

# 1Q 2003 Earnings

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**Vice President and CFO**

**June 2003**



**Pusan Bank**

[www.pusanbank.co.kr](http://www.pusanbank.co.kr)

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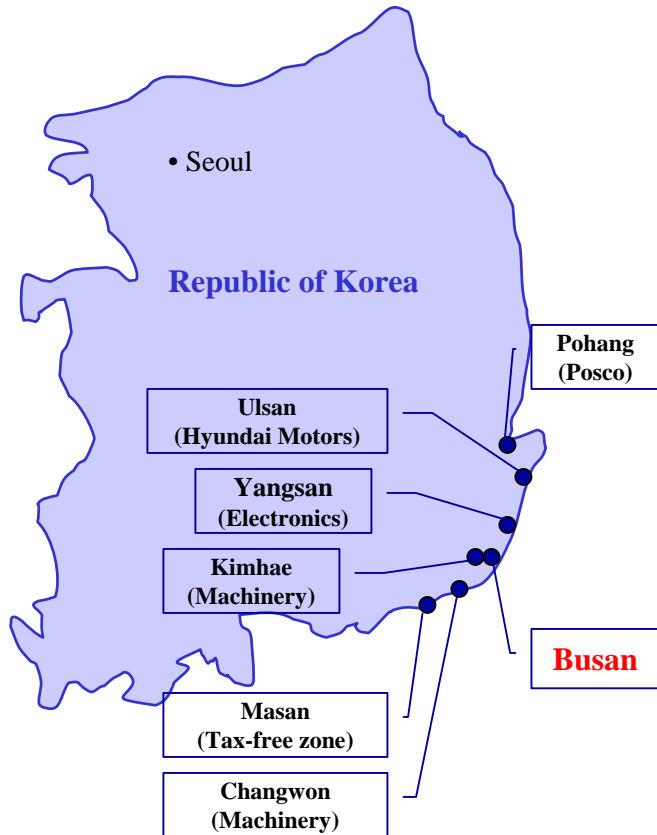
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## Busan & Southeast Industrial Belt



## The 2<sup>nd</sup> largest city in Korea

- 3.78 million residents
- Handling 82.7% of total container volume (Korea)
- Accounting 6.3% of total GDP
- 37.4% of foreign tourists (over 2 million tourists, 33.3% increased)

## Hub Port of Logistics in East Asia

- The 3<sup>rd</sup> largest container handling port in the world
- TSR and TCR start from Busan

## The South East Industrial Belt & “Gaya Vally”

- Final Products : Machinery 35%, Automobile 40%, Shipbuilding 100%
- Accounting 18% of total GDP (Busan, Ulsan & Kyoungnam province)

## Economy is “booming” in and around Busan

- Container volume increased by 17.0%
- Renault-Samsung Motors Unit Production in 2002 : 200,000
- GM Daewoo Motors 200,000 units of engine production projected (Changwon)
- Volvo Truck division launching a new plant in Changwon
- SME operating rate increased (2001 : 75.9% → 2002 : 80.3%)
- Unemployment Rate : 2.9% as of 2002, 4 year low

Source : BOK

# Pusan Bank – Who we are

## Pusan Bank's Branch Network



### ► Leading Regional Bank

► Established : October 25, 1967 (36<sup>th</sup> Anniversary)

► Headcount : 1,893

► Paid-In Capital : 733.4 billion KRW

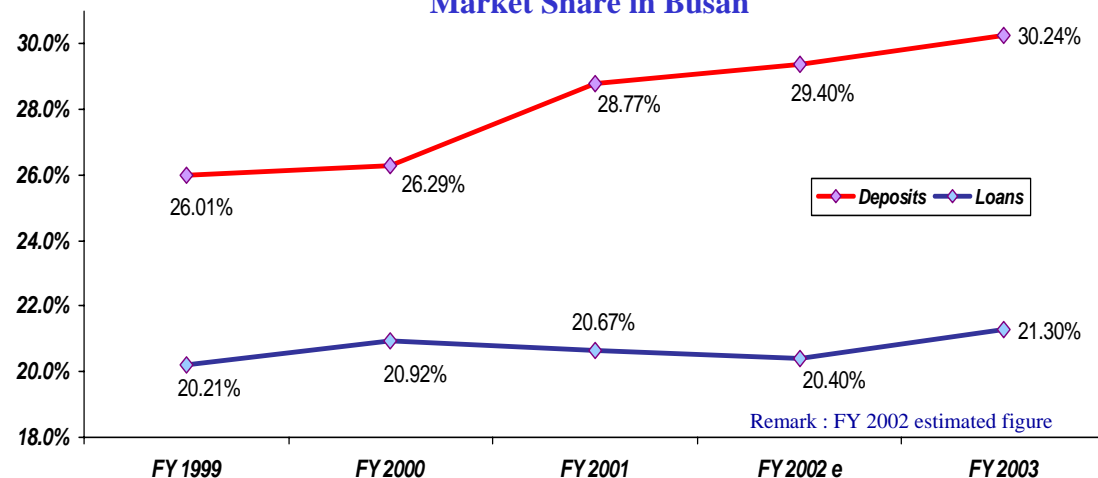
## Market Shares

- Deposits : 29.40% in 2002 ⇒ 30.24% in 2003
- Loans : 20.40% in 2002 ⇒ 21.30% in 2003
- 3.23 million customers (85.4% of Busan residents : 3.78 mil.)

## Branch Network – Strong local presence

- 199 Franchises
  - 183 in Busan, 3 in Seoul & 13 in the Southeast Industrial Belt
- ATM : 543 units    Cash Dispenser : 730 units (as of 1Q 2003)
- 35.1% of market share, in terms of # of branches in Busan area

### Market Share in Busan

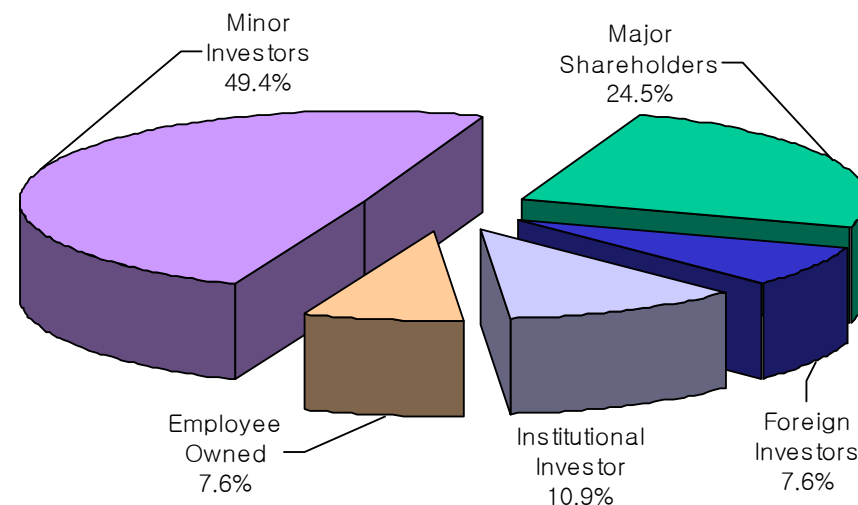


# Major Shareholders (as of 2002)

Unit :thousand shares, %

## Major Shareholders (note)

• Lotte Group	14.11 %
• Parkland Co., Ltd.	2.98 %
• Korea Iron & Steel Co., Ltd.	2.14 %
• Y. K. Park	1.64 %
• Others	3.63 %
<b>T o t a l</b>	<b>24.5 %</b>



Note : Whom hold more than 1% of total number of issued and outstanding stocks excludes those of foreign and institutional investors

## Foreign Investors (As of April 28, 2003)

Classification	Dec 31, 2002	April 28, 2003	Change
<b>Total Number of Stocks Issued and Outstanding</b>	<b>146,683</b>	<b>146,683</b>	<b>-</b>
<b>Number of Shares of held by Foreign Investors</b>	<b>17,660</b>	<b>29,909</b>	<b>69.36%</b>
<b>Ratio of Foreign Shareholders</b>	<b>12.04%</b>	<b>20.39%<sup>(note)</sup></b>	<b>8.35%p</b>

Note : Includes the shares held by Japan Lotte (15.92% when excludes the shares held by Japan Lotte)



