



Press Release

For release at noon, August 11, 2021

Bank Earnings, First Half 2021

Domestic banks' preliminary net income for the first half of 2021 expanded KRW4.0 trillion year on year to KRW10.8 trillion based on unusual factors of the Korea Development Bank (KDB). From the 12 months prior, non-interest and non-operating incomes of the KDB grew by KRW1.7 trillion and KRW1.1 trillion, respectively. Meanwhile, preliminary net income of the 18 domestic banks except the KDB increased KRW2.1 trillion to KRW8.6 trillion during the same period.

Table 1. Net Income, First Half 2021*

(In trillions of KRW)

	2020					2021		
	Year	H1	Q1	Q2	H2	H1	Q1	Q2
Total	12.1	6.8	3.2	3.6	5.3	10.8	5.6	5.2
(except KDB)	11.6	6.5	3.6	2.8	5.2	8.6	4.1	4.5
Commercial banks	8.7	4.7	2.6	2.1	4.0	6.1	2.9	3.2
National banks	7.7	4.2	2.3	1.9	3.5	5.2	2.5	2.7
Regional banks	1.0	0.6	0.3	0.3	0.4	0.7	0.3	0.4
Internet-only banks	0.01	0.0	-0.01	0.01	0.01	0.1	0.03	0.1
Specialized banks	3.4	2.1	0.6	1.5	1.3	4.7	2.7	2.0
(except KDB)	2.9	1.7	1.0	0.7	1.2	2.5	1.3	1.3

*The figures on Q2 and H1 2021 are preliminary as of the release date and subject to change.

Return on Assets and Return on Equity

Return on assets (ROA) for the six months to June 2021 increased by 0.34%p to 0.83% year on year as well as return on equity (ROE) jumped 4.61%p to 11.11%. Without the KDB, ROA grew 0.14%p to 0.63% and ROE increased 2.20%p to 9.20% year on year.

Interest Income

The domestic banks' preliminary interest income in the January-to-June period came in at KRW22.1 trillion in total, up KRW1.7 trillion from KRW20.3 trillion a year ago. Meanwhile, net interest margin (NIM) remained the same as a year earlier, standing at 1.44% for the first half.



Table 2. ROA and ROE, First Half 2021*

(In percentage)

	2020					2021		
	Year	H1	Q1	Q2	H2	H1	Q1	Q2
ROA	0.42	0.48	0.47	0.50	0.35	0.83	0.75	0.91
(except KDB)	0.44	0.50	0.57	0.43	0.38	0.63	0.60	0.67
Commercial banks	0.47	0.52	0.58	0.46	0.42	0.62	0.59	0.65
Specialized banks	0.33	0.42	0.26	0.56	0.24	1.22	1.03	1.42
(except KDB)	0.37	0.45	0.56	0.35	0.29	0.67	0.63	0.72
ROE	5.54	6.50	6.19	6.81	4.73	11.11	9.91	12.35
(except KDB)	6.10	7.00	7.92	6.09	5.31	9.20	8.54	9.90
Commercial banks	6.55	7.33	8.07	6.60	5.89	8.93	8.48	9.37
Specialized banks	3.97	5.18	3.16	7.16	2.95	14.55	12.04	17.34
(except KDB)	5.04	6.23	7.57	4.92	3.99	9.93	8.70	11.48

*The figures on Q2 and H1 2021 are preliminary as of the release date and subject to change.

Table 3. Interest Income, First Half 2021*

(In trillions of KRW, percentage)

	2020					2021		
	Year	H1	Q1	Q2	H2	H1	Q1	Q2
Interest income	41.2	20.3	10.1	10.3	20.9	22.1	10.8	11.3
(except KDB)	39.9	19.8	9.8	10.0	20.1	21.3	10.4	10.9
NIM	1.42	1.44	1.47	1.42	1.39	1.44	1.43	1.44
(except KDB)	1.49	1.52	1.54	1.49	1.45	1.50	1.49	1.51
Loan-deposit margin	1.78	1.82	1.84	1.81	1.74	1.79	1.78	1.80

*The figures on Q2 and H1 2021 are preliminary as of the release date and subject to change.

