

Trust on Sustainability

2017 JB Financial Group Sustainability Report



About This Report

Overview

JB Financial Group's sustainability report includes contents that allow the stakeholders to comprehensively understand JB Financial Group's vision, principles and mid- to long-term strategies for sustainable management. In this report, we tried our best to show the vision and dedication to sustainable management of JB Financial Group which strives to become a leading global financial institution.

Period

This report includes our performance data from January 1, 2017 to December 31, 2017 and from the first half of 2018. We have included data on quantitative performance in 2015 and 2016 for comparison.

Scope

This report includes the activities and performance data on the operations of JB Financial Group and its four subsidiaries. Key topics and reporting boundaries are provided separately on page 39.

Standard

This report was prepared in compliance to the Global Reporting Initiative (GRI) Standard, ISO 26000, ten principles of the United Nations Global Compact (UNGC) and United Nations' 17 Sustainable Development Goals (SDGs).

Assurance

An independent third-party assurance review was carried out according to the international assurance standard, AA1000AS (2008) to ensure objectivity and reliability of this report. You can find the review results on pages 80-81.

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JB Financial Group First Sustainability Report

Contents

CEO Message	02
Highlights of JB Financial Group's Sustainable Management	04
Overview of JB Financial Group	06
JB Financial Group Business Model	08
<hr/>	
Creating Value	11
Kwangju Bank Grows with Communities	12
From a Local Bank to a Global Financial Company	14
Banks Becoming a Digital Platform	18
Closer to the People	20
Breathing Life into Our Vanishing Cultures	22
<hr/>	
Sustainable Management System	25
Principles of Corporate Social Responsibility	26
Sustainable Management Strategy	28
Risk Management	30
Ethical Management	32
Governance	34
Communication with Stakeholders	36
Sustainability Management Material Issues	38
JB Financial Group & UN Sustainable Development Goals (SDGs)	40
<hr/>	
Sustainable Management Performance	41
Easy and Safe Finance	42
ZOOM IN : JB Financial Group's Contributions to Local Festivals	49
JB Happy Management	50
ZOOM IN : Responding and Adapting to the 4th Industrial Revolution through Training and Production of Digitally Talented Individuals	57
Reliable Corporation	58
ZOOM IN : Contributing to the Improvement of Community Welfare through Continued Partnerships	64
<hr/>	
Statement	65
Summary of Financial and Non-Financial Performance	66
Independent Auditors' Report	77
ISO 26000 Performance Assessment Report	79
Third Party Assurance	80
<hr/>	
Appendices	82
GRI Standard Contents Index (Core Option)	83
UN Global Compact Principles Compliance	86
Membership	86
Major Awards	86

CEO MESSAGE

The 17 goals of the UN SDGs for the sustainable development of the international community are our shared goals.



Dear Stakeholders

First of all, I would like to thank all of JB Financial Group's stakeholders for the continued support.

Over the years, JB Financial Group has grown together with the citizens and small-to-medium enterprises of Korea.

We have endeavored to become the 'top retail financial group for the middle class and small-to-medium enterprises' and our continued efforts brought a remarkable growth, increasing the total assets of the Group from KRW 7 trillion in 2010 to KRW 48 trillion this year. As a result, we were able to become a key player in the retail finance industry for Korean citizens and small-to-medium enterprises.

Jeonbuk Bank and Kwangju Bank are continuously improving their market shares based on their deep understanding of and familiarity in the regions and are expanding their grounds by opening branches in Seoul, Incheon, Gyeonggi Province and Sejong.

Also, Cambodia's Phnom Penh Commercial Bank (PPCB) acquired by Jeonbuk Bank in 2016 is showing a stable growth and, JB Woori Capital's acquisitions of business license in Myanmar as well as Kwangju Bank's establishment of office in China are taking us one step closer to the pan-Asian market.

JB Financial Group has recently declared its transformation to 'digital banking'. We developed an open bank platform called 'obank' and modularized all our work processes in API format to promote digitalization of all banking processes. Using an open API, we are developing partnerships with small and large institutions and corporations all across the world, sharing our know-hows and skills we have accumulated over decades in offering microfinance services and making new profits and values every day.

Every aspect of the environment that surrounds us is changing so rapidly these days and we look back on the amazing journey we have embarked on thinking, 'Wow, we really did get this far.'

Technologies are advancing in such a fast speed but time and resources are becoming more limited every day.

Due to changes in education, policies and regulations, jobs and people contributing to the development of human society are becoming more diverse. The changes are happening so fast.

The 4th Industrial Revolution is prevalent all across the globe, VR, AR, IoT and AI are deep into our lives so we had to set our goals very carefully.

We focused on questions like 'How can corporations and society coexist better', 'What decisions do we have to make for our future generations', and 'What do we have to first to make a better world.'

The answer to these questions was JB Financial Group's continued social contributions made with Jeonbuk Bank and Kwangju Bank. There were people saying that we are spending too much on social contributions when our income may decline but we didn't stop. JB Financial Group gladly dove into the retail finance market which major banks were reluctant about because of the small profit and big risks.

Many people were doubtful, thinking, "It's tough to survival as it is and it'll take years for the digital banking era to arrive" but we broke down and completely transformed our structures and system we have built with our own hands believing, "There is no tomorrow if we do not change today."

JB Financial Group will continue to minimize its environmental impact and grow with the communities as a citizen of Korea and of the world. We will take care of the communities and natural ecosystems in this world and use our resources wisely. We will also share our mistakes as well as our achievements with the stakeholders every step of the way.

JB Financial Group wishes to be able to say 'We did it' one day and asks for your continued interest and encouragement.

Thank you.

Kim Han
CEO of JB Financial Group

2017 Highlights of JB Financial Group's Sustainable Management

A Company that Gives Hopes to Youth

In 2017, JB Financial Group hired 109 new employees through Jeonbuk Bank, Kwangju Bank and JB Woori Capital. In these times of hardship with serious youth unemployment and general lack of jobs, JB Financial Group has continuously offered youths new job opportunities over the past 3 years, hiring 64 new employees in 2015, 68 in 2016 and 109 in 2017. It has been a meaningful achievement especially because all these new employees were hired in Jeollabuk-do and Jeollanam-do which have the lowest rates of job creation in the nation. Recognized for this achievement, Jeonbuk Bank received the 'President's Outstanding Job-Creating Company Award' in 2017.

For JB Financial Group to be a sustainable company, it must become a company loved by the youth and a company filled with youthful energy and new ideas. To build a company that young people want to come and work for, for a long time, we will continuously increase new hires and promote an open working environment where youths can enjoy working.

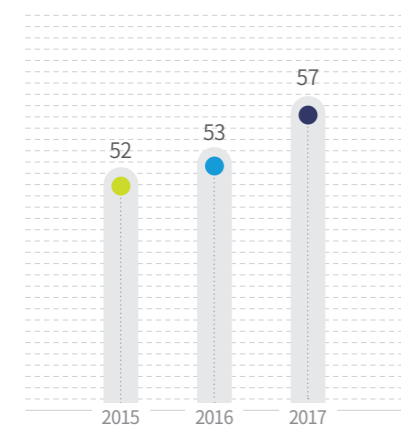
Kim Han / CEO of JB Financial Group

New Employees Hired (Unit: Employee)

109



Branches in the Capital Area (Unit: Branch)



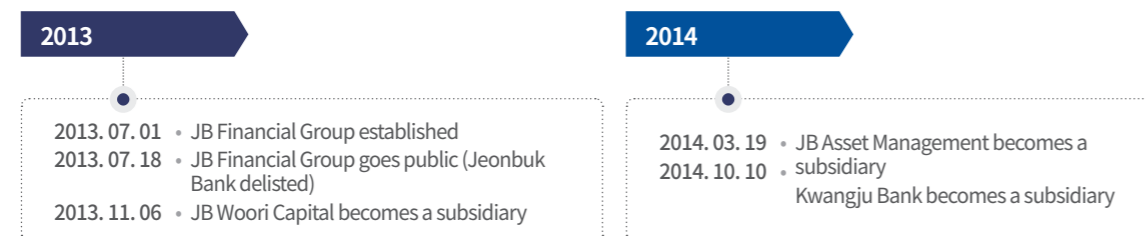
Financial Convenience for the Common People and Small Businesses

To provide safer and more convenient, tailored financial products and services to the people and small businesses in the capital area, JB Financial Bank is strategically expanding its grounds in the capital area. We expanded the branch network of Jeonbuk Bank and Kwangju Bank in the capital area from 52 branches in 2015 to 53 in 2016 and 57 in 2017. We are also stabilizing our position in the financial market by providing a wide variety of mid-range interest rate loans and financial consulting service tailored to financial situation of each person and each small business which other commercial banks have not been providing.

We believe we can compete in Seoul and the capital area if we can become a bank that scratches people's and small businesses' itch other major banks can't reach.

Kim Han / CEO of JB Financial Group

History of JB Financial Group (Past 5 Years)



KRW 10 Billion Contributed to the Communities Over the Past 3 Years

JB Financial Group contributed KRW 18.6 billion in 2015, KRW 19.3 billion in 2016 and KRW 22.2 billion in 2017 to local governments, educational institutions, hospitals, research institutes, social welfare organizations and cultural/arts organizations. And these funds have been used to improving the quality of services provided by the public infrastructure, educational, medical, cultural/arts and social welfare services in the communities.

Giving back the communities more than 10% of our revenue invigorates our communities and local economies. This creates a virtuous cycle because their stability becomes the foundation that supports the stability of local banks' business and management.

Lim Yong-teak / President of Jeonbuk Bank

JB Woori Capital Receives National Brand Award in Auto Financing Category for 5th Consecutive Year Since 2013

JB Woori Capital is a loan company that specializes in auto loans. JB Woori Capital offers a variety of financial products including auto installment, auto lease and rental, personal credit loan and mortgage loan programs. To become the best loan company of the 21st century, JB Woori Bank has been carrying out next-generation projects and has established a flexible system that can accommodate business expansions with simplicity, speed and convenience. JB Woori Capital won the National Brand Award in Auto Financing Category for the 5th consecutive year since 2013.

Group Value Increased by Dividing Corporate Governance

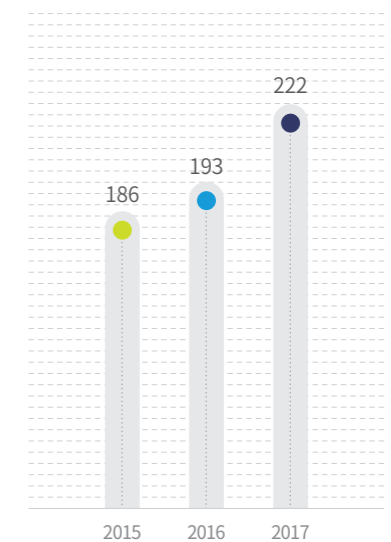
In September, 2017, JB Financial Group held a board of directors' meeting and passed a resolution on dividing the Group CEO and the president of Kwangju Bank by vote. Ever since Kwangju Bank was acquired by JB Financial Bank in 2014, Kim Han, CEO of JB Financial Bank had been the president of Kwangju Bank. Kwangju Bank's Management Recommendation Committee recommended Senior Vice President Song Jong-wook as the president of Kwangju Bank and the board of directors approved this decision. As a result, JB Financial Group now has a stable top management with Mr. Kim Han as the CEO of JB Financial Bank, Mr. Lim Yong-taek as the president of Jeonbuk Bank and Mr. Song Jong-wook as the president of Kwangju Bank.

It was our long wish to divide the CEO of the Group and the president position of Kwangju Bank once Kwangju Bank becomes stabilized. Now, with a top two management system under the CEO, we will focus on further enhancing the group as a whole.

Kim Han / CEO of JB Financial Group

Contributions to the Communities (Unit: KRW 100 million)

222



Overview of JB Financial Group

JB Financial Group has a vision to become the 'Best Retail-Specializing Financial Group for the Middle Class and Small-to-Medium Enterprises.' JB Financial Group is comprised of four subsidiaries including Jeonbuk Bank, Kwangju Bank, JB Woori Capital, JB Woori Asset Management and, two second-tier subsidiaries including Phnom Penh Commercial Bank (PPCBank) and JB Capital Myanmar.

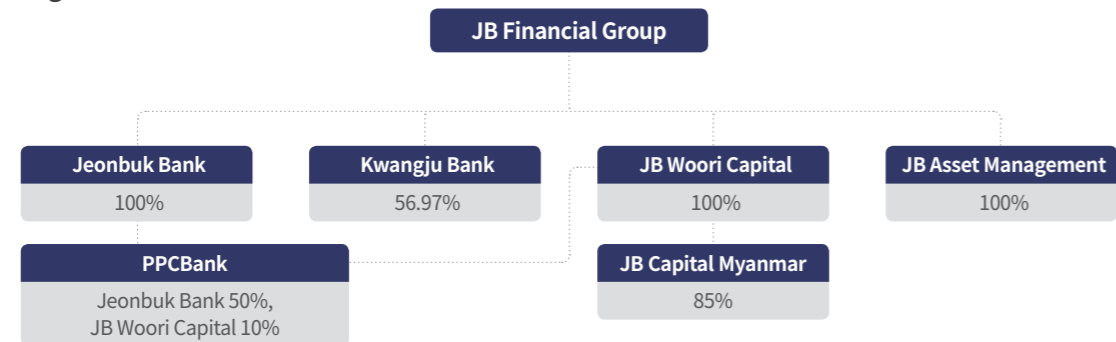
JB Financial Group's Subsidiaries and Shares

(Unit: KRW 10 million, %)

Company	Established	Acquired	Capital	Type of Business	Ownership Ratio
Jeonbuk Bank	1969. 12. 10	2013. 07. 01	449,122	Banking	100.00
Kwangju Bank	1968. 11. 20	2014. 10. 10	256,580	Banking	56.97
JB Woori Capital	1995. 12. 07	2013. 11. 06	421,970	Loans	100.00
JB Asset Management	2008. 07. 14	2014. 03. 19	17,720	Asset Management	100.00
PPCBank	2008. 09. 01	2016. 08. 29	91,612	Banking	60.00
JB Capital Myanmar	2016. 09. 21	2016. 09. 21	5,881	Small Loans	85.00

* JB Woori Capital : 100% of based on JB Woori Capital common stock, 96.45% of including preferred stock

Organization Chart



JB Financial Group's Business Structure and Status

(As of December 31, 2017)

Category	Company	Executives & Employees	Total Assets (KRW 100 million)	Net Income
Holding Company	JB Financial Group	113	475,936	2,644
Subsidiaries	Jeonbuk Bank	1,070	180,594	801
	Kwangju Bank	1,568	234,190	1,342
	JB Woori Capital	528	60,674	712
	JB Asset Management	53	175	5
	Second-Tier Subsidiaries	PPCBank	329	6,777
	JB Capital Myanmar	109	51	(-3)

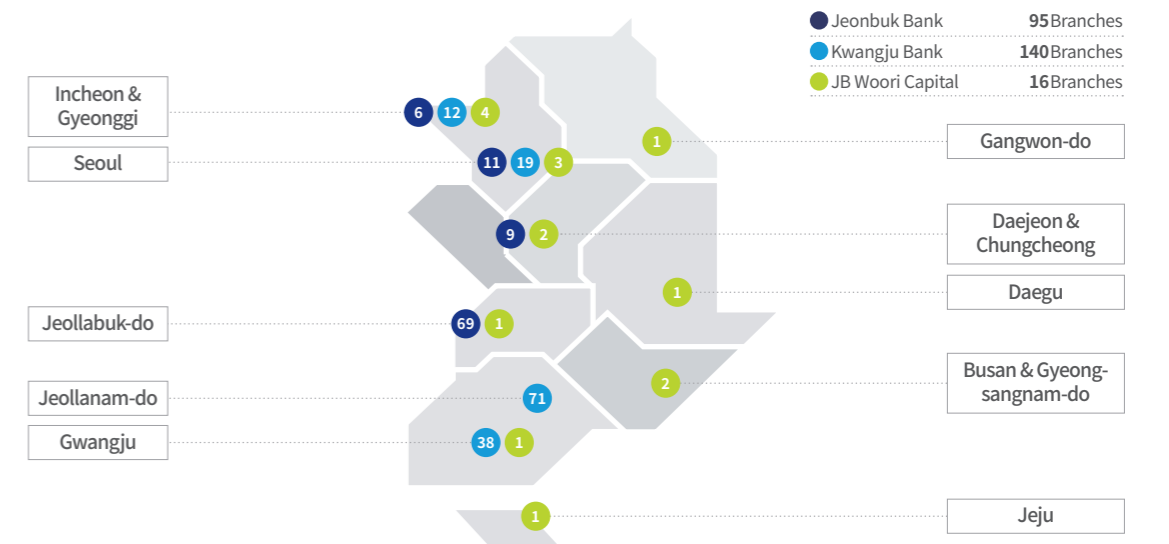
* JB Financial Group's Total Assets and Net Assets: Executives and employees include executives, full-time and part-time employees (based on consolidate financial statements)

World Wide JB!!

WJB symbolizes JB Financial Group's global expansion. We are dedicated to providing world-class financial services and network.



JB Financial Group's Branches Across the Nation



Category	Company	Domestic			Overseas			Total
		Branch	Depository Office	Office	Branch	Depository Office	Office	
Holding Company	JB Financial Group	2	-	-	-	-	-	2
Subsidiaries	Jeonbuk Bank	91	-	4	-	-	-	95
	Kwangju Bank	129	11	-	-	-	1	141
	JB Woori Capital	16	-	2	-	-	1	19
	JB Asset Management	2	-	-	-	-	-	2
	Second-Tier Subsidiaries	PPCBank	-	-	-	17	-	-
	JB Capital Myanmar	-	-	-	6	-	-	6
	Total	240	11	6	23	-	2	282

* The head branch is included as a single branch among the domestic and overseas branches.

JB Financial Group Business Model

JB Financial Group uses various resources to offer the 'best and the most convenient digital finance platform.' JB Financial Group will strengthen its business competitiveness by innovating processes, strengthening the roles of each branch and improving the quality of services. Also, it will strive to offer safe financial products and services clients can rely on by establishing the world's best 'integrated risk management system.'

Capital Input

Financial Capital

Shareholders' and Investors' Financial Equity
Total Assets: KRW 47.6 trillion

Human Capital

JB executives and employees with a vision and a sense of vocation for financial business
Number of Executives & Employees: 3,770
Number of New Employees Hired: 109

Intellectual Capital

Digitalization of Financial Services & Investment to IT
Investment to Digital Banking: KRW 13 billion

Natural Capital

Financial Services and Infrastructure for Sustainable Environment
Digitalization of Bank Counters: Environment-Friendly Paperless Banks
LED Lighting Coverage: 100%
Investment to Environment-Friendly Businesses: KRW 343.3 billion

Social Capital

Relationships and Interaction with JB Financial Group's Stakeholders
More than 10% of Our Net Income Contributed to the Society
Financial Services for the Common People
Boosts Local Economies

Manufactured Capital

JB Financial Group's Physical Infrastructure Assets
Branches and Corporate Bodies at Home and Abroad: 7 Corporate Bodies & 240 Branches

Basic Strategy
Competitive Edge through Specialization of Retail Financial Services



Mid- to Long-Term Strategies

Short-Term (-2018)

Realize reasonable, profitability- and soundness-oriented growth, change and innovation as the foundation for a long-term growth

Mid-Term (-2019)

Strengthen competitiveness and offer services that differentiate JB Financial Group from competitors to become not only No.1 but the 'Only One'

Long-Term (-2020)

Become Korea's core retail financial engine that offers the best financial services to the middle class and small-to-medium enterprises

Serving the Middle Class and Small-to-Medium Enterprises
JB Financial Group

Corporate Vision

Korea's Core Engine in Retail Finance Industry
The Best Retail-Oriented Financial Group

- Jeonbuk Bank
- Kwangju Bank
- JB Woori Capital
- JB Asset Management
- PPCBank
- JB Capital Myanmar

Capital Output

Financial Capital

Net Income: KRW 346.9 billion
Dividend: KRW 105.8 billion
Interests Paid to Clients: KRW 503 billion
Corporate Tax: KRW 77.3 billion
*Based on Consolidated Audit Report

Human Capital

Compensation to Executives and Employees: KRW 381.1 billion

Intellectual Capital

Clients Using Digital Payment Platform SSG (Shinsegae Pay): 65,000 clients

Natural Capital

Paper Usage Reduced by 21% Compared to 2015
Electricity Consumption for Lighting Reduced by 50% Compared to 2015
Support for 218 Environment-Friendly Enterprises

Social Capital

Profit Returned to Communities: KRW 22.2 billion
Loans for the Common People: KRW 181.1 billion
Percentage of Supplies Procured and Purchased from Local Companies: More than 62%

CEOs and Presidents of JB Financial Group's Subsidiaries



Jeonbuk Bank
(Established in 1969)

Striving to become an 'Enjoyable Workplace, Strong Bank and the No.1 Local Bank of the 21st Century', Jeonbuk Bank is trying to offer safer and more convenient financial products and services to its local clients. Jeonbuk Bank will serve as a loyal financial partner that brings success to the clients by offering a total finance solution that encompasses friendly financial advice and consulting services for any problem or concern the clients might be dealing with.

Yim, Yong-taick / President



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

JB Asset Management is operating reliable investment processes in energy, resource, real estate, and securities investment with the highest sense of ethics and expertise.

Kim, Ki-hong / CEO



Kwangju Bank
(Established in 1968, Acquired by JB Financial Group in 2014)

Kwangju Bank has strived with passion and dedication to become the 'best retail-oriented bank for the middle class and small-to-medium enterprises.' Kwangju Bank is currently preparing to embark on a new journey to becoming a '100-year-old bank' that is loved and trusted by the communities.

Song, Jong-wook / President



Phnom Penh Commercial Bank
(Established in 2008, Acquired by JB Financial Group in 2016)

Phnom Penh Commercial Bank (PCCBank) is a major foreign bank in Cambodia. PPCBank is offering reliable financial products and services in Cambodia which has a fast-growing economy to major Korean corporations and global corporations from China and Japan. PCCBank is showing a stable growth and is serving as a bridge for JB Financial Group's entry into Southeast Asian financial markets.

Shin, Chang-moo / President



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

JB Woori Capital offers a broad range of loan and financial services for auto loans, personal credit finance, real estate finance and corporate finance.

JB Capital Myanmar
(Established in 2017)

JB Capital Myanmar is JB Woori Capital's corporate body in Myanmar. Myanmar is one of the fastest growing economies in the world and its small loan market is also expanding within regulations at a remarkable speed. In the midst of this growth, JB Financial Group started its small loan business and we are expecting that JB Capital Myanmar will become JB Financial Group's new growth engine in near future.

Im, Jung-tae / CEO

Creating Value

Kwangju Bank Grows with Communities	12
From a Local Bank to a Global Financial Company	14
Banks Becoming a Digital Platform	18
Closer to the People	20
Breathing Life into Our Vanishing Cultures	22



Story of Creating Values #1

Kwangju Bank Grows with Communities

50-Year History Achieved Together, 100-Year History to Share Together. Kwangju Bank, Our Local Bank that Truly Knows the Clients and Communities

Kwangju Bank was established in November, 1968 by the very hands of industrial workers, merchants and the locals of Gwangju and Jeollanam-do with the hope of invigorating the local economy. Over the past 50 years, with the communities' support, Kwangju Bank which has now become a major subsidiary of JB Financial Bank, evolved into a leading local bank that has outstanding stability and profitability.

Kwangju Bank is carrying out various commemorative projects for the clients and locals with its 50th anniversary slogan, '50-Year History Achieved Together, 100-Year History to Share Together.' Preparing for the future changes in the financial industry, strengthening financial services provided to the common people, establishing a client-oriented business system, improving corporate social responsibility, strengthening asset management capabilities and two-track approach to sales and planning strategic entry into overseas markets, Kwangju Bank will solidify its vision to becoming a prestigious, '100-year-old bank' and write a new history as one of the leading local banks in Korea.



광주은행 창립 50주년
KWANGJU BANK 50th Anniversary

Digitalizing Banks

Kwangju Bank's management goal for 2018 is to 'develop competitiveness for the future through changes and innovation' and it is currently working on digitalizing its banks. Kwangju Bank has continuously enhanced the user interfaces for internet banking and smart banking systems used by rapidly growing number of clients and introduced the 'Branch Digital Transformation (BDT)' system as a omnichannel solution to allow the clients to access banks' financial products and services seamlessly and without signing up for smartphone banking. Kwangju Bank's open banking platform is generating new clients through collaborations with various fintech companies and by introducing e-form-based Paperless Process Reengineering (PPR) system to all branches, Kwangju Bank was able to take one step closer to its goal of making all banks paperless and environment-friendly.

