

Trust on Sustainability

*JB Financial Group
2018 Integrated Report*



Financial Group

ABOUT THIS REPORT

This report is issued as Integrated Annual Report of JB Financial Group for the purpose of reporting annual performance to investors and stakeholders of JB Financial Group. This report contains financial and non-financial performance of JB Financial Group and the efforts to achieve such performances.

Base of preparation and international guidelines referenced

This report is prepared in compliance with the principles and contents presented by <IR>Framework. <IR>Framework is the standard framework adopted by IIRC (International Integrated Reporting Council) for integrated reporting of financial and non-financial performances. Also, this report follows the comprehensive requirement in accordance with 'GRI Standards' which is the reporting standard for sustainability by GRI (Global Reporting Initiative). Furthermore, JB Financial Group, as member corporation of UNGC (UN Global Compact), is performing management activities that conform to 10 major principles of UNGC, and this report faithfully follows the principle for preparation of COP (Communication on Progress) by UNGC.

Matters related to the scope and boundaries of reporting

In this report, the term 'JB Financial Group' means the corporation including the subsidiaries to be consolidated according to the Korean International Financial Reporting Standards (K-IFRS). Financial data are prepared under consolidation basis, and non-financial data such as environment and social issues are prepared on individual subsidiary level. Unless stated otherwise in addition to general description and information, data for overseas branches, grand-son company, investee company of JB Financial Group are excluded. Geographical boundary is within the Republic of Korea wherein 99% or more of sales occurs in the main place of business. Periodical boundary is from January 1, 2018 to December 31, 2018, with addition of changes in governance comprised of resignation and inauguration of CEO and directors as of May 1, 2019 and other qualitative activities as of May 1, 2019. In case of any change requiring attention on past data reported within the prior report, past data are recalculated based on year 2018. The publication cycle of this report is 1 year. The previous report is <2017 Financial Group sustainability report> published in July 2018.

Matters related to third party assurance and forecasting information

The financial information contained in this report is prepared through a financial audit by an independent accounting firm. Also, independent third-party assurance review was carried out on non-financial information to ensure the confidence of this report. Separate verification is performed on GHG data contained in this report. This report contains forecasting statements related to financial status, operation and business performances, plan and target of the management of the JB Financial Group and subsidiaries. Notwithstanding assurance from third parties, the future performances stated or implied in the forecasting statements may vary from actual performance of the Group, due to political, economic and situational uncertainties surrounding the corporate management.

CONTACT INFORMATION

JB Financial Group CSR Team: Tel 02-2128-2761
jbf@jbf.com
Homepage: www.jbf.com

JB FINANCIAL GROUP 2018 INTEGRATED REPORT

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CEO MESSAGE



Dear, stakeholders of JB Financial Group,

I am Kim Gi-hong, the 2nd term chairman of JB Financial Group.

JB Financial Group, since the launching of its holding company in 2013, achieved the fast growth that no other financial group has shown before, during a short period of 6 years, thanks to the leadership of former chairman Kim Han and devoted efforts of our executives and staffs. With 4 subsidiaries of Jeonbuk Bank, Kwangju Bank, JB Woori Capital, JB Asset Management and 2 grand-son companies comprised of Cambodia's Phnom Penh Commercial Bank (PPCB) and JB Capital Myanmar, the holding company now commands the stature of the comprehensive financial group. Currently, assets of the Group amounts to KRW 47 trillion. Revenues continued steady growth, with net profits exceeding KRW 300 billion in year 2018. The number of domestic and overseas executives and staffs is about 3,900.

However, currently, the financial environment surrounding JB FINANCIAL GROUP is not so friendly. The banking industry which already has entered maturing stage is gradually experiencing weakened growth potential. Korean macro-economic environment is getting worse due to sluggish domestic economic growth, reduced employment and global recession, and the competition among financial companies are getting even fiercer. Also, in other aspects, the effect of mobile and digitalization that have penetrated deep into our daily life is now expanding its territory into the financial industry.

As I have been assigned to the role of new leader of JB FINANCIAL GROUP within this abruptly changing internal and external management environment, I would like to present the following four management targets, in order to achieve sustained growth

of the Group as well as to fulfil the role of accountable corporate citizen.

Firstly, I will pursue qualitative growth focusing on substantiality. JB FINANCIAL GROUP is the smallest among the financial groups that was launched with a bank as its matrix. Accordingly, I will refrain from intense competition for size that requires much cost and capital. Instead, the Group's capital and capacities will be allocated based on profitability to achieve the best profitability and productivity among domestic financial groups.

Secondly, I will promote active and autonomous corporate culture through transparent management. Financial industry is the business that derives profit by managing customers' assets. Therefore, strict morality is asked to the staffs engaged in the financial industry, and the transparency level of a financial company has become the important element for assessing the corporate value of the company in this market. For transparent management and autonomous corporate culture, I would take the initiative and set an example in practice. JB FINANCIAL GROUP will be reborn as a company with more honesty, transparency and autonomy in organizational culture than that of any other financial company.

Thirdly, I will breed up future growth engine at a rapid pace. More than anything else, I will accelerate the preparation for leading the age of digital finance. Digitalization of financial industry is altering the business platform itself at a rapid pace, based on the AI technologies processing big data. The appearance of a traditional bank may disappear completely in the not-so-distant future. JB FINANCIAL GROUP will present new and specific targets and direction on digital strategy within the shortest amount of time, and establish innovative digital financial platform that would be preferred by the young generation.

Fourthly, we will fulfill the role of an accountable corporate citizen covering both the local community and the globe.

JB FINANCIAL GROUP is regional based financial enterprise with two main axes of Jeonbuk Bank and Kwangju Bank. JB FINANCIAL GROUP can grow together only when the regional economy revives and regional youths can find stable jobs. Therefore, we will become JB FINANCIAL GROUP that provides practical support and helping hand to regional small-to-medium enterprises and small businesses. Furthermore, the Group will expand recruitment of new employees and endeavor to create jobs for the youth in cooperation with the government, municipalities and regional corporations. At the same time, as we have the vision to grow up as a global financial company starting from Southeast Asia, we will carry out the role of a global corporate citizen. In response to globally serious climate crisis, we will implement GHG gas reduction management and invest more in the new and renewable energy area. Also, we will practice the effort to integrate UN sustainable development goals (UN SDGs) to our mid to long term corporate development target and growth strategy.

Dear, stakeholders of JB Financial Group. The 2018-2019 JB FINANCIAL GROUP integrated report published this time contains the efforts of around 3,900 executives and staffs of JB FINANCIAL GROUP to realize these four management targets presented above. By making our goal come true, we will do our best to become JB FINANCIAL GROUP as the joy and pride of all of our stakeholders. Thank you.

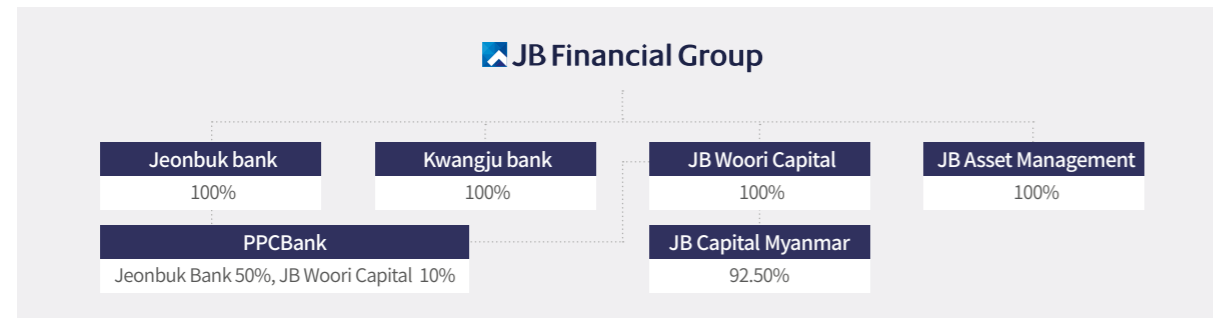
Kim Gi-hong
Chairman of JB Financial Group

김기홍

Overview of JB Financial Group

JB Financial Group's vision is 'the best retail-specialized financial group for the Common People and Small Businesses.' For this purpose, with JB Financial Holding Company at the center, four subsidiaries: Jeonbuk bank, Kwangju bank, JB Woori Capital, and JB Asset Management, and 2 grand-son companies: Phnom Penh Commercial bank (PPCBank) and JB Capital Myanmar are gathering strength together.

Group organization and investment holding status



(2018. 12. 31)

Classification	Company name	Location	Major business	Date of incorporation (Date of capital contribution)	Paid-in capital (KRW hundred million)	Number of shares held (in shares)	Shareholding ratio
Holding company	Financial holding company	566 Baekjedae-ro, Deokjin-gu, Jeonju-si, Jeonbuk	Financial holding business	2013.7.1	9,849	-	-
Subsidiary	Jeonbuk bank	566 Baekjedae-ro, Deokjin-gu, Jeonju-si, Jeonbuk	Banking business	1969.12.10(2013.07.01)	4,616	92,324,362	100.00%
	Kwangju bank	225 Jebong-ro, Dong-gu, Kwangju-si	Banking business	1968.11.20(2014.10.10)	2,566	51,316,057	100.00%
	JB Woori Capital	18th fl, 566 Baekjedae-ro, Deokjin-gu, Jeonju-si, Jeonbuk	Installment finance business	1995.12.07(2013.11.06)	4,520	90,394,000	100.00%
	JB Asset Management	566 Baekjedae-ro, Deokjin-gu, Jeonju-si, Jeonbuk	Collective investment business	2008.03.06(2014.03.19)	177	3,544,000	100.00%
Grand son company	Phnom Penh Commercial bank (PPCBank)	Phnom Penh, Cambodia	Banking business	2008.09.01(2016.08.29)	916	48,000	60.00%
	JB Capital Myanmar	Yangon, Myanmar	Credit finance business	2016.09.21(2017.03.08)	113	924,997	92.50%

* Note¹⁾ The above date of capital contribution means the date admitted as subsidiary or grand-son company of JB Financial Holding company
 * Note²⁾ Number of shares held and shareholding ratio is the number of shares held and shareholding ratio on relevant company by the mother company (based on common shares).

Business status

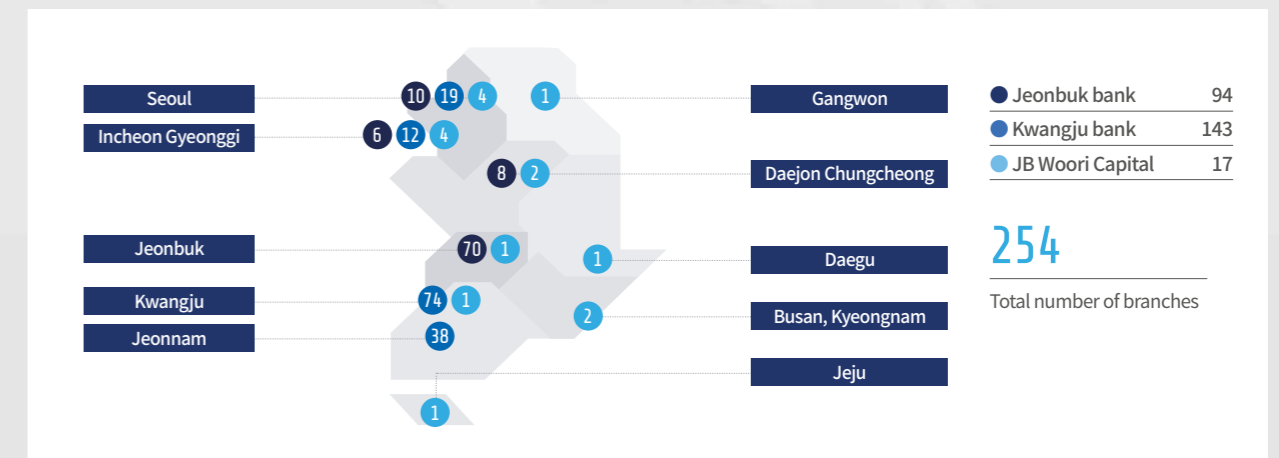
(2018. 12. 31)

Classification	Company name	Number of executives and staffs	Total assets		Net profit	
			Based on separated financial statement	Based on consolidated financial statements	Based on separated financial statement	Based on consolidated financial statements
Holding company	Financial holding company	119	23,461	467,798	644	3,210
	Jeonbuk bank	1,161	177,307	-	1,005	-
Subsidiary	Kwangju bank	1,456	269,846	-	1,533	-
	JB Woori Capital	504	54,745	-	823	-
	JB Asset Management	54	209	-	23	-
Grand son company	Phnom Penh Commercial bank (PPCBank)	394	8,817	-	150	-
	JB Capital Myanmar	208	104	-	4.9	-

* Note) Based on business report for 2018. Executives and staffs include permanent/contract worker positions.



JB Financial Group's business branches by region



(2018. 12. 31)

Classification	Company name	Domestic			Overseas			Total
		Headquarter & branch	Subbranch	Office	Branch	Subbranch	Office	
Holding company	Financial holding company	2	-	-	-	-	-	2
	Jeonbuk bank	88	-	6	-	-	-	94
Subsidiary	Kwangju bank	132	11	-	-	-	-	144
	JB Woori Capital	14	-	3	-	-	1	18
	JB Asset Management	2	-	-	-	-	-	2
Grand son company	Phnom Penh Commercial bank (PPCBank)	-	-	-	18	-	-	18
	JB Capital Myanmar	-	-	-	10	-	-	10
Total		238	11	9	28	-	2	288

* Note) Headquarter is counted as 1 branch

JB Financial Group's Vision and Business Model

VISION

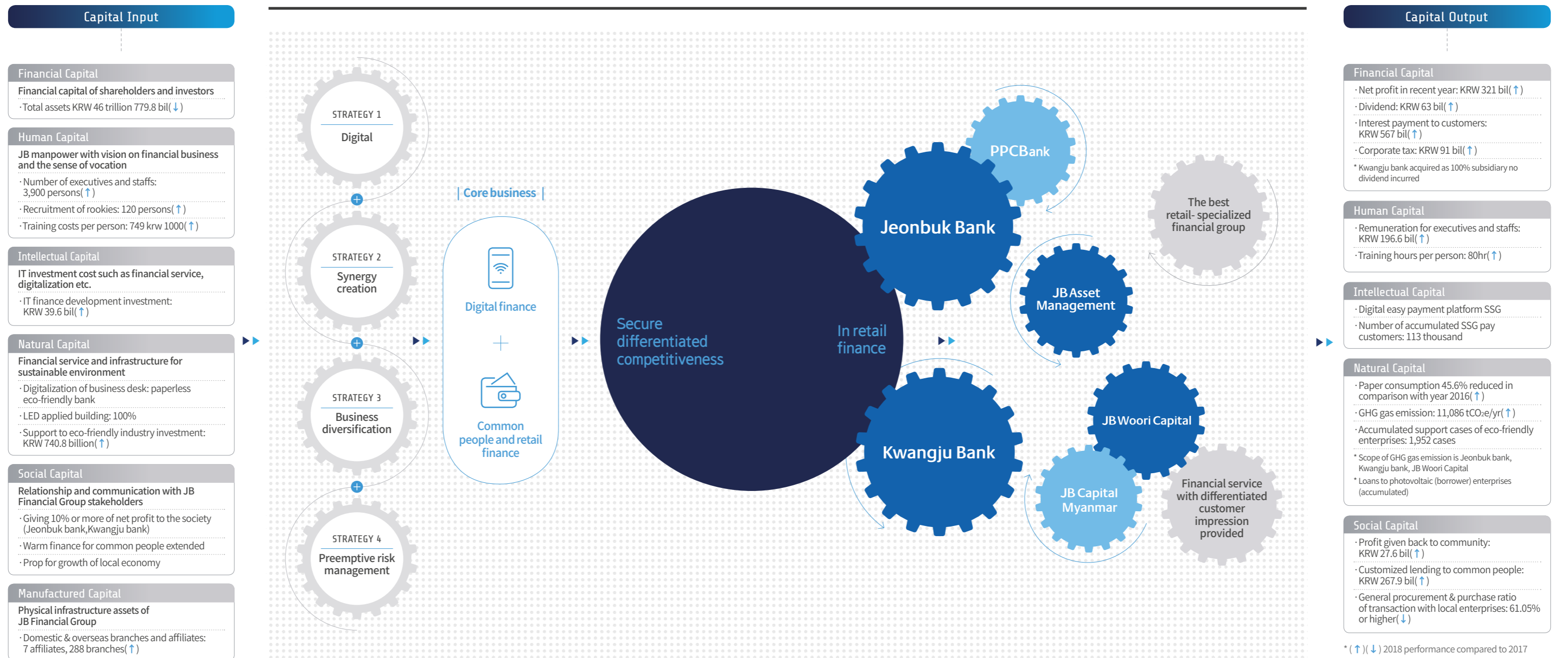
The best retail-specialized financial group

CORE VALUE

1 For me and my family 2 For customers 3 For shareholders 4 For neighbors and the society

Business Strategy & Model

JB Financial Group's core business strategies are ① expanding business foundation through digitalization ② substantial growth by creating synergy among affiliates ③ stable growth by preemptive risk management and ④ securing new growth engine through business diversification. These four core strategies are realized through core businesses of common peoples' retail finance and digital finance, and Jeonbuk bank, Kwangju bank, JB Woori Capital, PPCBank, and JB Capital Myanmar as individual business platform actualize the realization of the target by cooperation. Through these businesses and platforms, JB Financial Group will provide the differentiated financial service touching customers' minds, to sustain growth to become the best retail financial group.



Capital Input

Financial Capital
 Financial capital of shareholders and investors
 · Total assets KRW 46 trillion 779.8 bil(↓)

Human Capital
 JB manpower with vision on financial business and the sense of vocation
 · Number of executives and staffs: 3,900 persons(↑)
 · Recruitment of rookies: 120 persons(↑)
 · Training costs per person: 749 krw 1000(↑)

Intellectual Capital
 IT investment cost such as financial service, digitalization etc.
 · IT finance development investment: KRW 39.6 bil(↑)

Natural Capital
 Financial service and infrastructure for sustainable environment
 · Digitalization of business desk: paperless eco-friendly bank
 · LED applied building: 100%
 · Support to eco-friendly industry investment: KRW 740.8 billion(↑)

Social Capital
 Relationship and communication with JB Financial Group stakeholders
 · Giving 10% or more of net profit to the society (Jeonbuk bank, Kwangju bank)
 · Warm finance for common people extended
 · Prop for growth of local economy

Manufactured Capital
 Physical infrastructure assets of JB Financial Group
 · Domestic & overseas branches and affiliates: 7 affiliates, 288 branches(↑)

Capital Output

Financial Capital
 · Net profit in recent year: KRW 321 bil(↑)
 · Dividend: KRW 63 bil(↑)
 · Interest payment to customers: KRW 567 bil(↑)
 · Corporate tax: KRW 91 bil(↑)
 * Kwangju bank acquired as 100% subsidiary no dividend incurred

Human Capital
 · Remuneration for executives and staffs: KRW 196.6 bil(↑)
 · Training hours per person: 80hr(↑)

Intellectual Capital
 · Digital easy payment platform SSG
 · Number of accumulated SSG pay customers: 113 thousand

Natural Capital
 · Paper consumption 45.6% reduced in comparison with year 2016(↑)
 · GHG gas emission: 11,086 tCO₂e/yr(↑)
 · Accumulated support cases of eco-friendly enterprises: 1,952 cases
 * Scope of GHG gas emission is Jeonbuk bank, Kwangju bank, JB Woori Capital
 * Loans to photovoltaic (borrower) enterprises (accumulated)

Social Capital
 · Profit given back to community: KRW 27.6 bil(↑)
 · Customized lending to common people: KRW 267.9 bil(↑)
 · General procurement & purchase ratio of transaction with local enterprises: 61.05% or higher(↓)

* (↑)(↓) 2018 performance compared to 2017

JB Financial Group Affiliates CEO

Jeonbuk bank (Incorporated in 1969)



Best bank for customers, neighbors and the society

Jeonbuk bank is performing the pivotal role of faithfully leading the development of the regional economy. The bank is proving stability, growth and confidence internally and externally through differentiated management focusing on substance rather than size. All executives and staffs of Jeonbuk bank regards mutual confidence with customers as the most important value. They are also steadily carrying out social contribution activities as warm neighbors. Jeonbuk bank will have countenance of a more trusted bank and respected bank through region-friendly management.

President of Jeonbuk Bank Im Yong-taek

Kwangju bank (Incorporated in 1968, Acquired by JB Financial Group in 2014)

Most beloved bank, Kwangju bank

The origin of Kwangju bank's power in the growth for the half century sharing joys and sorrows with the community since its incorporation in 1968 was the love and support from our customers. We will implement customers oriented and site-focused management to reward our customers for the trust and confidence received so far by coexistence with the community and accompanying our customers, as the reliable protector growing in tandem with the community and concurrently "strong and sound bank" equipped with the best profitability and stability as well as the most beloved bank by the community and customers.



President of Kwangju bank
Song Jong-wuk

JB Woori Capital (Incorporated in 1995, Acquired by JB Financial Group in 2013)



CEO Im Jeong-tae

Smart Leading Company

Since incorporation in 1995, JB Woori Capital has grown as the representative auto installment-specialized financial company during the last 24 years, thanks to firm know-hows and differentiated service in providing comprehensive financial services comprised of auto loan, lease, rent-a-car, credit loan, real estate finance, and corporate finance. All executives and staffs of JB Woori Capital regard customers as the most important asset. We will become the Smart Leading Company to pursue sustained growth with customers by customers-focused innovation and ethical management, and practicing sharing, and become the JB Woori Capital aiming for the future rather than the present.

JB Asset Management (Incorporated in 2008, Acquired by JB Financial Group in 2014)



JB Asset Management in pursuit of customers' satisfaction as the highest value

JB Asset Management pursues customers' satisfaction as the highest value, by providing the best investment products based on internal control that enforces compliance with consistent investment processes and sense of ethics and professionalism of executives and staffs.

CEO Kim Gi-hong

PPCBank Phnom Penh Commercial bank (Incorporated in 2008, Acquired by JB Financial Group in 2016)

PPCBank, the leader of Cambodian financial innovation

PPCBank is stirring up the wind of new financial innovation in Cambodia. We are constantly providing new financial products and services including digital and mobile banking projects which enhances the life and financial experience of our customers. PPCBank is endeavoring to be one step ahead of the competition as the most developed bank in Cambodia.

President of PPCBank Shin Chang-moo



JB Capital Myanmar (Incorporated in 2016)

JB Capital Myanmar exploring micro loan market in Myanmar

Myanmar is a country with high growth potential which is in the process of achieving fast economic growth. JB Capital Myanmar will contribute to the financial development of Myanmar's common people as well as perform the significant role for the JB Financial Group in advancing to the Southeast Asian market by providing stable, innovative financial products and services into the micro loan market within the financial system.

CEO Im Jeong-tae

Directors of JB Financial Group

(2019. 5. 1)

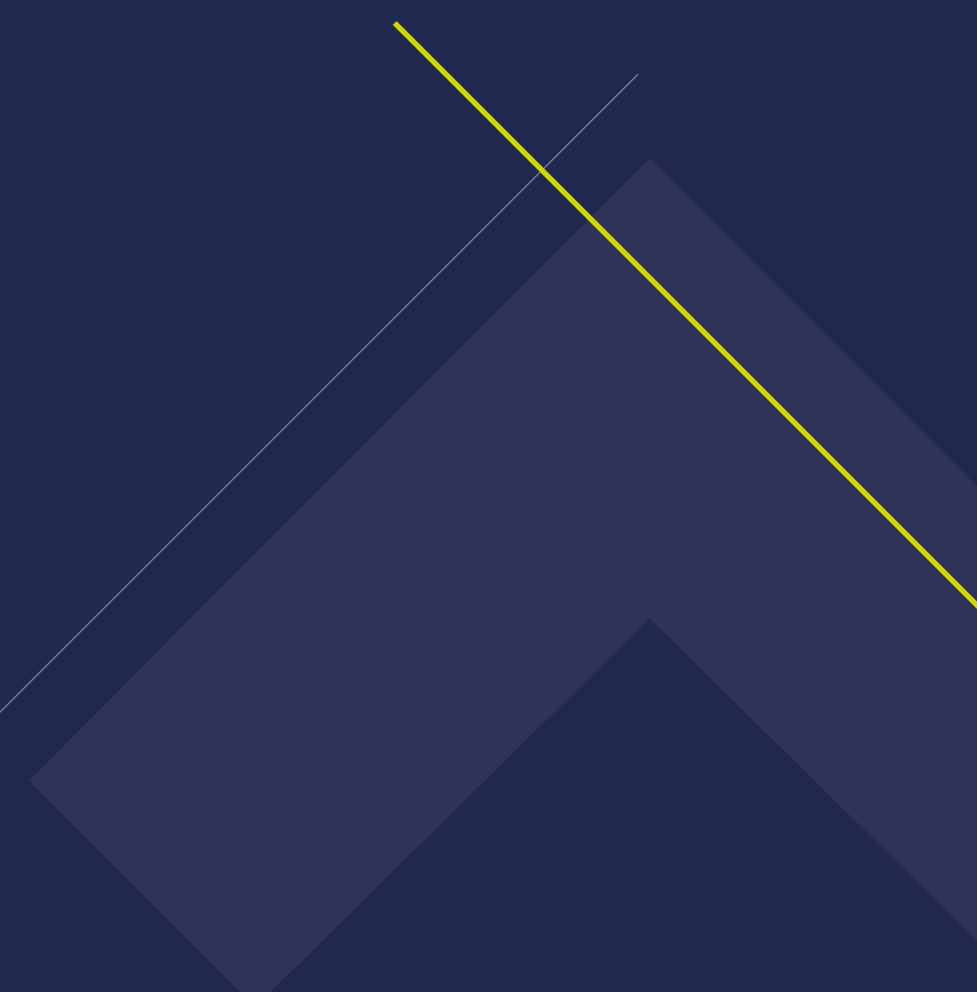
No	Classification	Name	Date of inauguration	Term of office	Careers
1	Standing CEO	Kim Gi-hong	Mar. 29. 2019	Mar 2022 AGM	<ul style="list-style-type: none"> · 1999 Financial Supervisory Service assistant vice-director (former) · 2006 KB Kookmin bank Senior vice president(former) · 2014 pan Asia Re Consulting Representative director(former) · 2014 JB Asset Management Representative Director President(incumbent)
2	External Auditor	Kim Dae-gon	Mar. 25. 2016	Mar 2021 AGM	<ul style="list-style-type: none"> · 2003 Chief secretary to Prime Minister(former) · 2013 Donghak Peasant Revolution Memorial Foundation Chairman(former) · 2016 JB Financial Holdings External director(incumbent)
3	External Auditor	Choi Jeong-su	Mar. 20. 2015	Mar 2020 AGM	<ul style="list-style-type: none"> · 1998 Kim & Chang law office representative lawyer(former) · 2007 Law Firm Saejul representative representative lawyer(incumbent) · 2015 JB Financial Holdings External director(incumbent)
4	External Auditor	Lee Sang-bok	Mar. 29. 2019	Mar 2021 AGM	<ul style="list-style-type: none"> · 1991 Samil Accounting Corp partner CPA(former) · 2012 KB Savings bank External director(former) · 2018 Donga Accounting Corp partner CPA(incumbent)
5	External	Kim Sang-guk	Mar. 23. 2018	Mar 2020 AGM	<ul style="list-style-type: none"> · 2004 SK Co., Ltd. China division head(former) · 2009 SK advisor(former) · 2018 JB Financial Holdings External director(incumbent)
6	External	Yoo Kwan-wu	Mar. 29. 2019	Mar 2021 AGM	<ul style="list-style-type: none"> · 2006 Financial Supervisory Service assistant vice-director (former) · 2010 National Agricultural Cooperative Federation External director(former) · 2008 Kim & Chang law office advisor(incumbent)
7	External	Pyo Hyeon-myeong	Mar. 29. 2019	Mar 2021 AGM	<ul style="list-style-type: none"> · 2013 Korea Smart home industry association Chairman (former) · 2014 KT Rental Representative director President(former) · 2015 Lotte Rental Representative director President(former)
8	Non-standing	Yun Jae-yeop	Jul. 21. 2013	Mar 2021 AGM	<ul style="list-style-type: none"> · Samyang Holdings President(incumbent) · 2016 JB Financial Holdings Non- standing director(incumbent)
9	Non-standing	Ahn Sang-gyun	Mar. 25. 2016	Mar 2022 AGM	<ul style="list-style-type: none"> · 2012 Anchor Equity Partners(Asia) Ltd. Managing Partner(incumbent) · 2016 JB Financial Holdings Non- standing director(incumbent)



— PART 1 —

BUSINESS VALUE CREATION

<i>JB Financial Group's Growth Story</i>	<i>12-13</i>
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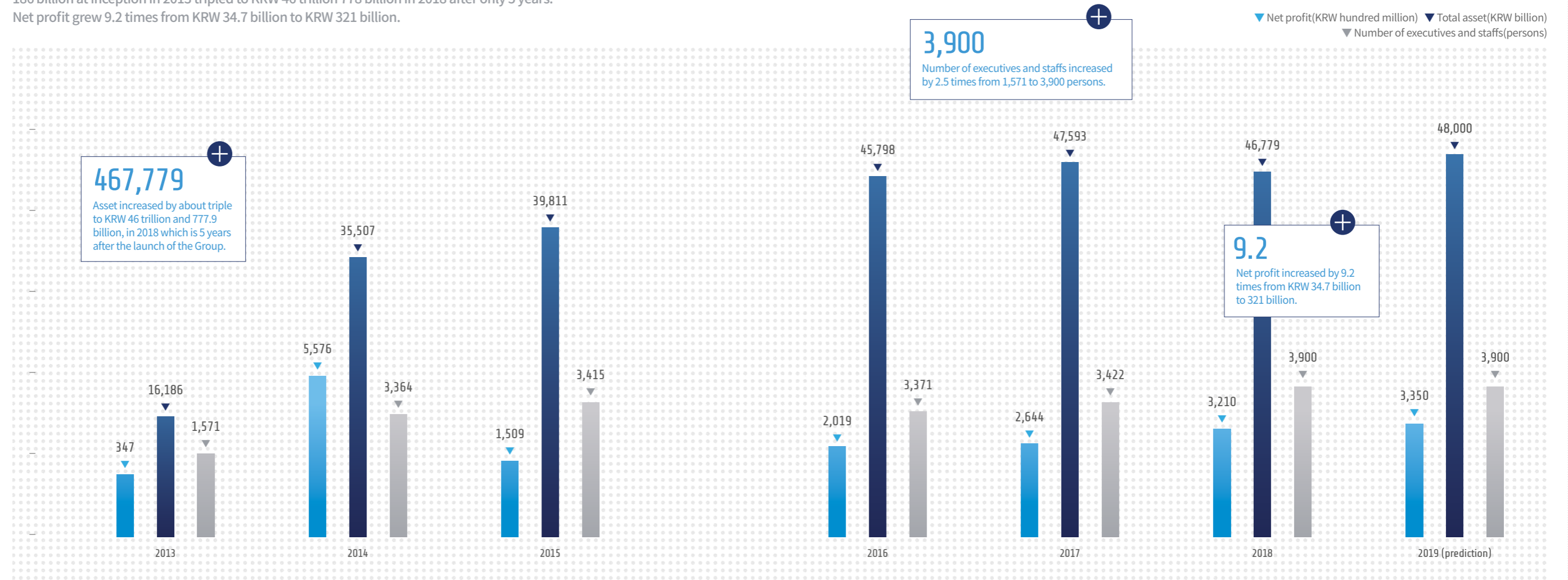


JB Financial Group's Growth Story

Growth

JB Financial Group, since incorporation of JB financial holding company in 2013, has continued unrivalled growth among domestic financial groups. Total assets of KRW 16 trillion 186 billion at inception in 2013 tripled to KRW 46 trillion 778 billion in 2018 after only 5 years. Net profit grew 9.2 times from KRW 34.7 billion to KRW 321 billion.

Also, number of executives and staffs increased by 2.5 times from 1,571 to 3,900. From now on, we will concentrate not only on size growth but also further on qualitative growth ensuring substance.



History



**THANK YOU
FOR
50 YEARS!
LET'S GO
TOGETHER
FOR
100 YEARS!**

Jeonbuk Bank



With community into the future, with customers to the world, 'Jeonbuk bank 50 years'

Jeonbuk bank was incorporated in December 10, 1969 by Provincial residents, under the 'campaign to own 1 share per each provincial resident'. Jeonbuk bank, having settled down as the representative financial institution through risk management stable enough to overcome IMF bailout crisis autonomously and differentiated strategy during the last 50 years, became the matrix of establishment of JB Financial Holdings. In August 2016, the bank successfully acquired the Cambodia Phnom Penh Commercial bank (PPCBank) to top up as global bank now breaking the bounds of regional limitations. Jeonbuk bank adopted 50th anniversary slogan as 'Thank you for 50 years! Let's go together for 100 years!', and proceeding with various commemorative projects to appeal to regional residents and customers. Also Jeonbuk bank is creating its own new history for the new century through change and innovation to respond to change in future financial environment, such as customer focused differentiated channel and untact strategy, expanded social contribution projects for regional residents, strengthened finance for common people, successful advancement out to overseas market etc.

Jeonbuk bank adopted 50th anniversary slogan as 'Thank you for 50 years! Let's go together for 100 years!', and proceeding with various commemorative projects to appeal to regional residents and customers.

Actively responding to 4th industrial revolution by promoting digital banking

Jeonbuk bank is promoting the bank's digitalization by launching bank integrated type P2P financial service for the first time in the domestic banking industry in June 2016, jointly with People Fund which is a P2P financial company. The bank adopted the PPR(Paperless Process Re-engineering) system last year to do business in electronic form without paper form, to enhance the status as a regional bank in the age of 4th industrial revolution, to enhance convenience to financial consumers, on the level to enhance financial industrial competitiveness. In 2019 the bank developed next generation mobile homepage aiming for digitalization (BDT) of banking process, operating most bank business to be processed without visit to bank branches. The bank is doing the best to enhance customers' convenience by establishing the process enabling easy subscription to financial product in web environment without the installation of an App and login with publicly accredited certificate.

Accelerated business diversification by exploring overseas market

Jeonbuk bank acquired the Cambodia Phnom Penh Commercial bank (PPCBank) in 2016 as the breakthrough for new market exploration and business diversification breaking out the bounds of regionality, which is assessed as a successful case of advancement overseas. This is the first case of a domestic regional bank acquiring an overseas bank. Net profit in 2016 was only KRW3.9 bil but in 2018, after being affiliated to Jeonbuk bank, the net profit of KRW 15 bil. have been achieved, thanks to the introduction of

core banking, advancement of business methods, etc. From now on, the bank will promote overseas market exploration actively to diversify revenue sources by using Jeonbuk bank's unique strengths and maximized synergy.

'Finance warm to everybody'

Jeonbuk bank opened 'Warm financial clinic Jeonju center' as the advanced base for embracing finance in March 2018, under the motto of 'Finance warm to everybody'; sparing no support to regional small businesses, common people as the socially weak, the low credited substantially. This creates the virtuous cycle of 'regional residents' debt burden reduction → enhanced credit → enhanced capacity for economic activities through the role to clear funding difficulties of financially alienated groups within the public system, contributing not only to the vitalization of regional economy but also substantial debt reduction by introduction of DMS (Debt Management System) concept initially among domestic financial industry and providing of ladder to improve credit to the people with low and middle credit standing. Accredited with the contribution therefrom, the bank won the "Prime Minister's award in finance for common people sector" on October 30, 2018, the 3rd Day of Finance.

Toward 100 years' bank beyond 50 years

Jeonbuk bank has firmed up inside and outside regional based customers to become the bank with strong constitution that would not totter in any environment by promoting stable growth strategy focused on profitability and soundness rather than quantitative asset growth. In the future, Jeonbuk bank will build the 100 year bank co-developing with the local society by lowering bank's threshold through embracing finance that regards customers' will to repay as the top priority value, providing related information so that anybody may use financial products within the public financial system, and providing best value to customers as a bank reaching out first to customers with a strong will to pay back.

Jeonbuk bank history

- 1960 ~ 1990 ▶▶**
- 1968. 12 Jeonbuk bank founded
- 1971. 08 Headquarter completed and opened after relocation
- 1972. 03 Share listed(first time among regional banks)
- 1975. 06 Seoul branch opened
- 1993. 07 Headquarter building newly built and opened
- 1996. 06 Internet homepage OPEN
- 2000 ~ 2010 ▶▶**
- 2000. 02 Internet banking service started
- 2001. 07 Telebanking service started
- 2003. 06 Regional love volunteer service group founded
- 2004. 05 Mobile banking service started
- 2006. 12 Volunteer service activities won the Presidential award
- 2010 ~ ▶▶**
- 2013. 07 JB financial Holding established
- 2015. 12 Won Presidential award for financial supporter for SMEs
- 2016. 08 Acquired PPCBank
- 2017. 12 Won the Presidential award for job creation in the local community
- 2018. 01 Suwon finance center for foreigners opened
- 2018. 03 Warm finance clinic Jeonju center opened
- 2018. 04 Digital desk (PPR) installed at all branches

JB Financial Group Core Performances

During 2018, all 3,900 executives and staffs of JB Financial Group exercised the best effort to achieve the target of “best retail specialized Financial Group for the common people and SMEs”. Based on these efforts, JB Financial Group, despite the unpredictable management environment such as expanded internal and external economic uncertainty and various regulatory and environmental changes etc, took the leap to become a mainstay financial enterprise performing significant roles in the Korean financial industry such as digital focused business process innovation, securing future growth engine, sustained expansion of business areas and business regions, expanded advancement to Southeast Asian financial market, overcoming the limitation of a regional financial enterprise.

In 2018, the record level of profit was achieved since its foundation with Jeonbuk bank's net profit at KRW 100.5 billion and Kwangju bank's net profit at KRW 153.3 billion.

Group's net profit (KRW hundred million)
3,210

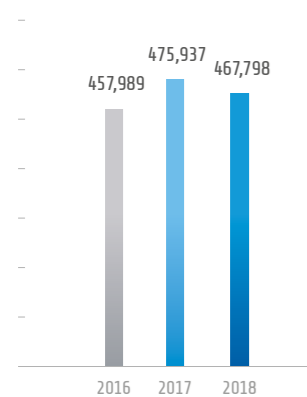
Record profit achieved since founding

Jeonbuk bank and Kwangju bank, while establishing market dominance in the regions based on deep understanding and sociability in the regions, secured various customer groups and expanded revenue bases by providing financial service differentiated from other financial groups in non-regional markets comprised of Seoul, Incheon, Gyeonggi, Daejeon, Sejong, etc. to overcome regional limitations. As a result, Jeonbuk bank achieved net profit of KRW 100.5 billion in 2018 and Kwangju bank achieved KRW 153.3 billion, realizing record profit since founding. Also, in the non-bank sector, JB Woori Capital is diversifying revenue sources by enhancing business capacities in not only auto finance but also corporate finance and retail finance, etc. Accordingly, in 2018, KRW 82.3 billion net profit was derived. With JB Asset Management also realizing KRW 2.3 billion net profit, the group has laid down the foundation to grow as comprehensive financial group with balanced business portfolio between bank and nonbank.

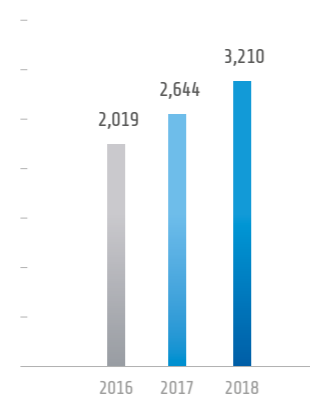
Substantial growth

2018 was the year when JB Financial Group achieved substantial growth. Summarizing the business performance, firstly from growth aspect, total consolidated assets were KRW 46 trillion 779.8 billion decreased by KRW 813.8 billion (ratio 1.7%) from the prior year. Asset size decreased from the prior year due to the result of asset portfolio adjustment aimed for qualitative growth with substance. In profitability aspect, consolidated operating profit was KRW 416.8 billion (growth ratio 19.8%) and net profit was KRW 321 billion showing 21.4% increase from prior year thanks to the effect of recovery in NIM and improved asset soundness comprised of loan assets at KRW 36 trillion 915.3 billion (based on balance) decreasing by 3.2% from the prior year, deposit liabilities at KRW 33 trillion 994.5 billion (based on balance) decreasing by 1.6% from the prior year, etc. In 2019, JB Financial Group will pursue enhancing competitiveness by business through differentiation, profitability, soundness-oriented business strategy, customers-focused business digitalization and establishing advanced integrated group risk management system as emphasized strategies. Especially, we would like to concentrate in maximizing user environment and experiences through digitalization that we have continued to pursue customization of existing customers into loyalty and expanding business base, and accordingly to enhance customer service level. Also, we will analyze and assimilate thoroughly focusing on financial consumers to expand new business and to develop new products in order to secure new growth engine through sustained business diversification.

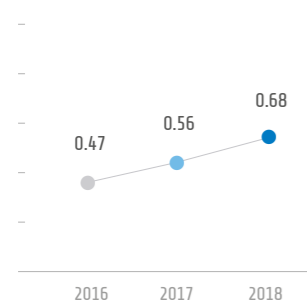
Group total asset (unit: KRW hundred million)



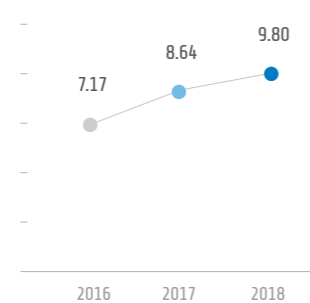
Group net profit (unit: KRW hundred million)



Total asset to net profit ratio (unit: %)



Return on equity ratio (unit: %)

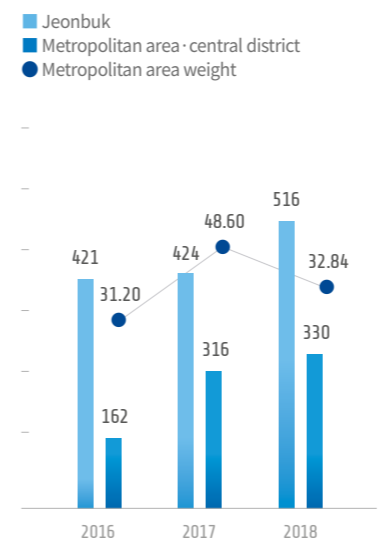


- Cambodia Phnom Penh Commercial bank (PPCBank) annual average growth ratio
30%

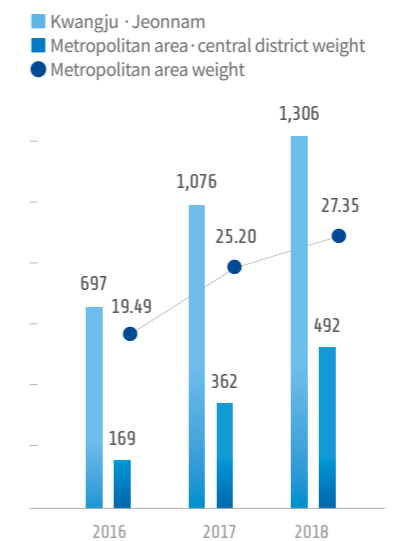
Advancement to global market in full swing

Cambodia Phnom Penh Commercial bank (PPCBank) acquired in 2016 is recording remarkable growth ratio of 30% in annual average. Capital Myanmar subsidiary incorporated in 2016 has stably settled down. Also, we are continuing expansion of overseas market such as entry into Indonesia, Vietnam financial service market in addition to China in order to take a leap as an Asian major financial enterprise.

Profit loss status by region of Jeonbuk bank (unit: KRW hundred million, %)



Profit loss status by region of Kwangju bank (unit: KRW hundred million, %)



* Profit & loss calculation: Pre-tax net profit in managerial accounting - corporate tax (proportional distribution in consideration of profit & loss incurrence ratio)

Sophistication of digital finance platform

JB Financial Group is pursuing sophistication of digital finance platform as the most important future growth strategy. Future finance briskly developing centered on smartphone mobile platform is approaching as the great new opportunity for JB Financial Group with limitations by nature as a regional bank. Even though business activities with regional branches as the base is getting more difficult, mobile finance without regional limitation or time limitation provides us with enough potential to compete with other financial houses. Especially in case of Southeast Asia with expectation of fast economic growth, mobile financial market is rapidly developing and expanding. JB Financial Group is actively tapping the door of Southeast Asian digital banking market with Cambodia PPCBank serving as a foothold. Domestically, we also provide convenient and fast mobile banking service to customers through diverse collaboration activities and continuous technological improvement.

