

## FSC IDENTIFIES D-SIBs FOR 2022

The FSC identified five bank holding companies (BHCs) and five banks as domestic systemically important banks (D-SIBs) for 2022 on July 13: Shinhan Financial Group, KB Financial Group, Hana Financial Group, Woori Financial Group, NH Financial Group, Shinhan Bank, KB Kookmin Bank, Woori Bank, KEB Hana Bank and NH Bank.

Those identified as D-SIBs are required to set aside an additional common equity capital of 1%, and the higher loss absorbency requirement will take effect on January 1, 2022.

The FSC will identify D-SIBs every year in accordance with assessment criteria recommended by the Basel Committee on Banking Supervision (BCBS).

In addition, the FSC identified D-SIBs as domestic systemically important financial institutions (D-SIFIs) under the amended Act on the Structural Improvement of the Financial Industry. D-SIFIs are required to prepare and submit their own recovery plans to the Financial Supervisory Service (FSS) within three months from the day of being designated as a D-SIFI.

**Table. D-SIB Assessment Criteria**

Criteria	Indicator	Weighting
Size (20%)	Total exposure	20%
Interconnectedness (20%)	Intra-financial system assets	6.7%
	Intra-financial system liabilities	6.7%
	Securities outstanding	6.7%
Substitutability (20%)	Payments activity in KRW	6.7%
	Payments activity in foreign currencies	6.7%
	Assets under custody	6.7%
Complexity (20%)	Notional amount of OTC derivatives	10%
	Fair value through profit or loss and other comprehensive income (FVTPL & FVTOCI)	10%
Country-specific factors (20%)	Foreign currency-denominated debt	10%
	Household loans	10%
Total		100%

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