

2019 2Q Financial Results

2019.07.31

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 2Q Group Highlights

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1. Highlights – Profitability

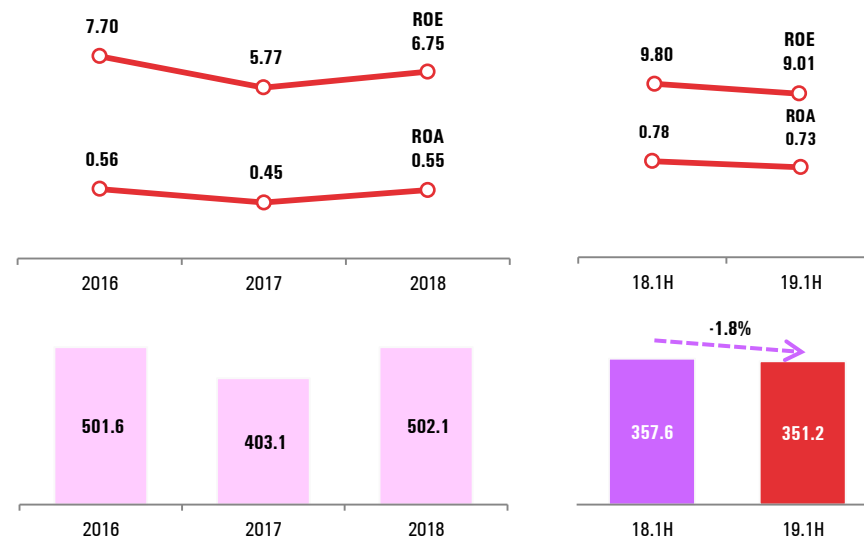
Profitability – Group Net Income

(KRW bn, %)	19.1H	18.1H	YoY	19.2Q	19.1Q	QoQ
Net Interest Income	1,110.3	1,168.9	-5.0	552.4	557.9	-1.0
Net Fee Income	124.9	110.3	13.2	71.0	53.9	31.7
Others	73.0	14.6	400.0	36.1	36.9	-2.2
SG&A(-)	627.9	574.1	9.4	319.8	308.1	3.8
Provision Expense(-)	185.6	214.2	-13.4	92.8	92.8	0.0
Net Income	371.6	373.6	-0.5	184.6	187.0	-1.3
Net Income in Controlling Interest	351.2	357.6	-1.8	174.1	177.1	-1.7

- Group 19.1H Net Income of 351.2 KRW bn, down by 1.8% YoY**
 - 19.2Q Net Income 174.1 KRW bn, down by 1.7% QoQ
 - Although bank's NIMs decreased leading to lower interest income, tight provision control & higher non-bank earnings enabled nominal level of profitability
 - ※ 2Q One-offs : Hanjin Heavy related provision writeback(14.9 KRW bn)
- Group Fee Income increased by 13.2%(14.6 KRW bn) YoY, due to growth in major subsidiaries' PF fee income etc.**
- Group SG&A increased 9.4% YoY; however without ※ 4Q seasonality (SG&A dispersed throughout all quarters), the YoY growth was 5.6%**
 - ※ Group 21.6 KRW bn: BSB 10.5 KRW bn, KNB 8.1 KRW bn etc.
- Group Provision Expense decreased by 28.6 KRW bn YoY, due to lower insolvencies in larger-size loans, provision writeback based on financial structure improvements etc.**

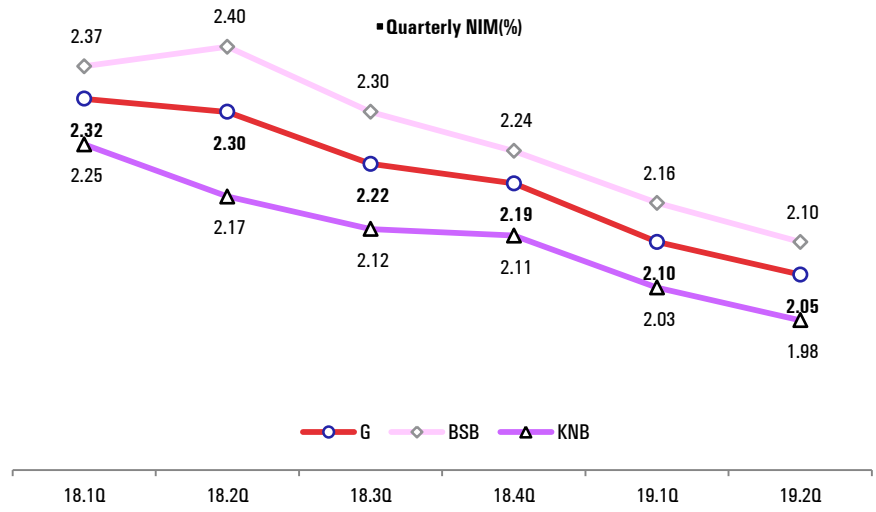
Profitability – Group Subsidiaries Net Income, Group ROA, ROE, Group Net Income Trend

(KRW bn, %)	19.1H	18.1H	YoY	19.2Q	19.1Q	QoQ
Busan	222.7	248.2	-10.3	109.6	113.1	-3.1
Kyongnam	120.4	108.7	10.8	57.9	62.5	-7.4
Capital	39.3	38.2	2.9	23.9	15.4	55.2
Securities	12.7	2.4	429.2	5.7	7.0	-18.6
MSB	11.2	8.6	30.2	5.5	5.7	-3.5
Asset Management	1.7	0.2	750.0	1.3	0.4	225.0



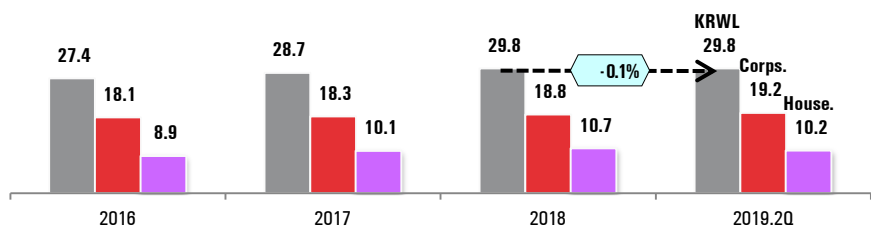
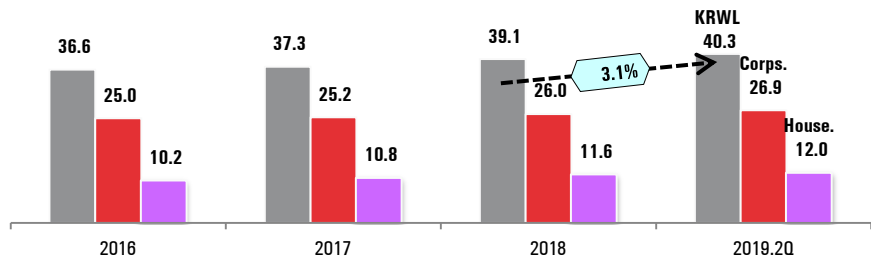
2. Highlights – Profitability, Growth

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

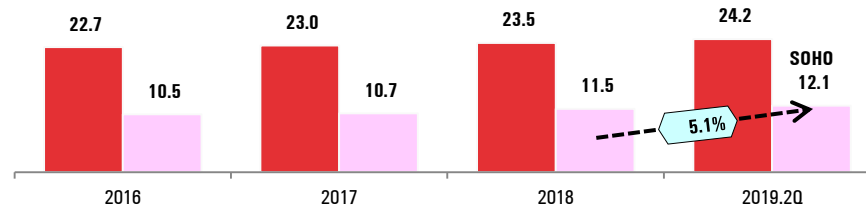


- **19.2Q Group NIM 2.05%, dropped by 5bps QoQ**
 - Impact from increase in higher credit quality customer base & expectations for benchmark rate drop, leading to market rate decrease
- **Banks maintaining growth stance in higher credit quality loans, while KNB's KRW Loans decreased YTD, due to large-scale group loans maturing**
 - BSB KRW Loan Growth 3.1% YTD (SOHO 5.1% YTD)
 - KNB KRW Loan Growth -0.1% YTD
 - ⇒ Group Loans(1.8 KRW tn) matured in 19.1H, lowering household loan growth
 - KNB's SME Loans Growth increased 2.4%, YTD, continuing higher credit quality growth trend

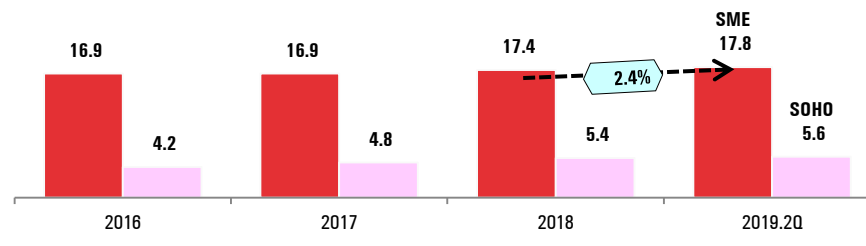
Banks KRW Loans & Breakdown (KRW tn)



