

BOK Regional Economic Report

(Executive Summary)

Q1 2014



THE BANK OF KOREA

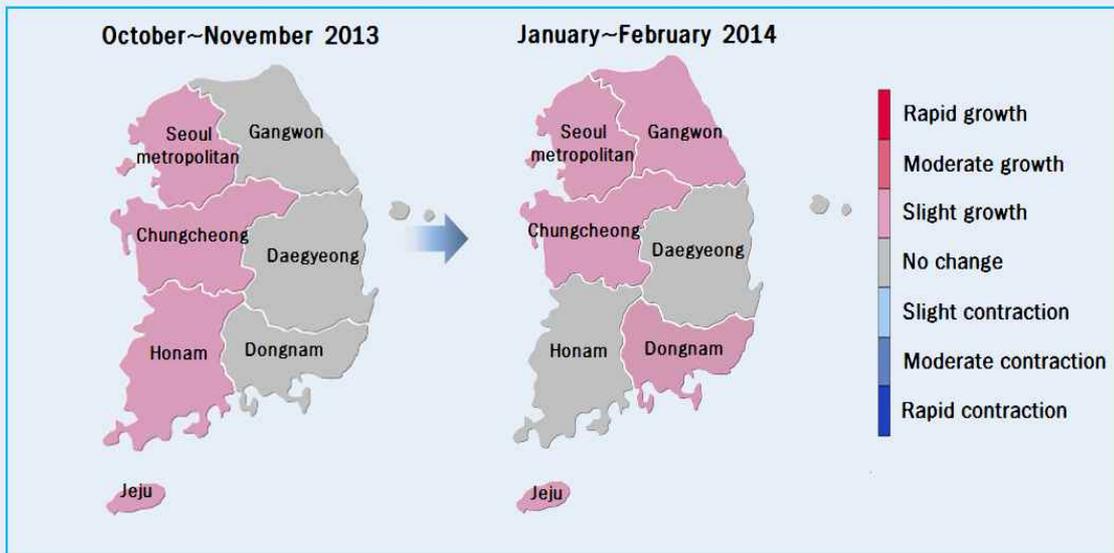
This report, a condensed English version of 'BOK Regional Economic Report' published in Korean, is compiled based on information gathered by the sixteen regional branches of the Bank of Korea from companies and other organizations within their regions between late January and mid-February. It provides basic information for assessing current regional economic conditions. The contents of this report may not necessarily coincide with the official statistics to be released later by the Bank of Korea.

Executive Summary

◇ **Overview** : Information collected by the sixteen regional branches of the Bank of Korea from companies and other organizations within their regions indicated that national economic activity increased slightly during January and February compared to the fourth quarter of last year, sustaining its trend of modest recovery since the fourth quarter of 2012.

By region, the economies of the Seoul Metropolitan, Dongnam, Chungcheong, Gangwon and Jeju regions were found to have shown slight growth, while the economic recoveries of the Honam and Daegyeong regions slowed.

< Regional Economic Conditions¹⁾ Snapshot >



Note: 1) Economic conditions are assessed by the overall monitoring score, which is an average of the manufacturing and services monitoring scores weighted by the shares of gross regional domestic product (GRDP). Monitoring score of $-0.5 \sim +0.5$ indicates an unchanged level, $+0.5 \sim +2.0$ ($-2.0 \sim -0.5$) a slight growth (contraction), $+2.0 \sim +3.5$ ($-3.5 \sim -2.0$) a moderate growth (contraction), $+3.5 \sim +5.0$ ($-5.0 \sim -3.5$) a rapid growth (contraction).

◇ **Production** : Manufacturing production in January and February was found to have increased centering around semiconductor, mobile phone and automobile industry, continuing its growth in the fourth quarter of last year. By region, manufacturing production in all regions except the Daegyeong region exceeded the levels seen in the fourth quarter of last year, with the Chungcheong region in particular showing relatively favorable growth. Services production picked up in all regions with the exceptions of the Honam and Daegyeong regions.

◇ **Demand** : Exports were found to have increased in January and February in the Seoul Metropolitan and Chungcheong regions centering around IT products¹⁾, while the Dongnam region also exhibited an increase led by the automobile and petroleum-refining industries. Private consumption grew in most regions except the Honam region, where it remained at its fourth quarter level. Facilities investment showed a level similar to that of the fourth quarter overall, and increased in some industries including parts and accessories for motor vehicles and engines. Except for the Daegyeong region, where construction of national industrial complexes was in progress, construction investment was found to have declined in most regions, due mainly to a decline in the number of orders from the public sector. The private housing sector however showed signs of recovery in some regions, affected for example by the government's real estate-related measures.