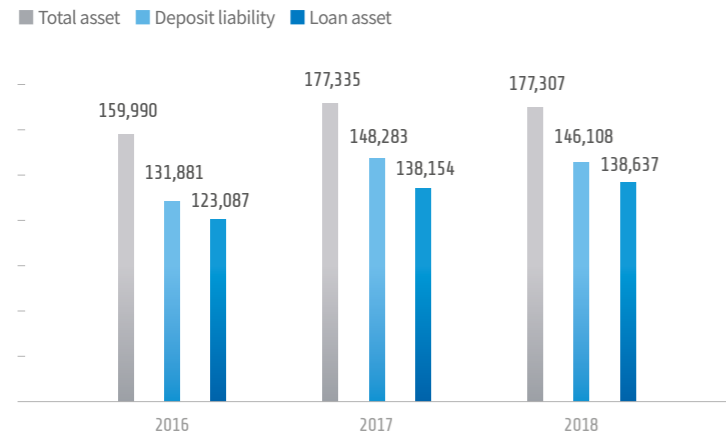
Expansion of market outside the region

In 2018, Jeonbuk bank and Kwangju bank have accelerated advancement into the Metropolitan area. Lower regional economic growth ratio in Honam region due to reduced population and aging is jeopardizing the survival of the JB financial group. While the group is pouring its best efforts to vitalize the regional economy as a pivotal regional financial institution, the Group has steadily and faithfully carried out expansion strategy to non-regional markets comprised of Seoul, Gyeonggi province, Incheon, Daejeon, Sejong, etc. The profit & loss percentage from non-region including Metropolitan area by Jeonbuk bank and Kwangju bank steadily increased through concentrated fostering of strategic branches in Metropolitan areas and approaching the common people with business activities such as middle rate loans. Out of total profits in 2018, Jeonbuk bank derived 32.84% of profits, and Kwangju bank derived 27.35% from the Metropolitan area.

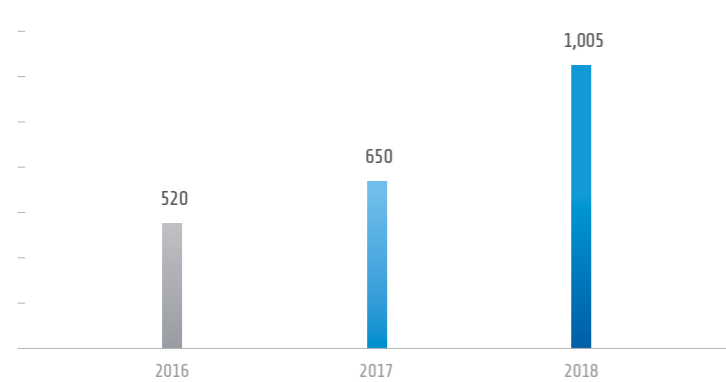
JB Financial Group Subsidiaries Core Performances

Jeonbuk Bank

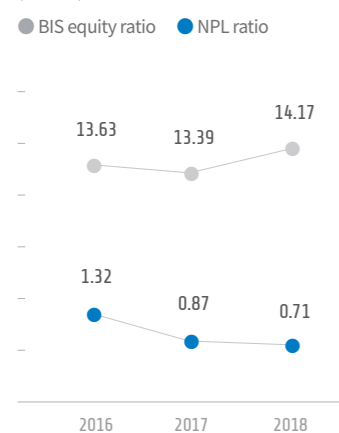
Total asset / Deposit liability / Loan asset (unit: KRW 100 million)



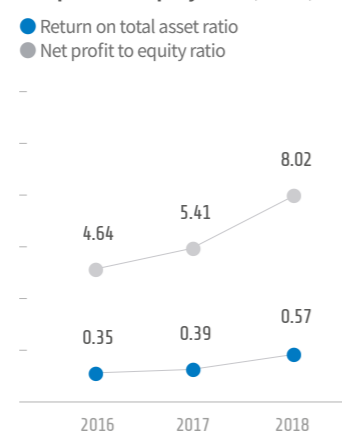
Net profit (unit: KRW 100 million)



BIS equity ratio / NPL ratio (unit: %)



Return on total asset ratio / Net profit to equity ratio (unit: %)



In 2018, Jeonbuk bank expanded its business base on households, small businesses and SMEs even in a difficult regional economic financial environment. Especially the bank ensured internal stability to pursue change and innovation and to become 'the bank warm to everybody' through Jeonbuk bank's unique strategy and site-oriented business contacts. Jeonbuk bank's major management performances in 2018 are as follows.

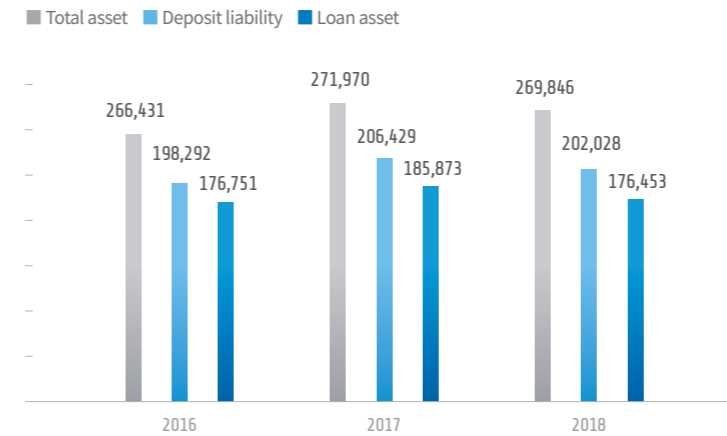
Firstly, while we promoted profitability and soundness focused stable growth strategy rather than quantitative asset growth, we laid the foundation for realizing embracing finance by opening 'warm finance clinic Jeonju center.' We have focused on securing new customers and enhancing competitiveness by targeting niche market such as 'warm credit loan' to practice embracing finance, 'JB Bravo Korea E-9, F-4 loan' for foreign laborers, 'auto loan', 'SSG card,' etc. in addition to the traditional operation of asset portfolio through existing loan products.

Secondly, the bank dramatically improved business efficiency by completion of PPR (Paperless Process Re-engineering) system where customer's business is carried out by electronic form without paper documents.

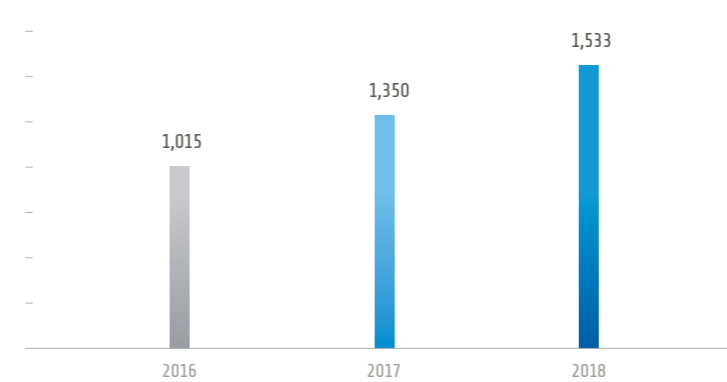
Thirdly, regarding business performance in 2018, total assets are KRW 17 trillion 730 billion which is a decrease by KRW 2.8 billion from 2017, loans are KRW 13 trillion 863.7 billion (based on balance) increased by 0.35% from 2017, total deposit liabilities are KRW 14 trillion 610.8 billion (based on balance) decreased by 1.47% from 2017. Also, total operating profit is KRW 379.7 billion, net profit is KRW 100.5 billion, interest income is KRW 429.2 billion, an increase by KRW 40.6 billion from 2017. Furthermore, non-performing loan ratio is 0.71% improved by 0.16% from 2017, delinquency ratio is 0.69%, and BIS equity ratio is 14.17%.

Kwangju Bank

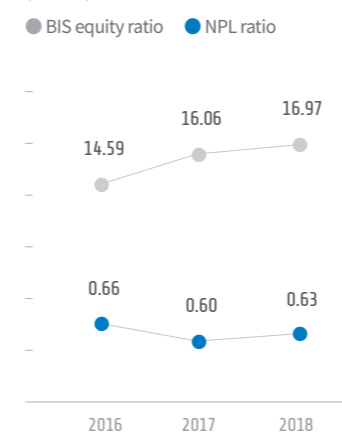
Total asset / Deposit liability / Loan asset (unit: KRW 100 million)



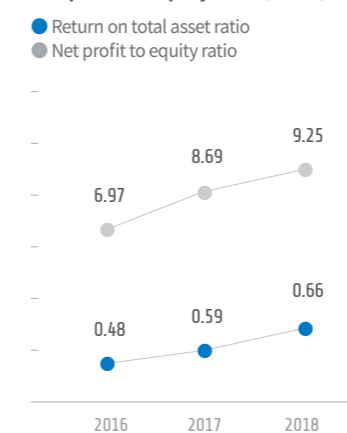
Net profit (unit: KRW 100 million)



BIS equity ratio / NPL ratio (unit: %)



Return on total asset ratio / Net profit to equity ratio (unit: %)

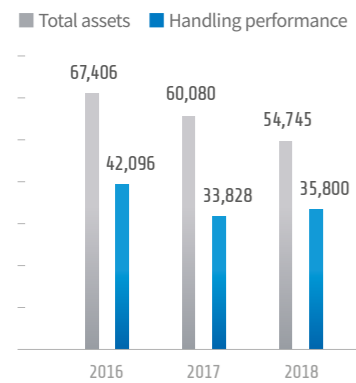


In 2019, Kwangju bank started its flight towards a centennial bank from the new starting line, celebrating its 50th anniversary. However, external management environment is not so positive. Economic recession is aggravating and fiercer competitive environment is expected. However, Kwangju bank is not afraid of changes, moving forward with daring innovation and challenging spirit. Concurrently with continuously growing internal business bases within Kwangju, Jeonnam regions, the bank is promoting Metropolitan area specialized business out of such regional bases, focusing on balanced growth in both the Metropolitan area and Kwangju, Jeonnam regions. Also, the bank is strengthening its digital business to secure future competitiveness. Kwangju bank, as the representative bank with the best knowledge of local base and competent for development of regional society in Kwangju, Jeonnam regions, maintains a customer-focused, site-oriented management.

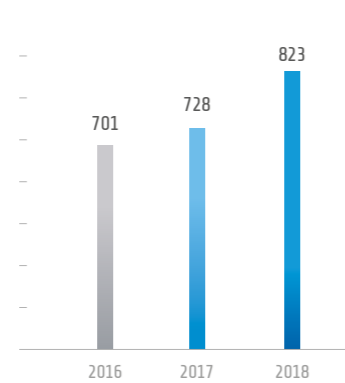
Regarding the business performance of Kwangju bank in 2018, total asset is KRW 26 trillion 984.5 billion showing a decrease of KRW 212.4 billion from 2017, loan assets are KRW 17 trillion 645.3 billion (based on balance) showing a decrease of 5.1% from 2017, total deposit liability is KRW 20 trillion 642.9 billion (based on balance) showing a decrease of 2.2% from 2017. Also, total operating profit is KRW 20 trillion 612.2 billion, net profit is KRW 153.3 billion, and interest income is KRW 879.4 billion. Furthermore, NPL ratio improved by 0.3% from 0.60% in 2017 to 0.63%. BIS equity ratio rose from 16.06% to 16.97%. Return on total asset ratio rose by 0.7% from 0.59% to 0.66%, Net profit to equity ratio rose by 0.56% from 8.69% in 2017 to 9.25%.

JB Woori Capital

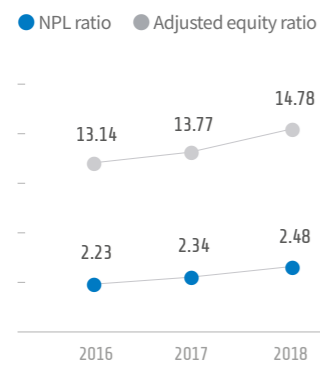
Total assets / Handling performance
(unit: KRW 100 million)



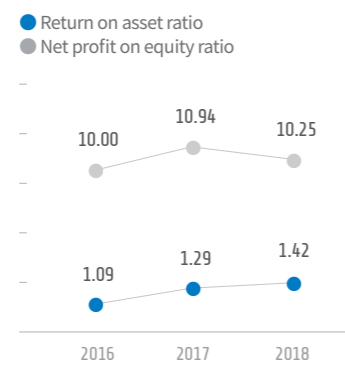
Net profit
(unit: KRW 100 million)



NPL ratio / Adjusted equity ratio
(unit:%)



Return on asset ratio / Net profit on equity ratio
(unit:%)



Record profit(net profit) realized

Despite asset reduction due to switching over to qualitative growth from quantitative growth since 2017, record profit of KRW 82.3 billion and ROA of 1.30% were achieved in 2018.

Restructuring of financial asset portfolio

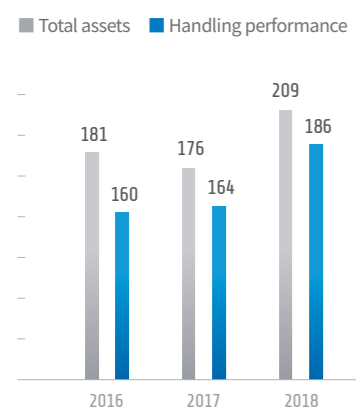
Due to fiercer competition due to bank and credit card issuers entering into the auto market and ultra-low interest rate in the money market, we reduced low profit new car finance asset and expanded high profit products of secondhand passenger/rent car as a priority. Also, in non-auto sector, we expanded the percentage of personal credit loan and corporate finance product to enhance profitability and improved the ratio of auto and non-auto finance asset at 7:3 ratio.

Vitalization of mobile business channel

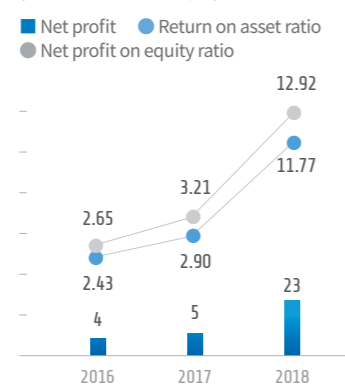
According to development of digital technologies from the 4th industrial revolution, importance of direct business with customers at existing channel business is increasing. Accordingly, we have created an environment for digital business by establishing mobile business support system, etc., and in May 2018, we entered into a strategic partnership agreement with and made investment in 'Second hand World Co., Ltd.' and used car business, endeavoring to lay the foundation for competitiveness in future digital business.

JB Asset Management

Total assets / Handling performance
(unit: KRW 100 million)



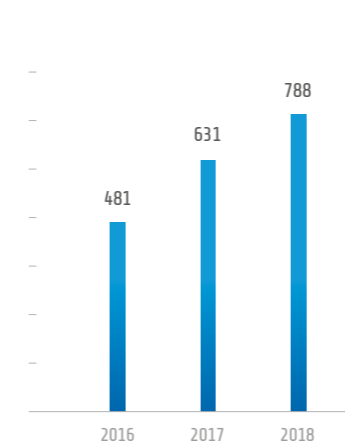
Net profit / Return on asset ratio / Net profit on equity ratio
(unit: KRW 100 million, %)



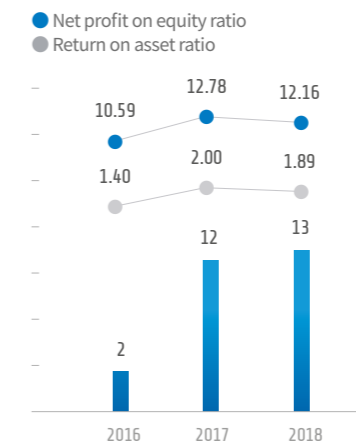
Regarding JB Asset Management's management performance in 2018, total assets increased by KRW 3.3 billion from KRW 17.6 billion in 2017 to KRW 20.9 billion. Handling performance increased by KRW 2.2 billion from KRW 16.4 billion in 2017 to KRW 18.6 billion. Net profit increased significantly from KRW 500 hundred million in 2017 to KRW 2.3 billion in 2018. Total asset to net profit ratio rose by 8.87% from 2.9% in 2017 to 11.77%, and return on equity rose by 9.71% from 3.21% in 2017 to 12.92%.

PPC Bank

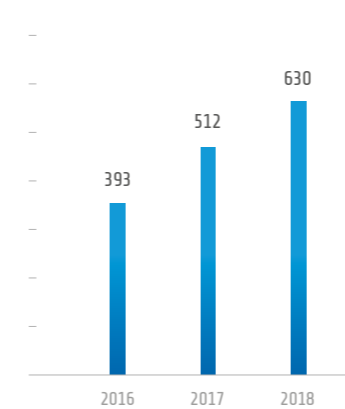
Asset trend (unit: USD million)



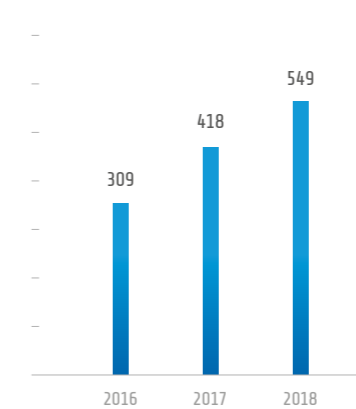
Net profit (unit: USD million, %)



Deposit liability (unit: USD million)



Loan asset (unit: USD million)



Sustained growth achieved in 2018

Since affiliated to JB Financial Group in 2016, PPC Bank achieved steady asset growth of 3 years' average of 24.49%. With total assets growing from USD 481 mil in 2016 to USD 788 mil in 2018, the bank has positioned itself as one of the representative banks in deed as well as in name. Also, actual net profit increased by about six times from USD 2 mil in 2016 to USD 13 mil in 2018, recording growth not only in size but also in substance.

Leader in Cambodia digital finance

PPC Bank is exerting the best efforts to expand digital infrastructure and to overcome limitations in channels in order to stand out as the leader in Cambodia digital finance. Cambodia, with relatively high penetration ratio of smartphone in comparison with income level, has the optimal condition for the development of digital banking based on smartphones. PPC Bank is taking each step to realize Digital Easy Banking by expansion of offline branches as well as accelerating the development of digital finance platform.

JB Capital Myanmar

Accumulated profit achieved in 2018

JB Capital Myanmar commenced business in Myanmar micro loan market since April 2017, exceeded monthly breakeven point in May 2018 and achieved profit of KRW 5 hundred million in 2018.

Local business areas expanded

JB Capital Myanmar expanded business areas to Mandalay, the cultural capital, and Neypydaw, the administrative capital in 2018 to provide financial services to more Myanmar local customers.

Enhancing capacities of local staffs

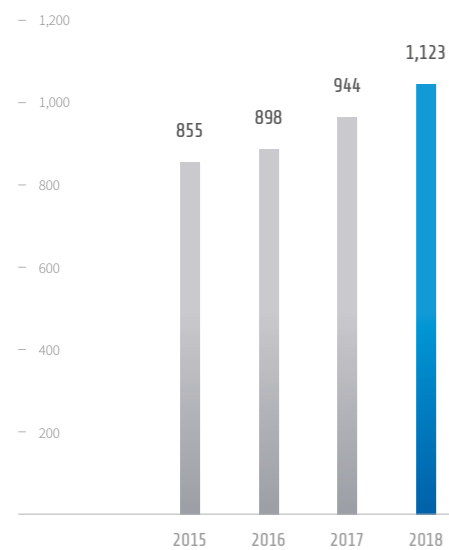
In order to enhance capacities of Myanmar local staffs, the company is implementing regular education on business and screening, and leveling up the average capacities of the staffs and expanding exchange between Korea and Myanmar by inviting excellent Myanmar local staffs for education in Korea, etc.

Share Information on JB Financial Holdings

Listing	KRX
Stock code	175330
Stock name	JB Financial Holdings
Closing price (Dec. 28, 2018)	5,700
Number of shares listed	196,982,894

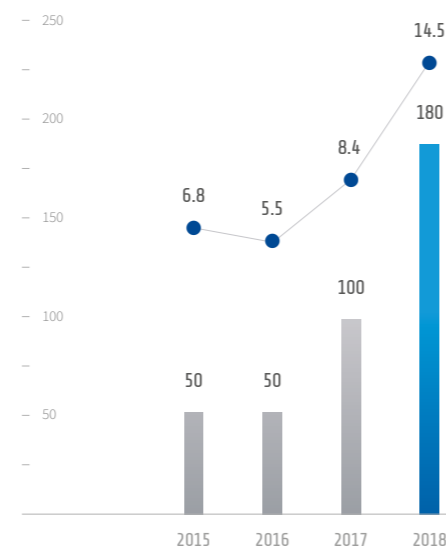
Market capitalization (KRW billion)

■ Market capitalization



Dividend

■ Dividend per share (KRW) ● Dividend ratio (%)



Shareholding status

(2018, accumulated)

By shareholder	Institution	Individual
	76%	24%
By region	Domestic	Overseas
	56%	44%

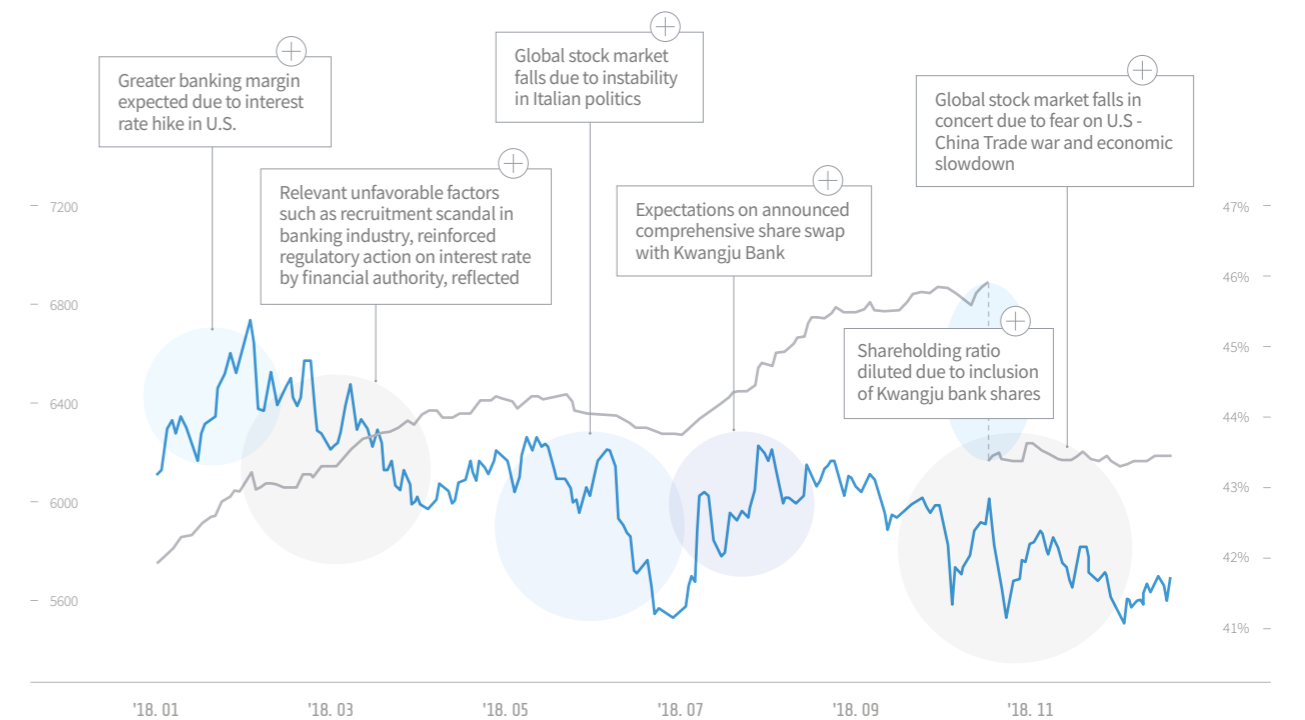
Purchases by investor entity

(million shares)

Domestic institution	Individual	Foreigner
-0.6	-6.7	7.3

Share price trend in 2018

— Share price (left) — Foreigners' shareholding ratio (right)



Shareholder status (Based on 1% or more)

Sequence	Shareholder name	Number of shares (shares)	Shareholding ratio (%)
1	Samyang Corporation	20,876,321	10.60
2	JUBILEE ASIA B.V.	13,551,857	6.88
3	SINGWAND HOLDING PTE.LTD.	10,373,095	5.27
4	Apro Financial Loan Co., Ltd.	9,186,317	4.66
5	National Pension Service	6,978,848	3.54
6	NORGES BANK	5,668,242	2.88
7	ASIA ALTERNATIVES MALTA INVESTORS LIMITED	5,459,524	2.77
8	JB Financial Holdings Co., Ltd. Employee Share Ownership Partnership	4,334,382	2.20
9	KANG** (individual)	3,571,723	1.81
10	LEE** (individual)	3,482,282	1.77
11	BAEK** (individual)	2,986,978	1.52
12	Korean Federation of Community Credit Cooperatives	2,448,127	1.24
13	Shinyoung Asset Management	2,215,212	1.12
14	Emerging Markets Core Equity Portfolio	2,160,828	1.10
Subtotal		93,293,736	47.36

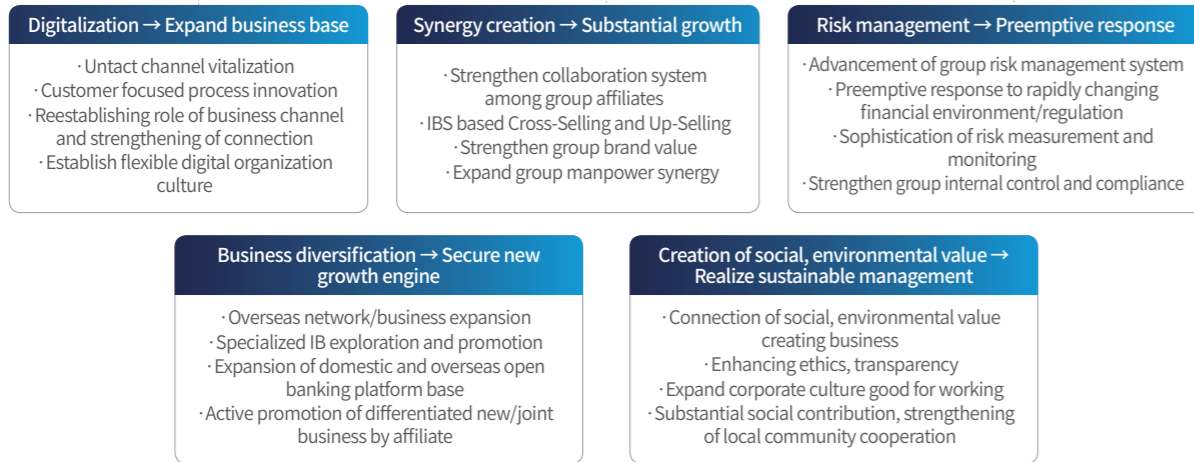
* Treasury stock (2,638,818 shares) excluded

JB Financial Group's Core Target and Prospect



5 MAJOR KEY STRATEGIES AND TARGET

“The best retail specialized financial group”



Digitalization : Expand business base

We will increase untact customers by enhancing the completeness of digital finance platform of all affiliates. We will raise computerization ratio of internal corporate business by improving convenience, efficiency and compatibility within the affiliates so that our executives and staffs would be able to concentrate their abilities into business activities. Also, we will continuously improve the Internet and mobile platform by continuously improving the platform as customer focused process to achieve the highest customer satisfaction through enhanced accessibility, convenience, safety and complementation and to ensure sustained growth of untact business performances.

Substantial growth : Synergy creation

Since the founding of JB financial Holdings in 2013, JB Financial Group has repeated amazing growth in size and from now on will further concentrate on substantial growth. Especially, we will develop synergy products connecting special merits of affiliates such as domestic and overseas bank, capital, and asset management, and promote cross sale to provide convenient and profitable products and services. Furthermore, we will promote operation efficiency, removing inefficiency in management, and establish a performance oriented smart organization.

Risk management : Preemptive response

We will further advance the group's risk management system

during 2019, and raise our risk management indicator up to global level in order to sustain stable growth. Also, we will identify risk elements in advance so that our shareholders, investors, and customers could invest in and trade with JB Financial Group without concern.

Business diversification : Secure new growth engine

Traditional business method and financial business model based on Jeolla province that used be the backbone of JB Financial Group have reached the limits to growth. JB Financial Group is in desperate need of a new growth engine for the sake of sustainable growth. In 2019, JB Financial Group will expand strategic branches in the Metropolitan area such as Seoul, Gyeonggi, Incheon, Daejeon, etc. and central district region, and extend overseas networks starting from Cambodia and Myanmar, aggressively promoting new and collaboration business by each affiliate.

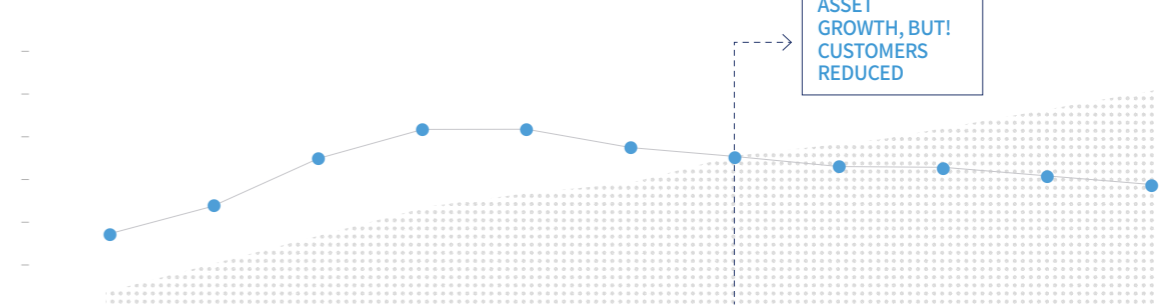
Creation of social, environmental value : Realize sustainable management

We will ponder on the method to achieve financial growth in addition to creating social and environmental values altogether. Also, we will establish the corporate culture whereby high level of ethical performance and transparency required to any financial enterprise could be practiced in the actual business site, and will strengthen the cooperation with the local community in order to reap more practical effects in contribution activities to the community.

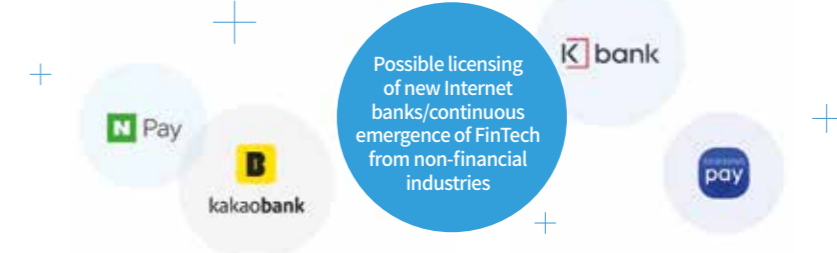
Customer expansion required for sustained growth and development

Weakened base for sustained growth

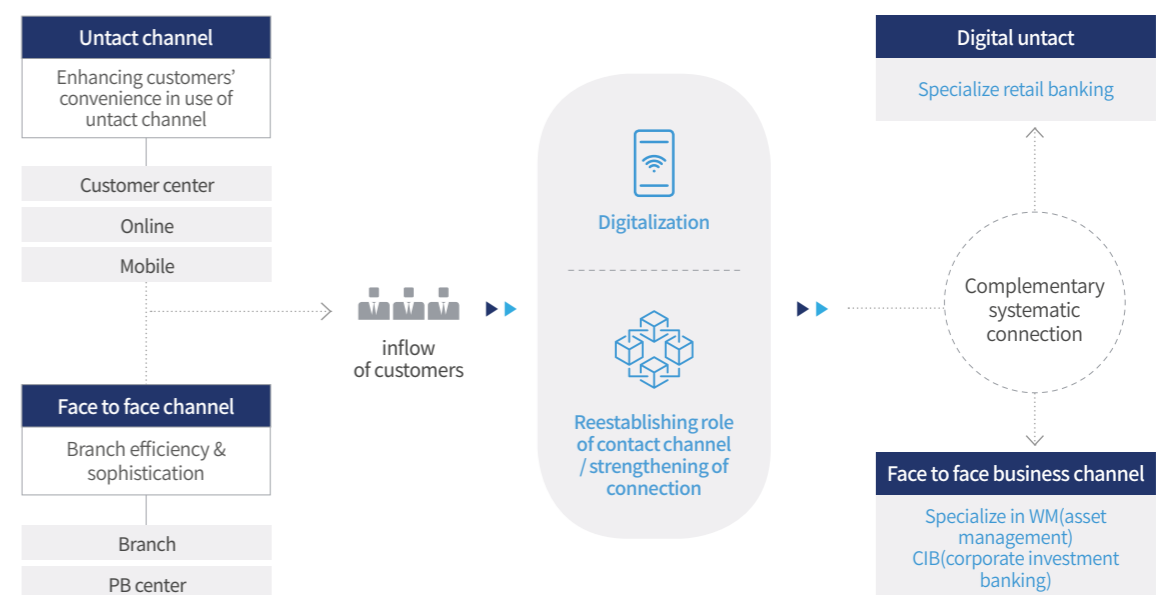
■ Asset size ● Number of active customers



Changes in the financial market _ Emergence of new competitors



Enhancing brand value and customer experience value

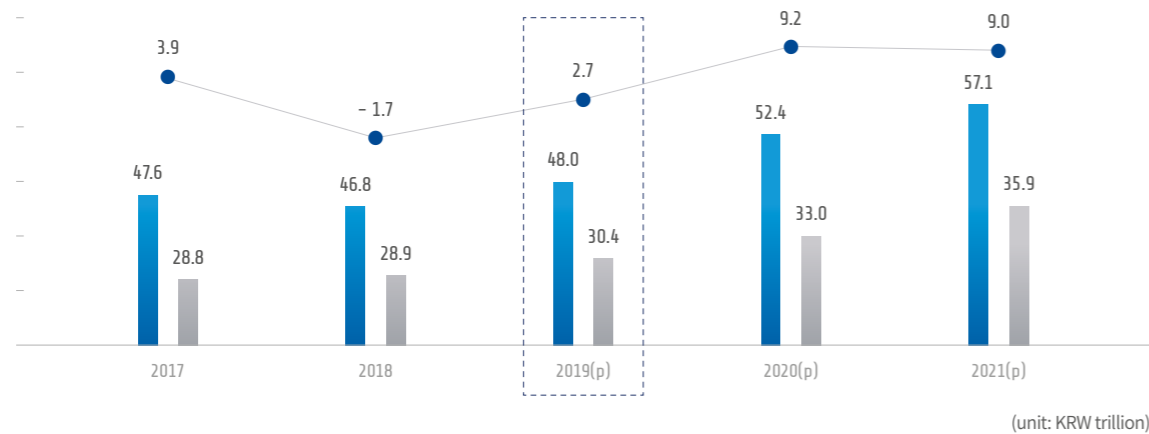


FINANCIAL GROWTH TARGET

Total asset (consolidated) growth target

Asset trend (unit: KRW trillion, %) ■ Asset ■ RWA ● Percentage change

Asset KRW **48.0** trillion (YOY + KRW 1.2 trillion, 2.7% ↑) RWA KRW **30.4** trillion (YOY + KRW 1.5 trillion, 5.2% ↑)

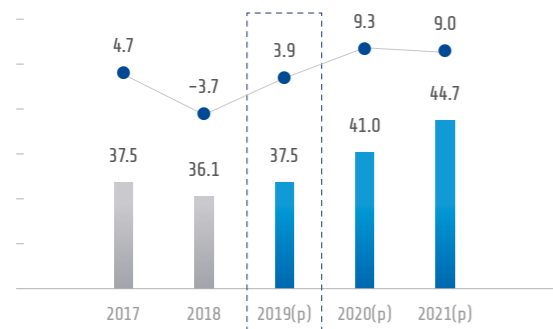


	2017	2018	2019(p)	2020(p)	2021(p)
Jeonbuk bank	18.06	18.24	18.35	19.28	20.80
(Jeonbuk bank_individual)	(17.43)	(17.41)	(17.27)	(18.20)	(19.20)
(PPCB_USD bil)	(0.63)	(0.79)	(1.02)	(1.25)	(1.49)
Kwangju bank	23.41	22.03	23.40	25.62	28.19
Capital	6.07	5.47	6.15	7.24	8.20

*Note: based on trust assets excluded

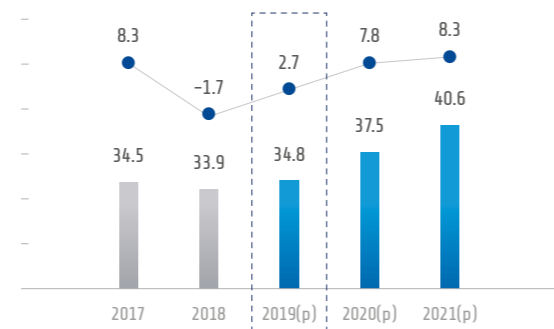
Loan assets (unit: KRW trillion, %) ● Percentage change

KRW **37.5** trillion (YOY + KRW 1.4 trillion, 3.9% ↑)



Deposit liabilities (unit: KRW trillion, %) ● Percentage change

KRW **34.8** trillion (YOY + KRW 0.9 trillion, 2.7% ↑)



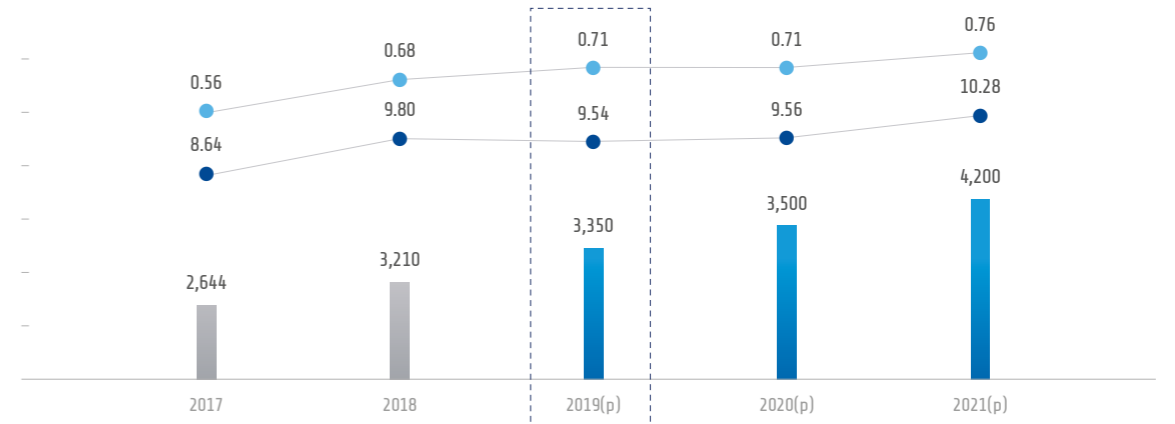
Intermediate payment loan balance plan (unit: KRW 100 mil)

	2017	2018 / (percentage change)	2019(p) / (percentage change)
Jeonbuk bank	31,002	26,567 / (↑ 4,435)	22,300 / (↑ 4,267)
Kwangju bank	45,817	32,799 / (↑ 13,018)	31,142 / (↑ 1,657)

Profitability, Net profit growth target

Net profit trend (unit: KRW 100 mil, %) ■ Net profit ● ROA ● ROE

Net profit KRW **3.35** bil (YOY + KRW 14 bil, 4.4% ↑)



*Note: business plan according to plan for expanding the number of active customers

	2017	2018	2019(p)	2020(p)	2021(p)
Jeonbuk bank	802	1,140	1,187	1,314	1,553
(Jeonbuk bank_individual)	(650)	(1,005)	(1,000)	(1,050)	(1,200)
(PPCB_USD hundred thousand)	(113)	(137)	(175)	(237)	(309)
Kwangju bank	1,350	1,533	1,630	1,700	2,000
Capital	728	823	800	852	1,006
Asset management	5	23	30	50	80

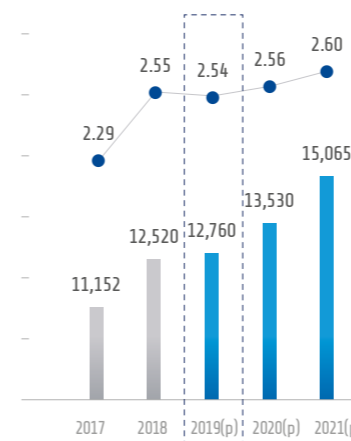
(unit: KRW 100 mil)

Total operating profit

(unit: KRW 100 mil, %)

● NIM(bank)

KRW **1** trillion 276 bil (YOY + KRW 24 bil ↑)

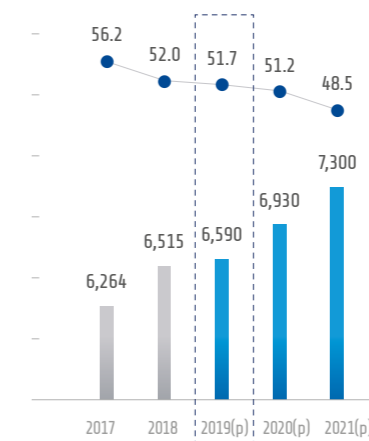


Sales & administrative expenses

(unit: KRW 100 mil, %)

● CIR

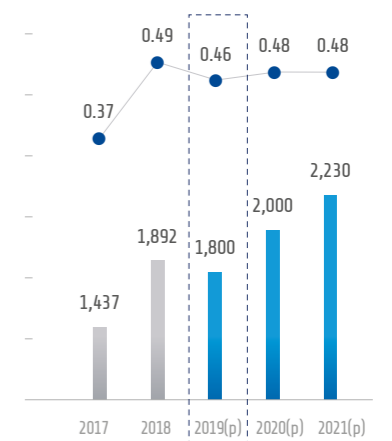
KRW **659** bil (YOY + KRW 7.5 bil ↑)



Provisions (unit: KRW 100 mil, %)

● CCR

KRW **180** bil (YOY + KRW 9.2 bil ↓)

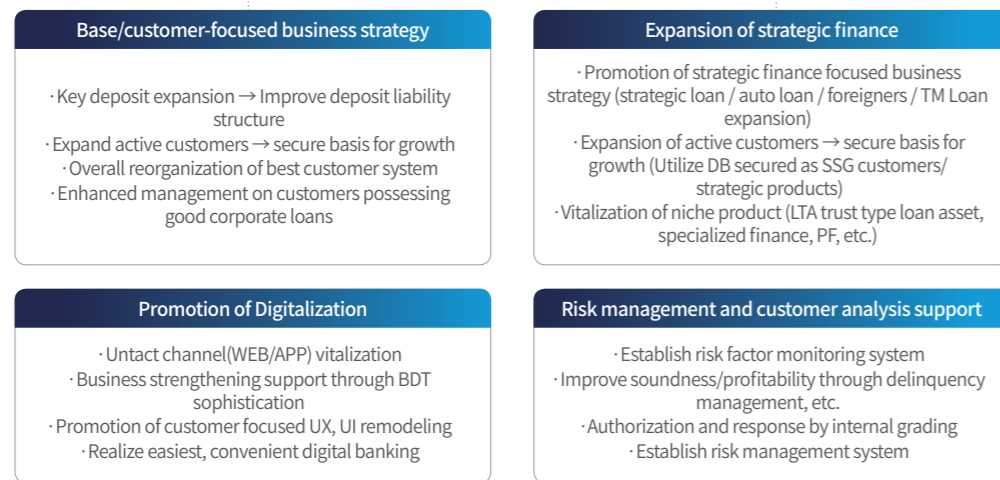


Key Target and Prospect of JB Financial Group Subsidiaries

Jeonbuk Bank

Customers focused business / Strategic finance expansion / Digitalization / Risk

Small but strong bank with competitive edge



Improve customer-focused system, concentration on target marketing_ Stable expansion of customers

In 2019, Jeonbuk bank will concentrate on improving customer focused system and target marketing in order to achieve the target increase in deposit customers. Through these activities, we will secure sustainable basis for growth by improving deposit-taking structure in a profit oriented way as well as expanding active customers. Also, we will improve the special treatment system for best customers, such as restructuring the fee system in order to enhance customer satisfaction and increase loyal customers. Furthermore, we will expand contact channels with new customers, by activating regional customers business centered on branches within the local region, and by actively vitalizing characterized branch and small scale strategic branches for foreign workers outside local regions such as the Metropolitan area.

Expansion of Strategic finance_ Secure future revenue source

Jeonbuk bank will achieve stable management of RWA (RISK WEIGHTED ASSETS) and enhanced profitability, focusing on strategic (specialized) products. We will promote business on middle interest loan products for the common people groups such as New Hope Spore, Sait Dol, warm credit loan, etc., and expand sales of automobile related products such as auto loan, auto life in collaboration with JB Woori Capital. Also, we will actively promote business activities on loans to foreign

workers and telemarketing loan. We will also vitalize niche products such as LTA trust type loan and special finance (PF: PROJECT FINANCE).

Acceleration of digital finance_ Expansion of untact customers

Jeonbuk bank will achieve continued expansion of untact customers using the Internet and smartphones. For this purpose, we will upgrade the smartphone mobile App to multi-function App that can be subscribed for by the end of 2019, and simplify the process of product subscription, money transfer and payment through mobile and Internet to the maximum extent to enhance convenience for our customers. Also, we will introduce the most updated digital business process to branches in order to enhance business efficiency.

