



# Press Release

For release at noon, August 31, 2021

## Domestic Banks' SBLs, Second Quarter 2021

Preliminary figures on domestic banks' loan classified as substandard or below (SBLs) for the second quarter of 2021 showed that the ratio stood at a record low of 0.54%, down 0.08%p from 0.62% three months earlier and down 0.17%p from 0.71% a year earlier.

SBLs came in at KRW12.2 trillion in total as of end-June 2021, down KRW1.6 trillion or 11.5% from three months ago. Business loans classified as SBLs totaled KRW10.5 trillion, representing 86.0% of total SBLs. Furthermore, household loans and credit card receivables and loans, classified as SBLs, came in at KRW1.6 trillion and KRW0.1 trillion, respectively. Meanwhile, coverage ratio was seen at 155.1% as of end-June 2021, up 17.7%p from 137.3% three months earlier.

Table 1. SBLs and SBL Ratios, Second Quarter 2021<sup>1</sup>

(In trillions of KRW, percentage)

|                              | 2020    |         |         |         | 2021    |                |
|------------------------------|---------|---------|---------|---------|---------|----------------|
|                              | Q1      | Q2      | Q3      | Q4      | Q1      | Q2             |
| SBLs <sup>2</sup>            | 15.9    | 15.0    | 14.1    | 13.9    | 13.8    | <b>12.2</b>    |
| Business loans <sup>3</sup>  | 13.7    | 12.8    | 12.0    | 12.0    | 11.9    | <b>10.5</b>    |
| Household loans              | 2.0     | 2.0     | 1.9     | 1.8     | 1.7     | <b>1.6</b>     |
| Credit card R&L <sup>4</sup> | 0.2     | 0.2     | 0.1     | 0.1     | 0.1     | <b>0.1</b>     |
| Total loans                  | 2,046.1 | 2,105.0 | 2,148.7 | 2,171.6 | 2,222.1 | <b>2,264.6</b> |
| SBL ratio                    | 0.78    | 0.71    | 0.65    | 0.64    | 0.62    | <b>0.54</b>    |
| Provision for bad debts      | 110.6   | 121.2   | 130.6   | 138.3   | 137.3   | <b>155.1</b>   |

<sup>1</sup>SBL figures on Q2 2021 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, Second Quarter 2021<sup>\*</sup>

(In trillions of KRW)

|                 | 2019 | 2020 | 2021       |            |
|-----------------|------|------|------------|------------|
|                 | Q2   | Q2   | Q1         | Q2         |
| Business loans  | 3.2  | 2.7  | <b>1.8</b> | <b>2.0</b> |
| Large companies | 0.8  | 0.6  | <b>0.5</b> | <b>0.5</b> |
| SMEs            | 2.4  | 2.2  | <b>1.3</b> | <b>1.6</b> |
| Household loans | 0.8  | 0.8  | <b>0.6</b> | <b>0.5</b> |
| Mortgages       | 0.3  | 0.3  | <b>0.2</b> | <b>0.1</b> |
| Credit card R&L | 0.1  | 0.1  | <b>0.1</b> | <b>0.1</b> |
| New SBLs        | 4.1  | 3.6  | <b>2.5</b> | <b>2.6</b> |

<sup>\*</sup>The figures on Q2 2021 are preliminary as of the release date and subject to change.



