

2019 1Q Financial Results

2019.04.30

MEMBER OF
**Dow Jones
Sustainability Indices**
In Collaboration with RobecoSAM



BNK Financial Group

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DISCLAIMER

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

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

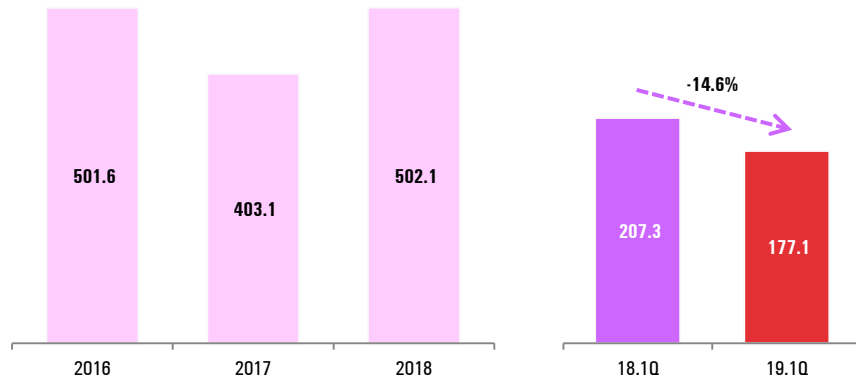
I . 2019 1Q Group Highlights

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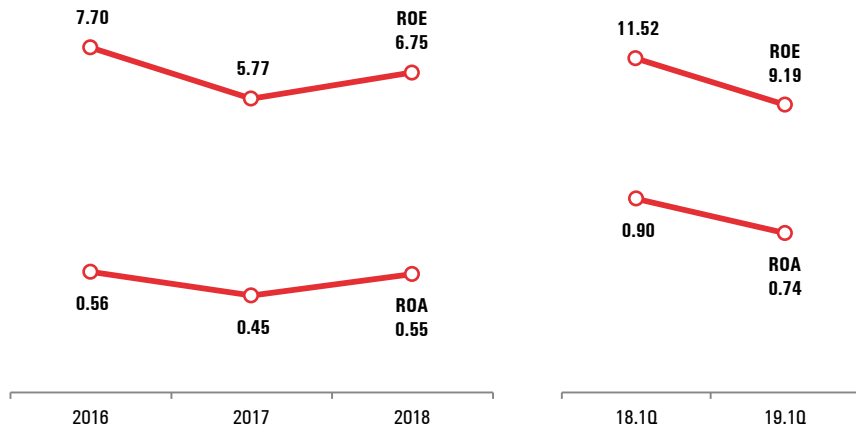
1. Highlights – Profitability

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

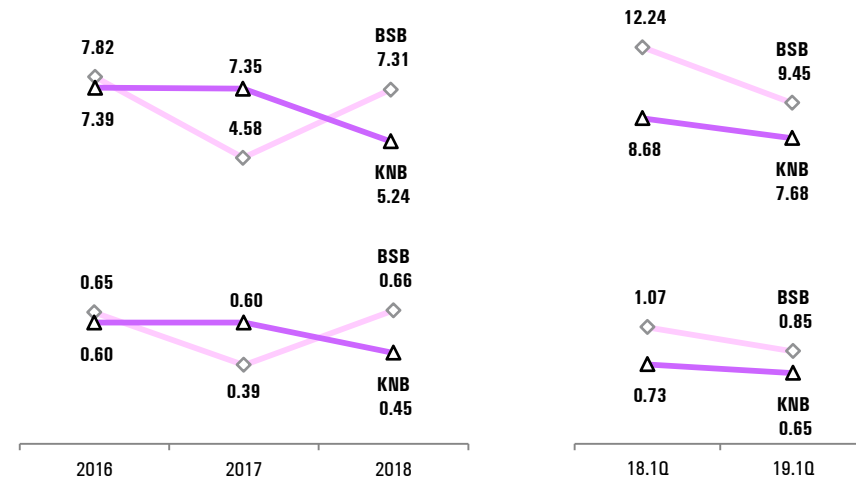
Group Net Income(KRW bn)



Group ROE, ROA(%)



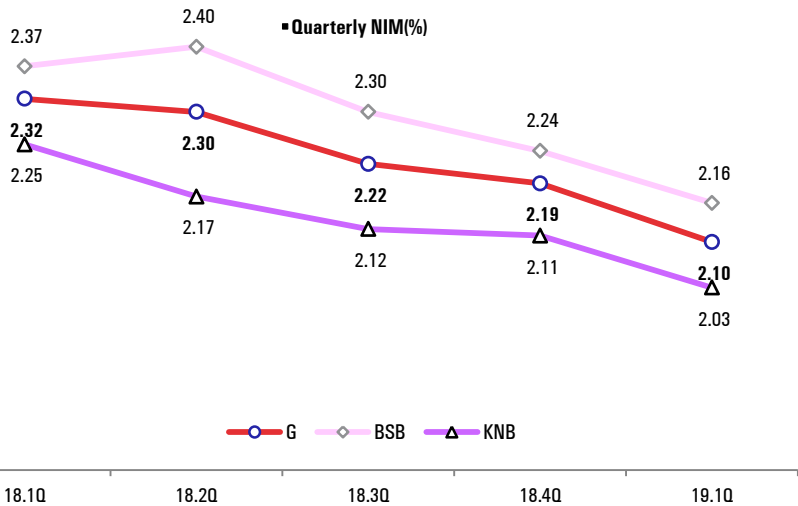
Banks ROE, ROA(%)



- Recorded 1Q Net Income of 177.1 KRW bn, due to stable banks provision expense & large provision writeback, which was higher than normalized quarterly earnings
 - Large 18.1Q NPL sales related profit base effect & decrease in interest income leading to YoY -14.6%
 - Provision writeback of 32.2 KRW bn(recovery of an insolvent company) < Expected loss → Precautionary >
- Group SG&A increased 9.9% YoY; however by taking out * 4Q seasonality (SG&A dispersed throughout all quarters), the YoY growth is 6.3%
 - ※ (Expected) Salary Raises & Earnings-linked Bonuses etc.
 - 19.1Q 10.0 KRW bn: BSB 5.2 KRW bn, KNB 3.8 KRW bn etc.

2. Highlights – Profitability, Growth

Profitability, Growth – Quarterly NIM, Total Assets, Banks KRW Loans



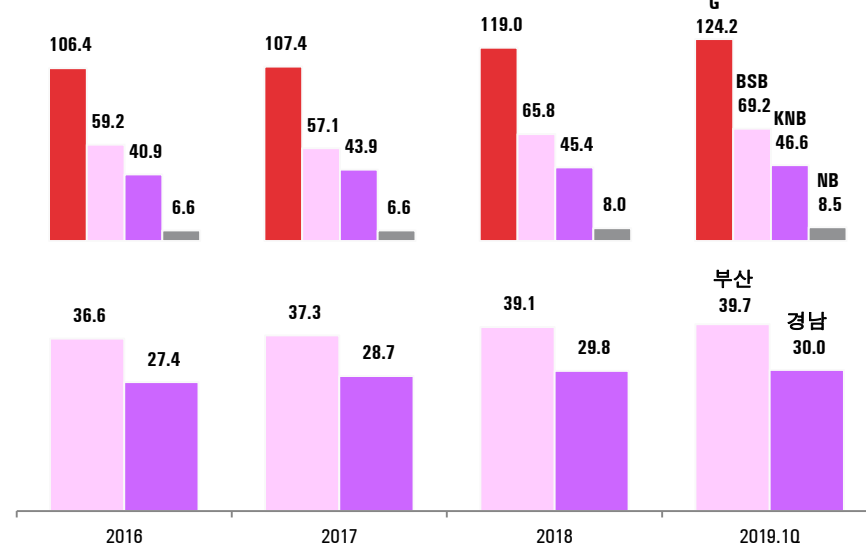
- **19.1Q Group NIM dropped by 9bps, largely due to accounting change in credit cards & merchant fee cuts, lower NIS etc.**
 - Credit card impact -4 ~ 5bps
 - NIS decrease due to higher quality loan growth -2 ~ 3bps
- **Both banks maintained growth in Core Corps. Loans, increasing the higher quality loan base**
 - BSB KRW Loan Growth 1.6% QoQ (Core Corps 3.3% QoQ)
 - KNB KRW Loan Growth 0.7% QoQ, Group loan repayment limited 1Q growth(Core Corps 3.7% QoQ)

※ Accounting Change in Credit Card Business(IFRS15)

- Reward expense(points etc.) was included in credit card fee expense; however, with IFRS15, reward expense will directly be subtracted from credit card interest income(included in NIM calculation)

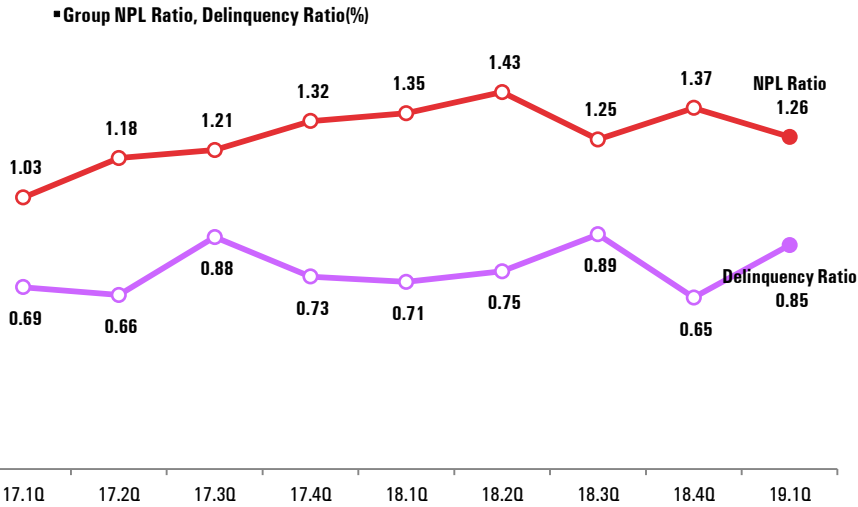
👉 Banks FY NIM impact(3bps) expected; however, no impact on Net Income

■ Total Assets, Banks KRW Loans(KRW tn)



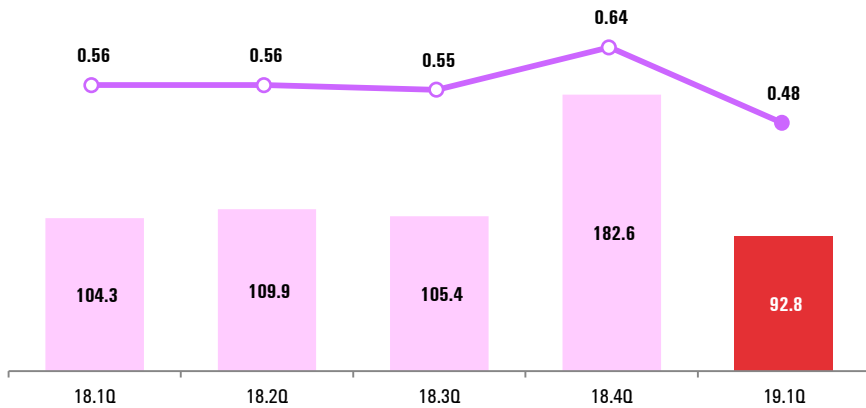
3. Highlights – Asset Quality, Capital Adequacy

