

# Pusan Bank

## 2003 Earnings and 2004 Outlook

February 2004

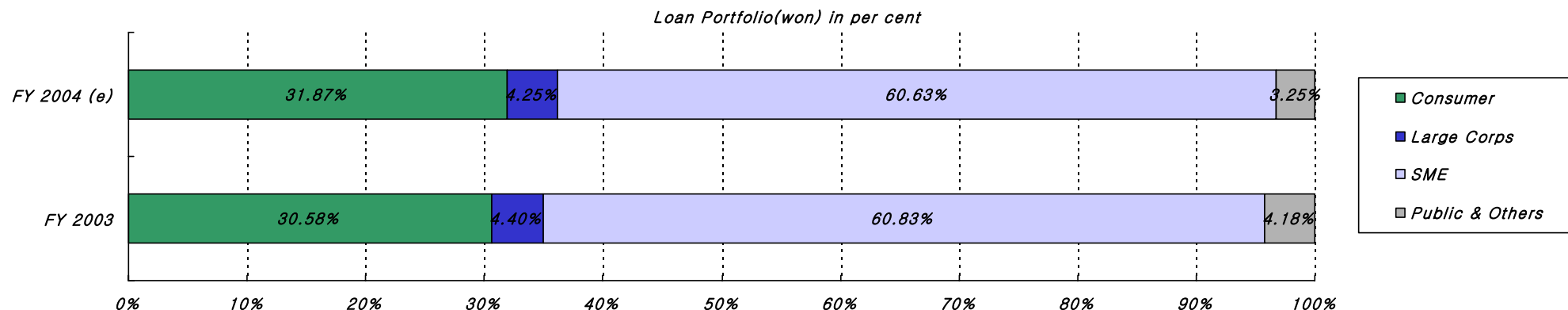
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	FY04(e)	FY03				FY02	FY04 vs FY03	FY03 vs FY02
		4Q	3Q	2Q	1Q			
<b>Total Assets</b>	19,070.0	<b>17,506.7</b>	17,341.7	17,004.4	17,015.9	16,225.9	8.93 %	7.89 %
<b>Total Deposits</b>	15,700.0	<b>14,073.9</b>	13,777.2	13,471.6	13,532.6	13,023.7	11.55 %	8.06 %
<b>Total Loans</b>	10,580.0	<b>9,296.0</b>	9,048.2	8,702.7	8,299.8	8,014.2	13.81 %	15.99 %
<b>Paid-in Capital</b>	733.4	<b>733.4</b>	733.4	733.4	733.4	733.4	-	-
<b>Total Shareholders' Equity</b>	1,035.4	<b>936.9</b>	905.4	863.4	820.7	815.8	10.51 %	14.84 %
<b>Leverage(Banking Account)</b>	17.51	<b>17.46</b>	17.75	18.20	18.83	17.82	0.05	- 0.36
<b>Net Income</b>	150.0	<b>121.3</b>	87.6	51.0	13.0	148.0	23.66 %	- 18.04 %
<b>ROA</b>	0.88 %	<b>0.79 %</b>	0.77 %	0.69 %	0.36 %	1.09 %	0.09 %p	- 0.30 %p
<b>ROE</b>	15.82 %	<b>13.91 %</b>	13.57 %	12.22 %	6.41 %	20.09 %	1.91 %p	- 6.18 %p
<b>BIS Capital Ratio</b>	10.92 %	<b>11.66 %</b>	11.41 %	11.20 %	11.01 %	11.69 %	- 0.74 %p	- 0.03 %p
<b>(Tier 1)</b>	9.20 %	<b>9.32 %</b>	9.48 %	9.27 %	9.02 %	9.21 %	0.12 %p	0.11 %p
<b>NIM</b>	3.27 %	<b>3.22 %</b>	3.17 %	3.17 %	3.25 %	3.39 %	0.05 %p	- 0.17 %p
<b>Cost Income Ratio</b>	45.44 %	<b>45.46 %</b>	43.25 %	41.94 %	51.58 %	43.68 %	-0.02 %p	1.78 %p
<b>NPLs</b>	n.a.	<b>1.19 %</b>	1.56 %	1.47 %	1.90 %	1.45 %	-0.06 %p	-
<b>S&amp;B Loan Ratio</b>	1.60 %	<b>1.63 %</b>	2.15 %	2.07 %	2.62 %	2.22 %	-0.03 %p	- 0.59 %p
<b>S&amp;B Loan Coverage Ratio</b>	91.43 %	<b>89.94 %</b>	80.50 %	90.96 %	77.02 %	83.73 %	1.52 %p	6.21 %p



	FY04(e)	FY03				FY02	FY04 vs FY03	FY03 vs FY02
		4Q	3Q	2Q	1Q			
<b>Loans in Won</b>	<b>9,787.0</b>	<b>8,566.3</b>	8,285.2	7,962.4	7,568.9	7,320.7	14.3 %	17.0 %
<b>Consumer</b>	<b>3,119.0</b>	<b>2,619.7</b>	2,459.2	2,375.1	2,203.7	2,123.2	19.1 %	23.4 %
<b>Large Corps</b>	<b>416.1</b>	<b>377.2</b>	405.9	405.1	406.7	350.9	10.3 %	7.5 %
<b>SME</b>	<b>5,933.9</b>	<b>5,210.9</b>	5,075.8	4,813.3	4,614.5	4,491.7	13.9 %	16.0 %
<b>Public &amp; Others</b>	<b>318.0</b>	<b>358.4</b>	344.3	368.9	344.0	354.9	- 11.3 %	1.0 %
<b>Loans in Foreign Currency</b>	<b>321.0</b>	<b>289.1</b>	260.4	231.0	251.3	211.7	11.0 %	36.6 %
<b>Trust Lending</b>	<b>29.5</b>	<b>26.4</b>	31.5	30.4	33.3	35.7	11.7 %	- 26.1 %
<b>Others</b>	<b>442.5</b>	<b>414.2</b>	471.1	478.9	446.3	446.1	6.8 %	- 7.2 %
<b>Total Loan</b>	<b>10,580.0</b>	<b>9,296.0</b>	9,048.2	8,702.7	8,299.8	8,014.2	13.8 %	16.0 %

	FY04(e)	FY03				FY02	FY04 vs FY03	FY03 vs FY02
		4Q	3Q	2Q	1Q			
<b>Deposits in Won</b>	<b>13,424.0</b>	<b>12,215.4</b>	11,787.1	11,557.1	11,559.7	10,958.3	9.9 %	11.5 %
<b>Demand</b>	<b>1,199.0</b>	<b>1,124.9</b>	1,139.5	1,146.2	1,106.9	1,097.6	6.6 %	2.5 %
<b>Savings</b>	<b>11,990.0</b>	<b>10,871.2</b>	10,425.2	10,186.6	10,203.4	9,618.2	10.3 %	13.0 %
<b>Mutual Installment</b>	<b>235.0</b>	<b>219.3</b>	222.4	224.3	249.4	242.5	7.2 %	- 9.6 %
<b>CD</b>	<b>42.0</b>	<b>43.0</b>	30.1	39.1	28.9	35.4	-2.33 %	21.5 %
<b>Bills Sold</b>	<b>6.0</b>	<b>6.0</b>	6.2	6.6	9.1	9.5	0.0 %	- 36.8 %
<b>RP</b>	<b>1,098.0</b>	<b>425.6</b>	473.6	336.5	143.2	53.6	158.0 %	694.0 %
<b>Finance Debentures Issued</b>	<b>200.0</b>	<b>200.0</b>	200.0	200.0	200.0	200.0	0.0 %	-
<b>Money in Trust</b>	<b>930.0</b>	<b>1,183.7</b>	1,280.2	1,332.3	1,591.6	1,766.9	-21.43 %	-33.0 %
<b>Total Deposits</b>	<b>15,700.0</b>	<b>14,073.7</b>	13,777.2	13,471.6	13,532.6	13,023.7	11.6 %	8.1 %