# Our Vision & Strategy

## World-Class Premier Regional Bank

**The most clean and solid regional bank**

**Doing what is best for shareholders and customers**

**Our dedication for better life of regional societies**

### Solidify the Core Business

- **Market Leader**
  - Maintain dominant market position
  - Strong local presence - Interactive
- **Expand Business Area**
  - The Southeast Industrial Belt
  - “Gaya” Vally
- **Develop New Products**
  - Specialized Products
    - Loans to Fishery, Local Market, etc

### Close Region-Friendly Relations

- **Regional Friendly Activity 21**
  - Relationships that work for everyone
  - Commitment to improve quality of life
- **Financing**
  - 10 strategic regional business
  - Local business project financing
- **Life-Information Center**
  - Interactive information provider
  - Catering to the demands of our customers

### Develop & Penetrate into New Types of Income Source

- **Strengthen the e-business**
  - e-money business (1 subsidiary)
  - Internet Banking
- **Commission Based Business**
  - Credit card business
  - Beneficiary certificates sales
  - Custodian Business
- **Drive non-banking business thru strategic alliances**
  - Securities, Insurance & Foreign Banks
  - Bankassurance

**Hoon Shim** : *Chairman of the Board of Director & President*

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## **Educational Background**

- MA in Economics from Yale University (Class of 1987)
- BA in Economics from Seoul National University (Class of 1966)

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## **Career**

- Auditor of the Bank of Korea in 1997
- Deputy Governor of the Bank of Korea in 1998
- Chairman of the Board of Directors & CEO of Pusan Bank

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## **Award**

- Best CEO of the Year in 2002
- Dasan Award in 2002 (for the Bank's exceptional services and performance in financial sector)

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## **Vision**

- Leading Regional Bank in Korea
- World-Class Financial Service Provider
  - Bench Marking Bank : Wachovia Bank in U.S. , Shizuoka Bank in Japan



# *Financial Review*

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*The bank announced the first quarter net income of 13.0 billion KRW, down 75.75% compared with 53.6 billion KRW in the first quarter of 2002*

- *Provision for loan losses increased some : 47.4 billion KRW in 1Q 2003 vs 22.7 billion KRW in 1Q 2002*
  - *Provision for consumer loan losses : 13.9 billion KRW*
  - *Provision for credit card receivable losses : 24.5 billion KRW*
  - *Provision for corporate loan losses : 9.0 billion KRW*
- *General & Administrative expenses increased 33.27% from the first quarter of 2002 due to the provision for retirement allowance which up by 270.10%*
  - *15.5 billion KRW in 1Q 2003 vs 4.2 billion KRW in 1Q 2002*

*However... compared to the first quarter a year ago*

- *Total assets, deposits and loans increased by 11.68%, 7.85% and 19.19% respectively*
- *Low cost core deposits rose 5.76% linked-quarter*
- *NIM and NIS remained relatively consistent with 2002 level and they are sustainable going forward*
- *Interest revenues increased 2.96% and interest expenses decreased 5.85%*
- *Commission and Fee income increased by 8.41%*

Category	Dec. 2000	Dec. 2001	Dec. 2002	1Q 2002	1Q 2003	% Changed YoY
Total Assets	12,910.5	14,564.3	16,225.9	15,236.0	17,015.9	11.68 %
Total Deposits	10,361.0	12,008.4	13,023.7	12,547.1	13,532.6	7.85 %
Total Loans	5,790.5	6,496.3	8,014.2	6,963.6	8,299.8	19.19 %
Paid-In Capital	475.2	475.2	733.4	479.3	733.4	54.34 %
Total shareholder's Equity	406.6	443.9	815.8	502.3	820.7	63.39 %
Net Income	10.2	52.3	148.0	53.6	13.0	-75.75 %
ROA	0.09 %	0.42 %	1.09 %	1.66 %	0.36 %	-1.30 %p
ROE	2.47 %	12.00 %	20.09 %	43.30 %	6.41 %	-36.89 %p
BIS Capital Ratio <sup>(note)</sup>	10.53 %	10.26 %	11.69 %	10.24 %	11.01 %	0.77 %p
(Tier 1 )	(6.82 %)	(6.58 %)	(9.21 %)	(6.84 %)	(9.02 %)	(2.18 %p)
NIM	2.79 %	2.87 %	3.39 %	3.29 %	3.25 %	-0.04 %p
NIS (won)	3.08 %	3.66 %	4.05 %	3.93 %	3.71 %	-0.46 %p
NPL	4.51 %	2.74 %	1.45 %	2.59 %	1.90 %	-0.69 %p
S&B loan Ratio	6.65 %	3.73 %	2.22 %	3.54 %	2.62 %	-0.92 %p
S&B Coverage Ratio	40.3 %	54.2 %	83.7 %	59.88 %	77.02 %	17.14 %p

Note : estimated figure



# Condensed Income Statement

Unit : billion KRW, %

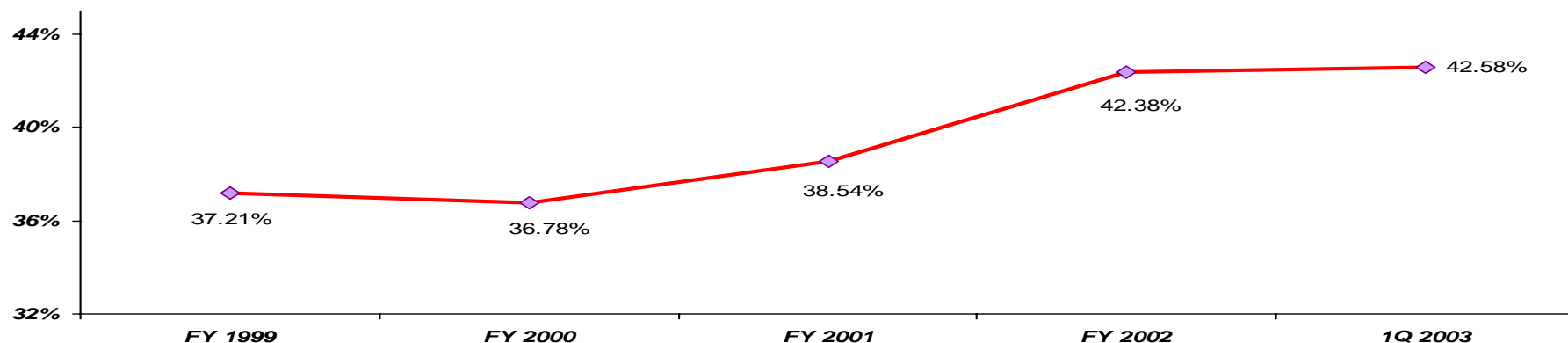
	FY 2000	FY 2001	FY 2002	1Q 2002	1Q 2003	QoQ	
						KRW	%
<b>Operating Income</b>	1,005.8	1,103.5	1,093.4	259.6	266.0	6.4	2.47
Interest Income	878.9	937.6	906.1	215.9	222.3	6.4	2.96
Fee & Commission Income	65.8	89.9	116.8	26.5	29.0	2.5	9.43
Trust Related Income	26.5	19.0	32.5	7.5	5.8	-1.7	-22.67
Others	34.6	57.0	38.0	9.7	8.9	-0.8	-8.25
<b>Operating Expenses</b>	989.2	1,026.3	892.8	205.0	247.1	42.1	4.72
Interest Expenses	599.2	594.8	470.3	117.9	111.0	-6.9	-5.85
Commission Expenses	6.8	11.7	18.9	3.9	4.5	0.6	15.38
Trust Related Losses	33.8	22.0	0	0	0	0	0
General & Administrative	201.0	204.6	241.4	52.6	70.1	17.5	33.27
Others	148.4	193.2	162.2	30.6	61.5	30.9	100.98
(Provisions for loan loss)	(100.7)	(126.2)	(117.8)	(22.7)	(47.4)	(24.7)	100.81
<b>Net Operating Income</b>	16.6	77.2	200.6	54.6	18.9	-35.7	-65.39
<b>Non-Operating Income</b>	-6.4	-24.9	-52.6	-1.0	-5.9	-4.9	-499.0
<b>Ordinary Income</b>	10.2	52.3	148.0	53.6	13.0	-40.6	-75.75
<b>Extra-Ordinary Gain</b>	0	0	0	0	0	0	0
<b>Income Before Income Taxes</b>	10.2	52.3	148.0	53.6	13.0	-40.6	-75.75
<b>Income Tax Expenses</b>	0	0	0	0	0	0	0
<b>Net Income</b>	10.2	52.3	148.0	53.6	13.0	-40.6	-75.75

