees can work and do well at work and home. Activities are carried out to establish a culture of a great group to work for, by focusing on communication among employees, safety and health and a work-life balance, thus satisfying employees to a greater extent. As a financial group making external expansion, we integrate diversified corporate cultures among affiliates, and imbue a sense of pride in the hearts of all employees of BNK Financial Group. We endorse the Universal Declaration of Human Rights, and comply with domestic laws and protocol of the International Labor Organization (ILO) to prevent human rights violation including labor issues.

Crises and Opportunities

• Opportunities

Giving fair opportunities to members, removing prejudice against the socially vulnerable and creating a corporate culture where people can communicate freely leads to forming a basis for higher creativity and productivity among employees. In the financial industry as a representative service industry, competencies of human capital are important. In order to utilize competencies of human capital as much as possible, ensuring a pleasant working environment and improving the welfare system would be essential as stepping-stones.

• Crises

Public awareness of welfare has gone up amid economic growth, while lack of humane consideration for others has emerged as a critical social issue. Expenses have increased in companies to eradicate human rights violation and improve employees' welfare and their working environment. Employers also strive to integrate a culture of mutual respect and consideration. A culture of respect and consideration needs to scale up, which might be neglected the daily working environment, and welfare expenditures that may hamper corporate growth need to be prevented.

Step. 03 Composition of Core Aspects



Step. 04 Table of Content for Core Aspects

Operating Customized Welfare Benefits

Establishing a Corporate Culture of Communication

Performance and Goals

BNK Financial Group put in place diverse welfare schemes and communication channels including grievance counseling, health check-ups and BNK Yes! Leader (the Junior Board) to ensure the protection of employees' human rights, their proper health management and a culture of freely participating in corporate management. Seeking to proactively gather and resolve employees' feedback and grievances, we will regularly hold communication channels with the CEO, expand labor unions of affiliates and facilitate participation of employees in corporate management. We hope our workplace is able to satisfy all employees driven by the expansion of programs for a work-life balance.

| Type | KPIs (Short-run · a Long-Term Strategy) | | |
|----------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Creating an excellent employment environment | <p>Diversifying welfare systems and communication programs</p> <ul style="list-style-type: none"> · Developing diverse family engagement programs for employees and maternal protection programs · Expanding vertical and horizontal communication channels | <p>Raising employees' satisfaction by enhancing the work-life balance</p> <ul style="list-style-type: none"> · Improving the culture of getting off work · Strengthening support for club activities for employees · Accepting grievances and complaints, selecting and executing key areas for key improvement | <p>Establishing a culture of a great group to work</p> <ul style="list-style-type: none"> · Improving the score for GWP (Great Work Place) survey · Maintaining the family-friendly company certification · Facilitating activities for engagement of employees in management for transformation and innovation |

Operating Customized Welfare Benefits

Strategic Directions

We strive to create a culture of a great group to work for, by creating a working environment to guarantee health and safety and strike a work-life balance. We intended to achieve 'a happy workplace for employees' by enhancing accessibility of the welfare system and operating programs for differentiated health management and family-friendly programs. We will carry out activities for continued improvement to improve satisfaction of employees and create an advanced working environment.

Key Activities

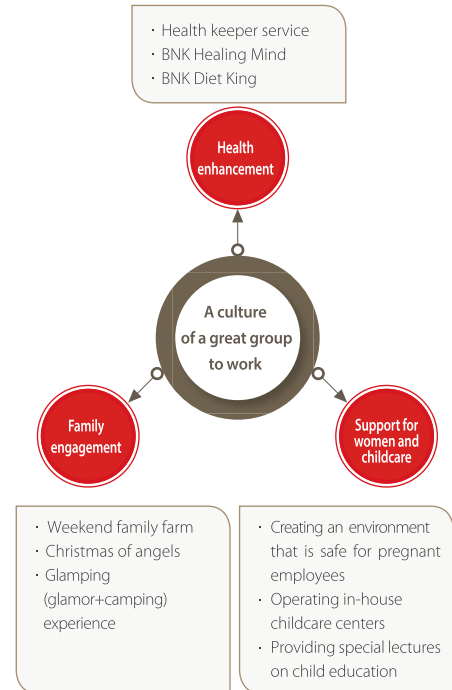
Inscribing our Welfare System into the Mobile App for Operational Support

We inscribed our welfare system into our mobile app for operational support in order to increase convenience in using the welfare system and provide seamless funeral service, especially for deaths that happen during weekends. The welfare system consists of 24 items including a procedure supporting funeral expenses, expenditure for congratulations and condolences, tuition fees for children, medical fees, use of resort condominiums and other types of resorts. Prompt services via the mobile app raise satisfaction levels of employees.

Supporting Health Management and Disease Prevention

Busan Bank prescribes rules for health improvement of workers and provides free health check-ups, group accident insurance, and subsidies for nursing and medical fees. The bank also runs funds for quitting smoking and going on a diet for health management and periodic customized health management services. The bank creates an environment for employees to boost their health by constructing a gym at the head branch and employing professional health trainers.

Directions for Running the Welfare Benefit System



Health
keeper
service

Busan Bank employed two health keepers who are certified massage therapists to provide free massages to employees. This can increase job opportunities for the disabled and improve employees' health. There are 'on-site health keeper service' to provide the service to a group of applicants, and 'Siwonhadei (Super Relaxing)' service is offered on Wednesday every two weeks for individuals applying for the service.

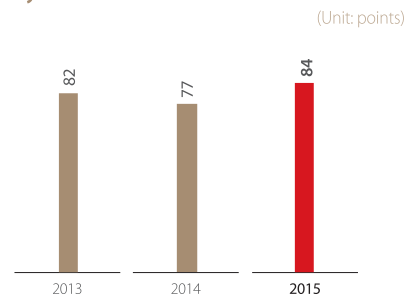
BNK
Healing
Mind

Counseling is provided to all employees and their spouse to prevent work stress-induced disorders and increase efficiency in work. One-on-one in-depth interviews with professional counselors help them ease various types of problems: work stress and interpersonal relationships, emotional issues and health problems.

BNK
Diet King

At the gym on 4F of the head branch, personal training sessions, fit food, training suits and sneakers are provided free of charge to four employees selected out of all the applicants. Their 'before vs. after' photos are disclosed via in-house broadcasting to awaken employees of a need for exercise and form a sound corporate culture.

Results of the GWP Employee Satisfaction Survey at Busan Bank





In-house Childcare Center, BNK Geumjeong Childcare Center

Maternal and Childcare Support

We provide support for childbirth and childcare for female employees to solve social issues including low birth rate and women whose career has been interrupted. We create a culture for a work-life balance for women by running systems to support the pregnant and working moms and in-house childcare centers and special lectures on child education.

Creating an Environment for Maternal Protection

We create an environment of being considerate of female employees' childbirth and childcare. Busan Bank provides diverse forms of institutional support by allowing for flexible working hours for the pregnant, appointing female employees who have returned to work after childbirth in a branch near their house, and running a flexible working system for employees on childcare leave.

Running In-house Childcare Centers

Busan Bank opened 'BNK Geumjeong Childcare Center' and 'BNK Saha Childcare Center' following the ones in Jeonpo-dong and Haeundae-gu. In a total of four in-house childcare centers, 100 children of employees are taken care of. We are thinking of opening more to respond to a high demand among employees. Kyongnam Bank opened 'BNK Ulsan Childcare Center' at Ulsan Sales Division, which takes care of infants and babies and performs education for their creativity and character buildup.

Providing a Special Lecture on Child Education

Busan Bank provided a special lecture of an education specialist on the theme of 'Proper Strategies will Change the Future of My Child in the Rapidly Changing Educational Environment' to employees and their children by partnering with an excellent institution specialized in education. The lecture covered self-driven learning and relevant strategies by individuals to enter high schools and universities.

Running Family Participating Programs

Busan Bank holds diverse programs and events for employees to spend a high-quality time with their family. They include 'BNK Weekend Farm for Families', 'BNK Happy Family Day' and 'BNK Family Angel's Christmas'. Kyongnam Bank offered glamping opportunities ('Dad! Let's Go Together!') amid greater popularity of camping for employees and their families to have a time for heart-to-heart communication.

BNK Weekend Farm for Families'

We provide a land of 16.5m² for a vegetable garden to each family for employees to have a leisure time with their family and healthy organic food. We have allocated a space for employees and their families: 1,322m² in Geumjeong (for 80 people) and 1,157m² in Gangseo (for 70 people).

BNK Family Angel's Christmas

A total of 480 employees and their families watched a family musical and a bubble magic show in the Christmas season. A great feedback was on a joint year-end performance among three BNK in-house childcare centers.

Glamping Experience - Dad! Let's Go Together!

Kyongnam Bank provides glamping opportunities to employees with elementary school kids and their families. A group of 40 families from 10 households get together to learn the importance of family through outdoor activities while boosting employees' morale.

Establishing a Corporate Culture of Communication

Strategic Directions

Diverse programs are up for grabs to facilitate engagement in corporate management and innovate the corporate culture based on one of our core values i.e. 'communication and trust'. In order for the CEO and employees to share common values and establish a mutually cooperative relationship, we create a vibrant working atmosphere and continue to carry on a trust-based corporate culture.

Key Activities

Putting in Place Cooperative Labor-Management Relations

In order to put in place cooperative labor-management relations, we stipulated three labor rights – the right to organize, the right to collective bargain and the right to collectively act – through the operating rules of the labor-management council. The council meetings are held every quarter via the official labor union with unionists with the exclusive duty on the labor union at Busan Bank and Kyongnam Bank.

Running BNK Yes! Leader (the Junior Borad)

We run BNK Yes! Leader to seek for innovative improvement in the corporate culture. Members of BNK Yes! Leader are excellent talents in head branch departments and branches, serving as internal and external communication channels while suggesting ideas on corporate management. BNK Yes! Leader conducts annual exchange activities, maximizing synergies in management innovation.

Busan Bank, Running the Alpha Leaders Program

Busan Bank has run the 'Alpha Leaders', a leadership program for employees every year since 2008 to spread the culture of change, innovation and communication. Employees who volunteered to become alpha leaders and got selected are involved in various activities to lead changes and innovation within the bank. These include strengthening their competency at 'BNK-WAY Leadership Training' and fostering their challenging spirit and mindset for cooperation through promotional flash mobs, trekking at Halla Mountain and seminars at 'Jeju BNK-WAY'.

Organizing the Concert of Happiness and Hope

Kyongnam Bank created an occasion for all its 3,100 employees to be united and have fun, marking its 45-year anniversary. A concert was held for them to enjoy as a breather, casual party and morale booster. The concert enhanced satisfaction of employees while serving as a trigger for communication and change for a higher leap of Kyongnam Bank.



Winning the Prime Ministerial Prize of the Labor-Management Culture Award

Kyongnam Bank was the only domestic bank selected at the '2015 Best Labor and Management Culture Enterprise' by the Ministry of Employment and Labor to win the Prime Ministerial Prize of the Labor-Management Culture Award.



Busan Bank, Running the Alpha Leaders Program



Concert of Happiness and Hope



Closer Talk with the CEO



Cultural Events with the CEO

Communication with the CEO

Busan Bank and Kyongnam Bank are creating diverse forums to facilitate communication between corporate managers and employees. Busan Bank conducts the 'Cultural Events with the CEO' and 'Gonggam Madang' which gives opportunities for enjoying cultural events including movies and theatrical plays and communicating with one another. Kyongnam Bank held events including 'Closer Talk with the CEO', 'Good morning 7080' and the 'CEO's special lecture', establishing trust and improving satisfaction of employees.

Cultural Events with the CEO

In the Cultural Events with the CEO, employees and the CEO enjoy cultural activities such as watching plays or movies and enjoying time together for dialogue. Diverse events are organized afterwards to offer a time of joy and harmony to employees.

'2015 Gonggam Madang' with the CEO - Unlimited Challenge!

Gonggam Madang took place on four occasions for heart-to-heart communication between department/division/branch employees and reassurance of our commitment for achieving business goals for 2015. The CEO and department/division/branch employees enjoyed a fruitful get-together.

Closer Talk with the CEO

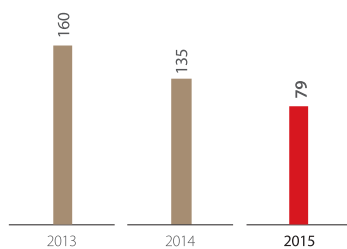
The CEO and 430 assistant branch managers of Grade 3 and supervisors of Grade 4 in each region were gathered together according to the management guideline on four occasions where they listened to issues on the field and sought for solutions.

Walk & Talk with the CEO

We conduct the 'Walk & Talk with the CEO' for healthy communication harmony. Employees and the CEO had a genuine dialogue as they walked together outside. We plan to carry on the Walk & Talk program for a culture of communication to take roots.

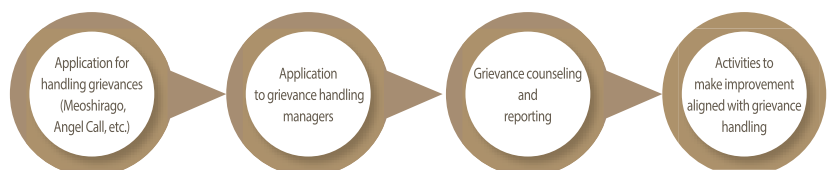
Current Status of Handling Complaints at Busan Bank

(Unit: number of cases)



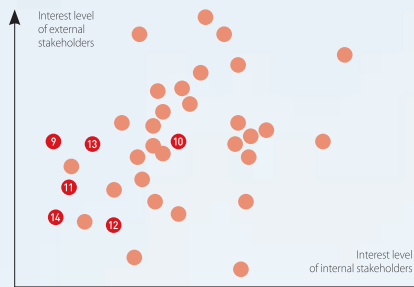
Operating the Ombudsman Channel

Busan Bank runs two Ombudsman channels: 'Angel Call' and 'Meoshirago', providing counseling services and providing one-on-one on-site interviews upon employees' request by visiting them in person. The interview details are reported to the executives to be reflected in making improvements. In 2015, Busan Bank had 79 grievances registered in total, while Kyongnam Bank resolved 31 complaints out of 60 internal ones and two external ones.





Step. 01 Materiality Test Map



Step. 02 List of Core Issues

| | |
|----------------|------------------------------------------------------------------------------------|
| Core Issue. 09 | Expanding green purchasing and ensuring efficient use of consumables |
| Core Issue. 10 | Managing the amount of energy consumed and expanding the use of renewable energies |
| Core Issue. 11 | Conducting environmental protection activities around our business districts |
| Core Issue. 12 | Establishing a system for risk management against climate change |
| Core Issue. 13 | Developing eco-friendly products for environmental protection |
| Core Issue. 14 | Sophisticating strategies, policies and systems for environmental management |



Aspect 07

Leading Environmentally Friendly Management within the World of Finance

Importance of Leading Environmentally Friendly Management within the World of Finance

Issues related to the environment such as weather abnormalities, a higher usage rate of natural resources and the occurrence of environmental pollutions have been rampant everywhere. BNK Financial Group strengthens the internal management system on the environment to preemptively and effectively respond to the changing environment policies of the government and environmental needs of stakeholders, while fulfilling environmental responsibilities required for a corporate citizen. We seek to further cherish the environmental value by reducing the negative environmental impact that occurs in operating branches by efficiently reducing the amounts of resources and energy used for corporate management and reducing waste.

Crises and Opportunities

• Opportunities

The financial industry finds new investment opportunities as R&D on financial derivatives is facilitated, covering regulations against climate change and GHG emissions. Companies are prepared against unpredictable challenging risks through risk management in climate change for responding to natural disasters and creating the environmental value. They can generate performance in new business areas by monitoring the launch of new financial products and developing relevant products.

• Crises

Environmental changes resulting from weather abnormalities and corresponding natural disasters hugely impact the lives of humans, damage housing of residents, destroying the eco-system and ultimately, inducing corporate asset losses. Engagement of advanced governments and global enterprises in efforts to minimize social issues resulting from climate change can reduce financial and non-financial damage that might occur due to natural disasters from abnormal climate.

Step. 03 Composition of Core Aspects

Leading
eco-friendly
management in the
financial industry

Step. 04 Table of Content for Core Aspects

Building an Environmentally Friendly Management System

Developing Financial Products for Environmental Protection

Performance and Goals

BNK Financial Group establishes specific action plans by recognizing the importance of climate change response and management. We support stakeholders in the society to be interested and take part in environmental protection by launching loan and deposit products aligned with climate change. We also make long-term plans by establishing GHG management strategies and setting up corresponding systems to respond to the government policies on regulations for climate change response and GHG emissions, and enable actions to be taken based on the goals for reducing the environmental impact.

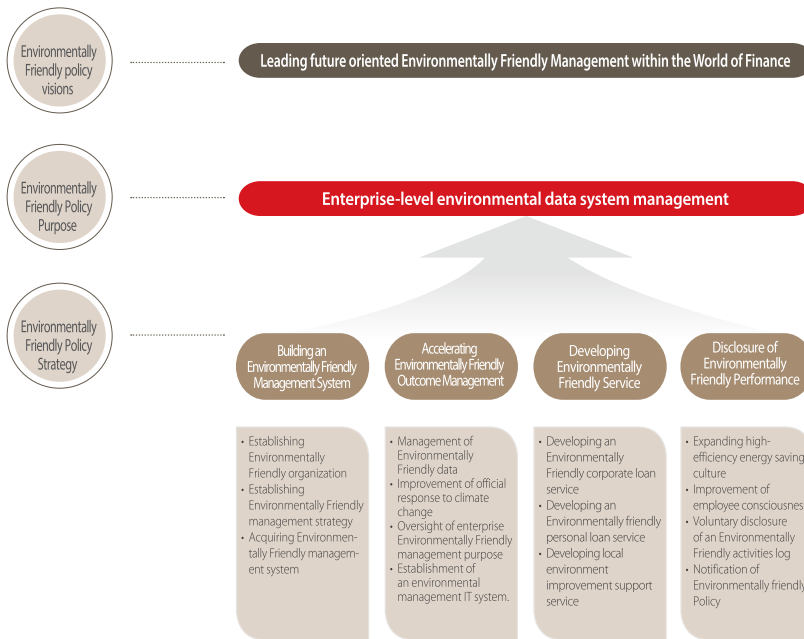
| Type | KPIs (Short-run · a Long-Term Strategy) | | |
|---------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Reducing GHG | Establishing Environmentally Friendly management strategy for the group <ul style="list-style-type: none"> · Designating environmental management vision, goals, core strategic directions and specific strategic task. | Building an Environmentally Friendly Management System for the group <ul style="list-style-type: none"> · Inspecting the use of resources and energy by all affiliates and the current status of waste and GHG emissions | Reducing GHG emissions <ul style="list-style-type: none"> · Setting the system for performance management based on GHG emission tracking management and target goals |
| Saving Energy | <ul style="list-style-type: none"> · Preemptive responding to designated GHG and energy target management | <ul style="list-style-type: none"> · Managing GHG and energies systematically by establishing the GHG inventory in the group level | Expanding energy reduction goals <ul style="list-style-type: none"> · Expanding the targets for energy saving · Upgrading and updating goals for operational systems |

Building an Environmentally Friendly Management System

Strategic Directions

We set group-level directions for responding to climate change issues, and recognize and manage diverse risks resulting from climate change in accordance with government policies. Since proactive engagement and efforts of responding are required to manage climate change including the reduction of energy use, we have completed the establishment of environmental management strategies and a data management system.

Environmentally Friendly Policy Vision and Purpose



Key Activities

Establishing Environmentally Friendly Management Strategies

Environmentally Friendly Policy of BNK Financial Group is to be defined as a form of policy which acknowledges the environmental issues (i.e. climate change measures · Energy Reduction · Resource Depletion) as a crisis and focuses on 'Risk Management' through "Environmentally friendly Policy" and 'Growth Chance,' all acknowledged as integral parts of "Green Policy". The policy contains BNK Financial Group's Environmentally Friendly Policy, written to minimize the environmental impact, and to turn crisis into opportunity as a principal finance institution.

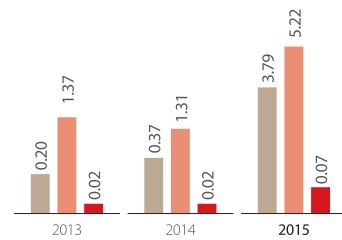
Environmental Data System Management in the Group

As the scale of our income increases along with our external expansion by incorporating Kyongnam Bank and BNK Asset Management, it is expected that BNK Financial Group would be designated as a company subject to the GHG and energy target management scheme in the national level. BNK Financial Group completed setting up the system for the management of environmental data to manage the current status of GHG emissions in an integrated manner, which has been sporadically carried out. We commissioned verification by a professional verifier to track the environmental data of all our eight subsidiaries besides BNK Financial Holdings.

GHG Intensity of the Group

(Unit: tCO₂eq / KRW billion)

- Total Direct Emissions (Scope 1)
- Total Indirect Emissions (Scope 2)
- Total Other Indirect Emissions (Scope 3)



*Data reported in 2013 and 2014 have been changed due to changes in the standard to calculate the GHG basic unit.

Activities and Performance of Saving Major Energies and Goods

Busan Bank and Kyongnam Bank, Jointly Operating Logistics

We save the transport cost and reduce the GHG emissions by establishing integrated logistical paths connecting branches in the same region.

Introducing Electric Vehicles for Work

We procured and operated five electric vehicles to lower gas emissions from vehicles and ensure eco-friendly travel.

Reducing Billboards and Signage

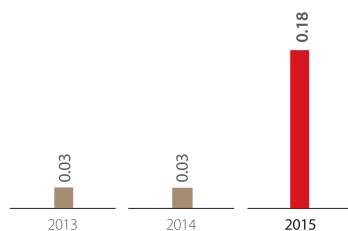
We contributing to saving the amount of electricity used by reducing the number of billboards by 100 to save the utility fees and reduce cost.

Adopting Solutions for Managing Print Toners

We reduce the cost of approximately KRW 68 million by identifying the remainder of toners in real time, placing orders to replace toners automatically and adjusting the printout density.

Energy Intensity of the BNK Financial Group

(Unit: TJ / KRW billion)



*Data reported in 2013 and 2014 have been changed due to changes in the standard to calculate the energy basic unit.

Waging a Campaign to Save Energy and Goods

Busan Bank conducted an intensive campaign to save energy and goods under a slogan, '2015 Unlimited Challenge! Saving Energy and Goods'. We established a guideline to practice energy saving under the theme of 'Changing Habits, Changing Thoughts'. The guideline covers automatic turn-off of lights during lunch time, HVAC operation in consideration of the outside temperature and a walking campaign within the building. We have also created a guideline to practice saving of goods including implementing the Clear Day of Office Goods, recycling idle property and saving stationery consumables. Kyongnam Bank saved costs of approximately KRW 190 million for office goods through an annual energy and goods saving campaign. Energy-saving products are adopted by phase to target branches which are subject to improvement of the environment. Such products include automatic switches for LED sensors, outlets to cut off standby power and sensor faucets for auto watering. We also participate in saving goods through workout of certificates. In 2016, we are waging a campaign for energy saving by setting a 5% reduction goal in the budget plan in the category of electric bills and office goods.

Saving the Amount of Electric Power Use in Branches

Busan Bank analyzes the status of variation of the amount of electricity used for 187 branches that are to be issued with electric bills in partnership with Korea Electric Power Corporation (KEPCO) on a quarterly basis. As a result of the energy saving campaign and on-site consulting, we were able to save electricity worth 15,502kW year on year as of December-end, 2015. We plan to implement continued guidance activities and measures to strengthen control for energy saving.

Providing Incentives for Managing Climate Change

Our work proposal system is up and running for employees to respond to climate change in order to raise awareness about climate change and the environment. Moreover, we selected excellent branches and offices in energy saving and announced those selected to praise their efforts for the cause. The selected branches and employees receive additional incentives to create a culture of energetic engagement of employees.

Providing On-site Consulting on Energy Saving

Busan Bank conducted quarterly on-site consulting services to branches whose energy saving performance is lagging behind others. We analyzed factors that increased the amount of electric power used and provided information on energy saving measures by visiting 55 branches whose employees were also trained on 12 ways to save energy in their daily life. Such branches will also be selected to be under intensive management in 2016 so that we can verify the effects of consulting and continuously inspect and manage if reduction has been made or not.

Analyzing the Current Status of Expenditure of Consumables

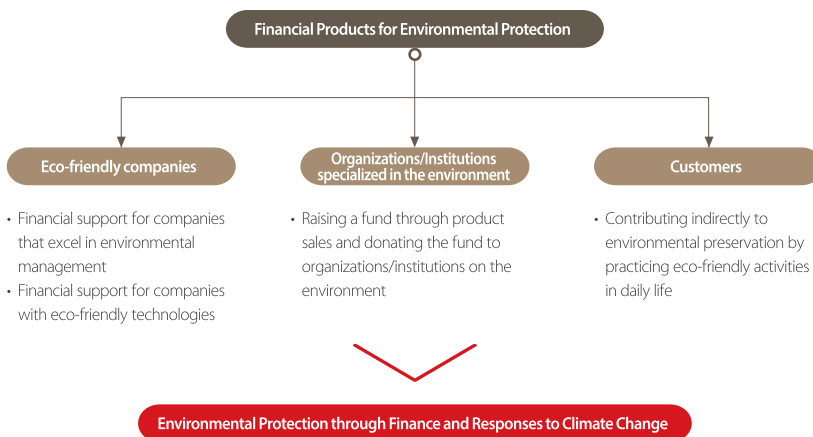
Busan Bank allocates budgets for 14 categories including the utility bill, fuel cost and consumables which are spent on a monthly basis, and analyzes the status of variation. Causes for the year-on-year variation are identified based on the monthly basis, and measures to save per item of variation are established and implemented. We could save KRW 146 million for fuel cost for vehicles and KRW 100 million for consumables compared to the previous year as of end of December, 2015.

Developing Financial Products for Environmental Protection

Strategic Directions

BNK Financial Group provides benefits to companies that conduct business in the field of new growth engines of low carbon and high efficiency, including financial support, interest rate reduction and premium banking charges. When extending loans and investment for Project Financing (PF), Busan Bank seeks to generate business opportunities associated with the environment and climate change. Therefore, we make it mandatory to identify if developers conduct the environmental impact assessment pursuant to the Environmental Impact Assessment Act, indirectly reflecting the results of the assessment on projects.

Key Activities



Financial Support for Eco-friendly Companies

Busan Bank discovers SMEs that excel in environmental management and extend low-interest funds to them in partnership with the Korea Environmental Industry and Technology Institute under the Ministry of Environment. We contribute to the development of eco-friendly technologies and the growth of related companies by providing premium loan interest rates and exempting banking charges for companies specialized in new and renewable energies, energy service companies (ESCO) and companies with green certification.

Supporting Environmental Organizations/Institutions

We raise funds by selling products designed for environmental protection and donate them to environmental organizations and institutions, including BNK ECO Installment Saving and Galmaetgil Installment Saving. We support environmental projects by donating a part of after-tax interest rates.

Raising Environmental Awareness among Customers

We sell products providing benefits depending on customers' records of environmental activities including energy saving. This helps to spread awareness about environmental preservation and climate change response, and induces behavioral changes of customers.

Major Loan Products

(As of December 31, 2015)

| Product Name | Number of Cases Extended | Balance Amount | Major Characteristics |
|-------------------------------------------------------------------------------------|--------------------------|-------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Loans for the Fund to Foster the Recycling Industry | 119 cases | KRW 26.8 billion | Manufacturing and supporting technology development of products using recyclable resources including automobiles and electronic products |
| Loans for the Fund to Improve the Environment and Foster the Environmental Industry | 67 cases | KRW 17.3 billion | Financing facilities and project cost for manufacturing and selling environmental technologies and establishments and green products |
| Loans for the Fund to Purchase BNK CNG Buses | 11 cases | KRW 1.4 billion | Financing bus companies that are willing to purchase eco-friendly Compressed Natural Gas (CNG) buses with a low level of gas emissions |
| Prime Loan for BNK Clean Green Companies | 130 cases | KRW 22.3 billion | Offering the prime loan to eco-friendly companies or companies with environmental growth potentials - companies recognized in Busan Bank's eco-friendly company review and evaluation table, companies specialized in new and renewable energies and companies specialized in energy saving |
| Loans for the Energy Usage Rationalization Fund | 1,546 cases | KRW 154.8 billion | Financing a part of business expenses for SMEs that install energy saving facilities to reduce energy and GHG. |

Introduction of Deposit/Installment Saving and Card Products

(As of December 31, 2015)

| Product Name | Remaining Balance/Used Amount | Year-on-Year Change | Major Characteristics |
|---------------------------------------------------|-------------------------------|---------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| BNK Eco Installment Saving | KRW 26.4 billion | KRW Δ 2.6 billion | The product is designed to protect migratory birds and the ecosystem where 3% of the interest rate after tax is accumulated in a fund to contribute to environmental organizations and institutions. |
| Galmaetgil Installment Saving | KRW 546.4 billion | KRW Δ 46.7 billion | A fund is accumulated with 2% of the interest after-tax from a matured account to be donated to local organizations and governments that carry out projects for public interest associated with environmental preservation. |
| Busan Bank Green Card | KRW 385.7 billion | KRW 17.3 billion | It is a product to accumulate mileage points upon purchasing eco-friendly products associated with saving water, town gas and electric energy. Up to 50% of discounts are offered for using cultural and leisure facilities in 150 local governments nationwide. |
| Busan Bank Green Corporate Check Card | KRW 70.8 billion | KRW 14.8 billion | |
| Busan Bank My Zone Green Check Card | KRW 69.2 billion | KRW Δ 4.9 billion | |
| Kyongnam Bank Green Card (credit/check) | KRW 211 billion | KRW Δ 5.1 billion | Kyongnam Bank offers services to customers to be naturally engaged in green living including saving energy, public transit usage and purchase of eco-friendly products in daily lives |
| Kyongnam Bank Green Corporate Card (credit/check) | KRW 81.3 billion | KRW Δ 9.3 billion | |

HAPPY FINANCING, TOGETHER PRACTICE

It is
a representative
financial group of Korea
that makes a new future
in economic zone of
Asia.

BNK Busan Bank

It is
a comprehensive
securities company
established to facilitate
the regional financial
industry and the
capital market.

BNK Securities

It is a native
bank representing
the Gyeongnam and
Ulsan regions giving
'Happiness to Customers
and Hope to the
Regions'

BNK Kyongnam Bank

It is a financial company specialized in loans focusing its financial competencies on microcredit service.

BNK Capital

It is a financial company specialized in microcredit extending deposits and loans for the working class.

BNK Savings Bank

It is an asset management company which practices socially responsible management by developing differentiated products as a new member of BNK Financial Group.

BNK Asset Management

It is a credit information company specialized in loan review through seasoned experiences and professional consulting.

BNK Credit Information

It is a financial IT company offering financial IT services.

BNK System

BNK Busan Bank

Despite a continuum of internal and external economic uncertainties, Busan Bank has achieved its management performance befitting its No.1 prestige as a regional bank through customer-friendly services and risk management. The bank has further established its growth basis by aggressively advancing into the global market including China, Vietnam, Myanmar and India while making inroads into Gyeonggi Province for the first time as a regional bank. While initiating continued internal innovation for practicing thorough customer value-oriented management, Busan Bank will reinvigorate the regional economy by expanding support for SMEs and livelihood for the working class, and focusing on management rationalization earlier than others and substance-oriented management. Consequently, the bank is prepared to make a leap forward toward the next quarter century. The bank promises to serve as a cornerstone giving hope by holding an umbrella of hope when the region and customers confront challenges.



