

2019 3Q Financial Results

2019.10.31



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 3Q Group Highlights

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1. Highlights – Profitability

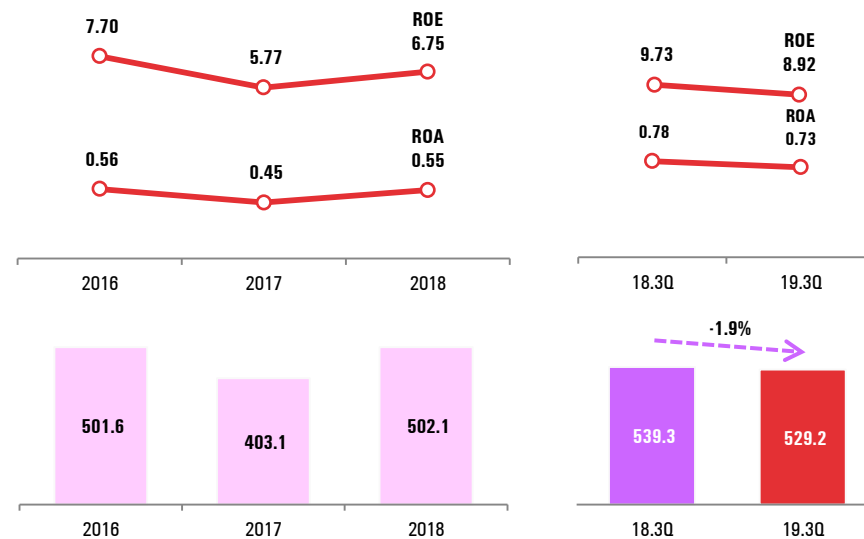
Profitability – Group Net Income

(KRW bn, %)	19.09	18.09	YoY	19.3Q	19.2Q	QoQ
Net Interest Income	1,658.1	1,756.6	-5.6	547.8	552.4	-0.8
Net Fee Income	196.5	167.8	17.1	71.6	71.0	0.8
Others	101.2	24.7	309.7	28.2	36.1	-21.9
SG&A(-)	937.1	855.4	9.6	309.2	319.8	-3.3
Provision Expense(-)	279.9	319.6	-12.4	94.3	92.8	1.6
Net Income	560.4	565.2	-0.8	188.8	184.6	2.3
Net Income in Controlling Interest	529.2	539.3	-1.9	178.0	174.1	2.2

- Group Accumulated 3Q NI of 529.2 KRW bn, down by 1.9% YoY
 - 19.3Q NI 178.0 KRW bn, up by 2.2% QoQ
 - Regardless of decrease in interest income & gains on NPL sales, improved provision control & sound non-bank earnings enabled continued stable profitability
- Group Fee Income increased by 17.1%(28.7 KRW bn) YoY, due continued growth in major subsidiaries's PF fee income etc.
- Group SG&A increased 9.6% YoY; however without SG&A dispersement throughout the quarters, the YoY growth recorded 5.9%
 - ※ Group 30.9 KRW bn: BSB 15.9 KRW bn, KNB 11.4 KRW bn etc.
- Group Provision Expense decreased by 39.7 KRW bn YoY, due to slower NPL formation, provision writeback based on financial structure improvements etc.

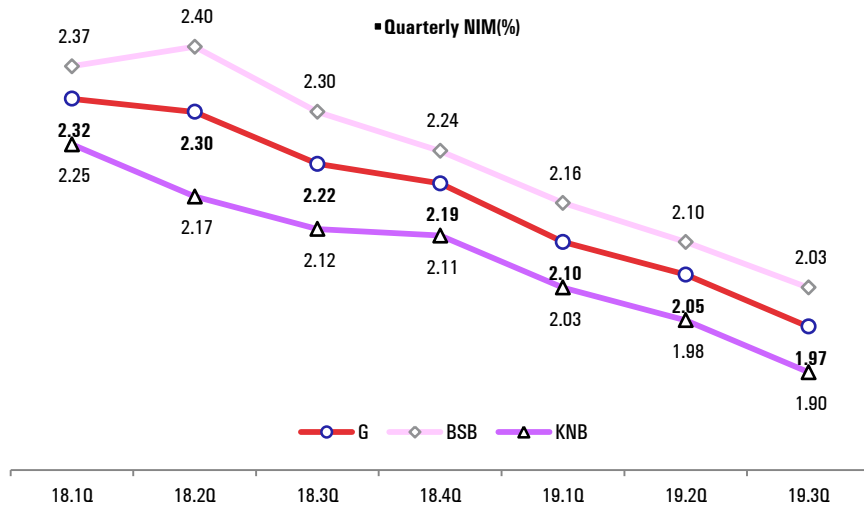
Profitability – Group Subsidiaries Net Income, Group ROA, ROE, Group Net Income Trend

(KRW bn, %)	19.09	18.09	YoY	19.3Q	19.2Q	QoQ
Busan	355.9	373.1	-4.6	133.2	109.6	21.5
Kyongnam	162.6	169.8	-4.2	42.2	57.9	-27.1
Capital	59.4	52.4	13.4	20.1	23.9	-15.9
Securities	19.1	7.9	141.8	6.4	5.7	12.3
MSB	15.5	11.9	30.3	4.3	5.5	-21.8
Asset Management	1.3	0.6	116.7	-0.4	1.3	Net Loss



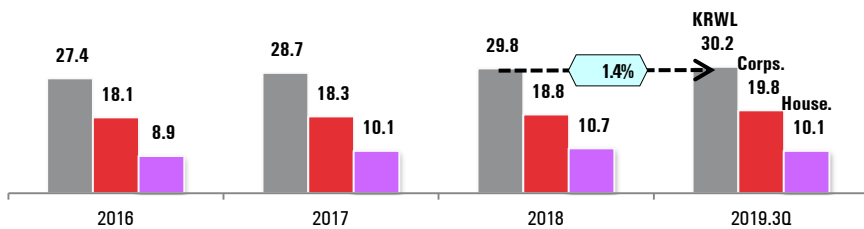
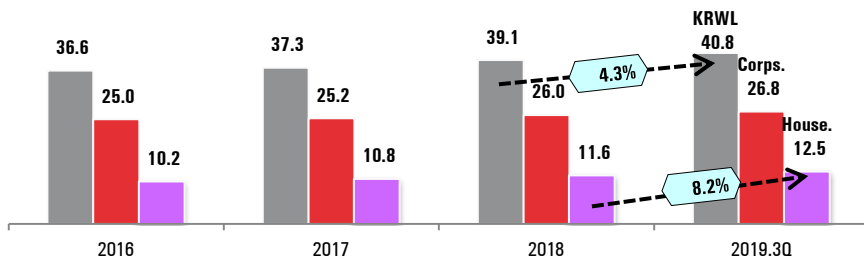
2. Highlights – Profitability, Growth

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

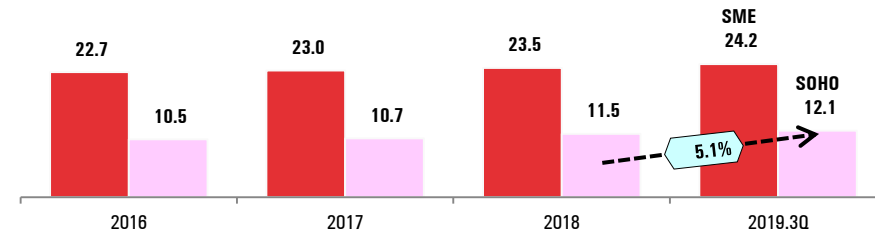


- **19.3Q Group NIM 1.97%, dropped by 8bps QoQ**
 - July's benchmark rate cut, increase in higher credit quality customer base led the drop
 - BSB & KNB NIM decreased by -7bps, -8bps QoQ
- **BSB is continuing stable growth in corporate & household, while KNB's household loans decreased YTD, due to large-scale group loans maturing**
 - BSB KRW Loan Growth 4.3% YTD (SOHO 5.1% YTD)
 - KNB KRW Loan Growth 1.4% YTD
 - ⇒ 2.5 KRW tn Group Loans matured YTD, lowering household growth
 - KNB SOHO Loan Growth 6.2% YTD

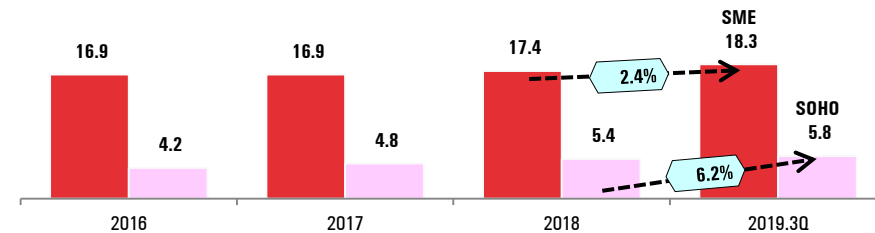
Banks KRW Loans & Breakdown (KRW tn)