BSB

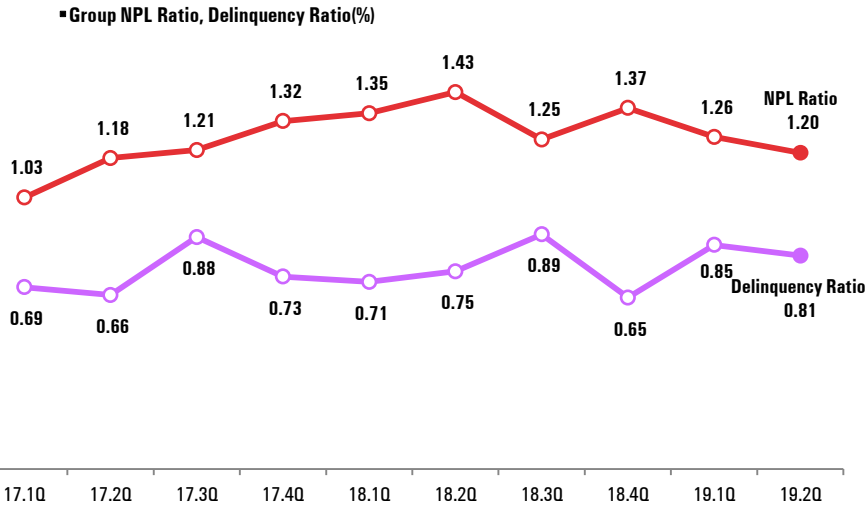


KNB



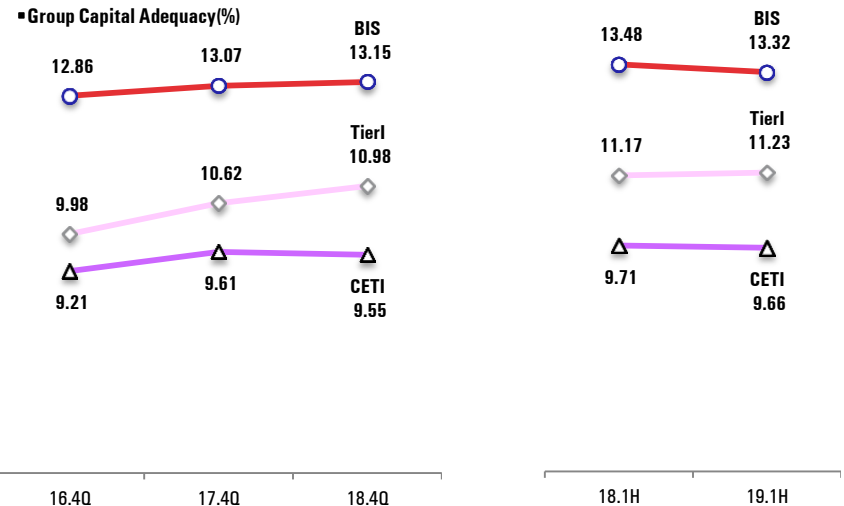
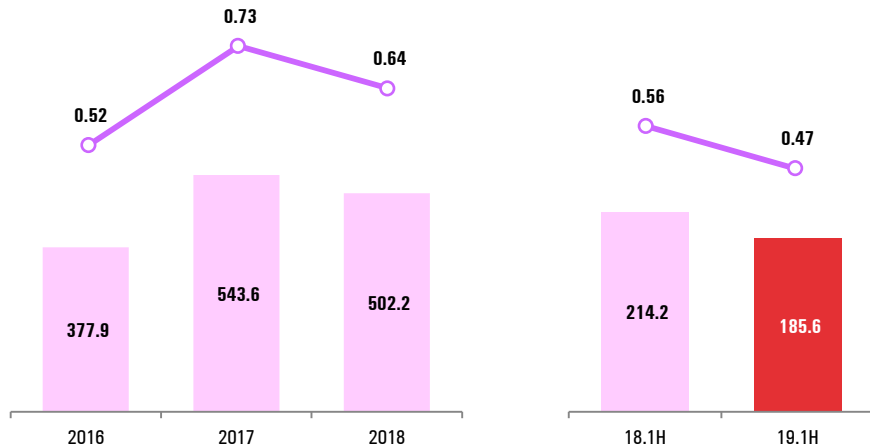
3. Highlights – Asset Quality, Capital Adequacy

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



- Group NPL Ratio 1.20%, improved by 6 bps YTD, due to decrease in new NPL formation, continued NPL sales/writeoffs, & Hanjin Heavy & Const. Co. related debt-to-equity swap(20.3 KRW bn)
 - BSB NPL Ratio 0.99%(QoQ -15bps)
 - KNB NPL Ratio 1.14%(QoQ -4bps)
- Group Delinquency Ratio 0.81%, went down by 4bps QoQ
 - BSB Delinquency Ratio 0.58%(QoQ -7bps)
 - KNB Delinquency Ratio 0.72%(QoQ -2bps)
- Group Credit Cost 47bps, went down by 9bps YoY
 - Due to decrease in large problematic loans & loan reclassification based on improvements in financial structure - leading to provision writeback
- Group BIS Ratio, CET1 Ratio recorded 13.32% & 9.66%
 - YTD -17bps, -11bps

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



4. Group Structure

BNK Financial Group

Establishment : 2011.03.15

Total Assets : 127,395.1

Net Income : 351.2

Employees : 8,270

(%, KRW bn, Accumulated)

Busan Bank

Estbmt : 1967.10.10
Branches : 256
Employees : 3,836

Total Shares Owned

100%

Total Assets

71,567.1

Net Income

222.7

Kyongnam

Estbmt : 1970.05.22
Added : 2014.10.10
Branches : 191
Employees : 2,965

Total Shares Owned

100%

Total Assets

46,659.6

Net Income

120.4

Capital

Estbmt : 2010.07.15
Branches : 34
Employees : 612

Total Shares Owned

100%

Total Assets

5,173.6

Net Income

39.3

Securities

Estbmt : 1997.06.02
Sec. Added : 2009.11
Branches : 4
Employees : 243

Total Shares Owned

100%

Total Assets

2,660.5

Net Income

12.7

MSB

Estbmt : 2011.12.13
Branches : 8
Employees : 126

Total Shares Owned

100%

Total Assets

1,029.0

Net Income

11.2

Asset Mgt.

Estbmt : 2008.07.15
Added : 2015.07.28
Employees : 50

Total Shares Owned

100%

AUM

5,102.2

Net Income

1.7

Credit Info.

Estbmt : 2003.06.17
Industry : Collection
Employees : 88

Total Shares Owned

100%

Total Assets

10.7

Net Income

0.4

System

Estbmt : 2011.05.20
Industry : IT related
Employees : 201

Total Shares Owned

100%

Total Assets

14.3

Net Income

0.6

Affiliates

Cambodia

Establishment : 14.03.07
Employees : 170
Tot. Share's Owned : 100%
Tot. Assets : 25.8 KRW bn
2015.06 Start Operations

Myanmar

Establishment : 14.03.21
Employees : 397
Tot. Share's Owned : 99.9%
Tot. Assets : 36.7 KRW bn
2014.12 Start Operations

Laos PDR

Establishment : 15.04.24
Employees : 28
Tot. Share's Owned : 95%
Tot. Assets : 25.4 KRW bn
2015.07 Start Operations

Kazakhstan

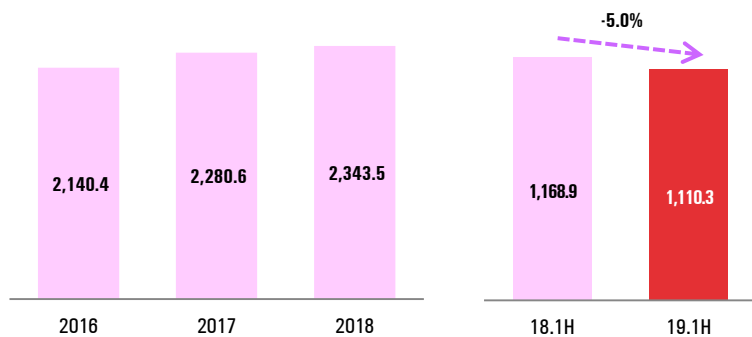
Establishment : 18.06.01
Employees : 25
Tot. Share's Owned : 100%
Tot. Assets : 5.4 KRW bn
2018.11 Start Operations

II . Profitability

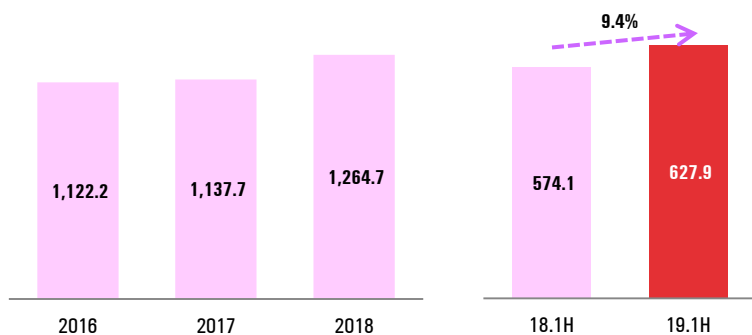
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1. Group Earning Results

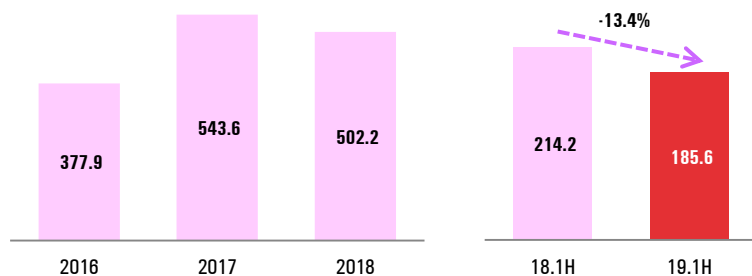
Interest Income(% , KRW bn)



SG&A(% , KRW bn)



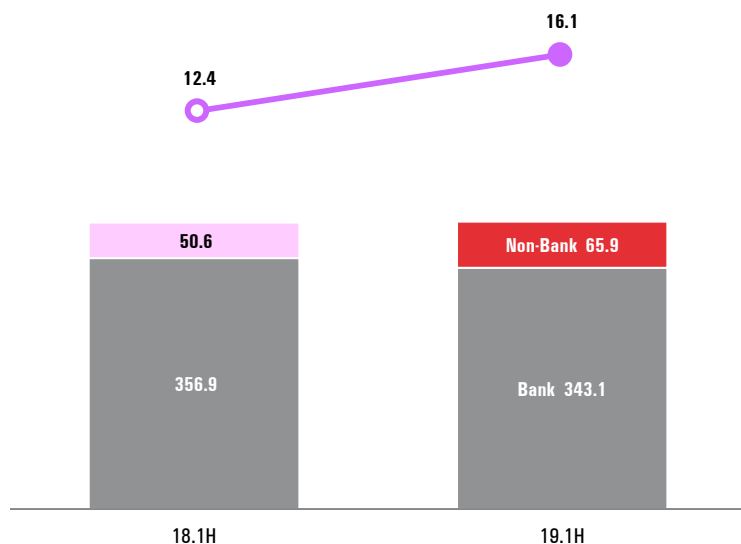
Provisioning(% , KRW bn)



(KRW bn, %)	19.1H	18.1H	YoY	19.2Q	19.1Q	QoQ
Net Interest Income	1,110.3	1,168.9	-5.0	552.4	557.9	-1.0
Net Fee Income	124.9	110.3	13.2	71.0	53.9	31.7
Others	73.0	14.6	400.0	36.1	36.9	-2.2
SG&A(-)	627.9	574.1	9.4	319.8	308.1	3.8
Provision Expense(-)	185.6	214.2	-13.4	92.8	92.8	0.0
Non-Operating Income	-1.0	-7.8	-	-1.8	0.8	Net Loss
Earnings Before Income Tax	493.7	497.7	-0.8	245.1	248.6	-1.4
Income Tax Expense(-)	122.1	124.1	-1.6	60.5	61.6	-1.8
Net Income(A)	371.6	373.6	-0.5	184.6	187.0	-1.3
Net Income in Non-Controlling Interest(B)	20.4	16.0	27.5	10.5	9.9	6.1
Net Income in Controlling Interest(C) (C) = (A) - (B)	351.2	357.6	-1.8	174.1	177.1	-1.7