No. 1 Local Bank Brand in Korea

In order to establish a client-oriented business system, Kwangju Bank periodically measured clients' evaluations on the banks' product and service delivery processes and introduced the Net Promoter Score NPS(Net Promotiom Score) system. Kwangju Bank established a virtuous cycle system to enhance its products and services based on clients' feedback and is training employees in charge of brand value improvement and client experience for each branch to offer better client experience. Recognized for these efforts, Kwangju Bank was awarded with the '2017 Brand Power in Korean Industries' Award by the Korean Management Association Consultants (KMAC), ranking No.1 in the local bank category.

Bank for the Middle Class and Small-to-Medium Enterprises

In Gwangju and Jeollanam-do regions, there are only few headquarters of major companies and most companies are small to medium in size. Kwangju Bank set a new vision to become the 'best retail-oriented bank for the middle class and small-to-medium enterprises' and is focused on satisfying the financial needs of the locals and local companies. The president of the bank visits various companies in the regions, hears the voices on the field and tries of offer more timely, relevant and effective financial support to the clients. Cooperating with local governments, Kwangju Bank supports local companies to invigorate the local economies and continuously provides finance to help small-to-medium merchants and business owners. Kwangju Bank also has been strategically expanding its medium interest rate credit loan programs to win clients in Seoul and the capital area. Recognizing that it is difficult to satisfy all the financial needs of the middle class with government-backed loans, Kwangju Bank became the first local bank to develop CRMS and established a proper credit assessment mod-

el using its know-hows and experience acquired from operating CRMS. Using this credit assessment model, Kwangju Bank will develop more efficient and practical medium-interest-rate loan programs to satisfy the financial needs and demands of the clients.

Taking Initiative in Making warm Communities Better

Kwangju Bank has deep roots in Gwangju and Jeollanam-do regions and has grown along with the local communities. The executives and employees of Kwangju Bank actively participate in 'Community Love Volunteer Team', reaching out to neighbors in need and people living in welfare facilities and, giving back more than 10% of the net income every year to the communities.

Starting a New 50-Year Journey

Kwangju Bank, celebrating its 50-year anniversary, declared its core brand value as, 'Everyone's Bank that Truly Knows the Clients and Communities.' Kwangju Bank will find out exactly what clients' needs are, deliver optimal solutions, increase client value and grow together with the communities.

Kwangju Bank History

- 1960 - 1990**
 - Nov. 1968. • Kwangju Bank established
 - Nov. 1975. • Seoul Branch opened
 - Feb. 1986. • Online business system established
 - May. 1995. • Signs an agreement to become an official sponsor of Gwangju Biennale
 - Nov. 1995. • Begins operating Kwangju Bank phone banking PC
 - Sep. 1997. • Main branch built and relocated
- 2000**
 - Apr. 2001. • Credit Risk Management System (CRMS) established
 - Apr. 2008. • Begins operating 24/7 online system
 - Jul. 2009. • Green Financial Management declared
 - Apr. 2009. • Selected as an 'Outstanding Gender Equal Employment Company'
 - Nov. 2009. • Selected as an official sponsor of 2012 Yeosu Expo
- 2010 ~**
 - Apr. 2010. • Starts KJB Smart Phone Banking Service
 - Mar. 2012. • Starts global ATM service
 - Nov. 2012. • KJB Financial Museum opened
 - Oct. 2014. • Acquired by JB Financial Group
 - Nov. 2014. • 'Mobile Bank' trucks introduced
 - Nov. 2015. • Senior-only, Bitgoeul Health Town Branch opened
 - Apr. 2017. • Organizes Korean painting competition and exhibition, 'Hwaru'
 - Apr. 2017. • Customer panel 'Talk-Talk Advisory Group' launched
 - Nov. 2017. • Office opened in Wuxi, Jiangsu Province, China



Story of Creating Values #2

From a Local Bank to a Global Financial Company

To evolve into a global financial corporation, JB Financial Group is working actively on entering the markets in the Southeast Asian regions which have recently shown remarkable economic growth. In August 2016, Phnom Penh Commercial Bank (PCCBank) in Cambodia became a subsidiary of Jeonbuk Bank and in March of the following year, JB Woori Capital acquired the business license for JB Capital Myanmar.

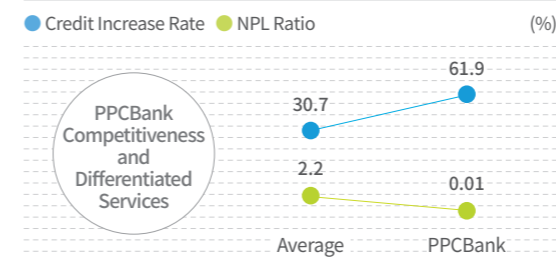
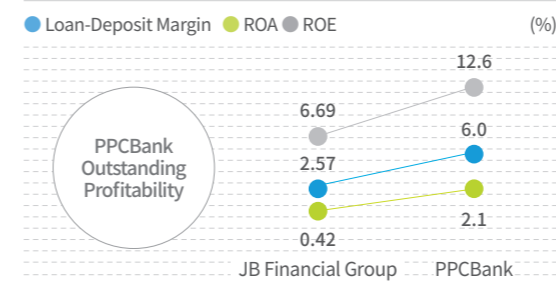
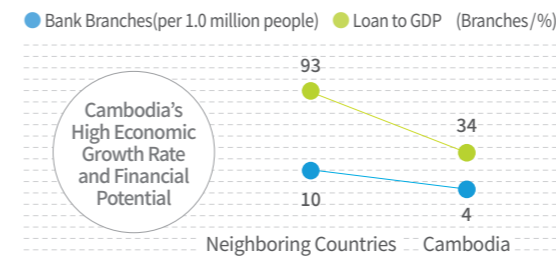
**Phnom Penh Commercial Bank (PCCBank)
Cambodia: Land of Opportunity**

Cambodia is one of the poorest countries in the world with the GDP of more than 85% of the total population of 15.20 million at less than \$450. But, Cambodia has a large, dynamic working force with young people in 20-30s accounting for more than half of the population and the country is very enthusiastic towards education. Also, after bringing in foreign capital investments and carrying out various SOC projects since 2000, the country has been showing an economic growth rate higher than 7% every year since 2010.

Business Value
Entry into Southeast Asian financial markets
Development and delivery of microfinance services in Southeast Asia
Enhanced brand image
Development of friendly relationships with the local stakeholders

Social Value
Invigoration of local economies of Southeast Asian regions
Production of financial professionals in Southeast Asian regions
Introduce and promote advanced financial technologies
Introduce and promote the CSR culture

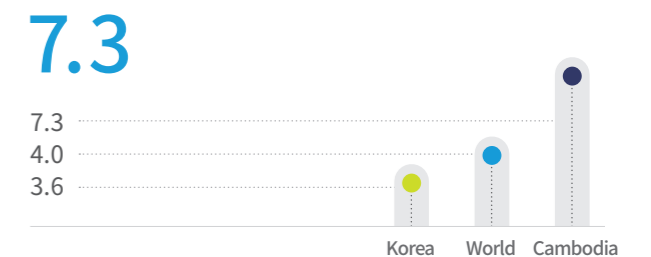
Prospects for Cambodian Financial Market Fact check ✓



PPCBank Taking Initiative at Advancing Cambodia's Financial Services

Jeonbuk Bank, working with Apor Financial Group as the first local bank, acquired PPCBank in 2016. PPCBank was established in 2008 with a capital of only \$25 million but only a year after being acquired by Jeonbuk Bank, the capital increased to \$80 million, making PPCBank 10th largest bank in some 40 banks in Cambodia. Currently, PPCBank has 17 branches in Cambodia's major cities including Phnom Penh and Siem Reap with 329 executives and employees working as members of JB Financial Group.

Expected Economic Growth Rate in 2020 (%)





“
INTERVIEW

Cambodia is a country with a huge gap between the rich and poor. Most Cambodian people make a living by farming or working in factories with low wages and, many work as construction workers. There are so many people in need of help but majority of companies in Cambodia are not aware of the concept of social contribution. Meanwhile, PPCBank and Korea’s JB Financial Group participate in volunteer activities and are working together every year to create a health corporate culture. I feel so thankful that a foreign bank like PPCBank is doing so many positive things for Cambodia and I truly am proud to be a part of PPCBank.

Phork Phyrom, Staff at PPCBank



PPCBank’s remarkably fast growth is based on Jeonbuk Bank’s advanced financial engineering. Carrying out marketing that differentiates PPCBank from other local banks in Cambodia and introducing digitalized processes and infrastructure led to a stable growth. PPCBank signed MOUs with global credit card companies and is actively promoting credit cards in Cambodia where credit cards are still not frequently used. Also, recognizing the high, 120% smartphone penetration in Cambodia, PPCBank is expanding small-value transfer service through its partnership with Cambodia’s leading mobile money and electronic payments service provider, Wing. Moreover, PPCBank operates Korean, Chinese and Japanese service counters to accommodate and provide safe and convenient services to foreign investors and companies in Cambodia. PPCBank will not only advanced Cambodia’s financial services but serve as a bridge for JB Financial Group entry into Southeast Asian financial markets and play a crucial role in transforming JB Financial Group into a global financial corporation.

PPCB Spreading CSR Culture in Cambodia

Every year, JB Financial Group’s volunteer team and the employees of PPCBank carry out medical and educational volunteer activities for the extremely poor in Cambodia. PPCBank’s executives and employees also have a volunteer team of their own that regularly visits welfare facilities for homeless children. PPCBank was also greatly welcomed and appreciated by the Korean community in Cambodia, launching a check card that automatically donates a portion monthly payment to the Korean International School of Phnom Penh experiencing financial difficulties.



Expected Economic Growth Rate of Myanmar in 2020 (%)

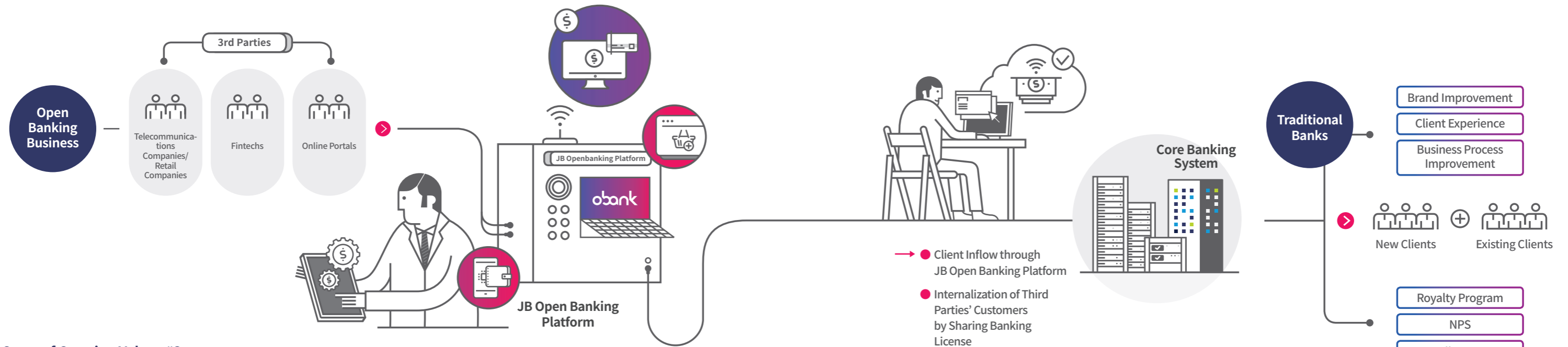
7.2

 **JB Capital Myanmar, Advanced and Stable Microfinance Service Platform for the Common People of Myanmar**

After 62 years of colonial rule under British rule, Myanmar finally became independent in 1947 but following a coup d’état in 1962, it became a military dictatorship under the Burma Socialist Programme Party. During these times, the country’s economy experienced no growth but after entering a democratic era in 2015, the country has been dedicated to bringing political development and opening its economy. Myanmar is one of the poorest countries in the world but is showing a remarkably fast economic growth rate reaching almost 8%. It also has great development potentials, having 6 countries including China, India and Thailand as neighbors.

JB Woori Capital paid attention to the reality in Myanmar where most citizens are using unsafe private loans. After acquiring business license in March 2017 in Myanmar, JB Woori Capital opened up branches in Yangon, Bago and Mandalay. Opening more branches in Naypyidaw and Nyaunglebin, JB Woori Capital will focus on taking the opportunities in Southeast Asian microfinance markets.

JB Capital Myanmar uses the know-hows JB Woori Capital accumulated over the years in the Korean microfinance market. Unlike any other microfinance companies, JB Capital Myanmar offers loan products that are directly and positively relevant to improving the quality of life and increasing people’s income such as loans for agricultural machinery and solar energy generating systems. JB Capital Myanmar also fulfills its social responsibilities by improving school restrooms, rehabilitating roads to schools and various other social contribution activities in regions where its branches are located at.



Story of Creating Values #3

Banks Becoming a Digital Platform

O! so connected bank – obank

Simply empowering

JB Financial Group Obank
(Open Banking Platform)
<https://www.youtube.com/watch?v=64rHWGj63tg>

The Changing Financial Services Business Environment

The millennials (people born between 1980s to early 2000), the digital natives who can use mobile systems and social media like their second nature, are rising as the primary clients for banks. The number of online banks targeting these generations is growing fast and non-traditional financial services such as e-payment, biometric authentication, P2P loans and crowd-funding are satisfying younger generations' financial needs. These changes have made cooperation between financial companies and fintechs essential and various new models of Bank as a Platform (BaaP) which offer combination of fintech technologies and traditional functions of banks are rapidly changing the financial services business environment today.

JB Financial Group's Response to Digitalization

JB Financial Group has been working very hard to adapt to these rapidly changing and emerging digital environments. JB Financial Group held fintech competitions to promote fintech industry and to integrate fintech technologies into banking services, and, reexamined its open banking platform as part of establishing a new strategic direction for the era of digitalization. JB Financial Group designed a new open banking platform taking into account of new digital open financial ecosystems that might emerge and is currently operating the platform stably at Kwangju Bank. Moreover, to develop various open banking services, JB Financial Group held international hackathons as

well. The know-hows and partnerships acquired through these on-going efforts led to the launch of JB Financial Group's new open banking platform called Obank. Today, people in need of financial services are turning to third parties such as fintech companies, retailers and social media that are closer to them than banks are. It can be said that digitalization of financial services is making traditional banks more difficult to retain and manage the clients. To overcome this, we are planning to develop partnerships with the third parties that can communicate more easily with clients who are used to digitalization, in providing open banking financial services and ultimately prevent losing existing clients and win new clients. With this solution, JB Financial Group's banks will be able to increase the opportunity for cross selling financial products and the third parties will also be able to improve their product and service sales by providing our banking services to their clients.

Obank's Advantages

Obank allows third-party collaborations through Open API and can expedite banking processes by modularizing existing process through API. Obank can also organize APIs into a package so that third parties can access financial services more easily and in more complete form.

P2P Model

Obank is a collaborative platform model that links fintechs and JB Financial Group's banks. P2P companies deposit the invest-

ments earned from matching investors and lenders to OBP Partner Bank's account. The banks meet financial authorities' requirements by providing loans holding the investments as security. Banks can earn transaction fees and clients' information from this process. In just 1 year after launching this platform, Jeonbuk Bank was able to increase the number of active clients by 2%.

mPOS

Sales records and personal credit information accumulated on mPOS are sent to Obank for analysis and Obank, integrated with banks' core banking system, transfers business loans and personal credit loans.

Retail Group

On Obank, JB Financial Group and its banks can offer a variety of financial products (SSL card, transfer, deposit) and off- and online channels in which the existing retail clients can purchase these products. JB Financial Group can also save clients' activities on Obank as data and used them in carrying out more relevant marketing activities.

Business Value

- New financial opportunities
- Expedited digital banking processes
- Cooperation with fintechs and acquisition of more clients

Social Value

- Enhanced communication with more diverse stakeholders
- Delivery of convenience in on- and offline product purchasing
- Fulfillment of digital financial needs of the millennials

INTERVIEW



Lee, Jae-yong / Managing Director / Business Strategy Division at JB Financial Group

JB Financial Group's Obank is an advanced digital financial platform designed to allow the clients to access the products and services of fintechs and banks more conveniently and safely. In the past, the size and competitiveness of banks were determined by how many branches the banks have. But today, they depend on how convenient digital financial services are, how safely the banks protect clients' information and how diverse the provided financial services are. JB Financial Group has deep roots as a local bank but it is striving to become a global digital financial corporation by adapting quickly to today's rapidly changing digital financial environment. This grand journey will begin from Obank.

Story of Creating Values #4

Closer to the People

In March 2018, Jeonbuk Bank opened “Heartwarming Financial Clinic – Jeonju Center” in Wansan-gu, Jeonju.

‘Heartwarming Financial Clinic for Everyone’

‘Heartwarming Financial Clinic – Jeonju Center is a new kind of financial center that offers professional financial consulting services and solutions to those unfamiliar with financial policies, products or services and therefore experiencing difficulties in bank transactions and credit management. The Clinic offers personalized loan consulting services tailored to each client to prevent clients from getting loans at extremely high interest rates from non-banking financial institutions or lending firms because of exaggerated advertisements or deceptive information, even when they are fully eligible to receive loans from proper banks. Also, even if the clients are using loans with a high interest rate from non-banking financial institutions because their credit scores are low, if the clients show the potential and sufficient willingness to repay, the Clinic offers a loan conversion service by taking over the clients’ loan and offering them a loan with a lower, medium interest rate.

Offering Differentiated and Personalized Financial Services

Heartwarming Financial Clinic offers services that completely differentiate itself from existing bank branches. Taking into consideration that clients with a low credit score and who are too busy make a living aren’t always able to visit the bank and get services during the business hours, the Clinic introduced a reserved consultation policy and is providing maximum convenience to its clients by running extended business hours, operating until 7pm on weekdays and 4pm on Saturdays.

The Clinic helps clients get out of debts and all their financial difficulties as quickly as possible by providing personalized debt management services for each client. The Clinic not only offers new but provides consulting service and solutions on loans in general including loan refinancing and debt consolidation and also suggests loan products with medium interest rates to clients who are eligible to get loans from banking financial institutions after carefully reviewing and assessing their credit to help clients improve their credit scores.

Heartwarming Financial Clinic first started with Jeonbuk Bank but more Heartwarming Financial Clinics will be established under all of the subsidiaries of JB Financial Group so that clients can safely and conveniently access a variety of services and products by JB Woori Capital, JB Asset Management and other JB banks.

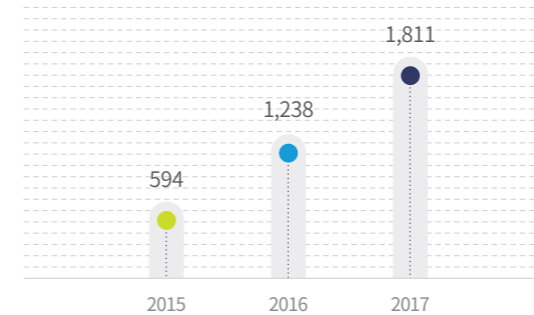


→ Business Value
Accumulation of competitive and original financial services
Increased share in the middle interest rate loan market
Increased clients’ trust through personalized client management
Establishment of a brand image as a retail-specializing financial company

→ Social Value
Increased access to financial services for the financially disadvantaged
Increased opportunity to recover financially and credit score for the clients with low credit scores
Financial support for common people’s economic activities
Financial support for the socially disadvantaged groups

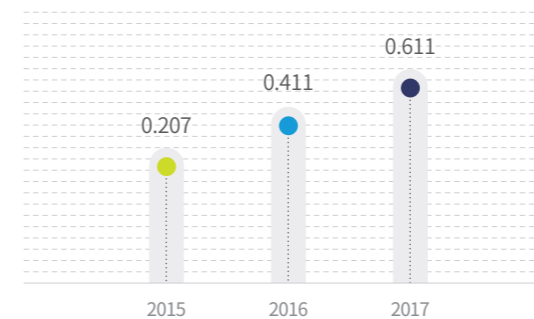
Amount of Support for Microcredit (Unit: KRW 100 million)

1,811



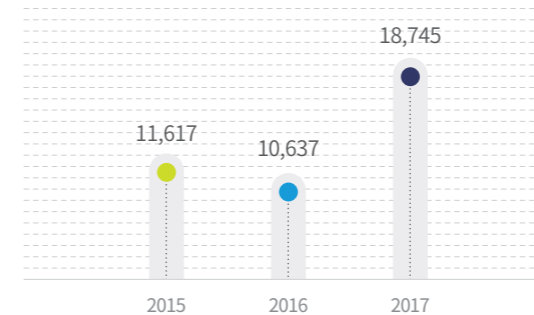
Proportion of Microcredit to Assets (Unit: %)

0.611



Number of Beneficiaries of Microcredit (Unit: number of loan account)

18,745



Expanding Financial Products for the Common People and Youth

Jeonbuk Bank and Kwangju Bank actively support government policies and banks’ joint projects that are aimed at providing financial support to the low-income groups, people with low credit scores and small business owners. The ‘New Hope Seed Loan’, a loan program that allows the clients with low-income and low-credit scores to receive funds easily, quickly and with minimum amount of documentation is a loan product all banks are jointly providing. Jeonbuk Bank and Kwangju Bank also offer ‘Sunshine Loan for Youth and University Students’ that are designed to reduce youth’s and university students’ financial burden and help them achieve financial independence. Over the past 3 years, Jeonbuk Bank and Kwangju Bank have supported a total of KRW 364.3 billion through a variety of loan programs for the middle-class and youth.

Heartwarming Financial Story

Ahn, So-yeon / Nurse’s Aide / Jeonju

Ms. Ahn So-yeon wanted to get a loan from a banking financial institution but with her tier 6 credit score, most of the banking financial institutions refused to give her a loan. Ms. Ahn who is the head of the household needed to move so she had no other choice but to get a loan with a 20% interest rate from a non-banking financial institution. She borrowed KRW 10 million and had to repay a monthly interest of KRW 165,000 and the principal but after paying all her living expenses, she was barely able to repay the monthly interests and none of her principal has been repaid. But, one day, she heard about the opening of Jeonbuk Bank’s Heartwarming Financial Clinic from her acquaintance and was able to receive full support for the repayment fee, a refinancing loan with a medium interest rate and eventually, repay all her interests and principal.

Ref.: New Jeonbuk Newspaper (<http://www.sjbnews.com>)

Story of Creating Values #5

Breathing Life into Our Vanishing Cultures



Jeollanam-do, or South Jeolla Province is home to many colorful cultures and arts. There is an old Korean saying, 'Music in Buk-do (North Jeolla Province), Painting and Writing in Nam-do (South Jeolla Province)' that even shows how renowned Jeollanam-do were nationwide. After industrialization, the declining interest in our traditional cultures is threatening the existence of our cultural ecosystem but JB Financial Group is dedicated to preserving and passing on our precious traditional culture and arts.



The name Hwaru comes from 'Hwaeru', an artistic gathering and competition organized by the disciples of Kim Jeong-hui who was one of the most celebrated practitioners of calligraphy, epigraphists, and scholars of Korea's later Joseon period.

Hwaru

Kwangju Bank has been holding a Korean painting competition titled 'Hwaru' since 2017 to support artists and their activities that can not only offer new visions for Korean painting but contribute to preserving and developing traditional Korean painting. Artists can submit any type of work under the theme of Korean painting and the winning entries are exhibited to the public. JB Financial Group CEO, Kim Han explained the meaning and purpose of Hwaru by saying, "Since the old days, Gwangju had been known as the home of culture and arts and painting was a very important culture in the region. But, in these times of declining interest in and support for Korean painting, I believe we need a long-term support program exclusively for Korean painting."

INTERVIEW

Korean painting is not forgotten. Europe's modernization began in the 18th century and it also modernized the Western painting around that time but Korean painting already existed way before that, as early as the 3rd century and I believe that Gwangju Hwaru will bring back that beautiful and prestigious history and culture of Korean painting to this modern world of ours. Us artists who are studying and pursuing Korean painting are sincerely thankful for the opportunities and motivation that allow us to move forward with our creative activities.

Lee, Ho-eok /
Grand Prize Winner of 2017 Competition



Grand Prize Winner of 2017 / Lee, Ho-eok / Time, the Moving Things and Living Things



Jeonju International Sori Festival

Jeonju International Sori Festival has been annually since 2001, inviting music from all over the world. In 2017, 165 teams from 28 countries participated in the Festival and the festival was selected as one of the top 25 Best International Festivals by the prestigious British magazine Songlines for the 4th consecutive time. JB Financial Group CEO, Kim Han has been working to contribute to the success of the festival, as the president of the festival organizing committee since the 10th Jeonju International Sori Festival held in 2010.



Muju World Taekwondo Championships

The 2017 World Taekwondo Championships was held at Taekwondowon (Temple of Taekwondo) located in Muju, Jeollabuk-do with teams participating from 183 countries. JB Financial Group sponsored the event to support preservation of Korea's traditional martial arts and boost pride of 80 million Taekwondo practitioners around the world.