# Total Deposit

Unit : billion KRW, %

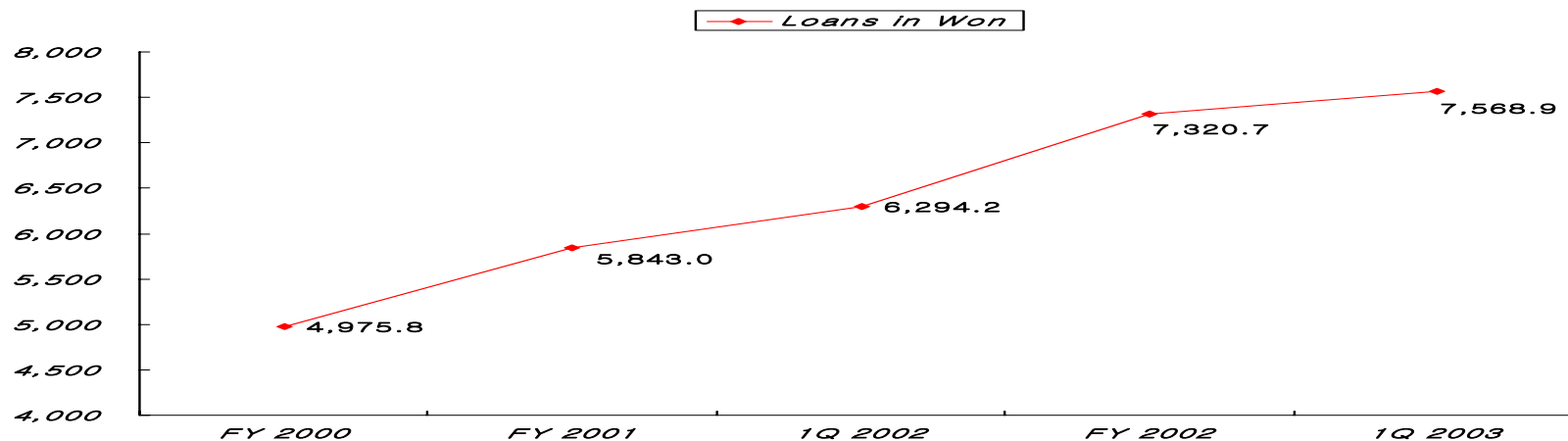
Category	FY 2000	FY 2001	FY 2002	1Q 2002	1Q 2003	% Changed YoY
<b>Deposits in Won</b>	<b>8,937.0</b>	<b>9,986.3</b>	<b>10,958.3</b>	<b>10,456.5</b>	<b>11,559.7</b>	<b>10.55 %</b>
<b>Demand</b>	<b>847.1</b>	<b>1,000.8</b>	<b>1,097.6</b>	<b>1,080.0</b>	<b>1,106.9</b>	<b>2.49 %</b>
<b>Savings</b>	<b>7,886.6</b>	<b>8,779.5</b>	<b>9,618.2</b>	<b>9,157.1</b>	<b>10,203.4</b>	<b>11.42 %</b>
<b>Mutual Installment Deposit</b>	<b>203.3</b>	<b>206.0</b>	<b>242.5</b>	<b>219.4</b>	<b>249.4</b>	<b>13.67 %</b>
<b>CD</b>	<b>43.4</b>	<b>32.6</b>	<b>35.4</b>	<b>31.3</b>	<b>28.9</b>	<b>-7.67 %</b>
<b>Bills Sold</b>	<b>88.4</b>	<b>12.8</b>	<b>9.5</b>	<b>10.2</b>	<b>9.1</b>	<b>-10.78 %</b>
<b>RP</b>	<b>6.0</b>	<b>97.0</b>	<b>53.6</b>	<b>8.3</b>	<b>143.2</b>	<b>-</b>
<b>Finance Debentures Issued</b>	<b>214.2</b>	<b>314.8</b>	<b>200.0</b>	<b>314.9</b>	<b>200.0</b>	<b>-36.49 %</b>
<b>Money in Trust</b>	<b>1,072.0</b>	<b>1,564.8</b>	<b>1,766.9</b>	<b>1,725.9</b>	<b>1,591.6</b>	<b>-7.78 %</b>
<b>Total Deposits</b>	<b>10,361.0</b>	<b>12,008.4</b>	<b>13,023.7</b>	<b>12,547.1</b>	<b>13,532.6</b>	<b>7.85 %</b>

*Low Cost Deposit Ratio*



	FY 2000	FY 2001	FY 2002	1Q 2003	Chg
<b>Low-Cost Core Deposit <sup>(note)</sup></b>	<b>3,103.5</b>	<b>3,844.2</b>	<b>4,622.9</b>	<b>4,889.1</b>	<b>5.76 %</b>
Demand Deposit	674.3	793.2	937.1	979.6	5.16 %
Savings Deposit	1,838.4	2,272.1	2,837.9	2,975.5	9.57 %
Business Savings	590.8	778.9	847.9	934.0	1.22 %
<b>Total Deposits in Bank Account</b>	<b>8,437.2</b>	<b>9,973.4</b>	<b>10,907.8</b>	<b>11,482.7</b>	<b>13.22 %</b>
<b>Low-Cost Core Deposit Ratio</b>	<b>36.78 %</b>	<b>38.54 %</b>	<b>42.38 %</b>	<b>42.58 %</b>	<b>0.2 %p</b>

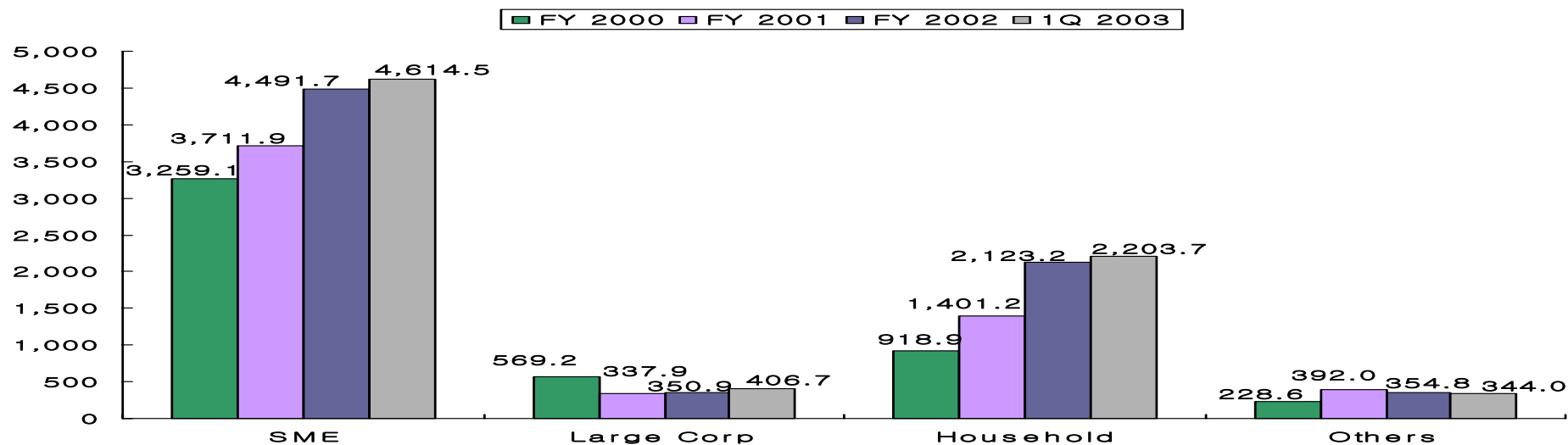
Note :The average funding cost 1.24% (2003. 1Q))



Category	FY 2000	FY 2001	FY 2002	1Q 2002	1Q 2003	% changed YoY
Loans in Won	4,975.8	5,843.0	7,320.7	6,294.2	7,568.9	20.25 %
Consumer	918.8	1,401.2	2,123.2	1,568.9	2,203.7	40.46 %
Corp.	3,828.5	4,049.8	4,842.6	4,329.9	5,012.2	15.97 %
Others	228.5	392.0	354.9	395.4	344.0	-13.00 %
Loans in Foreign Currency	121.1	114.6	211.7	152.5	251.3	64.79 %
Trust Lending	194.7	80.6	35.7	56.9	33.3	-41.48 %
Others	495.9	458.1	446.1	460.0	446.3	-2.98 %
Total Loan	5,790.5	6,496.3	8,014.2	6,963.6	8,299.8	19.19 %

