



## Press Release

For release at noon, September 10, 2019

### Real Estate Trust Companies' Earnings, First Half 2019

Eleven real estate trust companies preliminarily reported net income of KRW263.3 billion for the first half of 2019, down KRW22.0 billion or 7.7% from the same period a year earlier but up KRW40.9 billion or 18.4% from the previous six months.

The real estate companies' operating income increased KRW45.0 billion or 7.6% to KRW633.9 billion in the first half. Fees/commissions revenues totaled KRW393.9 billion (62.1% of the total operating revenue), and most of them came from land trusts.

In addition, operating expenses grew KRW73.3 billion or 34.4% to KRW286.2 billion based on an increase in selling and administrative expenses. As the number of employees expanded from 1,831 to 2,022 compared to the same period a year ago, selling and administrative expenses were up KRW29.4 billion or 19.1% to KRW183.7 billion. Furthermore, bad debts expenses jumped 99.4% to KRW64.8 billion because asset quality of loans to trust account worsened.

The aggregate assets of the real estate trust companies came to KRW5.3216 trillion at the end of June 2019, up KRW611.0 billion or 13.0% from the end of 2018. The aggregate liabilities also grew KRW441.2 billion or 21.7% to KRW2.4712 trillion due to increasing corporate bond issuance. Moreover, shareholders' equity expanded KRW279.6 billion or 8.7% to KRW2.8504 trillion, and the uptick resulted from growing retained earnings. Meanwhile, loans to trust account came to KRW3.5042 trillion in total, up KRW279.6 billion or 8.7% from six months earlier.

The net capital ratio (NCR) was seen at 735% for the first six months of 2019, down 121%p from 856% as of year-end, 2018. All of the real estate trust companies satisfied regulatory capital requirement of KRW7.0 billion, reporting the NCR well above the supervisory guideline of 150%.

**Table 2. Financial Soundness of Real Estate Trust Companies, June 2019\***

	Dec 2015	Dec 2016	Dec 2017	Dec 2018	Jun 2019
Assets	2,025.9	2,773.8	3,940.3	4,710.6	<b>5,321.6</b>
Liabilities	513.6	849.1	1,597.4	2,030.0	<b>2,471.2</b>
Shareholders' equity	1,512.4	1,924.7	2,342.9	2,680.6	<b>2,850.4</b>
Net capital ratio (%)	1,075	870	826	856	<b>735</b>

\*The figures on June 2019 are preliminary as of the release date and subject to change.



Assets under management (AUM) of the real estate trust companies came to KRW219.7 trillion in total, KRW12.9 trillion or 6.2% greater than the end of 2018. Compared to six months earlier, the AUM of development-type land trusts shrank 1.2% as well as brokerage trusts' AUM decreased 5.0%. By contrast, the AUM of collateral trusts increased 7.7% while that of administrative-type land trusts grew 5.0% during the same period.

**Table 3. Real Estate Trust Companies' AUM, June 2019\***

(In trillions of KRW)

	Dec 2015	Dec 2016	Dec 2017	Dec 2018	Jun 2019
<b>Land trusts</b>					
Development-type	3.7	5.4	7.4	8.4	<b>8.3</b>
Administration-type	34.6	41.7	48.6	56.5	<b>59.3</b>
<b>Collateral trusts</b>	<b>86.0</b>	<b>91.7</b>	<b>105.2</b>	<b>125.0</b>	<b>134.6</b>
Brokerage trusts	6.3	7.8	8.8	8.0	<b>7.6</b>
Disposition trusts	6.2	6.8	5.8	6.2	<b>6.4</b>
Management trusts	2.6	2.5	2.7	2.7	<b>3.5</b>
<b>Asset under management</b>	<b>139.4</b>	<b>155.9</b>	<b>178.5</b>	<b>206.8</b>	<b>219.7</b>

\*The figures on June 2019 are preliminary as of the release date and subject to change.

**Table 4. Summary Income Statement, June 2019\***

(In billions of KRW)

	2015	2016	2017	2018	H1 2018	H1 2019
<b>Operating revenues</b>	<b>559.1</b>	<b>786.2</b>	<b>1,030.2</b>	<b>1,218.4</b>	<b>588.9</b>	<b>633.9</b>
Fees/Commissions	338.1	474.0	688.4	776.4	<b>377.7</b>	<b>393.9</b>
Development-type land trusts	170.8	266.0	433.9	443.4	<b>220.6</b>	<b>192.6</b>
Administration-type land trusts	57.7	88.1	120.5	184.1	<b>83.9</b>	<b>125.6</b>
Management trusts	2.4	1.8	1.7	1.9	<b>0.8</b>	<b>0.8</b>
Disposition trusts	4.3	4.2	4.5	3.5	<b>1.6</b>	<b>2.0</b>
Collateral trusts	76.4	81.8	91.1	109.7	<b>53.2</b>	<b>61.8</b>
Brokerage trusts	26.5	31.8	36.8	32.8	<b>7.6</b>	<b>11.1</b>
Revenue from ancillary business	110.6	181.0	157.0	190.4	<b>83.9</b>	<b>88.5</b>
Interest on loans to trust accounts	55.8	68.2	129.4	199.4	<b>90.1</b>	<b>115.3</b>
Others	54.6	63.0	55.0	52.2	<b>37.2</b>	<b>36.2</b>
<b>Operating expenses</b>	<b>263.0</b>	<b>316.0</b>	<b>359.8</b>	<b>538.0</b>	<b>212.9</b>	<b>286.2</b>
Selling and administrative expenses	208.2	264.7	288.3	335.0	<b>154.3</b>	<b>183.7</b>
Bad debt expenses	18.9	16.6	29.5	129.0	<b>32.5</b>	<b>64.8</b>
Interest expenses	5.6	9.4	24.4	43.9	<b>19.0</b>	<b>32.3</b>
Others	30.3	25.3	17.6	30.1	<b>7.1</b>	<b>5.4</b>
<b>Operating income</b>	<b>296.1</b>	<b>470.2</b>	<b>670.5</b>	<b>680.4</b>	<b>376.0</b>	<b>347.7</b>
<b>Net income</b>	<b>222.2</b>	<b>393.3</b>	<b>504.7</b>	<b>507.7</b>	<b>285.3</b>	<b>263.3</b>

\*The figures on H1 2019 are preliminary as of the release date and subject to change.

###



Financial Supervisory Service  
[www.fss.or.kr](http://www.fss.or.kr)

Contact Person:

Park Mi-Kyung  
Head of Public Relations Team  
Public Affairs Department  
Financial Supervisory Service  
Tel: +82-2-3145-5803  
Fax: +82-2-3145-5808  
E-mail: [pmk620@fss.or.kr](mailto:pmk620@fss.or.kr)