

# 2019 Financial Results

2020.02.06



**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 Group Highlights

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# 1. Highlights – Profitability

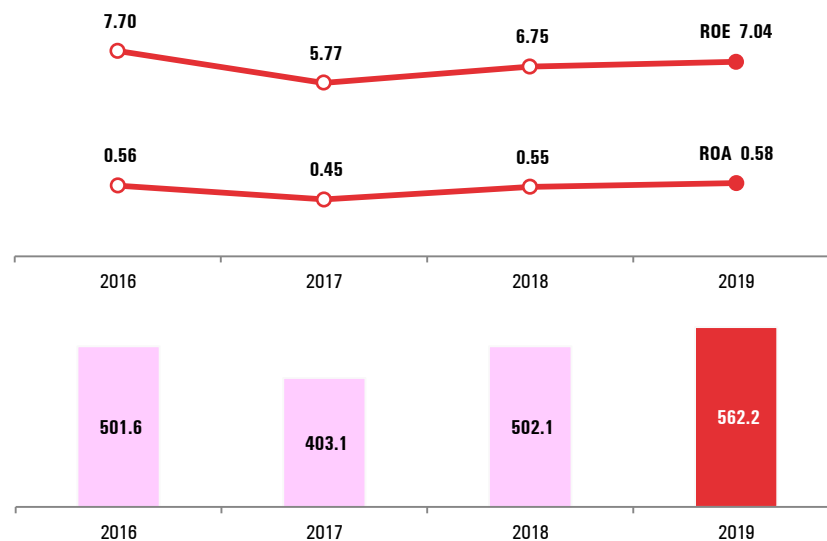
## Profitability – Group Net Income

(KRW bn, %)	2019	2018	YoY	19.4Q	19.3Q	QoQ
Net Interest Income	2,186.8	2,343.5	-6.7	528.7	547.8	-3.5
Net Fee Income	246.4	204.0	20.8	49.9	71.6	-30.3
Others	79.0	-30.7	Net Gain	-22.2	28.2	Net Loss
SG&A(-)	1,273.3	1,264.7	0.7	336.2	309.2	8.7
Provision Expense(-)	432.0	502.2	-14.0	152.1	94.3	61.3
Net Income	598.9	538.1	11.3	38.4	188.8	-79.6
Net Income in Controlling Interest	562.2	502.1	12.0	33.0	178.0	-81.5

- **Group Fee Income 246.4 KRW bn, up by 20.8% YoY**  
- Subsidiarie's PF fee income ↑ / accounting change in credit card(↓ fee expense)
- **Group Accumulated NI 562.2 KRW bn, up by 12.0% YoY**  
- Regardless of decrease in interest income, sound non-bank non-interest earnings & lower provisions based on improved asset quality enabled profitability
- **Group Other Income 79.0 KRW bn, Net Gain YoY**  
- Increase in gains on securities & accounting change in Capital's NPL sale (provision writeback → gains on NPL sales) led the large net gain
- **Group SG&A 1,273.3 KRW bn, up by 0.7% YoY**  
- Tight cost control leading to minimal SG&A growth
- **Group Provision Expense 432.0 KRW bn, down by 14.0% YoY**  
- Provision writeback based on financial improvements, slower NPL formation etc.

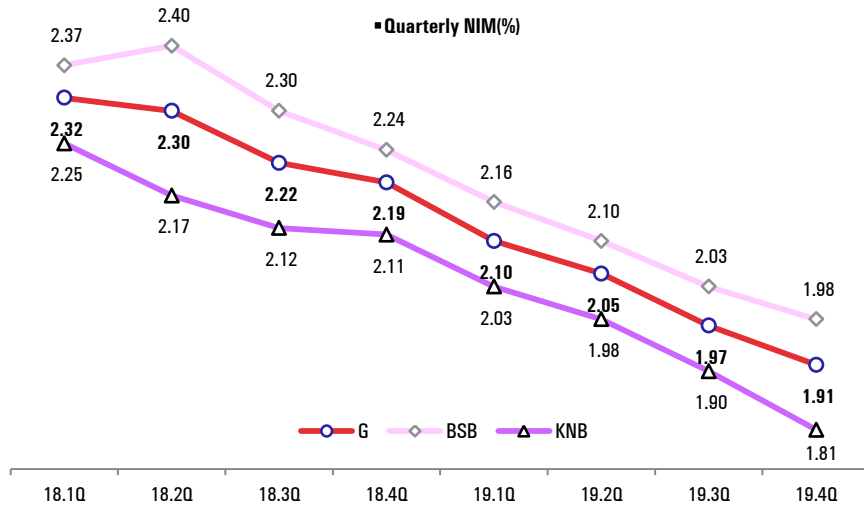
## Profitability – Group Subsidiaries Net Income, Group ROA, ROE, Group Net Income Trend

(KRW bn, %)	2019	2018	YoY	19.4Q	19.3Q	QoQ
Busan	374.8	346.7	8.1	18.9	133.2	-85.8
Kyongnam	181.7	169.0	7.5	19.1	42.2	-54.7
Capital	78.9	71.1	11.0	19.5	20.1	-3.0
Securities	21.0	11.4	84.2	1.9	6.4	-70.3
MSB	20.0	15.6	28.2	4.5	4.3	4.7
Asset Management	2.5	-0.4	Net Gain	1.2	-0.4	Net Gain



## 2. Highlights – Profitability, Growth

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



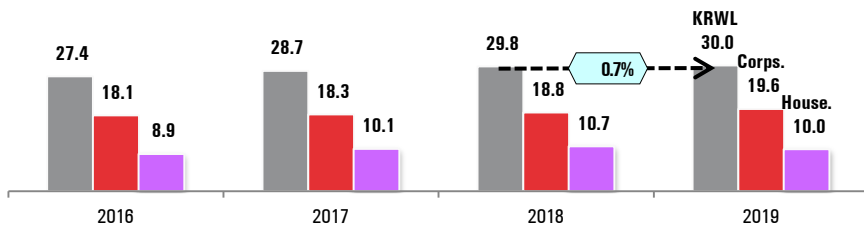
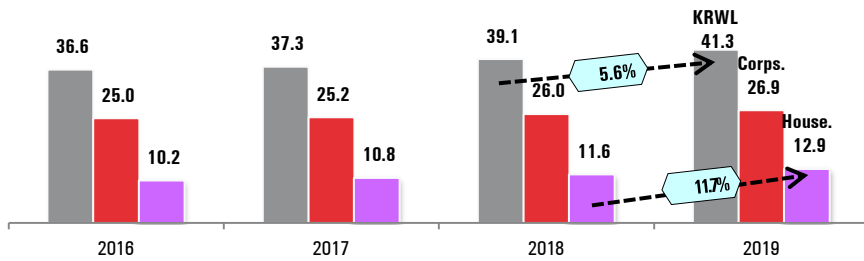
#### 19.4Q Group NIM 1.91%, dropped by 6bps QoQ

- Greater lending yield drop, compared to deposit yield, has led the continued NIM decrease
- BSB & KNB NIM decreased by 5bps, 9bps QoQ

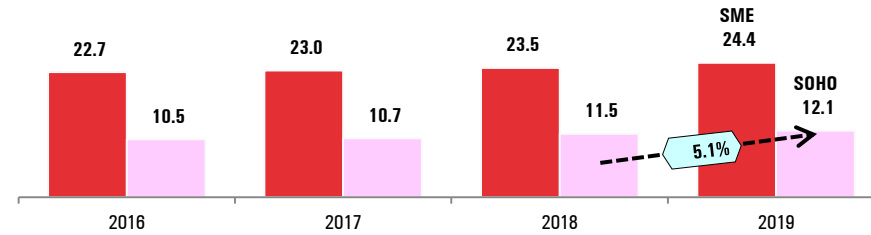
#### BSB has continued stable growth, while KNB's household loans decreased YTD (led by maturing large-scale group loans)

- BSB KRW Loan Growth 5.6% YTD (SOHO 5.1% YTD)
- KNB KRW Loan Growth 0.8% YTD  
⇒ 3.4 KRW tn Group Loans matured YTD (SOHO 7.3% YTD)

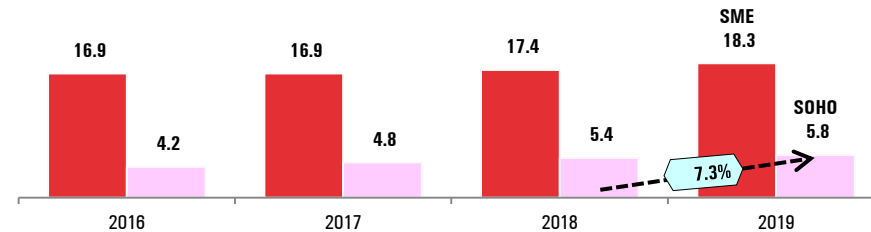
#### Banks KRW Loans & Breakdown (KRW tn)



#### BSB

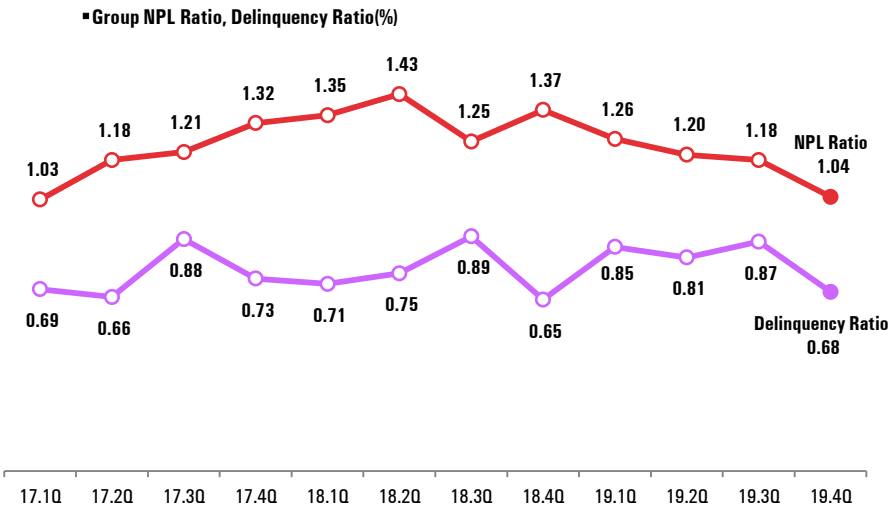


#### KNB

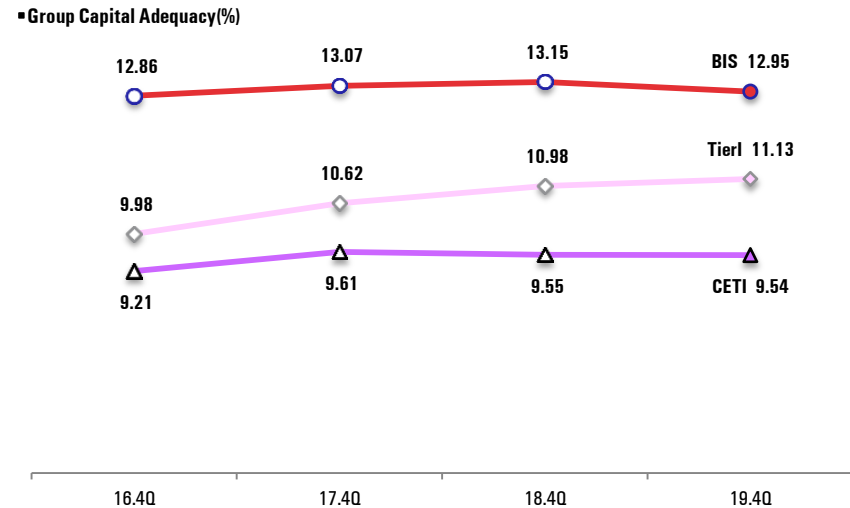
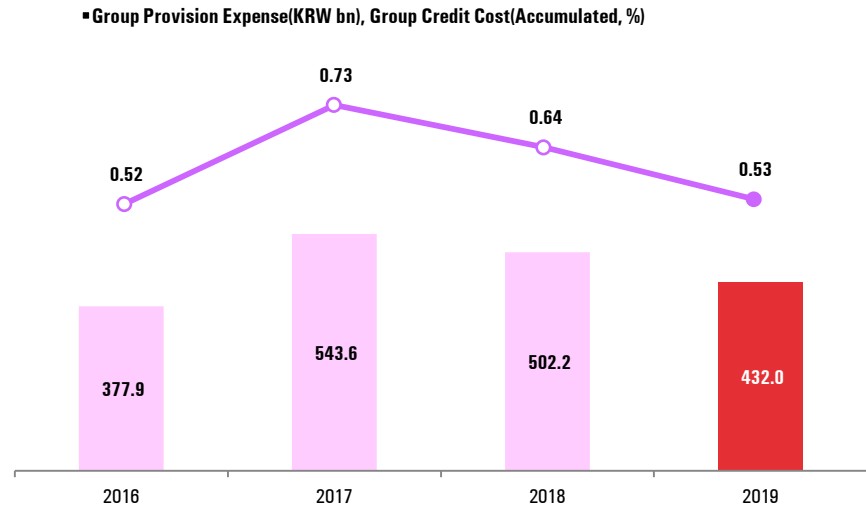