◇ **Employment** : The number of persons employed showed faster growth in January than in the fourth quarter of last year, centering around the service sector. By region, employment continued to increase in most regions, particularly in the Seoul Metropolitan and Chungcheong regions. Going forward, the number of persons employed is expected to continue to rise, led mainly by the government's job creation schemes. According to the results of monitoring, however, system changes related to ordinary wages and to extension of the retirement age might cost some manufacturers extra financial burdens and work as factors limiting additional employment.

◇ **Consumer Prices and Housing Prices** : Consumer prices rose in January at a rate of 1.1% (year-on-year), which remained unchanged from the fourth quarter of last year, as the continued stability of agricultural, livestock and marine product prices offset hikes in public utility fees. House sales prices sustained their growth, affected chiefly by the government's real estate-related measures²⁾ such as the permanent cut in the housing acquisition tax. Housing leasehold deposit prices continued to rise, due to a decrease in the availability of leasehold housing in response to landlords' heightened preference for monthly rental contracts.

◇ **Financial Conditions** : Corporate financial conditions during January and February were found to have remained at their level of the fourth quarter of last year overall, but some corporations showing lackluster business performances were seen to have experienced difficulties. Lending attitudes of financial institutions toward small- and medium-sized enterprises (SMEs) were found to have remained accommodative on the whole, backed by financial support from the Bank of Korea and the government. Meanwhile, financial institution lending attitudes toward households were found to have differed from region to region, depending upon regional real estate market conditions.

1) Exports of semiconductors and wireless communication equipments were favorable, driven largely by increased demand for smartphones and tablet PCs.

2) In order to revitalize the real estate market, the government recently adjusted the related framework, by permanently cutting the housing acquisition tax (effective from December 26, 2013), discontinuing the imposition of heavy transfer taxes on owners of more than one house (effective from January 1, 2014), and allowing remodeling for perpendicular extensions (effective from April 25, 2014).

A Summary of Major Economic Issues

◇ Quantitative Easing (QE) Tapering by the US Federal Reserve :

Although there has not yet been any actual effects of QE tapering that could be felt by companies, it was found that many of companies were concerned about the possibility of the economic unrest in emerging market economies, rises in commodity price and exchange rate volatility as the US Federal Reserve continued to taper QE since the end of last year. However, it was pointed out that recovery of the US might lead to an increase in exports centering around some industries such as IT.

◇ Japanese Yen Weakening :

While there was increasingly fierce price competition in the automobile and machinery industries due to the weakening of the Japanese yen, its effect was insignificant owing largely to the improvement of non-price competitiveness of domestic products. The yen's weakness was found to have had only a limited negative effect on the tourism-related service sectors, boosted by an increase in the number of Chinese tourists which had more than offset the shrinkage in the number of Japanese tourists. However, exports of agricultural and fisheries products³⁾ in the Jeju, Gangwon and Chungcheong regions were seen to have been affected by the yen's weakening.

◇ Recent Corporate Facilities Investment :

Recent corporate facilities investment remained at a level similar to that of the fourth quarter of last year. While investment increased in the automobile and related parts industries, investment in the IT sector was made merely for the upgrading of current facilities rather than being massive. SMEs, however, were found to have been passive in investment, out of fear of domestic and external uncertainties.

◇ Recent Spread of Avian Influenza (AI), and Damage from Heavy Snow :

The recent outbreak of AI⁴⁾ was seen to have directly affected stock farmers in some regions, and caused sales of the related products to have declined. Moreover, the recent heavy snowfall⁵⁾ was found to have led to reduced sales at hotels and restaurants and in the tourism industry, particularly in the Gangwon region.

3) The Jeju region saw its exports to Japan of fisheries products such as halibut decreasing, and the Gangwon region experienced a decline in exports of its major items including flowers (lilies), whose entire quantity is exported to Japan. The Chungnam region also experienced a sharp drop in exports, particularly of mushrooms, fruits, ginseng and seaweed.

4) Since its outbreak at a duck farm in Gochang, Jeonbuk Province (Jan 16), AI spread to Jeonnam, Chungnam, Chungbuk and Gyeonggi Provinces, and 20 cases had officially tested positive as of Feb 17 (Ministry of Agriculture, Food and Rural Affairs).

5) There were snowfalls of more than one meter in some areas of the Gangwon region since February 6, leading to serious damage including collapses of vinyl greenhouses and stables. Damage in eight cities/counties along the East Sea was tentatively estimated at 12.2 billion won at 811 locations as of Feb 18 (Disaster and Safety Countermeasures Headquarters of Gangwon Province).