	FY04(e)	FY03					FY02	FY03 vs FY02
		Full Yr.	4Q	3Q	2Q	1Q		
<b>Operating Income</b>	<b>1,218.4</b>	<b>1,093.6</b>	<b>284.6</b>	271.1	271.8	266.1	1,093.4	0.02 %
Interest Income	<b>1,017.8</b>	<b>914.6</b>	<b>234.6</b>	231.9	225.8	222.3	906.1	0.94 %
Fee & Commission Income	<b>148.2</b>	<b>120.5</b>	<b>32.7</b>	28.7	30.0	29.1	116.8	3.17 %
Trust Related Income	<b>10.7</b>	<b>14.5</b>	<b>1.3</b>	1.4	6.0	5.8	32.5	- 55.38 %
Others	<b>41.8</b>	<b>44.0</b>	<b>19.0</b>	9.1	10.0	8.9	38.0	15.79 %
<b>Operating Expenses</b>	<b>990.3</b>	<b>957.4</b>	<b>234.4</b>	233.0	242.9	247.1	892.8	7.24 %
Interest Expenses	<b>471.9</b>	<b>436.6</b>	<b>106.5</b>	107.1	112.0	111.0	470.3	- 7.17 %
Fee & Commission Expenses	<b>19.8</b>	<b>19.0</b>	<b>4.9</b>	5.3	4.2	4.6	18.9	0.53 %
Trust Related Expense	-	-	-	-	-	-	-	
G&A Expenses	<b>303.0</b>	<b>266.1</b>	<b>70.5</b>	65.7	59.8	70.1	241.4	10.23 %
Others	<b>60.8</b>	<b>61.2</b>	<b>17.8</b>	16.1	13.3	14.1	44.4	37.84 %
Provisions for Loan Losses	<b>134.8</b>	<b>174.5</b>	<b>34.7</b>	38.8	53.6	47.3	117.8	48.13 %
<b>Net Operating Income</b>	<b>228.1</b>	<b>136.2</b>	<b>50.2</b>	38.1	28.9	19.0	200.6	- 32.10 %
<b>Non-Operating Income</b>	<b>- 14.8</b>	<b>- 9.9</b>	<b>- 11.5</b>	- 1.5	9.1	-6.0	-52.6	- 81.18 %
<b>Ordinary Income</b>	<b>213.4</b>	<b>126.3</b>	<b>38.7</b>	36.6	38.0	13.0	148.0	- 14.66 %
<b>Extra-Ordinary Gain</b>	<b>0</b>	<b>0</b>	<b>0</b>	0	0	0	0	
<b>Income Before Income Taxes</b>	<b>213.4</b>	<b>126.3</b>	<b>38.7</b>	36.6	38.0	13.0	148.0	- 14.66 %
<b>Income Tax Expenses</b>	<b>63.4</b>	<b>5.0</b>	<b>5.0</b>	0	0	0	0	
<b>Net Income</b>	<b>150.0</b>	<b>121.3</b>	<b>33.7</b>	36.6	38.0	13.0	148.0	- 18.04 %

***Pusan Bank(KS005280) announced Full Year 2003 Net Income of 121.3 billion krw***

➤ ***Profitability***

- *4<sup>th</sup> quarter 2003 net income of 33.7 billion, up 66.01% compared with 20.3 billion krw a year ago*
- *Full year 2003 net income was 121.3 billion krw, down 18.04% compared with 148.0 billion krw in 2002*
- *Net Interest Income and Net Fee& Commission Income slightly rose 9.7% and 3.7% respectively*
- *Income before Provision also increased 15.3% reflecting sound improvement in bank's profitability*

➤ ***Growth***

- *Total assets, total deposits and total loans grew 7.89%, 8.06% and 15.99% respectively*

➤ ***Asset Quality***

- *Total delinquency ratio decreased to 1.35% from 1.74%*
- *Substandard & Below loan ratio also showed improvements, down to 1.63% from 2.22% a year ago*
- *S&B loan coverage ratio increased 6.21%p to 89.94%*

➤ ***Capital Adequacy***

- *BIS Capital ratio was 11.66%, the highest among peers*
- *TIER I ratio was 9.32%, up 0.11%p*

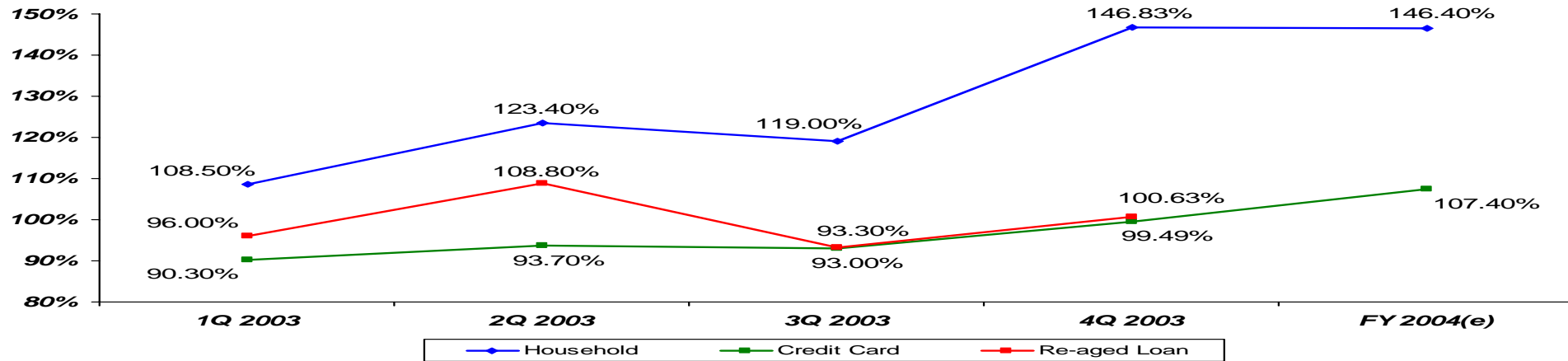
➤ ***However, due to increased provision expenses, the bank's 2003 full year net income decreased 18.04%***

	FY04	FY03 Full yr	FY 2003 (per quarter)				FY02
			4Q	3Q	2Q	1Q	
Corporate	23.7	11.3	2.4	- 8.3	8.2	9.0	46.1
Household	26.9	43.4	9.0	11.3	12.5	10.6	22.2
Credit Card	84.2	87.3	13.9	22.4	26.6	24.4	44.3
Reaged Loans	-	32.5	9.5	13.4	6.3	3.3	-
<b>Total</b>	<b>134.8</b>	<b>174.5</b>	<b>34.8</b>	<b>38.8</b>	<b>53.6</b>	<b>47.3</b>	<b>112.6</b>

