

2016 Financial Results

(February 9, 2017)

Beyond No.1 in Korea
BNK



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DISCLAIMER

The financial information presented herein is prepared on the basis of pre-audited financial of BNK Financial Group and is based upon the plans, strategies and expectations of the FG's management. All information described in this presentation should be treated as forward looking statements that are subject to risks and uncertainties. Actual results could vary materially from the expectations reflected in this presentation, thus the statements presented herein do not purport to be a complete description of the group's operations or future developments. Readers are cautioned not to place under reliance on these statements, which speak only as of the date of this presentation BNK Financial Group does not undertake any obligation to publicly release any revisions to these statements to reflect any future events.

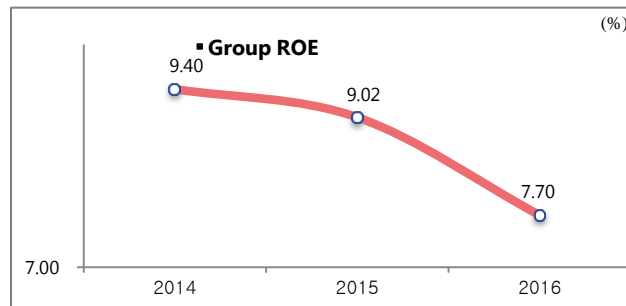
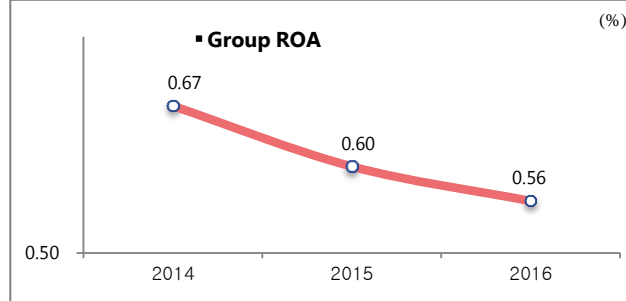
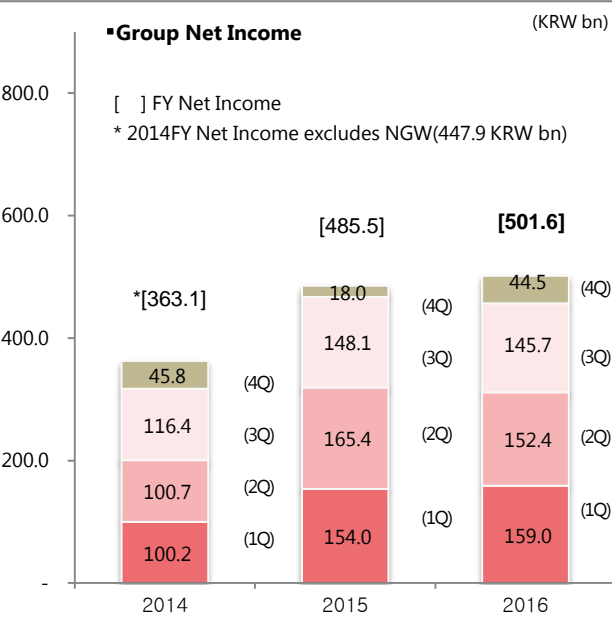
- Kyongnam Bank has been added October 10, 2014, with earnings consolidated starting from 4Q of 2014. As of June 4, 2015, Kyongnam Bank has become a 100% subsidiary of BNK Financial Group
- BNK Asset Management has been added July 28, 2015, and earnings will be consolidated starting from August 2015

I . 2016 Group Highlights

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1. Highlights – Profitability

Profitability – Group Net Income, Group & Banks ROA, ROE, NIM

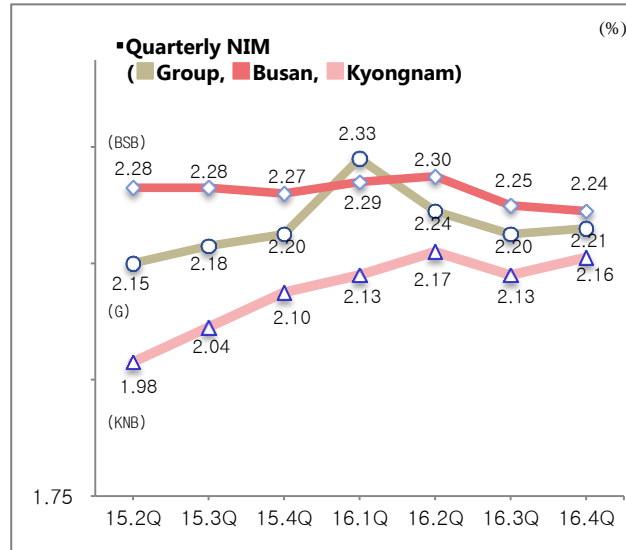
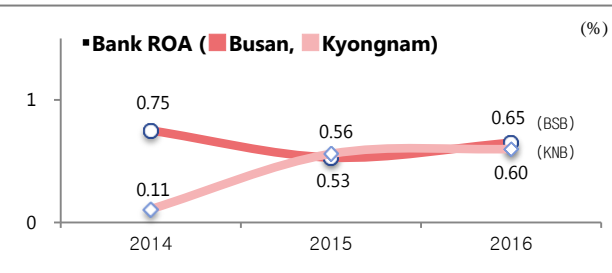


❖ **(Group Net Income) : 501.6 KRW bn up by 3.3% YoY**

❖ **(Busan Net Income) : 326.9 KRW bn up by 2.1% YoY**

❖ **(Kyongnam Net Income) : 2,082 KRW bn down by 1.1% YoY**

❖ **(Non-Bank Net Income) : 60.1 KRW bn up by 5.8% YoY**



❖ **Group ROA, ROE : 0.56%, 7.70%**

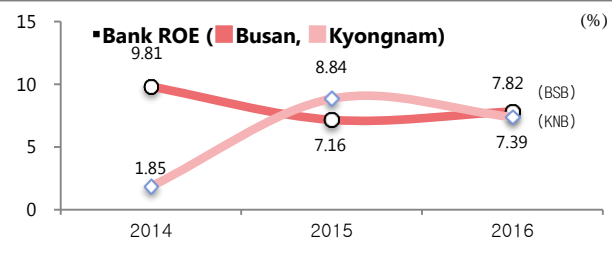
❖ **Busan ROA, ROE : 0.65%, 7.82%**

❖ **Kyongnam ROA, ROE : 0.60%, 7.39%**

❖ **Group 4Q NIM : 2.21%
FY NIM : 2.22%**

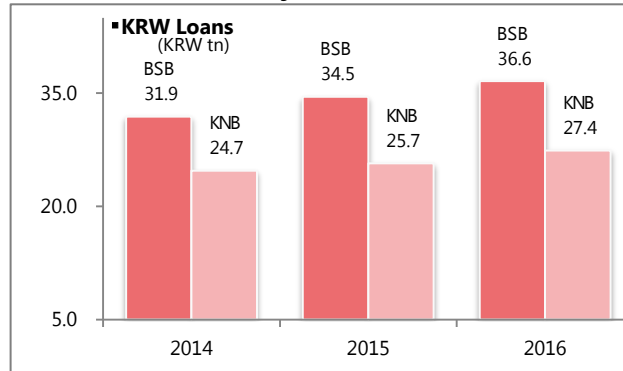
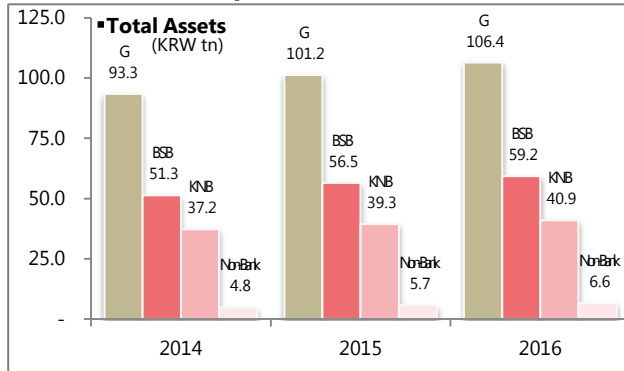
❖ **Busan 3Q NIM : 2.24%
FY NIM : 2.27%**

