



# Press Release

For release at noon, December 11, 2019

## Domestic Banks' SBLs, Third Quarter 2019

Preliminary figures on bank loans classified as substandard or below (SBLs) for the third quarter 2019 showed that the ratio stood at 0.86%, down 0.05%p from 0.91% three months earlier and also down 0.10%p from 0.96% a year earlier.

SBLs came to KRW16.8 trillion in total at the end of September 2019, down KRW0.7 trillion or 4.0% from the second quarter. Business loans classified as SBLs totaled KRW14.7 trillion, accounting for 87.1% of total SBLs. In addition, household loans and credit card receivables and loans, classified as SBLs, came to KRW2.0 trillion and KRW0.2 trillion, respectively. Meanwhile, coverage ratio was seen at 109.8%, up 4.9%p from 104.9% three months ago.

Table 1. SBLs and SBL Ratios, Third Quarter 2019<sup>1</sup>

(In trillions of KRW, percentage)

	2018				2019	
	Q1	Q2	Q3	Q4	Q2	Q3
SBLs <sup>2</sup>	21.1	19.4	17.8	18.2	17.5	<b>16.8</b>
Business loans <sup>3</sup>	19.3	17.6	16.0	16.3	15.5	<b>14.7</b>
Household loans	1.6	1.6	1.6	1.7	1.8	<b>2.0</b>
Credit card R&L <sup>4</sup>	0.2	0.2	0.2	0.2	0.2	<b>0.2</b>
Total loans	1,783.7	1,821.7	1,852.3	1,872.6	1,920.6	<b>1,959.7</b>
SBL ratio	1.18	1.06	0.96	0.97	0.91	<b>0.86</b>
Provision for bad debts	101.9	102.6	110.0	104.2	104.9	<b>109.8</b>

<sup>1</sup>SBL figures on Q3 2019 are preliminary as of the release date and subject to change;

<sup>2</sup>Loan classifications range from (i) normal to (ii) precautionary to (iii) substandard to (iv) doubtful to (v) presumed loss; SBLs thus refer to the sum of loans classified as substandard, doubtful, or presumed loss;

<sup>3</sup>Public and other sectors included;

<sup>4</sup>Credit card receivables and loans

Table 2. New SBLs, Third Quarter 2019\*

(In trillions of KRW)

	2017	2018	2019	
	Q3	Q3	Q2	Q3
Business loans	2.8	2.8	3.2	<b>3.0</b>
Large companies	0.7	0.8	0.8	<b>0.9</b>
SMEs	2.2	2.0	2.4	<b>2.1</b>
Household loans	0.5	0.6	0.8	<b>0.8</b>
Mortgages	0.2	0.2	0.3	<b>0.3</b>
Credit card R&L	0.1	0.1	0.1	<b>0.1</b>
New SBLs	3.5	3.6	4.1	<b>3.9</b>

\*The figures on Q3 2019 are preliminary as of the release date and subject to change.



**Table 3. Resolved SBLs, Third Quarter 2019\***

(In trillions of KRW)

	2017	2018	2019	
	Q3	Q3	Q2	Q3
<b>Total</b>	<b>4.8</b>	<b>5.2</b>	<b>5.1</b>	<b>4.6</b>
Write-offs and loan sales	1.6	1.9	2.4	<b>1.6</b>
Reclassification and others	3.2	3.3	2.7	<b>3.0</b>
<b>Business loans</b>	<b>4.1</b>	<b>4.4</b>	<b>4.2</b>	<b>3.9</b>
SMEs	2.1	1.8	2.8	<b>1.8</b>
Household loans	0.5	0.6	0.8	<b>0.7</b>
Credit card R&L	0.1	0.1	0.1	<b>0.1</b>

\*The figures on Q3 2019 are preliminary as of the release date and subject to change.

The ratio of business loans classified as SBLs declined from 1.32% to 1.23% compared to the second quarter. The SBL ratio for large companies decreased 0.30%p to 1.66% but the ratio for SMEs increased 0.03%p to 1.00%. When it came to household loans, the SBL ratio was up from 0.25% to 0.26% during the same period. Furthermore, the SBL ratio regarding credit card receivables and loans was seen at 1.40% in the July-to-September period, 0.01%p higher than the second quarter.