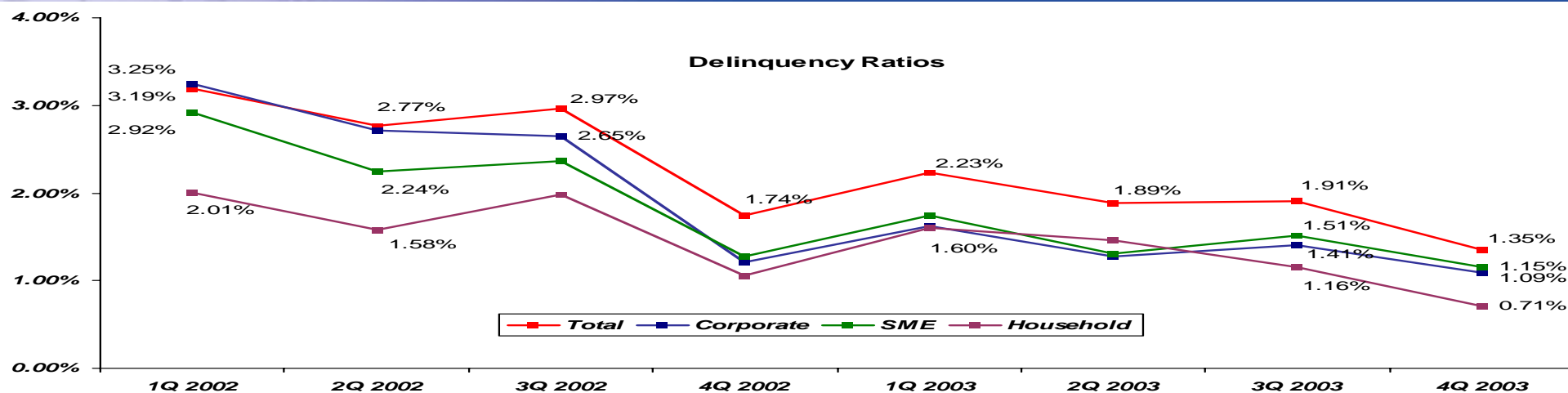
	FY04(e)	4Q03	3Q03	2Q03	1Q03	FY02	FY04 vs FY02	FY03 vs FY02
<b>Total Loan Amount</b>	11,165.4	<b>9,884.9</b>	9,670.3	9,282.5	8,954.6	8,685.4	14.5 %	12.23 %
<b>Normal</b>	10,767.3	<b>9,514.6</b>	9,193.6	8,820.5	8,464.2	8,277.5	14.8 %	13.3 %
	(96.4%)	<b>(96.3%)</b>	(95.1%)	(95.0%)	(94.5%)	(95.3%)		
<b>Precautionary</b>	219.5	<b>210.3</b>	269.3	269.6	256.1	215.0	4.4 %	- 2.2 %
	(2.0%)	<b>(2.13%)</b>	(2.8%)	(2.9%)	(2.9%)	(2.5%)		
<b>Substandard</b>	91.5	<b>102.5</b>	133.6	124.6	163.9	140.0	- 9.5 %	- 27.8 %
	(0.8%)	<b>(1.04%)</b>	(1.4%)	(1.3%)	(1.8%)	(1.6%)		
<b>Doubtful</b>	79.8	<b>43.0</b>	55.5	46.1	48.0	35.2	85.6 %	22.2 %
	(0.7%)	<b>(0.44%)</b>	(0.6%)	(0.5%)	(0.5%)	(0.4%)		
<b>Loss</b>	7.3	<b>14.5</b>	18.3	21.7	22.4	17.8	- 49.7 %	- 18.5 %
	(0.1%)	<b>(0.15%)</b>	(0.2%)	(0.2%)	(0.3%)	(0.2%)		
<b>Substandard &amp; Below Loan</b>	178.6	<b>160.0</b>	207.4	192.4	234.4	193.0	12.6 %	-17.8 %
<b>S&amp;B Loan Ratio</b>	(1.60%)	<b>(1.63%)</b>	(2.15%)	(2.07%)	(2.62%)	(2.22%)	- 0.03%p	-0.59 %p
<b>S&amp;B Loan Coverage Ratio</b>	91.43%	<b>89.94%</b>	80.50%	90.96%	77.02%	83.73%	1.52 %p	6.21 %p
<b>Precautionary &amp; Below Loans</b>	398.1	<b>370.3</b>	476.7	462.0	490.5	408.0	7.9 %	-9.6 %
<b>P&amp;B Loan Ratio</b>	(3.57%)	<b>(3.78%)</b>	(4.93%)	(4.98%)	(5.48%)	(4.70%)	- 0.21 %p	-0.92 %p
<b>P&amp;B Loan Coverage Ratio</b>	41.02%	<b>38.51%</b>	35.03%	37.88%	36.80%	39.61%	2.35 %p	-0.94 %p
<b>Write-offs</b>	140.0	<b>190.3</b>	137.1	87.1	32.4	57.2	- 26.4 %	232.7 %
<b>NPLs Sold</b>	46.0	<b>46.4</b>	25.5	25.5	-	27.8	-0.9 %	66.9 %
<b>Provision for Loan Losses</b>	163.3	<b>142.0</b>	167.0	175.0	180.5	161.6	15.0 %	-8.9 %



	FY03				FY02	FY03 vs FY02
	4Q	3Q	2Q	1Q		
<b>Total Loans</b>	<b>6,138.8</b>	6,360.0	5,805.9	4,651.7	4,494.4	36.59 %
<b>Normal</b>	<b>5,972.3</b>	6,107.0	5,578.8	4,442.0	4,330.2	37.92 %
	<b>(97.3 %)</b>	(96.02%)	(96.09%)	(95.49%)	(96.35%)	0.95 %p
<b>Precautionary</b>	<b>65.5</b>	120.5	106.8	76.6	56.9	15.11 %
	<b>(1.1 %)</b>	(1.89%)	(1.84%)	(1.27%)	(1.27%)	- 0.17 %p
<b>Substandard</b>	<b>88.5</b>	111.6	103.5	116.4	99.4	-10.97 %
	<b>(1.4 %)</b>	(1.75%)	(1.78%)	(2.50%)	(2.21%)	-0.81 %p
<b>Doubtful</b>	<b>8.0</b>	15.8	10.1	4.9	3.4	135.29 %
	<b>(0.1 %)</b>	(0.25%)	(0.17%)	(0.11%)	(0.08%)	0.02 %p
<b>Loss</b>	<b>4.5</b>	5.1	6.7	9.7	4.5	-
	<b>(0.1 %)</b>	(0.08%)	(0.12%)	(0.21%)	(0.10%)	-
<b>Substandard &amp; Below Loans</b>	<b>101.0</b>	132.5	120.3	131.0	107.3	-5.87 %
	<b>(1.65 %)</b>	(2.08%)	(2.07%)	(2.82%)	(2.39%)	-0.74 %p
<b>Provisions</b>	<b>73.3</b>	83.2	82.1	73.8	-	-
<b>Coverage Ratio</b>	<b>72.6 %</b>	62.79%	68.25%	56.3%	-	-

**S&B Loan Coverage Ratio**

FY 2003 Asset Quality		Normal	Precautionary	Substandard	Doubtful	Loss	Total	S&B Loans	Coverage Ratio
Household	Amount	2,551.9	45.2	12.0	5.9	4.9	2619.9	22.8	146.1 %
	Ratio	97.4 %	1.7 %	0.5 %	0.2 %	0.2 %	100.0 %	-	
	Provision	19.2	3.6	2.4	3.2	4.9	33.3	-	
Credit Card (w/ Reaged)	Amount	358.9	57.4	0.6	25.4	5.1	447.4	31.1	99.4 %
	Ratio	80.2 %	12.8 %	0.1 %	5.7 %	1.1 %	100.0 %	-	
	Provision	3.6	6.9	0.1	15.2	5.1	30.9	-	



Delinquency Ratio	FY04(e)	FY03				FY02			
		4Q	3Q	2Q	1Q	4Q	3Q	2Q	1Q
<b>Total*</b>	<b>1.33</b>	<b>1.35</b>	1.91	1.89	2.23	1.74	2.97	2.77	3.19
<b>Corporate</b>	<b>1.15</b>	<b>1.09</b>	1.41	1.28	1.62	1.21	2.65	2.71	3.25
(SME)	(1.10)	(1.15)	(1.51)	(1.31)	(1.74)	(1.27)	(2.36)	(2.24)	(2.92)
<b>Consumer</b>	<b>0.72</b>	<b>0.71</b>	1.16	1.46	1.60	1.06	1.98	1.58	2.01
<b>Credit Card(+reaged loans)</b>									
<b>1 day overdue</b>	<b>5.98(8.22)</b>	<b>7.95(8.86)</b>	11.68(12.78)	12.23	12.18	10.12	10.33	8.09	6.98
<b>1 month overdue</b>	-	<b>5.58(6.74)</b>	8.60(9.73)	8.89	9.58	7.67	6.87	4.78	4.38
<b>3 months overdue</b>	-	<b>3.63(3.74)</b>	5.19(5.05)	5.28	5.42	4.48	3.67	2.73	2.55

Note : total delinquency ratio includes credit card delinquency ratio

SME Delinquency Ratio by Sector	4Q03		3Q03		2Q03		1Q03		FY02	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Manufacturing Sector	2,833.2	0.68 %	2,899.5	1.27 %	2,807.0	0.86 %	2,721.3	1.45 %	2,623.0	1.12 %
Wholesale & Retail	834.1	2.54 %	840.6	2.61 %	838.0	2.60 %	832.1	1.96 %	806.4	1.26 %
Public	128.8	-	134.4	-	167.8	-	148.7	-	159.7	-
Construction	527.7	0.41 %	465.5	0.56 %	442.8	0.45 %	438.4	0.89 %	397.6	0.96 %
Real Estate & Lease	564.4	1.92 %	514.3	1.85 %	436.9	2.20 %	378.5	2.77 %	364.4	0.27 %
Insurance & Financing	37.3	-	37.9	-	45.8	-	64.4	-	94.1	-
Transport. & Comms.	238.5	0.62 %	221.3	1.04 %	230.7	0.56 %	219.9	0.95 %	219.0	0.78 %
Hotel & Foods	206.6	0.86 %	210.2	1.76 %	203.7	1.37 %	206.8	0.87 %	210.0	0.67 %
Others	543.5	2.15 %	492.4	2.17 %	442.0	1.36 %	426.1	2.56 %	389.7	2.59 %
Non Manufacturing Sector	3,080.9	1.60 %	2,916.6	1.74 %	2,807.7	1.55 %	2,714.0	1.68 %	2,640.9	1.07 %
Total	5,964.1	1.15 %	5,816.1	1.51 %	5,614.7	1.31 %	5,435.3	1.74 %	5,263.9	1.27 %

SME Delinquency Ratio by Collaterals	Real Estates	Movables	Deposits	Guarantees	Credit
4Q 2003	1.66 %	-	-	1.24 %	0.78 %
3Q 2003	1.91 %	-	-	2.42 %	0.88 %
2Q 2003	1.69 %	-	-	2.20 %	0.79 %
1Q 2003	2.40 %	-	-	2.01 %	1.18 %
4Q 2002	1.91 %	-	-	1.18 %	0.82 %

