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Press Release

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Bank Loans Classified as Substandard or Below Fall in 2004

Preliminary figures compiled by the FSS show that bank loans classified as substandard or below (SBLs)—substandard, doubtful, or presumed loss—totaled KRW13.9 trillion at the end of 2004, down KRW4.8 trillion from KRW18.7 trillion a year earlier. The ratio of SBLs to the total outstanding loans dropped to 1.90% from 2.63% a year earlier.

Domestic Banks' SBLs: 2004

(End of Period)

(In KRW, trillions)

	2000	2001	2002	2003	2004			
					Q1	Q2	Q3	Q4
SBLs	42.1	18.8	15.1	18.7	21.3	18.1	17.6	13.9
Ratio (%)	8.0	3.41	2.33	2.63	2.93	2.46	2.37	1.90

A breakdown of the SBLs shows that SBLs from business loans totaled KRW8.3 trillion (1.92%), compared with KRW4.3 trillion (1.57%) from household loans and KRW1.3 trillion (5.16%) from credit card assets.

Breakdown of SBLs: 2004

(End of Period)

(In KRW, trillions)

Loan Type	Total Outstanding Loans			SBLs		
	2003	2004	Change	2003	2004	Change
Business Loans	435.5	433.4	-2.1	11.8 (2.70%)	8.3 (1.92%)	-3.5 (-0.78 pp)
Household Loans	248.3	270.6	22.3	4.4 (1.76%)	4.3 (1.57%)	-0.1 (-0.19 pp)
Credit Card Assets	25.2	25.0	-0.2	2.5 (10.09%)	1.3 (5.16%)	-1.2 (-4.93 pp)
Total	709.1	728.9	19.8	18.7 (2.63%)	13.9 (1.90%)	-4.8 (-0.73 pp)



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Domestic banks resolved or cleaned up SBLs totaling KRW31.1 trillion during 2004. They included loan write-offs totaling KRW12.8 trillion, reclassified SBLs totaling KRW6.6 trillion, and loan collections including disposition of borrower collateral totaling KRW5.7 trillion. New SBLs during 2004 totaled KRW26.2 trillion, compared with KRW35.3 trillion during 2003.

SBL Resolution and Disposition: 2002-2004

(In KRW, trillions)

	2002	2003	2004
Reclassified SBLs	4.0 (20.0%)	5.8 (18.2%)	6.6 (21.3%)
Write-offs	7.8 (38.5%)	11.2 (35.5%)	12.8 (41.3%)
Collection *	5.4 (26.7%)	7.7 (24.1%)	5.7 (18.4%)
Securitization	0.2 (0.8%)	2.2 (6.9%)	3.4 (10.8%)
Loan Sales	1.6 (8.2%)	2.6 (8.3%)	2.1 (6.7%)
Debt-Equity Swaps	1.2 (5.8%)	2.2 (7.0%)	0.5 (1.5%)
Total	20.1 (100.0%)	31.7 (100.0%)	31.1(100.0%)

* Including disposition of borrower collateral

As of the end of 2004, none of the domestic banks had an SBL ratio above 3% (Jeju Bank's 2.82% was the highest). The SBL ratios for 15 banks fell while those for four banks slightly rose in 2004 (see the attached table for a complete list of the banks and their ratios for 2004).



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SBLs by Bank: 2004
(End of Period)

(In KRW, trillions)

	2003			2004		
	Total Outstanding Loans	SBLs	SBL Ratio (%)	Total Outstanding Loans	SBLs	SBL Ratio (%)
Chohung	44.9	2.2	4.82	43.0	0.8	1.94
Woori	74.2	1.7	2.26	78.1	1.8	2.27
Korea First	27.5	0.4	1.54	31.1	0.5	1.50
Hana	57.2	1.1	1.98	60.0	0.9	1.44
Korea Exchange	41.7	1.1	2.59	41.5	0.8	1.82
Shinhan	48.8	1.1	2.20	52.0	0.7	1.39
Citibank Korea *	28.8	0.5	1.60	25.7	0.4	1.37
Kookmin	140.8	5.1	3.59	136.3	3.6	2.64
Nationwide Banks	463.9	13.1	2.82	467.8	9.4	2.00
Daegu	10.4	0.2	2.29	10.9	0.2	1.46
Busan	9.7	0.2	1.63	11.2	0.1	1.30
Kwangju	5.2	0.1	1.70	5.7	0.1	2.04
Jeju	1.3	0.04	2.89	1.3	0.04	2.82
Chunbuk	2.4	0.03	1.42	2.8	0.05	1.79
Kyongnam	6.6	0.1	1.73	7.4	0.2	2.05
Regional Banks	35.7	0.7	1.88	39.3	0.6	1.68
Commercial Banks	499.5	13.7	2.75	507.1	10.0	1.98
Korea Development	55.9	1.7	2.96	54.0	0.9	1.58
Industrial Bank of Korea	50.6	1.3	2.58	54.7	1.2	2.19
Export-Import Bank of Korea	26.0	0.6	2.33	27.9	0.3	1.14
National Agricultural Cooperatives Federation	70.7	1.3	1.80	77.7	1.4	1.74
National Federation of Fisheries	6.3	0.1	1.54	7.5	0.1	1.47
Specialized Banks	209.6	4.9	2.36	221.8	3.8	1.73
Total	709.1	18.7	2.63	728.9	13.9	1.90

Note: Citibank branch figures are not included in Citibank Korea. Currently, there are eight nationwide and six regional banks (collectively referred to as commercial banks) and five specialized banks.

Please forward questions or comments regarding this press release to the Management Guidance Team I (Tel: +82-2-3786-8066), Financial Supervisory Service.