❖ **Kyongnam 3Q NIM : 2.16%
FY NIM : 2.15%**

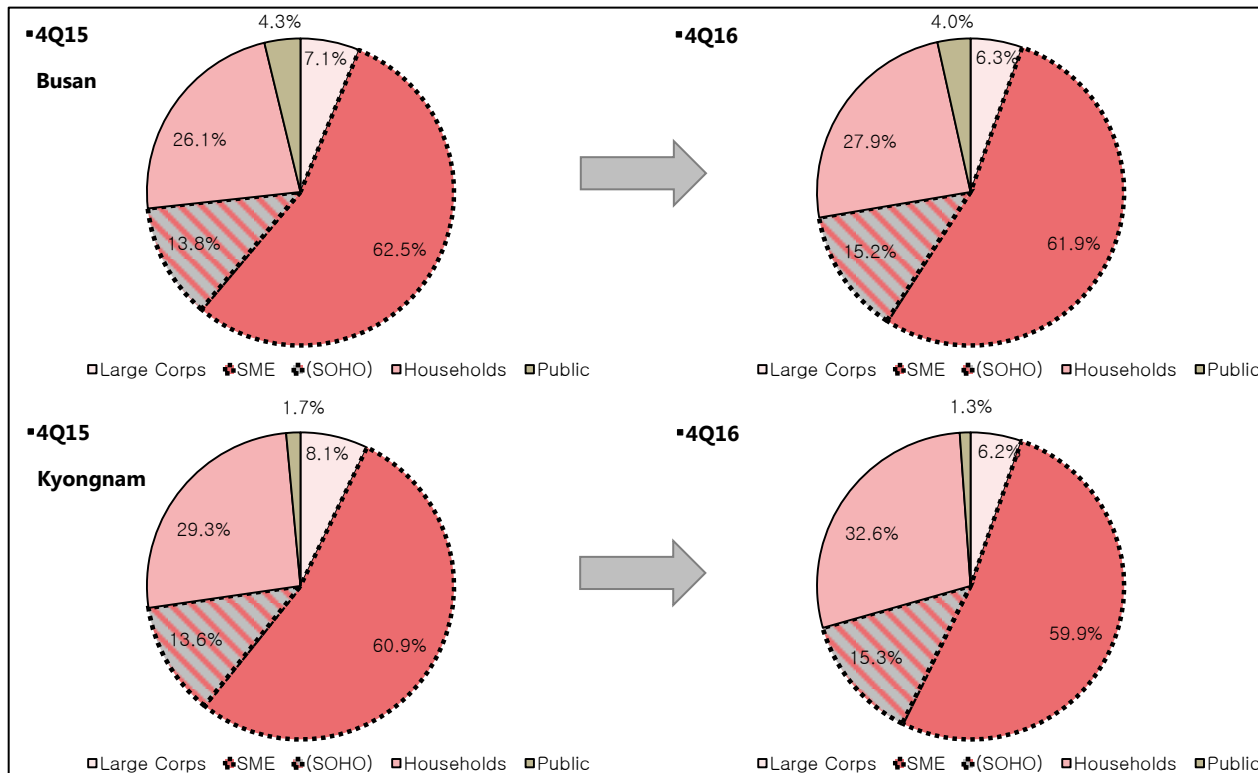


2. Highlights – Growth

□ Growth – Group, Bank, Non-Bank Total Assets, Total KRW Loans by Bank



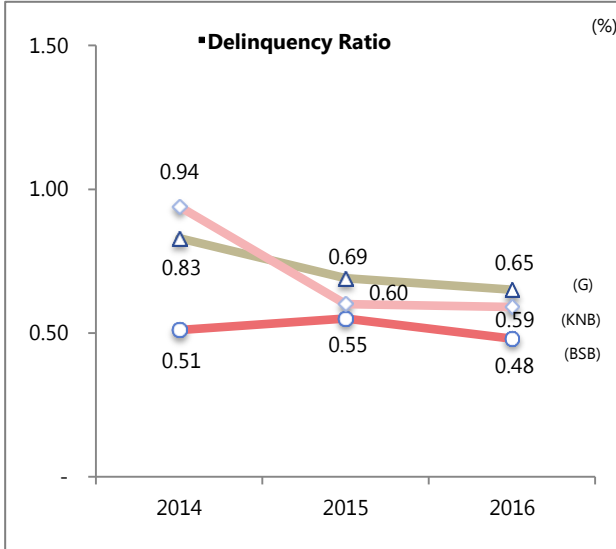
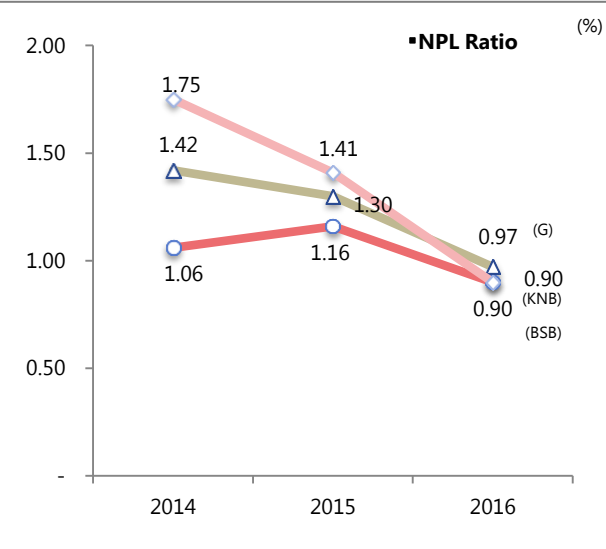
- ❖ **Group Total Assets : 106.4 KRW tn up by 0.4% QoQ, up by 5.1% YTD**
- ❖ **Busan KRW Loans : 36.6 KRW tn down by 0.1% QoQ, up by 6.3% YTD**
- ❖ **Kyongnam KRW Loans : 27.4 KRW tn up by 1.9% QoQ, up by 6.8% YTD**



- ❖ **Large Corps**
 - Busan : down by 0.8% YTD
 - Kyongnam : down by 1.9% YTD
- ❖ **SME**
 - Busan : down by 0.6% YTD
 - Kyongnam : down by 1.0% YTD
- ❖ **SOHO**
 - Busan : up by 1.4% YTD
 - Kyongnam : up by 1.7% YTD
- ❖ **Households**
 - Busan : up by 1.8% YTD
 - Kyongnam : up by 3.3% YTD

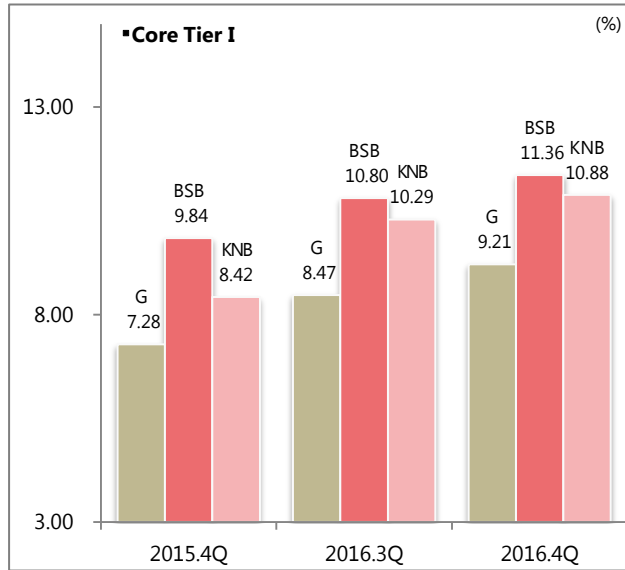
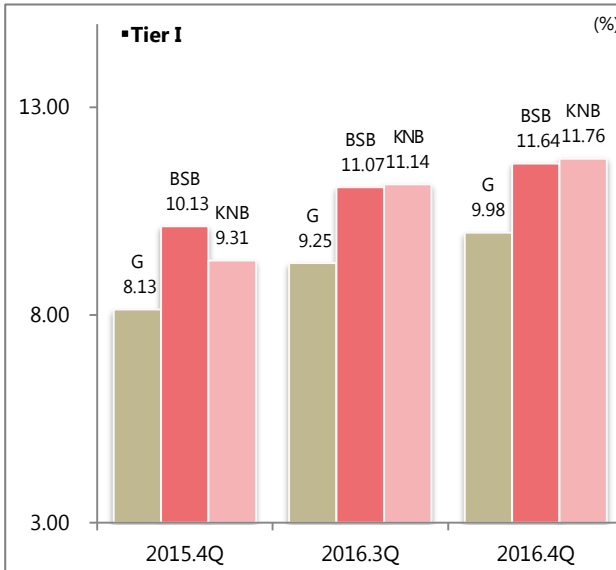
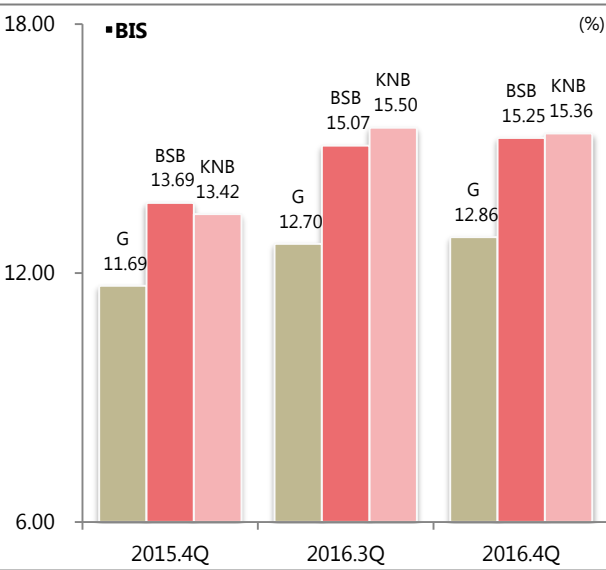
3. Highlights – Asset Quality, Capital Adequacy

Asset Quality – NPL, Delinquency Ratio



- ❖ **Group NPL Ratio 0.97%**
- ❖ **Group Delinquency Ratio 0.65%**
- ❖ **Busan NPL Ratio 0.90%**
- ❖ **Busan Delinquency Ratio 0.48%**
- ❖ **Kyongnam NPL Ratio 0.90%**
- ❖ **Kyongnam Delinquency Ratio 0.59%**

Capital Adequacy – BIS, Tier I, Core Tier I Ratio

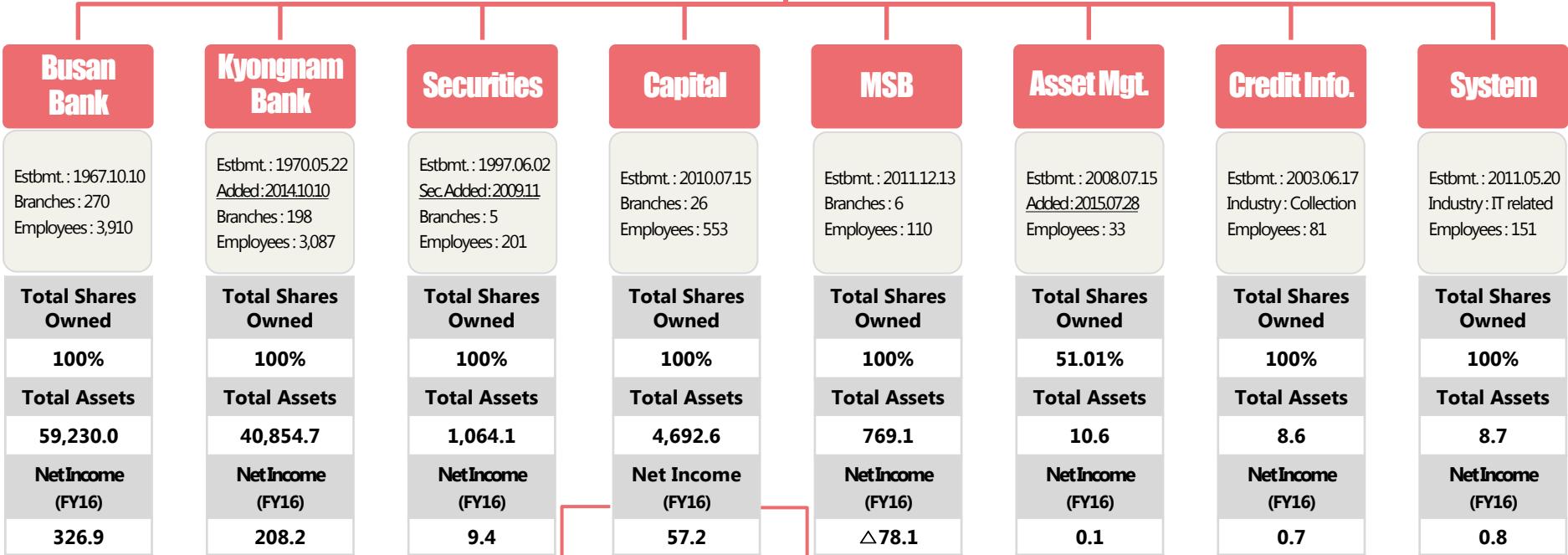


4. Group Structure

(%, KRW bn, Accumulated)

BNK Financial Group

Establishment : 2011.03.15
 Total Assets : 106,357.9
 Net Income : 501.6
 Employees : 8,197



Cambodia Subsidiary Myanmar Subsidiary Lao PDR Subsidiary

Establishment : 2014.03.07 Employees : 65 Total Share's Owned : 100% Total Assets : 11.1 KRW bn 2015.06 Start Operations	Establishment : 2014.03.21 Employees : 182 Total Share's Owned : 99.9% Total Assets : 11.2 KRW bn 2014.12 Start Operations	Establishment : 2015.04.24 Employees : 23 Total Share's Owned : 95% (Busan Bank 5%) Total Assets : 12.0 KRW bn 2015.07 Start Operations
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II . Profitability

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1. Group Earning Results

	2016	2015	YoY	16.4Q	16.3Q	QoQ
(KRW bn, %)						
Net Interest Income	2,140.4	2,034.0	5.2	551.9	541.6	1.9
Net Fee Income	168.1	204.5	△17.8	35.2	50.3	△30.0
Others	△96.1	△42.3	-	△66.7	△16.1	-
SG&A(-)	1,122.2	1,103.6	1.7	344.9	258.5	33.4
Provision Expense(-)	377.9	396.4	△4.7	86.6	114.8	△24.6
Non-Operating Income	△23.9	3.9	Net Loss	△19.5	△3.8	-
Earnings Before Income Tax	688.4	700.1	△1.7	69.4	198.7	△65.1
Income Tax Expense(-)	170.3	169.6	0.4	20.8	48.9	△57.5
Net Income(A)	518.1	530.5	△2.3	48.6	149.8	△67.6
Net Income in Non-Controlling Interest(B)	16.5	45.0	△63.3	4.1	4.1	0.0
Net Income in Controlling Interest(C) (C) = (A) - (B)	501.6	485.5	3.3	44.5	145.7	△69.5