President of Busan Bank, **Se Whan Sung**

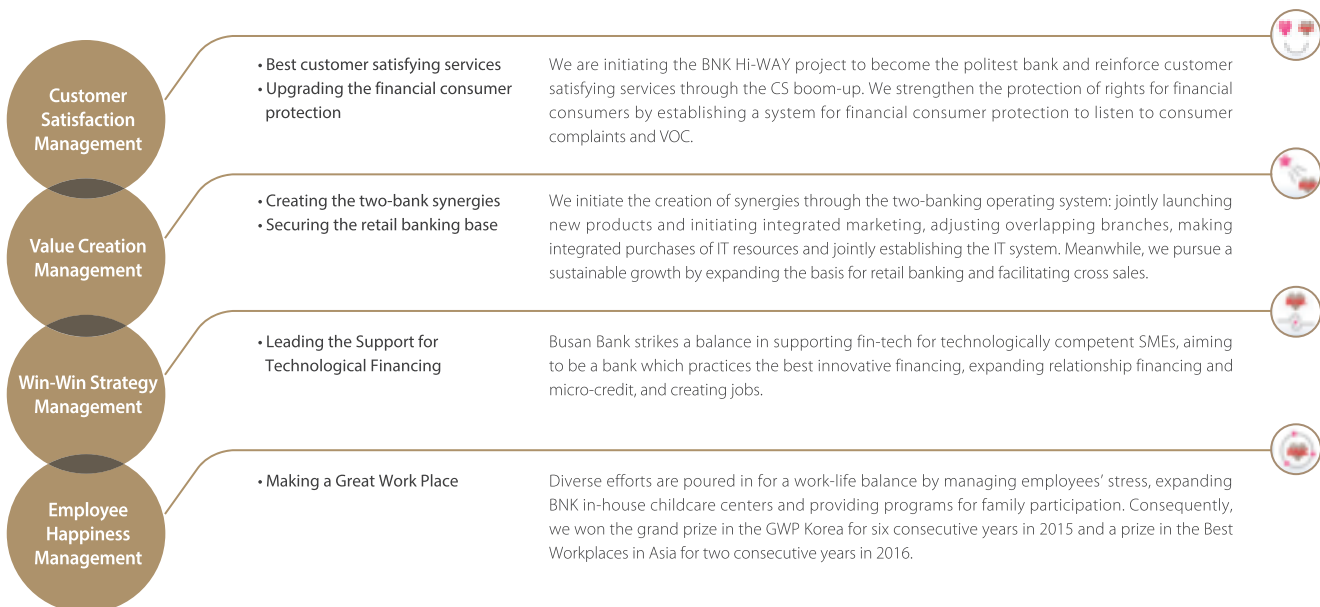
Company Introduction

Busan Bank is a representative local financial institution that has grown together with the region for forty-nine years since its foundation in October 1967, to revitalize the local economy. Even during the 1997 financial crisis and global financial crisis, the Bank was able to withstand the crisis through localized business strategies. As of the end of 2015, the Bank became one of the best regional banks with total assets of KRW 56.54 trillion (including trust accounts), net income of KRW 320.3 billion, 270 branches and 3,555 employees. Moreover, Busan Bank set its mid-and long-term management goal for 2015 as 'Visions 2020: Busan Bank of Korea as A New Future in Asia's Finance'. The bank continues to strive to become a global company under the new goal.

Company Information

| | |
|----------------------|--------------------------------------------------------------|
| Date of Foundation | October 10, 1967 |
| Shareholders' Equity | KRW 4,773.9 billion |
| Headquarters Address | 30, Munhyeongeumyung-ro, Nam-gu, Busan Metropolitan City |
| Employees | 3,555 persons |
| Homepage | www.busanbank.co.kr |

Sustainability Activities per Management Principle



| | |
|-------------------|------------------------|
| Busan Bank | BNK Savings Bank |
| Kyongnam Bank | BNK Asset Management |
| BNK Securities | BNK Credit Information |
| BNK Capital | BNK System |

Core Activities per Strategic Task

| Strategic tasks | Core activities | Major explanations |
|------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Expanding the basis for sustainable growth for the future | <ul style="list-style-type: none"> Expanding the domestic and global business networks Establishing a strategic management system for human resources | We have expanded our business bases by dynamically initiating the advancement of branches and offices abroad in places including China, Vietnam, Myanmar and India, while securing business networks in major cities nationwide. Moreover, we initiate sustainability by adopting BNK-style wage system and a specialized personnel nurturing system for ensuring advanced personnel management. |
| Securing competitiveness by practicing customer value-oriented management | <ul style="list-style-type: none"> Expanding on-site financial services Intensifying Customer-Oriented Marketing Using Big Data | We have expanded on-site financial services by distributing tablet branches to all branches and adopting the BRM system, a retail banking business unit. We have proactively initiated enhancing the customer value by identifying customers' financial needs and providing customized marketing through the big data analysis following the launch of the Customer Analysis Team in 2016. |
| Sophisticating risk management and internal control | <ul style="list-style-type: none"> Approval of F-IRB Reinforcing the Preemptive Soundness Management System | We have improved the capital ratio by initiating to have the F-IRB approved, strengthening pre-training and improving the loan process. We will integrate different units for loan planning-inspection-follow-up management into a single process, and sophisticate the loan review process. This will help us to manage asset soundness systematically and preemptively. |
| Expanding Win-Win Strategy Management and Fulfilling Social Responsibilities | <ul style="list-style-type: none"> Strengthening support for SMEs and micro-credit Expanding social contribution activities along-side communities | We have expanded financial support for financially struggling SMEs and other companies in communities due to the slow economic recovery. We have signed agreements with the Ministry of Employment and Labor and Busan Metropolitan Government, expanding financial support and sales channels for social enterprises. The New Hope Seed, a representative micro-credit product, amounted to KRW 71.1 billion, exceeding the target volume. |



Granting of Scholarship to Vietnamese Students



Busan Financial Museum Road Project

Activities to Practice Happy Finance

Global Talent Development Project

We signed a talent development agreement with five private universities (Kyungsoong University, Dong-A University, Dong-eui University, Busan University of Foreign Studies and Silla University) in Busan City, its nearby region and the Ministry of Education of Vietnam. The 'Global Talent Development Project' has been carried on, which sponsors tuition fees and accommodation allowances worth KRW 8 million for four years to each Vietnamese student according to the agreement. We have selected eight Vietnamese students studying in Korea and aim to support them in 2016, carrying on from 2015. After Opening of the Ho Chi Minh Branch of Busan Bank, we plan to them prior job offers if they wish to work for the branch.

Management of the Busan Financial Museum Road Project

We have expanded the scope of social contribution activities through solidarity with regional companies as a part of efforts for a joint social contribution project with public institutions that have been relocated to Busan. Such activities include the Busan Financial Museum Road Project and BIFC financial courses. We also run the Busan Financial Museum Road Project aligned with the Financial Museum (Promotional Hall, Exhibition Hall, etc.) of financial public institutions and the like as well as our bank located in the Busan International Finance Center to help citizens to broadly understand finance and experience it. We will promote the prestige of Busan as the financial center through Korea's only tour program specialized in the financial museum in partnership with the Bank of Korea, Korea Exchange, Korea Technology Credit Guarantee and Busan Ilbo (daily newspaper).

BNK Kyongnam Bank

Kyongnam Bank has established a cornerstone to become 'a strong and consistent bank' with the help of the region and its residents amid the challenging management environment of home and abroad. The bank has acquired the highest credit rating as a regional bank driven by the robust capital capacity, thereby cementing relationships with communities. The bank set a management measure of 'leaping higher as an advanced bank in retail banking' in 2016, and is ready to concentrate its competencies on responding to the rapidly changing financial environment. The bank will extend full financial support for regional SMEs and residents based on region-oriented services it touts as its strength. Kyongnam Bank will take closer steps to customers based on its initial belief to 'give happiness to customers and hopes to the regions'.



President of Kyongnam Bank, Kyo deok Sohn

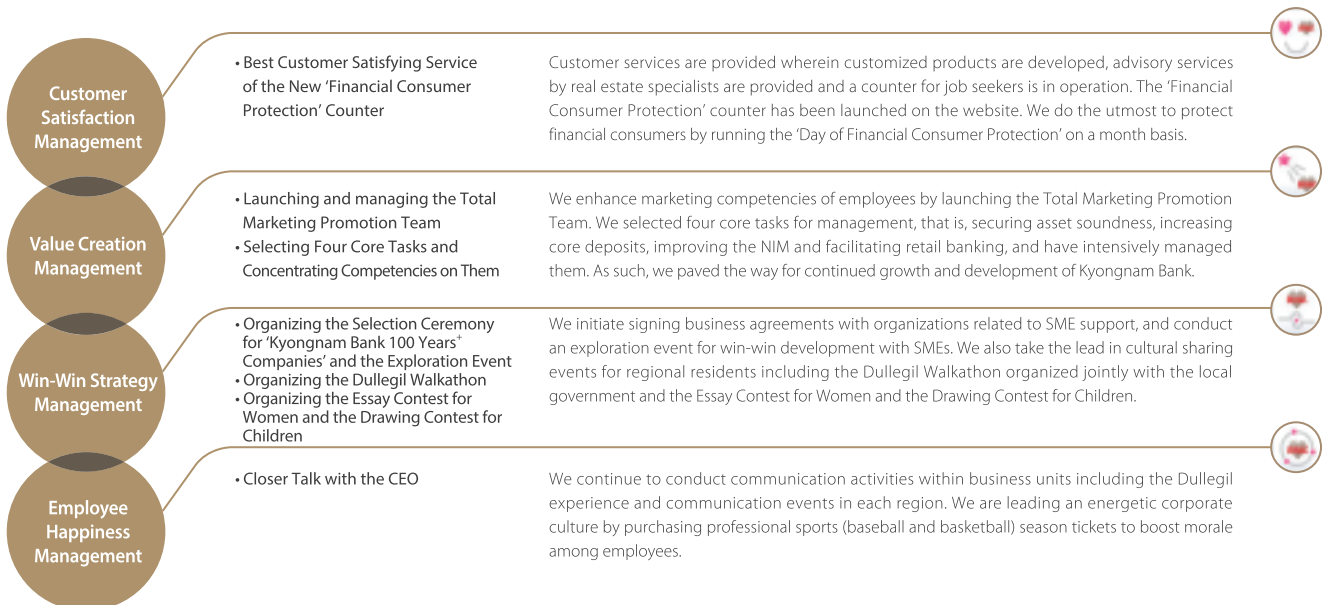
Company Introduction

Kyongnam Bank as a representative native bank of Gyeongnam and Ulsan has played strong supporting roles for 46 years. It made a new start as a member of BNK Financial Group in 2015 since it was privatized, undergoing a year of change and innovation. The bank has fulfilled its roles as a regional representative bank by supporting SMEs with growth potentials through relationship and technological financing. The bank has expanded genuine social contribution projects through the Love Sharing Foundation of Kyongnam Bank, a public interest foundation established by a regional bank in Korea for the first time. The bank does the utmost to practice 'finance of happiness and hope' while serving regional residents with all its heart.

Company Information

| | |
|----------------------|---------------------------------------------------------------------|
| Date of Foundation | April 18, 1970 |
| Shareholders' Equity | KRW 2,457.6 billion |
| Headquarters Address | 642, 3-15-daero, MasanHoewon-gu, Changwon, Gyeongsangnamdo Province |
| Employees | 2,693 persons |
| Homepage | www.knbank.co.kr |

Sustainability Activities per Management Principle



Core Activities per Strategic Task

| Strategic tasks | Core activities | Major explanations |
|-----------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Focusing competencies on retail banking | <ul style="list-style-type: none"> • Nurturing retail specialists • Sophisticating retail products and services • Intensifying competitiveness in the retirement finance market | We allocate retail banking specialists to serve as a leading bank in retail banking and develop new products to dominate the market for mid-interest rate loans. Premium financial services will be offered by upgrading the product line-up to bring up competitiveness in the retirement finance market and reinforcing competencies of PBs, WMs and counter staff in all branches. |
| Enhancing management efficiency | <ul style="list-style-type: none"> • Raising adequate capital • Continuously initiating four core tasks • Ensuring higher efficiency in managing the HQ and branches | We wish to satisfy the Common Equity Tier 1 ratio through capital increase with consideration in the second phase in 2016 followed by capital increase with consideration in the first phase and issuance of subordinate security in 2015. |
| Establishing the customer-oriented on-site management support system | <ul style="list-style-type: none"> • Proactively responding to the account transfer system • Securing customers through total marketing • Reinforcing fin-tech responsiveness | We will maximize customer convenience and service competitiveness by establishing a future channel system in mobile branches, while initiating to develop financial products using non-face-to-face channels for convenient financial transactions. We will also provide customized services per customer group by sophisticating the customer management system. |
| Leading synergies of the group | <ul style="list-style-type: none"> • Reinforcing activities with profit-generating synergies • Maximizing cost reduction synergies • Opening hybrid branches (BIB) | We maximize synergies as a major affiliate of BNK Financial Group driven by dynamic exchanges and cooperation among affiliates. We reduce cost by expanding synergies through integrated logistical management of both banks and an integrated maintenance agreement through IT standardization. |
| Spreading the corporate culture of BNK | <ul style="list-style-type: none"> • Spreading a new corporate culture of BNK • Creating a happy workplace • Spreading the performance-oriented culture | We have waged a campaign titled 'Three Go (Go Up!, Go Home!, Go Playing!)' since March 2016 so that employees can spare their time on self-development and family on weekdays. As such, we are engaged in diverse activities for work-life balance. |

Activities to Practice Happy Finance

Managing specialized branches including financial hybrid branches and branches with flexible operating hours

We have operated the Branch In Branch (BIB) in the head business division and Ulsan business division with BNK Securities to provide an active response and differentiated comprehensive asset management services to the changing financial environment. Branches with flexible operating hours are available until 7:00pm with banking services in Changwon and Jinju. Moreover, The Sunday Overseas Remittance Center is also functional for foreigners living in Changwon, Ulsan and Gimhae as we do the utmost to cater to customer needs.

Recovering Relationships with Local Governments and Achieving Win-Win Development with Regional Trade and Commerce

We have successfully renewed treasury agreements with 10 cities and counties including Changwon City. The treasury commissioning contracts were to expire in 2015. We have also recovered our trust with South Gyeongsang Province which we comparatively did not pay much attention to in the process of privatization. We will strengthen our cooperative ties with regional chambers of commerce and industry, and expand financial services to struggling regional companies due to the economic slowdown and shrinkage in the domestic demand, thus taking the lead in the community development and facilitation of the regional economy.



MOU Ceremony for Win-Win Development with the Regional Commerce and Trade

BNK Securities

BNK Securities seeks to grow as a financial investment company with the highest competitiveness in Busan, Ulsan and Gyeongnam by securing differentiated competitiveness in the region and maximizing cross-affiliate synergies. The company contributes to job creation through sustainable growth, and practices sharing-oriented management giving hopes and mutual benefits with communities by providing distinctive financial services for social contribution and regional residents. We promise to do our best to leap higher as a financial investment company with world-class competitiveness beyond Korea by achieving shared growth with the region.



CEO of BNK Securities, Hyo Jun Ahn

Company Introduction

BNK Securities which started off as a futures company in 1997 is establishing its presence as a representative regional financial investment company with 20 years of history. Since tapping onto the securities business in 2009, the company has achieved steady growth through business expansion by phase in IB and asset management. Excellent results have been shown by reaching the highest net income for two consecutive years recently. has laid the foundation for business throughout Busan, Ulsan and Gyeongnam by opening Gyeongnam Business Division in May 2015 and Ulsan Business Division in November 2015. The company is doing the utmost to serve as a regional representative securities company in Busan, Ulsan and Gyeongnam by 2020, while setting mid-and long-term strategies of laying the foundation for sustainable growth, expanding the market dominance, maximizing cross-affiliate synergies and ensuring specialization and differentiation.

Company Information

| | |
|----------------------|-----------------------------------------------------|
| Date of Foundation | June 2, 1997 |
| Shareholders' Equity | KRW 155.3 billion |
| Headquarters Address | 1, Saessak-ro, Busanjin-gu, Busan Metropolitan City |
| Employees | 173 persons |
| Homepage | www.bnkfn.co.kr |

Sustainability Activities per Management Principle



| | |
|-----------------------|------------------------|
| Busan Bank | BNK Savings Bank |
| Kyongnam Bank | BNK Asset Management |
| BNK Securities | BNK Credit Information |
| BNK Capital | BNK System |

Core Activities per Strategic Task

| Strategic tasks | Core activities | Major explanations |
|-----------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Specialized in IB and Strengthening Competitiveness | <ul style="list-style-type: none"> Specialized in Regional Corporate Financing in Busan, Ulsan and Gyeongnam | We plan to provide financial support to regional companies driven by a strong network of BNK Financial Group. We will support companies in the expansionary stage to be listed through SPAC and KONEX along with investment solutions for each growth stage, while providing financial advice and financing to companies in the early start-up stage. Consequently, we strengthen our competitiveness as a securities firm specialized in IB in Busan, Ulsan and Gyeongnam. |
| Reviewing Entry into New Businesses | <ul style="list-style-type: none"> Registering the investment advisory business Registering the business on collective investment for private equity | We will continue to strive for securing new income sources through the registration of the investment advisory business by providing such services on real estate and IPO. By registering the business on collective investment for private equity and managing our exclusive private fund products, we aim to improve our business competitiveness through the development of customized high-yield financial products. |
| Maximizing Cross-Affiliate Synergies | <ul style="list-style-type: none"> Strengthening Synergies in Corporate Financing | We installed the IB Support Division within the group and negotiated on ways to generate cross-affiliate synergies through regular and ad-hoc meetings. As such, we establish a close cooperation system by maximizing cross-affiliate synergies. |
| Practicing the Principle-based Management | <ul style="list-style-type: none"> Intensifying Internal Control | We strengthen internal control policies to practice the principle-based management by intensifying regulations against employees' proprietary trading, management of personal credit information and the information security system. |



Signing an MOU titled 'I Love You, Busan!'



Giving out financial support to the elderly living alone for New Year's Day

Activities to Practice Happy Finance

Establishing a Win-Win Cooperation System for Regional Companies

We signed a cooperation system for win-win growth with regional companies by signing an MOU with native companies in Busan. The MOU is titled 'I Love You, Busan!'. We do the utmost to facilitate the regional economy by strengthening cross-enterprise mutual promotional support and encouraging the use of products from regional companies by employees and acquaintances. We also plan to upgrade our cooperation with them through personnel and information exchanges to practice our love for the region and achieve win-win development.

Conducting Financial Support for Start-ups and Innovative Companies

We conducted equity investment for crowd funding to extend necessary funds for promising venture firms and SMEs for their start-up and growth. We will do the utmost for financial support for regional start-ups by discovering promising venture firms and SMEs in Busan, Ulsan and Gyeongnam and supporting them to take part in crowd funding.

BNK Capital

BNK Capital offers diverse financial services to create greater customer happiness and values. We take the lead in social contribution activities for employees to be happy. We practice growth and sharing-oriented management through win-win development with employees, customers and communities. We launched overseas subsidiaries in the financial market in Southeast Asia including Cambodia, Myanmar and Laos without being complacent about settling in the domestic market, and helped them to be stably established early. We fulfill our roles in leading overseas entry in line with the group's management vision to achieve 'Global Best Regional Financial Group'. Under the management motto of 'To the world with the region, to a better future with the customers', we promise you that all the employees at BNK Capital will make unwavering efforts for the company to develop into a global premium capital company alongside customers.



CEO of BNK Capital, Il Su Kim

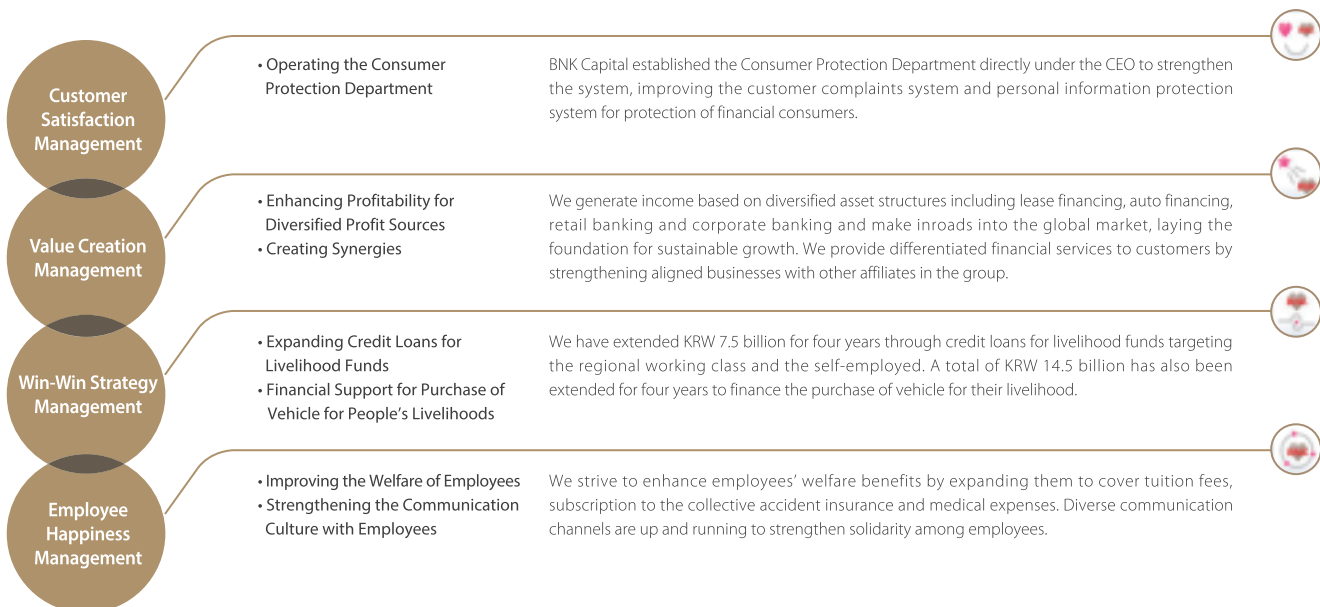
Company Introduction

BNK Capital which was established in 2010 as a financial company specializing in loans has 23 branches nationwide including those in Seoul and the metropolitan area, and is making steady growth with wide-ranging financial services including lease finance, auto finance, retail banking and corporate finance. We seek for regional economic development by supporting the regional working class and SMEs. We have recently established local subsidiaries in Cambodia, Myanmar and Laos and focus on their stable landing. As such, we do our best to explore new growth engines and diversify our income sources. We will advance further to become an exemplary financial company to be benchmarked and have started from the region under the management motto, 'To the world with the region, to a better future with the customers' and are steadily growing into a world-class financial company.

Company Information

| | |
|----------------------|----------------------------------------------------------------|
| Date of Foundation | July 15, 2010 |
| Shareholders' Equity | KRW 505.4 billion |
| Headquarters Address | 1, Saessak-ro, Busanjin-gu, Busan Metropolitan City |
| Employees | 551 persons |
| Homepage | www.bnkcapital.co.kr |

Sustainability Activities per Management Principle



| | |
|--------------------|------------------------|
| Busan Bank | BNK Savings Bank |
| Kyongnam Bank | BNK Asset Management |
| BNK Securities | BNK Credit Information |
| BNK Capital | BNK System |

Core Activities per Strategic Task

| Strategic tasks | Core activities | Major explanations |
|--------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Stable Growth with Diverse Product Portfolios | <ul style="list-style-type: none"> • Expanding partners for auto leasing • Diversifying corporate financing • Expanding the market share for car rental • Developing new mid-interest rate products for retail banking | We have achieved steady asset growth by covering products reflecting customer needs including not only auto financing, industrial product leasing and credit loans but also corporate loans and car rentals. We pursue a balanced internal and external growth based on diversified product portfolios and a stable profit structure with total assets of KRW 4.2872 trillion and net income of KRW 43.6 billion in 2015. |
| Advancing into the overseas market to discover new growth engines | <ul style="list-style-type: none"> • Acquiring permit and approval for local business operations abroad and securing the basis for business • Providing advanced financial services targeting the financially underprivileged abroad | BNK Capital has established a business base by launching local subsidiaries in three countries – Cambodia, Myanmar and Laos, and acquired the business permit and approval there. BNK Capital provides differentiated advanced financial services including small loans and lease financing for the financially underprivileged locals through seamless localization strategies. We plan to serve as a cornerstone for overseas advancement of BNK Financial Group by discovering new growth engines and generating new income sources through the expansions of target areas. |



BNK Capital Cambodia



Conducting Environmental Clean-up Activities with Employees



Visiting a Local Orphanage in Myanmar and Volunteering by Employees

Activities to Practice Happy Finance

Strengthening Micro-Credit Support for the Region and Win-Win Growth

We strive to be upgraded into a company specialized in consumer financing to grow alongside the region, while providing diverse financial services to the financially underprivileged. In order to achieve continued development of 'Happy Finance', a socially responsible project of the group, we have expanded the number of counters for micro-credit to 23 branches and loan centers nationwide, and allocated personnel exclusive for micro-credit, carrying out counseling and loan services. We have facilitated mid-interest rate loan products aligned with guarantee insurance, providing opportunities for conversion into a low interest rate for low-credit and low-income customers who are using high interest rate products in private financing. We also extend installment products to the working class who are willing to purchase vehicles for their living, thus contributing to the community.

Employees' Volunteering to Practice Love for the Region

BNK Capital runs a regional volunteering group with participation of all employees. Volunteering takes place over once a month to practice love for the region. In 2015, we took the lead implementing corporate social responsibilities by engaging in social contribution activities for welfare facilities including child welfare centers and conducting environmental cleaning activities. In order to conduct local social contribution activities, overseas subsidiaries have been steadily engaged in volunteering necessary to the locale from the initial phase of their foundation. Such activities include visiting orphanages charity work of different type practiced by employees.

BNK Savings Bank

We would like to express deep gratitude to customers for extending love for and interest in BNK Savings Bank at all times. Employees at BNK Savings Bank do their best to fulfill their inherent roles at the micro-credit service provider without being complacent about past and present performances. Driven by the group's management slogan, 'Giving Hopes through Happy Finance', we hope to fulfill the groups' mid-and long-term vision through endless changes and innovation. We aim to rise higher as Korea's representative savings bank as a specialized micro-credit provider through dynamic management for customer satisfaction, management for employees' satisfaction and compliance and principle-based management. We ask for your continued love and encouragement for BNK Savings Bank and wish you and your family good health and happiness.



CEO of BNK Savings Bank, **Seong Mo Kim**

Company Introduction

BNK Savings Bank was launched with the paid-in capital of KRW 115 billion on January 10, 2012, achieving asset growth driven by substantial management. We offer best services to customers with three branches in Busan and four in Seoul by nurturing competent personnel in finance and developing differentiated products. In order to innovate the management and business practices of savings banks of the past and create a new savings bank model, we applied Busan Bank's community-friendly business operations and advanced risk management techniques to befit the reality of savings banks. As a result, BNK Savings Bank has risen as a high-yield savings bank with 107 employees, the BIS capital adequacy ratio of 11.83% and total assets of KRW 771.6 billion.

Company Information

| | |
|----------------------|------------------------------------------------------|
| Date of Foundation | January 10, 2012 |
| Shareholders' Equity | KRW 106.6 billion |
| Headquarters Address | 177, Beomil-ro, Busanjin-gu, Busan Metropolitan City |
| Employees | 107 persons |
| Homepage | www.bnksb.com |

Sustainability Activities per Management Principle



| | |
|----------------|-------------------------|
| Busan Bank | BNK Savings Bank |
| Kyongnam Bank | BNK Asset Management |
| BNK Securities | BNK Credit Information |
| BNK Capital | BNK System |

Core Activities per Strategic Task

| Strategic tasks | Core activities | Major explanations |
|--------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Initiating Profit-oriented Stable Growth | <ul style="list-style-type: none"> Expanding Business Aligned with Affiliates Expanding Household Loans and Relationship Financing | We focus our competencies on strategic joint loan support schemes among affiliates (loan extensions in consortiums), and expand profitability by developing one-stop process for individual CSS credit loans and products applied with bank-aligned mid-interest rate loans. |
| Exploring Niche Markets | <ul style="list-style-type: none"> Developing Exclusive Specialized Products | We will select target markets for specific job categories by sharing information on specialized products of other savings banks, and launch relationship financing products as we plan to conduct strategic benchmarking and development for exploring niche markets. |
| Securing the Business Base for the Non-Interest Rate Sector | <ul style="list-style-type: none"> Facilitating the Sales Agent Service for Credit Cards and Gold Bars | We will continue to expand our business base for the non-interest rate sector by seeking for ways for business diversification including commission fees business for BC card membership recruiting for Busan Bank and Kyongnam Bank, while facilitating the sales commissioning service for gold bars. |
| Strengthening the Non-Face-to-Face Business Channels | <ul style="list-style-type: none"> Laying the Foundation to Prepare against the Era of Fin-tech | We plan to proactively respond to the institutions and market changes amid the non-face-to-face business channels by establishing mobile banking and sophisticated Internet banking services. |
| Adopting the Risk Management System | <ul style="list-style-type: none"> Strengthening the Protection of Financial Consumers and Devising Diverse Standards for Measuring Risk Management | We will systematically manage risks and conduct continued improvement activities by establishing the Risk & Control Self-Assessment and selecting Key Risk Indicators (KRI), while devising internal management regulations for complying with credit information management standards. |
| Strengthening Organizational Competencies | <ul style="list-style-type: none"> Upgrading Organizational and Employees' Competencies | We will enhance customer satisfaction by reinforcing employees' competency and raising their organizational loyalty. To this end, we will nurture our capabilities for inspecting and conducting follow-up management in conjunction with banking affiliates, organizing training and seminars on jobs and expanding performance-oriented HR policies. |



Social contribution activities of the Love Sharing Volunteering Group



Meetings by job rank

Activities to Practice Happy Finance

Strengthening Social Contribution Activities of the Love Sharing Volunteering Group

The Love Sharing Volunteering Group of BNK Savings Bank, being engaged in fulfilling corporate social responsibilities, secures continuity and symbolism instead of one-time social contribution activities. The volunteering group strives to reach out to the community by visiting various institutions including vocational rehabilitation facilities, nursing homes and childcare centers. Volunteering activities will continue to be conducted as part of the bank's self-driven events to practice sharing.

Nurturing Specialized Financial Personnel

We run a mentoring system to match new employees with employees in the supervisory position to encourage new employees to adapt themselves to a new life faster and help them to complete a training program centered around matters associated with jobs and related knowledge. We make complete efforts to nurture competent personnel specialized in finance by offering diverse educational and training programs and opportunities to acquire financial certificates.

Organizing Seminars for Each Job Rank

We organize seminars for employees in each job rank on a quarterly basis to strengthen communication among employees and enhance their sense of belonging. The seminars enable them to share their opinions for diverse goals in a comfortable atmosphere and enhance their solidarity. They make consistent efforts to realize a corporate culture where everyone can be united.

BNK Asset Management

There have been environmental changes for the asset management market including the low growth and low interest rate environment, intensified competitions internally and externally, and market needs for diverse investment techniques and investment assets. Nevertheless, BNK Asset Management does the utmost to upgrade operational competencies and provide diverse and competitive products and innovative solutions. In order to raise investment performance and properly manage invaluable customer assets, we endlessly demand their high ethical standards and expertise. We will practice sustainability to achieve our mid-and long-term vision of becoming 'the most reliable asset management company by customers'. We promise to become an asset management company that leads the domestic asset management market, while practicing socially responsible management and growing alongside the region as a member of BNK Financial Group.



