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# Press Release

December 7, 2004

## Domestic Banks Report Net Income Totaling KRW5,679.3 Billion for the First Three Quarters of 2004

Domestic banks reported net income totaling KRW5,679.3 billion for the first three quarters of the year, up KRW4,075.4 billion from KRW1,603.9 billion a year earlier. Higher interest income from increased lending amid stable interest rate spreads, a drop in provisioning for problematic loans and a jump in investment income and bancassurance revenues helped to push the net income higher. The ROA of the 19 domestic banks averaged 0.74%, compared with 1.38% for U.S. commercial banks (first half, 2004) and 1.25% for the top 5 banks of the U.K. (2003).

### Domestic Banks' Net Income: January-September, 2004

	01-09/2003	01-09/2004	(In KRW, billions) Change
Nationwide Banks	677.1	3,869.3	3,192.2
Regional Banks	349.0	384.1	35.1
Specialized Banks	577.8	1,425.9	848.1
Total	1,603.9	5,679.3	4,075.4

Loans classified as substandard or below (SBL) fell KRW1,059.1 billion to KRW17,619.3 billion from KRW18,678.4 billion at the end of 2003. The ratio of SBL to total loans outstanding (SBL ratio) also fell to 2.37% from 2.63% during the same period on a large drop in SBL related to SK Networks and a general improvement in loan asset soundness.

Attached: Table of Bank Net Income, Table of SBL and SBL Ratios;



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### Net Income by Bank: January-September, 2004

(In KRW, billions)

	01/2003-09/2003	01/2004-09/2004	Change
Chohung	-758.4	188.8	947.2
Woori	1,157.7	850.7	-307.0
Korea First Bank	-33.2	85.2	118.4
Hana	340.6	727.2	386.6
Korea Exchange Bank	7.5	389.6	382.1
Shinhan	313.1	693.4	380.3
KorAm	59.1	251.9	192.8
Kookmin	-409.3	682.5	1,091.8
<b>Nationwide Banks</b>	<b>677.1</b>	<b>3,869.3</b>	<b>3,192.2</b>
Daegu	70.7	102.2	31.5
Busan	87.6	97.2	9.6
Kwangju	64.4	68.2	3.8
Jeju	1.2	4.6	3.4
Jeonbuk	41.8	27.4	-14.4
Kyongnam	83.3	84.5	1.2
<b>Regional Banks</b>	<b>349.0</b>	<b>384.1</b>	<b>35.1</b>
<b>Commercial Banks</b>	<b>1,026.1</b>	<b>4,253.4</b>	<b>3,227.3</b>
Korea Development Bank	-62.8	188.7	251.5
Industrial Bank of Korea	135.5	326.8	191.3
Export-Import Bank of Korea	31.5	62.3	30.8
National Agricultural Cooperative Federation	422.0	774.3	352.3
National Federation of Fisheries Cooperatives	51.6	73.8	22.2
<b>Specialized Banks</b>	<b>577.8</b>	<b>1,425.9</b>	<b>848.1</b>
<b>Total</b>	<b>1,603.9</b>	<b>5,679.3</b>	<b>4,075.4</b>

Note: Currently, there are eight nationwide and six regional banks (collectively referred to as commercial banks) and five specialized banks in business.



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### SBL and SBL Ratios by Bank: January-September, 2004

(In KRW, billions)

	End-Dec. 2003		End-Sep. 2004		Change	
	SBL	SBL Ratio (%)	SBL	SBL Ratio (%)	SBL	SBL Ratio (p.p)
Chohung	2,165.8	4.82	1,309.1	2.99	-856.7	-1.83
Woori	1,677.1	2.26	1,687.5	2.16	10.4	-0.10
Korea First Bank	422.8	1.54	433.7	1.40	10.9	-0.14
Hana	1,134.2	1.98	921.3	1.52	-212.9	-0.46
Korea Exchange Bank	1,080.2	2.59	1,285.3	2.96	205.1	0.37
Shinhan	1,071.7	2.20	824.8	1.55	-246.9	-0.65
KorAm	460.7	1.60	362.0	1.29	-98.7	-0.31
Kookmin	5,053.3	3.59	4,957.1	3.54	-96.2	-0.05
<b>Nationwide Banks</b>	<b>13,065.9</b>	<b>2.82</b>	<b>11,780.8</b>	<b>2.46</b>	<b>-1,285.1</b>	<b>-0.36</b>
Daegu	236.9	2.29	198.3	1.82	-38.6	-0.47
Busan	158.6	1.63	173.2	1.56	14.6	-0.07
Kwangju	88.9	1.70	101.3	1.86	12.4	0.16
Jeju	37.9	2.89	57.4	4.44	19.5	1.55
Jeonbuk	34.8	1.42	46.0	1.67	11.2	0.25
Kyongnam	113.9	1.73	152.1	2.19	38.2	0.46
<b>Regional Banks</b>	<b>671.1</b>	<b>1.88</b>	<b>728.3</b>	<b>1.89</b>	<b>57.2</b>	<b>0.01</b>
<b>Commercial Banks</b>	<b>13,737.0</b>	<b>2.75</b>	<b>12,509.1</b>	<b>2.42</b>	<b>-1,227.9</b>	<b>-0.33</b>
Korea Development Bank	1,657.5	2.96	1,505.1	2.63	-152.4	-0.33
Industrial Bank of Korea	1,304.5	2.58	1,523.7	2.79	219.2	0.21
Export-Import Bank of Korea	606.5	2.33	340.6	1.13	-265.9	-1.20
National Agricultural Cooperative Federation	1,275.3	1.80	1,636.0	2.12	360.7	0.32
National Federation of Fisheries Cooperatives	97.5	1.54	104.8	1.42	7.3	-0.12
<b>Specialized Banks</b>	<b>4,941.4</b>	<b>2.36</b>	<b>5,110.2</b>	<b>2.26</b>	<b>168.8</b>	<b>-0.10</b>
<b>Total</b>	<b>18,678.4</b>	<b>2.63</b>	<b>17,619.3</b>	<b>2.37</b>	<b>-1,059.1</b>	<b>-0.27</b>

Please forward questions, comments, or suggestions regarding this press release to the Bank Supervision Department (Tel: +82-2-3786-8047) or the International Cooperation Office (Tel: +82-2-3786-7911; Fax: +82-2-3786-7899; e-mail: [cylee@fss.or.kr](mailto:cylee@fss.or.kr)), Financial Supervisory Service.