

# 1H 2003 Earnings

**Kie-Tae Park**

**Vice President and CFO**

**July 2003**



**Pusan Bank**

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

# Contents

- *Financial Review (1H 2003)*

<i>Key points</i>	<i>2</i>
<i>General review</i>	<i>3</i>
<i>Condensed income statement</i>	<i>4</i>
<i>Total deposit</i>	<i>5</i>
<i>Low cost deposit</i>	<i>6</i>
<i>Total loan</i>	<i>7</i>
<i>Loan portfolio by borrowers</i>	<i>8</i>
<i>Loan portfolio by industries</i>	<i>9</i>
<i>Loan portfolio by manufacturing sectors</i>	<i>10</i>
<i>Asset quality</i>	<i>11</i>
<i>Provisions in detail</i>	<i>12</i>
<i>SME asset quality</i>	<i>13</i>
<i>SME asset quality in detail</i>	<i>14</i>
<i>SME delinquency ratio</i>	<i>15</i>
<i>SME loans in detail</i>	<i>16</i>

- *Financial Review (1H 2003) continued*

<i>Household loans – retail &amp; credit card</i>	<i>17</i>
<i>Household loan – delinquency ratio</i>	<i>18</i>
<i>Credit card business - delinquency ratio</i>	<i>19</i>
<i>Cost income ratio</i>	<i>20</i>
<i>BIS capital ratio</i>	<i>21</i>
<i>NIM &amp; NIS</i>	<i>22</i>
<i>Dividend</i>	<i>23</i>

- *Appendix*

<i>BPS &amp; EPS</i>	<i>25</i>
<i>Pusan Bank – who we are</i>	<i>26</i>
<i>Major shareholders</i>	<i>27</i>

# *Financial Review*

• <i>Key Points</i>	2	• <i>SME Loans In Detail</i>	16
• <i>General Review</i>	3	• <i>Household Loans – Retail &amp; Credit Card</i>	17
• <i>Condensed Income Statement</i>	4	• <i>Household Loan - Delinquency Ratio</i>	18
• <i>Total Deposit</i>	5	• <i>Credit Card Business - Delinquency Ratio</i>	19
• <i>Low Cost Deposit</i>	6	• <i>Cost Income Ratio</i>	20
• <i>Total Loan</i>	7	• <i>BIS Capital Ratio</i>	21
• <i>Loan Portfolio By Borrowers</i>	8	• <i>NIM &amp; NIS</i>	22
• <i>Loan Portfolio By Industries</i>	9	• <i>Dividend</i>	23
• <i>Loan Portfolio By Manufacturing Sectors</i>	10		
• <i>Asset Quality</i>	11		
• <i>Provision in detail</i>	12		
• <i>SME Asset Quality</i>	13		
• <i>SME Asset Quality In Detail</i>	14		
• <i>SME Delinquency Ratio</i>	15		

*The bank announced the first half net income of 51.0 billion KRW, down 48.12% compared with 98.3 billion KRW in the first half of 2002*

- *Provision for loan losses increased : 100.9 billion KRW in 1H 2003 (53.5 billion krw in 2Q 2003)*
  - *Provision for consumer loan losses : 32.7 billion KRW (18.8 billion krw in 2Q 2003)*
  - *Provision for credit card receivable losses : 51.0 billion KRW (26.5 billion krw in 2Q 2003)*
  - *Provision for corporate loan losses : 17.2 billion KRW (8.2 billion krw in 2Q 2003)*
- *General & Administrative expenses increased 21.06% from the first half of 2002 due to the provision for retirement allowance*

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

- *Total assets, deposits and loans increased by 10.10%, 5.02% and 20.32% respectively*
- *Low cost core deposits rose 5.58% linked-quarter (5,162.1 billion krw from 4,889.1 billion krw)*
- *NIM and NIS remained relatively consistent with 2002 level*
- *Interest revenues increased 2.42% and interest expenses decreased 4.21%*
- *Commission and Fee income increased by 5.01%*

Category	Dec. 2000	Dec. 2001	Dec. 2002	1H 2002	1H 2003	YoY
Total Assets	12,910.5	14,564.3	16,225.9	15,544.4	17,004.4	10.10 %
Total Deposits	10,361.0	12,008.4	13,023.7	12,827.1	13,471.6	5.02 %
Total Loans	5,790.5	6,496.3	8,014.2	7,233.1	8,702.7	20.32 %
Paid-In Capital	475.2	475.2	733.4	733.4	733.4	-
Total shareholder's Equity	406.6	443.9	815.8	799.7	863.4	7.97 %
Net Income	10.2	52.3	148.0	98.3	51.0	-48.12 %
ROA	0.09 %	0.42 %	1.09 %	1.50 %	0.69 %	-0.81 %p
ROE	2.47 %	12.00 %	20.09 %	30.44 %	12.22 %	-18.22 %p
BIS Capital Ratio	10.53 %	10.26 %	11.69 %	13.41 %	11.21 %	-2.20 %p
(Tier 1)	(6.82 %)	(6.58 %)	(9.21 %)	(10.11 %)	(9.28 %)	(-0.83 %p)
NIM	2.79 %	2.87 %	3.39 %	3.37 %	3.17 %	-0.20 %p
NIS (won)	3.08 %	3.66 %	4.05 %	3.98 %	3.75 %	-0.23 %p
NPL	4.51 %	2.74 %	1.45 %	2.01 %	1.47 %	-0.54 %p
S&B loan Ratio	6.65 %	3.73 %	2.22 %	2.92 %	2.07 %	-0.85 %p
S&B Coverage Ratio	40.3 %	54.2 %	83.7 %	70.91 %	90.96 %	20.05 %p

# Condensed Income Statement

Unit : billion KRW, %

	FY 2001	FY 2002	1H 2002	1H 2003	YoY		2Q 2003
					KRW	%	
<b>Operating Income</b>	<b>1,103.5</b>	<b>1,093.4</b>	<b>529.5</b>	<b>537.9</b>	<b>8.4</b>	<b>1.59</b>	<b>271.8</b>
Interest Income	937.6	906.1	437.5	448.1	10.6	2.42	225.8
Fee & Commission Income	89.9	116.8	55.9	59.1	3.2	5.72	30.1
Trust Related Income	19.0	32.5	15.5	11.9	-3.6	-23.23	6.0
Others	57.0	38.0	20.6	18.8	-1.8	-8.74	9.9
<b>Operating Expenses</b>	<b>1,026.3</b>	<b>892.8</b>	<b>416.3</b>	<b>490.0</b>	<b>73.7</b>	<b>17.70</b>	<b>242.9</b>
Interest Expenses	594.8	470.3	232.8	223.0	-9.8	-4.21	112.0
Commission Expenses	11.7	18.9	8.0	8.8	0.8	10.00	4.3
Trust Related Losses	22.0	0	0	0	0	0	0
General & Administrative	204.6	241.4	107.3	129.9	22.6	21.06	59.8
Others	193.2	162.2	68.2	128.3	60.1	88.12	66.8
(Provisions for loan loss)	(126.2)	(117.8)	(41.2)	(100.9)	(59.7)	144.90	53.7
<b>Net Operating Income</b>	<b>77.2</b>	<b>200.6</b>	<b>113.2</b>	<b>47.9</b>	<b>-65.3</b>	<b>-57.69</b>	<b>28.9</b>
<b>Non-Operating Income</b>	<b>-24.9</b>	<b>-52.6</b>	<b>-14.9</b>	<b>3.1</b>	<b>18.0</b>	<b>120.81</b>	<b>9.1</b>
<b>Ordinary Income</b>	<b>52.3</b>	<b>148.0</b>	<b>98.3</b>	<b>51.0</b>	<b>-47.3</b>	<b>-48.12</b>	<b>38.0</b>
<b>Extra-Ordinary Gain</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Income Before Income Taxes</b>	<b>52.3</b>	<b>148.0</b>	<b>98.3</b>	<b>51.0</b>	<b>-47.3</b>	<b>-48.12</b>	<b>38.0</b>
<b>Income Tax Expenses</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Income</b>	<b>52.3</b>	<b>148.0</b>	<b>98.3</b>	<b>51.0</b>	<b>-47.3</b>	<b>-48.12</b>	<b>38.0</b>