BSB

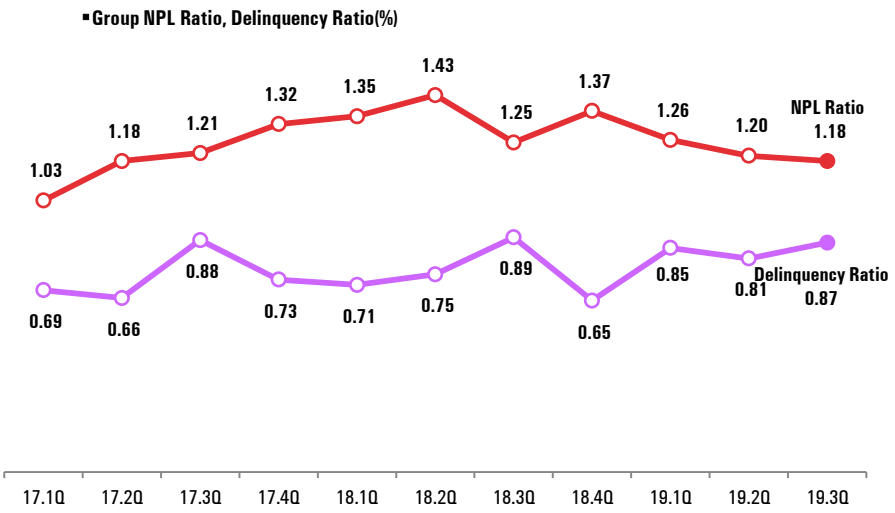


KNB

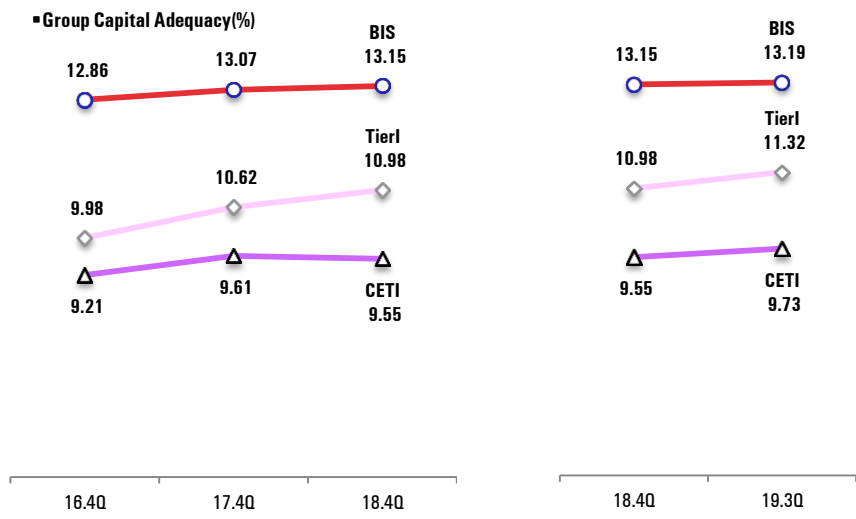
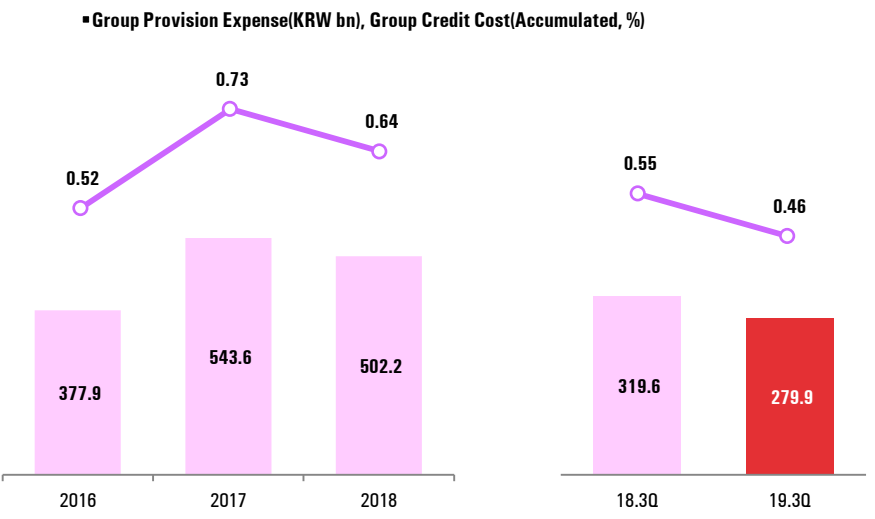


3. Highlights – Asset Quality, Capital Adequacy

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



- Group NPL Ratio 1.18%, improved by 2 bps QoQ, due to improved asset quality of large PF loan**
 - BSB NPL Ratio 0.89%(QoQ -10bps)
 - KNB NPL Ratio 1.23%(QoQ +9bps)
- Group Delinquency Ratio 0.87%, went up by 6bps QoQ**
 - BSB Delinquency Ratio 0.62%(QoQ +4bps)
 - KNB Delinquency Ratio 0.83%(QoQ +11bps)
- Group Credit Cost 46bps, went down by 9bps YoY**
 - Due to slower NPL formation & loan reclassification based on improvements in financial structure - leading to provision writeback
- Group BIS Ratio, CET1 Ratio recorded 13.19% & 9.73%**
 - YTD +4bps, +18bps



4. Group Structure

BNK Financial Group

Establishment : 2011.03.15

Total Assets : 130,284.8

Net Income : 529.2

Employees : 8,273

(%, KRW bn, Accumulated)

Busan Bank

Estbmt : 1967.10.10
Branches : 257
Employees : 3,845

Total Shares Owned

100%

Total Assets

72,347.9

Net Income

355.9

Kyongnam

Estbmt : 1970.05.22
Added : 2014.10.10
Branches : 193
Employees : 2,977

Total Shares Owned

100%

Total Assets

49,058.8

Net Income

162.6

Capital

Estbmt : 2010.07.15
Branches : 34
Employees : 609

Total Shares Owned

100%

Total Assets

5,324.8

Net Income

59.4

Securities

Estbmt : 1997.06.02
Sec. Added : 2009.11
Branches : 4
Employees : 246

Total Shares Owned

100%

Total Assets

2,466.7

Net Income

19.1

MSB

Estbmt : 2011.12.13
Branches : 8
Employees : 126

Total Shares Owned

100%

Total Assets

1,031.3

Net Income

15.5

Asset Mgt.

Estbmt : 2008.07.15
Added : 2015.07.28
Employees : 53

Total Shares Owned

100%

AUM

5,493.7

Net Income

1.3

Credit Info.

Estbmt : 2003.06.17
Industry : Collection
Employees : 91

Total Shares Owned

100%

Total Assets

10.9

Net Income

0.6

System

Estbmt : 2011.05.20
Industry : IT related
Employees : 208

Total Shares Owned

100%

Total Assets

15.9

Net Income

0.9

Affiliates

Cambodia

Establishment : 14.03.07
Employees : 190
Tot. Share's Owned : 100%
Tot. Assets : 30.6 KRW bn
2015.06 Start Operations

Myanmar

Establishment : 14.03.21
Employees : 454
Tot. Share's Owned : 99.9%
Tot. Assets : 44.9 KRW bn
2014.12 Start Operations

Laos PDR

Establishment : 15.04.24
Employees : 26
Tot. Share's Owned : 97%
Tot. Assets : 27.5 KRW bn
2015.07 Start Operations

Kazakhstan

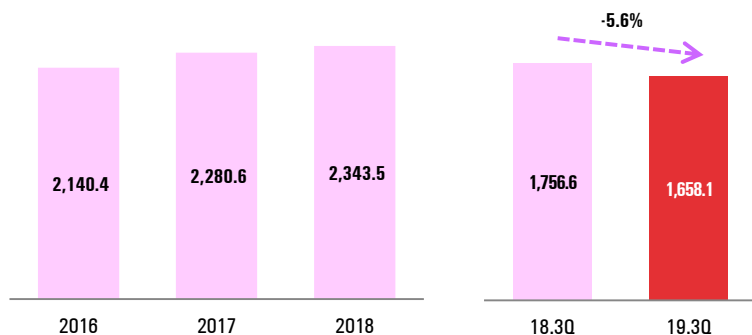
Establishment : 18.06.01
Employees : 25
Tot. Share's Owned : 100%
Tot. Assets : 11.7 KRW bn
2018.11 Start Operations

II . Profitability

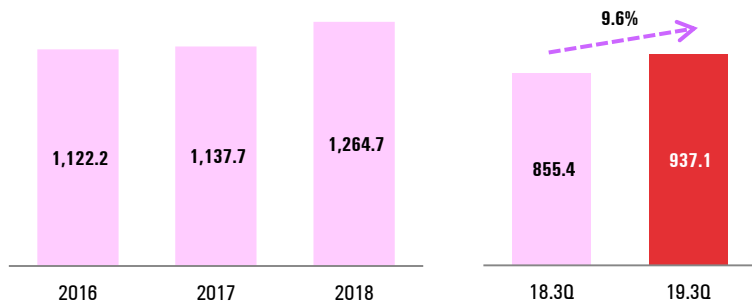
1. Group Earning Results	8
2. Subsidiaries Earning Results	9
3. Banks Earning Results	10
4. Banks NIM	12
5. SG&A	13

1. Group Earning Results

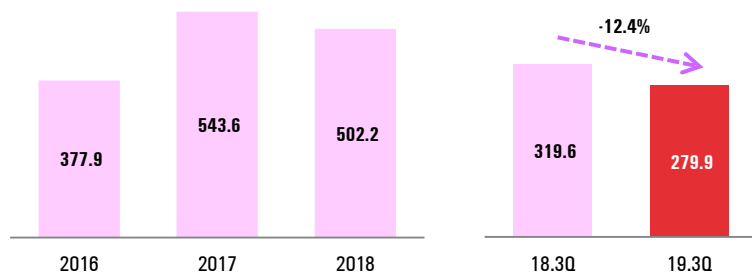
Interest Income(% , KRW bn)



SG&A(% , KRW bn)



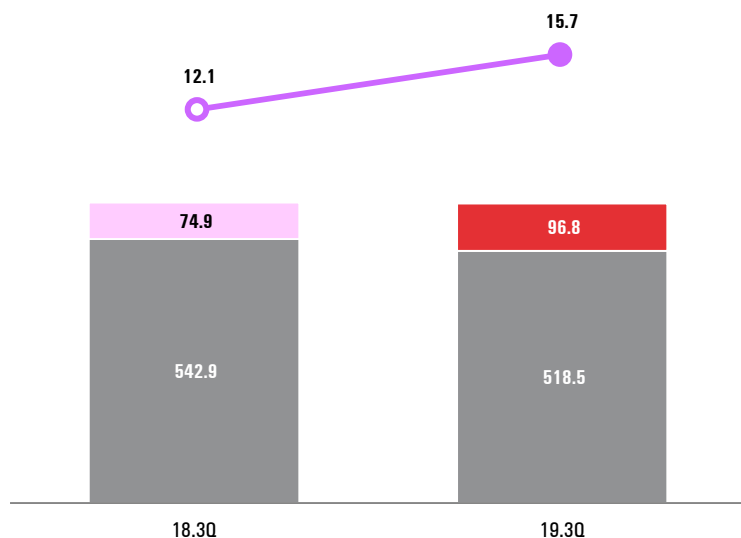
Provisioning(% , KRW bn)



(KRW bn, %)	19.09	18.09	YoY	19.3Q	19.2Q	QoQ
Net Interest Income	1,658.1	1,756.6	-5.6	547.8	552.4	-0.8
Net Fee Income	196.5	167.8	17.1	71.6	71.0	0.8
Others	101.2	24.7	309.7	28.2	36.1	-21.9
SG&A(-)	937.1	855.4	9.6	309.2	319.8	-3.3
Provision Expense(-)	279.9	319.6	-12.4	94.3	92.8	1.6
Non-Operating Income	-1.2	-8.2	-	-0.2	-1.8	-
Earnings Before Income Tax	737.6	765.9	-3.7	243.9	245.1	-0.5
Income Tax Expense(-)	177.2	200.7	-11.7	55.1	60.5	-8.9
Net Income(A)	560.4	565.2	-0.8	188.8	184.6	2.3
Net Income in Non-Controlling Interest(B)	31.2	25.9	20.5	10.8	10.5	2.9
Net Income in Controlling Interest(C) (C) = (A) - (B)	529.2	539.3	-1.9	178.0	174.1	2.2