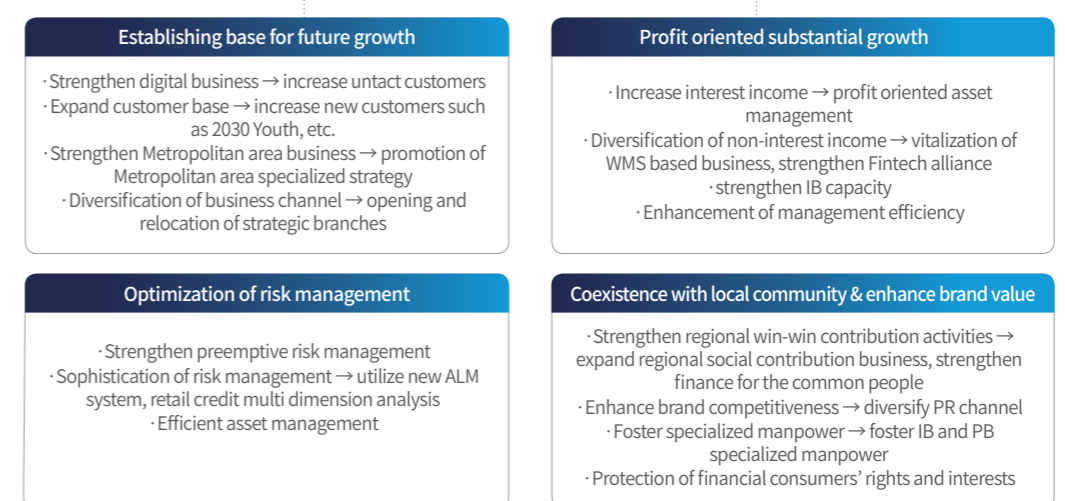
Strengthen risk management_ Enhance management stability

Jeonbuk bank will continuously develop the preemptive risk management system that enables us to identify risks in advance and to respond one step ahead through strengthening of day to day monitoring, sophistication of credit risk management level, making internal capital management efficient, and establishing customer analysis support system. Through these means, we will enhance management stability and customers' confidence

Kwangju Bank

Sophistication of region based business / Promotion of metropolitan area specialized business / Strengthening digital untact business

Taking a leap to be a new bank by establishing base for new growth



Establishing base for future growth

In 2019, Kwangju bank will establish the base for stable future growth through strengthened digital business, customer base expansion, strengthened Metropolitan area business, and diversification of business channels. For digital business, we will diversify mobile dedicated products and expand alliance business, targeting the increase of untact customers. For the expansion of customer base, we will set people in their twenties and thirties as the main target customers and actively launch new products reflecting the lifestyle of the youth to increase the number of young customers. To strengthen the Metropolitan area business, we will establish an organization dedicated to Metropolitan area marketing to strengthen specialized products and services demanded by Metropolitan area customers. For business channel diversification, we will establish strategic branches in the Jeonnam region, relocate Metropolitan area branches, and expand overseas network.

Profit oriented substantial growth

Kwangju bank will achieve profit oriented substantial growth through expansion of interest income, diversification of non-interest income, strengthening IB capacity, and enhancing management efficiency. Expansion of interest income will be realized by profit-oriented asset management, maintaining margin rate on intermediate payment loan asset, and increase of middle interest loan and key deposit. Non-interest income diversification will be realized through vitalization of WMS (asset management

system) based business, strengthened Fintech alliance business, new exploration of synergy business in connection with subsidiaries, etc. Strengthening IB capacity will be implemented by strengthening good PF business reflecting RORWA(return on risk weighted asset) and vitalization of composite transactions such as guarantee certificate centered project investment and key deposit, etc. Enhancing management efficiency will be realized by efficient budget operation and rationalization of expenditures.

Optimization of risk management

Kwangju bank will optimize risk management through preemptive risk management, risk management sophistication, and efficient asset management. To realize these, we will strengthen management on loan review and large loans, expand alliance with guarantee institutions in the Metropolitan area, implement multi dimension analysis on retail credit loan, and establish ex-ante risk management system at the branch level.

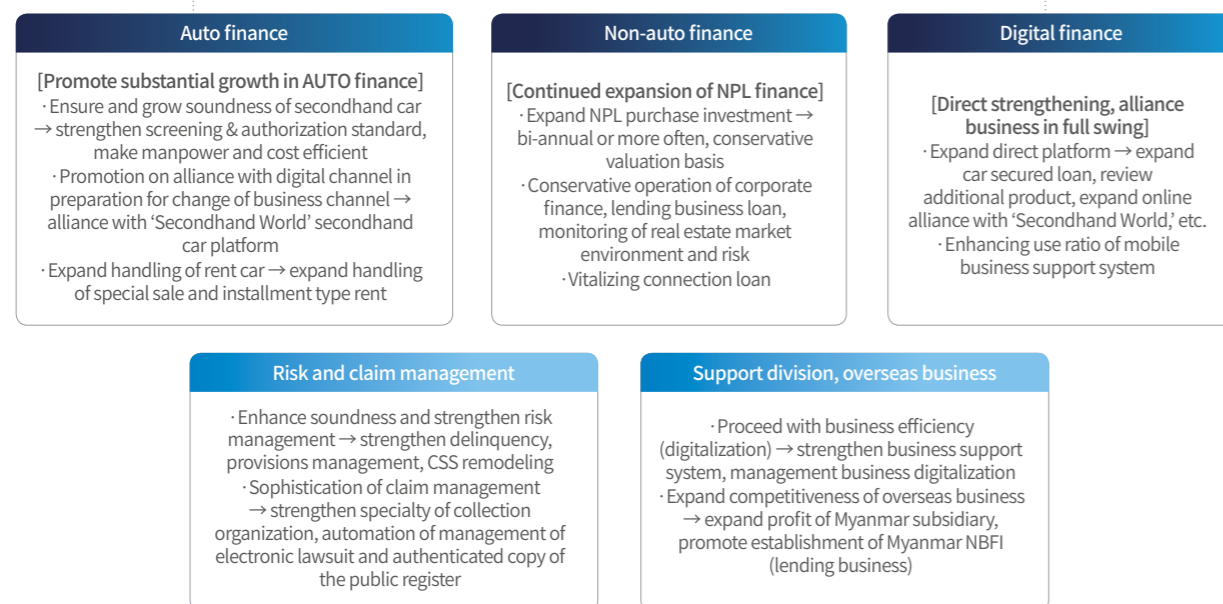
Coexistence with local community & enhanced brand value

Kwangju bank will realize coexistence with the local community and brand value enhancement by strengthening regional win-win social contribution activities, strengthening brand competitiveness, fostering finance specialized manpower based on strengthened staff capacity, and protection of financial consumers' rights and interests.

JB Woori Capital

Pursuit of profit and soundness at the same time, expansion in non-auto finance, strengthening of risk management

Strengthen market dominating power in the Capital industry



Promotion of substantial growth in auto finance

In 2019, JB Woori Capital aims for substantial growth of auto finance. We will secure secondhand passenger car related financial soundness through strengthening screening and authorization standard, making manpower and cost efficient, diversifying business channels, and expand dealings in special sale and installment type rent car.

Continued expansion of NPL finance

We will expand NPL purchase investment from once a year to twice a year, and operate corporate finance and lending business loan in a conservative way. Also, we will strengthen screening standard in preparation for cut in PL maximum yield, and continuously expand NPL finance through vitalizing connecting loans.

Strengthening digital finance

We will aggressively try to expand auto secured loan and develop new online products. Also, we will strengthen digital finance by actively expanding alliance with online secondhand car trading site and vitalizing use of mobile business support system to enhance convenience of customers in using digital direct platform.

Sound and safe RM, making claim management efficient

We will enhance soundness and strengthen risk management by strengthened management of delinquency and provisions such as secondhand passenger car and adjustment of PL authorization ratio, CSS remodeling (corporation model, PL direct model, auto non-financial model, etc.) and introduction of internal grading method on holding company. Also, we will enhance professionalism of claim collection organization and enhance efficiency of claim management through electronic lawsuit and automated management of authenticated copy of the public register.

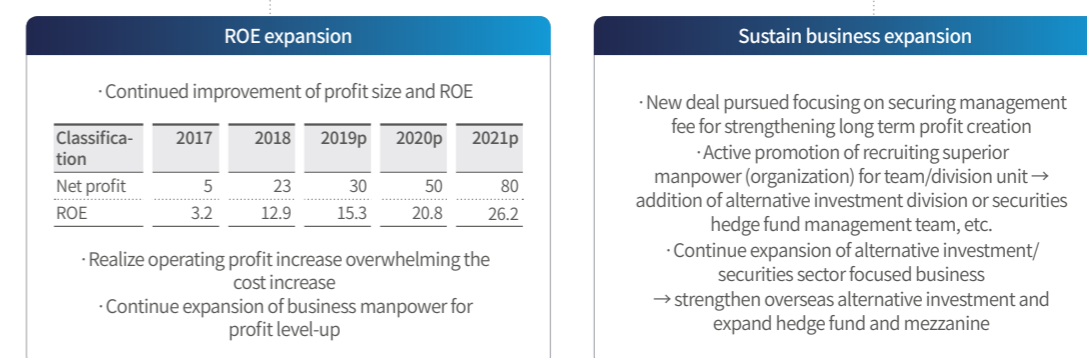
Making support division efficient, expanding competitiveness in overseas business

We will strengthen business support system for efficiency of branch business and raise automation ratio of management duties. We will raise competitiveness in overseas business by expanding profit of Myanmar subsidiary and promoting the incorporation of a new lending subsidiary.

JB Asset Management

Expanding ROE / Sustained business expansion

Expansion of contribution by non-interest income to the Group



ROE expansion

We will realize operating profit expansion in excess of operating cost increase by increasing net profit by 44.7% from 2018, and improving ROE by 3.4%. Furthermore, we will continue expansion of superior business manpower for the growth of profit level.

Sustained business expansion

We will expand new trading centered on securing management fee in order to realize long term profit and sustain business expansion by actively promoting the recruitment of superior manpower at the team/division level. In alternative investment sector, we will promote expanded exploration of investors through establishing blind funds, expand stable trading counterparts mainly in developed countries, advance into overseas infrastructure investment PE and compose a dedicated team for the development

of overseas business in the real estate sector. In securities sector, we will expand our areas to overseas shares, global IPO, passes, and AI fund by securing hedge fund specialized management team. Also, we will expand mezzanine investment into products in between claims and stocks by actively using the investor exploration channel and funding network established through PEF and specialized fund business. Furthermore, we will expand the customer base restricted to individual retail to institution/ corporations through the expansion of product lineup for institution/ corporation.



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— PART 2 —

STAKEHOLDER MANAGEMENT

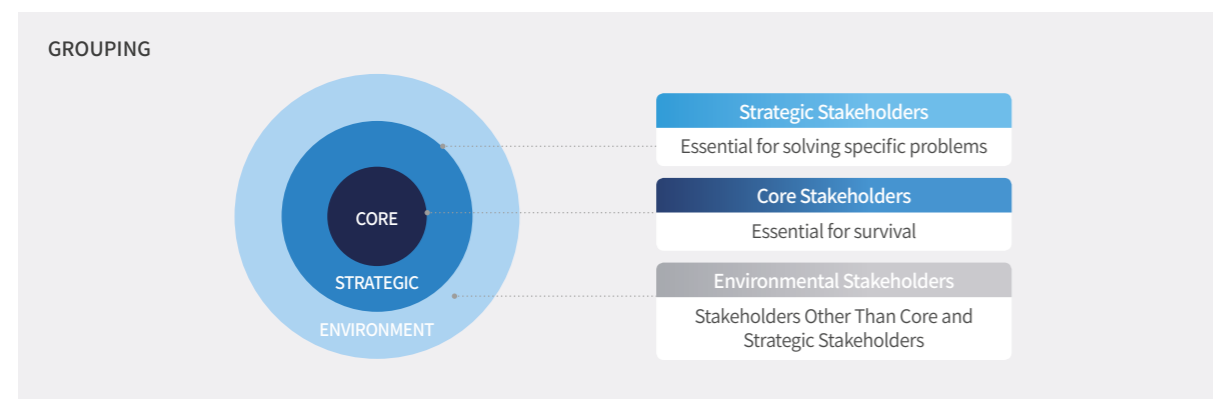
Definition of Stakeholders	34
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Definition of Stakeholders

JB Financial Group approaches the overall management by identifying and grouping stakeholders according to AA1000, GRI, ISO 2600's <stakeholders' identification and participation> procedures.

Recognition of stakeholders

According to the processes and standards for the 'recognition and engagement of stakeholders' set in the AA1000, GRI Standard and ISO 26000, JB Financial Group has defined the scope stakeholders and organized them into groups by the degree of their responsibility, influence, proximity, dependability and representativeness. Also, to communicate with stakeholder more systematically, JB Financial Group has selected material issues with the stakeholders.



Communication with Stakeholders

JB Financial Group endeavors to establish a win-win relationship with stakeholders to communicate in a more credible method, and to reflect the results in overall management. From now on, we will develop a virtuous cycle system to communicate through various channels including sustainability report.

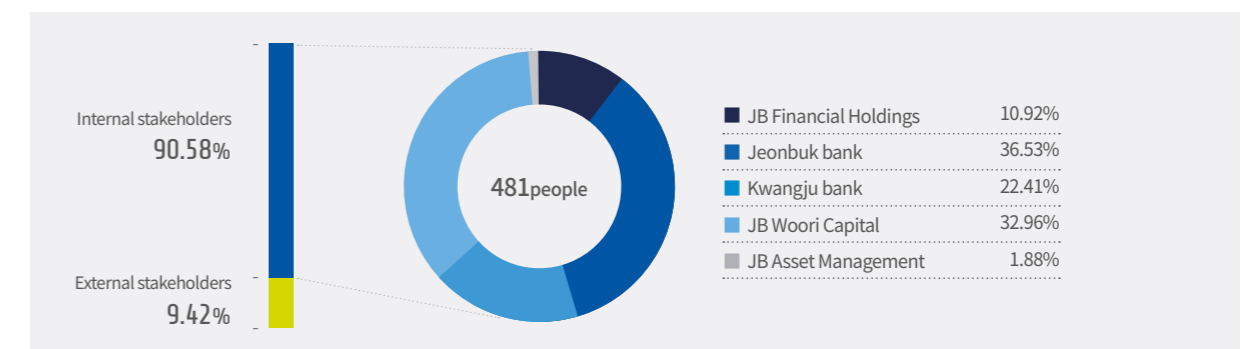
Communication channels between key stakeholders

JB Financial Group operates communication channels its can use to discuss economic, environmental and overall social issues with its key stakeholders and is working hard to develop more diverse communication channels such as online -based channels.

Group	Classification	Communication channels
Core stakeholders	Customers	Websites, customer support centers, customer satisfaction surveys, customer experience groups, social media, financial consumer protection education, leaders' forums (VIP customers)
	Executives & employees	Intranet notice and bulletin board, corporate culture improvement program, CEO skinship program
	Shareholders & Investors	Websites, boards of directors, shareholders' general meeting, international conferences, IR
Strategic stakeholders	Labor union	round-table conference between labor and management and joint labor-management conference, collective bargaining, Intranet notice, bulletin board
	Business Partners	Websites (online contact office) periodical meetings with partners
	Communities	Websites, executives' and employees' local volunteer groups, social contribution activity reports, university student ambassadors, social media

Stakeholders' survey status

For the selection of important issues in sustainable management of JB Financial Group, 531 people responded to our survey. The distribution of stakeholders by affiliate is as follows.



Response ratio by stakeholders

Classification	Stakeholders	Number of respondents	Response ratio(%)
Internal stakeholders	Permanent employee	370	69.68
	Temporary employee / intern	111	20.90
	Investor	15	2.82
External stakeholders	Individual customer	40	7.53
	Corporate customer	30	5.65
	Contractors	11	2.07
	Local community (civic group, private organization, etc.)	13	2.45
	Media	2	0.38

Stakeholders' expectations

We listened to vivid suggestions on the role to be performed by JB Financial Group for sustainable development from stakeholders using the free suggestion section on the survey sheet. Expectations centered on consistency of management strategy, sophistication in manpower management, and the role JB Financial Group plays in contributing to the local community. JB Financial Group will continuously listen to suggestions and expectations from stakeholders and reflect them on the overall management.

<p>Investor</p> <p>"I ask for the development of competitive financial product and a more aggressive PR and marketing activity."</p> <p>"I hope JB Financial Group sustains growth according to social changes. I hope the group breaks away from the perspective focusing only on the company, and considers the position of workers and protects their rights and interest."</p> <p>"I hope the group to obtain trust from customers and grow into a sound corporation by reflecting the stakeholders' interests on the management in a balanced manner."</p>	<p>Customer</p> <p>"I hope you can significantly enhance your brand identity. Internal survey is important, but survey would be also required on external brand image."</p> <p>"I hope you focus on change, innovation, and management."</p> <p>"I ask your bank to develop competitive financial products and engage in PR marketing activities."</p>
<p>Executives and staffs</p> <p>"Communication among employees, no discrimination on regional business environment."</p> <p>"I want the group to seek strategic profit based on future-oriented strategy and to perform the role of a realistic regional financial institution."</p> <p>"I think we need improvement of KPIs and need changes in the evaluation system."</p> <p>"We hope there is smooth communication between holding company and affiliates in order to maximize synergetic effect in business, and hope the group contributes to enhancing the community spirit as a representative financial institution of the region by carrying out a campaign with local residents for expanding a sense of solidarity and belonging."</p> <p>"I hope JB's effort on promotion of sustainable management would be well publicized."</p> <p>"Since the key principal party to sustainable management is people, I hope the group further vitalizes efforts to boost a sense of belonging and loyalty of its executives and employees."</p> <p>"There is a need to further actualize a safety management plan in preparation for disaster and emergencies, and an action plan for maintaining business continuity."</p> <p>"I want the group to describe detailed ability on the concept of talent, and implement a recommended curriculum (recommended book, lecture, etc.) for its development."</p> <p>"I think we need diversification of financial products for foreigners and specific preparation for responding to foreign customers in order to grow into a global financial corporation."</p> <p>"I think the group should create more jobs for the local youth."</p>	<p>Temporary employee / intern</p> <p>"I think the attitude to listen to any single precious suggestion and to make improvement on it would be the most important."</p> <p>"Responsible management such as regularization of temporary employees, and sustainable job creation are important."</p> <p>"I would like the group to work harder on minimizing the discrimination between regular employees and temporary employees."</p>
<p>Contractors</p> <p>"I want the fatigue of the employees to be reduced by increasing manpower."</p> <p>"The activities are required to develop and apply financial products that adapt to environmental changes of the times."</p>	<p>Community</p> <p>"Operation of strategic branches at each area in the Metropolitan area at the level of commercial banks looks necessary as an effort to break away from the traditional social recognition as a regional bank."</p> <p>"I want the preferential policy in recruitment of regional manpower to be expanded, and the percentage of profit return to the local community to be increased as well."</p>

Material Issues for Sustainable Management

JB Financial Group selects issues on sustainable management aspects to be used as the basic material for sustainable management strategy and engages in communication through sustainability report.

Selection procedures for material issues

Social interest level is measured by analyzing media exposure frequency of the issue by ISO 26000 key subject, sustainable management trend of advanced corporation and global guidelines such as SDGs, GRI and IR, etc. and business impact level, and JB Financial Group's material issues for sustainable management were selected reflecting various business impact level such as strategic connectivity, etc.

Evaluation methodology on material issues in social responsibility management



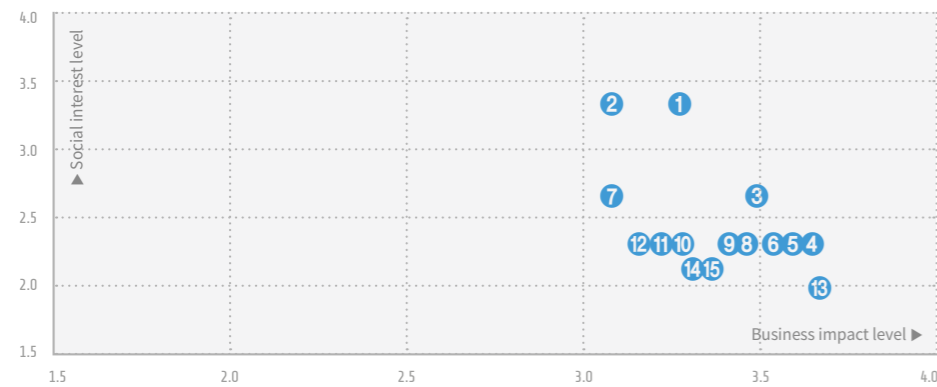
JB Financial Group's material issue pool

Topic	Issue	Topic	Issue
Human right	Identification and prevention of influence on human rights	Fair operating practice	Anti-corruption
	Situation and environment exposed to risk of human rights abuse		Maintaining political neutrality
	Behavior of direct & indirect human rights abuse		Fair competition (price manipulation, bid rigging and predatory pricing, etc.)
	Complaint mechanism effective for human rights protection		Promoting sustainable management of contractors (procurement and purchase)
Labor practice	Ban on direct & indirect discrimination and equal opportunity	Consumer issue	Respecting physical and intellectual property
	Civil rights and political rights		Fair marketing and contracting practice
	Economic, social and cultural rights		Providing safe financial product
	Labor principle and rights		Providing information for verification on sustainability of financial product and service (safety/environment/social impact information, etc.)
Environment	Employment and employment relationship	Local community participation and development	Service complaint and dispute resolution
	Labor condition/employment and practice		Protection of customer information and privacy
	Communication with executives and staffs and contractors		Enhancing customers' awareness on sustainable management
	Health and safety at work		Local community participation (regional issue resolution, strengthening partnership, etc.)
	Human resource development and training		Education promotion and support to culture activities
	Improving environmental performance through prevention of contamination		Job creation and capacity development
	Sustainable use of resources (use of new & renewable energy, energy efficiency, minimized use of resources, etc.)		Development of local community financial product and enhancing accessibility
	Minimization of waste and greenhouse gas emission, and climate change response planning		Creation of social wealth and income for local community members
	Environment protection, restoration of biodiversity and natural habitat		Contribution to enhanced regional health system
			Investment for enhancing local community level (initiative and program participation)

Results on the selected material issues

Importance evaluation matrix is composed of impact issue that exert influence externally due to business activities to establish report boundaries, and importance is evaluated based on stakeholders' interest level and business importance level.

Importance evaluation result (unit: score)



Sustainability management material issues

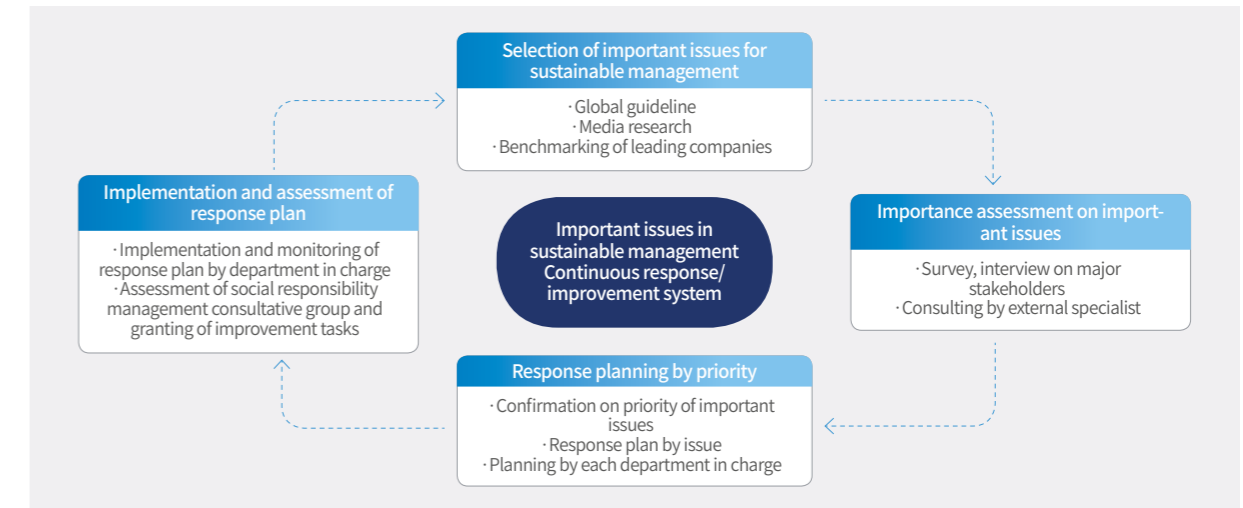
Rank	Important issue	Category	Impact on business	Management approach	Page
1	Organizational governance structure	economy	sales, cost, risk	Operation of social responsibility management committee, practice committee Collaboration between holding company and subsidiaries, maximizing synergy effect	60-61
2	Investment for enhancing local community level	society	cost, risk	Donation of 10% or more of net profit Practice of regional win-win finance	90-95
3	Development of sustainable financial product and service and providing information	economy	sales, cost, risk	Consumer-focused product development Consumer protection, prevention of financial fraud	82-85
4	Labor condition/employment policy and practice	society	cost, risk	Creating a good workplace	76-77
5	Employment and employment relationship	economy	sales, cost, risk	Sustain job creation, realization of equal employment regarding gender	70-71
6	Labor principles and rights	society	cost, risk	Establishment, practice of management principle respecting human rights	70
7	Improving environmental performance by prevention of contamination	environment	sales, cost, risk	Establishment, practice of environment management principle Expanding group affiliates' establishment of greenhouse gas inventory	86-87
8	Human resource development and training	society	cost, risk	Strengthen executives and staffs' capacity	72-75
9	Fair marketing and contracting practice	economy	sales, cost, risk	Operation of development process for consumer protection product	78-79
10	Development of local community financial product and enhancing accessibility	economy	sales, cost, risk	Practice of regional win-win finance	42-47
11	Participation in local community	society	sales, cost, risk	Practice of regional win-win finance Promotion of local community based social contribution	42-55
12	Social income creation for local community members	economy	sales, cost, risk	Practice of regional win-win finance	50-53
13	Protection of customer information and privacy	economy	cost, risk	Operation of customer information protection management system	78-79
14	Situation and environment exposed to risk of human rights abuse	society	cost, risk	Establishment, practice of management principles respecting human rights	66-71
15	Identification and prevention of influence on human rights	society	cost, risk	Operation of organizational culture, human rights improvement cycle	66-71

* Multiplication of social interest level and business impact level is over 7.0

Response to Material Issues and Plan

JB Financial Group is applying selected material issues to practical management activities by systemic approach to whole management.

Response system on material issues of sustainable management



Response to material issues and plan

Importance level	Issue	Topic	Response status and plan	
1	Organizational governance structure	Governance structure	Current status	<ul style="list-style-type: none"> 2nd term chairman Kim Gi-hong took office. Stable change of top management New director elected and board of directors composed based on specialty and practical capacity
			Plan	<ul style="list-style-type: none"> Strengthen maintenance of board of directors' specialty, transparency, independence Establishment, operation of horizontal collaboration structure between holding company and subsidiaries Establish strategy for holding company, develop new growth engine, strengthen subsidiary support capacity
2	Investment for enhancing local community level	Local community participation and development	Current status	<ul style="list-style-type: none"> Regional SMEs and small businesses, win-win finance practice for job creation Social contribution of more than 10% of net profit of Jeonbuk and Kwangju bank
			Plan	<ul style="list-style-type: none"> Concentrated investment in regional eco-friendly energy development, foster eco-friendly business Expansion of common people-focused financial service, positive support on stabilization of regional economy Strengthen continued cooperation with regional civil, welfare, cultural organization, promotion of joint business
3	Development of sustainable financial product & service and providing information	Consumer issue	Current status	<ul style="list-style-type: none"> Operation of consumer-focused product development process Expanded provision of product information via online, mobile
			Plan	<ul style="list-style-type: none"> Continued improvement of digital financial convenience Development of new products reflecting the needs and desires of young customers Expanded service in consideration of financially alienated groups (elderly, disabled, etc.)
4 5 6	Labor condition/employment policy and practice Employment and employment relationship Labor principles and rights	Labor practice	Current status	<ul style="list-style-type: none"> Adopted and implemented management principle respecting human rights Implementation of blind recruitment method for the purpose of fair recruitment
			Plan	<ul style="list-style-type: none"> Prepare improving measures to deter temporary employee discrimination factor Prepare measures to improve recruitment, treatment, promotion, and sexual discrimination factors
7	Improving environmental performance by prevention of contamination	Environment	Current status	<ul style="list-style-type: none"> Established 2016-18 group greenhouse gas inventory management system Implementation of separate collection of wastes
			Plan	<ul style="list-style-type: none"> In case of replacing business vehicle, select new eco-friendly vehicle Install new & renewable (photovoltaic) energy development facilities

— PART 3 —

SOCIAL VALUE CREATION

<i>Financial Services for the Common People</i>	42-43
<i>Opening Door to Financially Alienated Groups</i>	44-45
<i>Regional Win-Win Finance</i>	46-47
<i>Eco-friendly Finance</i>	48-49
<i>Youth Job Creation</i>	50-51
<i>Support for Job Finding for the Disabled, and the Youth</i>	52-53
<i>Promotion of Culture & Arts</i>	54-55



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Story of Creating Values #1

Financial Services for the Common People

Jeonbuk bank warm financial clinic Warm finance to all

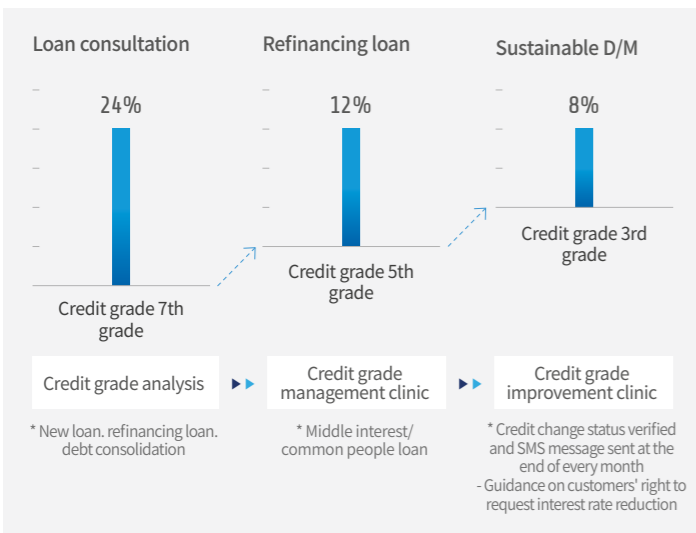


The smaller the property or profit any person has, credit management and reduction of financial cost is indispensable to him/her.

Jeong Dong-pil, the center head of Jeonbuk bank's Warm finance clinic that opened on March 9, 2018, emphasizes that, the lower the income one has, credit management and reduction of financial cost is indispensable to him/her. "During last year, the customers who visited Warm financial clinic for consultation were mostly those with low income and scarce wealth. Those customers spare one, two thousand won when they buy goods at the market, even though they can cut financial costs of up to several hundred thousand won per month since they are ignorant of the process, being afraid that such process is complicated and difficult. And many are experiencing hardships because of this. It is our main mission at Warm financial clinic to inform them about the method for raising credit grade and reducing financial cost in a very simple and clear way."

DMS(DEBT MANAGEMENT SYSTEM) business procedures

■ Interest rate



Out of 291 customers, 130 customers had raised their credit grade

During the year of 2018, out of 291 customers who received credit grade adjustment by the Warm financial clinic, 130 customers amounting to 45% had raised their credit grade. Especially, 62 lower grade customers at 6th grade or worse who cannot obtain loan from banks had raised their credit grade. Among them, there were cases where 2 customers had their credit upgraded from 6th grade to 1st grade. Warm financial clinic prepared the specific methods to precisely analyze and resolve the credit grade of the customers who obtained high interest loan and are facing difficulties in order to help such customers save financial costs and enhance their credit grade.

Customers' will to repay is the most important

Kim * Ja, a social welfare worker in her 50s, is raising her children in college and high school with annual income as low as KRW 15 million as a single income family. Due to tuition fees and living expenses, she visited a bank and received loan consulting, but the bank refused to give her a loan. So she received private lender loan and cash advance from a credit card company. When she first visited Warm finance clinic, her credit grade was the lowest at 7th grade in a very difficult situation to pay high interest in excess of 20% from her low monthly income. After consultation and taking several measures, she was qualified to use "household amortized loan refinancing" at a long term middle interest rate. Her credit grade rose by 2 grades. The center head, Jeong Dong-pil says that "Common people who live diligently and faithfully despite their small income have a definite will to repay. So they can sufficiently raise their credit grade and reduce financial cost," expressing his ambition to exert efforts to publicize the services of Warm finance center to more people.

Introduction of representative product for common peoples' finance

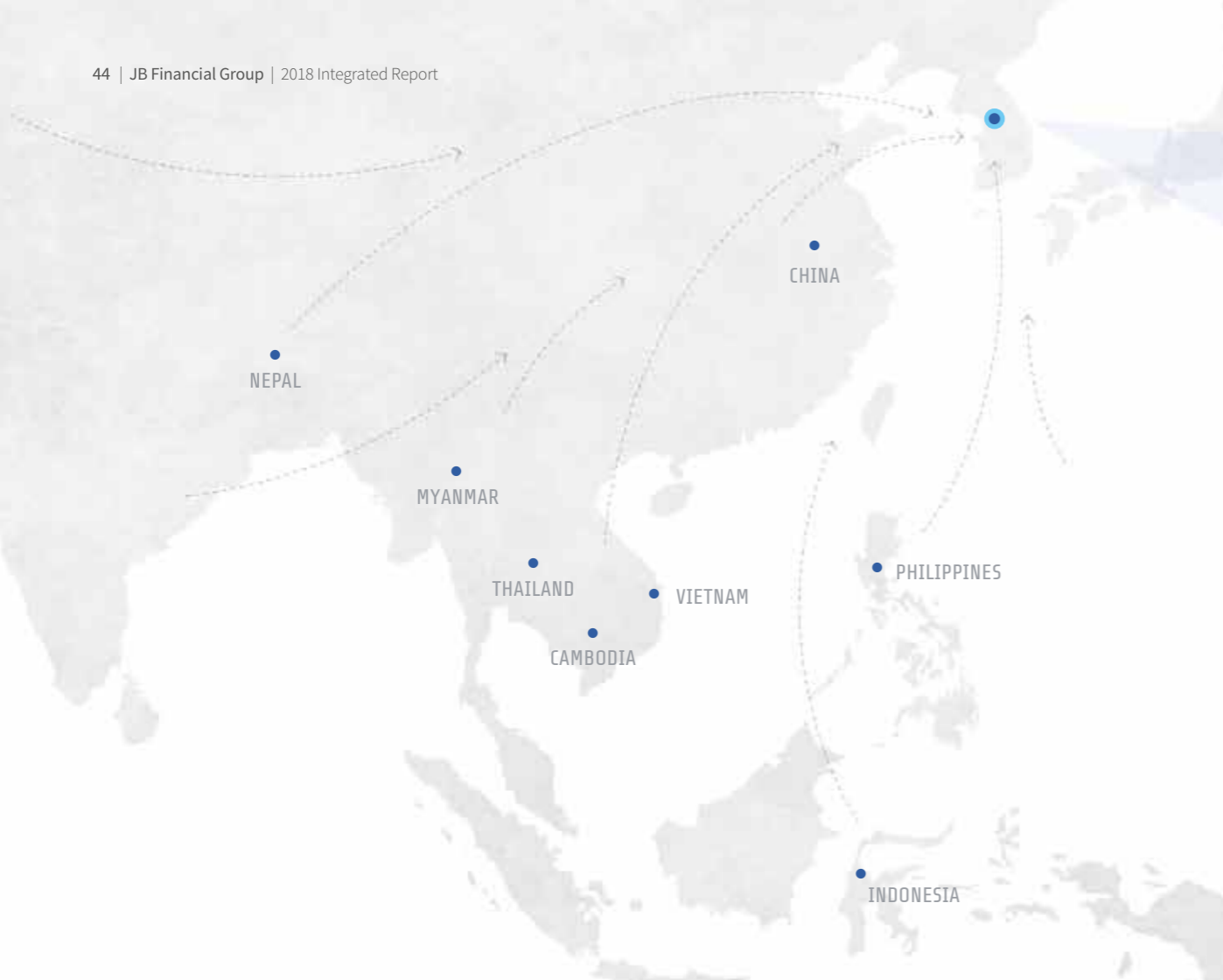
	Product Name	Eligible borrower	Borrower condition	2018	
				Number of cases handled	Amount handled (KRW)
Jeonbuk bank Kwangju bank common	New Hope Spore II Loan	Common people	· Credit grade 1~5: annual income KRW 35 mil. or less · Credit grade 6~10: annual income KRW 45 mil. or less	7,369	118,071,401,647
	Sait Dol middle interest loan	Middle class · common people	· Salary income earner: service period 6 months or longer, annual income KRW 20 mil. or more · Business income earner: business operation period 12 months or longer, annual income KRW 12 mil. or more · Pension income earner: pension received at least once, annual income KRW 12 mil. or more	4,371	56,028,800,000
	Baquo Dream loan	High interest debt holder	· Annual income KRW 35 mil or less (KRW 50 mil in case dependents are 2 or more)	137	2,342,590,000
	Baquo Dream loan (self-employed)	High interest debt holder	· Registered self-employed with annual income KRW 50 mil or less	17	236,460,000
	Safety net loan	Private loan borrower	· Borrower of private loan at interest rate in excess of 24% p.a. before Feb. 7, 2018	24	343,310,000
	College student youth Haetsal loan	College student, youth	· Youth aged 29 or younger with KRW 35 mil or more · Total debt KRW 20 mil. or less other than student loan by Korea student aid foundation	152	420,000,000
Jeonbuk bank	Jeonbuk bank warm credit loan	Medium/low credit grade customer already borrowing from non-bank finance at high interest loan	· Salary income earner: service period 3 months or longer, annual income KRW 12 mil. or more · Business income earner: business operation period 6 months or longer, annual income KRW 10 mil. or more · Pension income earner: pension received at least once, annual income KRW 10 mil. or more	3,735	29,758,400,000
	Jeonbuk bank middle interest loan	Middle class · common people	· Salary income earner: service period 6 months or longer, annual income KRW 20 mil. or more · Business income earner: business operation period 12 months or longer, annual income KRW 12 mil. or more · Pension income earner: pension received at least once, annual income KRW 12 mil. or more	3,228	45,490,150,000
	Jeonbuk bank Bravo KOREA(E-9)	Foreigner worker (visa status E-9)	· Salary income earner: service period 1 months or longer, annual income KRW 15 mil. or more	6,416	42,190,800,000
	Jeonbuk bank Bravo KOREA(F-4)	Foreigner worker (visa status F-4)	· Salary income earner: service period 3 months or longer, annual income KRW 15 mil. or more · Business income earner: business operation period 6 months or longer, annual income KRW 12 mil. or more	7	35,000,000

Status of middle interest loan to common people (unit: KRW 100 mil.)

Affiliate	2016	2017	2018	2019(target)
Jeonbuk bank	696	1,006	2,178	4,478
Kwangju bank	542	805	501*	1,500
Total	1,238	1,811	2,679	5,978

* Note) In 2018, Kwangju bank replaced the entire computer system, and the category of middle interest loan was changed. So the total was reduced to less than the actual loan amount.

In 2018, Jeonbuk bank was selected as the Superior bank in the middle interest representative product, "New Hope Spore Loan" by the Financial Supervisory Service, and won Prime Minister citation in common peoples' finance sector on the event of the 3rd Day of Finance, and Financial Supervisory Service citation in financial consumer protection support for common peoples' finance sector in 2018.



Story of Creating Values #2

Opening Door to Financially Alienated Groups

Jeonbuk bank Suwon foreigner finance center

“ We helped foreign workers save about KRW 10 billion in financial costs

Yang Kwang-yeong, the center head of the Suwon foreigners finance center that opened in January 2018 says that “the biggest role of the Jeonbuk bank Suwon foreigners finance center is to help foreign workers who came to Korea to work by reducing the burden from high interest loan that they borrowed in their home country.” Most foreign worker who enter Korea with E9 (non-specialist working visa) qualification must receive education, pay for the fees for visa issuance and job placement, and prepare air ticket and living expenses for a certain period before their departure to Korea. To fund these costs amounting to KRW 5 ~10 million, they borrow loans at high interest of an average of 30~40% from private lenders in their home country. Such a high interest rate gives enormous financial burden to these workers. The Jeonbuk bank's 6 foreigners finance centers all over the country including Suwon foreigners finance center, provides credit loan up to KRW 10 million to foreign workers at middle interest rates of 15%. By using this loan, they can save at least 15% or up to 25% in financial cost.

The number of foreign workers who received 15% middle interest loan from Suwon foreigners finance center during 2018 is 10,232 people in total. The total amount of loans they received amount to KRW 66 billion. Assuming that they received loans with high interest of at least 30% in their home country, we helped them save about KRW 10 billion in financial costs during the year 2018.



From the left) Center head Yang Kwang-yeong / Section chief Ingmyotein (Nepal) / Section chief Tina (Phillippines) / Section chief Ji Hyeon-il (China)

The number of foreign laborers who received 15% middle interest loan from Suwon foreigners finance center during 2018 is 10,232 people in total. The total amount of loans they received amount to KRW 66 billion.

KRW **66** billion

Operation status of Jeonbuk banks' foreigners finance center

Suwon center	187 Gwongwang-ro, Paldal-gu, Suwon-si, Gyeonggi
Gimpo desk	73A Yulsaeng-ro, Daegot-myeon, Gimpo-si, Gyeonggi
Hwaseong lounge	206 Samcheonbyeongma-ro, Hyangnam-eup, Hwaseong-si, Gyeonggi
Ansan desk	790-12 Wongok-dong, Ansan-si, Gyeonggi
Iksan lounge	5 gil 10 Joongang-ro, Iksan-si, Jeonbuk
Busan lounge	74 Gwangjang-ro, Sasang-gu, Busan

“ I feel so good that I can meet and help Myanmar people in Korea

Section chief Ingmyotein, who married a Korean husband in Myanmar 15 years ago and came to Korea 6 years ago, has now been working at Jeonbuk bank Suwon foreigners finance center for 16 months. Section chief Ingmyotein says “I can seldom meet people from Myanmar in Korea. But while working here, I can meet Myanmar people, and it feels good that I can help people who need money urgently.” More than anything else, her children are really proud of their mom working at the bank. Section chief Ji Hyeon-il who is a 3rd generation Korean-Chinese says that, “It was most rewarding for me when I helped a customer who came to Korea to work and was in need of money for hospital treatment due to an unexpected traffic accident with a credit loan, adding that it is difficult for ethnic Koreans from China to use Korean commercial banks so they often rely on high interest private loans and experience a lot of problems due to high interest burden. Section chief Tina who came from the Philippines to study in Korea and joined JB says that workers from her country have a lot of difficulties living in Korea. But here at the bank, they can borrow money and get help in case they face hardships such as overdue wages from their employer or any injury requiring hospital treatment. So they often visit the bank.

The 6 foreigners finance centers around the country including the Suwon center, are engaged in not only lending business but also the role of a counseling center and information center for foreign workers. In order to provide convenient and smooth services, the bank recruited 9 staffs from Nepal, Myanmar, Philippines, Cambodia, China, Indonesia, Thailand and Vietnam, and keeps the bank open on Saturdays, Sundays and until 9 pm during weekdays for the convenience of foreign workers.

Kwangju banks' branches specialized for the elderly

“ We talk to the elderly slowly and clearly

Kwangju bank opened a branch dedicated to the elderly named Hakdong branch (local office) at Hak-dong, Dong-gu, Kwangju-si in January 2018. Hakdong branch is the 3rd branch dedicated to the elderly after Bitgoul Healthtown branch (local office) and Ochi-dong branch (local office) that opened in 2017. The branch specialized for the elderly is the place where the elderly who are not accustomed to online and mobile transactions can receive more attentive and detailed service than common bank branches. Of course, customers who are not elderly can also use such branch offices.

Deputy general manager Jeong Hye-jeong at Hakdong branch says that “About 70% of customers who visit Hakdong branch are the elderly in their 70s or older. Since they have poor eyesight and are not comfortable in using ATMs either, they prefer the teller desk even for simple transactions such as deposit, withdrawal or payment of utility bills. The elderly merchants who do business in the market visit the bank branch almost every day.” Kwangju bank branches specialized for the elderly including Hakdong branch allows more time to tellers for service provided to the elderly. Also, explanations on products and services are given as slowly and clearly as possible, and multiple verification procedures are taken to ensure that elderly customers have understood enough. Furthermore, skilled staffs with plenty of experience in treating customers rather than rookies are assigned in priority to ensure convenience to elderly customers to the maximum extent.

Deputy general manager Jeong Hye-jeong says, “The elderly with dementia sometimes comes in but they do not remember what they did with their monies, and in this case we feel sorry. Young customers also raise complaints as the elderly take so much time. In this case, we tell the young customer that we apologize for such a delay, but we seek their understanding since the branch is specialized for the elderly. Then, the young customers are willing to understand. This society will get even more aged, and if banking transaction becomes possible only online or via mobile devices, then many of the elderly will not be able to avoid difficulties in banking transactions. In this regard, I think the bank branches for the elderly should be expanded continuously.” while emphasizing the role and necessity of the branch for the elderly.



Story of Creating Values #3

Regional Win-Win Finance

Jeonbuk bank regional win-win finance

Jeonbuk bank provides financial support to 'regional SMEs, small businesses'

On April 4, 2018, Jeonbuk bank signed "the cooperation agreement in job stability support fund and stepping bridge conversion guarantee support" with Jeollabuk Province, Jeonbuk credit guarantee foundation, and Jeonllabukdo Business Agency. This agreement was initiated to help SMEs and small businesses within the region that are agonizing with funding needs due to payroll cost burden related to government's raise of minimum wage in 2018. Jeonbuk bank specially contributed KRW 1 billion to Jeonbuk credit guarantee foundation, and the foundation would provide new guarantees to SMEs and small businesses within the region based on this capital. Jeonbuk bank has been contributing special funds of KRW 500 hundred million every year to SMEs and small businesses within the region since 2015.

Jeonbuk bank made special contribution of KRW 1 billion to Jeonbuk credit guarantee foundation according to the agreement.

KRW 1 billion



Jeonbuk bank entered into financial support agreement with 'Jeonbuk social worker association'

Jeonbuk bank entered into financial support agreement with 'Jeonbuk social worker association' on June 5, 2018. This agreement was executed for the purpose of providing embracing finance (common people loan) to social workers who are the members of Jeonbuk social worker association, and to establish mutual cooperation relationship with the association. Jeonbuk bank has decided to provide convenient and stable financial services such as preventing damage from high interest loan, refinancing of high interest loan to middle interest rate loan, credit grade recovery and improvement to social workers who are experiencing economic hardships and inconveniences in financial transactions due to low wage structure within the welfare facilities.