CEO of BNK Asset Management, **Seok geun Son**

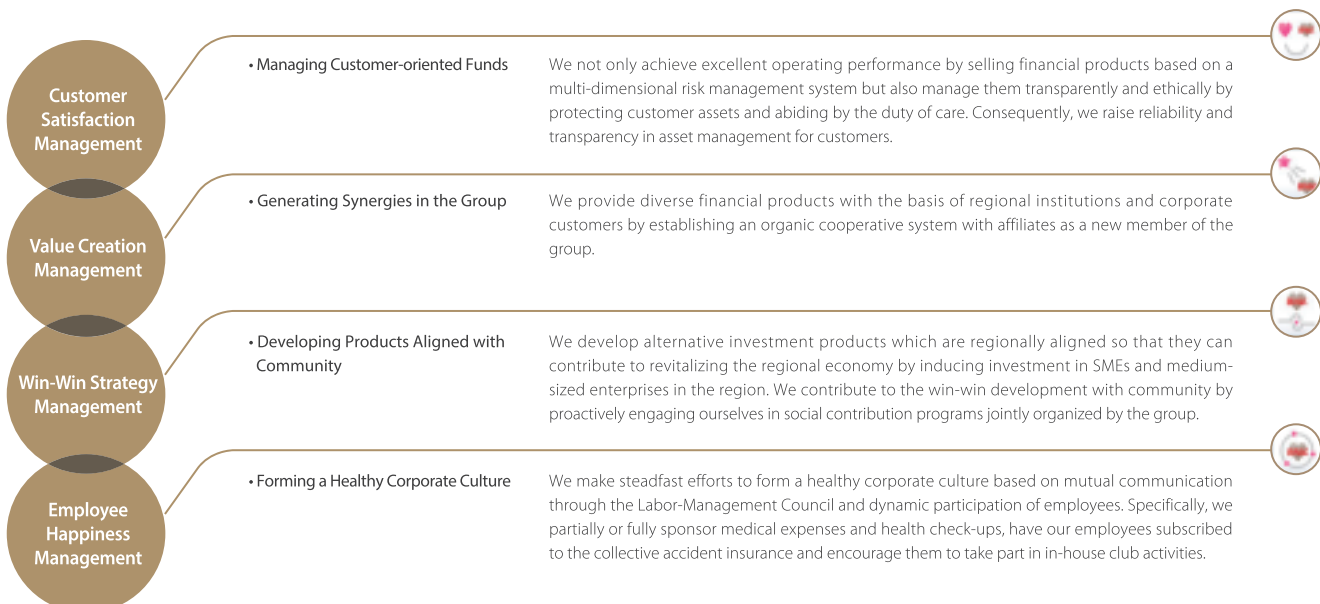
Company Introduction

Established in July 2008 to manage customer assets, BNK Asset Management provides diverse products to customers by focusing on continuity and stability in the rate of return on investment. Having been integrated in BNK Financial Group in July 2015, we start our second goal to grow into one of Korea's top 20 comprehensive asset management companies. We will make steadfast efforts to grow as a comprehensive asset management company equipped with differentiated performance and management philosophies by establishing our exclusive brand platform. To this end, we develop differentiated products including those that contribute to the regional economy, products as solutions, products as alternative investment, retirement-related products and global products.

Company Information

| | |
|----------------------|---------------------------------------------------|
| Date of Foundation | July 15, 2008 |
| Shareholders' Equity | KRW 10 billion |
| Headquarters Address | 28 Gukjegeumyung-ro 2-gil, Youngdeungpo-gu, Seoul |
| Employees | 33 persons |
| Homepage | www.bnkasset.co.kr |

Sustainability Activities per Management Principle



| | |
|----------------|-----------------------------|
| Busan Bank | BNK Savings Bank |
| Kyongnam Bank | BNK Asset Management |
| BNK Securities | BNK Credit Information |
| BNK Capital | BNK System |

Core Activities per Strategic Task

| Strategic tasks | Core activities | Major explanations |
|------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Strengthening Competencies in Asset Management | <ul style="list-style-type: none"> Improving the Management Performance and Process | We reinforce responsibilities of asset managers, and improve the management performance evaluation process. We also focus on attracting new competent personnel and reinforcing operational competencies of the existing personnel, while establishing rational compensation systems and key performance indicators. |
| Laying the Basis for Stable Income through Synergies | <ul style="list-style-type: none"> Developing Diverse Financial Investment Products Strengthening Training on Fund Products | We maximize synergies by developing new profit models through the development and sales of products in conjunction with affiliates and engagement in the group councils including WM business promotion and asset management. Also, we strengthen sale support for sales channels of affiliates through training an presentation on fund products. |
| Advancing into New Projects and Establishing the Status as a Comprehensive Asset Management Company | <ul style="list-style-type: none"> Advancing into New Projects Including Alternative Investment | We are preparing to tap into alternative investments including non-performing loans (NPLs), real estate and PEF by acquiring new licenses, and strengthening structured financial product line-ups for the global/solution sector. |
| Achieving the Economies of Scale through area of Entrusted Management Companies | <ul style="list-style-type: none"> Entering the Arena of Entrusted Management Companies for Institutional Investors | Our prioritized marketing direction lies in entering a pool of entrusted management companies for institutional investors including pension funds and large insurers by improving the management performance. We also focus on expanding customized private funds targeting institutional investors. |
| Embodying the Corporate Culture in the Group | <ul style="list-style-type: none"> Managing Programs for Early Settlement of the Corporate Culture of the Group | We conduct programs and training to solidify employees' corporate loyalty. We also include matters on the corporate culture in our key performance indicators to successful embody our corporate culture. |



Developing Financial Investment Products and Analyzing Performance



Workshop on Early Settlement of the Group's Corporate Culture

Activities to Practice Happy Finance

Cultural Exploration Teams for Better Communication among Employees

We have formed one to two cultural exploration teams consisting of about three employees a year and send them for a trip of two days and one night. We extend continued support for activities of the teams to help employees gain a better understanding of the Korean history and culture and enjoy additional benefits of cross-organizational communication and networking throughout their experiences.

Introducing the Mentoring Program for New Employees

BNK Asset Management selects mentors among employees and runs the mentoring programs to help new employees become more comfortable with one another. They are taught the corporate culture, encouraged to have a stronger solidarity and educated on basic attitudes.

Conducting the Social Contribution Activity for the Love of Nature

We take the lead in the efforts for natural and environmental protection by voluntarily engaging in environmental cleaning campaigns in Yeouido Park near our office and the nearby Bukhansan Mountain and Umyeonsan Mountain on a yearly basis. We will continue to be engaged in environmental cleanup activities to realize the preciousness of the environment and to protect it.

BNK Credit Information

We are committed to establishing ourselves as a high-yield credit information company that represents the regional communities. BNK Credit Information has fulfilled its roles as a consultant for customers driven by seasoned experiences and competent talents with expertise despite the challenging management environment including the stagnation in the debt collection market. We will pour in consistent efforts in providing upgraded debt collection and credit investigation services by adopting a high-quality work system. We promise you that we will establish ourselves as a high-yield credit information company that represents the region by dynamically exploring new profitable projects.



CEO of BNK Credit Information, Myeong Hwan Seong

Company Introduction

As a credit information company completely established through investments of BNK Financial Group, BNK Credit Information implements the duties of bond collection and credit check. In order to achieve a sound credit society, the company offers excellent expertise and cutting-edge IT systems so that it plays a leading role for a credit-based society while facilitating financial transactions. The company will grow higher as a superior company in the credit information industry driven by higher efficiency in the organization, management innovation, and entry into new business areas.

Company Information

| | |
|----------------------|-------------------------------------------------|
| Date of Foundation | June 17, 2003 |
| Shareholders' Equity | KRW 7.3 billion |
| Headquarters Address | 92, Beomil-ro, Dong-gu, Busan Metropolitan City |
| Employees | 25 persons |
| Homepage | www.bnkci.co.kr |

Sustainability Activities per Management Principle



Core Activities per Strategic Task

| Strategic tasks | Core activities | Major explanations |
|---------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Expanding Synergies in Work | <ul style="list-style-type: none"> Regularly Holding Cross-Affiliate Meetings | We seek for continued intensification and substantiation of our existing entrustment services. We maximize synergies and reinforce reliability by stably conducting entrustment services for affiliates. |
| Securing Profitability by Nurturing Suitable Personnel | <ul style="list-style-type: none"> Strengthening the Comprehensive Work Evaluation System | We nurture adequate personnel for the credit information industry by establishing work standard processes and training employees systematically, and seek for higher performance by securing competent personnel. |
| Expanding External Receivables Traders as Clients | <ul style="list-style-type: none"> Expanding Personnel for the External Receivables Team Supporting All Employees' Business Activities for Receivables Orders | We plan to expand the orders on receivables from external agencies and public institutions on the basis of the Gyeongnam area. We also enable all employees to be dynamically engaged in business operations by providing incentives in receivables business for civil receivables whose commercial transactions and titles are confirmed. |
| Securing New Profit Sources | <ul style="list-style-type: none"> Developing New Projects | We collect debts for public institutions including KAMCO, Korea Housing Guarantee Co. and Gyeongnam Credit Guarantee Foundation, and explore bases for generating sustainable income by expanding new clients for entrustment of civil and commercial bonds in the southeastern zone of Korea. |
| Responding to the Changes in the Management Environment | <ul style="list-style-type: none"> Expanding Personnel in Planning Management | We strive to provide excellent credit information through dynamic responses to the internal and external management environments related to the credit information business. For instance, there have been amendments to the Credit Information Act, the Resident Registration Act and the Personal Information Protection Act and the permit of bond trading of credit information companies. |

Activities to Practice Happy Finance

Conducting Environmental Clean-up for Social Contribution

BNK Credit Information is engaged in social contribution activities with a focus on the environmental sector. We make efforts to conserve the natural environment and create a healthy ecological environment through voluntary environmental clean-up activities. We plan to initiate dynamic social contribution activities to protect the environment of our community, recognizing the importance of environment conservation.

Supporting the Socially Underprivileged with Debt Repayment

BNK Credit Information provides debt repayment suspension and benefits to the socially underprivileged including people for livelihood protection, the disabled and patients with severe diseases, and the economically vulnerable. We run a counseling counter for financially struggling debtors including the financially underprivileged by providing activities to support their stable debt repayment and help them maintain economic activities.

BNK System

BNK System is a specialized financial IT company in charge of IT services within the group. We have played pivotal roles in the IT sector of the Group, standing beside BNK Financial Group throughout its continued growth and development. We make utmost efforts to secure technological competencies and nurture core talents to dynamically respond to the rapidly changing financial IT environment. To this end, we utilize a specialized workforce in each sector including system operation, system integration, maintenance and integrated purchase and our know-how in developing financial operations. BNK System as an IT service leader in the fin-tech sector including smart financing will make further progress as a core affiliate of BNK Financial Group, achieving win-win growth with the region and providing best-in-class IT services.



CEO of BNK System, Young Woo Lee

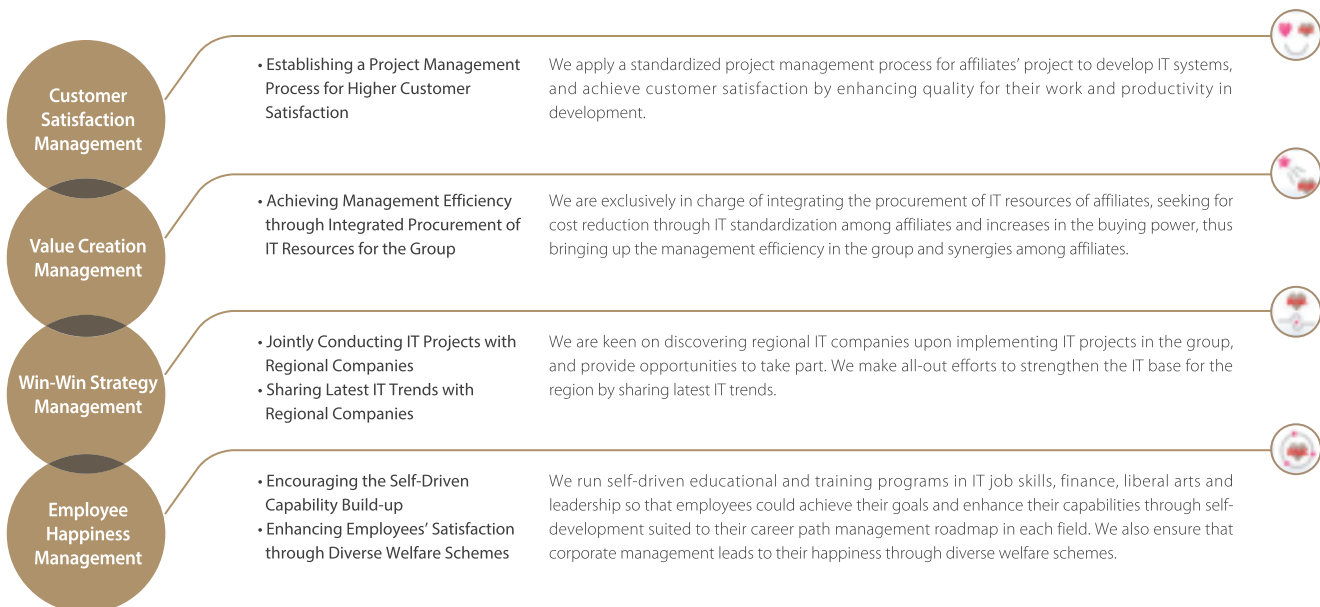
Company Introduction

BNK System has grown as a financial IT company that leads smart financing since its foundation as an IT specialized affiliate of BNK Financial Group in May 2011. We contribute to the creation of cross-affiliate synergies by expanding our work scope including maintenance of electronic devices, system integration and integrated procurement of IT, starting with the operation of work systems in the group's affiliates. We have reinforced our competencies in fin-tech and smart financing by dynamically responding to the latest IT trends. We are making progress as an IT enterprise that develops alongside the region by discovering and collaborating with competent IT companies in the region, creating jobs by recruiting regional talents and running programs for the underprivileged.

Company Information

| | |
|----------------------|----------------------------------------------------------|
| Date of Foundation | May 20, 2011 |
| Shareholders' Equity | KRW 5.6 billion |
| Headquarters Address | 13, GwangbokJungang-ro, Jung-gu, Busan Metropolitan City |
| Employees | 130 persons |
| Homepage | www.bnksys.co.kr |

Sustainability Activities per Management Principle



| | |
|----------------|------------------------|
| Busan Bank | BNK Savings Bank |
| Kyongnam Bank | BNK Asset Management |
| BNK Securities | BNK Credit Information |
| BNK Capital | BNK System |

Core Activities per Strategic Task

| Strategic tasks | Core activities | Major explanations |
|---------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Raising Synergies among Affiliates through Stable Operation of Integrated Procurement | <ul style="list-style-type: none"> Managing Business-Specific Differentiated Procurement Strategies and Sophisticating the System for Procurement Operations | We manage distinctive procurement strategies for each business type by expanding the joint IT system setup project within affiliates, purchasing electronic devices for office use in lump sum, and signing joint agreements for maintenance. We maximize synergies within IT in the group through multiple activities by sophisticating the procurement system and discovering new competent companies. |
| Strengthening Financial IT Expertise by Focusing on Specific Areas | <ul style="list-style-type: none"> Concentrating Executional Competencies on Specialized Areas and Dynamically Engaging on Related Projects | We dynamically allocate our specialized workforce in specialized areas upon setting up systems – UI/UX planning, infrastructure design and solution integration. We also spread our accumulated know-how to projects at other affiliates. |
| Raising Quality for IT Services by Nurturing Core Talents | <ul style="list-style-type: none"> Operating Programs to Nurture Core Talents and Expanding Technical Seminars for Acquiring Latest Technical Skills and IT Qualifications | We manage diverse programs including career management roadmaps for core talents for the future and programs to nurture global talents. We strengthen employees' technical competencies through various programs such as theme-specific training for acquiring IT certificates, a point mileage system for rank-specific training, group training, cyber education and correspondence education. |
| Securing the Basis for Stable Business Operation by Developing Proprietary Solutions | <ul style="list-style-type: none"> Developing and Sophisticating Corporate Fund Management Solutions and a Common Framework | We develop our proprietary solutions by sophisticating solutions for fund management and disseminating them to affiliates, commercializing products by standardizing the previously developed work systems and sophisticating the existing frameworks. |

Activities to Practice Happy Finance

Conducting IT Seminars

Open IT seminars are regularly organized with the attendance of affiliates to discuss new information technologies, latest trends and development methodologies, helping affiliates to internally accumulate their knowledge and enhance competencies of regional IT companies.

Donation of Talents in IT and Social Contribution Activities

We conduct 'IT sharing activities' to inspect IT devices and provide free repair services in social welfare centers and childcare centers in Busan, Ulsan and Gyeongnam in order to improve the IT training environment for the information have-nots. We carry out environmental clean-ups in public spaces and fulfill corporate social responsibilities with voluntary participation of employees on a monthly basis.

Practicing Win-Win Growth with Regional Companies

Upon initiating IT projects requested by the group, we strive to contribute to the development of the regional IT industry by discovering specialized IT companies and providing opportunities for them to take part. We seek for win-win growth by registering them as regional IT companies and enabling them to be engaged in IT projects of affiliates.

Establishing the Integrated Procurement System

By establishing the integrated procurement system, we have standardized procurement operations, enhanced work efficiency and reduced cost, raising transparency, reliability and customer satisfaction in procurement operations.

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Management's Discussion and Analysis

1. Outline

In 2015, BNK Financial Group could pave the way for a new growth base and a higher leap amid the financial environment of low growth and low interest rate. In March 2015, the corporate name and the CI was converted into 'BNK' which symbolizes 'the encounter of Busan Bank and Kyongnam Bank' and 'Beyond No.1 in Korea', realigning the organization. We could refurbish ourselves as a comprehensive financial group by newly incorporating BNK Asset Management to strengthen our non-banking portfolios and diversify our businesses. In 2015, we generated favorable management performances in many areas as a result of all employees making all-out efforts to do their best with respect and modesty, which is one of the top values in the group. Total assets of the group reached KRW 101.2285 trillion, up KRW 7.9060 trillion year-on-year. The net income of the group increased about 34% (excluding the previous year's gain from bargain purchase - a temporary income - resulting from the acquisition of Kyongnam Bank in 2014) from the previous year to KRW 485.5 billion. As a result, the ROE as the profitability indicator reached the highest in the industry with 9.02%, recording the NPL ratio of 1.3% as an indicator for asset soundness and the ratio of loans in arrears of 0.69%, achieving favorable levels in management indicators.

Performance of major subsidiaries are as follows:

The net income of Busan Bank stood at KRW 320.3 billion, down KRW 34.9 billion from the previous year, and that of Kyongnam Bank went up KRW 118.3 billion year-on-year to KRW 210.5 billion along with that of BNK Securities at KRW 7.8 billion up KRW 2.1 billion, that of BNK Capital at KRW 43.5 billion up KRW 7.2 billion and that of BNK Savings Bank at KRW 4.8 billion down KRW 5.7 billion. The BIS ratio, as a determinant for capital adequacy reached 11.69% and the Common Equity Tier 1 ratio stood at 7.28%, which are somewhat lagging behind other financial holding companies. In order to recover the somewhat low capital adequacy, and preemptively counter capital adequacy regulations amid changes in the external environment and adoption of the Basel III, we implemented the capital increase with consideration in January 2016. Consequently, we could pave the way for a stable growth momentum and sustainable growth. We seek to direct ourselves toward 'Vision 2020, Global Best Regional Financial Group', which is BNK Financial Group's mid-and long-term management vision, based on capital expansion. BNK Financial Group will do the utmost to leap higher as the Global Best Regional Financial Group through substantial growth and dramatic innovation.

Major Financial Performance and Management Indicators

(Unit: %, %p)

| | Major Indicators | 2015 (A) | 2014 (B) | Change (C=A-B) |
|------------------|------------------------------|----------|----------|----------------|
| Profitability | ROA | 0.6 | 1.47 | -0.87 |
| | ROE | 9.02 | 20.5 | -11.48 |
| Asset Soundness | NPL ratio | 1.3 | 1.42 | -0.12 |
| | Delinquency ratio | 0.69 | 0.83 | -0.14 |
| | Coverage ratio | 129.24 | 111.08 | 18.16 |
| Capital Adequacy | BIS Ratio | 11.69 | 11.91 | -0.22 |
| | CET1 ratio | 7.28 | 7.69 | -0.41 |
| | Tangible Common Equity ratio | 6.86 | 6.5 | 0.36 |

Status of Asset Quality

(Unit: KRW 100 million, %, %p)

| Classification | 2015 (A) | 2014 (B) | Change (C=A-B) |
|------------------|----------|----------|----------------|
| Total loans | 685,364 | 652,742 | 32,622 |
| NPL | 8,904 | 9,255 | -351 |
| NPL ratio | 1.3 | 1.42 | -0.12 |
| Coverage Ratio | 129.24 | 109.79 | 19.45 |
| Delinquent loans | 4,665 | 5,316 | -651 |
| Delinquency rate | 0.69 | 0.83 | -0.14 |

2. Matters on the Financial Status and Business Performance

The net interest margin (NIM) is continuously dropping due to the challenging financial environment due to the domestic economic situation that has converted into a phase of elongated uncertainties in the financial market and of low interest rate and low growth. However, the consolidated entity had the increase in the interest income by KRW 606.8 billion year-on-year based on preemptive risk management. To this end, we expanded interest income assets resulting from higher loans, especially to high-yield SMEs, incorporated Kyongnam Bank as an affiliate and converted it into a wholly owned subsidiary. The non-interest income increased by KRW 90.3 billion in the area of fee income thanks to continuously diversified efforts in the profit structure. The gain from bargain purchase worth KRW 447.9 billion resulting from the incorporation of Kyongnam Bank as a subsidiary in the previous year led to a drop in the total non-interest income worth KRW 382.8 billion year-on-year. The transfer to reserve increased by KRW 116.9 billion by accumulating the allowances for preemptive risk management due to delays in the domestic economic turnaround, manufacturing industry-led economic slowdown and the occurrence of massive NPLs. 'Other operating expenses' increased by KRW 352 billion year-on-year due to base effects where the depreciation cost increased amid the expansion in investment in banking infrastructure, the volume of voluntary retirements expanded to make the personnel structure more efficient, and Kyongnam Bank was incorporated as an affiliate in October 2014 (in 2014, the total SG&A amount of Kyongnam Bank reaching KRW 363.3 billion and KRW 113.5 billion reflected in the consolidation of the group). Despite the expansion in economic uncertainties at home and abroad, low interest rates and the prolonged low oil prices, our profitability improved after initiating profit-oriented corporate management and incorporating Kyongnam Bank as an affiliate, reaping the net income of controlling interests at KRW 485.5 billion (up KRW 122.4 billion from KRW 363.1 billion, excluding the previous year's gain from bargain purchase).

(1) Financial Status

(Unit: KRW billion, %)

| Classification | 2015 (A) | 2014 (B) | Change (C=A-B) | Change (D=C/B) |
|------------------------------------------------------------|----------|----------|----------------|----------------|
| I. Cash and due from banks | 30,913 | 32,063 | -1,150 | -3.59 |
| II. Investment financial assets | 131,031 | 122,264 | 8,767 | 7.17 |
| III. Loans and receivables | 720,580 | 665,559 | 55,021 | 8.27 |
| IV. Derivative assets | 1,779 | 3,385 | -1,606 | -47.44 |
| V. Relationship business investment | 350 | - | 350 | - |
| VI. Tangible assets | 7,959 | 7,934 | 25 | 0.32 |
| VII. Intangible assets | 3,676 | 4,122 | -446 | -10.82 |
| VIII. Investment of property | 1,324 | 1,335 | -11 | -0.82 |
| IX. Non-current assets held for sale | 293 | - | 293 | - |
| X. Deferred tax assets | 159 | - | 159 | - |
| XI. Other assets | 4,731 | 3,839 | 892 | 23.24 |
| Total assets | 902,795 | 840,501 | 62,294 | 7.41 |
| I. Deposits | 643,615 | 599,065 | 44,550 | 7.44 |
| II. Borrowings | 60,258 | 66,643 | -6,385 | -9.58 |
| III. Debentures | 81,528 | 72,995 | 8,533 | 11.69 |
| IV. Derivative liabilities | 1,703 | 2,906 | -1,203 | -41.4 |
| V. Retirement benefit obligation | 230 | 604 | -374 | -61.92 |
| VI. Provisions | 1,490 | 1,957 | -467 | -23.86 |
| VII. Current income tax liabilities | 641 | 528 | 113 | 21.4 |
| VIII. Deferred income tax liabilities | 755 | 483 | 272 | 56.31 |
| IX. Other liabilities | 50,669 | 40,680 | 9,989 | 24.56 |
| Total liabilities | 840,889 | 785,861 | 55,028 | 7 |
| I. Equity attributable to the owners of controlling equity | 58,862 | 47,657 | 11,205 | 23.51 |
| 1. Capital stock | 12,797 | 11,719 | 1,078 | 9.20 |
| 2. Hybrid securities | 2,593 | - | 2,593 | - |
| 3. Other paid-in capital | 6,728 | 3,537 | 3,191 | 90.22 |
| 4. Retained earnings | 239 | 234 | 5 | 2.14 |
| 5. Retained earnings | 36,505 | 32,167 | 4,338 | 13.49 |
| II. Non-controlling equity | 3,044 | 6,983 | -3,939 | -56.41 |
| Total equity | 61,906 | 54,640 | 7,266 | 13.3 |
| Total liabilities and equity | 902,795 | 840,501 | 62,294 | 7.41 |

(2) Operational Performance

(Unit: KRW billion, %)

| Classification | 2015 (A) | 2014 (B) | Change (C=A-B) | Change (D=C/B) |
|-------------------------------------------------------------------------|----------|----------|----------------|----------------|
| I. Net interest income | 20,340 | 14,272 | 6,068 | 42.52 |
| II. Net commission income | 2,045 | 1,142 | 903 | 79.07 |
| III. Net income of investment financial assets | 1,362 | 471 | 891 | 189.17 |
| IV. Provision for credit loss | -4,473 | -2,664 | -1,809 | 67.91 |
| V. Other operating expenses, net | -12,311 | -3,810 | -8,501 | 223.12 |
| VI. Operating income | 6,962 | 9,411 | -2,449 | -26.02 |
| VII. Non-operating income, net | 39 | -221 | 260 | -117.65 |
| VIII. Income before income tax expense | 7,001 | 9,191 | -2,190 | -23.83 |
| IX. Income tax expense | -1,696 | -994 | -702 | 70.62 |
| X. Net income | 5,305 | 8,197 | -2,892 | -35.28 |
| 1. Net income attributable to owners of the company | 4,855 | 8,098 | -3,243 | -40.05 |
| 2. Net income attributable to non-controlling interests | 450 | 99 | 351 | 354.55 |
| XI. Other comprehensive income (loss), net of tax | -2 | -37 | 35 | -94.59 |
| XII. Total comprehensive income | 5,302 | 8,160 | -2,858 | -35.02 |
| 1. Total comprehensive income attributable to owners of the company | 4,861 | 8,072 | -3,211 | -39.78 |
| 2. Total comprehensive income attributable to non-controlling interests | 441 | 88 | 353 | 401.14 |
| XIII. Earnings per share (KRW) | 1,967 | 3,809 | -1,842 | -48.36 |

(3) BIS ratio

(Unit: KRW billion, %, %p)

| Classification | 2015 (A) | 2014 (B) | Change (C=A-B) |
|---------------------|----------|----------|----------------|
| Equity capital | 76,143 | 73,375 | 2,768 |
| Core capital | 52,956 | 60,332 | 2,624 |
| Core Tier I capital | 47,427 | 47,360 | 67 |
| Risk-weighted Asset | 651,379 | 616,141 | 35,238 |
| BIS ratio | 11.69 | 11.91 | -0.22 |
| Tier I | 8.13 | 8.17 | -0.04 |
| CET1 ratio | 7.28 | 7.69 | -0.41 |

The BIS capital adequacy ratio is used as an indicator to judge the appropriate level of capital resilience on risk-weighted assets held by the consolidated entity. A higher capital adequacy ratio can be evaluated as a high financial soundness. The consolidated entity has adopted the Basel III capital regulations since December 2013, and manages the ratio by calculating the equity and risk-weighted assets. As of 2015-end, the BIS capital adequacy ratio, Tier I ratio and Common Equity Tier 1 somewhat dropped from the previous year to 11.69%, 8.13% and 7.28%, respectively. This is attributable to the effect of converting Kyongnam Bank as a wholly owned subsidiary through the stock exchange. We will do the best to increase capital adequacy by maximizing cross-subsidiary synergies and implementing profit-oriented business activities.

Audit Report of Independent Auditors

To the Shareholders and the Board of Directors of BNK Financial Group Inc.:

We audited the consolidated financial statements of BS Financial Group Inc. and its affiliates attached hereunder. The consolidated financial statements consist of consolidated statements of financial position, and the related consolidated statements of comprehensive income, consolidated statements of changes in shareholders' equity and consolidated statements of cash flows as of as of December 31, 2015 and 2014, respectively. They also include the companies' significant accounting policy summaries and other explanations.

Accountability of the Top Management on the Consolidated Financial Statements

The top management is eligible to write these consolidated financial statements and indicate them fairly according to the Korean International Financial Reporting Standards ("K-IFRS"). It is also accountable for internal control necessary to write the consolidated financial statements with no critical misstatements resulting from irregularities or errors.

Accountability of Auditors

Our accountability is to express our opinions on the consolidated financial statements based on our audit. We conducted our audit in conformity with K-IFRS, which is a standard that requires us to comply with ethical requirements and to gain rational confidence on possible presence of distorted indications of criticality on the consolidated financial statements.

The audit includes the implementation of a procedure to collect evidence for auditing on the amounts and disclosure of the consolidated financial statements. The procedure might vary depending on the judgments of auditors including assessment on distorted indication risks of criticality in the consolidated financial statements resulting from irregularities or errors. We consider internal control on the corporate writing on the consolidated financial statements and fair indication to design an adequate auditing procedure to assess such risks. However, this is not to indicate opinions on the effectiveness of internal control. Our audit includes not only the assessment over overall indication in the consolidated financial statements but also the adequacy of the accounting policy adopted by the top management and rationality of accounting estimates devised by the top management.

We believe that the auditing evidence we collected is sufficient and adequate as grounds for auditing opinions.

Auditors' Opinions

In our opinions, the companies' consolidated financial statements fairly indicate financial performance and cash flows in the criticality aspect of K-IFRS during both of the reporting periods ending on December 31, 2014 and 2015, respectively as well as the current financial status for BS Financial Group and its affiliates.

March 17, 2016
10 Gukjegeumyung-ro Yeongdeungpo-gu, Seoul

Anjin Deloitte LLC
CEO **Jong Ho Ham**



This report is effective as of the auditors' report date (March 18, 2015). Certain subsequent events or circumstances that could significantly affect the accompanying consolidated financial statements may have occurred between the auditors' report date and the time the auditors' report is read. This may result in modifications to the auditors' report.