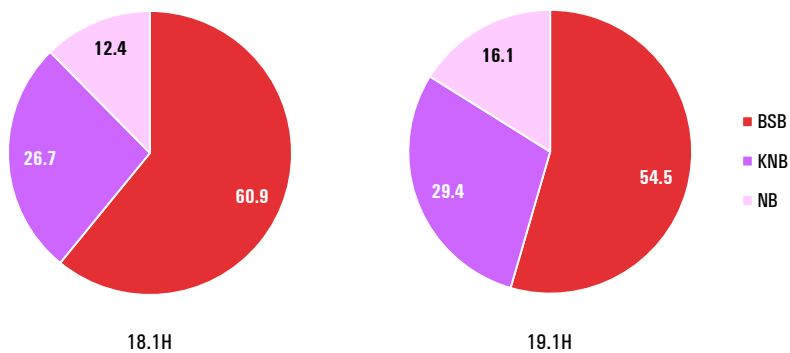
2. Subsidiaries Earning Results

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



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

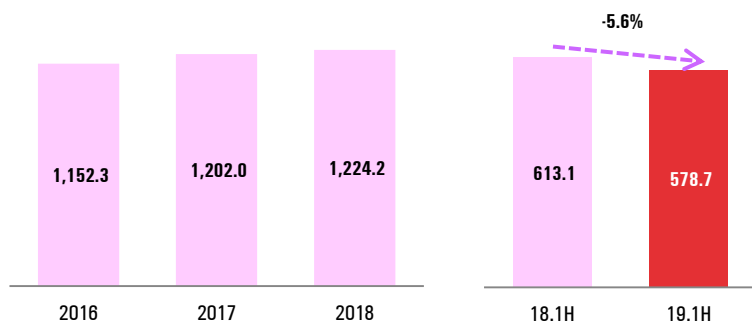
Banks & Non-Bank Net Income Portion(%)



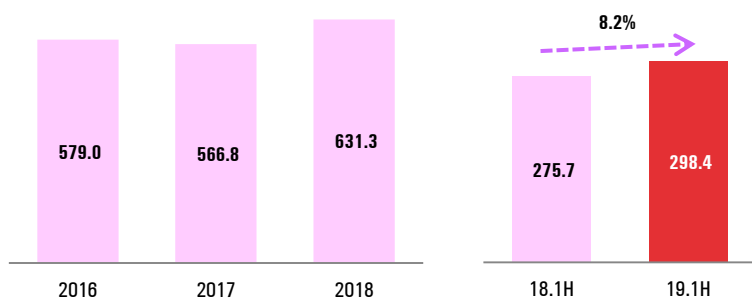
(KRW bn, %)	19.1H	18.1H	YoY	19.2Q	19.1Q	QoQ
Bank(A)	343.1	356.9	-3.9	167.5	175.6	-4.6
Busan	222.7	248.2	-10.3	109.6	113.1	-3.1
Kyongnam	120.4	108.7	10.8	57.9	62.5	-7.4
Non-Bank(B)	65.9	50.6	30.2	36.9	29.0	27.2
Capital	39.3	38.2	2.9	23.9	15.4	55.2
Securities	12.7	2.4	429.2	5.7	7.0	-18.6
MSB	11.2	8.6	30.2	5.5	5.7	-3.5
Asset Management	1.7	0.2	750.0	1.3	0.4	225.0
Credit Info	0.4	0.3	33.3	0.2	0.2	0.0
System	0.6	0.9	-33.3	0.3	0.3	0.0
Financial Group & Unconsolidated Portion(C)	-37.4	-33.9	-	-19.8	-17.6	-
Net Income in Non-Controlling Interest(D)	20.4	16.0	27.5	10.5	9.9	6.1
Net Income in Controlling Interest(E) (E=A+B+C-D)	351.2	357.6	-1.8	174.1	177.1	-1.7

3. Banks Earning Results - Busan

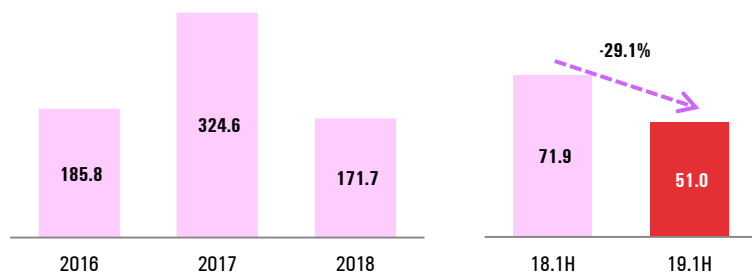
Interest Income(% , KRW bn)



SG&A(% , KRW bn)



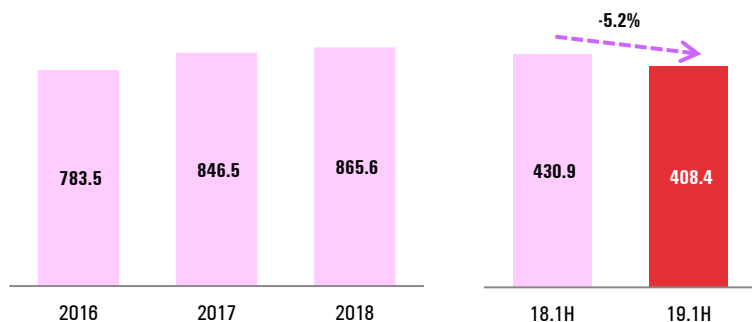
Provision Expense(% , KRW bn)



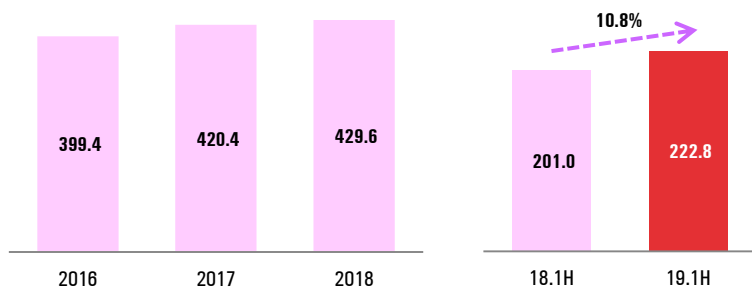
(KRW bn, %)	19.1H	18.1H	YoY	19.2Q	19.1Q	QoQ
Net Interest Income	578.7	613.1	-5.6	289.2	289.5	-0.1
Net Fee Income	46.4	40.1	15.7	27.9	18.5	50.8
Fees from Trust Account	10.8	12.4	-12.9	5.2	5.6	-7.1
Others	10.8	14.0	-22.9	0.0	10.8	-
SG&A(-)	298.4	275.7	8.2	154.9	143.5	7.9
Provision Expense(-)	51.0	71.9	-29.1	23.4	27.6	-15.2
Net Operating Income	297.3	332.0	-10.5	144.0	153.3	-6.1
Non-Operating Income	-5.6	-7.7	-	-0.8	-4.8	-
Earnings Before Income Taxes	291.7	324.3	-10.1	143.2	148.5	-3.6
Income Tax Expenses(-)	69.0	76.1	-9.3	33.6	35.4	-5.1
Net Income	222.7	248.2	-10.3	109.6	113.1	-3.1

3. Banks Earning Results - Kyongnam

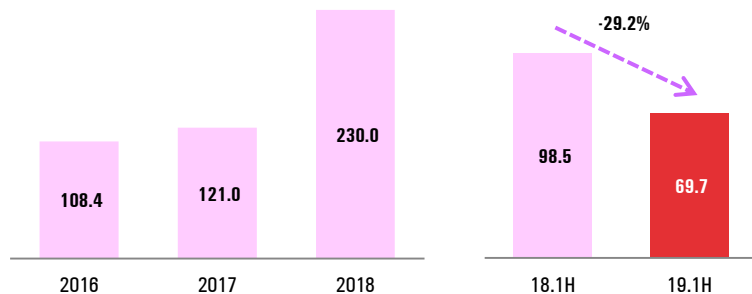
Interest Income(% , KRW bn)



SG&A(% , KRW bn)



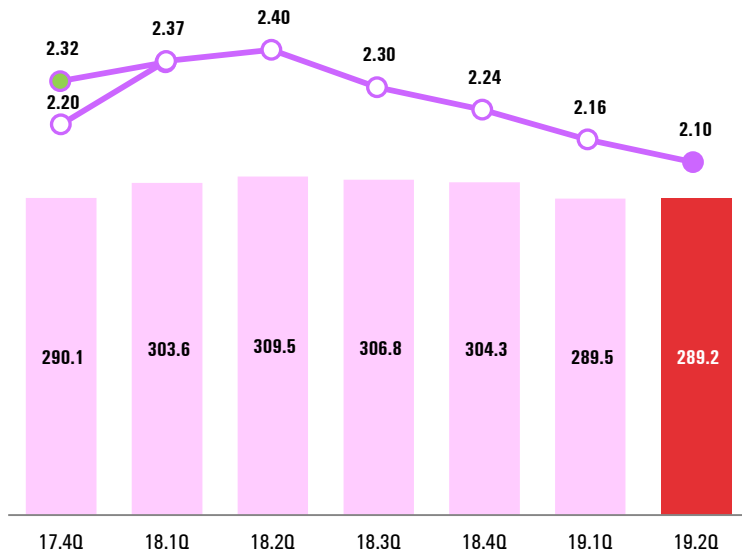
Provision Expense(% , KRW bn)



(KRW bn, %)	19.1H	18.1H	YoY	19.2Q	19.1Q	QoQ
Net Interest Income	408.4	430.9	-5.2	202.3	206.1	-1.8
Net Fee Income	31.9	23.6	35.2	17.7	14.2	24.6
Fees from Trust Account	4.4	4.6	-4.3	2.3	2.1	9.5
Others	-0.3	-17.4	-	8.1	-8.4	Net Gain
SG&A(-)	222.8	201.0	10.8	111.8	111.0	0.7
Provision Expense(-)	69.7	98.5	-29.2	43.1	26.6	62.0
Net Operating Income	151.9	142.2	6.8	75.5	76.4	-1.2
Non-Operating Income	4.0	0.5	700.0	-0.4	4.4	Net Loss
Earnings Before Income Taxes	155.9	142.7	9.3	75.1	80.8	-7.1
Income Tax Expenses(-)	35.5	34.0	4.4	17.2	18.3	-6.0
Net Income	120.4	108.7	10.8	57.9	62.5	-7.4