# Loan Portfolio by Borrowers

Unit : billion KRW, %



	FY 2000		FY 2001		FY 2002		1Q 2003		Chg (%) (b-a)
	Amount	%	Amount (a)	%	Amount (b)	%	Amount (b)	%	
Corp.	3,828.3	76.94	4,049.8	69.31	4,842.6	66.15	5,021.2	66.34	3.69%
SME	3,259.1	65.50	3,711.9	63.53	4,491.7	61.36	4,614.5	60.97	2.73%
Large Corp.	569.2	11.44	337.9	5.78	350.9	4.79	406.7	5.37	15.90%
Household	918.9	18.47	1,401.2	23.98	2,123.2	29.00	2,203.7	29.11	3.79%
Others	228.6	4.59	392.0	6.71	354.8	4.85	344.0	4.54	- 3.04%
<b>Total Loans in Won</b>	<b>4,975.8</b>	<b>100</b>	<b>5,843.0</b>	<b>100</b>	<b>7,320.7</b>	<b>100</b>	<b>7,568.9</b>	<b>100</b>	<b>3.39%</b>



# Loan Portfolio by Industries

Unit : billion KRW, %

	FY 2001		FY 2002		1Q 2003	
<b>Manufacturing Sectors</b> <sup>(note)</sup>	<b>2,134.9</b>	<b>36.5%</b>	<b>2,449.2</b>	<b>33.46%</b>	<b>2,533.3</b>	<b>33.47%</b>
<b>Wholesale &amp; Retail</b>	<b>602.8</b>	<b>10.3%</b>	<b>715.8</b>	<b>9.78%</b>	<b>747.0</b>	<b>9.87%</b>
<b>Construction &amp; Engineering</b>	<b>316.4</b>	<b>5.4%</b>	<b>398.3</b>	<b>5.44%</b>	<b>404.1</b>	<b>5.34%</b>
<b>Real Estate, Lease</b>	<b>240.7</b>	<b>4.1%</b>	<b>358.5</b>	<b>4.90%</b>	<b>372.6</b>	<b>4.92%</b>
<b>Insurance &amp; Financing</b>	<b>254.3</b>	<b>4.4%</b>	<b>271.3</b>	<b>3.71%</b>	<b>316.0</b>	<b>4.17%</b>
<b>Transportation &amp; Communication Service</b>	<b>211.5</b>	<b>3.6%</b>	<b>221.0</b>	<b>3.02%</b>	<b>210.4</b>	<b>2.78%</b>
<b>Public &amp; Administration</b>	<b>196.8</b>	<b>3.4%</b>	<b>159.6</b>	<b>2.18%</b>	<b>148.7</b>	<b>1.96%</b>
<b>Hotel, Foods &amp; Other Sectors</b>	<b>484.4</b>	<b>8.3%</b>	<b>623.8</b>	<b>2.84%</b>	<b>633.1</b>	<b>8.36%</b>
<b>Others (Loans to household)</b>	<b>1,401.2</b>	<b>24.0%</b>	<b>2,123.2</b>	<b>29.0%</b>	<b>2,203.7</b>	<b>29.11%</b>
<b>Total Loan in Won</b>	<b>5,843.0</b>	<b>100%</b>	<b>7,320.7</b>	<b>100%</b>	<b>7,568.9</b>	<b>100%</b>

Note : The details on the next page

# Loan Portfolio by Manufacturing Sectors

Unit : billion KRW, %

	FY 2001		FY 2002		1Q 2003	
Fabricated Metal Product Manufacturing	528.4	9.04 %	635.7	8.68 %	665.4	8.79 %
Transportation Equipment Manufacturing	281.3	4.81 %	327.8	4.48 %	344.7	4.55 %
Machinery Manufacturing	286.3	4.90 %	316.6	4.32 %	314.8	4.16 %
Rubber, Chemical & Petroleum Manufacturing	255.1	4.37 %	306.6	4.19 %	314.4	4.15 %
Textile	208.8	3.57 %	243.7	3.33 %	252.6	3.34 %
Apparel Manufacturing	50.3	0.86 %	61.9	0.85 %	77.1	1.02 %
Footwear	80.6	1.38 %	86.4	1.18 %	74.1	0.98 %
Food Manufacturing	109.5	1.87 %	123.1	1.68 %	126.2	1.67 %
Electrical Equipment & Component Manufacturing	98.9	1.69 %	82.4	1.13 %	83.5	1.10 %
Paper Manufacturing	60.2	1.03 %	63.0	0.86 %	64.7	0.85 %
Miscellaneous Manufacturing	175.5	3.00 %	202.0	2.76 %	215.9	2.85 %
<b>Total</b>	<b>2,134.9</b>	<b>36.5 %</b>	<b>2,449.2</b>	<b>33.46 %</b>	<b>2,533.3</b>	<b>33.47 %</b>

	FY 1999	FY 2000	FY 2001	FY 2002	1Q 2003	Chg
<b>Total Loans</b>	<b>5,488.0</b>	<b>6,207.4</b>	<b>7,048.1</b>	<b>8,685.4</b>	<b>8,954.6</b>	<b>269.2</b>
<b>Normal</b>	<b>4,549.8</b>	<b>5,399.6</b>	<b>6,416.4</b>	<b>8,277.5</b>	<b>8,464.2</b>	<b>186.7</b>
	<b>(82.9%)</b>	<b>(87.0%)</b>	<b>(91.0%)</b>	<b>(95.3%)</b>	<b>(94.5%)</b>	<b>(-0.8%p)</b>
<b>Precautionary</b>	<b>518.5</b>	<b>395.0</b>	<b>368.7</b>	<b>215.0</b>	<b>256.1</b>	<b>41.1</b>
	<b>(9.4%)</b>	<b>(6.4%)</b>	<b>(5.2%)</b>	<b>(2.5%)</b>	<b>(2.9%)</b>	<b>(0.4%p)</b>
<b>Substandard</b>	<b>316.9</b>	<b>279.2</b>	<b>159.5</b>	<b>140.0</b>	<b>163.9</b>	<b>23.9</b>
	<b>(5.8%)</b>	<b>(4.5%)</b>	<b>(2.3%)</b>	<b>(1.6%)</b>	<b>(1.8%)</b>	<b>(0.2%p)</b>
<b>Doubtful</b>	<b>80.7</b>	<b>124.1</b>	<b>83.1</b>	<b>35.2</b>	<b>48.0</b>	<b>12.8</b>
	<b>(1.5%)</b>	<b>(2.0%)</b>	<b>(1.2%)</b>	<b>(0.4%)</b>	<b>(0.5%)</b>	<b>(0.1%p)</b>
<b>Loss</b>	<b>22.1</b>	<b>9.5</b>	<b>20.4</b>	<b>17.8</b>	<b>22.4</b>	<b>4.6</b>
	<b>(0.4%)</b>	<b>(0.2%)</b>	<b>(0.3%)</b>	<b>(0.2%)</b>	<b>(0.3%)</b>	<b>(0.1%p)</b>
<b>Substandard &amp; Below Loans</b>	<b>419.7</b>	<b>412.8</b>	<b>263.0</b>	<b>193.0</b>	<b>234.4</b>	<b>41.4</b>
<b>Sub-Total</b>	<b>(7.65%)</b>	<b>(6.65%)</b>	<b>(3.73%)</b>	<b>(2.22%)</b>	<b>(2.62%)</b>	<b>(0.4%p)</b>
<b>Provisions</b>	<b>168.4</b>	<b>166.4</b>	<b>142.6</b>	<b>161.6</b>	<b>180.5</b>	<b>18.9</b>
<b>Coverage Ratio</b>	<b>40.1%</b>	<b>40.3%</b>	<b>54.2%</b>	<b>83.7%</b>	<b>77.02%</b>	<b>-6.68%p</b>

# Provision in detail

Unit : billion KRW, %

		Normal	Precautionary	Substandard	Doubtful	Loss	Total
Banking Account	Receivables	7,854.4	232.4	156.8	45.0	22.3	8,310.8
	FSS Requirement	46.8	10.6	31.4	25.5	22.2	136.5
	Additional Reserve	-	-	-	-	-	39.2
	Ending Balance	-	-	-	-	-	175.7
	Acceptance & Guarantee	224.6	20.2	-	-	0.1	244.9
	Provisions for A&G losses	-	-	-	-	0.1	0.1
Trust Account	Receivables	141.3	3.5	7.1	3.0	0.2	155.1
	Provision for Credit loss	-	1.6	1.4	1.5	0.2	4.7
Total	Receivables	8,220.3	256.1	163.9	48.0	22.5	8,710.8
	Ending Balance	-	-	-	-	-	180.5