BNK Financial Group _ Consolidated Statements of Financial Position

BNK FINANCIAL GROUP INC. AND ITS SUBSIDIARIES

(Unit: KRW)

| Description | December 31, 2015 | December 31, 2014 | December 31, 2013 |
|------------------------------------------------------------------|---------------------------|---------------------------|---------------------------|
| ASSETS | | | |
| I. CASH AND DUE FROM BANKS | 3,091,259,795,281 | 3,206,316,978,580 | 1,860,886,039,971 |
| II. INVESTMENT FINANCIAL ASSETS | 13,103,066,976,373 | 12,226,359,372,039 | 7,833,791,139,549 |
| 1. Financial assets at fair value through profit or Loss (FVTPL) | 1,011,442,821,218 | 885,064,112,441 | 666,354,861,001 |
| 2. Available-for-sale (AFS) financial assets | 5,247,715,481,081 | 4,997,538,279,653 | 2,794,062,773,184 |
| 3. Held-to-maturity (HTM) financial assets | 6,843,908,674,074 | 6,343,756,979,945 | 4,373,373,505,364 |
| III. LOANS AND RECEIVABLES | 72,057,993,312,851 | 66,555,893,244,087 | 36,200,193,891,753 |
| IV. DERIVATIVE ASSETS | 177,928,413,220 | 338,510,567,656 | 120,020,911,144 |
| V. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES | 34,951,476,778 | - | - |
| VI. TANGIBLE ASSETS | 795,929,110,164 | 793,389,725,103 | 508,722,105,985 |
| VII. INTANGIBLE ASSETS | 367,601,785,509 | 412,219,415,666 | 134,892,639,539 |
| VIII. INVESTMENT OF PROPERTY | 132,409,739,983 | 133,508,413,565 | 87,890,074,218 |
| IX. NON-CURRENT ASSETS HELD FOR SALE | 29,295,737,806 | - | 10,658,898,025 |
| X. DEFERRED INCOME TAX ASSETS | 15,886,357,038 | - | - |
| XI. OTHER ASSETS | 473,225,402,072 | 383,866,210,004 | 159,835,110,840 |
| TOTAL ASSETS | 90,279,548,107,075 | 84,050,063,926,700 | 46,916,890,811,024 |
| LIABILITIES | | | |
| I. DEPOSITS | 64,361,451,158,459 | 59,906,495,454,005 | 31,058,903,803,104 |
| II. BORROWINGS | 6,025,842,385,424 | 6,664,307,425,428 | 4,391,127,175,771 |
| III. DEBENTURES | 8,152,822,161,590 | 7,299,509,154,641 | 4,740,193,120,195 |
| IV. DERIVATIVE LIABILITIES | 170,331,267,224 | 290,544,299,745 | 90,218,613,268 |
| V. RETIREMENT BENEFIT OBLIGATION | 23,012,061,193 | 60,430,473,197 | 12,388,251,389 |
| VI. PROVISIONS | 149,008,521,243 | 195,701,320,579 | 32,946,492,830 |
| VII. CURRENT INCOME TAX LIABILITIES | 64,066,981,250 | 52,846,362,565 | 20,433,956,378 |
| VIII. DEFERRED INCOME TAX LIABILITIES | 75,473,596,589 | 48,337,434,682 | 77,206,704,645 |
| IX. OTHER LIABILITIES | 5,066,857,352,224 | 4,067,948,107,598 | 2,892,607,827,387 |
| TOTAL LIABILITIES | 84,088,865,485,196 | 78,586,120,032,440 | 43,316,025,944,967 |
| SHAREHOLDERS' EQUITY | | | |
| I. EQUITY ATTRIBUTABLE TO THE OWNERS OF CONTROLLING INTERESTS | 5,886,216,134,196 | 4,765,683,316,153 | 3,501,013,866,057 |
| 1. Capital stock | 1,279,676,230,000 | 1,171,899,495,000 | 966,899,495,000 |
| 2. Hybrid Securities | 259,277,011,000 | - | - |
| 3. Other paid-in capital | 672,809,192,535 | 353,678,831,743 | 47,023,304,997 |
| 4. Other components of equity | 23,958,713,189 | 23,363,971,072 | 25,972,578,211 |
| 5. Retained earnings | 3,650,494,987,472 | 3,216,741,018,338 | 2,461,118,487,849 |
| II. NON-CONTROLLING EQUITY | 304,466,487,683 | 698,260,578,107 | 99,851,000,000 |
| TOTAL EQUITY | 6,190,682,621,879 | 5,463,943,894,260 | 3,600,864,866,057 |
| TOTAL LIABILITIES AND EQUITY | 90,279,548,107,075 | 84,050,063,926,700 | 46,916,890,811,024 |

BNK Financial Group _ Consolidated Statements of Comprehensive Income

BNK FINANCIAL GROUP INC. AND ITS SUBSIDIARIES

(Unit: KRW)

| Description | December 31, 2015 | December 31, 2014 | December 31, 2013 |
|-------------------------------------------------------------------------|--------------------|--------------------|-------------------|
| I. NET INTEREST INCOME | 2,033,981,462,321 | 1,427,234,921,418 | 1,154,457,909,029 |
| 1. Interest income | 3,319,185,191,036 | 2,495,772,998,558 | 2,117,574,023,749 |
| 2. Interest expenses | -1,285,203,728,715 | -1,068,538,077,140 | -963,116,114,720 |
| II. NET FEE AND COMMISSION INCOME | 204,483,110,776 | 114,208,590,167 | 85,126,538,438 |
| 1. Commission income | 339,804,123,562 | 203,013,988,292 | 150,831,028,995 |
| 2. Commission expenses | -135,321,012,786 | -88,805,398,125 | -65,704,490,557 |
| III. NET INCOME OF INVESTMENT FINANCIAL ASSETS | 136,167,229,469 | 47,083,425,865 | 36,200,875,952 |
| 1. Net income of financial assets at FVTPL | 4,750,945,468 | 13,731,467,299 | 8,775,341,790 |
| 2. Net income of AFS financial assets | 131,416,284,001 | 33,351,958,566 | 27,425,534,162 |
| IV. PROVISION FOR CREDIT LOSS | -447,318,390,085 | -266,360,634,030 | -232,305,332,320 |
| V. NET OTHER OPERATING INCOME | -1,231,137,101,589 | -381,026,074,904 | -630,741,709,062 |
| 1. Net gain (loss) from foreign exchange trading | 16,357,213,366 | 29,301,463,894 | -107,228,766,337 |
| 2. Net income from derivatives | 26,088,518,506 | 7,975,470,594 | 141,695,753,156 |
| 3. General and administrative expenses | -1,103,580,136,151 | -751,503,545,769 | -573,767,553,444 |
| 4. Other operating revenues | 163,314,012,181 | 542,240,362,274 | 45,925,758,102 |
| 5. Other operating expenses | -333,316,709,491 | -209,039,825,897 | -137,366,900,539 |
| VI. OPERATING INCOME | 696,176,310,892 | 941,140,228,516 | 412,738,282,037 |
| VII. NON-OPERATING INCOME, NET | 3,884,599,231 | -22,076,541,235 | -9,879,814,495 |
| 1. Share of Profit (Loss) of Associates | 675,557,642 | - | - |
| 2. Non-operating income | 37,505,701,566 | 13,728,941,831 | 12,011,576,536 |
| 3. Non-operating expense | -34,296,659,977 | -35,805,483,066 | -21,891,391,031 |
| VIII. EARNINGS BEFORE INCOME TAX | 700,060,910,123 | 919,063,687,281 | 402,858,467,542 |
| IX. INCOME TAX EXPENSE | -169,589,709,241 | -99,395,490,266 | -97,336,386,701 |
| X. NET INCOME | 530,471,200,882 | 819,668,197,015 | 305,522,080,841 |
| 1. Net income attributable to controlling interests | 485,512,282,267 | 809,768,902,209 | 304,513,329,755 |
| 2. Net income attributable to non-controlling interests | 44,958,918,615 | 9,899,294,806 | 1,008,751,086 |
| XI. OTHER COMPREHENSIVE INCOME | -228,729,817 | -3,684,060,738 | -3,514,219,501 |
| 1. Items that are not subsequently reclassified to profit or loss: | -12,812,044,323 | -28,012,783,828 | -8,406,679,035 |
| 1) Remeasurement elements of defined benefit plan | -12,812,044,323 | -28,012,783,828 | -8,406,679,035 |
| 2. Items that are subsequently reclassified to profit or loss | 12,583,314,506 | 24,328,723,090 | 4,892,459,534 |
| 1) Gain (loss) on fair value of AFS financial assets | 10,750,861,836 | 23,273,333,912 | 5,240,583,868 |
| 2) Gain on valuation of cash flow hedge | 86,913,999 | 42,807,181 | - |
| 3) Gain (loss) on overseas operations translation | 1,745,538,671 | 1,012,581,997 | -348,124,334 |
| XII. TOTAL COMPREHENSIVE INCOME | 530,242,471,065 | 815,984,136,277 | 302,007,861,340 |
| 1. Total comprehensive income attributable to controlling interests | 486,107,024,384 | 807,160,295,070 | 300,999,110,254 |
| 2. Total comprehensive income attributable to non-controlling interests | 44,135,446,681 | 8,823,841,207 | 1,008,751,086 |
| XIII. EARNINGS PER SHARE | | | |
| 1. Basic and diluted net earnings per share (in currency units) | 1,967 | 3,809 | 1,576 |

BNK Financial Group _ Consolidated Statements of Changes in Shareholders' Equity

BNK FINANCIAL GROUP INC. AND ITS SUBSIDIARIES

(Unit: KRW)

| Description | Capital stock | Hybrid securities | Other paid-in capital | Other components of equity | Retained earnings | Controlling interests | Non-Controlling interests | Total |
|-------------------------------------------------|-------------------|-------------------|-----------------------|----------------------------|-------------------|-----------------------|---------------------------|-------------------|
| Balance at January 1, 2013 | 966,899,495,000 | - | 44,751,592,737 | 29,486,797,712 | 2,220,420,524,764 | 3,261,558,410,213 | - | 3,261,558,410,213 |
| Annual dividends | - | - | - | - | -63,815,366,670 | -63,815,366,670 | - | -63,815,366,670 |
| Disposal of treasury stock | - | - | 2,271,712,260 | - | - | 2,271,712,260 | - | 2,271,712,260 |
| Issuing hybrid bonds | - | - | - | - | - | - | 99,851,000,000 | 99,851,000,000 |
| Dividends for hybrid bonds | - | - | - | - | - | - | -1,008,751,086 | -1,008,751,086 |
| Total Comprehensive income: | | | | | | | | |
| Net income | - | - | - | - | 304,513,329,755 | 304,513,329,755 | 1,008,751,086 | 305,522,080,841 |
| Other comprehensive income (loss): | | | | | | | | |
| Remeasurement elements of defined benefit plans | - | - | - | -8,406,679,035 | - | -8,406,679,035 | - | -8,406,679,035 |
| Evaluation of AFS financial assets | - | - | - | 5,240,583,868 | - | 5,240,583,868 | - | 5,240,583,868 |
| Loss on overseas operations translation | - | - | - | -348,124,334 | - | -348,124,334 | - | -348,124,334 |
| Balance at December 31, 2013 | 966,899,495,000 | - | 47,023,304,997 | 25,972,578,211 | 2,461,118,487,849 | 3,501,013,866,057 | 99,851,000,000 | 3,600,864,866,057 |
| Balance at January 1, 2014 | 966,899,495,000 | - | 47,023,304,997 | 25,972,578,211 | 2,461,118,487,849 | 3,501,013,866,057 | 99,851,000,000 | 3,600,864,866,057 |
| Annual dividends | - | - | - | - | -54,146,371,720 | -54,146,371,720 | - | -54,146,371,720 |
| Issuance of common stock | 205,000,000,000 | - | 306,655,526,746 | - | - | 511,655,526,746 | - | 511,655,526,746 |
| Dividends for hybrid bonds | - | - | - | - | - | - | -8,285,162,500 | -8,285,162,500 |
| Changes due to business combination | - | - | - | - | - | - | 597,870,899,400 | 597,870,899,400 |
| Total Comprehensive income: | | | | | | | | |
| Net income | - | - | - | - | 809,768,902,209 | 809,768,902,209 | 9,899,294,806 | 819,668,197,015 |
| Other comprehensive income (loss): | | | | | | | | |
| Remeasurement elements of defined benefit plans | - | - | - | -26,082,653,478 | - | -26,082,653,478 | -1,930,130,350 | -28,012,783,828 |
| Evaluation of AFS financial assets | - | - | - | 22,437,076,471 | - | 22,437,076,471 | 836,257,441 | 23,273,333,912 |
| Gain on overseas operations translation | - | - | - | 1,012,581,997 | - | 1,012,581,997 | - | 1,012,581,997 |
| Gain on valuation of cash flow hedge | - | - | - | 24,387,871 | - | 24,387,871 | 18,419,310 | 42,807,181 |
| Balance at December 31, 2014 | 1,171,899,495,000 | - | 353,678,831,743 | 23,363,971,072 | 3,216,741,018,338 | 4,765,683,316,153 | 698,260,578,107 | 5,463,943,894,260 |
| Balance at January 1, 2015 | 1,171,899,495,000 | - | 353,678,831,743 | 23,363,971,072 | 3,216,741,018,338 | 4,765,683,316,153 | 698,260,578,107 | 5,463,943,894,260 |
| Annual dividends | - | - | - | - | -46,875,979,800 | -46,875,979,800 | - | -46,875,979,800 |
| Issuance of common stock | 107,776,735,000 | - | 213,881,100,330 | - | - | 321,657,835,330 | - | 321,657,835,330 |
| Issuance of hybrid securities | - | 259,277,011,000 | - | - | - | 259,277,011,000 | - | 259,277,011,000 |
| Dividends for hybrid securities | - | - | - | - | -4,882,333,333 | -4,882,333,333 | -16,435,450,000 | -21,317,783,333 |
| Acquisition of treasury stock | - | - | -639,063,626 | - | - | -639,063,626 | - | -639,063,626 |
| Disposal of treasury stock | - | - | 303,352,252 | - | - | 303,352,252 | - | 303,352,252 |
| Stock exchange with kyongnam bank | - | - | 105,584,971,836 | - | - | 105,584,971,836 | -426,721,137,807 | -321,136,165,971 |
| Changes from business combination | - | - | - | - | - | - | 5,227,050,702 | 5,227,050,702 |
| Total comprehensive income: | | | | | | | | |
| Net income | - | - | - | - | 485,512,282,267 | 485,512,282,267 | 44,958,918,615 | 530,471,200,882 |
| Other comprehensive loss: | | | | | | | | |
| Remeasurement elements of defined benefit plans | - | - | - | -11,726,042,638 | - | -11,726,042,638 | -1,086,001,685 | -12,812,044,323 |
| Evaluation of AFS financial assets | - | - | - | 10,599,633,955 | - | 10,599,633,955 | 151,227,881 | 10,750,861,836 |
| Gain on overseas operations translation | - | - | - | 1,745,538,671 | - | 1,745,538,671 | - | 1,745,538,671 |
| Loss on valuation of cash flow hedge | - | - | - | -24,387,871 | - | -24,387,871 | 111,301,870 | 86,913,999 |
| Balance at December 31, 2015 | 1,279,676,230,000 | 259,277,011,000 | 672,809,192,535 | 23,958,713,189 | 3,650,494,987,472 | 5,886,216,134,196 | 304,466,487,683 | 6,190,682,621,879 |

BNK Financial Group _ Consolidated Statements of Cash Flows

BNK FINANCIAL GROUP INC. AND ITS SUBSIDIARIES

(Unit: KRW)

| Description | December 31, 2015 | December 31, 2014 | December 31, 2013 |
|---------------------------------------------------------------------------------------------|----------------------|--------------------|--------------------|
| I. CASH FLOWS FROM OPERATING ACTIVITIES | 746,420,688,192 | -130,549,477,590 | -794,301,715,851 |
| 1. Net income | 530,471,200,882 | 819,668,197,015 | 305,522,080,841 |
| 2. Adjustments for non-cash items | -1,429,989,648,756 | -1,404,517,827,818 | -834,312,605,365 |
| Interest income | -3,319,185,191,036 | -2,495,772,998,558 | -2,117,574,023,749 |
| Interest expenses | 1,285,203,728,715 | 1,068,538,077,140 | 963,116,114,720 |
| Net gain (loss) on financial assets at FVTPL | -918,133,521 | 569,573,017 | -688,295,487 |
| Net gain (loss) of available for sale financial assets | -131,416,284,001 | -33,351,958,566 | -27,438,578,162 |
| Provision for credit loss | 434,480,305,772 | 266,326,436,015 | 223,285,561,417 |
| Gain (loss) on foreign currency translation | -5,169,347,644 | -2,804,728,086 | 29,995,737,298 |
| Net gain (loss) on valuation of derivative financial instruments | -8,932,126,827 | -15,586,054,358 | -30,771,491,649 |
| Depreciation and amortization | 134,629,140,265 | 76,462,727,578 | 2,584,812,538 |
| Provision for severance benefits | 49,463,297,958 | 29,870,945,933 | 22,643,431,854 |
| Net other operating income (expense) | -38,033,608,672 | 46,417,206,277 | 385,864,977 |
| Share of profit (loss) of associates | -675,557,642 | - | - |
| Net gain (loss) on property, equipment and intangible assets | 1,009,833,375 | 4,499,487,286 | 2,811,874,177 |
| Net gain on disposal of non-current assets held for sale | -35,414,739 | -1,160,974,199 | - |
| Income tax expense | 169,589,709,241 | 99,395,490,266 | 97,336,386,701 |
| Gain from bargain purchase | - | -447,921,057,563 | - |
| 3. Changes in working capital | -44,699,385,860 | -130,549,477,590 | -1,394,602,240,992 |
| Increase (decrease) in due from banks | 481,391,391,341 | 819,668,197,015 | 10,917,239,252 |
| Increase (decrease) in financial assets at FVTPL | -128,916,792,852 | -1,404,517,827,818 | 142,750,356,836 |
| Increase (decrease) in loans receivable | -5,881,057,235,254 | -3,584,198,906,706 | -3,990,006,013,079 |
| Increase (decrease) derivative financial instruments | 47,869,666,036 | 1,381,443,992 | 29,194,130,367 |
| Increase (decrease) in other assets | -99,269,463,290 | -256,928,992,874 | -100,782,342,438 |
| Increase (decrease) in deposits | 4,488,943,518,409 | 3,717,517,013,206 | 2,456,711,959,581 |
| Increase (decrease) in financial guarantee contact liabilities | -4,275,034,690 | -7,196,655,569 | -470,815,783 |
| Increase (decrease) in other liabilities | 1,153,897,363,513 | -283,445,614,282 | 77,460,441,187 |
| Increase (decrease) in defined benefit liabilities | -11,613,632,858 | -16,419,913,185 | -7,490,749,681 |
| Increase (decrease) in benefit plan assets | -91,669,166,215 | -17,399,427,433 | -12,886,447,234 |
| 4. Interest revenue received | 3,268,714,895,559 | 2,652,632,764,159 | 2,158,017,788,555 |
| 5. Dividend income received | 33,583,028,988 | 22,316,768,328 | 20,764,814,492 |
| 6. Interest expense paid | -1,472,043,306,758 | -721,926,116,916 | -957,258,294,056 |
| 7. Income tax paid | -139,616,095,863 | -36,605,069,082 | -92,433,259,326 |
| II. CASH FLOWS FROM INVESTING ACTIVITIES | -855,488,548,738 | -1,237,468,526,924 | -375,207,771,320 |
| Disposal of available for sale financial assets | 8,325,382,928,279 | 2,578,227,294,655 | 2,773,365,705,186 |
| Acquisition of available for sale financial assets | -8,522,545,701,914 | -2,758,052,672,275 | -2,825,516,098,030 |
| Disposal of held-to-maturity financial assets | 2,590,979,622,534 | 1,390,126,873,162 | 853,788,630,910 |
| Acquisition of held-to-maturity financial assets | -3,091,577,947,941 | -1,306,771,516,721 | -747,450,539,905 |
| Disposal of property and equipment | 1,115,973,271 | 1,956,448,430 | 6,943,662,918 |
| Acquisition of property and equipment | -105,066,952,655 | -175,020,986,360 | -130,297,502,950 |
| Disposal of intangible assets | 1,393,854,706 | 404,810,727 | - |
| Acquisition of intangible assets | -17,004,759,578 | -17,489,223,745 | -33,820,719,229 |
| Business combination, net of cash acquired | -8,656,646,304 | -780,396,976,076 | - |
| Others | -29,508,919,136 | -170,452,578,721 | -272,220,910,220 |
| III. CASH FLOWS FROM FINANCING ACTIVITIES | 436,095,461,897 | 1,366,428,864,949 | 930,576,943,168 |
| Increase in debts | 101,522,518,271,474 | 896,520,926,821 | 365,430,913,362 |
| Decrease in debts | -102,124,242,088,080 | -1,065,556,309,197 | -403,992,623,748 |
| Increase in debentures | 2,466,537,740,330 | 1,338,488,854,533 | 1,606,697,361,600 |
| Redemption of debentures | -1,618,926,250,000 | -278,500,350,711 | -930,780,550,000 |
| Issuance of common stock | - | 511,655,526,746 | - |
| Issuing hybrid bonds | 259,277,011,000 | - | 99,851,000,000 |
| Payment of dividends | -68,193,763,133 | -62,431,534,220 | -64,827,460,914 |
| Others | -875,459,694 | 26,251,750,977 | 258,198,302,868 |
| IV. NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (I+II+III) | 327,027,601,351 | -1,589,139,565 | -238,932,544,003 |
| V. CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | 777,613,057,862 | 767,118,225,881 | 1,038,586,920,369 |
| VI. EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS IN FOREIGN CURRENCY | 39,245,872,519 | 12,083,971,546 | -32,536,150,485 |
| VII. CASH AND CASH EQUIVALENTS, END OF YEAR | 1,143,886,531,732 | 777,613,057,862 | 767,118,225,881 |

Busan Bank _ Consolidated Statements of Financial Position

BUSAN BANK AND ITS SUBSIDIARIES

(Unit: KRW)

| Description | December 31, 2015 | December 31, 2014 | December 31, 2013 |
|------------------------------------------------------------------|---------------------------|---------------------------|---------------------------|
| ASSETS | | | |
| I. CASH AND DUE FROM BANKS | 1,715,636,191,296 | 2,176,559,855,531 | 1,741,082,352,535 |
| II. INVESTMENT FINANCIAL ASSETS | 8,025,437,414,553 | 7,495,324,441,096 | 7,431,584,899,460 |
| 1. Financial assets at fair value through profit or Loss (FVTPL) | 431,278,961,072 | 308,898,302,665 | 285,471,517,145 |
| 2. Available-for-sale (AFS) financial assets | 3,050,122,462,436 | 2,908,812,798,173 | 2,776,789,934,523 |
| 3. Held-to-maturity (HTM) financial assets | 4,544,035,991,045 | 4,277,613,340,258 | 4,369,323,447,792 |
| III. LOANS AND RECEIVABLES | 39,647,996,111,398 | 35,733,862,440,087 | 32,935,266,211,178 |
| 1. Loans | 36,204,870,196,364 | 33,432,816,174,030 | 30,614,590,759,684 |
| 2. Receivables | 3,443,125,915,034 | 2,301,046,266,057 | 2,320,675,451,494 |
| IV. DERIVATIVE ASSETS | 128,504,356,075 | 261,518,859,534 | 119,726,181,144 |
| V. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES | 25,066,442,336 | - | - |
| VI. TANGIBLE ASSETS | 532,773,012,132 | 551,904,244,496 | 497,576,434,719 |
| VII. INTANGIBLE ASSETS | 63,475,860,268 | 82,232,632,382 | 78,209,017,007 |
| VIII. INVESTMENT OF PROPERTY | 87,002,374,695 | 90,007,730,913 | 59,426,403,528 |
| IX. NON-CURRENT ASSETS HELD FOR SALE | 29,295,737,806 | - | 10,658,898,025 |
| X. OTHER ASSETS | 7,504,794,459 | 7,202,432,715 | 8,493,476,002 |
| TOTAL ASSETS | 50,262,692,295,018 | 46,398,612,636,754 | 42,882,023,873,598 |
| LIABILITIES | | | |
| I. DEPOSITS | 36,954,663,220,893 | 34,144,016,873,594 | 30,573,634,638,817 |
| II. BORROWINGS | 3,213,384,261,722 | 3,477,938,159,902 | 3,877,554,188,737 |
| III. DEBENTURES | 2,353,143,414,012 | 2,159,219,224,613 | 2,144,118,523,859 |
| IV. DERIVATIVE LIABILITIES | 123,822,353,040 | 254,438,657,622 | 89,976,153,268 |
| V. NET DEFINED BENEFIT LIABILITIES | 7,932,926,724 | 31,633,764,923 | 9,362,046,198 |
| VI. PROVISIONS | 26,119,495,961 | 43,234,677,222 | 32,556,234,921 |
| VII. CURRENT INCOME TAX LIABILITIES | 29,029,182,562 | 43,613,601,375 | 20,162,383,540 |
| VIII. DEFERRED INCOME TAX LIABILITIES | 61,931,249,768 | 55,853,432,782 | 60,984,621,696 |
| IX. OTHER LIABILITIES | 3,690,564,843,088 | 2,759,797,783,611 | 2,594,494,414,659 |
| TOTAL LIABILITIES | 46,460,590,947,770 | 42,969,746,175,644 | 39,402,843,205,695 |
| EQUITY | | | |
| I. EQUITY ATTRIBUTABLE TO THE OWNERS OF CONTROLLING INTERESTS | 3,802,101,347,248 | 3,428,866,461,110 | 3,479,180,667,903 |
| 1. Capital stock | 959,418,250,000 | 948,418,250,000 | 948,418,250,000 |
| 2. Hybrid securities | 99,851,000,000 | 99,851,000,000 | 99,851,000,000 |
| 3. Capital surplus | 233,870,092,000 | 134,924,946,000 | 134,924,946,000 |
| 4. Other components of equity | 18,998,640,488 | 20,400,069,761 | 20,305,251,976 |
| 5. Retained earnings | 2,489,963,364,760 | 2,225,272,195,349 | 2,275,681,219,927 |
| Provided reserve for bad debts at December 31, 2015 | | | |
| Accumulated reserves: ₩ 141,428,000,000 | | | |
| Planned provision of regulatory reserve for credit loss: | | | |
| ₩ 66,396,000,000 | | | |
| Provided reserve for bad debts at December 31, 2014 | | | |
| Accumulated reserves: ₩ 118,899,000,000 | | | |
| Planned provision of regulatory reserve for credit loss: | | | |
| ₩ 22,529,000,000 | | | |
| II. NON-CONTROLLING INTERESTS | - | - | - |
| TOTAL EQUITY | 3,802,101,347,248 | 3,428,866,461,110 | 3,479,180,667,903 |
| TOTAL LIABILITIES AND EQUITY | 50,262,692,295,018 | 46,398,612,636,754 | 42,882,023,873,598 |

Busan Bank _ Consolidated Statements of Comprehensive Income

BUSAN BANK AND ITS SUBSIDIARIES

(Unit: KRW)

| Description | December 31, 2015 | December 31, 2014 | December 31, 2013 |
|------------------------------------------------------------------------------------------------------------------|-------------------|-------------------|-------------------|
| I. NET INTEREST INCOME | 1,095,673,264,006 | 1,087,324,511,877 | 1,001,911,025,525 |
| 1. Interest income | 1,749,181,248,142 | 1,865,765,586,570 | 1,842,857,579,178 |
| 2. Interest expenses | -653,507,984,136 | -778,441,074,693 | -840,946,553,653 |
| II. NET FEE AND COMMISSION INCOME | 112,495,676,536 | 81,247,300,270 | 65,216,970,442 |
| 1. Commission income | 188,809,431,348 | 143,096,062,963 | 122,114,631,605 |
| 2. Commission expenses | -76,313,754,812 | -61,848,762,693 | -56,897,661,163 |
| III. NET INCOME OF INVESTMENT FINANCIAL ASSETS | 50,052,741,262 | 35,103,830,886 | 32,007,436,347 |
| 1. Net gain (loss) on financial assets at FVTPL | -3,228,417,332 | 4,573,496,351 | 2,770,628,864 |
| 2. Net income of AFS financial assets | 53,281,158,594 | 30,530,334,535 | 29,236,807,483 |
| IV. PROVISION FOR CREDIT LOSS | -199,088,867,933 | -139,917,915,383 | -138,927,886,463 |
| V. OTHER OPERATING EXPENSES, NET | -640,317,350,545 | -606,910,192,399 | -549,070,769,813 |
| 1. Net gain (Loss) on foreign exchange | 19,237,448,433 | 31,305,675,244 | -107,232,538,126 |
| 2. Net gain (loss) from derivatives | 2,483,664,992 | -5,348,040,113 | 140,066,253,516 |
| 3. General and administrative expenses | -577,156,094,710 | -533,038,260,431 | -489,822,333,574 |
| 4. Other operating income | 28,778,851,020 | 25,128,358,229 | 11,279,198,069 |
| 5. Other operating expenses | -113,661,220,280 | -124,957,925,328 | -103,361,349,698 |
| VI. OPERATING INCOME | 418,815,463,326 | 456,847,535,251 | 411,136,776,038 |
| VII. NON-OPERATING INCOME, NET | -3,884,710,879 | -17,858,166,807 | -5,080,298,628 |
| 1. Non-operating income | 11,685,968,341 | 10,605,824,798 | 11,655,233,787 |
| 2. Non-operating expenses | -15,570,679,220 | -28,463,991,605 | -16,735,532,415 |
| VIII. INCOME BEFORE INCOME TAX EXPENSE | 414,930,752,447 | 438,989,368,444 | 406,056,477,410 |
| IX. INCOME TAX EXPENSE | -94,589,550,386 | -83,787,175,172 | -87,437,446,060 |
| X. NET INCOME | 320,341,202,061 | 355,202,193,272 | 318,619,031,350 |
| (Net income after provision of reserve for bad debts: 253,945 million in 2015 and 332,673 million in 2014) | | | |
| XI. OTHER COMPREHENSIVE INCOME (LOSS) | -1,401,429,273 | 94,817,785 | -1,956,220,736 |
| Items that are not subsequently reclassified to profit or loss: | -4,956,204,833 | -22,186,114,624 | -7,918,720,336 |
| 1. Remeasurement elements of defined benefit plan | -4,956,204,833 | -22,186,114,624 | -7,918,720,336 |
| Items that are subsequently reclassified to profit or loss | 3,554,775,560 | 22,280,932,409 | 5,962,499,600 |
| 1. Gain (loss) on fair value of AFS financial assets | 1,406,321,662 | 21,259,889,289 | 6,310,623,934 |
| 2. Gain (loss) on overseas operations translation | 2,148,453,898 | 1,021,043,120 | -348,124,334 |
| XII. TOTAL COMPREHENSIVE INCOME | 318,939,772,788 | 355,297,011,057 | 316,662,810,614 |
| XIII. NET INCOME ATTRIBUTABLE TO : | | | |
| 1. Owners of the company | 320,341,202,061 | 355,202,193,272 | 318,619,031,350 |
| 2. Non-controlling interests | - | - | - |
| XIV. TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO : | | | |
| 1. Owners of the company | 318,939,772,788 | 355,297,011,057 | 316,662,810,614 |
| 2. Non-controlling interests | - | - | - |
| XV. EARNINGS PER SHARE | | | |
| 1. Basic and diluted net earnings per share (in currency units) | 1,650 | 1,843 | 1,697 |