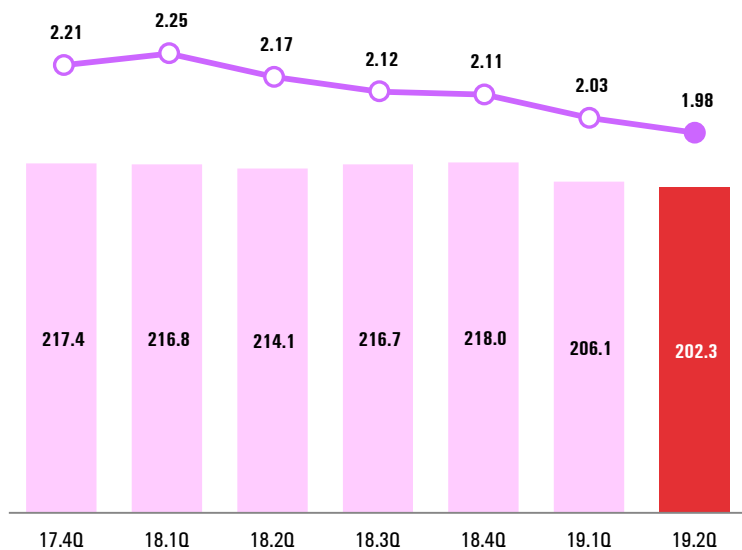
4. Banks NIM

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



※ Excluding one-off Real Estate PF, 17.4Q NIM 2.32%

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



Busan

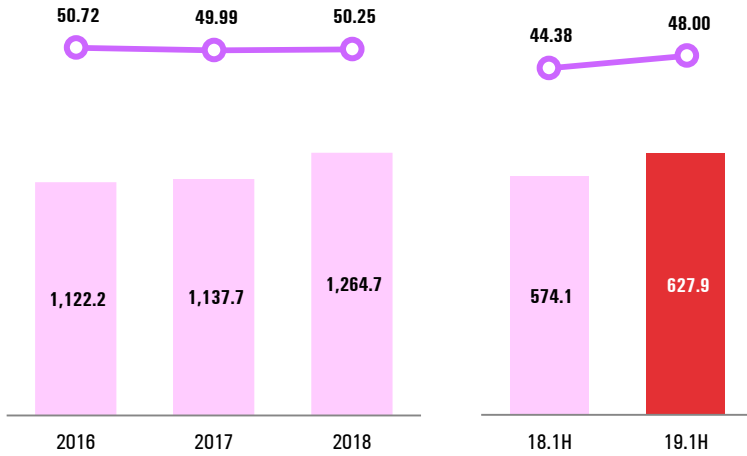
(%, KRW tn)	19.2Q	19.1Q	18.4Q	18.3Q	18.2Q
Quarterly NIM	2.10	2.16	2.24	2.30	2.40
Quarterly NIS	2.38	2.46	2.53	2.61	2.72
Interest Rate on KRW Loans	3.91	4.00	4.01	4.00	4.06
Interest Rate paid on KRW Deposits	1.53	1.54	1.48	1.39	1.34
Average Interest Earning Assets	49.6	48.7	48.3	47.3	46.6
Accumulated NIM	2.13	2.16	2.32	2.35	2.38

Kyongnam

(%, KRW tn)	19.1Q	19.1Q	18.4Q	18.3Q	18.2Q
Quarterly NIM	1.98	2.03	2.11	2.12	2.17
Quarterly NIS	2.22	2.26	2.35	2.34	2.42
Interest Rate on KRW Loans	3.93	3.97	4.00	3.94	3.96
Interest Rate paid on KRW Deposits	1.71	1.71	1.65	1.60	1.54
Average Interest Earning Assets	35.7	35.9	36.0	35.7	34.9
Accumulated NIM	2.01	2.03	2.16	2.18	2.21

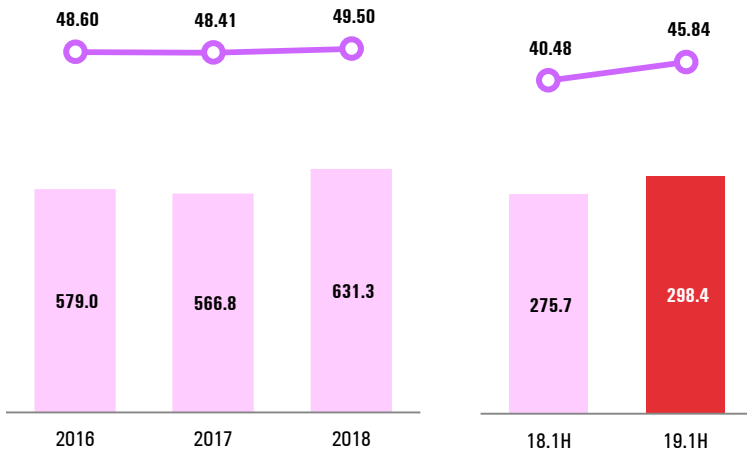
5. SG&A

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

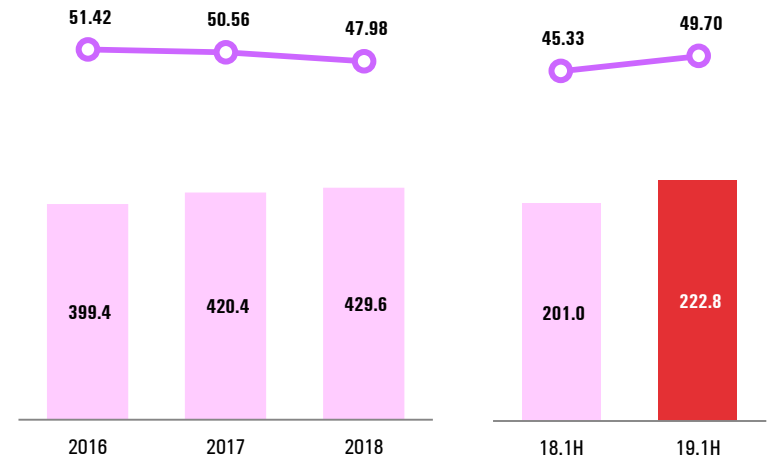


(KRW bn, %)	19.1H	18.1H	YoY	19.2Q	19.1Q	QoQ
SG&A	627.9	574.1	9.4	319.8	308.1	3.8
CIR	48.00	44.38	3.62			

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



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

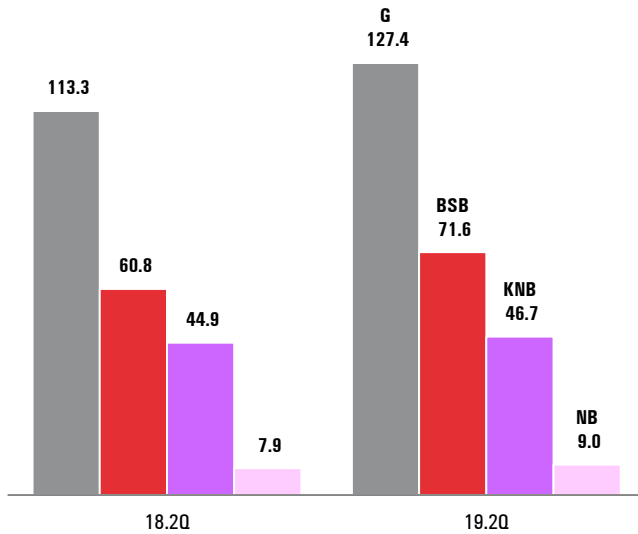


III. Growth

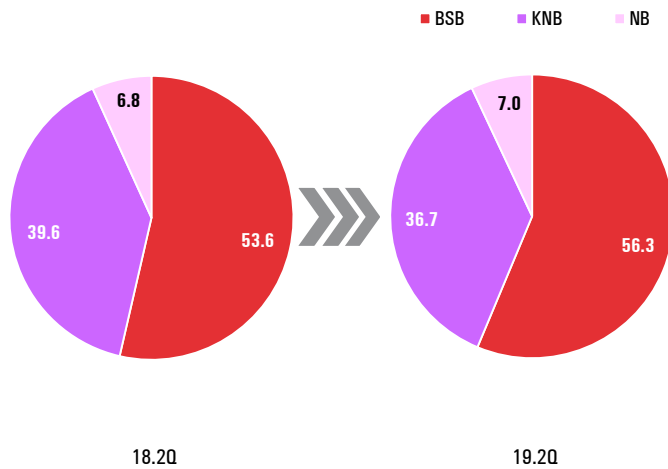
1. Group Assets	15
2. Banks Loans / Deposits	16

1. Group Assets

☐ Total Assets(KRW tn)



☐ Banks & Non-Banks Portion(%)

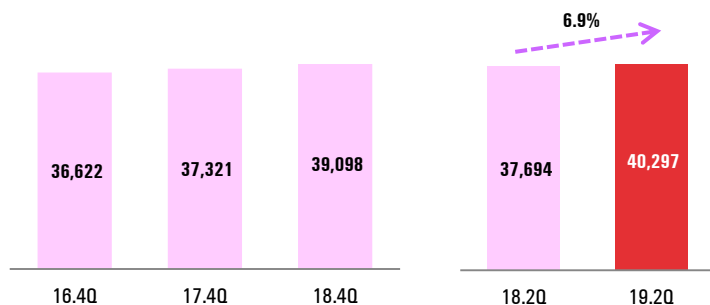


☐ Group Total Assets

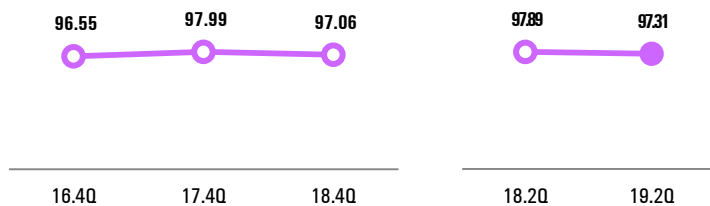
(KRW bn, %)	19.2Q	18.4Q	YTD	19.1Q	QoQ
Bank	118,226.7	111,179.8	6.3	115,742.2	2.1
Busan	71,567.1	65,785.4	8.8	69,169.7	3.5
Kyongnam	46,659.6	45,394.4	2.8	46,572.5	0.2
Non-Bank	8,963.4	7,975.5	12.4	8,489.3	5.6
Capital	5,173.6	5,067.5	2.1	4,933.4	4.9
Securities	2,660.5	1,797.8	48.0	2,400.0	10.9
MSB	1,029.0	1,016.5	1.2	1,057.2	-2.7
Asset Mgt.	75.3	72.3	4.1	73.9	1.9
Credit Info	10.7	10.2	4.9	10.5	1.9
System	14.3	11.2	27.7	14.3	0.0
Financial Group & Unconsolidated Portion	205.0	-153.5	-	-30.5	-
Group Total Assets	127,395.1	119,001.8	7.1	124,201.0	2.6

2. Banks Loans / Deposits - Busan

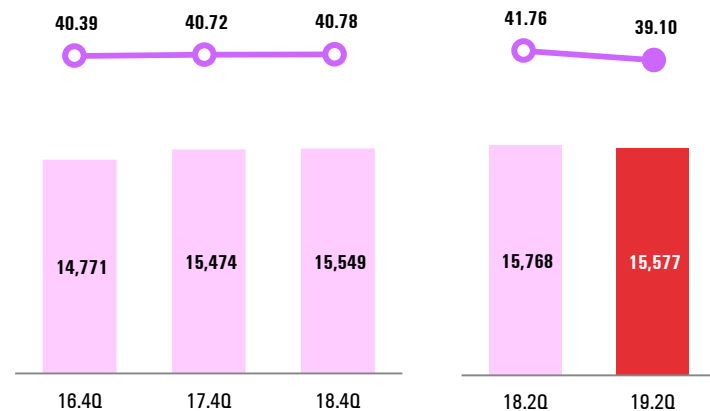
□ KRW Loans(% , KRW bn)



□ LDR(%)