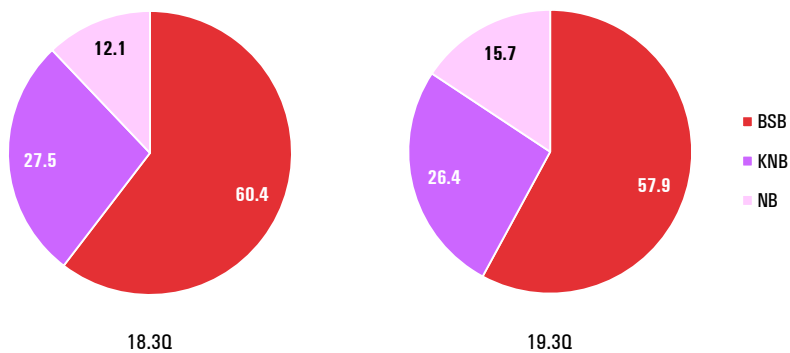
2. Subsidiaries Earning Results

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



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

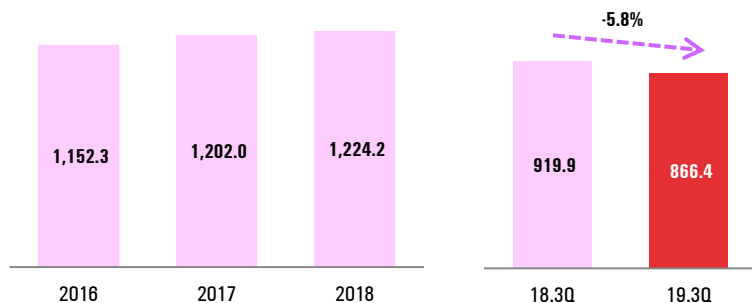
Banks & Non-Bank Net Income Portion(%)



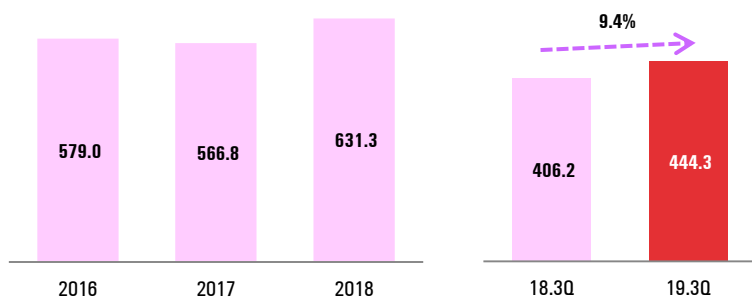
(KRW bn, %)	19.09	18.09	YoY	19.3Q	19.2Q	QoQ
Bank(A)	518.5	542.9	-4.5	175.4	167.5	4.7
Busan	355.9	373.1	-4.6	133.2	109.6	21.5
Kyongnam	162.6	169.8	-4.2	42.2	57.9	-27.1
Non-Bank(B)	96.8	74.9	29.2	30.9	36.9	-16.3
Capital	59.4	52.4	13.4	20.1	23.9	-15.9
Securities	19.1	7.9	141.8	6.4	5.7	12.3
MSB	15.5	11.9	30.3	4.3	5.5	-21.8
Asset Management	1.3	0.6	116.7	-0.4	1.3	Net Loss
Credit Info	0.6	0.6	0.0	0.2	0.2	0.0
System	0.9	1.5	-40.0	0.3	0.3	0.0
Financial Group & Unconsolidated Portion(C)	-54.9	-52.6	-	-17.5	-19.8	-
Net Income in Non-Controlling Interest(D)	31.2	25.9	20.5	10.8	10.5	2.9
Net Income in Controlling Interest(E) (E=A+B+C-D)	529.2	539.3	-1.9	178.0	174.1	2.2

3. Banks Earning Results - Busan

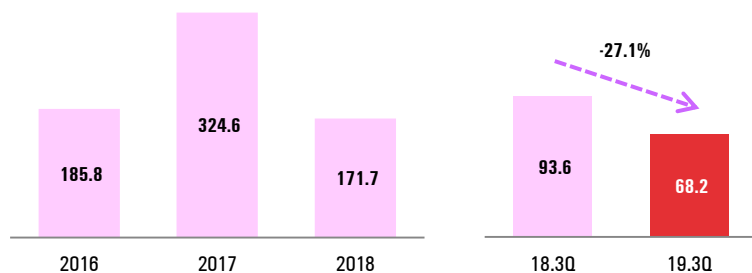
Interest Income(% , KRW bn)



SG&A(% , KRW bn)



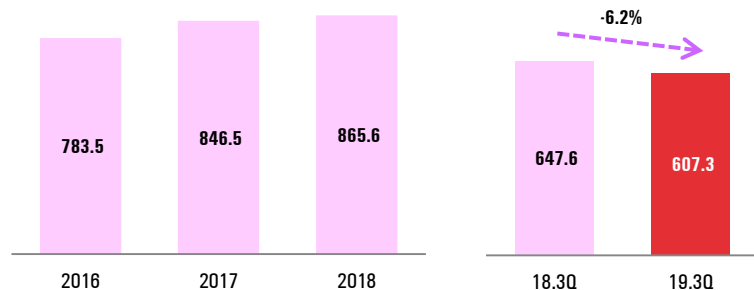
Provision Expense(% , KRW bn)



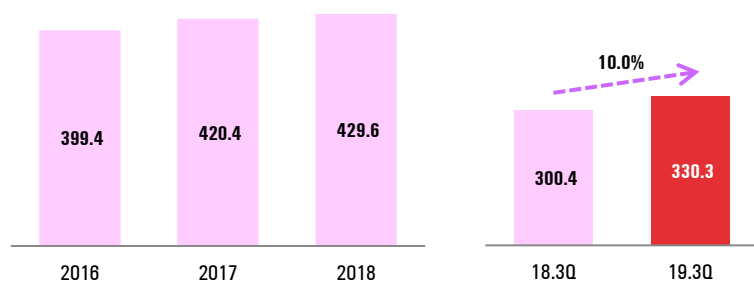
(KRW bn, %)	19.09	18.09	YoY	19.3Q	19.2Q	QoQ
Net Interest Income	866.4	919.9	-5.8	287.7	289.2	-0.5
Net Fee Income	77.5	61.0	27.0	31.1	27.9	11.5
Fees from Trust Account	15.7	18.6	-15.6	4.9	5.2	-5.8
Others	20.7	6.3	228.6	9.9	0.0	-
SG&A(-)	444.3	406.2	9.4	145.9	154.9	-5.8
Provision Expense(-)	68.2	93.6	-27.1	17.2	23.4	-26.5
Net Operating Income	467.8	506.0	-7.5	170.5	144.0	18.4
Non-Operating Income	-7.8	-5.5	-	-2.2	-0.8	-
Earnings Before Income Taxes	460.0	500.5	-8.1	168.3	143.2	17.5
Income Tax Expenses(-)	104.1	127.4	-18.3	35.1	33.6	4.5
Net Income	355.9	373.1	-4.6	133.2	109.6	21.5

3. Banks Earning Results - Kyongnam

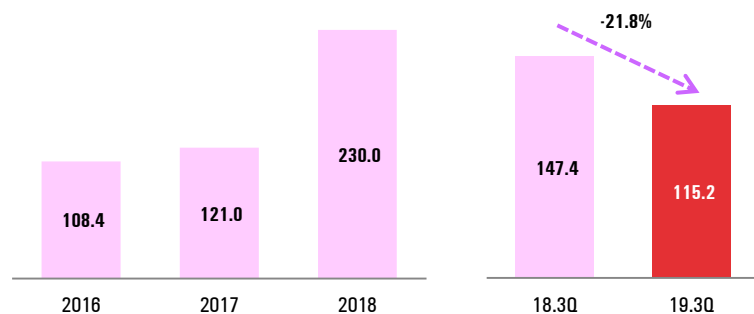
Interest Income(% , KRW bn)



SG&A(% , KRW bn)



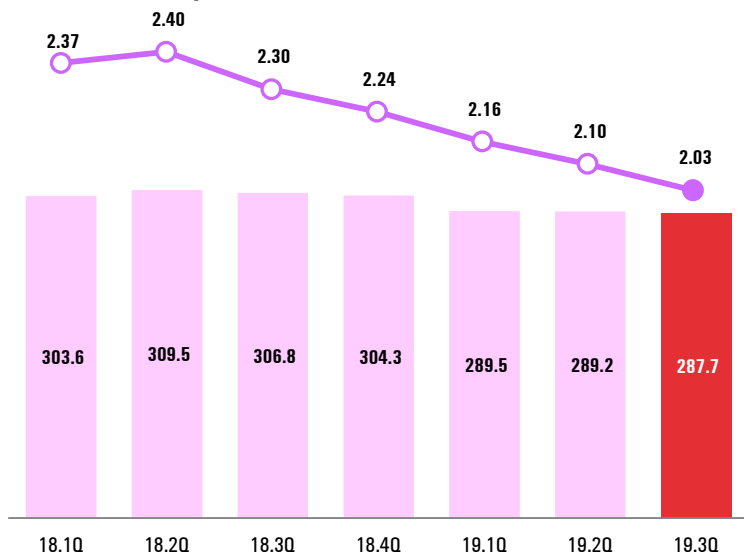
Provision Expense(% , KRW bn)



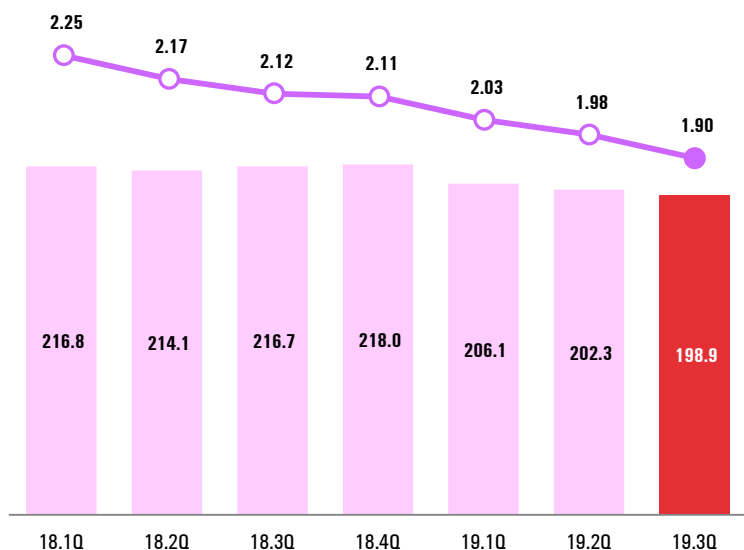
(KRW bn, %)	19.09	18.09	YoY	19.3Q	19.2Q	QoQ
Net Interest Income	607.3	647.6	-6.2	198.9	202.3	-1.7
Net Fee Income	46.9	36.5	28.5	15.0	17.7	-15.3
Fees from Trust Account	6.6	6.6	0.0	2.2	2.3	-4.3
Others	-11.5	-17.2	-	-11.2	8.1	Net Loss
SG&A(-)	330.3	300.4	10.0	107.5	111.8	-3.8
Provision Expense(-)	115.2	147.4	-21.8	45.5	43.1	5.6
Net Operating Income	203.8	225.7	-9.7	51.9	75.5	-31.3
Non-Operating Income	6.7	-2.5	Net Gain	2.7	-0.4	Net Gain
Earnings Before Income Taxes	210.5	223.2	-5.7	54.6	75.1	-27.3
Income Tax Expenses(-)	47.9	53.4	-10.3	12.4	17.2	-27.9
Net Income	162.6	169.8	-4.2	42.2	57.9	-27.1