# 3. Highlights – Asset Quality, Capital Adequacy

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



- Group NPL Ratio 1.04%, improved by 33 bps YoY**
  - Loan growth led by higher tier customers, improved asset quality based on slower NPL formation, NPL sales & write-offs etc. led the large improvement
  - BSB NPL Ratio 0.87%(YoY -56bps)
  - KNB NPL Ratio 0.96%(YoY -15bps)
- Group Delinquency Ratio 0.68%, up by 3bps YoY**
  - BSB Delinquency Ratio 0.62%(YoY -8bps)
  - KNB Delinquency Ratio 0.83%(YoY +19bps)
- Group Credit Cost 53bps, down by 11bps YoY**
  - Provision writeback, slower NPL formation & loan reclassification etc.
- Group BIS Ratio, CET1 Ratio recorded 12.95%, & 9.54%**
  - Change in capital calc. method & dividends etc. led decrease for BIS & CET1



# 4. Group Structure

## BNK Financial Group

Establishment : 2011.03.15

Total Assets : 127,897.9

Net Income : 562.2

Employees : 8,230

(%, KRW bn, Accumulated)

Busan Bank	Kyongnam Bank	Capital	Securities	M.S.B.	Asset Mgt.	Credit Info.	System	Venture Capital
Est : 1967.10.10 Branches : 256 Employees : 3,835	Est : 1970.05.22 Add : 2014.10.10 Branches : 190 Employees : 2,952	Est : 2010.07.15 Branches : 30 Employees : 596	Est : 1997.06.02 Sec. Add : 2009.11 Branches : 4 Employees : 246	Est : 2011.12.13 Branches : 8 Employees : 126	Est : 2008.07.15 Add : 2015.07.28 Employees : 55	Est : 2003.06.17 Indus. : Collection Employees : 94	Est : 2011.05.20 Indus. : IT Employees : 207	Est : 2009.03.24 Add : 2019.11.05 Employees : 8
<b>Share's Owned</b>	<b>Share's Owned</b>	<b>Share's Owned</b>	<b>Share's Owned</b>	<b>Share's Owned</b>	<b>Share's Owned</b>	<b>Share's Owned</b>	<b>Share's Owned</b>	<b>Share's Owned</b>
100%	100%	100%	100%	100%	100%	100%	100%	100%
<b>Tot. Assets</b>	<b>Tot. Assets</b>	<b>Tot. Assets</b>	<b>Tot. Assets</b>	<b>Tot. Assets</b>	<b>Tot. Assets</b>	<b>Tot. Assets</b>	<b>Tot. Assets</b>	<b>Tot. Assets</b>
70,591.4	48,327.4	5,425.3	2,372.1	1,084.7	5,637.7	11.5	15.0	18.7
<b>Net Income</b>	<b>Net Income</b>	<b>Net Income</b>	<b>Net Income</b>	<b>Net Income</b>	<b>Net Income</b>	<b>Net Income</b>	<b>Net Income</b>	<b>Net Income</b>
374.8	181.7	78.9	21.0	20.0	2.5	1.0	1.1	0.5

### Affiliates

Cambodia	Myanmar	Lao PDR	Kazakhstan
Est : 14.03.07 Employees : 202 Share's Owned : 100% Assets : 30.7 KRW bn 2015.06 Start	Est : 14.03.21 Employees : 462 Share's Owned : 99.9% Assets : 49.4 KRW bn 2014.12 Start	Est : 15.04.24 Employees : 33 Share's Owned : 97% Assets : 26.3 KRW bn 2015.07 Start	Est : 18.06.01 Employees : 26 Share's Owned : 100% Assets : 11.5 KRW bn 2018.11 Start

# II . Profitability

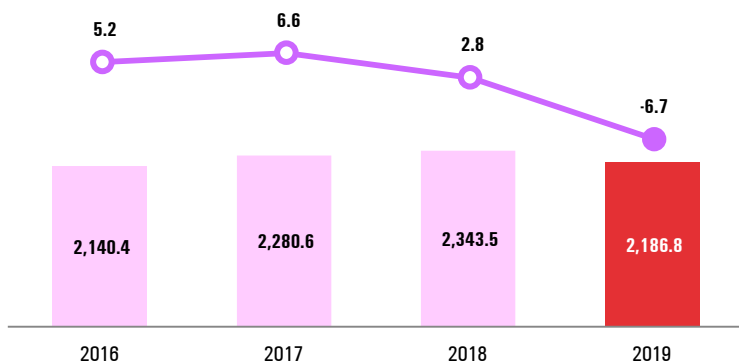
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<b>1. Group Earning Results</b>	<b>8</b>
<b>2. Subsidiaries Earning Results</b>	<b>9</b>
<b>3. Banks Earning Results</b>	<b>10</b>
<b>4. Banks NIM</b>	<b>12</b>
<b>5. SG&amp;A</b>	<b>13</b>

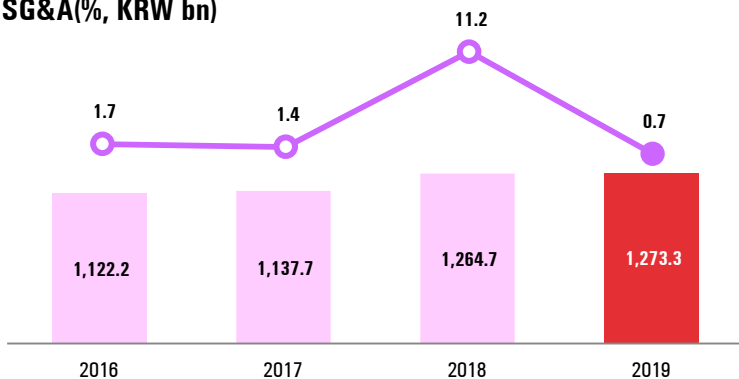


# 1. Group Earning Results

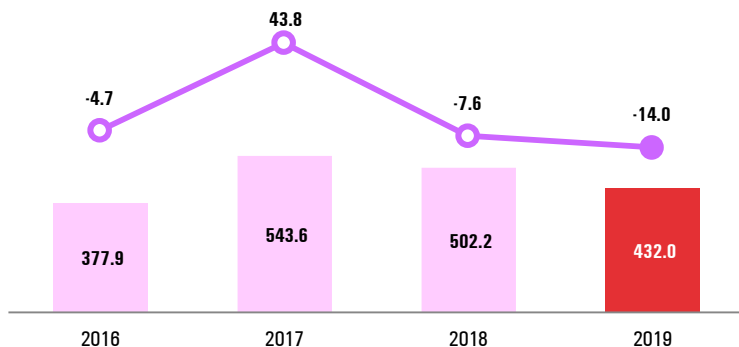
Interest Income(% , KRW bn)



SG&A(% , KRW bn)



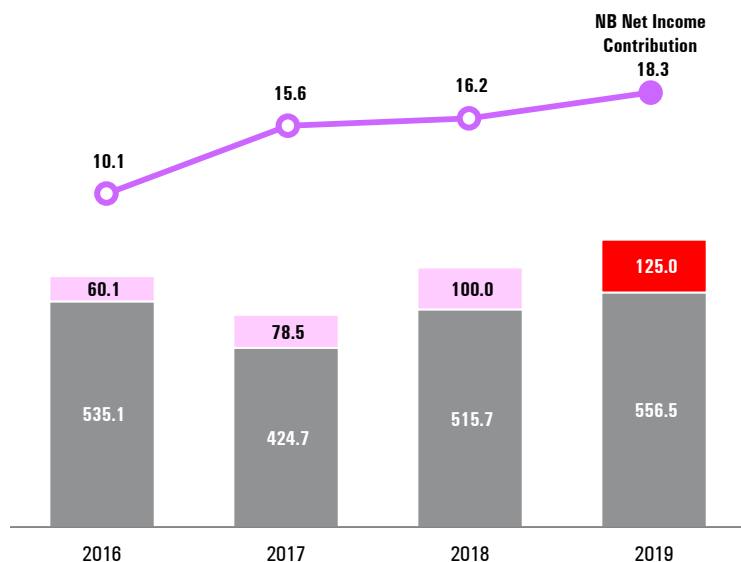
Provisioning(% , KRW bn)



(KRW bn, %)	2019	2018	YoY	19.4Q	19.3Q	QoQ
Net Interest Income	2,186.8	2,343.5	-6.7	528.7	547.8	-3.5
Net Fee Income	246.4	204.0	20.8	49.9	71.6	-30.3
Others	79.0	-30.7	Net Gain	-22.2	28.2	Net Loss
SG&A(-)	1,273.3	1,264.7	0.7	336.2	309.2	8.7
Provision Expense(-)	432.0	502.2	-14.0	152.1	94.3	61.3
Non-Operating Income	-13.5	-31.3	-	-12.3	-0.2	-
Earnings Before Income Tax	793.4	718.6	10.4	55.8	243.9	-77.1
Income Tax Expense(-)	194.5	180.5	7.8	17.3	55.1	-68.6
Net Income(A)	598.9	538.1	11.3	38.5	188.8	-79.6
Net Income in Non-Controlling Interest(B)	36.7	36.0	1.9	5.5	10.8	-49.1
Net Income in Controlling Interest(C) (C) = (A) - (B)	562.2	502.1	12.0	33.0	178.0	-81.5

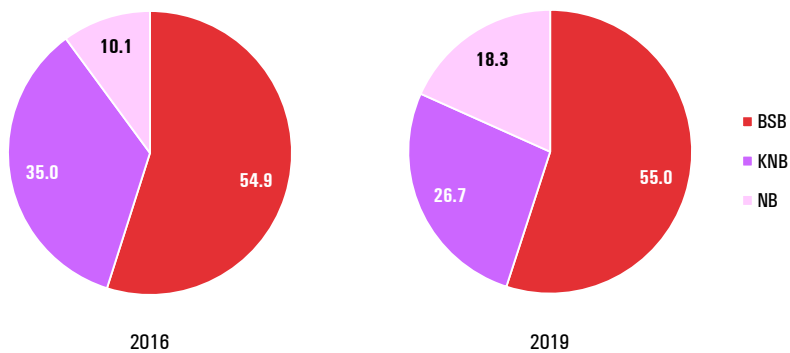
## 2. Subsidiaries Earning Results

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



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

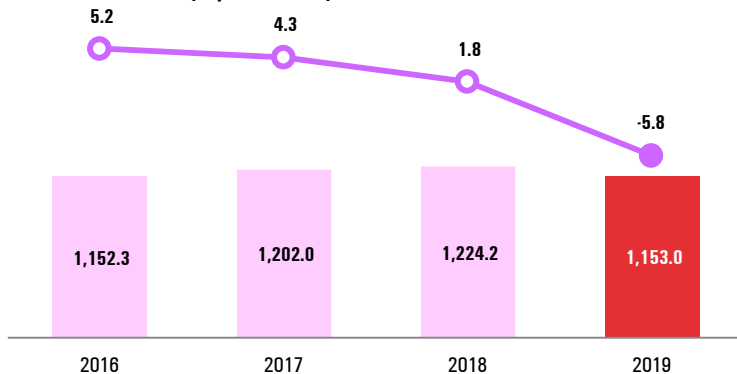
### Banks & Non-Bank Net Income Portion(%)