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



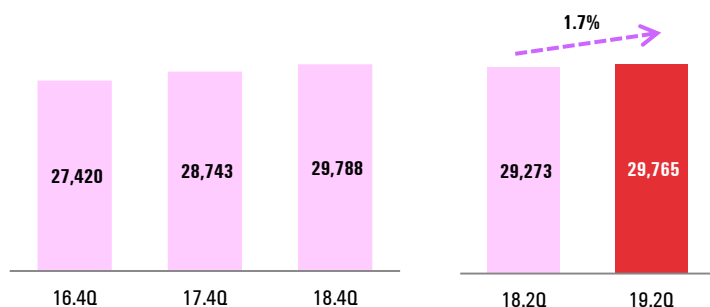
(KRW bn, %, Balance)	19.2Q	18.4Q	YTD	19.1Q	QoQ
KRW Loans¹⁾	40,297.1	39,098.4	3.1	39,743.3	1.4
Corporate	26,910.0	25,983.6	3.6	26,625.3	1.1
SME	24,212.1	23,520.9	2.9	23,963.9	1.0
(SOHO) ²⁾	12,080.3	11,492.5	5.1	11,866.8	1.8
Large Corps.	2,697.9	2,462.7	9.6	2,661.4	1.4
Household	12,010.9	11,587.7	3.7	11,646.1	3.1
Mortgage	8,235.7	7,829.0	5.2	7,938.4	3.7
Public	1,376.2	1,527.1	-9.9	1,471.9	-6.5
Foreign Currency Loans¹⁾	682.3	619.5	10.1	614.3	11.1
KRW Deposits¹⁾	40,358.9	39,215.4	2.9	40,215.5	0.4
Low Cost Deposits	16,159.3	16,043.1	0.7	15,828.4	2.1
Core Deposits	12,939.7	12,136.2	6.6	12,461.6	3.8
MMDA	3,219.6	3,906.9	-17.6	3,366.8	-4.4

(KRW bn, %, %p, Average Balance)	19.2Q	18.4Q	YTD	19.1Q	QoQ
Low-Cost Deposits(A)	15,576.8	15,548.8	0.2	15,479.9	0.6
Core Deposits ²⁾	12,068.8	12,156.2	-0.7	12,003.3	0.5
MMDA	3,508.0	3,392.6	3.4	3,476.6	0.9
KRW Deposits(B)	39,838.3	38,131.6	4.5	39,449.0	1.0
A / B	39.10	40.78	-1.68	39.24	-0.14

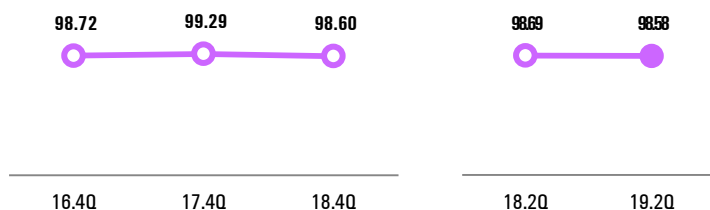
1) Unconsolidated FS, 2) SOHO(≤3 KRW bn), 3) Core Deposits : Demand + Savings(Ex. MMDA)

2. Banks Loans / Deposits - Kyongnam

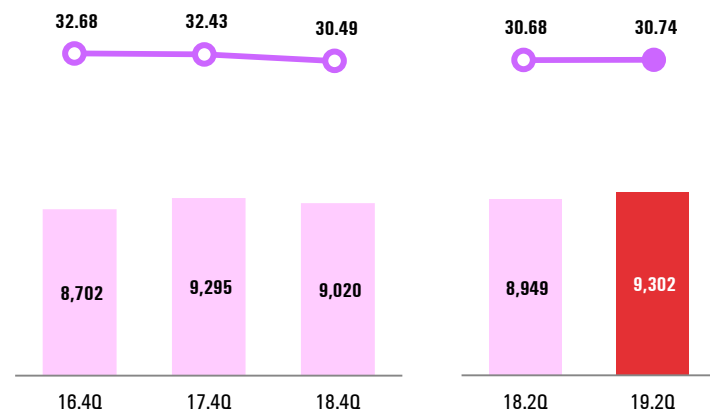
□ KRW Loans(% , KRW bn)



□ LDR(%)



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



(KRW bn, %, Balance)	19.2Q	18.4Q	YTD	19.1Q	QoQ
KRW Loans¹⁾	29,765.4	29,787.8	-0.1	29,992.1	-0.8
Corporate	19,243.0	18,783.7	2.4	19,020.7	1.2
SME	17,779.7	17,371.1	2.4	17,614.8	1.8
(SOHO) ²⁾	5,636.3	5,417.0	4.0	5,616.1	0.4
Large Corps.	1,463.3	1,412.6	3.6	1,405.9	-6.4
Household	10,157.8	10,656.6	-4.7	10,616.1	-4.3
Mortgage	8,440.4	8,919.6	-5.4	8,882.1	-5.0
Public	364.6	347.5	4.9	355.3	2.6
Foreign Currency Loans¹⁾	120.8	102.3	18.1	104.5	15.6
KRW Deposits¹⁾	29,439.7	29,664.9	-0.8	30,294.1	-2.8
Low Cost Deposits	9,220.4	8,616.8	7.0	9,488.0	-2.8
Core Deposits	7,658.9	7,152.0	7.1	7,602.2	0.7
MMDA	1,561.5	1,464.8	6.6	1,885.8	-17.2

(KRW bn, %, %p, Average Balance)	19.2Q	18.4Q	YTD	19.1Q	QoQ
Low-Cost Deposits(A)	9,301.8	9,019.7	3.1	9,357.7	-0.6
Core Deposits ²⁾	7,818.7	7,401.8	5.6	7,876.5	-0.7
MMDA	1,483.1	1,617.9	-8.3	1,481.2	0.1
KRW Deposits(B)	30,262.5	29,577.7	2.3	30,520.3	-0.8
A / B	30.74	30.49	0.25	30.66	0.08

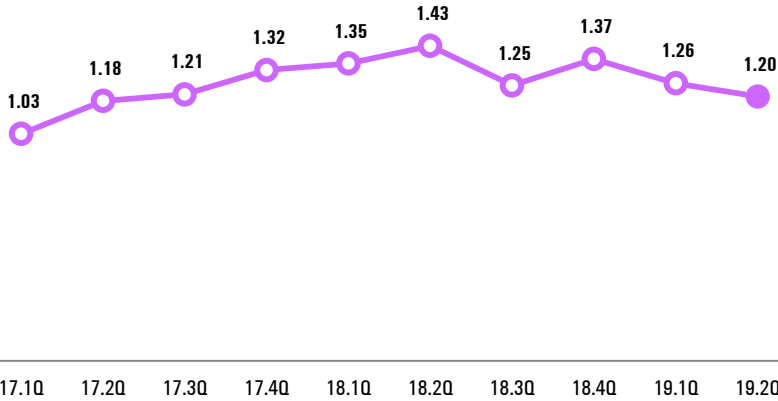
1) Unconsolidated FS, 2) SOHO(≤2 KRW bn), 3) Core Deposits : Demand + Savings(Ex. MMDA)

IV. Asset Quality

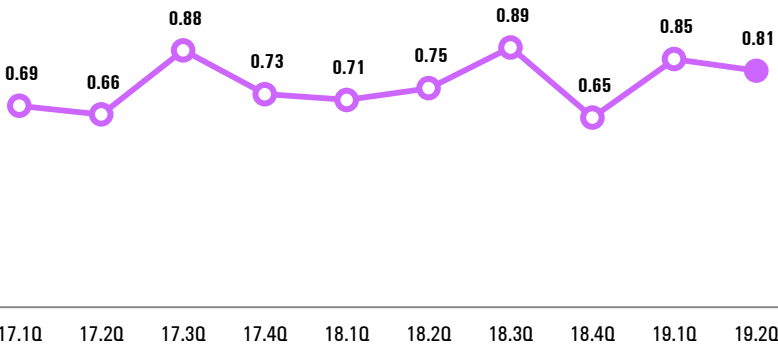
1. Group Asset Quality	19
2. Banks Asset Quality	20
3. Group Provisioning	22
4. Banks Provisioning / Write-offs & NPL Sales	23

1. Group Asset Quality

□ SBL(NPL) Ratio(%)



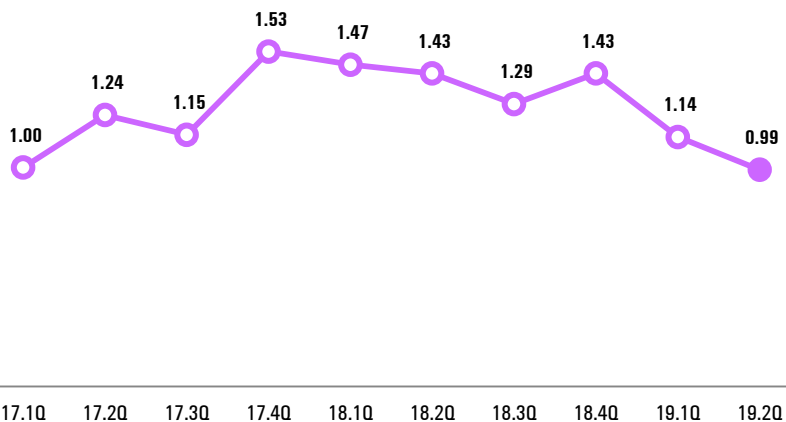
□ Delinquency Ratio(%)



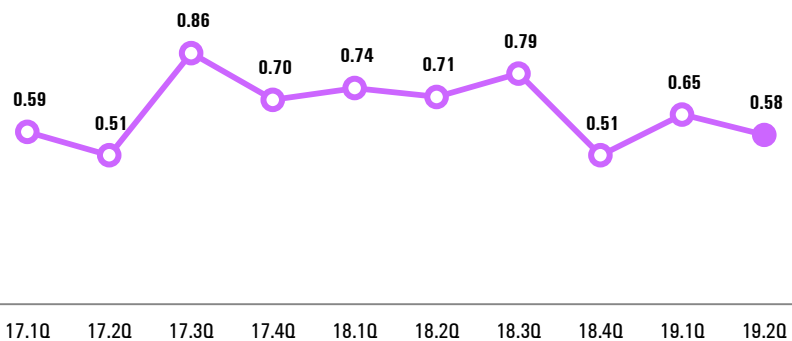
(KRW bn, %, %p)	19.2Q	18.4Q	YTD	19.1Q	QoQ
Total Credits	79,731.7	78,059.2	2.1	78,970.4	1.0
Normal	77,642.1	75,727.2	2.5	76,751.8	1.2
Precautionary	1,132.1	1,263.2	-10.4	1,220.9	-7.3
Substandard	518.6	580.5	-10.7	537.5	-3.5
Doubtful	164.4	166.3	-1.1	176.2	-6.7
Expected Loss	274.5	322.0	-14.8	284.0	-3.3
SBL(Substandard & Below Loans)	957.5	1,068.8	-10.4	997.7	-4.0
SBL Ratio	1.20	1.37	-0.17	1.26	-0.06
SBL Coverage Ratio (Ratio before Reserve deduction)	99.69 (154.76)	93.49 (139.35)	6.20 (15.41)	98.40 (148.45)	1.29 (6.31)
Delinquency Ratio	0.81	0.65	0.16	0.85	-0.04
Loan Amount	78,794.5	77,161.2	2.1	78,035.2	1.0
Delinquent Amount	638.6	505.1	26.4	659.9	-3.2