2. Subsidiaries Earning Results

	2016	2015	YoY	16.4Q	16.3Q	QoQ
(KRW bn, %)						
Bank(A)	535.1	530.8	0.8	70.7	145.8	△51.5
Busan	326.9	320.3	2.1	51.0	94.4	△46.0
Kyongnam	208.2	210.5	△1.1	19.7	51.4	△61.7
Non-Bank(B)	60.1	56.8	5.8	△4.0	22.4	Net Loss
Securities	9.4	7.8	20.5	3.3	1.9	73.7
Capital	57.2	43.5	31.5	7.8	17.6	△55.7
MSB	△ 8.1	4.8	Net Loss	△15.7	2.4	Net Loss
Asset Management ¹⁾	0.1	△0.6	Net Gain	0.1	0.0	-
Credit Information	0.7	0.6	16.7	0.2	0.2	0.0
System	0.8	0.7	14.3	0.3	0.3	0.0
Financial Group & Unconsolidated Portion(C)	△ 77.1	△57.1	-	△18.1	△18.4	-
Net Income in Non-Controlling Interest(D)	16.5	45.0	△63.3	4.1	4.1	0.0
Net Income in Controlling Interest(E) (E=A+B+C-D)	501.6	485.5	3.3	44.5	145.7	△69.5

3. Banks Earning Results

□ Busan

□ Kyongnam

	2016	2015	YoY	16.4Q	16.3Q	QoQ		2016	2015	YoY	16.4Q	16.3Q	QoQ
(KRW bn, %, %p)							(KRW bn, %, %p)						
Net Interest Income	1,152.3	1,095.7	5.2	292.1	291.8	0.1	Net Interest Income	783.5	725.3	8.0	203.4	197.6	2.9
Net Fee Income	75.3	112.5	△33.1	14.0	22.9	△38.9	Net Fee Income	40.7	48.5	△16.1	8.4	12.7	△33.9
Fees from Trust Account	21.2	14.2	49.3	4.8	5.2	△7.7	Fees from Trust Account	6.0	5.5	9.1	1.7	1.4	21.4
Others	△ 57.4	△35.8	60.3	△33.2	△5.0	-	Others	△ 53.4	△9.7	-	△28.2	△15.2	-
SG&A(-)	579.0	577.2	0.3	187.0	130.8	43.0	SG&A(-)	399.4	387.8	3.0	119.1	93.1	27.9
Provision Expense(-)	185.8	190.6	△2.5	26.4	57.1	△53.8	Provision Expense(-)	108.4	120.5	△10.0	38.4	37.1	3.5
Net Operating Income	426.6	418.8	1.9	64.3	127.0	△49.4	Net Operating Income	269.0	261.3	2.9	27.8	66.3	△58.1
Non-Operating Income	△ 5.7	△3.9	46.2	1.0	△4.3	Net Gain	Non-Operating Income	△ 0.6	9.2	Net Loss	△3.0	0.2	Net Loss
Earnings Before Income Taxes	420.9	414.9	1.4	65.3	122.7	△46.8	Earnings Before Income Taxes	268.4	270.5	-	24.8	66.5	△62.7
Income Tax Expenses(-)	94.0	94.6	△0.6	14.3	28.3	△49.5	Income Tax Expenses(-)	60.2	60.0	0.3	5.1	15.1	△66.2
Net Income	326.9	320.3	2.1	51.0	94.4	△46.0	Net Income	208.2	210.5	△1.1	19.7	51.4	△61.7
ROA	0.65 ¹⁾ (0.64)	0.53	0.12 ¹⁾ (0.11)				ROA	0.60 ¹⁾ (0.58)	0.56	0.04 ¹⁾ (0.02)			
ROE	7.82 ¹⁾ (8.03)	7.16	0.66 ¹⁾ (0.87)				ROE	7.39 ¹⁾ (7.86)	8.84	0.66 ¹⁾ (0.87)			

1) ROA, ROE before Reserve deduction

4. Banks NIM & NIS

☐ Busan

(KRW bn, %, %p)	16.4Q	16.3Q	QoQ
NIM(Quarterly)	2.24	2.25	△0.01
NIS	2.59	2.60	△0.01
Interest Rate on KRW Loans	3.74	3.80	△0.06
Households	3.14	3.20	△0.06
Corporate	3.64	3.70	△0.06
Interest Rate paid on KRW Deposits	1.15	1.20	△0.05
Average Interest Earning Assets	46,223.6	45,964.2	0.6

NIM(Accumulated)	2.27	2.28	△0.01
NIS	2.61	2.61	0.00
Interest Rate on KRW Loans	3.85	3.88	△0.03
Households	3.23	3.26	△0.03
Corporate	3.76	3.80	△0.04
Interest Rate paid on KRW Deposits	1.24	1.27	△0.03
Average Interest Earning Assets	45,337.5	45,040.0	0.7

☐ Kyongnam

(KRW bn, %, %p)	16.4Q	16.3Q	QoQ
NIM(Quarterly)	2.16	2.13	0.03
NIS	2.45	2.42	0.03
Interest Rate on KRW Loans	3.72	3.73	△0.01
Households	3.01	3.07	△0.06
Corporate	3.72	3.69	0.03
Interest Rate paid on KRW Deposits	1.27	1.31	△0.04
Average Interest Earning Assets	33,155.4	32,545.9	1.9

NIM(Accumulated)	2.15	2.14	0.01
NIS	2.41	2.40	0.01
Interest Rate on KRW Loans	3.77	3.79	△0.02
Households	3.06	3.08	△0.02
Corporate	3.76	3.77	△0.01
Interest Rate paid on KRW Deposits	1.36	1.39	△0.03
Average Interest Earning Assets	32,222.3	31,909.0	1.0

Note. Table on the top is based on quarterly numbers

Table on the bottom is based on accumulated numbers

5. SG&A

□ Group

(KRW bn, %, %p)	2016	2015	YoY	16.4Q	16.3Q	QoQ
SG&A	1,122.2	1,103.6	1.7	344.9	258.5	33.4
CIR	50.72	50.25	0.47			

□ Busan

(KRW bn, %, %p)	2016	2015	YoY	16.4Q	16.3Q	QoQ
Total SG&A	579.0	577.2	0.3	187.0	130.8	43.0
Salaries and other expenses	445.3	444.6	0.2	133.0	103.3	28.8
Depreciation	68.6	69.1	△0.7	19.8	16.3	21.5
Taxes and dues	14.7	14.4	2.1	3.8	4.5	△15.6
Retirement Allowance	26.5	26.8	△1.1	6.6	6.7	△1.5
Honorary Retirement	23.9	22.3	7.2	23.8	0.0	-
CIR	48.60	48.65	△0.05			

□ Kyongnam

(KRW bn, %, %p)	2016	2015	YoY	16.4Q	16.3Q	QoQ
Total SG&A	399.4	387.8	3.0	119.1	93.1	27.9
Salaries and other expenses	315.5	313.3	0.7	89.4	75.0	19.2
Depreciation	43.4	38.7	12.1	11.6	10.8	7.4
Taxes and dues	8.5	9.0	△5.6	1.6	1.9	△15.8
Retirement Allowance	20.6	18.5	11.4	5.4	5.1	5.9
Honorary Retirement	11.4	8.3	37.3	11.1	0.3	3,600.0
CIR	51.42	50.40	1.02			

III. Growth

1.	Group Assets, B/S Summary	14
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3.	Banks Low-Cost Deposits	17

1. Group Asset, B/S Summary

□ Group Total Assets

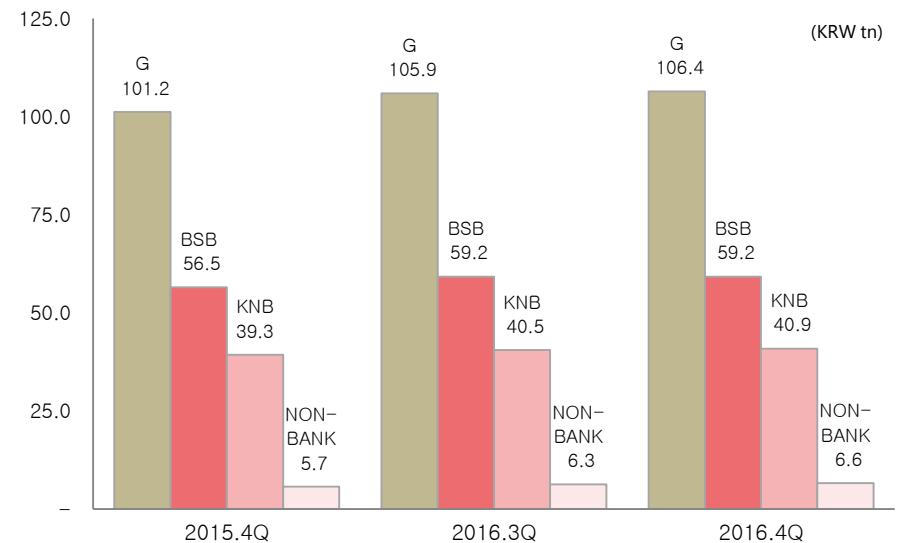
(KRW bn, %)	16.4Q	15.4Q	YTD	16.3Q	QoQ
Bank	100,084.7	95,853.6	4.4	99,678.8	0.4
Busan	59,230.0	56,535.2	4.8	59,198.1	0.1
Kyongnam	40,854.7	39,318.4	3.9	40,480.7	0.9
Non-Bank	6,553.7	5,651.1	16.0	6,296.2	4.1
Securities	1,064.1	539.9	97.1	1,009.7	5.4
Capital	4,692.6	4,287.1	9.5	4,494.9	4.4
MSB	769.1	795.6	△3.3	761.6	1.0
Asset Management	10.6	10.4	1.9	10.5	1.0
Credit Information	8.6	7.7	11.7	8.5	1.2
Information Systems	8.7	10.4	△16.3	11.0	△20.9
Financial Group & Unconsolidated Portion	△280.5	△276.2	-	△35.2	-
Group Total Assets	106,357.9	101,228.5	5.1	105,939.8	0.4

□ Group Total Lending

(KRW bn, %)	16.4Q	15.4Q	YTD	16.3Q	QoQ
Cash and Dues	3,414.1	3,091.3	10.4	3,240.5	5.4
Securities	14,042.3	13,138.0	6.9	13,985.1	0.4
Loans & Receivables	74,087.0	72,058.0	2.8	73,676.5	0.6
Derivative Assets	157.2	177.9	△11.6	163.5	△3.9
Fixed Assets & Investment Assets	801.0	795.9	0.6	805.3	△0.5
Intangible Assets	324.9	367.6	△11.6	337.4	△3.7
Others	655.7	650.8	0.8	638.6	2.7
Total Assets	93,482.2	90,279.5	3.5	92,846.9	0.7

1) Based on the Bank's Consolidated Financial Statements

□ Group Total Assets



□ Group Total Funding

(KRW bn, %)	16.4Q	15.4Q	YTD	16.3Q	QoQ
Deposits	67,604.4	64,361.5	5.0	66,985.3	0.9
Borrowings	6,332.7	6,025.8	5.1	6,113.4	3.6
Derivatives	8,781.6	8,152.8	7.7	8,679.9	1.2
Others	3,676.3	5,548.7	△33.7	3,997.2	△8.0
Total Liabilities	86,395.0	84,088.8	2.7	85,775.8	0.7
Shareholder's Equity	7,087.2	6,190.7	14.5	7,071.1	0.2
Total Liabilities & Shareholder's Equity	93,482.2	90,279.5	3.5	92,846.9	0.7

