

2018 Financial Results

2019.2.12

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



BNK Financial Group

Contents

I. 2018 Group Highlights

1.	Highlights – Profitability	3
2.	Highlights – Profitability, Growth	4
3.	Highlights – Asset Quality, Capital Adequacy	5
4.	Group Structure	6

II. Profitability

1.	Group Earning Results	8
2.	Subsidiaries Earning Results	9
3.	Banks Earning Results	10
4.	Banks NIM	12
5.	SG&A	13

III. Growth

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

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

V. Capital Adequacy

1.	Capital Adequacy	26
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VI. Appendix

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

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.

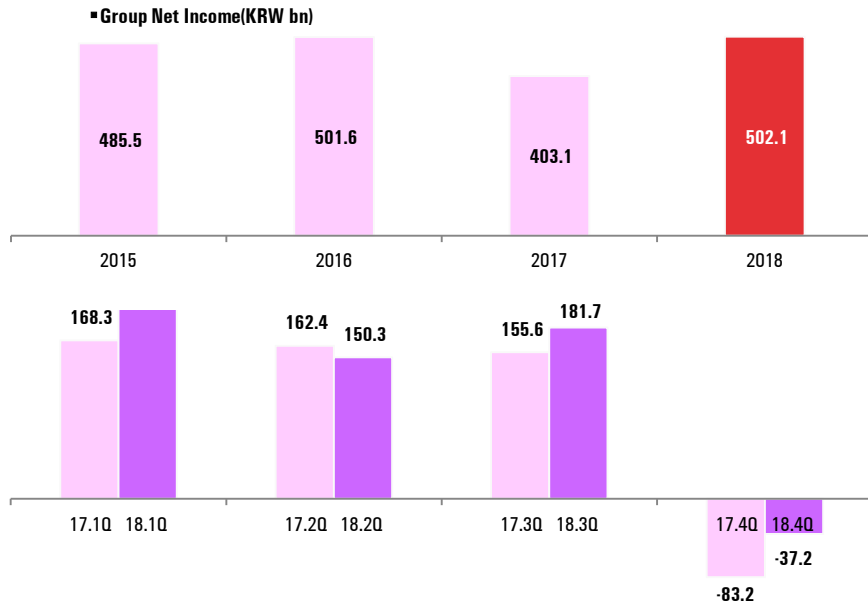
- Kyongnam Bank has been added October 10, 2014, with earnings consolidated starting from 4Q of 2014. As of June 4, 2015, Kyongnam Bank has become a 100% subsidiary of BNK Financial Group
- BNK Asset Management has been added July 28, 2015, and earnings will be consolidated starting from August 2015

I . 2018 Group Highlights

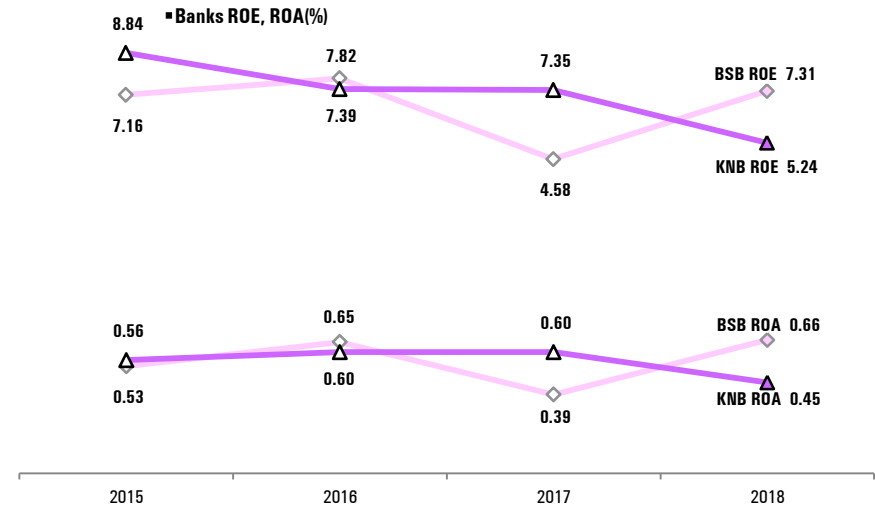
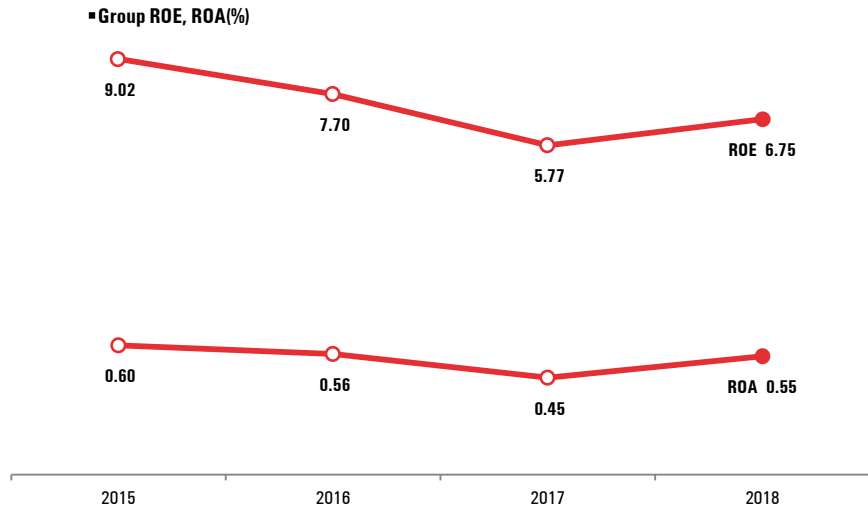
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| 1. Highlights – Profitability | 3 |
| 2. Highlights – Profitability, Growth | 4 |
| 3. Highlights – Asset Quality, Capital Adequacy | 5 |
| 4. Group Structure | 6 |

1. Highlights – Profitability

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

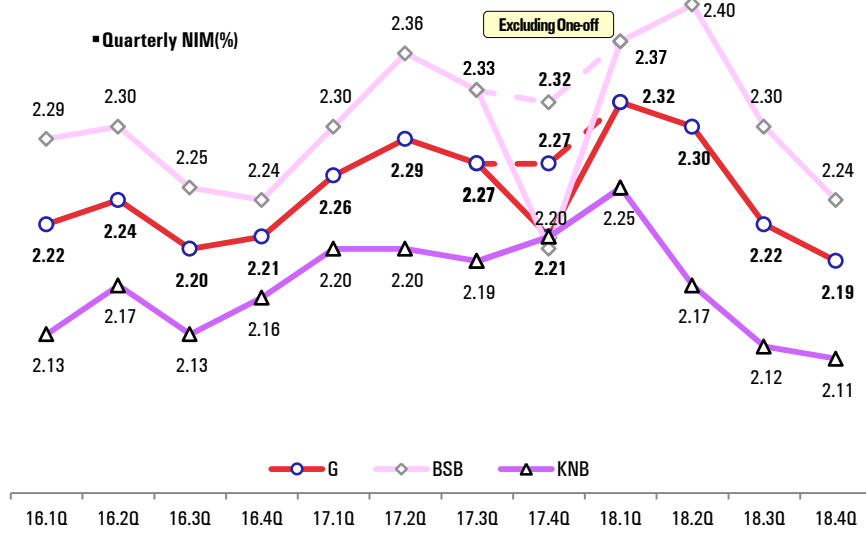


- **2018 Group NI 502.1 KRW bn (YoY +26.4%), Highest FY NI after transition into a FHC, regardless of 4Q NI**
 - increase in IB fee income, decrease in provision expense, & gains on NPL sales etc.
- **4Q Group NI recorded -37.2 KRW bn, due to added provisions based on regulator's stricter provision guidelines & ERP**
- **4Q One-offs**
 - Stricter Provision Guidelines (Larger Individual Assessment of Precautionary Loans)
 - : BSB 52.2 KRW bn, KNB 9.3 KRW bn
 - ERP 56.1 KRW bn (BSB 43.6 KRW bn, KNB 12.5 KRW bn)

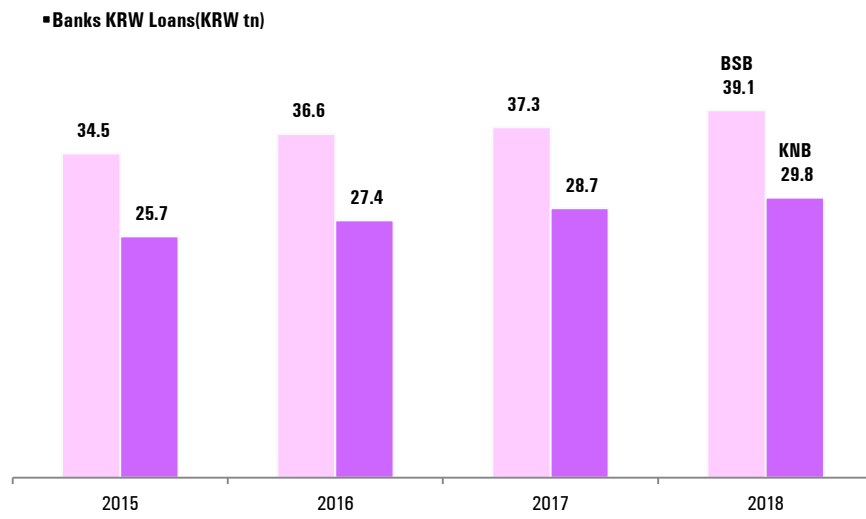
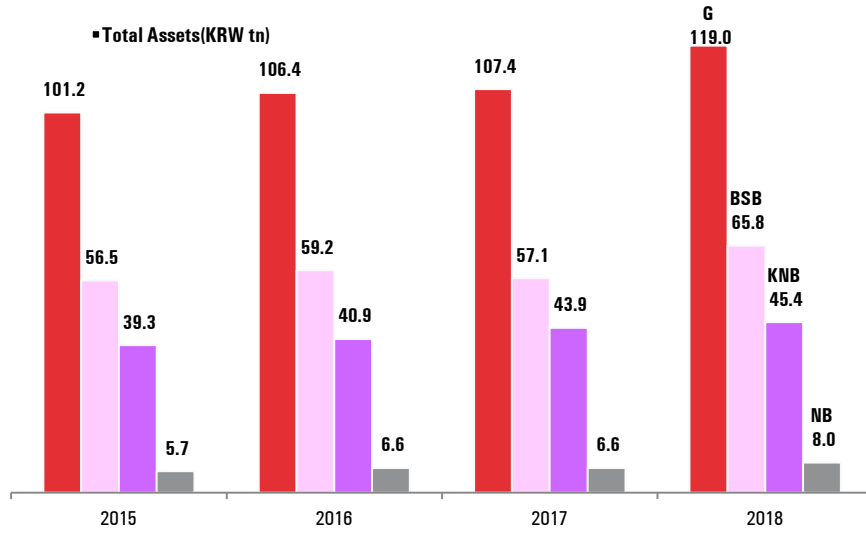


