



Press Release

March 27, 2014

ONE-YEAR ACHIEVEMENT OF THE HAPPINESS FUND

KEY ACHIEVEMENTS

As of March 2014, the Happiness Fund has supported debt restructuring of 249,000 debtors, out of a total of 294,000 applicants since its launch on March 29, 2013. For the last one year, the Happiness Fund has reached out to 294,000 debtors, 3.8 times more than the initially targeted number of 65,000 a year.¹

Out of the 249,000 debtors, the Happiness Fund purchased debts of 168,000 borrowers from financial institutions since its launch. Debts of the remaining 81,000 were taken over from public asset management companies (AMCs).

The 168,000 debtors² were written off 51.8% of their debts, KRW 0.9 trillion out of a total of KRW 1.8 trillion (principal only), which is equivalent to write-offs of KRW 5.73 million per person.³

The Happiness Fund helped those in debt restructuring program find jobs so that they could repay their debts on their own.

From April 1 last year to March 24 this year, a total of 48,000 borrowers switch their high-interest loans to lower-interest ones with 10% or higher, which lowered their burden of interest payments by KRW 8.93 million.

FUTURE PLAN

The Happiness Fund plans to purchase student loans with the passage of the Korea Student Aid Foundation (KOSAF) Act, now pending in the National Assembly.

The FSC will also make effort to launch an integrated system as soon as possible to manage


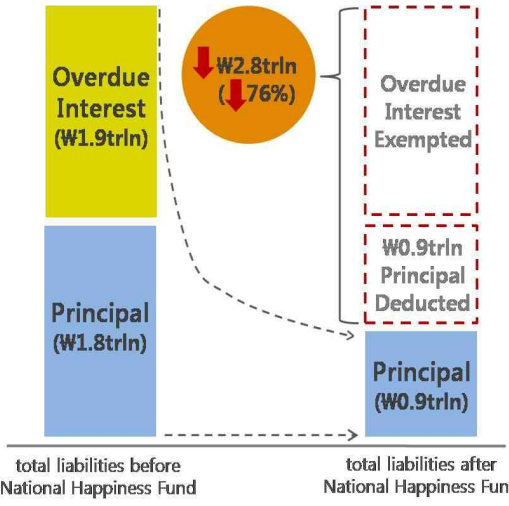
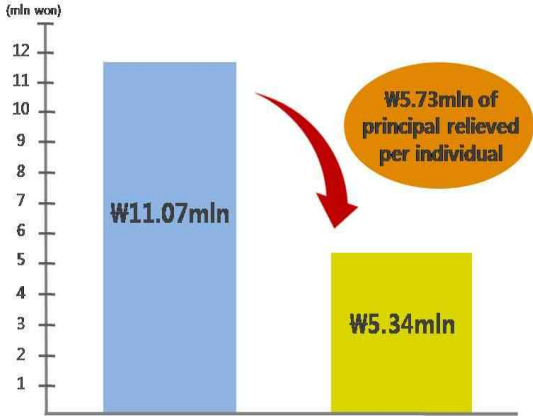
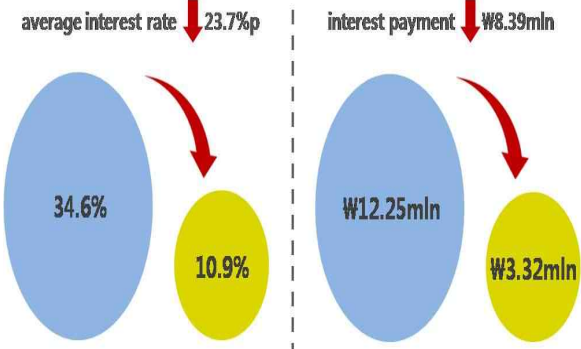
¹ The Happiness Fund initially targeted to reach out to 325 thousand borrowers over 5 years, 65 thousand a year.