2. Banks B/S – Busan¹⁾

(KRW bn, %, Balance)	16.4Q	15.4Q	YTD	16.3Q	QoQ
Total Assets	59,230.0	56,535.2	4.8	59,198.1	0.1
Bank Account	51,285.0	49,919.3	2.7	51,115.7	0.3
Trust Account	7,945.0	6,615.9	20.1	8,082.4	△1.7
Total Deposits	44,906.6	42,440.5	5.8	44,263.3	1.5
Bank Account	40,478.2	38,537.2	5.0	39,950.4	1.3
KRW Deposits	37,378.0	35,671.7	4.8	36,898.8	1.3
Demand	4,808.2	3,466.5	38.7	4,657.9	3.2
Savings & Time	32,552.7	32,187.6	1.1	32,223.0	1.0
Installment	17.1	17.6	△2.8	17.9	△4.5
CD	816.2	431.0	89.4	708.1	15.3
Trust Account	4,428.4	3,903.3	13.5	4,312.9	2.7
Total Credits	38,295.6	36,295.3	5.5	38,295.7	0.0
Total Loans	37,561.0	35,414.0	6.1	37,548.2	0.0
KRW Loans	36,622.3	34,462.9	6.3	36,647.3	△0.1
SMEs	22,659.6	21,547.1	5.2	22,722.2	△0.3
(SOHO)	5,582.9	4,768.9	17.1	5,459.2	2.3
Households	10,205.1	8,988.0	13.5	9,869.5	3.4
Guarantees	734.6	881.3	△16.6	747.5	△1.7
Total Securities	9,611.6	9,338.4	2.9	9,847.2	△2.4
Bank Account	7,692.8	7,728.8	△0.5	7,917.9	△2.8
Trust Account	1,918.8	1,609.6	19.2	1,929.3	△0.5
Shareholders' Equity	4,205.9	3,794.5	10.8	4,254.9	△1.2

(KRW bn, %, Balance)	16.4Q	15.4Q	YTD	16.2Q	QoQ
KRW Deposits	37,378.0	35,671.7	4.8	36,898.8	1.3
Demand	4,808.2	3,466.5	38.7	4,657.9	3.2
Savings	32,552.7	32,187.6	1.1	32,223.0	1.0
Installment	17.1	17.6	△2.8	17.9	△4.5
CD	816.2	431.0	89.4	708.1	15.3
Bills Sold	23.7	34.5	△31.3	25.9	△8.5
R P	401.1	591.0	△32.1	458.5	△12.5
Financial Debenture	1,859.2	1,809.0	2.8	1,859.1	0.0
Trust Account	4,428.4	3,903.3	13.5	4,312.9	2.7
Total Deposits	44,906.6	42,440.5	5.8	44,263.3	1.5

(KRW bn, %, Balance)	16.4Q	15.4Q	YTD	16.3Q	QoQ
KRW Loans	36,622.3	34,462.9	6.3	36,647.3	△0.1
Corporate	24,969.7	23,987.1	4.1	25,316.3	△1.4
(SME)	22,659.6	21,547.1	5.2	22,722.2	△0.3
(Large Corps)	2,310.1	2,440.0	△5.3	2,594.1	△10.9
Household	10,205.1	8,988.0	13.5	9,869.5	3.4
(Collateral)	8,962.8	7,969.0	12.5	8,690.1	3.1
Mortgage	4,153.3	4,213.4	△1.4	4,223.3	△1.7
Others	4,809.5	3,755.6	28.1	4,466.8	7.7
(Credit)	1,242.3	1,019.0	21.9	1,179.4	5.3
Public	1,447.5	1,487.8	△2.7	1,461.5	△1.0
Foreign Currency	598.7	571.3	4.8	560.7	6.8
Trust Account	13.0	14.9	△12.8	12.7	2.4
Others	1,061.6	1,246.2	△14.8	1,075.0	△1.2
Total Credits	38,295.6	36,295.3	5.5	38,295.7	△0.001

LDR	16.4Q	15.4Q	YTD	16.3Q	QoQ
(Monthly Avg. Balance, %)	96.55	94.10		97.05	

1) Based on the Bank's Unconsolidated Financial Statements

2. Banks B/S – Kyongnam¹⁾

(KRW bn, %, Balance)	16.4Q	15.4Q	YTD	16.3Q	QoQ
Total Assets	40,854.7	39,318.4	3.9	40,480.7	0.9
Bank Account	35,512.3	34,596.3	2.6	35,059.4	1.3
Trust Account	5,342.4	4,722.1	13.1	5,421.3	△1.5
Total Deposits	31,359.1	30,190.3	3.9	30,776.2	1.9
Bank Account	29,331.9	28,116.6	4.3	28,799.5	1.8
KRW Deposits	27,486.9	26,243.9	4.7	26,934.7	2.1
Demand	3,787.4	3,096.1	22.3	3,715.7	1.9
Savings & Time	23,688.3	23,131.1	2.4	23,206.1	2.1
Installment	11.2	16.7	△32.9	12.9	△13.2
CD	262.4	296.4	△11.5	325.3	△19.3
Trust Account	2,027.2	2,073.7	△2.2	1,976.7	2.6
Total Credits	28,024.4	26,296.9	6.6	27,530.7	1.8
Total Loans	27,746.0	25,999.8	6.7	27,260.3	1.8
KRW Loans	27,420.1	25,685.7	6.8	26,915.0	1.9
SMEs	16,416.2	15,639.8	5.0	16,367.4	0.3
(SOHO)	4,208.2	3,494.6	20.4	4,040.5	4.2
Households	8,925.3	7,531.7	18.5	8,272.1	7.9
Guarantees	278.4	297.1	△6.3	270.4	3.0
Total Securities	5,538.2	5,082.0	9.0	5,476.1	1.1
Bank Account	5,034.6	4,656.2	8.1	4,990.3	0.9
Trust Account	503.6	425.8	18.3	485.8	3.7
Shareholders' Equity	2,850.1	2,456.5	16.0	2,849.0	0.04

(KRW bn, %, Balance)	16.4Q	15.4Q	YTD	16.2Q	QoQ
KRW Deposits	27,486.9	26,243.9	4.7	26,934.7	2.1
Demand	3,787.4	3,096.1	22.3	3,715.7	1.9
Savings	23,688.3	23,131.1	2.4	23,206.1	2.1
Installment	11.2	16.7	△32.9	12.9	△13.2
CD	262.4	296.4	△11.5	325.3	△19.3
Bills Sold	14.2	14.6	△2.7	8.8	61.4
R P	119.4	12.7	840.2	131.7	△9.3
Financial Debenture	1,449.0	1,549.0	△6.5	1,399.0	3.6
Trust Account	2,027.2	2,073.7	△2.2	1,976.7	2.6
Total Deposits	31,359.1	30,190.3	3.9	30,776.2	1.9

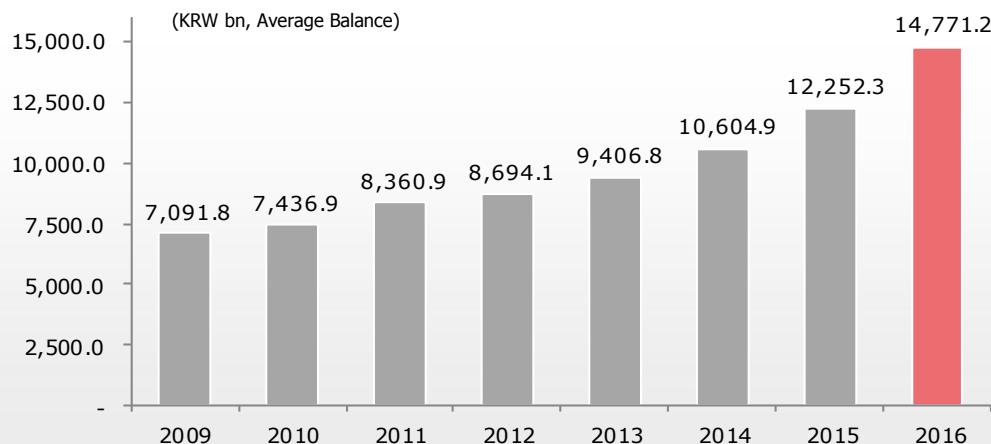
(KRW bn, %, Balance)	16.4Q	15.4Q	YTD	16.3Q	QoQ
KRW Loans	27,420.1	25,685.7	6.8	26,915.0	1.9
Corporate	18,129.2	17,726.3	2.3	18,268.2	△0.8
(SME)	16,416.2	15,639.8	5.0	16,367.4	0.3
(Large Corps)	1,713.0	2,086.5	△17.9	1,900.8	△9.9
Household	8,925.3	7,531.7	18.5	8,272.1	7.9
(Collateral)	8,141.9	6,925.2	17.6	7,531.6	8.1
Mortgage	3,242.6	3,198.8	1.4	3,176.4	2.1
Others	4,899.3	3,726.4	31.5	4,355.2	12.5
(Credit)	783.4	606.5	29.2	740.5	5.8
Public	365.6	427.7	△14.5	374.7	△2.4
Foreign Currency	110.8	117.3	△5.5	118.3	△6.3
Trust Account	0.3	0.5	△40.0	0.3	0.0
Others	493.2	493.4	0.0	497.1	△0.8
Total Credits	28,024.4	26,296.9	6.6	27,530.7	1.8

LDR	16.4Q	15.4Q	YTD	16.3Q	QoQ
(Monthly Avg. Balance, %)	98.72	98.48	0.24	98.35	0.37

1) Based on the Bank's Unconsolidated Financial Statements

3. Banks Low-Cost Deposits - Busan

□ Growth Records



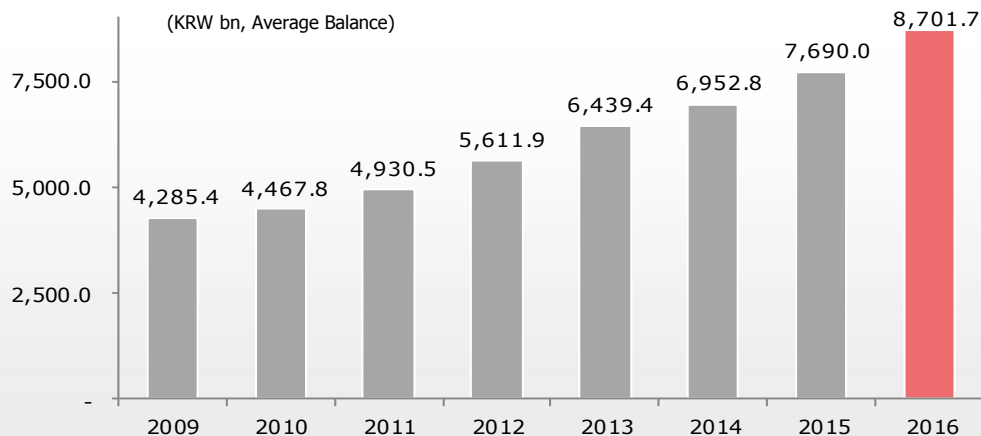
□ Funding Costs

(%, Accumulated)	16.4Q	16.3Q	15.4Q
Demand Deposits	0.36	0.33	0.26
Savings Deposits	0.03	0.04	0.09
Corporate Savings Deposits	0.61	0.65	0.82
Total	0.29	0.29	0.34