2. Banks Asset Quality - Busan

□ SBL(NPL) Ratio(%)



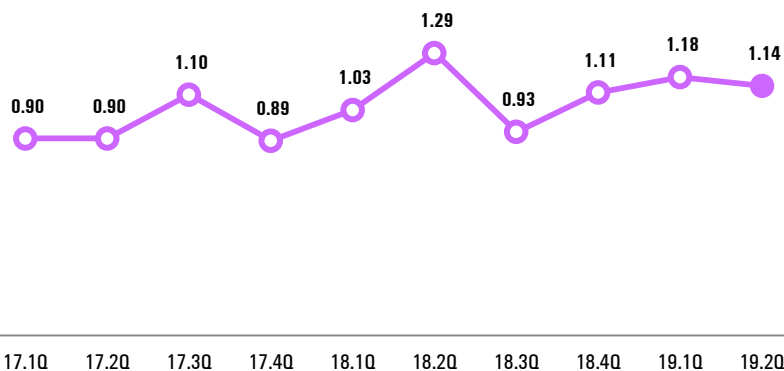
□ Delinquency Ratio(%)



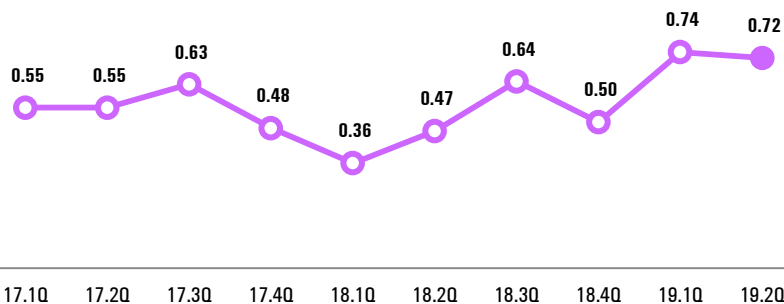
(KRW bn, %, %p)	19.2Q	18.4Q	YTD	19.1Q	QoQ
Total Credits	42,672.8	41,385.9	3.1	42,020.6	1.6
Normal	41,681.9	40,247.3	3.6	40,979.6	1.7
Precautionary	566.4	547.2	3.5	563.1	0.6
Substandard	243.3	334.7	-27.3	272.1	-10.6
Doubtful	28.6	38.6	-25.9	33.7	-15.1
Expected Loss	152.6	218.1	-30.0	172.1	-11.3
SBL(Substandard & Below Loans)	424.5	591.4	-28.2	477.9	-11.2
SBL Ratio	0.99	1.43	-0.44	1.14	-0.15
SBL Coverage Ratio (Ratio before Reserve deduction)	113.21 (168.00)	91.34 (126.12)	21.87 (41.88)	106.63 (148.80)	6.58 (19.20)
Delinquency Ratio	0.58	0.51	0.07	0.65	-0.07
Loan Amount	41,975.6	40,090.7	4.7	41,318.7	1.6
Delinquent Amount	244.1	205.6	18.7	269.1	-9.3

2. Banks Asset Quality - Kyongnam

□ SBL(NPL) Ratio(%)



□ Delinquency Ratio(%)



(KRW bn, %, %p)	19.2Q	18.4Q	YTD	19.1Q	QoQ
Total Credits	30,778.7	30,707.0	0.2	30,923.2	-0.5
Normal	30,199.4	30,088.2	0.4	30,273.4	-0.2
Precautionary	226.9	276.8	-18.0	285.2	-20.4
Substandard	193.8	194.4	-0.3	206.1	-6.0
Doubtful	63.6	67.0	-5.1	71.0	-10.4
Expected Loss	95.0	80.6	17.9	87.5	8.6
SBL(Substandard & Below Loans)	352.4	342.0	3.0	364.6	-3.3
SBL Ratio	1.14	1.11	0.03	1.18	-0.04
SBL Coverage Ratio (Ratio before Reserve deduction)	83.68 (146.74)	85.73 (150.90)	-3.05 (-4.16)	80.67 (143.47)	2.01 (3.27)
Delinquency Ratio	0.72	0.50	0.22	0.74	-0.02
Loan Amount	30,538.7	30,504.1	0.1	30,689.9	-0.5
Delinquent Amount	221.0	152.9	44.5	226.9	-2.6

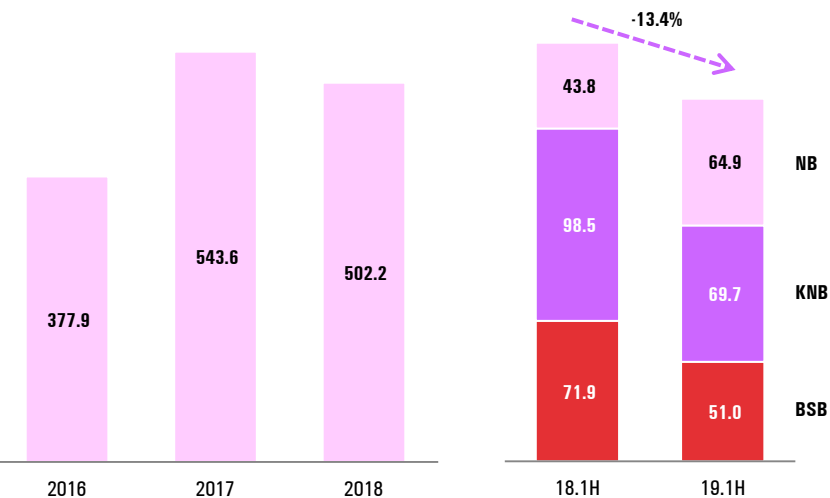
3. Group Provisioning

Provision Expense

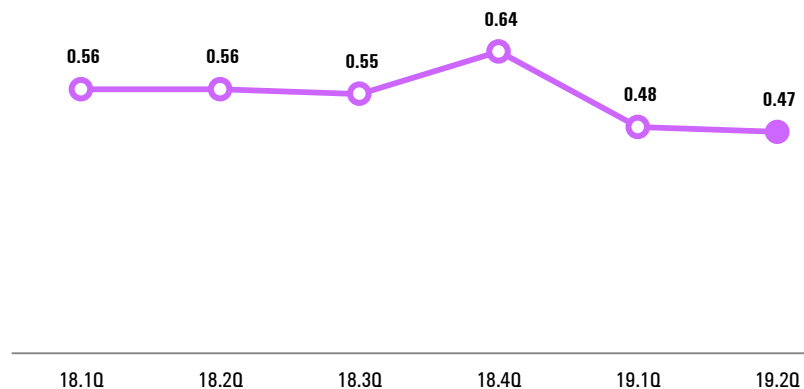
(KRW bn, %)	2019			2018					
	1H	2Q	1Q		18.4Q	18.3Q	1H	18.2Q	18.1Q
Total Provisions(A)	185.6	92.8	92.8	502.2	182.6	105.4	214.2	109.9	104.3
Total Credits(B)	79,731.7	79,731.7	78,970.4	78,059.2	78,059.2	77,962.0	76,491.5	76,491.5	75,289.5
¹⁾ Credit Cost(A/B)	0.47	0.47	0.48	0.64	0.93	0.54	0.56	0.58	0.56

1) Accumulated

Banks & Non-Bank Provision Breakdown(KRW bn)

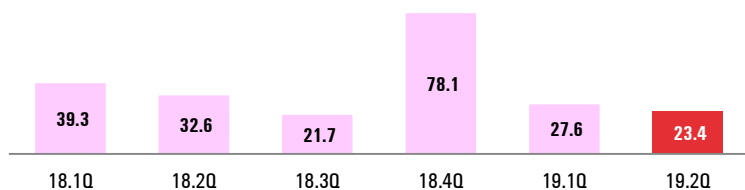


Credit Cost(%)

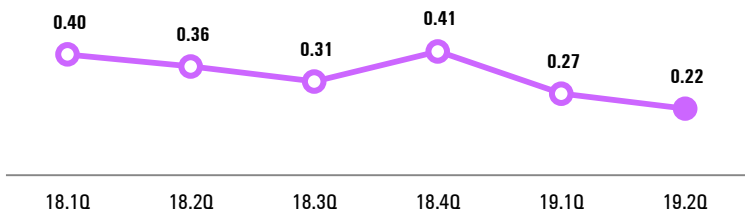


4. Provisioning / Write-offs & NPL Sales - Busan

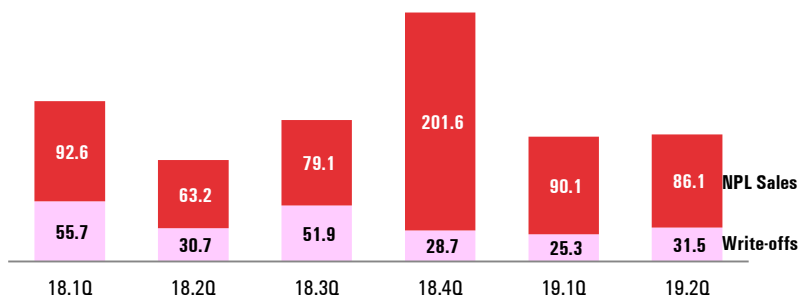
□ Provision Expense(KRW bn)



□ Credit Cost(%)



□ Write-offs & NPL Sales(KRW bn)

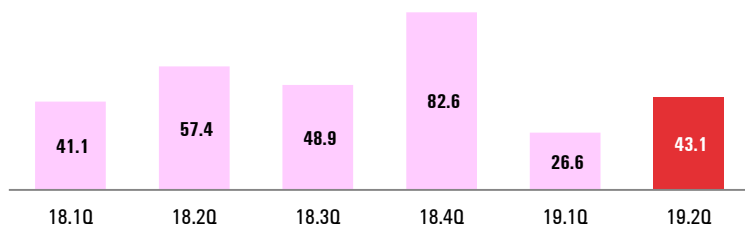


□ Provision Expense / Write-offs & NPL Sales

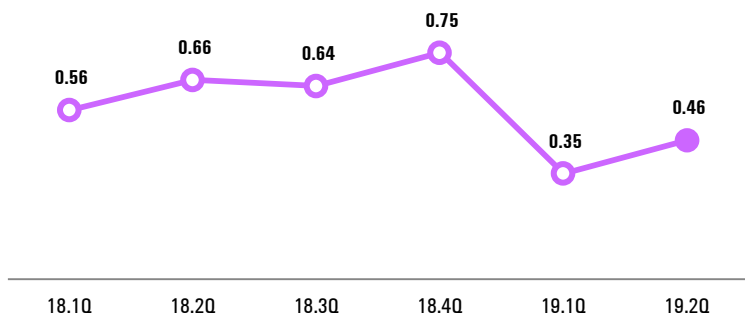
(KRW bn, %)	19.2Q	19.1Q	18.4Q	18.3Q	18.2Q	18.1Q
Corporate	13.9	21.2	64.1	10.8	25.9	30.5
Household	3.9	4.6	4.6	4.7	2.9	3.4
Credit Card	5.0	3.6	9.8	6.3	5.3	5.6
Others	0.6	-1.8	-0.4	-0.1	-1.5	-0.2
Total(A)	23.4	27.6	78.1	21.7	32.6	39.3
Total Credits(B)	42,672.8	42,020.6	41,385.9	40,889.5	40,077.4	39,691.4
Credit Cost(A/B)	0.22	0.27	0.75	0.21	0.33	0.40
Total Write-Offs	31.5	25.3	28.7	51.9	30.7	55.7
Corporate	21.4	15.1	17.9	42.5	20.7	46.6
Household	4.1	4.0	4.9	3.1	4.1	3.1
Credit Card	6.0	6.2	5.9	6.3	5.9	6.0
Total NPL Sales	86.1	90.1	201.6	79.1	63.2	92.6
(NPL Sales for SBL Loans)	81.1	87.1	179.0	77.7	56.6	87.0
Corporate	70.5	87.5	197.1	78.4	59.0	91.2
Household	14.7	2.1	2.5	0.0	3.4	0.5
Credit Card	0.9	0.5	2.0	0.7	0.8	0.9