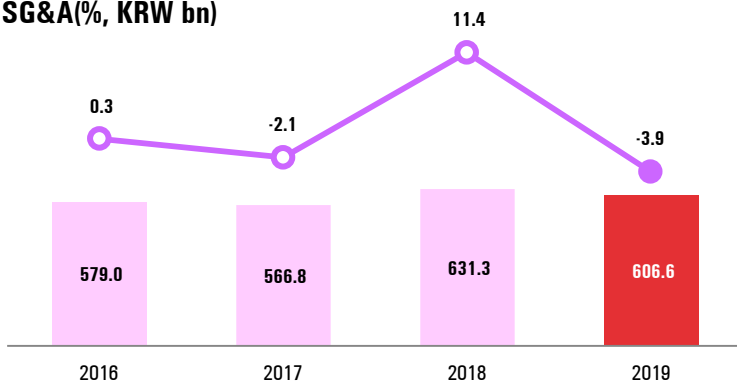
(KRW bn, %)	2019	2018	YoY	19.4Q	19.3Q	QoQ
<b>Bank(A)</b>	<b>556.5</b>	515.7	7.9	38.0	175.4	-78.3
Busan	<b>374.8</b>	346.7	8.1	18.9	133.2	-85.8
Kyongnam	<b>181.7</b>	169.0	7.5	19.1	42.2	-54.7
<b>Non-Bank(B)</b>	<b>125.0</b>	100.0	25.0	28.2	30.9	-8.7
Capital	<b>78.9</b>	71.1	11.0	19.5	20.1	-3.0
Securities	<b>21.0</b>	11.4	84.2	1.9	6.4	-70.3
MSB	<b>20.0</b>	15.6	28.2	4.5	4.3	4.7
Asset Management	<b>2.5</b>	-0.4	Net Gain	1.2	-0.4	Net Gain
Credit Info	<b>1.0</b>	0.8	25.0	0.4	0.2	100.0
System	<b>1.1</b>	1.5	-26.7	0.2	0.3	-33.3
Venture Capital	<b>0.5</b>	-	-	0.5	-	-
<b>Financial Group &amp; Unconsolidated Portion(C)</b>	<b>-82.6</b>	-77.6	-	-27.7	-17.5	-
<b>Net Income in Non-Controlling Interest(D)</b>	<b>36.7</b>	36.0	1.9	5.5	10.8	-49.1
<b>Net Income in Controlling Interest(E) (E= A+B+C-D)</b>	<b>562.2</b>	502.1	12.0	33.0	178.0	-81.5

### 3. Banks Earning Results - Busan

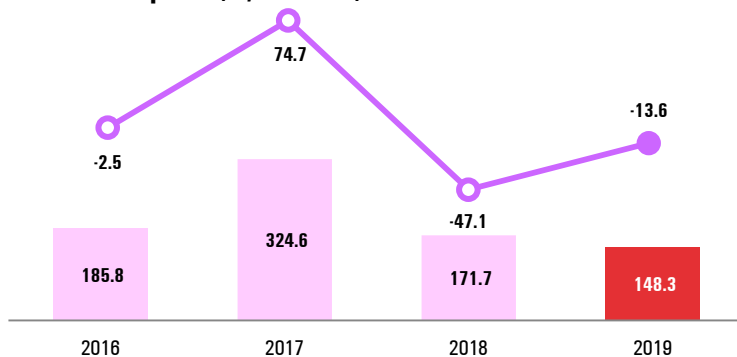
Interest Income(% , KRW bn)



SG&A(% , KRW bn)



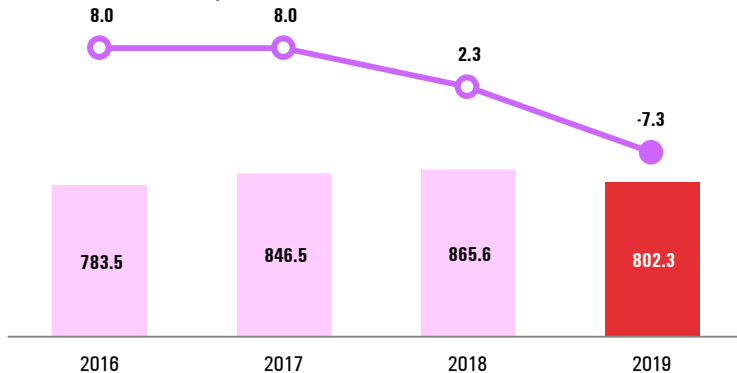
Provision Expense(% , KRW bn)



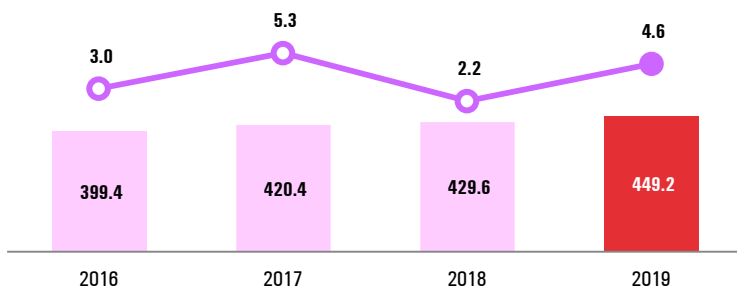
(KRW bn, %)	2019	2018	YoY	19.4Q	19.3Q	QoQ
Net Interest Income	1,153.0	1,224.2	-5.8	286.6	287.7	-0.4
Net Fee Income	92.0	75.6	21.7	14.5	31.1	-53.4
Fees from Trust Account	20.1	24.1	-16.6	4.4	4.9	-10.2
Others	-8.8	-53.1	-	-29.5	9.9	Net Loss
SG&A(-)	606.6	631.3	-3.9	162.3	145.9	11.2
Provision Expense(-)	148.3	171.7	-13.6	80.1	17.2	365.7
Net Operating Income	501.4	467.8	7.2	33.6	170.5	-80.3
Non-Operating Income	-13.0	-16.3	-	-5.2	-2.2	-
Earnings Before Income Taxes	488.4	451.5	8.2	28.4	168.3	-83.1
Income Tax Expenses(-)	113.6	104.8	8.4	9.5	35.1	-72.9
Net Income	374.8	346.7	8.1	18.9	133.2	-85.8

### 3. Banks Earning Results - Kyongnam

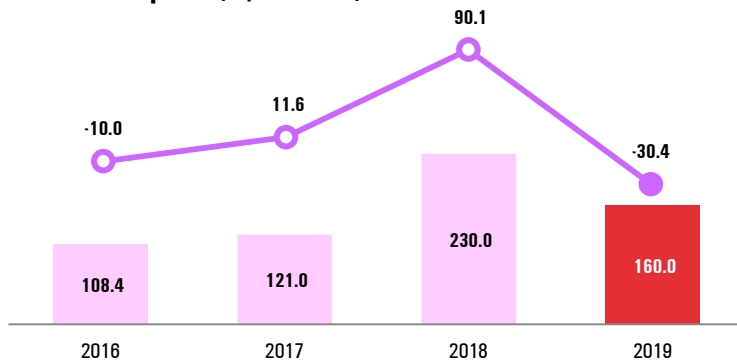
Interest Income(% , KRW bn)



SG&A(% , KRW bn)



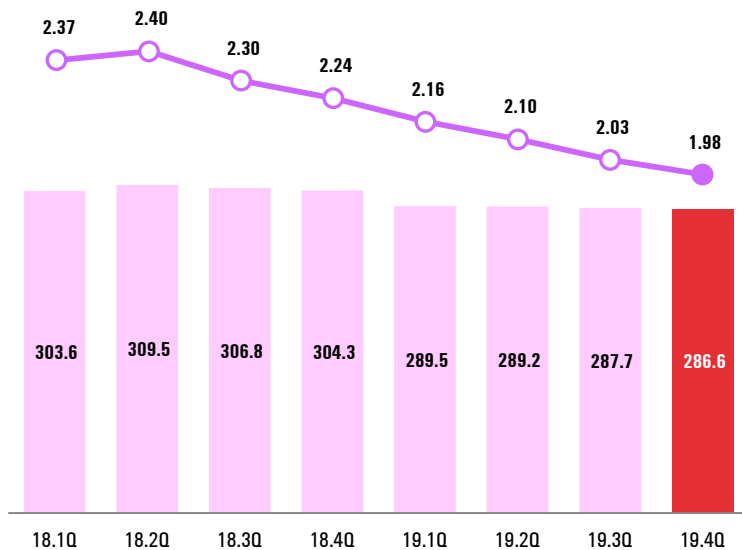
Provision Expense(% , KRW bn)



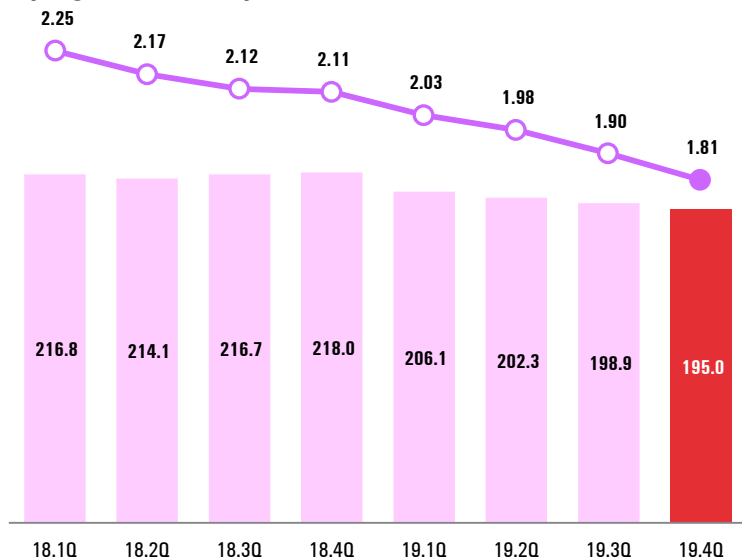
(KRW bn, %)	2019	2018	YoY	19.4Q	19.3Q	QoQ
Net Interest Income	802.3	865.6	-7.3	195.0	198.9	-2.0
Net Fee Income	57.4	39.9	43.9	10.5	15.0	-30.0
Fees from Trust Account	8.7	8.4	3.6	2.1	2.2	-4.5
Others	-27.9	-23.4	-	-16.4	-11.2	-
SG&A(-)	449.2	429.6	4.6	118.9	107.5	10.6
Provision Expense(-)	160.0	230.0	-30.4	44.8	45.5	-1.5
Net Operating Income	231.3	230.9	0.2	27.5	51.9	-47.0
Non-Operating Income	2.6	-9.8	Net Gain	-4.1	2.7	Net Loss
Earnings Before Income Taxes	233.9	221.1	5.8	23.4	54.6	-57.1
Income Tax Expenses(-)	52.2	52.1	0.2	4.3	12.4	-65.3
Net Income	181.7	169.0	7.5	19.1	42.2	-54.7