(KRW bn, %, %p, Average Balance)	16.4Q	15.4Q	YTD	16.3Q	QoQ
Low-Cost Deposits (A)	14,771.2	12,252.3	20.6	14,439.2	2.3
Demand Deposits	4,371.0	3,253.8	34.3	4,179.0	4.6
Savings Deposits	6,352.1	5,655.3	12.3	6,291.6	1.0
Corporate Savings Deposits	4,048.1	3,343.2	21.1	3,968.6	2.0
Deposits in KRW (B)	36,573.8	34,417.0	6.3	36,346.7	0.6
Total Deposits (Bank Account) (C)	39,617.7	37,078.5	6.8	39,389.4	0.6
Total Deposits (Bank + Trust Account)(D)	44,014.9	40,824.9	7.8	43,792.5	0.5
Low-Cost Deposits/Won Deposits(A/B)	40.39	35.60	4.79	39.73	0.66
Low-Cost Deposits/Total Deposits (A/C)	37.28	33.04	4.24	36.66	0.62
Low-Cost Deposits/Total Deposits(A/D)	33.56	30.01	3.55	32.97	0.59

3. Banks Low-Cost Deposits - Kyongnam

□ Growth Records



□ Funding Costs

(%, Accumulated)	16.4Q	16.3Q	15.4Q
Demand Deposits	0.25	0.24	0.24
Savings Deposits	0.05	0.06	0.11
Corporate Savings Deposits	0.73	0.77	1.04
Total	0.29	0.30	0.40

(KRW bn, %, %p, Average Balance)	16.4Q	15.4Q	YTD	16.3Q	QoQ
Low-Cost Deposits (A)	8,701.7	7,690.0	13.2	8,559.2	1.7
Demand Deposits	3,565.3	2,767.6	28.8	3,396.4	5.0
Savings Deposits	3,088.9	2,938.3	5.1	3,086.1	0.1
Corporate Savings Deposits	2,047.5	1,984.1	3.2	2,076.7	△1.4
Deposits in KRW (B)	26,627.4	25,676.9	3.7	26,384.0	0.9
Total Deposits (Bank Account) (C)	28,365.1	27,393.2	3.5	28,083.8	1.0
Total Deposits (Bank + Trust Account)(D)	30,484.5	29,376.6	3.8	30,206.4	0.9
Low-Cost Deposits/Won Deposits(A/B)	32.68	29.95	2.73	32.44	0.24
Low-Cost Deposits/Total Deposits (A/C)	30.68	28.07	2.61	30.48	0.20
Low-Cost Deposits/Total Deposits(A/D)	28.54	26.18	2.36	28.34	0.20

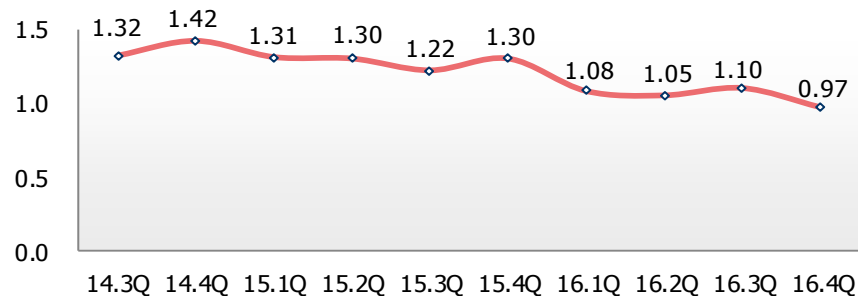
IV. Asset Quality

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1. Group Asset Quality

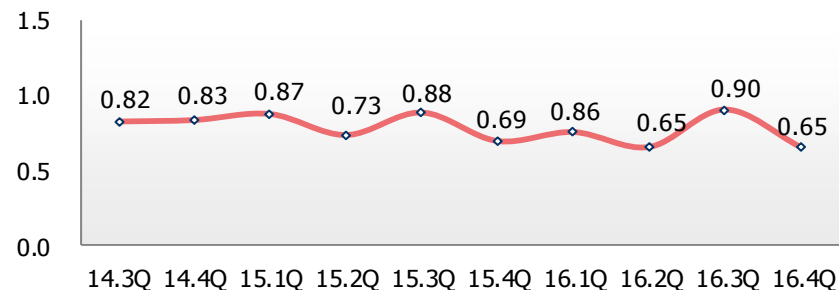
□ SBL(NPL) Ratio (%)

(%)



□ Delinquency Ratio (%)

(%)



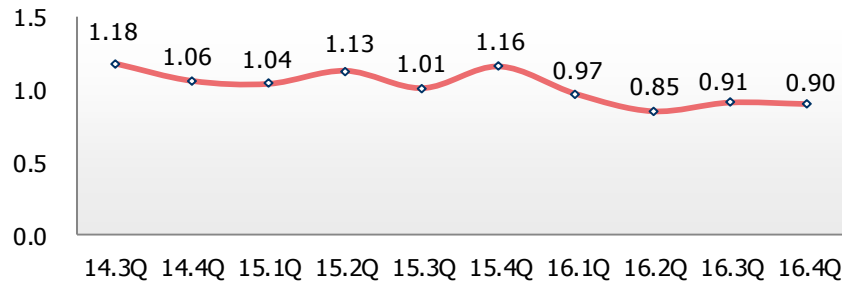
	16.4Q	15.4Q	YTD	16.3Q	QoQ
(KRW bn, %, %p)					
Total Loans	72,623.0	68,536.4	6.0	72,012.9	0.8
Normal	70,795.1	66,435.4	6.6	69,997.0	1.1
Precautionary	1,127.1	1,210.6	△6.9	1,220.2	△7.6
Substandard	370.0	482.0	△23.2	460.4	△19.6
Doubtful	138.1	162.6	△15.1	144.2	△4.2
Expected Loss	192.7	245.8	△21.6	191.1	0.8
SBL(Substandard & Below Loans)	700.8	890.4	△21.3	795.7	△11.9
(SBL Ratio (%))	0.97	1.30	△0.33	1.10	△0.13
(SBL Coverage Ratio)	97.54 (161.53) ¹⁾	129.24	△31.70 (32.29)	145.88	△48.34 (15.65)
Loan Amount	71,610.0	67,358.0	6.3	70,995.0	0.9
Delinquent Amount	467.4	466.5	0.2	637.3	△26.7
Delinquency Ratio	0.65	0.69	△0.04	0.90	△0.25

1) Coverage before Reserve deduction

2. Banks Asset Quality – Busan

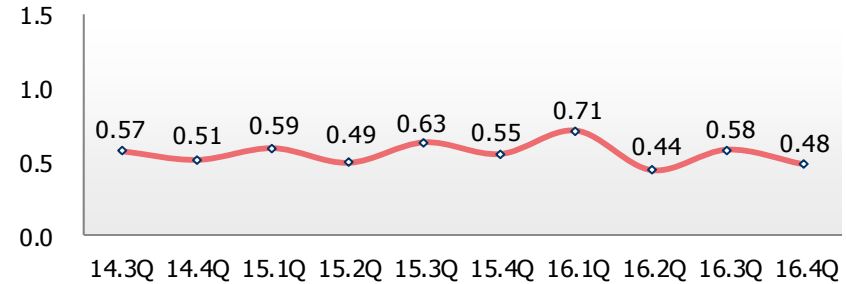
□ SBL(NPL) Ratio (%)

(%)



□ Delinquency Ratio (%)

(%)



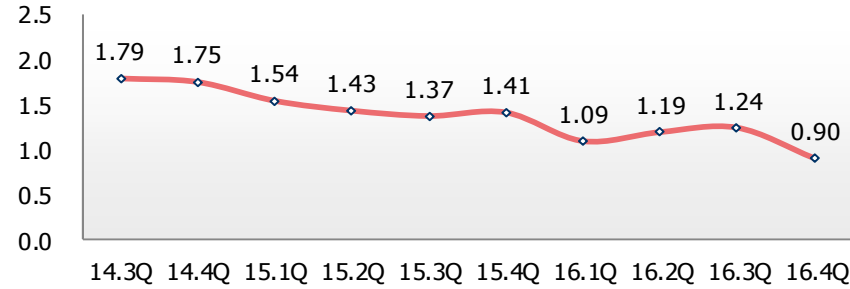
	16.4Q	15.4Q	YTD	16.3Q	QoQ
(KRW bn, %, %p)					
Total Loans	38,984.4	36,856.6	5.8	38,934.1	0.1
Normal	38,120.5	35,865.5	6.3	37,970.6	0.4
Precautionary	513.3	562.1	△8.7	608.1	△15.6
Substandard	164.6	259.6	△36.6	218.7	△24.7
Doubtful	38.3	42.5	△9.9	37.4	2.4
Expected Loss	147.7	126.9	16.4	99.3	48.7
SBL(Substandard & Below Loans)	350.6	429.0	△18.3	355.4	△1.4
(SBL Ratio (%))	0.90	1.16	△0.26	0.91	△0.01
(SBL Coverage Ratio)	116.74 (170.48)¹⁾	133.04	△16.30 (37.44)	162.83	△46.09 (7.65)
Loan Amount	38,249.7	35,975.3	6.3	38,186.6	0.2
Delinquent Amount	181.7	196.6	△7.6	221.8	△18.1
Delinquency Ratio	0.48	0.55	△0.07	0.58	△0.10

1) Coverage before Reserve deduction

2. Banks Asset Quality – Kyongnam

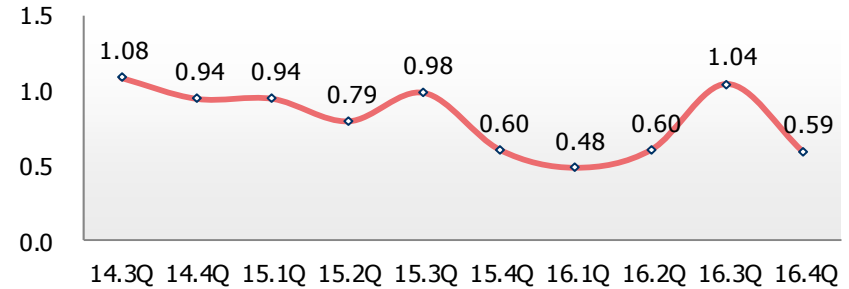
□ SBL(NPL) Ratio (%)

(%)



□ Delinquency Ratio (%)

(%)



	16.4Q	15.4Q	YTD	16.3Q	QoQ
(KRW bn, %, %p)					
Total Loans	28,544.3	27,013.3	5.7	28,040.9	1.8
Normal	28,082.7	26,371.9	6.5	27,488.8	2.2
Precautionary	203.7	260.9	△21.9	204.3	△0.3
Substandard	174.6	199.4	△12.4	216.9	△19.5
Doubtful	44.5	70.0	△36.4	44.2	0.7
Expected Loss	38.8	111.1	△65.1	86.7	△55.2
SBL(Substandard & Below Loans)	257.9	380.5	△32.2	347.8	△25.8
(SBL Ratio (%))	0.90	1.41	△0.51	1.24	△0.34
(SBL Coverage Ratio)	70.82 (169.46) ¹⁾	129.01	△58.19 (40.45)	137.13	△66.31 (32.33)
Loan Amount	28,265.9	26,716.2	5.8	27,770.5	1.8
Delinquent Amount	167.2	159.4	4.9	288.2	△42.0
Delinquency Ratio	0.59	0.60	△0.01	1.04	△0.45