A Summary of Major Industry Trends

◇ **IT Industry** : The IT industry continued its good performance, centering around in the Seoul Metropolitan and Chungcheong regions, with expanded production of semiconductors and mobile phones. Meanwhile, production of display panels was found to have decreased, due to the weak demand for large-size panels for TVs and to fiercer competition with later comers such as China.

◇ **Automobile Industry** : The production of the automobile industry was found to have increased in the Dongnam and Honam regions, thanks to increases in domestic and overseas demand and to the implementation of additional weekend working⁶⁾. Production of parts and accessories for motor vehicles and engines was reported to have expanded, led by in the Daegyeong region, owing to a rise in demand in line with the robustness of overseas production by automobile makers.

◇ **Petrochemical and Petroleum-refining Industry** : The petrochemical industry increased its production in the Dongnam and Chuncheong regions, driven by increases in major product prices and by the operation of new facilities. Meanwhile, petroleum-refining industry production was found to have remained at an unchanged level, owing to the sluggishness of demand from China and Southeast Asian countries.

◇ **Iron and Steel Industry** : The production in the iron and steel industry showed sluggishness in the Seoul Metropolitan and Dongnam regions owing to the continuing global oversupply. Supported by stabilization of production at new facilities⁷⁾, production in the Chungcheong region grew, while showing some signs of modest improvement in the Daegyeong region due to completions of production adjustment⁸⁾ among domestic business sites.

◇ **Shipbuilding Industry** : The shipbuilding industry was found to have shown improvement in the Dongnam and Honam regions, thanks to rises in new orders.

6) As the demand for certain automobile models at home and abroad went up, the level of stock was running much below normal. In response, additional weekend working increased, and production during January thus surged.

7) Since new furnaces in iron mills in the region started operation last September, production has recently been at a stable stage and has now increased due to an expansion in demand for steel for automobiles.

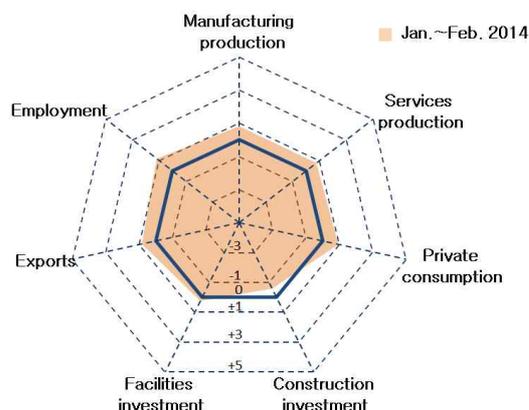
8) Hyundai Steel and Dongkuk Steel reduced their production in Pohang in 2013, while expanding their production in other regions to enhance their efficiency.

Overall Summary

Overview

According to information gathered by the sixteen regional branches of the Bank of Korea from companies and other organizations, the Korean economy⁹⁾ grew slightly during January and February compared to the fourth quarter of last year, sustaining its trend of modest recovery since the fourth quarter of 2012. By region, the economies of the Seoul Metropolitan, Dongnam, Chungcheong, Gangwon and Jeju regions were found to have shown slight growth, while the economic recoveries in the Honam and Daegyeong regions remained sluggish. On the production side, manufacturing production improved slightly, while services production increased. In terms of demand, exports continued to grow and private consumption also increased. Facilities investment was similar to that in the fourth quarter, while construction investment contracted.

Economic Conditions Radar Chart¹⁾



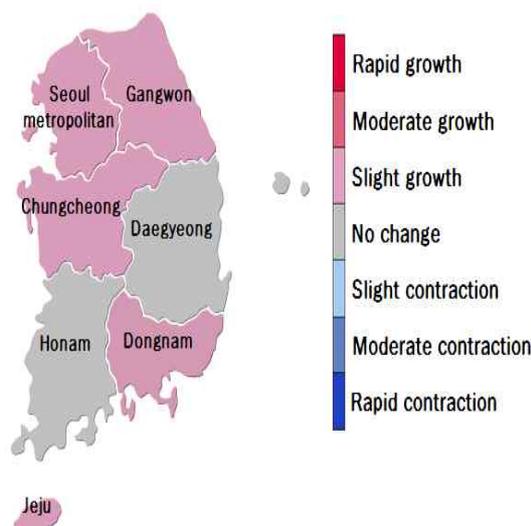
Note: 1) Scores representing a change in the level of each sector during January and February compared to the fourth quarter of 2013 are computed based on information gathered in meetings with local companies and other organizations. A score closer to +5(-5) indicates a rapid rising (falling) level, 0 denotes an unchanged level, and a score of +3 represents the average rate of growth over previous years.

