



# Press Release

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## Domestic Banks' SBLs, Third Quarter 2021

Preliminary figures on domestic banks' loan classified as substandard or below (SBLs) for the third quarter of 2021 showed that the ratio stood at a record low of 0.51%, down 0.03%p from 0.54% three months earlier and down 0.14%p from 0.65% a year earlier.

SBLs came in at KRW11.9 trillion in total as of end-September, down KRW0.3 trillion or 2.3% from three months ago. Business loans classified as SBLs totaled KRW10.3 trillion, representing 86.2% of total SBLs. Furthermore, household loans and credit card receivables and loans, classified as SBLs, came in at KRW1.5 trillion and KRW0.1 trillion, respectively. Meanwhile, coverage ratio was seen at 156.7% as of end-September 2021, up 1.6%p from 155.1% three months ago and up 26.1%p from 130.6% a year ago.

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

(In trillions of KRW, percentage)

	2020				2021		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
SBLs <sup>2</sup>	15.9	15.0	14.1	13.9	13.8	12.2	<b>11.9</b>
Business loans <sup>3</sup>	13.7	12.8	12.0	12.0	11.9	10.5	<b>10.3</b>
Household loans	2.0	2.0	1.9	1.8	1.7	1.6	<b>1.5</b>
Credit card R&L <sup>4</sup>	0.2	0.2	0.1	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	2,264.6	<b>2,333.6</b>
SBL ratio	0.78	0.71	0.65	0.64	0.62	0.54	<b>0.51</b>
Provision for bad debts	110.6	121.2	130.6	138.3	137.3	155.1	<b>156.7</b>

<sup>1</sup>SBL figures on Q3 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, Third Quarter 2021\*

(In trillions of KRW)

	2019	2020	2021	
	Q3	Q3	Q2	Q3
Business loans	3.0	1.9	2.0	<b>2.3</b>
Large companies	0.9	0.2	0.5	<b>1.1</b>
SMEs	2.1	1.7	1.6	<b>1.2</b>
Household loans	0.8	0.7	0.5	<b>0.5</b>
Mortgages	0.3	0.2	0.1	<b>0.1</b>
Credit card R&L	0.1	0.1	0.1	<b>0.1</b>
New SBLs	3.9	2.7	2.6	<b>2.9</b>

\*The figures on Q3 2021 are preliminary as of the release date and subject to change.



Table 3. Resolved SBLs, Third Quarter 2021\*

(In trillions of KRW)

	2019	2020	2021	
	Q3	Q3	Q2	Q3
Total	4.6	3.6	4.2	<b>3.1</b>
Write-offs and loan sales	1.6	1.8	1.9	<b>1.2</b>
Reclassification and others	3.0	1.9	2.3	<b>2.0</b>
Business loans	3.9	2.7	3.5	<b>2.5</b>
SMEs	1.8	1.8	2.3	<b>1.5</b>
Household loans	0.7	0.8	0.6	<b>0.5</b>
Credit card R&L	0.1	0.1	0.1	<b>0.1</b>

\*The figures on Q3 2021 are preliminary as of the release date and subject to change.

The ratio of business loans classified as SBLs declined from 0.76% to 0.72% quarter on quarter. The SBL ratio for large companies fell 0.03%p from 1.00% to 0.97%. Also, the SBL ratio for SMEs decreased 0.05%p from 0.65% to 0.60% during the same period. When it came to household loans, SBL ratio was seen at 0.17% for the July-to-September period, down 0.01%p from three months earlier. In addition, the SBL ratio regarding credit card loans and receivables remained the same as three months ago, standing at 0.83% at the end of September.