1) Coverage before Reserve deduction

3. Provisioning

□ Group Provision Expense

(KRW bn, %)	2016.12	2016				2015.12	2015			
		4Q	3Q	2Q	1Q		4Q	3Q	2Q	1Q
Total Provisions(A)	377.9	86.6	114.8	82.9	93.6	396.4	121.7	40.8	163.1	70.8
Total Credits(B)	72,623.0	72,623.0	72,012.9	71,291.3	69,686.4	68,536.4	68,536.4	68,335.7	68,177.1	67,509.1
¹⁾ Credit Cost(A/B)	0.52	0.47	0.63	0.47	0.54	0.58	0.70	0.24	0.96	0.43

Note 1). Accumulated

□ Busan Bank Provision Expense

(KRW bn, %)	2016.12	2016				2015.12	2015			
		4Q	3Q	2Q	1Q		4Q	3Q	2Q	1Q
Corporate	158.7	18.5	50.2	35.7	54.3	189.9	71.5	14.8	51.6	52.0
Household	10.6	3.8	2.1	3.0	1.7	5.3	1.3	1.1	2.2	0.7
Credit Card	15.1	0.7	7.5	4.0	2.9	10.6	3.0	3.1	2.6	1.9
Others	1.4	3.4	△2.7	0.3	0.4	△15.2	0.3	0.8	△3.9	△12.4
Total(A)	185.8	26.4	57.1	43.0	59.3	190.6	76.1	19.8	52.5	42.2
Total Credits(B)	38,984.4	38,984.4	38,934.1	38,610.7	37,781.1	36,856.6	36,856.6	36,483.5	36,304.4	35,884.3
¹⁾ Credit Cost(A/B)	0.48	0.27	0.58	0.45	0.63	0.52	0.82	0.22	0.58	0.48

□ Kyongnam Bank Provision Expense

(KRW bn, %)	2016.12	2016				2015.12	2015			
		4Q	3Q	2Q	1Q		4Q	3Q	2Q	1Q
Corporate	111.9	30.2	29.9	42.7	9.1	124.9	20.2	16.6	81.4	6.7
Household	10.0	2.5	2.0	3.2	2.3	12.4	2.3	3.7	3.2	3.2
Credit Card	13.5	4.7	3.3	2.8	2.7	6.5	1.0	2.8	2.5	0.2
Others	△27.0	1.0	1.9	△29.5	△0.4	△23.3	△0.2	△16.7	0.3	△6.7
Total(A)	108.4	38.4	37.1	19.2	13.7	120.5	23.3	6.4	87.4	3.4
Total Credits(B)	28,544.3	28,544.3	28,040.9	27,712.6	27,119.0	27,013.3	27,013.3	27,324.0	27,155.8	27,129.9
¹⁾ Credit Cost(A/B)	0.38	0.54	0.53	0.28	0.20	0.45	0.34	0.09	1.29	0.05

4. Banks Write-Offs and NPL Sales

□ Busan Bank Write-Offs & NPL Sales

(KRW bn, %)	2016.12	16.4Q	2016.3Q	2016.2Q	2016.1Q	2015.12	2015.4Q	2015.3Q	2015.2Q	2015.1Q
Total Write-Offs	217.3	40.8	68.5	51.2	56.8	211.0	59.3	74.9	47.8	29.0
Corporate	190.6	33.2	61.3	45.3	50.8	189.3	53.8	68.8	42.9	23.8
Household	10.5	2.7	2.7	2.5	2.6	9.1	2.3	2.7	1.9	2.2
Credit Card	16.2	4.9	4.5	3.4	3.4	12.6	3.2	3.4	3.0	3.0
Total NPL Sales	131.6	65.0	0.0	66.6	0.0	172.8	104.9	0.0	40.7	27.2
(NPL Sales for SBL Loans)	130.7	64.9	0.0	65.8	0.0	169.7	103.1	0.0	39.4	27.2
Corporate	129.1	63.7	0.0	65.4	0.0	171.4	104.7	0.0	39.6	27.1
Household	2.2	1.1	0.0	1.1	0.0	1.2	0.0	0.0	1.1	0.1
Credit Card	0.3	0.2	0.0	0.1	0.0	0.2	0.2	0.0	0.0	0.0

□ Kyongnam Bank Write-Offs & NPL Sales

(KRW bn, %)	2016.12	16.4Q	2016.3Q	2016.2Q	2016.1Q	2015.12	2015.4Q	2015.3Q	2015.2Q	2015.1Q
Total Write-Offs	165.1	72.9	39.8	20.2	32.2	130.2	36.0	22.5	37.9	33.8
Corporate	142.8	66.0	32.2	16.0	28.6	101.5	30.3	11.3	31.2	28.7
Household	11.3	4.5	4.3	0.8	1.7	20.3	3.8	9.1	3.8	3.6
Credit Card	11.0	2.4	3.3	3.4	1.9	8.4	1.9	2.1	2.9	1.5
Total NPL Sales	288.1	77.5	41.0	69.0	100.6	335.1	180.8	48.9	96.2	9.2
(NPL Sales for SBL Loans)	265.3	73.1	39.1	58.3	94.8	324.5	176.7	47.0	91.6	9.2
Corporate	282.7	75.6	39.0	68.9	99.2	334.2	180.7	48.8	95.5	9.2
Household	5.2	1.9	1.9	0.0	1.4	0.6	0.0	0.0	0.6	0.0
Credit Card	0.2	0.0	0.1	0.1	0.0	0.3	0.1	0.1	0.1	0.0

V. Capital Adequacy

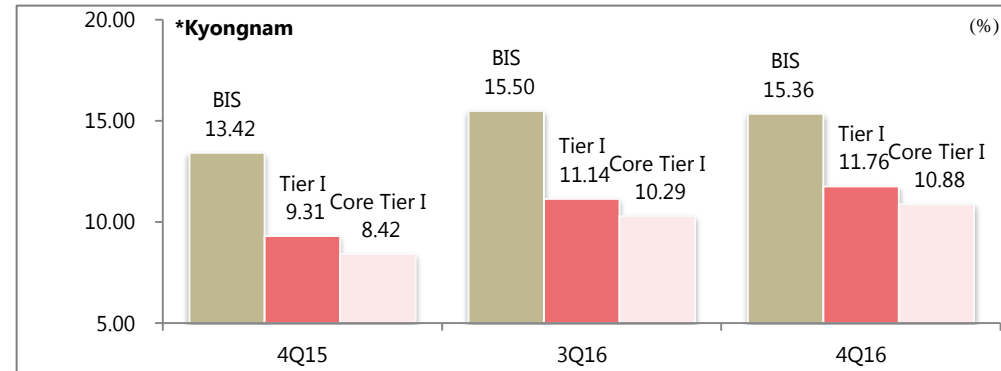
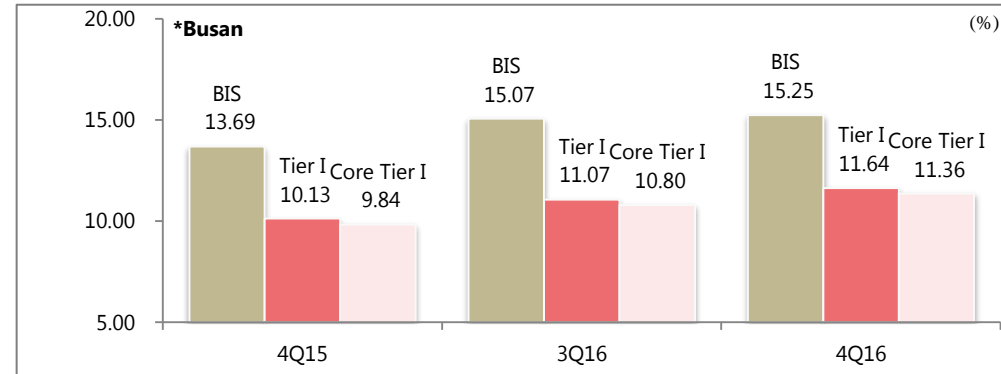
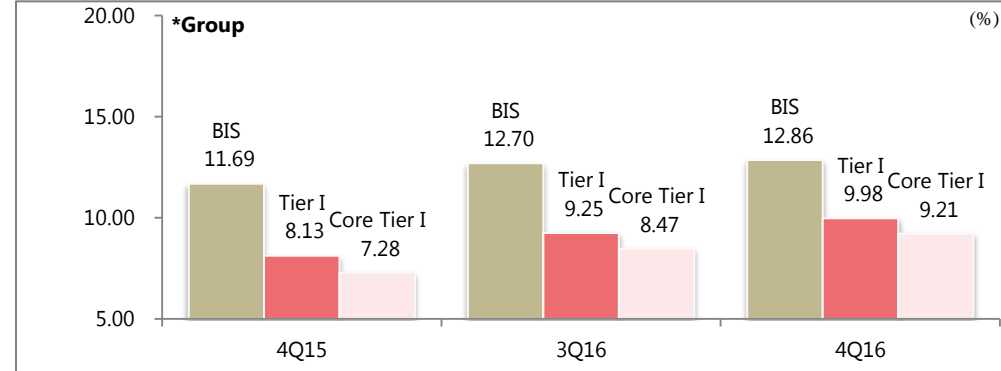
1. **Group Capital Adequacy** 26
2. **Banks Capital Adequacy** 27

1. Group Capital Adequacy

□ Group

	2016 4Q	2015 4Q	YTD	QoQ
<small>(KRW bn, %, %p, Basel III Standard)</small>				
Total Risk Adjusted Capital	8,546.3	7,614.3	12.2	0.6
Tier I Capital	6,633.0	5,295.6	25.3	7.3
(Core Tier I Capital)	6,122.0	4,742.7	29.1	8.1
Tier II Capital	1,913.3	2,318.7	△17.5	△17.3
Total Risk Weighted Assets	66,478.8	65,137.9	2.1	△0.6
Credit Risk	61,944.2	60,816.1	1.9	△0.4
Market Risk	311.5	358.0	△13.0	△42.2
Operational Risk	4,223.1	3,963.8	6.5	1.4
BIS Capital Ratio	12.86 1) ¹ (12.68)	11.69	1.17 (0.99)	0.16 (△0.02)
Tier I	9.98 1) ¹ (9.25)	8.13	1.85 (1.12)	0.73 (0.00)
(Core Tier I)	9.21 1) ¹ (8.48)	7.28	1.93 (1.20)	0.74 (0.01)

□ Group, Busan, Kyongnam Bank Capital Adequacy



1) capital ratios before Reserve inclusion

2. Banks Capital Adequacy

□ Busan Bank

	2016 4Q	2015 4Q	YTD	QoQ
<small>(KRW bn, %, %p, Basel III Standard)</small>				
Total Risk Adjusted Capital	5,458.7	4,773.9	14.3	0.2
Tier I Capital	4,168.7	3,530.8	18.1	4.1
(Core Tier I Capital)	4,068.8	3,431.0	18.6	4.2
Tier II Capital	1,290.0	1,243.1	3.8	△10.7
Total Risk Weighted Assets	35,803.2	34,864.4	2.7	△1.0
Credit Risk	33,561.4	32,642.0	2.8	△1.0
Market Risk	141.1	208.1	△32.2	△18.9
Operational Risk	2,100.7	2,014.3	4.3	0.5
BIS Capital Ratio	15.25 ¹⁾ (15.11)	13.69	1.56 (1.42)	0.18 (0.04)
Tier I	11.64 ¹⁾ (11.10)	10.13	1.51 (0.97)	0.57 (0.03)
(Core Tier I)	11.36 ¹⁾ (10.81)	9.84	1.52 (0.97)	0.56 (0.01)