² The amount of debt (principal) per person is KRW 11 million (84% of them owed less than KRW 20 million); The annual income per person is KRW 4.56 million; The average period of payment overdue is 6 years and 2 months.

³ With overdue interest payments taken into account, debts of the 168 thousand people rise to a total of KRW 3.7 trillion (the principal of KRW 1.8 trillion + the interest of KRW 1.9). A total of KRW 2.8 trillion, 76.0% of their debt, was written off.

and coordinate microfinance programs.

APPENDIX 1: ACHIEVEMENTS OF HAPPINESS FUND

<p><Number of debtors bailed out by Happiness Fund></p>  <p>initially targeted number of debtors to be bailed out per year (total 326,000 for 5 years)</p> <p>number of debtors bailed out from Apr.2013-Mar.2014</p>	<p><Amount of total debts written-off by Happiness Fund></p>  <p>total liabilities before National Happiness Fund</p> <p>total liabilities after National Happiness Fund</p>
<p>Happiness Fund supported debt restructuring of 249,000 debtors as of end-2013, 3.8 folds more than the initial target of 65,000</p>	<p>KRW0.9trln worth of principal was written off from the total KRW1.8trln *81,000 debtors bailed out by public asset management company excluded</p>
<p><Amount of debts written-off per person by Happiness Fund></p>  <p>(mln won)</p> <p>W11.07mln</p> <p>W5.73mln of principal relieved per individual</p> <p>W5.34mln</p>	<p><Interest burden relieved per individual through loan conversion program></p>  <p>average interest rate ↓23.7%p</p> <p>34.6%</p> <p>10.9%</p> <p>interest payment ↓W8.39mln</p> <p>W12.25mln</p> <p>W3.32mln</p>
<p>Average of KRW 16.89mln of debt (principal+interest) was written off per individual *81,000 debtors bailed out by public asset management company excluded</p>	<p>Average of KRW8.93mln of interest payment was written off per individual</p>

APPENDIX 2: ANALYSIS DATA OF DEBTORS BAILED OUT BY HAPPINESS FUND

*Following are the analysis of 168,000 debtors whose debts have been taken over by the Happiness Fund from financial institutions.

(excluding 810,000 debtors whose debts were taken over from public AMCs)

1. Distribution by age group

- 40s(33%) > 50s(29.5%) > 30s(20.1%)

(total 168,000 individuals/100%)

20s	30s	40s	50s	60s	70s	< 80s
10,820	33,861	55,468	49,630	14,219	3,675	470
6.4%	20.1%	33%	29.5%	8.5%	2.2%	0.3%

2. Distribution by annual income

- average income: ₩4.562mln

- below ₩10mln(56.1%) ₩10-20mln(27.1%) > ₩20-30mln(10.6%)

(total 168,000 individuals/100%)

>₩10mln	₩10-20mln	₩20-30mln	₩30-50mln	<₩50mln
94,436	45,453	17,736	8,766	1,752
56.1%	27.1%	10.6%	5.2%	1.0%

3. Distribution by amount of debt

- average amount of liabilities: ₩11.077mln

- below ₩5mln(41.3%) > ₩5-10mln(22.5%) > ₩10-20mln(20.4%)

(total 168,000 individuals/100%)

>₩5mln	₩5-10mln	₩10-20mln	₩20-30mln	₩30-40mln	<₩40mln
69,364	37,915	34,314	13,973	6,263	6,314
41.3%	22.5%	20.4%	8.3%	3.7%	3.8%

4. Distribution by duration of payment overdue

- average duration of payment overdue: 6 years & 2 months(74 months)

(total 168,000 individuals/100%)

>1yr	1-2yrs	2-3yrs	3-4yrs	4-5yrs	5-6yrs	<6yrs
3,499	33,475	24,609	14,099	14,185	7,468	70,808
2.1%	20%	14.6%	8.4%	8.4%	4.4%	42.1%

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