**Table 4. SBL Ratios by Loan Type, Third Quarter 2019\***

(In percentage)

	2018				2019	
	Q1	Q2	Q3	Q4	Q2	Q3
<b>Business loans</b>	<b>1.75</b>	<b>1.56</b>	<b>1.40</b>	<b>1.43</b>	<b>1.32</b>	<b>1.23</b>
Large companies	2.84	2.46	2.02	2.10	1.95	<b>1.66</b>
SMEs	1.13	1.04	1.04	1.05	0.97	<b>1.00</b>
<b>Household loans</b>	<b>0.25</b>	<b>0.24</b>	<b>0.23</b>	<b>0.23</b>	<b>0.25</b>	<b>0.26</b>
Mortgages	0.19	0.19	0.18	0.17	0.19	<b>0.20</b>
Unsecured loans	0.38	0.36	0.36	0.36	0.39	<b>0.40</b>
<b>Credit card R&amp;L</b>	<b>1.39</b>	<b>1.33</b>	<b>1.34</b>	<b>1.20</b>	<b>1.38</b>	<b>1.40</b>
<b>SBL ratio</b>	<b>1.18</b>	<b>1.06</b>	<b>0.96</b>	<b>0.97</b>	<b>0.91</b>	<b>0.86</b>

\*The figures on Q3 2019 are preliminary as of the release date and subject to change.



Table 5. SBLs by Bank, Third Quarter 2019

(In trillions of KRW, percentage)

	Q3 2018			Q2 2019			Q3 2019 <sup>7</sup>		
	SBLs	Total loans	SBL ratio	SBLs	Total loans	SBL ratio	SBLs	Total loans	SBL ratio
Shinhan	1.1	232.0	0.47	1.2	247.3	0.50	1.3	249.4	0.52
Woori	1.0	228.7	0.46	1.0	241.1	0.43	1.0	248.2	0.41
SC	0.2	37.7	0.45	0.2	37.7	0.56	0.2	39.9	0.52
KEB Hana	1.3	231.3	0.55	1.1	241.5	0.47	1.0	246.6	0.40
Citibank Korea	0.2	23.7	0.64	0.2	22.7	0.69	0.2	22.8	0.74
KB	1.3	270.5	0.48	1.3	277.2	0.45	1.1	280.0	0.41
<b>National banks</b>	<b>5.0</b>	<b>1,023.8</b>	<b>0.49</b>	<b>5.0</b>	<b>1,067.4</b>	<b>0.47</b>	<b>4.8</b>	<b>1,087.0</b>	<b>0.44</b>
Daegu	0.3	36.7	0.78	0.3	38.4	0.88	0.3	39.2	0.79
Busan	0.5	40.9	1.29	0.4	42.7	0.99	0.4	43.3	0.89
Gwangju	0.1	18.6	0.51	0.1	18.0	0.53	0.1	17.9	0.59
Jeju	0.0	4.7	0.46	0.0	4.8	0.57	0.0	4.9	0.66
Jeonbuk	0.1	14.2	0.82	0.1	13.6	0.62	0.1	13.6	0.64
Gyeongnam	0.3	30.9	0.93	0.4	30.8	1.14	0.4	31.2	1.23
<b>Regional banks</b>	<b>1.3</b>	<b>145.9</b>	<b>0.92</b>	<b>1.3</b>	<b>148.2</b>	<b>0.89</b>	<b>1.3</b>	<b>150.1</b>	<b>0.87</b>
K Bank	0.0	1.2	0.46	0.0	1.6	0.89	0.0	1.5	1.14
Kakao Bank	0.0	7.8	0.12	0.0	11.3	0.20	0.0	13.6	0.20
<b>Internet-only banks</b>	<b>0.0</b>	<b>9.0</b>	<b>0.17</b>	<b>0.0</b>	<b>12.9</b>	<b>0.29</b>	<b>0.0</b>	<b>15.1</b>	<b>0.29</b>
<b>Commercial banks</b>	<b>6.4</b>	<b>1,178.7</b>	<b>0.54</b>	<b>6.4</b>	<b>1,228.5</b>	<b>0.52</b>	<b>6.2</b>	<b>1,252.1</b>	<b>0.49</b>
KDB <sup>1</sup>	3.0	121.3	2.47	4.5	122.2	3.69	3.6	125.3	2.89
IBK <sup>2</sup>	2.7	204.8	1.34	2.7	214.8	1.26	3.0	218.4	1.36
KEXIM <sup>3</sup>	3.4	105.3	3.23	1.9	105.3	1.81	2.2	107.1	2.02
NACF <sup>4</sup>	2.0	213.3	0.94	1.8	218.6	0.83	1.7	224.2	0.75
NFFC <sup>5</sup>	0.2	29.0	0.79	0.2	31.2	0.61	0.2	32.6	0.65
<b>Specialized banks<sup>6</sup></b>	<b>11.4</b>	<b>673.6</b>	<b>1.69</b>	<b>11.1</b>	<b>692.1</b>	<b>1.61</b>	<b>10.7</b>	<b>707.6</b>	<b>1.51</b>
<b>Total</b>	<b>17.8</b>	<b>1,852.3</b>	<b>0.96</b>	<b>17.5</b>	<b>1,920.6</b>	<b>0.91</b>	<b>16.8</b>	<b>1,959.7</b>	<b>0.86</b>