2. Highlights – Profitability, Growth

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



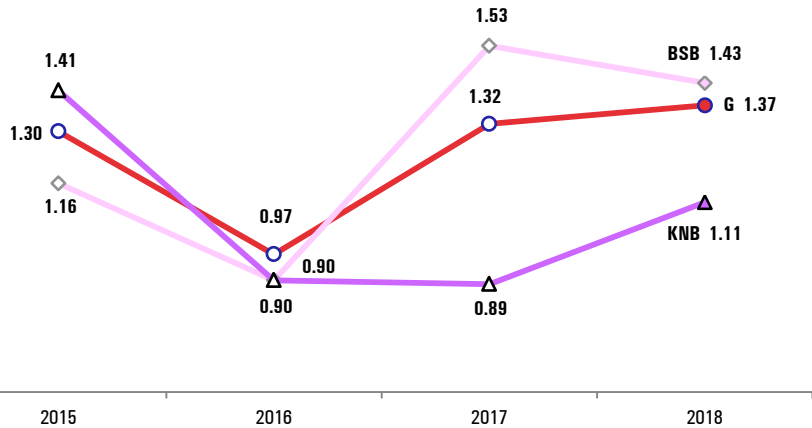
- Group NIM 2.19%, with growth focus in higher credit quality loans, increase in lending rates were limited, while benchmark rate hike led to higher funding costs resulting in -3bps QoQ**
 - Interest rate on KRW loans : BSB + 1bps, KNB + 6bps
 - Interest rate on KRW deposits : BSB + 9bps, KNB + 5bps
- Stable growth shown by each bank's Core Corps., maintaining higher credit quality loan growth trend**
 - BSB : KRW loan growth YTD +4.8%
(Core Corps. +YTD 7.6%, Household +YTD 6.9%)
 - KNB : KRW loan growth YTD +3.6%
(Core Corps. +YTD 10.7%, Household +YTD 5.5%)



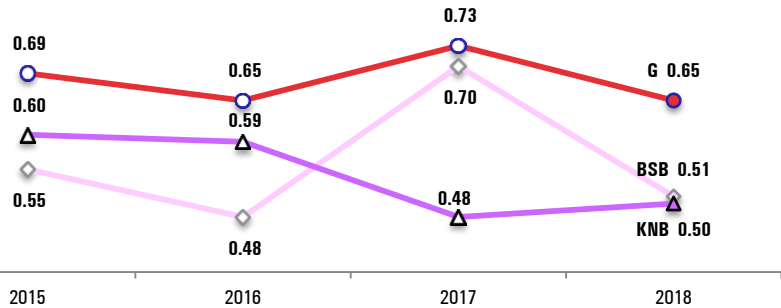
3. Highlights – Asset Quality, Capital Adequacy

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

Group NPL Ratio(%)

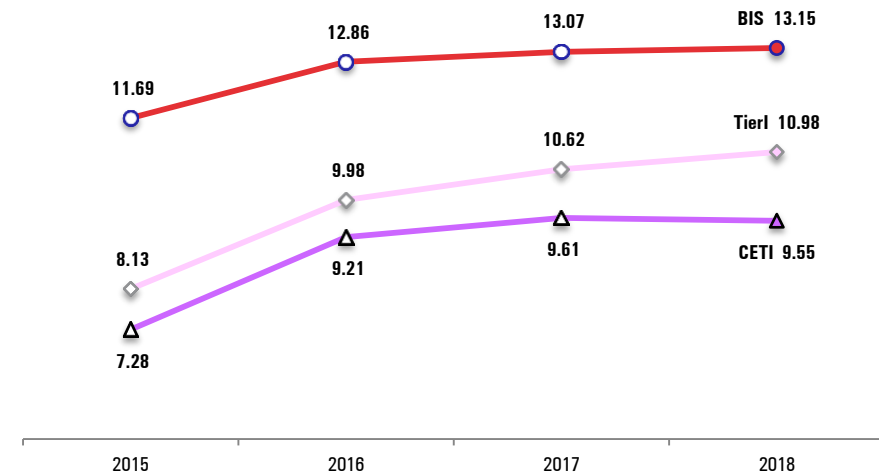


Group Delinquency Ratio(%)



- **BSB NPL Ratio decreased YoY, however, due to stricter provision guidelines, the ratio decrease was limited**
- NPL increased by 84.1 KRW bn, due to stricter provision regulations (Group NPL Ratio + 13bps, BSB NPL Ratio + 20bps)
- **KNB NPL Ratio increased YoY, due to slower recovery in the region & new insolvencies**
- **Group Provision Expense went down by 41.4 KRW bn YoY, even with higher provision expense in the 4Q(Credit Cost at 66bps, YoY -7bps)**
- **4Q NL & increase in Dividends led to decrease in Group CETI(YoY -6bps)**

Group Capital Adequacy(%)



4. Group Structure

BNK Financial Group

Establishment : 2011.03.15

Total Assets : 119,001.8

Net Income : 502.1

Employees : 8,285

(%, KRW bn, Accumulated)

Busan Bank

Estbmt : 1967.10.10
Branches : 257
Employees : 3,861

Total Shares Owned

100%

Total Assets

65,785.4

Net Income

346.7

Kyongnam

Estbmt : 1970.05.22
Added : 2014.10.10
Branches : 190
Employees : 2,961

Total Shares Owned

100%

Total Assets

45,394.4

Net Income

169.0

Capital

Estbmt : 2010.07.15
Branches : 34
Employees : 601

Total Shares Owned

100%

Total Assets

5,067.5

Net Income

71.1

Securities

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

Total Shares Owned

100%

Total Assets

1,797.8

Net Income

11.4

MSB

Estbmt : 2011.12.13
Branches : 8
Employees : 124

Total Shares Owned

100%

Total Assets

1,016.5

Net Income

15.6

Asset Mgt.

Estbmt : 2008.07.15
Added : 2015.07.28
Employees : 43

Total Shares Owned

100%

Total Assets

72.3

Net Income

-0.5

Credit Info.

Estbmt : 2003.06.17
Industry : Collection
Employees : 87

Total Shares Owned

100%

Total Assets

10.2

Net Income

0.8

System

Estbmt : 2011.05.20
Industry : IT related
Employees : 183

Total Shares Owned

100%

Total Assets

11.2

Net Income

1.5

Affiliates

Cambodia

Establishment : 14.03.07
Employees : 177
Tot. Share's Owned : 100%
Tot. Assets : 15.7 KRW bn
2015.06 Start Operations

Myanmar

Establishment : 14.03.21
Employees : 405
Tot. Share's Owned : 99.9%
Tot. Assets : 29.4 KRW bn
2014.12 Start Operations

Laos PDR

Establishment : 15.04.24
Employees : 27
Tot. Share's Owned : 95%
Tot. Assets : 22.2 KRW bn
2015.07 Start Operations

Kazakhstan

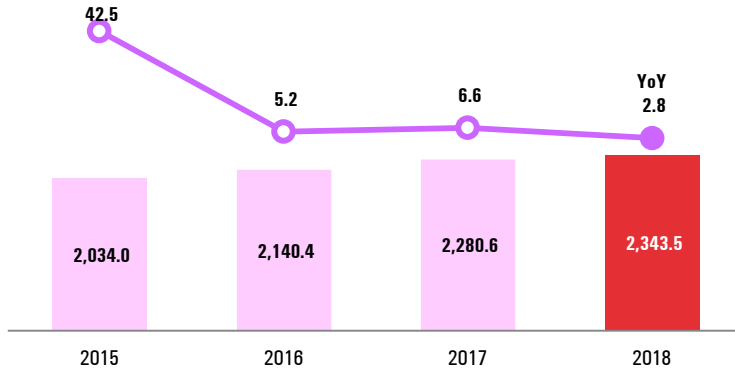
Establishment : 18.06.01
Employees : 22
Tot. Share's Owned : 100%
Tot. Assets : 5.3 KRW bn
2018.11 Start Operations

II . Profitability

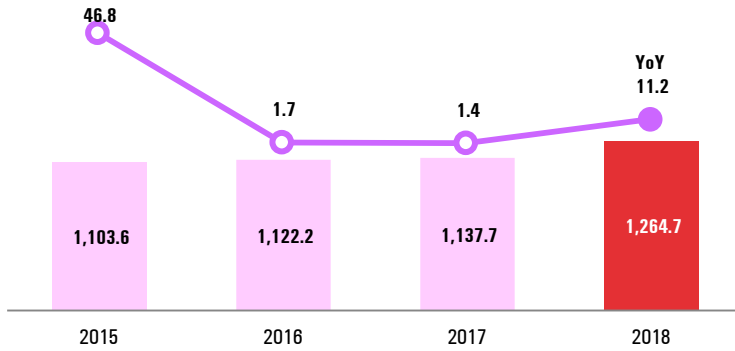
1. Group Earning Results	8
2. Subsidiaries Earning Results	9
3. Banks Earning Results	10
4. Banks NIM	12
5. SG&A	13

1. Group Earning Results

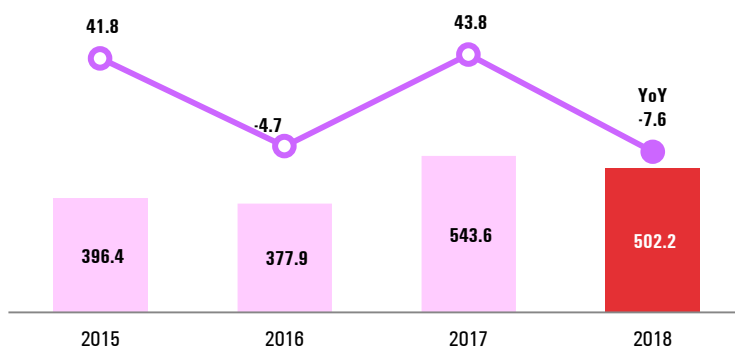
Interest Income(% , KRW bn)



SG&A(% , KRW bn)



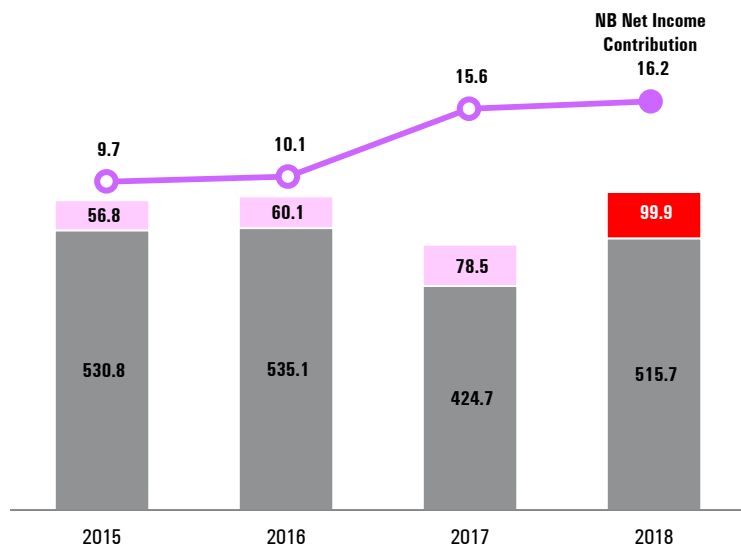
Provisioning(% , KRW bn)



(KRW bn, %)	2018	2017	YoY	18.4Q	18.3Q	QoQ
Net Interest Income	2,343.5	2,280.6	2.8	586.9	587.7	-0.1
Net Fee Income	204.0	159.7	27.7	36.2	57.5	-37.0
Others	-30.7	-164.7	-	-55.4	10.1	Net Loss
SG&A(-)	1,264.7	1,137.7	11.2	409.3	281.3	45.5
Provision Expense(-)	502.2	543.6	-7.6	182.6	105.4	73.2
Non-Operating Income	-31.3	-36.6	-	-23.1	-0.4	-
Earnings Before Income Tax	718.6	557.7	28.9	-47.3	268.2	Net Loss
Income Tax Expense(-)	180.5	132.7	36.0	-20.2	76.6	-
Net Income(A)	538.1	425.0	26.6	-27.1	191.6	Net Loss
Net Income in Non-Controlling Interest(B)	36.0	21.9	64.4	10.1	9.9	2.0
Net Income in Controlling Interest(C) (C) = (A) - (B)	502.1	403.1	24.6	-37.2	181.7	Net Loss