Jeonbuk bank entered into service agreement as 'main bank with Saemangeum development Corp'

Jeonbuk bank entered into the service agreement as main bank with Saemangeum development Corp (Jeonbuk Gunsan) on November 7, 2018. Through this agreement, Jeonbuk bank not only established the cooperation and win-win partner relationship with the Saemangeum development Corp, but also vitalizes the regional economy, and secured stable investment base within the region. Especially, as Saemangeum area is planned to be developed as an industrial complex for new & renewable energy including photovoltaic generation, this agreement has the meaning of not only the win-win agreement for regional economic development but also an eco-friendly agreement.

Kwangju bank regional win-win finance

Kwangju bank provides financial support to 'regional SMEs, small businesses'

Kwangju bank entered into the "business agreement for providing financial support to regional SMEs and small businesses for win-win growth" with Kwangju credit guarantee foundation on July 18, 2018. Kwangju bank specially contributed KRW 500 hundred million to Kwangju Credit Guarantee Foundation according to the business agreement for providing financial support, and Kwangju Credit Guarantee Foundation provided special guarantees of KRW 7.5 billion from this financial resource.

Kwangju bank contributed KRW 1.5 billion according to the agreement with Jeonnam Credit Guarantee Foundation.

KRW 1.5 billion



Kwangju bank entered into business agreement of 'KRW 1 billion special contribution for supporting Jeonnam small businesses, <Zero pay Jeonnam>'

Kwangju bank entered into business agreement for financial support to Jeonnam regional small businesses and vitalization of "Zero pay Jeonnam" with Jeollanam-do Province on February 26, 2019. By this agreement, Kwangju bank is actively cooperating with the policy of Jeollanam-do Province to lessen the burden of credit card commissions from the self-employed and small businesses, trying to expand users so that more merchants subscribe to Zero pay.



The bank contributed KRW 1 billion according to an identical agreement with Jeonnam Credit Guarantee Foundation in February 2019, and entered into agreement on "Support of special guarantee fund for the revival of local businesses and traditional market" with Kwangju credit guarantee foundation contributing KRW 5 hundred million. Kwangju bank is contributing to vitalization of regional economy by supporting funds to SMEs and small businesses within the region that can hardly get financial support due to shortage of available collateral.



Kwangju bank entered into financial support agreement for 'leading innovative growth and job creation, with the Credit Guarantee Fund'

Kwangju bank entered into financial support agreement for 'leading innovative growth and job creation with the Credit Guarantee Fund' on October 30, 2018, and released related guarantee product under such agreement. Eligible beneficiaries are corporations eligible for 275 items of new growth common standard, promising startups and superior job creating corporations, etc. Kwangju bank contributed KRW 500 hundred million to Credit Guarantee Fund. The Credit Guarantee Fund will support KRW 31 billion to business incubation by young entrepreneurs, innovative corporations in new technologies and superior job creating corporations within the region.





Story of Creating Values #4

Eco-friendly Finance

Efforts for eco-friendly finance

Jeonbuk bank released special financial funding support products for photovoltaic power generation, new & renewable energy, green technologies, green corporations, in positive response to the government policy of achieving percentage of new renewable power generation at 20% by 2030. During 2018, Jeonbuk bank achieved photovoltaic power generation loan amounting to KRW 134.6 billion. Furthermore, the bank is planning to expand support to small size individual photovoltaic power generation. Also, the bank predicted expanded demand for photovoltaic power generation business and added financial products to support ESS (Energy storage system). From these products comprised of photovoltaic power generation and ESS loan, the bank supported a total of KRW 276.2 billion to new & renewable energy development business in 2018.

Kwangju bank is contributing to new & renewable energy development by actively engaging in financial support to the photovoltaic industry. By launching special sale photovoltaic loan product at lowest lending rate of 3.7% (including prime rate), the financial costs of photovoltaic enterprises were minimized, and the bank offers exemption of termination fee in case of early repayment of loans sourced from electricity sales. In 2019, the bank will expand financial support to photovoltaic entrepreneurs in other regions in addition to Kwangju and Jeonnam region using business networks in the Metropolitan area.

Status of new & renewable energy finance (unit: KRW 100 mil.)

Affiliate	2016	2017	2018	2019(target)
Jeonbuk bank	988	1,651	2,762	3,300
Kwangju bank	1,063	623	890	1,500
Total	2,051	2,274	3,652	4,800

New & renewable energy financial product

Affiliate	Product name	Eligible borrower (whole or partial)	Number of transactions	Transaction balance in 2018 (KRW 100 mil)
Jeonbuk bank	JB Green Biz	Photovoltaic power generation operator corporation Eco-friendly product manufacturing corporation ISO14001 series certification holder Corporation that has signed contract for Green product purchase	580	2,762
		Corporations with guarantee issued in relation to new growth engine (green industry) Corporations with scores of more than 60 at superior eco-friendly corporation evaluation		
Kwangju bank	Photovoltaic power generation special loan	Individuals and corporations that obtained business license for photovoltaic power generation. Individuals and corporations qualified in credit grade evaluation	1,372	4,646
Total			1,952	7,408

In 2018, Jeonbuk bank and Kwangju bank supported (lended) a total of KRW 740.8 billion to photovoltaic power generation in the new & renewable energy sector

KRW 740.8 billion

Story of Creating Values #5

Youth Job Creation

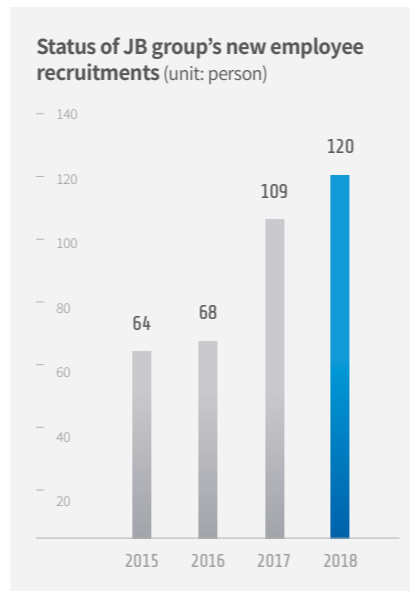
Regional youth job creation

120 new employees recruited in 2018

JB Financial Group is increasing the recruitment of new employees every year to secure excellent manpower as the base for sustainable management, and to resolve the problem of youth job shortage that is one of the biggest problems in this society. We recruited 64 in 2015, 68 in 2016, 109 in 2017 and 120 in 2018, recording recruitment growth ratio of 1.8 times in 2018 in comparison with 2015. Especially, we opened job opportunities for the youth directly from high school graduation, gradually eliminating discrimination from academic background in recruiting.

JB Financial Group showed recruitment growth ratio of 1.8 times in 2018 in comparison with 2015

↑ 1.8



Job rather than college admission was a better choice even after I deliberated a hundred times



Jeonbuk Bank, Hoam-dong branch, Jeonju city / Bank clerk Kim Hae-jin

“

I wish more customers visit the bank because of me

In November 2017, Kim Hae-jin, who was a senior in high school, joined the bank as a new employee through Jeonbuk bank high school graduate special recruitment program. In the same year, 3 high school graduate-to-be joined Jeonbuk bank and all of them are currently working in the bank. Bank clerk Kim Hae-jin who has completed about one year of service at Hoam-dong branch, Jeonju city was interviewed. She said shyly that, “I worried a bit on whether to get a job or to go to college. But since there was an opportunity to apply for this bank, I took on the challenge. And I was lucky to be recruited.” Regarding the question on how she feels when she meets friends who moved on to college, she confidently replied that she thinks getting a job was the best decision. “Last year, my friends in college were going out to membership training events and were having fun. I envied them a bit then. But recently I think it was good idea to find a job early. These days, it is so difficult to get a job. I got this job 4-5 years earlier than my peers, got to participate in social life, and can become financially independent. Today, my friends in college envy me a lot. They ask me about the know-how for getting a job in the financial industry since it is so difficult.” Her parents and school teachers were so proud of her when she got a job that a congratulatory banner was hung in her school. Soon, she is going to visit her juniors in her alma mater preparing to get a job to tell them about her know-how on finding a job. Regarding the growth of Jeonbuk bank, she also answered that, “I want Jeonbuk bank to develop a specialized product or service further concentrating on young customers like me.” Regarding the question when she feels it is rewarding and pleasant at work, she answered that “When customers tell me that my kindness and smiling appearance makes them feel good, and they willingly subscribe for a new deposit, I feel great”. Last of all, to the question of what kind of banker she would like to be, she answered smiling that, “I wish more regular customers visit our bank branch because of me.”



Kwangju Bank, Samgak branch / Bank clerk Lee Seung-hyeon

“

A cause of worry became a source of pride

When I was a third grader in middle school and I told my parents that I would go to specialized high school rather than an academic high school, they were worried. They persuaded me that it would be better to go to college. But I wanted to join the society earlier and live my own life. But then, when I told my mom that I got a job at Kwangju bank, my mom was surprised and even cried. My parents suppressed their feelings, but I think they worried a lot about me. Now I am the source of pride in my family.” Lee Seung-hyeon who joined Kwangju bank in November 2018 is a teller in charge of accounts at Samgak branch. “I feel great when customers like my grandma or mom tell me that I am pretty and I smile a lot, and when my customers compliment me that I do a good job in processing my customer’s business.” She said that she was worried at first since her work was handling money, but now she is so accustomed to the work that she receives praises from customers. “In order for Kwangju bank to attract young customers in same age group as me, it would be great if the bank can use cartoon characters or entertainers favored by the younger generation. These days, the younger generation tends to invest in what they prefer boldly. I want Kwangju bank to identify what the younger generation prefer and actively utilize such preferences,” as she suggested her idea for attracting young customers to Kwangju bank.

“

Experiences in my career was really helpful in my military service.

Staff Kwak Min-cheol at JB Woori Capital joined JB Woori Capital Dongdaemun branch as a high school student intern in the fall of 2014 when he was in the 2nd semester of his senior year in high school. After 2 years of service at the General Affairs team at Dongdaemun branch and headquarters, he joined the army for two years in order to fulfill his military duty. After completing his mandatory service, he returned to the company and is now engaged in financial support business at the new car finance team. He found out that the financial industry recruits high school interns. So he faithfully prepared for a job in the financial industry such as obtaining finance related certificates. The good thing about getting a job rather than going to college was knowing how to get along with senior soldiers thanks to the experience and relationships with seniors at the company while other junior soldiers from college did not know what to do and went through all sorts of troubles. So his military service went smoothly. The most rewarding thing as an office worker is the moment when he gives pocket monies to his parents and his elder brother who is a college student. Currently, he is attending Design College of administration (evening course) at Hongik University as sophomore and is moving forward towards his future.



JB Woori Capital New Car Finance Team / Staff Kwak Min-cheol



JB Asset Management Management Support Team / Staff Lee Seul-gi

“

I am learning that human relationship is the most important thing in life

Staff Lee Seul-gi joined JB Asset Management in January 2017 just before graduating from high school. Since her middle school days, she was more interested in getting a job rather than going to college. So she entered a specialized high school which is more advantageous for finding a job, and studied accounting and finance aiming for a job at a financial company. Her parents wanted her to go to college, but she persuaded her parents that while college graduates are facing fierce competition in their job search, it may be easier for her to find a job as a high school graduate if she is well prepared. Now in her third year as an office worker, she says that her parents are really proud of their daughter as an office worker. “My friends envy me a lot since I got a job early. If I had chosen to go to college, it would have been difficult to join a good company like JB Asset Management. I think I seized a good opportunity.” Staff Lee Seul-gi, regarding the good aspect of being an office worker, says “As I became an adult, I came to realize that the most important thing in life is human relationships. In the company, I could experience various human relationships. It think it is nice to be in a company to learn how to have a good relationship with people, and learn basic courtesy, etiquettes, etc.” She says that she recommends job-finding to her juniors in school and expressed her hope that JB Financial Group would create many good jobs for the youth.

Story of Creating Values #6

Support for Job Finding for the Disabled, and the Youth

Job creation for the disabled _ healthcare service by the visually impaired at JB Woori Capital

“
This is the best among the places I have worked at. Please provide many opportunities for the visually impaired to work.

Ms. Choi Yun-jeong, who is a 1st grade visually impaired and has been working as healthkeeper at JB Woori Capital call center since January 2019, has worked as a visually impaired massager for more than two decades. Ms. Choi Yun-jeong has worked at numerous call centers so far, but the labor environment at JB Woori Capital call center is the best. “Here there is enough space for giving a massage. So it is really comfortable to work here. Since the massage beds are also the best, both the massager and the massage customer are comfortable. And there are places for resting where I can sit and rest comfortably during rest hours. It is good since the elevator and restrooms are on the same floor and close. And the employees receiving massage are so kind, and they tell me they feel so good after a massage. And this is the best thing about my job.” Another healthkeeper colleague named Oh Bun-hee says “I have worked as a massager for more than 15 years. The people in this company are really kind to me. So I am very comfortable.” JB Woori Capital prepared healthcare room for the call center consultants who suffer from a lot of stress from their work, and commenced its operation since 2019. Two healthkeepers are assigned to Dapsipri call center where 80 consultants are on duty, and one healthkeeper is assigned to Yeouido call center where 40 consultants are on duty. Center head Lee Min-ho at Dapsipri call center says “Consultants are really stressed out due to foul-mouthed and stubborn customers. And because they work while sitting for long hours, they feel pain in the neck, shoulders and back, and they also have a severe headache. So the consultants love to get some rest and receive massage from massage specialists. Since the consultants are mostly young women, healthkeepers are like an elder sister listening affectionately while loosening tight muscles. So the level of satisfaction is quite high,” as he delivers the response from consultants. Manager Lee Ji-hyeon, who oversees human resources at JB Woori Capital says, “JB Capital had been paying the allotted charges due to failure to meet the mandato-



From the left) Kim Kyung-hwa Manager / Kim Soon-hee health keeper / Choi Un-jung health keeper



Two healthkeepers area assigned to Dapsipri call center where 80 consultants are on duty, and one healthkeeper is assigned to Yeouido call center where 40 consultants are on duty.

rily required standard for the employment of the disabled. So I had been pondering on how to resolve this problem. Then we came across an idea that it would be good to recruit visually impaired massagers and provide massage service to our consultants. So we recruited those massagers and operated a healthcare room within the call center, and the response was really good. I think we should have done this earlier.” Manager Kim Gyeong-hwa who is a user of healthcare room emphasizes the necessity and popularity of the healthcare room saying “Since there are many counselors in this center, I can use this place only about twice a month. This leaves much to be desired, but this place became a really necessary place, making me wonder how I had survived the period when this place was not available to me”. Healthkeeper Choi Yun-jeong delivered her hope that corporations should employ more disabled people saying, “I would like to see many places like this where the visually impaired can work in a good environment. My visually impaired friends envy me a lot.”



Jeonbuk bank Career Camp

Jeonbuk bank JB Career Camp

Jeonbuk bank Scholarship & Culture foundation established by Jeonbuk bank held the 7th career camp in July 2018. JB career camp provides various programs required by college students for career, job finding and business incubation such as setting roadmap and vision for job finding, diagnosis on one's strengths, self-branding, special lecture on youth business incubation case, special lecture on speaking, Q&A session with team leader in charge of human resource at Jeonbuk bank to freshmen and sophomore students in universities in Jeonbuk region who are pondering about their career path and job-finding. JB career camp, which proceeds during summer and winter vacation since 2015, is the program for enhancing the competitiveness of college students in Jeonbuk region who show a relatively lower employment rate than other regions, and for practically supporting job finding through meeting with seniors who are working at the actual work site.

College Students' Youth Intern, Honorary Ambassador

Kwangju bank

Kwangju bank operates college student intern program and college students' honorary ambassador in order to support job finding and practical experience of life at work for college students in Kwangju and Jeonnam regions. Through the college student intern program, a total of 530 college students had the opportunity to understand the overall banking industry and actually experience life at work during the winter vacation at Kwangju bank headquarters and branches during the last 3 years. Also, the college students selected as an honorary ambassador gets an opportunity to participate in major events and social contribution activities at Kwangju bank, and experience life at work through SNS PR activities for one year.

Jeonbuk bank

Jeonbuk bank is running the youth intern program for college students within Jeonbuk region for 2 months during the winter vacation every year. During the 3 years from 2016 to 2018, a total of 469 college students experienced bank business and played the role of an actual office worker at Jeonbuk bank headquarters and branches. The college students selected as interns can receive detailed information and advices on the professional capacity and knowledge required for joining banks and corporations as an employee through education conducted by human resource team of Jeonbuk bank and meeting with senior bankers.



Status of Youth Intern Programs (unit: persons)

Subsidiary	2016	2017	2018
Jeonbuk bank	147	144	178
Kwangju bank	199	156	175
Total	346	300	353

Story of Creating Values #7

Promotion of Culture & Arts



Fantasia Joseon _ Special exhibition commemorating Kwangju bank's 50th anniversary

Kwangju bank officially sponsored 'Fantasia Joseon Korean folk painting exhibition_Kim Se-jong folk painting collection' as a culture & arts social contribution project commemorating the 50th anniversary of the bank. 'Fantasia Joseon' where people can enjoy 5 centuries' worth of Joseon folk painting in a single space is jointly hosted by Seoul Arts center and National Asian Culture Center in commemoration of 30th anniversary of Seoul Arts Center and 3rd anniversary of Kwangju National Asian Culture Center, and is officially sponsored by Kwangju bank and JB Financial Holding.

This exhibition selects and presents 50 items out of artworks collected by folk painting collector Kim Se-jong for two decades such as character drawings, scholar's accoutrements, Romance of the three kingdoms, the Cloud Dream of the Nine, Magpies and a Tiger, drawing of the eight famous spot in Eastern Korea, flower and bird drawing, etc. This was the opportunity to appreciate the hidden imaginary power of liberal and original Korean arts overcoming the stereotype that 'folk painting' is our simple drawing by the general public.

Kwangju bank sponsored this exhibition to preserve and inherit the folk paintings that contains laughter and humor, aesthetics in everyday life of our ancestors, and to provide an opportunity for regular citizen to take a closer look at the folk paintings. Furthermore, the bank sponsored "Let's play with folk painting" program for children and the youth, providing an opportunity for children and the youth to experience the beauty and wonder of our folk painting.



Kwangju bank sponsored the Korean folk painting experience program, "Let's play with folk painting" to allow the children and the youth to personally experience the beauty and the wonder of our traditional culture.



Kwangju Hwaru

"Kwangju Hwaru" that established itself as the representative contest exhibit in Korean painting

Kwangju Hwaru is the Korean painting contest exhibit that picks out and supports the artist who can present the new direction of Korean painting and contribute to the development. This occasion is composed of 'contest exhibit' where 10 artists are selected for competition and 'artist award' system. The contest exhibit that selects winner every year is the 3rd event this year. For 'artist award' operated every other year, the second winner will be selected in 2020.

Professor Lee Jun-hee, the chairman of the 3rd Kwangju Hwaru screening committee (Konkuk University adjunct professor) presented the implication of Kwangju Hwaru, saying that "The role of Kwangju Hwaru is promising in the aspect of modern succession of ink-and-wash painting tradition and future

Kwangju Hwaru has established itself as an easily accessible exhibition where the general public can enjoy the style and grace of Korean painting.



growth potential of Korean painting. Kwangju Hwaru, which started off as a part of a corporation's Mecenat activities, faithfully complies with the principle of art sponsorship, 'to support but not interfere' and respects the healthy eco-system and autonomy of the art world. It's up to the artists to engage in the activities corresponding to these sponsorships." Song Jong-wuk, the president of Kwangju bank, delivered his wish and comments after viewing Kwangju Hwaru saying that, "I hope Kwangju, the venue of Kwangju Hwaru as well as the location of international art festivals such as Kwangju biennale and Jeonnam international ink-and-wash painting biennale and the home place of arts with tradition, becomes the epicenter that can trigger the promotion of Korean painting, and I can only marvel at the imaginative power and daring challenge of artists making bold and modern attempts beyond tradition."

— PART 4 —

ACCOUNTABILITY

<i>Sustainable Management System</i>	<i>58-59</i>
<i>Governance</i>	<i>60-61</i>
<i>Risk Management</i>	<i>62-65</i>
<i>Compliance Ethics Management</i>	<i>66-69</i>
<i>Human Rights, Labor</i>	<i>70-77</i>
<i>Consumer, Customers</i>	<i>78-81</i>
<i>Information Protection</i>	<i>82-85</i>
<i>Environmental Management</i>	<i>86-87</i>
<i>Win-Win Management</i>	<i>88-89</i>
<i>Community Contribution</i>	<i>90-95</i>

J



B



Sustainable Management System

< Sustainable Management Vision >

Happy Sustainable Growth with the People

Heartwarming and Trustworthy
JB Financial Group

< Sustainable Management Goals for Three Areas >

01
Sound Finance

The stakeholders' trust is the backbone of JB Financial Group's sustainable growth. The board of directors, executives and employees of JB Financial Group understand that the clients and stakeholders are always watching them and will thoroughly practice ethical and law-abiding management in the field and throughout all decision-making processes.

02
Happy Finance

JB Financial Group wishes to make all of its clients and stakeholders happier through sustainable management. JB Financial Group will provide the safest financial services to the clients who are the most important stakeholders and a happier working environment to its executives and employees. JB Financial Group will carry out sustainable management practices and hear the voices of various stakeholders to make everyone happy.

03
Value Finance

JB Financial Group endeavors to carry out sustainable management practices creating shared values and improving non-financial values like social and environmental values. Expanding financial products and services tailored to the common people, expanding employment and job creation for the youth, returning corporate profits to communities and active social contribute activities will strengthen the economic foundation of the communities and enhance the stability of Jeonbuk Bank and Kwangju Bank. JB Financial Group's entry into Southeast Asian markets such as Cambodia and Myanmar will offer these countries which have the poorest economies in the world, an opportunity to develop the economy and communities.

Sustainable Management Goals for Three Areas

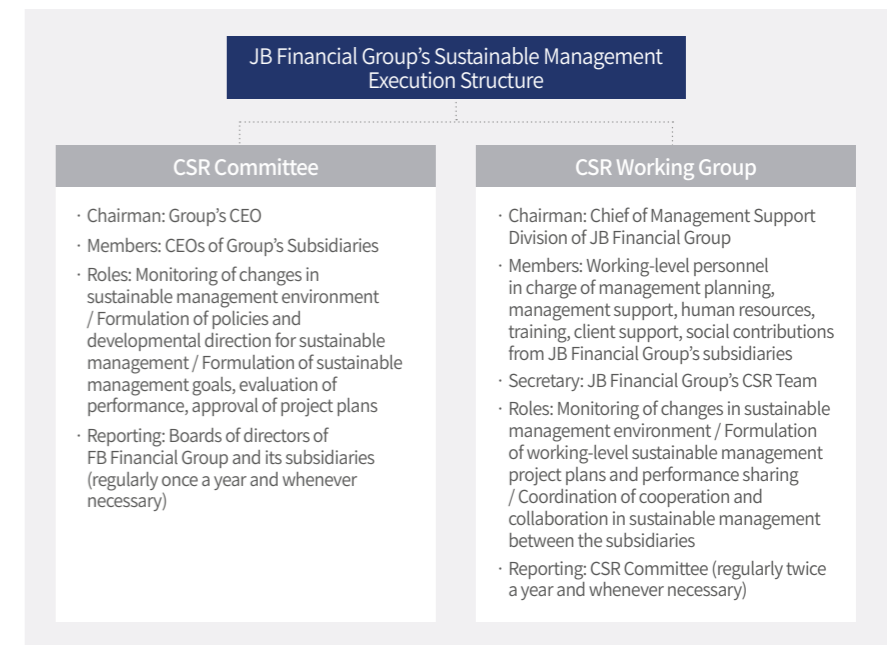
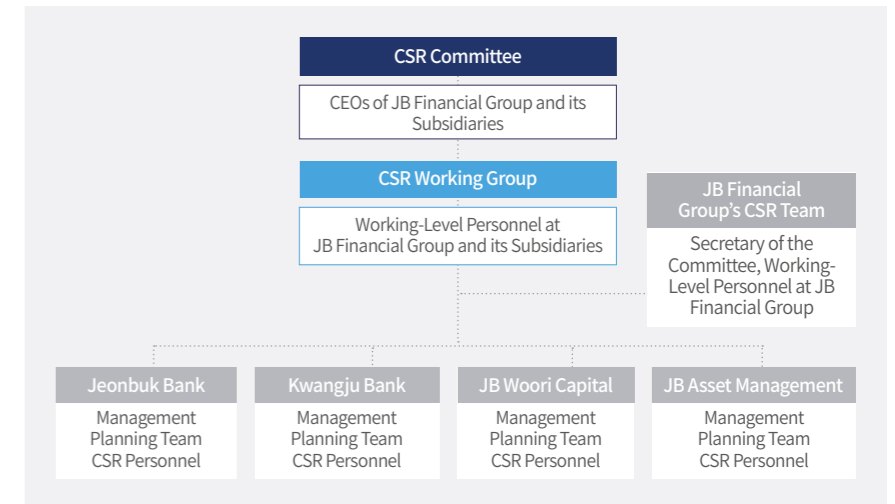
Governance	Society	Environment
<ul style="list-style-type: none"> Strengthen social responsibility and ethics of the corporate governance through operation of the CSR Committee Promote CSR in working environment by operating the CSR Working Group Improve reliability of the executive and employees by innovating the corporate culture 	<ul style="list-style-type: none"> Expand microfinance products and services that common people can safely and conveniently use Expand youth job creation and employment to stabilize local economies and solve youth unemployment Contribute to the qualitative improvement of local welfare services by giving back corporate profits to communities and participating in social contribution activities 	<ul style="list-style-type: none"> Practice sustainable, environment-friendly management by saving resources like paper, electricity, fossil fuel and water Expand financial partnership with sustainable businesses like environmentfriendly, new & renewable energy and energy efficiency businesses Actively carry out environment-friendly social contribution activities for protecting and conserving natural environment

Sustainable Management Promotion Target

Short term (2019)	Mid term (2020)	Long term (2021)
<p>Sustainable management practice focused on site/practice</p> <ul style="list-style-type: none"> Introduce and certify Holding ISO37001 corruption prevention management Establish and externally verify management system on environment inventory of holding company and affiliates Establish and operate Stakeholders' sustainable management committee Establish and implement sustainable management practice plan by affiliate 	<p>Establish sustainable management system</p> <ul style="list-style-type: none"> Include sustainable management target in major management target (KPI) of holding company and affiliates Introduce and certify ISO37001 corruption prevention management to all affiliates Introduce and certify ISO14001 environment management to Holding and all affiliates Install new & renewable energy development facilities 	<p>Realize sustainable management at the level of global TOP retail financial corporations</p> <ul style="list-style-type: none"> Achieve TOP level at domestic and overseas evaluation on sustainable management Achieve internalization of sustainable management

Social responsibility management committee

JB Financial Group's Corporate Social Responsibility Committee (CSR Committee) is operated by the CEO of the Group and the representatives of the Group's subsidiaries with the CEO of the Group as the chairman. The CSR Committee deliberates key topics and policies related to CSR and suggests the direction of the Group's CSR. It also makes decisions on important matters such as setting goals for sustainable management, evaluation of performance in sustainable management, publishing and assurance of sustainability reports. In order to develop and promote collective knowledge in economic, environmental and social topics, the CSR Committee appoints outside experts as advisory members and holds advisory sessions and lectures during committee meetings. The key matters decided on the CSR Committee are reported to the boards of directors of JB Financial Group and its subsidiaries.

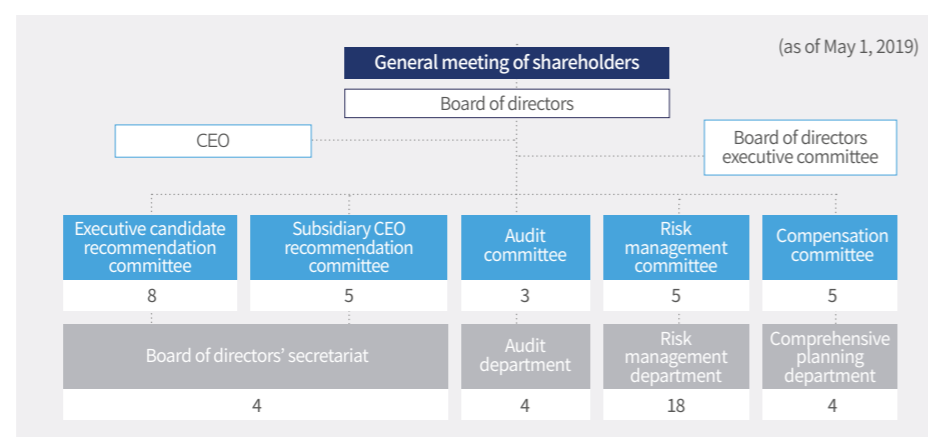


Social responsibility governance operation status

Social responsibility management committee	1st	March 23, 2018.	JB Financial Group social responsibility management principle reviewed and authorized
	2nd	August 6, 2018.	JB Financial Group human right, environment, win-win management principle reviewed and authorized
Social responsibility practice committee	1st	March 28, 2018.	2018 sustainable report preparation discussed, working staff educated
	2nd	July 18, 2018.	JB Financial Group human right, environment, win-win management principle discussed
	3rd	Oct 22~23 2018	2019 sustainable management implementation plan discussed

Governance

JB Financial Group is working hard to achieve transparent governance structure based on specialty and independence, and to realize stable corporate growth and corporate social responsibility. By organizing the board of directors with outside directors who are equipped with not only the specialties in financial industry and corporate management but also specialties in various fields, we further enhanced our expertise. Furthermore, through independent and transparent election procedure for executives, we are operating sound board of directors and committees.



Governance structure and status

With the general meeting of shareholders at the top, there are Board of directors and 5 committees under the Board of directors. Board of directors is composed of 9 directors in total comprised of one internal director, 6 outside directors and 2 Non-standing directors. Also, the number of outside directors in the Board of directors is regulated as more than the majority of total number of directors in order to enhance independence, soundness and transparency of the Board of directors. Outside directors are elected by the general meeting of shareholders through verification and recommendation by the Executive candidate recommendation committee according to the Act on the Structural Improvement of the Financial Industry. Recommendation of outside director candidate shall be made on responsible specialists in each field who satisfy qualification requirement stipulated in the related laws and regulations such as Act on the Structural Im-

provement of the Financial Industry, with rich specialized knowledge or practical experiences in finance, economy, management, law, financial management, accounting, consumer protection, information technologies, etc.

Composition of board of directors

JB Financial Group's Board of directors' meeting is convened by classification as regular and temporary board of directors' meeting. Resolution of the Board of directors' meeting is adopted by attendance of majority of directors in office and by affirmative voting by majority of directors in attendance. The Board of directors independently operates Board of directors' meeting and executive candidate recommendation committee, subsidiary CEO recommendation committee, audit committee, risk management committee, and compensation committee for the sake of correct and sound decision making.

The board of directors and committees (as of May 1, 2019)

Classification	Major function	Composition(outside director/number of members)	Chairman	Related regulation
Board of directors	Resolution on major agenda for company management	6/9	Kim Dae-gon(outside)	Board of directors' regulation
Executive candidate recommendation committee	Selection and recommendation of executive candidate	6/8	Choi Jeong-su(outside)	Executive candidate recommendation committee regulation
Subsidiary CEO recommendation committee	Selection and recommendation of Subsidiary CEO	3/5	Kim Gi-hong(internal)	Subsidiary CEO recommendation committee regulation
Audit committee	Audit on accounting and business	3/3	Lee Sang-bok(outside)	Audit committee regulation
Risk management committee	Establishment and authorization of various risk policy	3/5	Yoo Kwan-wu(outside)	Risk management committee regulation
Compensation committee	Setting and evaluation of performance target of management	3/5	Pyo Hyeon-myeong (outside)	Compensation committee regulation

* Note) Executives: CEO, internal director, auditor, committee members

Board of directors meeting convocation status and major resolutions

No of sessions	Date of convocation	Number of directors attended	Major resolutions
1	Jan 16, 2018	8	Group top management succession plan inspection (draft)
2	Feb 9, 2018	9	2018 management governance structure, 2017 comprehensive evaluation of management performance, profit dividend, amendment of executive performance evaluation standard, etc.
3	Feb 28, 2018	9	Executive performance evaluation result, introduction of electronic voting system at annual general meeting of shareholders, amendment of important regulation, etc.
4	Mar 23, 2018	7	Election of the chair at the board of directors meeting, election of the chair at each committee under the board of directors, adoption of Group's social responsibility management principle, etc.
5	May 11, 2018	9	Exercise of right of first refusal, complete amendment of important regulation, adoption of subsidiary CEO candidate recommendation committee regulation, etc.
6	Jun 18, 2018	9	Amendment of the issuing condition for contingent equity securities, capital contribution to subsidiary (Jeonbuk bank) (draft)etc
7	Jul 13, 2018	9	Execution of share swap contract, designation of base date and closure of shareholders' roster, etc.
8	Aug 6, 2018	8	Amendment of entrustment and trust contract on legal matters, etc.
9	Nov 2, 2018	8	Amendment of regulation (draft) due to revision of the Act on External Audit of Corporation
10	Nov 30, 2018	9	Amendment of top management succession related regulation (draft)
11	Nov 30, 2018	9	Inspection on propriety of top management succession plan
12	Dec 28, 2018	9	2019 budget compilation (draft), 2019 comprehensive business plan and mid to long term management plan (draft), etc.

Evaluation and compensation of the board of directors

Meanwhile, performances evaluation for compensation on long term performance uses return on equity (ROE), and relative return to shareholders (TRS). In case of executives overseeing any business requiring independence according to characteristics of duty (risk management officer, compliance officer), NPL ratio is used for measurement rather than equity ratio. Out of total compensation to executives, 50%~62.5% of incentives determined as payable according to short term performances are immediately paid in cash and remaining 50%~37.5% is paid in deferment during 3 years in connection with shares/share prices.

Incentives according to long term performances are paid after evaluation in connection with share price according to the performances evaluation results on 3 years' performance after grant. The performance compensation for executives are composed of short-term performances weighted at 80%, and long-term performances weighted at 20%.

Executive evaluation and compensation system

JB Financial Group is in compliance with the executive evaluation bylaw determined by the Board of directors and executive compensation limit determined by the general meeting of shareholders. In case of an executive, companywide performance measurement indicators comprised of return on equity (ROE), risk adjusted operating profit ratio (RAROC), cost indemnification ratio (CIR), return on risk weighted assets (RORWA), common stock equity ratio, NPL ratio are used as quantitative evaluation indicator in connection with individual performances. The performance evaluation for compensation linked to executive's short-term performance is composed of quantitative evaluation, contribution evaluation and qualitative evaluation.

Total compensation to JB Financial Holdings' executives and staffs

(unit: KRW 100 mil, persons)

Total amount of executives and staff's compensation(A)	Net profit before deduction of corporate tax(B)	Ratio(A/B)	Number of executives and staffs(C)	Executives and staff's average compensation(A/C)
109	609	0.179	111	0.98

* Total compensation of executives and staffs is based on labor income payment statement submitted to the Tax Office in charge. Outside director excluded
Net profit before deduction of corporate tax is based on end of 2017

JB Financial Holdings' total compensation by rank and performance compensation amount

Classification	Executive				Staffs	
	Chairman	Executive director	Managing director	Director	Permanent employee	Contract worker
Number of persons (persons)	1	1	4	1	71	32
Total compensation (KRW 100 mil.)	8.1	5	6	1.5	64	24.4
Performance compensation amount (KRW 100 mil.)	1.6	2.3	1.4	0.1	-	-

Risk Management

JB Financial Group earns trust from all of its stakeholders by preemptively determining and preventing financial and non-financial risks in economy, society and environment, and, managing the risks in terms of internal decision-making and operations through its systems and policies.

Business model and characteristics of risks

JB Financial Group generates revenue through a variety of transactions with risks and all of its business activities are executed taking consideration of the predetermined risk appetite and the balance of risks and benefits. JB Financial Group manages potential risks in all areas by categorizing them into Credit, Market, Operations, Interest Rate, Credit Concentration, Liquidity, Strategic, Reputation and Foreign Exchange. Each type of risk is managed by the ratios of internal capital adequacy (risk-weighted capital) and regulatory capital adequacy required by the financial regulator, making sure that certain risks are not heavily concentrated within the risk appetite.

Risk management system

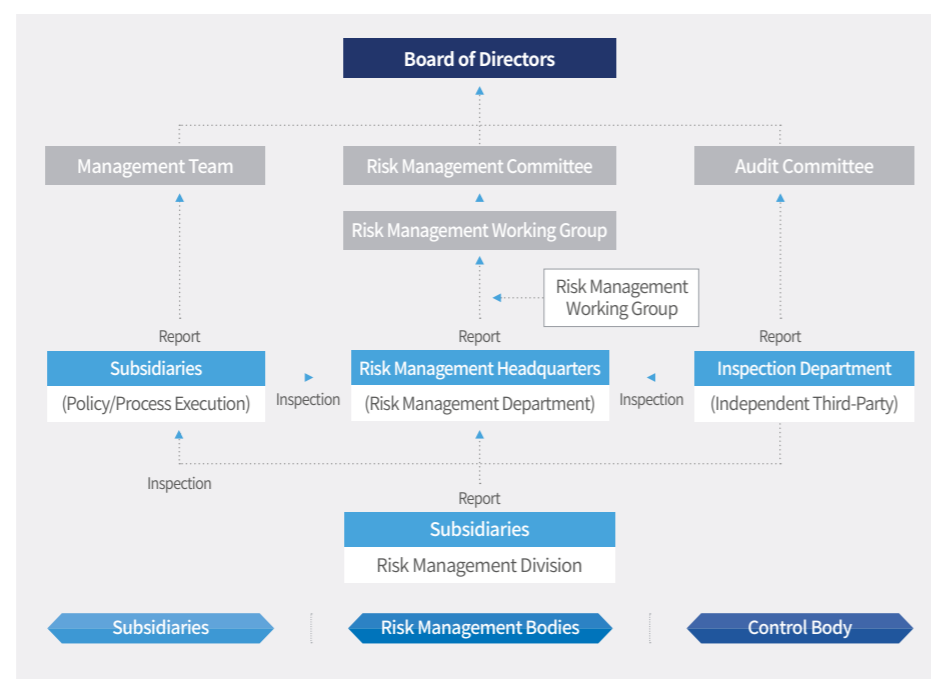
JB has a systemized risk management system for supervision of risk management, assignment of rights, risk segmentation by type of risk and by business and decision-making structure (Board of Directors, Management Team, Risk Manage-

ment Committee, Risk Management Structure, Compliance, Internal Audit) for risk management procedures.

Risk management committee

The Risk Management Committee established under the board of directors is the highest decision-making body of JB Financial Group's for risk management and is comprised of more than 3 directors. It comprehensively manages and controls various risks that may occur in management by measuring, monitoring and controlling potential risks. It's detailed roles include formulation of basic principles and strategies of risk management that are in line with the management strategy of the Group, determining the level of risks the Group can afford, determining the Group's investment and acceptable loss limits, setting the Group's limits to total risk capital and limits by profile, establishment and revision of the Group's risk management regulations (risk management standards) as well as establishment and revision of risk management group regulations.

Risk management system



Major discussions at the risk management committee

No of sessions	Date of convocation	Major discussions
1	Feb 9, 2018	Internal capital adequacy evaluation management system establishment and operation result report, risk organizational restructuring, etc.
2	Feb 28, 2018	Observance of permitted limit and regulated ratio, asset soundness classification, and review on adequacy of accumulation of allowance for bad debts, etc.
3	Apr 4, 2018	Interest rate, liquidity risk management method reviewed and resolved
4	May 8, 2018	Amendment of risk management regulation, inspection on resolutions and deliberations by affiliates' risk management committee
5	Jun 12, 2018	Amendment of financial accounting standard according to adoption of Korean International accounting standard (IFRS9)
6	Jul 10, 2018	Inspection on overall risk due to comprehensive share swap for inclusion of Kwangju bank as wholly owned subsidiary
7	Aug 6, 2018	Asset soundness classification and review on adequacy of accumulation of allowance for bad debts, review of capital adequacy etc.
8	Oct 30, 2018	Observance of permitted limit and regulated ratio, asset soundness classification, and review on adequacy of accumulation of allowance for bad debts, etc.
9	Dec 20, 2018	Establishment of Group's risk management advancement plan, 2019 group risk management basic policy, etc.

Risk management committee

The Risk Management Committee deliberates detailed matters related to risk management to maintain consistent risk management policies and strategies. Its key roles include setting risk limits by department and by business for the Group's overall risk management, approval for exceeding limits, matters related to measuring and managing risks, matters related to risk factors such as starting new businesses, developing new products and services and, establishment/revision of risk management guidelines.

incorporating the feedbacks in its decision-making process. This culture allows the risk management bodies to communicate and cooperate with each very closely. The Risk Management Group is comprised of the risk management supervisor from the Group and its subsidiaries and, risk management managers from the Group and its banks. Whenever risk issues occur, they are submitted for discussion and are resolved reflecting the opinions of the subsidiaries.

Risk management working group

The Risk Management Working Group reviews and provides opinions on risks of important decisions to make regarding risk capital and limits in order to evaluate the risks for the Group and establish a proper risk management system. Its specific roles include comprehensive management of risks, review of risk management carried out by the subsidiaries, inspection of adequacy of risk measurement models, establishment of the Group's emergency response system and review of corporate M&A.

Risk management culture and communication channel

JB Financial Group has a culture of effectively recognizing, measuring, controlling and managing important risk issues it is faced with and

Risk management process



Jeonbuk bank

2018 risk management performance

Performance	Contents
Internal grading method authorization promoted	Authorization application to Financial Supervisory Service prepared and authorization application submitted
Regulatory ratio management strengthened	Response to liquidity risk related new regulation and observance of existing regulatory ratios
Data based loan monitoring analysis	Monthly analysis data refined and accumulated, data-based report prepared and reported
Substantial crisis situation analysis	Enhancing sophistication and utilization of crisis situation analysis methodology
Large loan management system established	Large loan risk calculation system developed, and management system established
New product monitoring system established	Limit setting and analysis for new product management
Risk management culture expanded	Education implemented on sustainable risk management and inter-department cooperation strengthened

2019 risk management promotion target and plan

Jeonbuk bank adopted “Risk preparedness through efficient use of capital, and enhanced profitability and management sustainability to be secured” as the basic direction for risk management in 2019.

Enhancing function and utilization of early warning system, diversified monitoring of loan/card, implementation of regular verification for internal grading method authorization, support to portfolio strategy set up using

ALM, strengthening RORWA based analysis function, support to retail market business strategy set up, compliance with interest rate/liquidity regulation ratio, responding to risk weighted assets for credit/market/operation risk, responding to internal grading method authorization, systemization of retail soundness management, etc. were adopted as tasks to be promoted.

Promotion task	Implementation plan
Strengthen early warning system function; enhance utilization	Strengthen management by poor sign risk stage, special management implemented on industry with high risk
Diversification of loan/card monitoring	Implement monitoring classifying by product, occupation, industry, region
Implementation of regular verification for internal grading method authorization	Improve verification report according to improvement of risk evaluation model; implement regular verification
Support for portfolio strategy establishment using ALM	Enhance ALM utilization, establish ALM management status report system
Strengthen RORWA based analysis function	RORWA analysis report, Report of analysis on characteristics by product, industry, and region
Support for establishing retail market business strategy	Develop cross selling rule; develop retail market analysis/customer analysis system
Comply with interest rate/liquidity regulation ratio	Introduce new interest rate risk regulation ratio, sophistication of LCR and NFRS management
Respond to risk weighted assets for credit/market/operation risk	Preparation for change of credit risk measurement method, preparation for introduction of market risk measurement method
Respond to authorization of internal grading method	Response to internal grading method authorization, effectiveness of crisis situation analysis strengthened
Systemize retail soundness management	Develop delinquency index model using big data
Calculation of provision and risk and sophistication of monitoring	Make provision calculation system efficient, establish risk management status indicator report system

Kwangju bank

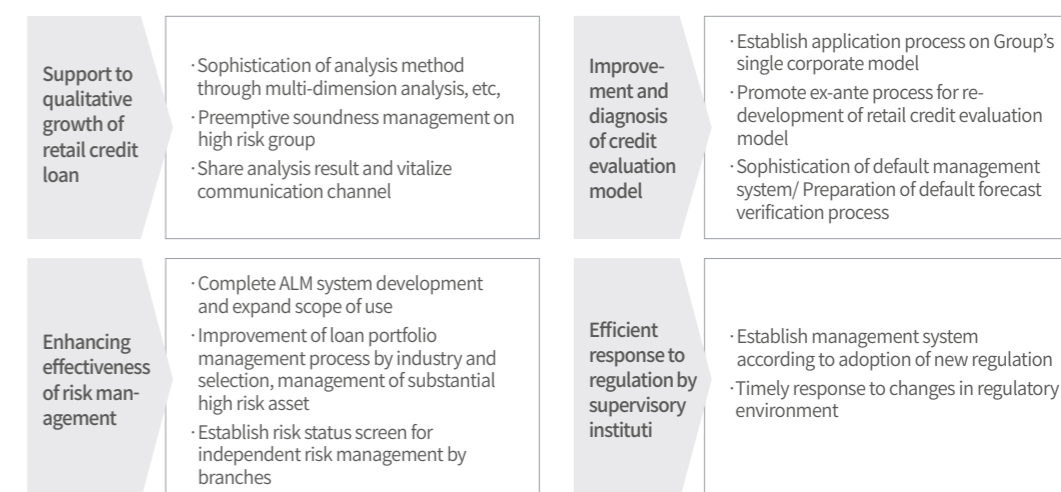
2018 risk management performance

Performance	Details
ALM system re-development project promotion	Data mart set up, IRRBB system developed, cash flow engine internal computing developed
Risk weighted asset (RWA) management optimization	LTV ratio re-calculation system established, preemptive management of companies with limited grade anticipated
Expansion of credit risk analysis scope	New product development support analysis, decision-making support and preemptive monitoring
System improved and risk management culture expanded	Follow-up verification result analysis screen established, KRI re-selection result reflected, operation risk culture expanded
Retail loan monitoring system established, sophistication of analysis	Regular analysis system established, sophistication of analysis
Corporate credit rating system improved	Segmentation of model, expanded application of representative model, expanded weight in application of external information
Limit management standard improved	Portfolio limit management standard segmented by industry, LE limit calculation standard by borrower improved

2019 risk management promotion target and plan

In 2019, Kwangju bank selected “support to data analysis-based management decision making and preemptive risk management” as the risk management target. The following 4 emphasized tasks are adopted and practiced ① Support to qualitative growth of retail credit

loan ② Improvement and diagnosis of credit evaluation model ③ Enhancing effectiveness of risk management ④ Efficient response to regulation by supervisory institution.