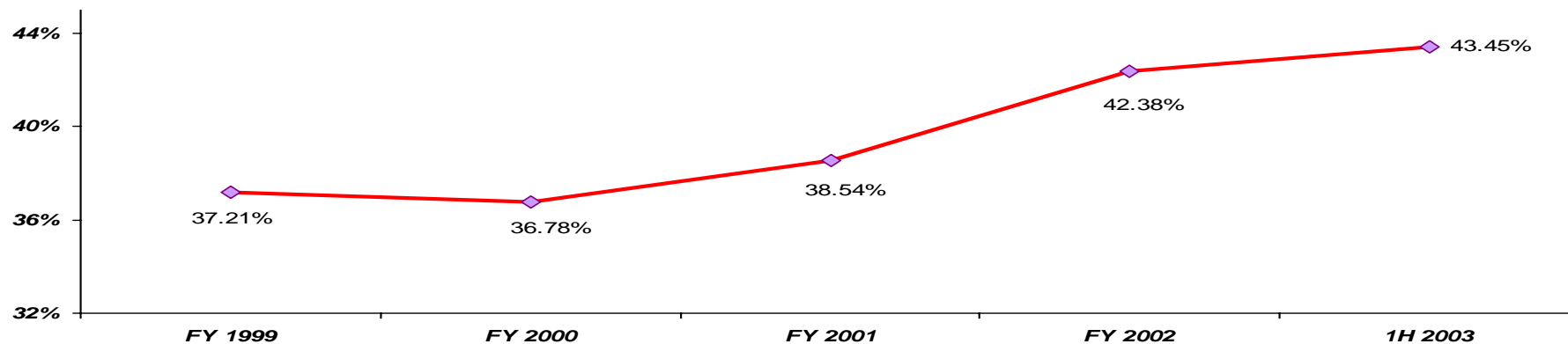


# Total Deposit

Unit : billion KRW, %

Category	FY 2000	FY 2001	FY 2002	1H 2002	1H 2003	YoY
<b>Deposits in Won</b>	<b>8,937.0</b>	<b>9,986.3</b>	<b>10,958.3</b>	<b>10,684.7</b>	<b>11,557.1</b>	<b>8.16 %</b>
<b>Demand</b>	<b>847.1</b>	<b>1,000.8</b>	<b>1,097.6</b>	<b>1,067.6</b>	<b>1,146.2</b>	<b>7.36 %</b>
<b>Savings</b>	<b>7,886.6</b>	<b>8,779.5</b>	<b>9,618.2</b>	<b>9,393.0</b>	<b>10,186.6</b>	<b>8.45 %</b>
<b>Mutual Installment Deposit</b>	<b>203.3</b>	<b>206.0</b>	<b>242.5</b>	<b>224.0</b>	<b>224.3</b>	<b>0.13 %</b>
<b>CD</b>	<b>43.4</b>	<b>32.6</b>	<b>35.4</b>	<b>36.1</b>	<b>39.1</b>	<b>8.31 %</b>
<b>Bills Sold</b>	<b>88.4</b>	<b>12.8</b>	<b>9.5</b>	<b>11.8</b>	<b>6.6</b>	<b>-44.07 %</b>
<b>RP</b>	<b>6.0</b>	<b>97.0</b>	<b>53.6</b>	<b>5.7</b>	<b>336.5</b>	<b>5,803.51 %</b>
<b>Finance Debentures Issued</b>	<b>214.2</b>	<b>314.8</b>	<b>200.0</b>	<b>299.0</b>	<b>200.0</b>	<b>-33.11 %</b>
<b>Money in Trust</b>	<b>1,072.0</b>	<b>1,564.8</b>	<b>1,766.9</b>	<b>1,789.8</b>	<b>1,332.3</b>	<b>-25.56 %</b>
<b>Total Deposits</b>	<b>10,361.0</b>	<b>12,008.4</b>	<b>13,023.7</b>	<b>12,827.1</b>	<b>13,471.6</b>	<b>5.03 %</b>

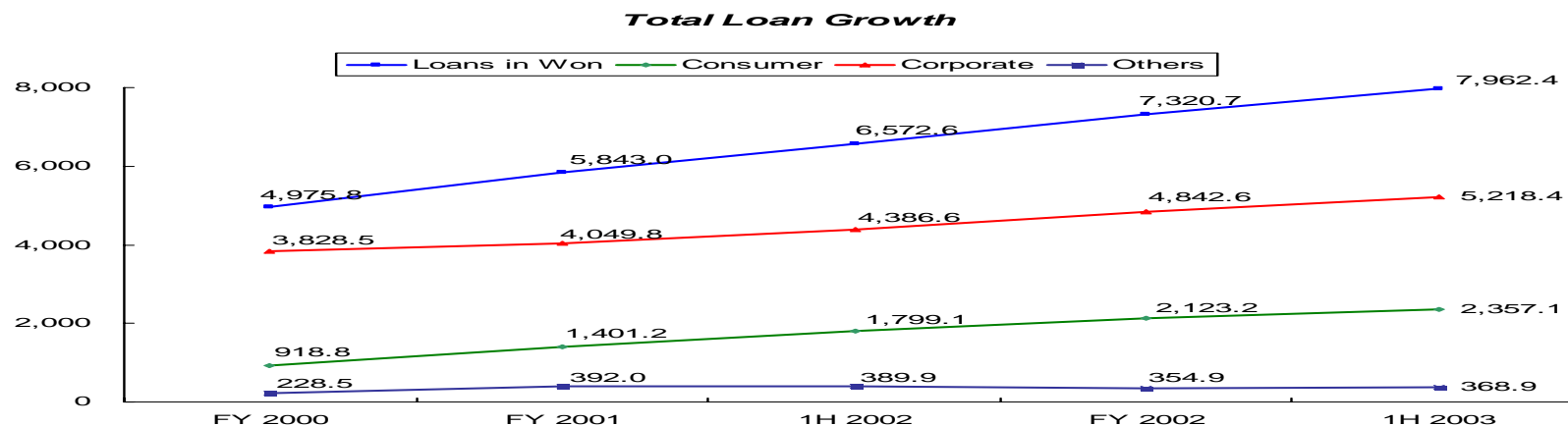
*Low Cost Deposit Ratio*



	FY 2000	FY 2001	FY 2002	1H 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>5,162.1</b>	<b>11.66 %</b>
Demand Deposit	674.3	793.2	937.1	1,004.7	7.21 %
Savings Deposit	1,838.4	2,272.1	2,837.9	2,978.5	4.95 %
Business Savings	590.8	778.9	847.9	1,178.9	39.04 %
<b>Total Deposits in Bank Account</b>	<b>8,437.2</b>	<b>9,973.4</b>	<b>10,907.8</b>	<b>11,880.3</b>	<b>8.92 %</b>
<b>Low-Cost Core Deposit Ratio</b>	<b>36.78 %</b>	<b>38.54 %</b>	<b>42.38 %</b>	<b>43.45 %</b>	<b>1.07 %p</b>