Table 3. Resolved SBLs, Second Quarter 2021\*

|                             | (In trillions of KRW) |            |               |            |
|-----------------------------|-----------------------|------------|---------------|------------|
|                             | 2019<br>Q2            | 2020<br>Q2 | 2021<br>Q1 Q2 |            |
| Total                       | 5.1                   | 4.5        | 2.7           | <b>4.2</b> |
| Write-offs and loan sales   | 2.3                   | 2.3        | 1.2           | <b>1.9</b> |
| Reclassification and others | 2.7                   | 2.1        | 1.5           | <b>2.3</b> |
| Business loans              | 4.2                   | 3.6        | 2.0           | <b>3.5</b> |
| SMEs                        | 2.8                   | 2.6        | 1.2           | <b>2.3</b> |
| Household loans             | 0.8                   | 0.8        | 0.6           | <b>0.6</b> |
| Credit card R&L             | 0.1                   | 0.1        | 0.1           | <b>0.1</b> |

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

The ratio of business loans classified as SBLs slid from 0.89% to 0.76% quarter on quarter. The SBL ratio for large companies declined 0.18%p from 1.18% to 1.00%. Also, the SBL ratio for SMEs decreased 0.10%p from 0.75% to 0.65% during the same period. When it came to household loans, SBL ratio stood at 0.18% for the April-to-June period, down 0.02%p from three months earlier. In addition, credit card receivables and loans decreased from 0.97% to 0.83% quarter on quarter.

Table 4. SBL Ratios by Loan Type, Second Quarter 2021\*

|                 | 2020 |      |      |      | 2021        |             |
|-----------------|------|------|------|------|-------------|-------------|
|                 | Q1   | Q2   | Q3   | Q4   | Q1          | Q2          |
| Business loans  | 1.09 | 0.99 | 0.92 | 0.92 | <b>0.89</b> | <b>0.76</b> |
| Large companies | 1.40 | 1.28 | 1.13 | 1.23 | <b>1.18</b> | <b>1.00</b> |
| SMEs            | 0.93 | 0.83 | 0.80 | 0.76 | <b>0.75</b> | <b>0.65</b> |
| Household loans | 0.26 | 0.25 | 0.23 | 0.21 | <b>0.20</b> | <b>0.18</b> |
| Mortgages       | 0.20 | 0.19 | 0.17 | 0.16 | <b>0.15</b> | <b>0.13</b> |
| Unsecured loans | 0.40 | 0.40 | 0.35 | 0.33 | <b>0.30</b> | <b>0.28</b> |
| Credit card R&L | 1.31 | 1.17 | 1.01 | 0.98 | <b>0.97</b> | <b>0.83</b> |
| SBL ratio       | 0.78 | 0.71 | 0.65 | 0.64 | <b>0.62</b> | <b>0.54</b> |

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



Table 5. SBLs by Bank, June 2021

(In trillions of KRW, percentage)