Compliance Ethics Management

JB Financial Group practices ethical management so that its stakeholders can understand and see JB Financial Group's operations transparently.

Financial Group's principles of ethical management

JB Financial Group shares its principles of ethical management through 'The Code of Ethics and Conduct for the Executives and Employees'

< Financial Group's Principles of Ethical Management >

We shall always think and behave from the clients' point of view.

We shall always think from the clients' point of view, serve them with a sincere heart and strive to offer them greater happiness.

We shall contribute to the growth of local economies as a member of the community.

As a financial institution playing a pivotal in the local finance industry, we shall strive to offer the best financial services to the locals and contribute to the growth of local economies. Also, we shall give back our profits to the communities to improve the quality of social welfare environment and actively carry our social contribution activities to bring a good life to the locals.

We shall respect the opinions of all our shareholders and try our utmost to maximize shareholder value.

We shall open our ears to the voices of our shareholders and strive to achieve both asset soundness and maximum profits by practicing rational management that pursues internal stability.

We shall respect the freedom and creativity of individual executives and employees and strive to improve the quality of their lives.

Understanding that our future depends on how we respect and value our people, we shall provide a workplace that allows them to freely demonstrate and expand their abilities. Also, by providing fair treatment, just compensation and the best benefits, we shall create a reliable workplace that can improve the quality of life of the executives and employees' families.

We shall establish an exemplary model of financial professionals through diligence and upright life.

Being aware that we, financial professionals, are expected to follow the highest ethical and professional standards by the society, we shall behave as sensible financial professionals and abide the laws conducting all businesses.

Executives' and employees' ethical management training & ethical compliance pledge

JB Financial Group carries out mandatory legal compliance and ethical management training programs for all positions and ranks including new employees, promoted employees and department supervisors and positions and ranks and, requires the executives and employees to sign the ethical compliance pledge every year. JB Financial Group also sends a self-assessment checklist on law compliance and ethical management to all the executive and employees via email to allows them the opportunity to look

back on their compliance to the laws and ethical management practices. Also, by designating an ethical management supervisor in all the departments and branches, we carry out ethical management training and consultations so that the members of JB Financial Group can become well aware of recent issues/topics regarding law compliance and ethical management. JB Financial Group also promotes the importance of law compliance and ethical management by mandatorily requires all employees to take online training on law compliance and ethical management once a year.

Regulations and guidelines related to law compliance and ethical management

JB Financial Group operates compliance officers to manage general internal control, law compliance and ethical management of the Group and its subsidiaries. JB Financial Group also has established and applies regulations and guidelines that are essential for law compliance and ethical management in everyday business environment. In October 2017, the Act on the Corporate Governance of Financial Companies came into effect

and JB Financial Group reviewed all of its relevant regulations and systems so that the Group and its subsidiaries can effectively comply with laws and practice ethical management through consistent policies and methods. JB Financial Group also carried out executives' and employees' ethics training and prepared internal ethics guidelines according to the Improper Solicitation and Graft Act which came into effect in November 2016.

1 Internal Control Regulations

JB Financial Group has established and is operating 'Internal Control Regulations' which provide standards and procedures all of its executive and employees must comply with to protect the rights and interests of shareholders and stakeholders, ensure sound management and comply with the laws according to the Act on the Corporate Governance of Financial Companies.

2 Guidelines for the Prevention of Unsound Business Practices

The purpose of these guidelines is protect the rights and interests of the clients and stakeholders and improve the reliability of the Group by preventing unsound business practices according to the Act on the Corporate Governance of Financial Companies and Banking Act.

3 Guidelines for the Prevention of Conflicts of Interest in Financial Investment

These guidelines provide the standards and processes JB Financial Group's executives and employees must comply with in terms of managing conflicts of interest according to the Financial Investment Services and Capital Markets Act.

4 Guidelines for the Implementation of the Whistleblower Policy

Aimed at promoting the whistleblower policy, protecting the stakeholders from financial incidents by minimizing the losses, these guidelines provide guidance on implementing the whistleblower policy and protecting the rights and confidentiality of the whistleblowers.

5 Guidelines for the Financial Transactions of the Executives and Employees

The purpose of these guidelines is to provide the executives and employees with guidance on practices, laws and internal regulations for the code of conduct and ethics required in carrying out financial transactions and to strengthen their ethical and law-abiding spirits.

6 Guidelines for the Inspection of Duties

JB Financial Group has established and implements these guidelines to collect and inspect information about the executives' and employees' performance in carrying out their duties, financial corruption and incidents for the purpose of improving corporate ethics and productivity.

7 Guidelines for the Prevention of Sexual Harassment

JB Financial Group implements these guidelines to effectively prevent sexual harassment in workplaces among all stakeholders including the executives, employees and clients according to the Act on Equal Employment and Support for Work-Family Reconciliation and laws related to sexual harassment.

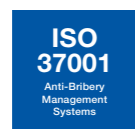
8 Guidelines for the Prevention of Financial Incidents

The purpose of these guidelines is to protect the stakeholders including the clients, executive and employees and prevent the Group's losses from financial incident that may occur from various internal and external factors.

Customer and internal complaints (whistleblower) policy

Across all of its subsidiaries, JB Financial Group has set up a variety of on- and offline channels through which the clients, executives and employees can anonymous-

ly report when they become aware of illegal or unethical conduct by the Group, its subsidiaries, executive and employees. The complaints are received 24/7 via phone, email, mail and online.



JB Financial Holding introduced international corruption prevention management standard ISO 37001 in 2019 to establish 'JB Financial Group corruption prevention management system' and obtained corruption prevention management certification from U.K Standard Association, BSI. JB Financial Group, based on ISO 37001, aims to establish anti-corruption prevention system, and is managing anti-corruption risks.

Composition of JB Financial Group corruption prevention management system



Implementation tasks for JB financial group's corruption prevention management

Major tasks	Implementation details
Establishment of ISO37001 global standard corruption prevention management infrastructure	Establishment of corruption prevention management infrastructure meeting the requirements of ISO37001 corruption prevention management system in integration with existing compliance / ethical management system to enable stable ethical management at global level
Enhancing policy transparency and reliability Remove and improve corruption inducing factors	Prevention of routine, customary corruption behavior by transparent and fair business execution To respond to crisis situation and contribute to positive reputation and image improvement of the company by managing unexpected risk or removal and improvement of corruption inducing factors
Enhancing ethical management and sense of integrity, ethical management of executives and staffs, improvement of culture	Enhancement of ethical management and integrity value of executives and staffs achieved by learning best practices of corruption prevention and advanced ethical management culture
Proactive response to corruption prevention related laws	Proactive response to corruption prevention related laws and regulations such as Improper Solicitation and Graft Act etc.

Jeonbuk bank

Compliance and ethical management activities

Jeonbuk bank as the representative regional bank in Jeonbuk is expected to practice compliance at a high level and ethical management from the local community and customers. In order to respond to these expecta-

tions and to attract deeper trust from our customers, all executives and staffs of the Jeonbuk bank are practicing substantive compliance and ethical management.

Core areas	2018 major activities	2019 Implementation plan
Internal control	Inspection and monitoring activities implemented as occasion calls	Inspect internal control and strengthen function
	Internal control meeting, committee convened regularly Ordinary, regular, unnoticed, theme audit implemented	Strengthen monitoring on providing of profit Improve monitoring system at all times
Money laundering	Money laundering risk evaluation implemented	Operation of risk based money laundering prevention system
	Staff in charge of money laundering prevention designated by department, branch All executives and staffs educated on money laundering prevention	Education on staff in charge of money laundering prevention Strengthen verification on corporation and group customer
Compliance / legal advice / support	Close cooperation system with legal department established	Use legal advisor DB; enhance efficiency
	Compliance and ethical management related bylaw, guideline improved Advice and support to department and branch on compliance, ethical management	Strengthen ethical management practice method Establish compliance support

Kwangju bank

Compliance and ethical management activities

Kwangju bank adopted and operates ethical doctrine and code of conduct to create ethical corporates culture and to realize transparent and responsible management. Every year, the bank receives oath on ethical management, money laundering prevention, and personal information protection from all executives and staffs. Also, the staff in charge of ethical management at

each department and branch provides monthly ethical management education and consultation, and prepares and submits details on compliance and ethical activities of each department and branch. Furthermore, compliance and ethics education is provided to executives and staffs at training by job and rank to enhance their sense of ethics.

Key areas	2018 major activities	2019 Implementation plan
Internal control	CLEAN 5 Kwangju bank cultural campaign implemented	Vitalize CLEAN 5 Kwangju bank cultural campaign
	Internal control meeting, committee convened regularly Ordinary, regular, unexpected, theme audit implemented	Derive improvement tasks for the meeting and committee Systemic improvement of derived improvement tasks
Internal whistleblower	Various online, offline reporting channel operated	Actively publicize online, offline reporting channel
	Identity of whistleblower kept in secret, identity protection, reward Regular education and guidance on reporting system	Actively publicize protection and rewarding of whistleblower Actively publicize whistleblowing system, inform at education sessions
Money laundering	Money laundering risk evaluation implemented	Preparation for mutual evaluation by international money laundering prevention organization
	Staff in charge of money laundering prevention designated by department and branch All executives and staffs educated on money laundering prevention	Strengthen AML system monitoring activities Establish operation system for money laundering prevention organization

Human Rights, Labor

< JB Financial Group's management principle for respecting human rights >

JB Financial Group respects human rights. This means that JB Financial Group will not violate any individual's human rights for any reason. Also, JB Financial Group will fulfill its responsibility to respect human rights based on Universal Declaration of Human Rights and UNGC (UN Global Compact).

JB Financial Group adopted "Happy and sustainable growth with customers" as the mission for the Group's sustainable management. To implement this mission, we follow 3 principles of 'sound management', 'happy finance', and 'value finance'. JB Financial Group respects the basic rights of all stakeholders comprised of Group's executives and staffs, customers, subcontractors having transactions with the Group, etc. The Group adopted and practices the "JB Financial Group management principle for respecting human rights" that contain the management philosophy for respecting human rights.

Human rights of executives and staffs

- No unfair discrimination according to academic achievements, regionalism, age, gender, ethnic group, religion, pregnancy, etc.
- Sexual harassment or abuse between employees shall be thoroughly prevented. And the principle of reporter protection and no tolerance on attacker shall be applied.
- Each staff shall be fairly evaluated and compensated according to performances, and self-development opportunity shall be provided to each staff according to his/her capacity and qualification.
- Safe and pleasant working environment shall be provided to executives and staffs so that he/she may maintain and improve health and such environment shall be continuously improved.
- Child labor is prohibited, and the laws and regulations on labor by minors shall be observed.
- Complete freedom of association, participation and activities in labor union shall be guaranteed, and related laws and regulations shall be observed.

Human rights of customers

- Financial service shall not be provided in discrimination according to age, gender, ethnic group, religion, political inclination or disability, etc.
- Requesting, storage, protection, and providing of customer information shall be implemented in compliance with related laws and regulations, and the optimal technological and physical actions shall be taken for the protection of customer information.

- Genuine requests and expectations of customers shall be respected, and corresponding best product and service shall be developed and provided.

Human rights of shareholders and investors

- Any information required by shareholders and investors shall be provided fairly on time according to related laws and bylaws.
- Proper requests and proposal by shareholders and investors shall be respected to maintain relationship based on mutual trust.

Human rights of subcontractors

- The value of Group's subcontractors as win-win partners shall be seriously considered.
- In the process of selecting the Group's subcontractors, purchase of the Group's product or service purchase shall not be coerced.
- The group shall transact fairly on a mutually equal footing rather than any predominant position.

Human rights of local community

- As a region based financial company, we recognize the responsibility for the development of the local community, and actively participate in social contribution activities as a community member.
- In providing financial products and services, employment opportunity, and participation in financial education program, we will not unfairly discriminate any socially disadvantaged class in the local community.
- In case of any large-scale project that may trigger environmental and social issues in the local community, we will make decisions on lending and investment in consideration of the impact.
- By blocking transactions under fictitious or borrowed name account, and illegal money laundering transactions, we will endeavor to realize a sound and transparent society.

Status of female employment

Affiliate	Number of total employees	Number of female employees(%)	Number of female managers(%)	Average wages of female workers compared to men(%)
Holding company	119	26(22.0)	11(14.1)	68.0
Jeonbuk bank	1,161	529(45.6)	164(32.1)	74.2
Kwangju bank	1,456	716(49.2)	188(28.4)	62.3
JB Woori Capital	504	161(31.9)	14(6.6)	52.2
JB Asset Management	54	17(31.5)	4(14.3)	62.5
Total	3,294	1,449(44.0)	381(34.3)	63.84

*Note) Number of female manager ratio: Number of female manager / Number of male managers × 100

*Note) Comparison of average wage between male and female: The ratio of average female wages compared with average male wages set at 100

Labor union participation ratio

Affiliate	2016	2017	2018
Holding company	100	100	100
Jeonbuk bank	100	99.2	100
Kwangju bank	100	100	100
JB Woori Capital	100	100	100
JB Asset Management	-	100	100

* Note) Jeonbuk/Kwangju bank labor union, other joint labor-management conference. JB Asset Management organized joint labor-management conference in 2017

Male and female employment status

JB Financial Group does not discriminate any staff in recruitment, treatment, promotion because of gender or disability. In recruiting new staff, equal compensation is paid to males/females, and female staffs occupy high percentage of 45.6% in Jeonbuk bank, and 49.2% in Kwangju bank. Also, we do not operate human resource system that is unfair according to gender, and the percentage of female middle manager is steadily rising.

Participation and activities in labor union, joint labor-management conference.

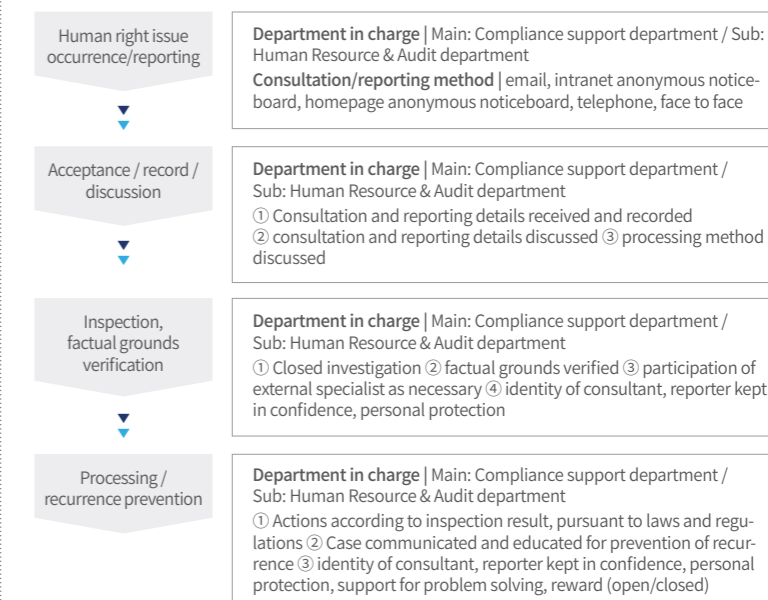
JB Financial Group grants complete freedom in employees' association of, participation and activities in a labor union, and employees shall not experience any sanction or disadvantage due to association of, participation and activities in a labor union. JB Financial Group endeavors to ensure compliance with the international labor standard stipulated by the international labor organization (ILO), complying with domestic laws, and Trade union and Labor Relationship Adjustment Act.

Reporting and processing process on human rights issue

All affiliates of JB Financial Group establishes and operates open or closed process for preventing human rights issue, processing after occurrence and preventing

recurrence. And we implement systems of consultation, reporting, and confidentiality and personal protection for any reporter.

Human right issue reporting and processing procedure



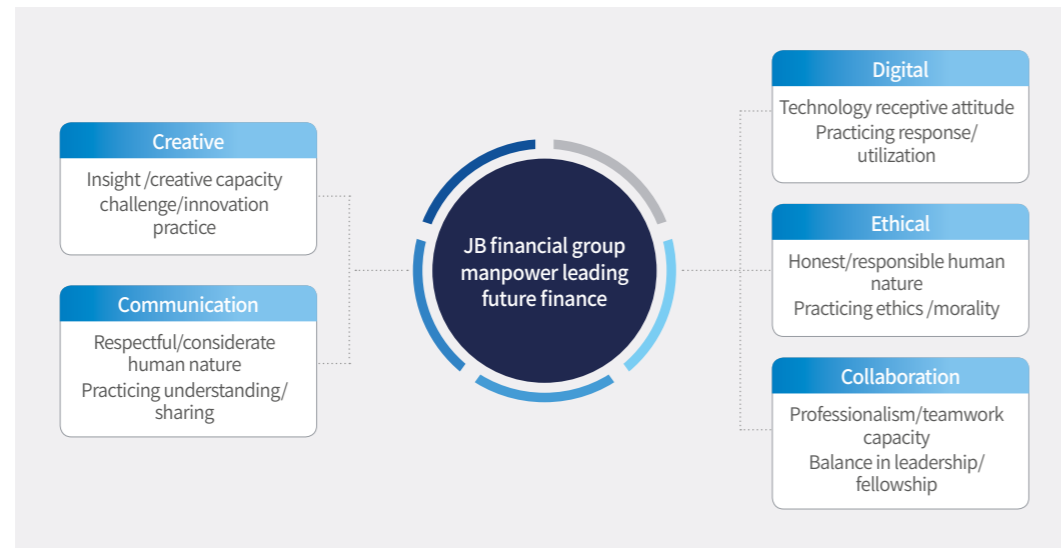
Executives and staffs' capacity strengthened

The characters JB Financial Group seeks from talents

JB Financial Group pursues creative talents, communication capable talents, willingly collaborating talents, honest talents with ethics and the talents fit for the future digital finance based on the vision and sense of calling of the financial industry.

Creative talent is a person who constantly pursues challenge and innovation based on insights and creative capacity. Communication capable talent is a per-

son who practices understanding and sharing with the personality of respect and consideration. Willingly collaborating talent is a person who achieves balance in leadership and fellowship based on professionalism and teamwork. The digital talent is a person who is technology-receptive to future digital technologies with the ability to react to rapid changes. Ethical talent is a person who practices ethics and morality in business and behaviors with the human nature of honesty and responsibility required in the financial industry.



Fair and equal human resource system

JB Financial Group operates fair evaluation system not only in fair recruitment but also after recruitment based on capacity and performance. By connecting management by objective (MBO) reflecting the characteristics of each department and branch and performances indicators (KPI) to individual performance, we ensure company-wide optimization in achieving annual target, and fair evaluation and compensation to executives and staffs, individuals, departments, and branches for achieving target.

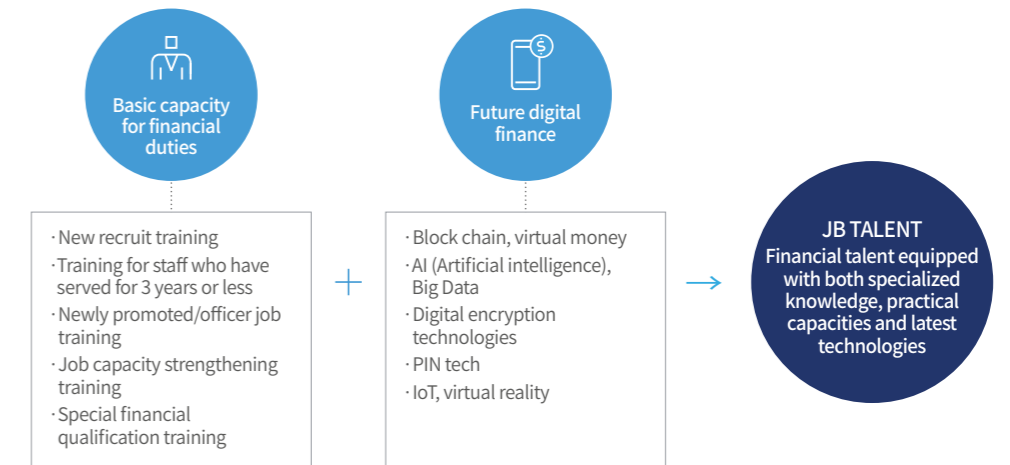
Evaluation of executives and staffs' performances

JB Financial Group operates multilateral three-dimen-

sional evaluation system to realize fair and balanced performance evaluation on executives and staffs. We reflect both self-evaluation and senior's evaluation in balance and achieve fair balance between individual and organizational performances by linking the performance of his/her affiliated department (branch).



Basic capacity for finance specialist + capacity to use future digital financial technologies



Major program for job capacity strengthened

Affiliate	Program Name	Eligible attendee	Contents	Number of attendees
Jeonbuk bank Kwangju bank	Money laundering prevention laws	All employees	Implementation of money laundering prevention laws and application to practice	2,608 persons
Jeonbuk bank Kwangju bank	Financial consumer protection education	All employees	Financial consumer protection and application to practice	2,542 persons
Jeonbuk bank Kwangju bank	Personal information protection	All employees	Personal information protection and application to practice	2,500 persons
Jeonbuk bank Kwangju bank	Understanding and application of digital finance	Applicants	Understanding and application of digital finance	1,481 persons
Jeonbuk bank Kwangju bank	Fund investment consultation education	Relevant employee at branches	Fund investment consulting and practice	1,005 persons
Jeonbuk bank Kwangju bank	Debt securities investment education	Relevant employee at branches	Debt securities investment practice and refresher education	971 persons
Jeonbuk bank Kwangju bank	Digital financial opinion leader	Applicants	Understanding and utilizing digital finance such as block chain, AI, etc.	684 persons
Kwangju bank	Advanced country finance overseas (U.S.) training	Relevant employee	Visit to advanced (U.S.) financial institution, bank training	436 persons
Kwangju bank	KAMP 4.0	Relevant employee at branches	Branch sales capacity strengthening practice	361 persons
Jeonbuk bank Kwangju bank	Derivative product investment advisory education	Relevant employee at branches	Derivative product investment advisory and practice education	355 persons
Kwangju bank	Financial marketing	Applicants	Understanding and utilizing financial marketing	144 persons
Kwangju bank	Bank branch management business	Relevant employee at branches	Bank branch management and management practice	135 persons
Jeonbuk bank Kwangju bank	Deposit & lending job enhancement education	Relevant employee at branches	Deposit & lending job enhancement education	111 persons
Jeonbuk bank Kwangju bank	Rookie academy	Staff with service period within 3 years	Bank practice upgrade	109 persons
Jeonbuk bank	Understanding technology finance	Relevant employee at branches	Understanding technology finance and application to practice	107 persons
Kwangju bank	Fund /derivative product investor protection	Applicants	Fund /derivative product investor protection practice	106 persons

* In the order of lectures where 100 people or more attended

Jeonbuk bank HR management



* 2018 Jeonbuk bank new staff job training

2018 human resource management performance

Performance	Details
Fair and transparent recruitment	<p>In 2018 open recruitment of new staff, blind recruitment without requiring statement of gender and academic background implemented</p> <p>Introduction of written test (NCS/National Competency Standard + finance, economy, common sense), superior human resources recruited</p> <p>Practice capacities are verified and human resources conforming to the Group's model human resource are recruited through segmentalized interview procedure (1st: job capacity, 2nd: executive's interview)</p> <p>Potential sexual discrimination prevented in advance during job interview as 2 external interviewers out of 4 are female in job capacity interview</p>
Efforts on equal employment opportunity	<p>Out of 46 rookies in 2018, 21(46%) were females by offering equal employment opportunity to female talents</p> <p>Flexible jobs such as peak timer, part timer, etc. continuously offered to career interrupted females</p> <p>Unretirement opportunity granted to official retirees by implementation of unretirement program</p>

2019 target and plan

Jeonbuk bank is establishing and implementing detailed implementation plan, aiming to establish an efficient management support system through improving

quality of employment, expanding recruitment opportunity for the youth and the socially vulnerable group, and improving human resource system.

Improving quality of employment	<ul style="list-style-type: none"> · Systemize employment related system · Provide foundation for recruitment of excellent personnel equipped with ability and personality · No discrimination in recruitment due to individual factors such as academic background or gender, etc.
Expanded job opportunity for the youth and the socially vulnerable group	<ul style="list-style-type: none"> · Expand activities for intern and college students' job experience, providing opportunity for job finding preparation · Respond to government's job policy by continuous expansion of new employment · Expand employment opportunity to socially vulnerable groups
Improving Human Resource system	<ul style="list-style-type: none"> · Provide groundwork for transparent and fair human resource management · Make manpower arrangement efficient

Kwangju bank HR management



* 2018 Kwangju bank new staff job training

2018 human resource management performance

Performance	Details
New recruitment	<p>67 rookies recruited</p> <p>Externally entrusted recruitment system implemented for fair new staff recruitment</p> <p>Adopted blind recruitment and fair recruitment system using external personnel recruitment company from document screening stage</p> <p>Manpower vacuum filled and organizational vitality enhanced by new staff recruitment</p> <p>Separate recruitment of ICT specialized manpower in preparation for Digitalization</p>

2019 target and plan

Kwangju bank adopted improvement of manpower operation and system as foundation for long term growth and enhancing productivity through efficiency in manpower operation as the human resource management strategy, and have established and is practicing efficient

manpower operation in preparation for digital finance, improvement of human resource system and work culture, and making a happy workplace as the implementation plan.

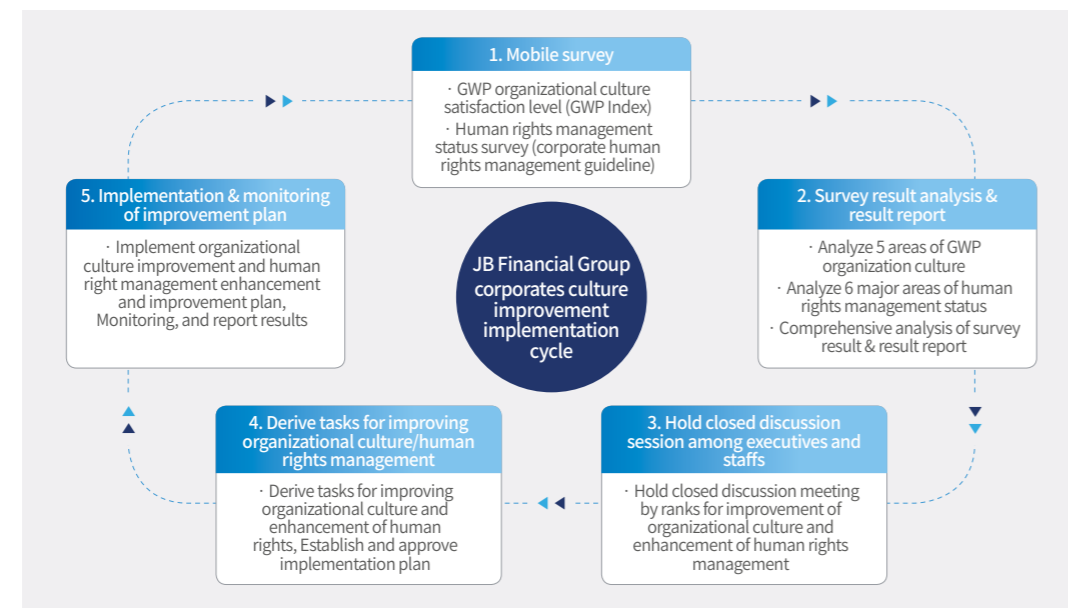
Efficient manpower operation in preparation for Digitalization	<ul style="list-style-type: none"> · Flexible response to demand for manpower with digital capability · Mid to long term planning on human resource management · Reasonable and fair human resource management focused on performance 	Improvement of Human resource system	<ul style="list-style-type: none"> · Improve work performance evaluation system · Supplement distinction ability of work performance appraisal (absolute evaluation) · Evaluation of attitude at work reflecting the bank's model talent
Making the bank a good place to work	<ul style="list-style-type: none"> · Operate overtime labor management system; induce compliance to working hours · Introduce intensive work hour system for 4 hours, twice a day · Improve working method, improve meeting culture, improve work ordering and reporting culture 	Making a happy workplace	<ul style="list-style-type: none"> · Supplement wage system (response to continued hike of minimum wage) · Introduce employees' welfare pension · Operate daycare center at work · Upgrade comprehensive human resource information management system

Good place to work, JB Financial Holding Company

The cycle to improve organizational culture and executives and staffs' human rights

JB financial Holding Company held the 'GWP (Great Workplace) confidence survey for improvement of organizational culture and executives and staffs' human right and human rights management status survey' in the 1st half of 2018 for the improvement in organizational culture and executives and staffs' human rights. Based on this survey, we held meetings by rank and derived 5 priority tasks for improving organization culture and human

rights. According to the priority tasks, we have achieved results such as introduction of integrated annual salary system, introduction of consolidated leave system, vitalization of ability strengthening education, improvement of discrimination factors on female and temporary employees, etc. The cycle for improvement of organizational culture and executives and staffs' human rights will be expanded to all affiliates for implementation.



JB Financial Group's major welfare system for executives and staffs

JB Financial Group exercises the philosophy of executives and staffs' happiness management, namely "executives and staffs should be happy for customers to be

happy". For this purpose, we have been implementing various welfare systems so that executives and staffs can maintain Work and Life Balance.

System Name	Details
Health checkup	Provided to all executives and staffs every year. One family member included in case of executives and staffs aged 35 or older
Sabbatical leave and travel expenses	Sabbatical leave and travel expenses support for any executives and staff with service history of 15, 20, 25 years or longer
Scholarship for employee's children	Kindergarten, high school, college tuition fee support for children of executives and staff (certain amount based)
Congratulatory and condolence monies	Marriage, childbirth, parents (principal, spouse) birthday (60th, 70th, 80th), death (principal, immediate family, etc.)
Maternity leave/absence	Principal's before delivery/after delivery leave/absence, spouse's maternity leave
Infant care, infertility treatment absence	Infant care absence for children of the principal, infertility treatment absence
Health (sick) leave	In case of injury or sickness of principal on duty
Assistance for disaster	Partial support in case house is burned, lost, destroyed due to flood, fire or other natural disaster, etc.

Kwangju bank

Dream Land nursery opened

Kwangju bank vice general manager Yoon Hyeon-il is leaving care of his 2nd daughter, Chae-yoon (aged 3) to the care of the nursery at work, "Dream Land" within Kwangju bank which opened in March 2019. As a double-income family, when vice general manager Yoon was raising their 1st daughter who is now a freshman in high school, there was no nursery facility at work, so he was so busy and out of his mind since he had to take his child to his wife's family and then go to his workplace every morning. These days he goes to his workplace with Chae-yoon, so he is much more composed. More than anything, it is really good that he can leave his child in the nursery at his company that he can trust. "These days there was a lot of problems at privately run nurseries and kindergartens. I can only anticipate that in my child's

nursery such things would not happen. But now since the nursery is in my company, I can feel quite relieved. Also, my wife and I looked around many other nurseries, but the facilities here is the best. And it is even better since the teachers here look after the children with great care. Just one thing inconvenient for me is that I cannot attend the evening get-together for me I have to go home with Chae-yoon. Except for this, everything is good... Ha ha ha" The nursery in Kwangju bank takes care of 40 children aged 5 or younger, and is mostly used by dual-income families. Nursery at work opened in February 2019 in Kwangju bank, and Jeonbuk bank is preparing for the opening of their nursery as well.



"As I can see my kids at the company, I feel much brighter"

Kwangju bank vice general manager Yoon Hyeon-il and 2nd daughter Chae Yoon(aged 3)



Jeonbuk bank

Jeonbuk bank has won the 7th Prime Minister's prize on family-friendly corporation.

At the 7th World Population Day ceremony held on July 11, 2018, Jeonbuk bank received Prime Minister's prize for the contribution on operation of various childbirth support system and resolution of low-birth problem by balancing work and family. Jeonbuk bank's contributions to childbirth and infant care, family familiarization were appreciated, through operating various system for childbirth promotion such as support for childbirth leave and absence as well as stable reinstatement, support of substantial childbirth congratulatory monies to employees' family, and various social contribution activities such as operation of multicultural family culture class, support to foreign worker's family, support of mass wedding

ceremony for disabled couples, and support of female sanitary products to low income teenagers, etc.



Consumer, Customers

JB Financial Group protects the rights and interests of consumers and clients. This means that JB Financial Group shall provide its consumers and clients accurate and fair information, enter into fair contracts, provide safe business environment, protect their information, hear and solve their complaints in regards to all products and services it provides.

< JB Financial Group Consumer Protection Charter >

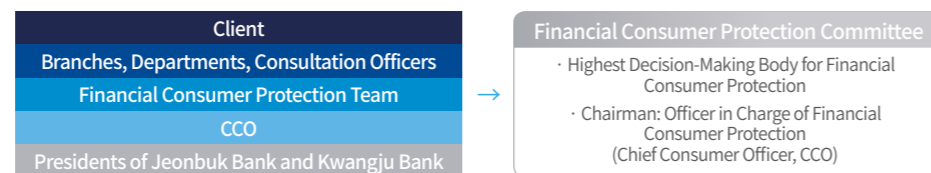
This Charter sets the behavioral values and standards that JB Financial Group shall uphold in providing client-centered financial services and protecting the rights and interests of financial consumers.

- We shall provide accurate financial information keeping the rights and interest of financial consumers as our first priorities.
- We shall protect and use financial consumers' information in the most legal, safe and appropriate manner.
- We shall make sure to protect financial consumers from unreasonable discrimination and unsound business practices.
- We shall process financial consumers' complaints and damages as quickly as possible and try to resolve them in the sincerest manner.
- We shall reach out to the financially disadvantaged groups and fulfill our responsibilities as a member of the community

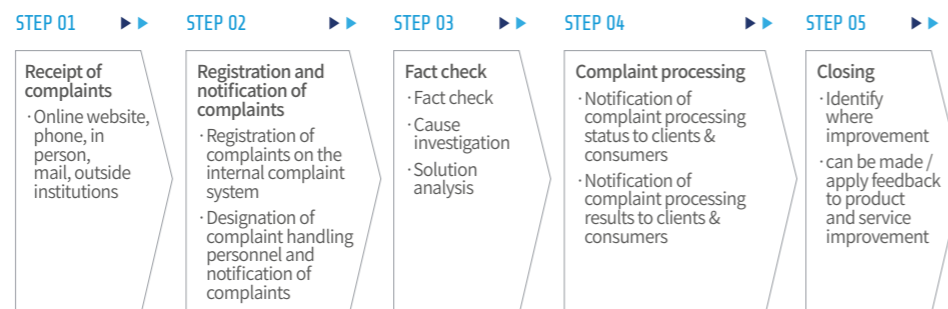
Bodies for financial consumer protection

Jeonbuk Bank and Kwangju Bank have designated their vice presidents as the chief of financial consumer protection and hold financial consumer protection committee meetings regularly and whenever necessary. JB Financial Group's bodies for financial consumer protection such as bank branches, departments and consultation officers who meet the clients in person try to solve the problems as quickly as possible and when the problems can't be resolved on site, the Financial Consumer Protection Team and Financial Consumer Protection Committee intervene to resolve the issues and complaints the clients might have.

JB Financial Group listens to the voices of its clients. We try to communicate as openly as possible using a variety of channels including our website, phone, in-person visits, mail and outside institutions. The complaints we receive from our clients are registered on our complaint system and we designate complaint handling personnel for each complaint. Then, after timely fact check and case investigation, we develop solutions and notify our clients of the complaint processing status and results. We also analyze the complaints and issues and apply the lessons learned to our product and service development so that problems don't occur again.



Client & consumer complaints handling procedure



Product development procedure for consumer protection



Product development procedure for consumer protection

JB Financial Group believes that the first step to protecting financial consumers is to approach product development in clients' perspective. So, we look carefully into clients' opinions and complaints made in the past by the clients before developing new financial products and services and, make sure to eliminate any factor that could lead to unreasonable discrimination or unsound business practices through multiple steps. Also, we carry out extensive employee training on products so our employees can thoroughly provide information about the products to the clients. We also analyze clients' response and satisfaction to the products launched through the procedure explained above and make sure to prevent clients' losses or complaints from our products or services.

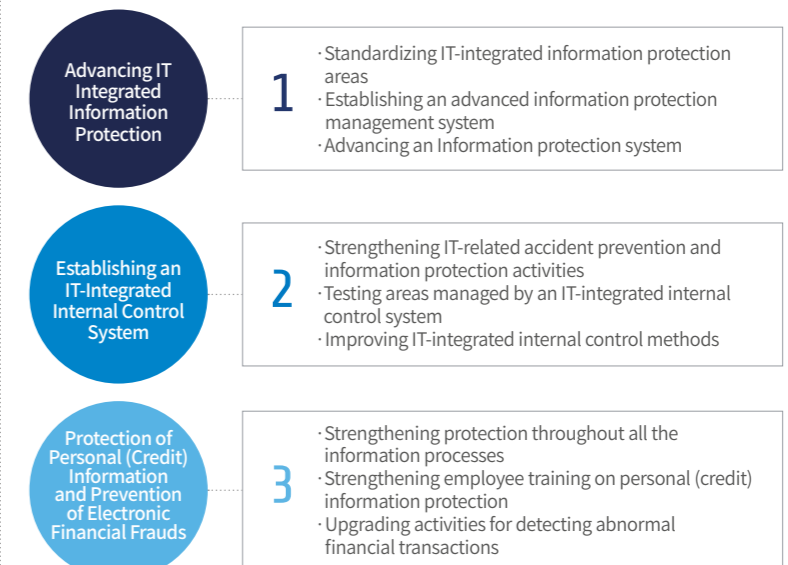
Client information protection management system

Clients' personal information is part of clients' important assets that the Group must protect. Thus, protecting client information is a priority management concern for JB Financial Group. To ensure clients' safe financial transactions, we, as a group, try our utmost to determine and eliminate potential financial risks in advance by strengthening our information protection system.

We are in full compliance with the Act on Personal Information Protection, Act on the Use and Protection of Credit Information and other laws relevant to information protection and, we inspect our client information management status and compliance to laws regularly using inspec-

tion manuals and checklists. We also make sure our partners involved in information and computer system/data management to continuously strengthen their inspection activities on personal information management processes and results. To safely protect our clients' information, we also use atypical data encryption, strengthen security of data transmission devices, block malware on automation devices and use security solutions for our disaster recovery center.

Establishing an information protection system for safe financial transactions



Jeonbuk bank consumer protection

2018 Consumer protection activities performance

Major business	Performance review	Implementation status
Financial consumer protection activities	<p>'Customers' voice' bulletin board operation (implemented on April 3, 2018)</p> <ul style="list-style-type: none"> · 18 cases of customer business proposal received <p>Civil complaint prevention and reduction activities</p> <ul style="list-style-type: none"> · 40 branch site visiting training · Civil complaint case broadcast once a week (45 times in total) <p>Financial consumers' status evaluation (self-regulated evaluation) implemented: reasonably evaluated</p> <p>Financial consumer protection association</p> <ul style="list-style-type: none"> · Total of 4 activity occasions comprised of comprehensive management system for financial consumer protection (draft) etc. 	<p>Customers' business proposal status</p> <ul style="list-style-type: none"> · Business promotion department: 2 cases, digital business department: 4 cases, credit card business department: 3 cases. 9 cases in total (1st quarter of 2019 scheduled) · Business proposal completed: 9 cases <p>Branch site training</p> <ul style="list-style-type: none"> · Civil complaint case focused training implemented · Gift certificate presented to autonomously selected superior staffs
Telecommunication financial fraud	<p>Telecommunication financial fraud prevention activities</p> <ul style="list-style-type: none"> · Monthly voice phishing and case broadcast · Voice phishing zero campaign implemented (1 month during Oct. 2018) · 'Financial fraud prevention diagnosis table' for preventing voice phishing amended and implemented (Dec 3) <p>Citation awarded to superior staffs in preventing voice phishing damages</p>	<p>Number of cases of 2018</p> <p>Telecommunication financial fraud</p> <ul style="list-style-type: none"> · Number of monitoring: 25,837 cases · Number of monitoring financial fraud prevention: 11 cases/KRW 33 mil. · Number of damage relief: 127 cases/KRW 1,200 mil. · Number of damage refund: 106 cases/KRW 99 mil.

2019 consumer protection activities plan

Major business	Emphasized strategy	Branch Implementation
Financial consumer protection activities	<p>Financial consumer protection training</p> <ul style="list-style-type: none"> · Site training on civil complaint prevention (more than 10 branches per quarter) · Cyber training on financial consumer protection <p>Submit financial consumer protection status evaluation (autonomous evaluation) materials</p> <ul style="list-style-type: none"> · Financial consumer protection status evaluation materials to be submitted (1st half, 2019) <p>Opening of integrated financial consumer protection management system (scheduled in May 2019)</p> <ul style="list-style-type: none"> · Detailed development of system under progress <p>prevention measures pursued on incomplete sale civil complaint</p> <ul style="list-style-type: none"> · Product sale internal bylaw for financial consumer protection observed 	<p>Customers' business proposal bulletin board operation</p> <p>Financial consumer protection bulletin board actively utilized</p> <ul style="list-style-type: none"> · Financial consumer protection (regulation, guideline, manual) · Telecommunication financial fraud (manual, fraud case) <p>Incomplete sales monitoring</p> <ul style="list-style-type: none"> · New document date strictly observed – KPI reflected (4 business days after new submission, within 10 business days after return) <p>Prevention measures prepared for customers anticipated to raise civil complaint</p> <ul style="list-style-type: none"> · Related contents notified to Financial consumer protection bureau
Telecommunication financial fraud	<p>Strengthen damage prevention of telecommunication financial fraud</p> <ul style="list-style-type: none"> · Telecommunication financial fraud prevention training – monthly or more often · Strengthen suspicious account monitoring and strengthen branch connection · Develop 'financial fraud prevention diagnosis table' PPR for voice phishing prevention 	<p>Branch staffs' attention on customer enhanced</p> <ul style="list-style-type: none"> · Paid attention to early termination of deposit <p>Strengthened telecommunication financial fraud damage prevention</p>

Kwangju bank consumer protection

2018 Consumer protection activities performance

Performances on consumer protection

'Consumer protection sympathy tour' implemented at all branches

- Staffs' mind enhanced according to adoption of ethical code in business activities
- Incomplete sales case shared and awareness on complete sales enhanced
- Prevention of financial fraud strengthened by sharing most recent schemes and damage cases

The 2nd term 'Talk talk advisory group' operated

- Quarterly tasks performed such as comparative case analysis on untact transactions with other banks
- Improvement completed on 44 cases out of 47 requests for improvement

Improvement of system through prior discussion related to consumer protection

Consumer protection meeting held (quarterly)

Financial consumer protection day operated (monthly)

Performances on financial fraud prevention

Number of monitoring	Number of preventions	Prevention amount	Recommended ratio by Financial Supervisory service	The bank's ratio
24,585	-	KRW 710 mil.	0.2%	0.003%

By implementation of minor financial fraud reporting 112 dedicated department, fraudster arrest record improved

- 3 persons in 2017 → 21 persons in 2018

Warning statement on financial fraud inserted on passbook cover

Financial fraud prevention training implemented to vulnerable groups (117 cases, 2,500 persons)

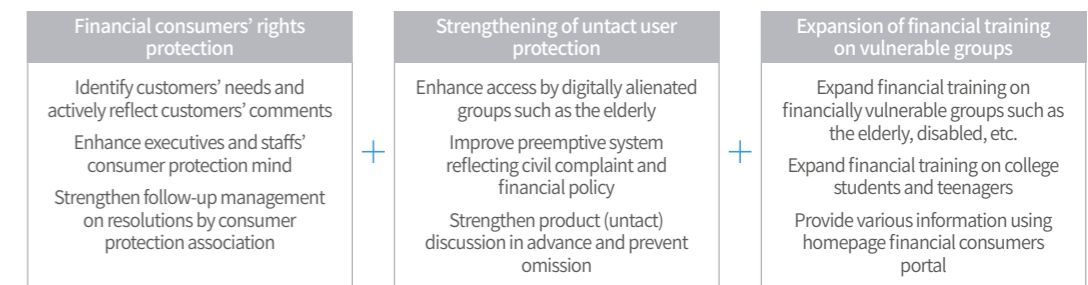
Financial fraud prevention training implemented (Groupware bulletin board used)

- 21 cases including financial fraud damage relief work process flow guidance, etc.