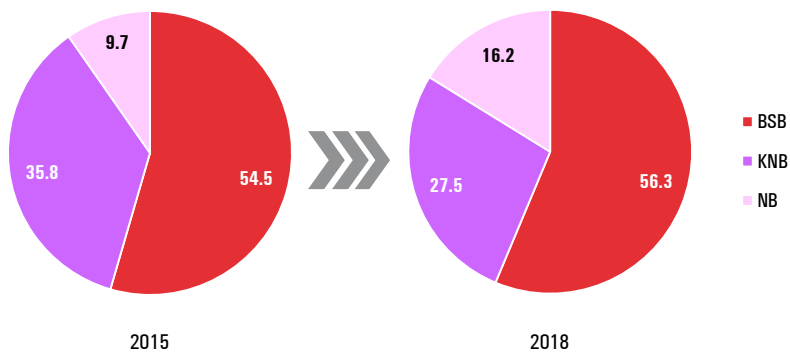
2. Subsidiaries Earning Results

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



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

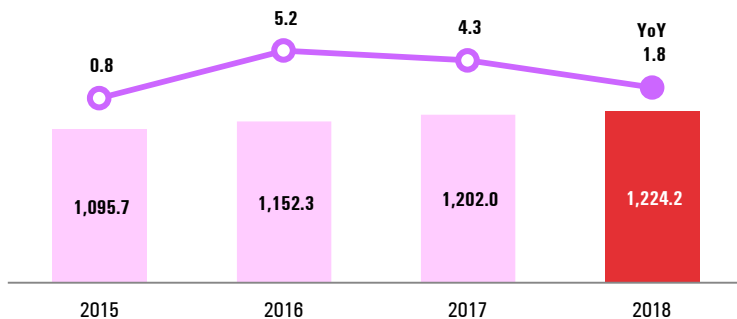
Banks & Non-Bank Net Income Portion(%)



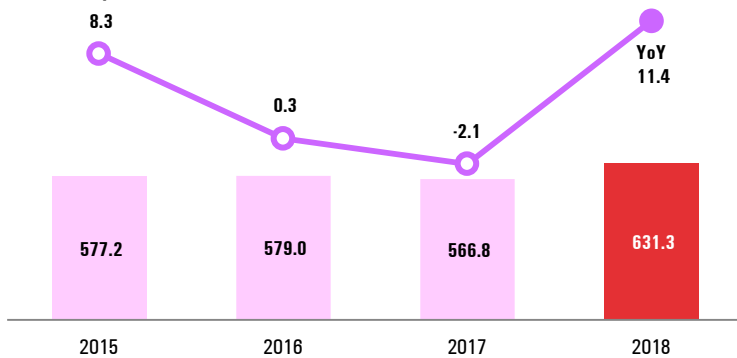
(KRW bn, %)	2018	2017	YoY	18.4Q	18.3Q	QoQ
Bank(A)	515.7	424.7	21.4	-27.2	186.0	-114.6
Busan	346.7	203.2	70.6	-26.4	124.9	-121.1
Kyongnam	169.0	221.5	-23.7	-0.8	61.1	-101.3
Non-Bank(B)	99.9	78.5	27.3	25.1	24.3	3.3
Capital	71.1	62.6	13.6	18.7	14.2	31.7
Securities	11.4	1.9	500.0	3.5	5.5	-36.4
MSB	15.6	11.6	34.5	3.7	3.3	12.1
Asset Management	-0.5	0.7	Net Loss	-1.1	0.4	Net Loss
Credit Info	0.8	0.9	-11.1	0.2	0.3	-33.3
System	1.5	0.8	87.5	0.1	0.6	-83.3
Financial Group & Unconsolidated Portion(C)	-77.5	-78.2	-	-25.0	-18.7	-
Net Income in Non-Controlling Interest(D)	36.0	21.9	64.4	10.1	9.9	2.0
Net Income in Controlling Interest(E) (E=A+B+C-D)	502.1	403.1	24.6	-37.2	181.7	Net Loss

3. Banks Earning Results - Busan

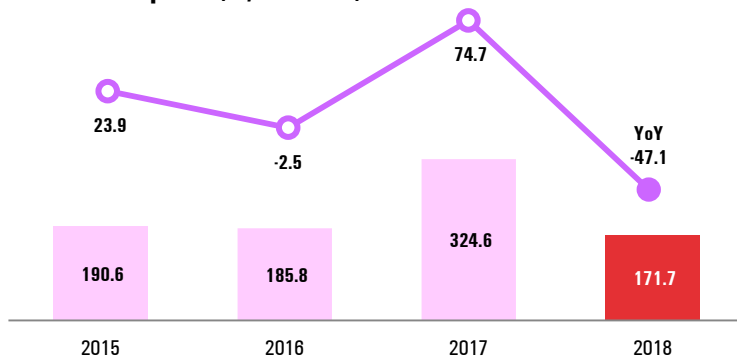
Interest Income(% , KRW bn)



SG&A(% , KRW bn)



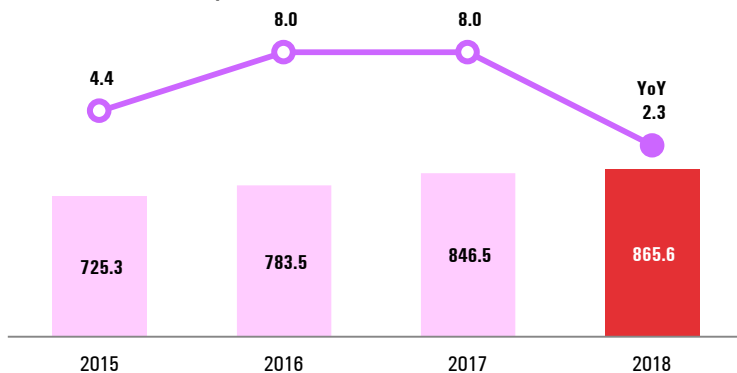
Provision Expense(% , KRW bn)



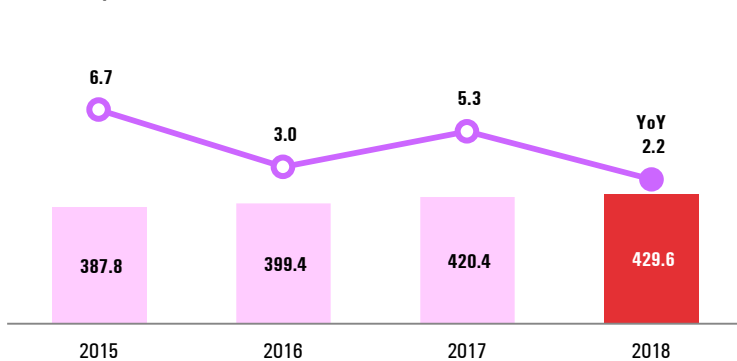
(KRW bn, %)	2018	2017	YoY	18.4Q	18.3Q	QoQ
Net Interest Income	1,224.2	1,202.0	1.8	304.3	306.8	-0.8
Net Fee Income	75.6	70.9	6.6	14.6	20.9	-30.1
Fees from Trust Account	24.1	21.8	10.6	5.5	6.2	-11.3
Others	-53.1	-125.3	-	-59.4	-7.7	-
SG&A(-)	631.3	566.8	11.4	225.1	130.5	72.5
Provision Expense(-)	171.7	324.6	-47.1	78.1	21.7	259.9
Net Operating Income	467.8	278.0	68.3	-38.2	174.0	Net Loss
Non-Operating Income	-16.3	-16.7	-	-10.8	2.2	Net Loss
Earnings Before Income Taxes	451.5	261.3	72.8	-49.0	176.2	Net Loss
Income Tax Expenses(-)	104.8	58.1	80.4	-22.6	51.3	-
Net Income	346.7	203.2	70.6	-26.4	124.9	Net Loss

3. Banks Earning Results - Kyongnam

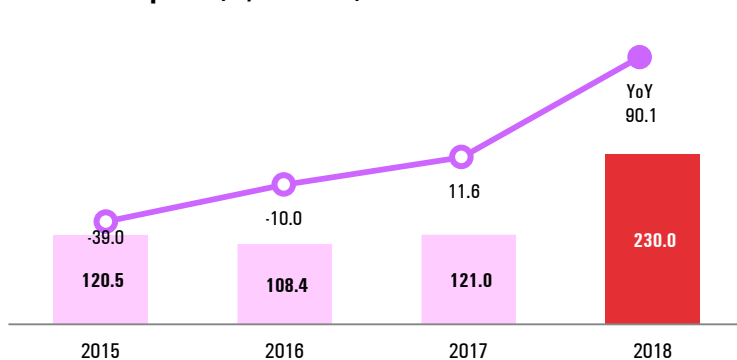
Interest Income(% , KRW bn)



SG&A(% , KRW bn)



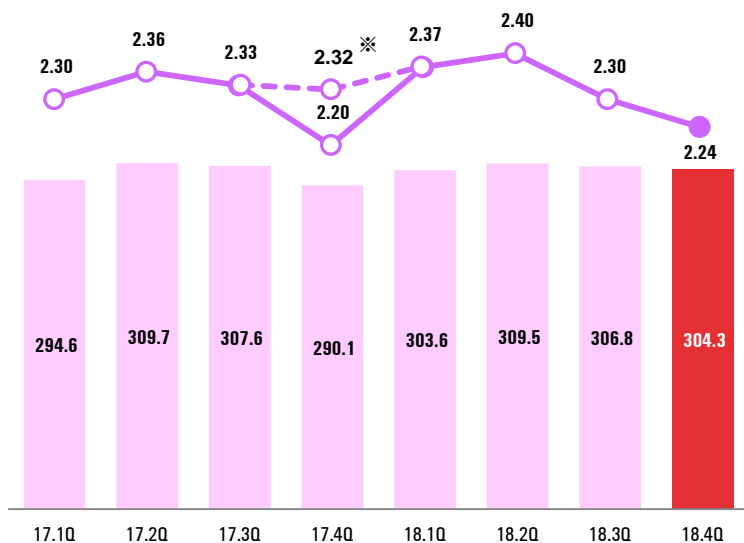
Provision Expense(% , KRW bn)



(KRW bn, %)	2018	2017	YoY	18.4Q	18.3Q	QoQ
Net Interest Income	865.6	846.5	2.3	218.0	216.7	0.6
Net Fee Income	39.9	35.6	12.1	3.4	12.9	-73.6
Fees from Trust Account	8.4	7.1	18.3	1.8	2.0	-10.0
Others	-23.4	-57.7	-	-6.2	0.2	Net Loss
SG&A(-)	429.6	420.4	2.2	129.2	99.4	30.0
Provision Expense(-)	230.0	121.0	90.1	82.6	48.9	68.9
Net Operating Income	230.9	290.1	-20.4	5.2	83.5	-93.8
Non-Operating Income	-9.8	-14.2	-	-7.3	-3.0	-
Earnings Before Income Taxes	221.1	275.9	-19.9	-2.1	80.5	Net Loss
Income Tax Expenses(-)	52.1	54.4	-4.2	-1.3	19.4	-
Net Income	169.0	221.5	-23.7	-0.8	61.1	Net Loss