<i>Credit Card Past Due</i>	4Q 2003	3Q 2003	2Q 2003	1Q 2003	FY 2002
<b>Credit Card Receivables w/ Reaged Loans</b>	<b>447.4</b>	472.5	509.4	535.5	556.4
<b>Past Due</b>	<b>39.6</b>	60.4	64.2	67.7	55.6
<b>1 day overdue</b>	<b>8.86%</b>	12.78%	12.60%	12.64%	9.99%
<b>1 month overdue</b>	<b>6.74%</b>	9.73%	9.38%	10.14%	7.58%
<b>3 months overdue</b>	<b>3.74%</b>	5.05%	5.24%	5.37%	4.40%
<b>Re-aged Loans</b>	<b>64.4</b>	56.4	44.6	26.4	15.0
<b>Overdue</b>	<b>9.2</b>	11.8	7.3	5.7	0.8
<b>Less than 1 month overdue</b>	<b>0.4</b>	1.6	0.8	0.2	0.1
<b>1 day overdue</b>	<b>14.30%</b>	20.93%	16.41%	21.54%	5.32%
<b>1 month overdue</b>	<b>13.66%</b>	18.01%	14.54%	20.78%	4.61%
<b>3 months overdue</b>	<b>4.36%</b>	4.02%	4.91%	4.38%	1.96%

<i>Recovery Rate</i>	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
<b>Overdue Carried Over</b>	54.8	72.5	<b>81.3</b>	62.0	74.6	<b>84.1</b>	56.8	65.1	<b>68.1</b>	48.6	51.5	55.9
<b>Accrued Overdue (a)</b>	58.1	59.2	<b>56.9</b>	56.3	59.2	<b>57.7</b>	50.6	49.5	<b>45.9</b>	40.4	44.1	38.4
<b>Recovered(b)</b>	38.5	41.9	<b>49.2</b>	39.4	42.5	<b>41.0</b>	37.4	33.6	<b>34.8</b>	32.5	30.2	31.5
<b>Written Offs</b>	-	5.2	<b>19.0</b>	0.8	4.5	<b>25.4</b>	0.8	7.1	<b>19.2</b>	0.3	4.2	18.9
<b>Reaged</b>	1.8	3.4	<b>7.8</b>	3.6	2.7	<b>18.6</b>	4.1	5.8	<b>11.4</b>	4.6	5.4	13.5
<b>Balance</b>	72.5	81.3	<b>62.0</b>	74.6	84.1	<b>56.8</b>	65.1	68.1	<b>48.6</b>	51.5	55.9	30.4
<b>Recovery Rate(b/a) %</b>	66.4 %	70.8 %	<b>86.6 %</b>	70.0 %	71.8 %	<b>71.0 %</b>	73.9 %	68.0 %	<b>75.9 %</b>	80.4 %	68.3 %	82.1 %

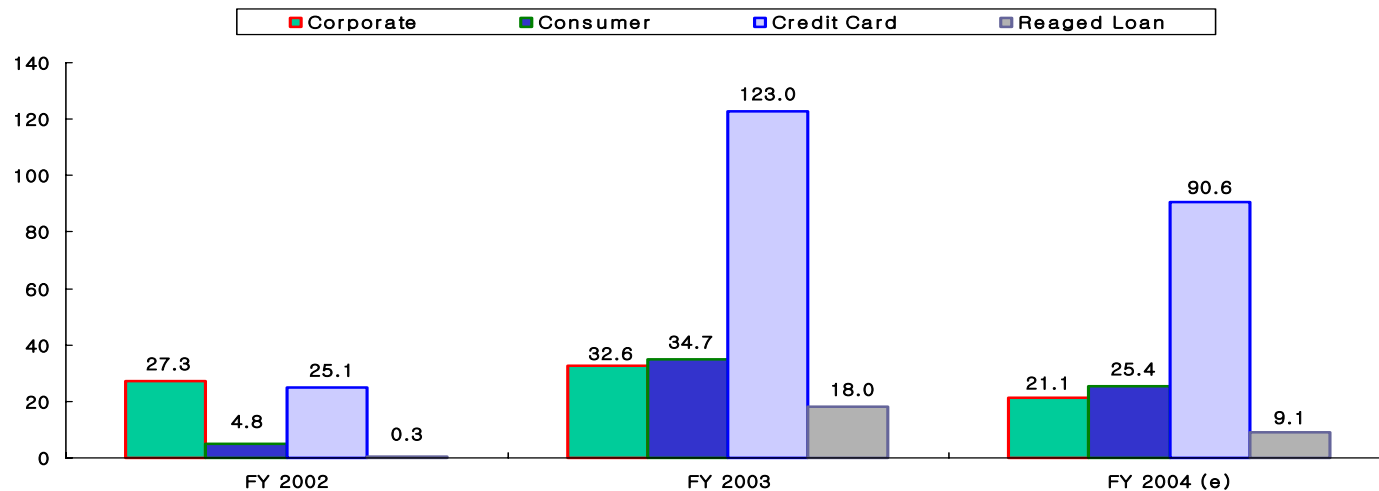
<i>Provision Expense</i>	FY04 (e)	FY03 Full Yr.	FY03				FY02
			4Q	3Q	2Q	1Q	
<b>Consumer</b>	26.9	<b>43.4</b>	9.0	11.3	12.5	10.6	22.2
<b>Credit Card</b>	84.2	<b>119.8</b>	24.1	35.8	32.9	27.7	44.3
<b>(Re-aged Loans)</b>	( - )	<b>(32.5)</b>	(9.5)	(13.4)	(6.3)	(3.3)	(n.a.)
<b>Corporate</b>	23.7	<b>11.3</b>	2.4	-8.3	8.2	9.0	46.1
<b>Total</b>	134.8	<b>174.5</b>	34.8	38.8	53.6	47.3	112.6

<i>Provision for Loan Losses</i>	FY04 (e)	FY03	FY03				FY02
			4Q	3Q	2Q	1Q	
<b>Consumer</b>	43.6	<b>33.3</b>	34.5	40.1	37.0	28.8	28.8
<b>(Re-aged Loans)</b>	( - )	<b>( - )</b>	( - )	(7.4)	(4.8)	(1.5)	(1.5)
<b>Credit Card</b>	50.6	<b>30.9</b>	37.3	35.2	28.0	26.9	26.9
<b>(Re-aged Loans)</b>	( - )	<b>(16.1)</b>	(15.4)	( - )	( - )	( - )	( - )
<b>Corporate</b>	67.1	<b>77.8</b>	90.8	105.4	110.7	100.1	100.1
<b>Total</b>	163.3	<b>142.0</b>	162.6	175.0	175.7	155.8	155.8

<i>Substandard &amp; Below Loan</i>	FY04	FY03			
	(e)	4Q	3Q	2Q	1Q
<b>Consumer</b>	29.8	22.8	29.0	32.5	34.1
<b>(Re-aged Loans)</b>	( - )	( - )	( - )	(6.8)	(5.0)
<b>Credit Card</b>	47.1	31.1	40.0	26.9	31.0
<b>(Re-aged Loans)</b>	( - )	(16.0)	(16.5)	( - )	( - )
<b>Corporate</b>	95.6	102.1	129.8	124.2	158.9
<b>Total</b>	172.5	156.0	198.8	183.6	224.0

<i>S&amp;B Loan Coverage Ratio By Segment</i>	FY04	FY03			
	(e)	4Q	3Q	2Q	1Q
<b>Consumer</b>	146.4 %	146.83 %	119.0 %	123.4 %	108.5 %
<b>(Re-aged Loans)</b>	( - )	( - )	( - )	(108.8 %)	(96.0 %)
<b>Credit Card</b>	107.4 %	99.49%	93.0 %	93.7 %	90.3 %
<b>(Re-aged Loans)</b>	( - )	(100.63 %)	(93.3 %)	( - )	( - )
<b>Corporate</b>	70.2 %	76.07 %	70.0 %	84.9 %	69.7 %
<b>Total</b>	91.4 %	91.03 %	81.7 %	95.3 %	78.4 %

Write Offs(in billion krw)



