



## Press Release

For release at 6:00 A.M., March 24, 2020

### Real Estate Trust Companies' Earnings, 2019

Assets under management (AUM) of 14 real estate trust companies totaled KRW230.6 trillion at the end of 2019, up KRW23.8 trillion or 11.5% from KRW206.8 trillion a year ago. When it came to land trusts, the AUM increased from KRW64.9 trillion to KRW70.8 trillion. In particular, the AUM growth resulted from administration-type land trust growing by KRW5.9 trillion from the same period a year ago. Collateral trusts also expanded KRW19.2 trillion or 15.4% to KRW144.2 trillion. By contrast, brokerage trusts decreased KRW1.2 trillion or 15.0% to KRW6.8 trillion as well as disposition trusts fell KRW0.1 trillion or 1.6% to KRW6.1 trillion during the period.

Table 1. Real Estate Trust Companies' AUM, 2019\*

(In trillions of KRW)

	Dec 2015	Dec 2016	Dec 2017	Dec 2018	Dec 2019
Land trusts	38.3	47.1	56.0	64.9	<b>70.8</b>
Development-type	3.7	5.3	7.6	8.4	8.4
Administration-type	34.6	41.8	48.4	56.5	62.4
Collateral trusts	86.1	91.7	105.2	125.0	<b>144.2</b>
Brokerage trusts	6.3	7.8	8.8	8.0	<b>6.8</b>
Disposition trusts	6.2	6.8	5.8	6.2	<b>6.1</b>
Management trusts	2.6	2.5	2.7	2.7	<b>2.7</b>
Asset under management (AUM)	139.5	155.9	178.5	206.8	<b>230.6</b>

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

The real estate trust companies preliminarily reported net income of KRW480.0 billion for 2019, down KRW27.9 billion or 5.5% from a year earlier. In 2019, three real estate trust companies were newly established, which drove operating expenses to increase by KRW121.1 billion from the previous year.

The real estate companies' operating revenues have risen 7.0% to KRW1.3036 trillion in 2019. Fees/commissions revenues totaled KRW788.1 billion (60.5% of the total operating revenues), most of which came from land trusts (80.5% of the total fees/commissions).



Furthermore, operating expenses expanded KRW121.1 billion or 22.5% to KRW659.1 billion based on greater selling and administrative expenses. As the number of employees increased from 1,957 in 2018 to 2,353 in 2019, the selling and administrative expenses were up KRW75.4 billion or 22.5% to KRW410.4 billion. Meanwhile, bad debts expenses increased KRW33.8 billion or 26.2% to KRW162.8 billion in 2019 because asset quality of loans to trust account worsened compared to a year ago.

The aggregate assets of the real estate trust companies came to KRW5.6034 trillion at the end of 2019, up KRW892.7 billion or 19.0% from the end of 2018. The aggregate liabilities grew KRW313.9 billion or 15.5% to KRW2.3439 trillion based on the growth in issuance of corporate bonds and commercial papers (CPs). In addition, shareholders' equity came to KRW3.2595 trillion in total, up KRW578.8 billion or 21.6% from a year ago. This uptick resulted from greater retained earnings of the existing 11 companies and three new companies' establishment.

The net capital ratio (NCR) stood at 905% for 2019, 49.0%p higher than the previous year. All of the real estate companies satisfied regulatory capital requirement of KRW7.0 billion, reporting the NCR well above the supervisory guideline of 150%. When it came to assets classified under forward looking criteria (FLC), the aggregate asset amount came to KRW3.9869 trillion, of which assets classified as substandard or below (SBLs) accounted for 28.7% for 2019.

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

(In billions of KRW)

	Dec 2015	Dec 2016	Dec 2017	Dec 2018	Dec 2019
Assets	2,026.0	2,773.8	3,940.3	4,710.7	<b>5,603.4</b>
Liabilities	513.6	849.1	1,597.4	2,030.0	<b>2,343.9</b>
Shareholders' equity	1,512.4	1,924.7	2,342.9	2,680.7	<b>3,259.5</b>
Net capital ratio (%)	1,075	870	826	856	<b>905</b>

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

**Table 3. Financial Soundness of Real Estate Trust Companies, 2019<sup>1</sup>**

(In billions of KRW)

	Dec 2015	Dec 2016	Dec 2017	Dec 2018	Dec 2019
Assets classified under FLC <sup>2</sup>	1,111.6	1,633.6	2,825.0	3,523.1	<b>3,986.9</b>
SBLs	246.8 (22.2%)	179.3 (11.0%)	310.4 (11.0%)	827.3 (23.5%)	<b>1,142.3 (28.7%)</b>
Loans to trust account	862.6	1,337.6	2,407.6	3,224.6	<b>3,631.9</b>
SBLs	197.3 (22.9%)	133.5 (10.0%)	262.1 (10.9%)	781.2 (24.2%)	<b>1,074.0 (30.0%)</b>

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



<sup>2</sup>Loans (loans to trust account to be included), accrued revenue, account receivable, etc.

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

(In billions of KRW)

	2015	2016	2017	2018	2019
<b>Operating revenues</b>	<b>559.1</b>	<b>786.2</b>	<b>1,030.2</b>	<b>1,218.4</b>	<b>1,303.6</b>
Fees/Commissions	338.1	474.0	688.4	776.4	<b>788.1</b>
Development-type land trusts	170.8	266.0	433.9	444.4	<b>362.5</b>
Administration-type land trusts	57.7	88.3	120.5	184.1	<b>272.1</b>
Collateral trusts	76.4	81.8	91.1	109.7	<b>126.2</b>
Brokerage trusts	26.5	31.9	36.8	32.8	<b>20.0</b>
Disposition trusts	4.3	4.2	4.4	3.5	<b>5.2</b>
Management trusts	2.4	1.8	1.7	1.9	<b>2.1</b>
Interest on loans to trust accounts	55.8	68.2	129.7	199.4	<b>240.7</b>
Revenue from ancillary business	110.6	181.0	157.1	190.4	<b>188.5</b>
Others	54.6	63.0	55.0	52.2	<b>86.3</b>
<b>Operating expenses</b>	<b>263.0</b>	<b>316.0</b>	<b>359.7</b>	<b>538.0</b>	<b>659.1</b>
Selling and administrative expenses	208.2	264.7	288.3	335.0	<b>410.4</b>
Bad debt expenses	18.9	16.6	29.5	129.0	<b>162.8</b>
Interest expenses	5.6	9.4	24.4	43.9	<b>65.5</b>
Others	30.3	25.3	17.5	30.1	<b>20.4</b>
<b>Operating income</b>	<b>296.1</b>	<b>470.2</b>	<b>670.5</b>	<b>680.4</b>	<b>644.5</b>
<b>Net income</b>	<b>222.2</b>	<b>393.3</b>	<b>504.7</b>	<b>507.9</b>	<b>480.0</b>

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

###

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)