Note :The average funding cost was 1.21%

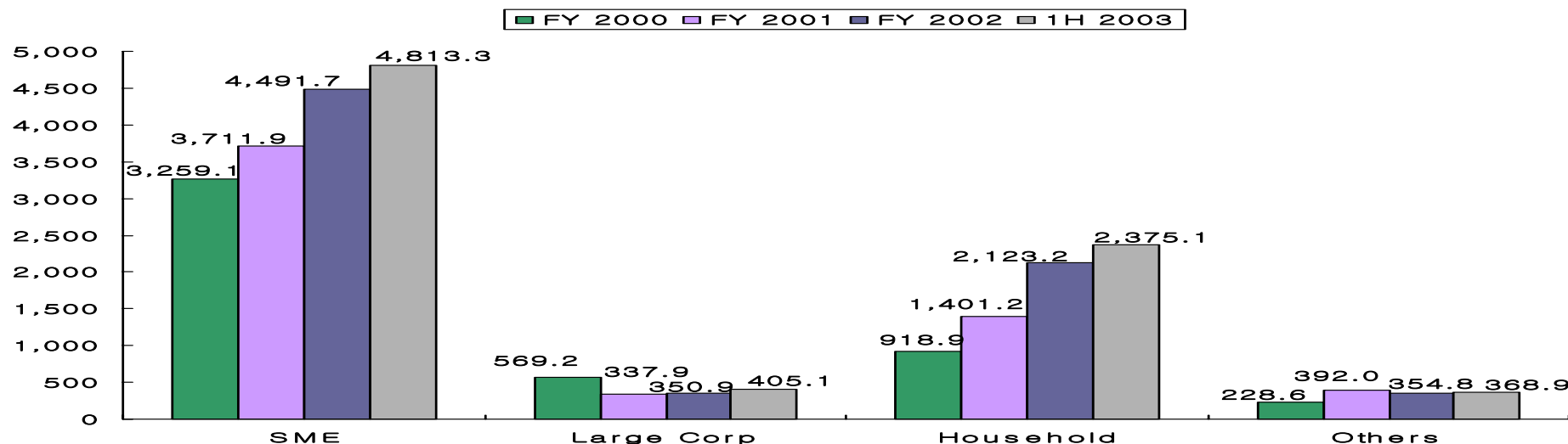




Category	FY 2000	FY 2001	FY 2002	1H 2002	1H 2003	% changed YoY
Loans in Won	4,975.8	5,843.0	7,320.7	6,572.6	7,962.4	21.15 %
Consumer	918.8	1,401.2	2,123.2	1,799.1	2,375.1	32.02 %
Corp.	3,828.5	4,049.8	4,842.6	4,386.6	5,218.4	19.04 %
Others	228.5	392.0	354.9	389.9	368.9	-5.39 %
Loans in Foreign Currency	121.1	114.6	211.7	168.3	231.0	37.25 %
Trust Lending	194.7	80.6	35.7	48.1	30.4	-36.80 %
Others	495.9	458.1	446.1	444.1	478.9	7.84 %
<b>Total Loan</b>	<b>5,790.5</b>	<b>6,496.3</b>	<b>8,014.2</b>	<b>7,233.1</b>	<b>8,702.7</b>	<b>20.32 %</b>

# Loan Portfolio by Borrowers

Unit : billion KRW, %



	FY 2000		FY 2001		FY 2002		1H 2003		Chg (%) (b-a)
	Amount	%	Amount	%	Amount (a)	%	Amount (b)	%	
Corp.	3,828.3	76.94	4,049.8	69.31	4,842.6	66.15	5,218.4	65.54	7.76%
SME	3,259.1	65.50	3,711.9	63.53	4,491.7	61.36	4,813.3	60.45	7.16%
Large Corp.	569.2	11.44	337.9	5.78	350.9	4.79	405.1	5.09	15.45%
Household	918.9	18.47	1,401.2	23.98	2,123.2	29.00	2,375.1	29.83	11.86%
Others	228.6	4.59	392.0	6.71	354.8	4.85	368.9	4.63	3.94%
<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>7,962.4</b>	<b>100</b>	<b>8.77%</b>

# Loan Portfolio by Industries

Unit : billion KRW, %

	FY 2001		FY 2002		1H 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>2,632.1</b>	<b>33.06%</b>
<b>Wholesale &amp; Retail</b>	<b>602.8</b>	<b>10.3%</b>	<b>715.8</b>	<b>9.78%</b>	<b>757.8</b>	<b>9.52%</b>
<b>Construction &amp; Engineering</b>	<b>316.4</b>	<b>5.4%</b>	<b>398.3</b>	<b>5.44%</b>	<b>423.7</b>	<b>5.32%</b>
<b>Real Estate, Lease</b>	<b>240.7</b>	<b>4.1%</b>	<b>358.5</b>	<b>4.90%</b>	<b>426.8</b>	<b>5.36%</b>
<b>Insurance &amp; Financing</b>	<b>254.3</b>	<b>4.4%</b>	<b>271.3</b>	<b>3.71%</b>	<b>322.0</b>	<b>4.04%</b>
<b>Transportation &amp; Communication Service</b>	<b>211.5</b>	<b>3.6%</b>	<b>221.0</b>	<b>3.02%</b>	<b>222.1</b>	<b>2.79%</b>
<b>Public &amp; Administration</b>	<b>196.8</b>	<b>3.4%</b>	<b>159.6</b>	<b>2.18%</b>	<b>167.8</b>	<b>2.11%</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>635.0</b>	<b>7.97%</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>2,375.1</b>	<b>29.83%</b>
<b>Total Loan in Won</b>	<b>5,843.0</b>	<b>100%</b>	<b>7,320.7</b>	<b>100%</b>	<b>7,962.4</b>	<b>100%</b>

Note : The details on the next page

# Loan Portfolio by Manufacturing Sectors

Unit : billion KRW, %

	FY 2001		FY 2002		1H 2003	
Fabricated Metal Product Manufacturing	528.4	9.04 %	635.7	8.68 %	690.5	8.67 %
Transportation Equipment Manufacturing	281.3	4.81 %	327.8	4.48 %	333.8	4.19 %
Machinery Manufacturing	286.3	4.90 %	316.6	4.32 %	331.7	4.17 %
Rubber, Chemical & Petroleum Manufacturing	255.1	4.37 %	306.6	4.19 %	336.1	4.22 %
Textile	208.8	3.57 %	243.7	3.33 %	261.2	3.28 %
Apparel Manufacturing	50.3	0.86 %	61.9	0.85 %	90.7	1.14 %
Footwear	80.6	1.38 %	86.4	1.18 %	68.1	0.86 %
Food Manufacturing	109.5	1.87 %	123.1	1.68 %	133.0	1.67 %
Electrical Equipment & Component Manufacturing	98.9	1.69 %	82.4	1.13 %	85.9	1.08 %
Paper Manufacturing	60.2	1.03 %	63.0	0.86 %	69.7	0.88 %
Miscellaneous Manufacturing	175.5	3.00 %	202.0	2.76 %	231.4	2.91 %
<b>Total</b>	<b>2,134.9</b>	<b>36.5 %</b>	<b>2,449.2</b>	<b>33.46 %</b>	<b>2,632.1</b>	<b>33.06 %</b>