→ Business Value

Growth of Korean tourism industry
Invigoration of local economies

→ Social Value

Visions for Korean painting
Globalization of traditional Korean music
Preservation of traditional Korean martial arts

Sustainable Management System

Principles of Corporate Social Responsibility	26
Sustainable Management Strategy	28
Risk Management	30
Ethical Management	32
Governance	34
Communication with Stakeholders	36
Sustainability Management Material Issues	38
JB Financial Group & UN Sustainable Development Goals (SDGs)	40

Principles of Corporate Social Responsibility

As a corporate citizen, JB Financial Group generates both economic and social values. JB Financial Group strives to earn trust and satisfy all of its stakeholders including its clients, shareholders, investors, executives and employees, the government, local autonomous bodies, communities, NGOs, partners and the environment. (Resolved by the Board of Directors of JB Financial Group)

Governance	<p>1 JB Financial Group has established and is operating a sound governance structure that helps the Group to fulfill its social responsibilities. This means that JB Financial Group integrates and operates its principles of economic, legal, ethical, social and environmental management in making and executing all the decisions related to the Group's management.</p>
Human Rights Management	<p>2 JB Financial Group has respect for all human rights. This means that JB Financial Group shall never violate individuals' rights for any reason. JB Financial Group shall respect and fulfill its human rights responsibilities based on the Universal Declaration of Human Rights (UDHR) and United Nations Guiding Principles on Business and Human Rights (UNGPR).</p>
Labor Rights	<p>3 JB Financial Group shall guarantee the rights of its workers and employees. This means that JB Financial Group shall provide a safe and pleasant working environment, reasonable compensation and welfare policies to guarantee and improve all workers' and employees' most fundamental right to pursue happiness and, respect their freedom of association and right to collective bargaining to improve their interests and rights. JB Financial Group shall also comply with the International Labour Standards set by the International Labour Organization (ILO).</p>
Environmental Management	<p>4 JB Financial Group shall practice environmental management. This means that JB Financial Group shall recognize the importance of the nature of our one and only Earth and apply the concept of improvement, protection and preservation of natural environment in all areas of corporate management.</p>
Fair Trade	<p>5 JB Financial Group practices fair trade. This means that JB Financial Group shall ensure fair competition, equivalence and ethical trade between trading parties according to free market principles.</p>
Consumer and Client Protection	<p>6 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.</p>
Contribution to the Development of Communities	<p>7 JB Financial Group contributes to the communities. This means that JB Financial Group shall use a variety of its resources including its profit and management activities for solving communities' issues and for developing the communities.</p>

JB Financial Group Corporate Social Responsibility 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.



The CSR Working Group is established under the CSR Committee and it is comprised of the Group's CSR Team and working-level personnel from JB subsidiaries' departments related to areas of sustainable management such as management planning, management support, human resources, legal compliance, client management, product development and social contribution. The CSR Working Group meets twice a year to determine and assess risks and opportunities in terms of sustainable management as well as changes in management environment, social aspect, environmental aspect and governance and, provide appropriate support in sustainable management practices. The CSR Working Group shares the performance of the Group and its subsidiaries and discusses about generating synergistic effect for sustainable management through cooperation and collaboration between subsidiaries.

JB Financial Group's Sustainable Management Execution Structure	<p>CSR Committee</p> <ul style="list-style-type: none"> • Chairman: Group's CEO • Members: CEOs of Group's Subsidiaries • Roles: Monitoring of changes in sustainable management environment / Formulation of policies and developmental direction for sustainable management / Formulation of sustainable management goals, evaluation of performance, approval of project plans • Reporting: Boards of directors of JB Financial Group and its subsidiaries (regularly once a year and whenever necessary) 	<p>CSR Working Group</p> <ul style="list-style-type: none"> • Chairman: Chief of Management Support Division of JB Financial Group • Members: Working-level personnel in charge of management planning, management support, human resources, training, client support, social contributions from JB Financial Group's subsidiaries • Secretary: JB Financial Group's CSR Team • Roles: Monitoring of changes in sustainable management environment / Formulation of working-level sustainable management project plans and performance sharing / Coordination of cooperation and collaboration in sustainable management between the subsidiaries • Reporting: CSR Committee (regularly twice a year and whenever necessary)
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Sustainable Management Strategy



The Three Principles of Sustainable Management

[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.

[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.

[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. that create shared 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 Development Plan

[Short-Term (2018)]

Marking year 2018 as the starting year of sustainable management, JB Financial Group will establish the foundation of sustainable management by setting up 'Corporate Social Responsibility Committee (CSR Committee)' and 'Corporate Social Responsibility Working Group (CSR Working Group)', establishing the 'Principles of CSR', publishing 'Sustainability Report', carrying out an outside evaluation on its CSR, introducing global guidelines on sustainable management and establishing a system for practicing sustainable management and CSR.

[Mid-Term (2019)]

To make sure sustainable management and CSR practices are carried out in the actual field, JB Financial Group will strengthen and expand training on sustainable management and CSR for its executives and employees and, ensure that goals related to sustainable management are applied to performance goals in all departments and branches.

[Long-Term (2020)]

By benchmarking the sustainable management practices of the world top retail financial corporations, JB Financial Group will strive to realize world-class sustainable management and CSR as quickly as possible. Also, by doing so, JB Financial Group will realize its sustainable management vision of achieving a 'happy, sustainable growth with the common people.'

Risk Management

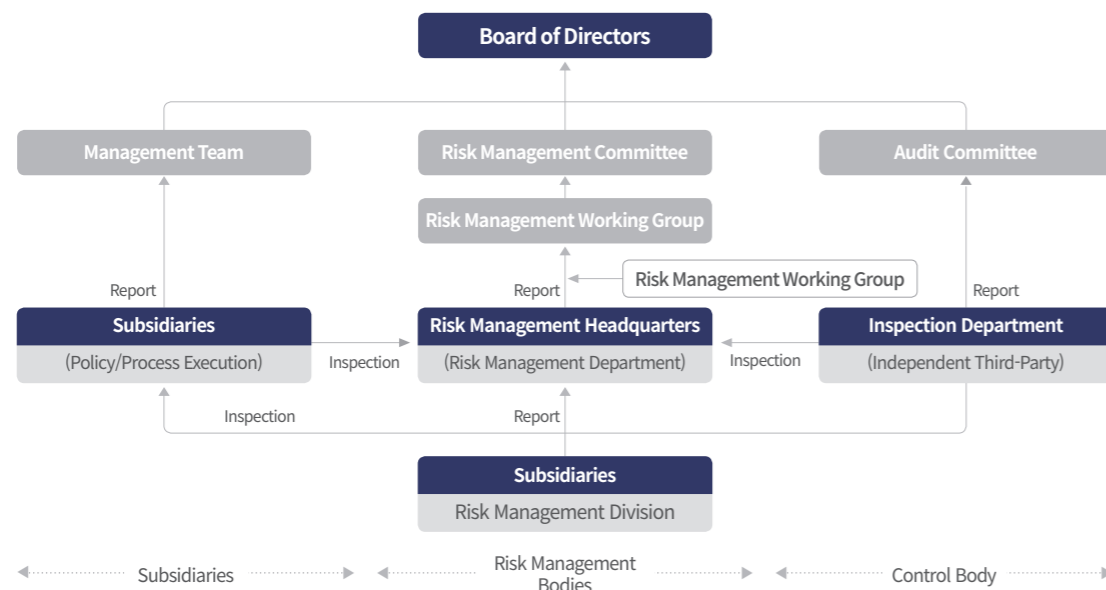
JB Financial Group earns trust from all of its stakeholders by preemptively determining and preventing financial and non-financial risks in economy, society and environment, and, managing the risks in terms of internal decision-making and operations through its systems and policies.

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 Management 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. Its 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.

Key Resolutions of the Risk Management Committee in 2017

No.	Date	Resolutions
1	Feb 21	Comprehensive review and report of the Group's risk management Report on the Group's internal capital adequacy assessment in 2016
2	May 12	Inspection of risks factors in issuing convertible preferred shares during JB Woori Capital's recapitalization and, during the dividend settlement and terminal dividend settlement processes according to the contracts between SPC, JB Financial Group and the subsidiaries of JB Financial Group
3	Aug 04	Inspection of the state of Group's risk management: Compliance in terms of maintaining acceptable limit and regulation rate Decisions on resolutions from the risk management committee of Group and its subsidiaries
4	Sep 14	Project on developing Group's internal credit risk rating system, development of Group's integrated risk management model
5	Nov 03	Establishing a system for preventing risk spreading among Group's subsidiaries and including the system in the work regulations
6	Nov 23	JB Financial Group's risk management status and improvement plan, global risk management regulations and plans for adopting global regulations Basic risk management policy, core objectives and strategic tasks for 2018

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.

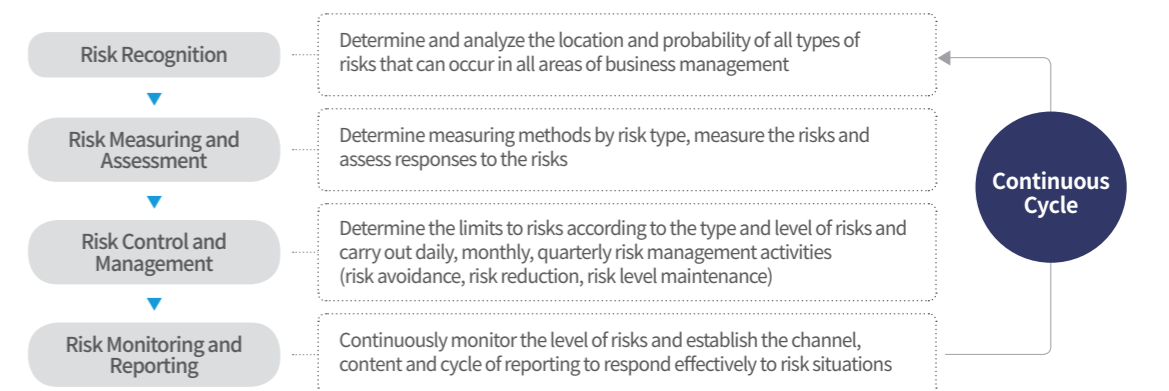
Risk Management Working Group

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 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 Process



Ethical 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」.

1. 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.

2. 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.

3. 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.

4. 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.

5. 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 anonymously 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.

Governance

JB Financial Group strives to ensure continuous growth and investors' rights, satisfy the clients with transparent governance structure and system and, to realize socially responsible management. The governance structure we have enhances our expertise, soundness, ethics and transparency. Checks and balances among the members maintain a stable governance structure and the members' expertise brings an efficient governance for our operations. Also, public disclosure of the standard work processes and results helps us to maintain a transparent governance structure.

Governance Structure and Status

With the Shareholders' General Meeting at the top, there is the board of directors and 5 committees under the board. Our board of directors is comprised of a total of 9 directors including 1 CEO, 4 non-executive directors and 5 outside directors. To prevent and manage conflicts of interests, the CEO serves as the chairman of the board. Also, we require that outside directors comprise a majority of the board to ensure the independence, soundness and transparency of the board. Outside directors are appointed at the Shareholders' General Meeting after the Management Recommendation Committee carries out verification and recommendation according to the Act on the Corporate Governance of Financial Companies. The candidates recommended for outside directors must meet the eligibility criteria set by the Act on the Corporate Governance of Financial Companies and have sufficient professional knowledge and experience in their fields such as banking, economy, business administration, law, finance, accounting, consumer protection and information technology.



Composition of the Board of Directors

JB Financial Group's board of directors holds general and extraordinary meetings. The resolutions are passed by a majority of votes. To ensure sound and objective decision-making, the board is also guided by independently operating Board Operations Committee, Management Recommendation Committee, Audit Committee, Risk Management Committee and Compensation Committee.

Classification	Name	Position	Note
	Kim, Han	CEO & Chairman of the Board of Directors	CEO & Chairman of JB Financial Group / Former President of Kwangju Bank & Jeongbuk Bank
	Kim, Dae-gon		Former Chairman of Donghak Peasant Revolution Foundation / Former Chief Secretary to the Prime Minister, Former Governor for Political Affairs of Jeollabuk-do
Outside Director	Choi, Jeong-soo	Chairman of Management Recommendation Committee	Senior Partner at Sejul / Former Attorney at Kim & Chang
Outside Director	Lee, Yong-shin	Chairman of Risk Management Committee	Former Compliance Officer & Director of Risk Management Division at Korea Investment Corporation / Former Director of Foreign Currency Bureau at Bank of Korea
Outside Director	Lee, Jong-hwa	Chairman of Compensation Committee	Professor of International Management at Korea Nazarene University / Vice Director of Korea Foreign Exchange Research Institute
Outside Director	Kang, Hyo-seok	Chairman of Audit Committee	Professor of Business Administration at Hankuk University of Foreign Studies
Non-Executive Director	Yun, Jae-yeop		Vice President of Samyang Holdings
Non-Executive Director	Ahn, Sang-gyun		Managing Partner at Anchor Equity Partners (Asia)
Non-Executive Director	Yim, Yong-taick	President of Jeonbuk Bank	President of Jeonbuk Bank / Former CEO & President of JB Woori Capital

Board of Directors and its Committees

Category	Major Roles	Composition (Outside Directors/Total)	Chairman	Regulations
Board of Directors	Important decision-making for corporate management	5 / 9	Kim, Han (Executive Director)	Steering Committee Regulations
Steering Committee	Deliberation and decision-making on matters related to corporate governance	4 / 5	Kim, Han (Executive Director)	Steering Committee Regulations
Management Recommendation Committee	Selection and recommendation of executive candidates	4 / 7	Choi, Jeong-soo (Outside Director)	Management Recommendation Committee Regulations
Audit Committee	Oversight of accounting & operations	3 / 3	Kang, Hyo-seok (Outside Director)	Audit Committee Regulations
Risk Management Committee	Formulation and approval of basic policies and strategies for risk management	3 / 5	Lee, Yong-shin (Outside Director)	Risk Management Committee Regulations
Compensation Committee	Formulation and evaluation of performance goals for the management	3 / 5	Lee, Yong-shin (Outside Director)	Compensation Committee Regulations

Major Resolutions in 2017

Session	Date	No. of Attendees	Resolution
1	Jan 25	9	Plan for succession of management of the Group's manager
2	Feb 10	9	Comprehensive evaluation of management performance in 2016, purchasing of treasury stock, etc. (6 resolutions)
3	Feb 24	9	Evaluation report on executive performance in 2016, Shareholders' General Meeting, agenda brought up, etc. (7 resolutions)
4	Mar 24	9	Internal standards for the governance structure, revisions to important regulations, etc. (4 resolutions)
5	May 12	9	Exercising preemptive rights to convertible preferred shares of JB Woori Capital (2 resolutions)
6	Aug 4	8	Changes to brand use agreement, etc. (3 resolutions)
7	Nov 3	9	Plan for implementing an internal credit risk grading system for the group, etc. (2 resolutions)
8	Dec 12	8	Comprehensive operations plan and mid-to-long term management plan for 2018, etc. (7 resolutions)

Evaluation and Compensation of the Board of Directors

Board evaluation is conducted periodically. It also ensures that appropriately as the primary body making important decisions and providing checks and balances to the top management. Board evaluation is conducted annually in February for the period from the point the board of directors is formulated to January of the following year, on areas including composition and operations of the board, rights and responsibilities of the board, board convening procedures and method for exercising voting rights. The Steering Committee carries out the evaluation and reports the results to the board of directors and at the Shareholders' General Meeting. Also, individual outside directors are evaluated every year with qualitative evaluations which include self-evaluation, board's evaluation and executives' and employees' evaluation as well as a quantitative evaluation on the rate of outside directors' attendance at the board and committee meetings. Compensation for the directors is reviewed and approved by the Compensation Committee within the amount approved at the Shareholders' General Meeting and the compensation system is designed to be operated for the Group's sustainable growth. At the second meeting of the Compensation Committee held in February, 2016, the '2016 Executive Performance Evaluation Results' was deliberated. Also, at this meeting, the feasibility of the percentage of variable compensation in the total compensation of the top management, average deferral period of variable compensation and methods for the payment of variable compensation was deliberated in depth based on the Act on the Corporate Governance of Financial Companies and, it was decided that the ratio between variable mid-to-long-term performance-based incentives and fixed base pay for the top management be 50 to 50. The short- and long-term incentives are paid according to the performance evaluation results with 50%-62.5% of the short-term incentives in cash and 37.5%-50% in shares over a 3-year deferral period, taking into account of the stock price. The long-term incentives shall be 20% of the fixed base pay and paid in shares after 3 years, taking into account of the stock price. In 2017, the amount of compensation for the highest paid was 3.9 times the median pay of the executives and employees and, the annual pay increased 2.3% year on year. The average term of the directors of the board was 3.6 years.

Ownership Structure

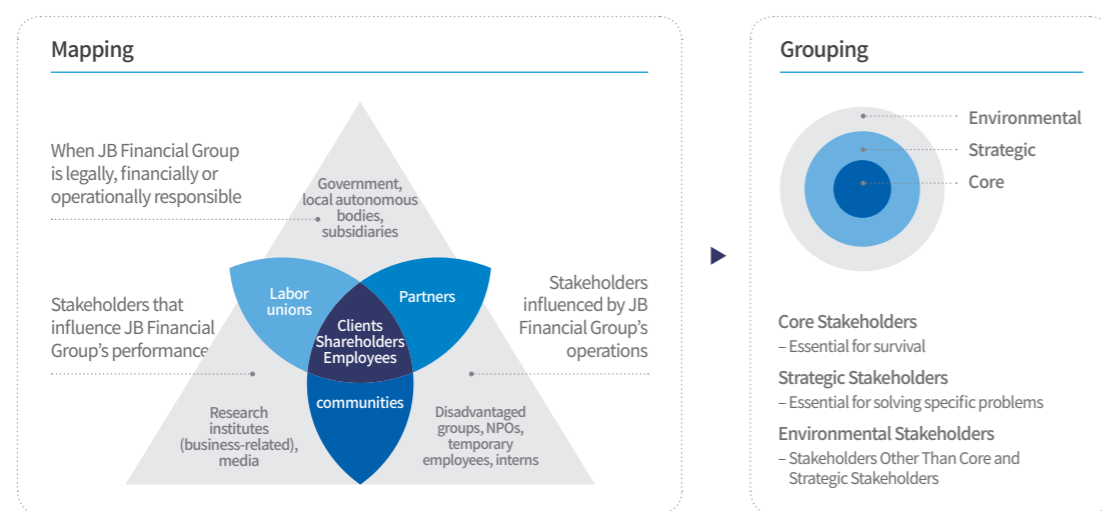
As of the end of 2017, the total number of shares issued by JB Financial Group was 155,439,423 shares. Samyang Corporation was the largest shareholder holding 9.01% of the shares and the largest foreign shareholder was JUBILEE ASIA B.V holding 8.72% of the shares.

Communication with Stakeholders

JB Financial Group endeavors to communicate effectively and sincerely with the stakeholders and incorporate their feedback into corporate management. JB Financial Group will continue to develop the virtuous cycle of communication using a variety of channels including this sustainability report.

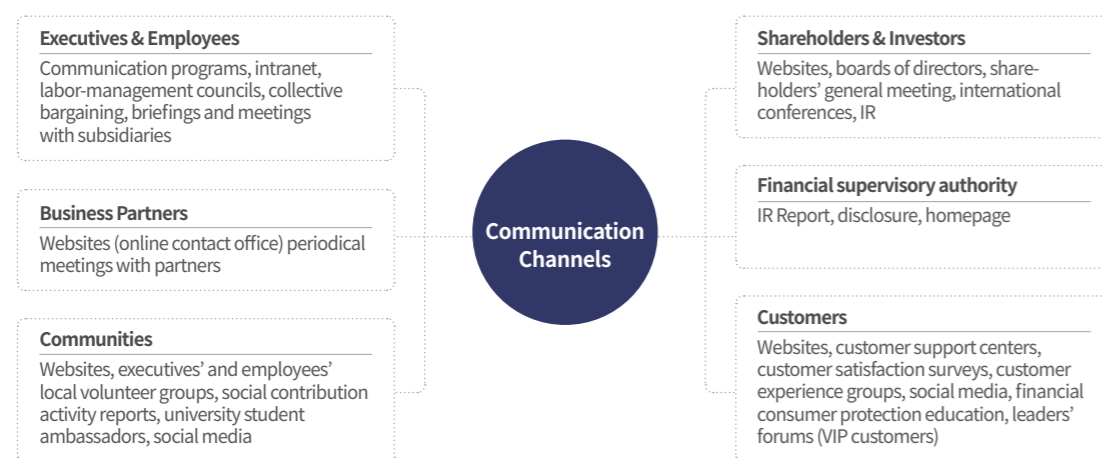
Recognition of Stakeholders

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 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.



Stakeholder Survey

To assess the importance of the 'Trend Issues' that influence JB Financial Group, 'Impact Issues' that influence outside and the core and internal 'R&C (Resources & Capabilities) Issues' JB Financial Group must strengthen, we conducted a stakeholder's survey and 1,006 people have responded to the survey.

Classification	Stakeholders	Number of Respondents	Response rate (%)
Internal Stakeholders	Executives & Employees	825	82.01
	Temporary Employees & Intern	124	12.33
External Stakeholders	Individual Clients	22	2.19
	Corporate Clients	7	0.70
	Communities	3	0.30
	Partner Companies	16	1.59
	Public Sector	4	0.40
	Media	2	0.20

Stakeholders' Expectations

We received valuable feedback on what JB Financial Group should do to improve its sustainable management by asking the stakeholders to freely give their opinions in the survey's comment box. JB Financial Group will continue to hear its stakeholders' opinions and expectations and incorporate them its overall corporate management.

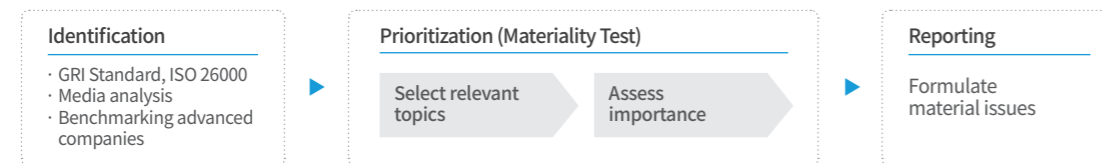
Classification	Opinions
Investors	<ul style="list-style-type: none"> I believe that JB Financial Group will continue to provide sound financial services and carry out social contribution activities and make the locals believe that the Group will always be by their side.
Executives & Employees	<ul style="list-style-type: none"> I hope to see JB Financial Group collaborate with the public sector, local governments and organization in developing financial products for the socially vulnerable groups. Our love for the Group will greatly motivate us to fulfill our responsibilities. I hope we can quickly development and adopt advanced systems and environment that allow the employees to do business more conveniently.
Interns	<ul style="list-style-type: none"> I hope to see more new opportunities for the temporary employees. I hope to see more ads and promotions for those future clients who do not know what kind of company JB Financial Group is.
Clients	<ul style="list-style-type: none"> I feel like JB Financial Group needs to increase sustainable access to community and social contribution programs. I feel like JB Financial Group needs to take a new approach to improving customer convenience and financial security instead of sticking with conventional methods of financial transactions.
Communities	<ul style="list-style-type: none"> JB Financial Group needs to benchmark global financial institutions that are growing locally and practice CSR more systematically as a group. JB Financial Group's executives and employees need to take initiative and expand the diversity of channels to promote the important roles and contribution of JB Financial Group and its local banks in providing financial support for the communities' development. I hope to see JB Financial Group continues to share and contribute to the communities.

Sustainability Management Material Issues

We have selected important topics related to the sustainable management context based on the materiality test standards specified in the GRI Standards and we have used them as our base data for our sustainability report.

