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# Press Release

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## Credit Card Companies Report KRW526.5 Billion in Net Income for the First Quarter of 2006

The six domestic credit card companies reported net income totaling KRW526.4 billion for the first quarter of 2006, up from the 2005 fourth quarter total of KRW344.2 billion. Operating income came to KRW474.1 billion. Earnings for the first quarter were helped by a 44.1% drop in bad debt expenses from the fourth quarter of 2005.

### Operating and Net Income: First Quarter, 2006

	(In KRW, billions)					
	Q1	Q2	2005 Q3	Q4	Total	2006 Q1
Operating Revenue	1,805.3	1,829.8	1,777.0	1,895.6	7,306.7	1,869.7
Operating Expenses	3,171.4	1,394.8	1,303.7	1,628.6	7,498.5	1,395.6
<i>Bad Debt Expenses</i>	<i>2,009.7</i>	<i>254.4</i>	<i>136.8</i>	<i>245.8</i>	<i>2,646.7</i>	<i>137.5</i>
Operating Income	-1,366.1	434.1	473.3	266.9	-191.8	474.1
Net Income	-1,121.6	597.7	522.1	344.2	342.3	526.4

All the six credit card companies reported positive earnings for the first quarter, and five posted increased earnings from the previous quarter.

### Individual Net Income: First Quarter, 2006

	(In KRW, billions)					
	Q1	Q2	2005 Q3	Q4	Total	2006 Q1
BC	15.5	14.9	5.4	-5.0	30.8	11.2
LG	291.8	479.8	363.4	228.1	1,363.1	353.6
Samsung	-1,488.1	54.3	63.7	68.8	-1,301.3	75.7
Hyundai	5.2	5.1	31.9	21.6	63.8	25.1
Lotte	131.7	41.3	28.8	31.8	29.8	44.3
Shinhan	54.2	12.7	14.8	25.9	0.8	16.5
Net Income	-1,121.6	597.7	522.1	344.2	342.3	526.4

More stringent credit screening of card users and risk management contributed to lower payment delinquencies during the first quarter. Delinquency ratio—defined as payments overdue one month or more plus loans converted from overdue credit card receivables (“converted loans”) divided by total managed assets—averaged 8.77% at the end of the quarter, compared with 10.05% a quarter earlier and



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15.73% a year earlier. Excluding converted loans, the delinquency ratio averaged 4.96% at the end of first quarter, compared with 5.88% a quarter earlier and 8.19% at the end of 2005.

Delinquency Ratios: First Quarter, 2006  
(End of Period)

	2005				2006	(In percent) Year-on-Year Q1 Change
	Q1	Q2	Q3	Q4	Q1	
BC	4.82	5.11	4.73	2.30	2.55	-2.27
LG	11.15	9.69	9.21	7.89	6.50	-4.65
Samsung	22.87	19.57	17.61	15.83	14.23	-8.64
Hyundai	10.71	7.39	6.00	4.28	3.65	-7.06
Lotte	2.77	2.35	2.19	2.09	2.41	-0.36
Shinhan	5.44	4.33	4.30	2.96	2.79	-2.65
Average	15.73	13.27	11.87	10.05	8.77	-6.96

The capital adequacy of the credit card companies also improved during the first quarter with the adjusted capital adequacy ratios rising to 22.36% from 18.99% at the end of 2005. Hyundai Card's adjusted capital adequacy rose to a record 29.89% from 14.68% at the year's end as a result of KRW165.3 billion equity investment by GE Capital International Holdings.

Adjusted Capital Adequacy Ratios: First Quarter, 2006  
(End of Period)

	2005				2006	(In percent) Qtr.-to-Qtr. Change
	Q1	Q2	Q3	Q4	Q1	
BC	43.77	50.48	52.27	47.69	54.27	6.58
LG	16.22	21.99	25.31	25.55	26.97	1.42
Samsung	11.38	12.40	13.22	13.23	15.20	1.97
Hyundai	13.54	11.70	15.11	14.68	29.89	15.21
Lotte	28.90	27.75	26.45	22.35	24.54	2.19
Shinhan	18.29	18.18	20.14	17.68	19.35	1.67
Average	15.07	17.59	19.50	18.99	22.36	3.37

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