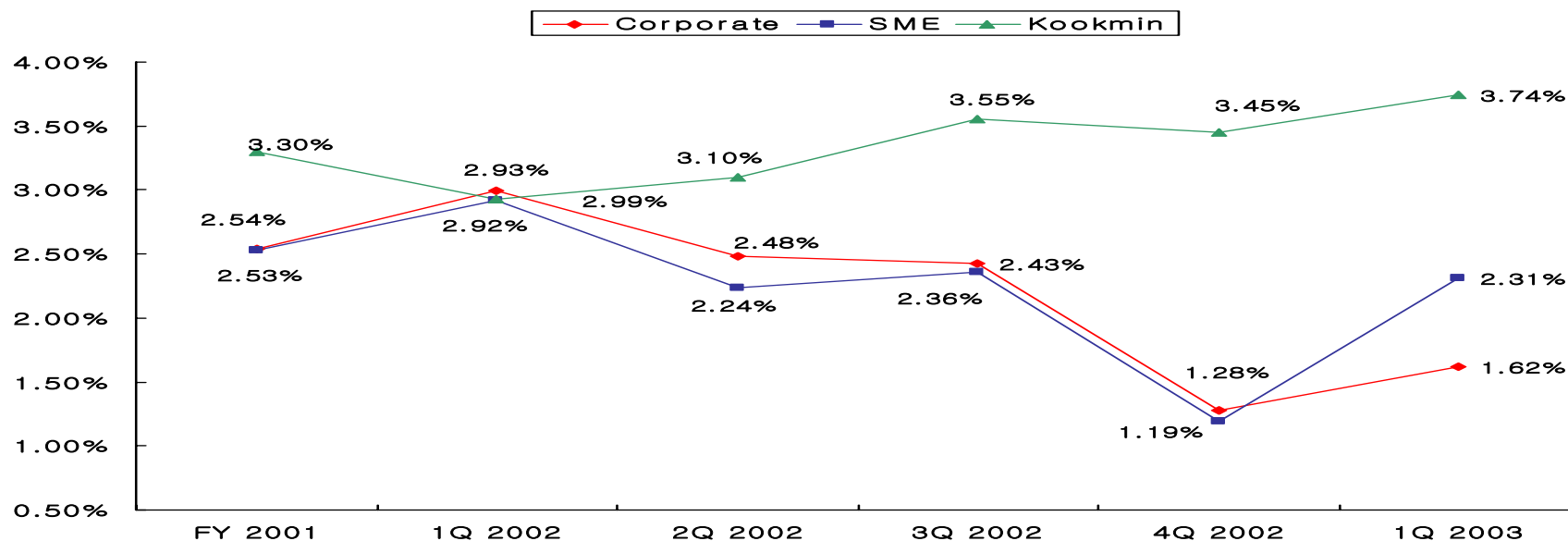
		Provisions	S&B loan	Provision balance	Coverage Ratio
Household		13.9	34.1	37.0	108.5
Credit Card		24.5	31.0	28.0	90.3
Corporate		9.0	158.9	110.7	69.7
T o t a l		47.4	224.0	175.7	78.4

	FY 2001	1Q 2002	2Q 2002	3Q 2002	FY 2002	1Q 2003
<b>Total Loans</b>	<b>3,720.0</b>	<b>3,931.7</b>	<b>4,051.7</b>	<b>4,400.1</b>	<b>4,494.4</b>	<b>4,651.7</b> <sup>Note</sup>
<b>Normal</b>	<b>3,448.3</b>	<b>3,667.6</b>	<b>3,845.3</b>	<b>4,201.5</b>	<b>4,330.2</b>	<b>4,442.0</b>
	<b>(92.70%)</b>	<b>(93.28%)</b>	<b>(94.91%)</b>	<b>(95.49%)</b>	<b>(96.35%)</b>	<b>(95.49%)</b>
<b>Precautionary</b>	<b>173.3</b>	<b>150.2</b>	<b>104.5</b>	<b>96.4</b>	<b>56.9</b>	<b>76.6</b>
	<b>(4.66%)</b>	<b>(3.82%)</b>	<b>(2.58%)</b>	<b>(2.19%)</b>	<b>(1.27%)</b>	<b>(1.65%)</b>
<b>Substandard</b>	<b>84.8</b>	<b>99.5</b>	<b>85.5</b>	<b>84.1</b>	<b>99.4</b>	<b>116.4</b>
	<b>(2.28%)</b>	<b>(2.53%)</b>	<b>(2.11%)</b>	<b>(1.91%)</b>	<b>(2.21%)</b>	<b>(2.50%)</b>
<b>Doubtful</b>	<b>5.2</b>	<b>6.0</b>	<b>6.0</b>	<b>7.3</b>	<b>3.4</b>	<b>4.9</b>
	<b>(0.14%)</b>	<b>(0.15%)</b>	<b>(0.15%)</b>	<b>(0.17%)</b>	<b>(0.08%)</b>	<b>(0.11%)</b>
<b>Loss</b>	<b>8.4</b>	<b>8.4</b>	<b>10.4</b>	<b>10.8</b>	<b>4.5</b>	<b>9.7</b>
	<b>(0.23%)</b>	<b>(0.21%)</b>	<b>(0.26%)</b>	<b>(0.25%)</b>	<b>(0.10%)</b>	<b>(0.21%)</b>
<b>Substandard &amp; Below Loans</b>	<b>98.4</b>	<b>113.9</b>	<b>101.9</b>	<b>102.2</b>	<b>107.3</b>	<b>131.0</b>
<b>Sub-Total</b>	<b>(2.65%)</b>	<b>(2.90%)</b>	<b>(2.51%)</b>	<b>(2.32%)</b>	<b>(2.39%)</b>	<b>(2.82%)</b>
<b>Provisions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>73.8</b>
<b>Coverage Ratio</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>56.3%</b>

\* Note : Banking and Trust accounts

# SME Delinquency Ratio

Unit : billion KRW, %, %p



Delinquency Ratio	FY 2001	1Q 2002	2Q 2002	3Q 2002	FY 2002	1Q 2003
<b>Corporate Loans</b>	4,040.7	4,319.8	4,375.5	4,735.8	4,836.8	5,982.1
Delinquency Ratio	2.54 %	2.99 %	2.48 %	2.43 %	1.28 %	1.62 %
<b>SME Loans</b>	3,720.0	3,931.7	4,051.7	4,400.1	4,494.4	4,651.7
Delinquent Receivables	94.3	114.7	90.7	104.0	53.7	107.3
Delinquency Ratio	2.53 %	2.92 %	2.24 %	2.36 %	1.19 %	2.31 %
<b>Kookmin Bank's Delinquency Ratio</b>	3.30 %	2.93 %	3.10 %	3.55 %	3.45 %	3.74 %

Note : SME loans : Banking & Trust Account inclusive

Collateral Type	FY 2002 (a)	1Q 2003 (b)	Change (b – a)
SME Loans	4,491.7	4,614.5	122.8
Real-estates	1,936.8 (43.12%)	1,999.6 (43.33%)	62.8 (0.61%)
Movable Goods	0	0	-
Guaranteed(Insurance)	711.6 (15.84%)	719.8 (15.60%)	8.2 (-0.24%)
Credit	1,632.8 (36.35%)	1,676.9 (36.34%)	44.1 (-0.01%)
Others	210.5 (4.69%)	218.3 (4.73%)	7.8 (0.04%)

