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Press Release

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Domestic Banks Report Net Income Totaling KRW2.76 Trillion For the First Quarter of 2005

Preliminary figures show that domestic banks' net income for the first quarter of 2005 totaled KRW2.76 trillion, up KRW1.05 trillion or 61.2% from KRW1.71 trillion a year earlier. Income before provisioning for loan losses (including nonoperating income) totaled KRW4.62 trillion, which is KRW616.0 billion or 11.8% less than KRW5.24 trillion a year earlier, indicating most of the gains resulted from lower provisioning in the quarter.

Domestic Banks' Quarterly Income

						(In KRW, billions)	
	Q1	Q2	2004 Q3	Q4	Total	2005 Q1	Q1-Q1 Change
Net Income	1,709.3	1,922.5	2,047.5	3,095.8	8,775.1	2,755.9	1,046.6
Income before provisioning	5,240.2	5,323.9	4,432.3	4,239.4	19,235.8	4,624.2	-616.0

Interest income for the first quarter totaled KRW6.30 trillion, down KRW330.5 billion or about 5% from KRW6.63 trillion a year earlier, on falling interest margins amid increasing competition in the banking sector. As a result of drop in fee income and securities trading income, non-interest income fell by KRW250.4 billion or 16.2% in the quarter.

Attached: Summary Income Statement of Domestic Banks for Q1, 2005



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Summary Income Statement of Domestic Banks

	(In KRW, billions)		
	2004 Q1	2005 Q1	Q1-Q1 Change
Net interest income	6,634.1	6,303.6	-330.5
Interest income ¹	14,041.6	13,054.1	-987.5
Interest expenses	7,407.6	6,750.5	-657.0
Non-interest income	1,544.6	1,294.2	-250.4
Fees	820.2	804.4	-15.8
Trust services	164.9	241.9	77.0
Gains from securities trading, Dividends	315.6	38.8	-276.8
Foreign currency, derivatives	345.7	333.7	-12.0
Merchant banking, others	-101.8	-124.6	-22.9
Total income	8,178.7	7,597.8	-580.9
Selling/Administrative expenses	2,997.3	3,351.2	353.9
Operating income before provisioning	5,181.3	4,246.6	-934.8
Provisioning for loan losses	3,151.7	1,115.2	-2,036.5
Operating income	2,029.7	3,131.4	1,101.8
Nonoperating income	58.8	377.6	318.8
Securities related ²	271.7	696.2	424.5
Others ³	-212.9	-318.6	-105.8
Pretax income	2,088.5	3,509.0	1,420.5
Income tax	379.2	753.1	373.9
Net income	1,709.3	2,755.9	1,046.6

Notes:

1. Includes income from credit card cash advances and credit card service fees. These totaled KRW1,140.0 billion (Q1, 2004) and KRW1,237.7 billion (Q1, 2005), respectively;
2. Includes gains/losses using equity method and both realized and unrealized gains/losses from securities holdings;
3. Includes losses on disposition of tangible assets, disposition of loans, severance pay for retiring employees, and extraordinary losses;