4. Banks NIM

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



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



Busan

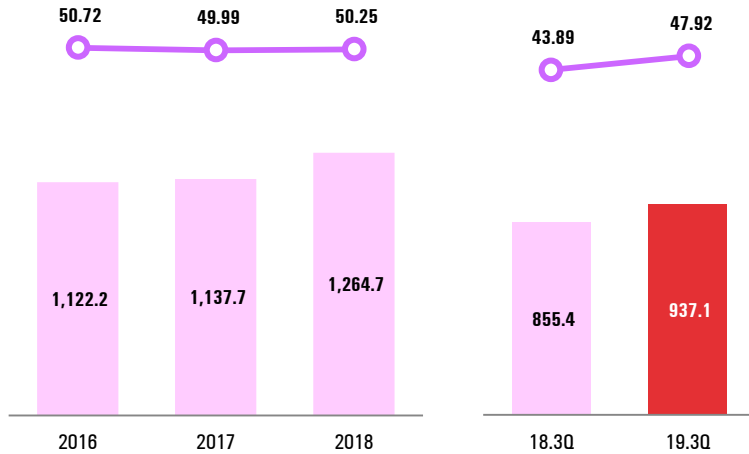
(%, KRW tn)	19.3Q	19.2Q	19.1Q	18.4Q	18.3Q
Quarterly NIM	2.03	2.10	2.16	2.24	2.30
Quarterly NIS	2.31	2.38	2.46	2.53	2.61
Interest Rate on KRW Loans	3.76	3.91	4.00	4.01	4.00
Interest Rate paid on KRW Deposits	1.45	1.53	1.54	1.48	1.39
Average Interest Earning Assets	50.2	49.6	48.7	48.3	47.3
Accumulated NIM	2.09	2.13	2.16	2.32	2.35

Kyongnam

(%, KRW tn)	19.3Q	19.2Q	19.1Q	18.4Q	18.3Q
Quarterly NIM	1.90	1.98	2.03	2.11	2.12
Quarterly NIS	2.12	2.22	2.26	2.35	2.34
Interest Rate on KRW Loans	3.76	3.93	3.97	4.00	3.94
Interest Rate paid on KRW Deposits	1.64	1.71	1.71	1.65	1.60
Average Interest Earning Assets	36.1	35.7	35.9	36.0	35.7
Accumulated NIM	1.97	2.01	2.03	2.16	2.18

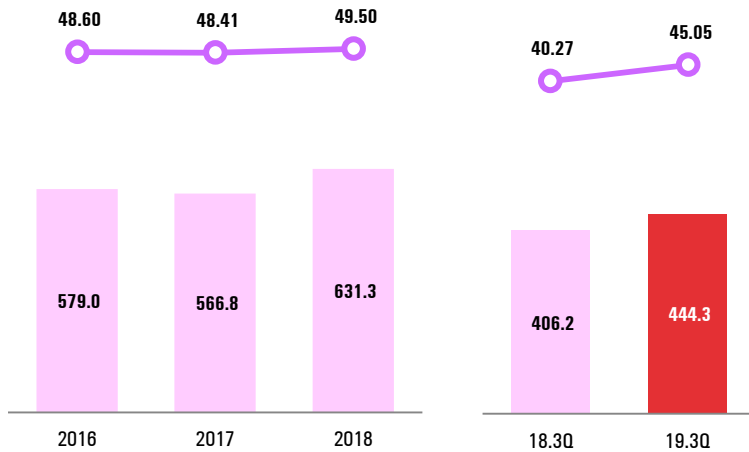
5. SG&A

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

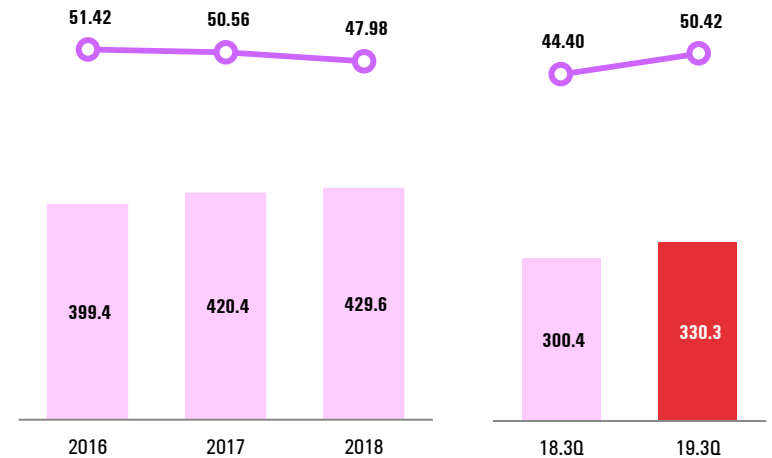


(KRW bn, %)	19.3Q	18.3Q	YoY	19.3Q	19.2Q	QoQ
SG&A	937.1	855.4	9.6	309.2	319.8	-3.3
CIR	47.92	43.89	4.03			

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



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

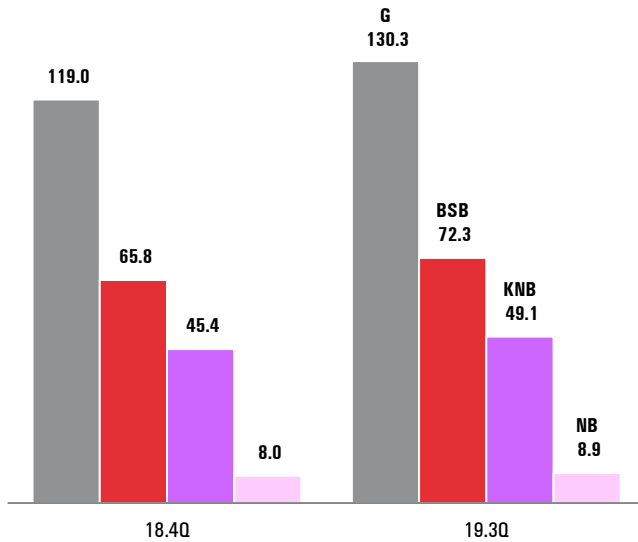


III. Growth

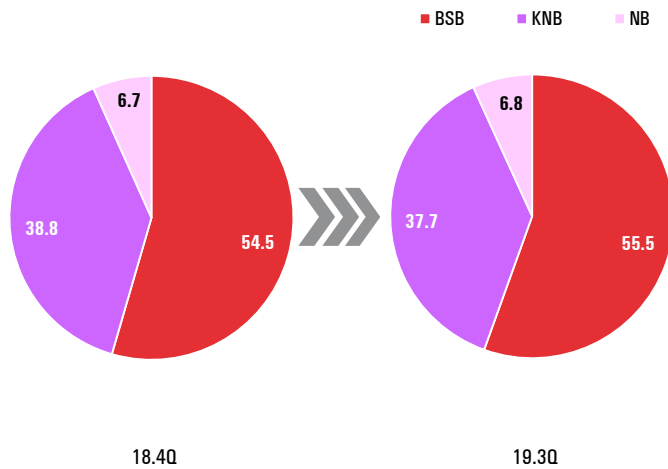
1. Group Assets	15
2. Banks Loans / Deposits	16

1. Group Assets

☐ Total Assets(KRW tn)



☐ Banks & Non-Banks Portion(%)

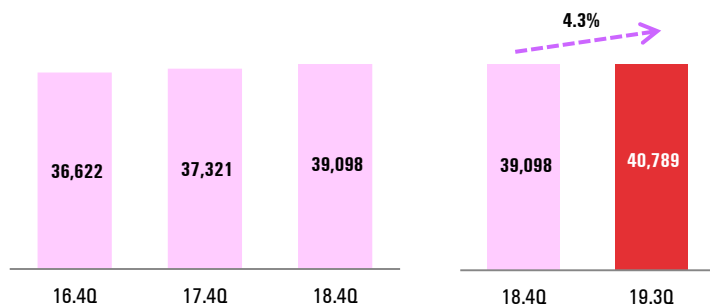


☐ Group Total Assets

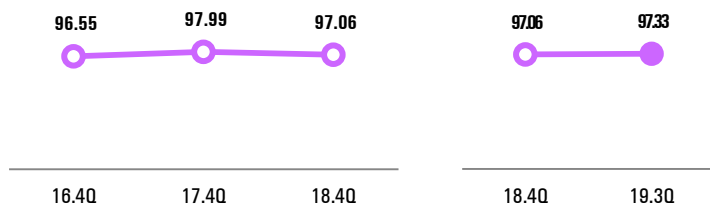
(KRW bn, %)	19.3Q	18.4Q	YTD	19.2Q	QoQ
Bank	121,406.7	111,179.8	9.2	118,226.7	2.7
Busan	72,347.9	65,785.4	10.0	71,567.1	1.1
Kyongnam	49,058.8	45,394.4	8.1	46,659.6	5.1
Non-Bank	8,924.8	7,975.5	11.9	8,963.4	-0.4
Capital	5,324.8	5,067.5	5.1	5,173.6	2.9
Securities	2,466.7	1,797.8	37.2	2,660.5	-7.3
MSB	1,031.3	1,016.5	1.5	1,029.0	0.2
Asset Mgt.	75.2	72.3	4.0	75.3	-0.1
Credit Info	10.9	10.2	6.9	10.7	1.9
System	15.9	11.2	42.0	14.3	11.2
Financial Group & Unconsolidated Portion	-46.7	-153.5	-	205.0	-
Group Total Assets	130,284.8	119,001.8	9.5	127,395.1	2.3

2. Banks Loans / Deposits - Busan

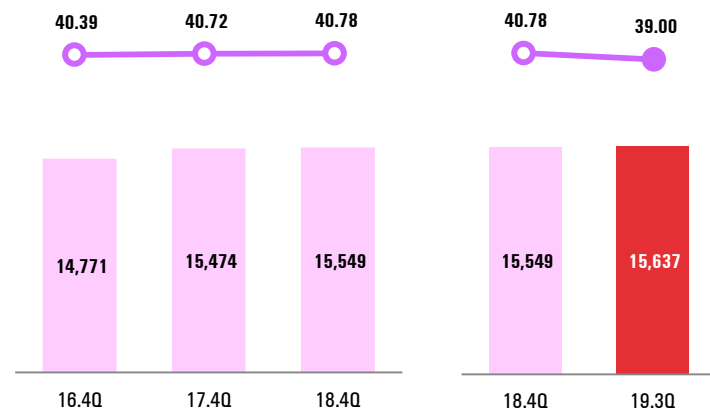
□ KRW Loans(% , KRW bn)



□ LDR(%)