Asset Quality, Capital Adequacy – NPL & Delinquency Ratio, Group Capital Adequacy

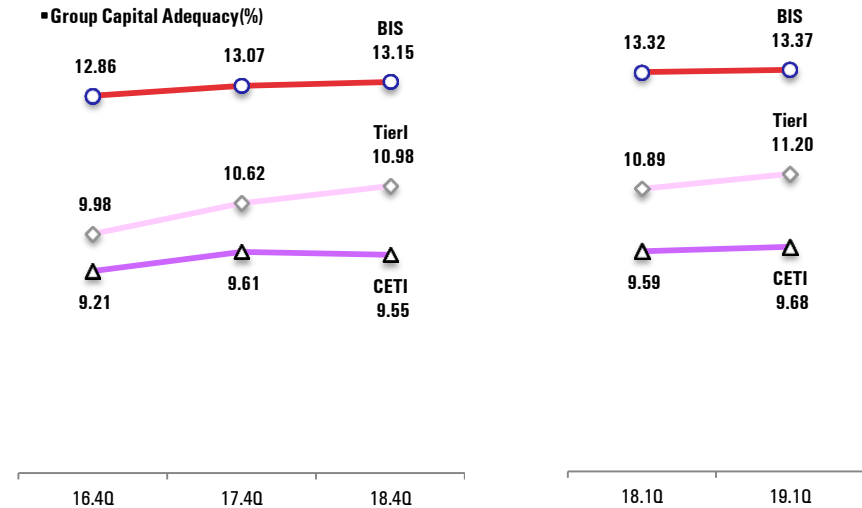


- Group NPL Ratio improved by 11 bps YTD, due to decrease in new NPL formation & asset reclassification for NPL
 - Asset reclassification(NPL to precautionary) 48.5 KRW bn(△6bps)
- Regardless of the slight increase in new delinquency, Group Delinquency Ratio went up by +20bps QoQ, mainly from the impact based on previous NPLs(transferring to delinquent in 19.1Q)
 - Pre-provisioned NPL related delinquency ratio impact: 86.5 KRW bn(+ 11bps)
- Group Credit Cost saw drastic improvement due to decrease in large problematic loans & provision writeback etc., leading a 18bps drop
- Group Capital Ratios are maintaining a gradual growth trend, due to keen RWA management & increased earnings

Group Provision Expense(KRW bn), Group Credit Cost(Accumulated, %)



Group Capital Adequacy(%)



4. Group Structure

BNK Financial Group

Establishment : 2011.03.15

Total Assets : 124,201.0

Net Income : 177.1

Employees : 8,284

(%, KRW bn, Accumulated)

Busan Bank

Estbmt : 1967.10.10
Branches : 256
Employees : 3,820

Total Shares Owned

100%

Total Assets

69,169.7

Net Income

113.1

Kyongnam

Estbmt : 1970.05.22
Added : 2014.10.10
Branches : 193
Employees : 2,985

Total Shares Owned

100%

Total Assets

46,572.5

Net Income

62.5

Capital

Estbmt : 2010.07.15
Branches : 34
Employees : 601

Total Shares Owned

100%

Total Assets

4,933.4

Net Income

15.4

Securities

Estbmt : 1997.06.02
Sec. Added : 2009.11
Branches : 4
Employees : 251

Total Shares Owned

100%

Total Assets

2,400.0

Net Income

7.0

MSB

Estbmt : 2011.12.13
Branches : 8
Employees : 124

Total Shares Owned

100%

Total Assets

1,057.2

Net Income

5.7

Asset Mgt.

Estbmt : 2008.07.15
Added : 2015.07.28
Employees : 43

Total Shares Owned

100%

AUM

4,600.6

Net Income

0.4

Credit Info.

Estbmt : 2003.06.17
Industry : Collection
Employees : 87

Total Shares Owned

100%

Total Assets

10.5

Net Income

0.2

System

Estbmt : 2011.05.20
Industry : IT related
Employees : 183

Total Shares Owned

100%

Total Assets

14.3

Net Income

0.3

Affiliates

Cambodia

Establishment : 14.03.07
Employees : 170
Tot. Share's Owned : 100%
Tot. Assets : 22.9 KRW bn
2015.06 Start Operations

Myanmar

Establishment : 14.03.21
Employees : 397
Tot. Share's Owned : 99.9%
Tot. Assets : 33.2 KRW bn
2014.12 Start Operations

Laos PDR

Establishment : 15.04.24
Employees : 28
Tot. Share's Owned : 95%
Tot. Assets : 22.2 KRW bn
2015.07 Start Operations

Kazakhstan

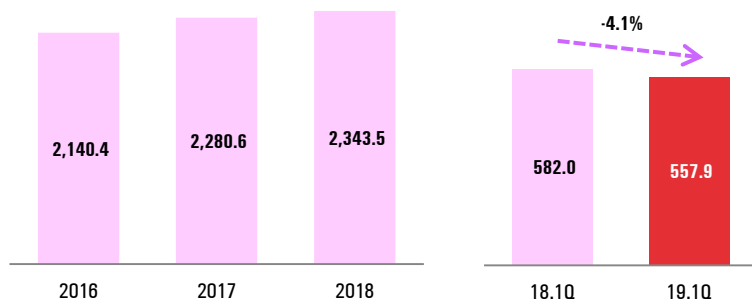
Establishment : 18.06.01
Employees : 25
Tot. Share's Owned : 100%
Tot. Assets : 5.3 KRW bn
2018.11 Start Operations

II . Profitability

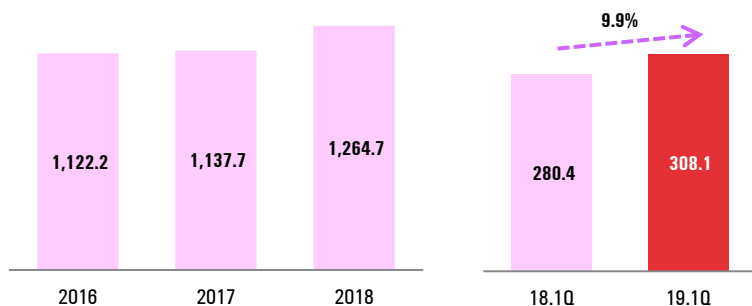
1. Group Earning Results	8
2. Subsidiaries Earning Results	9
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4. Banks NIM	12
5. SG&A	13

1. Group Earning Results

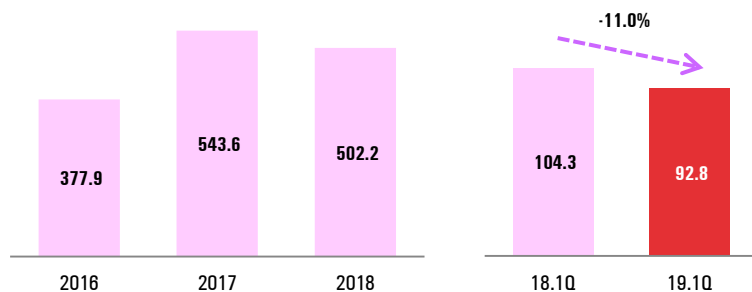
Interest Income(% , KRW bn)



SG&A(% , KRW bn)



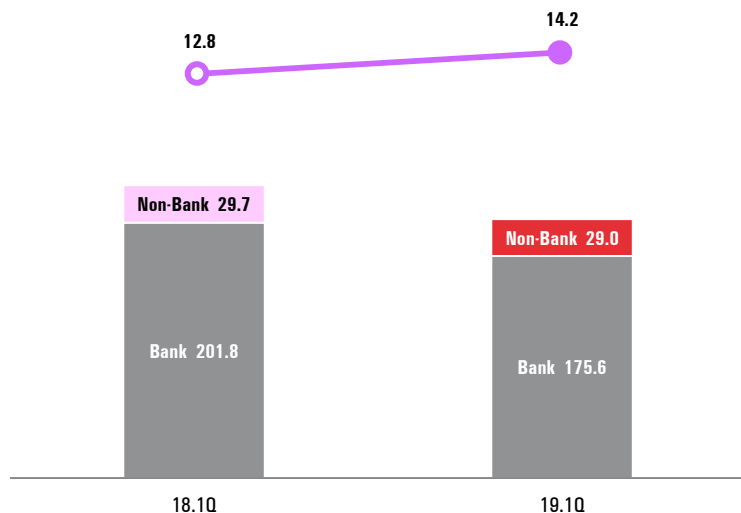
Provisioning(% , KRW bn)



(KRW bn, %)	19.1Q	18.1Q	YoY	18.4Q	QoQ
Net Interest Income	557.9	582.0	-4.1	586.9	-4.9
Net Fee Income	53.9	55.8	-3.4	36.2	48.9
Others	36.9	30.9	19.4	-55.4	Net Gain
SG&A(-)	308.1	280.4	9.9	409.3	-24.7
Provision Expense(-)	92.8	104.3	-11.0	182.6	-49.2
Non-Operating Income	0.8	-2.6	Net Gain	-23.1	Net Gain
Earnings Before Income Tax	248.6	281.4	-11.7	-47.3	Net Gain
Income Tax Expense(-)	61.6	66.5	-7.4	-20.2	-
Net Income(A)	187.0	214.9	-13.0	-27.1	Net Gain
Net Income in Non-Controlling Interest(B)	9.9	7.6	30.3	10.1	-2.0
Net Income in Controlling Interest(C) (C) = (A) - (B)	177.1	207.3	-14.6	-37.2	Net Gain

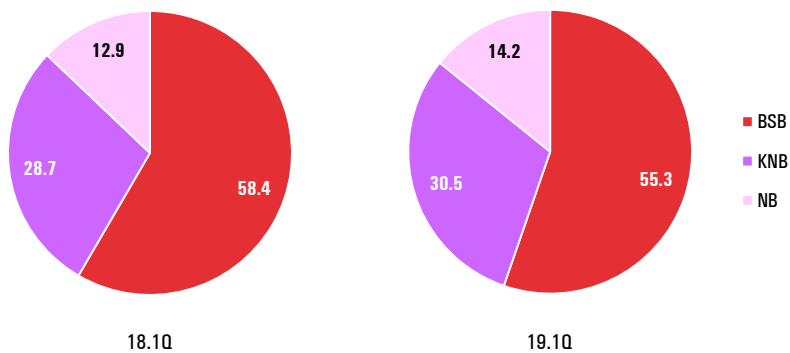
2. Subsidiaries Earning Results

Non-Bank Net Income Contribution(% , KRW bn)



- 1) Exclude Holding Corps. & Unconsolidated Portion
- 2) Include Non-Controlling Interest