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

(In percentage)

	2020				2021		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Business loans	1.09	0.99	0.92	0.92	0.89	0.76	<b>0.72</b>
Large companies	1.40	1.28	1.13	1.23	1.18	1.00	<b>0.97</b>
SMEs	0.93	0.83	0.80	0.76	0.75	0.65	<b>0.60</b>
Household loans	0.26	0.25	0.23	0.21	0.20	0.18	<b>0.17</b>
Mortgages	0.20	0.19	0.17	0.16	0.15	0.13	<b>0.12</b>
Unsecured loans	0.40	0.40	0.35	0.33	0.30	0.28	<b>0.27</b>
Credit card R&L	1.31	1.17	1.01	0.98	0.97	0.83	<b>0.83</b>
SBL ratio	0.78	0.71	0.65	0.64	0.62	0.54	<b>0.51</b>

\*The figures on Q3 2021 are preliminary as of the release date and subject to change.



Table 5. SBLs by Bank, September 2021

(In trillions of KRW, percentage)

	Sep 2020			Jun 2021			Sep 2021 <sup>7</sup>		
	Total loans	SBLs	SBL ratio	Total loans	SBLs	SBL ratio	Total loans	SBLs	SBL ratio
Shinhan	272.0	1.1	0.40	292.2	1.0	0.35	<b>298.5</b>	<b>1.0</b>	<b>0.32</b>
Woori	259.8	0.9	0.34	276.2	0.8	0.27	<b>285.6</b>	<b>0.6</b>	<b>0.21</b>
SC	45.1	0.2	0.34	48.6	0.1	0.23	<b>50.6</b>	<b>0.1</b>	<b>0.21</b>
KEB Hana	268.2	0.9	0.34	282.3	0.8	0.30	<b>289.7</b>	<b>0.8</b>	<b>0.27</b>
Citibank Korea	23.9	0.2	0.68	24.0	0.1	0.56	<b>24.5</b>	<b>0.1</b>	<b>0.50</b>
KB	312.7	1.0	0.32	322.4	0.8	0.26	<b>335.3</b>	<b>0.8</b>	<b>0.23</b>
<b>National banks</b>	<b>1181.7</b>	<b>4.2</b>	<b>0.35</b>	<b>1245.8</b>	<b>3.7</b>	<b>0.30</b>	<b>1284.3</b>	<b>3.4</b>	<b>0.26</b>
Daegu	44.0	0.3	0.70	48.5	0.3	0.52	<b>49.2</b>	<b>0.3</b>	<b>0.53</b>
Busan	45.4	0.4	0.80	51.6	0.2	0.42	<b>53.0</b>	<b>0.2</b>	<b>0.37</b>
Gwangju	20.6	0.1	0.41	21.0	0.1	0.38	<b>22.0</b>	<b>0.1</b>	<b>0.34</b>
Jeju	5.4	0.0	0.61	5.4	0.0	0.47	<b>5.5</b>	<b>0.0</b>	<b>0.51</b>
Jeonbuk	14.6	0.1	0.64	14.6	0.1	0.66	<b>14.9</b>	<b>0.1</b>	<b>0.67</b>
Gyongnam	33.2	0.3	0.92	35.5	0.2	0.54	<b>36.9</b>	<b>0.2</b>	<b>0.46</b>
<b>Regional banks</b>	<b>163.3</b>	<b>1.2</b>	<b>0.73</b>	<b>176.5</b>	<b>0.9</b>	<b>0.49</b>	<b>181.4</b>	<b>0.8</b>	<b>0.46</b>
K Bank	2.1	0.03	1.60	5.1	0.03	0.49	<b>6.2</b>	<b>0.03</b>	<b>0.49</b>
Kakao Bank	18.7	0.05	0.26	23.1	0.05	0.22	<b>25.0</b>	<b>0.05</b>	<b>0.21</b>
<b>Internet-only banks</b>	<b>20.8</b>	<b>0.1</b>	<b>0.39</b>	<b>28.2</b>	<b>0.1</b>	<b>0.27</b>	<b>31.2</b>	<b>0.1</b>	<b>0.26</b>
<b>Commercial banks</b>	<b>1365.8</b>	<b>5.5</b>	<b>0.40</b>	<b>1450.5</b>	<b>4.6</b>	<b>0.32</b>	<b>1496.9</b>	<b>4.3</b>	<b>0.29</b>
KDB <sup>1</sup>	145.4	3.3	2.29	148.1	3.1	2.10	<b>153.1</b>	<b>2.7</b>	<b>1.74</b>
IBK <sup>2</sup>	243.2	2.7	1.11	259.9	2.5	0.95	<b>266.4</b>	<b>2.3</b>	<b>0.85</b>
KEXIM <sup>3</sup>	109.3	1.4	1.28	102.7	0.9	0.84	<b>107.3</b>	<b>1.7</b>	<b>1.55</b>
NACF <sup>4</sup>	249.7	1.0	0.40	265.5	0.9	0.36	<b>271.7</b>	<b>0.8</b>	<b>0.30</b>
NFFC <sup>5</sup>	35.3	0.2	0.48	38.0	0.2	0.41	<b>38.1</b>	<b>0.2</b>	<b>0.49</b>
<b>Specialized banks<sup>6</sup></b>	<b>782.9</b>	<b>8.6</b>	<b>1.10</b>	<b>814.1</b>	<b>7.5</b>	<b>0.93</b>	<b>836.6</b>	<b>7.6</b>	<b>0.91</b>
<b>Total</b>	<b>2148.7</b>	<b>14.1</b>	<b>0.65</b>	<b>2264.6</b>	<b>12.2</b>	<b>0.54</b>	<b>2333.6</b>	<b>11.9</b>	<b>0.51</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 September 2021 are preliminary as of the release date and subject to change.



