



## Press Release

For release at noon, March 25, 2020

### Earnings and Localization of Domestic Banks' Overseas Businesses, 2019

Domestic banks were operating in 39 countries through 57 subsidiaries, 81 branches and 57 offices at the end of 2019. Most of the overseas operations were concentrated in Asia, accounting for 69.2% of the total, followed by the Americas (13.8%), Europe (12.8%) and other regions including Oceania and Africa (4.1%).

**Table 1. Overview of Domestic Banks' Overseas Business, 2019\***

|                | 2017       | 2018       | 2019       |
|----------------|------------|------------|------------|
| <b>Total</b>   | <b>185</b> | <b>190</b> | <b>195</b> |
| Subsidiaries   | 52         | 55         | <b>57</b>  |
| Local branches | 76         | 77         | <b>81</b>  |
| Offices        | 57         | 58         | <b>57</b>  |

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

**Table 2. Domestic Banks' Overseas Business by Region, 2019<sup>1</sup>**

|  | 2017       | 2018       | 2019       | Proportion (%) |
|--|------------|------------|------------|----------------|
| <b>Asia (20 countries)</b>                     | <b>128</b> | <b>130</b> | <b>135</b> | <b>69.2</b>    |
| China  | 16         | 16         | 16         | 8.2            |
| Hong Kong                                      | 11         | 11         | 11         | 5.6            |
| Japan  | 8          | 8          | 9          | 4.6            |
| ASEAN (9 countries) <sup>2</sup>               | 75         | 77         | 81         | 41.5           |
| Vietnam  | 19         | 19         | 19         | 9.7            |
| India  | 15         | 15         | 16         | 8.2            |
| Myanmar  | 13         | 12         | 14         | 7.2            |
| Cambodia                                       | 6          | 10         | 10         | 5.1            |
| Indonesia                                      | 8          | 8          | 9          | 4.6            |
| Other Asian countries                          | 18         | 18         | 18         | 9.2            |
| <b>Americas (5 countries)</b>                  | <b>27</b>  | <b>27</b>  | <b>27</b>  | <b>13.8</b>    |
| U.S.   | 15         | 15         | 15         | 4.6            |
| Others   | 12         | 12         | 12         | 6.2            |
| <b>Europe (9 countries)</b>                    | <b>22</b>  | <b>25</b>  | <b>25</b>  | <b>12.8</b>    |
| <b>Other regions (5 countries)<sup>3</sup></b> | <b>8</b>   | <b>8</b>   | <b>8</b>   | <b>4.1</b>     |
| <b>Total</b>                                   | <b>185</b> | <b>190</b> | <b>195</b> | <b>100.0</b>   |

<sup>1</sup>The figures on 2019 are preliminary as of the release date and subject to change.

<sup>2</sup>Malaysia, Myanmar, Vietnam, Singapore, India, Indonesia, Cambodia, Thailand and Philippines (No operations in Laos and Brunei)

<sup>3</sup>Countries in Oceania and Africa



At the end of 2019, the aggregate assets of the overseas business came to USD133.69 billion, up USD18.88 billion or 16.4% from a year earlier. Assets significantly increased in ASEAN countries while asset volume steadily grew in major advanced economies.

**Table 3. Domestic Banks' Assets from Overseas Business by Asset Class, 2019\***

|                                   | (In billions of USD) |        |               |
|-----------------------------------|----------------------|--------|---------------|
|                                   | 2017                 | 2018   | 2019          |
| <b>Total</b>                      | 104.69               | 114.81 | <b>133.69</b> |
| Cash and deposits                 | 16.41                | 16.21  | <b>17.57</b>  |
| Securities                        | 9.65                 | 11.16  | <b>14.18</b>  |
| Loans                             | 49.42                | 57.13  | <b>70.83</b>  |
| Bills brought in foreign currency | 4.28                 | 4.19   | <b>3.97</b>   |
| Interbank loans                   | 5.69                 | 5.37   | <b>5.12</b>   |
| Accounts from headquarters        | 12.19                | 12.88  | <b>12.89</b>  |

