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Press Release

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Domestic Banks' Net Income Estimated at KRW15.02 Trillion for 2007

Preliminary figures put domestic banks' combined net income for 2007 at KRW15.02 trillion, up KRW1.44 trillion from KRW13.57 trillion for 2006. Bank net income for 2007 was boosted by after-tax gains totaling KRW3.4 trillion from the sale of shares in LG Card (KRW3 trillion), SK Networks (KRW200 billion), and others that domestic banks held from debt-equity swaps in previous years. Excluding these one-time gains, bank net income for 2007 drops to KRW11.65 trillion, compared with KRW12.04 trillion for 2006.

Bank Net Income: 2007

	(In billions of won)						
	2005	2006		2007		Change 2006-07	
Commercial banks	9,220.7	9,037.8	(7,714.2)	10,154.3	(8,483.0)	1,116.6	(768.8)
Nationwide banks	8,571.3	8,322.9	(6,999.6)	9,309.6	(7,640.6)	986.7	(641.0)
Regional banks	649.5	714.9	(714.6)	844.8	(842.4)	129.9	(127.8)
Specialized banks	4,413.6	4,535.3	(4,326.4)	4,862.7	(3,171.2)	327.4	(-1,155.2)
Total	13,634.3	13,573.1	(12,040.6)	15,017.0	(11,654.2)	1,443.9	(-386.4)

Note: Figures in parentheses denote net income excluding gains from sale of shares in companies banks held from debt-equity swaps in previous years.

Interest income for 2007 was estimated at KRW31.2 trillion, an increase of KRW1.7 trillion or 5.8% from 2006. Non-interest income on the other hand jumped KRW3.4 trillion or 45.1% to KRW10.8 trillion on the back of robust increases in commission and securities-related gains. Service fee income, mostly from money transfer and ATM services, fell from KRW776.8 billion in 2006 to KRW701.9 billion in 2007, down 74.9 billion or 9.6%. But commission income from the sale of funds and bancassurance increased KRW1.1 trillion to KRW2.8 trillion.

Bank Interest and Non-Interest Income: 2007

	2006		2007		(In billions of won)	
					Change 2006-07	
	Amount	Percent	Amount	Percent	Amount	Percent
Interest income	29,479.9	79.9	31,185.8	74.3	1,705.9	5.8
Non-interest income	7,435.9	20.1	10,790.1	25.7	3,354.2	45.1
Service fee/Commission	3,879.7	10.5	4,688.6	11.2	808.9	20.8
Trust service	531.7	1.4	440.6	1.0	-91.2	-17.1
Securities-related	3,705.0	10.0	6,385.4	15.2	2,680.4	72.3



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Domestic banks' ROA for the year averaged 1.10%, down slightly from 1.13% a year earlier; net of gains from sale of debt-equity swap shares, ROA for 2007 falls to 0.85%, compared with 1.00% for 2006. Net interest margin was estimated at 2.45%, compared with 2.64% for 2006 and 2.81% for 2005.

Preliminary Bank Income Summary: 2007

(In billions of won)

	2006	2007	Change	% Change
Interest income	29,479.9	31,185.8	1,705.9	5.8
Interest revenue	65,139.5	77,134.1	11,994.6	18.4
Interest expense	35,659.6	45,948.3	10,288.8	28.9
Non-interest income	7,435.9	10,790.1	3,354.2	45.1
Service fees/Commission	3,879.7	4,688.6	808.9	20.8
Trust services	531.7	440.6	-91.2	-17.1
Securities-related	3,705.0	6,385.4	2,680.4	72.3
Selling/Administrative expenses	15,885.1	17,603.8	1,718.6	10.8
Operating income before loan loss provisions	21,030.7	24,372.1	3,341.4	15.9
Provisions for loan losses	4,785.4	4,490.2	-295.1	-6.2
Operating income	16,245.3	19,881.9	3,636.6	22.4
Nonoperating income	1,220.3	1,202.1	-18.2	-1.5
Securities-related	1,832.4	1,849.8	17.5	1.0
Others	-612.1	-647.8	-35.7	-
Pretax income	17,465.6	21,083.9	3,618.3	20.7
Corporate income taxes	3,892.5	6,066.9	2,174.4	55.9
Net income	13,573.1	15,017.0	1,443.9	10.6
Income before provisioning	22,251.0	25,574.2	3,323.2	14.9

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