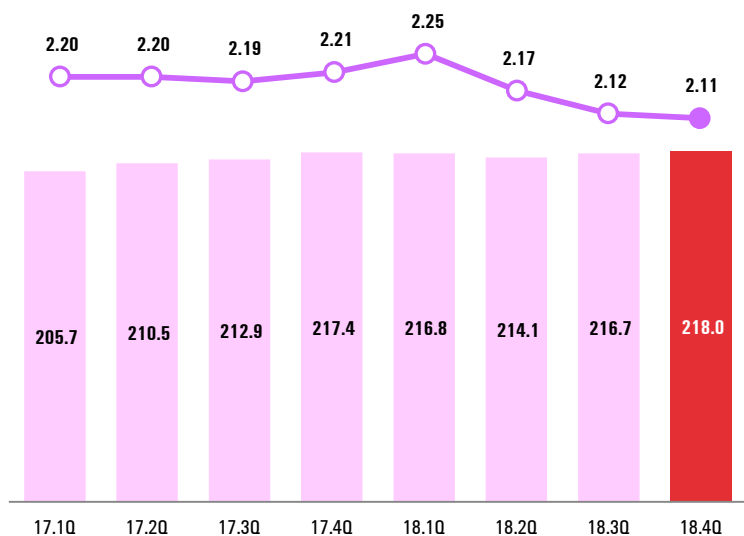
4. Banks NIM

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)	18.4Q	18.3Q	18.2Q	18.1Q	17.4Q	17.3Q	17.2Q	17.1Q
Quarterly NIM	2.24	2.30	2.40	2.37	2.20	2.33	2.36	2.30
Quarterly NIS	2.53	2.61	2.72	2.70	2.46	2.63	2.67	2.67
Interest Rate on KRW Loans	4.01	4.00	4.06	3.99	3.66 ¹⁾	3.78	3.81	3.82
Interest Rate paid on KRW Deposits	1.48	1.39	1.34	1.29	1.20	1.15	1.14	1.15
Average Interest Earning Assets	48.3	47.3	46.6	46.5	47.0	47.0	46.9	46.1
Accumulated NIM	2.32	2.35	2.38	2.37	2.30	2.33	2.33	2.30

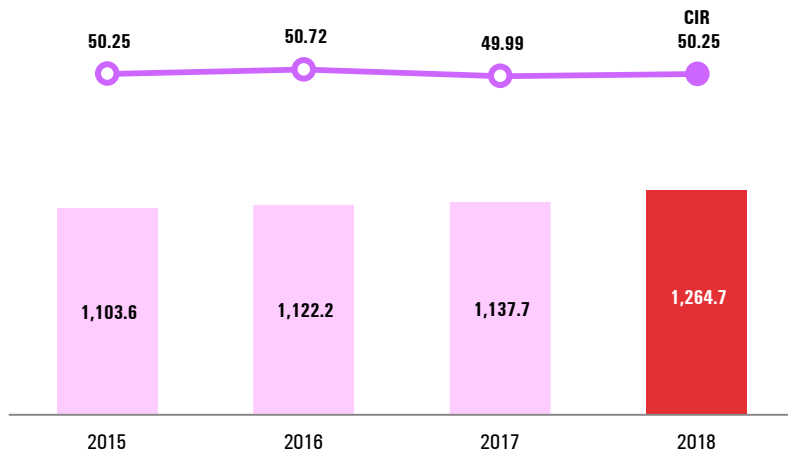
1) Excluding one-off PF impact → 3.80%

Kyongnam

(%, KRW tn)	18.4Q	18.3Q	18.2Q	18.1Q	17.4Q	17.3Q	17.2Q	17.1Q
Quarterly NIM	2.11	2.12	2.17	2.25	2.21	2.19	2.20	2.20
Quarterly NIS	2.35	2.34	2.42	2.50	2.44	2.45	2.47	2.48
Interest Rate on KRW Loans	4.00	3.94	3.96	3.93	3.78	3.74	3.74	3.74
Interest Rate paid on KRW Deposits	1.65	1.60	1.54	1.43	1.34	1.29	1.27	1.26
Average Interest Earning Assets	36.0	35.7	34.9	34.6	34.6	34.2	34.0	33.6
Accumulated NIM	2.16	2.18	2.21	2.25	2.20	2.20	2.20	2.20

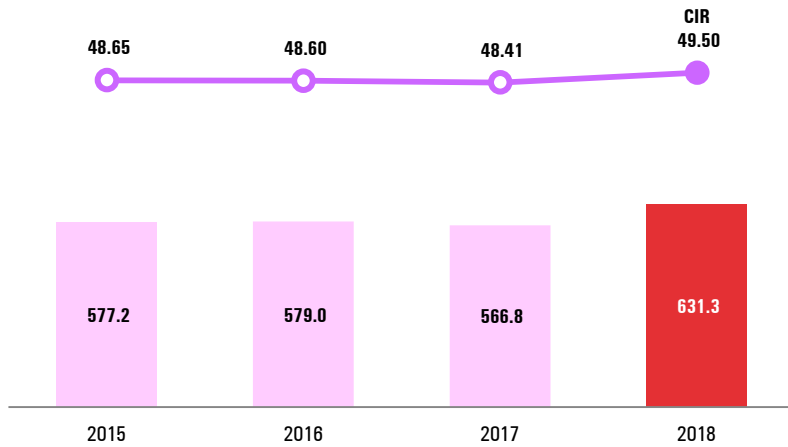
5. SG&A

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

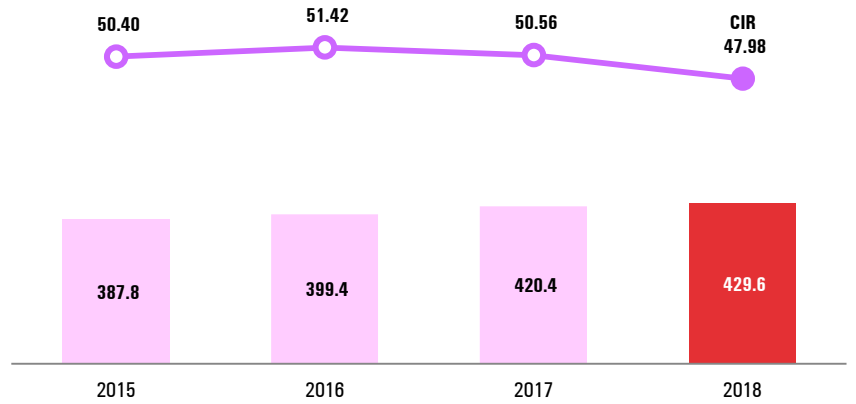


(KRW bn, %)	2018	2017	YoY	18.4Q	18.3Q	QoQ
SG&A	1,264.7	1,137.7	11.2	409.3	281.3	45.5
CIR	50.25	49.99	0.26			

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



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

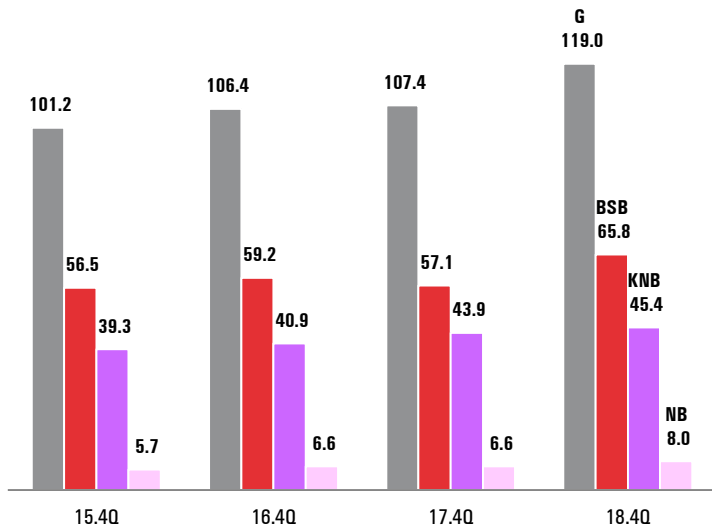


III. Growth

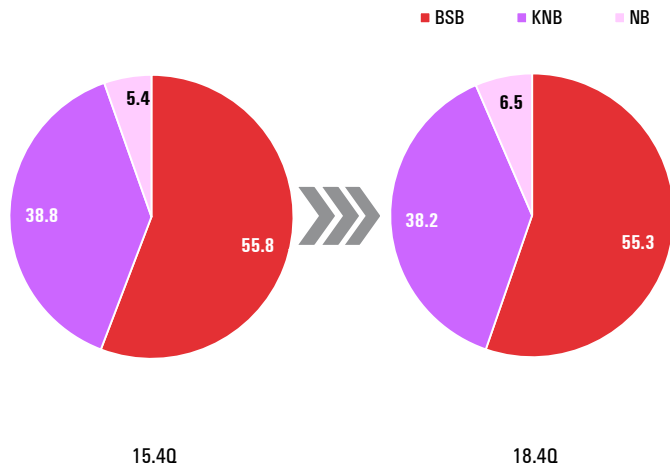
1. Group Assets	15
2. Banks Loans / Deposits	16

1. Group Assets

☐ Total Assets(KRW tn)



☐ Banks & Non-Banks Portion(%)

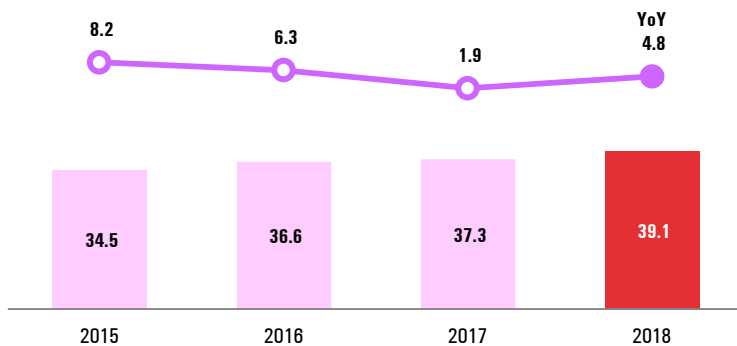


☐ Group Total Assets

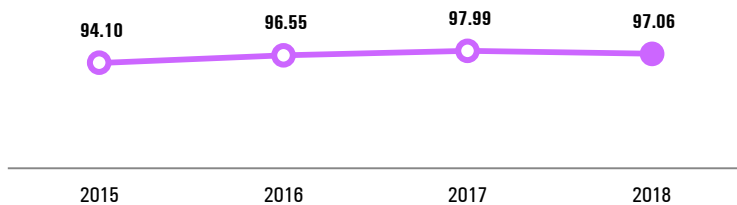
(KRW bn, %)	18.4Q	17.4Q	YTD	18.3Q	QoQ
Bank	111,179.8	100,982.9	10.1	111,674.8	-0.4
Busan	65,785.4	57,069.3	15.3	65,197.6	0.9
Kyongnam	45,394.4	43,913.6	3.4	46,477.2	-2.3
Non-Bank	7,975.5	6,608.9	20.7	7,968.1	0.1
Capital	5,067.5	4,812.0	5.3	4,947.0	2.4
Securities	1,797.8	886.1	102.9	2,002.6	-10.2
MSB	1,016.5	849.8	19.6	954.3	6.5
Asset Mgt.	72.3	41.8	73.0	42.0	72.1
Credit Info	10.2	9.4	8.5	9.9	3.0
System	11.2	9.8	14.3	12.3	-8.9
Financial Group & Unconsolidated Portion	-153.5	-174.6	-	-125.8	-
Group Total Assets	119,001.8	107,417.2	10.8	119,517.1	-0.4

2. Banks Loans / Deposits - Busan

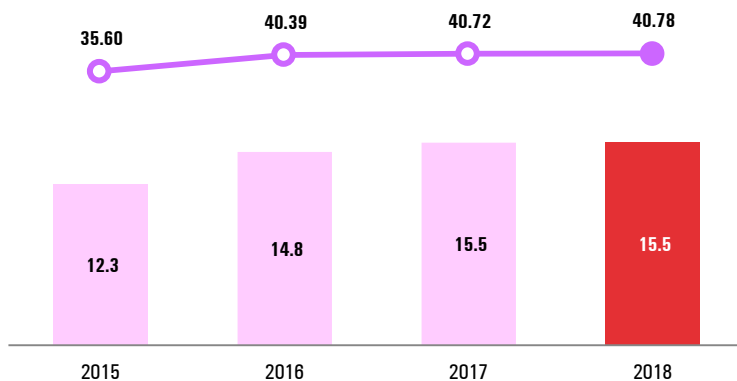
□ KRW Loans(% , KRW bn)