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



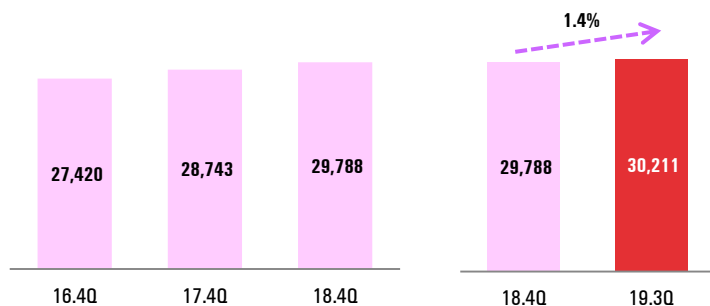
(KRW bn, %, Balance)	19.3Q	18.4Q	YTD	19.2Q	QoQ
KRW Loans¹⁾	40,789.4	39,098.4	4.3	40,297.1	1.2
Corporate	26,827.7	25,983.6	3.2	26,910.0	-0.3
SME	24,221.0	23,520.9	3.0	24,212.1	0.0
(SOHO) ²⁾	12,082.2	11,492.5	5.1	12,080.3	0.0
Large Corps.	2,606.7	2,462.7	5.8	2,697.9	-3.4
Household	12,538.5	11,587.7	8.2	12,010.9	4.4
Mortgage	8,674.4	7,829.0	10.8	8,235.7	5.3
Public	1,423.2	1,527.1	-6.8	1,376.2	3.4
Foreign Currency Loans¹⁾	727.5	619.5	17.4	682.3	6.6
KRW Deposits¹⁾	41,038.2	39,215.4	4.6	40,358.9	1.7
Low Cost Deposits	15,863.9	16,043.1	-1.1	16,159.3	-1.8
Core Deposits	12,563.0	12,136.2	3.5	12,939.7	-2.9
MMDA	3,300.9	3,906.9	-15.5	3,219.6	2.5

(KRW bn, %, %p, Average Balance)	19.3Q	18.4Q	YTD	19.2Q	QoQ
Low-Cost Deposits(A)	15,636.7	15,548.8	0.6	15,576.8	0.4
Core Deposits ²⁾	12,157.2	12,156.2	0.0	12,068.8	0.7
MMDA	3,479.5	3,392.6	2.6	3,508.0	-0.8
KRW Deposits(B)	40,097.0	38,131.6	5.2	39,838.3	0.6
A / B	39.00	40.78	-1.78	39.10	-0.10

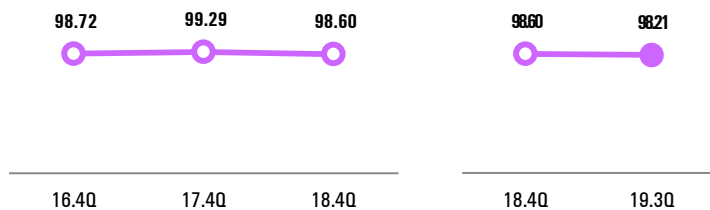
1) Unconsolidated FS, 2) SOHO(≤3 KRW bn), 3) Core Deposits : Demand + Savings(Ex. MMDA)

2. Banks Loans / Deposits - Kyongnam

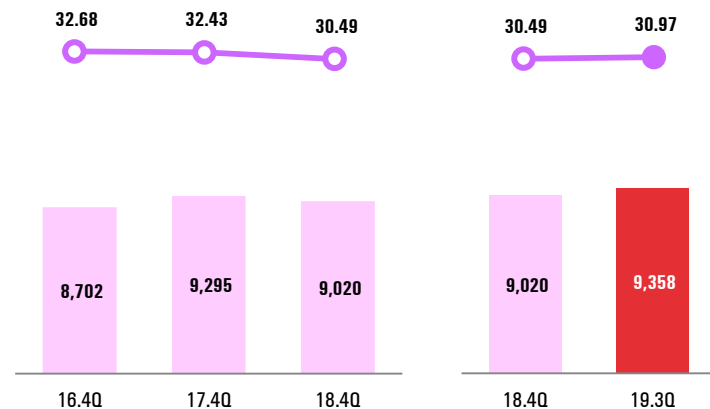
□ KRW Loans(% , KRW bn)



□ LDR(%)



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



(KRW bn, %, Balance)	19.3Q	18.4Q	YTD	19.2Q	QoQ
KRW Loans¹⁾	30,211.3	29,787.8	1.4	29,765.4	1.5
Corporate	19,761.4	18,783.7	5.2	19,243.0	2.7
SME	18,319.8	17,371.1	5.5	17,779.7	3.0
(SOHO) ²⁾	5,752.3	5,417.0	6.2	5,636.3	2.1
Large Corps.	1,441.6	1,412.6	2.1	1,463.3	-1.5
Household	10,055.2	10,656.6	-5.6	10,157.8	-1.0
Mortgage	8,335.0	8,919.6	-6.6	8,440.4	-1.2
Public	394.7	347.5	13.6	364.6	8.3
Foreign Currency Loans¹⁾	119.5	102.3	16.8	120.8	-1.1
KRW Deposits¹⁾	30,289.2	29,664.9	2.1	29,439.7	2.9
Low Cost Deposits	9,278.1	8,616.8	7.7	9,220.4	0.6
Core Deposits	7,797.1	7,152.0	9.0	7,658.9	1.8
MMDA	1,481.0	1,464.8	1.1	1,561.5	-5.2

(KRW bn, %, %p, Average Balance)	19.3Q	18.4Q	YTD	19.2Q	QoQ
Low-Cost Deposits(A)	9,357.7	9,019.7	3.7	9,301.8	0.6
Core Deposits ²⁾	7,868.5	7,401.8	6.3	7,818.7	0.6
MMDA	1,489.2	1,617.9	-8.0	1,483.1	0.4
KRW Deposits(B)	30,219.9	29,577.7	2.2	30,262.5	-0.1
A / B	30.97	30.49	0.48	30.74	0.23

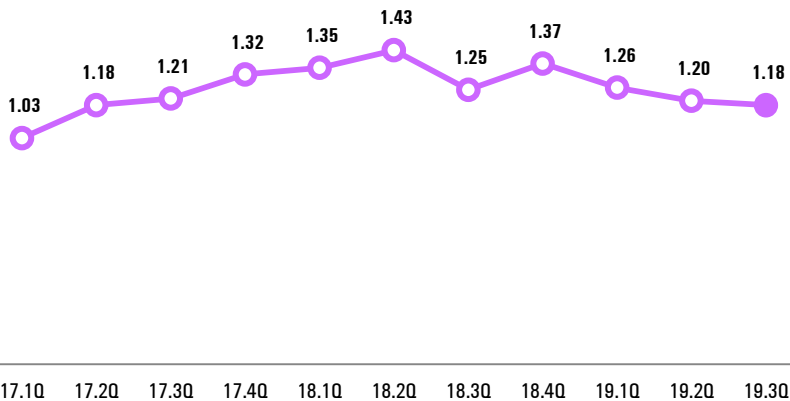
1) Unconsolidated FS, 2) SOHO(≤2 KRW bn), 3) Core Deposits : Demand + Savings(Ex. MMDA)

IV. Asset Quality

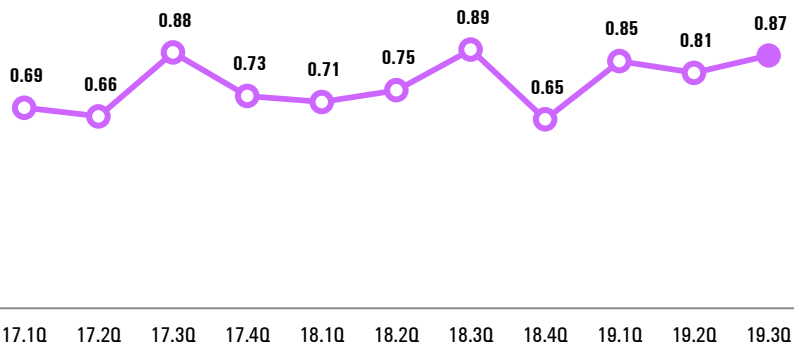
1. Group Asset Quality	19
2. Banks Asset Quality	20
3. Group Provisioning	22
4. Banks Provisioning / Write-offs & NPL Sales	23

1. Group Asset Quality

□ SBL(NPL) Ratio(%)



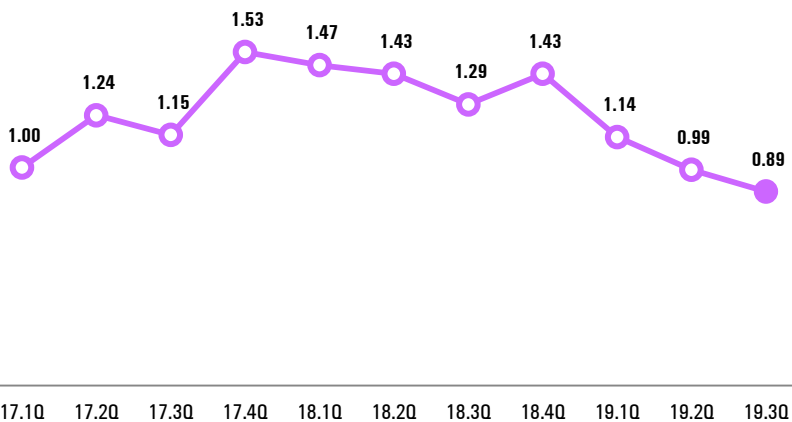
□ Delinquency Ratio(%)



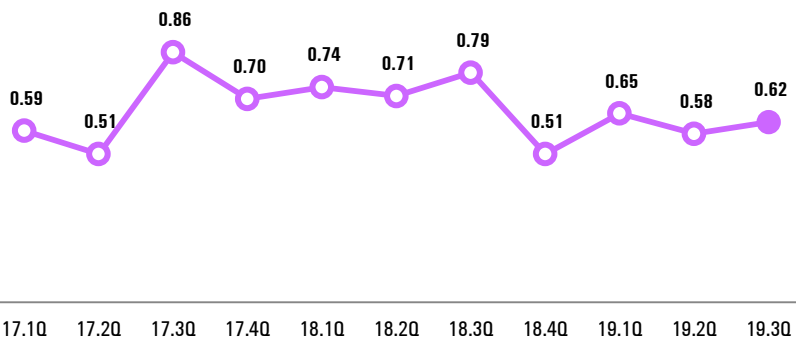
(KRW bn, %, %p)	19.3Q	18.4Q	YTD	19.2Q	QoQ
Total Credits	80,839.7	78,059.2	3.6	79,731.7	1.4
Normal	78,700.3	75,727.2	3.9	77,642.1	1.4
Precautionary	1,189.4	1,263.2	-5.8	1,132.1	5.1
Substandard	470.5	580.5	-18.9	518.6	-9.3
Doubtful	190.0	166.3	14.3	164.4	15.6
Expected Loss	289.5	322.0	-10.1	274.5	5.5
SBL(Substandard & Below Loans)	950.0	1,068.8	-11.1	957.5	-0.8
SBL Ratio	1.18	1.37	-0.19	1.20	-0.02
SBL Coverage Ratio (Ratio before Reserve deduction)	98.71 (156.62)	93.49 (139.35)	5.22 (17.27)	99.69 (154.76)	-0.98 (1.86)
Delinquency Ratio	0.87	0.65	0.22	0.81	0.06
Loan Amount	79,910.9	77,161.2	3.6	78,794.5	1.4
Delinquent Amount	697.8	505.1	38.2	638.6	9.3

2. Banks Asset Quality - Busan

□ SBL(NPL) Ratio(%)