## 4. Banks NIM

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



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



### Busan

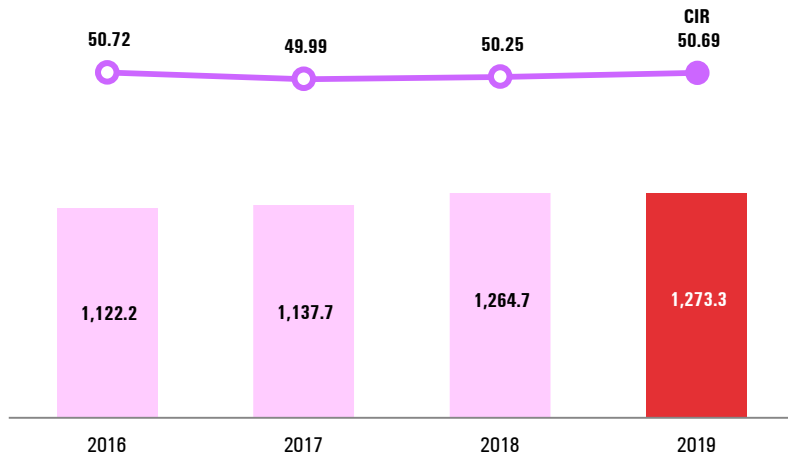
(%, KRW tn)	19.4Q	19.3Q	19.2Q	19.1Q	18.4Q
Quarterly NIM	1.98	2.03	2.10	2.16	2.24
Quarterly NIS	2.23	2.31	2.38	2.46	2.53
Interest Rate on KRW Loans	3.60	3.76	3.91	4.00	4.01
Interest Rate paid on KRW Deposits	1.37	1.45	1.53	1.54	1.48
Average Interest Earning Assets	50.9	50.2	49.6	48.7	48.3
Accumulated NIM	2.06	2.09	2.13	2.16	2.32

### Kyongnam

(%, KRW tn)	19.4Q	19.3Q	19.2Q	19.1Q	18.4Q
Quarterly NIM	1.81	1.90	1.98	2.03	2.11
Quarterly NIS	2.02	2.12	2.22	2.26	2.35
Interest Rate on KRW Loans	3.57	3.76	3.93	3.97	4.00
Interest Rate paid on KRW Deposits	1.55	1.64	1.71	1.71	1.65
Average Interest Earning Assets	36.8	36.1	35.7	35.9	36.0
Accumulated NIM	1.93	1.97	2.01	2.03	2.16

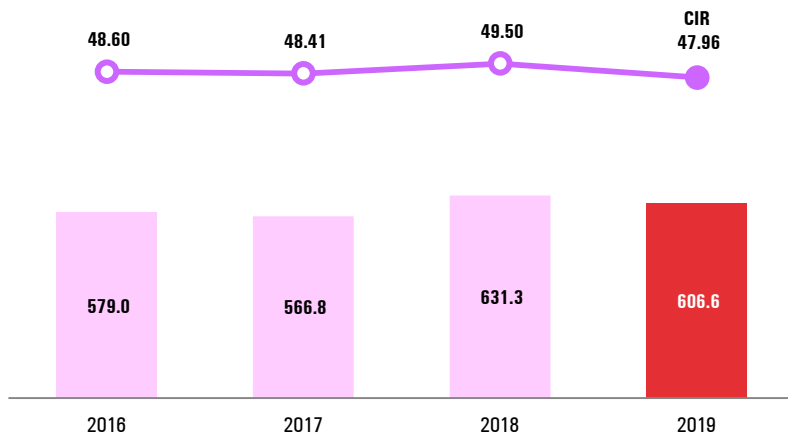
# 5. SG&A

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

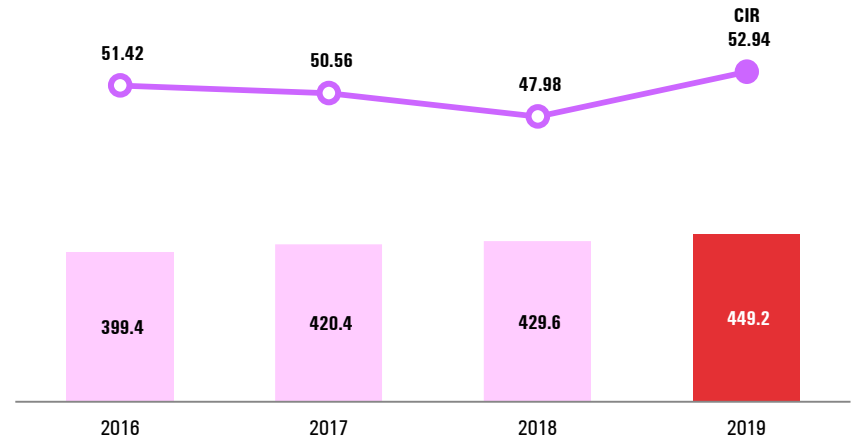


(KRW bn, %)	2019	2018	YoY	19.4Q	19.3Q	QoQ
SG&A	1,273.3	1,264.7	0.7	336.2	309.2	8.7
CIR	50.69	50.25	0.44			

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



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



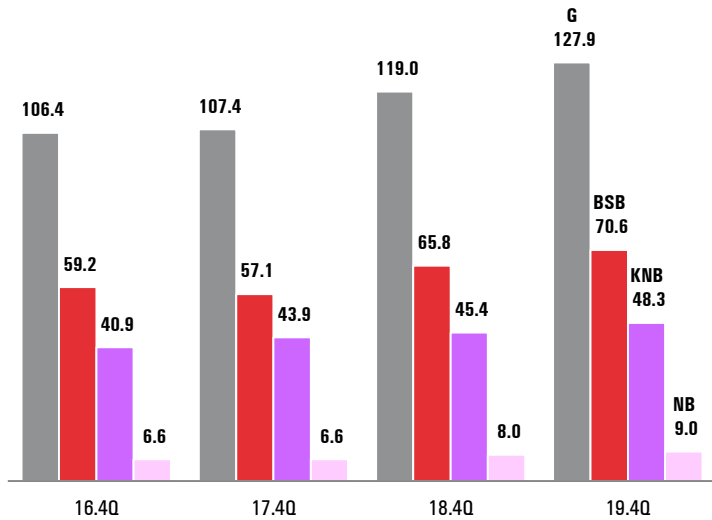
# III. Growth

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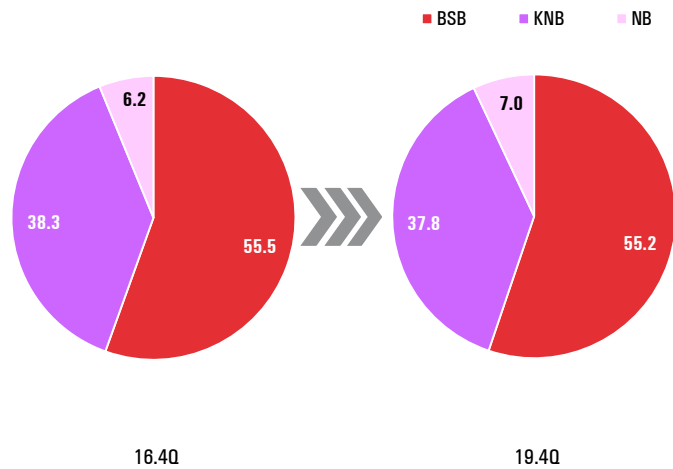
<b>1. Group Assets</b>	<b>15</b>
<b>2. Banks Loans / Deposits</b>	<b>16</b>

# 1. Group Assets

☐ Total Assets(KRW tn)



☐ Banks & Non-Banks Portion(%)



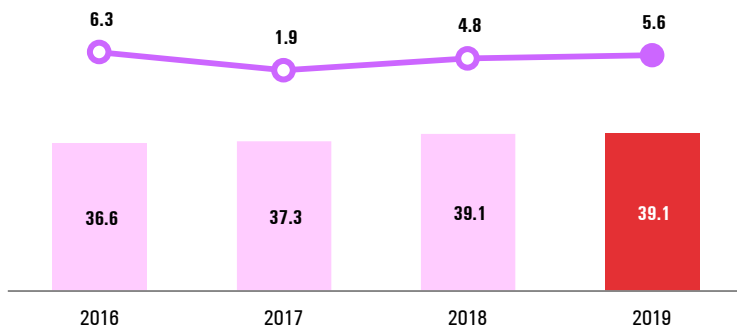
☐ Group Total Assets

(KRW bn, %)	19.4Q	18.4Q	YTD	19.3Q	QoQ
<b>Bank</b>	<b>118,918.8</b>	111,179.8	7.0	121,406.7	-2.0
Busan	<b>70,591.4</b>	65,785.4	7.3	72,347.9	-2.4
Kyongnam	<b>48,327.4</b>	45,394.4	6.5	49,058.8	-1.5
<b>Non-Bank</b>	<b>9,005.1</b>	7,975.5	12.9	8,924.8	0.9
Capital	<b>5,425.3</b>	5,067.5	7.1	5,324.8	1.9
Securities	<b>2,372.1</b>	1,797.8	31.9	2,466.7	-3.8
MSB	<b>1,084.7</b>	1,016.5	6.7	1,031.3	5.2
Asset Mgt.	<b>77.8</b>	72.3	7.6	75.2	3.5
Credit Info	<b>11.5</b>	10.2	12.7	10.9	5.5
System	<b>15.0</b>	11.2	33.9	15.9	-5.7
Venture Capital	<b>18.7</b>	-	-	-	-
<b>Financial Group &amp; Unconsolidated Portion</b>	<b>-26.0</b>	-153.5	-	-46.7	-
<b>Group Total Assets</b>	<b>127,897.9</b>	119,001.8	7.5	130,284.8	-1.8

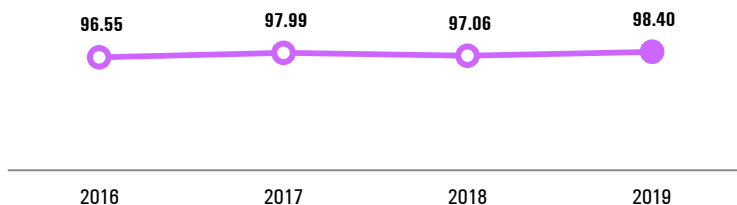


## 2. Banks Loans / Deposits - Busan

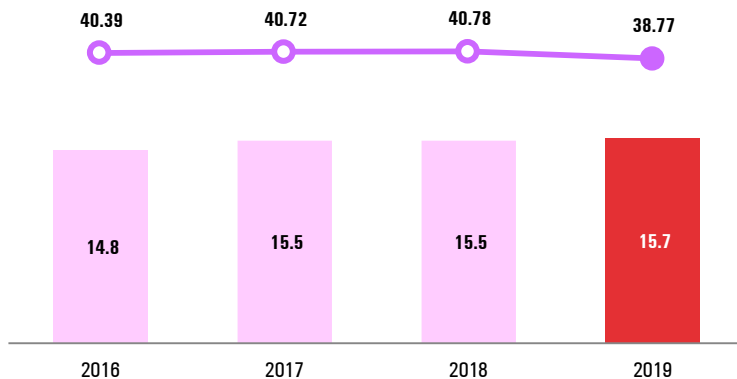
### □ KRW Loans(% , KRW tn)