□ LDR(%)



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



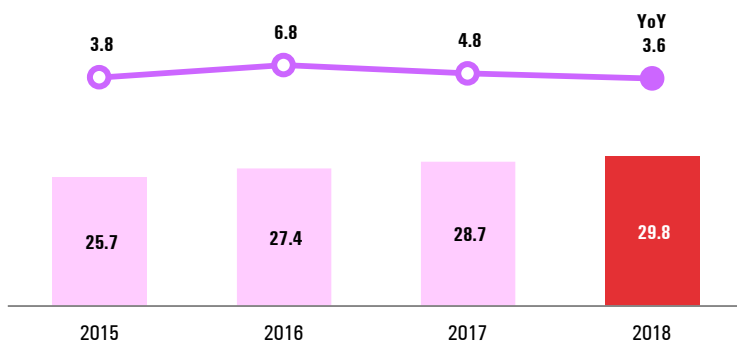
(KRW bn, %, Balance)	18.4Q	17.4Q	YTD	18.3Q	QoQ
KRW Loans¹⁾	39,098.4	37,321.0	4.8	38,594.5	1.3
Corporate	25,983.6	25,161.6	3.3	26,003.9	-0.1
SME	23,520.9	22,995.7	2.3	23,730.4	-0.9
(Core Corps.) ²⁾	11,492.5	10,683.2	7.6	11,582.7	-0.8
Large Corps.	2,462.7	2,165.9	13.7	2,273.5	8.3
Household	11,587.7	10,840.0	6.9	11,183.3	3.6
Mortgage	7,829.0	7,404.0	5.7	7,605.9	2.9
Public	1,527.1	1,319.4	15.7	1,407.3	8.5
Foreign Currency Loans¹⁾	619.5	554.8	11.7	563.2	10.0
KRW Deposits¹⁾	39,215.4	37,798.6	3.7	38,341.5	2.3
Low Cost Deposits	16,043.1	15,573.9	3.0	15,285.4	5.0
Core Deposits	12,136.2	12,399.4	-2.1	12,180.6	-0.4
MMDA	3,906.9	3,174.5	23.1	3,104.8	25.8

(KRW bn, %, %p, Average Balance)	18.4Q	17.4Q	YTD	18.3Q	QoQ
Low-Cost Deposits(A)	15,548.8	15,474.2	0.5	15,704.1	-1.0
Core Deposits ²⁾	12,156.2	12,466.0	-2.5	12,292.4	-1.1
MMDA	3,392.6	3,008.2	12.8	3,411.7	-0.6
KRW Deposits(B)	38,131.6	38,000.2	0.3	37,832.7	0.8
A / B	40.78	40.72	0.06	41.51	-0.73

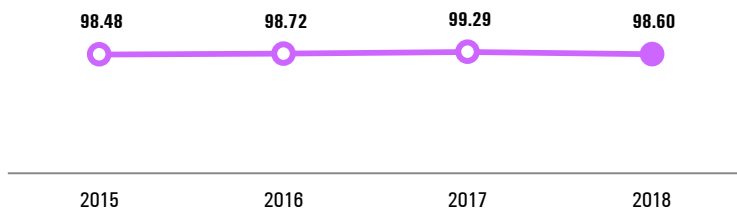
1) Unconsolidated FS, 2) Core Corps : SME or SOHO(≤3 KRW bn) , 3) Core Deposits : Demand + Savings(Ex. MMDA)

2. Banks Loans / Deposits - Kyongnam

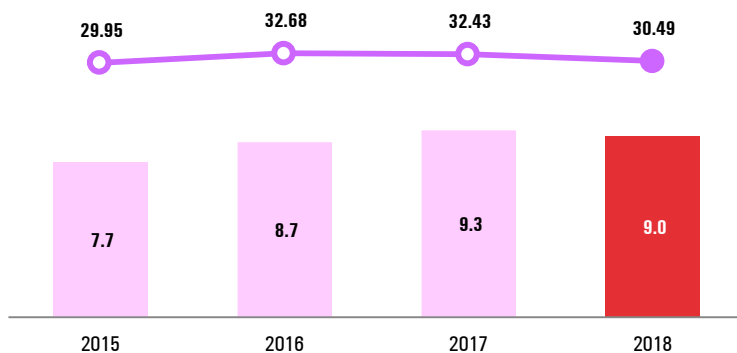
□ KRW Loans(% , KRW bn)



□ LDR(%)



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



(KRW bn, %, Balance)	18.4Q	17.4Q	YTD	18.3Q	QoQ
KRW Loans¹⁾	29,787.8	28,742.6	3.6	29,938.8	-0.5
Corporate	18,783.7	18,311.3	2.6	18,869.6	-0.5
SME	17,371.1	16,888.7	2.9	17,463.8	-0.5
(Core Corps.) ²⁾	5,417.0	4,894.3	10.7	5,363.6	1.0
Large Corps.	1,412.6	1,422.6	-0.7	1,405.8	0.5
Household	10,656.6	10,102.2	5.5	10,718.1	-0.6
Mortgage	8,919.6	8,458.7	5.4	9,015.0	-1.1
Public	347.5	329.1	5.6	351.1	-1.0
Foreign Currency Loans¹⁾	102.3	107.3	-4.7	102.4	-0.1
KRW Deposits¹⁾	29,664.9	28,744.6	3.2	29,786.7	-0.4
Low Cost Deposits	8,616.8	8,484.3	1.6	8,941.6	-3.6
Core Deposits	7,152.0	7,122.5	0.4	7,182.9	-0.4
MMDA	1,464.8	1,361.8	7.6	1,758.7	-16.7

(KRW bn, %, %p, Average Balance)	18.4Q	17.4Q	YTD	18.3Q	QoQ
Low-Cost Deposits(A)	9,019.7	9,295.0	-3.0	9,032.5	-0.1
Core Deposits ²⁾	7,401.8	7,545.3	-1.9	7,421.4	-0.3
MMDA	1,617.9	1,749.7	-7.5	1,611.1	0.4
KRW Deposits(B)	29,577.7	28,661.4	3.2	29,398.0	0.6
A / B	30.49	32.43	-1.94	30.72	-0.23

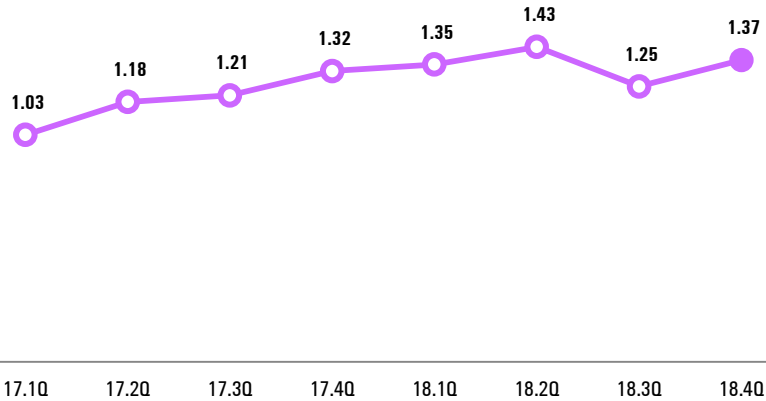
1) Unconsolidated FS, 2) Core Deposits : Demand + Savings(Ex. MMDA)

IV. Asset Quality

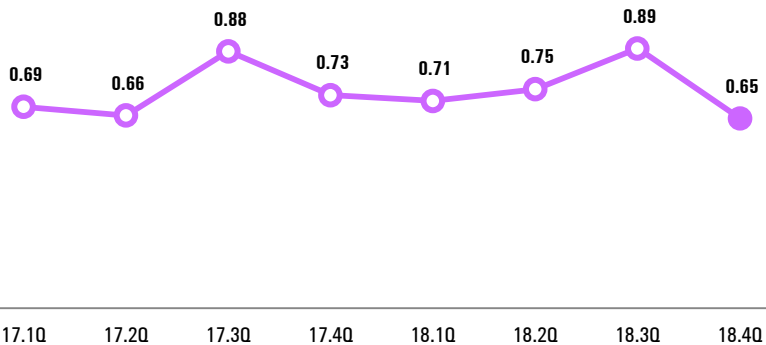
1. Group Asset Quality	19
2. Banks Asset Quality	20
3. Group Provisioning	22
4. Banks Provisioning / Write-offs & NPL Sales	23

1. Group Asset Quality

□ SBL(NPL) Ratio(%)



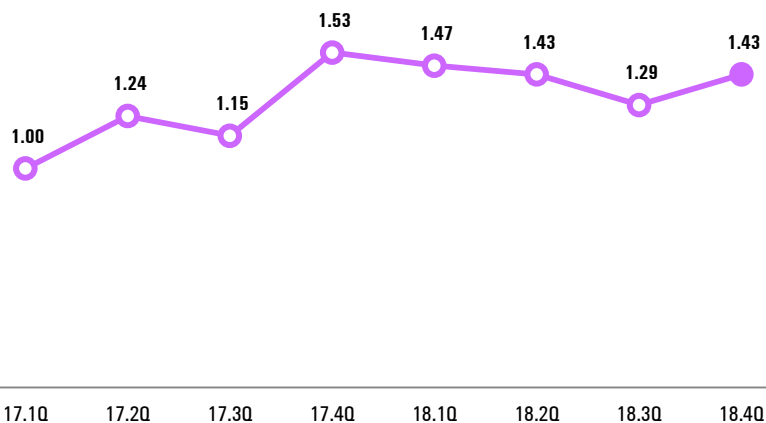
□ Delinquency Ratio(%)



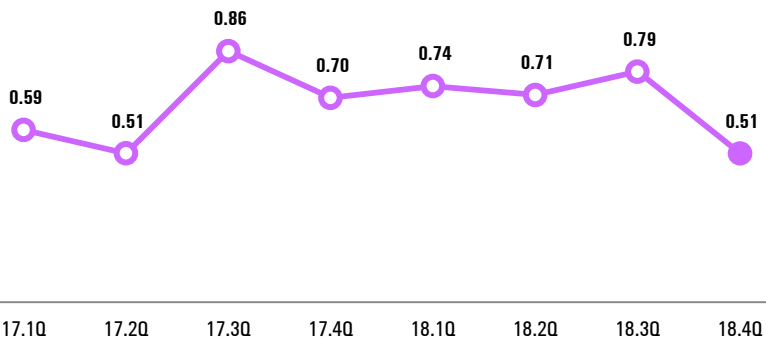
(KRW bn, %, %p)	18.4Q	17.4Q	YTD	18.3Q	QoQ
Total Credits	76,056.4	74,678.1	1.8	77,962.0	-2.4
Normal	73,790.3	72,386.3	1.9	75,588.6	-2.4
Precautionary	1,227.7	1,302.6	-5.8	1,401.8	-12.4
Substandard	572.3	596.4	-4.0	531.2	7.7
Doubtful	144.9	217.1	-33.3	170.0	-14.8
Expected Loss	321.2	175.7	82.8	270.4	18.8
SBL(Substandard & Below Loans)	1,038.4	989.2	5.0	971.6	6.9
SBL Ratio	1.37	1.32	0.05	1.25	0.12
SBL Coverage Ratio (Ratio before Reserve deduction)	91.81 (141.25)	84.61 (140.02)	7.20 (1.23)	92.73 (150.73)	-0.92 (-9.48)
Delinquency Ratio	0.65	0.73	-0.08	0.89	-0.24
Loan Amount	77,161.2	73,726.6	4.7	77,021.8	0.2
Delinquent Amount	505.1	534.9	-5.6	683.1	-26.1

