



Financial Supervisory Commission
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Press Release

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Bank Loans Classified as Substandard or Below: September, 2006

Bank loans classified as substandard or below (SBLs)—substandard, doubtful, or presumed loss—totaled KRW8.8 trillion at the end of September, unchanged from end-June. But the ratio of SBLs to total outstanding loans fell to 0.98%, the lowest ratio since the forward-looking criteria were first adopted in 1999. The SBL ratio averaged 1.02% at end-June and 1.22% at end-2005. A surge in new loans, which pushed the total outstanding loans to KRW895.2 from KRW861.3 trillion, was mostly responsible for the drop in SBL ratio.

Bank SBL and SBL Ratio: 1999-September, 2006 (End of Period)

| | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | (In trillions of won) | |
|---------------|------|------|------|------|------|------|------|-----------------------|---------------|
| | | | | | | | | 2006 June | 2006 Sept. |
| SBL | 61.0 | 42.1 | 18.8 | 15.1 | 18.7 | 13.9 | 9.7 | 8.8 | 8.8 |
| SBL Ratio (%) | 12.9 | 8.00 | 3.41 | 2.33 | 2.63 | 1.90 | 1.22 | 1.02 | 0.98 |

Overall, the SBL ratios fell modestly for the key borrower groups from end-June, averaging 1.06% for corporate loans and 0.81% for household loans. The ratio for credit card receivables increased slightly from 1.80% at end-June to 1.84%. But compared to end-2005, the SBL ratios fell for all the loan types.

Bank SBLs by Loan Type: 2005-September, 2006 (End of Period)

| | Total Outstanding Loans | | | SBLs | | |
|-------------------------|-------------------------|------------|-------------|------------|------------|-------------|
| | 2005 | June, 2006 | Sept., 2006 | 2005 | June, 2006 | Sept., 2006 |
| Corporate loans | 469.1 | 520.1 | 544.1 | 6.2 (1.31) | 5.7 (1.09) | 5.7 (1.06) |
| (SME loans) | 293.5 | 320.9 | 334.7 | 4.9 (1.68) | 4.4 (1.37) | 4.4 (1.32) |
| Household loans | 301.6 | 319.1 | 327.8 | 3.0 (0.98) | 2.7 (0.86) | 2.6 (0.81) |
| Credit card receivables | 24.5 | 22.1 | 23.2 | 0.6 (2.40) | 0.4 (1.80) | 0.4 (1.84) |
| Total | 795.2 | 861.3 | 895.2 | 9.7 (1.22) | 8.8 (1.02) | 8.8 (0.98) |

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

Attached: SBLs by Bank, end-September, 2006



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

(In trillions of won, percent)

| | June, 2006 | | | September, 2006 | | |
|---|--------------|------------|-------------|-----------------|------------|-------------|
| | Total | SBLs | SBL Ratio | Total | SBLs | SBL Ratio |
| Shinhan | 104.8 | 1.1 | 1.09 | 113.3 | 1.1 | 1.01 |
| Woori | 110.8 | 1.0 | 0.88 | 115.2 | 1.0 | 0.86 |
| SC First Bank | 36.2 | 0.6 | 1.67 | 36.4 | 0.6 | 1.73 |
| Hana | 78.4 | 0.6 | 0.74 | 81.3 | 0.6 | 0.72 |
| Korea Exchange Bank | 46.4 | 0.3 | 0.65 | 47.3 | 0.3 | 0.69 |
| Citibank Korea | 27.2 | 0.3 | 1.12 | 28.4 | 0.3 | 1.03 |
| Kookmin | 142.7 | 2.0 | 1.39 | 148.2 | 2.0 | 1.33 |
| Nationwide Banks | 546.6 | 5.9 | 1.08 | 570.0 | 5.9 | 1.04 |
| Daegu | 12.7 | 0.1 | 0.85 | 13.3 | 0.1 | 0.82 |
| Busan | 13.5 | 0.1 | 0.89 | 14.5 | 0.1 | 0.75 |
| Kwangju | 7.8 | 0.1 | 1.12 | 8.2 | 0.1 | 0.94 |
| Jeju | 1.5 | 0.0 | 0.99 | 1.7 | 0.0 | 0.84 |
| Jeonbuk | 3.3 | 0.0 | 1.36 | 3.4 | 0.0 | 1.13 |
| Kyongnam | 9.6 | 0.1 | 0.86 | 9.9 | 0.1 | 0.86 |
| Regional Banks | 48.4 | 0.4 | 0.95 | 51.1 | 0.5 | 0.85 |
| Commercial Banks | 595.0 | 6.3 | 1.07 | 621.1 | 6.4 | 1.03 |
| Korea Development Bank | 55.6 | 0.6 | 1.02 | 56.9 | 0.7 | 1.22 |
| Industrial Bank of Korea | 73.0 | 0.6 | 0.83 | 76.4 | 0.7 | 0.94 |
| Export-Import Bank of Korea | 34.1 | 0.1 | 0.16 | 35.3 | 0.0 | 0.13 |
| National Agricultural Cooperative Federation | 93.0 | 1.1 | 1.20 | 94.3 | 0.9 | 0.92 |
| National Federation of Fisheries Cooperatives | 10.6 | 0.1 | 1.21 | 11.1 | 0.1 | 1.11 |
| Specialized Banks | 266.3 | 2.5 | 0.93 | 274.0 | 2.4 | 0.89 |
| Total | 861.3 | 8.8 | 1.02 | 895.2 | 8.8 | 0.98 |

Note: There are seven nationwide and six regional banks (collectively referred to as commercial banks) and five specialized banks in Korea.

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