□ Kyongnam Bank

	2016 4Q	2015 4Q	YTD	QoQ
<small>(KRW bn, %, %p, Basel III Internal Rating Based)</small>				
Total Risk Adjusted Capital	3,326.6	3,014.7	10.3	△3.7
Tier I Capital	2,546.3	2,091.7	21.7	2.6
(Core Tier I Capital)	2,356.9	1,892.0	24.6	2.8
Tier II Capital	780.3	923.0	△15.5	△19.6
Total Risk Weighted Assets	21,657.1	22,470.2	△3.6	△2.8
Credit Risk	20,182.5	20,994.5	△3.9	△2.8
Market Risk	35.6	81.9	△56.5	△60.6
Operational Risk	1,439.0	1,393.8	3.2	1.2
BIS Capital Ratio	15.36 ¹⁾ (15.35)	13.42	1.94 (1.93)	△0.14 (△0.15)
Tier I	11.76 ¹⁾ (11.25)	9.31	2.45 (1.94)	0.62 (0.11)
(Core Tier I)	10.88 ¹⁾ (10.38)	8.42	2.46 (1.96)	0.59 (0.09)

¹⁾ capital ratios before Reserve inclusion

VI. Appendix

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1. Banks KRW Loan Portfolio

☐ Busan Bank

(KRW bn, %, Balance)	2016 4Q			
	Amount	Ratio	YTD	QoQ
Manufacturing Sectors	9,713.2	26.5	1.1	△2.0
Steel Metal Products	2,830.1	7.7	1.0	△2.2
Automobile Parts	2,280.8	6.2	3.5	△2.4
Machinery	1,352.8	3.7	0.8	△2.7
Petroleum, Rubber, etc.	1,040.1	2.8	△2.3	0.9
Fabric	210.4	0.6	△2.4	△5.8
Garment & Shoes	339.4	0.9	6.8	△5.6
Kitchen Units	286.6	0.8	△0.3	1.8
Electronics	607.4	1.7	△5.9	△3.2
Paper, Paper Mills	103.0	0.3	△11.3	△3.4
Others	662.6	1.8	7.5	0.2
Non-Manufacturing	16,704.0	45.6	5.3	△0.9
Wholesale & Retail	2,797.5	7.6	9.6	0.3
Public	502.8	1.4	△17.8	△5.0
Construction & Engineering	1,494.4	4.1	△19.5	△13.9
Real Estate & Lease	5,896.3	16.1	16.7	2.0
Insurance & Financing	457.7	1.2	△20.9	△11.2
Transportation	1,316.0	3.6	1.0	△1.7
Hotel & Food	1,093.6	3.0	12.8	2.9
Others	3,145.7	8.6	6.9	1.0
Households	10,205.1	27.9	13.5	3.4
KRW Loans	36,622.3	100.0	6.3	△0.1

☐ Kyongnam Bank

*Sectors are based on FSS Business Report

(KRW bn, %, Balance)	2016 4Q			
	Amount	Ratio	YTD	QoQ
Manufacturing Sectors	9,792.1	35.7	△4.5	△2.7
Steel Metal Products	2,410.1	8.8	△6.6	△3.7
Automobile Parts	2,693.1	9.8	△3.3	△2.1
Machinery	2,621.4	9.6	△4.4	△2.5
Petroleum, Rubber, etc.	310.6	1.1	4.4	△1.1
Fabric	72.1	0.3	2.6	2.7
Garment & Shoes	13.0	0.0	△28.6	△39.8
Kitchen Units	172.4	0.6	3.3	1.4
Electronics	657.6	2.4	△4.4	△5.4
Paper, Paper Mills	94.7	0.3	5.0	0.9
Others	747.1	2.7	△7.6	△1.1
Non-Manufacturing	8,702.7	31.7	10.1	1.4
Wholesale & Retail	1,557.0	5.7	7.2	2.6
Public	0.0	0.0	-	-
Construction & Engineering	476.5	1.7	4.2	△4.5
Real Estate & Lease	3,094.5	11.3	12.3	1.1
Insurance & Financing	238.7	0.9	△14.5	△2.1
Transportation	335.0	1.2	△11.4	△1.5
Hotel & Food	551.6	2.0	21.4	5.9
Others	2,449.4	8.9	15.0	2.1
Households	8,925.3	32.6	18.5	7.9
KRW Loans	27,420.1	100.0	6.8	1.9

2. Cyclical Sector

	2016 4Q					
	Steel	Auto	Construction	Shipbuilding	Shipping	Chemical
(KRW bn, %, no#)						
Exposure	3,823.4	3,052.4	2,087.5	1,907.4	573.3	1,062.7
(% of Total Credits)	(5.8)	(4.6)	(3.2)	(2.9)	(0.9)	(1.6)
Collateral & Provision	2,426.5	1,799.7	880.2	1,185.2	226.5	668.8
Collateral & Provision Coverage	63.5	59.0	42.2	62.1	39.5	62.9
No# of Creditors	2,534	1,955	3,401	1,287	200	963

Note 1) Exposure & Total Credits are the sum of Busan & Kyongnam Bank

Note 2) Sectors are based on FSS Business Report

Note 3) Construction includes Real Estate PF(Ref. Collateral for Real Estate PFs are evaluated based on future cash flow that does not include land, buildings under construction etc. hence the overall low construction coverage)

3. Non-Bank Summary - Securities

□ B/S Summary

(KRW bn, %, Balance)	16.4Q	15.4Q	YTD	16.3Q	QoQ
Assets	1,064.1	539.9	97.1	1,009.7	5.4
Cash and Dues	61.0	59.8	2.0	86.6	△29.6
Securities	908.2	372.7	143.7	682.7	33.0
Loans	52.1	72.8	△28.4	41.8	24.6
Fixed Assets	2.8	1.3	115.4	1.2	133.3
Other Assets	40.0	33.3	20.1	197.4	△79.7
Liability & Shareholder's Equity	1,064.1	539.9	97.1	1,009.7	5.4
Deposits	64.8	71.9	△9.9	73.5	△11.8
Borrowings	752.3	283.9	165.0	496.9	51.4
Other Liabilities	32.9	29.1	13.1	228.5	△85.6
Shareholder's Equity	214.1	155.0	38.1	210.8	1.6

□ I/S Summary

(KRW bn, %, Balance)	2016	2015	YoY	16.4Q	16.3Q	QoQ
Net Interest Income	8.0	5.6	42.9	2.6	2.0	30.0
Fee Income	21.4	21.1	1.4	5.7	5.9	△3.4
Others	17.5	15.4	13.6	4.8	3.3	45.5
SG&A(-)	34.5	31.7	8.8	8.9	8.5	4.7
Provision Expense(-)	△ 0.1	0.2	-	△0.1	0.0	-
Non-Operating Income	0.1	0.1	0.0	0.0	0.0	-
Earnings Before Income Tax	12.6	10.3	22.3	4.3	2.7	59.3
Income Tax Expenses(-)	3.2	2.5	28.0	1.0	0.8	25.0
Net Income	9.4	7.8	20.5	3.3	1.9	73.7

3. Non-Bank Summary - Capital

□ B/S Summary

(KRW bn, %, Balance)	16.4Q	15.4Q	YTD	16.3Q	QoQ
Assets	4,692.6	4,287.1	9.5	4,494.9	4.4
Cash and Dues	291.5	168.2	73.3	131.5	121.7
Securities	0.0	0.0	-	0.0	-
Loans	2,631.4	2,389.5	10.1	2,645.4	△0.5
Venture Capital Business	1.3	2.0	△35.0	1.4	△7.1
Durables Installment Financing Assets	892.3	781.4	14.2	839.9	6.2
Leased Assets	799.1	884.6	△9.7	811.2	△1.5
Fixed Assets	6.1	5.4	13.0	5.6	8.9
Other Assets	70.9	56.0	26.6	59.9	18.4
Liability & Shareholder's Equity	4,692.6	4,287.1	9.5	4,494.9	4.4
Borrowings	3,868.1	3,486.5	10.9	3,678.3	5.2
Other Liabilities	262.1	295.3	△11.2	264.2	△0.8
Shareholder's Equity	562.4	505.3	11.3	552.4	1.8

□ I/S Summary

(KRW bn, %, Balance)	2016	2015	YoY	16.4Q	16.3Q	QoQ
Net Interest Income	211.8	195.1	8.6	55.8	54.0	3.3
Fee Income	14.7	17.1	△14.0	2.9	4.4	△34.1
Others	△13.4	△27.4	-	△11.5	△2.2	-
SG&A(-)	60.0	54.2	10.7	16.7	14.6	14.4
Provision Expense(-)	78.8	75.2	4.8	20.6	18.7	10.2
Non-Operating Income	0.2	0.0	-	△0.1	0.1	Net Loss
Earnings Before Income Tax	74.5	55.4	34.5	9.8	23.0	△57.4
Income Tax Expenses(-)	17.3	11.9	45.4	2.0	5.4	△63.0
Net Income	57.2	43.5	31.5	7.8	17.6	△55.7

3. Non-Bank Summary - Capital Portfolio

	16.4Q	Portion	QoQ	16.3Q	16.2Q	16.1Q	15.4Q	15.3Q	15.2Q	15.1Q	14.4Q
(KRW bn, %, Balance)											
Total	4,450.6	100.0	1.1	4,403.6	4,283.5	4,137.2	4,119.8	4,057.4	4,045.9	3,824.0	3,536.0
Loans	1,381.3	31.0	△0.1	1,382.6	1,265.2	1,198.2	1,170.1	1,180.8	1,162.8	1,097.7	914.9
Household	790.3	17.8	△0.6	795.4	764.1	733.7	716.6	700.9	695.6	594.0	515.7
Corporate	591.0	13.3	0.6	587.2	501.1	464.5	453.5	479.9	467.2	503.7	399.2
Auto Financing	2,465.1	55.4	3.2	2,388.6	2,342.5	2,244.3	2,217.8	2,137.0	2,070.8	1,920.9	1,800.7
Commercial Vehicle	681.8	15.3	0.2	680.5	681.5	684.9	673.7	655.0	661.9	612.6	581.1
Passenger Vehicle	1,783.3	40.1	4.4	1,708.1	1,661.0	1,559.4	1,544.1	1,482.0	1,408.9	1,308.3	1,219.6
Lease/Installments	602.9	13.5	△4.5	631.0	674.3	692.7	729.9	737.6	810.3	803.4	818.4
Machine Tools	147.9	3.3	△6.3	157.8	174.8	190.8	207.4	223.4	233.6	248.6	259.0
Medical Instruments	161.3	3.6	0.4	160.7	161.9	156.8	161.4	166.5	167.4	162.2	170.7
Others	293.7	6.6	△6.0	312.5	337.6	345.1	361.1	347.7	409.3	392.6	388.7
Venture Capital Business	1.3	0.0	△7.1	1.4	1.5	2.0	2.0	2.0	2.0	2.0	2.0