2. Banks Asset Quality - Busan

□ SBL(NPL) Ratio(%)



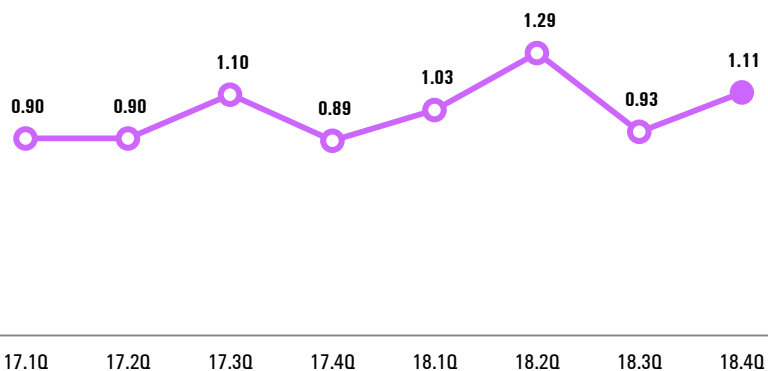
□ Delinquency Ratio(%)



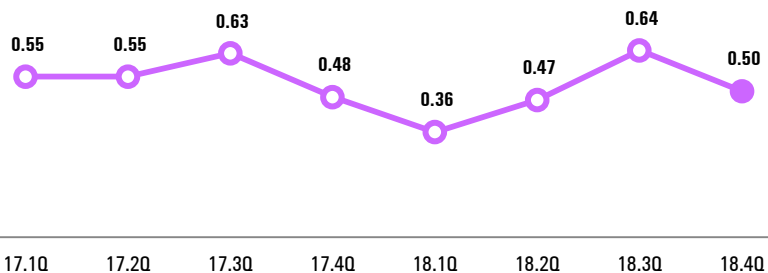
(KRW bn, %, %p)	18.4Q	17.4Q	YTD	18.3Q	QoQ
Total Credits	41,385.9	39,560.9	4.6	40,889.5	1.2
Normal	40,247.3	38,337.7	5.0	39,696.0	1.4
Precautionary	547.2	619.7	-11.7	665.3	-17.8
Substandard	334.7	374.0	-10.5	316.5	5.8
Doubtful	38.6	98.7	-60.9	26.5	45.7
Expected Loss	218.1	130.8	66.7	185.2	17.8
SBL(Substandard & Below Loans)	591.4	603.5	-2.0	528.2	12.0
SBL Ratio	1.43	1.53	-0.10	1.29	0.14
SBL Coverage Ratio (Ratio before Reserve deduction)	91.34 (126.12)	86.82 (126.15)	4.52 (-0.03)	88.87 (139.82)	2.47 (-13.70)
Delinquency Ratio	0.51	0.70	-0.19	0.79	-0.28
Loan Amount	40,690.7	38,814.9	4.8	40,157.7	1.3
Delinquent Amount	205.6	272.2	-24.5	317.4	-35.2

2. Banks Asset Quality - Kyongnam

□ SBL(NPL) Ratio(%)



□ Delinquency Ratio(%)



(KRW bn, %, %p)	18.4Q	17.4Q	YTD	18.3Q	QoQ
Total Credits	30,707.0	29,663.3	3.5	30,868.5	-0.5
Normal	30,088.2	29,164.0	3.2	30,273.4	-0.6
Precautionary	276.8	234.2	18.2	306.8	-9.8
Substandard	194.4	171.0	13.7	152.3	27.6
Doubtful	67.0	63.0	6.3	64.7	3.6
Expected Loss	80.6	31.1	159.2	71.3	13.0
SBL(Substandard & Below Loans)	342.0	265.1	29.0	288.3	18.6
SBL Ratio	1.11	0.89	0.22	0.93	0.18
SBL Coverage Ratio (Ratio before Reserve deduction)	85.73 (150.90)	77.68 (177.75)	8.05 (-26.85)	88.06 (168.70)	-2.33 (-17.80)
Delinquency Ratio	0.50	0.48	0.02	0.64	-0.14
Loan Amount	30,504.1	29,457.9	3.6	30,660.1	-0.5
Delinquent Amount	152.9	141.0	8.4	195.3	-21.7

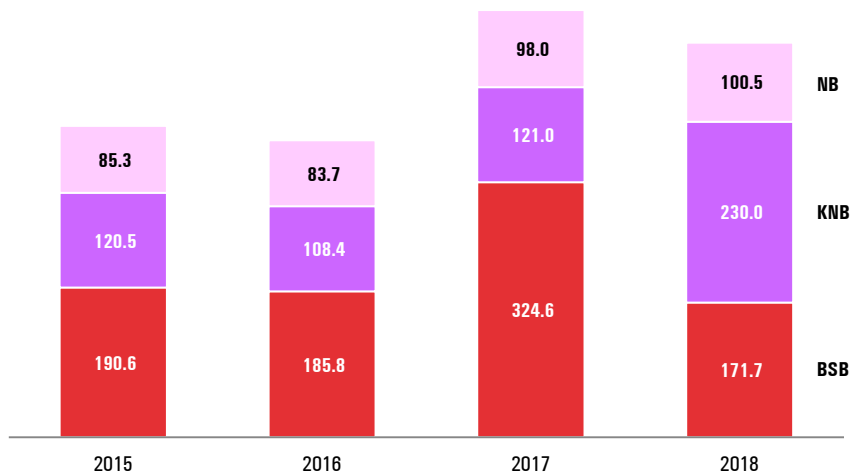
3. Group Provisioning

Provision Expense

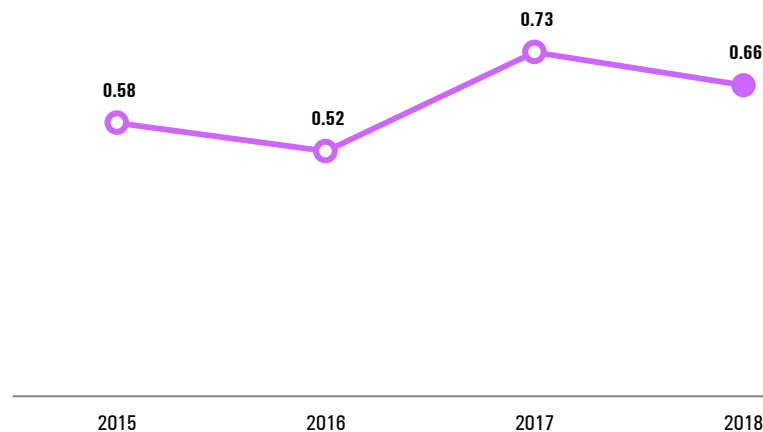
(KRW bn, %)	2018					2017				
	2018 FY	4Q	3Q	2Q	1Q	2017 FY	4Q	3Q	2Q	1Q
Total Provisions(A)	502.2	182.6	105.4	109.9	104.3	543.6	190.3	126.3	118.9	108.1
Total Credits(B)	76,056.4	76,056.4	77,962.0	76,491.5	75,289.5	74,678.1	74,678.1	74,918.2	74,930.9	74,584.8
¹⁾ Credit Cost(A/B)	0.66	0.95	0.54	0.58	0.56	0.73	1.01	0.67	0.64	0.59

1) Accumulated

Banks & Non-Bank Provision Breakdown(KRW bn)

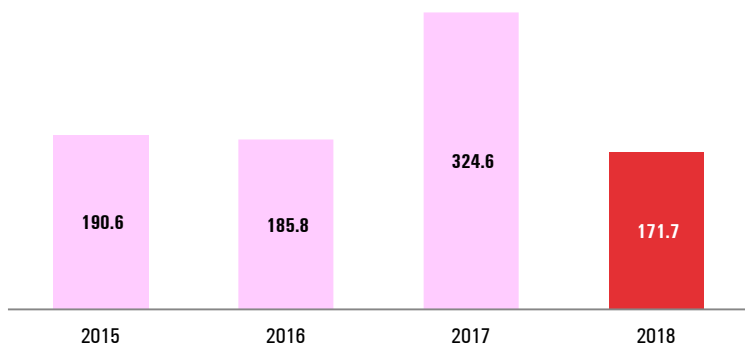


Credit Cost(% , Accumulated)

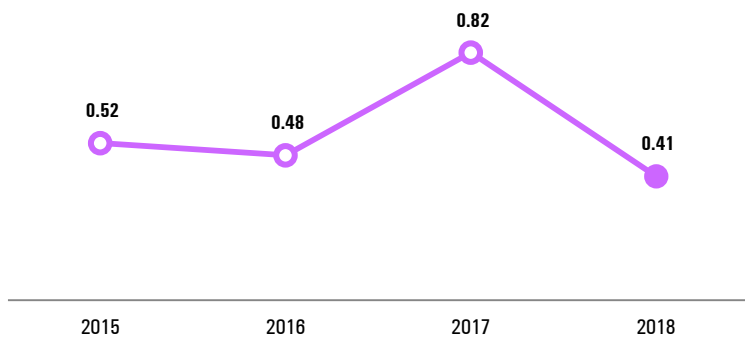


4. Provisioning / Write-offs & NPL Sales - Busan

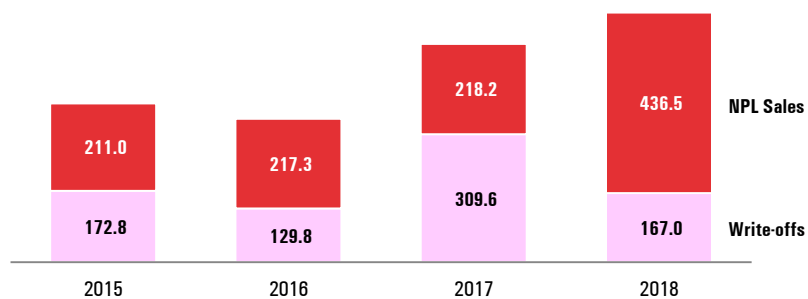
□ Provision Expense(KRW bn)



□ Credit Cost(%)



□ Write-offs & NPL Sales(KRW bn)