Busan Bank _ Consolidated Statements of Changes in Shareholders' Equity

BUSAN BANK AND ITS SUBSIDIARIES

(Unit: KRW)

| Description | Capital stock | Hybrid securities | Capital surplus | Other components of equity | Retained earnings | Controlling interests | Non-Controlling interests | Total |
|---------------------------------------------------|-----------------|-------------------|-----------------|----------------------------|-------------------|-----------------------|---------------------------|-------------------|
| Balance at January 1, 2013 | 933,418,250,000 | - | - | 22,261,472,712 | 2,050,067,509,913 | 3,005,747,232,625 | - | 3,005,747,232,625 |
| Payment of interim dividends | - | - | - | - | -91,996,570,250 | -91,996,570,250 | - | -91,996,570,250 |
| Issuance of common stock | 15,000,000,000 | - | 134,924,946,000 | - | - | 149,924,946,000 | - | 149,924,946,000 |
| Issuing hybrid bonds | - | 99,851,000,000 | - | - | - | 99,851,000,000 | - | 99,851,000,000 |
| Dividends for hybrid bonds | - | - | - | - | -1,008,751,086 | -1,008,751,086 | - | -1,008,751,086 |
| Total Comprehensive Income | | | | | | | | |
| Net income | - | - | - | - | 318,619,031,350 | 318,619,031,350 | - | 318,619,031,350 |
| Remeasurement elements of defined benefit plan | - | - | - | -7,918,720,336 | - | -7,918,720,336 | - | -7,918,720,336 |
| Gain (loss) on fair value of AFS financial assets | - | - | - | 6,310,623,934 | - | 6,310,623,934 | - | 6,310,623,934 |
| Gain (loss) on overseas operations translation | - | - | - | -348,124,334 | - | -348,124,334 | - | -348,124,334 |
| Balance at December 31, 2013 | 948,418,250,000 | 99,851,000,000 | 134,924,946,000 | 20,305,251,976 | 2,275,681,219,927 | 3,479,180,667,903 | - | 3,479,180,667,903 |
| Balance at January 1, 2014 | 948,418,250,000 | 99,851,000,000 | 134,924,946,000 | 20,305,251,976 | 2,275,681,219,927 | 3,479,180,667,903 | - | 3,479,180,667,903 |
| Payment of interim dividends | - | - | - | - | -400,042,817,850 | -400,042,817,850 | - | -400,042,817,850 |
| Dividends for hybrid bonds | - | - | - | - | -5,568,400,000 | -5,568,400,000 | - | -5,568,400,000 |
| Total Comprehensive Income: | | | | | | | | |
| Net income | - | - | - | - | 355,202,193,272 | 355,202,193,272 | - | 355,202,193,272 |
| Remeasurement elements of defined benefit plan | - | - | - | -22,186,114,624 | - | -22,186,114,624 | - | -22,186,114,624 |
| Gain (loss) on fair value of AFS financial assets | - | - | - | 21,259,889,289 | - | 21,259,889,289 | - | 21,259,889,289 |
| Gain (loss) on overseas operations translation | - | - | - | 1,021,043,120 | - | 1,021,043,120 | - | 1,021,043,120 |
| Balance at December 31, 2014 | 948,418,250,000 | 99,851,000,000 | 134,924,946,000 | 20,400,069,761 | 2,225,272,195,349 | 3,428,866,461,110 | - | 3,428,866,461,110 |
| Balance at January 1, 2015 | 948,418,250,000 | 99,851,000,000 | 134,924,946,000 | 20,400,069,761 | 2,225,272,195,349 | 3,428,866,461,110 | - | 3,428,866,461,110 |
| Payment of interim dividends | - | - | - | - | -50,081,632,650 | -50,081,632,650 | - | -50,081,632,650 |
| Dividends for hybrid bonds | - | - | - | - | -5,568,400,000 | -5,568,400,000 | - | -5,568,400,000 |
| Issuance of common stock | 11,000,000,000 | - | 98,945,146,000 | - | - | 109,945,146,000 | - | 109,945,146,000 |
| Total Comprehensive Income: | | | | | | | | |
| Net income | - | - | - | - | 320,341,202,061 | 320,341,202,061 | - | 320,341,202,061 |
| Remeasurement elements of defined benefit plan | - | - | - | -4,956,204,833 | - | -4,956,204,833 | - | -4,956,204,833 |
| Gain (loss) on fair value of AFS financial assets | - | - | - | 1,406,321,662 | - | 1,406,321,662 | - | 1,406,321,662 |
| Gain (loss) on overseas operations translation | - | - | - | 2,148,453,898 | - | 2,148,453,898 | - | 2,148,453,898 |
| Balance at December 31, 2015 | 959,418,250,000 | 99,851,000,000 | 233,870,092,000 | 18,998,640,488 | 2,489,963,364,760 | 3,802,101,347,248 | - | 3,802,101,347,248 |

Busan Bank _ Consolidated Statements of Cash Flows

BUSAN BANK AND ITS SUBSIDIARIES

(Unit: KRW)

| Description | December 31, 2015 | December 31, 2014 | December 31, 2013 |
|--------------------------------------------------------------------------------------|--------------------|--------------------|--------------------|
| I. CASH FLOWS FROM OPERATING ACTIVITIES | 432,070,958,134 | 482,809,419,320 | 166,617,704,066 |
| 1. Net income | 320,341,202,061 | 355,202,193,272 | 318,619,031,350 |
| 2. Adjustments for non-cash items | -763,448,744,804 | -807,162,119,014 | -824,677,477,347 |
| Interest income | -1,749,181,248,142 | -1,865,765,586,570 | -1,842,857,579,178 |
| Interest expenses | 653,507,984,136 | 778,441,074,693 | 840,946,553,653 |
| Net income of financial assets at FVTPL | 2,028,396,372 | -1,338,156,361 | -339,828,902 |
| Net income of AFS financial assets | -53,281,158,594 | -30,530,334,535 | -29,236,807,483 |
| Provision for credit loss | 204,860,763,805 | 141,397,123,611 | 127,034,700,429 |
| Gain (loss) on foreign currency translation | -15,041,966,838 | -6,031,963,335 | 29,995,737,298 |
| Net gain (loss) on valuation of derivative financial instruments | -5,391,236,466 | -8,212,175,561 | -30,857,618,850 |
| Depreciation | 69,127,572,383 | 58,215,596,974 | 33,013,260,244 |
| Provision for severance benefits | 26,822,511,056 | 21,751,877,542 | 19,072,574,142 |
| Net other operating income (expense) | 8,327,158,521 | 21,793,680,342 | -58,771,012,248 |
| Share of profit (loss) of associates | -66,442,336 | - | - |
| Net gain (loss) on property, equipment and intangible assets | 284,785,652 | 490,543,213 | -114,902,512 |
| Net gain on disposal of non-current assets held for sale | -35,414,739 | -1,160,974,199 | - |
| Income tax expense | 94,589,550,386 | 83,787,175,172 | 87,437,446,060 |
| 3. Changes in working capital | 43,354,173,270 | -83,392,340,370 | -194,444,534,225 |
| Net decrease (increase) due from banks | 542,007,686,882 | -673,104,829,019 | 45,624,113,855 |
| Net decrease (increase) in financial assets at FVTPL | -124,442,334,779 | -22,093,219,159 | -22,815,797,964 |
| Net increase in loans | -2,989,047,228,485 | -2,969,826,477,555 | -2,722,290,345,945 |
| Increase in Receivables | -1,055,498,698,883 | -12,952,461,359 | -20,110,275,689 |
| Increase (decrease) derivative financial instruments | 6,146,489,726 | 30,882,001,525 | 29,246,400,367 |
| Increase (decrease) in other assets | -342,675,338 | 313,747,880 | 3,433,644,783 |
| Net increase in deposits | 2,819,744,767,793 | 3,570,776,072,006 | 2,466,759,457,960 |
| Increase (decrease) in other liabilities | 902,250,315,219 | 21,387,739,112 | 44,023,112,211 |
| Increase (decrease) in net defined benefit liabilities | -57,061,878,058 | -28,774,913,801 | -18,314,843,803 |
| Increase (decrease) in provisions | -402,270,807 | - | - |
| 4. Interest revenue received | 1,668,983,870,367 | 1,843,298,132,054 | 1,819,276,478,289 |
| 5. Dividend received | 17,321,393,248 | 20,766,203,307 | 20,269,369,536 |
| 6. Interest expense paid | -751,832,205,806 | -800,517,839,538 | -887,384,915,273 |
| 7. Income tax paid | -102,648,730,202 | -45,384,810,391 | -85,040,248,264 |
| II. CASH FLOWS FROM INVESTING ACTIVITIES | -424,761,500,689 | -72,588,282,370 | -365,027,761,472 |
| Disposal of available for sale financial assets | 5,705,780,402,056 | 2,049,276,739,600 | 2,733,382,526,352 |
| Acquisition of available for sale financial assets | -5,812,253,596,953 | -2,146,322,545,664 | -2,788,675,212,728 |
| Disposal of held-to-maturity financial assets | 2,161,368,151,531 | 1,168,758,756,162 | 853,678,227,887 |
| Acquisition of held-to-maturity financial assets | -2,409,644,337,311 | -1,055,852,453,000 | -747,450,539,905 |
| Acquisition of investments in subsidiaries and associates | -25,000,000,000 | - | - |
| Disposal of property and equipment | 396,409,000 | 1,612,841,379 | 2,739,534,200 |
| Acquisition of property and equipment | -53,403,614,446 | -143,329,400,241 | -125,914,127,710 |
| Disposal of intangible assets | 260,000,000 | - | - |
| Acquisition of intangible assets | -6,837,921,600 | -5,816,229,935 | -31,845,828,329 |
| Disposal of non-current assets held for sale | 2,210,000,000 | 11,819,872,224 | - |
| Decrease in others | 12,363,007,034 | 47,264,137,105 | -260,942,341,239 |
| III. CASH FLOWS FROM FINANCING ACTIVITIES | 69,063,648,528 | -665,255,953,622 | 21,929,760,180 |
| Increase in debts | 342,328,660,551 | - | 388,108,698,526 |
| Decrease in debts | -594,506,652,886 | -400,333,484,861 | -258,077,823,308 |
| Increase in debentures | 399,630,845,378 | 449,619,692,894 | 149,852,600,000 |
| Redemption of debentures | -242,926,250,000 | -454,339,800,000 | -670,780,550,000 |
| Issuance of common stock | 109,945,146,000 | - | 249,775,946,000 |
| Payment of dividends | -55,650,032,650 | -404,602,343,624 | -93,005,321,336 |
| Increase in others | 110,241,932,135 | 144,399,981,969 | 256,056,210,298 |
| IV. NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (I+II+III) | 76,373,105,973 | -255,034,816,672 | -176,480,297,226 |
| V. CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | 459,803,801,285 | 697,431,127,308 | 906,496,981,739 |
| VI. EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS IN FOREIGN CURRENCY | 4,710,916,674 | 17,407,490,649 | -32,585,557,205 |
| VII. CASH AND CASH EQUIVALENTS, END OF YEAR | 540,887,823,932 | 459,803,801,285 | 697,431,127,308 |

Kyongnam Bank _ Consolidated Statements of Financial Position

KYONGNAM BANK AND ITS SUBSIDIARIES

(Unit: KRW)

| Description | December 31, 2015 | December 31, 2014 | December 31, 2013 |
|---------------------------------------------------------------------------|---------------------------|---------------------------|---------------------------|
| ASSETS | | | |
| Cash & cash equivalents | 404,398,724,057 | 467,891,410,119 | 445,642,756,091 |
| Financial assets at fair value through profit or Loss (FVTPL) | 225,952,434,094 | 307,156,908,720 | 277,826,462,616 |
| Available-for-sale (AFS) financial assets | 2,177,936,191,943 | 2,069,437,895,142 | 2,227,058,053,544 |
| Held-to-maturity (HTM) financial assets | 2,276,197,198,549 | 2,019,883,245,170 | 2,096,370,429,877 |
| Loans and receivables | 29,006,714,326,481 | 27,481,373,908,853 | 26,338,340,980,384 |
| Investments in subsidiaries and associates | 60,017,919,114 | 0 | 0 |
| Investment of Property | 13,965,529,461 | 12,012,372,294 | 12,010,611,743 |
| Tangible Assets | 243,038,162,791 | 220,652,962,005 | 192,628,005,086 |
| Intangible Assets | 73,808,960,895 | 83,426,207,605 | 11,817,593,435 |
| Other Assets | 92,659,986,953 | 121,403,804,161 | 66,546,264,322 |
| Current Tax Assets | 0 | 5,703,372,212 | 5,445,425,518 |
| Deferred Tax Assets | 67,303,575,071 | 65,694,294,608 | 40,540,227,580 |
| TOTAL ASSETS | 34,641,993,009,409 | 32,854,636,380,889 | 31,714,226,810,196 |
| LIABILITIES | | | |
| Financial Liabilities at Fair Value Through Profit or Loss (FVTPL) | 46,380,674,184 | 35,650,339,744 | 30,841,442,125 |
| Deposits | 26,897,703,891,003 | 25,147,247,923,362 | 23,773,242,173,508 |
| Borrowings | 2,325,044,702,956 | 2,598,289,894,799 | 2,731,988,980,522 |
| Debentures | 1,549,020,356,719 | 1,565,044,587,176 | 1,445,232,831,061 |
| Retirement Benefit Obligation | 10,942,435,490 | 24,598,600,934 | 4,390,749,012 |
| Provisions | 122,130,163,544 | 151,756,477,360 | 211,869,827,133 |
| Current income tax liabilities | 21,562,456,609 | 0 | 0 |
| Others financial liabilities | 1,183,981,545,499 | 1,148,685,042,037 | 1,218,946,193,565 |
| Other liabilities | 27,619,540,784 | 36,169,845,865 | 37,432,277,719 |
| Derivative liabilities | 0 | 428,302,379 | 0 |
| TOTAL LIABILITIES | 32,184,385,766,788 | 30,707,871,013,656 | 29,453,944,474,645 |
| EQUITY | | | |
| Equity attributable to the owners of controlling interests | 2,457,607,242,621 | 2,146,765,367,233 | 2,260,282,335,551 |
| Capital stock | 407,104,560,000 | 392,104,560,000 | 290,250,185,000 |
| Hybrid Securities | 199,698,980,000 | 199,698,980,000 | 315,696,480,000 |
| Other Paid-in Capital | 1,042,599,774,556 | 1,101,970,610,882 | 95,480,234,232 |
| Other components of equity | 9,693,112,723 | 48,742,019,289 | 36,739,298,918 |
| Retained earnings | 798,510,815,342 | 404,249,197,062 | 1,522,116,137,401 |
| Provided reserve for bad debts at December 31, 2015 | | | |
| Accumulated reserves: ₩238,442 million | | | |
| Non-accumulation of reserve: | | | |
| Provision of regulatory reserve for credit loss: ₩23,620 million | | | |
| Planned provision of regulatory reserve for credit loss: ₩23,620 million | | | |
| Provided reserve for bad debts at December 31, 2014 | | | |
| Accumulated reserves: | | | |
| Non-accumulation of reserve: ₩1,965,630 million | | | |
| Provision of regulatory reserve for credit loss: ₩41,912 million | | | |
| Planned provision of regulatory reserve for credit loss: ₩238,442 million | | | |
| Non-controlling interests | — | — | — |
| TOTAL EQUITY | 2,457,607,242,621 | 2,146,765,367,233 | 2,260,282,335,551 |
| TOTAL LIABILITIES AND EQUITY | 34,641,993,009,409 | 32,854,636,380,889 | 31,714,226,810,196 |

Kyongnam Bank _ Consolidated Statements of Comprehensive Income

KYONGNAM BANK AND ITS SUBSIDIARIES

(Unit: KRW)

| Description | December 31, 2015 | December 31, 2014 | December 31, 2013 |
|----------------------------------------------------------------------|-------------------|-------------------|-------------------|
| Net interest income | 726,628,612,640 | 698,057,456,481 | 695,534,925,073 |
| Interest revenues | 1,242,017,205,386 | 1,341,239,449,368 | 1,367,900,907,662 |
| Interest expenses | 515,388,592,746 | 643,181,992,887 | 672,365,982,589 |
| Net commission income | 53,620,043,895 | 40,111,292,085 | 51,049,429,842 |
| Commission revenues | 100,032,375,623 | 85,852,278,365 | 92,112,694,966 |
| Commission expenses | 46,412,331,728 | 45,740,986,280 | 41,063,265,124 |
| Dividend income | 16,153,158,563 | 9,559,440,629 | 12,953,217,053 |
| Gain (loss) on fair value through profit or loss assets | 13,671,599,639 | 35,210,548,247 | 80,191,771,773 |
| Gain (loss) on available-for-sale financial assets | 65,280,405,763 | 4,216,474,660 | 1,940,652,292 |
| Impairment losses due to credit loss | 144,234,376,212 | -177,751,212,953 | -172,010,081,768 |
| General and administrative expenses | 387,842,311,454 | -363,111,833,801 | -327,720,736,474 |
| Net other operating income (expense) | -82,642,835,789 | -120,931,139,048 | -181,966,135,684 |
| Operating income | 260,634,297,045 | 125,361,026,300 | 159,973,042,107 |
| Non-operating income, net | 9,207,226,393 | -6,035,974,444 | -7,871,370,300 |
| Share of profit (loss) of associates | 741,999,978 | 0 | 0 |
| Income before income tax expense | 270,583,523,416 | 119,325,051,856 | 152,101,671,807 |
| Income tax expense | 60,045,855,136 | 27,144,550,868 | 21,920,864,791 |
| Net income | 210,537,668,280 | 92,180,500,988 | 130,180,807,016 |
| Other comprehensive income (loss), net of tax | -39,048,906,566 | 12,002,720,371 | -3,309,485,679 |
| Items that are not subsequently reclassified to profit or loss: | -6,705,337,801 | -9,435,608,862 | -2,780,549,131 |
| Remeasurement elements of defined benefit plan | -6,705,337,801 | -9,435,608,862 | -2,780,549,131 |
| Items that are subsequently reclassified to profit or loss | -32,343,568,765 | 21,438,329,233 | -528,936,548 |
| Gain (loss) on fair value of AFS financial assets | -32,602,238,564 | 21,696,999,032 | -528,936,548 |
| Gain (loss) on valuation of cash flow hedge | 258,669,799 | -258,669,799 | 0 |
| Total comprehensive income | 171,488,761,714 | 104,183,221,359 | 126,871,321,337 |
| Net income attributable to: | 210,537,668,280 | 92,180,500,988 | 130,180,807,016 |
| Net income attributable to owners | 210,537,668,280 | 89,440,304,680 | 130,180,807,016 |
| Net income attributable to non-controlling interests | 0 | 2,740,196,308 | 0 |
| Total comprehensive income attributable to: | 171,488,761,714 | 104,183,221,359 | 126,871,321,337 |
| Total comprehensive income attributable to owners of the company | 171,488,761,714 | 101,443,025,051 | 126,871,321,337 |
| Total comprehensive income attributable to non-controlling interests | 0 | 2,740,196,308 | 0 |
| Basic and diluted net earnings per share (in currency units) | 2,515 | 1,083 | 2,043 |

Kyongnam Bank _ Consolidated Statements of Changes in Shareholders' Equity

KYONGNAM BANK AND ITS SUBSIDIARIES

(Unit: KRW)

| Description | Capital stock | Hybrid securities | Other paid-in capital | Other components of equity | Retained earnings | Controlling interests | Non-Controlling interests | Total |
|-----------------------------------------------------------------|-----------------|-------------------|-----------------------|----------------------------|-------------------|-----------------------|---------------------------|-------------------|
| Balance at May 01, 2014 | 392,104,560,000 | - | 1,387,770,988,098 | 40,225,295,637 | 65,727,877,086 | 1,885,828,720,821 | 199,698,980,000 | 2,085,527,700,821 |
| Dividends for hybrid bonds | - | - | - | - | -4,518,172,607 | -4,518,172,607 | -2,740,196,308 | -7,258,368,915 |
| Acquisition of treasury stock | - | - | -400,377,216 | - | - | -400,377,216 | - | -400,377,216 |
| Net income | - | - | - | - | 57,639,492,583 | 57,639,492,583 | 2,740,196,308 | 60,379,688,891 |
| Gain (loss) on valuation of available-for-sale financial assets | - | - | - | 18,046,071,856 | - | 18,046,071,856 | - | 18,046,071,856 |
| Gain (loss) on valuation of cash flow hedge | - | - | - | -258,669,799 | - | -258,669,799 | - | -258,669,799 |
| Remeasurement elements of defined benefit plan | - | - | - | -9,270,678,405 | - | -9,270,678,405 | - | -9,270,678,405 |
| Included owner equity according to merger | - | 199,698,980,000 | - | - | - | 199,698,980,000 | -199,698,980,000 | - |
| Changes in equity due to merger | - | - | -285,400,000,000 | - | 285,400,000,000 | - | - | - |
| Balance at December 31, 2014 | 392,104,560,000 | 199,698,980,000 | 1,101,970,610,882 | 48,742,019,289 | 404,249,197,062 | 2,146,765,367,233 | - | 2,146,765,367,233 |
| Balance at January 1, 2015 | 392,104,560,000 | 199,698,980,000 | 1,101,970,610,882 | 48,742,019,289 | 404,249,197,062 | 2,146,765,367,233 | - | 2,146,765,367,233 |
| Issuance of common stock | 15,000,000,000 | - | 134,925,503,000 | - | - | 149,925,503,000 | - | 149,925,503,000 |
| Reserve of retained earnings | - | - | -194,591,000,000 | - | 194,591,000,000 | - | - | - |
| Dividends for hybrid bonds | - | - | - | - | -10,867,050,000 | -10,867,050,000 | - | -10,867,050,000 |
| Net income | - | - | - | - | 210,537,668,280 | 210,537,668,280 | - | 210,537,668,280 |
| Disposal of treasury stock | - | - | 294,660,674 | - | - | 294,660,674 | - | 294,660,674 |
| Gain (loss) on valuation of available-for-sale financial assets | - | - | - | -32,602,238,564 | - | -32,602,238,564 | - | -32,602,238,564 |
| Gain (loss) on valuation of cash flow hedge | - | - | - | 258,669,799 | - | 258,669,799 | - | 258,669,799 |
| Remeasurement elements of defined benefit plan | - | - | - | -6,705,337,801 | - | -6,705,337,801 | - | -6,705,337,801 |
| Balance at December 31, 2015 | 407,104,560,000 | 199,698,980,000 | 1,042,599,774,556 | 9,693,112,723 | 798,510,815,342 | 2,457,607,242,621 | - | 2,457,607,242,621 |

Kyongnam Bank _ Consolidated Statements of Cash Flows

KYONGNAM BANK AND ITS SUBSIDIARIES

(Unit: KRW)

| Description | December 31, 2015 | December 31, 2014 |
|---------------------------------------------------------------------------------------------|---------------------|---------------------|
| I. CASH FLOWS FROM OPERATING ACTIVITIES | 541,648,316,346 | -367,745,486,935 |
| 1. Net income | 210,537,668,280 | 57,639,492,583 |
| 2. Adjustments for non-cash items | -682,735,916,067 | -454,715,742,772 |
| Income tax expense | 60,045,855,136 | 18,638,381,338 |
| Interest income | -1,242,017,205,386 | -897,366,983,578 |
| Interest expense | 515,388,592,746 | 428,730,594,237 |
| Dividend income | -16,153,158,563 | -4,717,734,769 |
| 3. Add expense without cash used | 207,622,862,093 | 151,797,398,631 |
| Loss on valuation of financial assets at FVTPL | 364,895,542 | - |
| Impairment loss on AFS financial assets | 2,975,598,109 | - |
| Losses on disposals of tangible assets | 626,983,091 | 122,448,068 |
| Losses on disposals of intangible assets | 115,381,200 | - |
| Depreciation Expenses on investment of property | 107,505,780 | 62,251,610 |
| Depreciation expenses on tangible assets | 18,773,480,963 | 11,091,099,428 |
| Depreciation expenses on intangible assets | 19,931,981,502 | 5,607,552,153 |
| Provision for severance benefits | 18,557,461,582 | 9,961,882,188 |
| Contribution to other provisions liabilities | 1,481,302,727 | 2,133,222,712 |
| Losses on Valuation of Derivative Instruments | 66,513,583 | - |
| Loss on foreign currency translation, net | 387,381,802 | 1,421,993,871 |
| Impairment losses due to credit loss | 144,234,376,212 | 121,396,948,601 |
| 4. Deduction revenue without cash provided | -101,000,271,569 | -20,879,978,062 |
| Gains on valuation of financial assets at FVTP | 399,470,422 | 5,786,009,295 |
| Net gain (loss) on valuation of derivative financial instruments | 3,555,200,361 | 2,416,007,846 |
| Gain on disposal of AFS financial assets | 68,256,003,872 | 5,803,303,053 |
| Reversal of impairment loss on AFS financial assets | - | 1,672,112,687 |
| Reversal of other provisions liabilities | 25,398,038,006 | - |
| Share of profit (loss) of associates | 741,999,978 | - |
| Gains on disposals of property, plant and equipment | 21,178,521 | 47,191,414 |
| Gains on Disposal of Intangible Assets | 3,133,810 | - |
| Gain on foreign currency translation, net | 2,625,246,599 | 5,155,353,767 |
| 5. Changes on Asset and liability according to operations | 224,983,711,094 | -575,807,484,105 |
| Net decrease in financial assets at FVTPL | 84,794,249,867 | 110,124,920,237 |
| Net increase loans and receivables | -1,688,317,995,601 | -1,006,101,312,621 |
| Net decrease in other assets | 28,677,303,625 | 26,596,597,102 |
| Net increase of financial assets at FVTPL | 10,643,285,094 | 1,259,628,444 |
| Net increase in deposits | 1,750,057,996,353 | 577,259,677,916 |
| Provision for severance benefit | -1,739,726,160 | -2,223,586,785 |
| Net increase in plan assets | -39,319,992,951 | -1,429,933,744 |
| Net decrease of provision liabilities | -3,464,702,300 | -19,089,840,313 |
| Increase (decrease) of others financial liabilities | 92,018,241,775 | -258,946,213,889 |
| Net decrease of other liabilities | -8,364,948,608 | -3,257,420,452 |
| 6. Income tax paid | -21,922,505,473 | -46,682,859,075 |
| 7. Interest revenue received | 1,256,329,440,004 | 912,628,681,566 |
| 8. Interest expense paid | -568,895,911,443 | -396,442,730,470 |
| 9. Dividend income | 16,729,239,427 | 4,717,734,769 |
| II. CASH FLOWS FROM INVESTING ACTIVITIES | -456,703,425,246 | -32,899,058,989 |
| 1. Cash inflows resulting from investing activities | 3,048,674,660,517 | 1,866,286,768,919 |
| Disposal of available for sale financial assets | 2,619,602,526,223 | 1,396,760,607,856 |
| Redemption of held-to-maturity financial assets | 427,617,231,114 | 469,408,311,063 |
| Disposal of property and equipment | 623,655,180 | 97,850,000 |
| Disposal of intangible assets | 831,248,000 | 20,000,000 |
| 2. Cash outflows resulting from investing activities | -3,505,378,085,763 | -1,899,185,827,908 |
| Disposal of available for sale financial assets | 2,710,611,466,861 | 1,342,769,751,702 |
| Acquisition of held-to-maturity financial assets | 681,933,610,630 | 441,657,910,588 |
| Acquisition of investments in subsidiaries and associates | 57,295,000,000 | - |
| Acquisition of property and equipment | 47,555,814,500 | 89,821,836,874 |
| Acquisition of intangible assets | 7,982,193,772 | 24,936,328,744 |
| III. CASH FLOWS FROM FINANCING ACTIVITIES | -150,675,441,959 | 389,736,724,576 |
| 1. Cash inflows resulting from financial activities | 56,091,657,779,780 | 31,674,000,984,887 |
| Increase in debts | 55,541,881,564,754 | 31,224,000,984,887 |
| Increase in issued debenture | 399,556,051,352 | 450,000,000,000 |
| Issuance of common stock | 149,925,503,000 | - |
| Disposal of treasury stock | 294,660,674 | - |
| 2. Cash outflows resulting from financial activities | -56,242,333,221,739 | -31,284,264,260,311 |
| Decrease in debts | 55,815,466,171,739 | 31,099,345,710,488 |
| Decrease in issued debenture | 416,000,000,000 | 180,000,000,000 |
| Acquisition of treasury stock | - | 400,377,216 |
| Payment of dividends | - | 4,518,172,607 |
| Dividends for hybrid bonds | 10,867,050,000 | - |
| IV. NET DECREASE IN CASH AND CASH EQUIVALENTS (I+II+III) | -65,730,550,859 | -10,907,821,348 |
| V. CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | 467,891,410,119 | 475,065,871,571 |
| VI. EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS IN FOREIGN CURRENCY | 2,237,864,797 | 3,733,359,896 |
| VII. CASH AND CASH EQUIVALENTS, END OF YEAR | 404,398,724,057 | 467,891,410,119 |

BNK Securities _ Consolidated Statements of Financial Position

BNK SECURITIES AND ITS SUBSIDIARIES

(Unit: KRW)

| Description | December 31, 2015 | December 31, 2014 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|------------------------|
| ASSETS | | |
| I. CASH & DUE FROM BANKS | 59,841,526,326 | 75,770,368,171 |
| 1. Cash & cash equivalents | 11,015,029,217 | 22,939,821,770 |
| 2. Due from banks | 48,826,497,109 | 52,830,546,401 |
| II. INVESTMENT SECURITIES | 372,807,264,544 | 362,724,083,287 |
| 1. Financial assets designated at fair value through profit and loss | 355,592,265,834 | 345,919,924,941 |
| 2. Financial investments - available-for-sale | 17,214,998,710 | 16,804,158,346 |
| III. LOANS & RECEIVABLES | 100,065,580,465 | 63,803,564,293 |
| 1. Loans | 72,807,092,168 | 43,105,802,521 |
| 2. Receivables | 27,258,488,297 | 20,697,761,772 |
| IV. TANGIBLE ASSETS | 1,289,271,553 | 1,757,844,351 |
| V. INTANGIBLE ASSETS | 1,166,832,358 | 1,445,758,019 |
| VII. OTHERS | 4,773,683,740 | 6,455,465,758 |
| TOTAL ASSETS | 539,944,158,986 | 511,957,083,879 |
| LIABILITIES | | |
| I. DEPOSITS | 71,926,448,735 | 84,739,649,517 |
| 1. Won deposits | 61,111,417,514 | 77,952,515,578 |
| 2. Foreign currency deposits | 10,815,031,221 | 6,787,133,939 |
| II. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL) | 10,640,920,000 | 21,127,693,040 |
| 1. Financial liabilities of trading securities | 10,512,680,000 | 21,100,693,040 |
| 2. Derivative liabilities | 128,240,000 | 27,000,000 |
| III. BORROWINGS | 273,407,890,746 | 266,159,218,275 |
| 1. Borrowings | 65,637,626,301 | 49,600,000,000 |
| 2. Bonds sold under repurchase agreement (RP) | 207,770,264,445 | 216,559,218,275 |
| IV. RETIREMENT BENEFIT OBLIGATION | 626,982,058 | 566,003,922 |
| V. CURRENT INCOME TAX LIABILITIES | 1,134,798,035 | 688,307,795 |
| VI. DEFERRED INCOME TAX LIABILITIES | 1,810,893,620 | 1,946,775,455 |
| VII. PROVISIONS | 201,389,215 | 198,104,539 |
| VIII. OTHER LIABILITIES | 24,928,775,629 | 18,948,605,988 |
| TOTAL LIABILITIES | 384,678,098,038 | 394,374,358,531 |
| SHAREHOLDERS' EQUITY | | |
| I. EQUITY ATTRIBUTABLE TO THE OWNERS OF CONTROLLING EQUITY | 155,266,060,948 | 117,582,725,348 |
| 1. Capital stock | 88,000,000,000 | 85,000,000,000 |
| 2. Other paid-in capital | 26,985,600,000 | - |
| 3. RETAINED EARNINGS | 33,999,079,127 | 26,201,690,869 |
| (Provided reserve for bad debts at December 31, 2015 KRW 226,687,900 Planned provision of regulatory reserve for credit loss : KRW 644,388,576 Provided reserve for bad debts at December 31, 2014 KRW 140,868,746 Planned provision of regulatory reserve for credit loss : KRW 85,439,415) | | |
| 4. OTHER CAPITAL COMPONENTS | 6,281,381,821 | 6,381,034,479 |
| II. NON-CONTROLLING INTERESTS | - | - |
| TOTAL EQUITY | 155,266,060,948 | 117,582,725,348 |
| TOTAL LIABILITIES & SHAREHOLDERS' EQUITY | 539,944,158,986 | 511,957,083,879 |