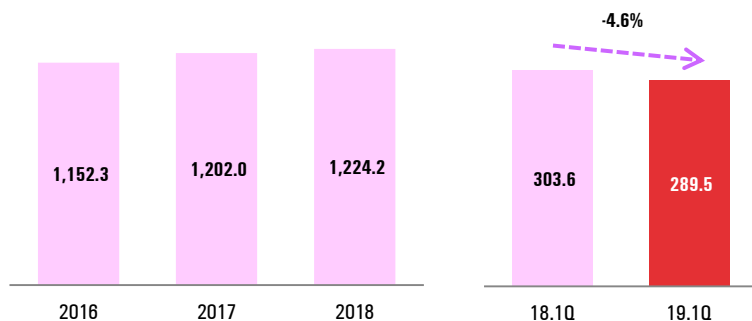
Banks & Non-Bank Net Income Portion(%)



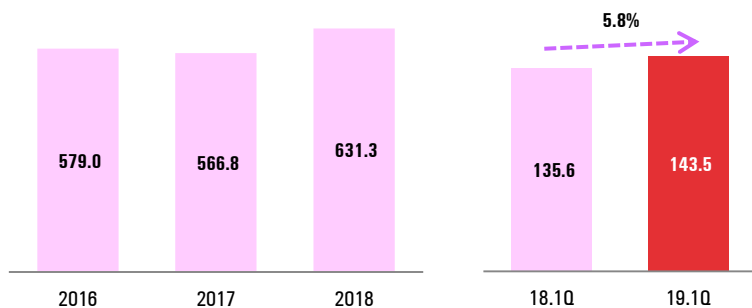
(KRW bn, %)	19.1Q	18.1Q	YoY	18.4Q	QoQ
Bank(A)	175.6	201.8	-13.0	-27.2	Net Gain
Busan	113.1	135.3	-16.4	-26.4	Net Gain
Kyongnam	62.5	66.5	-6.0	-0.8	Net Gain
Non-Bank(B)	29.0	29.7	-2.4	25.1	15.5
Capital	15.4	18.3	-15.8	18.7	-17.6
Securities	7.0	6.2	12.9	3.5	100.0
MSB	5.7	4.6	23.9	3.7	54.1
Asset Management	0.4	0.0	-	-1.1	Net Gain
Credit Info	0.2	0.2	0.0	0.2	0.0
System	0.3	0.4	-25.0	0.1	200.0
Financial Group & Unconsolidated Portion(C)	-17.6	-16.6	-	-25.0	-
Net Income in Non-Controlling Interest(D)	9.9	7.6	30.3	10.1	-2.0%
Net Income in Controlling Interest(E) (E=A+B+C-D)	177.1	207.3	-14.6	-37.2	Net Gain

3. Banks Earning Results - Busan

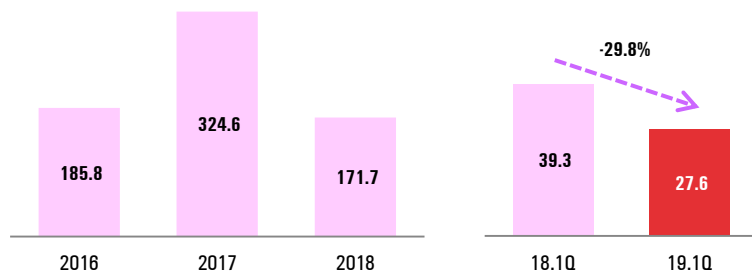
Interest Income(% , KRW bn)



SG&A(% , KRW bn)



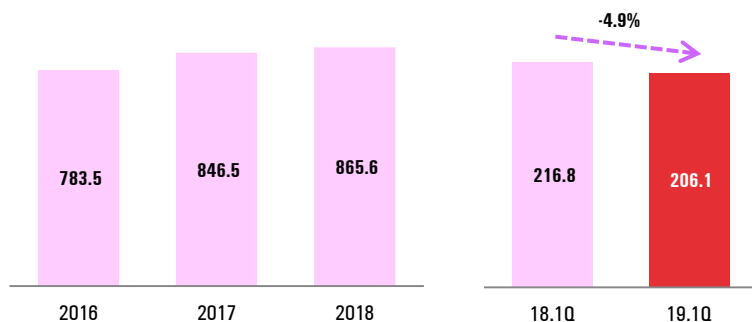
Provision Expense(% , KRW bn)



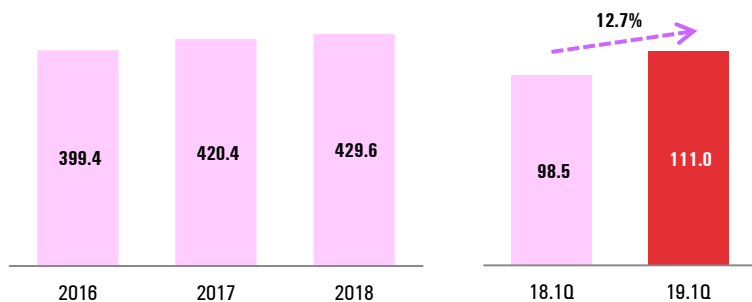
(KRW bn, %)	19.1Q	18.1Q	YoY	18.4Q	QoQ
Net Interest Income	289.5	303.6	-4.6	304.3	-4.9
Net Fee Income	18.5	21.5	-14.0	14.6	26.7
Fees from Trust Account	5.6	6.3	-11.1	5.5	1.8
Others	10.8	19.9	-45.7	-59.4	Net Gain
SG&A(-)	143.5	135.6	5.8	225.1	-36.3
Provision Expense(-)	27.6	39.3	-29.8	78.1	-64.7
Net Operating Income	153.3	176.4	-13.1	-38.2	Net Gain
Non-Operating Income	-4.8	-3.2	-	-10.8	-
Earnings Before Income Taxes	148.5	173.2	-14.3	-49.0	Net Gain
Income Tax Expenses(-)	35.4	37.9	-6.6	-22.6	-
Net Income	113.1	135.3	-16.4	-26.4	Net Gain

3. Banks Earning Results - Kyongnam

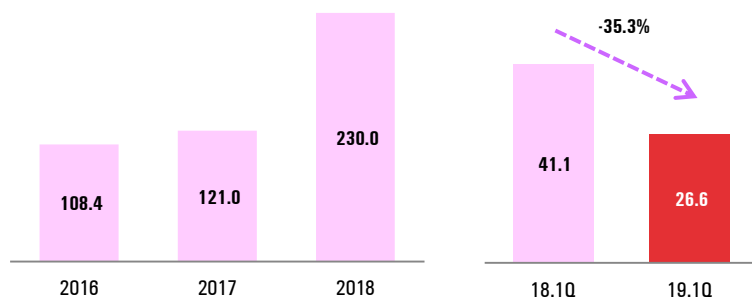
Interest Income(% , KRW bn)



SG&A(% , KRW bn)



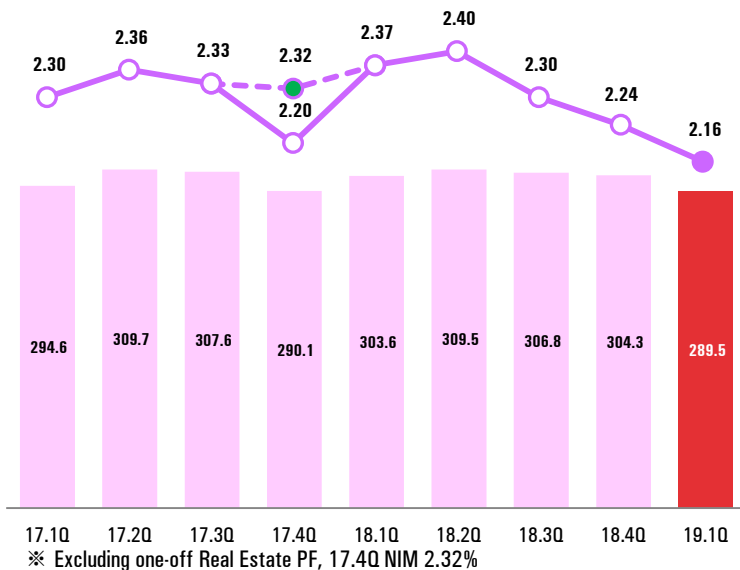
Provision Expense(% , KRW bn)



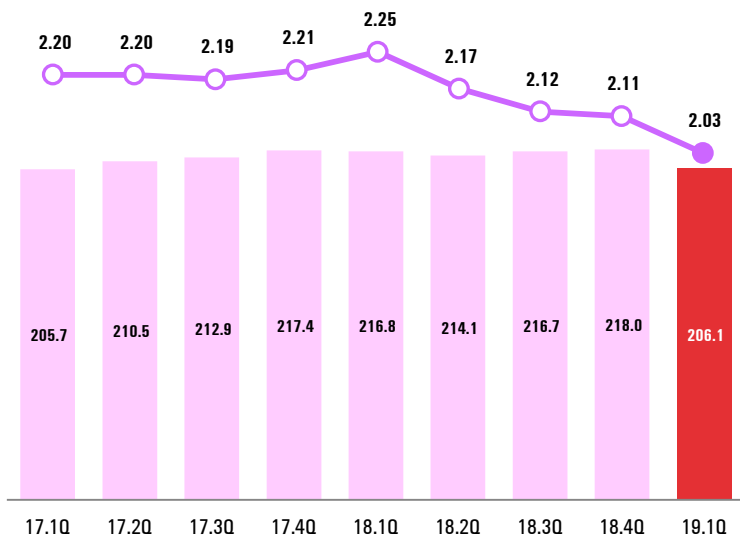
(KRW bn, %)	19.1Q	18.1Q	YoY	18.4Q	QoQ
Net Interest Income	206.1	216.8	-4.9	218.0	-5.5
Net Fee Income	14.2	13.1	8.4	3.4	317.6
Fees from Trust Account	2.1	2.1	0.0	1.8	16.7
Others	-8.4	-5.1	-	-6.2	-
SG&A(-)	111.0	98.5	12.7	129.2	-14.1
Provision Expense(-)	26.6	41.1	-35.3	82.6	-67.8
Net Operating Income	76.4	87.3	-12.5	5.2	1,369.2
Non-Operating Income	4.4	1.0	340.0	-7.3	Net Gain
Earnings Before Income Taxes	80.8	88.3	-8.5	-2.1	Net Gain
Income Tax Expenses(-)	18.3	21.8	-16.1	-1.3	-
Net Income	62.5	66.5	-6.0	-0.8	Net Gain

4. Banks NIM

Busan Quarterly Interest Income & NIM (% , KRW bn)



Kyongnam Quarterly Interest Income & NIM(% , KRW bn)