▪ *The Bank's Write Off Policy*

- 6 months past due
- estimated loss
- FSS's approval

Write Offs	FY04	FY03 Full Yr.	FY03				FY02	FY04 vs FY03	FY03 vs FY02
			4Q	3Q	2Q	1Q			
Consumer	25.4	34.7	9.3	9.9	9.6	5.9	4.8	- 26.8 %	-
Credit Card	90.6	123.0	32.4	32.6	33.8	24.2	25.1	-26.3 %	-
(Re-aged Loans)	(9.1)	(18.0)	(8.9)	(5.4)	(3.7)	(0)	(0.3)	-50.0 %	-
Corporate	21.1	32.6	11.5	7.5	11.3	2.3	27.3	-35.3 %	-
<b>Total</b>	137.1	190.3	53.2	50.0	54.7	32.4	57.2	- 28.0 %	232.7 %



<i>SME Portfolio</i>	4Q03		3Q03		2Q03		1Q03		FY02	
Manufacturing Sectors	2,680.7	31.3%	2,720.0	32.8%	2,632.1	33.1%	2,533.3	33.5%	2,449.2	33.5%
Wholesale & Retail	769.1	9.0%	767.0	9.3%	757.8	9.5%	747.0	9.9%	715.8	9.8%
Construction & Engineering	527.2	6.2%	469.1	5.7%	423.7	5.3%	404.1	5.3%	398.3	5.4%
Real Estate, Lease	553.2	6.5%	503.9	6.1%	426.8	5.4%	372.6	4.9%	358.5	4.9%
Insurance & Financing	324.5	3.8%	323.1	3.9%	322.0	4.1%	316.0	4.2%	271.3	3.7%
Transportation	250.5	2.9%	224.3	2.7%	222.1	2.8%	210.4	2.8%	221.0	3.0%
Public & Administration	128.8	1.5%	134.4	1.6%	167.8	2.1%	148.7	2.0%	159.6	2.2%
Hotel, Foods & Others	712.6	8.3%	684.2	8.3%	635.0	8.0%	633.1	8.4%	623.8	8.5%
Others (Loans to household)	2,619.7	30.6%	2,459.2	29.7%	2,375.1	29.8%	2,203.7	29.1%	2,123.2	29.0%
Total Loan in Won	8,566.3	100%	8,285.2	100%	7,964.2	100%	7,568.9	100%	7,320.7	100%

<i>Collateral Backed Loans</i>	4Q03	3Q03	2Q03	1Q03	FY02
SME Loans in WON	5,210.9	5,075.8	4,813.3	4,614.5	4,491.7
Real-estates	2,221.7(42.6%)	2,186.0 (43.07%)	2,064.5 (42.89%)	1,999.6 (43.33%)	1,936.8 (43.12%)
Movable Goods	0	0	0	0	0
Guaranteed(Insurance)	776.0(14.9%)	757.7 (14.93%)	740.9 (15.39%)	719.8 (15.60%)	711.6 (15.84%)
Other Collaterals	241.0(4.7%)	241.0(4.8%)	242.4(5.0%)	218.3(4.7%)	210.5(4.7%)
Credit	1,972.2(37.8%)	1,891.1 (37.3%)	1,765.4 (36.7%)	1,676.9 (36.3%)	1,632.8 (36.6%)

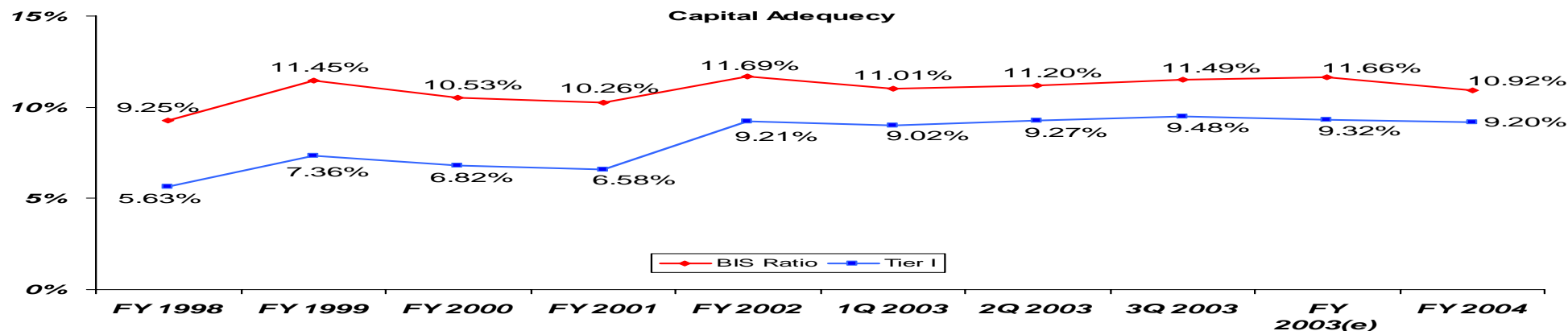
Note : 62.8% of SME loans backed by collaterals

	4Q03	3Q03	2Q03	1Q03	FY02	FY 03 vs FY 02
<b>Total Asset (a)</b>	<b>17,506.7</b>	17,341.7	17,004.4	17,015.9	16,225.9	7.9 %
<b>Loans in won (b)</b>	<b>8,566.3</b>	8,285.2	7,962.4	7,568.9	7,320.7	17.0 %
<b>Household Loans – Retail (c)</b>	<b>2,619.7</b>	2,459.2	2,375.1	2,203.7	2,123.2	23.4 %
<b>Mortgage</b>	<b>873.4</b>	856.4	831.7	759.2	755.3	15.6 %
<b>Home Equity</b>	<b>215.8</b>	300.1	226.1	167.7	88.0	145.2 %
<b>Collateral Loan</b>	<b>420.5</b>	581.8	587.3	551.0	420.9	- 0.1 %
<b>Consumer Credit</b>	<b>1,110.0</b>	720.9	730.2	725.8	859.0	29.2 %
<b>LTV</b>	<b>51.01%</b>	51.61	45.48 %	53.16%	53.52 %	- 2.51 %p
<b>Credit Card Receivables (d)</b>	<b>447.4</b>	472.5	464.8	509.1	541.4	- 17.4 %
<b>Credit Sales</b>	<b>233.4</b>	221.1	240.2	263.6	303.4	- 23.1 %
<b>Cash Advances</b>	<b>149.6</b>	194.9	224.6	245.5	238.0	- 37.1 %
<b>Cash Advances / Receivables</b>	<b>33.4%</b>	42.1%	48.3 %	48.2%	44.0 %	- 10.6 %p
<b>Reaged Loans</b>	<b>64.4</b>	56.5	-	-	-	-
<b>Subtotal (e) = (c) + (d)</b>	<b>3,067.1</b>	2,931.7	2,839.9	2,712.8	2,664.6	15.1 %
<b>Ratio (f) = (e) / ((b)+(d))</b>	<b>34.03 %</b>	33.48 %	33.70 %	33.58 %	33.90 %	0.1 %p
<b>Ratio (g) = (e) / (a)</b>	<b>17.52 %</b>	16.91 %	16.70 %	15.94 %	16.42 %	1.1 %p

Credit Card Receivables	4Q03	3Q03	2Q03	1Q03	FY02	FY03 vs FY02
Credit Sales	233.4	221.1	240.1	263.5	303.3	- 23.0 %
Cash Advances	149.6	194.9	224.6	245.5	238.0	- 37.1 %
Reaged Loans	64.4	56.5	0.1	0.1	0.1	-
Total	447.4	472.5	464.8	509.1	541.4	- 17.4 %
Cash Advance to Total Credit Card Receivables	33.4 %	41.2 %	48.3 %	48.2 %	44.0 %	- 1.06 %p

Income from Credit Card	4Q03	3Q03	2Q03	1Q03	4Q02	3Q02	2Q02	1Q02	YoY
Income from Credit Sales	60.3	44.6	30.6	15.3	63.6	46.8	30.9	14.8	- 5.2 %
Income from Cash Advances	50.5	37.2	24.2	11.8	43.6	31.2	19.4	9.1	15.8 %
Total	110.8	81.8	54.8	27.1	107.2	78.0	50.3	23.9	3.4 %

Number of Credit Card Holders (unit : thousand holders)															
4Q03	3Q03	2Q03	1Q03	4Q02	3Q02	2Q02	1Q02	4Q01	3Q01	2Q01	1Q01	4Q00	3Q00	2Q00	1Q00
476	481	492	513	523	516	493	460	434	395	369	327	301	285	263	242



