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Press Release

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BIS Capital Adequacy Ratio of Domestic Banks Averages 12.09% at the End of 2004

Preliminary figures show that the BIS capital adequacy ratio of domestic banks at the end of 2004 averaged 12.09%, up from 11.16% a year earlier and the highest ratio ever. The capital adequacy ratio rose for 12 banks and fell for 7 banks for the year.

BIS Bank Capital Adequacy Ratio: June 2001-December 2004

Q2/2001	Q4/2001	Q4/2002	Q2/2003	Q4/2003	Q2/2004	Q4/2004
11.95%	11.68%	11.33%	11.03%	11.16%	11.73%	12.09%

Risk-weighted assets rose 4.2% during 2004, but the increase was easily offset by a 12.9% jump in bank capital on the back of KRW8.8 trillion in net income for the year and capital increases by the government in Korea Development Bank. The quality of bank capital also showed much improvement in 2004 with Tier-1 capital rising KRW9.5 trillion compared with an increase of KRW300 billion for Tier-2 capital.

With a KRW37.8 billion drop in Tier-2 capital, the six regional banks saw their average BIS capital adequacy ratio fall slightly in 2004 to 11.02% from 11.13% a year earlier. The drop, however, does not appear to warrant any particular concern as the regional banks maintained an overall ratio above 11% and thus did not need to issue high-yield subordinated bonds for Tier-2 capital.

Attached: Table of BIS capital adequacy ratios by bank



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BIS Capital Adequacy Ratios by Bank

	2001	2002	2003		2004		Change From Q4/2003
			Q2	Q4	Q2	Q4	
Chohung	10.43	8.66	9.18	8.87	8.94	9.40	0.53
Woori	11.28	11.59	11.93	11.23	12.07	12.20	0.97
Korea First Bank	13.26	11.55	10.92	12.00	12.62	11.91	-0.09
Hana	10.29	10.30	10.28	11.17	11.25	11.83	0.66
Korea Exchange Bank	10.96	9.31	9.56	9.32	9.12	9.47	0.15
Shinhan	11.99	10.92	10.21	10.49	11.71	11.94	1.45
KorAm	11.18	12.11	10.81	10.98	10.94	12.42	1.45
Kookmin	10.23	10.41	10.51	9.81	10.39	11.14	1.32
Nationwide Banks	10.81	10.46	10.48	10.34	10.84	11.31	0.97
Daegu	11.01	10.85	10.05	10.58	10.81	10.66	0.08
Busan	10.26	11.69	11.20	11.66	11.18	10.84	-0.82
Kwangju	11.15	11.03	10.74	10.72	11.38	11.81	1.09
Jeju	9.71	11.71	10.52	10.96	10.66	10.91	-0.06
Jeonbuk	10.30	11.35	11.88	10.79	10.34	10.79	-
Kyongnam	11.08	11.34	11.07	11.69	11.77	11.34	-0.35
Regional Banks	10.74	11.26	10.79	11.13	11.12	11.02	-0.11
Commercial Banks	10.81	10.52	10.50	10.40	10.86	11.29	0.89
Korea Development Bank	16.89	16.81	15.58	16.22	18.09	18.15	1.93
Industrial Bank of Korea	10.90	10.43	10.38	9.88	10.97	11.18	1.30
Export-Import Bank of Korea	15.11	14.97	12.59	14.41	12.98	12.86	-1.55
National Agricultural Cooperative Federation	10.26	10.77	9.86	10.66	10.87	11.43	0.77
National Federation of Fisheries Cooperatives	10.65	10.61	10.57	11.71	11.24	11.21	-0.50
Specialized Banks	13.59	13.22	12.20	12.77	13.51	13.73	0.96
Total	11.68	11.33	11.03	11.16	11.73	12.09	0.93

Note: Currently, there are eight nationwide and six regional banks (collectively referred to as commercial banks) and five specialized banks in business.