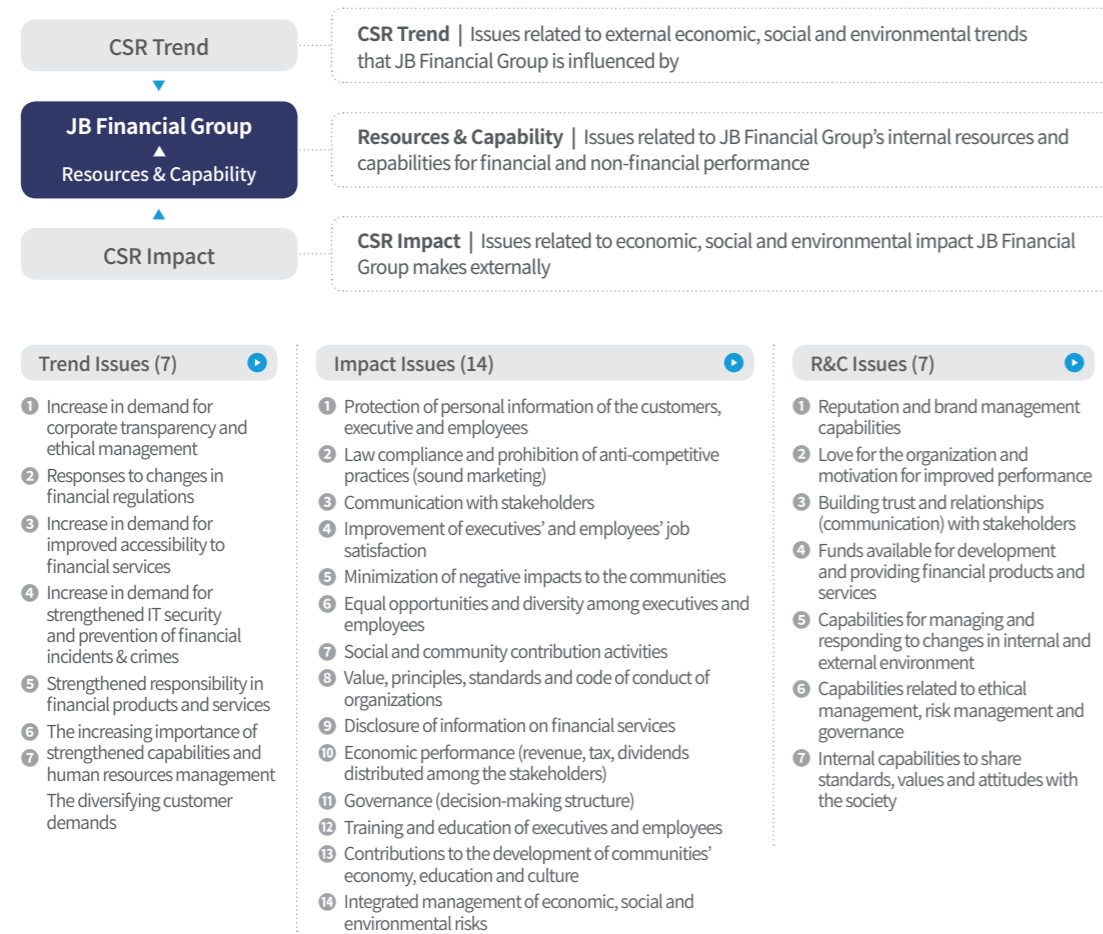
Procedure for Selecting Important Topics

We have selected material issues related to the sustainable management context by comprehensively reviewing GRI Standard, ISO 26000, media analysis, benchmarking and environmental analysis and, assessed the materiality of those Issues by incorporating them into our online survey.



Material Issues Formulated by Sector

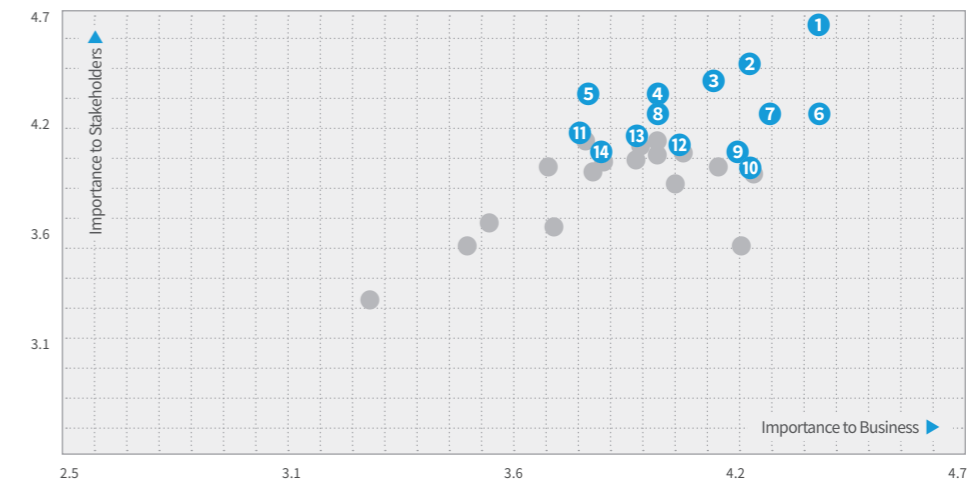
28 important sustainable management issues have been selected by testing the adequacy of Trend Issues, Impact Issues and R&C Issues.



Results on the Selected Material Issues

We developed an matrix with the 'IMPACT ISSUES' JB Financial Group's business activities make externally and set up reporting boundaries. We the based on stakeholders' interest and the importance to business.

Materiality Test Results (Unit: Score)



Sustainability Management Material Issues

Rank	Material Issues	Category	Impact on Business	Reporting Boundary	Page
1	Protection of personal information of the customers, executive and employees	Economy	Sales, Cost, Risks	Internal & External	46-47
2	Law compliance and prohibition of anti-competitive practices (sound marketing)	Economy	Sales, Cost, Risks	Internal & External	32-33
3	Communication with stakeholders	Society	Costs, Risks	Internal & External	36-37
4	Improvement of executives' and employees' job satisfaction	Society	Costs, Risks	Internal	54-55
5	Minimization of negative impacts to the communities	Environment	Costs, Risks	External	61-63
6	Equal opportunities and diversity among executives and employees	Society	Costs, Risks	Internal	51-53
7	Social and community contribution activities	Society	Costs, Risks	External	59-61
8	Value, principles, standards and code of conduct of organizations	Economy	Sales, Cost, Risks	Internal	32-33
9	Disclosure of information on financial services	Economy	Sales, Cost, Risks	Internal & External	45,47-48
10	Economic performance (revenue, tax, dividends distributed among the stakeholders)	Economy	Sales, Cost, Risks	Internal & External	8-9, 68
11	Governance (decision-making structure)	Economy	Sales, Cost, Risks	Internal	34-35
12	Training and education of executives and employees	Society	Costs, Risks	Internal	53-54, 57
13	Contributions to the development of communities' economy, education and culture	Integrated	Sales, Cost, Risks	Internal & External	40,43,49,51,56, 59-60,64
14	Training and education of executives and employees	Integrated	Sales, Cost, Risks	Internal	30-31

* 14 issues that scored higher than 4.0 in the stakeholder survey

JB Financial Group & UN Sustainable Development Goals (SDGs)

JB Financial Group deeply understands the meaning and importance of achieving the United Nations' Sustainable Development Goals (SDGs) as a global financial corporation and it strives to combine and integrate them into its business value chain, everyday operations and social contribution activities.

The 17 Sustainable Development Goals and 169 targets, JB Financial Group is committed to ① Ending poverty in all its forms everywhere, ③ Ensuring healthy lives and promote well-being for all at all ages, ④ Ensuring inclusive and equitable quality education and promote lifelong learning opportunities for all and, ⑧ Promoting sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.



Computer Center for Cambodia's Phnom Srouch Middle and High School

Cambodia is one of the poorest countries in the world and for the country to end poverty and bring economic growth, its generations for the future urgently need IT education. In November 2016, Jeonbuk Bank and PPCBank donated 26 computers and supported teachers' salary for a computer course to Phnom Srouch Middle and High School in Kampong Speu, a farming region located 60km from Cambodia's capital, Phnom Penh.

Medical Volunteer Activities Providing Cataract Surgical Care in Cambodia

JB Financial Group signed a partnership agreement with medical volunteer group, 'Hope Tree' and has been carrying out medical volunteer activities in medically disadvantaged regions in Cambodia since 2016. Outside the capital, Phnom Penh, there are no hospitals and very few medical professionals and therefore, most Cambodian citizens have no access to even the most basic medical care. Many people are suffering from cataract due to very strong sunlight and exposure to ultraviolet (UV) light so JB Financial Group has been supporting free cataract surgical care for the patients.

Providing Scholarships and Safe, Inclusive and Effective Learning Environment

JB Financial Group has been carrying out learning environment improvement project called 'The Study Room of Hope' for the children and youth of local children's centers, social welfare facilities and low-income households. By 2017, Jeonbuk Bank has supported 66 study rooms and Kwangju Bank has supported 34 study rooms. Also, Jeonbuk Bank Scholarship Foundation and Kwangju Bank Scholarship Committee together have been providing financial support to disadvantaged local students, offering a total of 5,142 middle school, high school and university students' scholarships that amounted to KRW 3.46 billion by 2017.

People-Centered Banks that Promote Local Cultures and Generate Sustainable Jobs

As the organizers of local cultural festivals like Jeonju International Sori Festival and Hwaru, Jeonbuk Bank and Kwangju Bank are taking initiative in promoting the proud and beautiful local cultures of Jeollabuk-do, Gwangju and Jeollanam-do. They are also contributing to the growth of local tourism industries by sponsoring various local folk festivals. Moreover, Jeonju Bank and Kwangju Bank offer intern training programs for academically outstanding students through their partnerships with local universities and Meister vocational high schools and are continuously creating sustainable jobs for youth. They also provide financial services specially designed for the middle class and small-to-medium enterprises.



JB Financial Group is participating in 「SDG 5: gender equality」 through gender equality recruitment and childcare support and participates in 「SDG 7: affordable and clean energy」, 「SDG 13: climate action」, and 「SDG 15: life on land」 through support for environmentally friendly energy projects such as solar power generation and environmental protection activities. 「SDG 9: industry, innovation and infrastructure」, 「SDG 11: sustainable cities and communities」, and 「SDG 17: partnership for the goals」 establishing a partnership with social welfare groups, promoting financial consumer protection and privacy policies, and implementing 「SDG 12: responsible consumption and production」, 「SDG 16: peace, justice and strong institutions」 and other UN SDGs.



Sustainable Management Performance

Easy and Safe finance	42
ZOOM IN : JB Financial Group's Contributions to Local Festivals	49
JB Happy Management	50
ZOOM IN : Responding and Adapting to the 4th Industrial Revolution through Training and Production of Digitally Talented Individuals	57
Reliable Corporation	58
ZOOM IN : Contributing to the Improvement of Community Welfare through Continued Partnerships	64

Easy and Safe finance

We will lower the threshold of finance and raise customer information security.



Management Approach

To become the 'Best Retail-Oriented Financial Group for the Middle Class and Small-to-Medium Enterprises', JB Financial Group is striving to develop new future growth engines and expand its business and sales areas. By doing so, JB Financial Group is evolving into a key player in the retail, microfinance industry and securing a stable position in the market even during nationally and globally difficult economic times.

Management Focus

- Provide financial services specially tailored to the common people
- Increase the number of branches for the common people in Seoul and capital area
- Provide financial services that help the communities
- Improve client information protection activities

Management Performance

- Expansion of microcredit: 46.3% YoY increase
- 'Heartwarming Financial Clinic' opened
- 57 branches operating in Seoul and capital area
- Hometown Love Fund: 0.5% contribution from credit card use
- Zero cases of client information leakage
- Client Information Security Management Grade: 98.9 points (A+)

Connected Material Issues

- Generating and distributing economic values
- Contributing to communities' economic, educational and cultural development
- Protecting personal information of clients, executives and employees
- Law compliance and prohibition of anti-competitive practices
- Improving communication with clients and client satisfaction to financial services

Connected SDGs



- SDG 7 : affordable and clean energy
- SDG 8 : decent work and economic growth
- SDG 9 : industry, innovation and infrastructure
- SDG 12 : responsible consumption and production
- SDG 16 : peace, justice and strong institutions

Easy Finance

Closer to the Common People

Jeonbuk Bank's opened a new form of financial service center called 'Heartwarming Financial Clinic' which helps the clients who are on a loan with a high interest rate to convert to loan programs like 'JB Heartwarming Credit Loan', 'New Hope Seed Loan', 'Saitdol (A Stone in Between) Loan', 'JB Dream Loan' and 'JB Dream Loan for the Self-Employed' that have medium interest rates. Jeonbuk Bank also provides debt management consulting services so that middle-class clients with low credit points can quickly recover their credit points. Kwangju Bank branches also started providing 'recharging service for pre-paid transit cards' so that the clients can use public transportation more conveniently.

[Loan for low-incomes]

(Unit: KRW 100 million)

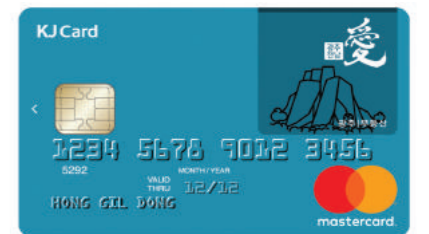
Category	2015	2016	2017
Jeonbuk Bank	515	696	1,006
Kwangju Bank	79	542	805
Total	594	1,238	1,811

Finance that Provides Substantial Benefits to Local Companies

JB Financial Group offers a variety of benefits so that local companies which make up the foundation of local economy can conveniently access financial products and services. Kwangju Bank operates a system called 'Corporate VIP System' which automatically exempts VIP companies from transaction fees. Currently, with this system, more than 1,000 companies are receiving transaction fee exemptions.

Finance that Contributes to Communities

JB Financial Group has found a way to contribute to communities with its clients by combining social contribution with its financial products and services. Kwangju Bank launched 'Love for Gwangju-Jeonnam Card' in which 0.5% of every purchase made with the card is donated to the Community Chest of Korea for developing social welfare projects that help the disadvantaged and low-income groups in Gwangju and Jeollanam-do.



Love for Gwangju-Jeonnam Card

More Branches for the Common People in Seoul and Capital Area

To expand its market area and provide more access and convenience to the clients in the capital area, JB Financial Group is strategically increasing the number of branches in Seoul and capital area. The branches established in Seoul and capital area not only attracts the clients love their hometown in Gwangju, Jeollanam-do and Jeollabuk-do but they offer more convenient and safer financial products and services other major banks have been able to offer to citizens of Seoul and capital area. We are focusing on launching quality loan programs with medium interest rates and offering individually tailored debt management consulting services that can fully satisfy the clients.

Protection of Financial Consumers

JB Financial Group thinks and conducts businesses in consumers' perspective. We have established 'JB Financial Group Consumer Protection Charter', have been carrying out a cyber training program on 'protecting financial consumers' for all the executives and employees, designated the 'Financial Consumer Protection Day' and is promoting the meaning and importance of and, implementation plans for protecting financial consumers.

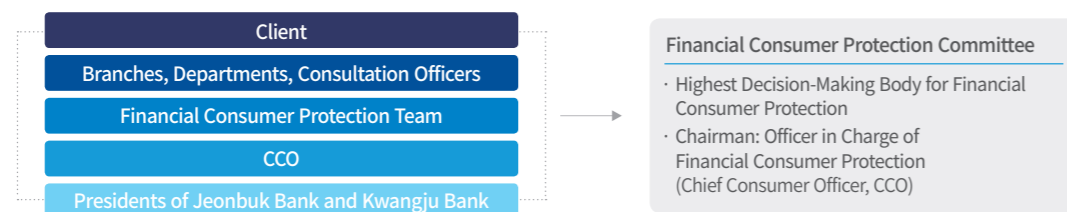
[JB Financial Group Consumer Protection Charter]

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.

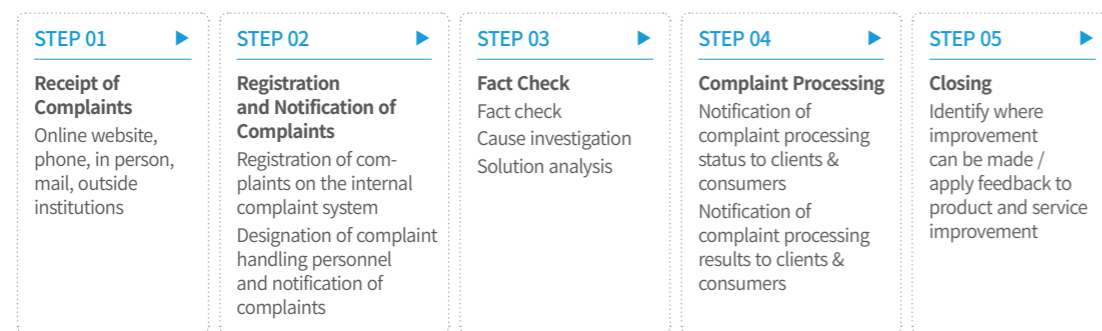
1. We shall provide accurate financial information keeping the rights and interest of financial consumers as our first priorities.
2. We shall protect and use financial consumers' information in the most legal, safe and appropriate manner.
3. We shall make sure to protect financial consumers from unreasonable discrimination and unsound business practices.
4. We shall process financial consumers' complaints and damages as quickly as possible and try to resolve them in the sincerest manner.
5. 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.



[Client & Consumer Complaints Handling Procedure]



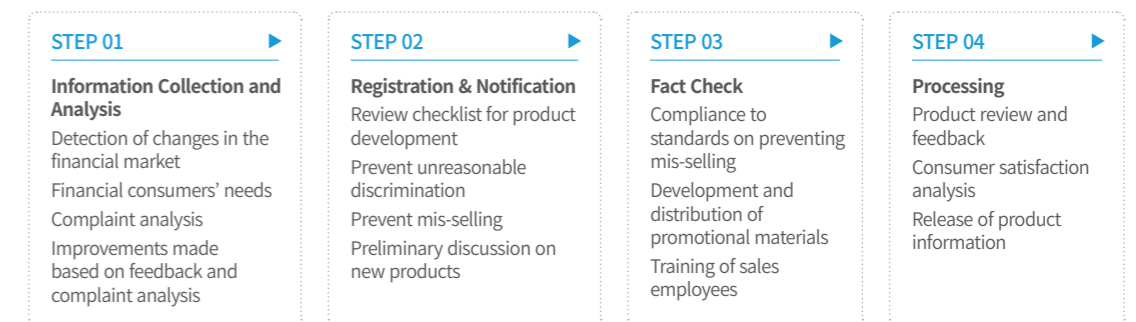
JB Financial Group listens to the voices of its clients. We try to communicate as openly as possible using a variety of channels including our website, phone, in-person visits, mail and outside institutions. The complaints we receive from our clients are registered on our complaint system and we designate 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.

Financial losses from voice scams and voice phishing have grown significant in the past few years and we are training our branch employees on preventing and responding to those financial crimes. When any sign of crime is discovered,

the personnel in charge of crime control at each branch immediately reports to the police to prevent client's losses. We also share those incident cases so that similar incident does not happen again.

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.



[Training and Monitoring on Financial Consumer Protection]

Category	Content	Implementation
Prevention of Financial Frauds	Preventing and responding to financial frauds against vulnerable groups	Standard manual, training and practice in branches, sharing cases of fraud cases
Prevention of Mis-Selling	Perfect delivery of product information and precautions	Standard manual, training and practice in branches, sharing cases of problems
Training on Friendly Service	Human rights, manners, client reception and responding to complaints	Standard manual, training and practice in branches, sharing excellent cases
Training of Security Guards	Training of new security guards on human right, manners and friendly service	Standard manual, group training, training and practice in branches

* Training of security guards: Jeonbuk Bank, Kwangju Bank

Improving Client Satisfaction

Activities to Improve Client Satisfaction

JB Financial Group greatly values customer satisfaction. We are working on integrating the guidelines and manuals for subsidiaries' response to clients, handling client complaints and for client satisfaction in general. Also, to upward-standardize our client services, we are continuously training our employees and upgrading our systems. Moreover, for the safety and convenience of our clients, we are constantly improving the interior and facilities of all the branches.

[Remodeled Jeonbuk Bank and Kwangju Bank Branches to Improve Client Satisfaction]

(Unit: Branches)

Category	2015	2016	2017
Jeonbuk Bank	12	7	8
Kwangju Bank	27	4	12

To improve client's satisfaction level, Jeonbuk Bank and Kwangju Bank operate what's called 'Talk-Talk Advisory Group' comprised of clients. The Talk-Talk Advisory Group finds out what complaints clients have by visiting the branches and actually using the banks' online and mobile banking services, evaluates employees' level of kindness or service skills and use the information and data found to improve customer satisfaction.

Jeonbuk Bank and Kwangju Bank timely notify the clients of dormant accounts and also automatically convert inactive accounts into active accounts to improve clients' satisfaction level and asset use.

Client Satisfaction Assessment

To give real happiness and satisfaction to the clients, JB Financial Group regularly carries out client satisfaction assessments using an outside assessment agency. More than once a year, the outside agency conducting the client satisfaction assessment carries out surveys on clients' satisfaction level to our products and services by phone and using an email survey and a smartphone (mobile) survey application. The outside assessment agency then reports the survey results to relevant departments and branches of JB Financial Group so that the Group can make improvements and satisfies the clients.

Safe Finance

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.

[Establishing an Information Protection System for Safe Financial Transactions]

<p>Advancing IT-Integrated Information Protection 1</p> <ul style="list-style-type: none"> Standardizing IT-integrated information protection areas Establishing an advanced information protection management system Advancing an Information protection system 	<p>Establishing an IT-Integrated Internal Control System 2</p> <ul style="list-style-type: none"> Strengthening IT-related accident prevention and information protection activities Testing areas managed by an IT-integrated internal control system Improving IT-integrated internal control methods 	<p>Protection of Personal (Credit) Information and Prevention of Electronic Financial Frauds 3</p> <ul style="list-style-type: none"> Strengthening protection throughout all the information processes Strengthening employee training on personal (credit) information protection Upgrading activities for detecting abnormal financial transactions
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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 inspection 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.

Establishment of Next-Generated, Integrated Security Management System, Security Information & Event Management (SIEM)

In November 2017, JB Financial Group established an integrated security control system for Jeonbuk Bank, Kwangju Bank and JB Woori Capital and has since been operating the system. This security information & event management

(SIEM) system of JB Financial Group is a hybrid security control system that offers all the benefits of virtual and field security management systems. It constantly monitors against hacking and cyber terrorism and has an automated response system. Using this system, JB Financial Group scored '98.9 (Level A+)', the highest ever score given to banking institutions, on a financial supervisory agency's assessment on the Group's cyber terrorism response ability and electronic financial infrastructure.

Activities to Improve Awareness on Client Information Breach

To improve the executives' and employees' awareness of and abilities in client information protection, Jeonbuk Bank and Kwangju Bank have designated the second Tuesday of every month as the 'Personal Information Protection Day' and have been distributing training materials on personal information protection and carrying out training for all the branches and relevant departments using 'personal information protection officers'. Every year, our executives and employees also participate in an online training program on the protection of financial clients' information among many online training programs provided by the Financial Security Institute. JB Financial Group has made much effort and implemented various measures over the years and has not experienced a single client information breach in the past 3 years.

Increasing Financial Security and Convenience

Efforts Being Made to Ensure Security

JB Financial Group strives to make the clients visiting its branches to use the financial products and services in the safest and the most convenience way possible. JB Financial Group regularly carries out facility safety, security and fire inspections on its subsidiaries' headquarters and branches and is continuously trying to improve their security abilities replacing existing security cameras with HD-quality security cameras, increasing the number of security cameras and introducing other advanced security equipment. Jeonbuk Bank and Kwangju Bank also regularly carry out human rights, friendly client service and emergency response training on the receptionists and security guards at their branches so that their clients can safely and conveniently use the financial services without experiencing any difficulties or issues. Moreover, the banks have installed an emergency hotline connected to local police and fire departments, designated the 'Security Diagnosis Day' and 'Fire Prevention and Evacuation Training Day' for every month and are regularly training their employees on burglary response and fire prevention.

Providing Financial Information and Education

JB Financial Group offers accurate information about its financial products and services to protect financial consumers and satisfy its clients. Jeonbuk Bank and Kwangju Bank regularly publish 'Financial Consumer Report', frequently release financial information and important information about economic situations, financial products and services on their websites and social media. The banks also provide economic and financial education to the financially vulnerable groups as part of its social contribution activities. They also operate what's called 'Mobile Financial Class' by actually delivering the class to the financially vulnerable elders, foreign women married to Koreans, foreign workers and international students to protect them against financial frauds.

Providing Security and Convenience to Elderly Financial Consumers

In response to the rapidly aging Korean society, JB Financial Group has established the 'Elderly Financial Consumer Protection Standards' and is striving to provide financial security and convenience to elderly clients. JB Financial Group understands that elders are becoming the financially neglected group in today's society filled with contactless financial services and that they need individually tailored services. Kwangju Bank has branches and banking counters exclusively for providing convenient services to the elderly. Also, 'Bitgoeul Health Town Branch', 'Ochi-dong Branch' and 'Hakdong Branch' in Gwangju City are located in ar-



Kwangju Bank Financial Consumer Report

[JB Financial Group Elderly Financial Consumer Protection Standards (Summary)]

- 1 Product Sales departments shall have a stricter product suggestion procedure for the elderly financial consumers and make sure to provide them convenient financial services and consultations.
- 2 When suggesting financial products to the elderly financial consumers, their understanding of the financial products, purpose for purchasing the products, purchase experience and financial situation must be thoroughly determined and the products that do not fit any of those factors shall not be suggested to the elderly financial consumers.
- 3 In order to provide consultations and financial services that meet the needs and characteristics of the elderly financial consumers, each branch and customer center shall have designated counters and consultants for providing services to the elderly consumers.
- 4 Product development departments shall check the risks relevant to the elderly financial consumer by reviewing checklists during the product planning and development processes.
- 5 Consultations and explanation about financial products shall be conducted with easy-to-understand terminology and speed for the elderly financial consumers.
- 6 Marketing activities targeted primarily at elderly financial consumers shall be conducted with meticulous care so that false, exaggerated information and sales ads that can mislead or exploit elderly financial consumers.

areas where elderly population is high. These branches provide convenient and safe client services taking into account of the elderly clients' physical, psychological and cognitive abilities.