Busan

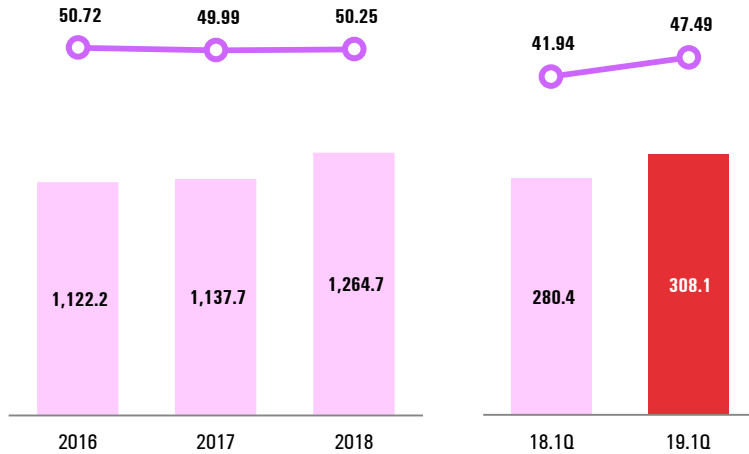
(%, KRW tn)	19.1Q	18.4Q	18.3Q	18.2Q	18.1Q
Quarterly NIM	2.16	2.24	2.30	2.40	2.37
Quarterly NIS	2.46	2.53	2.61	2.72	2.70
Interest Rate on KRW Loans	4.00	4.01	4.00	4.06	3.99
Interest Rate paid on KRW Deposits	1.54	1.48	1.39	1.34	1.29
Average Interest Earning Assets	48.7	48.3	47.3	46.6	46.5
Accumulated NIM	2.16	2.32	2.35	2.38	2.37

Kyongnam

(%, KRW tn)	19.1Q	18.4Q	18.3Q	18.2Q	18.1Q
Quarterly NIM	2.03	2.11	2.12	2.17	2.25
Quarterly NIS	2.26	2.35	2.34	2.42	2.50
Interest Rate on KRW Loans	3.97	4.00	3.94	3.96	3.93
Interest Rate paid on KRW Deposits	1.71	1.65	1.60	1.54	1.43
Average Interest Earning Assets	35.9	36.0	35.7	34.9	34.6
Accumulated NIM	2.03	2.16	2.18	2.21	2.25

5. SG&A

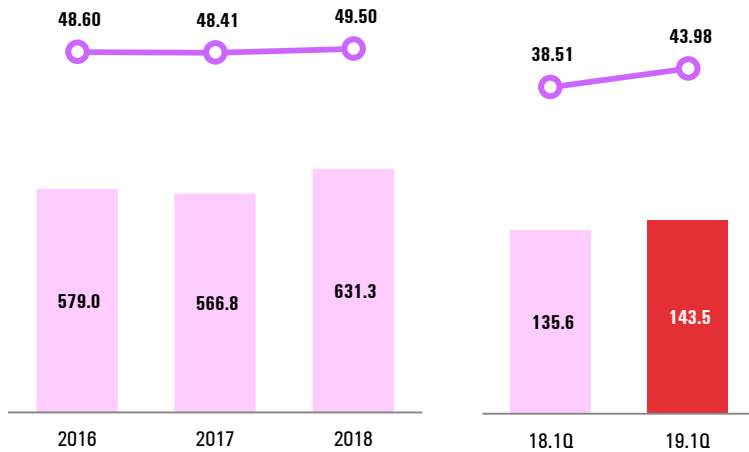
Group SG&A & CIR (% , KRW bn)



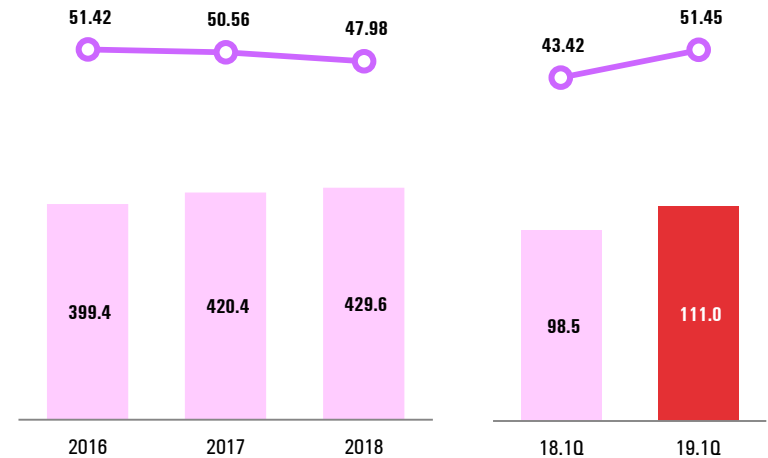
(KRW bn, %)	19.1Q	18.1Q	YoY	18.4Q	QoQ
SG&A	308.1	280.4	9.9	409.3	-24.7
CIR	47.49	41.94	5.55		

1) 4Q Seasonal SG&A dispersed throughout all quarters (Excluding +10.0 KRW Bn, '19.1Q YoY +6.3%)
 **BSB, excluding +5.2 KRW bn, SG&A '19.1Q YoY +2.0%
 **KNB excluding +3.8 KRW bn, SG&A '19.1Q YoY +8.8%

Busan SG&A & CIR (% , KRW bn)



Kyongnam SG&A & CIR (% , KRW bn)

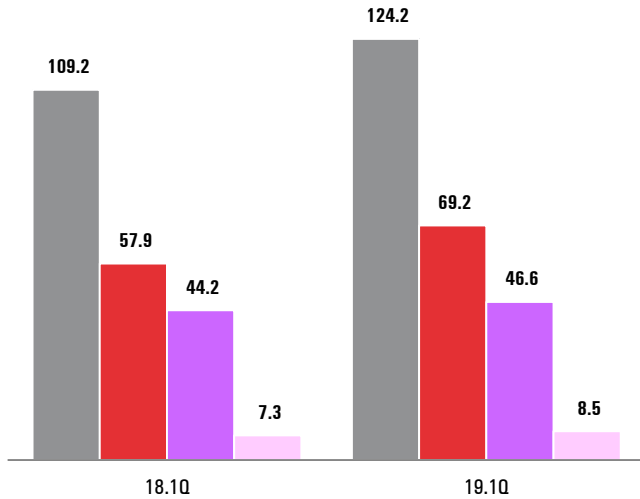


III. Growth

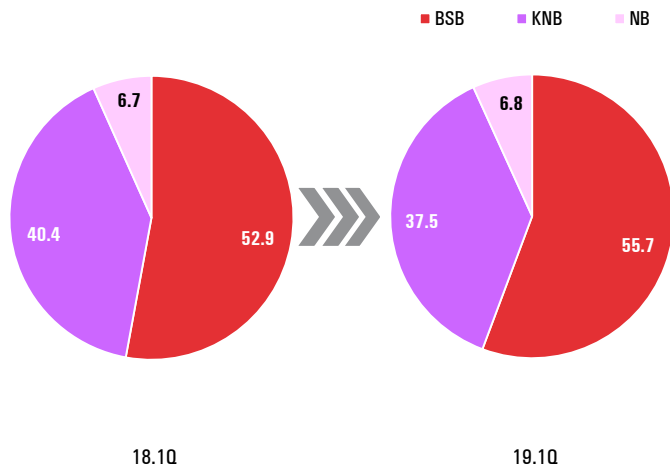
1. Group Assets	15
2. Banks Loans / Deposits	16

1. Group Assets

☐ Total Assets(KRW tn)



☐ Banks & Non-Banks Portion(%)

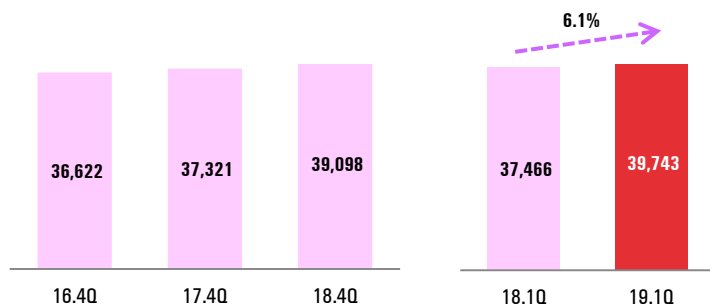


☐ Group Total Assets

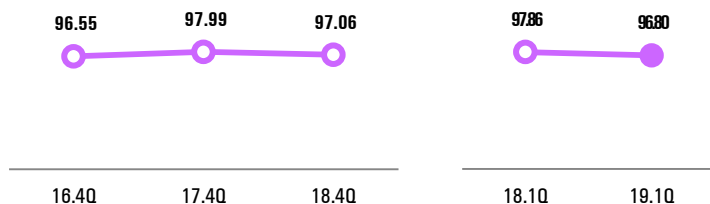
(KRW bn, %)	19.1Q	18.1Q	YoY	18.4Q	QoQ
Bank	115,742.2	102,018.1	13.5	111,179.8	4.1
Busan	69,169.7	57,851.7	19.6	65,785.4	5.1
Kyongnam	46,572.5	44,166.4	5.4	45,394.4	2.6
Non-Bank	8,489.3	7,283.6	16.6	7,975.5	6.4
Capital	4,933.4	4,876.0	1.2	5,067.5	-2.6
Securities	2,400.0	1,509.4	59.0	1,797.8	33.5
MSB	1,057.2	835.8	26.5	1,016.5	4.0
Asset Mgt.	73.9	41.5	78.1	72.3	2.2
Credit Info	10.5	9.6	9.4	10.2	2.9
System	14.3	11.3	26.5	11.2	27.7
Financial Group & Unconsolidated Portion	-30.5	-53.0	-	-153.5	-
Group Total Assets	124,201.0	109,248.7	13.7	119,001.8	4.4

2. Banks Loans / Deposits - Busan

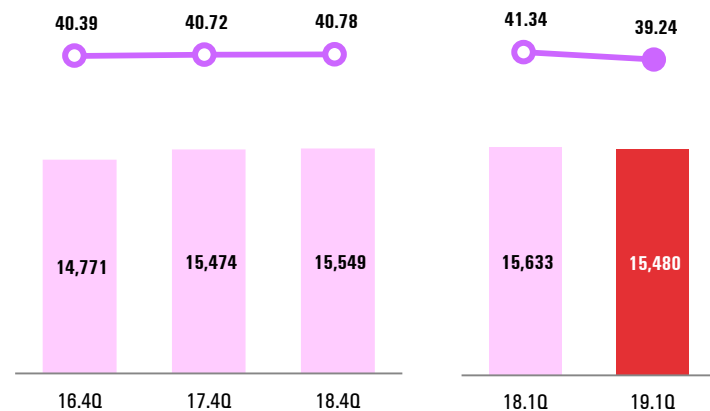
☐ KRW Loans(% , KRW bn)



☐ LDR(%)



☐ Low Cost Deposits & Ratio(% , KRW bn)



