



Financial Supervisory Commission  
www.fsc.go.kr



Financial Supervisory Service  
www.fss.or.kr

## Press Release

August 31, 2007

### Bank Loans Classified as Substandard or Below: June, 2007

The ratio of bank loans classified as substandard or below (SBL ratio) came to 0.78% at end-June, 2007, down from 0.84% at end-2006 and the lowest level since the adoption of forward-looking criteria in 1999.<sup>1</sup> A drop in new delinquencies (from KRW6.4 trillion to KRW5.7 trillion) as well as an increase in total outstanding loans (from KRW930.2 trillion to KRW999.5 trillion) during the first half of the year from the second half of 2006 led to the drop in the overall SBL ratio for the period.

#### Bank SBL and SBL Ratio: 1999-June, 2007 (End of Period)

	(In trillions of won, percent)								
	1999	2000	2001	2002	2003	2004	2005	2006	June 2007
SBL Ratio	12.9	8.00	3.41	2.33	2.63	1.90	1.22	0.84	0.78
SBL	61.0	42.1	18.8	15.1	18.7	13.9	9.7	7.8	7.8

By loan type, the SBL ratios fell for corporate and household loans from end-2006, averaging 0.86% and 0.62%, respectively. The ratio for credit card receivables also fell from 1.33% to 1.09% during the same period.

#### Bank SBLs by Loan Type: 2006-H1, 2007 (End of Period)

	(In trillions of won)					
	Total Outstanding Loans			SBLs		
	2006	2007		2006	2007	
		March	June		March	June
Corporate loans	563.5	589.4	627.1	5.1 (0.91)	5.4 (0.91)	5.4 (0.86)
(SME loans)	352.1	375.2	397.8	3.9 (1.12)	4.2 (1.13)	3.8 (0.97)
Household loans	342.4	344.8	347.2	2.3 (0.68)	2.4 (0.71)	2.2 (0.62)
Credit card receivables	24.4	23.8	25.2	0.3 (1.33)	0.3 (1.32)	0.3 (1.09)
Total	930.2	958.0	999.5	7.8 (0.84)	8.1 (0.85)	7.8 (0.78)

Note: Figures in parentheses denote SBL ratio for the period.

<sup>1</sup> Removing the effect of more stringent loan classification standards that took effect in January this year, the SBL ratio falls to 0.75% at end-June, 2007. Under the revised classification, loans that were previously classified as delinquent after a period of no interest payment (one month for household loans, 14 days for corporate loans) were immediately classified as delinquent when no interest payment is made.



Financial Supervisory Commission  
www.fsc.go.kr



Financial Supervisory Service  
www.fss.or.kr

SBLs by Bank: June, 2007  
(End of Period)

(In trillions of won, percent)

	December, 2006			June, 2007		
	Total	SBLs	SBL Ratio	Total	SBLs	SBL Ratio
Shinhan	117.6	0.88	0.75	127.7	0.96	0.75
Woori	123.9	1.20	0.97	133.2	1.10	0.83
SC First Bank	37.0	0.60	1.63	36.8	0.44	1.21
Hana	83.3	0.57	0.69	88.1	0.65	0.74
Korea Exchange Bank	48.6	0.30	0.62	50.9	0.26	0.52
Citibank Korea	28.7	0.22	0.76	29.5	0.19	0.64
Kookmin	152.3	1.57	1.03	163.0	1.30	0.80
Daegu	14.2	0.11	0.74	15.3	0.11	0.70
Busan	15.3	0.13	0.83	17.1	0.12	0.68
Kwangju	8.4	0.08	0.98	9.3	0.06	0.68
Jeju	1.8	0.02	0.96	2.0	0.02	1.14
Jeonbuk	3.5	0.03	0.84	3.8	0.04	1.13
Kyongnam	10.8	0.08	0.74	11.9	0.08	0.63
Korea Development Bank	57.3	0.48	0.84	61.0	0.85	1.40
Industrial Bank of Korea	79.2	0.54	0.68	87.7	0.50	0.58
Export-Import Bank of Korea	36.9	0.05	0.13	42.7	0.09	0.20
National Agricultural Cooperative Federation	99.8	0.81	0.81	106.4	0.93	0.87
National Federation of Fisheries Cooperatives	11.8	0.13	1.12	13.2	0.11	0.86
Nationwide Banks	591.3	5.34	0.90	629.3	4.91	0.78
Regional Banks	54.1	0.44	0.82	59.4	0.43	0.72
Specialized Banks	284.8	2.01	0.71	310.9	2.49	0.80
Total	930.2	7.80	0.84	999.5	7.82	0.78

Note: There are seven nationwide and six regional banks (collectively referred to as commercial banks) and five specialized banks in Korea.

Contact Persons:

Chang Hyun-Kee  
Head of Management Guidance Team  
Bank Supervision Department  
Financial Supervisory Service  
(02) 3786-8066

Douglas Kim  
Foreign Spokesperson  
Financial Supervisory Commission  
Financial Supervisory Service  
(02) 3786-7915