Non-interest Income

In the first half of 2021, non-interest income totaled KRW5.0 trillion, up KRW1.3 trillion from KRW3.7 trillion a year earlier. Except the KDB, however, the numbers decreased KRW0.4 trillion year on year to KRW2.7 trillion. To go into detail, securities income and FX/derivatives income shrank KRW0.6 trillion and KRW0.4 trillion, respectively, from a year ago. By contrast, service fees/commissions and trust service income grew by KRW0.1 trillion, respectively, year on year.

Loan Loss Expenses

The aggregate loan loss expenses—defined as the sum of (1) provisions for loan losses and (2) regulatory adjustment to provision for loan losses (the difference between regulatory minimum and IFRS-based provision)—in the six months to June 2021 fell KRW1.3 trillion to KRW2.0 trillion. In 2020, the domestic banks have preemptively expanded provisions for bad debts in the wake of the coronavirus pandemic. This contributed to year-on-year decrease in the aggregate loan loss expenses.



Table 4. Non-interest income, First Half 2021¹

(In trillions of KRW)

	2020					2021		
	Year	H1	Q1	Q2	H2	H1	Q1	Q2
Non-interest income	7.3	3.7	1.7	1.9	3.7	5.0	2.5	2.5
(except KDB)	6.0	3.1	1.4	1.7	2.9	2.7	1.3	1.4
Service fees/commissions	5.2	2.6	1.3	1.3	2.6	2.8	1.4	1.4
Trust service income	1.1	0.5	0.3	0.2	0.5	0.6	0.3	0.3
Securities income	2.7	1.7	0.8	1.0	0.9	1.2	0.6	0.5
Trading gains	1.4	0.9	0.4	0.5	0.5	0.3	0.2	0.1
Valuation gains	0.5	0.3	-0.0	0.3	0.2	0.3	0.1	0.2
FX-derivatives income	2.7	1.3	0.6	0.7	1.5	0.9	0.3	0.5
Others ²	-4.4	-2.5	-1.2	-1.3	-1.8	-0.5	-0.2	-0.3
(except KDB)	-4.6	-2.4	-1.2	-1.2	-2.3	-2.4	-1.2	-1.3

¹The figures on Q2 and H1 2021 are preliminary as of the release date and subject to change.

²Contributions to KODIT, deposit insurance premium and other financial assets-related revenues to be included

Table 5. Loan Loss Expenses, First Half 2021*

(In trillions of KRW)

	2020					2021		
	Year	H1	Q1	Q2	H2	H1	Q1	Q2
Loan loss expenses	7.2	3.3	1.0	2.4	3.8	2.0	0.6	1.5
(except KDB)	5.9	3.1	0.8	2.3	2.8	1.2	0.6	0.6
Commercial banks	3.0	1.7	0.5	1.3	1.3	0.6	0.4	0.2
Specialized banks	4.1	1.6	0.5	1.1	2.5	1.4	0.2	1.2
(except KDB)	2.9	1.4	0.4	1.0	1.5	0.6	0.3	0.3

*The figures on Q2 and H1 2021 are preliminary as of the release date and subject to change.

Table 6. Summary Income Statement, First Half 2021*

(In trillions of KRW)