|                                      | Jun 2020      |             |             | Mar 2021      |             |             | Jun 2021 <sup>7</sup> |             |             |
|--------------------------------------|---------------|-------------|-------------|---------------|-------------|-------------|-----------------------|-------------|-------------|
|                                      | Total loans   | SBLs        | SBL ratio   | Total loans   | SBLs        | SBL ratio   | Total loans           | SBLs        | SBL ratio   |
| Shinhan                              | 268.2         | 1.2         | 0.43        | 286.1         | 1.0         | 0.36        | <b>292.2</b>          | <b>1.0</b>  | <b>0.35</b> |
| Woori                                | 254.9         | 1.0         | 0.38        | 271.1         | 0.8         | 0.30        | <b>276.2</b>          | <b>0.8</b>  | <b>0.27</b> |
| SC                                   | 44.0          | 0.2         | 0.34        | 48.9          | 0.1         | 0.24        | <b>48.6</b>           | <b>0.1</b>  | <b>0.23</b> |
| KEB Hana                             | 260.7         | 0.9         | 0.35        | 276.7         | 0.9         | 0.34        | <b>282.3</b>          | <b>0.8</b>  | <b>0.30</b> |
| Citibank Korea                       | 23.5          | 0.2         | 0.71        | 24.4          | 0.1         | 0.58        | <b>24.0</b>           | <b>0.1</b>  | <b>0.56</b> |
| KB                                   | 307.7         | 1.0         | 0.33        | 317.1         | 0.9         | 0.29        | <b>322.4</b>          | <b>0.8</b>  | <b>0.26</b> |
| <b>National banks</b>                | <b>1158.9</b> | <b>4.4</b>  | <b>0.38</b> | <b>1224.2</b> | <b>4.0</b>  | <b>0.32</b> | <b>1245.8</b>         | <b>3.7</b>  | <b>0.30</b> |
| Daegu                                | 43.4          | 0.3         | 0.74        | 47.3          | 0.3         | 0.61        | <b>48.5</b>           | <b>0.3</b>  | <b>0.52</b> |
| Busan                                | 44.4          | 0.4         | 0.96        | 49.4          | 0.3         | 0.67        | <b>51.6</b>           | <b>0.2</b>  | <b>0.42</b> |
| Gwangju                              | 19.9          | 0.1         | 0.47        | 20.7          | 0.1         | 0.44        | <b>21.0</b>           | <b>0.1</b>  | <b>0.38</b> |
| Jeju                                 | 5.3           | 0.0         | 0.57        | 5.3           | 0.0         | 0.53        | <b>5.4</b>            | <b>0.0</b>  | <b>0.47</b> |
| Jeonbuk                              | 14.2          | 0.1         | 0.65        | 14.7          | 0.1         | 0.63        | <b>14.6</b>           | <b>0.1</b>  | <b>0.66</b> |
| Gyeongnam                            | 32.3          | 0.3         | 0.90        | 34.7          | 0.3         | 0.76        | <b>35.5</b>           | <b>0.2</b>  | <b>0.54</b> |
| <b>Regional banks</b>                | <b>159.5</b>  | <b>1.3</b>  | <b>0.79</b> | <b>172.1</b>  | <b>1.1</b>  | <b>0.64</b> | <b>176.5</b>          | <b>0.9</b>  | <b>0.49</b> |
| K Bank                               | 1.3           | 0.03        | 2.71        | 3.8           | 0.03        | 0.72        | <b>5.1</b>            | <b>0.03</b> | <b>0.49</b> |
| Kakao Bank                           | 17.3          | 0.05        | 0.26        | 21.6          | 0.05        | 0.23        | <b>23.1</b>           | <b>0.05</b> | <b>0.22</b> |
| <b>Internet-only banks</b>           | <b>18.6</b>   | <b>0.1</b>  | <b>0.43</b> | <b>25.4</b>   | <b>0.1</b>  | <b>0.31</b> | <b>28.2</b>           | <b>0.1</b>  | <b>0.27</b> |
| <b>Commercial banks</b>              | <b>1336.9</b> | <b>5.7</b>  | <b>0.43</b> | <b>1421.7</b> | <b>5.1</b>  | <b>0.36</b> | <b>1450.5</b>         | <b>4.6</b>  | <b>0.32</b> |
| KDB <sup>1</sup>                     | 144.8         | 3.6         | 2.45        | 146.3         | 3.6         | 2.46        | <b>148.1</b>          | <b>3.1</b>  | <b>2.10</b> |
| IBK <sup>2</sup>                     | 235.7         | 2.8         | 1.18        | 254.1         | 2.7         | 1.05        | <b>259.9</b>          | <b>2.5</b>  | <b>0.95</b> |
| KEXIM <sup>3</sup>                   | 111.9         | 1.7         | 1.49        | 101.8         | 1.1         | 1.10        | <b>102.7</b>          | <b>0.9</b>  | <b>0.84</b> |
| NACF <sup>4</sup>                    | 240.5         | 1.1         | 0.47        | 260.6         | 1.1         | 0.41        | <b>265.5</b>          | <b>0.9</b>  | <b>0.36</b> |
| NFFC <sup>5</sup>                    | 35.3          | 0.2         | 0.43        | 37.7          | 0.2         | 0.48        | <b>38.0</b>           | <b>0.2</b>  | <b>0.41</b> |
| <b>Specialized banks<sup>6</sup></b> | <b>768.0</b>  | <b>9.3</b>  | <b>1.21</b> | <b>800.4</b>  | <b>8.6</b>  | <b>1.08</b> | <b>814.1</b>          | <b>7.5</b>  | <b>0.93</b> |
| <b>Total</b>                         | <b>2105.0</b> | <b>15.0</b> | <b>0.71</b> | <b>2222.1</b> | <b>13.8</b> | <b>0.62</b> | <b>2264.6</b>         | <b>12.2</b> | <b>0.54</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 June 2021 are preliminary as of the release date and subject to change.