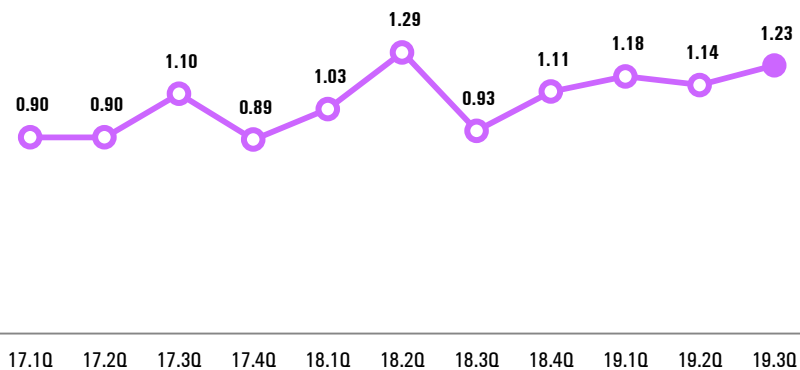
□ Delinquency Ratio(%)



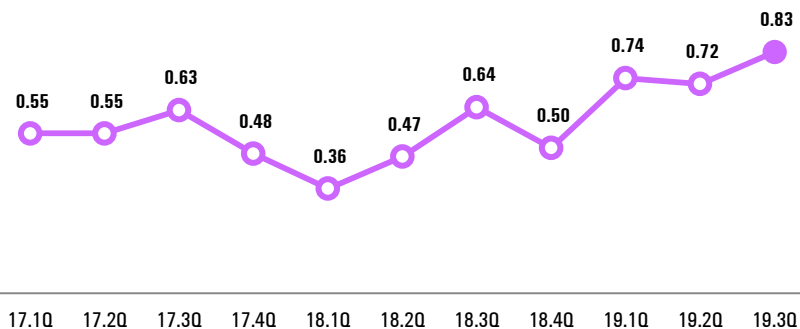
(KRW bn, %, %p)	19.3Q	18.4Q	YTD	19.2Q	QoQ
Total Credits	43,260.7	41,385.9	4.5	42,672.8	1.4
Normal	42,262.0	40,247.3	5.0	41,681.9	1.4
Precautionary	612.5	547.2	11.9	566.4	8.1
Substandard	186.1	334.7	-44.4	243.3	-23.5
Doubtful	33.7	38.6	-12.7	28.6	17.8
Expected Loss	166.4	218.1	-23.7	152.6	9.0
SBL(Substandard & Below Loans)	386.2	591.4	-34.7	424.5	-9.0
SBL Ratio	0.89	1.43	-0.54	0.99	-0.10
SBL Coverage Ratio (Ratio before Reserve deduction)	118.63 (184.30)	91.34 (126.12)	27.29 (58.18)	113.21 (168.00)	5.41 (16.30)
Delinquency Ratio	0.62	0.51	0.11	0.58	0.04
Loan Amount	42,555.0	40,090.7	6.1	41,975.6	1.4
Delinquent Amount	265.2	205.6	29.0	244.1	8.6

2. Banks Asset Quality - Kyongnam

□ SBL(NPL) Ratio(%)



□ Delinquency Ratio(%)



(KRW bn, %, %p)	19.3Q	18.4Q	YTD	19.2Q	QoQ
Total Credits	31,195.2	30,707.0	1.6	30,778.7	1.4
Normal	30,586.5	30,088.2	1.7	30,199.4	1.3
Precautionary	226.3	276.8	-18.2	226.9	-0.3
Substandard	205.8	194.4	5.9	193.8	6.2
Doubtful	76.8	67.0	14.6	63.6	20.8
Expected Loss	99.8	80.6	23.8	95.0	5.1
SBL(Substandard & Below Loans)	382.4	342.0	11.8	352.4	8.5
SBL Ratio	1.23	1.11	0.12	1.14	0.09
SBL Coverage Ratio (Ratio before Reserve deduction)	78.31 (137.75)	85.73 (150.90)	-7.42 (-13.15)	83.68 (146.74)	-4.37 (-8.99)
Delinquency Ratio	0.83	0.50	0.33	0.72	0.11
Loan Amount	30,972.1	30,504.1	1.5	30,538.7	1.4
Delinquent Amount	257.1	152.9	68.1	221.0	16.3

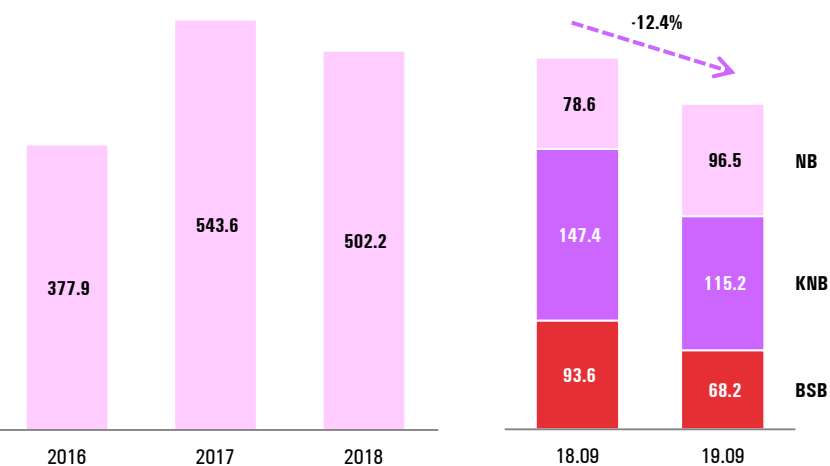
3. Group Provisioning

□ Provision Expense

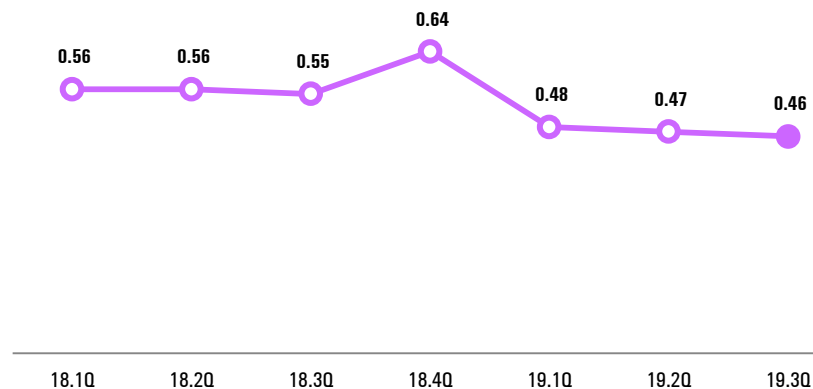
(KRW bn, %)	2019				2018					
	19.09	3Q	2Q	1Q	4Q	18.09	3Q	2Q	1Q	
Total Provisions(A)	279.9	94.3	92.8	92.8	502.2	182.6	319.6	105.4	109.9	104.3
Total Credits(B)	80,839.7	80,839.7	79,731.7	78,970.4	78,059.2	78,059.2	77,962.0	77,962.0	76,491.5	75,289.5
¹⁾ Credit Cost(A/B)	0.46	0.46	0.47	0.48	0.64	0.93	0.55	0.54	0.58	0.56

1) Accumulated

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

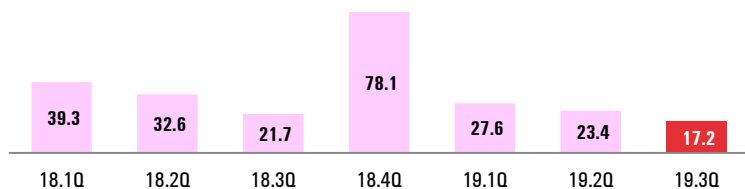


□ Credit Cost(%)

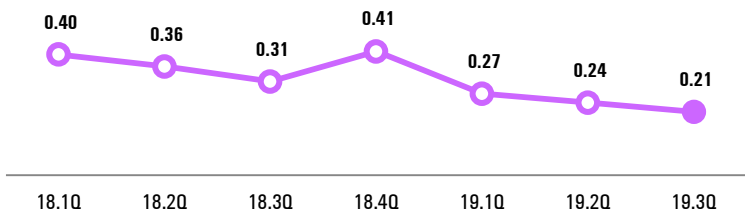


4. Provisioning / Write-offs & NPL Sales - Busan

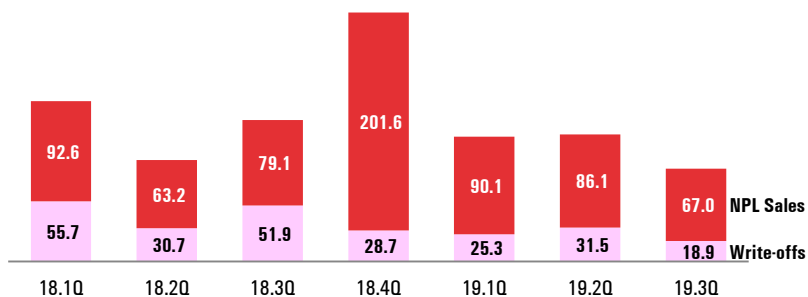
Provision Expense(KRW bn)



Credit Cost(%)



Write-offs & NPL Sales(KRW bn)

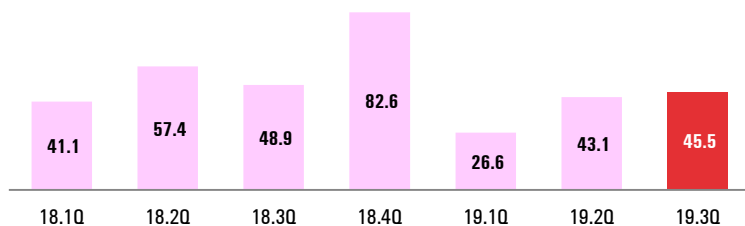


Provision Expense / Write-offs & NPL Sales

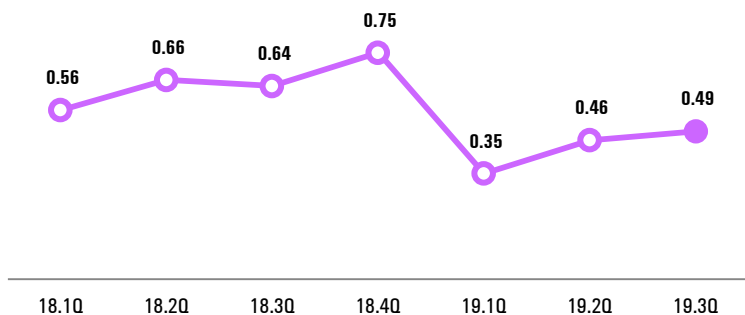
(KRW bn, %)	19.3Q	19.2Q	19.1Q	18.4Q	18.3Q	18.2Q	18.1Q
Corporate	7.3	13.9	21.2	64.1	10.8	25.9	30.5
Household	5.4	3.9	4.6	4.6	4.7	2.9	3.4
Credit Card	4.2	5.0	3.6	9.8	6.3	5.3	5.6
Others	0.3	0.6	-1.8	-0.4	-0.1	-1.5	-0.2
Total(A)	17.2	23.4	27.6	78.1	21.7	32.6	39.3
Total Credits(B)	43,260.7	42,672.8	42,020.6	41,385.9	40,889.5	40,077.4	39,691.4
Credit Cost(A/B)	0.16	0.22	0.27	0.75	0.21	0.33	0.40
Total Write-Offs	18.9	31.5	25.3	28.7	51.9	30.7	55.7
Corporate	18.5	21.4	15.1	17.9	42.5	20.7	46.6
Household	0.3	4.1	4.0	4.9	3.1	4.1	3.1
Credit Card	0.1	6.0	6.2	5.9	6.3	5.9	6.0
Total NPL Sales	67.0	86.1	90.1	201.6	79.1	63.2	92.6
(NPL Sales for SBL Loans)	61.5	81.1	87.1	179.0	77.7	56.6	87.0
Corporate	63.2	70.5	87.5	197.1	78.4	59.0	91.2
Household	3.2	14.7	2.1	2.5	0.0	3.4	0.5
Credit Card	0.6	0.9	0.5	2.0	0.7	0.8	0.9

