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Press Release

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BASEL III CAPITAL REGULATIONS TO BE IMPLEMENTED FROM DECEMBER, 2013

Basel III capital regulations will be gradually implemented to the banking sector from December 2013 as the revised Regulation on Supervision of Banking Institutions is scheduled to take effect.

A. Minimum Capital Ratio

- Before revision: Total capital ratio (8%)
- After revision: Minimum common equity capital ratio (4.5%), minimum Tier 1 capital ratio (6%), minimum total capital ratio (8%) (effective from Dec. 1, 2013)

B. Capital Buffer

- Banking institutions must accumulate 2.5%p of capital buffer in addition to the minimum capital ratio. (effective from Jan. 1, 2016)

C. Prompt Corrective Action

- The financial authorities will take prompt corrective action against financial institutions which fail to satisfy minimum level of total capital ratio, Tier 1 capital ratio, and common equity capital ratio. (effective from Jan. 1, 2015)

<Basel III Implementation Schedule>

	Dec.1, 2013	2014	2015	2016	2017	2018	2019
▪ Minimum Common Equity Capital Ratio (A)	<u>3.5</u>	4.0	4.5	4.5	4.5	4.5	4.5
▪ Minimum Tier 1 Capital Ratio	<u>4.5</u>	5.5	6.0	6.0	6.0	6.0	6.0
▪ Minimum Total Capital (C)	<u>8.0</u>	8.0	8.0	8.0	8.0	8.0	8.0
▪ Capital Conservation Buffer (B)				<u>0.625</u>	1.25	1.875	2.50
- Minimum Total Capital Plus Conservation Buffer (B+C)	8.0	8.0	8.0	8.625	9.25	9.875	10.5

- Suhyup bank (National Federation of Fisheries Cooperatives) will implement Basel III capital regulations from December 2016¹ after three years of grace period².

¹ The decision was made based on the judgment there is a limit in implementing the regulations to a bank in the form of cooperatives federation since the Basel III is subject to the institutions in corporation form.

² Grace period can be reduced upon request of the Minister of Oceans and Fisheries.