BNK Securities _ Consolidated Statements of Comprehensive Income

BNK SECURITIES AND ITS SUBSIDIARIES

(Unit: KRW)

| Description | December 31, 2015 | December 31, 2014 |
|----------------------------------------------------------------------------------------------------------------------|-------------------|-------------------|
| I. OPERATING REVENUE | 138,510,951,975 | 108,161,691,198 |
| 1. Commission revenues | 32,878,377,311 | 23,001,016,797 |
| 2. Net gain on financial instruments at FVTPL | 92,449,334,428 | 71,664,615,886 |
| 3. Interest Revenue | 12,126,346,048 | 12,844,559,095 |
| 4. Gains On Loan Receivables | 446,874,590 | 3,078,959 |
| 5. Gains On Foreign Exchange | 514,118,494 | 200,576,817 |
| 6. Other operating income | 95,901,104 | 447,843,644 |
| II. OPERATING EXPENSES | 128,302,092,207 | 100,229,527,566 |
| 1. Fee and Commission Expense | 10,980,722,328 | 4,769,285,853 |
| 2. Net loss on financial instruments at FVTPL | 77,525,647,653 | 57,624,819,329 |
| 3. Interest expense | 6,546,791,615 | 7,528,553,379 |
| 4. Losses on sale of loans | 187,874,057 | - |
| 5. Expenses on Foreign Exchange | 514,120,099 | 200,430,841 |
| 6. General and administrative expenses | 32,524,817,096 | 29,965,608,962 |
| 7. Others | 22,119,359 | 140,829,202 |
| III. OPERATING INCOME | 10,208,859,768 | 7,932,163,632 |
| IV. NON-OPERATING REVENUE | 278,240,650 | 9,416,269 |
| V. NON-OPERATING EXPENSE | 145,123,026 | 223,473,437 |
| VI. INCOME BEFORE INCOME TAXES EXPENSES | 10,341,977,392 | 7,718,106,464 |
| VII. TAXES EXPENSES | 2,544,589,134 | 1,984,334,845 |
| VIII. NET INCOME | 7,797,388,258 | 5,733,771,619 |
| (Net income after provision of reserve for bad debts: KRW 7,152,999,682 in 2015 and KRW 5,648,332,204 in 2014) | | |
| IX. OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX | -99,652,658 | -89,094,064 |
| 1. Items that are not subsequently reclassified to profit or loss: | | |
| Remeasurement elements of defined benefit plan | -138,707,545 | -118,436,872 |
| Tax that are not reclassified to profit or loss: | 30,515,660 | 26,056,112 |
| 2. Items that are subsequently reclassified to profit or loss | 8,539,227 | 3,286,696 |
| Gain on fair value of AFS financial assets | 10,947,727 | 4,213,713 |
| Tax that could be reclassified to profit or loss: | -2,408,500 | -927,017 |
| X. TOTAL COMPREHENSIVE INCOME | 7,697,735,600 | 5,644,677,555 |
| XI. NET INCOME ATTRIBUTABLE TO: | 7,797,388,258 | 5,733,771,619 |
| 1. Owners of the company | 7,797,388,258 | 5,733,771,619 |
| 2. Non-controlling interests | - | - |
| XII. TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO: | 7,697,735,600 | 5,644,677,555 |
| 1. Owners of the company | 7,697,735,600 | 5,644,677,555 |
| 2. Non-controlling interests | - | - |
| XIII. EARNINGS PER SHARE | | |
| 1. Basic and diluted net earnings per share (in currency units) | 450 | 337 |

BNK Capital _ Consolidated Statements of Financial Position

BNK CAPITAL AND ITS SUBSIDIARIES

(Unit: KRW)

| Description | December 31, 2015 | December 31, 2014 |
|---------------------------------------------------------------|--------------------------|--------------------------|
| ASSETS | | |
| I. CASH & DUE FROM BANKS | 168,204,310,275 | 47,807,715,713 |
| 1. Cash & cash equivalents | 142,883,251,373 | 47,802,151,713 |
| 2. Due from banks | 25,321,058,902 | 5,564,000 |
| II. INVESTMENT SECURITIES | 2,008,300,000 | 2,014,295,000 |
| 1. Available-for-sale (AFS) financial assets | 2,000,000,000 | 2,000,000,000 |
| 2. Held-to-maturity (HTM) financial assets | 8,300,000 | 14,295,000 |
| III. LOANS & RECEIVABLES | 2,435,006,605,900 | 1,890,965,006,063 |
| 1. Loans | 2,389,494,576,483 | 1,854,629,773,182 |
| 2. Receivables | 45,512,029,417 | 36,335,232,881 |
| IV. INSTALLMENT FINANCIAL ASSETS | 781,457,298,611 | 744,833,658,370 |
| V. LEASED BOND | 523,565,211,278 | 647,531,950,671 |
| VI. LEASED ASSETS | 361,028,283,068 | 231,056,072,728 |
| VII. TANGIBLE ASSETS | 5,385,451,206 | 4,552,614,538 |
| VIII. INTANGIBLE ASSETS | 4,021,480,041 | 3,454,698,227 |
| IX. OTHERS | 6,432,598,373 | 11,037,313,690 |
| TOTAL ASSETS | 4,287,109,538,752 | 3,583,253,325,000 |
| LIABILITIES | | |
| I. BORROWINGS | 3,486,494,262,878 | 2,871,744,220,288 |
| 1. Borrowings | 350,000,000,000 | 265,000,000,000 |
| 2. Bonds | 3,136,494,262,878 | 2,606,744,220,288 |
| II. DEFERRED INCOME TAX LIABILITIES | 11,823,387,115 | 15,377,771,544 |
| III. PROVISIONS | 437,319,633 | 341,068,316 |
| IV. DEFINED BENEFIT OBLIGATION | 2,639,843,719 | 1,553,641,930 |
| V. OTHERS FINANCIAL LIABILITIES | 263,374,213,823 | 252,266,801,611 |
| VI. OTHERS | 17,055,653,993 | 19,299,832,167 |
| TOTAL LIABILITIES | 3,781,824,681,161 | 3,160,583,335,856 |
| SHAREHOLDERS' EQUITY | | |
| I. EQUITY ATTRIBUTABLE TO THE OWNERS OF CONTROLLING INTERESTS | 504,760,632,022 | 422,669,989,144 |
| 1. Capital stock | 218,000,000,000 | 213,000,000,000 |
| 2. Other paid-in capital | 161,907,469,650 | 116,931,506,650 |
| 3. Retained earnings | 127,056,127,431 | 93,605,948,411 |
| 4. Other components of equity | -2,202,965,059 | -867,465,917 |
| II. NON-CONTROLLING EQUITY | 524,225,569 | - |
| TOTAL EQUITY | 505,284,857,591 | 422,669,989,144 |
| TOTAL LIABILITIES & SHAREHOLDERS' EQUITY | 4,287,109,538,752 | 3,583,253,325,000 |

BNK Capital _ Consolidated Statements of Comprehensive Income

BNK CAPITAL AND ITS SUBSIDIARIES

(Unit: KRW)

| Description | December 31, 2015 | December 31, 2014 |
|------------------------------------------------------------------------------------------------------------------------|-------------------|-------------------|
| I. NET INTEREST INCOME | 195,023,464,393 | 156,963,952,612 |
| 1. Interest revenues | 302,954,101,419 | 261,461,153,610 |
| 2. Interest expenses | -107,930,637,026 | -104,497,200,998 |
| II. NET COMMISSION INCOME | 17,124,517,358 | 14,648,045,829 |
| 1. Commission revenues | 21,381,498,647 | 17,074,066,545 |
| 2. Commission expenses | -4,256,981,289 | -2,426,020,716 |
| III. IMPAIRMENT LOSSES ON FINANCIAL ASSETS | -75,208,720,126 | -86,492,079,021 |
| 1. Provision of allowance for loan losses | -75,208,720,126 | -86,492,079,021 |
| IV. OTHER OPERATING PROFIT | -81,580,797,324 | -38,147,613,937 |
| 1. Selling general and administrative expenses | -54,211,692,833 | -43,830,022,438 |
| 2. Other operating income | 103,858,287,823 | 63,524,062,529 |
| 3. Other operating expenses | -131,227,392,314 | -57,841,654,028 |
| V. OPERATING INCOME | 55,358,464,301 | 46,972,305,483 |
| VI. NON-OPERATING INCOME | -38,074,809 | -26,058,540 |
| 1. Non-operating revenues | 103,665,009 | 61,100,092 |
| 2. Non-operating expenses | -141,739,818 | -87,158,632 |
| VII. INCOME BEFORE INCOME TAXES | 55,320,389,492 | 46,946,246,943 |
| VIII. INCOME TAXES EXPENSES | -11,874,069,903 | -10,635,182,719 |
| IX. NET INCOME | 43,446,319,589 | 36,311,064,224 |
| (Net income after provision of reserve for bad debts: KRW 43,446,319,589 in 2015 and KRW 36,311,064,224 in 2014) | | |
| X. OTHER COMPREHENSIVE LOSS | -1,319,314,142 | -320,213,613 |
| 1. Items that are not subsequently reclassified to profit or loss | -916,398,915 | -311,752,490 |
| Remeasurement elements of defined benefit plan | -916,398,915 | -311,752,490 |
| 2. Items that are subsequently reclassified to profit or loss | -402,915,227 | -8,461,123 |
| Gain on overseas operations translation | -402,915,227 | -8,461,123 |
| XI. TOTAL COMPREHENSIVE INCOME | 42,127,005,447 | 35,990,850,611 |
| XII. Net income attributable to: | 43,446,319,589 | 36,311,064,224 |
| 1. Owners of the company | 43,478,179,020 | 36,311,064,224 |
| 2. Non-Controlling Equity | -31,859,431 | - |
| XIII. TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO | 42,127,005,447 | 35,990,850,611 |
| 1. Owners Of The Company | 42,142,679,878 | 35,990,850,611 |
| 2. Non-Controlling Equity | -15,674,431 | - |
| XIV. EARNINGS PER SHARE | | |
| Basic and diluted net earnings per share | 1,014 | 875 |

BNK Savings Bank _ Consolidated Statements of Financial Position

BNK SAVINGS BANK AND ITS SUBSIDIARIES

(Unit: KRW)

| Description | December 31, 2015 | December 31, 2014 |
|-----------------------------------------------------|------------------------|------------------------|
| ASSETS | | |
| I. CASH & DUE FROM BANKS | 134,155,530,922 | 100,918,512,418 |
| (1) Cash | 48,974,223 | 54,217,651 |
| (2) Due from banks | 134,106,556,699 | 100,864,294,767 |
| II. SECURITIES | 2,461,405,829 | 29,420,367,327 |
| (1) Available for sale securities | 480,558,292 | 480,558,292 |
| (2) Held to maturity securities | 1,980,847,537 | 3,972,809,035 |
| (3) Investment in Equity Securities | - | 24,967,000,000 |
| III. LOANS | 550,590,275,056 | 565,277,086,838 |
| (1) Loans secured by deposits | 751,700,000 | 1,257,943,765 |
| (2) General purpose loans | 565,455,239,925 | 581,938,032,799 |
| (3) Consumer loans | 14,233,222,441 | 10,337,363,022 |
| (4) Other loans | 241,144,336 | 3,224,616,955 |
| IV. TANGIBLE ASSETS | 1,550,141,288 | 1,871,379,841 |
| (1) Office equipment | 2,086,854,975 | 2,048,336,475 |
| (2) Other tangible assets | 2,703,664,060 | 2,623,964,060 |
| V. OTHERS | 89,935,783,375 | 58,718,003,352 |
| (1) Deposits provided | 9,128,485,008 | 9,048,485,008 |
| (2) Accrued revenues | 2,207,785,832 | 2,486,741,531 |
| (3) Non-trade receivables | 1,593,396,711 | - |
| (4) Prepaid expenses | 15,563,113 | 14,868,084 |
| (5) Advance payments | 69,056,000 | 69,056,000 |
| (6) INTANGIBLE ASSETS | 43,088,676,446 | 44,801,637,096 |
| (7) INVESTMENT OF PROPERTY | 29,939,481,296 | - |
| (8) Current income tax assets | - | 50,941,010 |
| (9) DEFERRED INCOME TAX ASSETS | 155,252,958 | - |
| (10) Domestic exchanges | 4,698,290,648 | 1,974,003,010 |
| (11) OTHER ASSETS | 633,192,074 | 272,271,613 |
| TOTAL EQUITY | 778,693,136,470 | 756,205,349,776 |
| LIABILITIES | | |
| I. DEPOSITS | 646,752,030,220 | 636,060,915,838 |
| (1) Withholdings | 646,751,011,997 | 636,059,870,639 |
| (2) Issued notes | 1,018,223 | 1,045,199 |
| II. OTHERS | 19,289,289,435 | 18,204,925,160 |
| (1) Provision for severance benefits | 1,114,224,379 | 1,007,248,181 |
| (2) Non-trade payables | 404,426,218 | 340,262,992 |
| (3) Accrued expenses | 9,785,897,078 | 11,390,944,713 |
| (4) Leasehold deposits received | 896,210,669 | - |
| (5) Unearned revenues | 2,979,188 | 915,520,893 |
| (6) Other Provisions liabilities | 85,482,184 | 85,482,184 |
| (7) Deferred income tax liabilities | - | 37,539,894 |
| (8) Current income tax liabilities | 1,422,544,532 | - |
| (9) Taxes withheld | 244,185,351 | 150,910,130 |
| (10) Domestic exchanges | 5,544,277,309 | 4,598,709,779 |
| (11) Others | 416,563,948 | 393,419,364 |
| TOTAL LIABILITIES | 666,041,319,655 | 654,265,840,998 |
| SHAREHOLDERS' EQUITY | | |
| I. NET INCOME ATTRIBUTABLE TO OWNERS OF THE COMPANY | 106,587,191,098 | 101,939,508,778 |
| (1) Capital stock | 31,000,000,000 | 31,000,000,000 |
| 1. Common stock | 31,000,000,000 | 31,000,000,000 |
| (2) Capital surplus | 83,849,192,500 | 83,849,192,500 |
| 1. Additional paid-in capital | 83,849,192,500 | 83,849,192,500 |
| (3) Accumulated deficit | -8,262,001,402 | -12,909,683,722 |
| 1. Outstanding deficit | -8,262,001,402 | -12,909,683,722 |
| II. NON-CONTROLLING INTERESTS | 6,064,625,717 | - |
| TOTAL EQUITY | 112,651,816,815 | 101,939,508,778 |
| TOTAL LIABILITIES & SHAREHOLDERS' EQUITY | 778,693,136,470 | 756,205,349,776 |

BNK Savings Bank _ Consolidated Statements of Income

BNK SAVINGS BANK AND ITS SUBSIDIARIES

(Unit: KRW)

| Description | December 31, 2015 | December 31, 2014 |
|------------------------------------------------------------|-------------------|-------------------|
| I. OPERATING REVENUES | 25,552,343,911 | 50,893,563,788 |
| (1) Interest revenues | 23,226,402,034 | 43,692,544,714 |
| 1. Interest on due from banks | 920,627,542 | 1,487,966,509 |
| 2. Interest on held to maturity securities | 38,897,662 | 151,535,295 |
| 3. Interest on loans | 22,231,280,885 | 41,825,369,892 |
| 4. Other interest income | 35,595,945 | 227,673,018 |
| (2) Valuation and Gain on disposition of securities | - | 136,502,376 |
| 1. Gain on sale of trading securities | - | 136,502,376 |
| (3) Valuation and gain on disposition of loans | 1,027,731,800 | 5,202,994,819 |
| 1. Gains on sale of loans | 1,027,731,800 | 5,202,994,819 |
| (4) Commission Received | 699,887,419 | 1,831,521,879 |
| 1. Fees on remittance | 519,500 | 1,042,520 |
| 2. Fees on early withdrawal | 185,367,060 | 279,949,203 |
| 3. Other fees | 514,000,859 | 1,550,530,156 |
| (5) Dividend income | - | 30,000,000 |
| 1. Dividends of available for sale financial securities | - | 30,000,000 |
| (6) Other operating income | 598,322,658 | - |
| 1. Miscellaneous revenues | 598,322,658 | - |
| II. OPERATING EXPENSES | 19,637,918,837 | 57,280,853,168 |
| (1) Interest expenses | 7,636,040,638 | 15,800,401,644 |
| 1. Interest on deposits | 7,622,068,895 | 15,760,811,627 |
| 2. Discount fees on cover notes sold | - | 6,320,273 |
| 3. Others | 13,971,743 | 33,269,744 |
| 1) Interest on domestic exchanges | 13,971,743 | 33,269,744 |
| (2) Valuation and loss on disposition of loans | 1,851,828,858 | 21,124,888,421 |
| 1. Bad debt expenses | 1,851,828,858 | 21,124,888,421 |
| (3) Commission expenses | 878,998,738 | 2,019,466,559 |
| 1. Fees on remittance | 498,000 | 865,000 |
| 2. Other fees | 878,500,738 | 2,018,601,559 |
| (4) Other operating expenses | 1,555,932,000 | 2,853,384,000 |
| 1. Deposit insurance premium | 1,555,932,000 | 2,853,384,000 |
| (5) General and administrative expenses | 7,715,118,603 | 15,482,712,544 |
| 1. Labor costs | 2,418,749,286 | 5,542,184,358 |
| 2. Expenses | 5,296,369,317 | 9,940,528,186 |
| III. OPERATING INCOME (LOSS) | 5,914,425,074 | -6,387,289,380 |
| IV. NON-OPERATING REVENUES | 819,962,556 | 27,792,909 |
| 1. Miscellaneous revenues | 819,962,556 | 25,926,380 |
| 2. Gains on disposition of property and equipment | - | 1,866,529 |
| V. NON-OPERATING EXPENSES | 38,705,110 | 380,739,088 |
| 1. Impairment losses due to intangible assets | - | 298,183,240 |
| 2. Loss on sale of marketable securities | - | 68,266,188 |
| 3. Donations | 12,597,000 | 14,147,000 |
| 4. Miscellaneous losses | 26,108,110 | 142,660 |
| VI. INCOME BEFORE INCOME TAX (LOSS) | 6,695,682,520 | -6,740,235,559 |
| VII. INCOME TAXES EXPENSES (INCOME) | 1,279,269,885 | -243,730,229 |
| VIII. NET INCOME (LOSS) | 5,416,412,635 | -6,496,505,330 |
| 1. Net income attributable to controlling interests (loss) | 5,404,365,999 | -6,496,505,330 |
| 2. Net income attributable to non-controlling interests | 12,046,636 | - |
| IX. EARNINGS PER SHARE | 874 | -1,048 |
| 1. Basic and diluted net earnings per share (loss) | 874 | -1,048 |

BNK Asset Management _ Statements of Financial Position

BNK ASSET MANAGEMENT INFORMATION

(Unit: KRW)

| Description | December 31, 2015 | December 31, 2014 |
|----------------------------------------------------------|-----------------------|----------------------|
| ASSETS | | |
| I. CASH AND DUE FROM BANKS | 7,182,700,294 | 4,362,555,969 |
| 1. Cash and cash equivalents | 4,182,700,294 | 1,762,555,969 |
| 2. Due from financial institutions | 3,000,000,000 | 2,600,000,000 |
| II. DUE FROM FINANCIAL INSTITUTIONS | 498,300,000 | 498,300,000 |
| 1. Available for sale financial securities | 498,300,000 | 498,300,000 |
| III. LOANS | 115,480,244 | 254,637,100 |
| 1. Short-term loans | 115,480,244 | 254,637,100 |
| 2. Allowance for doubtful accounts | 0 | 0 |
| IV. TANGIBLE ASSETS | 146,027,800 | 175,554,086 |
| 1. Office equipment | 700,745,962 | 924,373,829 |
| 2. Accumulated depreciation | 554,718,162 | 748,819,743 |
| V. OTHER ASSETS | 2,487,627,099 | 2,212,880,279 |
| 1. Accrued revenues | 398,918,261 | 436,983,161 |
| 2. Advance payments | 42,388,651 | 40,824,826 |
| 3. Intangible assets | 208,328,490 | 197,179,650 |
| 4. Deferred income tax assets | 1,483,194,997 | 1,276,824,242 |
| 5. Others financial assets | 354,796,700 | 261,068,400 |
| 6. Allowance for doubtful accounts | 0 | 0 |
| TOTAL ASSETS | 10,430,135,437 | 7,503,927,434 |
| LIABILITIES | | |
| I. DEPOSITS | 41,763,702 | 67,976,331 |
| 1. Others | 41,763,702 | 67,976,331 |
| II. OTHER LIABILITIES | 359,969,873 | 283,224,223 |
| 1. Provision for severance benefits | 0 | 0 |
| 2. Provisions | 80,500,000 | 47,806,253 |
| 3. Others financial liabilities | 279,469,873 | 235,417,970 |
| 4. Unearned revenues | 0 | 0 |
| III. DEMAND REPAYMENT OF SHARES | 0 | 0 |
| 1. Callable preferred stock | 0 | 0 |
| 2. Present value discount (preferred stock on repayment) | 0 | 0 |
| TOTAL LIABILITIES | 401,733,575 | 351,200,554 |
| EQUITY | | |
| I. CAPITAL STOCK | 17,050,000,000 | 13,000,000,000 |
| 1. Common stock | 17,050,000,000 | 13,000,000,000 |
| 2. Preferred stock | 0 | 0 |
| II. CAPITAL SURPLUS | 27,065 | 19,467,065 |
| 1. Consideration for conversion rights | 0 | 0 |
| 2. Additional paid-in capital | 27,065 | 19,467,065 |
| V. RETAINED EARNINGS | -7,021,625,203 | -5,866,740,185 |
| 1. Unappropriated retained earnings | -6,866,232,302 | -5,711,347,284 |
| (Surplus at the beginning of a period) | 0 | 0 |
| 2. Cumulative effect of accounting changes | -155,392,901 | -155,392,901 |
| IV. CAPITAL ADJUSTMENTS | 0 | 0 |
| 1. Discount on stock issuance | 0 | 0 |
| IV. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS) | 0 | 0 |
| 1. Other components of equity | 0 | 0 |
| *Net income (loss) | -1,154,885,018 | -336,322,598 |
| TOTAL EQUITY | 10,028,401,862 | 7,152,726,880 |
| TOTAL LIABILITIES AND EQUITY | 10,430,135,437 | 7,503,927,434 |

BNK Asset Management _ Statements of Income

BNK ASSET MANAGEMENT INFORMATION

(Unit: KRW)

| Description | December 31, 2015 | December 31, 2014 |
|--------------------------------------------------|-------------------|-------------------|
| I . OPERATING REVENUES | 3,278,379,946 | 4,144,133,845 |
| 1. Commission income | 3,163,631,151 | 4,022,599,211 |
| 1) Asset management fees | 149,134,213 | 331,715,825 |
| 2) Fees of collective investment vehicle | 2,867,829,664 | 2,794,393,164 |
| 3) Investment consulting fees | 82,339,208 | 137,032,340 |
| 4) Other fees | 64,328,066 | 759,457,882 |
| 2. Interest income | 114,748,795 | 121,534,634 |
| 1) Interest on loans | 5,200,410 | 7,863,940 |
| 2) Interest on deposits | 109,548,385 | 113,670,694 |
| 3) Others interest | 0 | 0 |
| 3. Reversal of allowance for recovery provisions | 0 | 0 |
| 1) Reversal of allowance for recovery provisions | 0 | 0 |
| II . OPERATING EXPENSES | 4,633,653,654 | 4,544,421,876 |
| 1. Interest expense | 0 | 0 |
| Share capital repayable on demand | 0 | 0 |
| 2. Selling and administrative expenses | 4,632,957,009 | 4,543,490,976 |
| 1) Salaries expenses | 2,484,609,956 | 2,535,249,023 |
| 2) Provision of allowance for losses | 361,687,506 | 386,257,236 |
| 3) Employee benefits | 138,296,698 | 107,497,779 |
| 4) Electronic data processing expenses | 194,227,977 | 193,553,097 |
| 5) Rental expenses | 358,333,734 | 346,091,600 |
| 6) Service fees | 197,038,783 | 141,544,302 |
| 7) Entertainment expenses | 142,243,315 | 151,885,185 |
| 8) Depreciation | 99,565,799 | 108,727,565 |
| 9) Research Expenses | 3,341,400 | 2,571,980 |
| 10) Training Expenses | 1,332,000 | 3,501,300 |
| 11) Amortization expenses on intangible assets | 6,228,160 | 17,603,256 |
| 12) Taxes and dues | 218,958,003 | 182,446,064 |
| 13) Consignment fees | 3,567,548 | 14,648,207 |
| 14) Registration and legal fees | 0 | 0 |
| 15) Conference expenses | 141,300 | 354,000 |
| 16) Publication expenses | 38,570,961 | 5,009,000 |
| 17) Travel expenses | 13,233,219 | 7,013,040 |
| 18) Vehicles maintenance expenses | 72,723,328 | 73,477,375 |
| 19) Supplies expenses | 25,382,752 | 17,068,372 |
| 20) Utility expenses | 176,707,716 | 168,662,695 |
| 21) Insurance premium | 7,518,614 | 6,233,780 |
| 22) Event expenses | 67,983,570 | 52,173,919 |
| 23) Others | 21,264,670 | 21,922,201 |
| 3. Other operating expenses | 696,645 | 930,900 |
| 1) Others bad debt expenses | 0 | 0 |
| 2) Provisions | 696,645 | 930,900 |
| 4. Commission expense | 0 | 0 |
| 1) Investment consulting expenses | 0 | 0 |
| III . OPERATING INCOME (LOSS) | -1,355,273,708 | -400,288,031 |
| IV . NON-OPERATING REVENUES | 54,941,262 | 0 |
| 1) Miscellaneous revenues | 54,941,262 | 0 |
| V . NON-OPERATING EXPENSES | 60,923,327 | 0 |
| 1) Impairment losses on intangible assets | 0 | 0 |
| 2) Loss on sale of marketable securities | 59,923,327 | 0 |
| VI . EARNINGS BEFORE INCOME TAX | -1,361,255,773 | -400,288,031 |
| VII . INCOME TAX EXPENSE | -206,370,755 | -63,965,433 |
| VIII . NET INCOME (LOSS) | -1,154,885,018 | -336,322,598 |

BNK Credit Information _ Statements of Financial Position

BNK CREDIT INFORMATION

(Unit: KRW)

| Description | December 31, 2015 | December 31, 2014 | Remarks |
|-----------------------------------------|----------------------|----------------------|-------------|
| ASSETS | | | |
| I. ASSETS | 5,972,341,931 | 5,506,681,352 | |
| Cash | 112,905 | 962,815 | |
| Other due from financial institutions | 786,605,826 | 540,813,550 | |
| Short-term financial instruments | 4,970,000,000 | 4,870,000,000 | |
| Accrued revenues | 50,370,057 | 85,610,616 | |
| Non-trade receivables | 15,662,299 | 496,100 | |
| Prepaid expenses | 4,723,179 | 6,761,086 | |
| Advance payments | 144,980,570 | 3,000,000 | |
| II. NON-CURRENT ASSETS | 1,738,068,184 | 1,603,465,646 | |
| (1) Investments | 20,477,663 | 22,393,681 | |
| Available for sale financial securities | 2,869,700 | 2,869,700 | |
| Long-term Loans | 17,607,963 | 19,523,981 | |
| (2) Tangible assets | 448,590,521 | 312,071,965 | |
| Vehicles | 33,066,310 | 67,550,630 | |
| (Accumulated depreciation) | -7,495,030 | -23,925,493 | 43,625,137 |
| Office equipment | 1,513,991,503 | 1,283,481,957 | |
| (Accumulated depreciation) | -1,092,761,429 | -1,015,035,129 | 268,446,828 |
| Leased facilities improved rights | 1,951,818 | | |
| (Accumulated depreciation) | -162,651 | 1,789,167 | |
| (3) Others non-current assets | 1,269,000,000 | 1,269,000,000 | |
| Leasehold deposits provided | 1,269,000,000 | 1,269,000,000 | |
| TOTAL ASSETS | 1,738,068,184 | 1,603,465,646 | |
| LIABILITIES | | | |
| I. CURRENT LIABILITIES | 408,641,649 | 374,889,853 | |
| Non-trade payables | 110,738,808 | 53,934,711 | |
| Withholdings | 7,646,820 | 5,172,560 | |
| Value added tax withheld | 67,977,470 | 56,032,850 | |
| Deferred income tax liabilities | 11,081,413 | 18,834,336 | |
| Others current liabilities | 33,934,825 | 44,236,249 | |
| Accrued expenses | 177,262,313 | 196,679,147 | |
| II. LONG-TERM LIABILITIES | | | |
| Provision for severance benefits | 276,303,510 | 199,523,937 | |
| (Invested asset of retirement pension) | -276,303,510 | -199,523,937 | |
| TOTAL LIABILITIES | 408,641,649 | 374,889,853 | |
| EQUITY | | | |
| I. CAPITAL STOCK | 3,000,000,000 | 3,000,000,000 | |
| Capital stock | 3,000,000,000 | 3,000,000,000 | |
| II. RETAINED EARNINGS | 4,301,881,371 | 3,736,219,960 | |
| Unappropriated retained earnings | 4,301,881,371 | 3,736,219,960 | |
| TOTAL EQUITY | 7,301,881,371 | 6,736,219,960 | |
| TOTAL LIABILITIES AND EQUITY | 7,710,523,020 | 7,111,109,813 | |

