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Press Release

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Domestic Banks' Preliminary Net Income: First Half, 2006

Preliminary figures show domestic banks' net income for the first half of 2006 will come to KRW8.09 trillion, up 23.4% or KRW1.54 trillion from KRW6.55 trillion a year earlier. An 8.5% or KRW1.1 trillion increase in interest income driven by continued loan growth as well as a 50.3% or KRW1.2 trillion drop in loan loss provisions mainly contributed to the robust earnings for the period.

Net interest income for H1 totaled KRW14.5 trillion, up 8.5% from a year earlier, and made up 86.6% of the gross income for the period. Non-interest income jumped 6.3% to KRW2.3 trillion from KRW2.1 trillion a year earlier.

Bank Gross Income: First Half, 2006

(In trillions of won)

	H1, 2005	H1, 2006	Change
Interest income	13.4	14.5	1.1 (8.5%)
Non-interest income	2.1	2.3	0.2 (6.3%)
Total	15.5	16.8	1.3 (8.2%)

As a result of the sharply higher H1 net income, the average ROA jumped from 1.26% in H1, 2005, to 1.40%. The gross income/asset ratio fell slightly from 2.98% to 2.92%, while the net income/gross income ratio averaged 48.1%, compared with 42.2% a year earlier. Narrower interest margins (from 3.11% to 2.95%) most likely contributed to the modest drop of the gross income/asset ratio for the period despite a continued growth of loan assets.

Bank Profit Ratios: First Half, 2006

	2001	2002	2003	2004	2005	H1, 2005	H1, 2006
Net income/Asset	0.66	0.60	0.17	0.85	1.27	1.26	1.40
Gross income/Asset	2.93	3.04	2.97	3.16	2.98	2.98	2.92
Net income/Gross income	22.6	19.9	5.9	27.0	42.5	42.2	48.1

Bank Loan Assets: First Half, 2006

(In trillions of won)

2004	H1, 2005	2005	H1, 2006
693.5	718.8	751.4	803.8



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Preliminary Summary Bank Income Statement:
First Half, 2006

	(In billions of won)			
	H1, 2005	H1, 2006	Change	% Change
Net interest income	13,410.7	14,549.1	1,138.4	8.5%
<i>Interest income</i>	27,000.2	30,911.1	3,910.9	14.5%
<i>Interest expense</i>	13,589.5	16,362.0	2,772.5	20.4%
Non-interest income	2,120.9	2,254.0	133.1	6.3%
<i>Service fees</i>	1,696.8	1,935.5	238.7	14.1%
<i>Investment securities</i>	121.2	233.0	111.8	92.2%
<i>FX/Derivatives</i>	683.2	769.8	86.6	12.7%
Gross income	15,531.6	16,803.1	1,271.5	8.2%
Selling/Administrative expenses	6,756.1	7,352.4	596.3	8.8%
Operating income before loan loss provisions	8,775.5	9,450.7	675.2	7.7%
Provisions for loan losses	2,377.4	1,181.1	-1,196.3	-50.3%
Operating income	6,398.1	8,269.6	1,871.5	29.2%
Nonoperating income	1,702.2	2,376.8	674.6	39.6%
<i>Securities-related</i>	1,869.6	2,623.6	754.0	40.3%
<i>Others</i>	-167.4	-246.8	-79.3	47.4%
Pretax income	8,100.3	10,646.4	2,546.1	31.4%
Corporate income taxes	1,548.6	2,559.0	1,010.4	65.2%
Net income	6,551.7	8,087.4	1,535.7	23.4%
Income before provisioning	10,477.7	11,827.5	1,349.7	12.9%

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