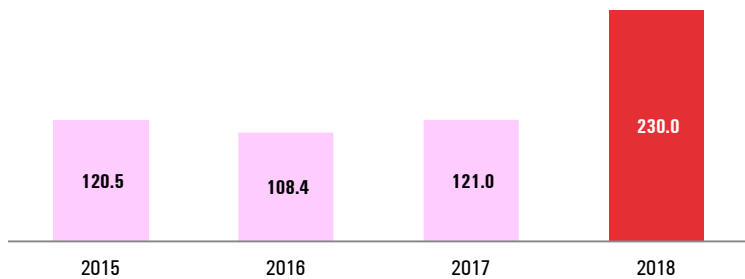


□ Provision Expense / Write-offs & NPL Sales

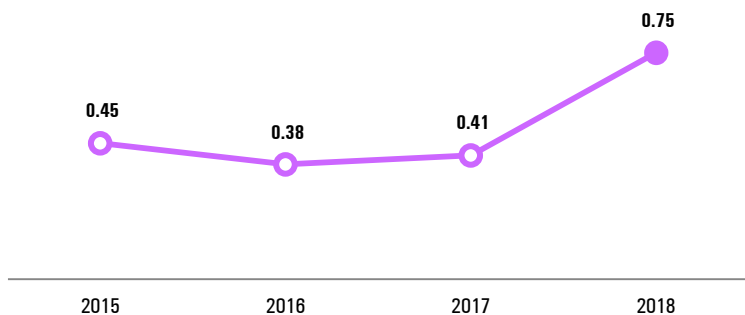
(KRW bn, %)	2018	18.4Q	18.3Q	18.2Q	18.1Q
Corporate	131.3	64.1	10.8	25.9	30.5
Household	15.6	4.6	4.7	2.9	3.4
Credit Card	27.0	9.8	6.3	5.3	5.6
Others	-2.2	-0.4	-0.1	-1.5	-0.2
Total(A)	171.7	78.1	21.7	32.6	39.3
Total Credits(B)	41,385.9	41,385.9	40,889.5	40,077.4	39,691.4
Credit Cost(A/B)	0.41	0.75	0.21	0.33	0.40
Total Write-Offs	167.0	28.7	51.9	30.7	55.7
Corporate	127.7	17.9	42.5	20.7	46.6
Household	15.2	4.9	3.1	4.1	3.1
Credit Card	24.1	5.9	6.3	5.9	6.0
Total NPL Sales	436.5	201.6	79.1	63.2	92.6
(NPL Sales for SBL Loans)	400.3	179.0	77.7	56.6	87.0
Corporate	425.7	197.1	78.4	59.0	91.2
Household	6.4	2.5	0.0	3.4	0.5
Credit Card	4.4	2.0	0.7	0.8	0.9

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

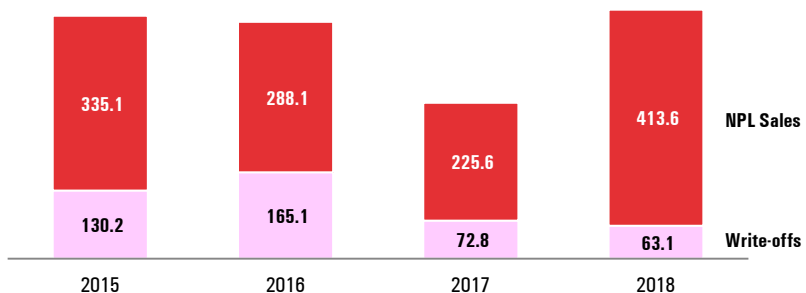
□ Provision Expense(KRW bn)



□ Credit Cost(%)



□ Write-offs & NPL Sales(KRW bn)



□ Provision Expense / Write-offs & NPL Sales

(KRW bn, %)	2018	18.4Q	18.3Q	18.2Q	18.1Q
Corporate	202.9	71.2	39.6	47.0	45.1
Household	16.5	6.1	5.3	3.6	1.5
Credit Card	5.8	5.3	4.2	4.4	-8.1
Others	4.8	0.0	-0.2	2.4	2.6
Total(A)	230.0	82.6	48.9	57.4	41.1
Total Credits(B)	30,707.0	30,707.0	30,868.5	30,241.9	29,739.8
Credit Cost(A/B)	0.75	1.07	0.63	0.76	0.56
Total Write-Offs	63.1	15.8	23.7	10.6	13.0
Corporate	34.8	8.1	17.1	3.8	5.8
Household	11.7	3.1	2.2	3.1	3.3
Credit Card	16.6	4.6	4.4	3.7	3.9
Total NPL Sales	413.6	71.5	120.7	98.8	122.6
(NPL Sales for SBL Loans)	397.6	69.0	118.6	94.3	115.7
Corporate	411.2	71.2	118.9	98.6	122.5
Household	1.8	0.2	1.6	0.0	0.0
Credit Card	0.6	0.1	0.2	0.2	0.1

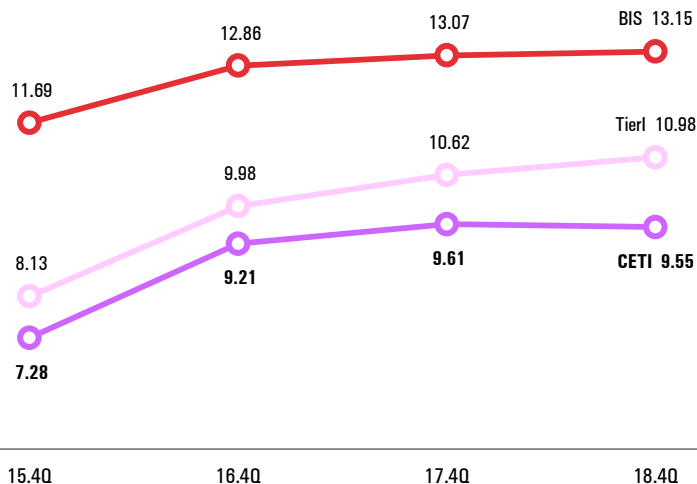
V . Capital Adequacy

1. Capital Adequacy

26

1. Capital Adequacy

Group Capital Adequacy(%)



Group

(KRW bn, %, %p, Basel III Standard)	18.4Q	17.4Q	YTD	QoQ
Tot. Risk Adjusted Capital	9,295.5	8,722.8	6.6	-1.6
Tier I	7,765.1	7,082.9	9.6	-1.7
CETI	6,749.0	6,408.9	5.3	-2.1
Tot. R.W.A.	70,694.6	66,723.9	6.0	0.3
BIS Capital Ratio	13.15	13.07	0.08	-0.25
Tier I	10.98	10.62	0.36	-0.23
CETI	9.55	9.61	-0.06	-0.23

Busan

(KRW bn, %, %p, Basel III I.R.B.)	18.4Q	17.4Q	YTD	QoQ
Tot. Risk Adjusted Capital	5,467.3	5,173.4	5.7	0.0
Tier I	4,642.3	4,253.5	9.1	-0.3
CETI	4,293.3	4,004.2	7.2	-0.3
Tot. R.W.A.	33,718.0	32,260.1	4.5	1.1
BIS Capital Ratio	16.21	16.04	0.17	-0.18
Tier I	13.77	13.19	0.58	-0.19
CETI	12.73	12.41	0.32	-0.18

Kyongnam

(KRW bn, %, %p, Basel III I.R.B.)	18.4Q	17.4Q	YTD	QoQ
Tot. Risk Adjusted Capital	3,660.2	3,539.3	3.4	-1.2
Tier I	3,022.7	2,807.7	7.7	0.0
CETI	2,647.3	2,500.4	5.9	0.0
Tot. R.W.A.	22,452.5	21,439.8	4.7	0.5
BIS Capital Ratio	16.30	16.51	-0.21	-0.28
Tier I	13.46	13.10	0.36	-0.07
CETI	11.79	11.66	0.13	-0.06

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)	2018 4Q			
	Amount	Ratio	YTD	QoQ
Manufacturing	8,844.1	22.6	-3.0	-3.8
Steel Metal Products	2,618.8	6.7	-1.2	-5.8
Automobile Parts	1,870.1	4.8	-9.1	-3.8
Machinery	1,204.4	3.1	-3.2	-2.0
Petroleum, Rubber, etc.	953.3	2.4	-5.7	-3.3
Fabric	262.8	0.7	26.8	-1.2
Garment & Shoes	296.2	0.8	4.7	-5.1
Kitchen Units	309.7	0.8	8.2	-2.8
Electronics	467.4	1.2	-10.3	-4.8
Paper, Paper Mills	119.1	0.3	4.0	0.5
Others	742.3	1.9	-0.1	-1.3
Non-Manufacturing	18,666.6	47.7	7.5	2.5
Wholesale & Retail	3,154.4	8.1	10.7	1.0
Public	154.2	0.4	-38.8	45.5
Construction & Engineering	1,192.4	3.0	-9.8	-2.8
Real Estate	7,609.0	19.5	10.6	3.7
Insurance & Financing	542.2	1.4	17.3	16.9
Transportation	1,189.3	3.0	-6.2	-5.9
Hotel & Food	1,117.7	2.9	4.6	-1.1
Others	3,707.4	9.5	13.7	4.1
Households	11,587.7	29.6	6.9	3.6
KRW Loans	39,098.4	100.0	4.8	1.3

Kyongnam Bank

*Sectors are based on FSS Business Report

(KRW bn, %, Balance)	2018 4Q			
	Amount	Ratio	YTD	QoQ
Manufacturing	8,951.0	30.0	-5.8	-1.7
Steel Metal Products	2,205.5	7.4	-4.0	-0.5
Automobile Parts	2,569.3	8.6	-2.6	-2.4
Machinery	2,207.5	7.4	-12.2	-1.2
Petroleum, Rubber, etc.	298.8	1.0	13.8	4.1
Fabric	67.2	0.2	2.4	-0.3
Garment & Shoes	8.9	0.0	-21.9	-14.4
Kitchen Units	204.1	0.7	1.4	1.1
Electronics	657.1	2.2	-0.9	6.7
Paper, Paper Mills	79.9	0.3	-4.5	0.0
Others	652.7	2.2	-14.7	-13.9
Non-Manufacturing	10,180.2	34.2	11.4	0.6
Wholesale & Retail	1,872.6	6.3	7.7	2.6
Public	1.1	0.0	175.0	-72.5
Construction & Engineering	631.4	2.1	21.1	-7.5
Real Estate	3,978.0	13.4	17.3	1.8
Insurance & Financing	161.3	0.5	-25.8	10.2
Transportation	321.3	1.1	-2.0	-7.9
Hotel & Food	696.1	2.3	9.1	1.0
Others	2,518.4	8.5	9.4	0.2
Households	10,656.6	35.8	5.5	-0.6
KRW Loans	29,787.8	100.0	3.6	-0.5

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

2. Cyclical Sector

	2018.4Q					
	Steel	Auto	Construction	Shipbuilding	Shipping	Chemical
(KRW bn, %)						
Exposure	3,591.6	2,902.4	1,883.4	1,378.1	585.6	638.0
(% of Total Credits)	5.1	4.1	2.7	1.9	0.8	0.9
Collateral & Provision	2,450.3	1,835.4	1,068.2	969.9	322.9	435.4
Collateral & Provision Coverage	68.2	63.2	56.7	70.4	55.1	68.2
No# of Creditors	2,404	1,874	3,924	1,113	212	616

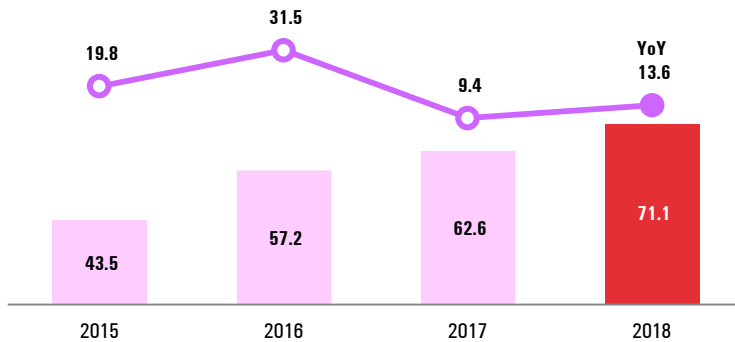
Note 1) Exposure & Total Credits are the sum of Busan & Kyongnam Bank

