

FSC IDENTIFIES D-SIBS FOR 2017

The FSC identified domestic systemically important banks (D-SIBs) for 2017: **Shinhan Financial Group, Hana Financial Group, KB Financial Group, NH Financial Group and Woori Bank.**

Those selected as D-SIBs are required to hold an extra capital of 1%, by 0.25% per year in from 2016 to 2019.

※ The average BIS ratios for banks and bank holding companies at the end of September 2016 exceed the minimum requirements; therefore, there is no actual burden at present for D-SIBs to set aside additional capital.

The FSC selects D-SIBs every year from 2016 in accordance with assessment criteria proposed by the Basel Committee on Banking Supervision (BCBS).

D-SIB ASSESSMENT CRITERIA

| criteria | indicators | weighting |
|--------------------------------|--|-----------|
| size (20%) | total exposure | 20% |
| interconnectedness (20%) | intra-financial system assets | 6.7% |
| | intra-financial system liabilities | 6.7% |
| | securities issued | 6.7% |
| substitutability (20%) | won-denominated payments | 6.7% |
| | foreign currency-denominated payments | 6.7% |
| | assets under custody | 6.7% |
| complexity (20%) | OTC derivatives outstanding | 10% |
| | financial securities in the trading book and available-for-sale securities | 10% |
| country-specific factors (20%) | foreign currency-denominated debt | 10% |
| | household loans | 10% |
| total | | 100 % |

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