BNK Credit Information _ Statements of Income

BNK CREDIT INFORMATION

(Unit: KRW)

| Description | December 31, 2015 | December 31, 2014 | Remarks |
|-------------------------------------------------------------|-------------------|-------------------|---------|
| I. SALES | 3,220,247,473 | 2,783,441,369 | |
| Debt collection fees | 1,962,997,473 | 1,721,808,369 | |
| Credit investigation fees | 1,257,250,000 | 1,061,633,000 | |
| II. SELLING AND ADMINISTRATIVE EXPENSES | 2,593,812,507 | 2,278,716,030 | |
| Salaries expenses | 1,000,016,127 | 875,886,062 | |
| Provision for severance benefits | 165,510,091 | 114,637,106 | |
| Employee benefits | 118,018,891 | 105,969,852 | |
| lunch money | 20,938,525 | 15,105,322 | |
| Prize money | 160,000 | | |
| Night duty pay | 2,500,000 | 2,460,000 | |
| Travel expenses | 5,765,731 | 7,637,940 | |
| Advertising expenses | 15,245,000 | 18,136,373 | |
| Taxes and dues | 20,254,340 | 18,770,068 | |
| Business operating expense | 41,615,440 | 23,767,636 | |
| Communication expenses | 108,630,053 | 107,875,525 | |
| Electronic data processing expenses | 23,187,263 | 52,230,845 | |
| Event expenses | 1,252,329 | 1,985,652 | |
| Utility expenses | 15,168,290 | 16,713,474 | |
| Supplies expenses | 11,432,726 | 9,737,429 | |
| Subscription | 4,641,950 | 3,686,060 | |
| Publication expenses | 3,887,641 | 3,346,263 | |
| Registration and legal fees | 1,186,900 | 1,247,360 | |
| Repairs expenses | | 200,000 | |
| Vehicles maintenance expenses | 15,213,059 | 17,509,511 | |
| Freight expenses and custody charges | 131,773 | 198,546 | |
| Rental expenses | 16,629,898 | 7,534,699 | |
| Service contract expenses | 44,444,328 | 52,071,857 | |
| Insurance premium | 23,671,010 | 12,292,487 | |
| Training Expenses | | 2,500,000 | |
| Conference expenses | 5,980,774 | 7,059,926 | |
| Miscellaneous expenses | 120,000 | 20,000 | |
| Service fees | 842,826,387 | 740,133,052 | |
| Depreciation expenses | 85,383,981 | 60,002,985 | |
| III. OPERATING INCOME | 626,434,966 | 504,725,339 | |
| IV. NON-OPERATING REVENUES | 115,335,722 | 157,459,794 | |
| Interest income | 113,529,247 | 157,414,869 | |
| Gains on disposition of property and equipment | 350,264 | | |
| Miscellaneous revenues | 1,456,211 | 44,925 | |
| V. NON-OPERATING EXPENSES | 10,100,000 | 34,361,830 | |
| Donations | 10,100,000 | 10,100,000 | |
| Loss on sale of marketable securities | | 24,261,830 | |
| VI. GAIN BEFORE EXTRAORDINARY GAINS/LOSSES AND INCOME TAXES | 731,670,688 | 627,823,303 | |
| VII. EXTRAORDINARY GAINS | | | |
| VIII. EXTRAORDINARY LOSSES | | | |
| IX. EARNINGS BEFORE INCOME TAX | 731,670,688 | 627,823,303 | |
| X. INCOME TAX EXPENSE | 166,009,277 | 140,309,536 | |
| XI. NET INCOME | 565,661,411 | 487,513,767 | |

BNK System _ Statements of Financial Position

BNK SYSTEM

(Unit: KRW)

| Description | December 31, 2015 | December 31, 2014 |
|-----------------------------------------------------|-----------------------|----------------------|
| ASSETS | | |
| I. CURRENT ASSETS | 7,834,296,407 | 4,817,134,222 |
| (1) Quick assets | 7,834,296,407 | 4,817,134,222 |
| 1. Cash and cash equivalents | 4,507,437,782 | 1,996,743,178 |
| 2. Short-term financial instruments | 1,502,643,760 | 1,800,000,000 |
| 3. Trade receivables | 1,731,767,883 | 930,857,091 |
| 4. Accrued revenues | 1,771,810 | 14,402,626 |
| 5. Prepaid expenses | 22,242,481 | 19,236,852 |
| 6. Deferred income tax assets | 68,432,691 | 55,894,475 |
| II. NON-CURRENT ASSETS | 2,553,414,649 | 1,980,345,563 |
| (1) Tangible assets | 879,090,873 | 402,810,508 |
| 1. Vehicles | 25,110,694 | 60,523,725 |
| Accumulated depreciation | -23,018,137 | -31,570,993 |
| 2. Lease assets facilities | 184,520,547 | 179,127,820 |
| Accumulated depreciation | -150,435,808 | -113,531,699 |
| 3. Office equipment | 1,301,976,805 | 581,353,696 |
| Accumulated depreciation | -459,063,228 | -273,092,041 |
| (2) Intangible assets | 238,282,819 | 170,867,855 |
| 1. Software | 238,282,819 | 170,867,855 |
| (3) Others | 1,436,040,957 | 1,406,667,200 |
| 1. Leasehold deposits provided | 1,433,000,000 | 1,406,667,200 |
| 2. Deferred income tax assets | 3,040,957 | - |
| TOTAL ASSETS | 10,387,711,056 | 6,797,479,785 |
| LIABILITIES | | |
| I. CURRENT LIABILITIES | 4,708,627,967 | 1,872,684,640 |
| 1. Trade payables | 3,646,068,620 | 868,806,470 |
| 2. Other Payables | 136,073,100 | 160,970,334 |
| 3. Advances from customers | 178,210,000 | - |
| 4. Withholdings | 53,383,552 | 125,287,314 |
| 5. Accrued Expenses | 417,924,139 | 464,856,949 |
| 6. Value added tax withheld | 276,968,556 | 252,763,573 |
| II. NON-CURRENT LIABILITIES | 103,874,968 | 88,716,603 |
| 1. Provision for severance benefits | 1,456,618,810 | 1,005,259,915 |
| Retirement pension asset | -1,352,743,842 | -923,487,638 |
| 2. Deferred income tax liabilities | - | 6,944,326 |
| TOTAL LIABILITIES | 4,812,502,935 | 1,961,401,243 |
| SHAREHOLDERS' EQUITY | | |
| I. CAPITAL STOCK | 3,000,000,000 | 3,000,000,000 |
| 1. Common stock | 3,000,000,000 | 3,000,000,000 |
| II. CAPITAL ADJUSTMENT | - | -16,497,000 |
| 1. Discount on stock issuance | - | -16,497,000 |
| III. RETAINED EARNINGS | 2,575,208,121 | 1,852,575,542 |
| 1. Unappropriated retained earnings | 2,575,208,121 | 1,852,575,542 |
| TOTAL EQUITY | 5,575,208,121 | 4,836,078,542 |
| TOTAL LIABILITIES & SHAREHOLDERS' EQUITY | 10,387,711,056 | 6,797,479,785 |

BNK System _ Statements of Income

BNK SYSTEM

(Unit: KRW)

| Description | December 31, 2015 | December 31, 2014 |
|---------------------------------------------------|-------------------|-------------------|
| I. SALES | 38,009,723,417 | 17,028,284,984 |
| 1. Sales-merchandise | 25,387,134,899 | 2,850,429,098 |
| 2. Sales-services | 12,622,588,518 | 14,177,855,886 |
| II. COST OF GOODS SOLD | 35,335,688,206 | 14,825,301,039 |
| 1. Cost of merchandise sold | 24,738,015,868 | 2,758,685,279 |
| 2. Cost of Service sold | 10,597,672,338 | 12,066,615,760 |
| III. GROSS PROFIT | 2,674,035,211 | 2,202,983,945 |
| IV. SELLING AND ADMINISTRATIVE EXPENSES | 1,770,756,818 | 1,326,215,498 |
| 1. Salaries expenses | 639,656,607 | 605,814,173 |
| 2. Provision for severance benefits | 97,849,983 | 86,006,785 |
| 3. Employee benefits | 230,310,285 | 217,414,748 |
| 4. Travel expenses | 5,393,604 | 2,457,604 |
| 5. Entertainment expenses | 21,522,970 | 20,796,400 |
| 6. Communication expenses | 25,064,804 | 22,661,086 |
| 7. Utility expenses | 21,673,350 | 20,457,630 |
| 8. Taxes and dues | 15,185,454 | 11,736,720 |
| 9. Service fees | 25,568,654 | 8,804,280 |
| 10. Depreciation expenses | 144,981,709 | 76,293,591 |
| 11. Amortization expenses on intangible assets | 44,738,133 | 30,963,489 |
| 12. Repairs expenses | 2,097,419 | 1,925,000 |
| 13. Insurance premium | 999,712 | 947,777 |
| 14. Vehicles maintenance expenses | 27,860,147 | 11,814,904 |
| 15. Conference expenses | 2,494,947 | 515,369 |
| 16. Training expenses | 3,006,134 | 2,413,997 |
| 17. Publication expenses | 10,353,785 | 5,536,525 |
| 18. Supplies expenses | 26,157,520 | 16,530,335 |
| 19. Advertising expenses | 3,325,273 | 7,635,973 |
| 20. Service contract expenses | 422,516,328 | 175,489,112 |
| V. OPERATING INCOME | 903,278,393 | 876,768,447 |
| VI. NON-OPERATING REVENUES | 66,112,905 | 76,544,029 |
| 1. Interest income | 65,998,693 | 76,365,498 |
| 2. Gains on disposition of property and equipment | 22,833 | - |
| 3. Miscellaneous revenues | 91,379 | 178,531 |
| VII. NON-OPERATING EXPENSES | 11,085,005 | 12,053,042 |
| 1. Donations | 11,085,000 | 12,053,030 |
| 2. Miscellaneous losses | 5 | 12 |
| VIII. EARNINGS BEFORE INCOME TAX | 958,306,293 | 941,259,434 |
| IX. INCOME TAX EXPENSE | 219,176,714 | 216,983,000 |
| X. NET INCOME | 739,129,579 | 724,276,434 |
| XI. EARNINGS PER SHARE | | |
| 1. Basic and diluted net earnings per share | 1,232 | 1,207 |

Performance Data of Sustainability Management

G4.11 Labor union subscription rate

(Unit: %)

| Type | 2013 | 2014 | 2015 |
|---------------|-------|-------|-------|
| Busan Bank | 99.60 | 99.57 | 98.31 |
| Kyongnam Bank | - | 99.88 | 99.80 |

* BNK Financial Holdings, BNK Investment and Securities, BNK Capital, BNK Savings Bank, BNK Asset Management, BNK Credit Information and BNK System run a labor-management council where the same number of representatives from the labor and the management are subscribed

G4.11 Number of times labor union meetings were held

(Unit: times)

| Type | 2013 | 2014 | 2015 |
|---------------|------|------|------|
| Busan Bank | - | - | 4 |
| Kyongnam Bank | - | - | 4 |

EC.03 Status of managing retirement benefits

(Unit: KRW 100 million, persons)

| Type | BNK Financial Group | Busan Bank | Kyongnam Bank | BNK Securities | BNK Capital | BNK Savings Bank | BNK Asset Management | BNK Credit Information | BNK System |
|-------------------------|---------------------|------------|---------------|----------------|-------------|------------------|----------------------|------------------------|------------|
| Date of account opening | 2011.05.19 | 2010.07.30 | 2010.06.30 | 2007.11.26 | 2011.11.28 | 2013.03.29 | 2013.12.19 | 2007.11.12 | 2013.11.12 |
| Amount under management | 51 | 2,064 | 1,130 | 30 | 38 | 6 | 0 | 3 | 13 |
| Number of subscribers | 87 | 3,180 | 2,620 | 74 | 0 | 99 | 0 | 15 | 117 |
| Number of subscribers | 0 | 0 | 2 | 51 | 0 | 0 | 29 | 0 | 0 |

EC.05 Wage of new employees compared to the minimum wage

(Unit: KRW, %)

| Type | BNK Financial Group | Busan Bank | Kyongnam Bank | BNK Securities | BNK Capital | BNK Savings Bank | BNK Asset Management | BNK Credit Information | BNK System |
|----------------------------------------------|---------------------|------------|---------------|----------------|-------------|------------------|----------------------|------------------------|------------|
| Statutory wage of new employees_ hourly wage | 5,580 | 5,580 | 5,580 | 5,580 | 5,580 | 5,580 | 5,580 | 5,580 | 5,580 |
| Wage of new employees_ hourly wage (men) | 20,925 | 20,925 | 14,795 | 13,955 | 13,157 | 11,364 | 18,229 | 11,660 | 11,973 |
| Wage of new employees_ hourly wage (women) | 14,050 | 14,050 | 14,024 | 13,158 | 9,569 | 8,772 | 18,229 | 9,273 | 10,292 |
| Rate compared to the minimum wage (women) | 375 | 375 | 265 | 250 | 236 | 204 | 327 | 209 | 215 |
| Rate compared to the minimum wage (men) | 252 | 252 | 251 | 236 | 171 | 157 | 327 | 166 | 184 |

EC.06 Number of employees dispatched and recruited abroad

(Unit: persons)

| Type | BNK Financial Group | Busan Bank | Kyongnam Bank | BNK Securities | BNK Capital | BNK Savings Bank | BNK Asset Management | BNK Credit Information | BNK System |
|---------------------------------------------|---------------------|------------|---------------|----------------|-------------|------------------|----------------------|------------------------|------------|
| Total number of employees dispatched abroad | 0 | 6 | 0 | 0 | 9 | 0 | 0 | 0 | 0 |
| Number of local employees abroad | 0 | 17 | 0 | 0 | 133 | 0 | 0 | 0 | 0 |
| Number of local managers abroad | 0 | 0 | 0 | 0 | 16 | 0 | 0 | 0 | 0 |

EN1. Materials used by weight or volume

(Unit: ton, calculating the weight (11.7kg per box))

| Amount of copy paper purchased | 2013 | 2014 | 2015 | Scope of Date |
|--------------------------------|------|------|------|-------------------------------------------------|
| BNK Financial Group | 3 | 3 | 4 | As for the purchasing amount at the head branch |
| Busan Bank | 46 | 49 | 257 | As for the purchasing amount at the head branch |
| Kyongnam Bank | | | 40 | As for the purchasing amount at the head branch |
| BNK Securities | 2 | 1 | 1 | As for the purchasing amount at the head branch |
| BNK Capital | 9 | 10 | 6 | As for the purchasing amount at the head branch |
| BNK Savings Bank | 0 | 7 | 13 | As for the purchasing amount at the head branch |
| BNK Asset Management | | | 1 | As for the purchasing amount at the head branch |
| BNK Credit Information | 2 | 1 | 1 | As for the purchasing amount at the head branch |
| BNK System | 1 | 1 | 1 | As for the purchasing amount at the head branch |
| Total | 63 | 104 | 325 | |

EN3. Energy consumptions within the organization

EN4. Energy consumption outside the organization

(Unit:TJ)

| Type | 2013 | 2014 | 2015 | Remarks |
|--------------------------------------------------|------|--------|--------|----------------------------------------|
| Amount of direct energy consumed | 10 | 22.83 | 366.19 | |
| Amount of diesel | 0 | 0.39 | 0.00 | |
| Amount of LNG | 1 | 10.31 | 304.77 | Buildings for city gas (Amount of LNG) |
| Amount of boiler oil | | | 0.41 | Add new energy consumption standards |
| Amount of LPG | 0 | 0.56 | 0.00 | |
| Amount of gasoline for vehicles | 9 | 11.35 | 50.69 | |
| Amount of diesel for vehicles | | | 9.58 | |
| Amount of LPG for vehicles | 0 | 0.24 | 0.77 | |
| Amount of indirect energy consumed (electricity) | 89 | 126.83 | 555.94 | Buildings for electricity usage |
| Total amount of energy consumed | 99 | 149.66 | 922.17 | |

EN8. Total water withdrawal by source

EN22. Total water discharge by quality and destination

(Unit:m³)

| Surface water | 2013 | 2014 | 2015 |
|------------------------|--------|--------|---------|
| BNK Financial Group | 1,815 | 1,144 | 1,979 |
| Busan Bank | 20,632 | 23,627 | 168,933 |
| Kyongnam Bank | | 18,892 | 52,320 |
| BNK Securities | 1,437 | 1,334 | 1,373 |
| BNK Capital | 1,573 | 1,461 | 2,394 |
| BNK Savings Bank | 486 | 491 | 2,094 |
| BNK Asset Management | | | 680 |
| BNK Credit Information | 344 | 291 | 10,023 |
| BNK System | 17,820 | 307 | 412 |
| Total | 44,107 | 47,547 | 240,208 |

EN23. Total weight of waste by type and disposal method

a. General wastes (commissioned waste disposal company)

(Unit: ton)

| Type | 2013 | 2014 | 2015 |
|------------------------|------|------|------|
| Busan Bank | | 131 | 278 |
| Kyongnam Bank | 21 | 15 | 15 |
| BNK Savings Bank | | | 1 |
| BNK Credit Information | | 7 | 7 |
| BNK System | | 1 | 1 |

b. Commercial wastes (If there is the genesis of the renovated building)

(Unit: ton)

| Type | 2013 | 2014 | 2015 |
|---------------|------|------|------|
| Busan Bank | | 410 | 289 |
| Kyongnam Bank | 8 | 164 | 185 |

EN29. Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations

(Unit: cases)

| Type | Activities | 2015 | Remarks |
|------------------------------------|--------------------------------------------------------|------|---------|
| Environmental laws and regulations | Number of violating environmental laws and regulations | 0 | N/A |

EN31. Total environmental protection expenditures and investments

(Unit: KRW)

| Type | Division | 2015 | |
|---------------|------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|
| | | Activities | Estimated amount |
| Busan Bank | Maximization of efficiency in utilizing energy | Reduced energy consumption by installing LED lighting and high luminance lamp in bank headquarters and stores (a total of 4,600) | 448,000,000 (Including labor costs) |
| | Energy saving machinery and equipment | Installing of energy saving machinery and equipment (Electric car - a total of 1) | 19,641,385 |
| Kyongnam Bank | Maximization of efficiency in utilizing energy | Reduced energy consumption by installing LED lighting and high luminance lamp in bank headquarters and stores (a total of 8,456) | 708,303,040 (Including labor costs) |
| | Energy saving machinery and equipment | Installing of energy saving machinery and equipment (Electric car - a total of 4) | 81,725,200 |

Performance Data of Sustainability Management

EN15. Direct greenhouse gas (GHG) emissions

EN16. Indirect greenhouse gas (GHG) emissions

EN17. Other indirect greenhouse gas (GHG) emission

(Unit: tCO₂eq)

| Type | 2013 | 2014 | 2015 | |
|------------------------|----------------------------------|-------|-------|--------|
| BNK Financial Group | Direct Emissions (Scope1) | 49 | 87 | 74 |
| | Indirect Emissions (Scope2) | 102 | 95 | 154 |
| | Other Indirect Emission (Scope3) | 5 | 5 | 18 |
| Busan Bank | Direct Emissions (Scope1) | 351 | 444 | 16,013 |
| | Indirect Emissions (Scope2) | 3,686 | 3,840 | 17,418 |
| | Other Indirect Emission (Scope3) | 18 | 16 | 33 |
| Kyongnam Bank | Direct Emissions (Scope1) | | 730 | 2,529 |
| | Indirect Emissions (Scope2) | | 1,653 | 7,440 |
| | Other Indirect Emission (Scope3) | | 41 | 165 |
| BNK Securities | Direct Emissions (Scope1) | 26 | 128 | 40 |
| | Indirect Emissions (Scope2) | 100 | 86 | 105 |
| | Other Indirect Emission (Scope3) | 8 | 21 | 48 |
| BNK Capital | Direct Emissions (Scope1) | 113 | 74 | 819 |
| | Indirect Emissions (Scope2) | 171 | 194 | 1,432 |
| | Other Indirect Emission (Scope3) | 14 | 11 | 62 |
| BNK Savings Bank | Direct Emissions (Scope1) | 41 | 34 | 83 |
| | Indirect Emissions (Scope2) | 137 | 170 | 315 |
| | Other Indirect Emission (Scope3) | 3 | 1 | 7 |
| BNK Asset Management | Direct Emissions (Scope1) | | | 16 |
| | Indirect Emissions (Scope2) | | | 17 |
| | Other Indirect Emission (Scope3) | | | 5 |
| BNK Credit Information | Direct Emissions (Scope1) | 16 | 17 | 17 |
| | Indirect Emissions (Scope2) | 59 | 54 | 49 |
| | Other Indirect Emission (Scope3) | 1 | 1 | 1 |
| BNK System | Direct emissions (Scope1) | 26 | 27 | 29 |
| | Indirect emissions (Scope2) | 68 | 68 | 71 |
| | Other indirect emission (Scope3) | 1 | 1 | 3 |
| Total | Direct Emissions (Scope1) | 621 | 1,541 | 19,621 |
| | Indirect Emissions (Scope2) | 4,322 | 6,160 | 27,001 |
| | Other Indirect Emission (Scope3) | 49 | 95 | 340 |

EN4. Energy consumption outside the organization

EN17. Other indirect greenhouse gas (GHG) emission (SCOPE3)

EN30. Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce

Scope3 (Other indirect emissions)

(Unit: tCO₂eq)

| Type | 2015 | tCO ₂ eq | Scope of Data |
|-------------------------------------------------------------------------|--------------------|---------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------|
| Business trip | Airline (domestic) | 1,572,496 km | 105.27 BNK Financial Group, Kyongnam Bank, BNK Securities, BNK Capital, BNK Savings Bank, BNK Asset Management, BNK Credit Information, BNK System |
| | Railroad | 4,031,579 km | 121.05 BNK Financial Group, Busan Bank, Kyongnam Bank, BNK Capital, BNK Savings Bank, BNK Asset Management, BNK Credit Information, BNK System |
| | Bus + Vehicle | 779,218 km | 113.95 Kyongnam Bank, BNK Capital, BNK Credit Information |
| Product and service purchase | Printing paper | 27,817 Box | BNK Financial Group, Busan Bank, Kyongnam Bank, BNK Securities, BNK Capital, BNK Savings Bank, BNK Asset Management, BNK Credit Information, BNK System |
| | Credit card | 571,615 | Busan Bank |
| Capital goods | Savings account | 3,012,285 | Busan Bank, BNK Savings Bank |
| | Laptop | 118 | BNK Capital, BNK Savings Bank |
| | PC desktop | 145 | BNK Financial Group, BNK Savings Bank |
| | Monitor | 183 | BNK Financial Group, BNK Savings Bank |
| | Printer | 31 | BNK Financial Group, BNK Savings Bank |
| | LED light (50W) | 13,056 | Busan Bank, Kyongnam Bank |
| | Waste | Credit card waste | 0 kg |
| Savings account waste | 1,470 kg | BNK Savings Bank | |
| General waste (incinerated) | 133,747 kg | Busan Bank | |
| General waste (buried) | 144,348 kg | Busan Bank | |
| Poor building waste (if there is the genesis of the renovated building) | 474 ton | Busan Bank, Kyongnam Bank | |
| Recycled waste (paper) | 0 kg | | |
| Recycled waste (Styrofoam) | 0 kg | | |
| Recycled waste (glass) | 0 kg | | |
| Recycled waste (plastic) | 0 kg | | |

*The scope of reporting on data in 2013 and 2014, and the one in 2015 are different due to changes in the scope and criteria in data collection in the course of integrating data within the Group's environment by setting up an environmental data management system for the Group.

LA.01 Current status of employees

(Unit: persons)

| Type | 2013 | | | | 2014 | | | | 2015 | | | | |
|------------------------|---------------------------|----------------------------------------------------|-----------------------------------------------------------|----------------------|---------------------------|----------------------------------------------------|-----------------------------------------------------------|----------------------|---------------------------|----------------------------------------------------|-----------------------------------------------------------|----------------------|---|
| | Total number of employees | Number of regular employees (excluding executives) | Number of contract-based employees (excluding executives) | Number of executives | Total number of employees | Number of regular employees (excluding executives) | Number of contract-based employees (excluding executives) | Number of executives | Total number of employees | Number of regular employees (excluding executives) | Number of contract-based employees (excluding executives) | Number of executives | |
| BNK Financial Group | Men | 54 | 40 | 6 | 8 | 53 | 42 | 8 | 3 | 58 | 41 | 9 | 8 |
| | Women | 7 | 6 | 1 | 0 | 7 | 6 | 1 | 0 | 6 | 5 | 1 | 0 |
| | Total | 61 | 46 | 7 | 8 | 60 | 48 | 9 | 3 | 64 | 46 | 10 | 8 |
| Busan Bank | Men | 1,726 | 1,579 | 135 | 12 | 1,752 | 1,573 | 161 | 18 | 1,794 | 1,604 | 185 | 5 |
| | Women | 1,545 | 1,384 | 161 | 0 | 1,622 | 1,435 | 187 | 0 | 1,761 | 1,561 | 200 | 0 |
| | Total | 3,271 | 2,963 | 296 | 12 | 3,374 | 3,008 | 348 | 18 | 3,555 | 3,165 | 385 | 5 |
| Kyongnam Bank | Men | 1,211 | 1,081 | 112 | 18 | 1,335 | 1,197 | 118 | 20 | 1,423 | 1,292 | 125 | 6 |
| | Women | 1,098 | 957 | 141 | 0 | 1,172 | 1,023 | 149 | 0 | 1,270 | 1,103 | 167 | 0 |
| | Total | 2,309 | 2,038 | 253 | 18 | 2,507 | 2,220 | 267 | 20 | 2,693 | 2,395 | 292 | 6 |
| BNK Securities | Men | 119 | 70 | 44 | 5 | 124 | 78 | 43 | 3 | 128 | 86 | 37 | 5 |
| | Women | 46 | 36 | 10 | 0 | 43 | 37 | 6 | 0 | 45 | 38 | 7 | 0 |
| | Total | 165 | 106 | 54 | 5 | 167 | 115 | 49 | 3 | 173 | 124 | 44 | 5 |
| BNK Capital | Men | 247 | 188 | 56 | 3 | 340 | 219 | 118 | 3 | 367 | 247 | 112 | 8 |
| | Women | 138 | 47 | 91 | 0 | 169 | 72 | 97 | 0 | 184 | 88 | 96 | 0 |
| | Total | 385 | 235 | 147 | 3 | 509 | 291 | 215 | 3 | 551 | 335 | 208 | 8 |
| BNK Savings Bank | Men | 71 | 61 | 5 | 5 | 72 | 61 | 6 | 5 | 74 | 61 | 7 | 6 |
| | Women | 36 | 26 | 10 | 0 | 31 | 21 | 10 | 0 | 33 | 22 | 11 | 0 |
| | Total | 107 | 87 | 15 | 5 | 103 | 82 | 16 | 5 | 107 | 83 | 18 | 6 |
| BNK Asset Management | Men | - | - | - | - | - | - | - | - | 22 | 13 | 5 | 4 |
| | Women | - | - | - | - | - | - | - | - | 11 | 11 | 0 | 0 |
| | Total | - | - | - | - | - | - | - | - | 33 | 24 | 5 | 4 |
| BNK Credit Information | Men | 18 | 4 | 13 | 1 | 20 | 4 | 14 | 2 | 22 | 3 | 15 | 4 |
| | Women | 3 | 3 | 0 | 0 | 3 | 3 | 0 | 0 | 3 | 2 | 1 | 0 |
| | Total | 21 | 7 | 13 | 1 | 23 | 7 | 14 | 2 | 25 | 5 | 16 | 4 |
| BNK System | Men | 108 | 91 | 14 | 3 | 116 | 98 | 14 | 4 | 119 | 106 | 9 | 4 |
| | Women | 9 | 6 | 3 | 0 | 10 | 7 | 3 | 0 | 11 | 8 | 3 | 0 |
| | Total | 117 | 97 | 17 | 3 | 126 | 105 | 17 | 4 | 130 | 114 | 12 | 4 |

LA.01 Number of new employees and retirees

(Unit: persons)

| Type | 2013 | | 2014 | | 2015 | |
|------------------------|-------------------------|--------------------|-------------------------|--------------------|-------------------------|--------------------|
| | Number of new employees | Number of retirees | Number of new employees | Number of retirees | Number of new employees | Number of retirees |
| BNK Financial Group | 0 | 0 | 0 | 1 | 3 | 3 |
| Busan Bank | 200 | 58 | 135 | 60 | 234 | 34 |
| Kyongnam Bank | 35 | 51 | 106 | 30 | 235 | 62 |
| BNK Securities | 13 | 12 | 7 | 17 | 22 | 14 |
| BNK Capital | 160 | 55 | 180 | 97 | 181 | 145 |
| BNK Savings Bank | 20 | 21 | 20 | 24 | 18 | 20 |
| BNK Asset Management | 1 | 6 | 2 | 2 | 11 | 14 |
| BNK Credit Information | 7 | 3 | 7 | 5 | 9 | 8 |
| BNK System | 37 | 7 | 19 | 11 | 19 | 7 |

LA.03 Current status of using childcare leave

(Unit: persons)

| Type | Number of workers who used childcare leave in 2015 | | | Number of workers who returned to work after childcare leave in 2015 | | | Number of workers who have worked for one year or higher after returning to work from childcare leave by December 31, 2015 | | |
|------------------------|----------------------------------------------------|-------|-------|----------------------------------------------------------------------|-------|-------|----------------------------------------------------------------------------------------------------------------------------|-------|-------|
| | Men | Women | Total | Men | Women | Total | Men | Women | Total |
| BNK Financial Group | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Busan Bank | 0 | 125 | 125 | 0 | 93 | 93 | 0 | 91 | 91 |
| Kyongnam Bank | 0 | 167 | 167 | 0 | 82 | 82 | 0 | 77 | 77 |
| BNK Securities | 0 | 5 | 5 | 0 | 3 | 3 | 0 | 0 | 0 |
| BNK Capital | 0 | 3 | 3 | 0 | 3 | 3 | 0 | 0 | 0 |
| BNK Savings Bank | 0 | 5 | 5 | 0 | 1 | 1 | 0 | 2 | 2 |
| BNK Asset Management | 0 | 1 | 1 | 0 | 1 | 1 | 0 | 1 | 1 |
| BNK Credit Information | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| BNK System | 0 | 2 | 2 | 0 | 1 | 1 | 0 | 0 | 0 |

LA.06 Number of total absence days due to disease and injury

(Unit: persons, days)

| Type | 2013 | | 2014 | | 2015 | |
|------------------------|-------------------------------------------------------------------|--------------------------------------------------------------------------|-------------------------------------------------------------------|--------------------------------------------------------------------------|-------------------------------------------------------------------|--------------------------------------------------------------------------|
| | Number of absent days due to disease and injury (excluding leave) | Number of absent days due to disease and injury occurrence while working | Number of absent days due to disease and injury (excluding leave) | Number of absent days due to disease and injury occurrence while working | Number of absent days due to disease and injury (excluding leave) | Number of absent days due to disease and injury occurrence while working |
| BNK Financial Group | 68 | 70 | 53 | 95 | 0 | 0 |
| Busan Bank | 1,385 | 808 | 1,276 | 480 | 1,033 | 457 |
| Kyongnam Bank | 404 | 615 | 970 | 987 | 774 | 627 |
| BNK Securities | 0 | 0 | 9 | 0 | 0 | 0 |
| BNK Capital | 0 | 0 | 80 | 0 | 66 | 0 |
| BNK Savings Bank | 0 | 0 | 90 | 92 | 0 | 0 |
| BNK Asset Management | - | - | - | - | 0 | 0 |
| BNK Credit Information | 0 | 0 | 0 | 0 | 8 | 25 |
| BNK System | 0 | 0 | 4 | 0 | 0 | 0 |