Table 6. Banks' Provisions for Bad Debts, June 2021\*

(In percentage)

|                            | 2020         |              |              | 2021         |              |
|----------------------------|--------------|--------------|--------------|--------------|--------------|
|                            | Jun          | Sep          | Dec          | Mar          | Jun          |
| Shinhan                    | 126.3        | 132.0        | 143.0        | 135.5        | <b>133.5</b> |
| Woori                      | 136.4        | 151.1        | 154.0        | 164.9        | <b>164.6</b> |
| SC                         | 187.7        | 201.5        | 201.1        | 218.4        | <b>229.9</b> |
| KEB Hana                   | 120.9        | 124.8        | 130.1        | 125.0        | <b>136.9</b> |
| Citibank Korea             | 214.3        | 207.8        | 240.5        | 233.3        | <b>244.5</b> |
| KB                         | 134.5        | 140.4        | 165.2        | 156.7        | <b>172.8</b> |
| <b>National banks</b>      | <b>134.7</b> | <b>141.9</b> | <b>152.9</b> | <b>149.9</b> | <b>156.5</b> |
| Daegu                      | 95.1         | 104.9        | 139.4        | 109.3        | <b>118.2</b> |
| Busan                      | 91.3         | 105.8        | 128.1        | 124.0        | <b>185.1</b> |
| Gwangju                    | 105.0        | 114.7        | 116.7        | 109.6        | <b>129.2</b> |
| Jeju                       | 89.4         | 91.3         | 92.6         | 96.0         | <b>90.3</b>  |
| Jeonbuk                    | 93.2         | 96.0         | 122.1        | 120.0        | <b>123.6</b> |
| Gyeongnam                  | 79.2         | 85.1         | 100.2        | 100.2        | <b>121.4</b> |
| <b>Regional banks</b>      | <b>90.6</b>  | <b>99.7</b>  | <b>121.1</b> | <b>112.1</b> | <b>136.5</b> |
| K Bank                     | 103.4        | 104.1        | 134.0        | 152.0        | <b>191.3</b> |
| Kakao Bank                 | 154.7        | 152.2        | 180.2        | 185.3        | <b>197.9</b> |
| <b>Internet-only banks</b> | <b>132.8</b> | <b>132.3</b> | <b>162.4</b> | <b>173.5</b> | <b>195.7</b> |
| <b>Commercial banks</b>    | <b>125.0</b> | <b>132.6</b> | <b>146.8</b> | <b>142.2</b> | <b>153.4</b> |
| KDB                        | 104.3        | 109.8        | 121.0        | 117.8        | <b>157.1</b> |
| IBK                        | 91.0         | 98.1         | 100.7        | 100.5        | <b>107.2</b> |
| KEXIM                      | 191.2        | 230.0        | 216.7        | 265.1        | <b>288.7</b> |
| NACF                       | 124.4        | 140.0        | 136.6        | 137.8        | <b>159.9</b> |
| NFFC                       | 129.6        | 120.4        | 144.0        | 134.2        | <b>157.4</b> |
| <b>Specialized banks</b>   | <b>118.9</b> | <b>129.4</b> | <b>133.5</b> | <b>134.4</b> | <b>156.1</b> |
| <b>Total</b>               | <b>121.2</b> | <b>130.6</b> | <b>138.3</b> | <b>137.3</b> | <b>155.1</b> |

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