	FY 1999	FY 2000	FY 2001	FY 2002	1H 2002	1H 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>7,840.9</b>	<b>9,282.5</b>	<b>1,441.6</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>7,368.3</b>	<b>8,820.5</b>	<b>1,452.2</b>
	<b>(82.9%)</b>	<b>(87.0%)</b>	<b>(91.0%)</b>	<b>(95.3%)</b>	<b>(94.0%)</b>	<b>(95.0%)</b>	<b>(19.71%)</b>
<b>Precautionary</b>	<b>518.5</b>	<b>395.0</b>	<b>368.7</b>	<b>215.0</b>	<b>244.0</b>	<b>269.6</b>	<b>25.6</b>
	<b>(9.4%)</b>	<b>(6.4%)</b>	<b>(5.2%)</b>	<b>(2.5%)</b>	<b>(3.1%)</b>	<b>(2.9%)</b>	<b>(10.49%)</b>
<b>Substandard</b>	<b>316.9</b>	<b>279.2</b>	<b>159.5</b>	<b>140.0</b>	<b>154.3</b>	<b>124.6</b>	<b>23.9</b>
	<b>(5.8%)</b>	<b>(4.5%)</b>	<b>(2.3%)</b>	<b>(1.6%)</b>	<b>(2.0%)</b>	<b>(1.3%)</b>	<b>(-19.25%)</b>
<b>Doubtful</b>	<b>80.7</b>	<b>124.1</b>	<b>83.1</b>	<b>35.2</b>	<b>52.6</b>	<b>46.1</b>	<b>12.8</b>
	<b>(1.5%)</b>	<b>(2.0%)</b>	<b>(1.2%)</b>	<b>(0.4%)</b>	<b>(0.7%)</b>	<b>(0.5%)</b>	<b>(-12.36%)</b>
<b>Loss</b>	<b>22.1</b>	<b>9.5</b>	<b>20.4</b>	<b>17.8</b>	<b>21.7</b>	<b>21.7</b>	<b>-</b>
	<b>(0.4%)</b>	<b>(0.2%)</b>	<b>(0.3%)</b>	<b>(0.2%)</b>	<b>(0.3%)</b>	<b>(0.2%)</b>	<b>(-)</b>
<b>Substandard &amp; Below Loans</b>	<b>419.7</b>	<b>412.8</b>	<b>263.0</b>	<b>193.0</b>	<b>228.6</b>	<b>192.4</b>	<b>-36.2</b>
<b>Sub-Total</b>	<b>(7.65%)</b>	<b>(6.65%)</b>	<b>(3.73%)</b>	<b>(2.22%)</b>	<b>(2.92%)</b>	<b>(2.07%)</b>	<b>(-15.84%)</b>
<b>Provisions</b>	<b>168.4</b>	<b>166.4</b>	<b>142.6</b>	<b>161.6</b>	<b>162.1</b>	<b>175.0</b>	<b>7.96%</b>
<b>Coverage Ratio</b>	<b>40.1%</b>	<b>40.3%</b>	<b>54.2%</b>	<b>83.7%</b>	<b>70.91%</b>	<b>90.96%</b>	<b>20.05%p</b>

# Provisions in detail

Unit : billion KRW, %

		Normal	Precautionary	Substandard	Doubtful	Loss	Total
Banking Account	Receivables	8,686.3	250.6	118.8	43.1	20.2	8,719.0
	FSS Requirement	51.1	11.8	23.8	24.2	20.2	129.2
	Additional Reserve	-	-	-	-	-	40.2
	Balance	-	-	-	-	-	169.4
	Acceptance & Guarantee	223.1	16.6	-	-	1.3	241.0
	Provisions for A&G losses	-	-	-	-	1.3	1.3
Trust Acct.	Receivables	108.2	2.4	5.7	2.9	0.2	119.4
	Provision for Credit loss	-	1.5	1.1	1.5	0.2	4.3
Total	Receivables	9,017.6	269.6	124.5	46.0	21.7	9,479.4
	Balance	-	-	-	-	-	175.0

		Provisions	S&B loan	Provision balance	Coverage Ratio
Household		32.7	32.5	40.1	123.4 %
Credit Card		51.0	26.9	25.2	93.7 %
Corporate		17.2	124.2	105.4	84.9 %
T o t a l		100.9	183.6	175.0	95.3 %

	FY 2001	1Q 2002	2Q 2002	3Q 2002	FY 2002	1H 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>5,805.9</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>5,578.8</b>
	<b>(92.70%)</b>	<b>(93.28%)</b>	<b>(94.91%)</b>	<b>(95.49%)</b>	<b>(96.35%)</b>	<b>(96.09%)</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>106.8</b>
	<b>(4.66%)</b>	<b>(3.82%)</b>	<b>(2.58%)</b>	<b>(2.19%)</b>	<b>(1.27%)</b>	<b>(1.84%)</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>103.5</b>
	<b>(2.28%)</b>	<b>(2.53%)</b>	<b>(2.11%)</b>	<b>(1.91%)</b>	<b>(2.21%)</b>	<b>(1.78%)</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>10.1</b>
	<b>(0.14%)</b>	<b>(0.15%)</b>	<b>(0.15%)</b>	<b>(0.17%)</b>	<b>(0.08%)</b>	<b>(0.17%)</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>6.7</b>
	<b>(0.23%)</b>	<b>(0.21%)</b>	<b>(0.26%)</b>	<b>(0.25%)</b>	<b>(0.10%)</b>	<b>(0.12%)</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>120.3</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>(2.07%)</b>
<b>Provisions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>82.1</b>
<b>Coverage Ratio</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>68.25%</b>