Performance Data of Sustainability Management

LA.09 Cost and hours for training per employee

(Unit: KRW 10,000, hours/individual)

| Type | Training cost per individual | | | Training hours per individual | | |
|------------------------|------------------------------|------|------|-------------------------------|------|------|
| | 2013 | 2014 | 2015 | 2013 | 2014 | 2015 |
| BNK Financial Group | 40 | 27 | 58 | 16 | 10 | 20 |
| Busan Bank | 56 | 73 | 83 | 135 | 153 | 137 |
| Kyongnam Bank | 76 | 35 | 62 | 92 | 59 | 92 |
| BNK Securities | 10 | 36 | 7 | 25 | 24 | 17 |
| BNK Capital | 28 | 16 | 32 | 12 | 15 | 20 |
| BNK Savings Bank | 16 | 17 | 20 | 25 | 25 | 30 |
| BNK Asset Management | - | - | 9 | - | - | 15 |
| BNK Credit Information | 0 | 0 | 0 | 6 | 6 | 6 |
| BNK System | 33 | 47 | 45 | 59 | 80 | 108 |

LA.11 Rate of conducting employees' performance evaluation

(Unit: persons, %)

| Type | 2013 | | | 2014 | | | 2015 | | |
|------------------------|---------------------------------------------------|---------------------------|--------------------------------|---------------------------------------------------|---------------------------|--------------------------------|---------------------------------------------------|---------------------------|--------------------------------|
| | Number of employees who are subject to evaluation | Total number of employees | Rate of performance evaluation | Number of employees who are subject to evaluation | Total number of employees | Rate of performance evaluation | Number of employees who are subject to evaluation | Total number of employees | Rate of performance evaluation |
| BNK Financial Group | 53 | 61 | 87 | 57 | 60 | 95 | 55 | 56 | 98 |
| Busan Bank | 2,661 | 3,271 | 81 | 2,663 | 3,374 | 79 | 2,873 | 3,550 | 80 |
| Kyongnam Bank | 2,056 | 2,309 | 89 | 2,193 | 2,507 | 87 | 2,458 | 2,687 | 91 |
| BNK Securities | 121 | 165 | 73 | 136 | 167 | 81 | 142 | 168 | 85 |
| BNK Capital | 340 | 385 | 88 | 391 | 509 | 77 | 467 | 543 | 86 |
| BNK Savings Bank | 97 | 107 | 91 | 93 | 103 | 90 | 96 | 101 | 95 |
| BNK Asset Management | - | - | - | - | - | - | 29 | 29 | 100 |
| BNK Credit Information | - | 21 | - | - | 23 | - | 8 | 21 | 38 |
| BNK System | 107 | 117 | 91 | 107 | 126 | 85 | 109 | 126 | 87 |

SO.03 Number of business sites where corruption risks were evaluated

(Unit: sites)

| Type | BNK Financial Group | Busan Bank | Kyongnam Bank | BNK Securities | BNK Capital | BNK Savings Bank | BNK Asset Management | BNK Credit Information | BNK System | Total |
|---------------------------------------------------------------------------------|---------------------|------------|---------------|----------------|-------------|------------------|----------------------|------------------------|------------|-------|
| Total number of business sites (HQ, sales offices, branches) | 1 | 272 | 169 | 5 | 23 | 7 | 1 | 1 | 1 | 480 |
| Number of business sites where corruption risks analysis (diagnosis) took place | 1 | 204 | 162 | 4 | 23 | 7 | 1 | 1 | 1 | 404 |

SO.05 Identified corruption cases and actions taken

| | |
|---------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Kyongnam Bank | <ul style="list-style-type: none"> Acts of negligence of employees (arbitrary cancellation of fix collateral for self-owned collateralized real estate): compensation to be made by individuals who caused such incidences (disciplinary dismissal), disciplinary measures on related employees and strengthening internal control Inspection of internal and external compliance by visiting all business sites over twice year, and local guidance and implementation of corrective measures on weaknesses as a result of inspection <ul style="list-style-type: none"> Non-thoroughness in managing critical sheets: related employees subject to disciplinary measures Non-compliance with the other operation handling procedure: reminding to be cautious about using the name of the president of the bank by related employees and taking actions to remind of such cautiousness |
| BNK Capital | <ul style="list-style-type: none"> Adequacy inspection on Hanil World-related rental business: making improvement with cautiousness in management, and implementing disciplinary dismissal Inspection by the Financial Supervisory Service (November 19 ~ December 4, 2015): notifying of actions to be taken based on inspection results (slated for May 2016) |

SO.08 Sanctions and fines for legal and regulatory violations

(Unit: cases, KRW million)

| Type | BNK Financial Group | Busan Bank | Kyongnam Bank | BNK Securities | BNK Capital | BNK Savings Bank | BNK Asset Management | BNK Credit Information | BNK System |
|-----------------------------|---------------------|------------|---------------|----------------|-------------|------------------|----------------------|------------------------|------------|
| Number of sanctions imposed | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 0 |
| Amount of fines | 0 | 0 | 40 | 0 | 0 | 0 | 0 | 0 | 0 |

| | |
|---------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Kyongnam Bank | <ul style="list-style-type: none"> Imposing administrative penalties on violations of the obligation to explain financial investment products Institutional sanctions (caution) against the occurrence of vault cash embezzlement, management of vault cash in branches and non-thoroughness in internal control operations |
|---------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

Assurance Statement on GHG Emissions

Introduction

DNV GL Business Assurance Korea Ltd. ("DNV GL") was commissioned by BNK FNC Group to verify the BNK FNC Group's Greenhouse Gas Inventory Report for the calendar year 2015 ("the report") based upon a limited level of assurance. BNK FNC Group is responsible for the preparation of the GHG emissions data on the principles set out in ISO 14064-1:2006. Our responsibility in performing this work is to the management of BNK FNC Group only and in accordance with terms of reference agreed with them. DNV GL expressly disclaims any liability or responsibility for any decisions, whether investment or otherwise, based upon this assurance statement.

Scope of Assurance

The emissions data covered by our examination comprise Direct emissions (Scope 1), Energy indirect emissions (Scope 2), and Other indirect emissions (Scope 3) from the BNK FNC Group boundary;

- GHG emissions under verification: GHG emissions from 2015
- Organizational boundary: BNK FNC Group (BNK Financial Group Inc., Busan Bank, Kyongnam Bank, BNK Securities, BNK Capital, BNK Asset Management, BNK Savings Bank, BNK Credit Information, BNK System)

Verification Approach

The verification has been conducted by DNV GL from May through June 2016 and performed in accordance with the verification principles and tasks outlined in ISO 14064-3:2006. We planned and performed our work so as to obtain all the information and explanations deemed necessary to provide us with sufficient evidence to provide a reasonable verification opinion with 5% materiality level, concerning the completeness of the emission inventory as well as the reported emission figures in ton CO₂ equivalent. As part of the verification process:

- We have reviewed and verified the BNK FNC Group's Greenhouse gas Management System and inventory tool
- We have reviewed and verified the process to generate, aggregate and report the emissions data

Conclusions

Based on the above verification core elements, it is DNV GL opinion that the data and the information reported in the GHG assertion are free of errors, omissions and misrepresentations providing a fair and balanced quantification, in compliance to the above reported verification criteria. The GHG Emissions of BNK FNC Group for the year 2015 were confirmed as below;

Greenhouse Gas Emissions of BNK FNC Group from Yr 2015

(Unit: ton CO₂ equivalent.)

| BNK FNC Group | Direct emissions (Scope 1) | Energy indirect emissions (Scope 2) | Other indirect emissions (Scope 3) | Total emissions |
|---------------|----------------------------|-------------------------------------|------------------------------------|-----------------|
| Year 2015 | 19,621 | 27,001 | 340 | 46,962 |

※ In order to report the GHG emissions as an integer, the rounded number on the statement might be different from the number on the system with ±1 tCO₂.

※ Total emissions = Scope 1 + Scope 2 + Scope 3

10th June 2016



Se-Hee Park
Lead Verifier



In-Kyoon Ahn
Country Manager

DNV GL Business Assurance Korea Ltd

Appendix I

Based on the verification, the details of GHG emissions from BNK FNC Group are as below;

Greenhouse Gas Emissions of BNK FNC Group from Yr 2015

(Unit: ton CO₂ equivalent.)

| BNK FNC Group | Direct emissions (Scope 1) | Energy indirect emissions (Scope 2) | Other indirect emissions (Scope 3) | Total emissions |
|--------------------------|----------------------------|-------------------------------------|------------------------------------|-----------------|
| BNK Financial Group Inc. | 74 | 154 | 18 | 246 |
| Busan Bank | 16,013 | 17,418 | 33 | 33,464 |
| Kyongnam Bank | 2,529 | 7,440 | 165 | 10,134 |
| BNK Securities | 40 | 105 | 48 | 193 |
| BNK Capital | 819 | 1,432 | 62 | 2,313 |
| BNK Savings Bank | 83 | 315 | 7 | 405 |
| BNK Asset Management | 16 | 17 | 5 | 38 |
| BNK Credit Information | 17 | 49 | 1 | 68 |
| BNK System | 29 | 71 | 3 | 103 |

※ In order to report the GHG emissions as an integer, the rounded number on the statement might be different from the number on the system with ±1 tCO₂.

This Assurance Statement is valid as of the date of the issuance (10th June 2016). Please note that this Assurance statement would be revised if any material discrepancy which may impact on the Greenhouse Gas Emissions of BNK FNC Group is subsequently brought to our attention. In the event of ambiguity or contradiction in this statement between English version and Korean version, Korean shall be given precedent.

Third - Party Assurance Report

Introduction

BNK Financial Group, Inc. (hereinafter referred to as "BNK Financial Group") commissioned DNV GL Business Assurance Korea Ltd. (hereinafter referred to as "DNV GL"), part of DNV GL Group, to undertake independent assurance of the 'BNK Financial Group Sustainability Report 2015' (the "Report"). The directors of BNK Financial Group have sole responsibility for the preparation of the Report. The responsibility of DNV GL in performing the assurance work is to the management of BNK Financial Group in accordance with the terms of reference. DNV GL's assurance engagements are based on the assumption that the data and information provided by the client to us as part of our review have been provided in good faith.

Scope of assurance

The scope of assurance included a review of sustainability activities and performance data over the reporting period 1st January to 31st December 2015. This included:

- Evaluation of the principles for defining the sustainability report content in the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines 4.0
- Verification of disclosures to check the Report is prepared 'In accordance' with the GRI Guidelines G4 (Core option) (Verification on aggregated level of data and activities that refers to the period between January and December in 2015)
- Evaluation of the process for determining material aspects for reporting and the management approach to material issues and the process for generating, gathering and managing the quantitative and qualitative data in the Report.

Basis of our opinion

We performed our work using DNV GL's assurance methodology VeriSustain^{TM1}, which is based on our professional experience, international assurance best practice including International Standard on Assurance Engagements 3000 (ISAE 3000). We applied the limited level of assurance. The audit was carried out in May and June 2016. The site visits were made to BNK Financial Group. We undertook the following activities as part of the assurance process:

- challenged the sustainability-related statements and claims made in the Report and assessed the robustness of the underlying data management system, information flow and controls;
- interviewed representatives from the various departments;
- conducted document reviews, data sampling and interrogation of supporting databases and associated reporting system and associated reporting systems as they relate to selected content and performance data;
- reviewed the outcomes of the materiality assessment report.

Limitations

The engagement excludes the sustainability management, performance and reporting practices of BNK Financial Group's suppliers, contractors and any third-parties except for BNK subsidiaries (Busan Bank, Kyongnam Bank, BNK Securities, BNK Capital, BNK Savings Bank, BNK Asset Management, BNK Credit Information and BNK System) mentioned in the Report. DNV GL did not interview external stakeholders as part of this Assurance Engagement. Economic performance based on the financial data is cross-checked with internal documents, the audited consolidated financial statements and the announcement disclosed at the website of Korea Financial Supervisory Service (<http://dart.fss.or.kr>) as well as BNK Financial Group's website (<http://www.bnkfg.com/01/01.jsp>). These documents, financial statements and the announcements are not included in this Assurance Engagement. Limited depth of evidence gathering including inquiry and analytical procedures and limited sampling at lower levels in the organization were applied. The baseline data for Environmental and Social performance are not verified, while the aggregated data at the corporate level are used for the verification. DNV GL expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Assurance Statement.

TM1) The VeriSustain protocol is available upon request at www.dhvgl.com/assurance/reporting/verification.html

Opinion and Observation

On the basis of the work undertaken, nothing comes to our attention to suggest that the Report does not properly describe the adherence to the Principles for defining report content in GRI G4 nor is prepared 'in accordance' with GRI G4 Core option. Further opinions with regards to the adherence to the following Principles are made below;

Stakeholder Inclusiveness

BNK Financial Group has identified internal and external stakeholder groups such as a group of customers, a group of employees, a group for shared growth, a policy supervision group and the media environment group. The report presents the engagement policy and major expectations of respective stakeholder groups and communication processes. Stakeholder engagement process has been managed by selected business units or functions but it is recommended to be applied across the organization at the corporate level to maintain consistent approach.

Sustainability Context

BNK Financial Group's key policy, activities and performances are partially addressed in the report with justification of selecting material aspects reported and business risk and opportunity.

BNK Financial Group, operating in a diverse range of sector, sizes and locations, needs to consider how to ensure its subsidiaries' sustainability performances can be integrated into group's performance so that overall sustainability performances of BNK Financial Group can be evaluated and subsequently reported in the broader sustainability context.

Materiality

The Report presents the material assessment process and outcomes of selected material issues. The relevant issue pool was derived from internal (sustainable management issue) and external sources (GRI G4, ISO 26000, FTSE4GOOD, industry specific index (DJSI), media research, and analysis of peer group reports). Material issues were prioritized with two aspects, the business impact and stakeholder interest which are rated through the internal & external stakeholder survey including sustainability expert opinion. Audit team evaluated that the material issues were selected in accordance with BNK Financial Group's procedure.

Completeness

The audit team has not noted that the material information is intentionally omitted that may influence the decision making process of stakeholders during the engagement. The Report covers sustainability aspects of economic, environmental and social impacts for the reporting period.

Accuracy and Reliability

Any errors and misstatements identified during the engagement were corrected prior to the Report being published. Based on the sampling check and the evidence provided by BNK Financial Group, the audit team observed that the data and information described in the Report are accurate and reliable in general, however the accuracy and reliability can be more improved by regular internal monitoring and verification on the environmental data and information such as greenhouse gas emissions.

Competence and Independence

DNV GL Business Assurance is part of DNV GL Group and a global provider of certification, verification, assessment and training services, helping customers to build sustainable business performance. Our environmental and social assurance specialists are present in over 100 countries. The assurance work was performed by independent team which meets DNV GL's competence requirements. DNV GL was not involved in the preparation of any statements or data included in the Report except for this Assurance Statement.



3 June 2016
Seoul, Republic of Korea

A handwritten signature in black ink, appearing to read "In-Kyoon Ahn".

In-Kyoon Ahn
Country Representative
DNV GL Business Assurance Korea Ltd.

GRI Guideline Index

General Standard Disclosures

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| G4-5 | Location of organization's headquarters | | 2 |
| G4-6 | The number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report | | 7 |
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| G4-38 | Report the composition of the highest governance body and its committees | SDG.05, SDG.16 | 10-11 |
| G4-39 | Report whether the Chair of the highest governance body is also an executive officer (and, if so, his or her function within the organization's management and the reasons for this arrangement) | SDG.16 | 10-11 |
| G4-40 | Report the nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members | SDG.05, SDG.16 | 10-11 |
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| Indirect economic effects DMA (Disclosures on Management Approach) | | | 38-39, 44-45 |
| G4-EC7 | Development and impact of infrastructure investments and services provided primarily for public benefit | SDG.02, SDG.05, SDG.07, SDG.09, SDG.11 | 40-43, 46-51, 68-69 |
| G4-EC8 | Indirect economic impacts | SDG.01, SDG.02, SDG.03, SDG.08, SDG.10, SDG.17 | 46-51 |
| Procurement Practices DMA (Disclosures on Management Approach) | | | - |
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| G4-EN9 | Water sources significantly affected by withdrawal of water | SDG.06 | - |
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| Biodiversity DMA (Disclosures on Management Approach) | | | - |
| G4-EN11 | Operational sites owned, leased, managed in, or adjacent to, protected areas | SDG.06, SDG.14, SDG.15 | Not applicable |
| G4-EN12 | Description of significant impacts of activities, products, and services on Biodiversity | SDG.06, SDG.14, SDG.15 | Not applicable |
| G4-EN13 | Habitats protected or restored | SDG.06, SDG.14, SDG.15 | Not applicable |
| G4-EN14 | Total number of IUCN red list species and national conservation list species with habitats in areas affected by operations, by level of extinction risk | SDG.06, SDG.14, SDG.15 | Not applicable |
| Emissions DMA (Disclosures on Management Approach) | | | 64-65 |
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| G4-EN16 | Indirect greenhouse gas emissions by weight | SDG.03, SDG.12, SDG.13, SDG.14, SDG.15 | 120 |
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| G4-EN20 | Emissions of ozone-depleting substances by weight | SDG.03, SDG.12 | Not applicable |
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| G4-EN23 | Total weight of waste by type and disposal method | SDG.03, SDG.06, SDG.12 | 119 |
| G4-EN24 | Total number and volume of significant spills | SDG.03, SDG.06, SDG.12, SDG.14, SDG.15 | Not applicable |
| G4-EN25 | Weight of transported, imported, exported, or treated waste deemed hazardous | SDG.03, SDG.12 | Not applicable |
| G4-EN26 | Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff | SDG.06, SDG.14, SDG.15 | Not applicable |
| Products and Services DMA (Disclosures on Management Approach) | | | - |
| G4-EN27 | Extent of impact mitigation of environmental impacts of products and services | SDG.06, SDG.08, SDG.12, SDG.13, SDG.14, SDG.15 | 68-69 |
| G4-EN28 | Percentage of products sold and their packaging materials that are reclaimed by category | SDG.08, SDG.12 | - |
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| G4-EN29 | Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations | SDG.16 | 119 |
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| G4-EN30 | Significant environmental impacts of transporting products and other goods and materials of the organization's operations, and transporting members of the workforce | SDG.11, SDG.12, SDG.13 | 120 |
| Overall DMA (Disclosures on Management Approach) | | | - |
| G4-EN31 | Total environmental protection expenditures and investments by type | SDG.07, SDG.09, SDG.12, SDG.13, SDG.14, SDG.15, SDG.17 | 119 |
| Supplier Environmental Assessment DMA (Disclosures on Management Approach) | | | - |
| G4-EN32 | Percentage of new suppliers that were screened using environmental criteria | | - |
| G4-EN33 | Significant actual and potential negative environmental impacts in the supply chain and actions taken | | - |
| Environmental Grievance Mechanisms DMA (Disclosures on Management Approach) | | | - |
| G4-EN34 | Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms | SDG.16 | - |

Labor

| Indicators | Description of the Indicators | SDGs | Page |
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| G4-LA2 | Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation | SDG.08 | 60-63 |
| G4-LA3 | Return to work and retention rates after parental leave, by gender | SDG.05, SDG.08 | 121 |
| Labor/Management Relations DMA (Disclosures on Management Approach) | | | |
| G4-LA4 | Minimum notice periods regarding operational changes, including whether these are specified in collective agreements | SDG.08 | - |
| Occupational Health and Safety DMA (Disclosures on Management Approach) | | | |
| G4-LA5 | Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs | SDG.08 | - |
| G4-LA6 | Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender | SDG.03, SDG.08 | 121 |
| G4-LA7 | Workers with high incidence or high risk of diseases related to their occupation | SDG.03, SDG.08 | - |
| G4-LA8 | Health and safety topics covered in formal agreements with trade unions | SDG.08 | - |
| Training and Education DMA (Disclosures on Management Approach) | | | |
| G4-LA9 | Average hours of training per year per employee, by gender, and by employee category | SDG.04, SDG.05, SDG.08 | 122 |
| G4-LA10 | Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings | SDG.08 | 55 |
| G4-LA11 | Percentage of employees receiving regular performance and career development reviews, by gender and by employee category | SDG.05, SDG.08 | 122 |
| Diversity and Equal Opportunity DMA (Disclosures on Management Approach) | | | |
| G4-LA12 | Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity | SDG.05, SDG.08 | 54, 121 |
| Equal remuneration for women and men DMA (Disclosures on Management Approach) | | | |
| G4-LA13 | Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation | SDG.05, SDG.08, SDG.10 | 118 |
| Supplier Assessment for Labor Practices DMA (Disclosures on Management Approach) | | | |
| G4-LA14 | Percentage of new suppliers that were screened using labor practice criteria | SDG.05, SDG.08, SDG.16 | - |
| G4-LA15 | Significant actual and potential negative impacts for labor practices in the supply chain and actions taken | SDG.05, SDG.08, SDG.16 | - |
| Labor Practices Grievance Mechanisms DMA (Disclosures on Management Approach) | | | |
| G4-LA16 | Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms | SDG.16 | 63 |

Human Rights

| Indicators | Description of the Indicators | SDGs | Page |
|------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|--------|
| Investment DMA (Disclosures on Management Approach) | | | |
| G4-HR1 | Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening | | - |
| G4-HR2 | Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained | | 14 |
| Non-discrimination DMA (Disclosures on Management Approach) | | | |
| G4-HR3 | Total number of incidents of discrimination and actions taken | SDG.08, SDG.16 | 54, 63 |
| Freedom of collective bargaining and the right to organize DMA (Disclosures on Management Approach) | | | |
| G4-HR4 | Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights | SDG.08 | 118 |
| Child labor DMA (Disclosures on Management Approach) | | | |
| G4-HR5 | Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor | SDG.08, SDG.16 | 58 |
| Forced labor DMA (Disclosures on Management Approach) | | | |
| G4-HR6 | Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor | SDG.08 | 58 |
| Security Practices DMA (Disclosures on Management Approach) | | | |
| G4-HR7 | Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations | SDG.16 | 34 |
| Indigenous Rights DMA (Disclosures on Management Approach) | | | |
| G4-HR8 | Total number of incidents of violations involving rights of indigenous peoples and actions taken | SDG.02 | - |
| Assessment DMA (Disclosures on Management Approach) | | | |
| G4-HR9 | Total number and percentage of operations that have been subject to human rights reviews or impact assessments | | 122 |
| Supplier Human Rights Assessment DMA (Disclosures on Management Approach) | | | |
| G4-HR10 | Percentage of new suppliers that were screened using human rights criteria | | - |
| G4-HR11 | Significant actual and potential negative human rights impacts in the supply chain and actions taken | | - |
| Human Rights Grievance Mechanisms DMA (Disclosures on Management Approach) | | | |
| G4-HR12 | Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms | SDG.16 | 63 |

Society

| Indicators | Description of the Indicators | SDGs | Page |
|---------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|----------------|-------|
| Communities DMA (Disclosures on Management Approach) | | | |
| G4-SO1 | Percentage of operations with implemented local community engagement, impact assessments, and development programs | | 44-45 |
| G4-SO2 | Operations with significant actual and potential negative impacts on local communities | SDG.01, SDG.02 | 46-51 |
| Anti-corruption DMA (Disclosures on Management Approach) | | | |
| G4-SO3 | Total number and percentage of operations assessed for risks related to corruption and the significant risks identified | SDG.16 | 122 |
| G4-SO4 | Communication and training on anti-corruption policies and procedures | SDG.16 | 14-15 |
| G4-SO5 | Confirmed incidents of corruption and actions taken | SDG.16 | 122 |
| Public Policy DMA (Disclosures on Management Approach) | | | |
| G4-SO6 | Total value of political contributions by country and recipient/beneficiary | SDG.16 | - |
| Anti-competitive Behavior DMA (Disclosures on Management Approach) | | | |
| G4-SO7 | Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes | SDG.16 | 122 |
| Compliance DMA (Disclosures on Management Approach) | | | |
| G4-SO8 | Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations | SDG.16 | 122 |
| Supplier Assessment for Impacts on Society DMA (Disclosures on Management Approach) | | | |
| G4-SO9 | Percentage of new suppliers that were screened using criteria for impacts on society | | - |
| G4-SO10 | Significant actual and potential negative impacts on society in the supply chain and actions taken | | - |
| Grievance Mechanisms for Impacts on Society DMA (Disclosures on Management Approach) | | | |
| G4-SO11 | Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms | SDG.16 | - |

Product Responsibility

| Indicators | Description of the Indicators | SDGs | Page |
|------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|----------------|
| Customer Health and Safety DMA (Disclosures on Management Approach) | | | |
| G4-PR1 | Percentage of significant products and services categories for which health and safety impacts are assessed for improvement | | Not applicable |
| G4-PR2 | Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes | SDG.16 | Not applicable |
| Product and service labeling DMA (Disclosures on Management Approach) | | | |
| G4-PR3 | Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant products and services subject to such information requirements | SDG.12 | - |
| G4-PR4 | Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes | SDG.16 | 122 |
| G4-PR5 | Results of surveys measuring customer satisfaction | | 33 |
| Marketing DMA (Disclosures on Management Approach) | | | |
| G4-PR6 | Sale of banned or disputes products | | Not applicable |
| G4-PR7 | Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes | SDG.16 | Not applicable |
| Customer Privacy DMA (Disclosures on Management Approach) | | | |
| G4-PR8 | Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data | SDG.16 | - |
| Regulations DMA (Disclosures on Management Approach) | | | |
| G4-PR9 | Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services | SDG.16 | 122 |

Financial Services

| Indicators | Description of the Indicators | SDGs | Page |
|------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------|------------|
| Product portfolios DMA (Disclosures on Management Approach) | | | |
| G4-FS1 | Policies on environmental and social components applied to the business | SDG.10 | 40-43, 68 |
| G4-FS2 | Assessment and review procedures for environmental and social risks in business fields | SDG.10 | 12-13 |
| G4-FS3 | Process of monitoring the implementation of and compliance with customers' environmental and social needs in a contract or transaction | SDG.10 | 32 |
| G4-FS4 | Process of strengthening employee competency for implementing environmental and social policies and procedures in business fields | SDG.10 | 56-57 |
| G4-FS5 | Interaction between customers, investors and business partners in association with environmental and social risks and opportunity elements | SDG.10 | 40-43 |
| G4-FS6 | Percentage of the portfolio for business lines by specific region, size and by sector | SDG.01, SDG.08, SDG.09 | 7 |
| G4-FS7 | Currency value of products and services designed to provide certain social benefits in each business field specified | SDG.01, SDG.08, SDG.09, SDG.10, SDG.11 | 43 |
| G4-FS8 | Currency value of products and services designed to provide certain in environmental benefits in each business field specified | | 69 |
| G4-FS9 | Scope and frequency of the application of audits that assess the implementation of environmental and social policies and risk assessment process | SDG.10 | - |
| G4-FS10 | Ratio of assets subject to environmental and social reviews among that have incorporated portfolios of financial institutions | SDG.10 | - |
| G4-FS11 | Ratio of assets subject to environmental and social reviews through both positive and negative methods | SDG.10 | - |
| G4-FS12 | Measures on decision-making of shareholders on environmental and social issues within the scope where reporting agencies have the influence in making decisions | | - |
| Communities DMA (Disclosures on Management Approach) | | | |
| G4-FS13 | Access points by type in regions with little population or no economic benefits | SDG.01, SDG.08, SDG.10 | 25-37 |
| G4-FS14 | Initiatives to improve access to financial services for the underprivileged | SDG.01, SDG.08, SDG.10 | 31, 39, 73 |
| Product and Service Labeling DMA (Disclosures on Management Approach) | | | |
| G4-FS15 | Policies on fair design and sales of financial products and services | SDG.10 | 28 |
| G4-FS16 | Initiatives to intensify financial knowledge (education) by recipient type | SDG.01, SDG.08, SDG.10 | 37 |

Sustainable Development Goals (SDGs) - 17 goals

| | | | | | |
|--------|----------------------------|--------|--------------------------------------|--------|----------------------------------------|
| SDG 01 | No Poverty | SDG 07 | Affordable and Clean Energy | SDG 13 | Climate Action |
| SDG 02 | Zero Hunger | SDG 08 | Decent Work and Economic Growth | SDG 14 | Life below Water |
| SDG 03 | Good Health and Well-Being | SDG 09 | Industry Innovation and Infra | SDG 15 | Life on Land |
| SDG 04 | Quality Education | SDG 10 | Reduced Inequalities | SDG 16 | Peace, Justice and Strong Institutions |
| SDG 05 | Gender Equality | SDG 11 | Sustainable Cities and Communities | SDG 17 | Partnerships for the Goals |
| SDG 06 | Clean Water and Sanitation | SDG 12 | Responsible Consumption & Production | | |

BNK Financial Group History

- 2011.03.15**
Launching BS Financial Holdings Co., Ltd. (launching a holdings company for the first time among regional banks)
Busan Bank Co., Ltd., BS Capital Co., Ltd., BS Investment and Securities Co., Ltd., BS Credit Information Co., Ltd.
Establishing BS Financial Holdings through comprehensive stock transfer
- 2011.05.20**
Incorporating BS Information System Co., Ltd. as a subsidiary
- 2011.12.28**
Incorporating BS Savings Bank Co., Ltd. as a subsidiary
- 2012.07.05**
Winning the 2012 Korea Global CEO (social contribution sector)
- 2012.09.27**
Selected as the Socially Responsible Management Company for Coexistence in 2012
- 2013.02.14**
Selected as Korea's Most Influential CEO in 2013
- 2013.06.26**
Winning the Grand Prize at Korea's Creative Economic Leader Award (win-win management sector)
- 2013.08.14**
Se Whan Sung appointed as the second chairman of BS Financial Holdings Co., Ltd.
- 2013.11.27**
Winning the 2013 Korea's Best Entrepreneur (creative management sector)
- 2013.12.31**
Kyongnam Bank Co., Ltd. selected as the preferred bidder in takeover
- 2014.01.21**
Signing a win-win agreement for regional finance development with Kyongnam Bank Co., Ltd.
- 2014.03.07**
KBSC (Cambodia) MSI PLC Capital
Establishing a subsidiary in Cambodia (grandchild company)
- 2014.03.21**
BS Capital Myanmar Co., Ltd.
Establishing a subsidiary in Myanmar (grandchild company)
- 2014.07.15**
Conducting the first capital increase with consideration (KRW 514.6 billion)
- 2014.09.24**
Winning the Grand Prize at the Money Today's IR Award
- 2014.10.10**
Incorporating Kyongnam Bank Co., Ltd. as a subsidiary (equity ratio: 56.97%)
- 2015.01.22**
Selected as Korea's Most Influential CEO in 2015
- 2015.02.24**
Winning the FSC Presidential Prize at the 2015 Korea's Best Banker Award
- 2015.03.30**
Registering the corporate name (BNK Financial Holdings Co., Ltd.)
- 2015.04.20**
Launching ceremony of BNK Financial Group's Professional Golf Team
- 2015.04.24**
BS Capital Lao Leasing Co., Ltd Capital
Establishing a subsidiary in Laos (grandchild company)
- 2015.06.04**
Completely incorporating Kyongnam as a subsidiary (equity ratio after stock exchange: 100%)
- 2015.06.15**
BNK Financial Group's CI unveiling ceremony and character declaration ceremony
- 2015.07.28**
Incorporating BNK Asset Management Co., Ltd. as a subsidiary
- 2015.09.10**
Newly incorporated into the Asia-Pacific section of the Dow Jones Sustainability Index) Asia-Pacific in 2015
- 2015.09.14**
Selected as one of the world's top 250 safest banks selected by 'The Banker', a global financial monthly magazine
Ranking 178th (3rd among domestic financial institutions)
- 2016.01.27**
Conducting the second capital increase with consideration (KRW 472.5 billion)



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