### □ LDR(%)



### □ Low Cost Deposits & Ratio(% , KRW tn)



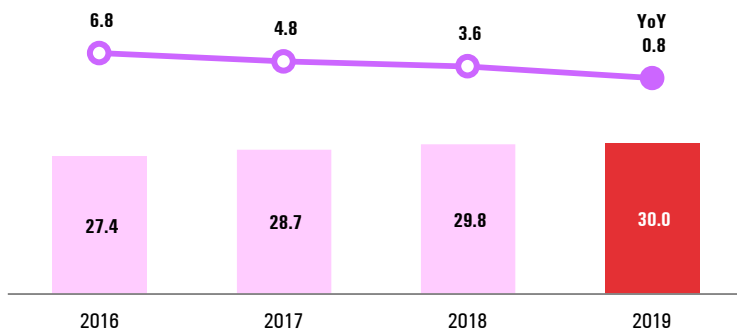
(KRW bn, %, Balance)	19.4Q	18.4Q	YTD	19.3Q	QoQ
<b>KRW Loans<sup>1)</sup></b>	<b>41,275.5</b>	39,098.4	5.6	40,789.4	1.2
Corporate	<b>26,855.2</b>	25,983.6	3.4	26,827.7	0.1
SME	<b>24,364.4</b>	23,520.9	3.6	24,221.0	0.6
(SOHO) <sup>2)</sup>	<b>12,083.5</b>	11,492.5	5.1	12,082.2	0.0
Large Corps.	<b>2,490.8</b>	2,462.7	1.1	2,606.7	-4.4
Household	<b>12,941.1</b>	11,587.7	11.7	12,538.5	3.2
Mortgage	<b>9,003.6</b>	7,829.0	15.0	8,674.4	3.8
Public	<b>1,479.2</b>	1,527.1	-3.1	1,423.2	3.9
<b>Foreign Currency Loans<sup>1)</sup></b>	<b>731.5</b>	619.5	18.1	727.5	0.5
<b>KRW Deposits<sup>1)</sup></b>	<b>41,205.7</b>	39,215.4	5.1	41,038.2	0.4
Low Cost Deposits	<b>16,233.5</b>	16,043.1	1.2	15,863.9	2.3
Core Deposits	<b>13,077.1</b>	12,136.2	7.8	12,563.0	4.1
MMDA	<b>3,156.4</b>	3,906.9	-19.2	3,300.9	-4.4

(KRW bn, %, %p, Average Balance)	19.4Q	18.4Q	YTD	19.3Q	QoQ
<b>Low-Cost Deposits(A)</b>	<b>15,651.1</b>	15,548.8	0.7	15,636.7	0.1
Core Deposits <sup>2)</sup>	<b>12,238.2</b>	12,156.2	0.7	12,157.2	0.7
MMDA	<b>3,412.9</b>	3,392.6	0.6	3,479.5	-1.9
<b>KRW Deposits(B)</b>	<b>40,365.7</b>	38,131.6	5.9	40,097.0	0.7
<b>A / B</b>	<b>38.77</b>	40.78	-2.01	39.00	-0.23

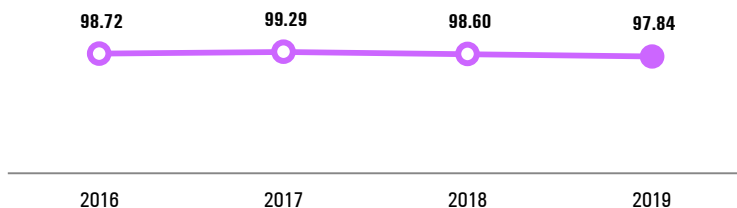
1) Unconsolidated FS, 2) SOHO(≤3 KRW bn), 3) Core Deposits : Demand + Savings(Ex. MMDA)

## 2. Banks Loans / Deposits - Kyongnam

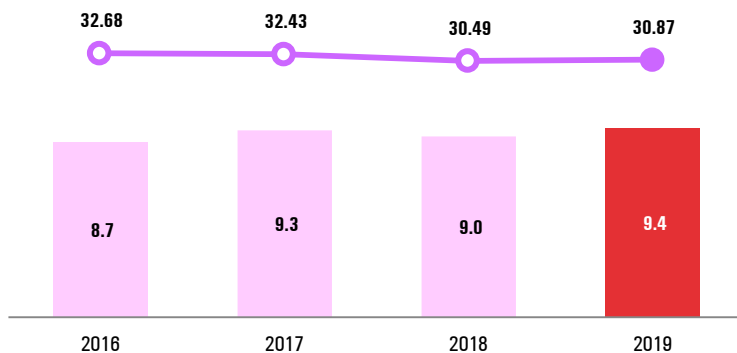
### □ KRW Loans(% , KRW tn)



### □ LDR(%)



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



(KRW bn, %, Balance)	19.4Q	18.4Q	YTD	19.3Q	QoQ
<b>KRW Loans<sup>1)</sup></b>	<b>30,011.7</b>	29,787.8	0.8	30,211.3	-0.7
Corporate	19,628.0	18,783.7	4.5	19,761.4	-0.7
SME	18,264.1	17,371.1	5.1	18,319.8	-0.3
(SOHO) <sup>2)</sup>	5,810.1	5,417.0	7.3	5,752.3	1.0
Large Corps.	1,363.9	1,412.6	-3.4	1,441.6	-5.4
Household	9,995.4	10,656.6	-6.2	10,055.2	-0.6
Mortgage	8,243.1	8,919.6	-7.6	8,335.0	-1.1
Public	388.3	347.5	11.7	394.7	-1.6
<b>Foreign Currency Loans<sup>1)</sup></b>	<b>112.6</b>	102.3	10.1	119.5	-5.8
<b>KRW Deposits<sup>1)</sup></b>	<b>30,522.5</b>	29,664.9	2.9	30,289.2	0.8
Low Cost Deposits	9,509.0	8,616.8	10.4	9,278.1	2.5
Core Deposits	8,214.7	7,152.0	14.9	7,797.1	5.4
MMDA	1,294.3	1,464.8	-11.6	1,481.0	-12.6

(KRW bn, %, %p, Average Balance)	19.4Q	18.4Q	YTD	19.3Q	QoQ
<b>Low-Cost Deposits(A)</b>	<b>9,371.0</b>	9,019.7	3.9	9,357.7	0.1
Core Deposits <sup>2)</sup>	7,913.7	7,401.8	6.9	7,868.5	0.6
MMDA	1,457.3	1,617.9	-9.9	1,489.2	-2.1
<b>KRW Deposits(B)</b>	<b>30,354.7</b>	29,577.7	2.6	30,219.9	0.4
<b>A / B</b>	<b>30.87</b>	30.49	0.38	30.97	-0.10

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

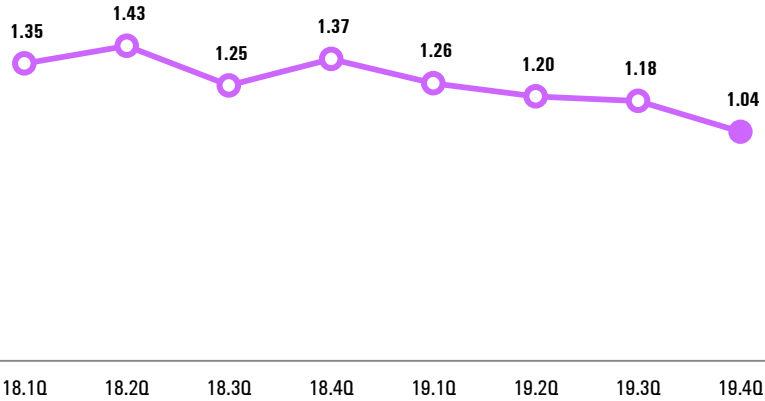
# IV. Asset Quality

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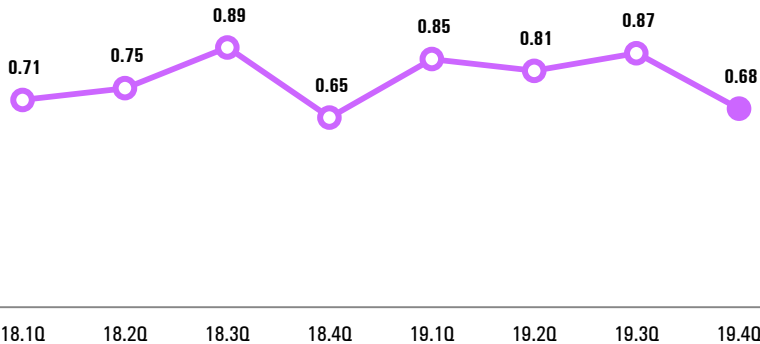
<b>1. Group Asset Quality</b>	<b>19</b>
<b>2. Banks Asset Quality</b>	<b>20</b>
<b>3. Group Provisioning</b>	<b>22</b>
<b>4. Banks Provisioning / Write-offs &amp; NPL Sales</b>	<b>23</b>

# 1. Group Asset Quality

## □ SBL(NPL) Ratio(%)



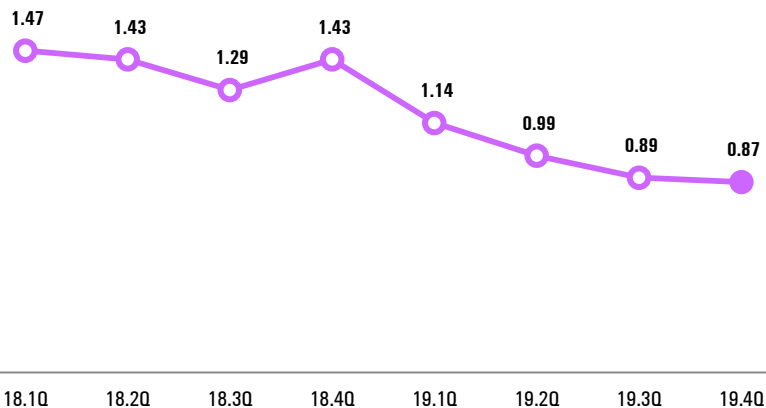
## □ Delinquency Ratio(%)



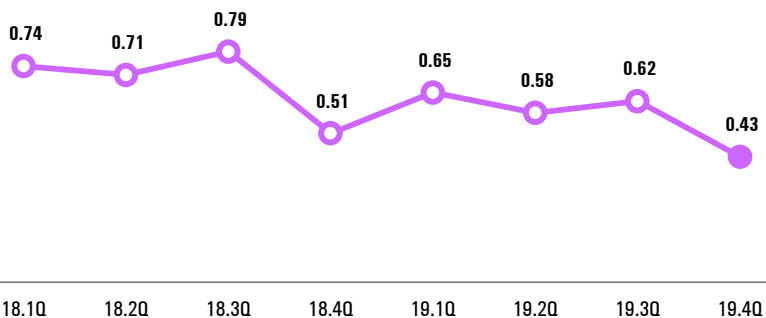
(KRW bn, %, %p)	19.4Q	18.4Q	YTD	19.3Q	QoQ
<b>Total Credits</b>	<b>81,126.7</b>	78,059.2	3.9	80,839.7	0.4
Normal	79,059.8	75,727.2	4.4	78,700.3	0.5
Precautionary	1,222.7	1,263.2	-3.2	1,189.4	2.8
Substandard	486.2	580.5	-16.2	470.5	3.3
Doubtful	140.2	166.3	-15.7	190.0	-26.2
Expected Loss	217.8	322.0	-32.4	289.5	-24.8
SBL(Substandard & Below Loans)	844.2	1,068.8	-21.0	950.0	-11.1
<b>SBL Ratio</b>	<b>1.04</b>	1.37	-0.33	1.18	-0.14
SBL Coverage Ratio (Ratio before Reserve deduction)	99.12 (163.55)	93.49 (139.35)	5.63 (24.20)	98.71 (156.62)	0.41 (6.93)
<b>Delinquency Ratio</b>	<b>0.68</b>	0.65	0.03	0.87	-0.19
Loan Amount	80,234.2	77,161.2	4.0	79,910.9	0.4
Delinquent Amount	543.9	505.1	7.7	697.8	-22.1

## 2. Banks Asset Quality - Busan

### □ SBL(NPL) Ratio(%)



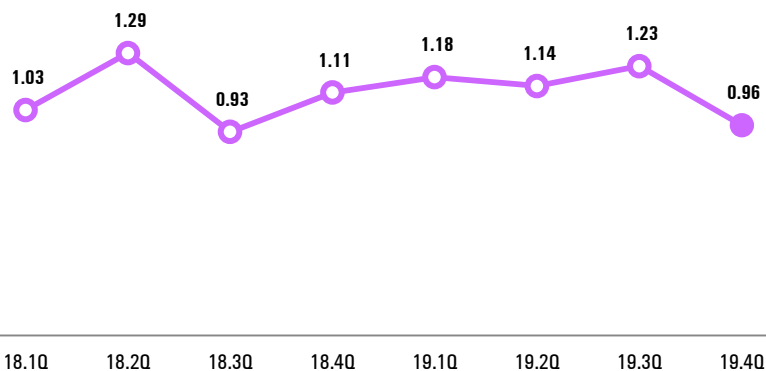
### □ Delinquency Ratio(%)



