

**PRESS RELEASE**

## **Loan Officer Survey on Financial Institution Lending**

Developments in Q1 2024 and Prospects for Q2 2024

### **1. Banks**

- ☐ In the second quarter of 2024, it is forecasted that domestic banks will ease their lending standards on corporate loans and on household mortgages, but will strengthen their lending standards on other household loans.
- ☐ Credit risks at both corporations and households are expected to rise.
- ☐ Demand for corporate loans and for household mortgages is expected to rise, while demand for other household loans is expected to decrease.

### **Domestic Bank<sup>1)</sup> Lending Indexes<sup>2)</sup>**

	Large Corporations			SMEs			Household Mortgage Loans <sup>3)</sup>			Other Household Loans <sup>3)</sup>		
	2023		2024	2023		2024	2023		2024	2023		2024
	Q4	Q1	Q2 <sup>4)</sup>	Q4	Q1	Q2 <sup>4)</sup>	Q4	Q1	Q2 <sup>4)</sup>	Q4	Q1	Q2 <sup>4)</sup>
Lending Standards	-6	6	3	0	6	3	-14	3	8	0	-6	-3
Credit Risk	3	3	8	28	33	33	31	33	39	31	33	39
Demand for Loans	3	11	6	8	33	31	6	31	11	-6	-8	-17

Notes: 1) There was KRW 2,258 trillion in loan balances as of the end of 2023.

2) A positive figure indicates an easing of lending standards, an increase in credit risk, or an increase in loan demand, while a negative figure indicates the opposite.

3) Credit risks associated with household mortgages and with other types of household loans are considered to be identical.

4) Indexes for the second quarter of 2024 are forecasts.

## 2. Non-Bank Financial Institutions

- ☐ In the second quarter of 2024, it is forecasted that all non-bank financial institutions will tighten their stances.
- ☐ Credit risks at all types of non-bank financial institutions are expected to rise.
- ☐ Demand for loans is expected to rise at all non-bank financial institutions, except at mutual credit cooperatives.

### **Non-Bank Financial Institution<sup>1)</sup> Lending Indexes<sup>2)3)</sup>**

	Mutual Savings Banks			Mutual Credit Cooperatives			Credit Card Companies			Life Insurance Companies		
	2023		2024	2023		2024	2023		2024	2023		2024
	Q4	Q1	Q2 <sup>4)</sup>	Q4	Q1	Q2 <sup>4)</sup>	Q4	Q1	Q2 <sup>4)</sup>	Q4	Q1	Q2 <sup>4)</sup>
Lending Standards	-32	-21	-21	-31	-26	-27	-38	6	-6	-10	-11	-10
Credit Risk	53	41	38	44	47	45	31	19	19	22	24	29
Demand for Loans	-4	9	6	-6	-14	-4	-6	25	6	10	2	5

Notes: 1) There was KRW 919 trillion in loan balances as of the end of 2023.

2) A positive figure indicates an easing of lending standards, an increase in credit risk, or an increase in loan demand, while a negative figure indicates the opposite.

3) Results from the reorganized sample have been applied since the third quarter of 2021.

4) Indexes for the second quarter of 2024 are forecasts.

## Survey Overview

1. **Survey Period:** March 7, 2024, to March 19, 2024
2. **Institutions Surveyed:** 204 financial institutions\* -- 18 domestic banks,\*\* 26 mutual savings banks (MSBs), 142 mutual credit cooperatives (MCCs), 8 credit card companies, 10 life insurance companies
  - \* Please refer to "Notes on the Use of Lending Indexes Due to the Sample Reorganization" (Oct. 19, 2021).
  - \*\* Three internet-only banks are included in the sample for the indexes.

Response Rate (% , numbers)

Domestic Banks	Mutual Savings Banks	Mutual Credit Cooperatives	Credit Card Companies	Life Insurance Companies
100 (18/18)	100 (26/26)	93 (132/142)	100 (8/8)	100 (10/10)

Notes: 1) The figures in parentheses represent the number of institutions that responded over the total number of institutions surveyed.

3. **Respondents:** Managers overseeing loan operations at their respective financial institutions
4. **Survey Method:** Electronic surveys, mail surveys
5. **Items Surveyed:** Actual developments over the previous quarter (January to March 2024) and outlooks for the following quarter (April to June 2024) in terms of lending standards, credit risk, and demand for loans
6. **Lending Index:** An index for each category is calculated using the weighted average of the senior loan officer responses. The index distribution ranges from -100 to +100, with the baseline being 0.

### Survey Categories and Possible Responses

	1	2	3	4	5
Lending Standards	Significant Easing	Slight Easing	No Change	Slight Tightening	Significant Tightening
Credit Risk	Significant Increase	Slight Increase	No Change	Slight Decrease	Significant Decrease
Demand for Loans	Significant Increase	Slight Increase	No Change	Slight Decrease	Significant Decrease

Lending index = [(percentage of respondents who answered 'significant easing (increase)' × 1.0 + percentage of respondents who answered 'slight easing (increase)' × 0.5) - (percentage of respondents who answered 'significant tightening (decrease)' × 1.0 + percentage of respondents who answered 'slight tightening (decrease)' × 0.5)] × 100

6. **Release:** Survey results are released in the months following each quarter-end, i.e., January, April, July and October.