

PRESS RELEASE

Loan Officer Survey on Financial Institution Lending

Developments in Q4 2021 and Prospects for Q1 2022

1. Banks

- In the first quarter of 2022, it is forecasted that domestic banks will moderate their significantly tightening stance, especially on household loans.
- Credit risks at both households and small and medium-sized enterprises (SMEs) are foreseen to increase compared to the previous quarter, but not at large corporations.
- Demand for corporate loans is expected to increase compared to the previous quarter, while demand for household loans is foreseen to remain steady.

Domestic Bank¹⁾ Lending Indexes²⁾

	Large Corporations			SMEs			Household Mortgage Loans ³⁾			Other Household Loans ³⁾		
	2021		2022	2021		2022	2021		2022	2021		2022
	Q3	Q4	Q1 ⁴⁾	Q3	Q4	Q1 ⁴⁾	Q3	Q4	Q1 ⁴⁾	Q3	Q4	Q1 ⁴⁾
Lending Standards	-9	0	6	-3	0	0	-35	-35	0	-29	-41	-6
Credit Risk	0	3	0	24	12	18	6	12	15	6	12	15
Demand for Loans	12	-3	3	26	6	12	9	-18	0	26	-9	0

Notes: 1) There was KRW 2,022 trillion in loan balances as of the end of September 2021.

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 mortgage loans and with other household loans are considered to be identical.

4) The indexes for the first quarter of 2022 are forecasts.

2. Non-Bank Financial Institutions

- In the first quarter of 2022, it is forecasted that non-bank financial institutions will generally continue to tighten their standards on loans.
- Credit risks at all non-bank financial institutions are expected to rise compared to the previous quarter.
- It is forecasted that the increase in demand for loans will lessen or demand for loans will decrease slightly.

Non-Bank Financial Institution¹⁾ Lending Indexes²⁾³⁾

	Mutual Savings Banks			Credit Card Companies			Mutual Credit Cooperatives			Life Insurance Companies		
	2021		2022	2021		2022	2021		2022	2021		2022
	Q3	Q4	Q1 ⁴⁾	Q3	Q4	Q1 ⁴⁾	Q3	Q4	Q1 ⁴⁾	Q3	Q4	Q1 ⁴⁾
Lending Standards	-18	-22	-13	-29	-57	0	-39	-46	-45	-7	-16	-24
Credit Risk	13	19	22	14	7	14	24	25	31	6	11	18
Demand for Loans	11	7	-1	36	29	0	14	10	6	5	10	7

Notes: 1) There was KRW 874 trillion in loan balance as of the end of September 2021.

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) The indexes from the third quarter of 2021 are the results of a survey conducted on reorganized samples.

4) The indexes for the first quarter of 2022 are forecasts.

Survey Overview

1. **Survey Period:** December 13, 2021, to December 31, 2021
2. **Institutions Surveyed:** 203 financial institutions* (17 domestic banks,** 26 mutual savings banks (MSBs), 8 credit card companies, 10 life insurance companies, 142 mutual credit cooperatives (MCCs)***

* Please refer to "Notes on the Use of Lending Indexes Due to the Sample Reorganization"(Oct. 19, 2021)

** Two internet-only banks, which have been in operation for four years, are included in the sample for the indexes from Q3 2020 onward, as it has been deemed that their loan business operates as normal.

*** Response Rate (% , numbers)

Domestic Banks	Mutual Savings Banks	Credit Card Companies	Mutual Credit Cooperatives	Life Insurance Companies
100 (17/17)	100 (26/26)	88 (7/8)	96 (136/142)	100 (10/10)

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

3. **Survey Method:** Electronic surveys (mail surveys for MCCs), interviews
4. **Items Surveyed:** Respondents (managers overseeing loan operations at their respective financial institutions) were asked to score (on a scale of 1 to 5) actual developments in terms of the three survey categories (lending standards, credit risk, demand for loans) over the previous quarter (October to December 2021), and about their outlooks for the following quarter (January to March 2022).
5. **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:** The survey results are released in the months following each quarter-end, i.e., January, April, July and October.