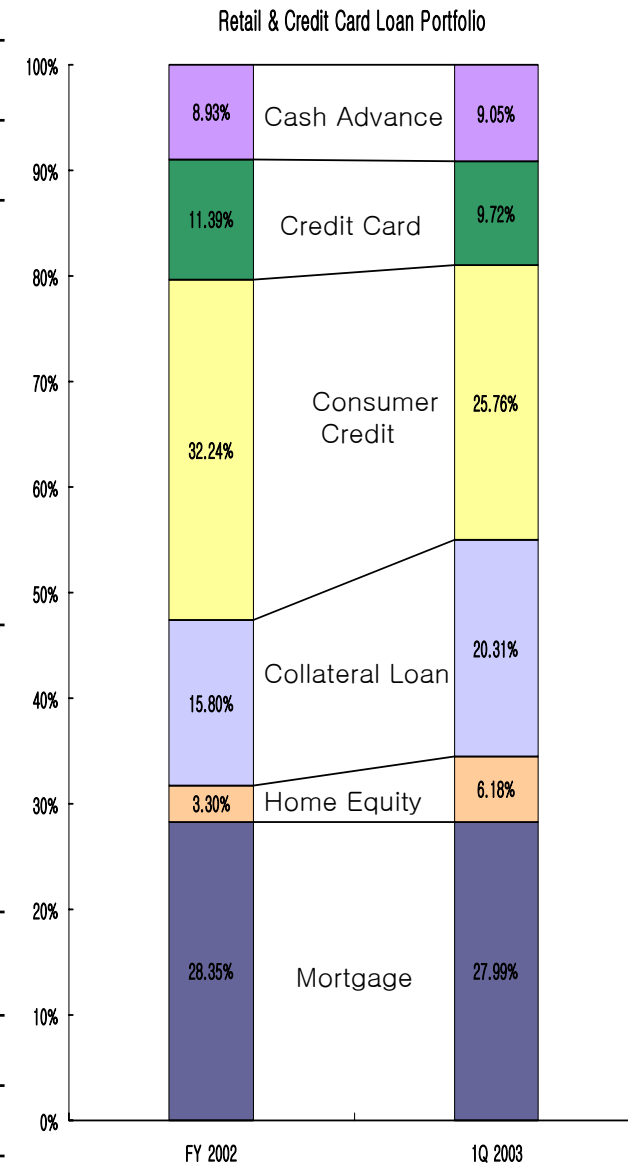
Note : 63.7% of SME loans backed by collateral

In terms of Asset Size	Ratio	Number of SME	Receivables
Below 1.0	40.38 %	32,385	1,863.5
Over 1.0 & less 3.0	26.32 %	744	1,214.6
Over 3.0 & less 5.0	9.66 %	118	445.7
Over 5.0 & less 10.0	10.04 %	66	463.3
Over 10.0	13.60 %	34	627.4
Total	100.00 %	33,347	4,614.6

# Household Loans – Retail & Credit Card

Unit : billion KRW, %, %p

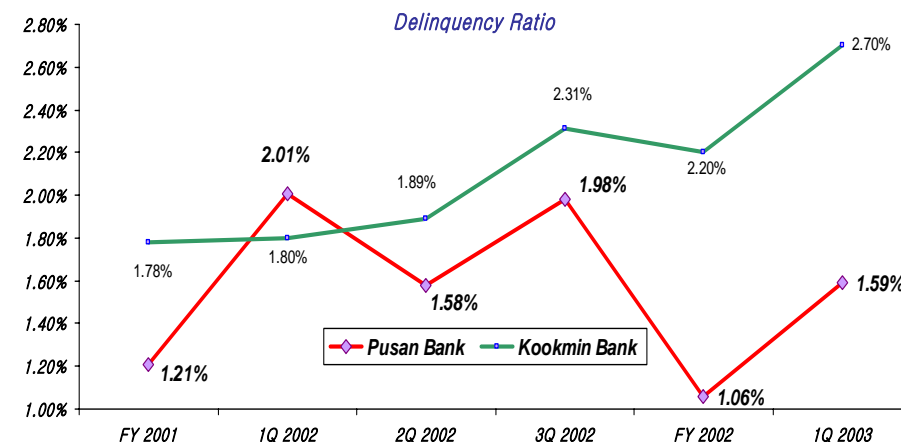
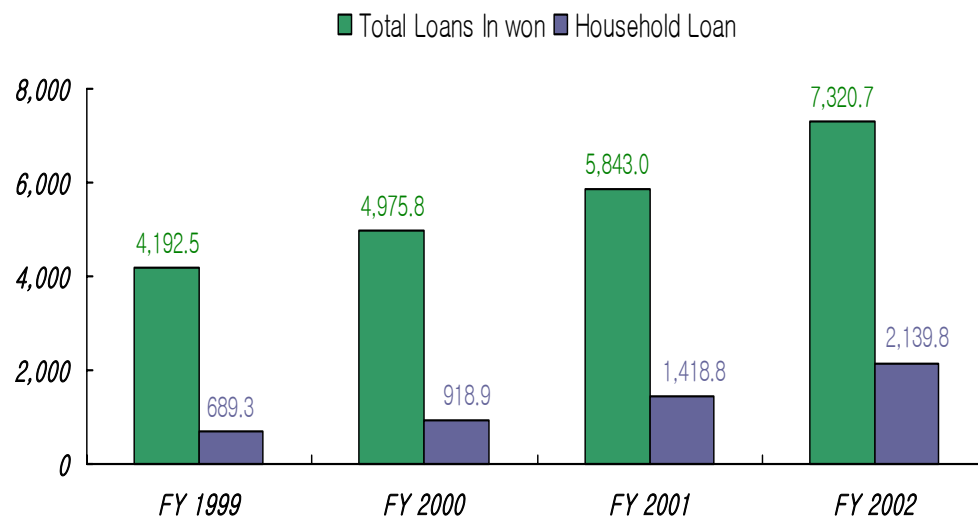
	FY 2002	1Q 2003	Chg (%)
<b>Total Asset (a)</b>	<b>16,225.9</b>	<b>17,015.9</b>	<b>4.87 %</b>
<b>Loans in won (b)</b>	<b>7,320.7</b>	<b>7,568.9</b>	<b>3.39 %</b>
<b>Household Loans – Retail (c)</b>	<b>2,123.2</b>	<b>2,203.7</b>	<b>3.79 %</b>
<b>Mortgage</b>	<b>755.3</b>	<b>759.2</b>	<b>0.52 %</b>
<b>Home Equity</b>	<b>88.0</b>	<b>167.7</b>	<b>90.57 %</b>
<b>Collateral Loan</b>	<b>420.9</b>	<b>551.0</b>	<b>30.91 %</b>
<b>Consumer Credit</b>	<b>859.0</b>	<b>725.8</b>	<b>-15.51 %</b>
<b>LTV</b>	<b>53.52 %</b>	<b>53.16 %</b>	<b>-</b>
<b>Credit Card Receivables (d)</b>	<b>541.4</b>	<b>509.1</b>	<b>-5.97 %</b>
<b>Credit Sales</b>	<b>303.4</b>	<b>263.6</b>	<b>-13.12 %</b>
<b>Cash Advances</b>	<b>238.0</b>	<b>245.5</b>	<b>3.15 %</b>
<b>Cash Advances / Receivables</b>	<b>44.0 %</b>	<b>48.2 %</b>	<b>-</b>
<b>Subtotal – Retail &amp; Credit Card (e) = (c) + (d)</b>	<b>2,664.6</b>	<b>2,712.8</b>	<b>1.81 %</b>
<b>Ratio (f) = (e) / ((b) + (d))</b>	<b>33.90 %</b>	<b>33.58 %</b>	<b>-0.31 %p</b>
<b>Ratio (g) = (e) / (a)</b>	<b>16.42 %</b>	<b>15.94 %</b>	<b>-0.48 %p</b>





# Household Loan – Delinquency Ratio

Unit : billion KRW, %

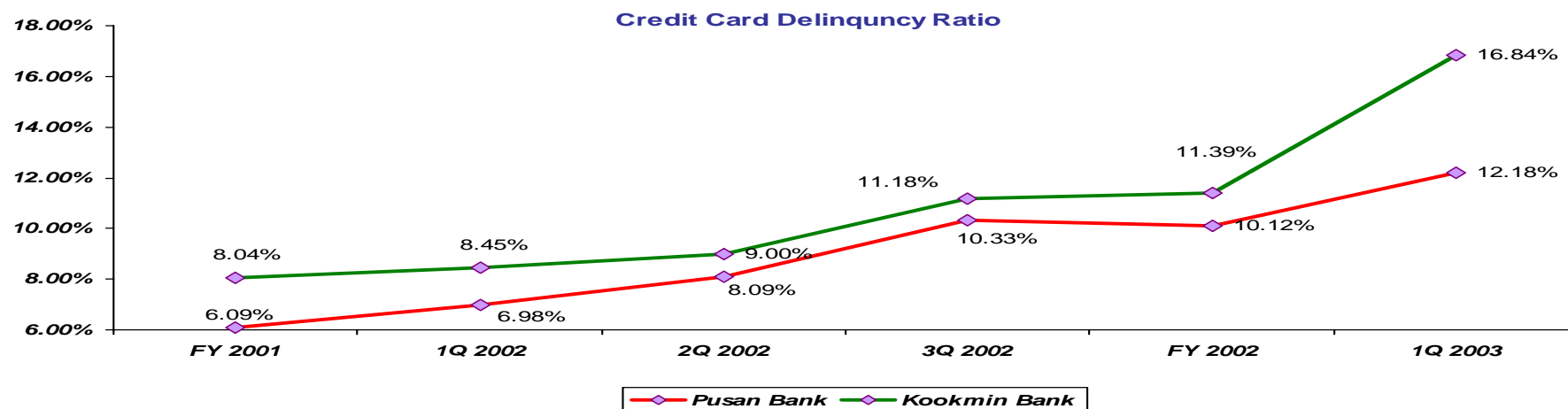


	FY 2001	1Q 2002	2Q 2002	3Q 2002	FY 2002	1Q 2003
Household Loan	1,418.8	1,585.0	1,819.7	2,000.5	2,139.8	2,218.6
Delinquent Receivables	17.2	31.9	28.7	39.6	22.7	35.3
Delinquency Ratio	1.21 %	2.01 %	1.58 %	1.98 %	1.06 %	1.60 %
Kookmin Bank Delinquency Ratio	1.78 %	1.80 %	1.89 %	2.31 %	2.20 %	2.70 %