	2020					2021		
	Year	H1	Q1	Q2	H2	H1	Q1	Q2
Interest income	41.2	20.3	10.1	10.3	20.9	22.1	10.8	11.3
Interest revenue	67.2	35.1	17.8	17.3	32.1	31.6	15.6	16.0
Interest expense	26.0	14.7	7.8	7.0	11.3	9.5	4.8	4.7
Non-interest income	7.3	3.7	1.7	1.9	3.7	5.0	2.5	2.5
Service fees/commissions	5.2	2.6	1.3	1.3	2.6	2.8	1.4	1.4
Trust service income	1.1	0.5	0.3	0.2	0.5	0.6	0.3	0.3
Securities-related income	2.7	1.7	0.8	1.0	0.9	1.2	0.6	0.5
Securities trading	1.4	0.9	0.4	0.5	0.5	0.3	0.2	0.1
Valuation gains	0.5	0.3	-0.0	0.3	0.2	0.3	0.1	0.2
Dividend income	0.8	0.5	0.3	0.2	0.3	0.6	0.4	0.2
FX-derivatives income	2.7	1.3	0.6	0.7	1.5	0.9	0.3	0.5
Other non-interest incomes	-4.4	-2.5	-1.2	-1.3	-1.8	-0.5	-0.2	-0.3
Total income	48.5	24.0	11.8	12.2	24.5	27.1	13.3	13.8
Selling and administrative expenses	24.1	11.2	5.6	5.6	12.9	11.5	5.7	5.8
Operating income before provision for loan losses	24.4	12.8	6.1	6.6	11.6	15.5	7.6	7.9
Provision for loan losses	7.2	3.3	1.0	2.4	3.8	2.0	0.6	1.5
Operating income	17.2	9.4	5.1	4.3	7.8	13.5	7.0	6.5
Non-operating income	-1.0	-0.2	-0.8	0.6	-0.7	0.9	0.4	0.5
Income tax	4.1	2.3	1.1	1.3	1.8	3.6	1.8	1.8
Net income under K-IFRS	12.1	6.8	3.2	3.6	5.3	10.8	5.6	5.2

*The figures on Q2 and H1 2021 are preliminary as of the release date and subject to change.



Table 7. Summary Income Statement Except KDB, First Quarter 2021*

(In trillions of KRW)

	2020					2021		
	Year	H1	Q1	Q2	H2	H1	Q1	Q2
Interest income	39.9	19.8	9.8	10.0	20.1	21.3	10.4	10.9
Interest revenue	62.8	32.7	16.7	16.1	30.0	29.6	14.6	15.0
Interest expense	22.9	13.0	6.9	6.1	9.9	8.3	4.2	4.1
Non-interest income	6.0	3.1	1.4	1.7	2.9	2.7	1.3	1.4
Service fees/commissions	4.9	2.5	1.2	1.3	2.4	2.6	1.3	1.3
Trust service income	1.0	0.5	0.3	0.2	0.5	0.6	0.3	0.3
Securities-related income	2.2	1.4	0.6	0.8	0.8	1.0	0.5	0.5
Securities trading	1.2	0.8	0.4	0.4	0.4	0.4	0.2	0.1
Valuation gains	0.5	0.3	0.0	0.3	0.2	0.3	0.1	0.2
Dividend income	0.5	0.3	0.2	0.1	0.2	0.4	0.2	0.2
FX-derivatives income	2.5	1.1	0.5	0.6	1.4	0.9	0.4	0.5
Other non-interest incomes	-4.6	-2.4	-1.2	-1.2	-2.3	-2.4	-1.2	-1.3
Total income	45.9	22.9	11.2	11.7	23.0	24.0	11.7	12.3
Selling and administrative expenses	23.3	10.9	5.4	5.4	12.4	11.1	5.5	5.6
Operating income before provision for loan losses	22.6	12.0	5.8	6.3	10.6	12.9	6.2	6.7
Provision for loan losses	5.9	3.1	0.8	2.3	2.8	1.2	0.6	0.6
Operating income	16.7	8.9	4.9	4.0	7.8	11.7	5.6	6.1
Non-operating income	-1.1	-0.2	-0.1	-0.1	-0.9	-0.1	-0.1	-0.05
Income tax	4.0	2.2	1.2	1.0	1.8	3.0	1.4	1.6
Net income under K-IFRS	11.6	6.5	3.6	2.8	5.2	8.6	4.1	4.5

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