

**PRESS RELEASE**
**Loan Officer Survey on Financial Institution Lending**

Developments in Q3 2021 and Prospects for Q4 2021

**1. Banks**

- ☐ In the fourth quarter of 2021, it is forecasted that domestic banks will shift their standards on corporate loans to an easing stance, while continuously tightening their standards on household loans.
- ☐ Credit risks at both corporations and households are foreseen to increase, with a particularly significant rise at households compared to the previous quarter.
- ☐ Demand for corporate loans is expected to continue to increase, while demand for household loans is foreseen to remain steady or 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>		
	2021			2021			2021			2021		
	Q2	Q3	Q4 <sup>4)</sup>	Q2	Q3	Q4 <sup>4)</sup>	Q2	Q3	Q4 <sup>4)</sup>	Q2	Q3	Q4 <sup>4)</sup>
Lending Standards	-3	-9	3	9	-3	3	-9	-35	-15	0	-29	-32
Credit Risk	6	0	3	18	24	21	6	6	18	6	6	18
Demand for Loans	0	12	6	21	26	12	0	9	0	18	26	-3

Notes: 1) There was KRW 1,973 trillion in loan balances as of the end of June 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 reverse.

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

4) The indexes for the fourth quarter of 2021 are forecasts.

## 2. Non-Bank Financial Institutions

- ☐ In the fourth quarter of 2021, it is forecasted that all non-bank financial institutions will significantly tighten their standards on loans.
- ☐ Credit risks at all non-bank financial institutions are expected to rise.
- ☐ Demand for loans is foreseen to rise at most non-bank financial institutions, except at life insurance companies.

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

	Mutual Savings Banks			Credit Card Companies			Mutual Credit Cooperatives			Life Insurance Companies		
	2021			2021			2021			2021		
	Q2	Q3 <sup>3)</sup>	Q4 <sup>3/4)</sup>	Q2	Q3 <sup>3)</sup>	Q4 <sup>3/4)</sup>	Q2	Q3 <sup>3)</sup>	Q4 <sup>3/4)</sup>	Q2	Q3 <sup>3)</sup>	Q4 <sup>3/4)</sup>
Lending Standards	-9	-18	-16	0	-29	-43	-25	-39	-44	-4	-7	-14
Credit Risk	12	13	22	0	14	36	21	24	33	10	6	9
Demand for Loans	5	11	7	25	36	21	6	14	4	3	5	0

Notes: 1) There was KRW 846 trillion in loan balance as of the end of June 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 reverse.

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

4) The indexes for the fourth quarter of 2021 are forecasts.

## Survey Overview

1. **Survey Period:** September 15, 2021, to September 28, 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"  
 \*\* 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 is 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)	98 (139/142)	100 (10/10)

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

3. **Survey Method:** Electronic surveys (mail surveys for MCCs) and 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 (July to September 2021), and about their outlooks for the following quarter (October to December 2021).
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 minus 100 to plus 100, with the baseline being zero.

### 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.

## **Notes on the Use of Lending Indexes Due to the Sample Reorganization**

- The BOK reorganized its samples of the Loan Officer Survey on Financial Institution Lending to strengthen the representativeness of non-bank financial institutions.
  - Specifically, samples from the survey are reselected every five years to reflect changes in asset sizes at financial institutions.
  - After these changes, the total number of samples of non-bank financial institutions is 186, similar to that before the reorganization (184), but each number of samples by industry is partially adjusted due to changes in asset sizes.\*

\* Changes in the Number of Samples by Industry of Non-Bank Financial Institutions

Total	Mutual Savings Banks	Credit Card Companies	Mutual Credit Cooperatives	Life Insurance Companies
+2 (184 → 186)	+10 (16 → 26)	no change (8)	-8 (150 → 142)	no change (10)

- The results of the survey conducted with new samples are announced starting this quarter.
  - The proportion of each industry and the response tendency in samples have changed due to the sample reorganization, so there may be a slight difference between the index level of new and old samples. Therefore, it is necessary to pay attention to index comparisons from before and after the third quarter of 2021.