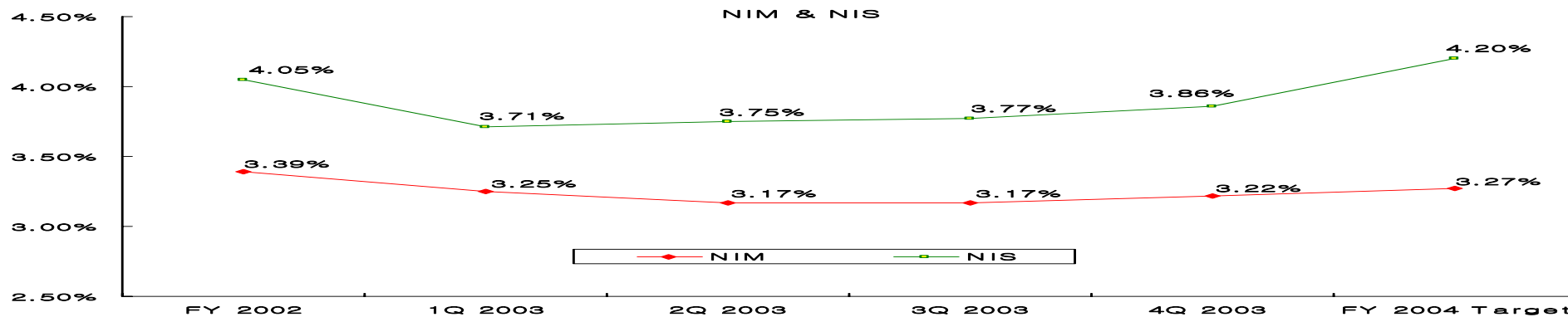
	FY04(e)	FY03				FY02
		4Q(e)	3Q	2Q	1Q	
Core Capital	989.0	876.5	882.1	844.4	806.1	792.9
Supplement Capital	190.0	224.8	231.2	228.1	226.5	263.7
Contribution to Unconsolidated Subsidiaries	5.0	4.9	52.2	52.2	49.2	50.2
Total Risk-Adjusted Capital	1,174.0	1,096.3	1,061.1	1,020.3	983.4	1,006.4
Total Risk Weighted Assets	10,751.0	9,406.4	9,300.0	9,107.3	8,932.7	8,609.7
On-Balance Sheet Assets	10,391.0	9,053.9	8,942.6	8,733.4	8,513.3	8,225.4
Off-Balance Sheet Assets	360.0	352.5	357.4	373.9	419.4	384.3
BIS Capital Ratio	10.92 %	11.66 %	11.49 %	11.20 %	11.01 %	11.69 %
Tier I Capital Ratio	9.20 %	9.32 %	9.48 %	9.27 %	9.02 %	9.21 %
Tier II Capital Ratio	1.77 %	2.39 %	2.49 %	2.50 %	2.54 %	3.06 %

### Pusan Bank declared yearly dividend

- Declared yearly dividend of KRW 270 per share on Pusan bank common stock.
- The dividend is payable to holders of record as of December 31, 2003

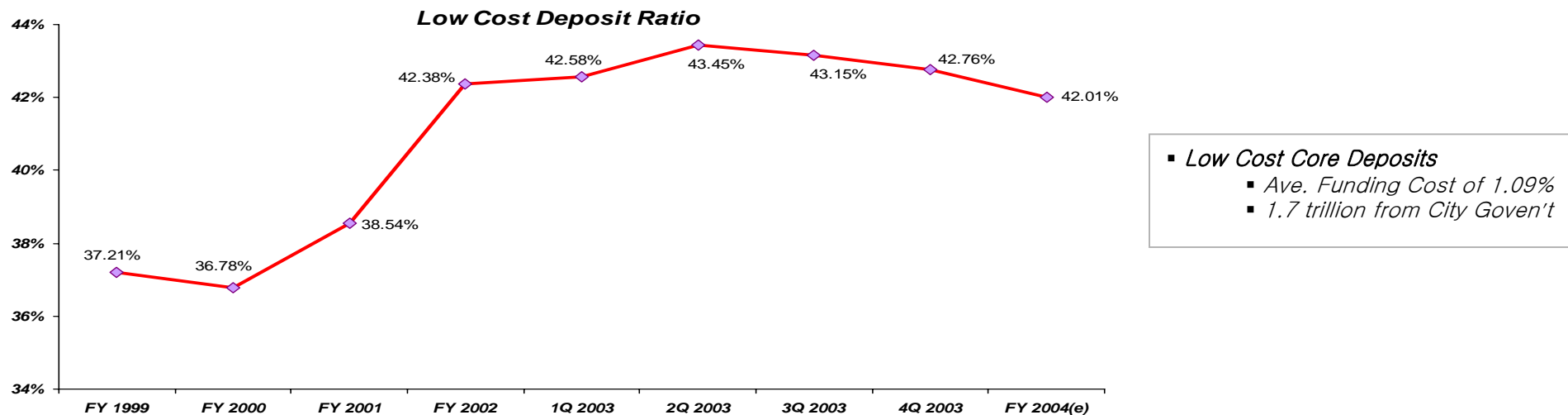
### Dividend Propensity of Pusan Bank

	2003	2002	2001 ~ 1997	1996	1995
Net Income	121.3	148.0		41.9	30.2
Dividend Rate	5.4 %	6 %		8 %	5 %
Dividend Amount per Share	270 krw	300 krw	No Dividends	400 krw	250 krw
Payout Ratio	32.7 %	29.7 %		32.7 %	28.3 %
Type	Cash	Cash		Cash	Cash
Dividend Rate at Market Price	4.01%	5.92 %		5.79 %	

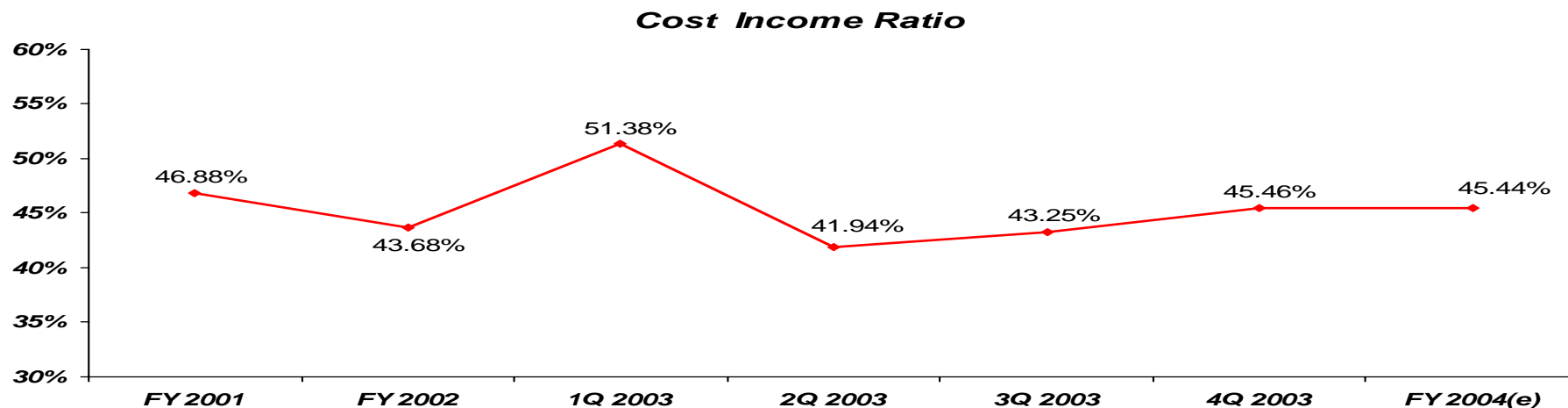


<i>NIM</i>	FY04(e)	4Q03	3Q03	2Q03	1Q03	FY02	FY03 vs FY02
Average Interest Earning Asset	15,274.5	13,580.8	13,387.3	13,177.8	12,744.0	11,969.2	13.46 %
Interest Income	992.5	892.6	661.6	439.5	217.6	885.3	0.82 %
Interest Expense	493.2	455.6	344.2	232.3	115.6	479.0	- 4.89 %
Net Interest Income	499.3	437.0	317.4	207.2	102.0	406.3	7.56 %
Net Interest Margin	3.27 %	3.22 %	3.17 %	3.17 %	3.25 %	3.39 %	- 0.17 %p

<i>NIS</i>	FY04(e)	4Q03	3Q03	2Q03	1Q03	FY02	FY03 vs FY02
Interest Rate on Loans, average	7.30 %	7.20 %	7.18 %	7.26 %	7.36 %	7.82 %	- 0.62 %p
Interest Rate on Deposits, average	3.10 %	3.33 %	3.41 %	3.51 %	3.65 %	3.77 %	- 0.44 %p
Net Interest Spread (won) (a-b)	4.20 %	3.86 %	3.77 %	3.75 %	3.71 %	4.05 %	- 0.19 %p