Note 2) Sectors are based on FSS Business Report

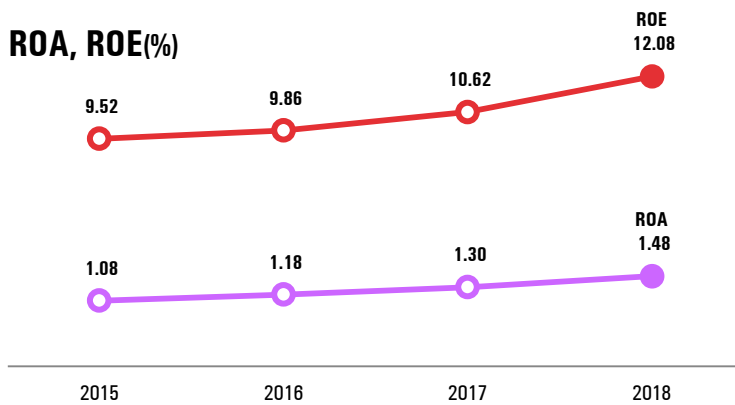
Note 3) Construction includes Real Estate PF(Ref. Collateral for Real Estate PFs are evaluated based on future cash flow that does not include land, buildings under construction etc. hence the overall low construction coverage)

3. BNK Capital - 1

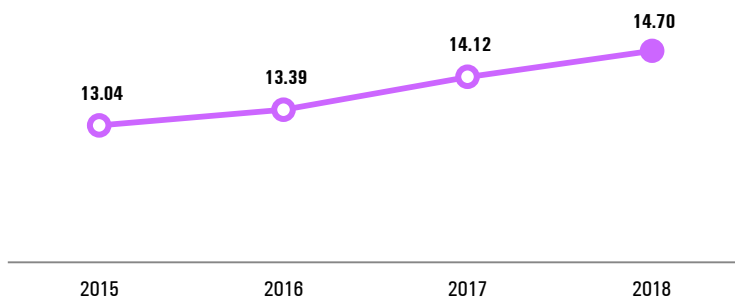
Net Income(% , KRW bn)



ROA, ROE(%)



Adjusted Capital Ratio(%)



(KRW bn, %, Balance)	2018	2017	YoY	18.4Q	18.3Q	QoQ
Net Interest Income	232.7	222.8	4.4	58.7	58.6	0.2
Fee Income	20.1	12.7	58.3	3.6	6.8	-47.1
Others	12.8	-0.5	Net Gain	4.8	4.1	17.1
SG&A(-)	72.8	63.5	14.6	20.6	18.0	14.4
Provision Expense(-)	98.1	87.0	12.8	22.6	33.6	-32.7
Non-Operating Income	0.0	-1.8	-	0.0	0.3	-
Earnings Before Income Tax	94.7	82.7	14.5	23.9	18.2	31.3
Income Tax Expenses(-)	23.6	20.1	17.4	5.2	4.0	30.0
Net Income	71.1	62.6	13.6	18.7	14.2	31.7

(KRW bn, %, Balance)	18.4Q	17.4Q	YTD	18.3Q	QoQ
Assets	5,067.5	4,812.0	5.3	4,947.0	2.4
Cash and Dues	148.9	249.2	-40.2	53.0	180.9
Securities	0.0	0.0	-	0.0	-
Loans	3,022.5	2,857.3	5.8	3,058.0	-1.2
Venture Capital Business	1.8	2.6	-30.8	2.7	-33.3
Durables Installment Financing Assets	507.8	733.7	-30.8	555.5	-8.6
Leased Assets	1,293.9	892.4	45.0	1,189.2	8.8
Fixed Assets	7.4	6.0	23.3	6.8	8.8
Other Assets	85.2	70.8	20.3	81.8	4.2
Liability & Shareholder's Equity	5,067.5	4,812.0	5.3	4,947.0	2.4
Borrowings	4,123.4	3,943.2	4.6	4,028.5	2.4
Other Liabilities	299.7	258.5	15.9	292.7	2.4
Shareholder's Equity	644.4	610.3	5.6	625.8	3.0

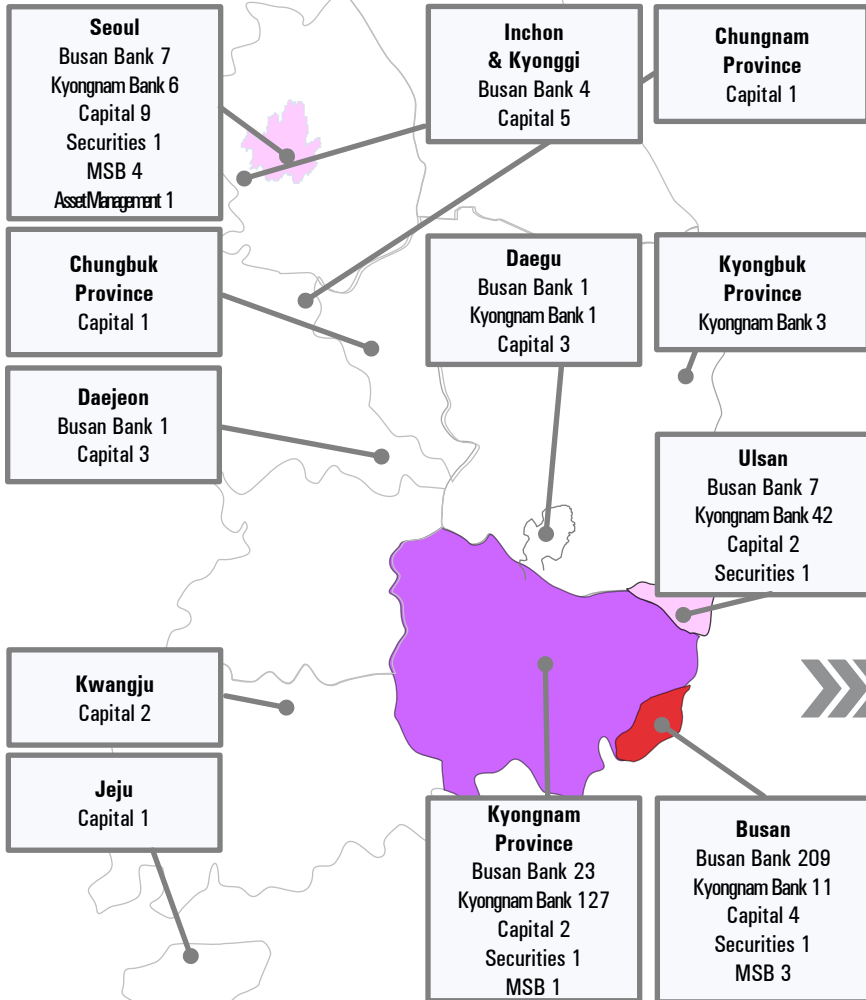
3. BNK Capital - 2

Loan Portfolio

(KRW bn, %, Balance)	18.4Q	Portion	QoQ	18.3Q	18.2Q	18.1Q	17.4Q	17.3Q	17.2Q	17.1Q	16.4Q	16.3Q	16.2Q	16.1Q
Total	5,053.2	100.0	0.3	5,039.2	4,986.0	4,783.5	4,640.4	4,599.7	4,501.4	4,466.1	4,450.6	4,403.6	4,283.5	4,137.2
Loans	1,843.3	36.5	0.3	1,837.3	1,813.9	1,636.7	1,503.8	1,458.5	1,369.3	1,388.0	1,381.3	1,382.6	1,265.2	1,198.2
Household	947.5	18.8	2.2	927.2	905.1	874.0	840.2	836.3	825.4	807.3	790.3	795.4	764.1	733.7
Corporate	895.8	17.7	-1.6	910.1	908.8	762.7	663.6	622.2	543.9	580.7	591.0	587.2	501.1	464.5
Auto Financing	2,542.6	50.3	-1.8	2,588.8	2,565.7	2,561.2	2,567.0	2,552.8	2,537.8	2,482.5	2,465.1	2,388.6	2,342.5	2,244.3
Commercial Vehicle	548.5	10.9	-11.0	616.6	674.4	712.0	739.6	747.8	741.0	700.8	681.8	680.5	681.5	684.9
Passenger Vehicle	1,994.1	39.5	1.1	1,972.2	1,891.3	1,849.2	1,827.4	1,805.0	1,796.8	1,781.7	1,783.3	1,708.1	1,661.0	1,559.4
Lease/Installments	665.7	13.2	9.0	610.6	603.9	583.1	567.1	586.4	592.3	592.5	602.9	631.0	674.3	692.7
Machine Tools	141.4	2.8	4.7	135.1	132.0	124.4	124.7	135.2	140.2	141.4	147.9	157.8	174.8	190.8
Medical Instruments	211.4	4.2	6.4	198.7	191.8	174.9	169.4	167.1	165.1	162.7	161.3	160.7	161.9	156.8
Others	312.9	6.2	13.0	276.8	280.1	283.8	273.0	284.1	287.0	288.4	293.7	312.5	337.6	345.1
Venture Capital Business	1.6	0.0	-36.0	2.5	2.5	2.5	2.5	2.0	2.0	3.1	1.3	1.4	1.5	2.0

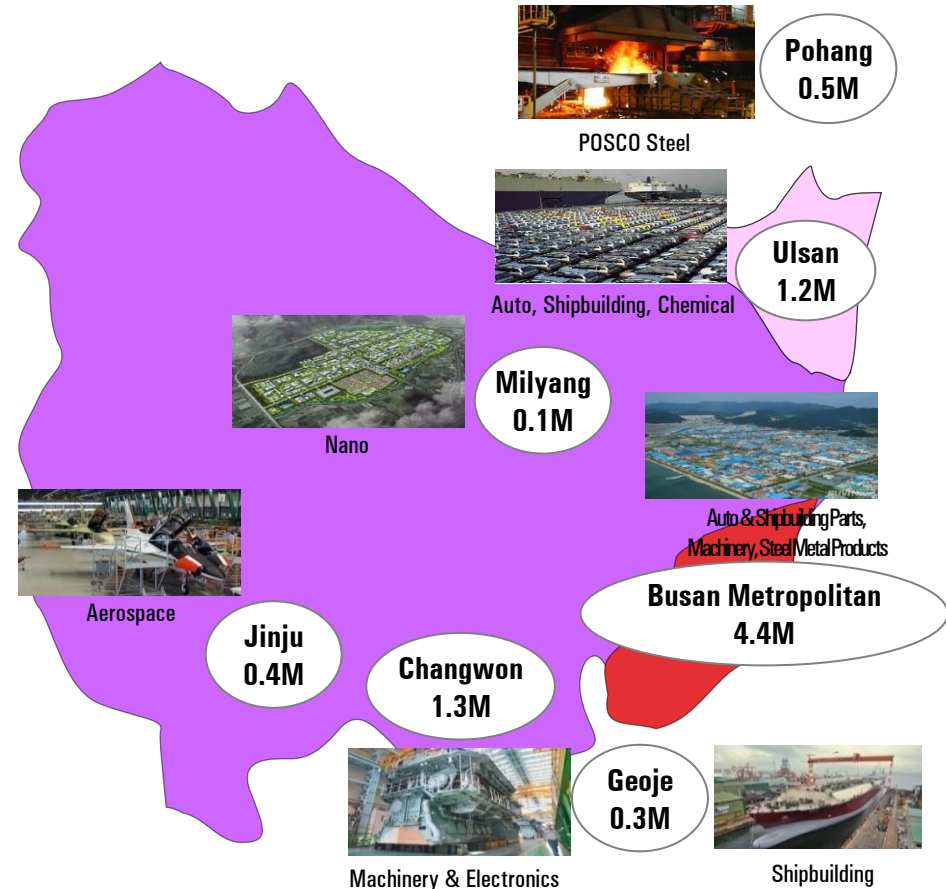
❑ Networks (as of Dec. 2018) : 498 Locations

- Busan Bank 257(Qingdao & Vietnam Branch, Yangon, Mumbai Office included), Kyongnam Bank 190, 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 15.9% of GRDP(2016)
- Exports : 141.3 USD bn(2017)
- Imports : 62.4 USD bn(2017)



* Southeastern region includes Busan, Ulsan, and Kyongnam