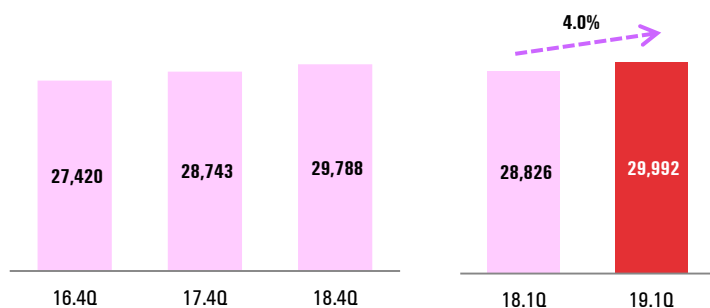
(KRW bn, %, Balance)	19.1Q	18.1Q	YoY	18.4Q	QoQ
KRW Loans¹⁾	39,743.3	37,466.0	6.1	39,098.4	1.6
Corporate	26,625.3	25,372.0	4.9	25,983.6	2.5
SME	23,963.9	23,142.7	3.5	23,520.9	1.9
(Core Corps.) ²⁾	11,866.8	10,961.4	8.3	11,492.5	3.3
Large Corps.	2,661.4	2,229.3	19.4	2,462.7	8.1
Household	11,646.1	10,825.5	7.6	11,587.7	0.5
Mortgage	7,938.4	7,344.1	8.1	7,829.0	1.4
Public	1,471.9	1,268.5	16.0	1,527.1	-3.6
Foreign Currency Loans¹⁾	614.3	556.2	10.4	619.5	-0.8
KRW Deposits¹⁾	40,215.5	37,749.7	6.5	39,215.4	2.6
Low Cost Deposits	15,828.4	16,360.5	-3.3	16,043.1	-1.3
Core Deposits	12,461.6	13,213.0	-5.7	12,136.2	2.7
MMDA	3,366.8	3,147.5	7.0	3,906.9	-13.8

(KRW bn, %, %p, Average Balance)	19.1Q	18.1Q	YoY	18.4Q	QoQ
Low-Cost Deposits(A)	15,479.9	15,633.1	-1.0	15,548.8	-0.4
Core Deposits ²⁾	12,003.3	12,287.7	-2.3	12,156.2	-1.3
MMDA	3,476.6	3,345.4	3.9	3,392.6	2.5
KRW Deposits(B)	39,449.0	37,812.4	4.3	38,131.6	3.5
A / B	39.24	41.34	-2.10	40.78	-1.54

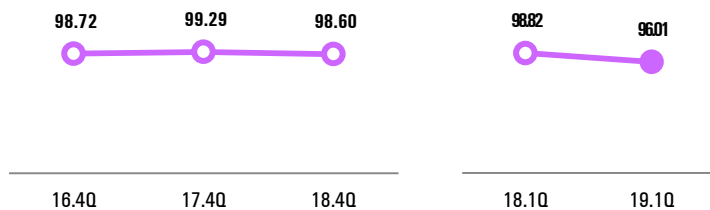
1) Unconsolidated FS, 2) Core Corps : SME or SOHO(≤3 KRW bn), 3) Core Deposits : Demand + Savings(Ex. MMDA)

2. Banks Loans / Deposits - Kyongnam

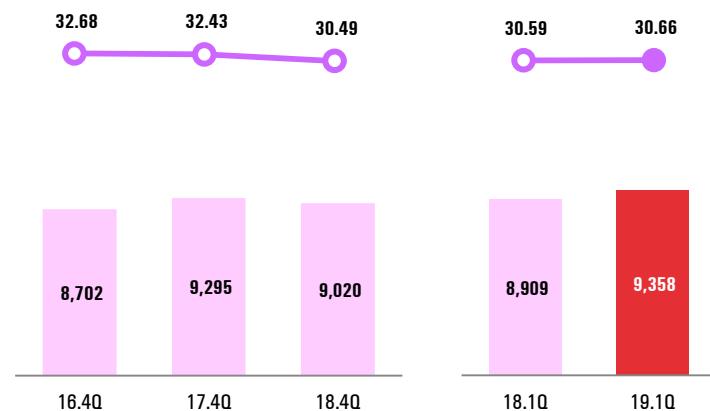
□ KRW Loans(% , KRW bn)



□ LDR(%)



□ Low-Cost Deposits & Ratio(% , KRW bn)



(KRW bn, %, Balance)	19.1Q	18.1Q	YoY	18.4Q	QoQ
KRW Loans¹⁾	29,992.1	28,826.3	4.0	29,787.8	0.7
Corporate	19,020.7	18,281.1	4.0	18,783.7	1.3
SME	17,614.8	16,913.9	4.1	17,371.1	1.4
(Core Corps.) ²⁾	5,616.1	5,099.2	10.1	5,417.0	3.7
Large Corps.	1,405.9	1,367.2	2.8	1,412.6	-0.5
Household	10,616.1	10,225.9	3.8	10,656.6	-0.4
Mortgage	8,882.1	8,584.8	3.5	8,919.6	-0.4
Public	355.3	319.3	11.3	347.5	2.2
Foreign Currency Loans¹⁾	104.5	106.0	-1.4	102.3	2.2
KRW Deposits¹⁾	30,294.1	28,776.9	5.3	29,664.9	2.1
Low Cost Deposits	9,488.0	8,806.0	7.7	8,616.8	10.1
Core Deposits	7,602.2	7,225.1	5.2	7,152.0	6.3
MMDA	1,885.8	1,580.9	19.3	1,464.8	28.7

(KRW bn, %, %p, Average Balance)	19.1Q	18.1Q	YoY	18.4Q	QoQ
Low-Cost Deposits(A)	9,357.7	8,909.0	5.0	9,019.7	3.7
Core Deposits ²⁾	7,876.5	7,426.0	6.1	7,401.8	6.4
MMDA	1,481.2	1,483.0	-0.1	1,617.9	-8.4
KRW Deposits(B)	30,520.3	29,119.5	4.8	29,577.7	3.2
A / B	30.66	30.59	0.07	30.49	0.17

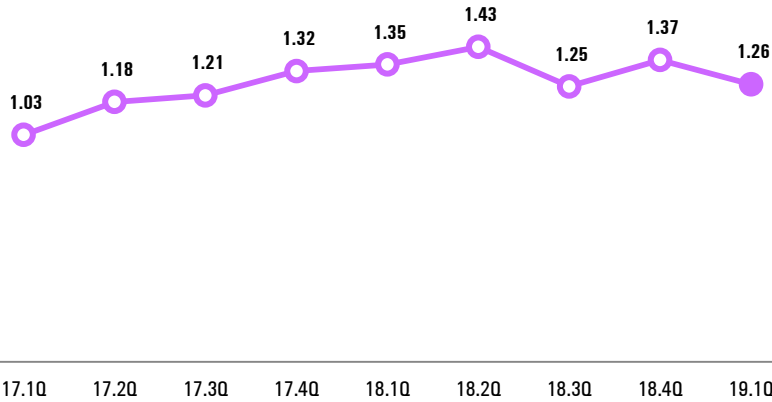
1) Unconsolidated FS, 2) Core Deposits : Demand + Savings(Ex. MMDA)

IV. Asset Quality

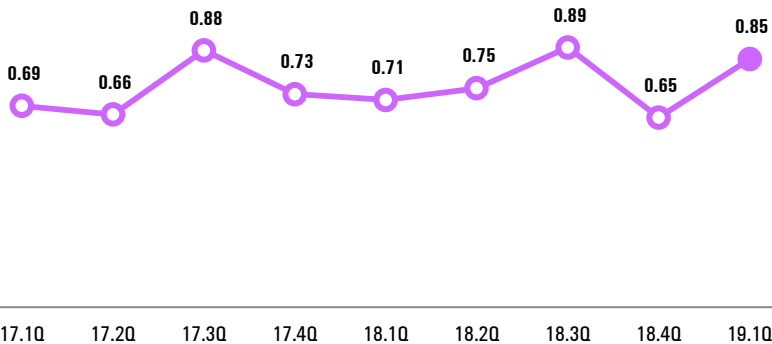
1. Group Asset Quality	19
2. Banks Asset Quality	20
3. Group Provisioning	22
4. Banks Provisioning / Write-offs & NPL Sales	23

1. Group Asset Quality

□ SBL(NPL) Ratio(%)



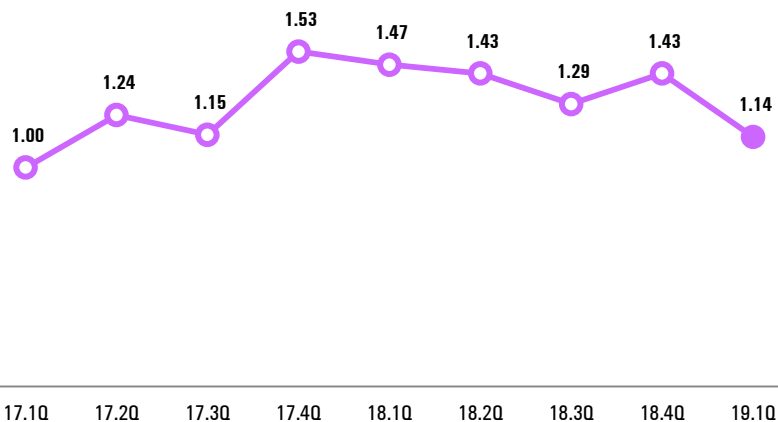
□ Delinquency Ratio(%)



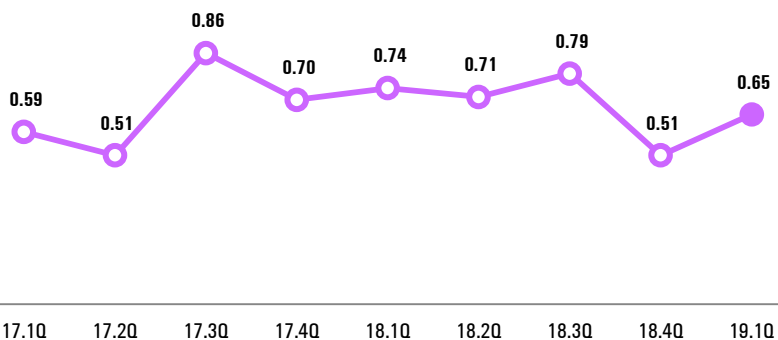
(KRW bn, %, %p)	19.1Q	18.1Q	YoY	18.4Q	QoQ
Total Credits	78,970.4	75,289.5	4.9	78,059.2	1.2
Normal	76,751.8	73,054.2	5.1	75,727.2	1.4
Precautionary	1,220.9	1,216.3	0.4	1,263.2	-3.3
Substandard	537.5	614.2	-12.5	580.5	-7.4
Doubtful	176.2	188.9	-6.7	166.3	6.0
Expected Loss	284.0	215.9	31.5	322.0	-11.8
SBL(Substandard & Below Loans)	997.7	1,019.0	-2.1	1,068.8	-6.7
SBL Ratio	1.26	1.35	-0.09	1.37	-0.11
SBL Coverage Ratio (Ratio before Reserve deduction)	98.40 (148.45)	89.84 (141.09)	8.56 (7.36)	93.49 (139.35)	4.91 (9.10)
Delinquency Ratio	0.85	0.71	0.14	0.65	0.20
Loan Amount	78,035.2	74,366.0	4.9	77,161.2	1.1
Delinquent Amount	659.9	529.5	24.6	505.1	30.6

2. Banks Asset Quality - Busan

□ SBL(NPL) Ratio(%)