\* Note : Banking and Trust accounts

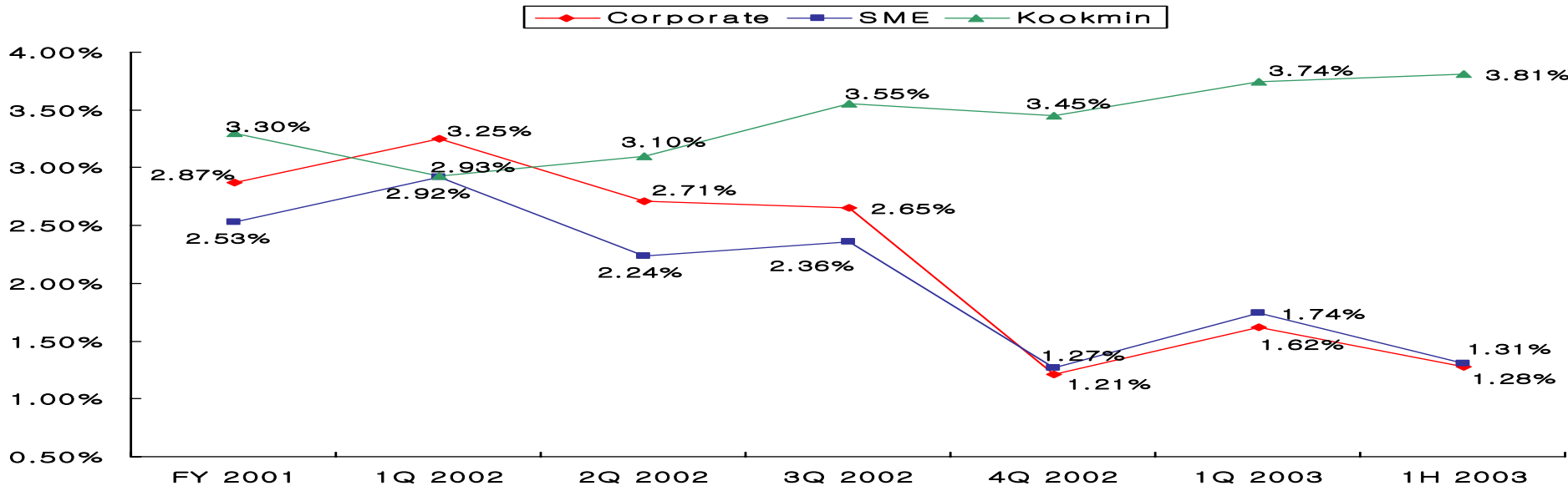
<div>Total Loans</div> <div>SME Delinquency Ratio by Sector</div>	FY 2002		1Q 2003		2Q 2003	
	Receivables	Ratio	Receivables	Ratio	Receivables	Ratio
Manufacturing Sector	2,623.0	1.12	2,721.3	1.45	2,807.0	0.86
Wholesale & Retail	806.4	1.26	832.1	1.96	838.0	2.60
Public	159.7	-	148.7	-	167.8	-
Construction	397.6	0.96	438.4	0.89	442.8	0.45
Real Estate & Lease	364.4	0.27	378.5	2.77	436.9	2.20
Insurance & Financing	94.1	-	64.4	-	45.8	-
Transportations & Communications	219.0	0.78	219.9	0.95	230.7	0.56
Hotel & Foods	210.0	0.67	206.8	0.87	203.7	1.37
Others	389.7	2.59	426.1	2.56	442.0	1.36
Non Manufacturing Sector	2,640.9	1.07	2,714.0	1.68	2,807.7	1.55
Total	5,263.9	1.27	5,435.3	1.74	5,614.7	1.31

SME Delinquency Ratio by Collaterals	Real Estates	Movables	Deposits	Guarantees	Credit
FY 2002	1.91 %	-	-	1.18 %	0.82 %
1Q 2003	2.40 %	-	-	2.01 %	1.18 %
2Q 2003	1.69 %	-	-	2.20 %	0.79 %



# SME Delinquency Ratio

Unit : billion KRW, %, %p



Delinquency Ratio	FY 2001	1Q 2002	2Q 2002	3Q 2002	FY 2002	1Q 2003	1H 2003
Corporate Loans	4,871.6	5,112.7	5,135.4	5,537.4	5,754.9	5,982.1	6,186.8
Delinquency Ratio	2.87 %	3.25 %	2.71 %	2.65 %	1.21 %	1.62%	1.28 %
SME Loans	3,720.0	3,931.7	4,051.7	4,400.1	5,263.9	5,435.3	5,614.7
Delinquent Receivables	94.3	114.7	90.7	104.0	66.9	94.6	73.6
Delinquency Ratio	2.53 %	2.92 %	2.24 %	2.36 %	1.27 %	1.74 %	1.31 %
Kookmin Bank's Delinquency Ratio	3.30 %	2.93 %	3.10 %	3.55 %	3.45 %	3.74 %	3.81 %

Note : SME loans : Banking & Trust Account inclusive

Collateral Type	FY 2002 (a)	1H 2003 (b)	Change (b – a)
SME Loans in <b>WON</b>	4,491.7	4,813.3	321.6
Real-estates	1,936.8 (43.12%)	2,064.5 (42.89%)	127.8 (-0.23%p)
Movable Goods	0	0	-
Guaranteed(Insurance)	711.6 (15.84%)	740.9 (15.39%)	29.3 (-0.45%p)
Credit	1,632.8 (36.35%)	1,765.4 (36.68%)	132.6 (0.33%p)
Others	210.5 (4.69%)	242.4 (5.04%)	31.9 (0.35%p)

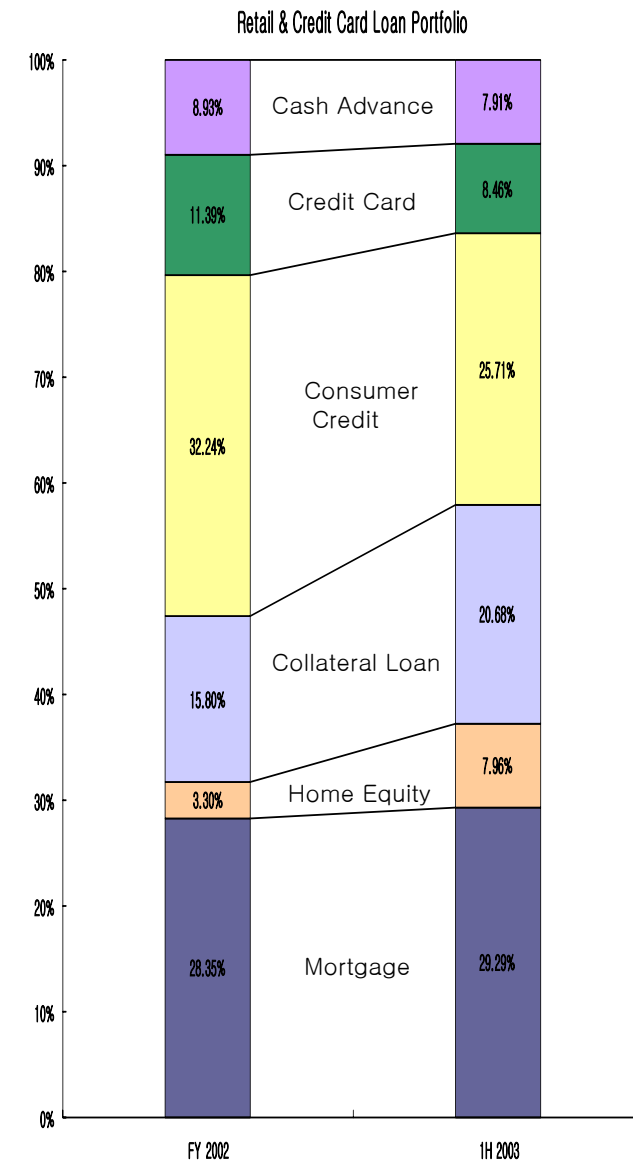
Note : 63.3% of SME loans backed by collaterals

Asset Size of SME	Total loan	Normal	Pre-cautionary	Sub-standard	Doubtful	Loss	S&B
less than 1.0	4,058.4	3,945.4	68.6	31.4	6.4	6.7	44.5
more than 1.0 & less than 3.0	875.4	811.7	20.8	39.2	3.7	0	42.9
more than 3.0 & less than 5.0	334.3	321.9	3.6	8.8	0	0	8.8
more than 5.0 & less than 10.0	242.8	233.9	0	8.9	0	0	8.9
more than 10.0	295.0	265.9	13.9	15.2	0	0	15.2
Total	5,805.9	5,578.8	106.8	103.5	10.1	6.7	120.3