<sup>1</sup>Korea Development Bank,

<sup>2</sup>Industrial Bank of Korea;

<sup>3</sup>Export-Import Bank of Korea;

<sup>4</sup>National Agricultural Cooperative Federation;

<sup>5</sup>National Federation of Fisheries Cooperatives;

<sup>6</sup>The national and regional banks are collectively referred to as commercial banks;

<sup>7</sup>The figures on Q3 2019 are preliminary as of the release date and subject to change.



Table 6. Banks' Provisions for Bad Debts, Third Quarter 2019\*

(In percentage)

	2017	2018	2019	
	Dec	Sep	Jun	Sep
Shinhan	114.0	142.4	125.0	<b>112.0</b>
Woori	87.7	126.8	120.4	<b>125.3</b>
SC	142.0	188.2	159.0	<b>157.6</b>
KEB Hana	75.9	84.1	94.5	<b>94.4</b>
Citibank Korea	146.6	208.8	200.0	<b>194.4</b>
KB	99.7	122.0	115.0	<b>117.8</b>
<b>National banks</b>	<b>95.6</b>	<b>122.8</b>	<b>118.4</b>	<b>117.5</b>
Daegu	81.4	86.4	82.8	<b>89.4</b>
Busan	86.8	88.9	113.2	<b>118.6</b>
Gwangju	69.3	109.9	101.5	<b>93.0</b>
Jeju	40.6	112.4	97.9	<b>83.5</b>
Jeonbuk	44.1	56.2	90.5	<b>97.5</b>
Gyeongnam	77.7	87.6	82.7	<b>78.3</b>
<b>Regional banks</b>	<b>77.5</b>	<b>87.1</b>	<b>94.7</b>	<b>95.5</b>
K Bank	1,029.2	215.3	161.5	<b>147.3</b>
Kakao Bank	2,117.1	267.4	197.7	<b>199.0</b>
<b>Internet-only banks</b>	<b>1,761.2</b>	<b>248.2</b>	<b>183.9</b>	<b>179.1</b>
<b>Commercial banks</b>	<b>92.5</b>	<b>115.6</b>	<b>113.9</b>	<b>113.2</b>
KDB	95.9	130.5	89.3	<b>110.1</b>
IBK	84.4	93.0	90.5	<b>89.0</b>
KEXIM	105.9	108.3	141.0	<b>137.9</b>
NACF	78.6	86.0	93.5	<b>97.4</b>
NFFC	126.6	125.3	124.5	<b>109.0</b>
<b>Specialized banks</b>	<b>94.3</b>	<b>106.9</b>	<b>99.7</b>	<b>107.8</b>
<b>Total</b>	<b>93.7</b>	<b>110.0</b>	<b>104.9</b>	<b>109.8</b>

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