Note : Household Loan – Banking and Trust account inclusive

# Credit Card Business – Delinquency Ratio

Unit : billion KRW, %

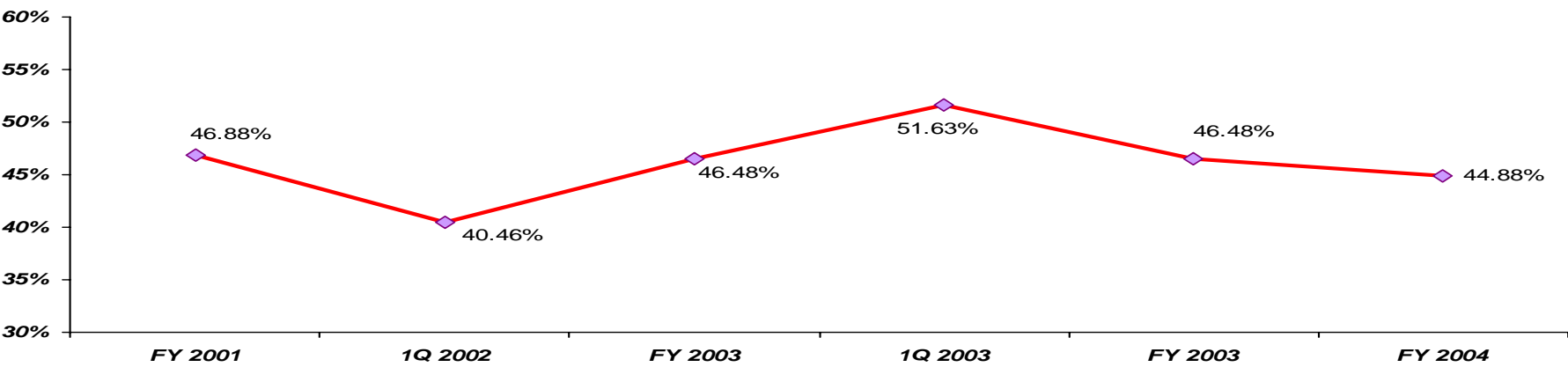


		FY 2001	1Q 2002	2Q 2002	3Q 2002	FY 2002	1Q 2003
<b>Credit Card Receivables</b>		385.1	411.3	465.4	510.0	541.4	509.1
<b>Delinquent Credit Receivables</b>		23.5	28.7	37.7	52.7	54.8	62.0
<b>Delinquency Ratio</b> (note 1)	1 day over due	6.09 %	6.98 %	8.09 %	10.33 %	10.12 %	12.18 %
	1 month over due	3.63 %	4.38 %	4.78 %	6.87 %	7.67 %	9.58 %
	3 months over due	2.13 %	2.55 %	2.73 %	3.67 %	4.48 %	5.42 %
<b>Delinquency Ratio of Kookmin Bank</b>	1 day over due	8.04 %	8.45 %	9.00 %	11.18 %	11.39 %	16.84 %
	1 month over due	-	-	-	7.88 %	-	-
	3 months over due	-	-	-	4.33 %	-	-

Note : 1) Delinquent receivables of cash advances are 2 times more than those of credit sales

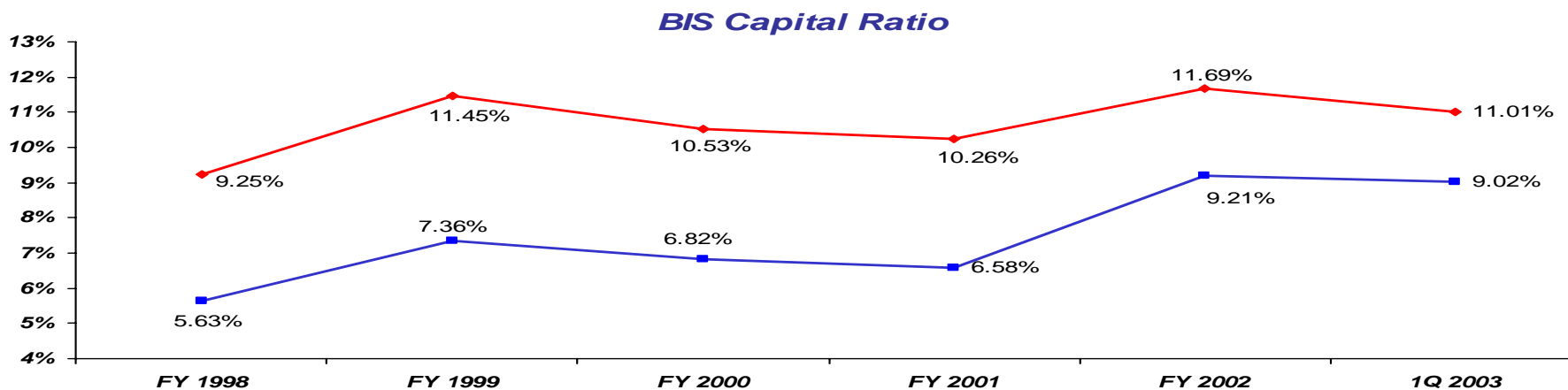
2) U.S. Banks delinquency ratio(1 month over due) is 5.5%

Cost Income Ratio



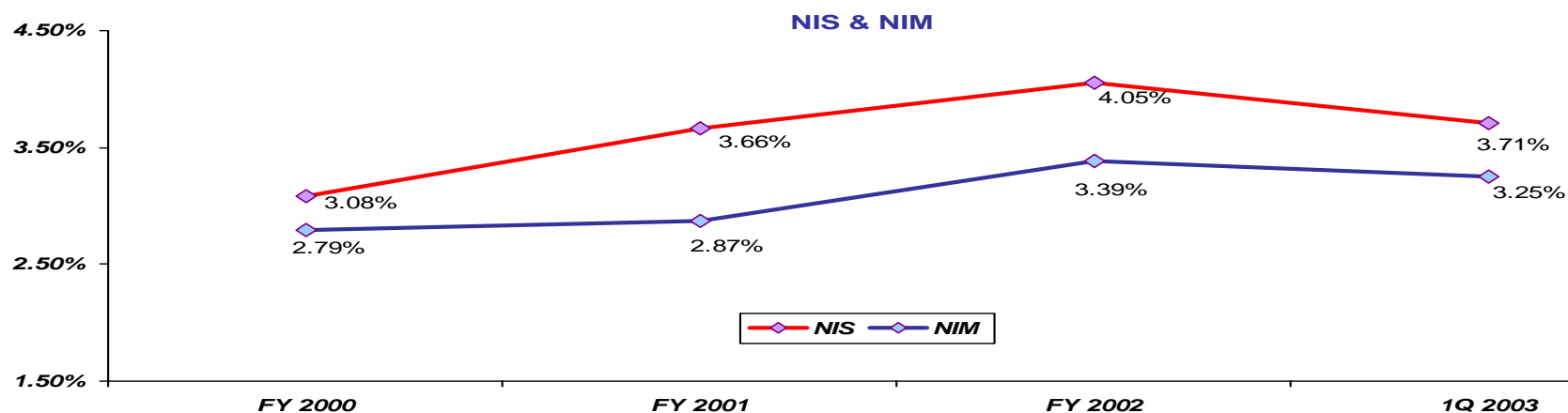
Classification	FY 2000	FY 2001	FY 2002	1Q 2002	1Q 2003	% Changed
Net Operating Income (a)	16.6	77.2	200.6	54.6	18.9	-65.38%
Administrative Expenses (b)	201.0	204.6	241.4	52.6	70.1	33.27%
Provisions for Loan Losses (c) (note)	131.1	154.5	110.7	22.7	47.4	
Cost Income Ratio ((d) = (b) / ((a) + (b) + (c)))	57.64%	46.88%	43.68%	40.46%	51.63%	11.17 %p