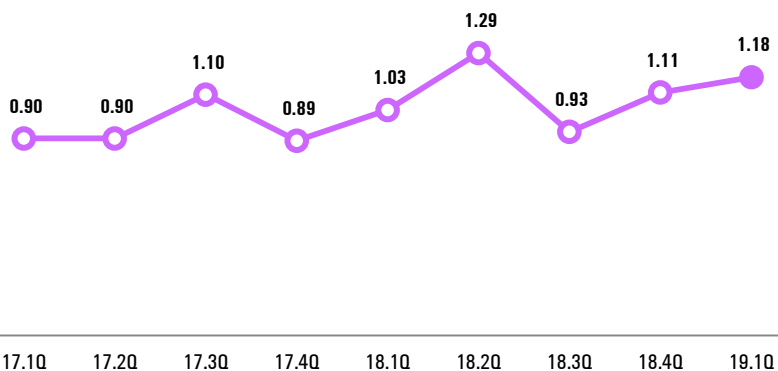
□ Delinquency Ratio(%)



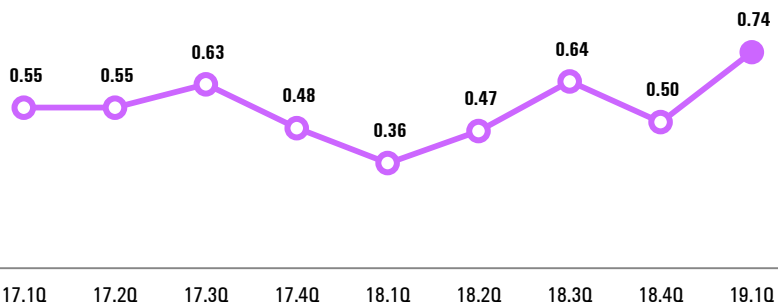
(KRW bn, %, %p)	19.1Q	18.1Q	YoY	18.4Q	QoQ
Total Credits	42,020.6	39,691.4	5.9	41,385.9	1.5
Normal	40,979.6	38,563.7	6.3	40,247.3	1.8
Precautionary	563.1	545.4	3.2	547.2	2.9
Substandard	272.1	379.5	-28.3	334.7	-18.7
Doubtful	33.7	61.1	-44.8	38.6	-12.7
Expected Loss	172.1	141.7	21.5	218.1	-21.1
SBL(Substandard & Below Loans)	477.9	582.3	-17.9	591.4	-19.2
SBL Ratio	1.14	1.47	-0.33	1.43	-0.29
SBL Coverage Ratio (Ratio before Reserve deduction)	106.63 (148.80)	88.56 (127.70)	18.07 (21.10)	91.34 (126.12)	15.29 (22.68)
Delinquency Ratio	0.65	0.74	-0.09	0.51	0.14
Loan Amount	41,318.7	38,972.8	6.0	40,090.7	3.1
Delinquent Amount	269.1	290.0	-7.2	205.6	30.9

2. Banks Asset Quality - Kyongnam

□ SBL(NPL) Ratio(%)



□ Delinquency Ratio(%)



(KRW bn, %, %p)	19.1Q	18.1Q	YoY	18.4Q	QoQ
Total Credits	30,923.2	29,739.8	4.0	30,707.0	0.7
Normal	30,273.4	29,240.5	3.5	30,088.2	0.6
Precautionary	285.2	192.9	47.8	276.8	3.0
Substandard	206.1	178.0	15.8	194.4	6.0
Doubtful	71.0	69.6	2.0	67.0	6.0
Expected Loss	87.5	58.8	48.8	80.6	8.6
SBL(Substandard & Below Loans)	364.6	306.4	19.0	342.0	6.6
SBL Ratio	1.18	1.03	0.15	1.11	0.07
SBL Coverage Ratio (Ratio before Reserve deduction)	80.67 (143.47)	79.47 (155.76)	1.20 (-12.29)	85.73 (150.90)	-5.06 (-7.43)
Delinquency Ratio	0.74	0.36	0.38	0.50	0.24
Loan Amount	30,689.9	29,535.0	3.9	30,504.1	0.6
Delinquent Amount	226.9	105.8	114.5	152.9	48.4

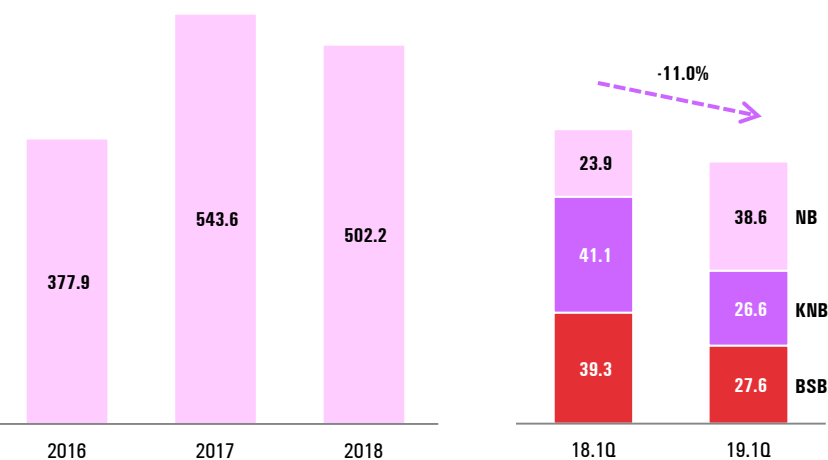
3. Group Provisioning

□ Provision Expense

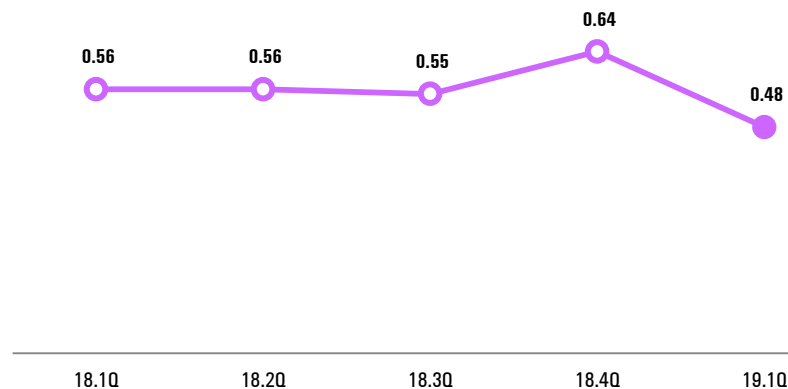
(KRW bn, %)	2019 1Q	2018					2017				
			18.4Q	18.3Q	18.2Q	18.1Q		17.4Q	17.3Q	17.2Q	17.1Q
Total Provisions(A)	92.8	502.2	182.6	105.4	109.9	104.3	543.6	190.3	126.3	118.9	108.1
Total Credits(B)	78,970.4	78,059.2	78,059.2	77,962.0	76,491.5	75,289.5	74,678.1	74,678.1	74,918.2	74,930.9	74,584.8
¹⁾ Credit Cost(A/B)	0.48	0.64	0.93	0.54	0.58	0.56	0.73	1.01	0.67	0.64	0.59

1) Accumulated

□ Banks & Non-Bank Provision Breakdown(KRW bn)

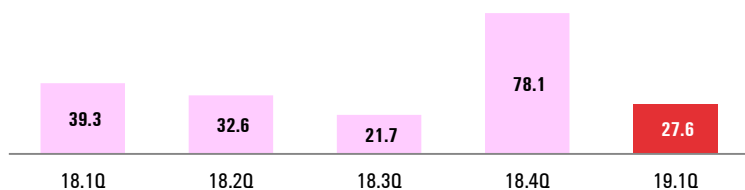


□ Credit Cost(%)

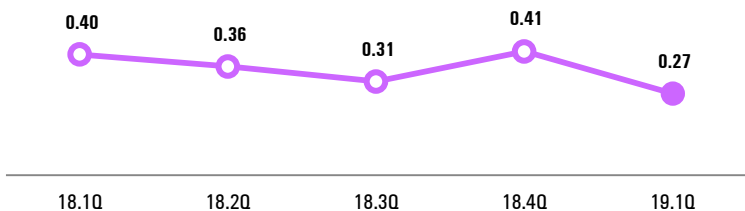


4. Provisioning / Write-offs & NPL Sales - Busan

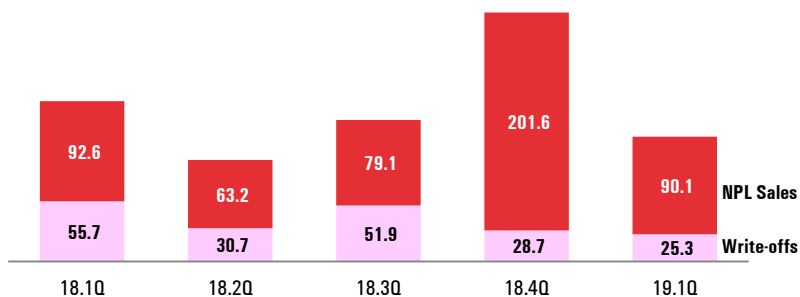
□ Provision Expense(KRW bn)



□ Credit Cost(%)



□ Write-offs & NPL Sales(KRW bn)

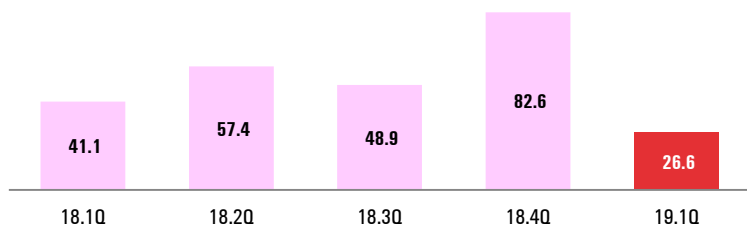


□ Provision Expense / Write-offs & NPL Sales

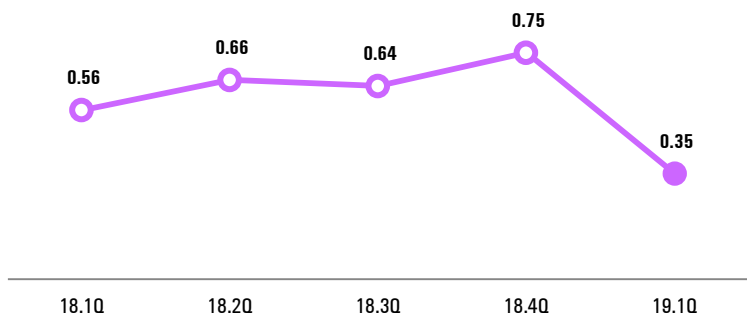
(KRW bn, %)	19.1Q	18.4Q	18.3Q	18.2Q	18.1Q
Corporate	21.2	64.1	10.8	25.9	30.5
Household	4.6	4.6	4.7	2.9	3.4
Credit Card	3.6	9.8	6.3	5.3	5.6
Others	-1.8	-0.4	-0.1	-1.5	-0.2
Total(A)	27.6	78.1	21.7	32.6	39.3
Total Credits(B)	42,020.6	41,385.9	40,889.5	40,077.4	39,691.4
Credit Cost(A/B)	0.27	0.75	0.21	0.33	0.40
Total Write-Offs	25.3	28.7	51.9	30.7	55.7
Corporate	15.1	17.9	42.5	20.7	46.6
Household	4.0	4.9	3.1	4.1	3.1
Credit Card	6.2	5.9	6.3	5.9	6.0
Total NPL Sales	90.1	201.6	79.1	63.2	92.6
(NPL Sales for SBL Loans)	87.1	179.0	77.7	56.6	87.0
Corporate	87.5	197.1	78.4	59.0	91.2
Household	2.1	2.5	0.0	3.4	0.5
Credit Card	0.5	2.0	0.7	0.8	0.9