Increasing Clients' Access to Financial Products and Services

Increasing Access to Financial Services

Jeonbuk Bank and Kwangju Bank are continuously increasing the benefits of contactless financial products through internet banking and mobile banking services and improving the convenience and stability of digital mobile banking services. Kwangju Bank has launched TMON Installment Savings Product that offers various benefits to younger generations whose primary shopping channel is online shopping. Also, banks offer sign language consultations using a video communication system. The employees at the branches receive sign language training and offer video sign language consultations to the hearing-impaired clients. Jeonbuk Bank and Kwangju Bank are also continuously carrying out surveys to relocate their '365 Open ATMs' to better locations and improve clients' access to financial services and products. The banks are constantly relocating and newly installing ATMs by examining the appropriateness of ATM locations according to the changes in commercial areas, clients' movements, population and development of new cities. The banks are also trying to provide more convenience in and access to ATM services like utility bill payment, cash management service (CMS) and transaction checks by forming partnerships with other banks and government offices.

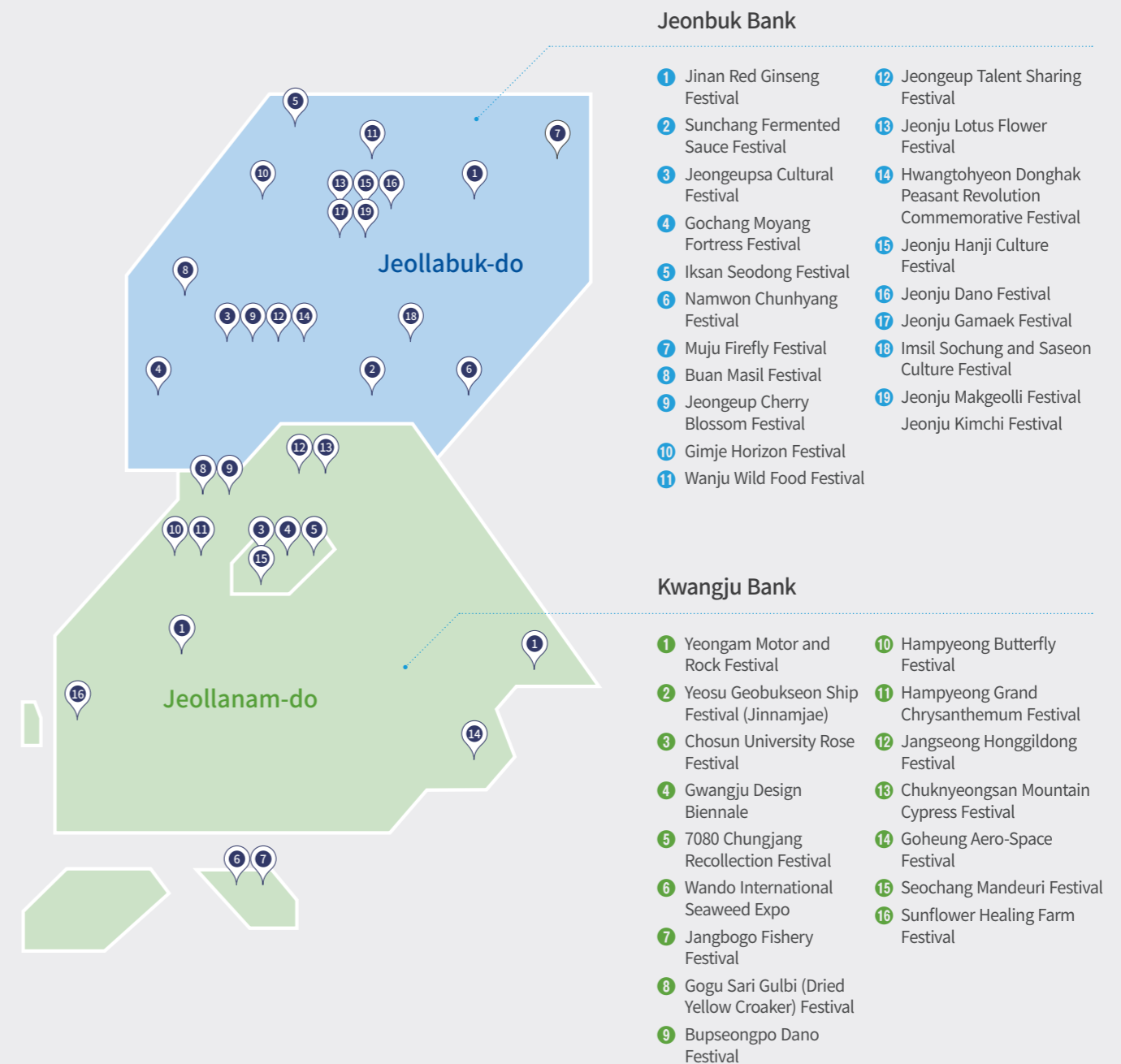
Suwon International Financial Center and Financial Products for Foreign Workers

To increase foreign workers' and international students' financial convenience and access, Jeonbuk Bank has opened an International Financial Center in Suwon which has a relatively high foreign population and, is offering financial services and products like 'JB Bravo Korea E-9' specially tailored to foreign workers and international students. Also, Jeonbuk Bank distributes product catalogues in Chinese, Cambodian, Filipino and Vietnamese and, offers financial services exclusively to foreign workers on Tuesday evenings and Sundays. Jeonbuk Bank also provides financial services to Cambodian workers through consultants who are Cambodian women married to Koreans and, holds special events inviting the families of Cambodian workers to Korea. Moreover, PPCBank provides Cambodian industrial trainees who are coming to Korea training on Korean language, Korean culture, labor practices, Labor Standards Act, general lifestyle in Korea and available financial services by sending Korean instructors to Cambodia.

ZOOM IN : JB Financial Group's Contributions to Local Festivals

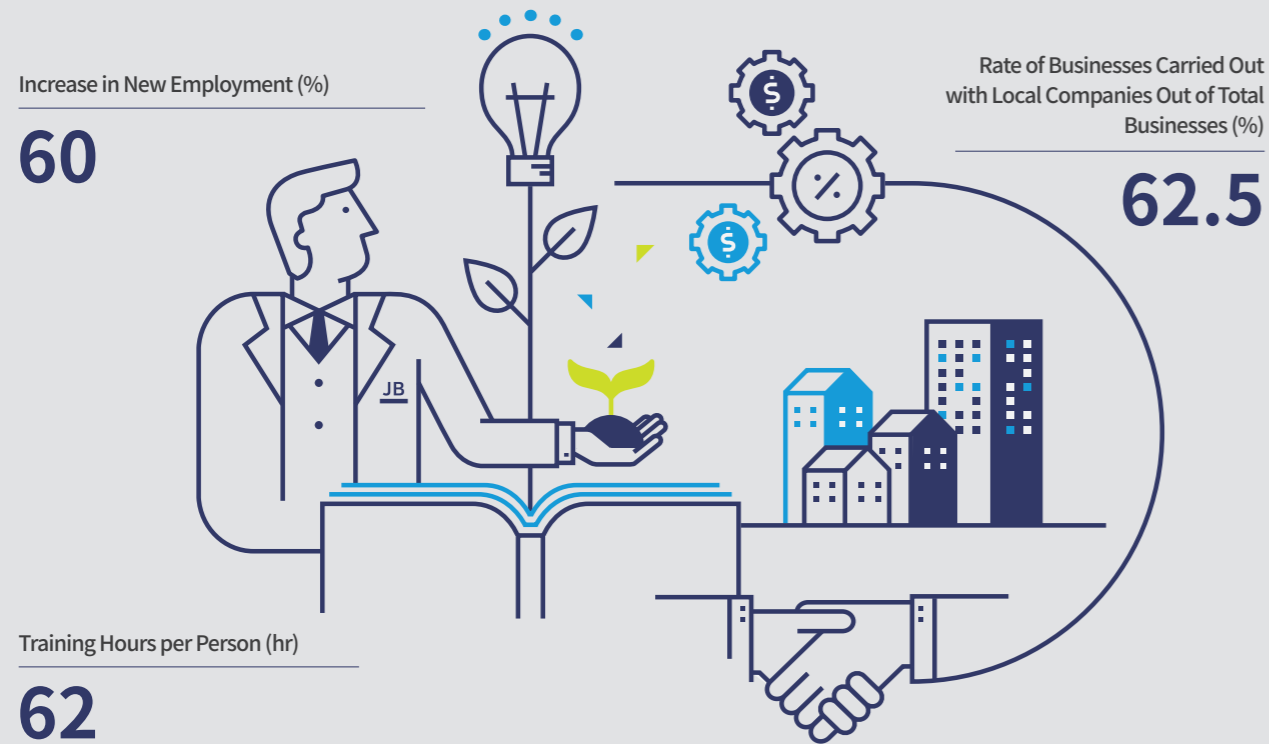
Jeonbuk Bank and Kwangju Bank actively support local festivals that help small businesses and invigorate local economies. In 2017, Jeonbuk Bank and Kwangju Bank sponsored 35 local festivals, promoted them through bank websites and branches and encouraged the executives and employees to actively participate in those festivals. Also, the banks sell 'traditional market vouchers' to promote traditional markets and help the local merchants. Jeonbuk Bank and Kwangju Bank also help local small business owners who were affected by the fire accident in Yeosu Fish Market.

Local Festivals Jeonbuk Bank and Kwangju Bank Sponsored in 2017



JB Happy Management

We Train Individuals to Become More Daring



Management Approach

To improve corporate sustainability in this rapidly changing financial environment, JB Financial Group recruits creative and skilled individuals who are need in this digital era of ours. JB Financial Group strives to create a healthy corporate environment where the executive and employees can strengthen their digital financial expertise and skills and, to provide them the best welfare services.

Management Focus

- Continuously hiring new employees
- Providing the best training in the financial industry
- Cooperating and mutually growing with local, small-to-medium enterprises and small business owners

Management Performance

- New Employees Hired: 109, 60% increase YoY
- Training Hours Per Person: 62 hours
- Rate of Businesses Carried Out with Local Companies Out of Total Businesses: 62%, 5% increase YoY

Connected Material Issues

- Communication with stakeholders
- Improving executives' and employees' job satisfaction
- Respecting diversity among executives and employees & providing equal opportunities
- Training and education for executives and employees
- Generation and distribution of economic values

Connected SDGs



- SDG 3 : good health and well-being
- SDG 4 : quality education
- SDG 5 : gender equality
- SDG 7 : affordable and clean energy
- SDG 11 : sustainable cities and communities
- SDG 16 : peace, justice and strong institutions

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Anyone can become proficient at something if they learn and work hard. We want to see confidence and momentum in young individuals. JB Financial Group's idea of a talented individual is someone who can dedicate themselves in finance with their passion and creativity.

Kim Han / CEO of Financial Group

JB Financial Group's Idea of a Talented Individual

JB Financial Group seeks creative individuals, individuals with great communication skills, individuals who enjoy collaboration and ethical individuals, all with a vision for and vocation in finance. Creative individuals are those who can continuously move forward toward innovation with insights and creativity and individuals who can communicate with others are those who understand and share respect. Individuals who can collaborate with others are those who maintain balance of leadership and fellowship with their expertise and teamwork skills.

[JB Financial Group's Idea of a Talented Individual]



Creating Jobs for the Youth

Youth unemployment is a serious issue in Gwangju, Jeollabuk-do and Jeollanam-do regions. According to a survey by a government research institution, the number of jobs for the youth in Gwangju, Jeollabuk-do and Jeollanam-do regions is the lowest in the nation. JB Financial Group is working hard to train and employ many talent individuals from these regions and solve the problems in the communities. Jeonbuk Bank is collaborating with Meister high schools related to the financial information industry and is actively employing skilled high school graduates. Also, the bank employs talented individuals from local universities as well.

Protection of Children's Rights and Fair Employment

To protect children's rights, all of JB Financial Group's subsidiaries prohibit employment and labor of children and youths under the legal working age of the country the business operating places are located in. The subsidiaries also prohibit employment discrimination on the bases of race and color, as well as national origin, sex, political opinion, and religion according to the Labor Standards Act and ILO's International Labour Standards. JB Financial Group will strive to make sufficient amount of quality jobs for the youth by continuously hiring new employees.

[New Employees Hired]

(Unit: people)

Category	2015	2016	2017
Jeonbuk Bank	31	29	31
Kwangju Bank	30	36	68
JB Woori Capital	3	3	10
Total	64	68	109

Fair & Impartial Human Resources Policy

JB Financial Group employs individuals fairly and operates an impartial employee evaluation policy that is based on employees' performance and achievements. JB Financial Group tries to achieve its annual goal every year and evaluates its executives' and employees' MBO and KPI taking into account of their branches and department. The individual executives, employees, departments and branches receive fair evaluation and compensation for their performance and achievement of objectives.

Evaluation of Executives' and Employees' Performance

JB Financial Group uses a fair and balanced, multifaceted evaluation system to evaluate the performance of its executives and employees. Evaluation of individuals is integrated with their supervisor's evaluation and self-evaluation and, the performance of individuals and the department the individuals are affiliated with are also evaluated comprehensively as well.



Management with Respect for the Human Rights of Executives and Employees

Joining Labor Unions and Participating in Union Activities

JB Financial Group ensures its members' freedom to form, join and participate in the activities of labor unions and, prohibits all forms of restrictions and unfavorable actions toward the forming and joining labor unions and participating

[Labor Union & Trade-Management Council]

(Unit: %)

Category	2015	2016	2017
JB Financial Group	100	100	100
Jeonbuk Bank	100	100	99.2
Kwangju Bank	100	100	100

* Labor Unions: Kwangju Bank, Jeonbuk Bank / Labor-Management Councils: JB Financial Group
 * Membership ratio is the proportion of all the executives and employees who have membership to labor unions to all the executives and employees eligible for membership.

in union activities. In accordance with ILO's International Labour Standards and Korea's Trade Union and Labor Relations Adjustment Act, the members of JB Financial Group who are eligible to join labor unions can freely form labor unions, join existing labor unions and participate in union activities. As of 2017, 99.8% of all member of JB Financial Group have joined labor unions and are participating in union activities.

Gender Equality

JB Financial Group does not discriminate employees based on gender or disability in terms of hiring, promotions and treatment. All employees newly hired receive equal pay regardless of their gender. Female population is 44% in Jeonbuk Bank and 47% in Kwangju Bank. JB Financial Group does not allow unfair disadvantages or to female members' promotions and the proportion of female middle managers are continuously rising in JB Financial Group.

[Female Managers (department chief and higher positions) in JB Financial Group]

(Unit: %)

Category	2015	2016	2017
Jeonbuk Bank	24	26	29
Kwangju Bank	23	26	27

JB Financial Group does not pay male and female members differently. For Jeonbuk Bank, the average wage rate of females to the average wage rate of males increased 6% from 65% in 2015 to 71% in 2017. For Kwangju Bank, the rate increased 1% from 57% in 2015 to 58% in 2017. This difference in average wage is due to larger number of males in senior positions and larger number of females in lower positions.

[Average wages of female workers compared to men]

(Unit: %)

Category	2015	2016	2017
Jeonbuk Bank	65	68	71
Kwangju Bank	57	56	58

Strengthening Executives' and Employees' Competencies

The Best Professionals in Digital Finance and Personal Asset Management

JB Financial Group continuously offers employee training and development programs so that all of its executive and employees can have the highest level of expertise in financial industry. The Group offers an individually tailored competency management program that take into account of the job and position of each executive and employee so that they can develop their competencies and experience independently. Since finance requires the highest level of expertise and trust, the Group offers its executives and employees the opportunities to acquire professional knowledge and certificate related to finance from outside training institutions, online courses, graduate schools and foreign training programs.

[Basic Training by Position at Jeonbuk Bank and Kwangju Bank]

Training Programs	Trainees	Content
Rookie Academy	Employees who have served for 2 years or less	Basic job training, manners, communication, accident prevention, financial consumer protection
Loan & Savings Academy	Level 4 employees or higher	savings, beneficiary certificates, bancassurance, retirement pension, loan and loan products
Pre-Manager Academy	Level 4 employees with 8th pay grade or higher	Middle management, leadership, client management, sales techniques

[Average Training Hours Per Person]

(Unit: hr)

Category	2015	2016	2017
JB Financial Group	18	36	41
Jeonbuk Bank	71	78	77
Kwangju Bank	52	50	46
JB Woori Capital	67	74	84

Training of Personal Asset Management Specialists

In today's society, personal asset management is one of the most important financial services along with digital finance. The clients need different management methods depending on the size, type and investment period of their personal assets. JB Financial Group works and collaborates closely with its subsidiaries like Jeonbuk Bank, Kwangju Bank, JB Woori Capital and JB Asset Management to offer the best asset management products and solutions that can satisfy the clients and, continuously trains the best private banking professionals with the highest level of competencies.

[Private Banker Training Programs at Jeonbuk Bank and Kwangju Bank]

Category	PRE-PB	PB	MASTER - PB
Trainees	Those who can provide basic consultation Those who can work at VIP counters	Those who can provide professional consultation Those who can work in VIP ROOM	Those who can work at a PB Center
Content	Level 6 employees and lower Necessary licenses PRE-PB Program · Beneficiary certificates, bancassurance · Basic marketing practices, client acquisition techniques · Computer work	Level 5 employees and lower AFPK PB Specialist Program · Advanced beneficiary certificates · Advanced bancassurance · Advanced marketing	Fund and bancassurance masters CFP Master PB Program · Training from outside professional programs

Pleasant Work Environment

Support and Care for Employees Handling High-Stress Jobs

Jeonbuk Bank and Kwangju Bank operate a special support program for employees handling high-stress jobs such as those handling customer supports by phone at the Customer Center. The banks operate a benefit policy for outstanding customer service operators, promote outstanding operators, recommend promotions and offer them opportunities for education and training abroad. Also, the banks offer emotional healing programs such as movie- and show-watching, meditation, physical activities and yoga program and, operate 'Human Right Protection Program' to protect customer service operators and their rights against the mentally-damaging, malicious calls. Moreover, the banks collaborate with outside institutions to help employees regularly participate in mental health and psychological counseling programs. The banks include stress and psychological assessment items in executives' and employees' medical checkups so that they can prevent and get treatment for their mental, psychological and physical issues and illnesses.

Improving Work Environment & Expanding Executives' and Employees' Lounge Area

To make its executives and employees to work in a safe and comfortable environment that allows them to focus on their jobs, JB Financial Group is working hard to improve its work environment and expand lounge areas for the executives and employees. Café 'The Blue' was opened on the 1st floor of the headquarters of Jeonbuk Bank, Kwangju Bank and JB Woori Capital and, they remodeled their gyms and cafeterias as well. On the 2nd floor of JB Financial Group's office building in Yeouido, a culture complex space called 'Gyeok (Class)' has been established for the employees to relieve their work stresses.



Employees' Lounge 'Gyeok' on the 2nd floor of JB Financial Group's Yeouido Office

Culture Refinement, Stress Relief and Language Skills Development for Executives and Employees

For executives' and employees' cultural refinement, stress relief and language skills development, JB Financial Group provides books, cultural performances, yoga class, gym class and English and Chinese language classes. When the executives and employees purchase books to refine themselves and to improve their job skills, JB Financial Group provides the necessary expenses for purchasing the books. Classic concerts and art exhibitions are held in the spring and fall to relieve their stresses as well. Weekly yoga and gym programs are also provided for their health and Chinese and English classes are offered to those who wish to improve their language skills.

Win Win Management for JB Financial Group and its Partners

Reliable Corporation

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.

[JB Financial Group's Win Win Management for the Group and its Partners]

Fair and Law-Abiding Trade

- Fair competition, fair trade and compliance to laws
- Internal regulations and standards for fair purchasing and contract practices
- Review Committee for Fair Purchasing and Contracts
- Compliance review of contracts by the Legal Affairs Department

Faithful Trade

- Contracts that require mutual agreement
- Payment of according to procedures and schedules set by contracts
- Security partners' field monitoring
- Trades based on mutual respect and not on power relations

Win Win Cooperation for Communities

- Priority purchasing of general supplies from local, small-to-medium enterprises
- Cooperation projects with local, social enterprises
- Promotion of trades in local, traditional markets and among small-to-medium business owners

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.

Establishment of 'Win Win Principles for JB Financial Group and its Partners' & Satisfaction Surveys

In 2018, JB Financial Group will improve its 'Win Win Principles for JB Financial Group and its Partners' and formulate specific implementation guidelines as well. We will carry out satisfaction surveys with our partners and hold regular meetings to find out whether JB Financial Group's Win Win Principles are making difference. Also, when selecting partners, we will make sure to include human rights, social, ethics, law compliance and environmental criteria in the evaluation so that we can stop trade and partnerships with companies that have caused issues in those criteria. In contracts, we will add terms and conditions related to human rights, society, ethics, law compliance and environment as well and also continue to share information and conduct training sessions about ethical management, CSR management and sustainable management during our meetings with our partners.

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.

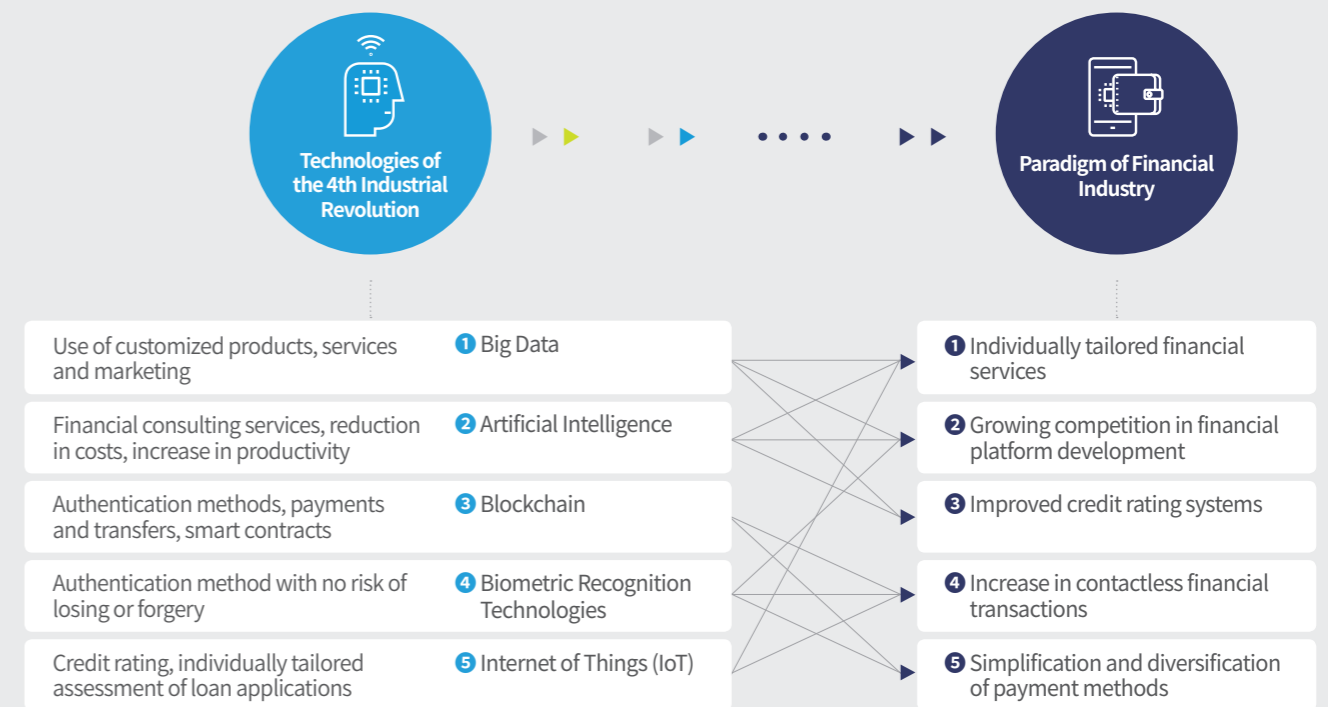


Jeonbuk Bank regularly holds 'Culture Day' event.