Source: Bank of Korea

9) It should be noted that economic conditions indicated by the monitoring score in this report may differ from those of the business survey index (BSI) due to the difference in the purpose and method of compilation for each index. The monitoring score is compiled to grasp the overall economic conditions prior to the release of the official statistics, and it is assessed in terms of how much corporate production has changed compared to that of the previous quarter, and weighted by sales of each corporation. Business survey index (BSI) is compiled to grasp the corporations' perceptions on the business conditions, and is calculated by the difference of the ratio between the number of corporations responding 'up/above normal' and 'down/below normal'.

As for the employment situation, the number of persons employed increased by 710,000 (year-on-year) in January, the biggest rise since March 2002 (840,000), and it is expected to continue to grow going forward, led by the service sector. Consumer price inflation in January maintained the lower 1% level, same as in the fourth quarter of last year. House sales prices continued to rise, with the housing purchase sentiment recovering centering around the Seoul Metropolitan and Daegyeong regions. Housing leasehold deposit prices continued their upward trends in the Seoul Metropolitan and Chungcheong regions, due to reductions in the availability of leasehold housing caused by landlords' heightened preferences for monthly rental contracts. Meanwhile, the upward trend of housing leasehold deposit prices in the Dongnam and Honam regions were found to have slowed due to increases in the numbers of apartment houses. Corporate financial conditions remained at their level of the fourth quarter of last year in general. The lending attitudes of financial institutions were mixed, depending upon the regions, but remained generally accommodative revolving around SMEs.

Economic Activity by Region



Note: 1) Economic conditions are assessed by the overall monitoring score, which is an average of the manufacturing and services monitoring scores weighted by the shares of gross regional domestic product (GRDP). Monitoring score of -0.5~+0.5 indicates an unchanged level, +0.5~+2.0 (-2.0~-0.5) a slight growth (contraction), +2.0~+3.5 (-3.5~-2.0) a moderate growth (contraction), +3.5~+5.0 (-5.0~-3.5) a rapid growth (contraction).

Cities and Provinces Included in Each Region

Region	Cities and Provinces
Seoul Metropolitan	Seoul, Incheon, Gyeonggi-do
Dongnam	Busan, Ulsan, Gyeongsangnam-do
Chungcheong	Daejeon, Chungcheongbuk-do, Chungcheongnam-do
Honam	Gwangju, Jeollabuk-do, Jeollanam-do
Daegyeong	Daegu, Gyeongsangbuk-do
Gangwon	Gangwon-do
Jeju	Jeju-do

Production

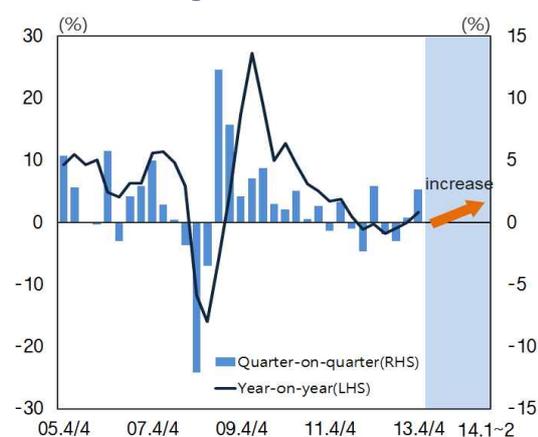
It turned out that manufacturing production during January and February has increased sustaining its growth in the fourth quarter of last year in every region except the Daegyeong region. By item, production of IT products such as semiconductors and mobile phones remained robust, owing to rises in the demand for mobile products. Production of displays declined, however, due to the weakness of demand for large-size panels and to fiercer competition with late comers including China. Automobile production increased in the Dongnam and Honam regions; thanks to the robustness of exports, to increased sales as a result of the launching of new models and the reduction in the individual consumption tax¹⁰⁾, and to the additional working on holidays. Production of parts and accessories for motor vehicles and engines increased greatly in the Daegyeong region, owing to a rise in demand in line with the robust overseas production of automobile makers. The shipbuilding industry was found to have shown improvement thanks to a rise in new orders. Machinery production decreased slightly due to the slow recovery of facilities investment and the sluggishness of overseas demand. Production in the iron and steel industry showed a slump, as the continuing global oversupply and the weakness of demand in frontline industries including construction worked as constraints. Supported by stabilization of production at new facilities,

10) Since January 2014, the individual consumption tax for the automobiles over 2000 cubic centimeter displacement is down from 7% to 6%, according to the Korea-US FTA agreements.

production in iron and steel industry in the Chungcheong region grew, while it showed some signs of modest improvement in the Daegyeong region due to completion of production adjustments across domestic business sites. The petrochemical industry increased its production in the Dongnam and Chuncheong regions, driven by increases in major product prices and the operation of new facilities. Meanwhile, petroleum-refining industry production was found to have remained steady, influenced by slumps in demand in China and East Asian countries.