# Household Loans – Retail & Credit Card

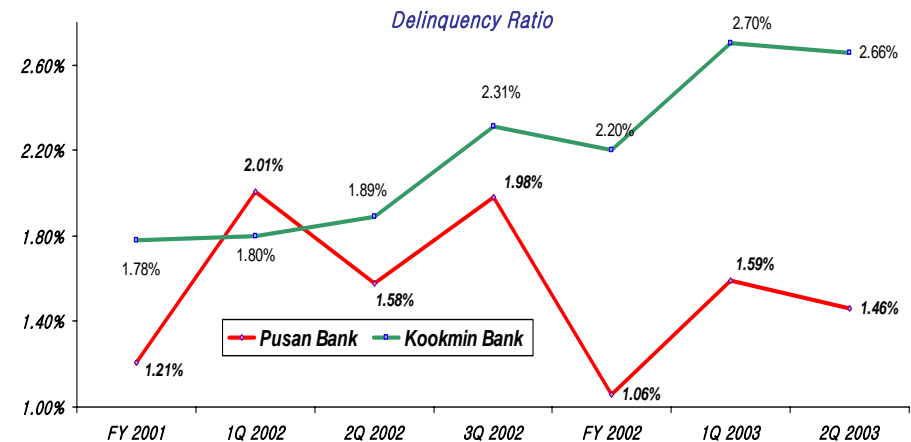
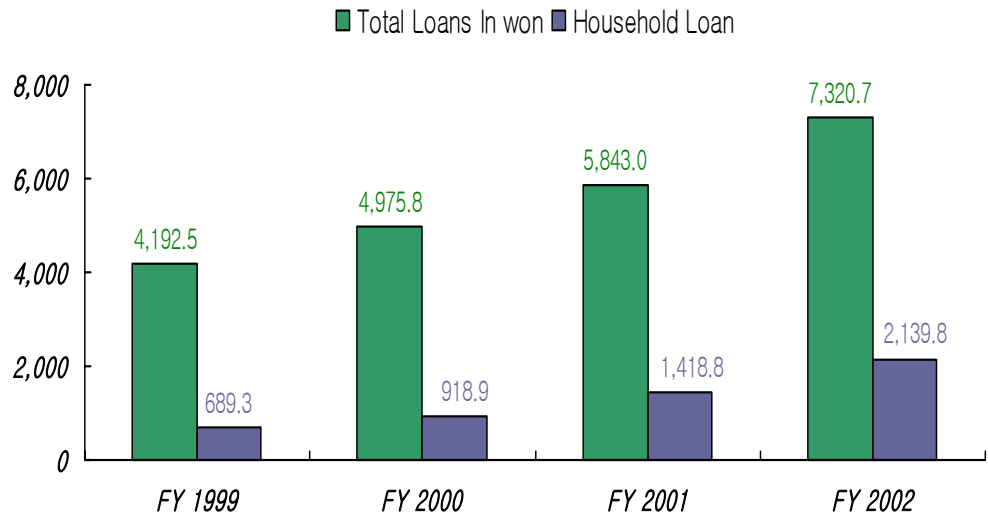
Unit : billion KRW, %, %p

	FY 2002	1H 2003	Chg (%)
<b>Total Asset (a)</b>	<b>16,225.9</b>	<b>17,004.4</b>	<b>4.80 %</b>
<b>Loans in won (b)</b>	<b>7,320.7</b>	<b>7,962.4</b>	<b>8.77 %</b>
<b>Household Loans – Retail (c)</b>	<b>2,123.2</b>	<b>2,375.1</b>	<b>11.86 %</b>
<b>Mortgage</b>	<b>755.3</b>	<b>831.7</b>	<b>10.12 %</b>
<b>Home Equity</b>	<b>88.0</b>	<b>226.1</b>	<b>156.93 %</b>
<b>Collateral Loan</b>	<b>420.9</b>	<b>587.3</b>	<b>39.53 %</b>
<b>Consumer Credit</b>	<b>859.0</b>	<b>730.2</b>	<b>-14.99 %</b>
<b>LTV</b>	<b>53.52 %</b>	<b>45.48 %</b>	<b>-</b>
<b>Credit Card Receivables (d)</b>	<b>541.4</b>	<b>464.8</b>	<b>-14.14 %</b>
<b>Credit Sales</b>	<b>303.4</b>	<b>240.2</b>	<b>-20.83 %</b>
<b>Cash Advances</b>	<b>238.0</b>	<b>224.6</b>	<b>-5.63 %</b>
<b>Cash Advances / Receivables</b>	<b>44.0 %</b>	<b>48.3 %</b>	<b>-</b>
<b>Subtotal – Retail &amp; Credit Card (e) = (c) + (d)</b>	<b>2,664.6</b>	<b>2,839.9</b>	<b>6.58 %</b>
<b>Ratio (f) = (e) / ((b) + (d))</b>	<b>33.90 %</b>	<b>33.70 %</b>	<b>-0.20 %p</b>
<b>Ratio (g) = (e) / (a)</b>	<b>16.42 %</b>	<b>16.70 %</b>	<b>0.28 %p</b>



# Household Loan – Delinquency Ratio

Unit : billion KRW, %

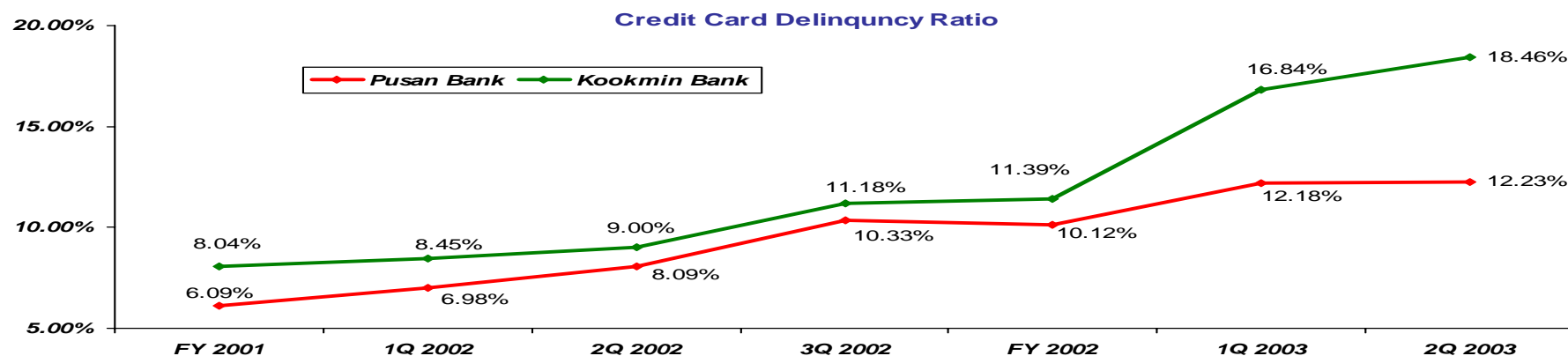


	FY 2001	1Q 2002	2Q 2002	3Q 2002	FY 2002	1H 2003
Household Loan	1,418.8	1,585.0	1,819.7	2,000.5	2,139.8	2,389.8
Delinquent Receivables	17.2	31.9	28.7	39.6	22.7	35.0
Delinquency Ratio	1.21 %	2.01 %	1.58 %	1.98 %	1.06 %	1.46 %
Kookmin Bank Delinquency Ratio	1.78 %	1.80 %	1.89 %	2.31 %	2.20 %	2.66 %