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

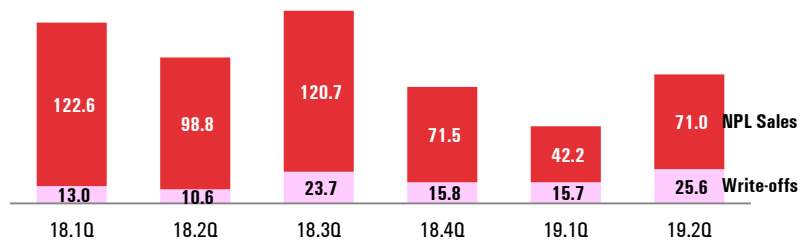
□ Provision Expense(KRW bn)



□ Credit Cost(%)



□ Write-offs & NPL Sales(KRW bn)



□ Provision Expense / Write-offs & NPL Sales

(KRW bn, %)	19.2Q	19.1Q	18.4Q	18.3Q	18.2Q	18.1Q
Corporate	32.7	19.1	71.2	39.6	47.0	45.1
Household	5.2	4.2	6.1	5.3	3.6	1.5
Credit Card	5.1	3.7	5.3	4.2	4.4	-8.1
Others	0.1	-0.4	0.0	-0.2	2.4	2.6
Total(A)	43.1	26.6	82.6	48.9	57.4	41.1
Total Credits(B)	30,778.7	30,923.3	30,707.0	30,868.5	30,241.9	29,739.8
Credit Cost(A/B)	0.56	0.35	1.07	0.63	0.76	0.56
Total Write-Offs	25.6	15.7	15.8	23.7	10.6	13.0
Corporate	16.8	9.9	8.1	17.1	3.8	5.8
Household	4.3	2.0	3.1	2.2	3.1	3.3
Credit Card	4.5	3.8	4.6	4.4	3.7	3.9
Total NPL Sales	71.0	42.2	71.5	120.7	98.8	122.6
(NPL Sales for SBL Loans)	69.7	40.0	69.0	118.6	94.3	115.7
Corporate	64.8	42.1	71.2	118.9	98.6	122.5
Household	6.1	0.1	0.2	1.6	0.0	0.0
Credit Card	0.1	0.0	0.1	0.2	0.2	0.1

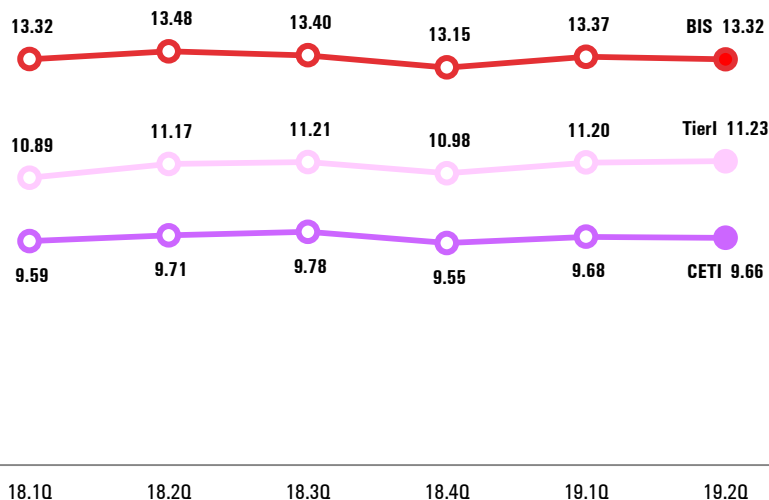
V . Capital Adequacy

1. Capital Adequacy

26

1. Capital Adequacy

Group Capital Adequacy(%)



Group

(KRW bn, %, %p, Basel III Standard)	19.2Q	18.4Q	YTD	19.1Q	QoQ
Tot. Risk Adjusted Capital	9,811.6	9,295.5	5.6	9,562.2	2.6
Tier I	8,266.8	7,765.1	6.5	8,011.0	3.2
(CETI)	7,113.3	6,749.0	5.4	6,921.3	2.8
Tot. R.W.A.	73,633.4	70,694.6	4.2	71,496.7	3.0
BIS Capital Ratio	13.32	13.15	0.17	13.37	-0.05
Tier I	11.23	10.98	0.25	11.20	0.03
(CETI)	9.66	9.55	0.11	9.68	-0.02

Busan

(KRW bn, %, %p, Basel III I.R.B.)	19.2Q	18.4Q	YTD	19.1Q	QoQ
Tot. Risk Adjusted Capital	5,725.3	5,467.3	4.7	5,516.0	3.8
Tier I	4,932.2	4,642.3	6.2	4,733.7	4.2
(CETI)	4,484.4	4,293.3	4.5	4,385.6	2.3
Tot. R.W.A.	35,122.6	33,718.0	4.2	34,321.8	2.3
BIS Capital Ratio	16.30	16.21	0.09	16.07	0.23
Tier I	14.04	13.77	0.27	13.79	0.25
(CETI)	12.77	12.73	0.04	12.78	-0.01

Kyongnam

(KRW bn, %, %p, Basel III I.R.B.)	19.2Q	18.4Q	YTD	19.1Q	QoQ
Tot. Risk Adjusted Capital	3,776.9	3,660.2	3.2	3,758.0	0.5
Tier I	3,103.4	3,022.7	2.7	3,044.1	1.9
(CETI)	2,759.6	2,647.3	4.2	2,700.2	2.2
Tot. R.W.A.	23,126.4	22,452.5	3.0	22,648.9	2.1
BIS Capital Ratio	16.33	16.30	0.03	16.59	-0.26
Tier I	13.42	13.46	-0.04	13.44	-0.02
(CETI)	11.93	11.79	0.14	11.92	-0.01

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 2Q			
	Amount	Ratio	YoY	QoQ
Manufacturing	8,930.1	22.2	1.0	-0.9
Steel Metal Products	2,607.8	6.5	-0.4	-4.5
Automobile Parts	1,805.5	4.5	-3.5	-2.0
Machinery	1,297.0	3.2	7.7	5.2
Petroleum, Rubber, etc.	970.9	2.4	1.8	0.5
Fabric	270.3	0.7	2.9	-1.8
Garment & Shoes	320.2	0.8	8.1	2.2
Kitchen Units	342.1	0.8	10.5	4.6
Electronics	437.8	1.1	-6.3	-2.4
Paper, Paper Mills	117.6	0.3	-1.3	-2.2
Others	760.9	1.9	2.5	1.4
Non-Manufacturing	19,356.1	48.0	3.7	1.4
Wholesale & Retail	3,369.8	8.4	6.8	2.9
Public	62.4	0.2	-59.5	-55.5
Construction & Engineering	1,307.5	3.2	9.7	2.3
Real Estate	7,875.2	19.5	3.5	1.0
Insurance & Financing	412.9	1.0	-23.8	-15.9
Transportation	1,204.8	3.0	1.3	0.5
Hotel & Food	1,318.4	3.3	18.0	11.5
Others	3,805.1	9.4	2.6	2.1
Households	12,010.9	29.8	3.7	3.1
KRW Loans	40,297.1	100.0	3.1	1.4

Kyongnam Bank

*Sectors are based on FSS Business Report

(KRW bn, %, Balance)	2019 2Q			
	Amount	Ratio	YoY	QoQ
Manufacturing	9,243.0	31.1	3.3	1.1
Steel Metal Products	2,262.3	7.6	2.6	1.3
Automobile Parts	2,624.6	8.8	2.2	0.6
Machinery	2,285.8	7.7	3.5	1.5
Petroleum, Rubber, etc.	319.0	1.1	6.8	12.0
Fabric	74.7	0.3	11.2	3.8
Garment & Shoes	8.4	0.0	-5.6	-8.7
Kitchen Units	218.2	0.7	6.9	4.9
Electronics	608.9	2.0	-7.3	-1.0
Paper, Paper Mills	80.9	0.3	1.3	-1.9
Others	760.2	2.6	16.5	-2.4
Non-Manufacturing	10,364.6	34.8	1.8	1.3
Wholesale & Retail	1,998.7	6.7	6.7	1.6
Public	1.7	0.0	54.5	13.3
Construction & Engineering	702.8	2.4	11.3	2.7
Real Estate	3,689.7	12.4	-7.2	-2.8
Insurance & Financing	138.2	0.5	-14.3	21.3
Transportation	340.0	1.1	5.8	2.8
Hotel & Food	782.9	2.6	12.5	6.4
Others	2,710.6	9.1	7.6	4.1
Households	10,157.8	34.1	-4.7	-4.3
KRW Loans	29,765.4	100.0	-0.1	-0.8

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

2. Cyclical Sector

	2019.2Q					
	Steel	Auto	Construction	Shipbuilding	Shipping	Chemical
(KRW bn, %)						
Exposure	3,685.7	2,889.6	2,072.2	1,383.7	572.4	695.9
(% of Total Credits)	5.1	4.0	2.9	1.9	0.8	1.0
Collateral & Provision	2,497.4	1,866.9	1,153.8	982.0	319.3	422.7
Collateral & Provision Coverage	67.8	64.6	55.7	71.0	55.8	60.7
No# of Creditors	2,449	1,843	4,108	1,143	213	628

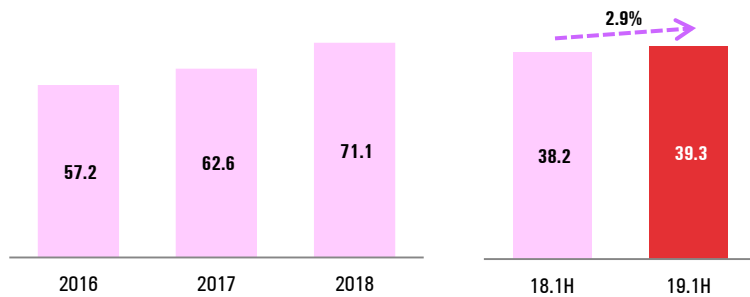
Note 1) Exposure & Total Credits are the sum of Busan & Kyongnam Bank

