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Press Release

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RISK ASSESSMENT OF BANKS' MORTGAGE LOANS

Household mortgage loans extended by banks totaled KRW 260.1 trillion at the end of September 2009, of which KRW 112.0 trillion (43.1%) are loans with lump-sum redemption contracts, and the remaining KRW 148.1 trillion (56.9%) are loans with redemption by installment contracts.

Forty percent of the loans with lump-sum redemption contracts, KRW 44.7 trillion, will reach maturity in 2010.

(In KRW, trillion, %)

	4Q 2009	2010	2011	2012	2013	2014*~	total
end-Sept 2009	10.7	44.7	21.8	16.9	4.1	13.5	112.0
	(9.6)	(40.0)	(19.5)	(15.1)	(3.7)	(12.1)	

- Mortgage loans whose maturity date cannot be calculated and late payments are included

Fifteen percent of the loans with installment contracts, KRW 22.3 trillion, will start to be repaid with interest and principle in 2010.

(In KRW, trillion)

end-Sept 2009	already started					4Q 2009	2010	2011	2012	2013
	~2006	2007	2008	1Q~3Q 2009	total					
Repayment	12.8	9.1	10.2	14.7	46.8	9.0	22.3	26.6	21.0	7.3

Risk Assessment

Compared with previous years, the amount of loans with lump-sum redemption contracts due in 2010 is relatively moderate.*

*KRW44.3 trillion (2008), KRW43.3 trillion (2009), KRW44.7 trillion (2010)

The numbers are estimated at the end of the previous year, with Sept. figures used for 2010.

The loans with installment contracts, KRW 22.3 trillion, which will start to be repaid with



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interest and principle in 2010, have also decreased from KRW31.2 trillion of 2009.

In particular, given that the rollover ratio of lump-sum payment loans exceeds 95%, the actual amount of household debt which poses a burden of full repayment is just around KRW 2 trillion.

The extension of interest-only payment period for loans with redemption by installment contracts also helped to ease household financial burden; from Nov. '08 to Oct. '09, interest-only payment periods were extended for KRW 10.5 trillion in loans.

Considering stabilizing housing prices^{*} and low loan-to-value (LTV) ratio^{**}, it is unlikely that the households' debt repayment burden will significantly increase.

*Housing price change (% , qoq): -1.0(1Q09), 0.4(2Q), 1.3(3Q), 0.3(Nov), 0.1(Dec)

**LTV ratio ('09 July): Korea 47.1%, US 74.9%, UK 85.2% (end-December 2007)

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