ZOOM IN :
Responding and Adapting to the 4th Industrial Revolution through Training and Production of Digitally Talented Individuals

JB Financial Group's 'Direction for Financial Digitalization as a Response to the 4th Industrial Revolution' include developing digital financial services, setting up digital financial platforms, upgrading credit rating system, increasing contactless financial transactions, simplification and diversification of payment methods. We will operate a training program on '4th industrial revolution and digital financial revolution' for the executives and employees to produce digitally talented individuals, innovate our financial business model and generate new growth engines for the future.

JB Financial Group's Direction for Financial Digitalization as a Response to the 4th Industrial Revolution



[JB Financial Group's Curriculum for its Training Program on Blockchain and Artificial Intelligence]

Session No.	Content	Session No.	Content
1	Philosophy and structure of Blockchain Technology & understanding blockchain-based financial ecosystem	8	Practical exercises for developing an altcoin prototype
2	Understanding shared authentication platform of blockchain-based financial ecosystem	9	AI-based financial industry: Intelligent asset management, easy payment, client and product analysis, authentication
3	Developing a blockchain network using P2P networks	10	AI, machine learning and customer service chatbots
4	Theories on the cryptology behind Bitcoin and Ethereum and, practical exercises	11	Theories on AI development platforms and practical exercises
5	Blockchain's digital signature and consensual decision-making algorithm	12	Comparative analysis of blockchain-based financial platforms
6	Understanding blockchain blocks and nodes and, practical exercises	13	Financial blockchain designs
7	Practical exercises for developing creative, distributed ledger	14	Theories on big data and practical exercises
		15	Group presentation on plans for innovating JB Financial Group's blockchain-based financial services & awards

Reliable Corporation

JB's roots are in the community

Social Contributions
(% of Net Income)

11

Work Vehicles Converted
to LPG (%)

70



Management Approach

JB Financial Group makes contributions to welfare projects for the low-income groups, educational programs for the children and youth and cultural & art activities. Our executives and employees also have an active volunteer team that works with local social welfare organizations on cooperation programs. We also work hard to minimize the environmental impact of our products and services and to generate a variety of values with our products and services.

Management Focus

- Contributing more than 10% of the Group's net income
- Expanding investment to financial services and technologies for environment friendly businesses
- Using high-efficient, environment-friendly facilities and vehicles
- Digitalization of banking counters to reduce environmental impact

Management Performance

- Social Contributions (% of Net Income): 11%
- Support for Environment-Friendly Businesses: KRW 343.3 billion
- More than 70% of All Work Vehicles Converted to LPG Vehicles
- PPR (Paperless Process Re-engineering) System Established

Connected Material Issues

- Minimizing negative impact on communities
- Community and social contribution activities
- Generating and distributing economic values
- Contributing to communities' economic, educational and cultural development

Connected SDGs



- SDG 3 : good health and well-being
- SDG 4 : quality education
- SDG 13 : climate action
- SDG 15 : life on land
- SDG 17 : partnership for the goals

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“Even if our income declines, we will never reduce our social contributions. We think about how our actions can make the world a better place before thinking about our interests.”

Kim Han / CEO of Financial Group

Reliable Neighbor and Partner, JB Financial Group

Over the past 50 years, JB Financial Group has shared the ups and downs, the joys and sorrows alongside the locals of Gwangju, Jeollabuk-do and Jeollanam-do. Our unwavering principle is to give back what we have received from the communities so we contribute more than 10% of net income to our communities. Sharing and service are not just thought or talk but they need to be put into actions. To make the lives better for the locals, our executives and employees actively participate in volunteer activities.

[JB Financial Group's Contributions to Communities from 2015 to 2017]

(Unit: KRW 100 million)

Year	2015		2016		2017	
	Jeonbuk Bank	Kwangju Bank	Jeonbuk Bank	Kwangju Bank	Jeonbuk Bank	Kwangju Bank
Bank						
Net Income	513	578	568	1,033	801	1,342
Contribution	95	91	93	100	82	140
Rate (% of Net Income)	18.6%	15.7%	17.8%	9.8%	12.6%	10.4%

* From consolidated financial statements and data provided by the Korea Federation of Banks

Cultivating Children's and Youths' Dreams

For the children and youth who do not have the opportunities to experience education and cultures due to their environment and circumstances, JB Financial Group carries out scholarship programs, programs for improving learning environment and programs that offer educational and cultural opportunities.

JB Dream School | JB Dream School is a children's job experience and education program that helps the children to experience various jobs in the world and find what they like or what they are good at. Every Friday evening, children at local children centers get to experience various jobs like chef, stylist, magician, dentist and physician.

JB Youth Humanities Concert | This is a youth cultural and educational program that offers youths a motivation to learn and an opportunity to dream about their own future. In 2017, approximately 2,600 youths came to 9 concerts.

JB Mentorship Experience | This is an educational program where the executives and employees of Jeonbuk Bank and the children at local children's centers get to participate in various cultural experiences such as going to sports matches, baking class, pottery class, job experience at Job World, making traditional local dishes and local festivals.

JB Study Room of Hope | JB Financial Group makes improvements to the living and learning environment of low-income households, local children's centers and social welfare center so that children and youth can study in a safer and more pleasant environment. In 2017, JB Financial Group rehabilitated a total of 26 study rooms; 12 in Jeollabuk-do and 14 in Gwangju.



JB Youth Humanities Concert



JB Study Room of Hope

Scholarship Program | In 2017, Jeonbuk Bank and Kwangju Bank offered scholarships to 300 middle school, high school and university students who are trying their best to achieve their goals despite their difficult financial situation, through Jeonbuk Bank Scholarship Foundation and Kwangju Bank Scholarship Committee to give them hope and the opportunity to focus on learning.

Education on Finance and Economy

Using its knowledge and expertise, JB Financial Group offers a variety of practical education to children, youth, university students and international students.

Bank Field Trip and Finance Camp for Children and Teenager | Jeonbuk Bank and Kwangju Bank offers a banking job experience program, inviting children and youth to the banks, offering a tour and allowing them to experience various jobs in the financial industry. Also, the banks hold a children's finance and economy camp during summer vacations so that children can learn about finance and economy and develop healthy money-management habits.

Financial Education Visits | The employees of Jeonbuk Bank's and Kwangju Bank's branches visit nearby elementary, middle and high schools as financial instructors to talk about the basics of finance and finance as well as the important of planned spending and saving to young students.

Sharing Culture and Arts

JB Financial Group wishes to see the lives of local citizens improve through culture and arts. Jeonbuk Bank and Kwangju Bank hold various free cultural and art shows for the local people.

Children's Musical | During summer vacations, JB Financial Group holds children's musical concerts in major cities like Jeonju, Gwangju, Suncheon in Jeollabuk-do and Jeollanam-do regions. The Group invites the children's musical team of theater company Hakchon and offers exciting and fun performances children and families can enjoy.

JB Wonderland | The headquarters of Kwangju Bank and Jeonbuk Bank have an amusement park that children can enjoy during winter vacations.

JB Culture Day | Jeonbuk Bank holds a Culture Day Concert every term at its headquarters. It offers various cultural content like music, dance and plays to the clients and locals to contribute to the development of culture and arts in the communities.

International Contributions

JB Financial Group is continuously expanding its businesses into greater Asian regions including Cambodia, Myanmar and China and, as a global financial corporation, the Group is expanding its social contribution activities overseas as well.



Children's Finance and Economy Class



JB Wonderland

Inviting Families of Foreign Workers to Korea & Opportunity for the Foreign Women Who Have Settled in South Korea through Marriage to Visit Their Native Countries | Jeonbuk Bank invites the families of Cambodian workers who haven't seen their families for a long time from working in Korea. Also, Kwangju Bank offers the foreign women who have settled in South Korea through marriage, to visit their native countries by offering financial support.

Culture Class for Multicultural Families | Kwangju Bank and Jeonbuk Bank offers a cultural education program to allow the foreign women who have settled in South Korea through marriage, experience various Korean cultures and also to reduce any misunderstanding and conflict that may occur in multicultural families due to cultural differences. The banks also help them organize and participate in communities as well.

JB Financial Group's Volunteer Activities in Cambodia | The international volunteers of JB Financial Group and its subsidiaries visit Cambodia every year and participate in medical and educational volunteer activities with the employees of PPCBank in Cambodia. The volunteers offer free meals, clothing and medical treatment at a children's welfare center in Cambodia's capital Phnom Penh and at medical centers and middle and high schools in a rural province called Kampong Speu.

JB Financial Group Caring For the Earth

The Earth's beautiful natural environment is our most precious asset we must look after and preserve for our future generations.

JB Financial Group minimizes its environmental impact and makes investment in new & renewable energy businesses for the future. The Group will actively participate in solving environmental pollutions and destruction of nature and, strive to become an environment-friendly company that cares for the Earth.

[JB Financial Group's 3 Environment-Friendly Policies]

<p>Minimization of Environmental Impact</p> <ul style="list-style-type: none"> · Reducing energy consumption · Minimizing greenhouse gas emissions · Reducing resource consumption · Minimizing waste 	+	<p>Expansion of Investment to Environment-Friendly Technologies</p> <ul style="list-style-type: none"> · Expanding investment to development of environment-friendly, renewable energy sources like solar energy and wind energy 	+	<p>Environmental Protection Activities</p> <ul style="list-style-type: none"> · Environmental social contribution activities · Rehabilitation of urban parks
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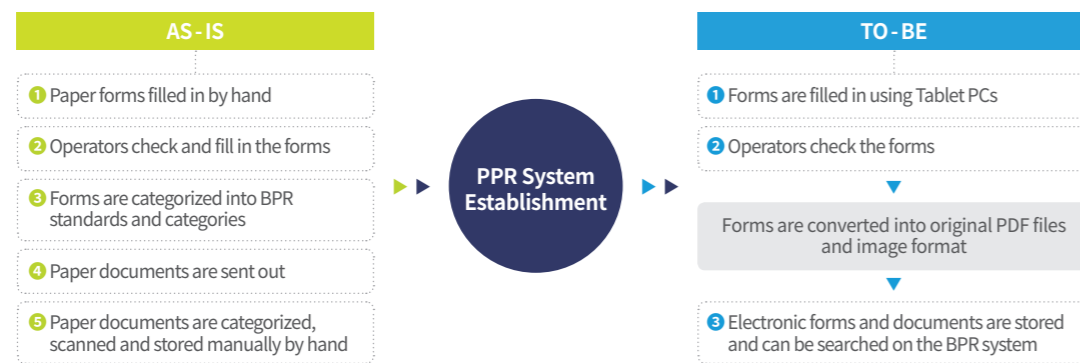
Minimizing Environmental Impact

JB Financial Group is minimizing its environmental impact by digitalizing banking counter services, using high-efficient, environment-friendly electronics as well as LPG work vehicles.

Digitalizing Banking Counter Services (PPR)

To reduce paper usage, JB Financial Group is expansively digitalizing its banking counter services. In September 2017, Jeonbuk Bank and Kwangju Bank stopped issuing paper bankbooks, started charging an extra fee when the clients apply for a paper bankbook and started offering transaction fee exemptions and other benefits to clients choosing to not use paper bankbooks. Also, the banks changed all types of banking forms the clients have to fill in at the counters into electronics form that can be accessed on tablet PCs. As a result, the work load on the banks' employees dropped significantly, the banks' productivity increased, the costs for making, storing and disposing of paper documents decreased and consequently, environmental pollution was reduced. Digitalization of banking counter services increased employees' work efficiency, reduced employees' work processing time and clients' waiting time and significantly increased clients' satisfaction level. By making these changes, the usage of A4-size papers was reduced by 21% (2,112,500 sheets) from 2015 to 2017.

[PPR : Paperless Process Re-engineering]



Use of High-Efficient, Environment-Friendly Lighting Systems and Computer Equipment

To reduce greenhouse gas emissions and air pollution (thermal power plants) by saving energy consumption, JB Financial Group uses high-efficient, environment-friendly lighting systems and electronics for its facilities. JB Financial Group has replaced all of its lights in its head office building to LED lamps and is saving more than 50% of electricity than before when it used fluorescent lamps. The lifespan of lighting systems has increased by 4 times and this helps the Group to further save its energy consumption. Financial industry naturally requires the use of a lot of computers, computer servers and equipment but by replacing old computers and servers with high-efficient, environment-friendly products, JB Financial Groups and its subsidiaries are able to save more than 10% of the electricity they use to consume. Using high-efficient, environment-friendly products not only saves energy and protects the environment but it helps the Group to save a lot of operating costs.

Converting Work Vehicles to LPG Vehicles

More than 70% of work vehicles Jeonbuk Bank and Kwangju Bank currently use are LPG vehicles which cause less damage to the air environment because of their relatively low exhaust emissions compared to diesel- or petro-fueled vehicles. LPG vehicles were considered more environment-friendly with an environment pollution rating at 1.86 compared to petro-fueled vehicles which scored 2.51 and diesel-fueled vehicles which scored 2.77 on the report, 'Exhaust Emissions Rating by Fuel Type' published by the Ministry of Health. The amount of nitrous oxide which is the root cause of fine dusts in air and acid rain, LPG cars emit was found to be only one-third of the amount emitted by petro-fueled cars and 1/93 of the amount emitted by diesel cars. And, it was found that using LPG vehicles as work vehicles is the most efficient and environment-friendly way for Gwangju, Jeollabuk-do and Jeollanam-do regions which do not have many electric car charging stations.

[Fuels Used for Work Vehicles]

(Unit: number of vehicles)

Category	LPG	Petrol	Diesel
Jeonbuk Bank	115	24	11
Kwangju Bank	122	37	23
Total (Ratio)	237(71.3%)	61(18.3%)	34(10.2%)

Expanding Financial Support for Environment-Friendly & Sustainable Industries

JB Financial Group plans to develop financial support products and services and provide funds for operating and facilities costs of industries and businesses in sustainable & environment-friendly fields such as solar energy development, eco-friendly IT, housing and cars, new & renewable energy, new environment-friendly materials, environment-friendly production and manufacturing, development and preservation of water resources and, support these industries to continue their sustainable, environment-friendly businesses. After the government announced its policy is to increase the share of energy generated by new & renewable sources up to 20% by 2030, the number of solar energy power plants Gwangju and Jeollanam-do regions increased 4.8 times from 1,063 plants in 2013 to 5,118 plants in 2017. In 2017, Jeonbuk Bank lend KRW 35.5 billion and Kwangju Bank lend KRW 178.2 billion to solar energy industries and the banks are planning to expand their loans programs continuously in the years to come. JB Asset Management is also making asset investment to various environment-friendly businesses as well.

[Financial Support for Environment-Friendly Industries]

(Unit: KRW 100 million)

Category	2015	2016	2017
Jeonbuk Bank	689	988	1,651
Kwangju Bank	-	-	1,782
Total	689	988	3,433

* Relevant data for Kwangju Bank couldn't been acquired due to computer system replacements

Protection of Beautiful Natural Sites

JB Financial Group's 'Community Love Volunteer Group' visits the mountains and seas in Gwangju, Jeollanam-do and Jeollabuk-do regions every month and collects trash and participate in various environmental activities to preserve the beautiful natural landscapes of Korea.

Rehabilitating Urban Forests and Parks

JB Financial Group also carries out urban forest and park rehabilitation projects. The Group plants trees and flower to develop forests in the cities, improve the quality of air and reduce the urban heat island effect.



ZOOM IN :

Contributing to the Improvement of Community Welfare through Continued Partnerships

JB Financial Group grows with its communities. To fulfill its responsibilities and roles as a financial corporation by solving communities' problems and improving the welfare of the locals, JB Financial Group works closely with major welfare institutions and private organizations.

Community Chest of Korea ('Fruit of Love')

Community Chest of Korea ('Fruit of Love') established in 1998 is a major charity and welfare institution in Korea. As major local banks, Jeonbuk Bank and Kwangju Bank have maintained a firm partnership with the Community Chest of Korea and the banks are participating in various local welfare projects such as community donation campaigns, holiday community donation projects and supporting social welfare facilities. For the past 3 years, Jeonbuk Bank and Jeonbuk Community Chest together have been carrying out 'Holiday Gift Sharing Project', offering food and household supplies to 4,800 single elderly low-income households and households with disabilities and, supporting 39 study rooms for youth. Kwangju Bank, Kwangju Community Chest and Jeonnam Community Chest also operated a program that helps the foreign women who haven't seen their families for a long time from settling in South Korea through marriage to visit their native countries by offering financial support and, have supported 32 households and 127 people over the past 3 years.

ChildFund Korea ('Green Umbrella')

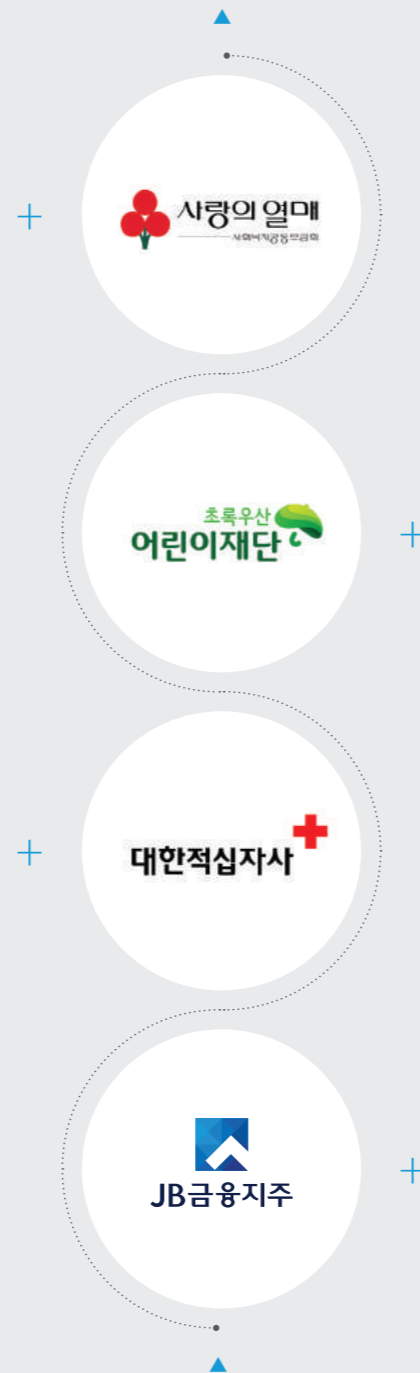
ChildFund Korea founded in 1948 is a global child welfare institution that has carried out a relief project for Korean War orphans, projects for child-headed households, sisterhood children projects for low-income households and projects for preventing child abuse as well as for protecting abused children. Together with the ChildFund Korea, Kwangju Bank carried out 'Hope Study Room Project' and built 38 'Hope Study Rooms' for low-income households, local children's centers and social welfare center so that children and youth can study in a safer and more pleasant environment. Also, Kwangju Bank offers cultural experience to the local children by organizing children's musicals in May which is the Family Month and during the summer vacation period. Jeonbuk Bank also works with the ChildFund Korea on a school program that helps the children to explore various career paths and jobs in the world.

Korean Red Cross (KRC)

Korean Red Cross (KRC) was founded in 1905 under the imperial order of Emperor Gjong of Korea. It is the first modern and humanitarian civil relief organization established in Korea. Working with the Korean Red Cross, Jeonbuk Bank and Kwangju Bank have carried out various emergency disaster and crisis relief projects, welfare projects for the destitute and vulnerable groups and community charity bazaars. Jeonbuk Bank and Jeonbuk Red Cross co-organized 'Beautiful Companion, Hope Windmill Charity Walk' to promote communities' participation in charity activities. Over the past 3 years, Jeonbuk Bank also financially supported 40 foreign women who haven't seen their families for a long time from settling in South Korea through marriage, to visit their native countries. Kwangju Bank, working with Kwangju Community Chest and Jeonnam Community Chest, provided holiday gifts to 3,200 single elderly low-income households and households with disabilities during the lunar New Year's holiday season.

Apart from these activities, the executives and employees of JB Financial Group and its subsidiaries actively carry out volunteer activities with over 200 local welfare institutions and welfare facilities every month.

Communities' problems resolved / Improved community welfare



Communities' problems & needs

Statement

Summary of Financial and Non-Financial Performance	66
Independent Auditors' Report	77
ISO 26000 Performance Assessment Report	79
Third Party Assurance	80

Summary of Financial and Non-Financial Performance

Summary of Financial Performance

Consolidated Statements of Financial position

(Unit: KRW 1 million)

Description	2015	2016	2017
Assets			
I. Cash Due from Bank	1,469,444	2,218,635	2,244,941
II. Financial Assets at Fair Value Through Profit and Loss	220,196	18,341	8,237
III. Available-for-sale Financial Assets	2,019,000	2,507,957	2,296,682
IV. Held-to-maturity Financial Assets	2,976,091	2,419,404	2,586,662
V. Investment in Associates	994	3,065	4,911
VI. Loans	31,096,989	36,309,413	38,121,865
VII. Lease assets	744,422	1,002,077	1,134,969
VIII. Tangible Assets	357,462	368,270	367,689
IX. Intangible Assets	104,457	167,554	186,481
X. Investment property	105,600	103,571	96,227
XI. Deferred Income Tax Debits	25,975	32,361	34,749
XII. Current Income Tax Assets	798		
XIII. Other Assets	689,748	648,277	510,247
Total Assets	39,811,176	45,798,925	47,593,660
Liabilities			
I. Depository liabilities	26,882,174	31,797,685	34,539,369
II. Financial Liability at Fair Value through Profit or Loss	679	541	1,286
III. Derivative Liabilities Carried at Amortised Cost	9,983	1,659	2,545
IV. Borrowings	2,675,234	2,326,974	2,093,363
V. Bonds Payable	6,414,087	7,551,105	6,659,929
VI. Provisions	30,668	32,565	31,824
VII. Income Tax Payable	8,910	42,595	51,068
VIII. Deferred Income tax Credits	34,933	38,390	38,287
IX. Defined Benefit Liability	49,410	16,617	2,781
X. Other Liabilities	1,026,359	1,026,981	1,086,823
Total Liabilities	37,132,437	42,835,112	44,507,275
Equity			
I. Equity attributable to owners of the group	2,139,866	2,279,215	2,429,470
1. Capital Stock	777,197	777,197	777,197
2. Hybrid Bond	200,000	200,000	200,000
3. Capital Surplus	523,819	523,491	523,479
4. Capital Adjustment	-6,251	-6,251	-16,068
5. Accumulated Other Inclusive Gain(Loss)	-10,470	-6,241	-10,690
6. Retained Earnings	655,571	791,019	955,552
II. Non-controlling interests	538,873	684,598	656,915
Total Stockholders' Equity	2,678,739	2,963,813	3,086,385
Total Liabilities and Stockholders' Equity	39,811,176	45,798,925	47,593,660

Consolidated Statements of Comprehensive Income Consolidated

(Unit: KRW 1 million)

Description	2015	2016	2017
I. Operating income	347,997	252,735	196,435
(1) Net Interest Income	1,162,458	1,019,065	977,040
1. Interest Income	1,774,126	1,626,031	1,603,608
2. Interest expenses	-611,668	-606,966	-626,568
(2) Net Fee and Commission Income	13,472	16,649	19,428
1. Fee and Commission Income	122,781	111,593	104,315
2. Fee and Commission Expenses	-109,309	-94,944	-84,887
(3) Net Lease Income	41,703	37,120	30,901
1. Lease Income	337,908	281,395	202,612
2. Lease Expenses	-296,205	-244,275	-171,711
(4) Net Income on Financial Instruments at Fair Value Through Profit and Loss	-4,413	6,646	9,404
(5) Net Income on Available-for-Sale Financial Assets	20,753	29,575	24,698
(6) Net Income on Held-to-Maturity Financial Assets	482	36	
(7) Net Income on Derivative Instruments	-1,939	161	
(8) Net Income on Foreign Currency Transaction	14,157	3,399	1,892
(9) Net Impairment Loss on Financial Assets	-176,273	-194,132	-237,068
(10) General and Administrative Expenses	-626,365	-589,550	-560,495
1. Employee Benefits	-333,313	-331,599	-319,641
2. Depreciation	-76,243	-66,568	-57,822
3. Other Administrative Expenses	-216,809	-191,383	-183,032
(11) Other Operating Income	-96,038	-76,234	-69,365
1. Loss on Provisions	-704	-3,008	-6,785
2. Others	-95,334	-73,226	-62,580
II. Non-operation Income and Expenses	-2,816	9,261	2,833
(1) Non-operation Income	11,589	16,994	14,349
(2) Non-operation Expenses	-14,405	-7,733	-11,516
III. Income Before Income Tax Expense	345,181	261,996	199,268
IV. Income Tax Expense	-80,740	-60,146	-48,361
V. Net Income	264,441	201,850	150,907
VI. Other Comprehensive Income, Net of Income Tax	-16,837	5,291	2,188
1. Actuarial Gains (Losses)	17,976	-3,015	-1,434
2. Net Change in Fair Value of Available-for-Sale Financial Assets	-14,933	2,203	-2,089
3. Gain(Loss) on valuation of derivatives instruments for cash flow hedge	802	-2,491	5,711
4. Gain/Loss on Overseas Operations Translation	-20,682	8,594	
VII. Net Comprehensive Income	247,604	207,141	153,095
(1) Attribution of Consolidated Net Profit	264,441	201,850	150,907
1. Controlling Interests	185,064	142,650	114,682
2. Non-controlling Interests	79,377	59,200	36,225
(2) Bond of Total Consolidated Income	247,604	207,141	153,095
1. Controlling Interests	180,643	146,879	115,763
2. Non-controlling Interests	66,961	60,262	37,332
VIII. Earnings per Share			
Earnings per Share and Diluted Earnings per Share	1,207	918	881