4. Provisioning / Write-offs & NPL Sales - Kyongnam

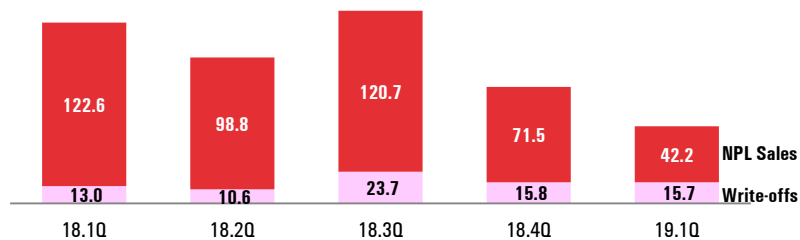
□ Provision Expense(KRW bn)



□ Credit Cost(%)



□ Write-offs & NPL Sales(KRW bn)



□ Provision Expense / Write-offs & NPL Sales

(KRW bn, %)	19.1Q	18.4Q	18.3Q	18.2Q	18.1Q
Corporate	19.1	71.2	39.6	47.0	45.1
Household	4.2	6.1	5.3	3.6	1.5
Credit Card	3.7	5.3	4.2	4.4	-8.1
Others	-0.4	0.0	-0.2	2.4	2.6
Total(A)	26.6	82.6	48.9	57.4	41.1
Total Credits(B)	30,923.3	30,707.0	30,868.5	30,241.9	29,739.8
Credit Cost(A/B)	0.35	1.07	0.63	0.76	0.56
Total Write-Offs	15.7	15.8	23.7	10.6	13.0
Corporate	9.9	8.1	17.1	3.8	5.8
Household	2.0	3.1	2.2	3.1	3.3
Credit Card	3.8	4.6	4.4	3.7	3.9
Total NPL Sales	42.2	71.5	120.7	98.8	122.6
(NPL Sales for SBL Loans)	40.0	69.0	118.6	94.3	115.7
Corporate	42.1	71.2	118.9	98.6	122.5
Household	0.1	0.2	1.6	0.0	0.0
Credit Card	0.0	0.1	0.2	0.2	0.1

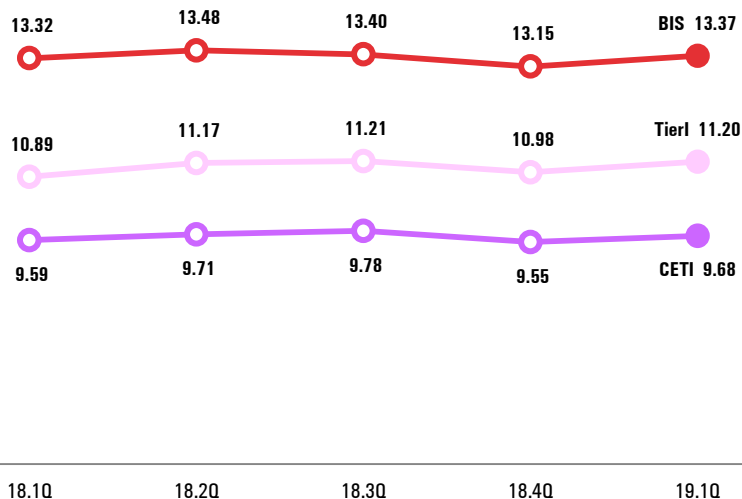
V . Capital Adequacy

1. Capital Adequacy

26

1. Capital Adequacy

Group Capital Adequacy(%)



Group

(KRW bn, %, %p, Basel III Standard)	19.1Q	18.1Q	YoY	18.4Q	QoQ
Tot. Risk Adjusted Capital	9,562.2	9,065.2	5.5	9,295.5	2.9
Tier I	8,011.0	7,412.5	8.1	7,765.1	3.2
(CETI)	6,921.3	6,525.5	6.1	6,749.0	2.6
Tot. R.W.A.	71,496.7	68,062.1	5.0	70,694.6	1.1
BIS Capital Ratio	13.37	13.32	0.05	13.15	0.22
Tier I	11.20	10.89	0.31	10.98	0.22
(CETI)	9.68	9.59	0.09	9.55	0.13

Busan

(KRW bn, %, %p, Basel III I.R.B.)	19.1Q	18.1Q	YoY	18.4Q	QoQ
Tot. Risk Adjusted Capital	5,516.0	5,186.6	6.4	5,467.3	0.9
Tier I	4,733.7	4,347.5	8.9	4,642.3	2.0
(CETI)	4,385.6	4,098.2	7.0	4,293.3	2.1
Tot. R.W.A.	34,321.8	33,029.3	3.9	33,718.0	1.8
BIS Capital Ratio	16.07	15.70	0.37	16.21	-0.14
Tier I	13.79	13.16	0.63	13.77	0.02
(CETI)	12.78	12.41	0.37	12.73	0.05

Kyongnam

(KRW bn, %, %p, Basel III I.R.B.)	18.1Q	17.1Q	YoY	17.4Q	QoQ
Tot. Risk Adjusted Capital	3,758.0	3,559.0	5.6	3,660.2	2.7
Tier I	3,044.1	2,824.3	7.8	3,022.7	0.7
(CETI)	2,700.2	2,548.5	6.0	2,647.3	2.0
Tot. R.W.A.	22,648.9	21,604.7	4.8	22,452.5	0.9
BIS Capital Ratio	16.59	16.47	0.12	16.30	0.29
Tier I	13.44	13.07	0.37	13.46	-0.02
(CETI)	11.92	11.80	0.12	11.79	0.13

VI. Appendix

1. Banks KRW Loan Portfolio	28
2. Cyclical Sector	29
3. BNK Capital	30
4. Group Networks & Major Industries	32

1. Banks KRW Loan Portfolio

Busan Bank

(KRW bn, %, Balance)	2019 1Q			
	Amount	Ratio	YoY	QoQ
Manufacturing	9,008.0	22.7	-1.3	1.9
Steel Metal Products	2,730.6	6.9	1.5	4.3
Automobile Parts	1,842.5	4.6	-9.6	-1.5
Machinery	1,233.4	3.1	-0.5	2.4
Petroleum, Rubber, etc.	966.5	2.4	-4.3	1.4
Fabric	275.3	0.7	28.3	4.8
Garment & Shoes	313.2	0.8	6.8	5.7
Kitchen Units	327.2	0.8	12.1	5.7
Electronics	448.4	1.1	-13.2	-4.1
Paper, Paper Mills	120.3	0.3	5.5	1.0
Others	750.6	1.9	4.4	1.1
Non-Manufacturing	19,089.2	48.0	9.0	2.3
Wholesale & Retail	3,276.3	8.2	13.1	3.9
Public	140.2	0.4	-1.3	-9.1
Construction & Engineering	1,278.4	3.2	-2.1	7.2
Real Estate	7,793.6	19.6	10.5	2.4
Insurance & Financing	491.1	1.2	8.0	-9.4
Transportation	1,199.1	3.0	-3.3	0.8
Hotel & Food	1,182.7	3.0	8.9	5.8
Others	3,727.8	9.4	11.8	0.6
Households	11,646.1	29.3	7.6	0.5
KRW Loans	39,743.3	100.0	6.1	1.6

Kyongnam Bank

*Sectors are based on FSS Business Report

(KRW bn, %, Balance)	2019 1Q			
	Amount	Ratio	YoY	QoQ
Manufacturing	9,142.4	30.5	-1.5	2.1
Steel Metal Products	2,233.0	7.4	-0.5	1.2
Automobile Parts	2,608.4	8.7	0.3	1.5
Machinery	2,251.0	7.5	-7.9	2.0
Petroleum, Rubber, etc.	284.8	0.9	7.4	-4.7
Fabric	72.0	0.2	15.2	7.1
Garment & Shoes	9.2	0.0	-14.0	3.4
Kitchen Units	208.0	0.7	5.6	1.9
Electronics	614.9	2.1	0.0	-6.4
Paper, Paper Mills	82.5	0.3	-0.4	3.3
Others	778.6	2.6	2.8	19.3
Non-Manufacturing	10,233.6	34.1	9.8	0.5
Wholesale & Retail	1,968.0	6.6	11.2	5.1
Public	1.5	0.0	275.0	36.4
Construction & Engineering	684.5	2.3	16.0	8.4
Real Estate	3,794.9	12.7	10.1	-4.6
Insurance & Financing	113.9	0.4	-29.7	-29.4
Transportation	330.7	1.1	0.4	2.9
Hotel & Food	736.1	2.5	11.6	5.7
Others	2,604.0	8.7	10.3	3.4
Households	10,616.1	35.4	3.8	-0.4
KRW Loans	29,992.1	100.0	4.0	0.7

※ KSIC(Korea Standard Industry Classification) Change(July 1,2017) applied

2. Cyclical Sector

	2019.1Q					
	Steel	Auto	Construction	Shipbuilding	Shipping	Chemical
(KRW bn, %)						
Exposure	3,714.0	2,913.8	2,033.2	1,387.1	579.1	653.2
(% of Total Credits)	5.2	4.1	2.8	1.9	0.8	0.9
Collateral & Provision	2,477.8	1,837.6	1,177.9	968.5	325.2	410.6
Collateral & Provision Coverage	66.7	63.1	57.9	69.8	56.2	62.9
No# of Creditors	2,421	1,891	4,048	1,132	219	635

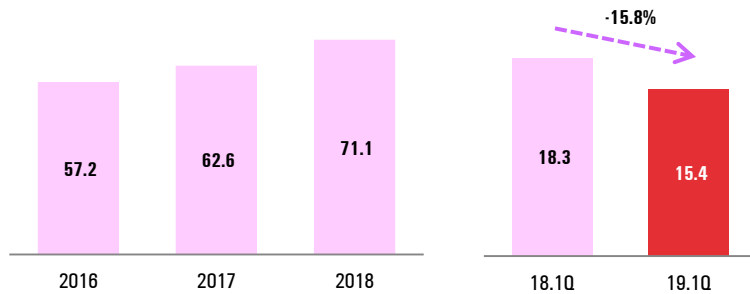
Note 1) Exposure & Total Credits are the sum of Busan & Kyongnam Bank

Note 2) Sectors are based on FSS Business Report

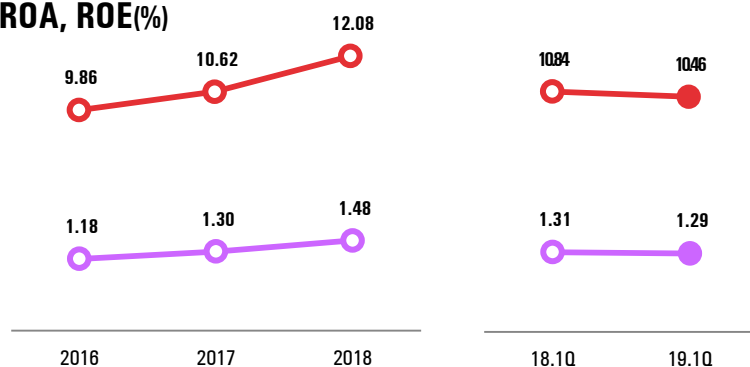
Note 3) Construction includes Real Estate PF(Ref. Collateral for Real Estate PFs are evaluated based on future cash flow that does not include land, buildings under construction etc. hence the overall low construction coverage)