Note 2) Sectors are based on FSS Business Report

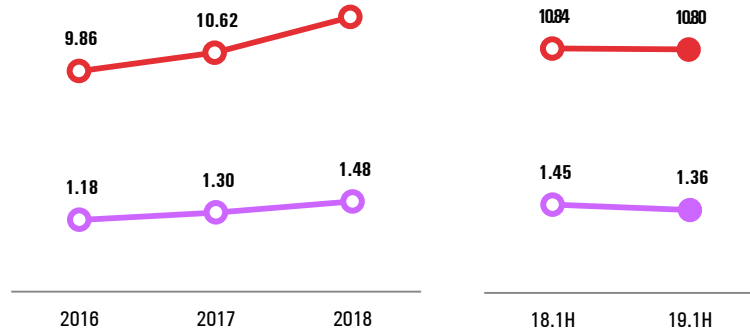
Note 3) Construction includes Real Estate PF(Ref. Collateral for Real Estate PFs are evaluated based on future cash flow that does not include land, buildings under construction etc. hence the overall low construction coverage)

3. BNK Capital - 1

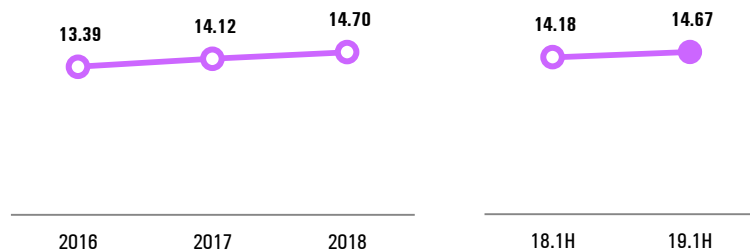
Net Income(% , KRW bn)



ROA, ROE(%)



Adjusted Capital Ratio(%)



(KRW bn, %, Balance)	19.1H	18.1H	YoY	19.1Q	QoQ
Net Interest Income	112.4	115.4	-2.6	57.4	-4.2
Fee Income	13.2	9.7	36.1	5.6	35.7
Others	29.0	3.9	643.6	15.8	-16.5
SG&A(-)	37.4	34.2	9.4	17.8	10.1
Provision Expense(-)	65.8	41.9	57.0	40.0	-35.5
Non-Operating Income	0.2	-0.3	Net Gain	-0.2	Net Gain
Earnings Before Income Tax	51.6	52.6	-1.9	20.8	48.1
Income Tax Expenses(-)	12.3	14.4	-14.6	5.4	27.8
Net Income	39.3	38.2	2.9	15.4	55.2

(KRW bn, %, Balance)	19.2Q	18.4Q	YTD	19.1Q	QoQ
Assets	5,173.6	5,067.5	2.1	4,933.4	4.9
Cash and Dues	28.1	148.9	-81.1	29.8	-5.7
Securities	0.2	-	-	0.2	-
Loans	3,106.7	3,022.5	2.8	2,984.5	4.1
Venture Capital Business	25.2	1.8	1,300.0	4.0	530.0
Durables Installment Financing Assets	428.6	507.8	-15.6	463.6	-7.5
Leased Assets	1,483.7	1,293.9	14.7	1,354.9	9.5
Fixed Assets	10.3	7.4	39.2	10.5	-1.9
Other Assets	90.8	85.2	6.6	85.9	5.7
Liability & Shareholder's Equity	5,173.6	5,067.5	2.1	4,933.4	4.9
Borrowings	4,168.9	4,123.4	1.1	3,957.6	5.3
Other Liabilities	329.0	299.7	9.8	324.9	1.3
Shareholder's Equity	675.7	644.4	4.9	650.9	3.8

3. BNK Capital - 2

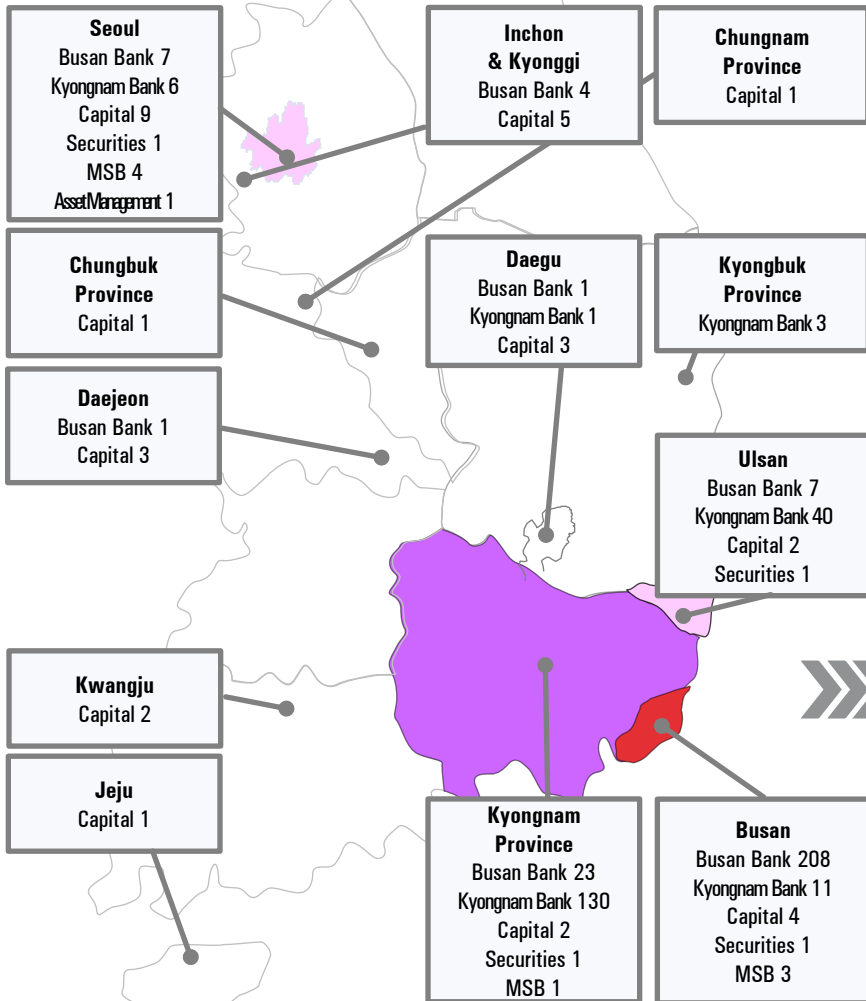
☐ Loan Portfolio

(KRW bn, %, Balance)	19.2Q	Portion	19.1Q	QoQ	18.4Q	18.3Q	18.2Q	18.1Q	17.4Q	17.3Q	17.2Q	17.1Q
Total	5,295.0	100.0	5,050.8	4.8	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	2,005.7	37.9	1,841.3	8.9	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	935.5	17.7	905.2	3.3	947.5	927.2	905.1	874.0	840.2	836.3	825.4	807.3
Corporate	1,070.2	20.2	936.1	14.3	895.8	910.1	908.8	762.7	663.6	622.2	543.9	580.7
Auto Financing	2,492.9	47.1	2,515.1	-0.9	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	427.8	8.1	482.6	-11.4	548.5	616.6	674.4	712.0	739.6	747.8	741.0	700.8
Passenger Vehicle	2,065.1	39.0	2,032.5	1.6	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	771.2	14.6	690.4	11.7	665.7	610.6	603.9	583.1	567.1	586.4	592.3	592.5
Machine Tools	138.9	2.6	140.8	-1.3	141.4	135.1	132.0	124.4	124.7	135.2	140.2	141.4
Medical Instruments	297.4	5.6	226.0	31.6	211.4	198.7	191.8	174.9	169.4	167.1	165.1	162.7
Others	334.9	6.3	323.6	3.5	312.9	276.8	280.1	283.8	273.0	284.1	287.0	288.4
Venture Capital Business	25.2	0.5	4.0	530.0	1.6	2.5	2.5	2.5	2.5	2.0	2.0	31

4. Group Networks & Major Industries

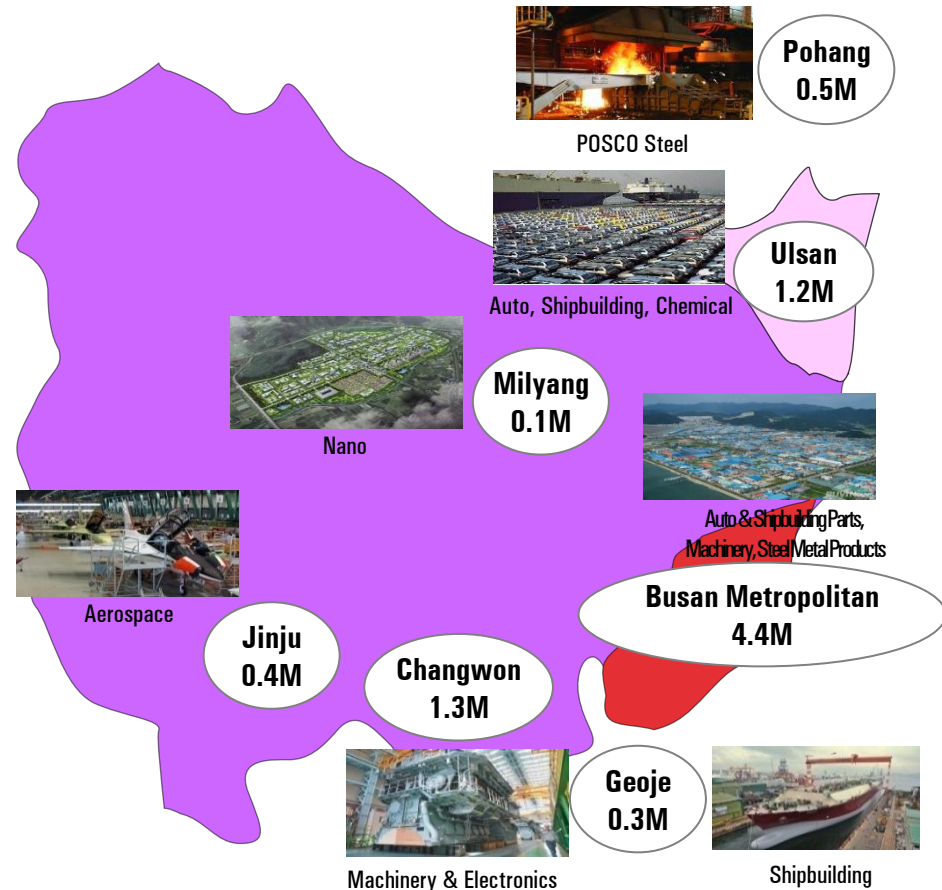
Networks (as of June 2019) : 498 Locations

- 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