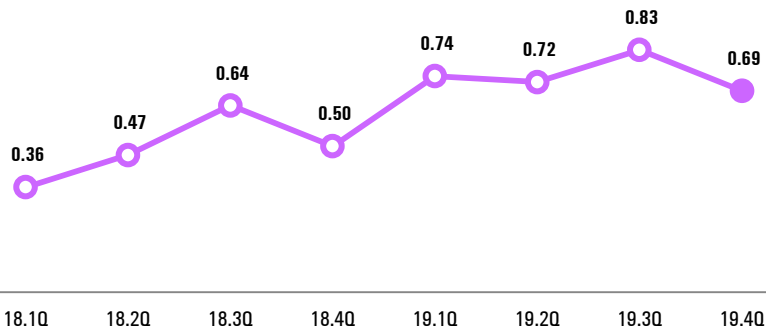
(KRW bn, %, %p)	19.4Q	18.4Q	YTD	19.3Q	QoQ
<b>Total Credits</b>	<b>43,658.8</b>	41,385.9	5.5	43,260.7	0.9
Normal	42,654.5	40,247.3	6.0	42,262.0	0.9
Precautionary	623.5	547.2	13.9	612.5	1.8
Substandard	220.1	334.7	-34.2	186.1	18.3
Doubtful	35.2	38.6	-8.8	33.7	4.5
Expected Loss	125.5	218.1	-42.5	166.4	-24.6
SBL(Substandard & Below Loans)	380.8	591.4	-35.6	386.2	-1.4
<b>SBL Ratio</b>	<b>0.87</b>	1.43	-0.56	0.89	-0.02
SBL Coverage Ratio (Ratio before Reserve deduction)	113.57 (179.66)	91.34 (126.12)	22.23 (53.54)	118.63 (184.30)	-5.06 (-4.64)
<b>Delinquency Ratio</b>	<b>0.43</b>	0.51	-0.08	0.62	-0.19
Loan Amount	42,980.2	40,090.7	7.2	42,555.0	1.0
Delinquent Amount	186.4	205.6	-9.3	265.2	-29.7

## 2. Banks Asset Quality - Kyongnam

### □ SBL(NPL) Ratio(%)



### □ Delinquency Ratio(%)



(KRW bn, %, %p)	19.4Q	18.4Q	YTD	19.3Q	QoQ
<b>Total Credits</b>	<b>30,969.1</b>	30,707.0	0.9	31,195.2	-0.7
Normal	30,418.1	30,088.2	1.1	30,586.5	-0.6
Precautionary	253.6	276.8	-8.4	226.3	12.1
Substandard	191.4	194.4	-1.5	205.8	-7.0
Doubtful	32.2	67.0	-51.9	76.8	-58.1
Expected Loss	73.8	80.6	-8.4	99.8	-26.1
<b>SBL(Substandard &amp; Below Loans)</b>	<b>297.4</b>	342.0	-13.0	382.4	-22.2
<b>SBL Ratio</b>	<b>0.96</b>	1.11	-0.15	1.23	-0.27
SBL Coverage Ratio (Ratio before Reserve deduction)	99.12 (163.55)	85.73 (150.90)	-4.70 (3.29)	78.31 (137.75)	2.72 (16.44)
<b>Delinquency Ratio</b>	<b>0.69</b>	0.50	0.19	0.83	-0.14
Loan Amount	30,755.1	30,504.1	0.8	30,972.1	-0.7
Delinquent Amount	213.1	152.9	39.4	257.1	-17.1

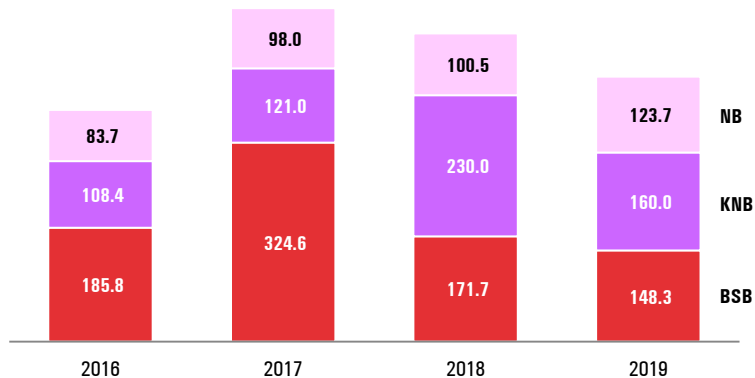
### 3. Group Provisioning

#### ☐ Provision Expense

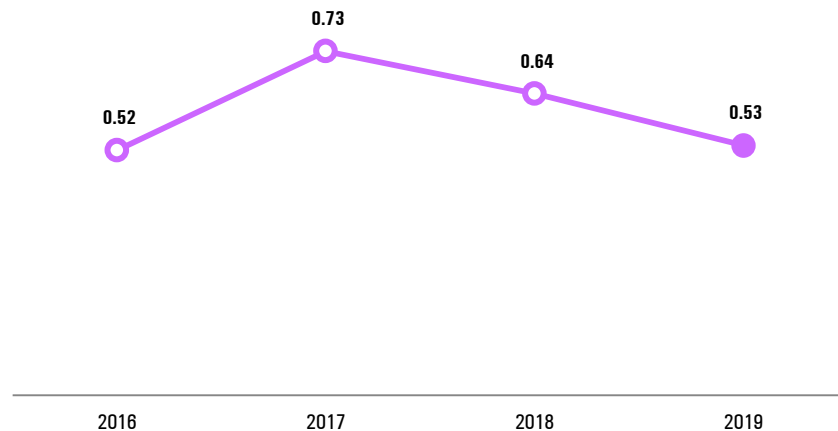
(KRW bn, %)	2019					2018				
	2019 FY	4Q	3Q	2Q	1Q	2018 FY	4Q	3Q	2Q	1Q
Total Provisions(A)	432.0	152.1	94.3	92.8	92.8	502.2	182.6	105.4	109.9	104.3
Total Credits(B)	81,126.7	81,126.7	80,839.7	79,731.7	78,970.4	78,059.2	78,059.2	77,962.0	76,491.5	75,289.5
<sup>1)</sup> Credit Cost(A/B)	0.53	0.74	0.46	0.47	0.48	0.64	0.93	0.54	0.58	0.56

1) Accumulated

#### ☐ Banks & Non-Bank Provision Breakdown(KRW bn)

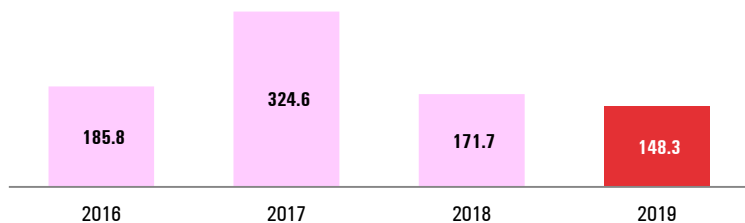


#### ☐ Credit Cost(%)

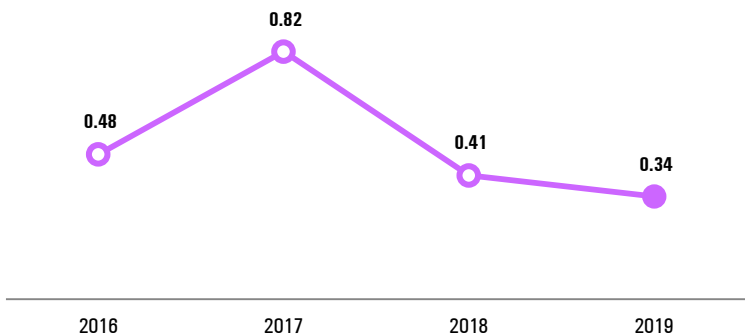


## 4. Provisioning / Write-offs & NPL Sales - Busan

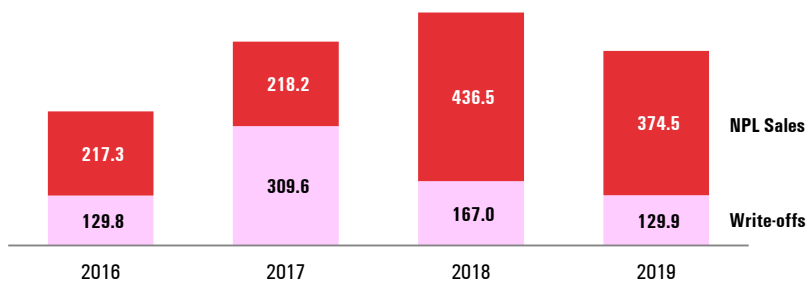
### Provision Expense(KRW bn)



### Credit Cost(%)



### Write-offs & NPL Sales(KRW bn)



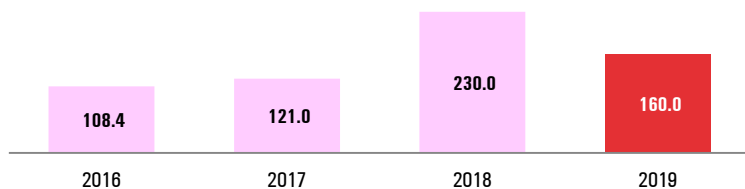
### Provision Expense / Write-offs & NPL Sales

(KRW bn, %)	2019	19.4Q	19.3Q	19.2Q	19.1Q
Corporate	110.6	68.2	7.3	13.9	21.2
Household	20.2	6.3	5.4	3.9	4.6
Credit Card	17.4	4.6	4.2	5.0	3.6
Others	0.1	1.0	0.3	0.6	-1.8
<b>Total(A)</b>	<b>148.3</b>	80.1	17.2	23.4	27.6
Total Credits(B)	43,658.8	43,658.8	43,260.7	42,672.8	42,020.6
Credit Cost(A/B)	0.34	0.73	0.16	0.22	0.27
<b>Total Write-Offs</b>	<b>129.9</b>	54.2	18.9	31.5	25.3
Corporate	89.0	34.0	18.5	21.4	15.1
Household	16.6	8.2	0.3	4.1	4.0
Credit Card	24.3	12.0	0.1	6.0	6.2
<b>Total NPL Sales</b>	<b>374.5</b>	131.3	67.0	86.1	90.1
<b>(NPL Sales for SBL Loans)</b>	<b>357.0</b>	127.3	61.5	81.1	87.1
Corporate	347.2	126.0	63.2	70.5	87.5
Household	24.7	4.7	3.2	14.7	2.1
Credit Card	2.6	0.6	0.6	0.9	0.5

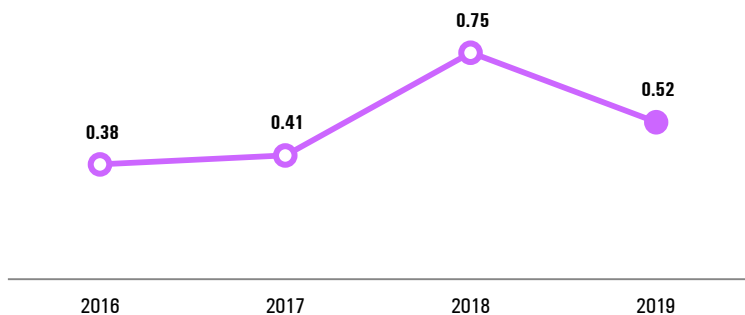


## 4. Provisioning / Write-offs & NPL Sales - Kyongnam

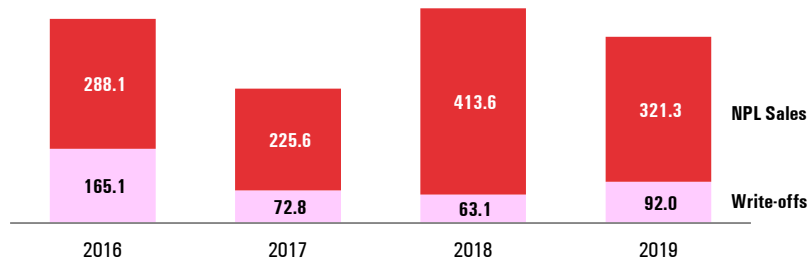
☐ Provision Expense(KRW bn)