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

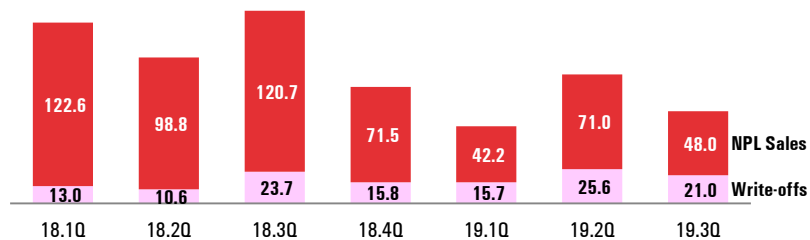
Provision Expense(KRW bn)



Credit Cost(%)



Write-offs & NPL Sales(KRW bn)



Provision Expense / Write-offs & NPL Sales

(KRW bn, %)	19.3Q	19.2Q	19.1Q	18.4Q	18.3Q	18.2Q	18.1Q
Corporate	34.8	32.7	19.1	71.2	39.6	47.0	45.1
Household	5.1	5.2	4.2	6.1	5.3	3.6	1.5
Credit Card	3.5	5.1	3.7	5.3	4.2	4.4	-8.1
Others	2.1	0.1	-0.4	0.0	-0.2	2.4	2.6
Total(A)	45.5	43.1	26.6	82.6	48.9	57.4	41.1
Total Credits(B)	31,195.2	30,778.7	30,923.3	30,707.0	30,868.5	30,241.9	29,739.8
Credit Cost(A/B)	0.58	0.56	0.35	1.07	0.63	0.76	0.56
Total Write-Offs	21.0	25.6	15.7	15.8	23.7	10.6	13.0
Corporate	16.5	16.8	9.9	8.1	17.1	3.8	5.8
Household	3.6	4.3	2.0	3.1	2.2	3.1	3.3
Credit Card	0.9	4.5	3.8	4.6	4.4	3.7	3.9
Total NPL Sales	48.0	71.0	42.2	71.5	120.7	98.8	122.6
(NPL Sales for SBL Loans)	43.9	69.7	40.0	69.0	118.6	94.3	115.7
Corporate	45.1	64.8	42.1	71.2	118.9	98.6	122.5
Household	2.9	6.1	0.1	0.2	1.6	0.0	0.0
Credit Card	0.0	0.1	0.0	0.1	0.2	0.2	0.1

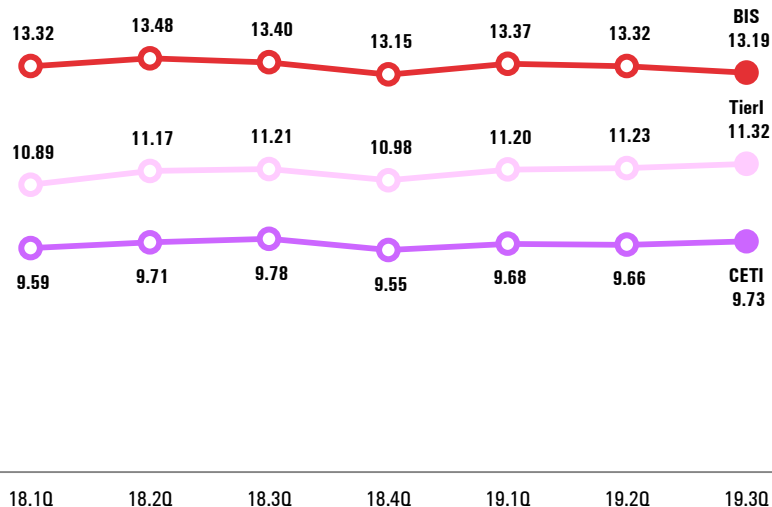
V . Capital Adequacy

1. Capital Adequacy

26

1. Capital Adequacy

Group Capital Adequacy(%)



Busan

(KRW bn, %, %p, Basel III I.R.B.)	19.3Q	18.4Q	YTD	19.2Q	QoQ
Tot. Risk Adjusted Capital	5,769.3	5,467.3	5.5	5,725.3	0.8
Tier I	5,032.8	4,642.3	8.4	4,932.2	2.0
(CETI)	4,585.0	4,293.3	6.8	4,484.4	2.2
Tot. R.W.A.	35,413.7	33,718.0	5.0	35,122.6	0.8
BIS Capital Ratio	16.29	16.21	0.08	16.30	-0.01
Tier I	14.21	13.77	0.44	14.04	0.17
(CETI)	12.95	12.73	0.22	12.77	0.18

Group

(KRW bn, %, %p, Basel III Standard)	19.3Q	18.4Q	YTD	19.2Q	QoQ
Tot. Risk Adjusted Capital	9,901.6	9,295.5	6.5	9,811.6	0.9
Tier I	8,494.7	7,765.1	9.4	8,266.8	2.8
(CETI)	7,298.9	6,749.0	8.1	7,113.3	2.6
Tot. R.W.A.	75,043.5	70,694.6	6.2	73,633.4	1.9
BIS Capital Ratio	13.19	13.15	0.04	13.32	-0.13
Tier I	11.32	10.98	0.34	11.23	0.09
(CETI)	9.73	9.55	0.18	9.66	0.07

Kyongnam

(KRW bn, %, %p, Basel III I.R.B.)	19.3Q	18.4Q	YTD	19.2Q	QoQ
Tot. Risk Adjusted Capital	3,806.1	3,660.2	4.0	3,776.9	0.8
Tier I	3,149.4	3,022.7	4.2	3,103.4	1.5
(CETI)	2,805.5	2,647.3	6.0	2,759.6	1.7
Tot. R.W.A.	23,716.0	22,452.5	5.6	23,126.4	2.5
BIS Capital Ratio	16.05	16.30	-0.25	16.33	-0.28
Tier I	13.28	13.46	-0.18	13.42	-0.14
(CETI)	11.83	11.79	0.04	11.93	-0.10

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 3Q			
	Amount	Ratio	YoY	QoQ
Manufacturing	8,876.3	21.8	0.4	-0.6
Steel Metal Products	2,588.1	6.3	-1.2	-0.8
Automobile Parts	1,816.2	4.5	-2.9	0.6
Machinery	1,284.0	3.1	6.6	-1.0
Petroleum, Rubber, etc.	944.3	2.3	-0.9	-2.7
Fabric	286.0	0.7	8.8	5.8
Garment & Shoes	334.8	0.8	13.0	4.6
Kitchen Units	339.6	0.8	9.7	-0.7
Electronics	414.3	1.0	-11.4	-5.4
Paper, Paper Mills	118.8	0.3	-0.3	1.0
Others	750.2	1.8	1.1	-1.4
Non-Manufacturing	19,374.6	47.5	3.8	0.1
Wholesale & Retail	3,385.0	8.3	7.3	0.5
Public	49.9	0.1	-67.6	-20.0
Construction & Engineering	1,237.8	3.0	3.8	-5.3
Real Estate	7,938.4	19.5	4.3	0.8
Insurance & Financing	412.7	1.0	-23.9	0.0
Transportation	1,159.2	2.8	-2.5	-3.8
Hotel & Food	1,326.8	3.3	18.7	0.6
Others	3,864.8	9.5	4.2	1.6
Households	12,538.5	30.7	8.2	4.4
KRW Loans	40,789.4	100.0	4.3	1.2

Kyongnam Bank

*Sectors are based on FSS Business Report

(KRW bn, %, Balance)	2019 3Q			
	Amount	Ratio	YoY	QoQ
Manufacturing	9,371.7	31.0	4.7	1.4
Steel Metal Products	2,302.0	7.6	4.4	1.8
Automobile Parts	2,666.7	8.8	3.8	1.6
Machinery	2,322.6	7.7	5.2	1.6
Petroleum, Rubber, etc.	460.2	1.5	54.0	44.3
Fabric	76.3	0.3	13.5	2.1
Garment & Shoes	9.5	0.0	6.7	13.1
Kitchen Units	218.4	0.7	7.0	0.1
Electronics	607.2	2.0	-7.6	-0.3
Paper, Paper Mills	78.0	0.3	-2.4	-3.6
Others	630.8	2.1	-3.4	-17.0
Non-Manufacturing	10,784.4	35.7	5.9	4.1
Wholesale & Retail	2,118.4	7.0	13.1	6.0
Public	2.0	0.0	81.8	17.6
Construction & Engineering	781.7	2.6	23.8	11.2
Real Estate	3,682.3	12.2	-7.4	-0.2
Insurance & Financing	164.7	0.5	2.1	19.2
Transportation	345.0	1.1	7.4	1.5
Hotel & Food	839.5	2.8	20.6	7.2
Others	2,850.8	9.4	13.2	5.2
Households	10,055.2	33.3	-5.6	-1.0
KRW Loans	30,211.3	100.0	1.4	1.5

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

2. Cyclical Sector

	2019.3Q					
	Steel	Auto	Construction	Shipbuilding	Shipping	Chemical
(KRW bn, %)						
Exposure	3,747.3	2,908.4	2,083.1	1,419.7	540.3	739.0
(% of Total Credits)	5.1	4.0	2.8	1.9	0.7	1.0
Collateral & Provision	2,554.5	1,891.1	1,175.5	1,003.8	291.3	425.9
Collateral & Provision Coverage	68.2	65.0	56.4	70.7	53.9	57.6
No# of Creditors	2,474	1,809	4,149	1,147	204	625

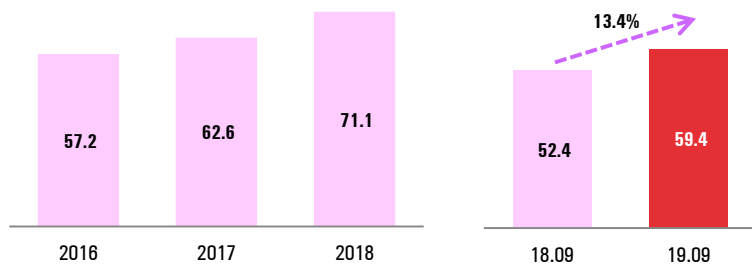
Note 1) Exposure & Total Credits are the sum of Busan & Kyongnam Bank