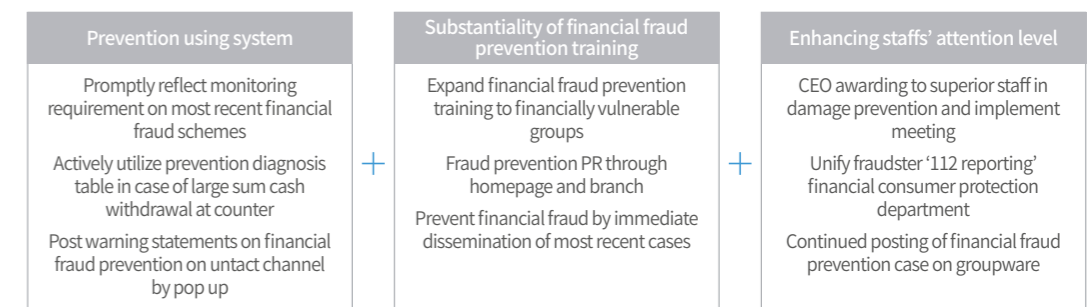
Morale boost for superior staff in financial fraud prevention

2019 Consumer protection activities plan

Consumer Protection



Financial fraud prevention



Information Protection

To realize the “safest bank”, Jeonbuk bank established ① safe protection of customers’ and executives and staffs’ information, ② support for safe digitalization, ③ safe protection of IT infra and information assets, and ④ safe protection of personal and customer information as the implementation target, and exerting its best efforts to protect consumers’ information and ensure IT security.


Jeonbuk bank consumers’ information protection, IT security

2018 information protection management system (ISMS) certification consulting implemented

In 2018, the bank established information protection management system by adopting one regulation and 10 guidelines, and information protection management system was certified to obtain ISMS certification.

Classification	Period
Weak point diagnosis	Apr. 10, 2018 ~ Jul. 20, 2018
Risk analysis & evaluation	Jun. 11, 2018 ~ Jun. 22, 2018
Internal audit	Jul. 9, 2018 ~ Jul. 16, 2018
Follow-up support review	Aug. 27, 2018 ~ Sept. 7, 2018
Weak point implementation diagnosis	Oct. 4, 2018 ~ Oct. 10, 2018

* ISMS: Information Security Management System certification
Information protection management system certification is the system whereby a nationally accredited certification institution guarantees that important information and infrastructure held by a corporation or organization such as corporate information, industrial secret or personal information are managed safely and reliably through assessment and evaluation. Jeonbuk Bank and Kwangju Bank obtained ISMS certification in 2018, simultaneously.



Information protection management system (ISMS) certification acquired

- * Scope of certification: Internet banking service (web, mobile) and local government treasury system operation
- * Effective period: Nov. 9, 2018 ~ Nov. 8, 2021

2019 information protection activities plan

Scope	Implementation plan
IT information protection	Strengthen weak point analysis / evaluation · Expand target/period of weak point analysis evaluation (100 units → 300 units)
	Expand and strengthen information protection system · Upgrade state of the art detection technologies and strengthen management function
	Strengthen 24 hours 365 days real time security control · Secure specialized security control service (remote) and dedicated manpower (dispatched)
Electronic financial transaction security	Reflect IT security inspection and department/branch performance evaluation (KPI)
	Strengthen security in electronic financial transaction · Strengthen internal security review capacity: secured analysis capacity on security for new technologies such as Fintech, etc.
IT / laws regulation	Strengthen IT security capacity · Expand information protection specialized training on manpower dedicated to information protection
Abnormal financial transaction detection	Actively utilize abnormal financial transaction information sharing system · Policy improvement by prompt sharing of and response to accident information and benchmarking accident cases of other institutions
	Improve abnormal financial transaction detection system · Minimize customers’ civil complaint by improving customer response procedures
Personal (credit) information protection	Separate storage of personal (credit) information and strengthen access control · Improve practice of storing personal (credit) information for a long period
	Inspect personal information file management status, and strengthen personal (credit) information protection training

Customer Information Breach (unit: cases)

	2016	2017	2018
Jeonbuk Bank	0	0	0
Kwangju Bank	0	0	0

Kwangju bank adopted ① strengthening ICT convergence based information protection security, ② realization of advance prevention-focused IT internal control system, and ③ creating clean environment for personal (credit) information protection and preventing electronic financial accident as the implementation target to realize “safe and trusted Kwangju bank”, exerting the best efforts on consumers information protection and IT security.

Kwangju bank consumers’ information protection, IT security

2018 information protection management system strengthened/ internal control system established


Major projects

- Establishment of standard information protection management system and ISMS certification screening
- PC authority management solution (AD)
- Security review such as mobile web and BDT expansion establishment, etc.
- PC installation process improved, and authority management solution established (malignant code infection control and supervision regulation observed)
- Adequacy of general ledger amendment and ICT renewal transaction reviewed, and improvement issues derived
- Access authority to online terminal strengthened (illegal transaction by unauthorized manipulation prevented)
- eKIMIS personal (credit) information destruction management system established
- Cyber training and in-house training implemented on personal (credit) information protection
- Abnormal financial transaction detection system (FDS) detection rule optimized and detection blocking implemented

* BDT(Branch Digital Transformation)
Digitalization of business branch teller duties/interconnection service between business branch desk and untact channels

* eKIMIS(e Kjbank Integrated Management Information System)
Kwangju bank integrated management information system

* FDS(Fraud Detection System)
Abnormal financial transaction detection system/ the system for detecting unusual transaction (suspicious) type by comprehensive analysis on terminal information, access information, and transaction details used in electronic financial transactions



Information protection management system (ISMS) certification obtained

- * Scope of certification: Internet banking service (web, mobile) and local government treasury system operation
- * Effective period: Nov. 9, 2018 ~ Nov. 8, 2021

2019 information protection activities plan

Area	Implementation plan
Strengthen ICT convergence-based information protection security	Establish intellectual type information protection response system · Detection of abnormal behavior by internal base user
	Information protection system integration for digital financial security · Strengthen security function in DB access control solution
Advance prevention focused IT internal control system realization	Strengthen IT accident prevention and control on information protection activities · Ex-ante/follow-up management of expected risk
	Management of adequacy on general ledger amendment and strengthen reference transaction · System sophistication for systemic management of potential risk factors
Personal (credit) information protection Clean environment created and electronic financial accident prevention	Advancement of IT internal control methods · Preemptive response to new type of risk factor
	Strengthen inspection system and training for personal (credit) information protection · Develop and operate inspection system on unauthorized reference to prevent misuse or abuse of customer information
	Systemization of personal (credit) information providing and destruction management · Systemized management of personal (credit) information provided externally, and strengthen control right on information provided
	Sophistication of abnormal financial transaction detection activities · Sophistication of AI based FDS detection accuracy ratio

Financial fraud prevention



“
If you are asked to send check card, you are 100% exposed to fraud
 _ Jeonbuk bank assistant manager Yoo Ni-na

In March 2018, a middle-aged female customer visited Jeonbuk bank Jeonju Seosin-dong branch. She asked for a re-issuance of a lost check card that has not been used for a long time. While talking with this customer, assistant manager Yoo Ni-na felt a bit strange, because she heard the news on TV that lending frauds frequently occur through check cards a few days ago. To check her strange feeling, she asked the customer whether she have received a phone call or text message that a loan would be offered if the customer gets a check card issued.

The customer was surprised about how the bank knew about this and showed her a text message sent by M Savings bank. The text message was written in a very precise and refined manner. Under the title of ‘emergency policy loan guidance for the common people,’ with M Savings bank’s logo and identical method and type of text message that are sent by other banks. It said that if a customer gets a check card issued and delivers the card by post, the savings bank would lend urgent monies at a low interest rate. Assistant manager Yoo Ni-na called M Savings bank for verification but received verification that the bank never sent such a message. Assistant manager Yoo Ni-na explained what she had found out in detail with a calm voice to the customer, and the customer was surprised and answered that since she was economically difficult and needed urgent money, she was out of her mind when she received such a text. The customer went back without issuing a check card, and the loan fraud was prevented.



Bank never requests for remittance through SNS
 _ Jeonbuk bank Section chief Jeong Hye-seung

In August 2018, a male customer visited Jeonbuk bank Gochang branch asking for money transfer to overseas. Since the customer had no record of money transfer transaction, she asked the reason for the remittance. He answered that a foreign lady whom he came to know through SNS asked for some travel expenses as she would come to Korea to meet him. Section chief Jeong Hye-seung felt something suspicious about this and made an inquiry on the SNS and foreign account, and the account was found out to be under use for SNS fraud. She notified this fact to the customer and fortunately the money transfer was prevented. Section chief Jeong Hye-seung emphasized that voice phishing can be avoided best by asking a staff at a bank branch, saying “The bank or normal financial institution never asks for remittance by telephone or SNS.”

“
If you lend deposit passbook to any unknown person, the passbook may be used for crime
 _ Kwangju bank deputy general manager Park Gyeong-Ryae

In the morning of February 27, 2019, a middle-aged woman customer came to Kwangju bank Wando branch. Reporting that she has lost her passbook, she received a reissue of the passbook and withdrew KRW 10 million. Then, in the afternoon, she requested for another withdrawal of KRW 20 million. As large sum transaction requires a certain time before withdrawal after a deposit, verification procedures was required. According to the verification result, suspicious account signal flashed on the screen and he called the consumer protection bureau at Kwangju bank headquarters for verification of the suspicious account. The consumer protection bureau judged that the relevant account can potentially be used for financial fraud and reported to the police. Meanwhile, the deputy general manager informed the customer that large amount transaction may be delayed and treated her some tea. After about 10 minutes, the police arrived, and the verification result showed that the passbook had been used for financial fraud. The title holder of the account lent the account, then the financial fraudster received monies from a third party using such passbook. The police arrested the financial fraudster together with the customer who lent the account. The damage of KRW 20 million was prevented. Deputy general manager Park Gyeong-Ryae asked customers to be careful not to lend a passbook since such account lent to an unknown person may be used for crime.



Kwangju bank

Kwangju bank Talk Talk advisory group

Kwangju bank is operating “Talk-Talk” advisory group composed of customers since 2017. Talk talk advisory group inspects the service and business process at all contact points between customer and bank staffs such as bank branch, online, mobile, customer center phone consultation from a customer’s standpoint, and delivers complaints or required improvements to a relevant department. Talk Talk advisory group selects tasks to be carried out through quarterly regular meetings with customer service-related departments and business innovation departments, and proposes priority tasks that needs to be resolved through advisory group activities. Especially in 2018, the group requested for 47 requests for improvement, including the improvement task proposed as the result of the analysis of the pros and cons of the bank’s untact transaction (online, mobile transaction) with other banks. Out of these requests, improvements on 44 cases were completed, and 3 cases are in the process of improving.

Kwangju bank customer center

Kwangju bank achieved the performances of improved customer service, business efficiency, and enhanced consultants’ capacity in 2018, targeting “The best customer center among regional banks.” Especially the bank achieved customer response ratio of 97% (95% in 2017) by service efficiency, and response ratio by consultant within 20 seconds after phone connection was raised to 91.5% (90% in 2017). Also, by establishing sign language consultation system for the hearing impaired, accessibility by financially alienated customers was enhanced. In 2019, the bank is continuing its response to change in customer consultation method and the efforts for customer satisfaction aiming for “establishing future oriented customer center foundation” comprised of response ratio of 98% or higher, one stop consultation service reflecting customers’ needs, adoption of reservation system for mobile web consultation, assigning consultants dedicated to mobile chatting consultation, etc. Furthermore, staffs’ human rights are protected by continued work environment improvement and stress mitigation program for telephone consultation staffs eligible for classification as high stress occupational group as the efforts to provide better service to our customers.

Jeonbuk bank

Jeonbuk bank customer center

Jeonbuk bank did its best to improve customer service in 2018 aiming to “provide warm service to everyone.” Through this, the bank achieved customer response ratio of 97.4 % (96.5% in 2017) and response ratio by consultant within 20 seconds after phone connection of 93%’ (89.9% in 2018). Also, obsolete call center consultation equipment were replaced with brand new equipment, and new consultation solution program was introduced to drastically improve the quality of consultation. Also, in February 2019, the integrated call center opened with real time voice recognition system (STT) and customer consultation knowledge management system (KMS) established, hence consultation period was reduced and providing more systemically integrated call service became available.



Environmental Management

JB financial group practices environmental management. This means that JB financial group recognizes the importance of environment in the one and only earth, and applies, practices the concept of environmental improvement, protection, preservation in all areas of corporate management.

JB financial group recognizes the importance of protection and preservation of the earth environment, adopted and practiced "JB Financial Group's environment management principle" in

order to secure environment soundness in not only corporate operation but also in providing and developing financial product and services, and to grow as a sustainable financial corporation.

< JB Financial Group's Environment Management Declaration >

Compliance with environment related laws and global guidelines

- We observe environment related laws in the entire course of corporate operation, and practice environment management in consideration of such laws.
- We adopt and observe environment related global standards and guidelines, and sustainably develop environment management practice capacity through objective and sustainable external verification.

Low carbon, energy saving management

- Throughout the entire course of corporate operation, we actively recommend and practice use of low carbon emission energy, and new & renewable energy.
- We actively recommend and practice use of all facilities, vehicles, materials, goods, office equipment's with high efficiency energy grade throughout the entire course of corporate operation for the purpose of energy saving.
- We continuously practice energy saving activities in daily business to prevent the waste of energy.

Waste reduction, separated wastes, use of recycled products

- We actively recommend and practice the efforts to reduce waste throughout the entire course of corporate operation.

- We separate wastes before sending it out to be recycled throughout the entire course of corporate operation.
- We actively recommend and practice use of recycled products throughout the entire course of corporate operation.

Protection and preservation of natural environment, ecosystem, and biodiversity

- We actively recommend and practice the protection and preservation of the natural environment, ecosystem, and biodiversity throughout the entire course of corporate operation.
- We implement social contribution activities for the protection and preservation of the natural environment, ecosystem, and biodiversity.

Development and providing of eco-friendly financial product and service

- We develop and provide eco-friendly financial products and services that preserve and protect the environment.
- We do not provide financial support to large scale development business that may cause serious environmental destruction or continuous adverse effect to the environment.

JB financial group minimizes any effect upon the environment and expands technology investment in eco-friendly industries. Also, we promote the type of environment protection activities that our executives and staffs participate in, actively joining in the tackling of problems in environmental contamination and natural destruction to promote eco-friendly policy that suits the characteristics of a financial group.

Digitalization of teller service

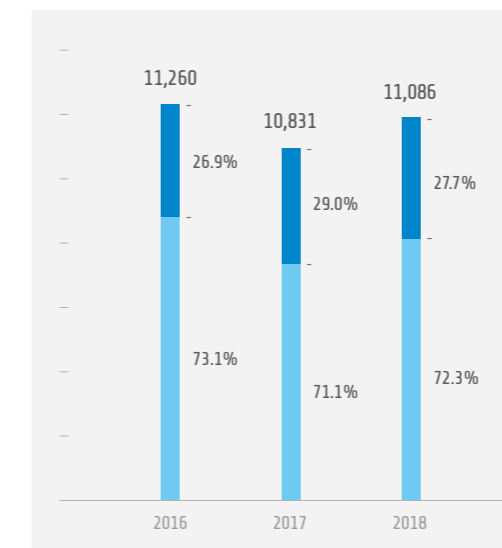
Jeonbuk bank and Kwangju bank commenced paper passbook non-issuance system upon providing new passbook from September 2017, providing incentives such as exempting of fees in case paper passbook is not issued. By replacing the documents to be prepared for teller business with tablet PC, the use of paper have been reduced by 54% in 2018 compared to 2015 with significantly enhanced work efficiency of bank staffs.

Greenhouse gas inventory established

JB financial group consumes a large amount of electric energy for data management and counter business with increased need to manage energies used for the operation of physical assets. Scope 1&2 greenhouse gas emission inventories were established for 3 years

Greenhouse gas emission (unit: tCO₂e/yr)

■ Scope1 ■ Scope2



from 2016 to 2018 at JB Woori Capital, Jeonbuk bank, and Kwangju bank headquarters for the first time among JB financial group affiliates. JB financial group pays continuous attention in transaction with domestic or overseas corporations as direct or indirect influence from greenhouse gas regulation may be incurred and will expand the scope of inventory establishment to all of JB financial group affiliates.

Greenhouse gas emissions by affiliates (unit: tCO₂e/yr)

Affiliates	2016	2017	2018
Jeonbuk Bank	3,979	3,957	4,119
Kwangju Bank	5,884	5,563	5,716
JB Woori Capital	1,397	1,311	1,251

Expanded financial support to sustainable industry

JB financial group contributes to the development of sustainable eco-friendly industry by providing funding support financial products to sustainability related industries such as photovoltaic power generation, new & renewable energy, etc. According to the government's policy direction to achieve 20% of new & renewable electricity by 2030, the amount of support to eco-friendly finance in Kwangju, and Jeonnam region increased by 60%.

Environment protection activities

JB financial group is carrying out urban forest growing and park developing activities. We go to forests and parks in urban area and grow flowers and trees to make the appearance of the city beautiful, to improve the quality of air, and to contribute to mitigating the urban heat island phenomenon. 322 executives and staffs participated in the environment report activities just like the previous year.

Violation of environmental laws

JB Financial Group has no record of violation of environmental laws and restrictions (including customer complaints) in relation to penalties and number of restrictions due to violation of environmental laws and regulations from 2016 to 2018.

Win-Win Management

JB financial group practices fair transaction. This means that the group guarantees fair competition between the parties to a transaction, mutual equality, and ethical transaction according to the free market economic principle in all transactional relationships with individuals and corporations, etc.

< JB Financial Group's Win-Win Management Declaration >

JB financial group emphasizes the importance in value of subcontractors (organization or individual who provide products or services to the Group directly or indirectly) as the partners in corporate management, respecting subcontractors' autonomy and independence and simultaneously expecting subcontractors to participate in and cooperate with JB financial group's social responsibility management principle. For this purpose, we adopt and practice "JB financial group's win-win management principle".

Respecting human rights of subcontractor workers

- Autonomous labor: Related laws shall be observed, and business processing in violation shall not be mutually requested or instructed.
- Prohibition of child labor and protection of vulnerable social group in labor: Child labor is prohibited, and vulnerable social group in labor comprised of females and the disabled shall not be assigned to hazardous and dangerous work.
- Labor hour observed: Labor hours stipulated in related laws shall be mutually observed. Overtime work shall be allowed by voluntary intention as a general rule.
- Wage and welfare: More wage than the minimum wage stipulated in the related law shall be paid, and mandatory welfare system shall be implemented.
- Privacy protection and humane treatment: Privacy including workers' personal information shall be protected, inhumane treatment comprised of sexual abuse including sexual harassment, bodily or mental maltreatment such as physical punishment and abusive language shall be prohibited.
- No discrimination: Workers shall not be discriminated according to nationality, gender, religion or social status, etc.

Safety and health care of subcontractor workers

- Industrial safety: Risk factors that may jeopardize the safety of workers shall be removed in advance, and actions and education for the safety of workers shall be implemented according to related laws.

- Industrial disaster and disease management: The system and procedures that can prevent and control the industrial disaster and disease of workers shall be prepared and implemented.
- Industrial hygiene and health care: Sanitary and safe work environment and additional facilities shall be provided to workers, and efforts shall be exerted for continuous improvement of labor conditions.

Management of subcontractors' environment

- Observance of environment laws: Related laws shall be faithfully observed, and environment related license/permit and registration items stipulated in related laws shall be obtained, maintained, and managed.
- Waste reduction and efficient use of resources: Efforts shall be exerted to reduce all types of wastes, and to save resources such as energy, water, etc.
- Prevention of environmental contamination: Related laws shall be faithfully observed, and contaminants that are hazardous to the human body or may cause environmental contamination shall be identified and safely handled and managed.

Subcontractor's ethical management

- Fairness and honesty in business: Related laws shall be faithfully observed; unfair transaction shall be prohibited. Business shall be performed with honesty and transparency.
- No bribery and corruption prevention: Related laws shall be faithfully observed. No bribery in any form shall be allowed. Efforts for corruption prevention shall be sustained.
- Protection of personal information: Related laws shall be faithfully observed. Information of an individual including customer shall be protected, and technological, physical measures shall be taken for this purpose.
- Win-win with subcontractors: Subcontractors shall seek mutually respectful relationship with subcontractors, and shall not coerce unfair behavior utilizing their predominant position

JB Financial Group strives to improve its expertise, stability and transparency as a financial corporation and to enhance its efficiency in managing business and clients' assets. JB Financial Group has win win partnerships with companies in various areas including IT security, credit assessment, auditing, computer equipment, staffing, architecture, interior design and general office supplies.

Fair trade

JB Financial Group is in full compliance with the laws relevant to fair competition and fair trade and ensures fair and transparent purchasing and contracts by implementing 'International Regulations on Purchasing and Contracts'. Also, to prevent illegal solicitations during major purchases or contracts, JB Financial Group operates a review committee on purchasing and contracts that is comprised of personnel from relevant departments and outside experts. JB Financial Group also operates an internal law-compliance monitoring office and legal affairs department to always monitor and make sure all business practices and processes are conducted lawfully.

Faithful trade

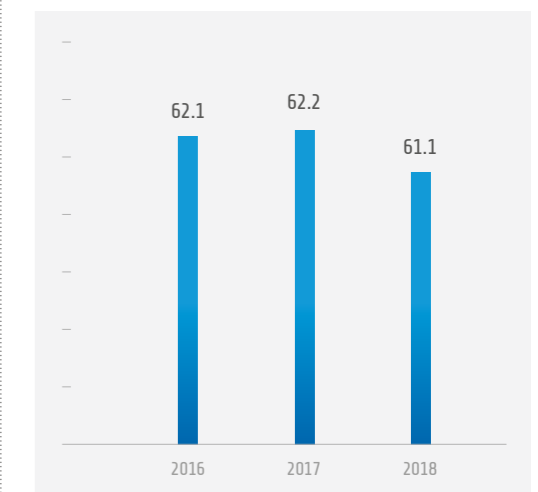
JB Financial Group makes sure that all of its businesses, trades and relationships with the partners are based on mutual respect and not on power relations. In terms of signing contracts, we sign them with our partners through discussion and mutual agreement and, make sure that the contracts are not unfair or one-sided. Also, we make payment accurately and according to the procedures and schedules set by the contracts. We carry out internal training so that unlawful and inappropriate requests, solicitations, actions or remarks are not made to the executives and employees of our partners. And most importantly, we carry out regular and random monitoring activities on our security and computer-related partners to prevent client information breach.

Win Win cooperation among small local enterprises, small business owners and social enterprise

JB Financial Group strongly believes that local economy is bound by a common destiny and that JB Financial Group exists because of the small-to-medium local enterprises and small business owners. We purchase preferentially from them as much as possible while being in full compliance with the principles of fair trade and fair competition. By developing partnerships with local social enterprises related to culture and arts, Jeonbuk Bank regularly holds 'Culture Day' event to offer the locals the opportunity to watch various different shows and also to offer locals, local social contribution institutions and social enterprises the foundation for stable and sustainable growth. Jeonbuk Bank and Kwangju Bank are also active in promoting and invigorating traditional markets in their regions. The banks actively participate in local governments' market support projects, purchase vouchers from traditional markets and encourage people to use traditional markets.

Local companies percentage of supplies

(Jeonbuk bank Kwangju bank total average, %) percentage of purchases from

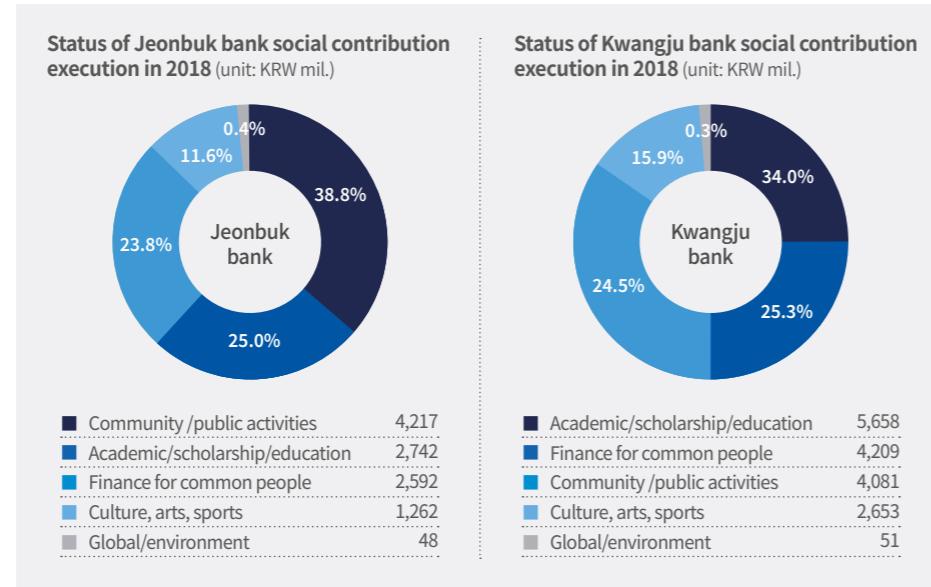


* Changed from basis on the number of corporations within Jeonbuk and Kwangju area to basis on total purchase amount to be applied retroactively

Community Contribution

JB Financial Group, as region based financial group, has steadily implemented social contribution activities for the enhancement of quality of life in the local community. We are actively engaged in diverse areas such as implementing social contribution program including local community welfare enhancement, academic/scholarship/education, finance for the common people, culture arts and sports, global/environment, etc., and donating to regional social welfare organizations, and engaging in regional love volunteer service activities composed of executives and employees. Especially Jeonbuk Bank and Kwangju Bank as regional representative banks, uses more than 10% of net profit every year for local community public interest activities

Status of social contribution



Status of Jeonbuk, Kwangju bank community contribution donation (unit: KRW 100 mil)

Subsidiary	2016	2017	2018
Jeonbuk bank	93	82	109
Kwangju bank	100	140	167
Total	193	222	276

2018 major social contribution program

Subsidiary	Program Name	Summary
Jeonbuk bank Kwangju bank	JB study room of hope / Hope blossoming study room	volunteer activity program whereby executives and staffs directly improve the learning and living environment for low income family, social welfare facility, local children's center, etc.
	executives and staffs' volunteer activities / for childrens' culture experience mentoring	The culture experience program conducted with executives and staffs' volunteer group to provide opportunity for experiencing various culture to children at local children's center
	Multicultural family culture class	Cultural education program creating community among foreign wives for reducing inconveniences in living by removing the social and cultural gap experienced by them in life in Korea
	Warm holiday sharing	The program for delivering gifts and foods to alienated neighbors on New Year's day and Korean Thanksgiving Day
	Scholarship business	Providing scholarship to middle and high school students in low income families within the region through Jeonbuk bank scholarship culture foundation, and Kwangju bank scholarship committee
	Regional love volunteer service group	The regional love volunteer service group composed of executives and staffs from Jeonbuk and Kwangju bank participates in various sharing and volunteer activities such as visiting volunteer services to social welfare facility, regional environment cleaning, urban park gardening, holiday sharing activities, childrens' cultural experience mentoring activities, blood donation, donation, etc.
	Global volunteer activities	Executives and staffs of Jeonbuk, Kwangju bank, Financial Holding company, JB Woori Capital, JB Asset management visit Cambodia as domicile of PPCBank once or twice a year to provide medical and educational volunteer activities with medical professionals

Jeonbuk bank

Welcome to Korea

Jeonbuk bank holds Welcome to Korea event since 2017, whereby the families of Cambodian foreigner worker who came to Korea alone are invited. Cambodia as the domicile of PPCBank (Phnom Penh Commercial bank) as Jeonbuk bank's subsidiary is a country having a special relationship with the bank. In 2018, a total of 15 people as family members of 4 Cambodian workers including 'Bona' who is working at a SME in Wanju-gun, Jeonbuk visited Korea to stay 4 nights and 5 days looking around Jeonju Hanok Village and major tourist attractions in Seoul. Also, the family members were invited to the company where the Cambodian workers are currently working so that the labor and living environment can be directly witnessed. 'Bona' expressed his thanks to Jeonbuk Bank saying that he really missed his family every day during the 40 months after he left Cambodia, and it was so good that this event occurred like a dream. Ms. Zna Tu, the wife of 'Bona' expressed her feeling that she felt assured as she witnessed her husband working in a good environment and thought she would nurture her children well in Cambodia until her husband comes back.



Kwangju bank



Kwangju bank's 50th Hope blossoming study room OPEN

Kwangju bank started "Hope blossoming study room" project in May 2015, supporting installation and repair/maintenance of study room and mini library for low income families, social welfare facilities, and children's welfare centers. And after 3 years in 2018, the 50th study room opened. The 50th Hope blossoming study room aimed to provide pleasant reading space for children using regional social welfare facilities, commemorating the 50th anniversary of Kwangju bank.

For E-um childrens' library, Duam welfare center, Buk-gu, Kwangju-si selected as the 50th Hope blossoming study room, the bank supported remodeling using eco-friendly materials, desks and chairs for children, and books.

Jeonbuk bank's social contribution

Human to human, mind to mind connected

Jeonbuk bank, as the representative bank in Jeonnam, is gathering forces with local government, public institutions, and local community private organizations with the conviction to make a brighter and better community for living.

Social worker healing day

Jeonbuk bank sponsors healing concert and events in cooperation with Jeonbuk social worker association, so that social worker, who work for regional welfare beneficiaries with sense of duty despite excessive workloads and poor work environment, can laugh and enjoy.



LIVE ROCK festival

Jeonbuk bank sponsors the LIVE ROCK festival where high school amateur rock bands within Jeonbuk region participate since 2010. LIVE ROCK festival is the competition where teachers and students organize a band together and play rock music. The 9th festival was successfully held in August 2018 with more than 2 thousand high school students participating in the event. 8 teams that passed qualifying rounds performed passionately. Jeonju Haeseong High school won the grand prize, Wanju High school won the first prize, and Jeonju Jeil high school won the runner-up prize. LIVE ROCK festival where teachers and students come together as one through Rock established itself as the representative youth music festival in Jeonbuk province.



Multicultural family sentimental culture classroom

Jeonbuk bank sponsors "Multi-culture family sentimental culture classroom" to help foreign wives of multicultural families within Jeonbuk region overcome social, cultural gaps faced while living in Korea and settle down in the Korean society. The sentimental culture classroom is composed of various programs comprised of Korean culture experience, finance and economic education, creating community among foreign wives, etc.



Cambodian medical service activities

In November 2018, Jeonbuk bank sponsored ophthalmic surgery medical service activities in Cambodia Phnom Penh in cooperation with PPCBank as Jeonbuk bank's subsidiary, Damjangneomo body corporate as the medically specialized volunteer service group, and KSF (Khmer Sight Foundation) as local Cambodian support group. Jeonbuk bank started Cambodian medical service activities since 2017. In 2017, the bank supported surgery to 130 ophthalmologic patients in 2017 and 120 patients in 2018 to recover their eyesight.

Kwangju bank's social contribution

We make better bank with local community

Kwangju bank as the nearest neighboring bank to the local community, accompanies the regional society, expands service activities culture, and actively practices corporate social responsibility. Kwangju bank's social contribution is carried out in various fields for the purpose of enhancing welfare and quality of life for the community and its residents through sharing activities, education, scholarship project, culture & arts activities with Kwangju bank's regional love volunteer service group.



Kwangju bank children's drawing contest

On May 5, 2019, Kwangju bank sponsored "Children's Day Drawing Contest with Kwangju Bank" at Kwangju Uchi zoo commemorating Children's Day. In this event, about 10 thousand people comprised of children and families in Kwangju and Jeonnam region participated. Kwangju bank is working hard to make the family and local community happy by sponsoring interesting and beneficial culture and arts events for children and families within Kwangju and Jeonnam region.



Children's culture experience mentoring volunteer activities

Kwangju bank is continuously carrying out children's culture experience mentoring volunteer activities with executives and staffs of Kwangju bank to provide opportunities for experiencing various cultures to children at the local children's center. Various cultural experience programs favored by children are comprised of making pizza, making aroma soap, calligraphy, making my own fan, making mini Christmas tree, visit to Kwangju National Science museum, etc.



Miracle of 50 Boxes

Kwangju bank's regional love volunteer service group produced 50 gift boxes containing daily necessities such as 'ramen, tuna, ham, dried laver, toothpaste,' and delivered them to 50 low income alienated families in the region every month, commemorating the 50th anniversary of Kwangju bank. Not only in 2018, Kwangju bank has always been delivering gift packs and boxes to low income family, senior citizens living alone, and disabled family within the region on national holidays such as New Year's Day and Korean Thanksgiving Day.



Event for multicultural family visit to mom's home country

This is an event to provide foreign wives, who cannot visit their home country due to cost burden, an opportunity to visit their home country (cost support) with their multicultural family. This program commenced in 2015, and 175 people comprised of 47 families visited mom's home country until 2018.

Kwangju bank sports support



Official sponsorship for the 18th 2019 Kwangju FINA World Swimming Competition

On October 22, 2018, Kwangju bank executed official bank sector sponsorship agreement for the 18th Kwangju FINA World Swimming Competition that will be held in Kwangju during July 12 to 28, 2019. As the official sponsor, Kwangju bank will be in charge of the execution of the operation budget and revenue management for the competition. By operation of global financial center and movable ATM vehicle at the athlete's village and stadium, various financial services such as currency exchange, support for receipt of registration fee will be provided to the athletes and visitors. Also, the bank provided donation to Kwangju city for the successful hosting of the event, and separately purchased tickets amounting to KRW 100 hundred million.

Song Jong-wuk, the President of Kwangju bank, expressed his resolution as an official sponsor saying that "Since this is a world class festival and event held in Kwangju, I will provide the best support for the success of the event, and provide kind and safe services, so that

athletic groups and foreign visitors to Kwangju would have no difficulties in financial transactions." Meanwhile in commemorating the competition, Kwangju bank launched 'Suridali special sale foreign currency time deposit' named after Suridali (Otter) which is the mascot of the competition from March 11 to April 30, 2019. Suridali special sale deposit offers high interest of 3.0% per annum, and part of the deposit profit is used as donation to the athletic groups.



PPCBank's social contribution for the disabled



PPCBank is performing ophthalmic surgery support project since 2017, with specialized medical volunteer service group.

Cambodia is located near the equator and is the country with very strong sunlight and ultraviolet rays. Accordingly, there are a tremendous number of patients with serious ophthalmic disease including cataract. But since patients are mostly in an economically difficult situation and there is not enough specialized ophthalmic hospital capable of treatment or operation, there are many cases where people become blind. Since 2017, PPCBank support ophthalmic surgery in Phnom Penh, Cambodia together with Jeonbuk bank. PPCBank entered into an agreement with 'Khmer Sight Foundation' located in Phnom Penh to invite Korean medical team every year in order to provide ophthalmic surgery including cataract surgery. Ophthalmic surgeries have been performed for 130 patients in 2017 and 120 in 2018.

Srey Roth (photo above, aged 18) who received surgery in 2018, had poor eyesight since birth and had severe crossed eye symptoms. As a high school student, Roth had such a poor eyesight that participating in school class was difficult, and due to his complex of having crossed eyes, she could not properly look at other people and was teased by her friends. In the area where Roth lived, there was no ophthalmic hospital. As much time and cost are required to come to Phnom Penh where ophthalmic hospital is available, she was not in a situation to receive proper treatment. In November 2018, Roth had surgery performed by the Korean medical team and her crossed eye symptom was corrected and her eyesight was restored. Roth expressed her thanks to PPCBank and the Korean medical team saying that "It is so good to clearly look at my changed appearance after the operation. I feel really good that I am also able to look straight at the face of my family and friends. More than anything, now I can be confident about myself."

PPCBank operates hearing impaired cafe in cooperation with social corporation, "Social Coffee".

In May 2018, PPCBank opened the 1st cafe where hearing disabled barista serves coffee within PPC Bank Boeung Trabek branch in downtown Phnom Penh in cooperation with Cambodian social corporation named Social Coffee. In Cambodia, it is difficult for the hearing impaired to find a job. So many hearing impaired people are living in despair without any hope. The social corporation, 'Social Coffee' provides barista training to the hearing impaired to solve this social problem and opens and operates cafes where the hearing impaired work in cooperation with corporations. In November 2018, the 2nd cafe opened in Ou Ruessei branch. A total of 4 hearing impaired baristas are working at the 1st and 2nd cafe.



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— PART 5 —

FINANCIAL & NON-FINANCIAL STATEMENTS

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Summary of Integrated Performance

Main Economic Performance

	Unit	2016	2017	2018	Author/note
Assets by Subsidiary					
JB Financial Group	KRW 100 mil	19,102	19,647	23,461	
Jeonbuk Bank	KRW 100 mil	157,342	174,256	174,128	Based on 2018 JB Financial Group's Operating Report Materials Financial Supervisory Service Report Separate holding basis
Kwangju Bank	KRW 100 mil	226,068	234,071	230,421	
JB Woori Capital	KRW 100 mil	67,406	60,080	54,745	
JB Asset Management	KRW 100 mil	181	176	209	
Total Assets	KRW 100 mil	457,989	475,937	467,780	
Return on Total Asset (ROA)	%	0.47	0.56	0.68	
Return on Equity (ROE)	%	7.17	8.64	9.80	
ROA/ROE	%	0.47/7.17	0.56/8.64	0.68/9.80	Based on 2018 JB Financial Group's Operating Report Materials Consolidated Financial Reports
BIS Equity Ratio	%	12.1	12.2	12.7	
None Performing Loan Ratio(NPL)	%	1.16	0.96	0.92	
Delinquency Ratio	%	1.04	0.87	0.82	
Net Income Attributable to Controlling Shareholders	KRW 100 mil	1,427	1,851	2,415	
Market Share in Jeonbuk Region (Loan)	%	25.8	25.2	24.7	
Market Share in Jeonbuk Region (Savings)	%	33.9	33.4	27.6	
Market Share in Kwangju & Jeonnam Regions (Loan)	%	24.9	22.6	20.4	
Market Share in Kwangju & Jeonnam Regions (Savings)	%	29.0	27.8	28.3	

Economic Performance Distributed to Stakeholders

	Unit	2016	2017	2018	Note
Shareholders and Investors					
JB Financial Group	KRW 1mil	7,772	15,285	34,982	
Jeonbuk Bank	KRW 1mil	-	-	-	JB Financial Group 100% shareholding
Kwangju Bank	KRW 1mil	10,258	12,823	-	JB Finance Holdings 100% shareholder from 2018
JB Woori Capital	KRW 1mil	59,237	77,745	28,031	
JB Asset Management	KRW 1mil	-	-	-	No dividends
Total	KRW 1mil	77,267	105,853	63,013	
Executives and Employees (Wage)					
JB Financial Group	KRW 1mil	7,729	10,975	14,029	JB Financial Group/ Audit Report Employee Benefits in Consolidated Statements of Comprehensive Income
Jeonbuk Bank	KRW 1mil	103,964	126,057	126,937	Jeonbuk / Audit Report Employee Benefits in Consolidated Statements of Comprehensive Income
Kwangju Bank	KRW 1mil	204,243	189,664	198,456	
JB Woori Capital	KRW 1mil	53,649	51,493	57,256	
JB Asset Management	KRW 1mil	2,689	4,873	5,935	
Total	KRW 1mil	372,274	383,062	402,613	
Clients (Interest Paid)					
JB Financial Group	KRW 1mil	-	-	-	No interest payment history
Jeonbuk Bank	KRW 1mil	159,842	169,213	208,060	Jeonbuk / Comment on the Audit Report. Depository liabilities Interest in the net interest income
Kwangju Bank	KRW 1mil	188,785	204,243	237,618	
JB Woori Capital	KRW 1mil	144,156	129,643	122,223	
JB Asset Management	KRW 1mil	-	-	-	No interest payment history
Total	KRW 1mil	492,783	503,099	567,901	
Communities (Contributions)					
JB Financial Group	KRW 1mil	6	13	31	
Jeonbuk Bank	KRW 1mil	1,747	2,305	3,542	Jeonbuk / Comment on the Audit Report. Non-operating contribution
Kwangju Bank	KRW 1mil	1,620	7,684	9,079	Kwangju / Audit Report
JB Woori Capital	KRW 1mil	50	291	63	
JB Asset Management	KRW 1mil	2	2	3	
Total	KRW 1mil	3,425	10,295	12,718	
Government (Corporate Tax)					
JB Financial Group	KRW 1mil	-	-	-	
Jeonbuk Bank	KRW 1mil	7,516	13,056	18,772	Jeonbuk / Audit report Income Tax Expense in Consolidated Statements of Comprehensive Income
Kwangju Bank	KRW 1mil	32,400	42,800	48,957	
JB Woori Capital	KRW 1mil	20,800	21,500	23,176	
JB Asset Management	KRW 1mil	67	0	151	
Total	KRW 1mil	60,783	77,356	91,056	

* Based on the Operating Report of the Financial Group and each affiliate

Sustainable Management System

	Unit	2016	2017	2018	Note			
Governance	Board of Directors	회	9	8	11			
	Operating Performance	Percentage of Outside Directors	%	56	56	56		
		Attendance Rate	%	97	99	95		
	Total Compensation for the Board of Directors	Registered Directors	KRW 1mil	171	311	864	Only for JB Financial Group	
		Outside Directors	KRW 1mil	85	97	86		
		Inside Directors	KRW 1mil	124	148	144		
		Foreign Ownership Ratio	%	37.7	41.9	44		
		Largest Shareholder	%	JUBILEE ASIA B.V. : 8.4	JUBILEE ASIA B.V. : 8.4	JUBILEE ASIA B.V. : 6.88		
	Risk Management	Share	Domestic Ownership Ratio	%	62.3	58.1	56	
			Largest Shareholder	%	Samyang Biopharm : 9.0	Samyang Corporation : 9.0	Samyang Corporation : 10.6	
Anti-Corruption/ Law Compliance / Ethics Training Per Person		JB Financial Group	Session(s)	30	26	27	JB Financial Group and each subsidiary Training on law compliance and ethics including training on human rights and sexual harassment prevention	
		Jeonbuk Bank	Session(s)	12	12	12		
		Kwangju Bank	Session(s)	24	15	12		
		JB Woori Capital	Session(s)	37	40	12		
		JB Asset Management	Session(s)	2	2	2		
Internal Control System Operation		Total(Average)	Session(s)	21	19	13		
		JB Financial Group	Session(s)	241	253	411	JB Financial Group and each subsidiary Self-administered by the business department Except its own daily audit Internal control performance (Compliance, Inspection Department) conducted by internal control department (External disclosure standard)	
		Jeonbuk Bank	Session(s)	817	817	813		
	Kwangju Bank	Session(s)	859	708	1,269			
	JB Woori Capital	Session(s)	1,780	1,709	1,684			
	JB Asset Management	Session(s)	312	372	369			
	Risk Management Committee Meetings	Total	Session(s)	4,009	3,859	4,484		
		JB Financial Group	Session(s)	6	6	9		
		Jeonbuk Bank	Session(s)	7	6	8		
		Kwangju Bank	Session(s)	7	8	8		
JB Woori Capital		Session(s)	6	6	10			
JB Asset Management		Session(s)	59	47	85			
Total		Session(s)	85	73	120			
Corruption cases and Number of legal violations		JB Financial Group	Case(s)	0	0	0		
		Jeonbuk Bank	Case(s)	0	0	0		
		Kwangju Bank	Case(s)	0	0	0		
	JB Woori Capital	Case(s)	1	0	0			
	JB Asset Management	Case(s)	0	0	0			
VOC Complaints Handling	Total	Case(s)	1	0	0			
	Jeonbuk Bank	Case(s)	27	36	16	Jeonbuk / Official Client Complaints		
	Kwangju Bank	Case(s)	33	31	26	Kwangju/ Official Client Complaints		
	JB Woori Capital	Case(s)	177	133	162	Modified by Capital / Homepage Official Client Complaints		
	Total	Case(s)	237	200	204			
Client Value Creation	Client Satisfaction Score	Kwangju Bank	Points	91	92	86	Change of evaluation method from July, 2018 - Conduct NPS	
	Evaluation on Financial Consumer Protection	Jeonbuk Bank	-	N/A	N/A	N/A	Carried out self-evaluations; Excluded from the comprehensive evaluation	
		Kwangju Bank	-	2 Average/ 8 Satisfactory	1 Excellent/6 Average/ 3 Satisfactory	N/A	Carried out self-evaluations; Excluded from the comprehensive evaluation	
	Personal Information Breach	Jeonbuk Bank	Case(s)	0	0	0		
		Kwangju Bank	Case(s)	0	0	0		
	JB Woori Capital	Case(s)	0	0	0			

Sustainable Management System

	Unit	2016	2017	2018	Note	
Total Amount of loan for low-incomes	Jeonbuk Bank	KRW 1mil	696	1,006	2,178	
	Kwangju Bank	KRW 1mil	542	805	501	
	Total	KRW 1mil	1,238	1,811	2,679	
Technology Financing	Jeonbuk Bank	KRW 1mil	354	355	312	
	Kwangju Bank	KRW 1mil	2,529	2,596	3,730	
	Total	KRW 1mil	2,883	2,951	4,042	
Financing for Local Companies	Jeonbuk Bank	KRW 1mil	302	264	372	
	Jeonbuk Bank	KRW 1mil	988	1,651	2,762	
Total Amount of Environment-Friendly Financing	Kwangju Bank	KRW 1mil	3,122	3,766	4,646	
	Total	KRW 1mil	4,110	5,417	7,408	

