



Press Release

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Savings Banks' Earnings, Third Quarter 2019

The aggregate assets of 79 savings banks came to KRW74.2 trillion at the end of September 2019, up KRW4.7 trillion or 6.7% from KRW69.5 trillion at the end of 2018. In particular, loans increased KRW3.4 trillion or 5.8% from KRW59.2 trillion to KRW62.6 trillion during the same period. Shareholders' equity grew KRW919.2 billion or 11.8% to KRW8.7 trillion. Compared to nine months ago, retained gains have risen KRW779.3 billion and secondary offerings expanded KRW140.4 billion, which contributed to the growth in shareholders' equity.

Table 1. Savings Banks' Financial Status, September 2019*

	Sep 2018	Dec 2018	(In billions of KRW) Sep 2019
Assets	66,251.0	69,515.8	74,179.0
Liabilities	58,743.4	61,729.6	65,473.6
Shareholders' equity	7,507.6	7,786.2	8,705.4

*The figures on September 2019 are preliminary as of the release date and subject to change.

As of end-September 2019, the delinquency rate of the savings banks was seen at 4.2%, down 0.1%p from 4.3% at the end of 2018. The delinquency rate of loans to companies has risen by 0.4%p to 4.6% compared to nine months ago. By contrast, the rate of loans to households declined from 4.6% to 3.9%. Meanwhile, the rate of bank loans classified as substandard or below (SBLs) stood at 5.1%, remaining the same as nine months ago. The NPL coverage ratio was 111.8%, down 3.4%p from 115.2% at the end of 2018.

Table 2. Delinquency Rate by Loan Type, September 2019*

	Sep 2018	Dec 2018	(In percentage) Sep 2019
Business loans	4.5	4.2	4.6
Self-employed	4.4	4.0	4.8
Household loans	4.7	4.6	3.9
Mortgage loans	2.3	1.8	2.9
Unsecured loans	6.5	6.3	4.3
Total	4.6	4.3	4.2

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Table 3. SBLs and Coverage Ratios, September 2019*

	Sep 2018	Dec 2018	(In percentage) Dec 2019
SBL ratio	5.2	5.1	5.1
NPL Coverage ratio	111.5	115.2	111.8

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The savings banks reported preliminary net income of KRW937.4 billion for the January-to-September period of 2019, KRW87.7 billion or 10.3% greater than KRW849.8 billion the same period a year ago. Interest income expanded KRW213.3 billion based on increasing loans, which drove operating income to gain KRW126.5 billion more than the previous year. Furthermore, selling and administrative expenses also grew KRW101.3 billion.

Table 8. Net Income, September 2019*

(In billions of KRW)

	2018	2018	2019
	Jan-Dec	Jan-Sep	Jan-Sep
Operating income	1,319.8	1,015.8	1,142.2
Interest income	4,180.9	3,098.5	3,311.8
Non-interest income	-380.5	-193.7	-245.8
Selling and administrative expenses	1,234.4	899.7	1,001.0
Provision for loan losses	1,246.2	989.3	922.8
Non-operating income	-211.0	-166.0	-204.8
Net income	1,108.7	849.8	937.4

*The figures on 2019 are preliminary as of the release date and subject to change.

The BIS capital ratio for the savings banks as of end-September 2019 stood at 15.08%, 0.75%p higher than 14.33% at year-end of 2018 and well above the BIS requirements. The uptick in the capital ratio was mainly due to an increase in shareholders' equity exceeding a rise in risk-weighted assets.

Table 7. BIS Capital Ratio, September 2019*

(In billions of KRW, percentage)

	Sep 2018	Dec 2018	Sep 2019
Shareholders' equity	8,043.9	8,242.8	9,263.5
Risk-weighted assets	55,313.6	57,540.3	61,417.7
BIS ratio	14.54	14.33	15.08

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