The monitoring results suggested that manufacturing production is projected to increase centering around the IT sector and automobiles, boosted by economic recovery in the advanced economies. However, a number of businesses were concerned about a possible slowdown in global demand, the possible weakening of China's growth momentum and the continued weakening of the Japanese yen.

Manufacturing Production¹⁾²⁾



Notes: 1) Quarter-on-quarter indicator is based on a seasonally adjusted series.

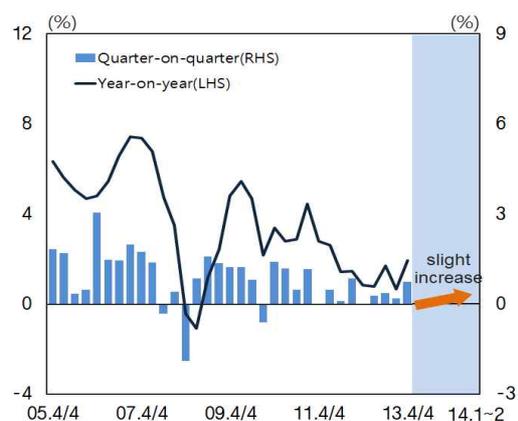
2) An arrow indicates the direction of the changes in the level of manufacturing production during January and February compared to the fourth quarter of 2013, and it is based on information obtained from companies and other organizations.

Sources: Bank of Korea, Statistics Korea

Services production during January and February increased in all regions except the Honam and Daegyeong regions. Services production led downward by tourism-related services declined slightly in the Honam region, affected by the outbreak of AI, while remaining steady in the Daegyeong region. In terms of

major sectors, sales in the wholesale and retail sector were buoyant, boosted by a recovery of consumer sentiment and increased sales during Lunar New Year holiday. Transportation sector, though varying from region to region, remained at the same overall level as in the fourth quarter of last year. As for tourism-related services including accommodation, sales did not decline with an increase in the number of Chinese tourists¹¹⁾ offsetting the decline in the number of Japanese tourists due to the yen's weakness. However, the outbreaks of AI had a negative impact on the local economy, hitting poultry farms, reducing sales of related industries, and leading to the cancellation of some local festivals. Moreover, due to heavy snowfall in the Gangwon region and an oil spill off the southern coast, tourism, food and accommodation-related industries experienced a deterioration in the regions concerned. Business facilities management and professional services were favorable, owing largely to the relocation of public agencies, and the real estate and rental sector improved upon deregulation measures by the government.

Services Production¹⁾²⁾



Notes: 1) Quarter-on-quarter indicator is based on a seasonally adjusted series.
 2) An arrow indicates the direction of the changes in the level of services production during January and February compared to the fourth quarter of 2013, and it is based on information obtained from companies and other organizations.
 Sources: Bank of Korea, Statistics Korea

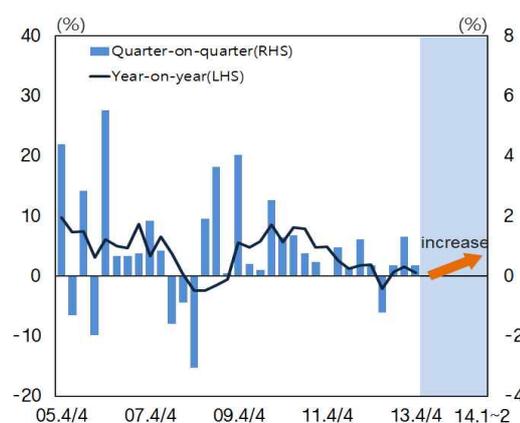
11) Following the entry into effect of China's National Tourism Act (Oct. 2013), the increase in the number of Chinese group tourists slowed down, but the number of individual tourists was found to have risen.

Monitoring results suggested that most companies expected services production to recover modestly upon improvements in consumer sentiment, but were concerned about a deterioration of profitability stemming from fiercer competition.

Demand

Private consumption during January and February increased compared to the fourth quarter of last year. Sales at department stores declined, above all for winter clothes, but sales at large retail stores and non-stores sales (home shopping and internet sales) increased. In particular, in the case of traditional markets, sales picked up over the Lunar New Year holidays with an increase in the number of tourists. By region, sales improved in all regions except for that of Honam whose sales remained at the same level as during the fourth quarter.