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

(In percentage)

	2020			2021		
	Jun	Sep	Dec	Mar	Jun	Sep
Shinhan	126.3	132.0	143.0	135.5	133.5	<b>138.8</b>
Woori	136.4	151.1	154.0	164.9	164.6	<b>193.4</b>
SC	187.7	201.5	201.1	218.4	229.9	<b>238.3</b>
KEB Hana	120.9	124.8	130.1	125.0	136.9	<b>142.5</b>
Citibank Korea	214.3	207.8	240.5	233.3	244.5	<b>257.8</b>
KB	134.5	140.4	165.2	156.7	172.8	<b>182.3</b>
National banks	134.7	141.9	152.9	149.9	156.5	<b>167.1</b>
Daegu	95.1	104.9	139.4	109.3	118.2	<b>115.8</b>
Busan	91.3	105.8	128.1	124.0	185.1	<b>205.7</b>
Gwangju	105.0	114.7	116.7	109.6	129.2	<b>140.0</b>
Jeju	89.4	91.3	92.6	96.0	90.3	<b>90.1</b>
Jeonbuk	93.2	96.0	122.1	120.0	123.6	<b>115.3</b>
Gyeongnam	79.2	85.1	100.2	100.2	121.4	<b>130.3</b>
Regional banks	90.6	99.7	121.1	112.1	136.5	<b>141.4</b>
K Bank	103.4	104.1	134.0	152.0	191.3	<b>192.9</b>
Kakao Bank	154.7	152.2	180.2	185.3	197.9	<b>228.4</b>
Internet-only banks	132.8	132.3	162.4	173.5	195.7	<b>215.2</b>
Commercial banks	125.0	132.6	146.8	142.2	153.4	<b>163.1</b>
KDB	104.3	109.8	121.0	117.8	157.1	<b>172.9</b>
IBK	91.0	98.1	100.7	100.5	107.2	<b>121.2</b>
KEXIM	191.2	230.0	216.7	265.1	288.7	<b>149.5</b>
NACF	124.4	140.0	136.6	137.8	159.9	<b>187.9</b>
NFFC	129.6	120.4	144.0	134.2	157.4	<b>139.0</b>
Specialized banks	118.9	129.4	133.5	134.4	156.1	<b>153.1</b>
Total	121.2	130.6	138.3	137.3	155.1	<b>156.7</b>

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Contact Person:

Park Mi-Kyung  
Head of Public Relations Team  
Public Affairs Department  
Financial Supervisory Service  
Tel: +82-2-3145-5803  
Fax: +82-2-3145-5808  
E-mail: [pmk620@fss.or.kr](mailto:pmk620@fss.or.kr)