	FY04(e)	FY03				FY02	FY03 vs FY02
		4Q	3Q	2Q	1Q		
<b>Low-Cost Core Deposits (note)</b>	<b>5,839.0</b>	<b>5,206.4</b>	5,185.7	5,162.1	4,889.1	4,622.9	12.6 %
<b>Demand Deposit</b>	<b>1,110.1</b>	<b>998.4</b>	998.1	1,004.7	979.6	937.1	6.5 %
<b>Savings Deposit</b>	<b>3,336.0</b>	<b>3,001.0</b>	2,992.2	2,978.5	2,975.5	2,837.9	5.7 %
<b>Business Saving</b>	<b>1,393.0</b>	<b>1,206.9</b>	1,195.4	1,178.9	934.0	847.9	42.3 %
<b>Total Deposits in Bank Account</b>	<b>13,900.0</b>	<b>12,174.4</b>	12,018.2	11,880.3	11,482.7	10,907.8	11.6 %
<b>Low-Cost Core Deposit Ratio</b>	<b>42.01 %</b>	<b>42.76 %</b>	43.15 %	43.45 %	42.58 %	42.38 %	0.38%p



	FY04(e)	FY03					FY02
		Full Yr.	4Q	3Q	2Q	1Q	
Net Operating Income (a)	228.1	136.2	50.2	38.1	28.9	19.0	200.6
Administrative Expenses (b)	303.0	266.1	70.5	65.7	59.8	70.1	242.4
Provisions for Loan Losses (c) (note)	134.8	175.6	35.5	39.1	53.6	47.4	110.7
Cost Income Ratio (d) = (b) / ((a) + (b) + (c))	45.44	45.46 %	45.48 %	43.25 %	41.94 %	51.38 %	43.68 %

Note : Provision for bad loans + Provision for payment guarantee + other provisions



*After the Asian Crisis, the bank sold NPLs of 967.1 billion krw to KAMCO and 476.6 billion krw of them with a Put-back option*

- *In 2003, the company bought 55.9 billion krw of KAMCO put-back and reflected 28.3 billion krw as a loss*
- *The remaining balance to be exercised : 11.4 billion krw*
- *The total losses expected : 5.8 billion krw*

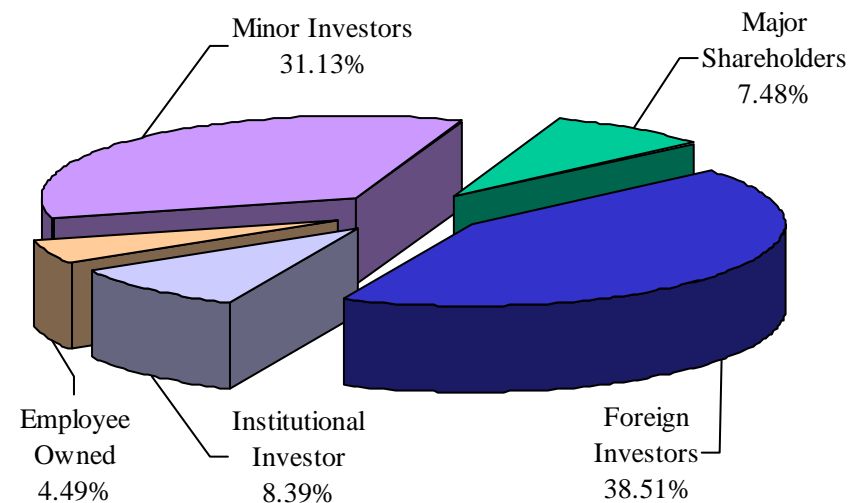
	KAMCO PUTBACK OPTION			
	Repurchased NPLs	Provision(a)	Interest(b)	Loss(a+b)
4Q 2003	22.1	11.6	2.9	14.5
3Q 2003	20.0	9.3	0.6	9.9
2Q 2003	8.4	1.5	1.2	2.7
1Q 2003	5.4	1.2	-	1.2
Total in 2003	55.9	23.6	4.7	28.3
2004	7.5	0.8	1.3	2.1
2005 and on	3.9	2.7	1.0	3.7

Note : In 2005, 3.3 billion krw is due back and a loss will be 3.4 billion and in 2006 0.5 billion is due back and 0.3 billion will be taken into a loss

	FY03						FY02	YoY
	Total	Marketable Securities	Investment Securities					
			Sub Total	Held for Sale	Held to Maturity			
Bonds in won	4,319.1	0	4,319.1	1,597.5	2,721.6	3,862.3	11.83 %	
Government Bonds	575.2	0	575.2	154.1	421.1	454.4	26.58 %	
Debentures	1,899.8	0	1,899.8	866.4	1,033.4	1,176.1	61.53 %	
Local Govn’t Bonds	359.6	0	359.6	216.0	143.6	425.1	-15.41 %	
Govn’t Owned Corporate Bonds	1,053.0	0	1,053.0	220.5	832.5	1,430.7	-26.40 %	
Corporate Bonds	431.5	0	431.5	140.5	291.0	376.0	14.76 %	
Bonds in Foreign Currency	43.0	0	43.0	19.0	24.0	39.0	10.26 %	
Stocks	80.7	2.2	78.5	78.5	0	106.9	-24.51 %	
Beneficiary Certificates	166.9	2.5	164.4	164.4	0	266.4	-37.35 %	
Bond Type	166.9	2.5	164.4	164.4	0	207.2	-19.45 %	
Equity Type	0	0	0	0	0	59.2	-100.00 %	
Others	24.5	0	24.5	24.5	0	4.3	469.77 %	
Total	4,634.2	4.7	4,629.5	1,883.9	2,745.6	4,278.9	8.30 %	

**Major Shareholders\*** (as of Dec. 31, 2003)

• Lotte Group	14.11 %
• CRMC	10.40 %
• Parkland Co., Ltd.	4.11 %
• Korea Iron & Steel Co., Ltd.	2.14 %
• Others	12.78 %
<b>T o t a l</b>	<b>43.54 %</b>

**Foreign Investors**(as of Dec. 31, 2003)

unit : thousand shares, %, %p	Dec 31, 2002	Dec 31, 2004	Change
<b>Total Number of Stocks Issued and Outstanding</b>	<b>146,683</b>	<b>146,683</b>	<b>-</b>
<b>Number of Shares held by Foreign Investors</b>	<b>17,660</b>	<b>56,488</b>	<b>38,828</b>
<b>Foreign Shareholders</b>	<b>12.04%</b>	<b>38.51%<sub>(note)</sub></b>	<b>26.47 %p</b>