Retail Sales¹⁾²⁾



Notes: 1) Quarter-on-quarter indicator is based on a seasonally adjusted series.
 2) An arrow indicates the direction of the changes in the level of private consumption during January and February compared to the fourth quarter of 2013, and it is based on information obtained from companies and other organizations.

Sources: Bank of Korea, Statistics Korea

Meanwhile, private consumption is forecast to continue its recovery as the consumer survey index (CSI)¹²⁾ on prospective household spending

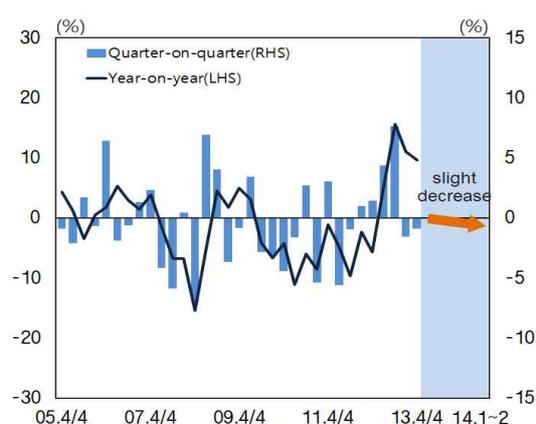
12) The consumer survey is carried out for use in the analysis and forecasting of the economic situation by processing information collected through surveys of consumer sentiment regarding economic conditions and prospective spending.

exceeded the level of the fourth quarter, and employment conditions showed improvement with the number of persons employed increasing sharply.

Construction investment during January and February shrank slightly. Many businesses were experiencing difficulties due for example to a decline in the number of orders from the public sector despite a sign of housing market recovery in the private sector. By region, construction investment was sluggish in most regions, except for Daegyeong region where the construction of national industrial complexes, innovative cities and provincial office buildings were underway. The results of information gathering showed that government deregulation policies including a permanent reduction of acquisition tax would positively affect the recovery of construction industry, but it would be difficult for the industry to recover rapidly due for example to a reduction of orders from the social overhead capital (SOC) sector.

Chungcheong and Daegyeong regions ramped up their facilities investment for enlarging factories and replacing old facilities. Automobile manufacturers also expanded their investment in assembly lines for the launch of new models. In the Gangwon region, some food and beverage makers invested in automated assembly lines. In the Seoul Metropolitan region, however, the scale of facilities investment in electronic communications declined somewhat compared to the previous year due to concerns about oversupply. The survey showed that small- and medium-size manufacturers were cautious about facilities investment amid uncertainties at home and abroad resulting from the Fed's QE tapering. They were found to have made only minor investments for facilities maintenance and repair. Monitoring results showed that the number of companies planning new facilities investment increased compared to the fourth quarter, indicating that facilities investment is forecast to pick up gradually in the future.

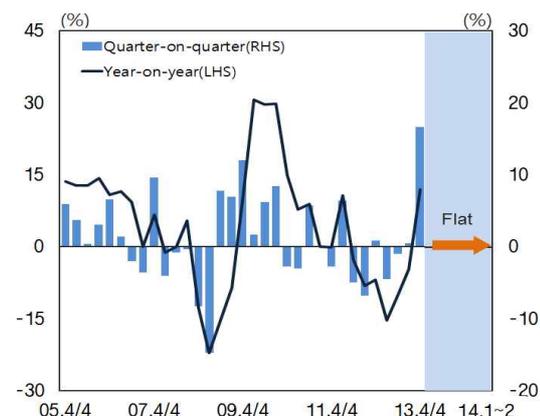
Value of Construction Completed at Constant Prices¹⁾²⁾



Notes: 1) Quarter-on-quarter indicator is based on a seasonally adjusted series.
 2) An arrow indicates the direction of the changes in the level of construction investment during January and February compared to the fourth quarter of 2013, and it is based on information obtained from companies and other organizations.
 Source : the Bank of Korea, Statistics Korea

Facilities investment during January and February remained at the same level as in the fourth quarter of last year. By region, auto parts manufacturers in the Dongnam,

Facilities Investment¹⁾²⁾



Notes: 1) Quarter-on-quarter indicator is based on a seasonally adjusted series.
 2) An arrow indicates the direction of the changes in the level of facilities investment during January and February compared to the fourth quarter of 2013, and it is based on information obtained from companies and other organizations.
 Source : the Bank of Korea, Statistics Korea