Note : Provision for bad loans + Provision for payment guarantee + other provisions



	FY 2000	FY 2001	FY 2002	1Q 2002	1Q 2003 (note 1)	Chg
Core Capital	389.8	442.9	792.9	500.8	806.1	305.3
Supplement Capital	229.5	269.8	263.7	270.3	226.5	-43.8
Contribution to Unconsolidated Subsidiaries	17.1	21.9	50.2	21.2	49.2	28.0
Total Risk-Adjusted Capital	602.2	690.8	1,006.4	749.8	983.4	233.6
Total Risk Weighted Assets	5,717.2	6,733.0	8,609.7	7,320.5	8,932.7	1,612.2
On-Balance Sheet Assets	5,121.7	6,188.7	8,225.4	6,733.7	8,513.3	1,779.6
Off-Balance Sheet Assets	599.5	544.4	384.3	586.8	419.4	-167.1
BIS Capital Ratio	10.53%	10.26%	11.69%	10.24%	11.01%	0.77%p
Tier I Capital Ratio	6.82%	6.58%	9.21%	6.84%	9.02%	2.18%p
Tier II Capital Ratio	4.01%	4.01%	3.06%	3.69%	2.54%	-1.15%p

Note : Estimated Figure



	FY 2000	FY 2001	FY 2002	1Q 2002	1Q 2003	Chg (%p)
Average Rate in Loans (won) (a)	9.22 %	8.79 %	7.82 %	7.89 %	7.36 %	- 0.53 %p
Average Rate in Deposits (won) (b)	6.14 %	5.13 %	3.77 %	3.96 %	3.65 %	- 0.31 %p
Net Interest Spread (won) (a-b)	3.08 %	3.66 %	4.05 %	3.93 %	3.71 %	-0.25 %p
Net Interest Margin <sup>(note)</sup>	2.79 %	2.87 %	3.39 %	3.27 %	3.25 %	-0.02 %p

Note : Applied the revised FSS standard on NIM & NIS

Pusan Bank declared yearly dividend				
<ul style="list-style-type: none"><li>• Declared yearly dividend of KRW 300 per share on Pusan bank common stock.</li><li>• The dividend is payable to holders of record as of December 31, 2002</li></ul>				

Dividend Propensity of Pusan Bank				
	1995	1996	1997 ~ 2001	2002
Net Income	30.2	41.9	Passed Dividend	148.0
Dividend Rate	5 %	8 %		6 %
Dividend Amount per Share	250 KRW	400 KRW		300 KRW
Payout Ratio	28.5 %	32.7 %		29.7 %
Type	Cash	Cash		Cash
Dividend Rate at Market Price	2.5 %	5.79 %		5.92 %

## *Financial Outlook (2003 and on)*

- *Key Financial Forecast (2003 and on)* 29
- *Earning Forecast (2003 and on)* 30
- *EPS & BPS* 31

# Key Financial Forecast (2003 and on)

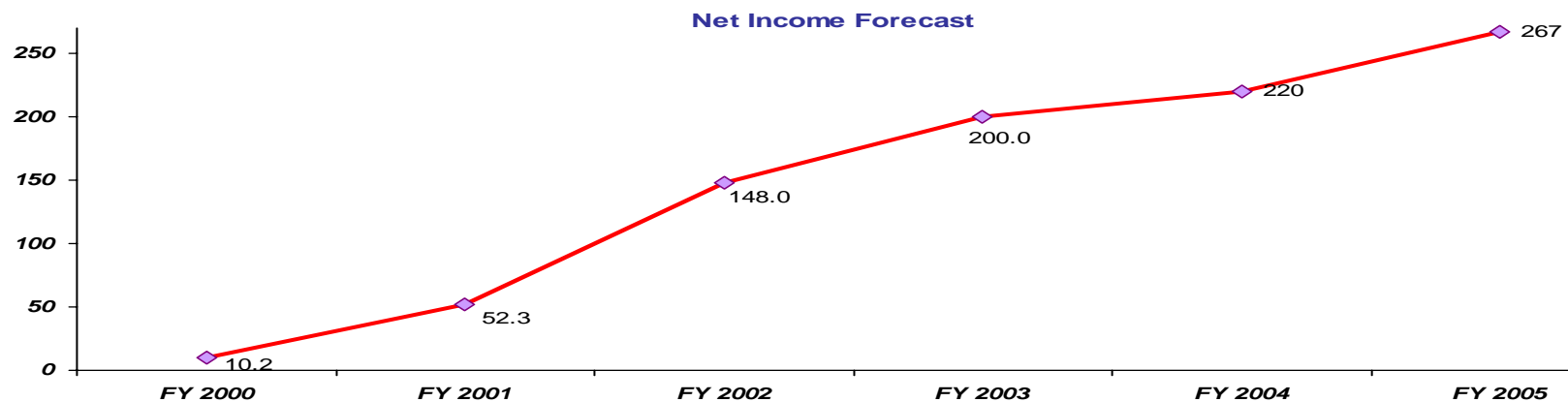
Unit : billion KRW, %

Category	FY 2002	FY 2003	Chg	FY 2004	FY 2005
Total Assets	16,225.9	18,280.0	12.66 %	20,580.0	23,170.0
Total Deposits	13,023.7	14,850.0	14.02 %	16,680.0	18,760.0
Total Loans	8,014.2	9,564.5	19.34 %	11,340.0	13,374.0
Paid-In Capital	733.4	733.4	-	733.4	733.4
Total Shareholder's Equity	815.8	964.1	18.18 %	1,147.4	1,377.8
Net Income	148.0	200.0	35.14 %	220.0	267.0
ROA	1.09 %	1.29 %	0.2 %p	1.26 %	1.35 %
ROE	20.09 %	21.36 %	1.27 %p	21.59 %	21.78 %
BIS Capital Ratio	11.69 %	11.01 %	-0.68 &p	11.14 %	11.15 %
Tier 1	9.21 %	9.27 %	0.06 %p	9.85 %	10.32 %
NIM	3.39 %	3.33 %	-0.06 %p	3.40 %	3.42 %
NIS	4.05 %	4.00 %	-0.05 &p	3.98 %	3.96 %
S&B Loan Ratio	2.22 %	1.90 %	-0.32 %p	1.80 %	1.70 %
S&B Coverage Ratio	83.73 %	92.02 %	8.29 %p	100 %	100 %



# Earnings Forecast (2003 and on)

Unit : billion KRW, %



Category	FY 2002	FY 2003	Chg	FY 2004	FY 2005
Operating Revenues	1,093.4	1,196.9	9.47 %	1,361.2	1,558.8
Operating Expenses	892.8	963.2	7.88 %	1,055.7	1,189.6
Operating Income	200.6	233.8	16.55 %	305.5	369.2
Non-Operating Income	-52.6	-4.2	-92.02 %	7.5	10.8
Ordinary Income	148.0	229.6	55.14 %	313.0	380.0
Extraordinary Gain/Loss	0	0	-	0	0
Income before Income Taxes	148.0	229.6	55.14 %	313.0	380.0
Income Tax Expense	0	29.6	-	93.0	113.0
Net Income	148.0	200.0	35.14 %	220.0	267.0

Category	FY 2001	FY 2002	1Q 2003	FY 2003
Net Income	52.3	148.0	13.0	200.0
Net Asset	443.9	815.8	820.7	964.1
Total # of stocks issued & outstanding <sup>note1</sup>	95,045	146,683	146,683	146,683
Market Price (KRW)	4,260	4,600	4,800	-
EPS (KRW)	550	1,009	355 <sup>note2</sup>	1,363
BPS (KRW)	4,670	5,562	5,595	6,573
PER	7.75	4.56	-	-
PBR	0.91	0.83	-	-

Note 1 : figures in thousand of shares

Note 2 : annualized

Remarks : figures in billions of wons except market price, EPS & BPS



# ***Thank you for your interest in Pusan Bank***

## ***Investor Contact***

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