Reporting of new employees by age, gender and region

		Unit	2016	2017	2018	Note	
Total Number of Executives and Employees		People	3,371	3,422	3,354		
Education	Jeonbuk Bank	a senior high school graduate	0	3	0		
		a university graduate	29	28	46		
	Kwangju Bank	a senior high school graduate	0	0	6		
		a university graduate	36	68	61		
	JB Woori Capital	a senior high school graduate	0	0	0		
		a university graduate	3	10	7		
Total	a senior high school graduate	0	3	6			
		a university graduate	68	106	114		
Gender	Jeonbuk Bank	Male	18	18	25		
		Female	11	13	21		
	Kwangju Bank	Male	21	49	36		
		Female	15	19	31		
	JB Woori Capital	Male	2	8	5		
		Female	1	2	2		
	Total	Male	41	75	66		
		Female	27	34	54		
	New Employment	Jeonbuk Bank	Seoul	7	6	9	
			Gyeonggi	2	0	1	
Chungnam			0	1	1		
Kwangju Bank		Jeonbuk	19	23	32		
		Jeonnam	1	1	3		
		Seoul	5	12	12		
Regional		Gyeonggi	Seoul	0	3	2	
			Gangwon	0	0	1	
			Chungnam	0	0	1	
		JB Woori Capital	Gyeongbuk	0	0	2	
			Gyeongnam	0	1	0	
			Jeonbuk	0	0	0	
Total		Jeonbuk Bank	Jeonnam	31	52	49	
			Seoul	3	7	6	
			Gyeonggi	0	3	1	
		Kwangju Bank	Chungnam	0	0	0	
			Jeonbuk	0	0	0	
			Jeonnam	0	0	0	
	JB Woori Capital	Seoul	15	25	27		
		Gyeonggi	2	6	4		
		Gangwon	0	0	1		
		Chungnam	0	1	2		
		Gyeongbuk	0	0	2		
		Gyeongnam	0	1	0		
Total	Jeonbuk	19	23	32			
	Jeonnam	32	53	52			
	JB Financial Group	37	41	25			
Employment : Total New Employees, Experienced Employees and Contract Employees Hired	Jeonbuk Bank	People	66	74	108	Return to original position, Excluding Executives, outside directors New Employees 2018 Collecting Members	
		Kwangju Bank	72	114	153		
		JB Woori Capital	113	88	92		
	Total	JB Asset Management	26	23	17		
		People	314	340	395		
		JB Financial Group	18	18	17		
Retirees : Total New Employees, Experienced Employees and Contract Employees Retired	Jeonbuk Bank	People	59	62	99		
		Kwangju Bank	194	95	109		
		JB Woori Capital	85	137	124		
	Total	JB Asset Management	7	20	16		
		People	363	332	365		
		JB Financial Group	27	27	25		
Executives from the Area : Directors including Managing Directors, Assistant Managing Directors, Non-Executive Directors, Outside Directors, Executive Directors	Jeonbuk Bank	%	33	35	31		
		Kwangju Bank	67	75	77		
		JB Woori Capital	7	0	0		
	Total(Average)	JB Asset Management	17	15	0		
		%	30	29	27		

		Unit	2016	2017	2018	Note
Contract Type	Full-Time	JB Financial Group	56	68	71	
		Jeonbuk Bank	1,025	1,054	1,039	
		Kwangju Bank	1,397	1,388	1,362	
		JB Woori Capital	421	415	400	
		JB Asset Management	10	12	12	
		Total	2,909	2,937	2,884	
	Contract	JB Financial Group	24	31	32	
		Jeonbuk Bank	91	127	117	
		Kwangju Bank	152	180	194	
		JB Woori Capital	158	108	96	
		JB Asset Management	37	39	40	
		Total	462	485	479	
General Employees (Staff- Assistant Manager)	JB Financial Group	25	30	25		
	Jeonbuk Bank	609	672	644		
	Kwangju Bank	803	869	878		
	JB Woori Capital	361	312	285		
	JB Asset Management	12	18	17		
	Total	1,810	1,901	1,849		
Position	Supervisors (Manager - Senior Manager)	JB Financial Group	55	69	78	
		Jeonbuk Bank	507	509	512	
		Kwangju Bank	729	684	661	
		JB Woori Capital	206	203	211	
		JB Asset Management	26	24	25	
		Total	1,523	1,489	1,487	
	Executives (Including Outside Directors)	JB Financial Group	14	14	16	
		Jeonbuk Bank	14	16	16	
		Kwangju Bank	17	15	17	
		JB Woori Capital	14	11	11	
		JB Asset Management	9	9	10	
		Total	68	65	70	
Age	18 and Below	JB Asset Management	0	1	-	
		JB Financial Group	7	11	10	
		Jeonbuk Bank	148	214	196	
	20 to 30	Kwangju Bank	100	154	194	
		JB Woori Capital	104	84	69	
		JB Asset Management	7	3	7	
	30 to 50	Total	366	466	476	
		JB Financial Group	70	78	85	
		Jeonbuk Bank	750	740	784	
		Kwangju Bank	1,152	1,139	1,174	
		JB Woori Capital	420	382	383	
		JB Asset Management	37	44	41	
50 and Older	Total	2,429	2,383	2,467		
	JB Financial Group	17	24	24		
	Jeonbuk Bank	232	243	192		
	Kwangju Bank	297	275	188		
	JB Woori Capital	55	57	44		
	JB Asset Management	3	3	4		
Sex	Male	Total	604	602	452	
		JB Financial Group	71	89	78	
		Jeonbuk Bank	57	56	54	
		Kwangju Bank	51	53	51	
		JB Woori Capital	71	68	68	
		JB Asset Management	72	71	69	
	Female	JB Financial Group	29	11	22	
		Jeonbuk Bank	43	44	46	
		Kwangju Bank	49	47	49	
		JB Woori Capital	29	32	32	
		JB Asset Management	28	29	31	

		Unit	2016	2017	2018	Note	
Foreigner	Jeonbuk Bank	People	0	1	8		
	JB Woori Capital	People	1	1	0		
	JB Asset Management	People	0	2	0		
	Total	People	1	4	8		
Labor Union/ Labor Committee/ Labor- Management Council Membership	Membership Rate of All Employees	JB Financial Group	%	100	100	100	
		Jeonbuk Bank	%	67.0	63.0	62	
		Kwangju Bank	%	69.2	68.3	69	
		JB Woori Capital	%	98.9	98.8	98	
	Membership Rate of All Employees Eligible for Membership	JB Financial Group	%	100	100	100	
		Jeonbuk Bank	%	100	99.2	100	
		Kwangju Bank	%	99.5	99.6	100	
		JB Woori Capital	%	100	100	100	
Female Employees by Position	Ratio of Female Workers to the Total Number of Employees	JB Financial Group	%	24.5	21.2	22	
		Jeonbuk Bank	%	43	44	46	
		Kwangju Bank	%	49	47	49	
		JB Woori Capital	%	29	32	32	
	Percentage of Women in Senior Management Positions (Senior Manager and Above)	JB Asset Management	%	28	29	31	
		JB Financial Group	%	26.3	13.0	4	
		Jeonbuk Bank	%	4	6	6	
		Kwangju Bank	%	6	7	10	
Female Employees Hired by Contract Type	Percentage of Regular Female Employees	JB Woori Capital	%	1	1	4	
		JB Asset Management	%	6	7	6	
		JB Financial Group	%	17.5	17.6	20	
		Jeonbuk Bank	%	45	46.0	48	
	Percentage of Contract Female Employees	Kwangju Bank	%	42	41	49	
		JB Woori Capital	%	22	23	23	
		JB Asset Management	%	50.0	67.0	67	
		JB Financial Group	%	52.2	35.5	34	
Percentage of Female Supervisors (Managers and Above)	Percentage of Regular Female Employees	Jeonbuk Bank	%	26	29	32	
		Kwangju Bank	%	26	27	28	
		JB Woori Capital	%	4	4	7	
		JB Asset Management	%	11	9	14	
	Percentage of Contract Female Employees	Jeonbuk Bank	%	26	29	32	
		Kwangju Bank	%	26	27	28	
		JB Woori Capital	%	4	4	7	
		JB Asset Management	%	11	9	14	

Human Resources Development and Welfare

		Unit	2016	2017	2018	Note
Training Costs Per Person	JB Financial Group	KRW 1,000	547	367	331	
	Jeonbuk Bank	KRW 1,000	885	789	854	
	Kwangju Bank	KRW 1,000	671	1,265	689	
	JB Woori Capital	KRW 1,000	437	996	1,438	
	JB Asset Management	KRW 1,000	181	226	434	
	Total(Average)	KRW 1,000	544	729	749	
	Training Hours Per Person	JB Financial Group	hr	36	41	47
Jeonbuk Bank		hr	78	77	124	
Kwangju Bank		hr	50	46	101	Prior to 2017: Recognition time by period 2018: Calculated as actual training time
JB Woori Capital		hr	74	84	47	
Total(Average)		hr	59	62	80	
JB Financial Group		People	0	0	0	
Number of Employees on Childcare Leave	Jeonbuk Bank	People	35	30	29	
	Kwangju Bank	People	82	71	67	Excluding maternity leave
	JB Woori Capital	People	14	7	8	
	JB Asset Management	People	0	0	1	
	Total	People	131	108	105	

		Unit	2016	2017	2018	Note	
Number of Employees Returned from Childcare Leave	JB Financial Group	People	0	0	0		
	Jeonbuk Bank	People	35	32	31	Excluding Reinstatement after maternity leave	
	Kwangju Bank	People	78	69	62		
	JB Woori Capital	People	7	6	5		
	JB Asset Management	People	0	0	1		
Number of Employees Returned from Childcare Leave (Ratio)	Total	People	120	75	99		
	JB Financial Group	%	0	0	0		
	Jeonbuk Bank	%	100	107	106		
	Kwangju Bank	%	95.1	97.1	93		
	JB Woori Capital	%	50.0	86.0	63		
Number of Employees Retired after Childcare Leave	JB Asset Management	%	0	0	100		
	JB Financial Group	People	0	0	0		
	Jeonbuk Bank	People	0	1	1		
	Kwangju Bank	People	4	2	5		
	JB Woori Capital	People	1	4	0		
Number of Children Supported	JB Asset Management	People	0	0	0		
	JB Financial Group	People	18	21	17	Target person : Created in December of the year	
	Jeonbuk Bank	People	308	309	310	Support amount: year of year Prepared by payment amount (Year-end settlement)	
	Kwangju Bank	People	255	274	284		
	Total	People	581	604	611		
Child Care Benefit	Amount Supported	JB Financial Group	KRW 1mil	9	13	14	
		Jeonbuk Bank	KRW 1mil	329	329	322	
	Subscription Rate	Kwangju Bank	KRW 1mil	61	65	93	
		Total	KRW 1mil	399	407	429	
		JB Financial Group	%	43	37	68	Year-end settlement standard / Income
Female-to-Male Wage Ratio (Excluding executives / Including Regular, Irregular, Indefinite period contract worker)	Jeonbuk Bank	%	68	71	74		
	Kwangju Bank	%	56	58	62		
	JB Woori Capital	%	54	52	52		
	JB Asset Management	%	17	16	63		
	Total	%	64	66	100		
Retirement Pension	Defined-Benefit Plan (DB) (Subscribers)	Jeonbuk Bank	%	93	86	85	
		Kwangju Bank	%	99	99	99	
		JB Woori Capital	%	100	100	100	
		JB Asset Management	%	0	100	100	
		Total	People	37	44	63	
Retirement Pension	Defined- Contribution Plan (DC)(Subscribers)	Jeonbuk Bank	People	805	805	825	
		Kwangju Bank	People	1,544	1,564	1,556	
		JB Woori Capital	People	346	335	325	
		JB Asset Management	People	0	22	24	
		Total	People	2,732	2,770	2,793	
Safety & Health	Number of Employees with Work-Related Injuries & Illnesses	JB Financial Group	People	20	27	33	
		Jeonbuk Bank	People	241	227	171	
		JB Woori Capital	People	124	116	98	
		JB Asset Management	People	0	29	23	
		Total	People	385	399	325	
Safety & Health	Number of Absences from Work-Related Injuries & Illnesses	JB Financial Group	People	0	0	0	
		Jeonbuk Bank	People	1	4	0	
		Kwangju Bank	People	0	0	0	
		JB Woori Capital	People	0	0	0	
		JB Asset Management	People	0	0	0	
Safety & Health	Number of Absences from Work-Related Injuries & Illnesses	Total	People	1	4	0	
		JB Financial Group	day(s)	0	0	0	
		Jeonbuk Bank	day(s)	105	162	0	
		Kwangju Bank	day(s)	0	0	0	
		JB Woori Capital	day(s)	0	0	0	
Safety & Health	Number of Absences from Work-Related Injuries & Illnesses	JB Asset Management	day(s)	0	0	0	
		Total	day(s)	105	162	0	

Win Win Management for Partners

		Unit	2016	2017	2018	Note
Local business transactions (Based on the total purchase amount of General Supplies)	Jeonbuk Bank	%	79.0	85.7	67.1	
	Kwangju Bank	%	45.2	38.6	55.0	
	Total	%	62.1	62.2	61.1	

Participation in and Contributions to Communities

		Unit	2016	2017	2018	Note		
Contributions / Net Income Ratio	Jeonbuk Bank	%	18	13	11			
	Kwangju Bank	%	10	10	11			
	JB Woori Capital	%	-	-	-	Unreported		
	JB Asset Management	%	-	-	-	Unreported		
	Total	%	14	12	11			
Number of Volunteer Participants (Per year)	JB Financial Group	People	20	19	61			
	Jeonbuk Bank	People	8,104	8,536	7,008*			
	Kwangju Bank	People	10,971	9,486	9,529			
	JB Woori Capital	People	0	0	106			
	JB Asset Management	People	0	40	43			
Total	People	19,095	18,081	17,795				
Contribution Labor Union/Labor Committee / Labor- Management Council	Jeonbuk Bank	KRW 1mil	32	34	57			
Middle School	Number of Beneficiaries	Jeonbuk Bank	People	100	100	100		
		Contributions	Jeonbuk Bank	KRW 1mil	30	30	30	
	High School	Number of Beneficiaries	Jeonbuk Bank	People	90	110	100	
			Kwangju Bank	People	50	50	50	
		Total	People	140	160	150		
	Contributions	Jeonbuk Bank	KRW 1mil	54	75	70		
		Kwangju Bank	KRW 1mil	25	25	25		
		Total	KRW 1mil	79	100	95		
	University	Number of Beneficiaries	Jeonbuk Bank	People	2	10	5	
			Kwangju Bank	People	50	50	50	
Total		People	52	60	55			
Contributions		Jeonbuk Bank	KRW 1mil	6	5	5		
		Kwangju Bank	KRW 1mil	100	100	100		
Total	KRW 1mil	106	105	105				

* Employee volunteering time is 52 hours per week. With work system introduced, we are pursuing quality improvement achievements in service programs rather than quantitative ones.

Support amount of Contributions by Area

		Unit	2016	2017	2018	Note
Community and Public Welfare	Jeonbuk Bank	KRW 1mil	2,851	3,107	4,219	
	Kwangju Bank	KRW 1mil	5,550	3,656	4,081	
	Total	KRW 1mil	8,401	6,763	8,300	
Culture, Arts, Sports	Jeonbuk Bank	KRW 1mil	2,117	2,231	1,264	
	Kwangju Bank	KRW 1mil	1,249	1,516	2,653	
	Total	KRW 1mil	3,366	3,747	3,917	
Education & Scholarships	Jeonbuk Bank	KRW 1mil	4,232	2,143	2,743	
	Kwangju Bank	KRW 1mil	3,159	3,936	5,658	
	Total	KRW 1mil	7,391	6,079	8,401	
Microcredit, Banks Foundation For Young Entrepreneurs, Credit Recovery Committee	Jeonbuk Bank	KRW 1mil	58	685	2,592	
	Kwangju Bank	KRW 1mil	48	4,868	4,209	
	Total	KRW 1mil	106	5,553	6,801	
Environment & Global	Jeonbuk Bank	KRW 1mil	115	69	51	
	Kwangju Bank	KRW 1mil	47	26	51	
	Total	KRW 1mil	162	95	102	

Environmental Management

		Unit	2016	2017	2018	Note
Paper Usage	JB Financial Group	A4 Box/2,500sheets	169	153	140	
	Jeonbuk Bank	A4 Box/2,500sheets	5,346	4,932	4,825	
	Kwangju Bank	A4 Box/2,500sheets	6,000	6,000	6,000	
	JB Woori Capital	A4 Box/2,500sheets	1,643	836	510	
	JB Asset Management	A4 Box/2,500sheets	125	145	120	
	Total	A4 Box/2,500sheets	13,283	12,066	6,563	
Total Statements Sent	Jeonbuk Bank	Cases	1,618,745	1,769,640	2,074,066	
	Kwangju Bank	Cases	2,297,549	2,536,950	2,619,445	
	Total	Cases	3,916,294	4,306,590	4,693,511	
	Jeonbuk Bank	Cases	406,647	489,965	662,582	
	Kwangju Bank	Cases	958,814	1,017,304	1,123,142	
	Total	Cases	1,365,461	1,507,269	1,785,724	
Email Statement Usage Rate	Jeonbuk Bank	%	0.25	0.28	0.32	
	Kwangju Bank	%	0.42	0.40	0.43	
	Total	%	0.35	0.35	0.38	
Credit Cards Issued	Jeonbuk Bank	Cases	98,267	147,870	108,238	
	Kwangju Bank	Cases	151,880	160,258	130,254	
	Total	Cases	244,515	287,710	119,246	
Email Statement Usage Rate to Credit Cards Issued	Jeonbuk Bank	%	4.1	3.3	6.1	
	Kwangju Bank	%	2.5	2.4	8.6	
	Total	%	2.8	2.6	7.5	
Water consumption	Jeonbuk Bank	ton	18,740	23,304	25,692	
	Kwangju Bank	ton	19,602	20,791	24,684	
	JB Woori Capital	ton	6,944	6,783	6,408	
	Total	ton	44,746	50,878	56,784	
Jeonbuk Bank	Stationary Combustion	TJ	11.2	11.6	12.5	City gas
	Mobile Combustion	TJ	7.5	7.6	7.5	Gasoline , Diesel , LPG
	Purchased power	TJ	60.9	60.0	62.5	
	Total	TJ	79.6	79.2	82.5	
	Stationary Combustion	TJ	11.6	11.3	11.5	City gas
	Mobile Combustion	TJ	10.7	13.2	10.9	Gasoline , Diesel , LPG
Kwangju Bank	Purchased power	TJ	94.3	84.4	90.1	
	Total	TJ	116.5	108.8	112.5	
	Stationary Combustion	TJ	-	-	-	Unused
JB Woori Capital	Mobile Combustion	TJ	10.4	9.3	9.6	Gasoline , Diesel
	Purchased power	TJ	13.8	14.3	0.7	Electricity, District heating
	Total	TJ	24.2	23.6	10.3	
JB Financial Group	Stationary Combustion	TJ	22.8	22.9	24.0	
	Mobile Combustion	TJ	28.6	30.0	27.9	Based on the headquarters building
	Purchased power	TJ	169.0	158.7	153.3	
Total	TJ	220.4	211.6	205.3		
Scope1	Jeonbuk Bank	tCO ₂ e/yr	1,022	1,042	1,085	
	Kwangju Bank	tCO ₂ e/yr	1,305	1,466	1,339	
	JB Woori Capital	tCO ₂ e/yr	704	628	645	
	Total	tCO ₂ e/yr	3,031	3,136	3,069	
Scope2	Jeonbuk Bank	tCO ₂ e/yr	2,958	2,916	3,035	
	Kwangju Bank	tCO ₂ e/yr	4,579	4,097	4,378	Based on the headquarters building
	JB Woori Capital	tCO ₂ e/yr	693	684	607	
	Total	tCO ₂ e/yr	8,230	7,697	8,020	
Scope1+Scope2	Jeonbuk Bank	tCO ₂ e/yr	3,979	3,957	4,119	
	Kwangju Bank	tCO ₂ e/yr	5,884	5,563	5,716	
	JB Woori Capital	tCO ₂ e/yr	1,397	1,311	1,251	
	Total	tCO ₂ e/yr	11,260	10,831	11,086	
Environment-Related Volunteer Activities	Jeonbuk Bank	Times	136	138	131	
	Kwangju Bank	Times	224	184	191	
	Total	Times	360	322	322	

Financial Management's Discussion & Analysis

I. Summary of business performance

'Aiming for the best retail specialized financial group' for the middle class and common people and SMEs, JB financial group took a leap as an axis of Korean financial groups overcoming the regional limitations within Korea even in an unpredictable management environment in domestic and overseas economy and various changes in regulatory environment by innovation of digital business process, securing future growth engine and sustained expansion of business sectors and regions, etc.

In case of Jeonbuk bank and Kwangju bank, while both banks cemented its dominance in the domestic market based on deep understanding and sociability in the region, both banks secured various customer groups and expanded profit sources to overcome regional limitations by providing financial services differentiated from its competitors in non-home regions such as Seoul, Incheon, Gyeonggi, Daejeon, Sejong. As a result, both banks recorded the highest profit in 2018 since its foundation, with Jeonbuk bank's net profit at KRW 100.5 billion and Kwangju bank's net profit at KRW 153.3 billion, respectively.

Also, in the non-bank sector, JB Woori Capital enhanced corporate finance and retail finance in addition to auto finance, and diversified revenue sources. As a result, net profit of KRW 82.3 billion was achieved in 2018.

JB Asset management also realized net profit of KRW 2.3 billion. Accordingly, the foothold is established for growing into a comprehensive financial group with balanced business portfolio between banks and non-banks. Furthermore, Cambodia Phnom Penh Commercial Bank (PPCBank) is also maintaining its remarkable growth trend of an annual average of more than 30%. The bank is working on the stable localization of capital headquarters in Myanmar while proceeding with overseas market expansion in order to leap up as Asia's representative financial group by promoting entry into financial service markets in China as well as Indonesia, Vietnam, etc.

In summary of business performance in 2018, firstly in growth aspect, consolidated total assets are KRW 46 trillion 779.8 billion decreasing by KRW 813.8 billion (ratio 1.7%) from the prior year. Loan assets are KRW 36 trillion 915.3 billion (balance standard), a decrease by 3.2% from the previous year.

Deposit liabilities are KRW 33 trillion 994.5 billion (based on balance), a drop by 1.6% from the prior year. Accordingly, asset size decreased from prior year due to the result of asset portfolio adjustment for the purpose of qualitative growth. From the profitability aspect, thanks to the effects of NIM recovery and improved asset soundness, consolidated operating profit is KRW 416.8 billion (growth ratio 19.8%), and net profit is KRW 321 billion increasing by 21.4% from the previous year.

In 2019, we at JB financial group will also actively promote IR activities while promoting the enhancement of competitiveness by business through differentiation, pursuit of profitability, soundness-oriented business strategy, digitalization of customer focused business and establishment of advanced integrated group risk management system as emphasized strategies.

Especially, we will maximize user environment and experience through digitalization that we have continuously promoted to make existing customers loyal to us and to expand our business base. Through digitalization we will endeavor to enhance customer service level. Also, to secure new growth engine through continuous business diversification, we will thoroughly re-analyze and newly converge by focusing on financial consumers and will develop new business and new products.

The year 2019 is a period when possible new licensing of Internet specialized banks and competitive launch of innovative financial services by non-financial Fintech enterprises are anticipated to occur, and the big changes are desperately needed such as the introduction of new business method while breaking away from the past framework where only finance companies were regarded as competitors. In the financial industry of the future, speedy companies will dominate slow companies rather than large companies dominating small companies. Enhancing efficiency in use of customer information and the digital tools for value maximization will be the key competitiveness of financial companies.

In 2019, all 4,200 executives and staffs at JB financial group will work hard towards the goal of becoming 'the best retail specialized financial group for the middle class, common people and SMEs,' so that we can respond to the expectations of customers and shareholders. We ask for your unchanging interest and encouragement. Thank you.

Key financial data (consolidated basis)

(unit: KRW 100 mil.)

	2018	2017	YoY(Amt.)
Volume			
Total assets	467,798	475,937	-8,139
Loans	369,153	381,219	-12,066
Total liabilities	433,215	445,073	-11,858
Deposits	339,945	345,394	-5,449
Total shareholders' equity	34,583	30,864	3,719
Profitability			
Total Operating Income	12,502	11,367	1,135
Operating profit	4,168	3,480	688
Net income	3,210	2,645	565
Net income of controlling interest	2,415	1,851	564
Net interest margin (Group)	2.67%	2.46%	0.21%p
Net interest margin (Banks)	2.43%	2.26%	0.17%p
Return on assets	0.68%	0.56%	0.12%p
Return on equity	9.80%	8.64%	1.16%p
Asset Soundness			
Substandard & below (NPL) ratio	0.92%	0.96%	-0.04%p
Delinquency ratio	0.82%	0.87%	-0.05%p
NPL coverage ratio	92.4%	67.9%	24.5%p
Capital Adequacy			
BIS ratio	12.73%	12.16%	0.57%p
TIER1 ratio	10.42%	9.71%	0.71%p
CET1 ratio	9.02%	8.57%	0.45%p

II. Profit and loss performance review

1. Income statement

Summary consolidated income statement

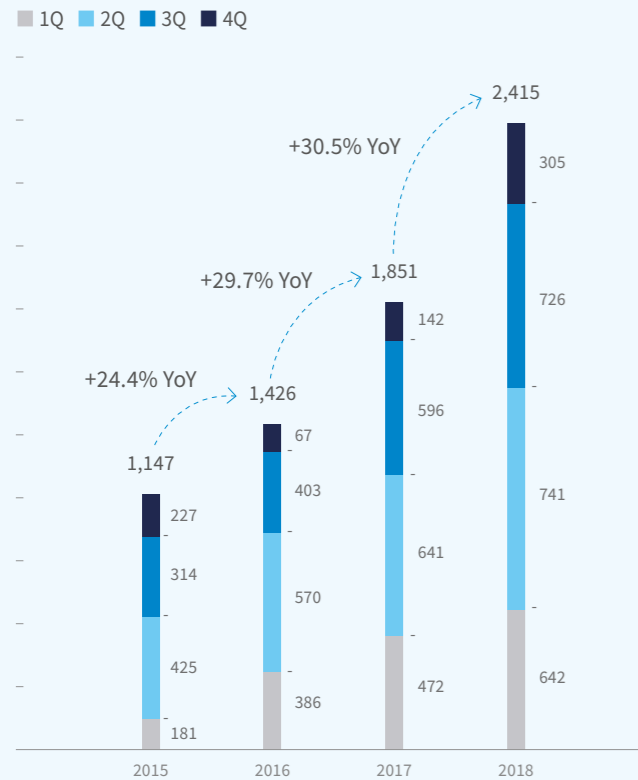
(unit: KRW 100 mil.)

	2018	2017	YoY(Amt.)	YoY(%)
Total Operating Income	12,478	11,178	1,300	11.6%
Net interest income	12,512	11,436	1,076	9.4%
Net fees and commissions income	105	135	-30	-22.4%
Net lease income	462	417	45	10.8%
Net income on financial instruments	223	144	78	54.4%
Net other operating income	-823	-953	130	N.A.
SG&A expenses(-)	6,539	6,264	276	4.4%
Net Provision(-)	1,771	1,435	337	23.5%
Operating Income	4,168	3,480	688	19.8%
Non-operating income	-3	-28	25	N.A.
Pre-tax income	4,165	3,452	713	20.7%
Income tax expense(-)	954	807	147	18.2%
Consolidated Net Income	3,210	2,644	566	21.4%
Attributable to controlling interest	2,415	1,851	565	30.5%
Attributable to non-controlling interest	795	794	1	0.1%

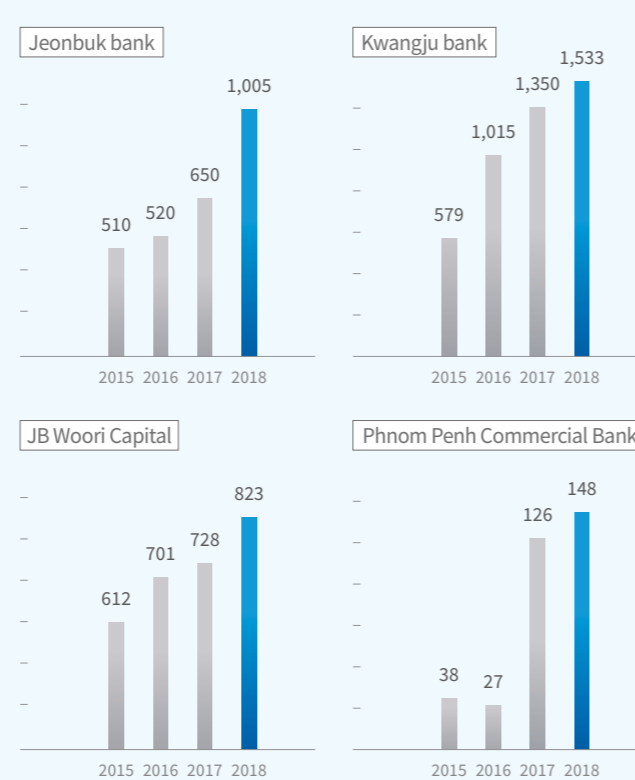
JB financial group's net profit attributable to controlling interests in 2018 is KRW 241.5 billion, increasing by 30.5% from KRW 185.1 billion of the previous year, recording 3 consecutive years' high growth ratio of over 20% and breaking the record for the highest single year profit.

The main factor for this steady increase in group net profit is the differentiated rise in net interest margin based on profitability focused substantial management, and the positive effect of business leverage from well managed asset soundness and cost indicators. Also, thanks to the completed share swap with Kwangju bank in the 4th quarter of 2018, Kwangju bank's profit will be reflected in earnest on the group's performances from 2019, and the group's sound profit momentum is expected to be maintained in 2019.

Group's net profit trend (controlling interest) (unit: KRW 100 mil.)

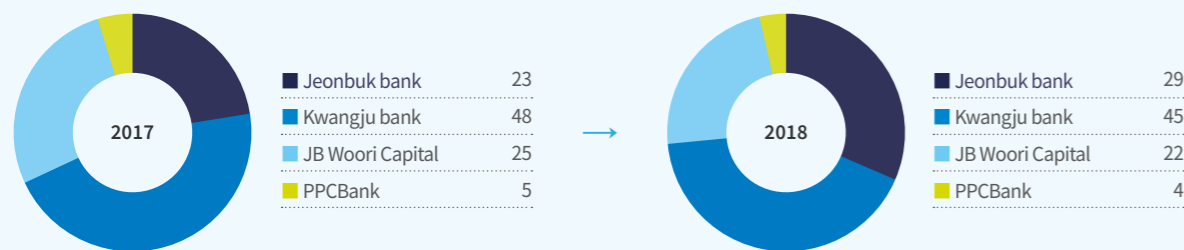


Annual net profit by major affiliate (separate) (unit: KRW 100 mil.)



Jeonbuk bank and Kwangju bank, as core subsidiaries of the group, are keeping profit competitiveness steadily strengthened, as profit and cost indicators are maintained at a sound level based on substance focused stable management. Especially, Jeonbuk bank (based on separate financial statement) recorded an annual performance of KRW 100.5 billion showing an increase by 54.5% from the previous year, leading the high profit growth trend of the group. Kwangju bank (based on separate financial statement) also recorded an annual performance of KRW 153.3 billion showing increase by 13.5% from the prior year, maintaining a stable profit flow. JB Woori Capital as specialized lender recorded an annual profit of KRW 75.1 billion showing increase by 5.5% from the previous year based on profitability focused asset portfolio adjustment policy. Cambodia Phnom Penh Commercial bank as a grand-son company also successfully carried out its localization strategy through expanded business capacities and recorded an annual profit of KRW 14.8 billion showing 17.0% increase from the prior year, contributing greatly to the expanded profit base of the group.

Net profit percentage by subsidiary (unit: %)



2. Interest Income

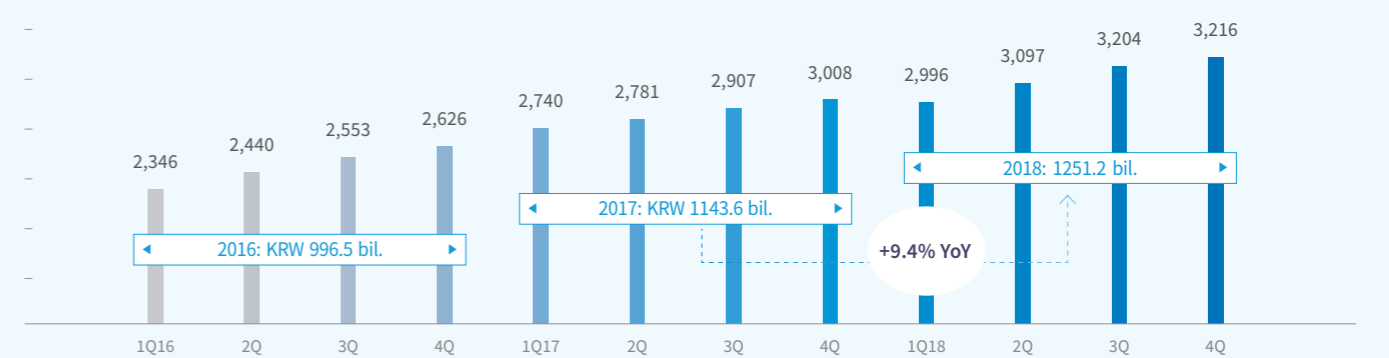
Group's interest income

(unit: KRW 100 mil.)

	2018	2017	YoY(Amt.)	YoY(%)
Interest Revenue	19,242	17,552	1,689	9.6%
Loans	18,088	16,455	1,633	9.9%
Securities	1,011	946	65	6.8%
Other IEA	143	151	-9	-5.7%
Interest Expense	6,730	6,117	613	10.0%
Deposits	4,655	3,911	744	19.0%
Borrowings	349	322	27	8.5%
Other IBL	1,726	1,884	-158	-8.4%
Net Interest Income	12,512	11,436	1,076	9.4%

JB financial group's interest income in 2018 was KRW 1 trillion 251.2 billion increasing by 9.4% from the prior year, thanks to an even increase in each affiliate's interest income. This is because NIM steadily rose thanks to the profitability improvement effect from certain loan assets such as collective intermediate payment loan and effect of standard interest rate hike, despite slower loan asset growth due to the effect of redemption at maturity from collective intermediate payment loans, etc.

Group's interest income^{Note)} (unit: KRW 100 mil.)



Note) based on substantial amount after removal of PPA (Purchase Price Adjustment) related amortization

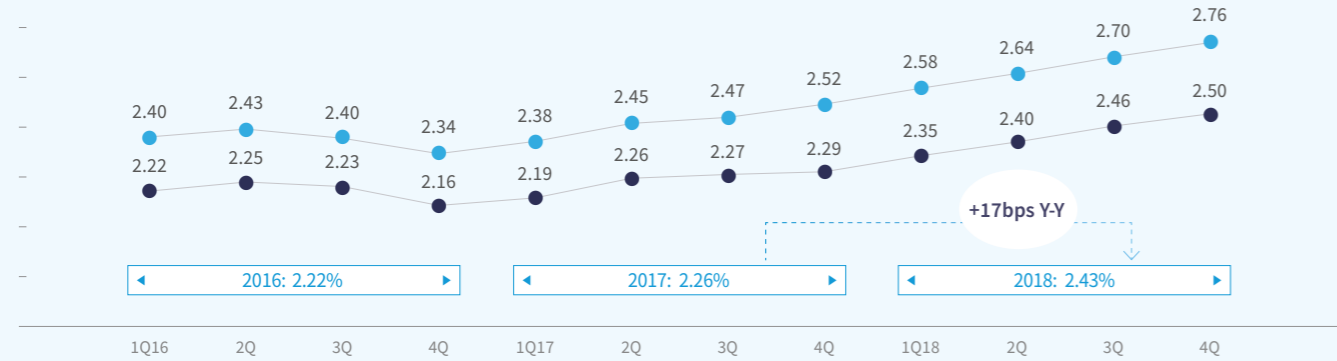
Interest income by subsidiary

(unit: KRW 100 mil.)

	2018	2017	YoY(Amt.)	YoY(%)
Group	12,512	11,436	1,076	9.4%
Interest profit	19,242	17,552	1,689	9.6%
Interest expense	6,730	6,117	613	10.0%
Jeonbuk Bank	4,292	3,886	406	10.4%
Interest profit	6,698	5,909	789	13.4%
Interest expense	2,406	2,023	383	18.9%
Kwangju Bank	6,032	5,535	497	9.0%
Interest profit	8,795	8,019	776	9.7%
Interest expense	2,763	2,484	279	11.2%
JB Woori Capital	2,067	1,963	104	5.3%
Interest profit	3,289	3,264	25	0.8%
Interest expense	1,223	1,301	-78	-6.0%

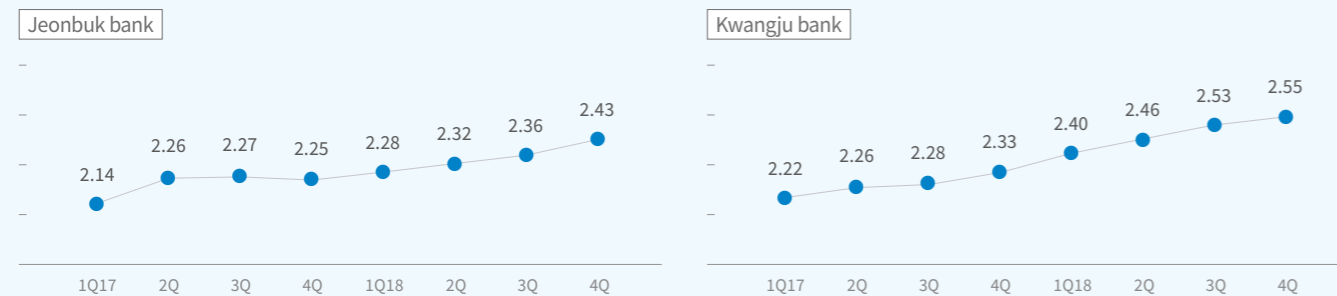
In case of Jeonbuk bank and Kwangju bank, as low margin collective intermediate payment loans executed in 2015 were redeemed at maturity and new intermediate payment loans were executed, the profitability of intermediate payment loan increased significantly, and interest grew by 10.4%, and 9.0% from the previous year, respectively. In case of JB Woori Capital, interest income was KRW 206.7 billion increasing by 5.3% from the prior year, thanks to asset portfolio improvement focusing on profitability such as secondhand passenger car finance and corporate finance, etc., despite slower asset growth.

NIM (Net interest margin, during quarter) (unit: %) ● NIM (GROUP) ● NIM (BANKS' SUM)



In 2018, accumulated net interest margin based on sum of banks within JB financial group was 2.43%, rising by 17bp from the previous year. Accumulated net interest margin based on the group was 2.67% rising by 21bp from the prior year. The drastic improvement of net interest margin was due to improved loan yield obtained from asset replacement effect such as collective intermediate payment loan asset, etc., effect of hike in prime rate and less financing burden under slower loan asset growth. Also, the reason for drastic net interest margin improvement of the whole group was because of relatively high speed of net interest margin improvement of JB Woori Capital as JB Woori Capital restructured financial asset portfolio focusing on profitable assets.

NIM by bank (unit: %)



3. Non-interest Income

Group non-interest income

(unit: KRW 100 mil.)

	2018	2017	YoY(Amt.)
Non-Interest Income	-34	-257	224
Fees & Commissions	105	135	-30
Lease	462	417	45
Securities	173	22	151
FX & Derivatives	50	122	-73
Guarantee Fund & Insurance Fees	-994	-998	4
Others	171	45	127

In case of non-interest income of the group, extent of loss decreased significantly from the prior year, as the effect from Jeonbuk bank's impairment loss and on corporates bonds and loan sale loss of Daewoo Shipbuilding & Marine that occurred in 2017 became extinct, and the effect of loan sale profit effect by JB Woori Capital realized in 2018 was reflected, and JB Woori Capital's lease income increased steadily.

Card related profit

(unit: KRW 100 mil.)

	2018	2017	YoY(Amt.)
Card-related Income	475	489	-14
Interest Income	986	974	12
Fee Income	89	81	8
Fee Expense	589	566	23

4. Sales & administrative expenses

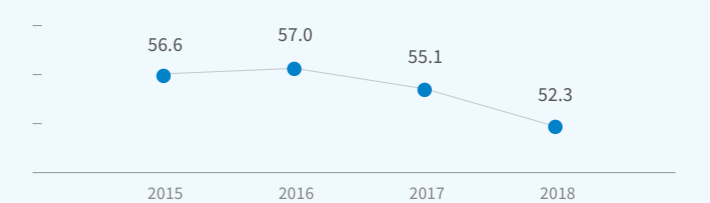
Group's sales & administrative expenses

(unit: KRW 100 mil.)

	2018	2017	YoY(Amt.)	YoY(%)
SG&A Expenses	6,539	6,264	275	4.4%
Salaries & Benefits	3,896	3,713	183	4.9%
General & Admin	1,298	1,294	4	0.3%
Early retirement expense	361	327	34	10.4%
Depreciation & Others	984	930	54	5.8%

Sales & administrative expenses in 2018 was kept stable at KRW 653.9 billion, increasing by 4.4% from the previous year. The group's profit to cost ratio in 2018 was 52.3%, decreasing by 2.8%p from the prior year, as the effect of group's cost saving efforts implemented over several years such as voluntary retirement, etc. were reflected. In case of excluding benefits paid upon voluntary retirement, the ratio was 49.4%, being maintained at less than 50% level. In 2019, the Group plans to maintain/manage profit to cost ratio at a stable level by efficient budget execution.

Group's profit to cost ratio (unit: %)



5. Provisioning cost

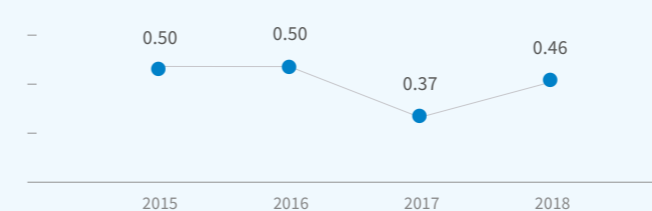
Group's provisioning cost

(unit: KRW 100 mil.)

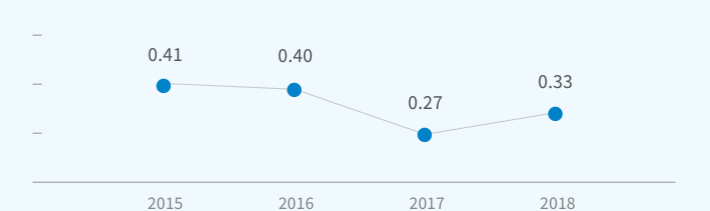
	2018	2017	YoY(Amt.)	YoY(%)
Provision for Credit Losses	1,771	1,435	337	23.5%
Corporate (Banks)	561	579	-18	-3.1%
Household (Banks)	390	184	206	112.0%
Credit Card (Banks)	117	109	8	7.3%
JB Woori Capital	683	559	124	22.2%
Others	21	4	17	408.0%

In 2018, the group's annual transfer to provisions was KRW 177.1 billion increasing by KRW 33.7 billion from the previous year. This is mostly due to the effect of JB Woori Capital expanding secondhand passenger car related assets. Accordingly, since the 3rd quarter of 2018, responding measures were taken by further tightening secondhand car finance lending standard. As recently overall credit grade of secondhand car finance borrowers is adjusted upward, stabilization is expected soon. Separately, risk factors are systemically monitored/analyzed in loan execution /management in order to prevent any further distress related to banks' household credit loan asset. Meanwhile, it is positive that corporate loan and housing mortgage loan related provisioning costs are steadily stabilized.

Group's provisioning cost ratio (unit: %)



Sum of banks' provisioning cost ratio (unit: %)



III. Review of statement of financial position

1. Statement of financial position

Summary consolidated statement of financial position

(unit: KRW 100 mil.)

	2018	2017	YoY(Amt.)	YoY(%)
Total Assets	467,798	475,937	-8,138	-1.7%
Cash and due from banks	23,463	22,449	1,013	4.5%
Investment financial assets	48,823	48,857	-34	-0.1%
Loans	369,153	381,219	-12,066	-3.2%
Lease assets	13,482	11,350	2,132	18.8%
Tangible assets	3,771	3,677	94	2.5%
Intangible assets	1,720	1,865	-145	-7.8%
Other assets	7,387	6,520	866	13.3%
Liabilities	433,215	445,073	-11,857	-2.7%
Deposits	339,945	345,394	-5,449	-1.6%
Borrowings	20,561	20,934	-372	-1.8%
Debt securities issued	59,725	66,599	-6,875	-10.3%
Other liabilities	12,985	12,146	838	6.9%
Shareholders' equity	34,583	30,864	3,719	12.1%
Attributable to major shareholders	31,317	24,295	7,022	28.9%
Capital stock	9,849	7,772	2,077	26.7%
Hybrid debts	3,480	2,000	1,480	74.0%
Retained earnings	11,618	9,556	2,062	21.6%
Total liabilities and shareholders' equity	467,798	475,937	-8,138	-1.7%

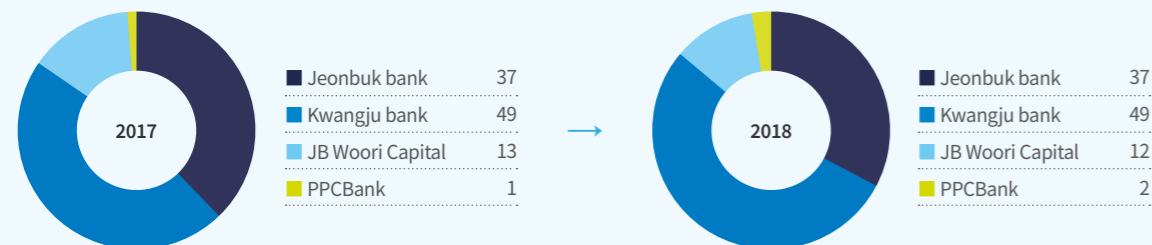
Total assets of JB Financial Holdings as of the end of 2018 was KRW 46 trillion 779.8 billion, decreasing by 1.7% from the prior year. Major reason for asset reduction was reduced loans by 3.2% from the prior year at Jeonbuk bank and Kwangju bank due to repayment of collective intermediate loan at maturity. According to reduction in loan assets, financing needs shrank and hence deposit liability and bonds decreased by 1.6%, 10.3%, respectively. In case of paid-in capital, increase of KRW 207.7 billion occurred due to comprehensive share swap with Kwangju bank in October 2018. Hybrid capital securities increased by KRW 148 billion due to issuance of KRW 68 billion and 80 billion in May and July 2018, respectively. Meanwhile, retained earnings increased by 21.6% from the previous year thanks to steady increase in profit.