☐ Credit Cost(%)



☐ Write-offs & NPL Sales(KRW bn)



☐ Provision Expense / Write-offs & NPL Sales

(KRW bn, %)	2019	19.4Q	19.3Q	19.2Q	19.1Q
Corporate	120.0	33.4	34.8	32.7	19.1
Household	18.7	4.2	5.1	5.2	4.2
Credit Card	18.4	6.1	3.5	5.1	3.7
Others	2.9	1.1	2.1	0.1	-0.4
<b>Total(A)</b>	<b>160.0</b>	<b>44.8</b>	<b>45.5</b>	<b>43.1</b>	<b>26.6</b>
Total Credits(B)	30,969.1	30,969.1	31,195.2	30,778.7	30,923.3
<b>Credit Cost(A/B)</b>	<b>0.52</b>	<b>0.57</b>	<b>0.58</b>	<b>0.56</b>	<b>0.35</b>
<b>Total Write-Offs</b>	<b>92.0</b>	<b>29.7</b>	<b>21.0</b>	<b>25.6</b>	<b>15.7</b>
Corporate	61.3	18.1	16.5	16.8	9.9
Household	13.9	4.0	3.6	4.3	2.0
Credit Card	16.8	7.6	0.9	4.5	3.8
<b>Total NPL Sales</b>	<b>321.3</b>	<b>160.1</b>	<b>48.0</b>	<b>71.0</b>	<b>42.2</b>
<b>(NPL Sales for SBL Loans)</b>	<b>304.2</b>	<b>150.6</b>	<b>43.9</b>	<b>69.7</b>	<b>40.0</b>
Corporate	311.0	159.0	45.1	64.8	42.1
Household	10.2	1.1	2.9	6.1	0.1
Credit Card	0.1	0.0	0.0	0.1	0.0

# V . Capital Adequacy

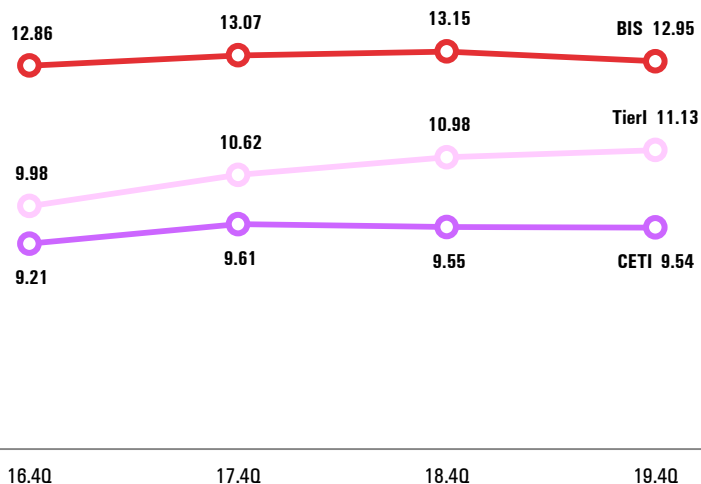
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## 1. Capital Adequacy

26

# 1. Capital Adequacy

## Group Capital Adequacy(%)



## Busan

(KRW bn, %, %p, Basel III I.R.B.)	19.4Q	18.4Q	YTD	19.3Q	QoQ
Tot. Risk Adjusted Capital	5,667.9	5,467.3	3.7	5,769.3	-1.8
Tier I	4,951.0	4,642.3	6.6	5,032.8	-1.6
(CETI)	4,503.2	4,293.3	4.9	4,585.0	-1.8
Tot. R.W.A.	35,169.1	33,718.0	4.3	35,413.7	-0.7
BIS Capital Ratio	16.12	16.21	-0.09	16.29	-0.17
Tier I	14.08	13.77	0.31	14.21	-0.13
(CETI)	12.80	12.73	0.07	12.95	-0.15

## Group

(KRW bn, %, %p, Basel III Standard)	19.4Q	18.4Q	YTD	19.3Q	QoQ
Tot. Risk Adjusted Capital	9,762.9	9,295.5	5.0	9,901.6	-1.4
Tier I	8,397.0	7,765.1	8.1	8,494.7	-1.2
(CETI)	7,192.1	6,749.0	6.6	7,298.9	-1.5
Tot. R.W.A.	75,413.2	70,694.6	6.7	75,043.5	0.5
BIS Capital Ratio	12.95	13.15	-0.20	13.19	-0.24
Tier I	11.13	10.98	0.15	11.32	-0.19
(CETI)	9.54	9.55	-0.01	9.73	-0.19

## Kyongnam

(KRW bn, %, %p, Basel III I.R.B.)	19.4Q	18.4Q	YTD	19.3Q	QoQ
Tot. Risk Adjusted Capital	3,670.6	3,660.2	0.3	3,806.1	-3.6
Tier I	3,086.2	3,022.7	2.1	3,149.4	-2.0
(CETI)	2,742.3	2,647.3	3.6	2,805.5	-2.3
Tot. R.W.A.	23,930.1	22,452.5	6.6	23,716.0	0.9
BIS Capital Ratio	15.34	16.30	-0.96	16.05	-0.71
Tier I	12.90	13.46	-0.56	13.28	-0.38
(CETI)	11.46	11.79	-0.33	11.83	-0.37

# VI. Appendix

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<b>1. Banks KRW Loan Portfolio</b>	<b>28</b>
<b>2. Cyclical Sector</b>	<b>29</b>
<b>3. BNK Capital</b>	<b>30</b>
<b>4. Group Networks &amp; Major Industries</b>	<b>32</b>

# 1. Banks KRW Loan Portfolio

## Busan Bank

(KRW bn, %, Balance)	2019 4Q			
	Amount	Ratio	YoY	QoQ
<b>Manufacturing</b>	<b>8,658.7</b>	21.0	-2.1	-2.5
Steel Metal Products	2,496.6	6.0	-4.7	-3.5
Automobile Parts	1,784.3	4.3	-4.6	-1.8
Machinery	1,284.3	3.1	6.6	0.0
Petroleum, Rubber, etc.	925.3	2.2	-2.9	-2.0
Fabric	307.3	0.7	16.9	7.4
Garment & Shoes	323.7	0.8	9.3	-3.3
Kitchen Units	336.1	0.8	8.5	-1.0
Electronics	391.4	0.9	-16.3	-5.5
Paper, Paper Mills	115.9	0.3	-2.7	-2.4
Others	693.8	1.7	-6.5	-7.5
<b>Non-Manufacturing</b>	<b>19,675.7</b>	47.7	5.4	1.6
Wholesale & Retail	3,448.3	8.4	9.3	1.9
Public	39.1	0.1	-74.6	-21.6
Construction & Engineering	1,254.8	3.0	5.2	1.4
Real Estate	8,076.1	19.6	6.1	1.7
Insurance & Financing	389.4	0.9	-28.2	-5.6
Transportation	1,113.7	2.7	-6.4	-3.9
Hotel & Food	1,356.2	3.3	21.3	2.2
Others	3,998.1	9.7	7.8	3.4
<b>Households</b>	<b>12,941.1</b>	31.4	11.7	3.2
<b>KRW Loans</b>	<b>41,275.5</b>	100.0	5.6	1.2

## Kyongnam Bank

\*Sectors are based on FSS Business Report

(KRW bn, %, Balance)	2019 4Q			
	Amount	Ratio	YoY	QoQ
<b>Manufacturing</b>	<b>9,130.8</b>	30.4	2.0	-2.6
Steel Metal Products	2,198.1	7.3	-0.3	-4.5
Automobile Parts	2,673.6	8.9	4.1	0.3
Machinery	2,263.3	7.5	2.5	-2.6
Petroleum, Rubber, etc.	272.5	0.9	-8.8	-40.8
Fabric	78.0	0.3	16.1	2.2
Garment & Shoes	8.9	0.0	0.0	-6.3
Kitchen Units	215.5	0.7	5.6	-1.3
Electronics	566.2	1.9	-13.8	-6.8
Paper, Paper Mills	78.2	0.3	-2.1	0.3
Others	776.5	2.6	19.0	23.1
<b>Non-Manufacturing</b>	<b>10,885.5</b>	36.3	6.9	0.9
Wholesale & Retail	2,188.3	7.3	16.9	3.3
Public	2.0	0.0	81.8	0.0
Construction & Engineering	733.6	2.4	16.2	-6.2
Real Estate	3,772.2	12.6	-5.2	2.4
Insurance & Financing	144.0	0.5	-10.7	-12.6
Transportation	366.4	1.2	14.0	6.2
Hotel & Food	862.6	2.9	23.9	2.8
Others	2,816.4	9.4	11.8	-1.2
<b>Households</b>	<b>9,995.4</b>	33.3	-6.2	-0.6
<b>KRW Loans</b>	<b>30,011.7</b>	100.0	0.8	-0.7

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

## 2. Cyclical Sector

	2019.4Q					
	Steel	Auto	Construction	Shipbuilding	Shipping	Chemical
(KRW bn, %)						
<b>Exposure</b>	<b>3,535.6</b>	<b>2,894.6</b>	<b>2,044.9</b>	<b>1,421.2</b>	<b>495.5</b>	<b>683.0</b>
<b>(% of Total Credits)</b>	<b>4.8</b>	<b>3.9</b>	<b>2.8</b>	<b>1.9</b>	<b>0.7</b>	<b>0.9</b>
<b>Collateral &amp; Provision</b>	<b>2,461.7</b>	<b>1,905.2</b>	<b>1,140.0</b>	<b>986.1</b>	<b>256.7</b>	<b>417.3</b>
<b>Collateral &amp; Provision Coverage</b>	<b>69.6</b>	<b>65.8</b>	<b>55.7</b>	<b>69.4</b>	<b>51.8</b>	<b>61.1</b>
<b>No# of Creditors</b>	<b>2,443</b>	<b>1,799</b>	<b>4,088</b>	<b>1,102</b>	<b>208</b>	<b>612</b>

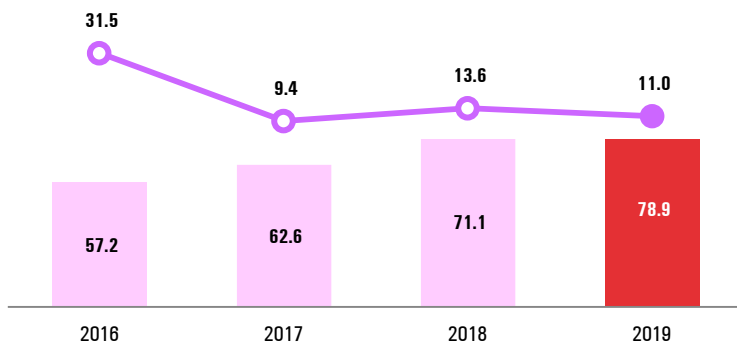
Note 1) Exposure & Total Credits are the sum of Busan & Kyongnam Bank

Note 2) Sectors are based on FSS Business Report

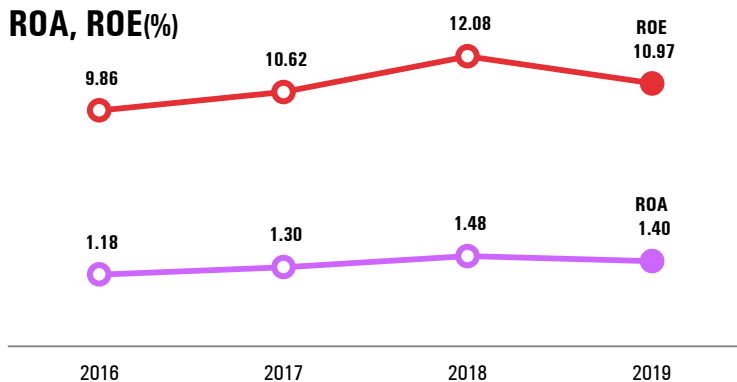
Note 3) Construction includes Real Estate PF(Ref. Collateral for Real Estate PFs are evaluated based on future cash flow that does not include land, buildings under construction etc. hence the overall low construction coverage)

