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Press Release

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Bank Loans Classified as Substandard or Below: End-2005

Preliminary figures show bank loans classified as substandard or below (SBLs)—substandard, doubtful, or presumed loss—totaled KRW9.7 trillion at the end of 2005, compared with KRW13.9 trillion a year earlier. During the same period, the ratio of SBLs to the total outstanding loans fell to 1.22% from 1.90%.

Domestic Banks' SBLs: 1999–2005

(End of Period)

(In KRW, trillions)

	1999	2000	2001	2002	2003	2004	2005
SBL	61.0	42.1	18.8	15.1	18.7	13.9	9.7
SBL Ratio	12.9%	8.00%	3.41%	2.33%	2.63%	1.90%	1.22%

Aggressive write-offs and disposition of SBLs totaling KRW20.1 trillion during the year and a sharp drop in new SBLs totaling KRW15.9 trillion—compared with KRW26.5 trillion a year earlier—helped to drive SBLs and the SBL ratio lower for 2005.

Of the KRW20.1 trillion SBLs cleaned up during the year, loan write-offs made up KRW5.9 trillion (29.3%), loans reclassified above substandard KRW5.3 trillion (26.3%), and collateral sales and loan collection KRW4.0 trillion (20.1%).

Disposition of Domestic Banks' SBLs: 2003–2005

(In KRW, trillions)

	2003	2004	2005
Write-offs	11.2	12.9	5.9
Reclassification	5.8	6.6	5.3
Collection	7.7	5.8	4.2
Securitization	2.2	3.4	3.2
Loan sales	2.6	2.1	1.4
Debt-equity swap	2.2	0.5	0.1
Total	31.7	31.3	20.1



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Corporate loans, household loans and credit card receivables classified as SBLs all fell in 2005 from a year earlier. SBL ratios fell from 1.90% to 1.31% for corporate loans, from 1.60% to 0.98% for household loans, and from 5.13% to 2.40% for credit card receivables.

Breakdown of Domestic Banks' SBLs: 2004–2005

(End of Period)

(In KRW, trillions)

	Total			SBLs		
	2004	2005	Change	2004	2005	Change
Corporate Loans	435.2	469.1	33.9	8.3	6.2	-2.1
<i>(SME Loans)</i>	276.7	293.5	16.8	6.1	4.9	-1.2
Household Loans	272.9	301.6	28.7	4.4	3.0	-1.4
Credit Card Debts	25.9	24.5	-1.4	1.3	0.6	-0.7
Total	734.1	795.2	61.1	13.9	9.7	-4.2

Attached: Preliminary 2005 SBLs by Bank



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Preliminary SBLs by Bank

(In KRW, trillions, percent)

	2004			2005		
	Total	SBLs	SBL Ratio	Total	SBLs	SBL Ratio
Chohung	43.1	0.8	1.93	46.2	0.5	1.10
Woori	78.1	1.8	2.27	91.6	1.1	1.23
SC First Bank	31.1	0.5	1.50	36.6	0.6	1.58
Hana	60.1	0.9	1.44	65.0	0.6	0.98
Korea Exchange Bank	41.5	0.8	1.82	43.5	0.4	0.90
Shinhan	52.0	0.7	1.39	56.4	0.6	1.02
Citibank Korea	30.7	0.4	1.40	26.6	0.4	1.40
Kookmin	136.3	3.6	2.64	137.5	2.3	1.70
Nationwide Banks	473.0	9.4	2.00	503.3	6.5	1.30
Daegu	10.9	0.2	1.46	12.2	0.1	0.97
Busan	11.2	0.1	1.30	12.5	0.1	0.94
Kwangju	5.7	0.1	2.04	6.9	0.1	1.46
Jeju	1.3	0.0	2.82	1.4	0.0	1.42
Jeonbuk	2.8	0.1	1.79	3.1	0.0	1.29
Kyongnam	7.4	0.2	2.05	8.6	0.1	1.06
Regional Banks	39.3	0.7	1.68	44.7	0.5	1.09
Commercial Banks	512.3	10.1	1.97	548.0	7.0	1.28
Korea Development Bank	54.0	0.9	1.59	53.9	0.5	1.01
Industrial Bank of Korea	54.8	1.2	2.19	64.5	0.8	1.17
Export-Import Bank of Korea	27.9	0.3	1.14	31.9	0.1	0.22
National Agricultural Cooperative Federation	77.7	1.4	1.74	87.5	1.2	1.38
National Federation of Fisheries Cooperatives	7.5	0.1	1.47	9.5	0.1	1.47
Specialized Banks	221.8	3.8	1.73	247.3	2.7	1.10
Total	734.1	13.9	1.90	795.2	9.7	1.22

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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