Asset/liability by affiliate (based on separated financial statements)

(unit: KRW 100 mil.)

Classification	Company name	2018			2017		
		Total assets	Loans total	Total shareholders' equity	Total assets	Loans total	Total shareholders' equity
Holding company	Financial holding company	23,461	4,428	19,033	19,647	4,754	14,893
	Jeonbuk bank	174,128	161,257	12,871	174,256	162,660	11,596
Subsidiary	Kwangju bank	230,292	213,331	16,961	234,071	218,247	15,824
	JB Woori Capital	54,745	47,337	7,408	60,080	52,487	7,593
	JB Asset Management	209	23	186	176	12	164
Grand son company	Phnom Penh Commercial bank (PPCBank)	8,818	7,495	1,323	6,766	5,642	1,124
	JB Capital Myanmar	105	5	100	53	4	49

Asset percentage by affiliate (unit:%)



2. Deposits

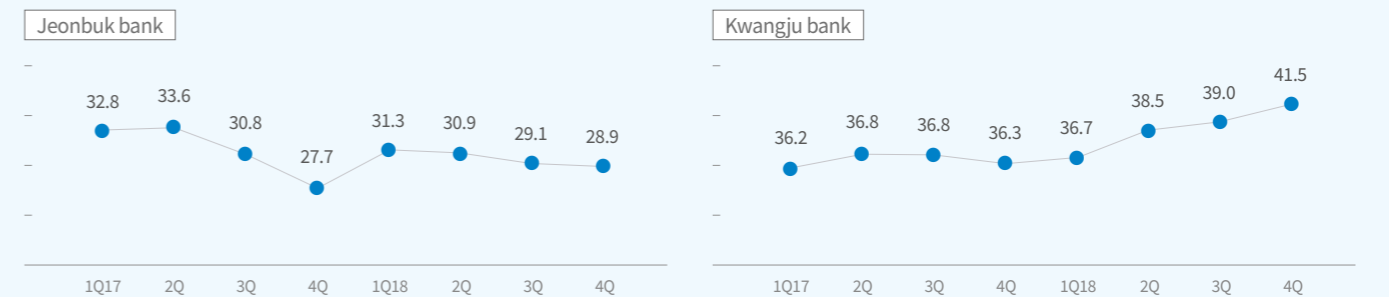
Deposits by banks

(unit: KRW 100 mil.)

Jeonbuk bank	2018	2017	YoY(Amt.)	YoY(%)
Total Deposits	146,228	148,390	-2,162	-1.5%
Deposits in KRW	140,852	140,334	518	0.4%
Low Cost Deposit	40,847	39,058	1,789	4.6%
Demand	15,002	12,855	2,147	16.7%
Savings	14,698	15,331	-633	-4.1%
Corporate Savings	11,146	10,872	274	2.5%
Time Deposit	96,197	97,092	-895	-0.9%
Installment Deposit	3,808	4,184	-376	-9.0%
Kwangju bank	2018	2017	YoY(Amt.)	YoY(%)
Total Deposits	201,899	206,461	-4,562	-2.2%
Deposits in KRW	186,634	190,610	-3,976	-2.1%
Low Cost Deposit	77,778	69,467	8,311	12.0%
Demand	39,186	33,039	6,147	18.6%
Savings	25,719	25,191	528	2.1%
Corporate Savings	12,874	11,237	1,637	14.6%
Time Deposit	104,854	116,974	-12,120	-10.4%
Installment Deposit	2,971	3,201	-230	-7.2%

KRW deposit liability of Jeonbuk bank and Kwangju bank increased by 0.4% and decreased by 2.1% from the previous year, respectively, due to slower growth in lending. While financing competition is getting fiercer in the industry due to regulatory actions on loan to deposit ratio, Jeonbuk bank and Kwangju bank are experiencing great improvement in percentage of low-cost deposit due to less financing burden.

Percentage of low-cost deposit liability to total deposit liability (unit: %)



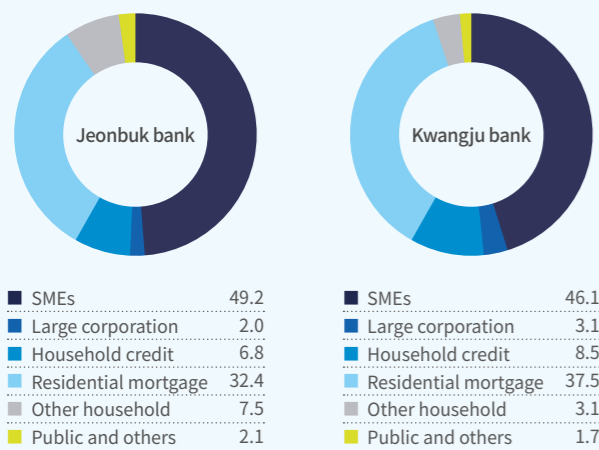
3. Loans

Loans by bank

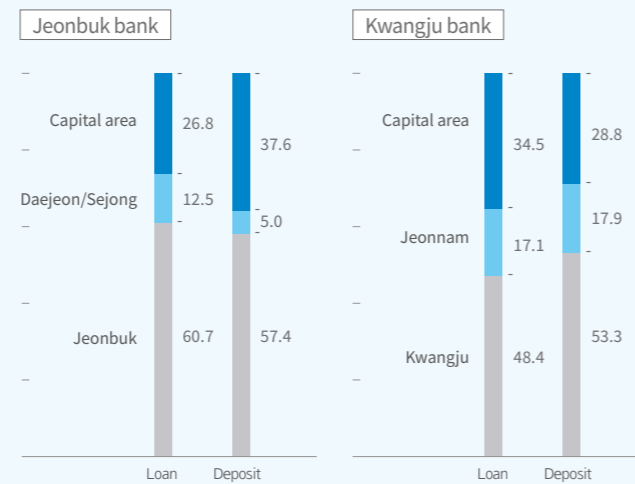
	2018	2017	YoY(Amt.)	YoY(%)
Jeonbuk bank				
Loans in KRW	136,472	136,386	86	0.1%
Corporate	69,901	69,524	377	0.5%
SME	67,175	64,343	2,832	4.4%
Large Corp	2,726	5,181	-2,455	-47.4%
Household	63,712	63,758	-46	-0.1%
Mortgage	44,223	49,220	-4,997	-10.2%
Public & Others	2,859	3,104	-245	-7.9%
Kwangju bank				
Loans in KRW	173,866	183,598	-9,732	-5.3%
Corporate	85,527	87,525	-1,998	-2.3%
SME	80,200	81,864	-1,664	-2.0%
Large Corp	5,327	5,661	-334	-5.9%
Household	85,303	94,317	-9,014	-9.6%
Mortgage	65,238	77,273	-12,035	-15.6%
Public & Others	3,036	1,756	1,280	72.9%

KRW loans of Jeonbuk bank and Kwangju bank in 2018 were KRW 13.6 trillion and 17.4 trillion respectively, increasing by 0.1% and decreasing by 5.3% from the previous year. This is because of the reduction of residential mortgage loan balance for both banks as the collective intermediate payment loans that were executed in 2015 were repaid and decreased significantly in 2018. In case of corporate loan, growth went a bit slower due to asset portfolio adjustment based on RoRWA as part of the effort to improve equity ratio.

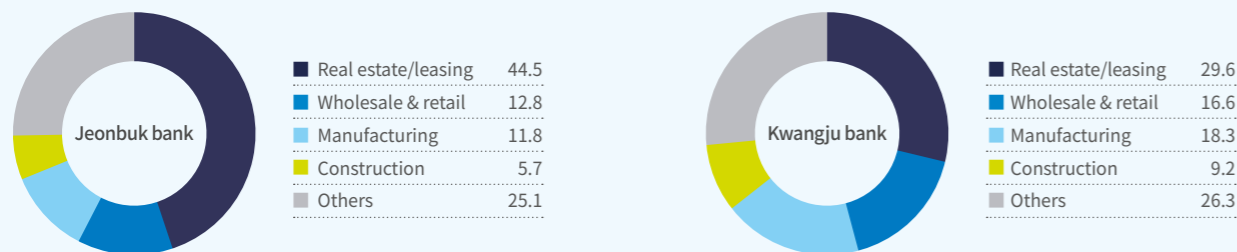
KRW loan portfolio (unit:%)



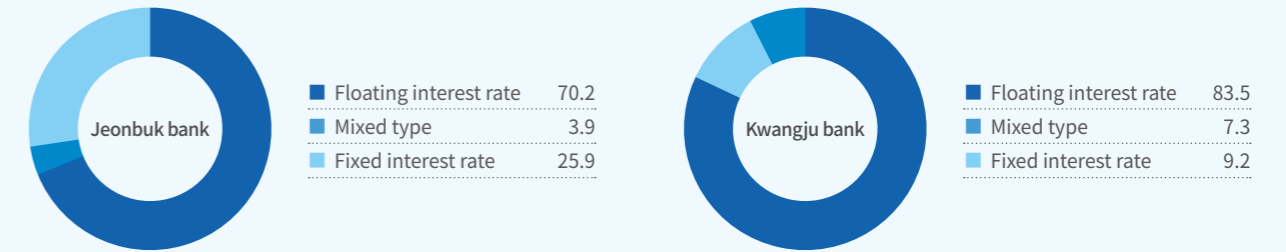
Loan/deposit ratio by region (unit:%)



Corporate loan portfolio by industry (unit:%)



KRW loan interest rate type (unit:%)



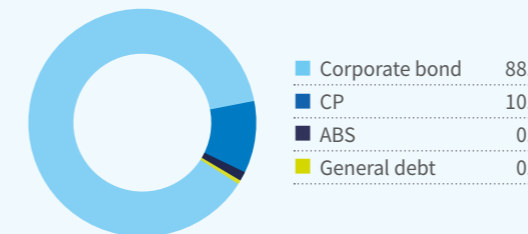
4. JB Woori Capital

Financing structure

	2018	2017	YoY(Amt.)	YoY(%)
Total	44,315	49,411	-5,096	-10.3%
Corporate bonds	39,185	40,221	-1,036	-2.6%
CP	4,650	4,700	-50	-1.1%
ABS	380	4,340	-3,960	-91.2%
Borrowings	100	150	-50	-33.3%

JB Woori Capital maintained a stable debt structure focused on corporate bond in preparation for an uncertain interest rate environment in 2018. To enhance liquidity, percentage of CP is maintained at a proper level.

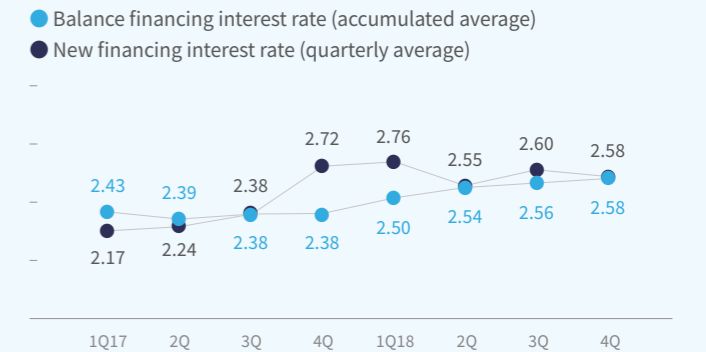
Borrowing status (unit:%)



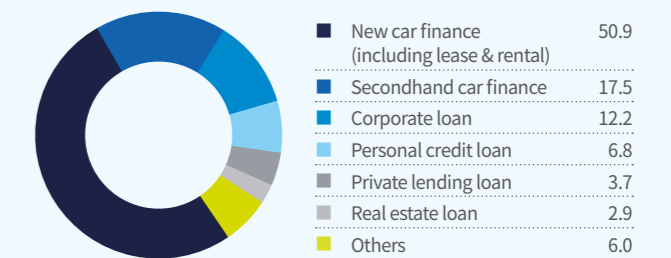
Financial asset portfolio (unit: KRW 100 mil.)

Financial Assets	52,907
Auto Finance	36,155
New car finance (includes lease & rental car)	26,911
Used car finance	9,244
R&C Finance	16,752
Corporate finance	6,441
Personal credit loans	3,618
Lender loans	1,976
Real estate loans	1,546
Others	3,170

Financing interest rate trend (unit:%)



Percentage by financial asset (unit:%)



JB Woori Capital concentrated in highly profitable secondhand car finance in 2018 in response to fiercer competition in new car finance market due to banks and credit card companies entering into the car finance industry. Accordingly, the percentage of secondhand car financial asset increased from 13.9% at the end of 2017 to 17.5% at the end of 2018. In case of new car finance, the percentage decreased from 60.3% at the end of 2017 to 50.9% at the end of 2018. Also, the percentage of non-auto finance area increased to 31.7% mostly in real estate, private finance and corporate finance for the purpose of asset portfolio restructuring focused on highly profitable products.

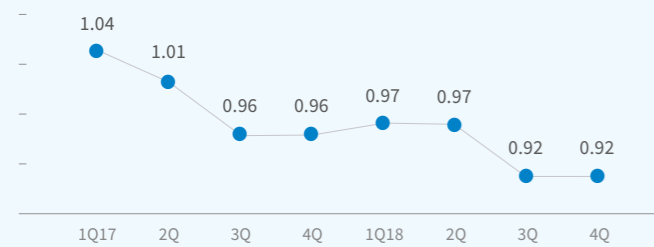
IV. Asset quality review

Group's asset quality

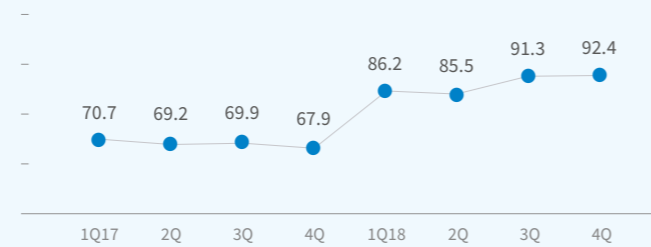
(unit: KRW 100 mil.)

	2018	2017	YoY(Amt.)	YoY(%)
Total Credits	371,923	386,785	-14,862	-3.8%
Normal	364,622	379,066	-14,444	-3.8%
Precautionary	3,869	4,014	-145	-3.6%
Substandard	2,091	2,083	8	0.4%
Doubtful	908	1,095	-187	-17.1%
Estimated Loss	433	528	-95	-18.0%

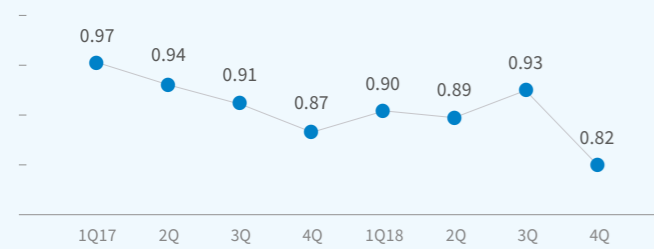
NPL (fixed or lower graded loans) ratio (unit: %)



NPL COVERAGE ratio (unit: %)



Delinquency ratio (unit: %)



The group's asset adequacy in 2018 remained at a stable level, thanks to an effective loan portfolio adjustment and active risk management policy promoted in anticipation of economic uncertainties. The group's NPL ratio is maintained at 0.9% level, and NPL coverage ratio has improved to 92.4% level. This is because of greatly improved profitability versus risk due to RORWA reflected as bank branch KPI according to the effort to improve common shares equity ratio since 2016. In case of corporate loan, risk weight fell steadily through loan portfolio rebalancing and NPLs have been considerably disposed despite stagnant growth during the last 3 years.

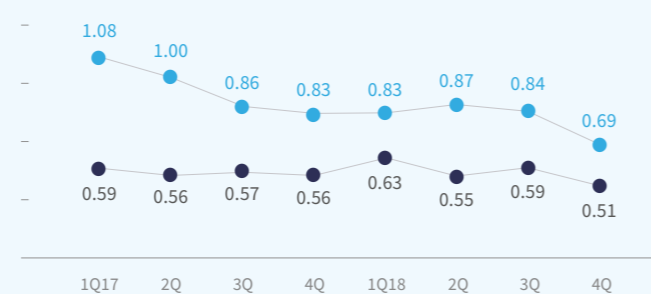
NPL (fixed or lower graded loans) ratio by bank (unit: %)

● Jeonbuk bank ● Kwangju bank



Delinquency ratio by bank (unit: %)

● Jeonbuk bank ● Kwangju bank



V. Capital adequacy review

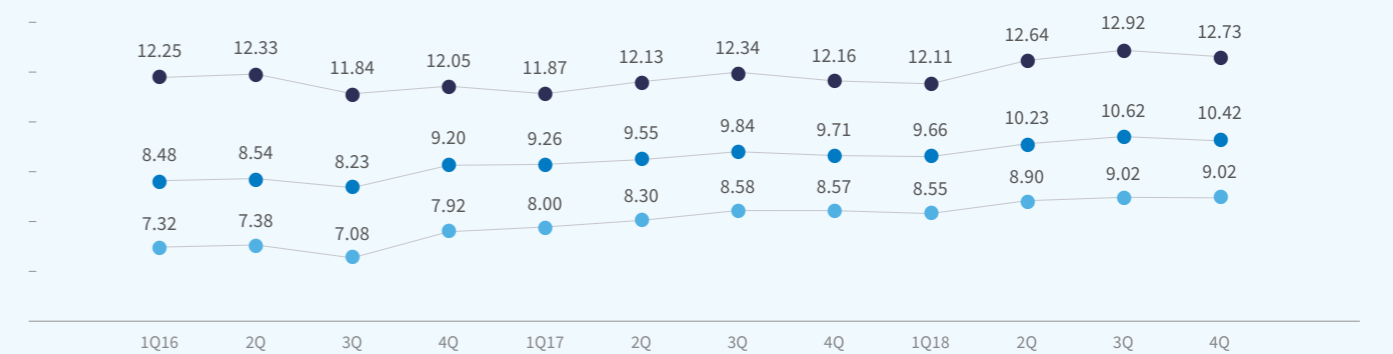
Group's capital adequacy

(unit: KRW 100 mil., %, %p)

	2018	2017	YoY(Amt.)	YoY(%)
BIS Capital	36,748	34,969	1,779	5.1%
TIER1 Capital	30,066	27,910	2,156	7.7%
CET1 Capital	26,024	24,654	1,370	5.6%
Risk Weighted Assets	288,574	287,535	1,039	0.4%
BIS Ratio	12.73	12.16	0.57%p	-
TIER1 Ratio	10.42	9.71	0.71%p	-
CET1 Ratio	9.02	8.57	0.45%p	-

Group BIS equity ratio (unit: %)

● BIS ratio ● TIER1 ratio ● CET1 ratio



Regarding the Group's capital adequacy in 2018, the common share equity ratio recorded 9.02% showing improvement of 45bp a year thanks to the efforts to improve RORWA during the last 3 years. In case of risk weighted assets, the ratio was maintained at a stable level by an increase of 0.4% during the year. In case of common share equity, the ratio increased by 5.6% from the previous year thanks to a great increase in net profit attributable to the Group's controlling interests. Despite the capital increase, ROE also improved during the period. Propensity to dividend rose significantly to 14.5% in 2018. In 2019, the common share equity ratio target is 9.5% which is the maximum regulated figure by the financial supervisory authority, and shareholder return policy is planned to be strengthened.

Dividend

(unit: won, %)

	2013	2014	2015	2016	2017	2018
Dividend per share	100	100	50	50	100	180
Dividend ratio	11.1	2.3	6.8	5.5	8.4	14.5

Independent Auditors' Report

Ernst & Young Han Young

Taeyoung Building, 111, Yeouigongwon-ro,
Yeongdeungpo-gu, Seoul 07241 Korea

Tel: +82 2 3787 6600

Fax: +82 2 783 5890

ey.com/kr



The Shareholder and Board of Directors JB FINANCIAL GROUP CO., LTD. and its subsidiaries

Opinion

We have audited the accompanying consolidated financial statements of JB Financial Group Inc. and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statements of financial position as of December 31, 2018 and 2017, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with Korean International Financial Reporting Standards.

Basis for opinion

We conducted our audit in accordance with Korean Auditing Standards (KGAAS). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Republic of Korea, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Korean International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Korean Auditing Standards (KGAAS) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Korean Auditing Standards (KGAAS) we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional

omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The partner in charge of the audit resulting in this independent auditor's report is Jung-ho, Joo.

March 21, 2019

This audit report is effective as of March 21, 2019, the independent auditors' report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from the date of the independent auditors' report to the time this report is used. Such events and circumstances could significantly affect the accompanying consolidated financial statements and may result in modifications to this report.

Non-Financial Management's Discussion & Analysis

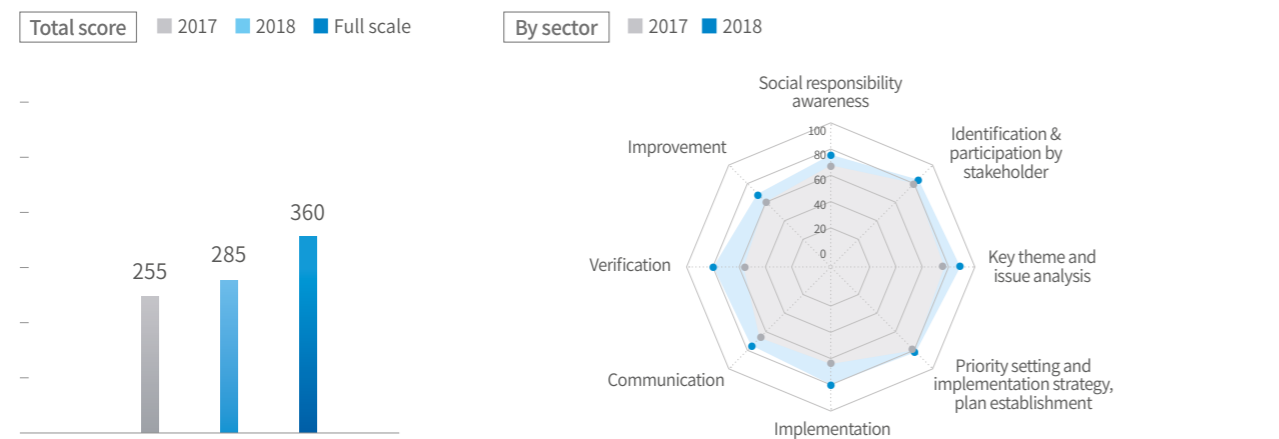


To the stakeholders of JB Financial Group

Overview of diagnosis

Eco nine as sustainable management specialized consultant has diagnosed the corporate social responsible management process and performances of JB Financial Group's non-financial management status by sector based on ISO 26000. We have derived implications based on JB Financial Group's corporate social responsibility management strategy, result of past corporate social responsibility management diagnosis, internal status and external public notice data, communication and sustainability report issued by the holding company and affiliates, etc. The result of our diagnosis may be limited by limitation in assessment tool and arbitrariness of assessor etc.

Process diagnosis results



Awareness: Social responsibility management committee and Social responsibility management practical committee was operated for the first time. We recommend you recognize corporate social responsibility management governance as the channel for identifying the risk and opportunity in participation activities of various stakeholders of JB Financial Group.

Identification and participation by stakeholders: Based on duties, the Group is communicating with stakeholders through various channels. We recommend the Group to secure the communication channel whereby stakeholders can directly or indirectly participate in social responsibility management issues considering the priority of stakeholders.

Key theme and issue analysis: We recommend you promote regular education on social responsibility management to staffs in charge of departments and divisions to define the key themes and issues of social responsibility as duties and to re-establish internal processes.

Priority setting and implementation strategy; The Group established policies based on the social responsibility principle of the whole group. Based on these policies, the corporate social responsibility target connected to actual jobs and the system to check implementations should be established. We recommend the Group to implement actual inspection to check important subjects in corporate social responsibility.

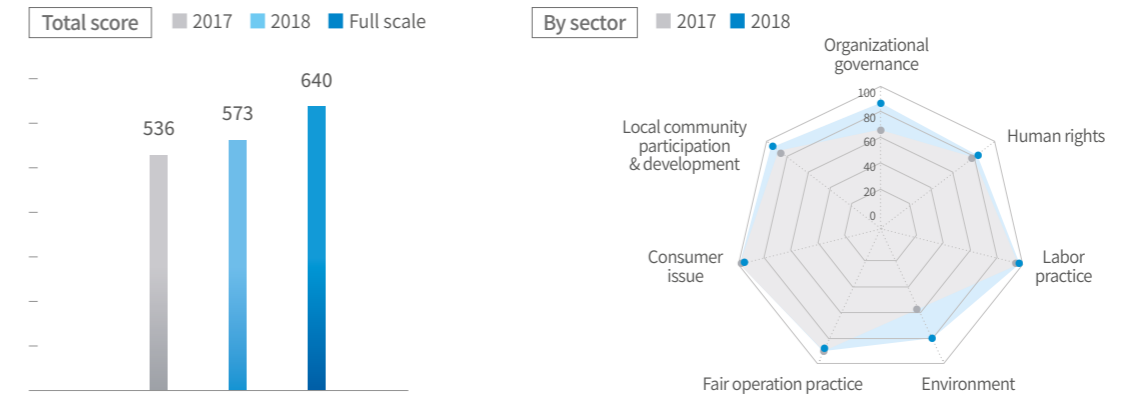
Implementation: We recommend the management of the Group to express willingness for corporate social responsibility management and integrate it with the company's management strategies so that all affiliates and executives/employees would materialize key subjects in corporate social responsibility and implementation directions and establish the target.

Communication: The Group has adopted and is reporting integrated annual report as the major communication tool for corporate social responsibility management. We recommend the Group to develop this reporting system in conformity to the purpose of integrated reporting in consideration of inclusiveness on JB Financial Group affiliates and balance in positive and negative information such as financial and non-financial information.

Verification: The Group is promoting verification activities on corporate social responsibility management such as seeking ISO 37001 system certification, response to DJSI assessment, establishment and verification on GHG gas inventory, 3rd party verification on integrated annual report, etc. We recommend the Group to internalize various verification activities into business processes and to continue promoting such internalization.

Improvement: We recommend the Group to define performance indicators by key subject of corporate social responsibility management and to establish monitoring system, and to establish the compensation system for executives/employees as well as directors gradually reflecting such performances in the performance review.

Performance diagnosis result by key themes



Organizational governance: Based on social responsibility management governance system at the Group level, the Group substantially operated the social responsibility management committee and social responsibility management working group. We recommend the stakeholders to report more in detail on how the matters discussed on social responsibility management governance were reflected on management.

Human rights: The Group established the management principle of respecting human rights by strategic stakeholders and key stakeholders. We recommend the Group to develop the diagnosis methods that enables the identifying of risks and effects of human rights in the value chain based on this management principle of respecting human rights, and to establish diagnosis and improvement process for human rights that is consistent with the Group's characteristic as a financial group.

Labor practice: Labor practices are implemented within the standards such as domestic laws, recruitment regulations and collective agreement, etc. We recommend the Group to identify global labor practice policies to embrace executives and employees with various nationality, and reflect such policies on recruitment and personnel regulations, etc.

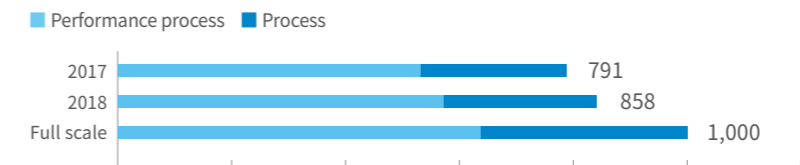
Environment: For the first time within JB Financial Group, Jeonbuk Bank and Kwangju Bank and JB Woori Capital established GHG gas inventory. We recommend the Group to plan GHG gas reduction activities by affiliate to pursue activities that reduce GHG gas, and to expand the establishment of GHG gas inventory to all branches.

Fair operation practice: We recommend the Group to let stakeholders on the Group affiliates' overall value chain recognize social responsibility activities and to plan and promote support and program by stages together for the purpose of enhancing the work capacity to social responsibility.

Consumer issue: The Group is promoting activities in consideration of effect in consumer aspects such as obtaining information protection management system (ISMS) certification and providing protection means or information for users of services that provide safe financial products. We recommend the Group to promote various activities consistent with social responsibility elements.

Local community participation & development: The Group is working hard to strengthen the qualitative aspects of social contribution activities by considering the introduction of 52 hour workweek system and the effectiveness of overseas region activities etc. We recommend the Group to promote active communication with internal and external stakeholders while adjusting the balance of the quantitative and qualitative aspects of social contribution programs.

Comprehensive diagnosis result



According to the results of non-financial sector performance analysis based on ISO 26000, there are improvements of 15% in the process area and 7% in the performance area. These are the result of the efforts to prepare governance, anti-corruption and response system to climate changes as the important subjects of social responsibility management with the JB Financial Group holding company playing the key role. We recommend the Group to expand these efforts to all affiliates and value chains including subcontractors so that social responsibility management system would be recognized and internalized as the capability of JB Group.

Independent Assurance Statement

BSI Group Korea

8F, Taehwa bldg. 29 Insa-dong 5-gil, Jongno-gu,
Seoul, 03162, Republic of Korea

Tel: +82 2 777 4123
Fax: +82 2 777 4446
www.bsigroup.co.kr



To: The Stakeholders of JB Financial Group

Introduction and objectives of work

BSI Group Korea (hereinafter "the Assurer") was asked to verify the 2018 JB Financial Group Sustainability Report (hereinafter "the Report"). This assurance statement applies only to the relevant information contained in the scope of the assurance.

JB Financial Group is solely responsible for all information and assertion contained in the report. The responsibility of the assurer is to provide independent assurance statement with expert opinions to JB Financial Group executives by applying the verification methodology and to provide this information to all stakeholders of JB Financial Group.

Assurance Standard

This assurance is based on the AA1000AS (2008) assurance standard and the moderate level of Type 2 assurance in sustainable finance, community participation, development and social contribution that required reliability test of management assertion, and for other information applied the Type 1 assurance to check the source and accuracy of the information. In addition, the assurer verified compliance with the principle of inclusivity, materiality, and responsiveness in accordance with the AA1000APS (2008) assurance principle, and verified that the contents of the report complied with the principle of "in accordance" with GRI standards.

Scope of work

The scope of assurance applied to this report is as follows;

- The 2018 report in the report. However, changes in corporate governance and some qualitative activities in 2019 were included in the verification;
- The contents related to headquarters and domestic subsidiaries of JB Financial Group;
- The suitability and robustness of processes and systems for information collection, analysis and review;
- The following items were not included in the verification;
 - Financial Information
 - GHG data (confirmed that separate verification has been performed)
 - Additional information included in other websites

Methodology

As part of its independent assurance, the assurer has used the methodology developed to collect relevant evidence to comply with the verification criteria and to reduce errors in the reporting, and has performed the following activities;

- To determine verification priorities, review of materiality issue analysis process and verification of the results;
- System review for sustainability strategy process and implementation;
- Review the suitability of the evidence to support the material issues through interviews with senior managers with responsibility for them;
- Verification of data generation, collection and reporting for each performance index

Our findings

On the basis of our methodology and the activities described above, it is our opinion that

- The information and data included in 2018 JB Financial Group Sustainability Report are accurate and reliable and the assurer cannot point out any substantial aspects of material with mistake or misstatement;
- The report provides sustainable management activities of JB Financial Group in a fair way;
- The information is presented in a clear, understandable and accessible manner, and allows readers to form a balanced opinion over JB Financial Group's performance and status during the reporting period;
- JB Financial Group has processes in place for consulting and engaging with its key stakeholders in a structured and systematic manner;
- The Report properly reflects the organization's alignment to and implementation of the AA1000 Assurance Standard(2008) principles of Inclusivity, Materiality and Responsiveness in its operations. Further detail is provided below.

Alignment with the principles of AA1000AS (2008)

Inclusivity

JB Financial Group has processes in place for engaging with key stakeholders including employees, non-regular employees, investors, individual customers, corporate customers, business partners, communities and media, and has undertaken stakeholder engagement activities. Also the report has communication channels for each stakeholder group and collecting various opinions.

Materiality

The Report addresses the range of environmental, social and economic issues of concern that JB Financial Group has identified as being of highest material importance. The identification of material issues has considered both internal assessments of risks and opportunities to the business, as well as stakeholders' views and concerns, and determination of material issues has extracted from prioritizing issues and feasibility review.

Responsiveness

JB Financial Group is responding to those issues it has identified as material and demonstrates this in its policies, objectives, indicators and performance targets. The reported information can be used by the organisation and its stakeholders as a reasonable basis for their opinions and decision-making.

Key areas for ongoing development

To the extent that the results of the verification are not affected, the following comments were made.

- To strengthen the governance of sustainability management, JB Financial Group operates the Social Responsibility Management Committee, which includes the CEO of JB Financial Group and affiliated CEOs. However, the responsibility structure of each affiliate should be more clearly defined. It is necessary to strengthen sustainability management governance for each affiliate.
- In order to identify material issues, it is necessary to include a wider range of sustainable topics in the pool and it is necessary to increase the number of external evaluators so that issues of high social interest should be selected. If possible, it may be effective to organize and operate a sustainability expert panel.
- In the field of each report are expressed relative efforts trying to explain the positive aspects and further development. This will help to improve the balance of the report if the performance is poor relief and state the specific planning issues at the same time to solve it.
- Establish a system that can collect performance data by economic, social, and environmental areas and manage the progress against goals regularly, and also recommend integrating the internal audit process for data reliability management.

Statement of independence and competence

The assurer is an independent professional services company that specializes in Quality, Health, Safety, Social and Environmental management with almost 120 years history in providing independent assurance services. No member of the assurance team has a business relationship with JB Financial Group. We have conducted this verification independently, and there has been no conflict of interest. The assurer has a long experience in the fields of environment, society, business ethics, health and safety management systems, and is made up of excellent team members who understand the BSI Group's assurance standard methodology.

Evaluation against GRI 'In Accordance' Criteria

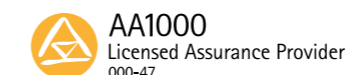
The assurer confirmed that this report was prepared in accordance with the GRI Standards Core Option and the disclosures related to the following Universal Standards and Topic-specific Standards Indicators based on the data provided by JB Financial Group.

[Universal Standards]

102-1 to 102-13(Organizational profile), 102-14 to 102-15(Strategy), 102-16 to 102-17(Ethic and integrity), 102-18 to 102-39(Governance), 102-40 to 102-44(Stakeholder engagement), 102-45 to 102-56(Reporting practice), 103(Management approach)

[Topic-specific Standards]

- Economic: 201-1~3, 202-2, 203-1~2, 204-1, 205-1~3, 206-1
- Environmental: 301-1, 302-1, 302-3~5, 303-1, 305-1~2, 307-1
- Social: 401-1~3, 402-1, 403-2, 404-1~3, 405-1~2, 406-1, 408-1, 409-1, 412-1~2, 413-1~2, 415-1, 417-1~3, 418-1, 419-1, FS13



June 21, 2019
BSI Group Korea
Managing Director Korea, Peter Pu



ISO 37001 Certificate



Certificate of Registration

ANTI-BRIBERY MANAGEMENT SYSTEM - ISO 37001:2016

This is to certify that:

JB Financial Group Co., Ltd.
566, Baekje-daero
Deokjin-gu
Jeonju-si
Jeollabuk-do
54931
Republic of Korea

Holds Certificate Number:

IABMS 709053

and operates an Anti-Bribery Management system which complies with the requirements of ISO 37001:2016 for the following scope:

All business activities as a JB financial holding company including the approval of business plan, evaluation of management performance, determination of management governance, internal control and risk management for subsidiaries within Korea.



By Royal Charter

Andrew Launn, EMEA Systems Certification Director

For and on behalf of BSI:

Original Registration Date: 2019-07-16

Effective Date: 2019-07-16

Latest Revision Date: 2019-07-16

Expiry Date: 2022-07-15



Page: 1 of 1

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Information and Contact: BSI, Kitemark Court, Davy Avenue, Knowlhill, Milton Keynes MK5 8PP. Tel: + 44 345 080 9000
BSI Assurance UK Limited, registered in England under number 7805321 at 389 Chiswick High Road, London W4 4AL, UK.
A Member of the BSI Group of Companies.

GHG Verification Statement

JB Financial Group Ltd.

This statement is a third-party verification opinion on greenhouse gas emissions for three years from 2016 to 2018 for JB Woori Capital, Jeonbuk Bank, and Kwangju Bank, three domestic subsidiaries of JB Financial Group.

Scope

- The organizational boundaries are limited to the headquarters of JB Woori Capital, Jeonbuk Bank, and Kwangju Bank, according to the WRI / WBCSD GHG protocol Chapter 3 operating and controlling approach. The branch office of each corporation and the other business places are excluded.
- The operational boundaries are GHG emissions for SCOPE 1(Direct-emissions) and SCOPE 2(Indirect-energy related) as defined in WBCSD/WRI GHG protocol Chapter 4 "Setting Operational Boundaries".
 - Direct emission sources (Scope1): Stationary combustion emissions (LNG for heating & cooling, LNG for cooking), mobile combustion emissions (gasoline, diesel, LPG)
 - Indirect emission sources (Scope2): Emissions of purchasing electricity and heat (hot water)

Data Verified

The GHG Emissions of Scope 1 and Scope 2 for three years from 2016 to 2018 for JB Woori Capital, Jeonbuk Bank, and Kwangju Bank are as follows.

(unit: tCO₂e/yr)

Verification period	Scope	JB Woori Capital	Jeonbuk Bank	Kwangju Bank	Subtotal
2016	Scope1	704	1,022	1,305	3,031
	Scope2	693	2,958	4,579	8,230
	Scope1+2	1,397	3,979	5,884	11,260
2017	Scope1	628	1,042	1,466	3,136
	Scope2	684	2,916	4,097	7,697
	Scope1+2	1,311	3,957	5,563	10,831
2018	Scope1	645	1,085	1,339	3,069
	Scope2	607	3,035	4,378	8,020
	Scope1+2	1,251	4,119	5,716	11,086

GHG Criteria & Protocols used for Verification

This verification was carried out in accordance with the following principles and criteria for measuring, reporting and verifying GHG emissions.

- ISO14064 Part 3 - Issued 2006
- IPCC Guideline Issued 2006
- The WRI/WBCSD GHG Protocol
- The Greenhouse Gas and Energy Target Management and Operation Guidelines of the Ministry of Environment (2016-255) (Criterion of materiality/ IPCC 2nd Assessment Report (AR2) GWP values/ Country specific calorific value/ electric power emission factor)

Verification Opinion

As a result of the verification of the Level of Reasonable Assurance according to the verification principles and criteria presented above, the assurance opinion of BSI Group Korea is as follows.

- The emissions as above were confirmed through verification of greenhouse gas emissions data for three years from 2016 to 2018 for JB Woori Capital, Jeonbuk Bank, and Kwangju Bank, three domestic subsidiaries of JB Financial Group and nothing has come to our attention that it would cause us to believe that the GHG emissions data are not fairly stated.
- Applied quantitative decision criterion for materiality threshold is 5% of total emissions and no material error, omission or misstatement which would affect unqualified verification opinion in the GHG emission calculations was detected.
- This opinion may be influenced by the limitations of provided data, sampling methods, etc., and because of these limitations of verification, there are unavoidable risks of existence of undiscovered misstatements. Therefore BSI cannot provide guarantees that further relevant aspects may arise in the future which were not known to us during the verification.

For and on behalf of BSI:

Issue: 29/04/2019

Managing Director Korea, JongHo Lee

Printed copies can be validated at ClientDirectory or telephone +82 2 777 4123.

BSI Group Korea Limited, 8th Floor Taehwa Building, Insadong 5gil 29, Jongno-gu, Seoul (03162), Korea,
BSI Group Korea Limited is a subsidiary of British Standards Institution.

GRI Standard Index

Core Option

Universal Standards				
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	102-2	Activities, brands, products, and services	6-8	■
	102-3	Location of headquarters	5	■
	102-4	Location of operations	5	■
	102-5	Ownership and legal form	4	■
	102-6	Markets served	5	■
	102-7	Scale of the organization	4	■
	102-8	Information on employees and other workers	4	■
	102-9	Supply chain	5	■
	102-10	Significant changes to the organization and its supply chain	6-7	■
	102-11	Precautionary Principle or approach	62-65	■
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	102-14	Statement from senior decision-maker	2-3	■
	102-15	Key impacts, risks, and opportunities	2-3, 6-7, 70-72	■
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	102-23	Chair of the highest governance body	66-67	■
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	102-36	Process for determining remuneration	66-67	■
	102-37	Stakeholders' involvement in remuneration	66-67	■
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102-39		Percentage increase in annual total compensation ratio	66-67	■
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102-41		Collective bargaining agreements	76-77	■
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102-43		Approach to stakeholder engagement	34-35	■
102-44		Key topics and concerns raised	35-38	■
102-45		Entities included in the consolidated financial statements	4	■
102-46		Defining report content and topic boundaries	About This Report	■
102-47		List of material topics	38	■
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	102-49	Changes in reporting	About This Report	■
	102-50	Reporting period	About This Report	■
	102-51	Date of most recent report	2018. 7. 31	■
	102-52	Reporting cycle	Every year	■
	102-53	Contact point for questions regarding the report	About This Report	■
	102-54	Claims of reporting in accordance with the GRI Standards	About This Report	■
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	201-2	Financial implications and other risks and opportunities due to climate change	86-87	■
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	202-2	Proportion of senior management hired from the local community	100	■
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	205-2	Communication and training about anti-corruption policies and procedures	66-67, 99	■
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	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	No cases	■
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	302-1	Energy consumption within the organization	105	■
Energy	302-4	Reduction of energy consumption	105	■
	302-5	Reductions in energy requirements of products and services	105	■
Water	303-1	Water withdrawal by source	105	■
	305-1	Direct (Scope 1) GHG emissions	105	■
Emissions	305-2	Energy indirect (Scope 2) GHG emissions	105	■
	307-1	Non-compliance with environmental laws and regulations	No cases	■
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	401-3	Parental leave	102-103	■
Labor/Management Relations	402-1	Minimum notice periods regarding operational changes	30days	■
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	404-1	Average hours of training per year per employee	102	■
Training and Education	404-2	Programs for upgrading employee skills and transition assistance programs	72-73	■
	404-3	Percentage of employees receiving regular performance and career development reviews	100%	■
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Non-discrimination	405-2	Ratio of basic salary and remuneration of women to men	101	■
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	2 Make sure that they are not complicit in human rights abuses. Principle	Management principle of respecting human rights established, and activities developed	70~77
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SDGs Map

JB Financial group, as a global financial corporation, deeply sympathizes with the importance of achieving UN SDGs. We are working hard to combine with and connect to corporate business value chain and everyday management and operation, and social contribution activities.



SDGs	Activities and performance	Classification	
SDGs 1	No Poverty	Computer class provided in Cambodia Phnomthrovit middle & high school	Emphasized
SDGs 3	Good Health and Well-being	Cambodian medical service activities cataract operation supported	Emphasized
SDGs 4	Quality Education	Safe, embracing and effective learning environment provided, continued support of scholarships	Emphasized
SDGs 8	Decent Work and Economic Growth	Expanding regional native culture, creating sustainable jobs	Emphasized
SDGs 5	Gender Equality	Gender equal recruitment & personnel management system and support for child rearing	Related
SDGs 7 SDGs 13	Affordable and Clean Energy, Climate Action	Support for eco-friendly energy projects	Related
SDGs 9 SDGs 11 SDGs 17	Industry, Innovation and Infrastructure, Sustainable Cities and Communities, Partnerships to achieve the Goal	Giving back to local community Social contribution activities by executives & employees Partnership with welfare organizations	Related
SDGs 12	Responsible Consumption and Production	Paperless system established	Related
SDGs 16	Peace and Justice Strong Institutions	Financial consumer protection and personal information protection policy	Related

Membership

Financial Security Institute	Jeonju Chamber of Commerce & Industry	UN Global Compact
Korea Listed Companies Association	Korea Association for Chief Financial Officers	Carbon Discloser Project
Korea Investor Relations Service	Korea Fintech Industry Association	

*JB Financial Group's Membership

Major Awards

Jeonbuk bank	Dec. 13, 2018 Citation from Financial Supervisory Service, Financial support to common people, financial consumer protection sector
	Oct. 30, 2018 Citation from Prime Minister, the 3rd Finance Day, Financial support to common people sector
	Jul. 11, 2018 Citation from Prime Minister, World Population Day

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