Summary of Non-Financial Performance

Main Economic Performance

		Unit	2015	2016	2017	Note.
Assets by Subsidiary	Jeonbuk Bank	KRW 1 mil	14,118,308	16,292,823	18,059,489	Based on Consolidated Audit Report
	Kwangju Bank	KRW 1 mil	19,776,321	22,619,275	23,419,058	
	JB Woori Capital	KRW 1 mil	5,844,684	6,832,951	6,067,388	
	JB Asset Management	KRW 1 mil	16,731	18,080	17,586	
Return On Assets (ROA)	%	0.4	0.5	0.6	Based on Operating Reports and Consolidated Financial Reports	
Return on Equity (ROE)	%	6.3	7.2	8.6		
Capital Adequacy Ratio (CAR)	%	12.5	12.1	12.2		
Securities-Based Lending (SBL) Ratio	%	1.3	1.2	1.0		
Delinquency Ratio	%	1.2	1.0	0.9		
Net Income Attributable to Controlling Shareholders	KRW 100 mil	1,147	1,427	1,851		
Market Share in Jeonbuk Region (Loan)	%	28.0	26.5	25.6		
Market Share in Jeonbuk Region (Savings)	%	35.3	34.1	33.1		
Market Share in Gwangju & Jeonnam Regions (Loan)	%	24.8	24.9	22.6		
Market Share in Gwangju & Jeonnam Regions (Savings)	%	28.4	29.0	27.8		

Economic Performance Distributed to Stakeholders

		단위	2015	2016	2017	Note.	
Economic Performance Created to Stakeholders	Net Income Ratio	KRW 1 mil	150,907	201,850	264,441	Based on Consolidated Audit Report	
Economic Performance Distributed to Stakeholders	Shareholders and Investors	Dividend	KRW 1 mil	12,565	7,730	7,730	Based on Consolidated Audit Report
	Executives and Employees	Wage	KRW 1 mil	319,641	331,599	333,313	Based on Consolidated Audit Report
	Clients	Interest Paid	KRW 1 mil	626,568	606,965	611,668	Based on Consolidated Audit Report
	Communities	Contributions	KRW 1 mil	18,648	19,426	22,178	Based on Reports to Korea Federation of Banks
Government	Corporate Tax	KRW 1 mil	48,361	60,146	80,740	Based on Consolidated Audit Report	

Sustainable Management System

		Unit	2015	2016	2017	Note.	
Governance	Board of Directors Operating Performance	Number of Meetings	Session(s)	11	9	8	
		Percentage of Outside Directors	%	57	56	56	
	Total Compensation for the Board of Directors	Attendance Rate	%	90	97	99	
		Registered Directors	KRW 1 mil	133	171	311	Excluding the members of the Audit Committee
Share	Outside Directors	KRW 1 mil	115	85	97	Members of the Audit Committee	
	Outside Directors	KRW 1 mil	117	124	148		
	Foreign Ownership Ratio	%	29.5	37.7	41.9		
	Largest Shareholder	JUBILEE ASIA B.V.	JUBILEE ASIA B.V.	JUBILEE ASIA B.V.	JUBILEE ASIA B.V.		
	Domestic Ownership Ratio	%	70.49	62.3	58.14		
Largest Shareholder	Samyang Biopharm	Samyang Biopharm	Samyang Biopharm	Samyang Corporation	9.0	9.0	9.0

		Unit	2015	2016	2017	Note.	
Risk Management	Anti-Corruption/Law Compliance/Ethics Training Per Person	JB Financial Group	Session(s)	29	30	26	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)	11	24	15	
		JB Woori Capital	Session(s)	29	37	40	
		JB Asset Management	Session(s)	2	2	2	
	Total	Session(s)	17	21	19		
	Internal Control System Operation	JB Financial Group	Session(s)	221	241	253	Internal control system is operated differently depending on subsidiaries' business areas
		Jeonbuk Bank	Session(s)	760	817	817	
		Kwangju Bank	Session(s)	974	859	708	
		JB Woori Capital	Session(s)	2,336	1,780	1,709	
JB Asset Management		Session(s)	278	312	372		
Total	Session(s)	4,569	4,009	3,859			
Risk Management Committee Meetings	JB Financial Group	Session(s)	8	6	6	Risk Management Committee meetings are held differently depending on subsidiaries' business areas	
	Jeonbuk Bank	Session(s)	6	7	6		
	Kwangju Bank	Session(s)	6	7	8		
	JB Woori Capital	Session(s)	2	6	6		
	JB Asset Management	Session(s)	13	59	47		
Total	Session(s)	35	85	73			
Corruption & Violation of Law	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)	0	1	0		
	JB Asset Management	Case(s)	0	0	0		
Total	Case(s)	0	1	0			

Sustainable Finance & Generation of Client Value

		Unit	2015	2016	2017	Note.	
Sustainable Finance	Total Amount of loan for low-incomes	Jeonbuk Bank	KRW 100 mil	515	696	1,006	Loan/Balance
		Kwangju Bank	KRW 100 mil	79	542	805	
		Total	KRW 100 mil	594	1,238	1,811	
	Technology Financing	Jeonbuk Bank	KRW 100 mil	351	354	355	
Client Value Creation	Financing for Local Companies	Jeonbuk Bank	KRW 100 mil	415	302	264	
		Total	KRW 100 mil	689	988	1,651	
	Environment-Friendly Financing	Jeonbuk Bank	KRW 100 mil	689	988	1,651	
		Kwangju Bank	KRW 100 mil	-	-	1,782	
Total	KRW 100 mil	689	988	3,433			
VOC Complaints Handling	Jeonbuk Bank	Case(s)	60	27	36	Official Client Complaints	
	Kwangju Bank	Case(s)	1,929		3,498	Based on the complaints received by the Call Center, through website, client postcards.	
Client Satisfaction Score Evaluation on Financial Consumer Protection	JB Woori Capital	Case(s)	864	784	623		
	Kwangju Bank	Points	90	91	92		
Personal Information Breach	Jeonbuk Bank	-	N/A	N/A	N/A	Carried out self-evaluations; Excluded from the comprehensive evaluation	
	Kwangju Bank	-	4 Average/6 Satisfactory	2 Average/8 Satisfactory	Evaluation in Progress		
	JB Woori Capital	Case(s)	0	0	0		
Personal Information Breach	Jeonbuk Bank	Case(s)	0	0	0		
	Kwangju Bank	Case(s)	0	0	0		
Personal Information Breach	Jeonbuk Bank	Case(s)	0	0	0		
	JB Woori Capital	Case(s)	0	0	0		

Human Resources Management & Diversity

		Unit	2015	2016	2017	Note.			
Total Number of Executives and Employees		People	3,415	3,371	3,422				
New Employment	Jeonbuk Bank	People	31	29	31	Newly Hired High School and University Graduates			
	Kwangju Bank	People	30	36	68				
	JB Woori Capital	People	3	3	10				
	Total	People	64	68	109				
New Employment Rate	JB Financial Group	%	1.9	2.0	3.2	Based on Total Number of Executives and Employees			
Employment	JB Financial Group	People	38	37	41	Total New Employees, Experienced Employees and Contract Employees Hired			
	Jeonbuk Bank	People	87	66	74				
	Kwangju Bank	People	66	72	114				
	JB Woori Capital	People	110	113	88				
	JB Asset Management	People	19	26	23				
	Total	People	320	314	340				
Employment Rate	JB Financial Group	%	9.4	9.3	9.9				
Retirees	JB Financial Group	People	17	18	18	Total New Employees, Experienced Employees and Contract Employees Retired			
	Jeonbuk Bank	People	53	59	62				
	Kwangju Bank	People	148	194	95				
	JB Woori Capital	People	95	85	137				
	JB Asset Management	People	12	7	20				
	Total	People	325	363	332				
Retirement Rate	JB Financial Group	%	9.5	10.8	9.7				
Executives from the Area: Directors including Managing Directors, Assistant Managing Directors, Non-Executive Directors, Outside Directors, Executive Directors	JB Financial Group	%	16.7	26.7	26.7	Jeonbuk			
	Jeonbuk Bank	%	30.8	33.3	35.3	Jeonbuk			
	Kwangju Bank	%	50.0	66.7	75.0	Gwangju & Jeonnam			
	JB Woori Capital	%	9.1	6.7	0.0	Jeonbuk			
	JB Asset Management	%	11.1	16.7	15.4	Jeonbuk			
	Total (Average)	%	26.2	29.6	28.6				
Contract Type	Full-Time	JB Financial Group	People	47	56	68			
		Jeonbuk Bank	People	1,007	1,025	1,054			
		Kwangju Bank	People	1,518	1,397	1,388			
		JB Woori Capital	People	400	421	415			
		JB Asset Management	People	21	10	12			
		Total	People	2,993	2,909	2,937			
	Contract	JB Financial Group	People	20	24	31			
		Jeonbuk Bank	People	90	91	127			
		Kwangju Bank	People	153	152	180			
		JB Woori Capital	People	151	158	108			
		JB Asset Management	People	8	37	39			
		Total	People	422	462	485			
		Position	General Employees	JB Financial Group	People	18	25	30	Assistant Manager and Positions Below
				Jeonbuk Bank	People	606	609	672	
Kwangju Bank	People			850	803	869			
JB Woori Capital	People			358	361	312			
JB Asset Management	People			6	12	18			
Total	People			1,838	1,810	1,901			

		Unit	2015	2016	2017	Note.	
Supervisors	JB Financial Group	People	49	55	69	Managers and Above	
	Jeonbuk Bank	People	491	507	509		
	Kwangju Bank	People	803	729	684		
	JB Woori Capital	People	184	206	203		
	JB Asset Management	People	17	26	24		
	Total	People	1,544	1,523	1,489		
Executives	JB Financial Group	People	13	14	14	Including Outside Directors	
	Jeonbuk Bank	People	12	14	16		
	Kwangju Bank	People	18	17	15		
	JB Woori Capital	People	13	14	11		
	JB Asset Management	People	6	9	9		
	Total	People	62	68	65		
Age	18 and Below	JB Asset Management	People	-	-	1	High School Graduates Hired
		Total	People	8	7	11	
	20 to 30	JB Financial Group	People	8	7	11	
		Jeonbuk Bank	People	169	148	214	
		Kwangju Bank	People	93	100	154	
		JB Woori Capital	People	95	104	84	
		JB Asset Management	People	2	7	3	
	30 to 50	Total	People	367	366	466	
		JB Financial Group	People	54	70	78	
		Jeonbuk Bank	People	729	750	740	
		Kwangju Bank	People	1,178	1,152	1,139	
		JB Woori Capital	People	409	420	382	
	50 and Older	JB Asset Management	People	24	37	44	
		Total	People	2,394	2,429	2,383	
JB Financial Group		People	18	17	24		
Jeonbuk Bank		People	211	232	243		
Kwangju Bank		People	400	297	275		
Sex	Male	JB Woori Capital	People	47	55	57	
		JB Asset Management	People	3	3	3	
		Total	People	679	604	602	
		JB Financial Group	%	61	71	89	
		Jeonbuk Bank	%	57	57	56	
	Female	Kwangju Bank	%	54	51	53	
		JB Woori Capital	%	71	71	68	
		JB Asset Management	%	93	87	85	
		JB Financial Group	%	39	29	11	
		Jeonbuk Bank	%	44	43	44	
		Kwangju Bank	%	46	49	47	
		JB Woori Capital	%	29	29	32	
		JB Asset Management	%	7	13	15	
		Total	%	61	61	61	
Foreigner	Jeonbuk Bank	People	-	-	1		
	JB Woori Capital	People	-	1	1		
	JB Asset Management	People	-	-	2		
	Total	People	-	1	4		

		Unit	2015	2016	2017	Note.		
Labor Union/Labor Committee/Labor-Management Council Membership	Membership Rate of All Employees	JB Financial Group	%	100	100	100		
		Jeonbuk Bank	%	60.8	67.0	63.0		
		Kwangju Bank	%	64.1	69.2	68.3		
	Membership Rate of All Employees Eligible for Membership	JB Woori Capital	%	98.9	99.0	98.8		
		JB Financial Group	%	100	100	100		
		Jeonbuk Bank	%	100	100	99.2		
		Kwangju Bank	%	100	100	100		
	Female Employees by Position	Ratio of Female Workers to the Total Number of Employees	JB Woori Capital	%	100	100	100	
			JB Financial Group	%	23.8	24.5	21.2	
			Jeonbuk Bank	%	44.0	43.0	44.0	
Kwangju Bank			%	46.0	49.0	47.0		
JB Woori Capital			%	29.0	29.0	32.0		
Percentage of Women in Senior Management Positions		JB Asset Management	%	7.0	13.0	15.0		
		JB Financial Group	%	18.8	26.3	13.0	Senior Manager and Above	
		Jeonbuk Bank	%	4.0	4.0	6.0		
		Kwangju Bank	%	3.0	6.0	7.0		
		JB Woori Capital	%	1.0	1.0	1.0		
Female Employees Hired by Contract Type	Percentage of Regular Female Employees	JB Asset Management	%	4.0	7.0	6.0		
		JB Financial Group	%	19.0	17.5	17.6		
		Jeonbuk Bank	%	46.0	45.0	46.0		
		Kwangju Bank	%	44.0	42.0	41.0		
		JB Woori Capital	%	21.0	22.0	23.0		
	Percentage of Contract Female Employees	JB Asset Management	%	29.0	50.0	67.0		
		JB Financial Group	%	40.0	52.2	35.5		
		Jeonbuk Bank	%	27.0	26.0	29.0		
		Kwangju Bank	%	62.0	66.0	61.0		
		JB Woori Capital	%	51.0	49.0	66.0		
Percentage of Female Supervisors	JB Asset Management	%	13.0	22.0	18.0			
	JB Financial Group	%	18.4	20.0	13.0	Manager and Above		
	Jeonbuk Bank	%	24.0	26.0	29.0			
	Kwangju Bank	%	23.0	26.0	27.0			
	JB Woori Capital	%	4.0	4.0	4.0			
JB Asset Management	%	24.0	27.0	25.0				

Human Resources Development and Welfare

		Unit	2015	2016	2017	Note.	
Training Costs Per Person	JB Financial Group	KRW 1,000	555	547	367		
		Jeonbuk Bank	KRW 1,000	1101	885	789	
		Kwangju Bank	KRW 1,000	464	671	1265	
		JB Woori Capital	KRW 1,000	242	437	996	
		JB Asset Management	KRW 1,000	297	181	226	
		Total (Average)	KRW 1,000	532	544	729	
		Training Hours Per Person	JB Financial Group	hr	18	36	41
Jeonbuk Bank	hr			71	78	77	
Kwangju Bank	hr			52	50	46	
JB Woori Capital	hr			67	74	84	
Total (Average)	hr			52	59	62	
Number of Employees on Childcare Leave	JB Financial Group	People	0	0	0	None	
		Jeonbuk Bank	People	40	35	30	
		Kwangju Bank	People	84	82	71	
		JB Woori Capital	People	8	14	7	
		JB Asset Management	People	1	0	0	None in 2016 & 2017
		Total	People	133	131	108	
Number of Employees Returned from Childcare Leave	JB Financial Group	People	0	0	0	None	
		Jeonbuk Bank	People	40	35	Returning day has not arrived yet	
		Kwangju Bank	People	80	78	69	
		JB Woori Capital	People	5	7	6	
		JB Asset Management	People	1	0	0	None in 2016 & 2017
		Total	People	126	120	75	
Number of Employees Returned from Childcare Leave (Ratio)	JB Financial Group	%	0	0	0	None	
		Jeonbuk Bank	%	100	100	Returning day has not arrived yet	
		Kwangju Bank	%	95.2	95.1	97.1	
		JB Woori Capital	%	63.0	50.0	86.0	
		JB Asset Management	%	100	0	0	None in 2016 & 2017
		Total	%	100	100	100	
Number of Employees Retired after Childcare Leave	JB Financial Group	People	0	0	0		
		Jeonbuk Bank	People	0	0	1	
		Kwangju Bank	People	4	4	2	
		JB Woori Capital	People	3	1	4	
		JB Asset Management	People	0	0	0	
		Total	People	7	5	7	
		Child Care Benefit	Number of Children Supported	JB Financial Group	People	15	18
Jeonbuk Bank	People			294	308	309	
Kwangju Bank	People			239	255	274	
Total	People			548	581	604	
Amount Supported	JB Financial Group		KRW 1 mil	6	9	13	
	Jeonbuk Bank	KRW 1 mil	315	329	329		
	Kwangju Bank	KRW 1 mil	57	61	65		
	Total	KRW 1 mil	378	399	407		
Female-to-Male Wage Ratio	JB Financial Group	%	27	43	37	Based on the Wages of All Executives/Regular/Indefinite-Term Employees/Contract Employees	
		Jeonbuk Bank	%	65	68	71	
		Kwangju Bank	%	57	56	58	
		JB Woori Capital	%	53	54	52	
		JB Asset Management	%	13	17	16	

		Unit	2015	2016	2017	Note.	
Retirement Pension	Subscription Rate	JB Financial Group	%	46	64	66	
		Jeonbuk Bank	%	87	93	86	
		Kwangju Bank	%	99	99	99	
		JB Woori Capital	%	100	100	100	
		JB Asset Management	%	0	0	100	Started in 2017
	Defined-Benefit Plan (DB) (Subscribers)	JB Financial Group	People	20	37	44	
		Jeonbuk Bank	People	745	805	805	
		Kwangju Bank	People	1,666	1,544	1,564	
		JB Woori Capital	People	335	346	335	
		JB Asset Management	People	0	0	22	Started in 2017
	Total	People	2,766	2,732	2,770		
	Defined-Contribution Plan (DC)(Subscribers)	JB Financial Group	People	14	20	27	
		Jeonbuk Bank	People	219	241	227	
		Kwangju Bank	People	0	0	0	100% on the Defined-Benefit Plan
		JB Woori Capital	People	112	124	116	
JB Asset Management		People	0	0	29	Started in 2017	
Total	People	345	385	399			
Safety & Health	Number of Employees with Work-Related Injuries & Illnesses	JB Financial Group	People	0	0	0	
		Jeonbuk Bank	People	0	1	4	
		Kwangju Bank	People	0	0	0	
		JB Woori Capital	People	0	0	0	
		JB Asset Management	People	0	0	0	
	Total	People	0	1	4		
	Number of Absences from Work-Related Injuries & Illnesses	JB Financial Group	Day(s)	0	0	0	
		Jeonbuk Bank	Day(s)	0	105	162	
		Kwangju Bank	Day(s)	0	0	0	
		JB Woori Capital	Day(s)	0	0	0	
JB Asset Management		Day(s)	0	0	0		
Total	Day(s)	0	105	162			

Win Win Management for Partners

		Unit	2015	2016	2017	Note.
Percentage of Purchases from Local Companies	Jeonbuk Bank	%	90.5	79.0	85.7	Percentage of General Supplies Purchased from Partners in Business Regions
	Kwangju Bank	%	39.8	45.2	38.6	
	Total (Average)	%	65.2	62.1	62.2	

Participation in and Contributions to Communities

		Unit	2015	2016	2017	Note.
Contributions/Net Income Ratio	Jeonbuk Bank	%	18.6	17.8	12.6	
	Kwangju Bank	%	15.7	9.8	10.4	
	Average	%	17.2	13.8	11.5	
Number of Volunteer Participants	Jeonbuk Bank	People	7,151	8,104	8,536	
	Kwangju Bank	People	12,773	10,971	9,486	
	Total	People	19,924	19,075	18,022	

		Unit	2015	2016	2017	Note.	
Labor Union/Labor Committee/Labor-Management Council		Jeonbuk Bank	KRW 1 mil	43	32	34	
Scholarships	Middle School	Number of Beneficiaries	Jeonbuk Bank	People	100	100	100
		Contributions	Jeonbuk Bank	KRW 1 mil	30	30	30
	High School	Number of Beneficiaries	Jeonbuk Bank	People	110	90	110
			Kwangju Bank	People	50	50	50
		Total	People	160	140	160	
		Contributions	Jeonbuk Bank	KRW 1 mil	55	54	75
			Kwangju Bank	KRW 1 mil	100	100	100
		Total	KRW 1 mil	155	154	175	
	University	Number of Beneficiaries	Jeonbuk Bank	People	0	2	10
Kwangju Bank			People	50	50	50	
Total		People	50	52	60		
Contributions		Jeonbuk Bank	KRW 1 mil	0	6	5	
	Kwangju Bank	KRW 1 mil	25	25	25		
Total	KRW 1 mil	25	31	30			

Contributions by Area

		Unit	2015	2016	2017	Note.
Community and Public Welfare	Volunteers	Jeonbuk Bank	People	3,350	3,850	3,870
		Kwangju Bank	People	4,535	3,801	4,209
		Total	People	7,885	7,651	8,079
	Contribution	Jeonbuk Bank	KRW 1 mil	4,974	2,851	3,107
		Kwangju Bank	KRW 1 mil	5,628	5,550	3,656
Total	KRW 1 mil	10,602	8,401	6,763		
Culture, Arts, Sports	Volunteers	Jeonbuk Bank	People	708	803	840
		Kwangju Bank	People	2,032	2,100	800
		Total	People	2,740	2,903	1,640
	Contribution	Jeonbuk Bank	KRW 1 mil	1,628	2,117	2,231
		Kwangju Bank	KRW 1 mil	929	1,249	1,516
Total	KRW 1 mil	2,557	3,366	3,747		
Education & Scholarships	Volunteers	Jeonbuk Bank	People	580	640	670
		Kwangju Bank	People	2,776	1,706	1,706
		Total	People	3,356	2,346	2,376
	Contribution	Jeonbuk Bank	KRW 1 mil	2,440	4,232	2,143
		Kwangju Bank	KRW 1 mil	2,000	3,159	3,936
Total	KRW 1 mil	4,440	7,391	6,079		
Microcredit, Banks Foundation For Young Entrepreneurs, Credit Recovery Committee	Contribution	Jeonbuk Bank	KRW 1 mil	477	58	685
		Kwangju Bank	KRW 1 mil	531	48	4,868
		Total	KRW 1 mil	1,008	106	5,553
Environment & Global	Volunteers	Jeonbuk Bank	People	2,513	2,811	2,880
		Kwangju Bank	People	3,430	3,364	2,771
		Total	People	5,943	6,175	5,651
	Contribution	Jeonbuk Bank	KRW 1 mil	18	115	69
		Kwangju Bank	KRW 1 mil	23	47	26
Total	KRW 1 mil	41	162	95		

Environment-Friendly Management and Finance

		Unit	2015	2016	2017	Note.	
Environment-Related Volunteer Activities	Jeonbuk Bank	Times	124	136	138		
	Kwangju Bank	Times	228	224	184		
	Total	Times	352	360	322		
Paper Usage	Jeonbuk Bank	A4 Box/2,500 sheets	4,680	5,346	4,932	Usage by Branches	
	Kwangju Bank	A4 Box/2,500 sheets	8,600	6,000	6,000		
	Total	A4 Box/2,500 sheets	4,159	4,416	3,314		
Credit Card and Email Statement Usage	Total Statements Sent	Jeonbuk Bank	Cases	1,535,149	1,631,231	1,783,761	Paper, Email
		Kwangju Bank	Cases	2,070,893	2,297,549	2,536,950	
		Total	Cases	3,606,042	3,928,780	4,320,711	
	Email Statements Sent	Jeonbuk Bank	Cases	374,941	411,370	480,769	
		Kwangju Bank	Cases	915,835	958,814	1,017,304	
		Total	Cases	1,290,776	1,370,184	1,498,073	
	Email Statement Usage Rate	Jeonbuk Bank	%	24.4	25.2	27.0	
		Kwangju Bank	%	44.2	41.7	40.1	
		Average	%	34.3	33.5	33.5	
	Credit Cards Issued	Jeonbuk Bank	Cases	145,506	246,642	283,216	
		Kwangju Bank	Cases	378,471	390,763	427,550	
		Average	Cases	523,977	637,405	710,766	
Email Statement Usage Rate to Credit Cards Issued	Jeonbuk Bank	%	2.6	1.7	1.7		
	Kwangju Bank	%	2.4	2.5	2.4		
	Average	%	2.5	2.1	2.1		
Energy Usage	Water	Jeonbuk Bank	ton	16,759	18,740	23,304	
		Kwangju Bank	ton	21,068	19,062	20,791	
		JB Woori Capital	ton	6,948	6,944	6,783	
		Total	ton	44,775	44,746	50,878	
	Electricity	Jeonbuk Bank	Kwh	6,032,411	6,343,452	6,253,650	
		Kwangju Bank	Kwh	5,972,802	8,543,392	8,767,161	
		JB Woori Capital	Kwh	1,378,056	1,447,992	1,417,844	
		Total	Kwh	13,383,269	16,334,836	16,438,655	
	Gas	Jeonbuk Bank	MJ	227,384	250,356	260,405	
		Kwangju Bank	MJ	180,431	212,442	259,723	
		JB Woori Capital	MJ	5,964	6,052	7,663	
		Total	MJ	413,779	468,850	527,791	
Energy Usage Per Unit	Number of Executives and Employees	Jeonbuk Bank	People	387	404	419	Subsidiaries' Head Offices JB Financial Group Owns
		Kwangju Bank	People	523	461	486	
		JB Woori Capital	People	196	198	193	
		Total	People	1,106	1,063	1,098	
	Electricity Usage Per Person	Jeonbuk Bank	Kwh/person	15,588	15,702	14,925	Subsidiaries' Head Offices JB Financial Group Owns
		Kwangju Bank	Kwh/person	11,420	18,532	18,039	
		JB Woori Capital	Kwh/person	7,031	7,313	7,346	
		Total	Kwh/person	12,101	15,367	14,971	
Environment-Friendly Car	Environment-Friendly Car	Jeonbuk Bank	%	75	76	77	
		Kwangju Bank	%	66	67	67	
		Total (Average)	%	70.5	71.5	71.8	

Independent Auditors' Report

English Translation of Independent Auditors' Report Originally Issued in Korean on March 15, 2018.

