

Korea

I. Institutional coverage

The statistics of All Banks published in *Banking Statistics – Financial Statements of Banks* relate to commercial banks, savings banks, and other miscellaneous monetary institutions such as specialised banks (excluding Korea Development Bank and The Export-Import Bank of Korea), merchant banking corporations, and credit unions.

Commercial banks refer to nation-wide commercial banks and regional banks. Subsidiaries of foreign banks are included in the commercial banks, but branches of foreign banks are not included. These banks are established and operate pursuant to the provisions of the General Banking Act of Korea. Specialised banks established under the respective acts are included in other miscellaneous monetary institutions. Two specialised banks, Korea Development Bank and The Export-Import Bank of Korea are, however, classified as development credit institutions and thus are not included in other miscellaneous monetary institutions.

II. Geographical coverage and degree of consolidation

Subsidiaries of foreign banks operating in Korea are included, but branches of foreign banks are not included. Data included in these statistics are not on a consolidated basis: the trust account and merchant banking account of the banks as well as the activities and results of their subsidiaries inside and outside Korea are excluded. However, the activities and results of overseas branches of domestic banks are included in these statistics and net income and net provisions on trust accounts are included in the income statement.

III. Structure of the banking system

The banking system may be broadly classified into two categories based on their establishment:

- a) Commercial banks established under the Banking Act including nation-wide commercial banks, regional banks and domestic branches of foreign commercial banks.
- b) Specialised banks established under their own acts in order to increase capital mobilisation and to strengthen financial support for underdeveloped or strategically important sectors.

The legal authority to supervise and examine commercial banks, including domestic branches of foreign commercial banks, is given to the Financial Supervisory Commission (FSC) and the Financial Supervisory Service (FSS) respectively which were established 1 April 1998 as the supreme policy-making and policy-executing bodies for the oversight of financial institutions in Korea. Some specialised banks are subject to the supervision of the Ministry of Finance and Economy or the Board of Audit and Inspection as well as the FSC/FSS.

IV. Summary description of activities of banks

Commercial banks in Korea including domestic branches of foreign commercial banks may, as in most countries, engage in a wide range of business. Their core activities are the taking of deposits, the extension of loans and discounts, remittances, and collections. They also handle such business as guarantees and acceptances; own-account securities investment; negotiable certificates of deposits business; the mutual installment deposits and mutual remuneration loans; foreign exchange transactions; factoring business; safe custody and such securities business as sales of commercial bills discounted by banks, cover bills issued on the basis of underlying primary bills accepted and held by banks and government, public and corporate bonds under repurchase agreements; the acceptances, discounts and sales of trade bills.

The legislative framework for their operations is provided by the Banking Act and other relevant legislation. Specific authorisation is required for each area of non-bank business in which they engage; for example, trust business, credit card business, and some aspects of securities business.

Specialised banks, which function as deposit money banks alongside commercial banks, conduct a similar range of business in addition to that related to their own area as authorised by their respective special acts.

V. Reconciliation of national data with the OECD presentation*

VI. Sources

The data in *Banking Statistics – Financial Statements of Banks* has been compiled by the Financial Supervisory Service (FSS).

* See the tables “Income Statement Reconciliation” and “Balance Sheet Reconciliation” that follow.

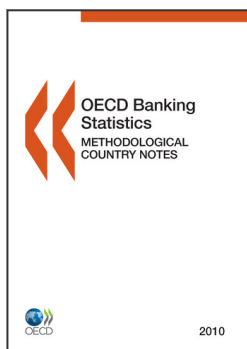
Korea

Income statement reconciliation – Commercial banks – 2008

OECD presentation	Billion KRW	National presentation
1. Interest income	67 051	
	57 558	Interest income on loans
	7 415	Interest income on Securities
	1 355	Other Interest income
	723	Dividend Income
2. Interest expenses	40 053	
	26 619	Interest expenses on deposits
	8 299	Interest expenses on bonds
	4 327	Interest expenses on borrowings
	888	Other Interest expenses
3. Net interest income	26 998	
4. Net non-interest income	3 132	
a. Fees and commissions receivable	5 397	
b. Fees and commissions payable	2 339	
c. Net profit or loss on financial operations	1 593	
	-533	Net profit or loss on Securities transactions
	1 764	Net profit or loss on Foreign Exchange transactions and Derivatives Instruments
	362	Net profit or loss on Trust business
d. Other net non-interest income	-1 519	
5. Net interest and non-interest income	30 130	
6. Operating expenses	13 871	
a. Staff costs	6 012	
b. Property costs	7 859	
c. Other operating expenses		
7. Net income before provisions	16 259	
8. Net provisions	7 582	
a. Provisions on loans	7 126	
b. Provisions on securities		
c. Other net provisions	456	
9. Income before tax	8 677	
10. Income tax	2 581	
11. Net income after tax	6 096	
12. Distributed profit	161	
13. Retained profit	5 935	

Korea
Balance sheet reconciliation – Commercial banks – 2008

OECD presentation	Billion KRW	National presentation
Assets		
14. Cash and balance with Central bank	48 482	
	11 455	Cash
	27 452	Deposits with the Bank of Korea
15. Interbank deposits	15 093	
	5 569	Interbank deposits in won
	9 524	Interbank deposits in foreign currency
16. Loans	793 722	
	713 448	Loans in won
	80 274	Loans in foreign currency
17. Securities	170 502	
	10 620	Trading securities
	111 973	Available-for-sale securities
	42 960	Held-to-maturity securities
	4 951	Investments in associates
18. Other assets	150 277	
Liabilities		
19. Capital and reserves	71 039	
	23 113	Capital Stock
	47 926	Others
20. Borrowing from Central bank	7 328	
21. Interbank deposits	0	
22. Customer deposits	683 455	
	646 863	Deposits in won
	36 592	Deposits in foreign currency
23. Bonds	152 955	
24. Other liabilities	263 300	
Balance sheet total		
25. End-year total	1 178 095	



From:
OECD Banking Statistics: Methodological Country Notes 2010

Access the complete publication at:
<https://doi.org/10.1787/9789264089907-en>

Please cite this chapter as:

OECD (2011), "Korea", in *OECD Banking Statistics: Methodological Country Notes 2010*, OECD Publishing, Paris.

DOI: <https://doi.org/10.1787/9789264089907-17-en>

This work is published under the responsibility of the Secretary-General of the OECD. The opinions expressed and arguments employed herein do not necessarily reflect the official views of OECD member countries.

This document and any map included herein are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.

You can copy, download or print OECD content for your own use, and you can include excerpts from OECD publications, databases and multimedia products in your own documents, presentations, blogs, websites and teaching materials, provided that suitable acknowledgment of OECD as source and copyright owner is given. All requests for public or commercial use and translation rights should be submitted to rights@oecd.org. Requests for permission to photocopy portions of this material for public or commercial use shall be addressed directly to the Copyright Clearance Center (CCC) at info@copyright.com or the Centre français d'exploitation du droit de copie (CFC) at contact@cfcopies.com.