Exports were found to have sustained improving trends during January and February. Exports of mobiles phones and semiconductors continued to increase on the back of stronger overseas demand for finished goods and the

expansion of parts exports. Exports of automobiles slowed due for example to offshore plant production, but those of parts and accessories for motor vehicles and engines picked up, boosted by automobile manufacturers' booming overseas production and buoyant sales. Shipbuilding exports were found to have declined due to reduction in the handover of completed vessels. Exports of machinery also fell owing to contraction of demand in China, the US and the Middle East. However, exports of iron and steel products showed signs of improvement on the back of companies' efforts to expand exports to make up for sluggish domestic demand. Exports of textiles dropped as China expanded its own production of intermediate inputs for man-made fibers product.

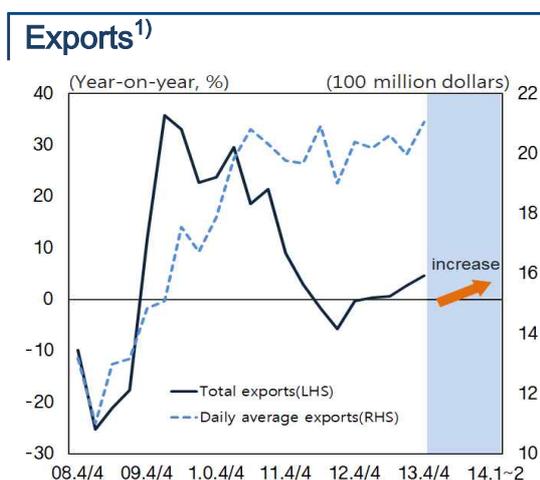
By region, in the Seoul Metropolitan and Chungcheong regions, exports increased, led by exports of IT products. In the Dongnam region, they also rose led by those of the automobile and petroleum-refining products. However, they declined in the Honam region on sluggish performance of those of petrochemicals, and iron and steel products, in the Daegyeong region on that of display products, in the Gangwon region on that of medical devices, and in the Jeju region on a reduction in fisheries exports.

Exports are forecast to continue their overall favorable trend, led by IT products such as semiconductors and mobile phones. Monitoring suggested that a number of companies were concerned both about the possibilities of a slowdown in the economic unrest in emerging market economies as a result of QE tapering, and of the continued weakening of the Japanese yen.

Employment

In January, the number of persons employed increased by 710,000 persons year-on-year, more than in the fourth quarter of last year, landmarking the largest expansion since March 2002 (840,000 persons). By sector, employment increased greatly in service sectors such as the wholesale and retail sector, and health care and social welfare services and that in the manufacturing sector also grew at a faster pace. By age, those in their fifties and sixties led the expansion in the number of persons employed, and the employment of those in their twenties grew at a faster pace (80,000 persons) in January, as in the fourth quarter of last year (43,000 persons). By region, the numbers sustained their uptrend in most regions, notably the Seoul Metropolitan and Chungcheong regions. In the Gangwon region, however, the subdued pattern persisted with for example the number of persons employed, shrinking for the fifth straight month. The nationwide employment rate (s.a.)¹³⁾ stood at 60.4% in January, up slightly from the fourth quarter of last year, and the unemployment rate (s.a.) also rose slightly.

Going forward, the number of persons employed is expected to remain on the rise, particularly in the service sector, on the back of the government's job creation schemes. The results of monitoring, however, found that system changes related to ordinary wages and the extension of the retirement age might add



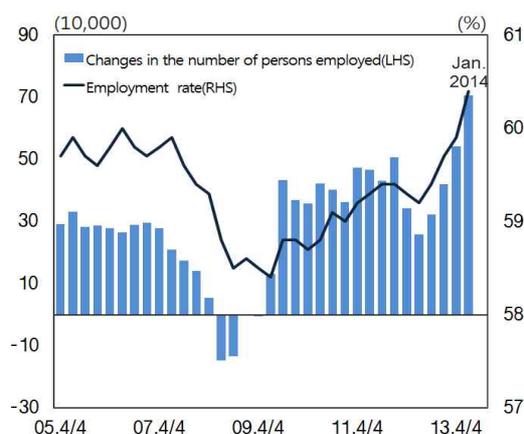
Note: 1) An arrow indicates the direction of the year-on-year changes in exports during January and February, and it is based on information obtained from companies and other organizations.

Source : the Bank of Korea, the Korea International Trade Association

13) Employment rate is calculated by the ratio between the persons employed and the population 15 years and over. According to the OECD basis (ratio between the number of persons employed and the population aged 15 to 64 years), the employment rate recorded 65.5% in January 2014.

extra financial burdens on some manufacturers, thus acting as employment constraints in some regions.