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The board of directors and Shareholders
JB Financial Group Co., Ltd.:

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of JB Financial Group Co., Ltd. and its subsidiaries (the "Group"), which comprise the consolidated statements of financial position as of December 31, 2017 and 2016, respectively, and the related consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows, all expressed in Korean won, for the years ended December 31, 2017 and 2016, respectively, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an audit opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Korean Standards on Auditing ("KSAs"). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2017 and 2016, respectively, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2017 and 2016, respectively, in accordance with K-IFRS.

This report is effective as of March 15, 2018, the auditors' report date. Certain subsequent events or circumstances may have occurred between the auditors' report date and the time the auditors' report is read. Such events or circumstances could significantly affect the consolidated financial statements and may result in modifications to the auditors' report.

ISO 26000 Performance Assessment Report

Assessment Standard

As part of the service provided to the Korean Agency for Technology and Standards, Korea Standard Association (“We”) developed an assessment checklist for the evaluation of JB Financial Group’s performance on social responsibility. This assessment report provides the results and improvements in JB Financial Group’s performance related to social responsibility processes and 7 core subjects of ISO 26000

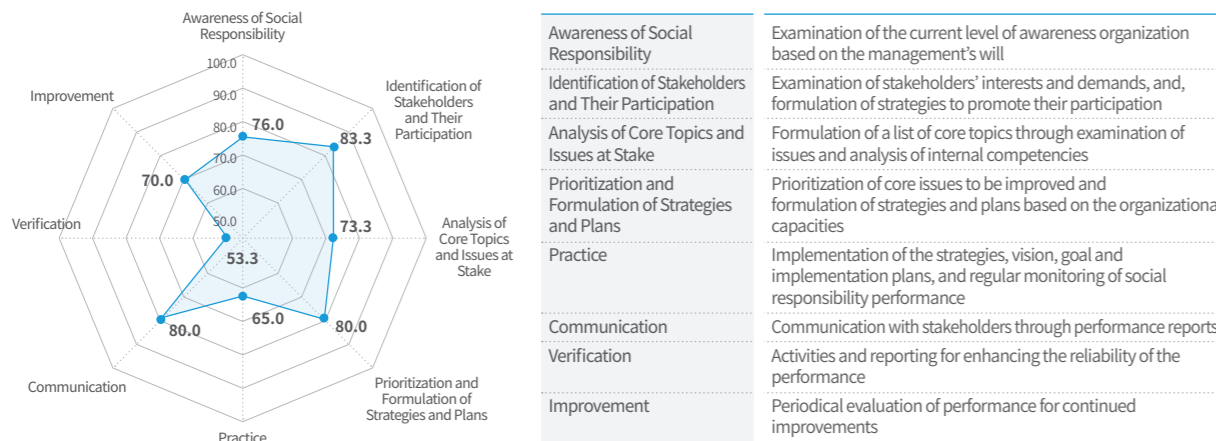
Assessment Scope

We assessed JB Financial Group’s processes and performance related to social responsibility. More specifically, we assessed JB Financial Group’s long-term strategy and execution thereof, stakeholders’ involvement and the Group’s social responsibility activities, etc. Assessment method We performed the following activities to collect appropriate data and information based on the assessment criteria of the ISO 26000.

- Review of JB Financial Group’s internal data related to activities and performance in corporate social responsibility.
- Interviews with JB Financial Group’s personnel in charge of each corporate social responsibility subject

ISO 26000 Performance Assessment Results by Process

Publishing its first sustainability report, JB Financial Group selected and prioritized core subjects on sustainable management through stakeholders’ participation and based on ISO 26000. ISO 26000 Assessment was focused on the performance of JB Financial Group’s key subsidiaries, Jeonbuk Bank and Kwangju Bank. We advise JB Financial Group to establish a systematic system so that it can continue to formulate goals and implementation strategies for the Group’s socially responsible management and improve its performance to the level demanded by the international community.



Awareness of Social Responsibility	Examination of the current level of awareness organization based on the management’s will
Identification of Stakeholders and Their Participation	Examination of stakeholders’ interests and demands, and, formulation of strategies to promote their participation
Analysis of Core Topics and Issues at Stake	Formulation of a list of core topics through examination of issues and analysis of internal competencies
Prioritization and Formulation of Strategies and Plans	Prioritization of core issues to be improved and formulation of strategies and plans based on the organizational capacities
Practice	Implementation of the strategies, vision, goal and implementation plans, and regular monitoring of social responsibility performance
Communication	Communication with stakeholders through performance reports
Verification	Activities and reporting for enhancing the reliability of the performance
Improvement	Periodical evaluation of performance for continued improvements

ISO 26000 Performance Assessment Results by Seven Core Subjects

Organizational Governance | JB Financial Group has improved the principles and organizational structure for corporate social responsibility (CSR) management. We advise the Group to apply those principles throughout the management processes and effectively operate organizations related to CSR management such as CSR management committee and CSR working group.

Human Rights | We advise the Group to identify the risks and impacts on human rights within the Group’s value chain including all stakeholders and, to use the analysis of those data to formulate human rights policies for the entire Group, establish procedure for inspecting the human rights and select human rights personnel and training appropriate for the Group.

Labor Practices | Customer labor practices are being carried out within the same industry. We advise the Group to develop programs for the sustainable lives of the executives and employees such as retirement programs and, to share the effects of CSR management with the stakeholders.

Environment | The Group is working to minimize its environmental impact by introducing high-efficient equipment and making relevant investment and is also providing environment-friendly products but the Group is in urgent need of environmental performance management such as establishing a greenhouse gas inventory. We advise the Group to expand the scope of its environmental management to all branches of its subsidiaries at home and abroad and, to provide more environmental-friendly products and services.

Fair Operating Practices | We advise the Group to develop and provide substantial support and programs that could improve and strengthen awareness of social responsibility to all stakeholders within its value chain including the partners and, to strive towards socially responsible management with others.

Consumer Issues | JB Financial Group provides education on economy and finance to the financially disadvantaged and vulnerable groups, operates ‘Mobile Finance Class’ and participate in activities that help the financial consumers. We advise the Group to continue to increase the number of beneficiaries of those activities by developing more support channels off- and online.

Community Involvement and Development | We advise the Group to apply its principles for purchasing from the local companies and co-operating with the local organizations to produce financial professionals in the communities, to the countries where the Group is operating businesses at, develop opportunities to generate more values and expand its impact on the global community.



Organizational Governance	Practices that comply with the principles of social responsibility principles and incorporate those principles to existing systems, policies, and practices
Human Rights	Practices that protect and have respect for human rights within the organization and the area where its influence reaches
Labor Practices	Labor policies and practices that have effects on employees’ labor conditions, within JB Financial Group and its partners
Environment	Comprehensive approach to minimizing environmental impact of the decision and practices of the organization
Fair Operating Practices	Practices that are interested in maintaining transactions among JB Financial Group, its partners and suppliers ethical.
Consumer Issues	Activities for protecting consumer rights such as consumer education, disclosure of fair and transparent marketing information and promotion of sustainable consumption
Community Involvement and Development	Recognizing and having respect for communities’ rights and, maximizing the support and opportunities towards ensuring those rights.

Conclusion

According to the ISO 26000 Performance Assessment, JB Financial Group was found to be at SR performance level III, scoring 257 out of 360 for process, 547 out of 640 for performance and a total of 794 points. JB Financial Group with JB Financial Group’s CSR Team taking initiative and stakeholders actively participating, is striving to realize a level of CSR management that the international community demands. We advise JB Financial Group to continue to be aware of CSR with its core competencies as a global financial corporation and, to expand its scope of management for CSR to include all the stakeholders, subsidiaries and partners within its value chain.

June 2018
Lee, Sang-jin
CEO, Korea Standard Association



Korea Standard Association (KSA) is a special public corporation founded in 1962 pursuant to Article 32 of the Industrial Standardization Act and it is a knowledge service providing organization that promotes and provides industrial standardization, quality management, sustainable management and KS & ISO certifications to industries. KSA contributes to the sustainable development of our society as the official advisory organization in Korea for ISO 26000, GRI-designated educational institution, AA1000 qualification agency, Korean Sustainability Index (KSI)-operating organization, UN CDM operating organization and the organization for certifying Greenhouse Gas Target Management System.

Third Party Assurance

Dear JB Financial Group Management and Stakeholders,

INTRODUCTION

The Korean Standards Association (“KSA”) was commissioned by JB Financial Group to perform a Third-party Assurance Engagement of ‘JB Financial Group 2017-2018 Integrated Sustainability Report’ (the “Report”). KSA presents independent opinions to the result of feasibility of the data contained in this Report. JB Financial Group has sole responsibility for contents and performance contained in this Report.

INDEPENDENCE

As an independent assurance agency, KSA does not have any kind of commercial interest in businesses of JB Financial Group apart from undertaking a third-party assurance on the Report. We have no other contract with JB Financial Group that may undermine credibility and integrity as an independent assurance agency.

ASSURANCE STANDARDS AND LEVEL

This Assurance Engagement followed the AA1000AS (2008) assurance standards to provide Moderate Level assurance. We checked the three principles of inclusivity, materiality, and responsiveness in combination with information credibility of the Report. We also verified whether the Report content was created in accordance with the GRI standard.

ASSURANCE TYPE, SCOPE AND LIMITATIONS

We performed a Type 2 Assurance Engagement in accordance with AA1000AS. This implies that we verified the accuracy and quality of the statements made by JB Financial Group and the sustainability performance data included in this Report. The scope of verification is a period from Jan 1, 2017 to Dec 31, 2017, and depending on the content, includes some information for the first half of 2018. The scope of this Assurance Engagement primarily includes the systems and initiatives undertaken by JB Financial Group including its sustainable management policies, goals, projects, standards and performance during the reporting period defined in the Report. While the company’s environmental and social data as well as financial data was verified, the scope of review concerning stakeholder engagement was limited to the materiality test process.

METHODOLOGY

The Assurers collected data, information, and evidence via following method.

- Written interview with sustainability managers in JB Financial Group
- Analysis and verification on Report draft data of JB Financial Group
- Crosscheck between financial performance data in the Report and the data in the Assurers’ report on the Company’s financial statements and disclosures
- Track and examine internal documents and basic data
- JB Financial Group in-person assurance

ASSURANCE RESULTS AND OPINIONS [On an assurance principle/process level]

KSA reviewed the draft version of this Report to present our opinions as an assurance provider. Modifications were made of the Report content if deemed necessary. Assurers were not aware of any significant errors or inappropriate descriptions in this Report during the Assurance Engagement. As such, we present our opinions of the 2017-2018 JB Financial Group Integrated Sustainability Report as follows.

[Inclusivity]

- Have JB financial stakeholders included stakeholders in the process of strategically responding to sustainability?

The Assurers confirmed that JB Financial Group strives to establish a participatory process and recognizes the importance of stakeholder participation in promoting sustainable management. In addition, the assurers confirmed that JB Financial Group classify interests into eight groups: individual customers, corporate customers, local communities, partner companies, the public sector, the media, employees and non-regular employees / interns, and JB Financial Group have communication channels by stakeholder groups, confirmed that various opinions are collected through this.

[Materiality]

- Has JB Financial Group included important information for the wise judgment of stakeholders in the report?

The Assurers believe that JB Financial Group did not omit or omit important information from stakeholders. We have confirmed that JB Financial Group has conducted a materiality assessment based on business importance and stakeholder interest to derive priority issues.

[Responsiveness]

- Has JB Financial Group appropriately responded to the needs and interests of stakeholders?

The Assurers have verified JB Financial Group responded stakeholders’ needs and interests through reflecting stakeholders’ opinions in the Report. We are not aware of any evidence that JB Financial Group’s response to significant issues of stakeholders was reported inappropriately.

GRI STANDARDS STANDARD APPLICATION

The Assurers have verified that the Report was prepared in accordance with the Core Option of GRI Standards. Based on the data provided by JB Financial Group, contents in relation to Universal Standards and Topic-specific Standards are confirmed facts.

[Universal Standards]

The Assurers have verified that the Report complied with the requirements of Core Option of GRI Standard and the following indices

102-1 to 102-13 (Organizational profile), 102-14 (Strategy), 102-16 (Ethics and integrity), 102-18 to 102-39 (Governance), 102-40 to 102-44 (Stakeholder engagement), 102-45 to 102-56 (Report practice), 103 (Management Approach).

[Topic-specific Standards]

The Assurers have verified that specified disclosure list on Material Aspect that was deduced disclosure list determination process, and the following indices.

- 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, 304-2, 307-1
- Social: 401-1~3, 402-1, 403-1~2, 404-1~3, 405-1~2, 406-1, 408-1, 409-1, 410-1, 412-1~2, 413-1~2, 415-1, 417-1~3, 418-1, 419-1

In addition, the Assurers has verified in compliance to the following indices of financial service sector

- Financial Accessibility: FS13

OPINIONS AND RECOMMENDATIONS [Performance/Issues]

The Assurers offer the following proposal to implement strategies in sustainability management in response to the issues with coherence at an organizational level in JB Financial Group.

[Economic performance]

JB Financial Group, who takes wise growth, change and innovation as core value, eager to become the best financial group specializing in small business oriented, have achieved steady growth through risk management while the local economy slowed down along with the industry risk. It has gain differentiating competitiveness, making its leap to become the best as small business finance specialist. In the future, proactive response to the financial risk such as domestic financial policy changes and fluctuating financial climate such as changes in oversea interest rate, as well as managing economic uncertainty such as non-financial risk, will be helpful to inform stakeholders in regards to sustainability in the long term.

[Environmental performance]

It is positive to find thorough management on environmental data such as environmental-friendly investment, energy and water usage response to the elevating impact of environmental finance on social, economic and environmental fields in the global setting. Global financial institutes are actively involved in environmentally responsible finance as their core issue in response to the growing demand of the stakeholders on environmental improvement. JB Finance Group as comprehensive financial company, would need to expand diversifying investment targets for environmentally responsible finance in realization of sustainable society. In addition, the assurers recommend on establishing standard work guidelines on quantitative indicators and improvement on data recording, storage and management.

[Social performance]

The Assurers recommend JB Financial Group to establish fair process internally and rebuild trust with stakeholders externally, regarding the social issues originated from the malpractice from the past. In addition, it is recommended to systematically manage the issues that were found in the process of collecting the management data for the Report to find improved sustainability report writing process in coming year.



AA1000
Licensed Assurance Provider
000-70

June 2018
Sang-Jin Lee, KSA Chairman & CEO.

Korean Standards Association (KSA), established as a special corporation in accordance with the Law for Industrial Standardization in 1962, is serving as a knowledge service provider who distributes and disseminates such services as industrial standardization, quality management, sustainability management, KS certification and ISO certification. KSA is committed to the sustainable development of Korean society as an ISO 26000 national secretary, certified GRI training partner, AA1000 assurance provider, KSI (Korea Sustainability Index) operator, UN CDM DOE (development operational entity), and assurance provider of the Korean government’s greenhouse gas energy target management system

GRI Standard Cotents Index (Core Option)

Universal Standards				
GRI 102: General Disclosure				
Category	No	Contents Index	Page and Status	Assurance
Organizational Profile	102-1	Name of the organization	6	■
	102-2	Activities, brands, products, and services	8~10	■
	102-3	Location of headquarters	7	■
	102-4	Location of operations	7	■
	102-5	Ownership and legal form	6	■
	102-6	Markets served	7	■
	102-7	Scale of the organization	6	■
	102-8	Information on employees and other workers	6, 70~72	■
	102-9	Supply chain	7	■
	102-10	Significant changes to the organization and its supply chain	4-5	■
	102-11	Precautionary Principle or approach	30~32	■
	102-12	External initiatives	86	■
	102-13	Membership of associations	86	■
Strategy and Analysis	102-14	Statement from senior decision-maker	2~3	■
Ethics and Integrity	102-16	Values, principles, standards, and norms of behavior	26, 28~29, 32~33	■
Governance	102-18	Governance structure	34	■
	102-19	Delegating authority	29	■
	102-20	Executive-level responsibility for economic, environmental, and social topics	27	■
	102-21	Consulting stakeholders on economic, environmental, and social topics	9, 29, 38~39	■
	102-22	Composition of the highest governance body and its committees	34~35	■
	102-23	Chair of the highest governance body	34~35	■
	102-24	Nominating and selecting the highest governance body	34	■
	102-25	Conflicts of interest	34	■
	102-26	Role of highest governance body in setting purpose, values, and strategy	27, 34~35	■
	102-27	Collective knowledge of highest governance body	27	■
	102-28	Evaluating the highest governance body's performance	35	■
	102-29	Identifying and managing economic, environmental, and social impacts	27	■
	102-30	Effectiveness of risk management processes	30~31	■
	102-31	Review of economic, environmental, and social topics	27, 36~39	■
	102-32	Highest governance body's role in sustainability reporting	27	■
	102-33	Communicating critical concerns	27, 31, 35	■
	102-34	Nature and total number of critical concerns	31, 35	■
102-35	Remuneration policies	35	■	
102-36	Process for determining remuneration	35	■	
102-37	Stakeholders' involvement in remuneration	35	■	
102-38	Annual total compensation ratio	35	■	
102-39	Percentage increase in annual total compensation ratio	35	■	
Stakeholder Engagement	102-40	List of stakeholder groups	36~37	■
	102-41	Collective bargaining agreements	52	■
	102-42	Identifying and selecting stakeholders	36	■
	102-43	Approach to stakeholder engagement	36~37	■
	102-44	Key topics and concerns raised	37~39	■

Appendices

GRI Standard Cotents Index (Core Option)	83
UN Global Compact Principles Compliance	86
Membership	86
Major Awards	86

Universal Standards				
GRI 102: General Disclosure				
Category	No	Contents Index	Page and Status	Assurance
Report Profile	102-45	Entities included in the consolidated financial statements	6	■
	102-46	Defining report content and topic Boundaries	About This Report, 41	■
	102-47	List of material topics	41	■
	102-48	Restatements of information	Not applicable	■
	102-49	Changes in reporting	Not applicable	■
	102-50	Reporting period	About This Report	■
	102-51	Date of most recent report	First Reporting	■
	102-52	Reporting cycle	About This Report	■
	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	■
	102-55	GRI content index	83-85	■
	102-56	External assurance	About This Report	■

Topic-specific Standards				
GRI 200: Economic				
Category	No	Contents Index	Page and Status	Assurance
Management Approach	103	Explanation of the material topic and its Boundary, The management approach and its components	39, 42	■
Economic Performance	201-1	Direct economic value generated and distributed	6, 8~9, 68	■
	201-2	Financial implications and other risks and opportunities due to climate change	61, 63	■
	201-3	Defined benefit plan obligations and other retirement plans	74	■
Market Presence	202-2	Proportion of senior management hired from the local community	70	■
Indirect Economic Impacts	203-1	Infrastructure investments and services supported	69	■
	203-2	Significant indirect economic impacts	8~9	■
Procurement Practices	204-1	Proportion of spending on local suppliers	74	■
Anti-corruption	205-1	Operations assessed for risks related to corruption	69	■
	205-2	Communication and training about anti-corruption policies and procedures	32~33	■
	205-3	Confirmed incidents of corruption and actions taken	69	■
Anti-competitive Behavior	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	No Cases	■

Topic-specific Standards				
GRI 300: Environmental				
Category	No	내용	Page and Status	Assurance
Management Approach	103	Explanation of the material topic and its Boundary, The management approach and its components	39, 58	■
Materials	301-1	Materials used by weight or volume	76	■
Energy	302-1	Energy consumption within the organization	76	■
	302-3	Energy intensity	76	■
	302-4	Reduction of energy consumption	76	■
	302-5	Reductions in energy requirements of products and services	76	■
Water	303-1	Water withdrawal by source	76	■
Biodiversity	304-2	Significant impacts of activities, products, and services on biodiversity	Not applicable	■
Environmental Compliance	307-1	Non-compliance with environmental laws and regulations	No Cases	■

Topic-specific Standards				
GRI 400: Society				
Category	No	Contents Index	Page and Status	Assurance
Management Approach	103	Explanation of the material topic and its Boundary, The management approach and its components	39, 50, 58	■
Employment	401-1	New employee hires and employee turnover	70	■
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	54-55	■
	401-3	Parental leave	73	■
Labor/Management Relations	402-1	Minimum notice periods regarding operational changes	30 days	■
Occupational Health and Safety	403-1	Workers representation in formal joint management-worker health and safety committees	72	■
	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	74	■
Training and Education	404-1	Average hours of training per year per employee	73	■
	404-2	Programs for upgrading employee skills and transition assistance programs	53-55	■
	404-3	Percentage of employees receiving regular performance and career development reviews	100%	■
Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	70~72	■
	405-2	Ratio of basic salary and remuneration of women to men	73	■
Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	No Cases	■
Child Labor	408-1	Operations and suppliers at significant risk for incidents of child labor	Not applicable	■
Forced or Compulsory Labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Not applicable	■
Human Rights Assessment	412-1	Operations that have been subject to human rights reviews or impact assessments	69	■
	412-2	Employee training on human rights policies or procedures	32~33	■
Local Communities	413-1	Operations with local community engagement, impact assessments, and development programs	74-75	■
	413-2	Operations with significant actual and potential negative impacts on local communities	Not applicable	■
Public Policy	415-1	Political contributions	Not applicable	■
Marketing and Labeling	417-1	Requirements for product and service information and labeling	44-48	■
	417-2	Incidents of non-compliance concerning product and service information and labeling	No Cases	■
	417-3	Incidents of non-compliance concerning marketing communications	No Cases	■
Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	No Cases	■
Socioeconomic Compliance	419-1	Non-compliance with laws and regulations in the social and economic area	No Cases	■

Financial Services Sector Supplement				
Category	No	Contents Index	Page and Status	Assurance
Financial Assessibility	FS13	Access points in low-populated or economically disadvantaged areas by type	48	■



UN Global Compact Principles Compliance

Category	10 principles	Page
Human right	principle 1 Businesses should support and respect the protection of internationally proclaimed human rights; and	26
	principle 2 make sure that they are not complicit in human rights abuses.	51~53
Labour Standards	principle 3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	26
	principle 4 the elimination of all forms of forced and compulsory labour;	26
	principle 5 the effective abolition of child labour; and	51
	principle 6 the elimination of discrimination in respect of employment and occupation.	51~53
Environment	principle 7 Businesses should support a precautionary approach to environmental challenges;	26, 28~29
	principle 8 undertake initiatives to promote greater environmental responsibility; and	61~63
	principle 9 encourage the development and diffusion of environmentally friendly technologies.	63
Anti-Corruption	principle 10 Businesses should work against corruption in all its forms, including extortion and bribery.	32~33

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	2017 Minister of Education's Korea Educational Contribution Award	Kwangju Bank JB Woori Capital	2017 Korean Red Cross Highest Honorary Award
	2017 President's Award for Job Creation		2017 Korea Management Awards _ Grand Prize in the Auto Installment Category
	2017 Korea Financial Award _ Grand Prize in the Bank Category		2017 Consumers' Choice Best Brand Award _ Grand Prize in the Auto Installment Category

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