Note : Include the shares held by Japan Lotte  
Whom hold more than 1%

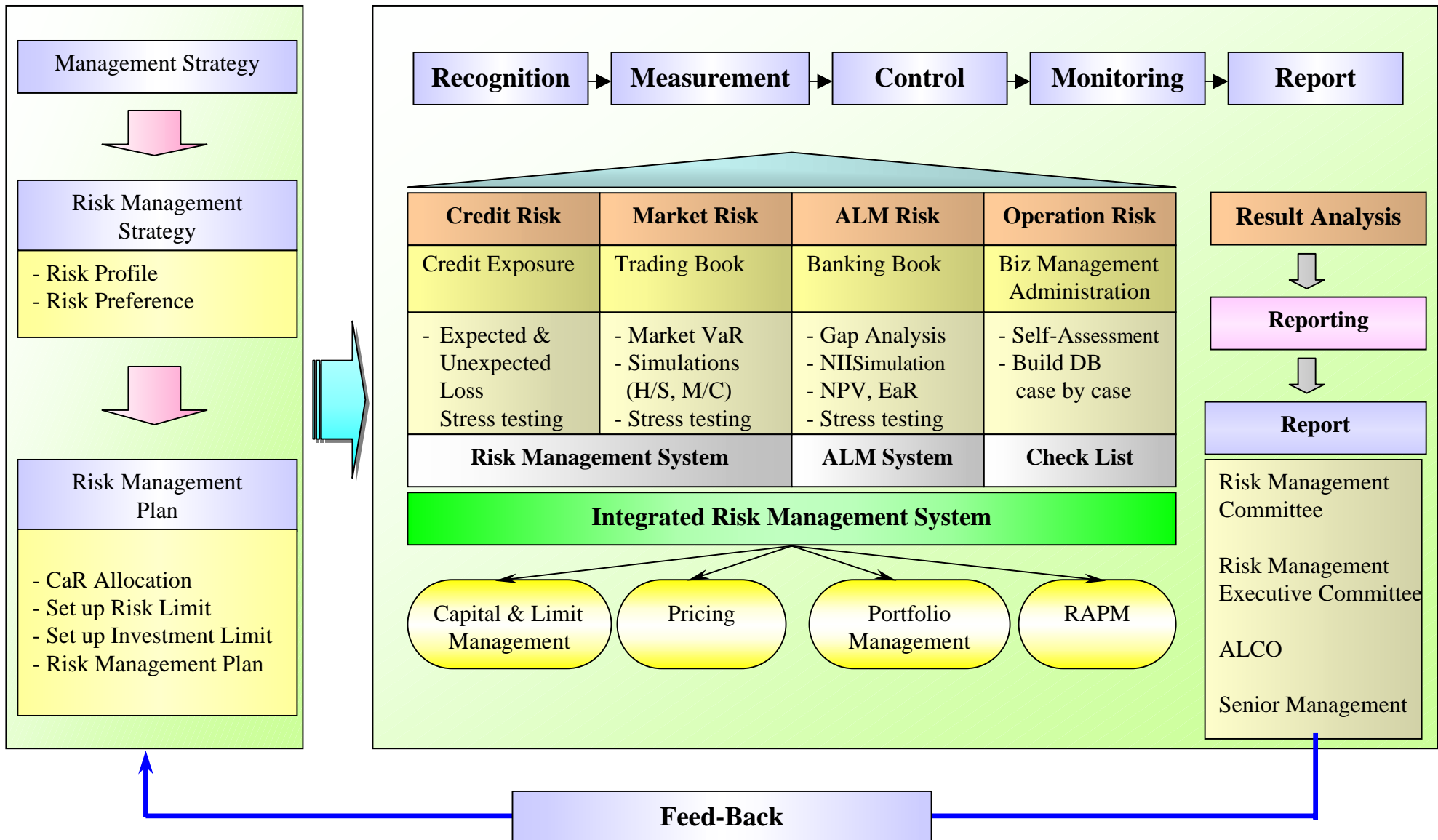
EPS & BPS	FY 2003					
	FY 2004(e)	4Q	3Q	2Q	1Q	FY 2002
Net Income	150.0	121.3	87.6	51.0	13.0	148.0
Net Asset	1,035.4	936.9	905.4	863.4	820.7	815.8
Total # of stocks issued & outstanding <sup>note</sup>	146,683	146,683	146,683	146,683	146,683	146,683
Market Price (KRW)	-	-	5,480 krw	4,975 krw	4,800 krw	4,600 krw
EPS (KRW)	1,023 krw	827 krw	798 krw*	701 krw*	359 krw*	1,009 krw
BPS (KRW)	7,059 krw	6,387 krw	6,173 krw	5,886 krw	5,595 krw	5,562 krw

Note 1 : estimated

Note 2 : figures in thousand of shares

Note 3 : annualized

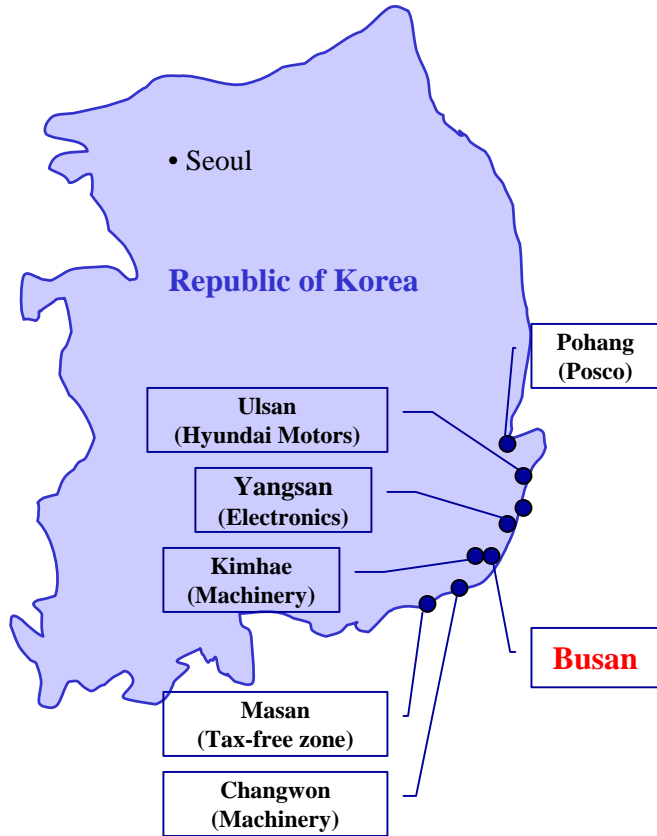
Remarks : figures in billions of won except market price, EPS &amp; BPS



*Three key strategic aspects to create the value we pursue*

- *Intensive Asset Quality Management*
  - *To reduce provision expenses and have better asset quality, the bank strengthens its asset quality management – delinquents control system by credit counseling and more strict credit risk management ever*
  - *More frequent credit quality assessments*
- *Better NIM*
  - *Re-assess and readjust interest rates*
  - *By 2004 year end : the bank expects NIM to be 3.27%, up 5bps from 4Q 2003*
  - *Low cost core deposit : Local government budgetary deposits and Cycle racing corps' deposits*
- *More Market Shares*
  - *Expand market basis into newly established industrial areas(new branches)*
  - *Close relationship with local citizens and enhance their quality of life(active participation in volunteer programs)*

## Busan &amp; Southeast Industrial Belt

The 2<sup>nd</sup> largest city in Korea

- 3.74 million residents
- Handling 82.7% of total container volume (Korea)
- Accounting 6.3% of total GDP
- 37.4% of foreign tourists (over 2 million tourists, 33.3% increased)

## Hub Port of Logistics in East Asia

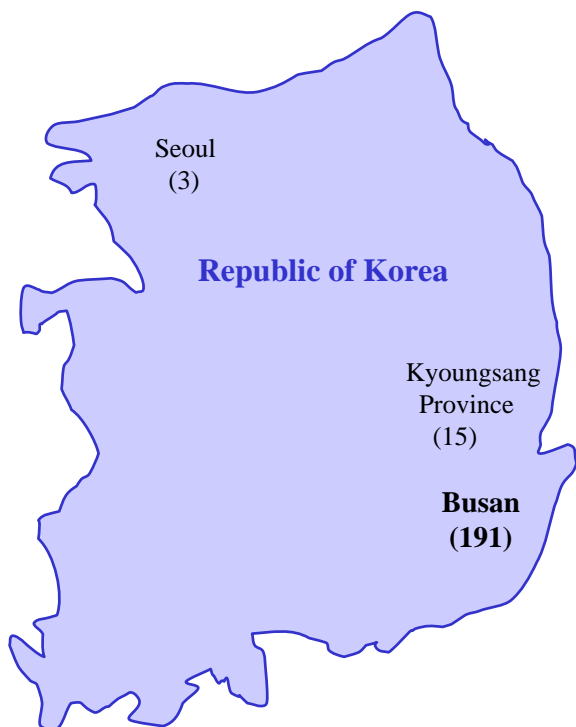
- The 5th largest container handling port in the world (more than 10 million TEU)
- TSR and TCR start from Busan

## The South East Industrial Belt

- Final Products : Machinery 35%, Automobile 40%, Shipbuilding 100%
- Accounting 18% of total GDP (Busan, Ulsan & Kyoungnam province)

## Busan Economy

- Container volume increased by 17.0%
- Renault-Samsung Motors Unit Production in 2003 : 200,000
- GM Daewoo Motors 200,000 units of engine production projected (Changwon)
- Volvo Truck division launching a new plant in Changwon
- SME operating rate increased (2001 : 75.9% → 2002 : 80.3% → 2003 : 84.0%)
- Unemployment Rate : 3.6% as of 2003 year end

**Pusan Bank's Branch Network**► **Leading Regional Bank**

- Established : October 25, 1967 (36<sup>th</sup> Anniversary)
- Headcount : 1,940
- Paid-In Capital : 733.4 billion KRW
- Shares outstanding : 146,683,650 shares

**Market Shares**

- Deposits : 29.63% in 2002 ⇒ 30.70% in 2003
- Loans : 19.80% in 2002 ⇒ 19.42% in 2003
- 3.23 million customers (85.4% of Busan residents : 3.78 mil.)

**Branch Network – *Strong local presence***

- 209 Franchises
  - 191 in Busan, 3 in Seoul & 15 in the Southeast Industrial Belt
- ATM : 614 units    Cash Dispenser : 711 units
- 38.3% of market share, in terms of # of branches in Busan area

**Busan Local Government Budgetary Bank**

- Since 2000 Busan Government deposits its budget into Pusan Bank
- 1,341.2 billion in deposit(2001) ⇒ 1,753.8 billion in 2003
- Annual growth rate of 13% to 15%



# *Thank you for your interest in Pusan Bank*

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