3. BNK Capital - 1

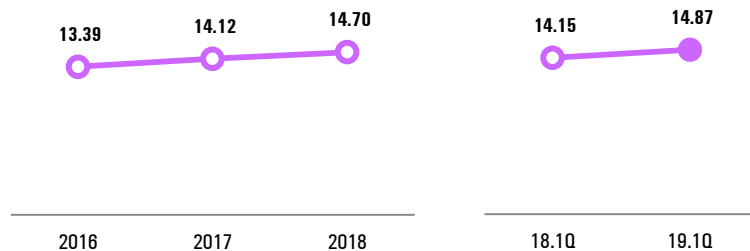
Net Income(% , KRW bn)



ROA, ROE(%)



Adjusted Capital Ratio(%)



(KRW bn, %, Balance)	19.1Q	18.1Q	YoY	18.4Q	QoQ
Net Interest Income	57.4	57.8	-0.7	58.7	-2.2
Fee Income	5.6	4.4	27.3	3.6	55.6
Others	15.8	2.0	690.0	4.8	229.2
SG&A(-)	17.8	16.9	5.3	20.6	-13.6
Provision Expense(-)	40.0	22.6	77.0	22.6	77.0
Non-Operating Income	-0.2	-0.3	-	-	-
Earnings Before Income Tax	20.8	24.4	-14.8	23.9	-13.0
Income Tax Expenses(-)	5.4	6.1	-11.5	5.2	3.8
Net Income	15.4	18.3	-15.8	18.7	-17.6

(KRW bn, %, Balance)	19.1Q	18.1Q	YoY	18.4Q	QoQ
Assets	4,933.4	4,876.0	1.2	5,067.5	-2.6
Cash and Dues	29.8	201.8	-85.2	148.9	-80.0
Securities	0.2	0.0	-	0.0	-
Loans	2,984.5	2,943.8	1.4	3,022.5	-1.3
Venture Capital Business	4.0	2.7	48.1	1.8	122.2
Durables Installment Financing Assets	463.6	670.2	-30.8	507.8	-8.7
Leased Assets	1,354.9	969.2	39.8	1,293.9	4.7
Fixed Assets	10.5	6.5	61.5	7.4	41.9
Other Assets	85.9	81.8	5.0	85.2	0.8
Liability & Shareholder's Equity	4,933.4	4,876.0	1.2	5,067.5	-2.6
Borrowings	3,957.6	4,013.5	-1.4	4,123.4	-4.0
Other Liabilities	324.9	268.4	21.1	299.7	8.4
Shareholder's Equity	650.9	594.1	9.6	644.4	1.0

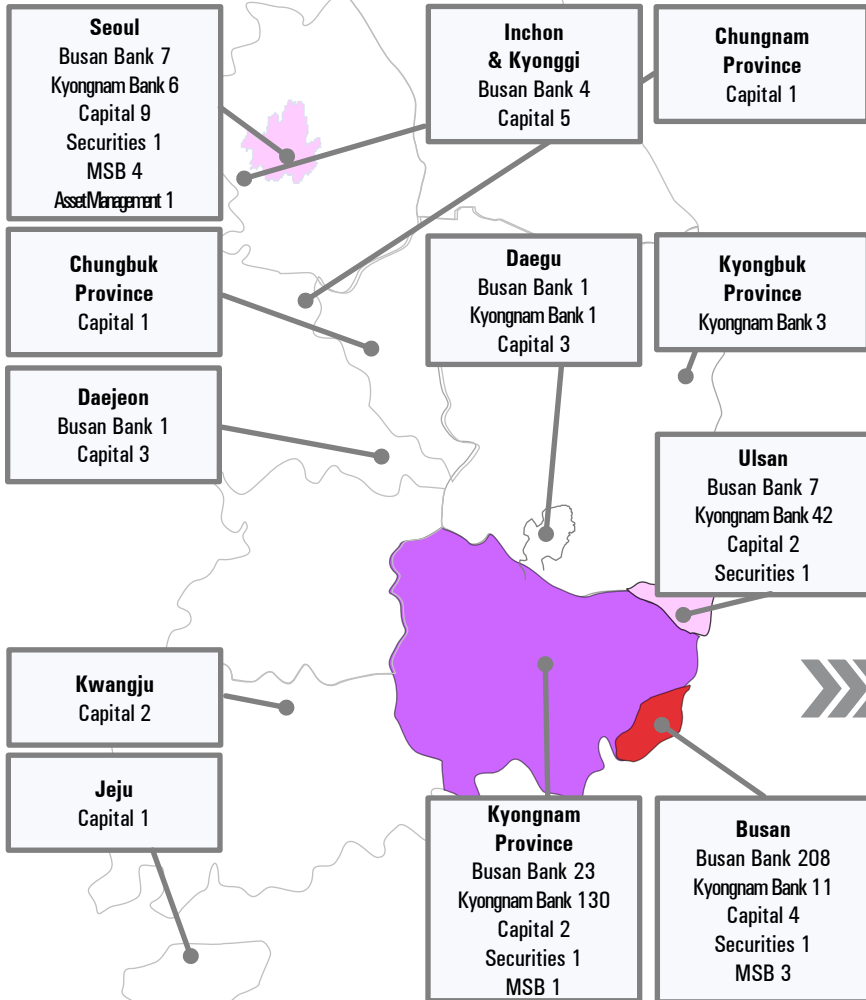
3. BNK Capital - 2

☐ Loan Portfolio

(KRW bn, %, Balance)	19.1Q	Portion	QoQ	18.4Q	18.3Q	18.2Q	18.1Q	17.4Q	17.3Q	17.2Q	17.1Q
Total	5,050.8	100.0	-0.05	5,053.2	5,039.2	4,986.0	4,783.5	4,640.4	4,599.7	4,501.4	4,466.1
Loans	1,841.3	36.4	-0.1	1,843.3	1,837.3	1,813.9	1,636.7	1,503.8	1,458.5	1,369.3	1,388.0
Household	905.2	17.9	-4.5	947.5	927.2	905.1	874.0	840.2	836.3	825.4	807.3
Corporate	936.1	18.5	4.5	895.8	910.1	908.8	762.7	663.6	622.2	543.9	580.7
Auto Financing	2,515.1	49.8	-1.1	2,542.6	2,588.8	2,565.7	2,561.2	2,567.0	2,552.8	2,537.8	2,482.5
Commercial Vehicle	482.6	9.6	-12.0	548.5	616.6	674.4	712.0	739.6	747.8	741.0	700.8
Passenger Vehicle	2,032.5	40.2	1.9	1,994.1	1,972.2	1,891.3	1,849.2	1,827.4	1,805.0	1,796.8	1,781.7
Lease/Installments	690.4	13.7	3.7	665.7	610.6	603.9	583.1	567.1	586.4	592.3	592.5
Machine Tools	140.8	2.8	-0.4	141.4	135.1	132.0	124.4	124.7	135.2	140.2	141.4
Medical Instruments	226.0	4.5	6.9	211.4	198.7	191.8	174.9	169.4	167.1	165.1	162.7
Others	323.6	6.4	3.4	312.9	276.8	280.1	283.8	273.0	284.1	287.0	288.4
Venture Capital Business	4.0	0.1	150.0	1.6	2.5	2.5	2.5	2.5	2.0	2.0	31

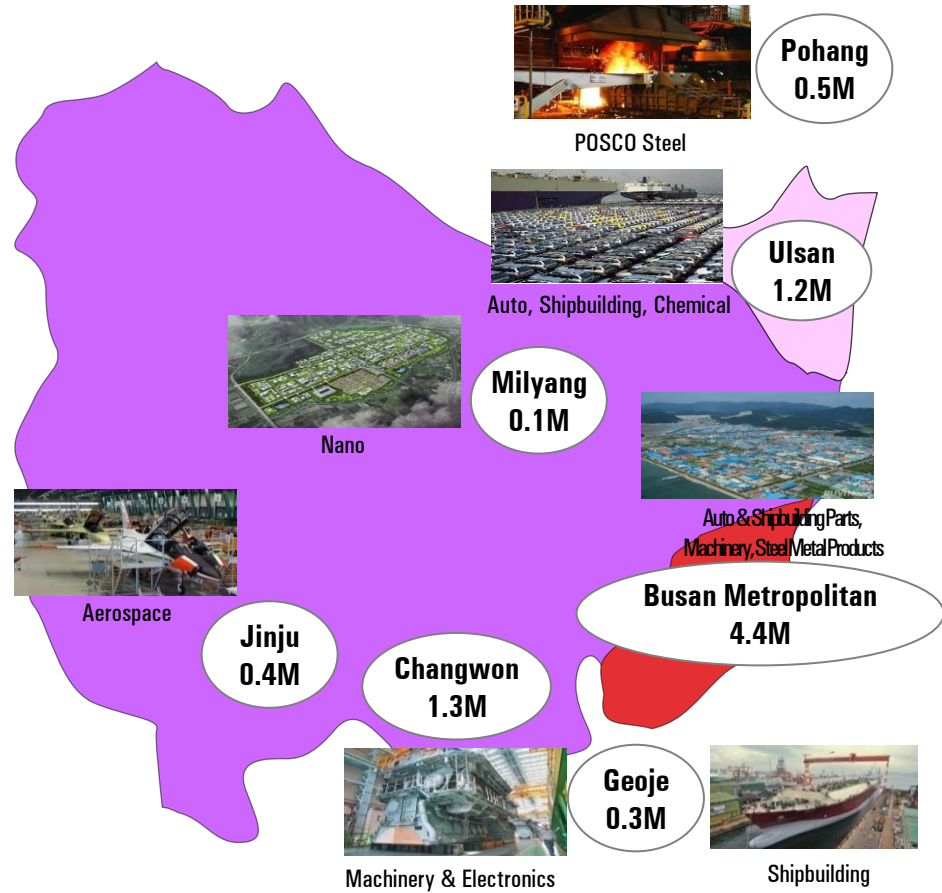
Networks (as of Mar. 2019) : 500 Locations

- Busan Bank 256(Qingdao & Vietnam Branch, Yangon, Mumbai Office included), Kyongnam Bank 193, Capital 38(Myanmar, Cambodia, Laos, Kazakhstan included), Securities 4, MSB 8, Asset Management 1



Population & Major Industries

- Southeastern Conurbation (8.1 Mn, 15.6% of Total Population), making up 15.4% of GRDP(2017)
- Exports : 141.3 USD bn(2017)
- Imports : 62.4 USD bn(2017)



* Southeastern region includes Busan, Ulsan, and Kyongnam