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

**Table 4. Domestic Banks' Assets from Overseas Businesses by Country, 2019\***

|              | (In billions of USD) |        |               |
|--------------|----------------------|--------|---------------|
|              | 2017                 | 2018   | 2019          |
| China        | 26.38                | 26.43  | <b>27.40</b>  |
| Hong Kong    | 13.85                | 15.42  | <b>18.26</b>  |
| U.S.         | 13.52                | 14.49  | <b>16.58</b>  |
| Japan        | 9.31                 | 11.35  | <b>14.18</b>  |
| U.K.         | 8.75                 | 10.82  | <b>12.51</b>  |
| ASEAN        | 21.04                | 23.59  | <b>30.47</b>  |
| Vietnam      | 5.72                 | 6.43   | 8.56          |
| Indonesia    | 5.76                 | 6.34   | 7.80          |
| Singapore    | 5.94                 | 6.13   | 7.53          |
| Others       | 11.83                | 12.71  | <b>14.29</b>  |
| <b>Total</b> | 104.69               | 114.81 | <b>133.69</b> |

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Meanwhile, the ratio of loans classified as substandard or below (SBLs) of the overseas businesses stood at 0.63% as of year-end 2019, up 0.03%p from 0.60% a year earlier.

The domestic banks' overseas businesses reported net income of USD988 million for 2019, 0.4% greater than a year ago. In addition, the return on assets (ROA) declined 0.16%p from 0.86% to 0.70% during the same period.



**Table 5. Domestic Banks' SBLs and SBL ratio Assets from Overseas Businesses by Country\***

(In millions of USD, percentage)

|              | SBLs       |            |            | SBL ratio   |             |             |
|--------------|------------|------------|------------|-------------|-------------|-------------|
|              | 2017       | 2018       | 2019       | 2017        | 2018        | 2019        |
| China        | 188        | 134        | <b>107</b> | 1.48        | 0.87        | <b>0.62</b> |
| Hong Kong    | 65         | 17         | <b>36</b>  | 1.05        | 0.22        | <b>0.37</b> |
| U.S.         | 26         | 17         | <b>44</b>  | 0.31        | 0.23        | <b>0.46</b> |
| Japan        | 39         | 30         | <b>19</b>  | 0.62        | 0.38        | <b>0.19</b> |
| U.K.         | 5          | 0          | <b>2</b>   | 0.14        | 0.01        | <b>0.04</b> |
| ASEAN        | 119        | 139        | <b>262</b> | 0.80        | 0.78        | <b>1.21</b> |
| Vietnam      | 48         | 8          | 25         | 1.46        | 0.21        | 0.52        |
| Indonesia    | 49         | 78         | 163        | 1.10        | 1.53        | 2.76        |
| Singapore    | 12         | 15         | 25         | 0.25        | 0.30        | 0.39        |
| Others       | 112        | 78         | <b>59</b>  | 1.62        | 0.95        | <b>0.61</b> |
| <b>Total</b> | <b>553</b> | <b>416</b> | <b>529</b> | <b>0.92</b> | <b>0.60</b> | <b>0.63</b> |

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**Table 6. Domestic Banks' Net Income from Overseas Businesses, 2019\***

(In millions of USD)

|                                     | 2017           | 2018           | 2019           |
|-------------------------------------|----------------|----------------|----------------|
| Interest income                     | 1,576.3        | 1,887.4        | <b>2,064.6</b> |
| Non-interest income                 | 598.7          | 711.2          | <b>716.9</b>   |
| Commissions                         | 310.8          | 321.2          | <b>349.9</b>   |
| Securities                          | 25.2           | 27.5           | <b>43.0</b>    |
| Foreign exchange derivatives        | 71.4           | 130.8          | <b>101.6</b>   |
| <b>Total profits</b>                | <b>2,175.0</b> | <b>2,598.6</b> | <b>2,781.5</b> |
| Selling and administrative expenses | 943.3          | 1,084.5        | <b>1,202.5</b> |
| Bad debt expenses                   | 183.5          | 228.6          | <b>322.8</b>   |
| Corporate income tax                | 251.5          | 281.9          | <b>268.6</b>   |
| Non-operating income                | 7.3            | -19.8          | <b>0.4</b>     |
| <b>Net income</b>                   | <b>804.0</b>   | <b>983.9</b>   | <b>988.0</b>   |

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**Table 7. Domestic Banks' Net Income from Overseas Businesses by Country, 2019\***