3. Non-Bank Summary - MSB

□ B/S Summary

(KRW bn, %, Balance)	16.4Q	15.4Q	YTD	16.3Q	QoQ
Total Assets	769.1	795.6	△3.3	761.6	1.0
Total Deposits	635.9	646.8	△1.7	604.6	5.2
KRW Deposits	635.9	646.8	△1.7	604.6	5.2
Others	0.0	0.0	-	0.0	-
Total Credits	629.2	580.7	8.4	613.0	2.6
Total Loans	629.2	580.7	8.4	613.0	2.6
KRW Loans	629.2	580.7	8.4	613.0	2.6
Others	0.0	0.0	-	0.0	-
Guarantees	0.0	0.0	-	0.0	-
Total Securities	4.1	2.5	64.0	2.3	78.3
Shareholder's Equity	115.4	123.5	△6.6	131.1	△12.0

□ I/S Summary

(KRW bn, %, Balance)	2016	2015	YoY	16.4Q	16.3Q	QoQ
Net Interest Income	32.4	29.9	8.4	8.6	8.4	2.4
Fee Income	△0.2	△0.4	-	0.0	0.0	-
Others	△0.6	△1.0	-	0.8	0.6	Net Loss
SG&A(-)	13.6	13.0	4.6	3.7	3.3	12.1
Provision Expense(-)	5.1	10.3	△50.5	1.4	2.2	△36.4
Non-Operating Income	△18.1	0.8		△18.1	0.0	-
Earnings Before Income Tax	△5.2	6.0	Net Loss	△15.4	3.5	Net Loss
Income Tax Expenses(-)	2.9	1.2	141.7	0.3	1.1	△72.7
Net Income	△8.1	4.8	Net Loss	△15.7	2.4	Net Loss

3. Non-Bank Summary – Asset Management

□ B/S Summary

(KRW bn, %, Balance)	16.4Q	15.4Q	YTD	16.3Q	QoQ
Assets	10.6	10.4	1.9	10.5	1.0
Cash and Dues	6.8	7.2	△5.6	6.7	1.5
Securities	0.5	0.5	0.0	0.5	0.0
Loans	0.1	0.1	0.0	0.1	0.0
Fixed Assets	0.5	0.1	400.0	0.5	0.0
Other Assets	2.7	2.5	8.0	2.7	0.0
Liability & Shareholder's Equity	10.6	10.4	1.9	10.5	1.0
Deposits	0.1	0.1	0.0	0.0	-
Borrowings	0.0	0.0	-	0.0	-
Other Liabilities	0.3	0.3	0.0	0.4	△25.0
Shareholder's Equity	10.2	10.0	2.0	10.1	1.0

□ I/S Summary

(KRW bn, %, Balance)	2016	2015	YoY	16.4Q	16.3Q	QoQ
Net Interest Income	0.1	0.0	-	0.0	0.0	-
Fee Income	4.9	1.4	250.0	1.3	1.3	0.0
Others	0.0	0.0	-	0.0	0.0	-
SG&A(-)	4.8	2.1	128.6	1.1	1.3	△15.4
Provision Expense(-)	0.0	0.0	-	0.0	0.0	-
Non-Operating Income	0.0	0.0	-	0.0	0.0	-
Earnings Before Income Tax	0.2	△0.7	Net Gain	0.2	0.0	-
Income Tax Expenses(-)	0.1	△0.1	-	0.1	0.0	-
Net Income	0.1	△0.6	Net Gain	0.1	0.0	-

3. Non-Bank Summary – Credit Info., System

□ Credit Information I/S Summary

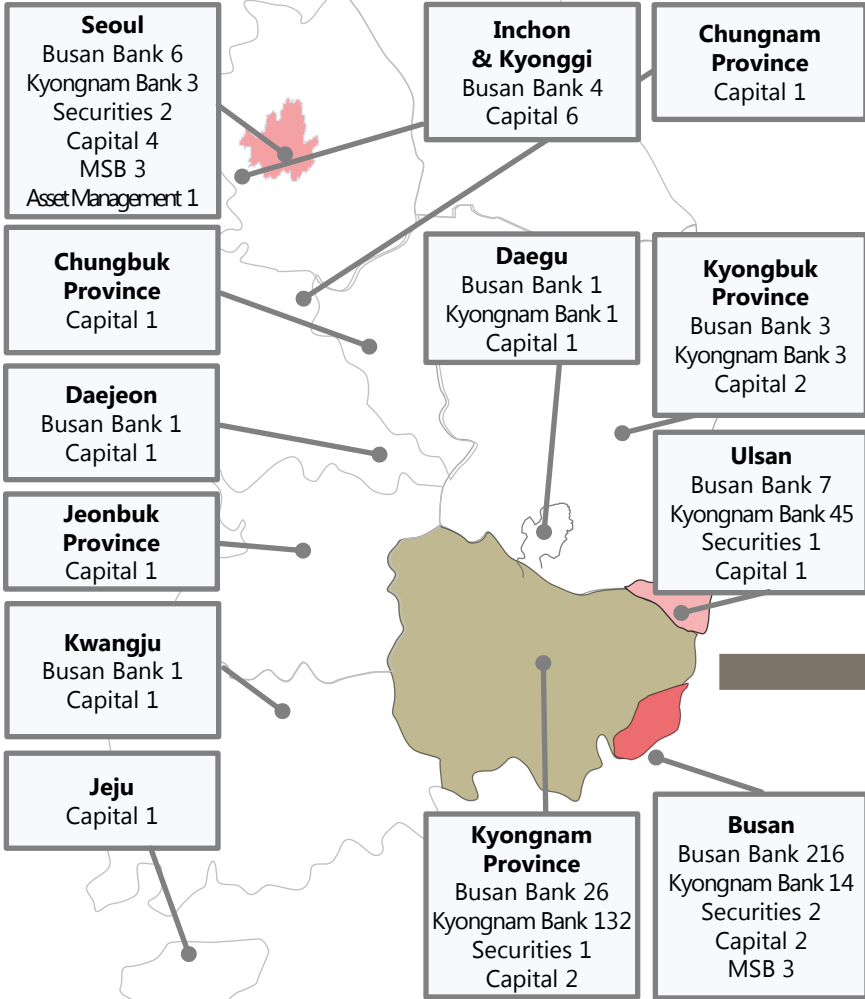
(KRW bn, %, Balance)	2016	2015	YoY	16.4Q	16.3Q	QoQ
Net Interest Income	0.1	0.1	0.0	0.0	0.0	-
Fee Income	4.4	3.2	37.5	1.2	1.2	0.0
Others	0.0	0.0	-	0.0	0.0	-
SG&A(-)	3.6	2.6	38.5	1.0	0.9	11.1
Provision Expense(-)	0.0	0.0	-	0.0	0.0	-
Non-Operating Income	0.0	0.0	-	0.0	0.0	-
Earnings Before Income Tax	0.9	0.7	28.6	0.2	0.3	△33.3
Income Tax Expenses(-)	0.2	0.1	100.0	0.0	0.1	-
Net Income	0.7	0.6	16.7	0.2	0.2	0.0

□ System I/S Summary

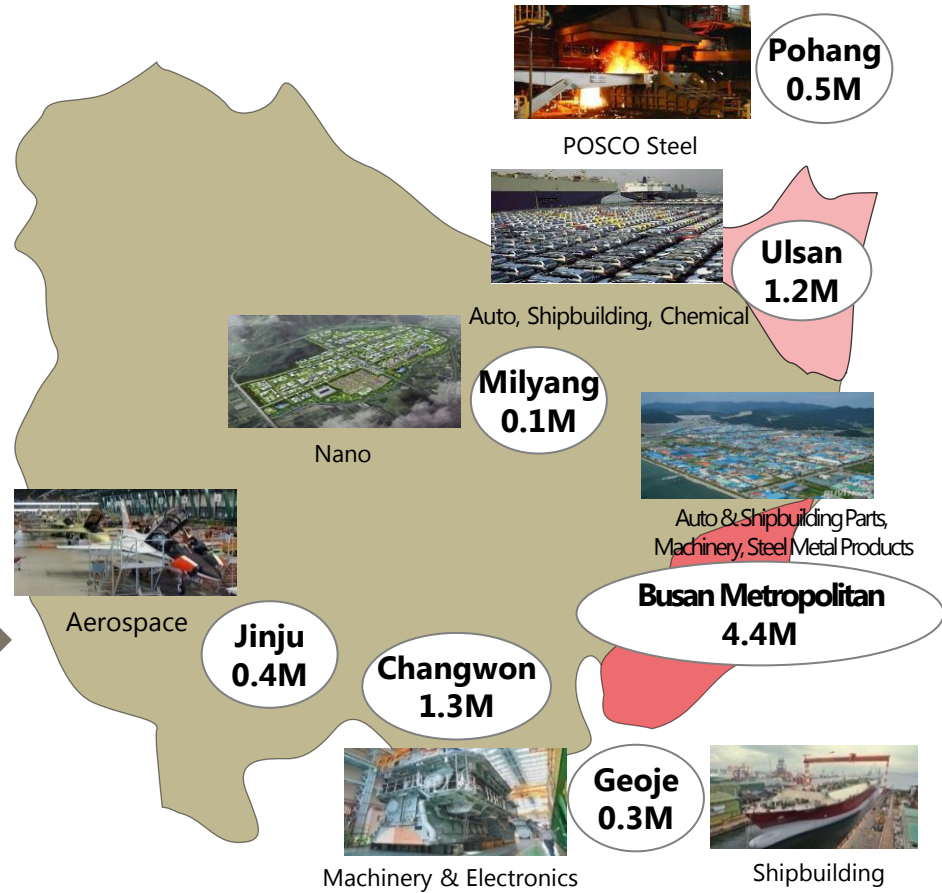
(KRW bn, %, Balance)	2016	2015	YoY	16.4Q	16.3Q	QoQ
Net Interest Income	0.1	0.1	0.0	0.1	0.0	-
Fee Income	0.0	0.0	-	0.0	0.0	-
Others	10.1	8.6	17.4	2.7	2.6	3.8
SG&A(-)	9.2	7.8	17.9	2.4	2.3	△4.3
Provision Expense(-)	0.0	0.0	-	0.0	0.0	-
Non-Operating Income	0.0	0.0	-	0.0	0.0	-
Earnings Before Income Tax	1.0	0.9	11.1	0.4	0.3	33.3
Income Tax Expenses(-)	0.2	0.2	0.0	0.1	0.0	-
Net Income	0.8	0.7	14.3	0.3	0.3	0.0

4. Group Networks & Major Industries

- ❑ **Networks across Korea(as of Dec. 2016) : 507 Locations**
 - Busan Bank 270(Qingdao & Vietnam Branch, Yangon, Mumbai Office included), Kyongnam Bank 198, Securities 6, Capital 26 (Myanmar, Cambodia, Laos included), MSB 6, Asset Management 1



- ❑ **Population & Major Industries**
 - Southeastern Conurbation (8.1 Mn, 15.6% of Total Population), making up 16.1% of GRDP(2015)
 - Exports : 124.5 USD bn(2016)
 - Imports : 58.4 USD bn(2016)



1) Southeastern region includes Busan, Ulsan, and Kyongnam



MEMBER OF

**Dow Jones
Sustainability Indices**

In Collaboration with RobecoSAM 



◆ Dow Jones Sustainability Indices(DJSI) Inclusion

1.DJSI

- The world's most prestigious global sustainability index (inclusion for 2 consecutive years, starting from 2015)
- The companies included are the leading companies in their industry based on economic, environmental and social criteria

2.Inclusion Index : DJSI Asia-Pacific

3.Date of inclusion : September 10, 2015

4.Benefits of Inclusion

- Promotion of Brand Image
- Enhancement of Corporate Trustworthiness & Global Competitiveness

Note) The DSJI was launched by RobecoSAM and S&P Dow Jones Indices