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Press Release

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Bank Loans Classified as Substandard or Below: First Half, 2006

Bank loans classified as substandard or below (SBLs)—substandard, doubtful, or presumed loss—totaled KRW8.8 trillion at the end of June, down from KRW9.7 trillion at the end of 2005. The ratio of SBLs to total outstanding loans fell from 1.22% to 1.02%, the lowest ratio since the forward-looking criteria were first adopted in 1999. Disposition of borrower collateral, aggressive write-off of SBLs, and a smaller increase in new SBLs—KRW6.0 trillion compared with KRW8.8 trillion for H1, 2005, and KRW7.1 trillion for H2, 2005—mainly contributed to the drop in SBL ratio for the first half of 2006.

Bank SBLs and SBL Ratio: 1999-June, 2006

(End of Period)

(In KRW, trillions)

	1999	2000	2001	2002	2003	2004	2005	H1, 2006
SBL	61.0	42.1	18.8	15.1	18.7	13.9	9.7	8.8
SBL Ratio	12.9%	8.00%	3.41%	2.33%	2.63%	1.90%	1.22%	1.02%

The SBL ratios fell for all the key borrower groups during the first half from end-2005, averaging 1.09% for corporate loans, 0.86% for household loans, and 1.80% for credit card receivables. The ratio fell for 14 banks but modestly rose for 4 others.

Bank SBLs by Loan Type: 2005-June, 2006

(End of Period)

(In KRW, trillions, percent)

	Total Outstanding Loans			SBLs		
	2005	Q1, 2006	H1, 2006	2005	Q1, 2006	H1, 2006
Corporate loans	469.1	485.0	520.1	6.2 (1.31)	6.2 (1.27)	5.7 (1.09)
(SME loans)	293.5	301.9	320.9	4.9 (1.68)	5.0 (1.65)	4.4 (1.37)
Household loans	301.6	306.6	319.1	3.0 (0.98)	3.0 (0.99)	2.7 (0.86)
Credit card receivables	24.5	23.5	22.1	0.6 (2.40)	0.5 (2.33)	0.4 (1.80)
Total	795.2	815.1	861.3	9.7 (1.22)	9.8 (1.20)	8.8 (1.02)

Note: Figures in parentheses denote SBL ratios for the period.

Attached: SBLs by Bank, end-June, 2006



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SBLs by Bank: June, 2006
(End of Period)

(In KRW, trillions, percent)

	2005			June, 2006		
	Total	SBLs	SBL Ratio	Total	SBLs	SBL Ratio
Shinhan*	102.6	1.1	1.05	104.8	1.1	1.09
Woori	91.6	1.1	1.23	110.6	1.0	0.88
SC First Bank	36.6	0.6	1.58	36.2	0.6	1.67
Hana	65.0	0.6	0.98	78.4	0.6	0.74
Korea Exchange Bank	43.5	0.4	0.90	46.3	0.3	0.65
Citibank Korea	26.6	0.4	1.40	27.2	0.3	1.12
Kookmin	137.5	2.3	1.70	142.7	2.0	1.39
Nationwide Banks	503.3	6.5	1.30	546.6	5.9	1.08
Daegu	12.2	0.1	0.97	12.7	0.1	0.85
Busan	12.5	0.1	0.94	13.5	0.1	0.89
Kwangju	6.9	0.1	1.46	7.8	0.1	1.12
Jeju	1.4	0.0	1.42	1.5	0.0	0.99
Jeonbuk	3.1	0.0	1.29	3.3	0.0	1.36
Kyongnam	8.6	0.1	1.06	9.6	0.1	0.86
Regional Banks	44.7	0.5	1.09	48.4	0.5	0.95
Commercial Banks	548.0	7.0	1.28	595.0	6.3	1.07
Korea Development Bank	53.9	0.5	1.01	55.6	0.6	1.02
Industrial Bank of Korea	64.5	0.8	1.17	73.0	0.6	0.83
Export-Import Bank of Korea	31.9	0.1	0.22	34.1	0.1	0.16
National Agricultural Cooperative Federation	87.5	1.2	1.38	93.0	1.1	1.20
National Federation of Fisheries Cooperatives	9.5	0.1	1.47	10.6	0.1	1.21
Specialized Banks	247.3	2.7	1.10	266.3	2.5	0.93
Total	795.2	9.7	1.22	861.3	8.8	1.02

Note: The end-2005 figures for Shinhan are sum of both Shinhan and Chohung, which merged together on April 1, 2006. There are now seven nationwide and six regional banks (collectively referred to as commercial banks) and five specialized banks in Korea.

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