### 3. BNK Capital - 1

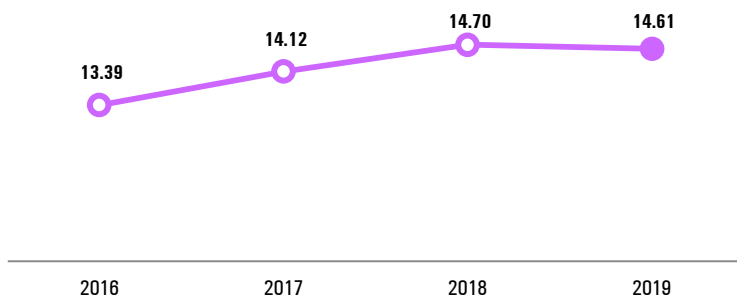
#### Net Income(% , KRW bn)



#### ROA, ROE(%)



#### Adjusted Capital Ratio(%)



(KRW bn, %, Balance)	2019	2018	YoY	19.4Q	19.3Q	QoQ
Net Interest Income	224.5	232.7	-3.5	55.9	56.2	-0.5
Fee Income	30.0	20.1	49.3	8.3	8.5	-2.4
Others	52.7	12.8	311.7	9.7	14.0	-30.7
SG&A(-)	79.1	72.8	8.7	21.8	19.9	9.5
Provision Expense(-)	125.0	98.1	27.4	26.4	32.8	-19.5
Non-Operating Income	-0.2	-	-	-0.6	0.2	Net Loss
<b>Earnings Before Income Tax</b>	<b>102.9</b>	94.7	8.7	25.1	26.2	-4.2
Income Tax Expenses(-)	24.0	23.6	1.7	5.6	6.1	-8.2
<b>Net Income</b>	<b>78.9</b>	71.1	11.0	19.5	20.1	-3.0

(KRW bn, %, Balance)	19.4Q	18.4Q	YTD	19.3Q	QoQ
<b>Assets</b>	<b>5,425.3</b>	5,067.5	7.1	5,324.8	1.9
Cash and Dues	25.1	148.9	-83.1	44.9	-44.1
Securities	-	-	-	0.2	-
Loans	3,172.3	3,022.5	5.0	3,182.6	-0.3
Venture Capital Business	61.9	1.8	3,338.9	34.6	78.9
Durables Installment Financing Assets	379.1	507.8	-25.3	398.8	-4.9
Leased Assets	1,669.9	1,293.9	29.1	1,563.0	6.8
Fixed Assets	10.9	7.4	47.3	10.2	6.9
Other Assets	106.1	85.2	24.5	90.5	17.2
<b>Liability &amp; Shareholder's Equity</b>	<b>5,425.3</b>	5,067.5	7.1	5,324.8	1.9
Borrowings	4,354.2	4,123.4	5.6	4,290.2	1.5
Other Liabilities	354.8	299.7	18.4	337.4	5.2
Shareholder's Equity	716.3	644.4	11.2	697.2	2.7

### 3. BNK Capital - 2

#### Loan Portfolio

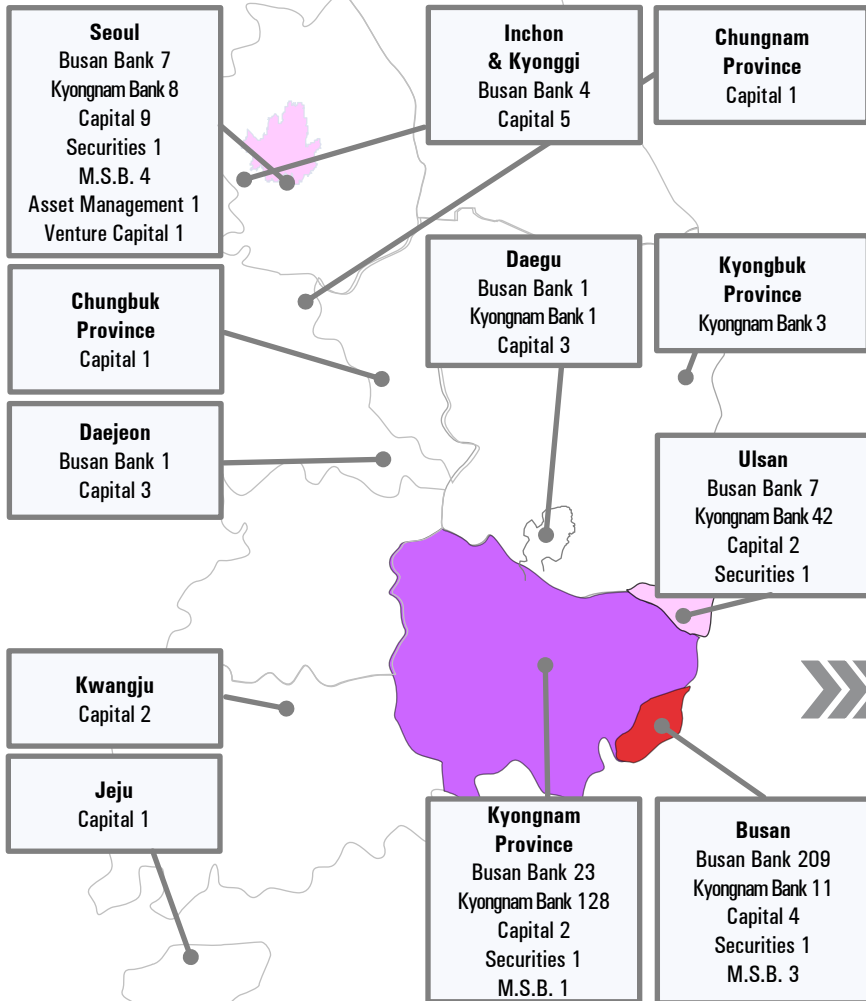
(KRW bn, %, Balance)	19.4Q	Portion	19.3Q	QoQ	19.2Q	19.1Q	18.4Q	18.3Q	18.2Q	18.1Q	17.4Q	17.3Q	17.2Q	17.1Q
<b>Total</b>	<b>5,538.7</b>	100.0	5,430.6	2.0	5,295.0	5,050.8	5,053.2	5,039.2	4,986.0	4,783.5	4,640.4	4,599.7	4,501.4	4,466.1
<b>Loans</b>	<b>2,136.4</b>	38.6	2,122.0	0.7	2,005.7	1,841.3	1,843.3	1,837.3	1,813.9	1,636.7	1,503.8	1,458.5	1,369.3	1,388.0
Household	816.2	14.7	859.2	-5.0	935.5	905.2	947.5	927.2	905.1	874.0	840.2	836.3	825.4	807.3
Corporate	1,320.2	23.8	1,262.8	4.5	1,070.2	936.1	895.8	910.1	908.8	762.7	663.6	622.2	543.9	580.7
<b>Auto Financing</b>	<b>2,539.8</b>	45.9	2,477.0	2.5	2,492.9	2,515.1	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	328.3	5.9	380.7	-13.8	427.8	482.6	548.5	616.6	674.4	712.0	739.6	747.8	741.0	700.8
Passenger Vehicle	2,211.5	39.9	2,096.3	5.5	2,065.1	2,032.5	1,994.1	1,972.2	1,891.3	1,849.2	1,827.4	1,805.0	1,796.8	1,781.7
<b>Lease/Installments</b>	<b>790.2</b>	14.3	797.0	-0.9	771.2	690.4	665.7	610.6	603.9	583.1	567.1	586.4	592.3	592.5
Machine Tools	126.6	2.3	133.9	-5.5	138.9	140.8	141.4	135.1	132.0	124.4	124.7	135.2	140.2	141.4
Medical Instruments	319.9	5.8	314.8	1.6	297.4	226.0	211.4	198.7	191.8	174.9	169.4	167.1	165.1	162.7
Others	343.7	6.2	348.3	-1.3	334.9	323.6	312.9	276.8	280.1	283.8	273.0	284.1	287.0	288.4
<b>VC Business</b>	<b>72.3</b>	1.3	34.6	109.0	25.2	4.0	1.6	2.5	2.5	2.5	2.5	2.0	2.0	31



# 4. Group Networks & Major Industries

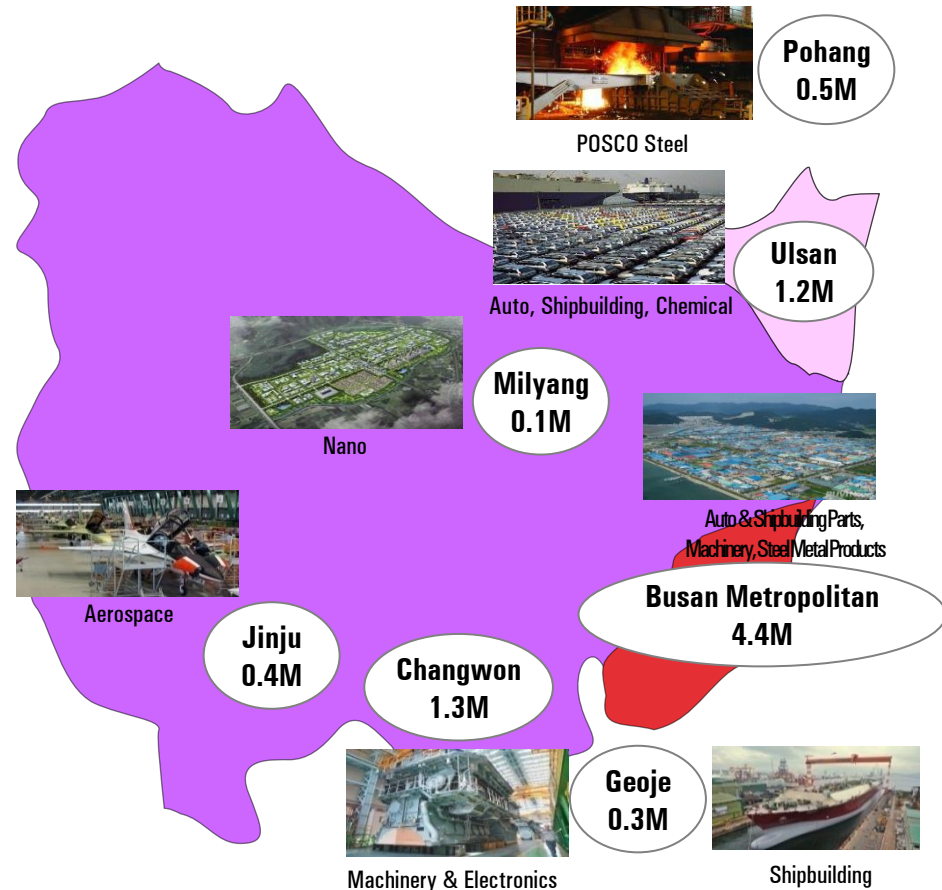
## Networks (as of Dec. 2019) : 490 Locations

- Busan Bank 256(Qingdao & Ho Chi Minh Branch, Yangon, Mumbai Office included), Kyongnam Bank 190, Capital 30(Myanmar, Cambodia, Laos, Kazakhstan included), Securities 4, M.S.B. 8, Asset Management 1, Venture Capital 1



## Population & Major Industries

- Southeastern Conurbation (7.9 Mn, 15.3% of Total Population), making up 14.5% of GRDP(2018)
- Exports : 122.8 USD bn(2018)
- Imports : 67.9 USD bn(2018)



\* Southeastern region includes Busan, Ulsan, and Kyongnam