(In millions of USD)

|              | 2017         | 2018         | 2019         |
|--------------|--------------|--------------|--------------|
| China        | 108.3        | 153.8        | <b>101.1</b> |
| Hong Kong    | 123.8        | 174.6        | <b>149.1</b> |
| U.S.         | 72.0         | 63.1         | <b>82.9</b>  |
| Japan        | 91.9         | 90.0         | <b>99.3</b>  |
| U.K.         | 66.8         | 68.4         | <b>80.7</b>  |
| ASEAN        | 239.0        | 330.8        | <b>364.4</b> |
| Vietnam      | 61.0         | 133.0        | 155.6        |
| Indonesia    | 100.5        | 87.1         | 51.9         |
| Singapore    | 40.3         | 47.2         | 53.1         |
| Others       | 102.2        | 103.2        | <b>110.5</b> |
| <b>Total</b> | <b>804.0</b> | <b>983.9</b> | <b>988.0</b> |

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When it comes to localization, the domestic banks' overseas businesses gained Grade 2<sup>0</sup> on the localization assessment and recorded Grade 2<sup>-</sup> in terms of globalization headquarters.

**Table 8. Domestic Banks' Localization Assessment, 2019\***

(In grade, percentage)

|      | Assessment of Foreign Operations' Localization |                            |                            |                            |                            | HQ Assessment             |                      | Overall grade        |
|------|--|----------------------------|----------------------------|----------------------------|----------------------------|---------------------------|----------------------|----------------------|
|      | Local customers                                | Local staff                | Local capital management   | Local deposits             | Local executive staff      | Trans Nationality         | Global capacity      |                      |
| 2017 | 1 <sup>0</sup> (87.0)                          | 1 <sup>0</sup> (93.3)      | 1 <sup>-</sup> (49.9)      | 3 <sup>0</sup> (54.8)      | 4 <sup>+</sup> (59.7)      | 3 <sup>0</sup> (6.8)      | 2 <sup>-</sup>       | 2 <sup>-</sup>       |
| 2018 | 1 <sup>0</sup> (88.6)                          | 1 <sup>0</sup> (94.2)      | 1 <sup>0</sup> (52.3)      | 3 <sup>+</sup> (57.2)      | 3 <sup>-</sup> (61.1)      | 3 <sup>+</sup> (8.3)      | 2 <sup>0</sup>       | 2 <sup>-</sup>       |
| 2019 | <b>1<sup>+</sup>(91.1)</b>                     | <b>1<sup>0</sup>(94.7)</b> | <b>1<sup>0</sup>(54.9)</b> | <b>3<sup>+</sup>(59.2)</b> | <b>3<sup>0</sup>(66.4)</b> | <b>3<sup>+</sup>(8.8)</b> | <b>2<sup>0</sup></b> | <b>2<sup>0</sup></b> |

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**Table 9. Domestic Banks' Localization Assessment by Country, 2019<sup>1</sup>**

(In grade)