Changes in the Number of Persons Employed and the Employment Rate¹⁾



Note: 1) Changes in the number of persons employed represent year-on-year changes, and the employment rate is a seasonally adjusted series.

Source : Statistics Korea

Consumer Prices and Housing Prices

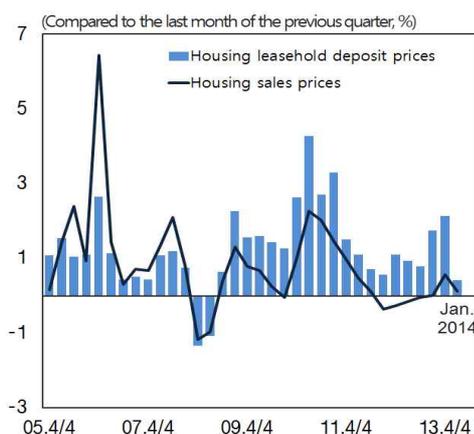
Consumer prices rose in January at a rate of 1.1% (year-on-year), which remained unchanged from the fourth quarter of last year. This was mainly attributable to the continued stability of the agricultural, livestock and marine product prices together with petroleum product prices, whose effects offset hikes in public utility fees such as electric power, gas and water supply. By region, while most regions registered low rates of increases of around 1%, the Daegyeong and Gangwon regions saw prices fall slightly compared to the fourth quarter of last year. The results of monitoring found that consumer price inflation is expected to sustain its low rise for the time being. However, increases in public service charges in some regions and in the retail prices of processed food products would likely act as a factor putting upward pressure on consumer prices.

Housing sales prices maintained their slight rise during January and February as in the fourth quarter of last year. Those in the Seoul Metropolitan, Chungcheong and Daegyeong regions sustained an uptrend, as buyer confidence recovered as a result of the government real

estate measures including the permanent cut in the acquisition tax rate. Meanwhile, housing prices in the Honam and Dongnam regions either showed a gentler upward trend or flattened out, due mainly to an increase in the housing stock.

Housing leasehold deposit prices maintained a rise as in the fourth quarter of last year. In the Seoul Metropolitan and Chungcheong regions, they sustained the upward trend, owing primarily to a decrease in the availability of leasehold housing in response to landlords' heightened preference for monthly rental contracts. The Dongnam and Honam regions saw slower price increases due mainly to an increase in the supply of apartments available. The results of monitoring found that, although the trend of increase in housing leasehold deposit prices would continue, their pace of increase would slow gradually owing primarily to a shift in housing demand from leasehold deposits to outright purchase and to an increase in the availability of housing.

Housing Sales Prices and Housing Leasehold Deposit Prices



Source : Kookmin Bank

Financial Conditions

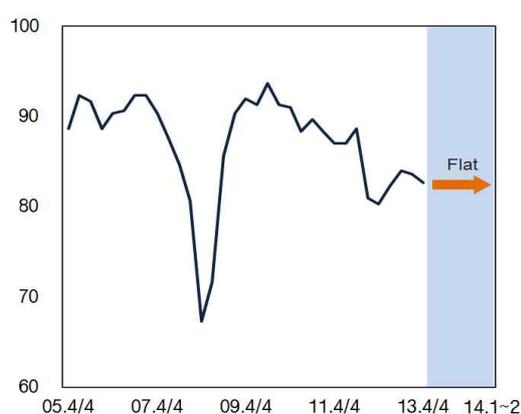
Corporate financial conditions during January and February generally remained similar to those in the fourth quarter of last year, but some corporations showing lackluster business performances were found to have experienced difficulties. By region, while conditions in the

Seoul Metropolitan and Chungcheong regions improved slightly, those in the Dongnam, Honam and Daegyeong regions either remained the same or worsened slightly.

Lending attitudes of financial institutions to households presented a mixed picture region by region depending upon the condition of business activities such as the real estate market. However, lending to SMEs was found to remain accommodative overall, bolstered by the financial support efforts of the Bank of Korea and government.

According to monitoring results, although financial institutions were expected to maintain their accommodative lending attitudes going forward, some evidence of movements toward more rigorous due diligence in response to concerns about household and corporate debt servicing capacities was also found.

BSI on Financial Situation¹⁾



Note: 1) An arrow indicates the direction of the changes in the level of corporate financial conditions during January and February based on information obtained from companies and other organizations.

Source: the Bank of Korea

Inquires:

Regional Economies Team,
Office of Branch Coordination
Tel: +82-2-759-4104
E-mail: bokregeco@bok.or.kr