Note : Household Loan – Banking and Trust account inclusive

# Credit Card Business – Delinquency Ratio

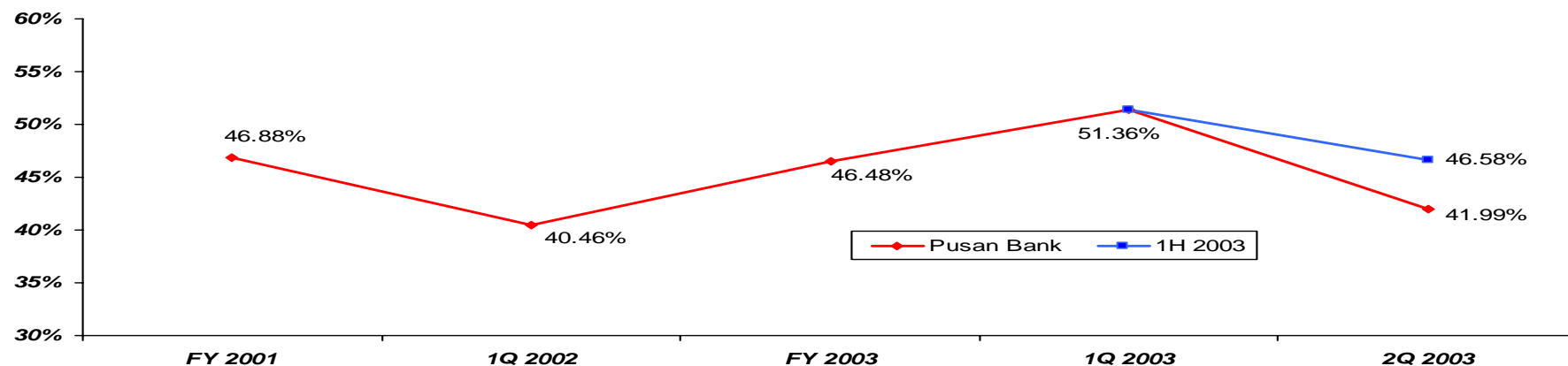
Unit : billion KRW, %



		FY 2001	1Q 2002	2Q 2002	3Q 2002	FY 2002	1H 2003
<b>Credit Card Receivables</b>		385.1	411.3	465.4	510.0	541.4	464.8
<b>Delinquent Credit Receivables</b>		23.5	28.7	37.7	52.7	54.8	56.8
<b>Delinquency Ratio</b>	1 day over due	6.09 %	6.98 %	8.09 %	10.33 %	10.12 %	12.23 %
	1 month over due	3.63 %	4.38 %	4.78 %	6.87 %	7.67 %	8.89 %
	3 months over due	2.13 %	2.55 %	2.73 %	3.67 %	4.48 %	5.28 %
<b>Delinquency Ratio of Kookmin Bank</b>	1 day over due	8.04 %	8.45 %	9.00 %	11.18 %	11.39 %	18.46 %
	1 month over due	-	-	-	7.88 %	-	-
	3 months over due	-	-	-	4.33 %	-	-

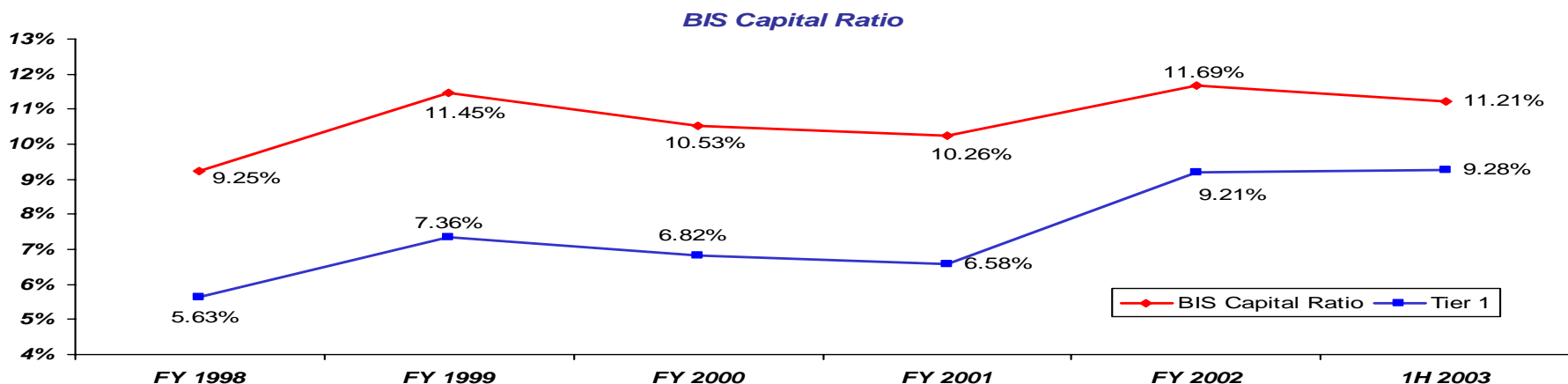
Note : U.S. Banks delinquency ratio(1 month over due) is 5.5%

**Cost Income Ratio**



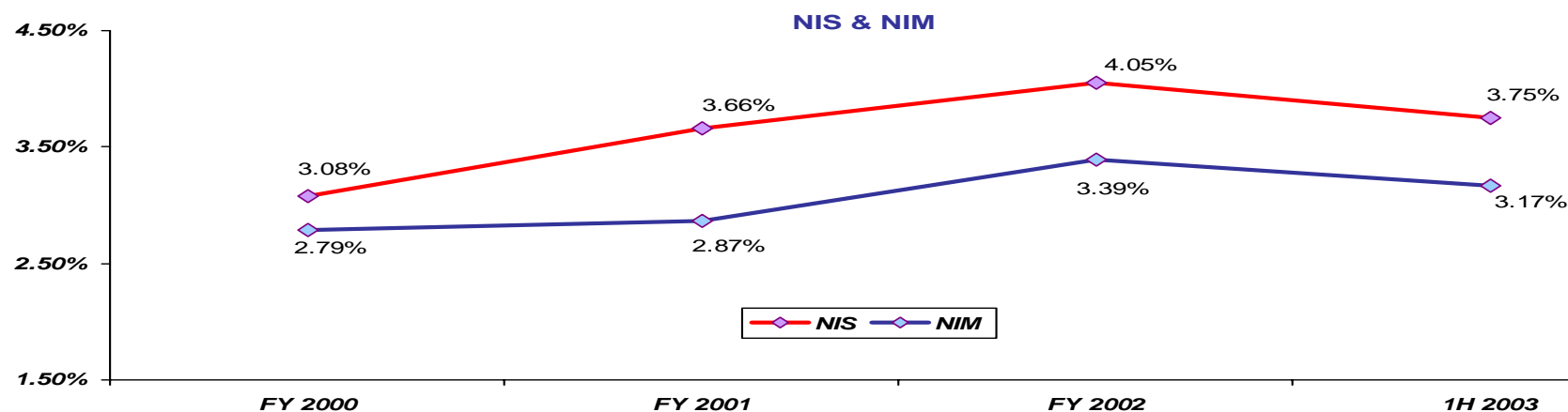
Classification	FY 2000	FY 2001	FY 2002	1Q 2003	2Q 2003	% Changed
<b>Net Operating Income (a)</b>	16.6	77.2	200.6	19.0	28.9	-65.38%
<b>Administrative Expenses (b)</b>	201.0	204.6	241.4	70.1	59.8	33.27%
<b>Provisions for Loan Losses (c) (note)</b>	131.1	154.5	110.7	47.4	53.7	
<b>Cost Income Ratio</b> ((d) = (b) / ((a) + (b) + (c)))	57.64%	46.88%	43.68%	51.36%	41.99%	11.17 %p