|           | Local customers |                      | Local staff          |                      | Local capital management |                      | Local deposits       |                      | Local executive staff |                      | Overall grade <sup>2</sup> |                      |
|-----------|-----------------|----------------------|----------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|-----------------------|----------------------|----------------------------|----------------------|
|           | 2018            | 2019                 | 2018                 | 2019                 | 2018                     | 2019                 | 2018                 | 2019                 | 2018                  | 2019                 | 2018                       | 2019                 |
|           | China           | 2 <sup>0</sup>       | <b>2<sup>0</sup></b> | 1 <sup>-</sup>       | <b>1<sup>-</sup></b>     | 1 <sup>0</sup>       | <b>1<sup>+</sup></b> | 4 <sup>-</sup>       | <b>4<sup>+</sup></b>  | 4 <sup>-</sup>       | <b>4<sup>-</sup></b>       | 2 <sup>-</sup>       |
| Hong Kong | 5 <sup>+</sup>  | <b>5<sup>+</sup></b> | 3 <sup>+</sup>       | <b>2<sup>-</sup></b> | 2 <sup>0</sup>           | <b>2<sup>+</sup></b> | 1 <sup>0</sup>       | <b>2<sup>+</sup></b> | 5 <sup>-</sup>        | <b>5<sup>-</sup></b> | 3 <sup>0</sup>             | <b>3<sup>0</sup></b> |
| U.S.      | 1 <sup>-</sup>  | <b>1<sup>0</sup></b> | 2 <sup>+</sup>       | <b>2<sup>+</sup></b> | 2 <sup>+</sup>           | <b>1<sup>-</sup></b> | 1 <sup>0</sup>       | <b>1<sup>-</sup></b> | 2 <sup>-</sup>        | <b>2<sup>0</sup></b> | 2 <sup>+</sup>             | <b>1<sup>-</sup></b> |
| Japan     | 2 <sup>+</sup>  | <b>1<sup>-</sup></b> | 2 <sup>+</sup>       | <b>2<sup>+</sup></b> | 1 <sup>+</sup>           | <b>1<sup>+</sup></b> | 1 <sup>0</sup>       | <b>1<sup>+</sup></b> | 4 <sup>-</sup>        | <b>4<sup>0</sup></b> | 1 <sup>-</sup>             | <b>1<sup>-</sup></b> |
| U.K.      | 4 <sup>-</sup>  | <b>4<sup>0</sup></b> | 3 <sup>0</sup>       | <b>3<sup>0</sup></b> | 2 <sup>+</sup>           | <b>1<sup>-</sup></b> | 1 <sup>+</sup>       | <b>1<sup>0</sup></b> | 5 <sup>-</sup>        | <b>5<sup>-</sup></b> | 3 <sup>+</sup>             | <b>3<sup>+</sup></b> |
| ASEAN     | 1 <sup>+</sup>  | <b>1<sup>+</sup></b> | 1 <sup>+</sup>       | <b>1<sup>+</sup></b> | 1 <sup>+</sup>           | <b>1<sup>+</sup></b> | 3 <sup>0</sup>       | <b>3<sup>0</sup></b> | 1 <sup>-</sup>        | <b>2<sup>+</sup></b> | 1 <sup>-</sup>             | <b>1<sup>-</sup></b> |
| Vietnam   | 1 <sup>+</sup>  | <b>1<sup>+</sup></b> | 1 <sup>+</sup>       | <b>1<sup>+</sup></b> | 2 <sup>+</sup>           | <b>2<sup>+</sup></b> | 5 <sup>+</sup>       | <b>5<sup>+</sup></b> | 4 <sup>+</sup>        | <b>3<sup>-</sup></b> | 2 <sup>0</sup>             | <b>2<sup>0</sup></b> |
| Indonesia | 1 <sup>+</sup>  | <b>1<sup>+</sup></b> | 1 <sup>+</sup>       | <b>1<sup>+</sup></b> | 1 <sup>+</sup>           | <b>1<sup>+</sup></b> | 2 <sup>+</sup>       | <b>2<sup>+</sup></b> | 2 <sup>+</sup>        | <b>1<sup>-</sup></b> | 1 <sup>0</sup>             | <b>1<sup>0</sup></b> |
| Singapore | 5 <sup>+</sup>  | <b>5<sup>+</sup></b> | 2 <sup>-</sup>       | <b>2<sup>-</sup></b> | 1 <sup>+</sup>           | <b>1<sup>+</sup></b> | 1 <sup>+</sup>       | <b>1<sup>0</sup></b> | 5 <sup>-</sup>        | <b>5<sup>-</sup></b> | 2 <sup>-</sup>             | <b>2<sup>-</sup></b> |
| Others    | 2 <sup>+</sup>  | <b>2<sup>+</sup></b> | 1 <sup>-</sup>       | <b>1<sup>-</sup></b> | 1 <sup>0</sup>           | <b>1<sup>0</sup></b> | 4 <sup>+</sup>       | <b>4<sup>+</sup></b> | 4 <sup>+</sup>        | <b>4<sup>+</sup></b> | 2 <sup>0</sup>             | <b>2<sup>0</sup></b> |
| Total     | 1 <sup>0</sup>  | <b>1<sup>+</sup></b> | 1 <sup>0</sup>       | <b>1<sup>0</sup></b> | 1 <sup>0</sup>           | <b>1<sup>0</sup></b> | 3 <sup>+</sup>       | <b>3<sup>+</sup></b> | 3 <sup>-</sup>        | <b>3<sup>0</sup></b> | 2 <sup>+</sup>             | <b>1<sup>-</sup></b> |

<sup>1</sup>The figures on 2019 are preliminary as of the release date and subject to change.

<sup>2</sup>HQ globalization assessment was not reflected on overall grade

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