Note 2) Sectors are based on FSS Business Report

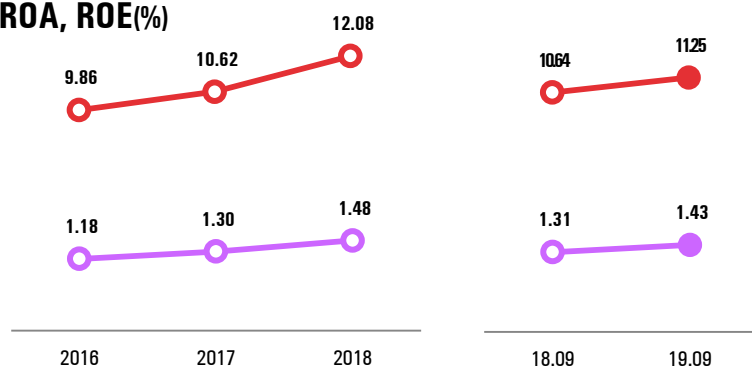
Note 3) Construction includes Real Estate PF(Ref. Collateral for Real Estate PFs are evaluated based on future cash flow that does not include land, buildings under construction etc. hence the overall low construction coverage)

3. BNK Capital - 1

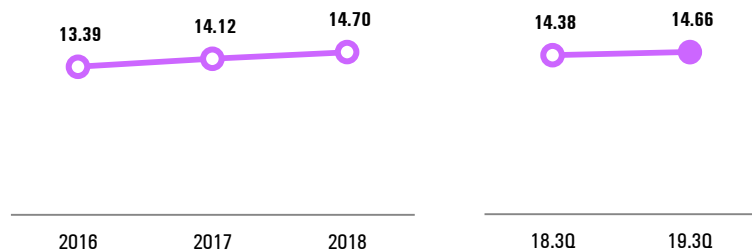
Net Income(% , KRW bn)



ROA, ROE(%)



Adjusted Capital Ratio(%)



(KRW bn, %, Balance)	19.09	18.09	YoY	19.3Q	19.2Q	QoQ
Net Interest Income	168.6	174.0	-3.1	56.2	55.0	2.2
Fee Income	21.7	16.5	31.5	8.5	7.6	11.8
Others	43.0	8.0	437.5	14.0	13.2	6.1
SG&A(-)	57.3	52.2	9.8	19.9	19.6	1.5
Provision Expense(-)	98.6	75.5	30.6	32.8	25.8	27.1
Non-Operating Income	0.4	0.0	-	0.2	0.4	-50.0
Earnings Before Income Tax	77.8	70.8	9.9	26.2	30.8	-14.9
Income Tax Expenses(-)	18.4	18.4	0.0	6.1	6.9	-11.6
Net Income	59.4	52.4	13.4	20.1	23.9	-15.9

(KRW bn, %, Balance)	19.3Q	18.4Q	YTD	19.2Q	QoQ
Assets	5,324.8	5,067.5	5.1	5,173.6	2.9
Cash and Dues	44.9	148.9	-69.8	28.1	59.8
Securities	0.2	-	-	0.2	-
Loans	3,182.6	3,022.5	5.3	3,106.7	2.4
Venture Capital Business	34.6	1.8	1,822.2	25.2	37.3
Durables Installment Financing Assets	398.8	507.8	-21.5	428.6	-7.0
Leased Assets	1,563.0	1,293.9	20.8	1,483.7	5.3
Fixed Assets	10.2	7.4	37.8	10.3	-1.0
Other Assets	90.5	85.2	6.2	90.8	-0.3
Liability & Shareholder's Equity	5,324.8	5,067.5	5.1	5,173.6	2.9
Borrowings	4,290.2	4,123.4	4.0	4,168.9	2.9
Other Liabilities	337.4	299.7	12.6	329.0	2.6
Shareholder's Equity	697.2	644.4	8.2	675.7	3.2

3. BNK Capital - 2

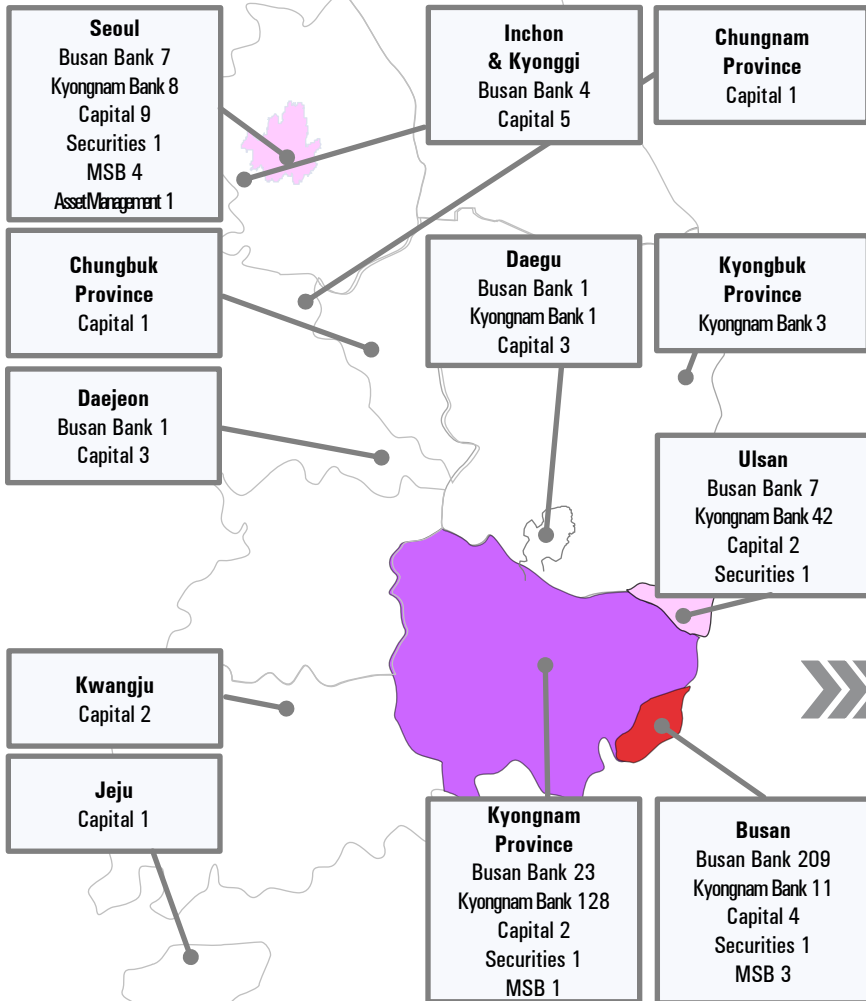
Loan Portfolio

(KRW bn, %, Balance)	19.3Q	Portion	19.2Q	QoQ	19.1Q	18.4Q	18.3Q	18.2Q	18.1Q	17.4Q	17.3Q	17.2Q	17.1Q
Total	5,430.6	100.0	5,295.0	2.6	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
Loans	2,122.0	39.1	2,005.7	5.8	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	859.2	15.8	935.5	-8.2	905.2	947.5	927.2	905.1	874.0	840.2	836.3	825.4	807.3
Corporate	1,262.8	23.3	1,070.2	18.0	936.1	895.8	910.1	908.8	762.7	663.6	622.2	543.9	580.7
Auto Financing	2,477.0	45.6	2,492.9	-0.6	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	380.7	7.0	427.8	-11.0	482.6	548.5	616.6	674.4	712.0	739.6	747.8	741.0	700.8
Passenger Vehicle	2,096.3	38.6	2,065.1	1.5	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
Lease/Installments	797.0	14.7	771.2	3.3	690.4	665.7	610.6	603.9	583.1	567.1	586.4	592.3	592.5
Machine Tools	133.9	2.5	138.9	-3.6	140.8	141.4	135.1	132.0	124.4	124.7	135.2	140.2	141.4
Medical Instruments	314.8	5.8	297.4	5.9	226.0	211.4	198.7	191.8	174.9	169.4	167.1	165.1	162.7
Others	348.3	6.4	334.9	4.0	323.6	312.9	276.8	280.1	283.8	273.0	284.1	287.0	288.4
Venture Capital Business	34.6	0.6	25.2	37.3	4.0	1.6	2.5	2.5	2.5	2.5	2.0	2.0	31

4. Group Networks & Major Industries

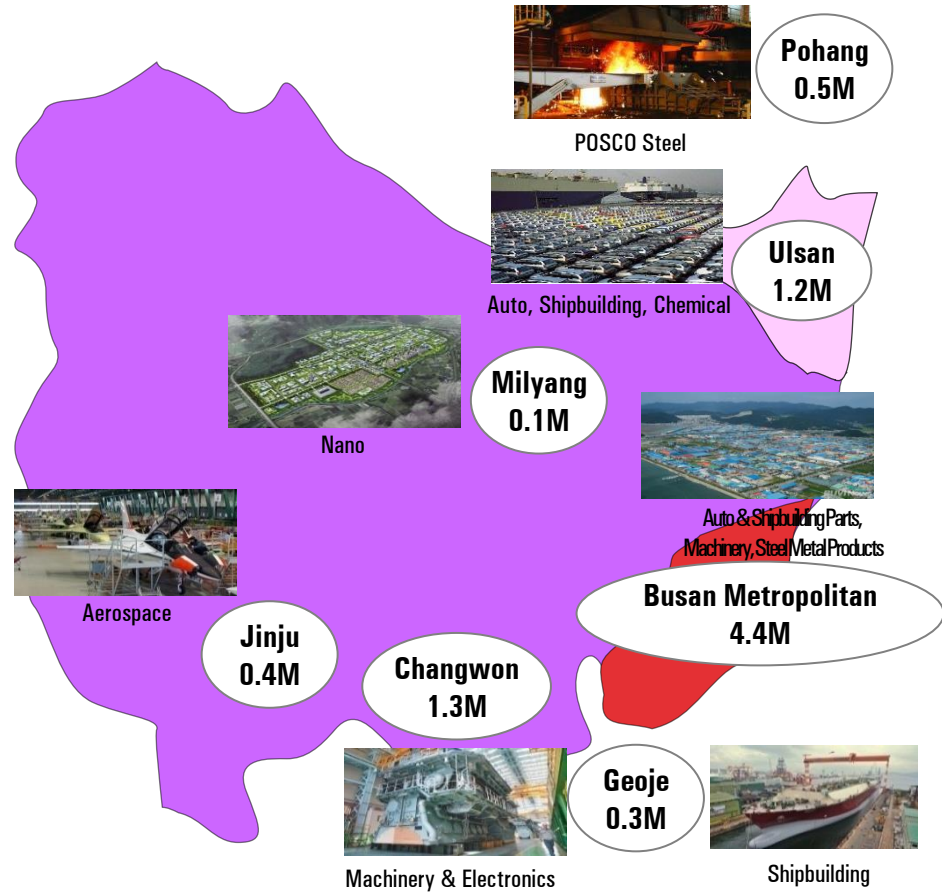
Networks (as of Sept. 2019) : 501 Locations

- Busan Bank 257 (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

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