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



	FY 2000	FY 2001	FY 2002	1H 2002	1H 2003 <sup>(note)</sup>	Chg
Core Capital	389.8	442.9	792.9	798.6	844.8	46.2
Supplement Capital	229.5	269.8	263.7	281.9	228.1	-53.8
Contribution to Unconsolidated Subsidiaries	17.1	21.9	50.2	21.2	52.2	31.0
Total Risk-Adjusted Capital	602.2	690.8	1,006.4	1,059.3	1,020.7	-38.6
Total Risk Weighted Assets	5,717.2	6,733.0	8,609.7	7,900.1	9,107.3	1,207.2
On-Balance Sheet Assets	5,121.7	6,188.7	8,225.4	7,321.8	8,733.4	1,411.6
Off-Balance Sheet Assets	599.5	544.4	384.3	578.3	373.9	-204.4
BIS Capital Ratio	10.53%	10.26%	11.69%	13.41%	11.21 %	-2.20%p
Tier I Capital Ratio	6.82%	6.58%	9.21%	10.11%	9.28%	-0.83%p
Tier II Capital Ratio	4.01%	4.01%	3.06%	3.57%	2.50%	-1.07%p

Note : Estimated Figure



	FY 2000	FY 2001	FY 2002	1H 2002	1H 2003	Chg (%p)
Average Rate in Loans (won) (a)	9.22 %	8.79 %	7.82 %	7.88 %	7.26 %	- 0.62 %p
Average Rate in Deposits (won) (b)	6.14 %	5.13 %	3.77 %	3.90 %	3.51 %	- 0.39 %p
Net Interest Spread (won) (a-b)	3.08 %	3.66 %	4.05 %	3.98 %	3.75 %	-0.23 %p
Net Interest Margin <sup>(note)</sup>	2.79 %	2.87 %	3.39 %	3.36 %	3.17 %	-0.19 %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 %

# *Appendix*

• <i>BPS &amp; EPS</i>	25
• <i>Pusan Bank – Who we are</i>	26
• <i>Major Shareholders</i>	27

Category	FY 2001	FY 2002	1Q 2003	1H 2003
Net Income	52.3	148.0	13.0	51.0
Net Asset	443.9	815.8	820.7	863.4
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>	695 <sup>note2</sup>
BPS (KRW)	4,670	5,562	5,595	5,886

Note 1 : figures in thousand of shares

Note 2 : annualized

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

# Pusan Bank – Who we are

## Pusan Bank's Branch Network



### ► Leading Regional Bank

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

► Headcount : 1,932

► Paid-In Capital : 733.4 billion KRW

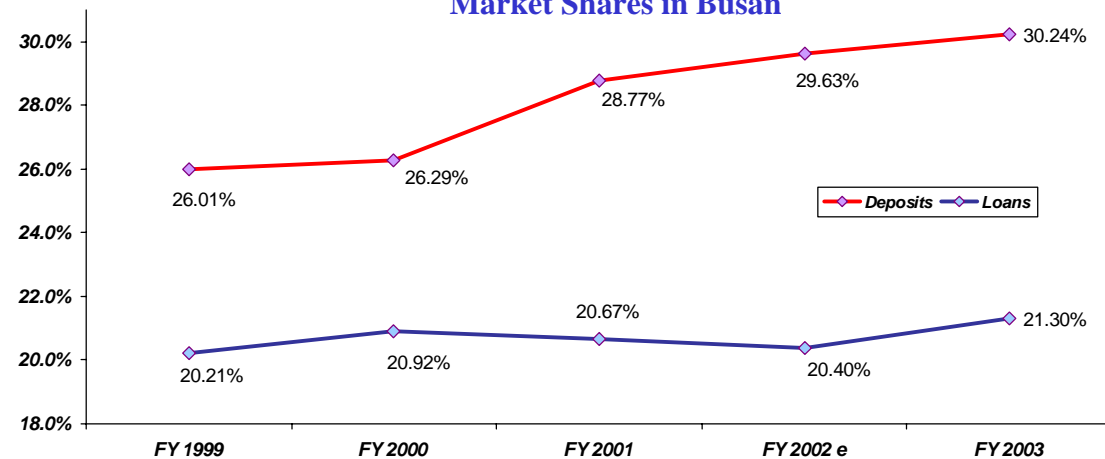
## Market Shares

- Deposits : 29.63% in 2002  $\Rightarrow$  30.24% in 2003
- Loans : 20.40% in 2002  $\Rightarrow$  21.30% in 2003
- 3.23 million customers (85.4% of Busan residents : 3.78 mil.)

## Branch Network – Strong local presence

- 204 Franchises (199 service centers in March 2003)
  - 188 in Busan, 3 in Seoul & 13 in the Southeast Industrial Belt
- ATM : 574 units Cash Dispenser : 729 units (as of 1H 2003)
- 35.1% of market share, in terms of # of branches in Busan area

### Market Shares in Busan



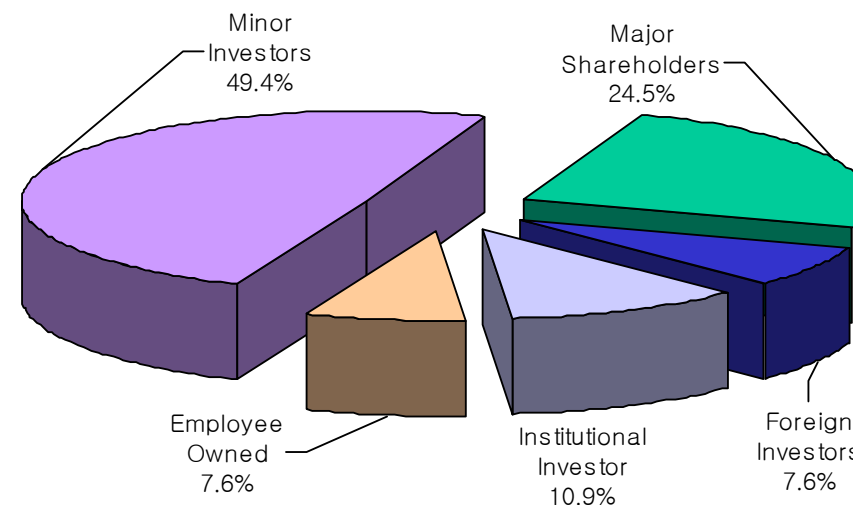
Remark : FY 2002 estimated figure

# 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 June 30, 2003)

Classification	Dec 31, 2002	June 30, 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>30,906</b>	<b>75.01%</b>
<b>Ratio of Foreign Shareholders</b>	<b>12.04%</b>	<b>21.07%<sup>(note)</sup></b>	<b>9.03%p</b>

Note : Includes the shares held by Japan Lotte (16.60% when excludes the shares held by Japan Lotte)

Remarkable shareholder : CRMC 9.27% as of July 27, 2003

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

## ***Investor Contact***

***Pusan Bank IR Team***

***Joshua Hwang***

***e-mail : [josh@pusanbank.co.kr](mailto:josh@pusanbank.co.kr)***

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

***Phone Number : +82-51-640-4105***

***Fax Number : +82-51-640-4099***

***Address***

***8<sup>th</sup> Fl. Bosang Bldg.***

***833-13 Bomil-dong Dong-gu***

***Busan, Korea***